

PCC's Budget Precept introduction speech

Thank you Chair,

Members of the Panel,

Today I formally request that you consider my proposal to raise precept for Dorset taxpayers by 4.34% (£240.58) or the equivalent of £10 per year for a Band D property.

I will start today by laying out the current situation. I will of course include last year's precept rise in this scenario setting.

You will recall that last year I told this Panel and the public that a raise of £24 would achieve a balanced budget for one year and provide several new services. Last year was very much a case of telling the public "Pay more and get more".

And we did get more. The Chief Constable will shortly outline what our precept rise achieved, but first I want to quickly outline our current state.

Well, financially, we are still facing challenges. Unfunded national pay rises, inflation costs and other issues still threaten the stability of our finances.

We have seen a new Government arrive, a Government that has championed policing for the first time in a decade. We have a Chancellor who openly speaks about protecting the NHS and Policing. Never have I heard those words before as a PCC.

We have a Government who is replacing some of the officers that have been lost in austerity. As a Force we are expecting 50 new officers this year, with another 70 in 2021 and 50 in 2022 planned for, pending Government confirmation.

We have a Government who is also championing taser uplift, a subject we discussed earlier in public questions.

These are positive signs, but before I outline this year's proposals and reflect more fully on what this shift of attitude from Government might mean, I'd like to pass to the Chief Constable who can tell you about what the Force delivered with last year's precept rise.

(Verbal Update from the Chief Constable)

I will now outline the reasons why I have asked this year for a £10 precept rise.

This will be followed by my Director of Operations, who will briefly outline the results of the public consultation to assist your decision making.

My Treasurer will conclude with some further detail on the figures and the process, before we go into your questions.

Intrinsic to today's proposal are several points:

1. This proposal to raise, has come from a request by the Chief Constable. The original Chief Constable letter is lengthy and complex (12 pages, circa 6000 words), and contains a number of police acronyms and statements that presume a high level of background knowledge.

In order to enhance the transparency of this letter, and aid understanding, this has been summarised and additional background information provided. This summary will be appended to the minutes of this meeting, along with a copy of my speech.

Please note the bulk of the summary is directly copied from the Chief Constable's letter and is therefore written from his perspective. This letter was written prior to the announcement of the 2020/21 police settlement.

2. This proposal will provide the Force with a balanced budget for next year. The year after will still have financial challenges.
3. This proposal includes the new recruitment of 50 officers.
4. The requirement to secure a balanced budget means that unlike last year, all the public get is a balanced budget and the uplift of 50 officers. That is all.
5. This precept rise proposal, like last year, is announced by Government, not by me. The Government made the announcement in advance of this hearing today.

On the 21st January the Government announced in a Ministerial Statement:

“£1.1 billion - comprising £700 million grant and £400 million from council tax...”

6. Whilst we ponder this year's proposed £10 rise, I feel it timely to share my view on the Government's proposal. Because, as I started by saying, it is a Government proposal, not mine.

I struggle with this position. For the Government to assume I will raise the precept, and that you will approve that proposal, is not only an arrogant stance, it is also a bizarre way to run democracy. Cart before horse and all that. However, if I don't raise, policing will face more cuts.

Since 2017, this Government directive of huge increases in precept is a Treasury led strategy of securing public sector financing from local taxes. Do I agree with that? No, I don't, this should be centrally funded by the state. The longer this Treasury strategy continues, the more the balance of police funding moves towards localism rather than Westminster. In effect, if this continues, we will adopt the American model of poor communities having poor policing, and rich communities having better policing, because the local tax is more. I am sure you are aware that as a broad brush statement, poor underprivileged deprived communities in England and Wales receive far less from the policing precept than here in Dorset.

Merseyside, Northumbria, West Midlands to name a few all receive roughly 80% of their funding from the central Government, and 20% from precept. This means a precept rise raises less for their Forces than here in Dorset, where Government funding roughly equates to precept income on a ratio of 50/50.

On the face of it, you may think £10 is a huge settlement for Dorset Police. Actually, it just about leaves us in credit.

So let's look at our finances:

The achievements outlined in the current year have only been possible due to your support in raising the precept by £24 in the current year. This precept resulted in new income of £7.8m. Whilst that was a significant sum of money, it must be considered in the context of the overall financial pressures faced by the Force, and the increased costs mandated from elsewhere.

The financial pressures next year are even greater. If the police are to continue to provide the current level of service then another significant increase in resources from the precept is required.

This is despite the fact that the Force continues to look for every efficiency and opportunity for increasing resources. The bottom line still results in a requirement for a substantial increase in the precept.

The most significant element of our cost base is subject to pay and pensions increases and are beyond our control. Pay awards are negotiated nationally and officers and staff are subject to nationally imposed terms and conditions. In crude terms, almost all of the budget goes towards staffing and so, if we are handed unfunded pay increases or pension contributions it goes without saying that this causes a huge amount of additional strain.

Some of our challenge is because of capital financing. Capital financing costs need to increase further. Capital grant is expected to remain low, receipts from sale of premises are not expected to be significant and capital reserves are all but exhausted. We need to invest in our estate with an increasingly urgent need to provide alternative Headquarters accommodation. The Force aims to maximise the benefits afforded by their ongoing investment in mobile policing and agile working to make future estates investment as efficient as possible, as well as facilitating far better use of officers' time, enabling them to be fully mobile in the service they deliver. This will, of course, pay dividends in the medium term, when planned investments have been adopted.

Additionally, in relation to the Government uplift no funding surety for the long-term provision of these officers has been made. I've spoken before about the need for multi-year settlements, but sadly we continue to operate without certainty of supply. Not forgetting that as well as maintaining service levels, policing in Dorset needs to absorb the greater abstraction levels during the first years of officer training.

So, in summary, members what choices do we have here today?

Well firstly, I could do nothing.

That would leave roughly a £3.2 million hole in our finances, meaning that the Force would need to cut around 109 police staff jobs.

But, I hear you ask, why not use further reserves rather than cut staff? Well, as you know from the papers you have with you today, I have used reserves, and our General Balances are sufficient as an adequate contingency amount for unforeseen shocks but cannot afford to go any lower. Continued use of reserves is not sustainable.

If we do nothing, such cuts would most likely be directed primarily at police staff (including PCSOs) and capital investment, as I am restricted in my ability to reduce officer numbers due to the Government instruction to increase police officer numbers, and the associated requirements of the uplift grant.

Members would do well to consider that the Minister gave PCC's flexibility to rise up to a £10 precept to protect the Governments uplift of officers. To reject that call could affect overall policing numbers and remove front line officers to back room roles.

Secondly I could hold a referendum to raise more than £10

I do not consider this appropriate in the current climate

Thirdly – We raise by £10 and deliver a balanced budget. That is my recommendation here today.

So in closing, no bells and whistles this year, just a prudent budget that delivers 50 extra officers, and a manageable reserve of 3.2%.

There is an irony, that the budget I seek, the budget you will vote on, is for a new incoming PCC to administer. To those candidates seeking election in the back of this room, I issue words of caution. “Be careful what you wish for” when you make election pledges, as this Force has a tight budget, even with a £10 rise, with little room for additionality.

Before I go to your questions on this proposal, let’s just consider what our public think of a £10 raise.

[Verbal Update from Director of Operations]