

MEETING: JOINT EXECUTIVE BOARD DATE: 23 JANUARY 2017	AGENDA ITEM NUMBER:
TITLE OF PAPER: POLICE BUDGET REQUIREMENT 2017/18	

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OTHER BOARDS WHICH HAVE CONSIDERED THIS PAPER? NONE		
FOR DECISION	FOR INFORMATION	APPENDICES ATTACHED
Yes	-	2

RECOMMENDATIONS FOR DECISION

It is recommended that the final budget proposal for 2017/18 be agreed by the Police & Crime Commissioner, including the assumed 1.98% precept increase.

PURPOSE OF REPORT

To present the 2017/18 budget to the Joint Executive Board. To seek approval for the assumptions used within the budget projections.

1 INTRODUCTION

- 1.1 In next year's budget we have many ongoing challenges. We are faced with increasing demand for our services, new challenges from emerging threats and continued pressure on our limited financial resources.
- 1.2 This report sets out both the financial and operational challenges that have been contained within an overall budget requirement of £121.3m. This budget, if approved, represents an almost cash neutral position compared to last year, as set out in the Home Office settlement. (It is actually a small increase of £0.208m (0.17%) over the previous year).
- 1.3 This static position however, masks the financial pressure we are under; pay awards, increments and ongoing inflationary pressures have increased the requirement by £3m. It is only through our work with our Strategic Alliance partner (Devon & Cornwall Police) and the use of reserves that we have been able to mitigate this. The reserves will be used to meet the transitional costs of the Strategic Alliance and other transitional funding requirements, including delivery of capital programmes.
- 1.4 Central government funding has been reduced by 1.4%, including an increase in the top slice across all forces to finance central programmes such as the Police Transformation Fund and police technology programmes such as the Emergency Services Network.

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- 1.5 The council tax base has increased by 1.2%, slightly higher than previously assumed whilst the collection fund surplus is higher than previously assumed, although still lower than the previous year. Combined with a precept increase these changes have met the increased funding requirement.

Financial Implications

- 1.6 If supported, an increase in the precept will result in just over £1m in the revenue budget. The Home Office settlement set out the position across all forces that a static cash position could be attained compared to last year provided the precept was increased by the maximum permitted to offset the reduction in grant funding. This is not growth and should be considered as a reduction in the Force saving requirement of £3m arising from pay and inflationary pressures. The funding will however be a significant contribution to our work in the above areas.
- 1.7 The funding will facilitate continuing focus in frontline resources, whilst the efficiencies arising from the Strategic Alliance are realised in the support areas and redirected to operational policing.
- 1.8 The remainder of this report sets out the technical detail of our financial position, underlying assumptions and future years' financial challenges.

2 FINANCIAL SUMMARY

- 2.1 The 2017/18 budget has been prepared, and is shown below including a reconciliation to the previous year budget:

	£m's
2016/17 Budget	121.1
Pay Awards	0.8
Increments	1.4
Local Government Pension contribution rate increase	0.5
Apprenticeship Levy	0.4
Effect of prior year's commitments	0.6
Non pay inflation	0.4
2017/18 Budget Requirement pre-savings	125.2
Savings	
Workforce reductions / changes	(0.1)
Use of Apprenticeship Levy	(0.4)
Strategic Alliance	(1.1)
Savings removed during budget setting	(1.3)
Additional use of reserves	(1.0)
2017/18 Final Budget Requirement	121.3

- 2.2 The budget above shows the base requirement of £125.2m, to which has been applied reductions and savings of £3.9m to achieve a final base budget requirement of £121.3m.

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2.3 A 1.98% precept increase has then been applied, which will be directed towards the critical investment requirements set out within this paper:

2.4 Whilst the precept increase will not provide additional resources, it will underpin the financial strategy and facilitate our work on key priority areas, a brief summary of which is provided below:

Vulnerability

2.5 We will continue to work with our partners building and embedding our work in providing a multi-agency safeguarding hub and developing this concept to encompass the safeguarding of both adults and children.

2.6 Of continued concern is the vulnerability of those members of our community who have mental health issues arising from harassment and victimisation which is increasingly prevalent through the use of social media. Continued investment is being made in frontline officers and partner organisations in the form of measures to protect individuals and gather evidence to detect and deter perpetrators.

Communities

2.7 Safeguarding our communities is always of paramount importance. Our ability to gather intelligence and use it to counter threats from both domestic and international extremism is continually improving and we will continue working regionally and nationally to further enhance this.

2.8 We are also reviewing and enhancing our capability to respond to critical incidents. This encompasses not only the immediate response, tackling the direct threat, subsequent containment and investigations but also addressing community concerns and restoring community cohesion.

Victims, Witnesses and Offenders

2.9 This impacts right across our organisation and both our Criminal Justice and Public Sector partners. Ensuring we are accessible and responsive to the needs of victims and witnesses whilst simultaneously working to reduce the level of reoffending and to rehabilitate offenders is of critical importance.

2.10 The Force is developing its approach to contact management by providing a tier of specialist experts in investigating and detecting crime. This will facilitate a prompt response to victims and witnesses, rapid assessment of the circumstances and more effective tasking of resources. This will be embodied within our Incident Resolution Team.

2.11 Further work is being undertaken to develop our policing model to incorporate scheduled appointments by frontline officers to victims and witnesses through utilising 'diary cars' and more focused tasking of Neighbourhood Teams.

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Preparing for the Future

- 2.12 There is a continually changing environment in which the police operate and an increasing demand on the services we are able to provide.
- 2.13 It is absolutely key that we equip our workforce with the right skills and equipment to respond to these changes and we will continue to invest in this capability. It is equally important that we support our dedicated teams of officers and staff. This encompasses the specific support given to those unfortunately injured whilst on duty, those we expect to attend and respond to very distressing circumstances and those engaged in the investigation of CSE who are routinely reviewing some highly disturbing evidence of abuse.
- 2.14 We are working with our Strategic Alliance partner to ensure we meet the technical, professional and welfare needs in order that they continue to deliver the outstanding performance that we have become accustomed to.
- 2.15 This precept increase takes the budget requirement for the year to £121,257,300.
- 2.16 Significant cost increases have been absorbed within the base budget requirement set out above, including £2.2m in pay awards and increments. The apprenticeship levy will also increase our pre-savings requirement by £0.4m but it is assumed we will recoup this through claims against the fund for our own apprenticeship roles. Whilst details of how the levy will be calculated have been made available further guidance is awaited on what will and won't be eligible. In broad terms the levy is designed to encourage training that leads to a materially different role and skill set. The recruitment and training of a Police Officer would fit this broad definition as would many areas of specialist training e.g. CBRN, Firearms, Cyber .This issue currently being negotiated through the home office is what would count as eligible expenditure and what level of accreditation would be required. At this stage the assumption is that the force existing training commitment, excluding the salary cost of the trainee is sufficient to justify full reimbursement. The issue will be fully reviewed following release of the detailed guidance.
- 2.17 This paper sets out the key information and assumptions used in arriving at the above budget. It also updates the Medium Term Financial Strategy (MTFS).

3 FUNDING

- 3.1 Dorset Police receives funding primarily from central government grant ('Police Grant') and Council Tax, which are used to fund the net budget requirement. The net budget requirement consists of gross expenditure netted off by income and specific government grants.
- 3.2 The net budget requirement for 2017/18 shown at paragraph 2.1 matches the anticipated available funding of £121.3m, which is shown below along with a reconciliation to the 2016/17 funding:

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£m's	Police Revenue Grant	Legacy Council Tax Grants	Council Tax	Council Tax Collection Fund Surplus	Total
Actual Funding 2016/17	58.6	7.9	53.1	1.4	121.0
Police Grant Changes	(0.8)				(0.8)
Changes in Taxbase			0.6		0.6
Changes in Collection Fund Surplus				(0.6)	(0.6)
Increase in precept @ 1.98%			1.1		1.1
Actual Funding 2017/18	57.8	7.9	54.8	0.8	121.3

Police Grant

- 3.3 The 2017/18 Provisional Police Finance Settlement, including the Police Grant report was announced on 15 December 2016, with funding information covering only one year. The Final Police Grant Report is due to be published in early February 2016.
- 3.4 As shown in the table at paragraph 3.2, police grant has reduced in cash terms by £0.8m (1.4%) from 2016/17. This reduction includes the effect of increased reallocations (previously referred to as 'top slicing') of police budgets to fund national projects.

Precept

- 3.5 The Police and Crime Commissioner has stated his intention to increase the level of Council Tax in 2017/18 by 1.98%. This will allow maintenance of critical investment in support to front line policing, and is consistent with the results of the recent survey of the local population. This final budget proposal has been prepared on this basis.
- 3.6 For information, precept increases over the last six years are shown below:

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Band D Council Tax	£180.00	£180.00	£183.51	£187.11	£187.11	£190.80
% Annual Increase	0.00%	0.00%	1.95%	1.96%	0.00%	1.97%
<i>NB: Cumulative increase (ie increase on 2011/12)</i>	<i>0.00%</i>	<i>0.00%</i>	<i>1.95%</i>	<i>3.95%</i>	<i>3.95%</i>	<i>6.00%</i>

- 3.7 The MTFS assumed a 1.0% increase in taxbase, based on increases over the last two years which were 1.08% and 1.51% respectively. The year's prior to this had averaged in the region of 0.75%.
- 3.8 The actual taxbase increase was 1.2%, with the larger increases being in Poole (1.7%) and Purbeck (2.1%). This increase in taxbase provides additional income of £0.7m in 2017/18, and is slightly higher than the estimate in the MTFS.
- 3.9 The MTFS assumed a £0.4m surplus on the Council Tax Collection Fund based on the average surplus over the last ten years. The actual surplus was higher than this estimate at just under £0.8m, although £0.7m lower when compared to the current year. This surplus is one off funding which will be used to fund operational policing.

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Funding Forecast 2018/19 – 2020/21

- 3.10 Taking the 2017/18 funding information, and higher level information from the Government's 2016 Autumn Statement and Spending Review, and extrapolating it forward for the following three years gives the following projected funding:

	£m's	2017/18	2018/19	2019/20	2020/21
Grant Funding		65.7	65.3	65.0	65.0
Precept (including surplus)		55.6	56.7	58.4	60.1
Total Funding		121.2	122.0	123.4	125.1

- 3.11 The forecast assumes a 2% increase in precept in each year from 2018/19, a 1.0% increase in taxbase, and an annual surplus of £0.4m on the Collection Fund.
- 3.12 The forecast also assumes further cash reductions in Police Grant of 0.6% in 2018/19 and 2019/20, then no further change.

4 BUDGET REQUIREMENT

- 4.1 As in previous years, the 2017/18 budget has been drawn up on a line by line basis, with every opportunity to realise savings being considered. The budget has been drawn up to reflect the requirements of the Police and Crime Plan, which is also reflected by the current organisational structure.
- 4.2 The paragraphs below provide further detail on the process taken in drawing together the budget, and detail on the content of this budget requirement.
- 4.3 The 2017/18 budget is shown in the subjective format used in the annual accounts, which is based on the format prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is the format used when assessing virements throughout the year. Significant virements, which are those movements at this subjective level of £100,000 or 10%, whichever is the lesser amount, are reported to Chief Officers and the Police and Crime Commissioner.
- 4.4 A summary of the budget in the 2017/18 budget at subjective level, compared with the 2016/17 budget, is attached at Appendix A.

Pay Budgets

- 4.5 The budget projections assume workforce of 1,200 police officers and 1,148 police staff. These numbers can be reconciled to the numbers in the 2016/17 budget as follows:

	FTE	Officers	Staff
2016/17 Budget		1,200	1,067
2016/17 Strategic Alliance changes		(14)	
2017/18 Strategic Alliance changes		(23)	
Strategic Alliance Savings redirected to frontline		37	
Authorised staff establishment changes			81
2017/18 Base Budget		1,200	1,148

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- 4.6 The authorised establishment, which forms the basis of these figures, is currently under review to ensure resources are allocated as necessary against operational priorities. The above schedule also makes assumptions in respect of the impact on the number of officers and staff due to the Strategic Alliance.
- 4.7 Part of the Strategic Alliance employment model is for staff (not officers) to transfer from one force to the other as a lead employer for each business area. This has been designed so that at the end of the programme implementation the ratio of staff employed in each force is consistent with the current ratios. However, due to the differences in timing of implementation of each business area the interim period will see some distortion in proportions of staff and for 2017/18 this represents a net increase of 30 FTE to Dorset. However, the cost of this is shared back to Devon and Cornwall so there is a fair impact on both forces budget requirement.
- 4.8 Additional posts have been funded from the Workforce Change Reserve for the Strategic Alliance Programme team and for the delivery of capital projects.
- 4.9 The Strategic Alliance changes shown are based on the total number of officer and staff posts expected to be saved under the Alliance in business cases due to be implemented before the end of 2017/18 multiplied by the proportion of saving expected to be returned to Dorset (ie 30% in most instances). This is clearly a broad estimate, as some cases will involve much greater reductions in Devon and Cornwall, and therefore non staff savings in Dorset rather than workforce savings. However, until the individual business cases are finalised, this assumption has been made.
- 4.10 With the increasing collaborative working both within the Strategic Alliance and across the region it is more difficult to provide absolute clarity on numbers of officers and staff delivering services for Dorset Police. Some will not be directly employed by Dorset whilst others are employed by Dorset but delivering services collaboratively to other forces as well. Every effort is made to provide clarity on this and work continues to provide details of the resources directly available to or supporting the delivery of services within Dorset.
- 4.11 Although overall staff numbers are not expected to reduce during 2017/18, a 'turnover factor' of 2.5% has been applied to all police staff pay budgets. This means that there will be an expectation of vacancies being held open for longer during that year to achieve savings in the region of £0.9m. This has been calculated based on historic trends and reflects the combined effect of vacancies and salary reduction as new staff commence at the bottom of the salary grade. In broad terms, it equates to an average length of vacancy of approximately two months.
- 4.12 Pay awards for police officers and staff are currently assumed to be 1% in each of the next four years.
- 4.13 The employer's contribution to the Local Government Pension Scheme (LGPS) has recently undergone an actuarial review. Whilst the final outcome is still being negotiated with the actuaries, indications are that it will increase significantly. Preliminary results from the actuary indicate an increased contribution rate required and a deficit on the fund. Whilst the final report has yet to be issued, the actuary has indicated a phased increase in the contribution over the next five years which will add an extra £0.3m into next year's budget

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4.14 Police officer pensions are managed nationally. A recent actuarial review identified a reduction in the employer contribution from 24.2% to 21.3%. However the Treasury is continuing to charge forces the higher rate.

4.15 As in previous recent years, the key challenge will be to ensure best use is made of the workforce. The current change programme, including the Strategic Alliance, will be two significant methods of ensuring that the remaining workforce is as lean and focussed as possible.

Non Pay Budgets

4.16 The non-staff budgets have been individually reviewed, challenged, and demand for expenditure assessed. This has resulted in a significant number of savings being removed from the budgets, and in particular reductions in the estimates and assumptions contained within the MTFS.

4.17 All budgets have been individually scrutinised, using historic spend information and anticipated future demands to inform future budgets. Budget holders have been involved in determining the level of budget required. This process has delivered around £0.5m in additional savings.

4.18 Inflation has been applied only to budgets that are subject to inflationary pressures, such as contractual increases. A notional rate of 1.0% has been used, except where individual rates are known, or can be separately estimated due to particular inflationary pressures, such as on utility contracts.

4.19 In addition to the savings identified during the budget process, a formal 'risk line', roughly equivalent to a 1% increase in Council Tax, has again been applied. This is a 'negative' budget that must be met each year through in year savings, and creates the basis for continual challenge. In 2017/18 this risk line will be £0.5m.

4.20 In respect of income budgets, opportunities have been considered for income generation, and, where identified, have been included in the budget. HMIC's Value for Money Profiles 2015 show that Dorset Police benchmark as significantly above average on sales, fees, charges and rent, which includes income from the Driver Awareness Scheme (DAS). However, this position changes to below average when reimbursed income, including special police services, is included. This income is usually dependent on specific opportunities, such as income from sporting events, and linked to additional expenditure.

4.21 A transfer from the workforce change reserve totalling £0.9m will be made in each of the next three years to fund the cost of the implementing Strategic Alliance programme. In addition £0.3m is being used from the capital reserve to fund staff delivering core capital projects, principally the Smarter Systems Programme.

4.22 The majority of non-staff budgets relate to actual anticipated purchases or income. However, there are a couple of specific non staff budgets that relate to the long term financing of Dorset Police. There are the revenue contribution made to fund the long term capital programme, and transfers to the insurance reserve to fund potential expenditure over several years. Both of these areas have been examined, and minimised.

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- 4.23 Forecast capital receipts in excess of those originally anticipated has enabled the originally planned contribution to capital of £1.2m to be removed from 17/18. The capital programme, which is financed from a combination of grant, receipts and revenue, is considered in more detail at paragraph 5, including further information about this reduced contribution from revenue. It is currently proposed that this revenue contribution be reinstated in 2018/19.
- 4.24 The level of insurance funding is subject to actuarial review every three years. Dorset Police is largely self-insured and provides for known claims in the year in which they are raised. The current revenue contribution is deemed sufficient to meet to ongoing liabilities.

Budget Requirement Forecast 2018/19 – 2020/21

- 4.25 Future year budget estimates have been updated as part of the budget process. The majority of changes reflect amendments to current year budgets that have resulted in changes to future years. They also include future savings, for example from expected future premises sales.
- 4.26 The future budgets are initially calculated on the basis of maintaining workforce numbers at the level budgeted in 2017/18. This gives an indication of the expected funding gap before making any necessary changes to the workforce. Updated future year budget requirements on this basis are shown below.

	£m's	2017/18	2018/19	2019/20	2020/21
Employees		107.0	107.5	107.5	108.0
Premises Related		4.9	4.9	5.0	5.0
Transport Related		1.9	2.0	2.1	2.1
Supplies and Services		7.2	7.7	7.9	8.2
PFI Unitary Charge		8.0	8.2	8.4	8.5
Third Party Payments		6.4	6.3	6.3	6.3
OPCC		2.3	2.3	2.3	2.3
Revenue Contribution to Capital		0.0	1.2	1.2	1.2
Other Capital Charges		0.1	0.1	0.1	0.1
Total Expenditure		137.5	140.2	140.7	141.7
Government Grants		(2.2)	(1.4)	(1.4)	(1.4)
Other grants, reimbursements and contributions		(3.4)	(3.0)	(3.0)	(3.0)
Customer and client receipts		(4.3)	(4.2)	(4.2)	(4.2)
Transfers from reserves		(1.2)	(1.2)	(1.2)	(0.3)
PFI Credits		(5.2)	(5.2)	(5.2)	(5.2)
Interest on balances		(0.1)	(0.1)	(0.1)	(0.1)
Total Income		(16.5)	(15.1)	(15.1)	(14.2)
Net Expenditure		121.3	125.1	125.6	127.5

- 4.27 Included within the government grants income is an anticipated reduction in the Dedicated Security Posts grant from 2018/19 onwards. This grant currently funds

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twenty one officer posts which will either lead to reductions in the establishment or additional budget requirement as the grant reduces.

4.28 A detailed analysis of the income budgets is provided at Appendix B.

4.29 When compared with the projected funding, the annual shortfalls are shown below:

	£m's	2017/18	2018/19	2019/20	2020/21
Projected Budget Requirement		121.3	125.1	125.6	127.5
Projected Funding		121.3	122.0	123.4	125.1
Projected Shortfall		(0.0)	3.1	2.2	2.4

5 MEETING THE FUTURE SHORTFALL

5.1 The above financial projections show that a financial deficit is expected to remain in in future years.

5.2 Further budget savings will continue to be sought throughout 2017/18 in preparation for the likely 2018/19 position, and to meet the in-year non-staff savings target ('risk line') and staff vacancy factor. Where appropriate, efficiency savings may also be reinvested into critical operational priority areas. Such savings will include continued renegotiation of contracts, and seeking more efficient methods of providing services. It could also include further reductions in workforce numbers.

5.3 The most significant resourcing issue for the Force in the coming years will be providing an appropriate service with the available workforce. The work currently being undertaken on the Strategic Alliance is expected to be a key mechanism for enabling redistribution of workforce towards priority areas by reducing the staffing requirement through collaboration.

5.4 The challenge will continue to be achieving a workable and efficient structure that incorporates the reductions forecast. The current work to produce an Operational Business Design will address this and deliver an affordable but effective organisational structure.

5.5 Consultation on revision of the police grant Funding Formula will resume in February 2017. It is unknown what impact this will have on our MTFS but the previous approach showed an increase in funding to Dorset of approximately £4m. This is a similar figure to previous work carried out in force that looked at the impact of possible changes to the formula to address inequalities.

5.6 As there is no certainty about the outcome of the review, nor about how any changes might be phased, the position presented in this paper assumes a neutral impact. However the current review is using a different methodology than the current formula and could lead to a significantly different funding outcome for Dorset.

6 CAPITAL

6.1 The capital programme sets out anticipated capital investment that will be required over the next five years on an annual rolling basis. The programme identifies the key areas where some investment is likely, and estimates potential budgetary requirements.

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These estimates are subject to considerable change, due to price variations and changes in need. However, the purpose of a five year capital programme is to provide an indication of likely requirements and funding in order to assist long term planning.

- 6.2 The proposed capital programme for the next five years is shown below, and in more detail at Appendix C.

	£m's	2017/18	2018/19	2019/20	2020/21	2021/22
Capital Expenditure						
Vehicles		1.3	1.1	1.2	1.2	1.2
Building Works		0.9	1.4	2.4	0.4	0.4
ICT		1.7	1.7	1.8	1.8	1.8
Other		0.2	0.2	0.2	0.2	0.2
Total Expenditure		4.1	4.4	5.6	3.6	3.6

- 6.3 This capital programme assumes funding from a combination of capital grants, capital receipts and a contribution from revenue. The funding for this programme is shown below. The current projected available financing is sufficient for 2016/17, 2017/18 and 2018/19, however it should be noted that the capital programme as set out above, and the current projected available financing, is expected to result in a deficit in excess of £8.0m at the end of 5 years.
- 6.4 The Force is currently debt free. Whilst it would be possible to move to a position of debt to finance future capital programme requirements, this is not currently within the Medium Term Financial Strategy. Once greater clarity on the proceeds of disposals together with the costs related to estate rationalisation and the major ICT programme are known, a further review of capital funding will be undertaken.

	£m's	2017/18	2018/19	2019/20	2020/21	2021/22
Funding						
Grant		0.4	0.4	0.4	0.4	0.4
Receipts		9.2	0.4	0.4	0.4	0.4
Revenue contribution		0.0	1.2	1.2	1.2	1.2
Funding project staff		(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
From / (to) reserves		(1.6)	2.7	0.0	0.0	0.0
Slippage in cashflow		(3.6)	(0.2)	0.0	0.0	0.0
Total Funding		4.1	4.1	4.1	1.7	1.7
Cumulative Shortfall / (Surplus)		0.0	0.3	4.2	6.1	8.0
<i>NB: Reserves Balance</i>		<i>(2.7)</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>

- 6.5 The key areas of future capital investment are as follows:

Vehicles

- 6.6 Dorset Police maintains a comprehensive five year replacement programme for vehicles, ensuring that the current force structure can be appropriately equipped. Future changes to the structure of the Force, for example through the Strategic Alliance, or with changes in operating bases will adjust this programme as necessary

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Building Works

- 6.7 The capital programme includes the sum of £3m for future major capital spend relating to premises. This figure is included to give an indication of likely requirements, although as yet the figure is an estimate as the need is unquantified. There is, however, an ongoing need for significant works at the Winfrith A10 site, which has already been deferred for a number of years, and the need to ensure the estate meets operational requirements, including requirements arising from the Alliance and emerging threats. Work in respect of evaluating options for the Winfrith site has commenced.
- 6.8 A small annual allocation exists for minor building works, such as adaptations and refurbishments as necessary. This will include the provision of smaller, more flexible estate, and continued evaluation of shared accommodation opportunities with partners.

Information and Communication Technology (ICT)

- 6.9 It is currently expected that significant spend will be required if real operational benefit is to be delivered through Information Systems that will be a key enabler for the reduced workforce to deliver maximum performance.
- 6.10 Significant systems to be delivered over the next five years include replacement Command and Control and ICCS systems, a new Duties Management System. Several of these areas of work are all likely to commence in 2017/18.
- 6.11 In addition, the Force will be required to adopt the national Emergency Services Mobile Communication Project (ESMCP) system, which will replace and enhance the current Airwave system. The costs of this system are currently unknown, but expected to be in excess of £2m for Dorset.

Equipment

- 6.12 Provision has been made for replacement and upgrades of tasers, technical support unit equipment, and other minor capital equipment. This will help ensure officers and staff have access to the most appropriate tools to carry out their responsibilities.
- 6.13 The capital programme currently includes no specific allocation for costs arising from Strategic Alliance, such as additional costs of IS convergence, or estates rationalisation.

Funding

- 6.14 The capital programme as it stands results in a projected negative balance on the capital reserve in the region of £8m at 31 March 2021. The requirement for significant capital investment will continue beyond this point, and the potential for income, particularly from capital receipts, is expected to reduce further.
- 6.15 The financing of the capital programme is primarily met by existing and planned capital receipts from the disposal of surplus assets.
- 6.16 Capital grant has reduced substantially in recent years, with the 2017/18 allocation standing at £412k compared with £1.3m in 2010/11.

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7 RESERVES

- 7.1 The level of earmarked reserves and general balances that is predicted over the next four years is shown below:

	31/03/17	31/03/18	31/03/19	31/03/20	31/03/21
	£m's	£m's	£m's	£m's	£m's
Reserves Held for Capital Purposes	1.1	2.7	0.0	0.0	0.0
Reserves Held for Revenue Purposes:					
Workforce Change Reserve	2.7	1.7	0.7	0.0	0.0
General Balances	7.5	7.5	7.5	7.5	7.5
Total Reserves and Balances	11.3	11.9	8.2	7.5	7.5

- 7.2 It is anticipated that the workforce change reserve will be required over the next two to three years to part fund the significant change programme in the Force, including one off costs of the Strategic Alliance.
- 7.3 General balances are expected to be in the region of £7.5m throughout the period of the Medium Term Financial Strategy, and the capital reserve, as set out in paragraph 6.4 is expected to be utilised by the end of 2018/19.
- 7.4 General balances have been risk assessed against future potential demands, to include the risk of major operations and significant unexpected requirements. The level of balances have increased over prior years following a review of all reserves, with a number of previous specific reserves now transferred to general balances to better reflect the risk. These reserves included the insurance reserve and the major operations reserve.
- 7.5 Whilst the total level of reserves balances within Dorset remain among the lowest in the Police Service, they are commensurate with the level of risk and further mitigation exists through the absence of significant external liabilities, i.e. nil debt, negligible deficit on Local Government Pension Fund.

8 USE OF 2016/17 PRECEPT INCREASE

- 8.1 In the current year, with the public's support, the Police and Crime Commissioner agreed to the Chief Constable's request to increase the precept by 2%.
- 8.2 Whilst this reduced the impact of further reductions in central funding, it has provided the flexibility to increase resources in three key areas.
- 8.3 **Protecting Vulnerable People** - In addition to existing resources, extra investigators have been employed dedicated to investigating child abuse and protecting vulnerable children and adults. A significant investment has been made with our partners across the County in creating a Multi-Agency Safeguarding Hub. Initially this is being directed to the protection of children. Plans are being developed to use the same methodology around adults safeguard.

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- 8.4 **Emerging Threats (Cyber)** - Whilst this area is of increasing concern and continues to expand, the precept rise enabled the use of advanced technology to both detect and investigate cyber-crime and increased the number of officers within the intelligence and investigation team. A further dedicated post has been recruited whose role includes increasing awareness of both businesses and individuals of cyber-crime and the actions they can take to reduce risk.
- 8.5 In addition to some well publicised prosecutions of dangerous individuals, a consequence of the investment has been a rise in the identification of sexual and violent offenders, an area in which further specialist staff have been deployed.
- 8.6 **Increased Public Access** - Whilst this is very much an ongoing area of activity and continuous improvement, the Force has completely redesigned and launched a new public facing website. In addition to making it easier to access information, the new site has facilities for online reporting providing both increased flexibility for the public and structured information to enhance its use in the investigative process.
- 8.7 Without the precept rise the Force would have had to reduce by 30 staff, 23 of which would be operational police officers and seven police staff dedicated to frontline operational support. The investment in technology focused on enhancing investigation capability and improving public contact would also have not been possible to achieve.

9 CONCLUSION

- 9.1 A balanced budget can be presented for 2017/18, based on numerous assumptions, including assumptions on the anticipated level of funding. It is possible within this budget to maintain police officers, police staff, and PCSO numbers at the level required to service the authorised establishment.
- 9.2 Projections for 2018/19 and beyond remain challenging, and are reliant on the achievement of further savings, such as through the Strategic Alliance programme.

10 RECOMMENDATIONS FOR DECISION

- 10.1 It is recommended that the final budget proposal for 2017/18 be agreed by the Police & Crime Commissioner, including the assumed 1.98% precept increase.

11 RISKS/RESOURCE REQUIREMENTS

Financial/Resource/Value for Money Implications

- 11.1 The 2017/18 budget by its nature has implications for resourcing Dorset Police. However, the level of savings achieved within the draft budget should enable an improved value for money position, while having minimal impact on resource availability.
- 11.2 The significant risk in the 2017/18 budget proposals is the risk of overspend. Having removed £3.9m in savings to achieve a balanced budget, on top of a yet to be identified risk line of £0.5m, there will be little room to accommodate new or unexpected liabilities during the year.

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Legal Implications

11.3 None.

Implications for Policing Outcomes

11.4 The budget for 2017/18 allows a balanced budget while continuing to achieve a workforce at the level required to service the authorised establishment. Although this budget will be very lean, there are no implicit adverse effects on policing outcomes.

Equality

11.5 None.

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APPENDIX A

2017/18 REVENUE BUDGET IN SUBJECTIVE FORMAT

	£m's	2016/17	2017/18
Employees		105.0	106.7
Premises Related		4.8	4.9
Transport Related		1.9	1.9
Supplies and Services		6.6	7.2
PFI Unitary Charge		7.9	8.0
Third Party Payments		6.4	6.4
OPCC		2.1	2.3
Revenue Contribution to Capital		0.0	0.0
Other Capital Charges		0.1	0.1
Total Expenditure		134.7	137.5
Government Grant		(1.3)	(2.2)
Other grants, reimbursements and contributions		(2.4)	(3.4)
Customer and client receipts		(4.5)	(4.3)
Transfers from reserves		(0.3)	(1.2)
PFI Credits		(5.2)	(5.2)
Interest on balances		(0.1)	(0.1)
Total Income		(13.6)	(16.5)
Net Expenditure		121.1	121.0
Funded By			
Government Grant		66.5	65.7
Council Tax including surplus		54.6	55.4
Total Funding		121.1	121.0

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APPENDIX B

2017/18 INCOME BUDGETS

	2017/18 Budget £000's
PFI Credits	(5,238)
Government Grants	
Victims Fund	(637)
Dedicated Security Grant	(1,210)
PCC Specific Grants - Restorative Justice	(170)
Loan Charges Grant	(64)
PCC Specific Grants - SV/DV	(18)
PCC Specific Grants - Prisoners' Earnings Act	(13)
Other Grants, Reimbursements and Contributions	<u>(106)</u> (2,217)
Other Grants, Reimbursements and Contributions	
Income from Seconded Officers	(1,610)
Income from Disclosure & Barring Service	(210)
Court Income	(180)
POCA Incentivisation	(60)
Local Partnership Funding (including income for Coroner's Officers, SSCT)	(708)
Vehicle Recovery	(77)
SARC	(37)
Immigration Income	(45)
Alarm System Charges	(30)
Apprenticeship Levy	<u>(390)</u> (3,346)
Customer and Client Receipts	
Driver Education Courses (DAS/NDIS)	(3,000)
Sales, including training, information, certificates	(823)
Provision of Special Policing Services	(272)
Foreign Nationals Registration	(32)
Income from premises (rental, aerial hire)	<u>(182)</u> (4,308)
Investment Interest	<u>(130)</u>
Transfers from reserve	<u>(1,200)</u>
Total Income Budgets 2017/18	<u>(16,439)</u>

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APPENDIX C

PROPOSED CAPITAL PROGRAMME 2017/18 TO 2021/22

	£000's	2017/18	2018/19	2019/20	2020/21	2021/22
<u>Vehicles</u>						
Vehicle Replacement Programme		1,060	1,131	1,161	1,191	1,221
VIDR Replacement		200	0	0	0	0
		<u>1,260</u>	<u>1,131</u>	<u>1,161</u>	<u>1,191</u>	<u>1,221</u>
<u>Minor Building Works</u>						
General Building Adaptations		240	250	260	270	280
Plant & Equipment		100	100	100	100	100
Electricity supply to Winfrith		280	0	0	0	0
Relocation of Christchurch Police Station		250	0	0	0	0
		<u>870</u>	<u>350</u>	<u>360</u>	<u>370</u>	<u>380</u>
<u>Major Building Works</u>						
Future Estates Provision		0	1,000	2,000	0	0
		<u>0</u>	<u>1,000</u>	<u>2,000</u>	<u>0</u>	<u>0</u>
<u>IS</u>						
IS Peripheral Replacement		260	270	280	290	300
Server Replacements		100	100	100	100	100
Networks (routers, switches recabling, IP Telephony)		100	100	100	100	100
IT Convergence		300	300	300	300	300
Broadband Expansion		30	30	30	30	30
Data Storage		40	40	40	40	40
Tablet Computers		160	160	160	160	160
Further Mobile Data		230	240	250	250	250
ESN / ESMCP		500	500	500	500	500
		<u>1,720</u>	<u>1,740</u>	<u>1,760</u>	<u>1,770</u>	<u>1,780</u>
<u>Equipment</u>						
General equipment		50	50	50	50	50
TSU Equipment		50	50	50	50	50
Taser replacement Programme		100	100	100	100	100
Drones		70	0	0	0	0
		<u>270</u>	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>
TOTAL CAPITAL PROGRAMME		4,120	4,421	5,481	3,531	3,581