

**THE OFFICE OF POLICE AND CRIME COMMISSIONER
FOR DERBYSHIRE
DECISION RECORD**

Request for PCC Decision	Received in OPCC Date: 16 February 2017	OPCC Ref: 11/17
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Title: REVENUE BUDGET AND PRECEPT 2017-18

Executive Summary:

Following consideration of the proposed revenue budget and precept for 2017/18 at the Strategic Governance Board held on 23 January 2017, the Police & Crime Panel were asked to consider the PCC's proposed precept on 26 January 2017.

The Panel gave their support for the precept and confirmed it in writing, also dated 26 January 2017. A copy of the formal confirmation is available at: <http://www.derbyshire-pcc.gov.uk/Document-Library/Finance-Grants/How-Your-Money-is-Spent/Letter-to-the-Police-and-Crime-Commissioner-pre-cept-201718.pdf>

The Police and Crime Commissioner has determined that a precept increase of 1.99% be applied for 2017/18 for reasons explained further within the supporting report. The Band D for police council tax purposes is therefore £180.60 for 2017/18.

The report is available here: <http://www.derbyshire-pcc.gov.uk/Document-Library/Finance-Grants/How-Your-Money-is-Spent/Agenda-Item-10B-Revenue-Budget-and-Precept-Report-2017-18-Exec-Summary.pdf>

In addition, the budget papers can be viewed in full under the Strategic Governance Board section of the PCC's website. Item 10B (plus supporting appendix and annexes) are found here: <http://www.derbyshire-pcc.gov.uk/Document-Library/Meetings/SGB-Meetings/2017/23-January-2017/Combined-SGB-2017.01.23-i.pdf>

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The Chief Constable will receive a budget for 2017/18 that consists of:

Chief Constable	Revised Budget 2016/17 £m	Proposed Budget 2017/18 £m
Derbyshire Constabulary	147.043	149.497
East Midlands Collaboration	9.539	9.566
BCU Fund	0.313	0.318
Partnerships	0.749	0.562
Contribution to National Policing	0.743	0.755
Sub-total	158.387	160.698
Contributions from Reserves	(1.617)	(1.051)
Net Budget Requirement	156.770	159.647

Whilst, the Commissioner himself will retain a budget for 2017/18 as follows:

Office of the Police and Crime Commissioner	Approved Budget 2016/17	Revised Budget 2016/17	Proposed Budget 2017/18
Commissioner's Office	1.041	1.071	1.072
Crime Prevention Fund	0.250	0.250	0.250
Community Safety Fund	1.266	1.266	1.266
Victim and Witness Services	1.138	1.018	1.133
Sub-Total	3.695	3.605	3.721
Revenue Contributions to Capital	1.500	1.900	1.665
Debt Charges	0.816	0.816	0.772
Interest Receipts	(0.160)	(0.148)	(0.076)
Sub-total	5.851	6.173	6.082
Contribution from Reserves	(0.250)	(0.250)	(0.250)
Contribution to Reserves	0.037	1.199	0.008
Grant from the Ministry of Justice (est)	(1.220)	(1.100)	(1.215)
Net Budget Requirement	4.418	6.022	4.625

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The council tax requirement for 2017/18 is therefore calculated as follows:

Precept Option	Precept Increase 1.99% £m
Police and Crime Commissioner	4.625
Chief Constable	159.647
Total Budget for Derbyshire Police	164.272
Funded by: -	
Police Formula Grant	(98.437)
Council Tax Legacy and Freeze Grants	(8.700)
Sub-Total	57.135
Budget (Deficit) to be met from Reserves	(1.024)
Sub-Total	56.111
(Surplus)/Deficit on Collection Accounts	(0.589)
Council Tax Requirement	55.522

Whilst the 1.99% in precept is detailed as follows:

	Council Tax Government Limit
Net Revenue Budget	£164.272m
Proposed Council Tax Requirement	£55.522m
Police Council Tax (Band D)	£180.60
Police Council Tax Increase (£)	£3.53
Police Council Tax Increase (%)	1.99%
Proposed Contribution from reserves	£1.024m

Decision

- i. To approve the revenue budget for 2017/18 at £164.272m as shown above and explained further in the supporting report
- ii. To increase the Police element of the precept by 1.99% in respect of 2017/18, creating a 'Band D' precept of £180.60 as shown above and explained further in the supporting report

Declaration

I confirm that I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct for the Police and Crime Commissioner for Derbyshire. Any such interests are recorded below.

None

The above request has my approval.

Signature

Hardyal Dhindsa

Date **16 February 2017**

PUBLICATION SCHEME CONSIDERATIONS

Is the related Section B report to be published Yes

Is the publication of this approval to be deferred No

If Yes, provide reasons below

Date to be deferred to –

NB Statutory Instrument 2011/3050 (as amended by SI 2012/2479) states that: *all decisions made by a PCC are in the types of information that must “be published as soon as practicable after it becomes available to the elected local policing body”.*

OFFICER APPROVAL

Chief Executive or Nominee:

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report.

I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner

Name: **Andrew Dale (Chief Finance Officer)**

Date: **16 February 2017**

STRATEGIC GOVERNANCE BOARD
23 JANUARY 2017
REPORT OF THE CHIEF CONSTABLE
AND CHIEF FINANCE OFFICER FOR THE POLICE AND CRIME
COMMISSIONER

10B REVENUE BUDGET AND PRECEPT REPORT 2017/18

1. PURPOSE OF THE REPORT

- 1.1 To provide details of the local government finance settlement for 2017/18, to summarise the proposed revenue budget and to consider the level of precept to be notified to the Police and Crime Panel for 2017/18.

2. EXECUTIVE SUMMARY

- 2.1 **Appendix 1** sets out the spending plans for the Police and Crime Commissioner for Derbyshire and Derbyshire Constabulary for 2017/18 and indicative plans up to 2019/20. It provides the detailed rationale to support the revenue budget and precept proposals for 2017/18.
- 2.2 These budget plans will be subject to scrutiny and potential veto by a Police and Crime Panel consisting of local authority and independent representatives.
- 2.3 Beginning in 2010 and in advance of the 2011/12 Comprehensive Spending Review (CSR), planning started to deliver spending reductions to meet the challenge of austerity, which has effectively dominated our thinking between 2009 and 2015. The process has been really difficult as in almost every year there have been big decisions around reductions in officer numbers, job losses and significant restructuring to try and save money to maintain our operational resources to deal with the many challenges we face.
- 2.4 Last year we anticipated that there would be several years of further savings to be made. However, the budget position changed significantly after the government decided not to impose any further large cuts on policing given the

potential impact on neighbourhood policing and the growing crime and terrorist risks to the UK.

- 2.5 Due to the considerable success of the Moving Forward Programmes, balanced budgets have been achieved in each year of austerity without the need to call on reserves. We have also built up reserves through the achievement of savings earlier than expected in order to put us in the best position to manage further austerity cuts.
- 2.6 As a result, the current level of reserves allowed us the opportunity to invest for the future rather than determine huge savings and job losses. Instead we developed a new policing model around two divisions, a smaller number of sections, a response and local policing model and a significant investment around a number of areas of risk and threat including public protection, cyber-crime and the investigation of historic abuse cases. Many of these changes are now in place and whilst we recognise there are many on-going challenges, this still remains the right thing to do in terms of best deploying our reduced resources against threat and risk to best protect the public.
- 2.7 The former Chancellor of the Exchequer in November 2015 announced that when precept increases are taken into account police spending would be 'protected' in real terms over the Spending Review period. The provisional police settlement published on 15th December 2016 showed that the Government only intended to protect overall funding at 2015/16 levels and that they were also reducing their share of funding to take into account growth in precept income. This means that our grant next year of £98.437m will be some £0.9m less than we expected.
- 2.8 To achieve the Government's 'flat cash' position PCC's forces will need to increase their precept in line with government limits (2% for 2017/18).
- 2.9 A great deal of uncertainty still remains around future grant levels: -
- The Home Office has only provided a one year settlement.
 - The Home Office is still committed to completing the much talked about review of the police funding allocation formula.

- 2.10 As a result, any plans going forward will need to be flexible and be kept under review so that the resources available to the Commissioner and the Chief Constable are used in the most effective manner.
- 2.11 The budget proposals made in this report confirm that Derbyshire Police is in a healthy position. We are financially stable and whilst we have spent a significant amount of reserves on ICT improvements and the new headquarters build, we are still in a position, where we are able to invest against risk, build new premises, improve the old ones and maintain the workforce numbers as they are.

Performance

- 2.12 At the same time as we have a strong financial position, our performance remains strong and whilst there have been some increases in crime in a number of areas, crime rates in Derbyshire remain low and significantly less than they were several years ago. There has continued to be many successes in areas such as human trafficking, modern slavery, the on-line exploitation of children and tackling the sharing of paedophile imagery and it is reassuring to know that our focus remains one based upon threat, harm and risk and protecting those who are vulnerable rather than chasing the numbers and targets that were set once upon a time by the government, the police authority and Her Majesty's Inspectorate of Constabulary (HMIC).
- 2.13 HMIC's latest 43 force inspection was around 'legitimacy', which is essentially how good we are at protecting the public, how good we are in terms of our relationship with the communities we serve and how good we are in terms of how we deal with our staff internally. It was really gratifying to know that HMIC graded this force and only one other (the Kent Constabulary) as outstanding. The vast majority of the country was graded as good and several forces, some of them our neighbours, required improvement. To achieve an outstanding grade for such an in depth and complex inspection is an endorsement of the effort of every single person involved with this force.

POLICE FUNDING 2017/18

- 2.14 The government set out their principles on the 4 February 2016, when publishing the final police funding settlement for 2016/17. Direct resource

funding for each PCC, including precept will be protected at flat cash levels compared to 2015/16, assuming that precept income is increased to the maximum amount available in both 2016/17 and 2017/18. This should mean no PCC who chooses to maximise precept in both years will face a reduction in cash funding next year compared to 2015/16. Since February the government have updated their precept forecasts for 2017/18 to reflect actual tax base increases in 2016/17.

- 2.15 The government aims to increase the level of reallocations essential to drive police reform, which includes investing additional funding in police technology. By adjusting precept forecasts has allowed the Home Office to increase of the size of the Police Transformation Fund to £175m in 2017/18, although this effectively took away resources from individual forces. The fund is aimed at allowing the policing sector to invest additional funding in the projects that will improve efficiency, protect vulnerable victims of crime, further improve the leadership and culture of policing and tackle new types of crime such as cybercrime.

Counter terrorism police funding

- 2.16 The government has continued to allocate and protect specific funding for counter-terrorism policing over the course of the Spending Review period to ensure that the police have the capabilities to deal with the terrorist threats. The indicative Spending Review profile for counter terrorism police funding in 2017/18 is £670m, subject to confirmation. An additional £32m is being provided for armed policing from the Police Transformation Fund in 2017/18.

Legacy Council Tax Grants

- 2.17 In 2017/18 the government will provide Council Tax Freeze Grants to PCCs in England relating to the 2011/12, 2013/14, 2014/15 and 2015/16 council tax freeze schemes. In addition Local Council Tax Support grant funding will be provided to PCCs in England, which total £507m in 2017/18.

Baseline adjustments and reallocations

- 2.18 The Home Office have not published the data used in determining the funding allocations for forces. Therefore, a consequence is that it is no longer possible to accurately identify the level of funding that is being withheld from

Derbyshire Police to protect other forces from even larger funding cuts. However, using the criteria for 'damping' that was last published for the 20/13/14 grant settlement the estimated loss of grant for Derbyshire continues to be some £2m per annum and is summarised in the table below: -

Estimated Impact of Damping	%	Before Damping £m	After Damping £m	Estimated Grant Lost £m
Grant Settlement 2013/14		112.270	110.125	(2.145)
Add: Community Safety Fund included in Baseline for 2014/15		0.981	0.981	
Adjusted Baseline for 2014/15		113.251	111.106	
Less: Cash Reduction in Baseline for 2014/15 (exc. top slice)	(3.30%)	(3.737)	(3.666)	
Grant Settlement 2014/15		109.514	107.440	(2.074)
Less: Cash Reduction in Baseline for 2015/16 (exc. top slice)	(3.50%)	(3.833)	(3.761)	
Grant Settlement 2015/16		105.681	103.679	(2.002)
Add: Cash Reduction in Baseline for 2016/17 (exc. top slice)	(0.60%)	(0.634)	(0.622)	
Grant Settlement 2016/17		105.047	103.057	(1.990)
Add: Cash Reduction in Baseline for 2017/18 (exc. top slice)	(1.40%)	(1.455)	(1.427)	
Grant Settlement 2017/18		103.592	101.630	(1.962)
Total				(10.173)

2.19 Next year, Derbyshire's formula grant will reduce from £99.833m to £98.437m, a reduction of £1.396m. Derbyshire's grant has reduced by some £27.5m since the start of austerity.

Formula Funding	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Police Main Grant	73.186	70.155	65.039	68.940	66.551	62.500	62.122	61.254
Non-Domestic Rates/ Revenue Support Grant	49.096	45.841	43.182	41.185	39.261	37.900	37.711	37.183
Neighbourhood Policing Grant	3.681	3.681	3.681	0	0	0	0	0
Community Safety Fund	0	0	0	0.981	0	0	0	0
Total Formula Funding	125.963	119.677	111.902	111.106	105.812	100.400	99.833	98.437
Reduction in Funding (£)		(6.286)	(7.775)	(0.796)	(5.294)	(5.412)	(0.567)	(1.396)
Reduction in Funding (%)		(5.0%)	(6.5%)	(0.7%)	(4.8%)	(5.1%)	(0.6%)	(1.4%)

2.20 Derbyshire Police stands to lose out an additional £2.387m as a result of the top-slicing applied to the main grant. This is on top of the £5.577m already taken over the last three years' grant settlements, as set out in the table below:-

Expenditure (funded from 'top-slicing' the Police Main Grant)	Estimated Grant Lost by Derbyshire 2014/15 £m	Estimated Grant Lost by Derbyshire 2015/16 £m	Estimated Grant Lost by Derbyshire 2016/17 £m	Estimated Grant Lost by Derbyshire 2017/18 £m	Total £m
Police Innovation Fund	0.755	1.057	0.831	0.831 *	3.474
IPCC	0.272	0.453	0.483	0.568	1.776
HMIC	0.142	0.142	0.139	0.142	0.565
Direct entry schemes	0.045	0.075	0.069	0.076	0.265
National Police Co-ordination Centre	0.030	-	-	-	0.030
Capital City Grant	0.030	0.045	-	-	0.075
Police Knowledge Fund	-	0.076	-	-	0.076
Major Programmes	-	0.604	0.329	0.499	1.432
Gangmasters and Labour Abuse	-	-	-	0.030	0.030
Pre-charge bail initiative	-	-	-	0.226	0.226
Forensic Archive	-	-	-	0.015	0.015
Total	1.274	2.452	1.851	2.387	7.964

Note: This excludes any loss of funding as a result of floor protection, which means that some £2m of further grant funding is withheld from Derbyshire Police.

* For 2017/18 the Police Innovation Fund has been merged into the Transformation Fund.

OFFICE OF THE POLICE AND CRIME COMMISSIONER

2.21 The table below shows the proposed budget for the Office of Police and Crime Commissioner, which is set out in more detail within **Annex B**: -

Office of the Police and Crime Commissioner	Approved Budget 2016/17 £m	Revised Budget 2016/17 £m	Proposed Budget 2017/18 £m
Commissioner's Office	1.041	1.071	1.072
Crime Prevention Fund	0.250	0.250	0.250
Community Safety Fund	1.266	1.266	1.266
Victim and Witness Services	1.138	1.018	1.133
Sub-Total	3.695	3.605	3.721
Revenue Contributions to Capital	1.500	1.900	1.665
Debt Charges	0.816	0.816	0.772
Interest Receipts	(0.160)	(0.148)	(0.076)
Sub-total	5.851	6.173	6.082
Contribution from Reserves	(0.250)	(0.250)	(0.250)
Contribution to Reserves	0.037	1.199	0.008
Grant from the Ministry of Justice (estimate)	(1.220)	(1.100)	(1.215)
Net Budget Requirement	4.418	6.022	4.625

- 2.22 The budget signals the importance and value of partnership working, to ensure wherever possible all opportunities are explored for co-commissioning services.
- 2.23 The Commissioner's budget also includes a contribution of £1.665m to the capital programme to make the core programme more sustainable. This will ensure that the key on-going capital commitments can be met from capital grant and the revenue budget without increasing borrowing levels. This is explained in more detail within the capital programme report.
- 2.24 The remaining budget controlled by the Police and Crime Commissioner is for financing items as follows:-
- Contributions to Reserves.
 - Debt Charges – this represents the costs of serving the relatively low levels of borrowing taken out in previous years.
 - Interest Receipts – this represents interest earned on reserves. This has been depressed by the ongoing global economic out-turn.

CHIEF CONSTABLES BUDGET

- 2.25 The table below shows the proposed budget for the Commissioner to allocate to the Chief Constable. This is set out in more detail in **Annex C**: -

Chief Constable	Revised Budget 2016/17	Proposed Budget 2017/18
	£m	£m
Derbyshire Constabulary	147.043	149.497
East Midlands Collaboration	9.539	9.566
BCU Fund	0.313	0.318
Partnerships	0.749	0.562
Contribution to National Policing	0.743	0.755
Sub-total	158.387	160.698
Contributions from Reserves	(1.617)	(1.051)
Net Budget Requirement	156.770	159.647

- 2.26 Last year the budget position changed significantly after the government decided not to impose any further large cuts on policing given the potential decimation of neighbourhood policing and the growing crime and terrorist risks to the UK. To align resources to meet the demands of the ever-increasing risk and threat across the Force a number of significant changes have been introduced, including a new North and South divisional structure that incorporates a smaller number of sections and a response and local policing model. Also, a significant investment was made particularly in public protection, cyber-crime and the investigation of historic abuse case.
- 2.27 Given the level and complexity of the change programme currently underway, it is inevitable there is still more investment needed. This includes extra trainers for a larger in-take of officers and an extra building surveyor to assist with the programme of repairs and maintenance to police buildings. This is in addition to extra resources already allocated for increasing the size of the Police Vetting team and increased requirements for recording and reporting of use of Police Firearms.
- 2.28 Other priority areas included in this budget are: -

- Extending our use of Taser.
- Expanding our digital media communications.
- Expanding our volunteer scheme.

2.32 The Chief Constable's rationale for proposing this budget is set out clearly in the attached report at **Appendix 1**.

PUBLIC ENGAGEMENT

2.33 Throughout the year, the Commissioner maintains on going engagement with the public and receives feedback from many sources on the public's views of policing and the level of police precept.

2.34 During the most recent survey conducted by the Commissioner he received significant support for increasing his precept. 44.1% of respondents stated they would support an increase of 2% on the precept whilst a further 28.9% of respondents supported an increase in excess of 2%. This level of support from the public gives the Commissioner significant assurance regarding his plans.

REFERENDUM PRINCIPLES

2.35 In considering the precept options available to him, the Commissioner will take into account the referendum principles set by the government which limits the maximum increase in council tax which can be set without consulting the public through a referendum. The Secretary of State has set the limit for next year (2017/18) at 2%.

2.36 The table below summarises the overall budget for Derbyshire Police, which will be determined by the Commissioner, which follows the assumptions set out in the police funding settlement.

Precept Option	Precept Increase 1.99% £m
Police and Crime Commissioner	4.625
Chief Constable	159.647
Total Budget for Derbyshire Police	164.272
Funded by: -	
Police Formula Grant	(98.437)
Council Tax Legacy and Freeze Grants	(8.700)
Sub-Total	57.135
Budget (Deficit) to be met from Reserves	(1.024)
Sub-Total	56.111
(Surplus)/Deficit on Collection Accounts	(0.589)
Council Tax Requirement	55.522

2.37 The increase of 1.99% is detailed as follows:-

	Council Tax Government Limit
Net Revenue Budget	£164.272m
Proposed Council Tax Requirement	£55.522m
Police Council Tax (Band D)	£180.60
Police Council Tax Increase (£)	£3.53
Police Council Tax Increase (%)	1.99%
Proposed Contribution from reserves	£1.024m

Note: For further information see Annex E

2.38 The provisional precept is based on proposed Council Tax base figures notified to date.

2.39 As stated previously, while considerable uncertainty remains reserves are healthy and can manage the projected deficits as shown in the table below.

Further detail on the use of reserves over this period is shown in **Annex D**: -

Reserve	31/03/2017	31/03/2018	31/03/2019	31/03/2020
	£m	£m	£m	£m
General	4.000	4.000	4.000	4.000
Earmarked – Usable				
Operational Priorities	1.325	1.325	1.325	1.325
Operational Funding and Investment	12.268	6.006	4.484	1.956
Carry Forwards	2.959	2.234	1.509	1.509
Police and Crime Commissioner – Crime Prevention Fund	1.570	1.320	1.070	0.820
Pensions	0.500	0.500	0.500	0.500
Total Earmarked – Usable	18.622	11.385	8.888	6.110
Earmarked – Non-usable	5.370	5.049	4.682	4.283
Total Reserves	27.992	20.434	17.570	14.393

2.40 These projections show that there are sufficient usable reserves to cover the projected deficit up to 2020. Nevertheless it is important that the deficit/funding gap does not widen further. On that basis, it is therefore intended that the Constabulary will commission a further efficiency review during 2017 to identify further savings to close the budget gap.

2.41 While reserves cushion the impact of unforeseen spending and known future commitments. It is important to ensure reserves are maintained at an appropriate level.

2.42 The table below shows the projected movements in reserves during 2017/18.

	Balances at 31/03/17 £m	Proposed Movements from / (to) Revenue £m	Proposed Contribution from / (to) Capital £m	Balances at 31/03/18 £m
GENERAL RESERVES	4.000	-	-	4.000
EARMARKED RESERVES				
Useable:-				
Operational Priorities	1.325	-	-	1.325
Operational Funding	12.268	(1.024)	(5.238)	6.006
Carry-forwards	2.959	(0.725)	-	2.234
PCC Grants & Commissioning	1.570	(0.250)	-	1.320
Pensions	0.500	-	-	0.500
Total Useable	18.622	(1.999)	(5.238)	11.385
Non-useable:-				
PFI - Ilkeston	1.140	(0.038)	-	1.102
PFI - Derby	3.370	(0.284)	-	3.086
Insurance	0.860	0.001	-	0.861
Total Non-Useable	5.370	(0.321)	-	5.049
TOTAL EARMARKED RESERVES	23.992	(2.320)	(5.238)	16.434
TOTAL RESERVES	27.992	(2.320)	(5.238)	20.434

FINANCIAL RISKS

2.43 The key financial risks are set out in **Appendix 1**; these are around future pay awards, complex and unforeseen policing operations, changes to grant funding and even potential over-spending. Taken together these risks could add as much as £6m to our costs in any one year. Without reserves, this would place an unsustainable burden on our budget. It is therefore appropriate that we hold reserves to manage these potential risks.

FUTURE STRATEGY

- 2.44 The key aim is to enable Derbyshire Constabulary and the Commissioner to achieve stable and sustainable finances that are directed at meeting the policing risks within the county as set out within the Police and Crime Plan. This aim is made all the more difficult because of the ongoing uncertainty over the economic climate. Over recent years the long term view has been to focus on building up reserves to cushion the effects of the reductions in grant funding and the freeze on Council Tax increases. Now last year's settlement was better than expected we are focusing on investing in assets and IT systems and supporting the new policing model.
- 2.45 The responsible use of reserves now plays a key role to ensure that we are able to manage through the continued uncertainty, whilst dealing with the demands on the service which continue to grow.

3. EXPLAINING THE PROCESS

- 3.1 Once the Commissioner has scrutinised and challenged the budget proposals made by the Chief Constable, together with considering his own plans for his office and commissioning activities in 2017/18, the entirety of the budget proposal (including capital, prudential indicators and treasury management) are discussed at the Strategic Governance Board (SGB). If the recommendations of the relevant papers are agreed by the Commissioner, he will make a decision in principle on the level of precept to set for 2017/18, which is taken to the Police & Crime Panel.
- 3.2 The Police & Crime Panel then meet to discuss and debate the Commissioner's precept proposal before providing a formal response to the Commissioner. If that response confirms support, the Commissioner will then formally sign-off on the precept level for 2017/18 and that decision will be noted at the March 2017 SGB.
- 3.3 In the event that the Police & Crime Panel chooses to veto the Commissioner's proposed precept level, the Commissioner will then revisit his

proposal and confirm the final decision. At that point, the Commissioner will formally sign-off on the precept level for 2017/18 and that decision will be noted at the March 2017 SGB.

4. RECOMMENDATIONS

4.1 In respect of the revenue budget for 2017/18

- i. To note the information and analysis as set out in this report and **Appendix 1**.
- ii. To agree the proposed adjustments to the 2017/18 budget as detailed in **Annex A**.
- iii. To note the assumptions as set out in **Annex A**.
- iv. To maintain a revenue contribution to capital of at least £1.665m into the base revenue budget.
- v. To approve the revenue budget for 2017/18.

In respect of the council tax requirement, the associated police precept and provisional contributions to/(from) reserves

- vi. Consider the increase to council tax, and having received a final council tax assurance statement from the Chief Finance Officer, to notify the Police and Crime Panel accordingly
- vii. To agree to continue with the use of reserves to bridge the budget gap in 2017/18 and to provide investment in key risk areas in accordance with the approved budget strategy.
- viii. To authorise the movement of reserves during 2017/18 as shown in paragraph 2.42.
- ix. To note the associated financial projection for 2017/21.

5. IMPLICATIONS

	LOW	MEDIUM	HIGH
Crime & Disorder			X
Environmental	X		
Equality & Diversity	X		
Financial			X
Health & Safety	X		
Human Rights	X		
Legal		X	
Personnel		X	

Contact details in the event of enquiries	<p>Name: Chief Superintendent Steve Wilson External telephone number: 0300 122 4140 Email address: sgb@derbyshire.pnn.police.uk</p> <p>Name: Andrew Dale External telephone number: 0300 122 6005 Email address: andrew.dale.16973@derbyshire.pnn.police.uk</p>
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BACKGROUND PAPERS

ATTACHMENTS

List of Appendices

1	Detailed Budget Proposals for 2017/2018

List of Annexes

A	Revenue Budget Projections if Council Tax is increased by 1.99%
B	Budget for the Office of the Police and Crime Commissioner
C	Budget for the Chief Constable
D	Reserves
E	Precept Calculation

SPENDING PLANS 2017/18

1. BACKGROUND

- 1.1 This document sets out the spending plans for the Police and Crime Commissioner for Derbyshire and Derbyshire Constabulary for 2017/18 and indicative plans up to 2019/20. It provides the detailed rationale to support the revenue budget and precept proposals for 2017/18.
- 1.2 These budget plans will be subject to scrutiny and potential veto by a Police and Crime Panel consisting of local authority and independent representatives.
- 1.3 Beginning in 2010 and in advance of the 2011/12 Comprehensive Spending Review (CSR), planning started to deliver spending reductions to meet the challenge of austerity, which has effectively dominated our thinking between 2009 and 2015. The process has been really difficult as in almost every year there have been big decisions around reductions in officer numbers, job losses and significant restructuring to try and save money to maintain our operational resources to deal with the many challenges we face.
- 1.4 Last year we anticipated that there would be several years of further savings to be made. However, the budget position changed significantly after the government decided not to impose any further large cuts on policing given the potential impact on neighbourhood policing and the growing crime and terrorist risks to the UK.
- 1.5 Due to the considerable success of the Moving Forward Programmes, balanced budgets have been achieved in each year of austerity without the need to call on reserves. We have also built up reserves through the achievement of savings earlier than expected in order to put us in the best position to manage further austerity cuts.
- 1.6 As a result, the current level of reserves allowed us the opportunity to invest for the future rather than determine huge savings and job losses. Instead we developed a new policing model around two divisions, a smaller number of sections, a response and local policing model and a significant investment around a number of areas of risk and threat including public protection, cyber-crime and the investigation of historic abuse cases. Many of these changes are now in place and whilst we recognise there are many on-going challenges, this still remains the right thing to do in terms of best deploying our reduced resources against threat and risk to best protect the public. For 2017/18 the Police Officer establishment (taking account of business cases within the budget papers) is set at 1700 fte. The Police Staff establishment is 1263 fte and the PCSO establishment is 165 fte. For comparison purposes, the Police Officer establishment for 2016/17 was 1731 fte, the Police Staff establishment was 1190 fte and the PCSO establishment was 165 fte.
- 1.7 The former Chancellor of the Exchequer in November 2015 announced that when precept increases are taken into account police spending would be 'protected' in real terms over the Spending Review period. The provisional police settlement published on 15th December 2016 showed that the Government only intended to protect overall funding at 2015/16 levels and that they were also reducing their share of funding to take into account growth in precept income. This means that our grant next year of £98.437m will be some £0.9m less than we expected.
- 1.8 To achieve the Government's 'flat cash' position PCC's will need to increase their precept in line with government limits (2% for 2017/18).
- 1.9 A great deal of uncertainty still remains around future grant levels: -

- The Home Office has only provided a one year settlement.
 - The Home Office is still committed to completing the much talked about review of the police funding allocation formula.
- 1.10 As a result, any plans going forward will need to be flexible and be kept under review so that the resources available to the Commissioner and the Chief Constable are used in the most effective manner.
- 1.11 The budget proposals made in this report confirm that Derbyshire Police is in a healthy position. We are financially stable and whilst we have spent a significant amount of reserves on ICT improvements and the new headquarters build, we are still in a position, where we are able to invest against risk, build new premises, improve the old ones and maintain the workforce numbers as they are.
- 1.12 Of particular importance is the new headquarters build and the collaboration with the fire service, coupled with the ICT improvements which have included a new command and control system, a new crime and intelligence system and the rollout of mobile office solutions to enable officers to work in a more efficient way, remain away from the station for longer and essentially allow ICT to start to become the enabler to best support operational policing.
- 1.13 At the same time as we have a strong financial position, our performance remains strong and whilst there have been some increases in crime in a number of areas, crime rates in Derbyshire remain low and significantly less than they were several years ago. There has continued to be many successes in areas such as human trafficking, modern slavery, the on-line exploitation of children and tackling the sharing of paedophile imagery and it is reassuring to know that our focus remains one based upon threat, harm and risk and protecting those who are vulnerable rather than chasing the numbers and targets that were set once upon a time by the government, the police authority and Her Majesty's Inspectorate of Constabulary (HMIC).
- 1.14 HMIC's latest 43 force inspection was around 'legitimacy', which is essentially how good we are at protecting the public, how good we are in terms of our relationship with the communities we serve and how good we are in terms of how we deal with our staff internally. It was really gratifying to know that HMIC graded this force and only one other (the Kent Constabulary) as outstanding. The vast majority of the country was graded as good and several forces, some of them our neighbours, required improvement. To achieve an outstanding grade for such an in depth and complex inspection is an endorsement of the effort of every single person involved with this force.

2. NATIONAL AND LOCAL POLICING PRIORITIES

- 2.1 Globalisation and digitisation present new challenges that have increased the complexity of the police task. Recorded acquisitive crime has fallen, but there have been significant increases in cases of child safeguarding and domestic abuse. Serious and organised crime generates new threats, like human trafficking, while terrorism has become more fragmented and harder to combat. As people do more and more online, the threat from cybercrime grows. As many traditional crimes continue to fall, policing has to focus on protecting people from new harms through the development of new tactics and capabilities. Communities will become increasingly diverse and complex necessitating a more sophisticated response.

- 2.2 As a result of these changes, the police service will need to transform the way it delivers its mission with a keen focus on prevention of harm, protecting vulnerable people and the effective management of risk. The transformation of policing must inspire officers, staff and volunteers and develop the flexibility, capability and inclusivity required to adapt to change.
- 2.3 Policing will continue to be delivered against a backdrop of austerity and the requirement for the police service to make significant savings will continue. To ensure the public are appropriately protected there is a requirement for the police service to adopt a coordinated and aggregated response to the most serious threats through collaboration and national arrangements. There is also a need to create policing capacity through the adoption of common standards, use of technology and service transformation. Police officers and staff will also need to be better skilled, empowered as professionals and representative of the communities that they serve.
- 2.4 The Police and Crime Plan 2016-2021 was published by the Commissioner in November 2016. This plan summarises the areas of policing that will take precedence during his term of office. In response the Chief Constable produced a delivery document, which explains how the Constabulary will protect the public, deal with high level risks and threats and in doing so deliver the commitments made in the Police and Crime Plan.

3. OUR CURRENT PERFORMANCE

- 3.1 2015/16 saw an increase in overall recorded crime of 2.9% in comparison with the previous year. The national increase for the same period was 8%. The previous twelve months had seen a slight fall in recorded crime of over one and a half per cent. Despite the increase in recorded crime this year, in comparison to the remainder of England and Wales, Derbyshire remains one of the safest counties with only six other police areas recording fewer crimes per 1,000 population.
- 3.2 The continuing trend through 2016/17 in recorded crime is that of an increase on the previous year's volume. This continues to be a national trend and overall crime is expected to increase across England and Wales. The table below shows the estimated year on year change for a number of key crime areas: -

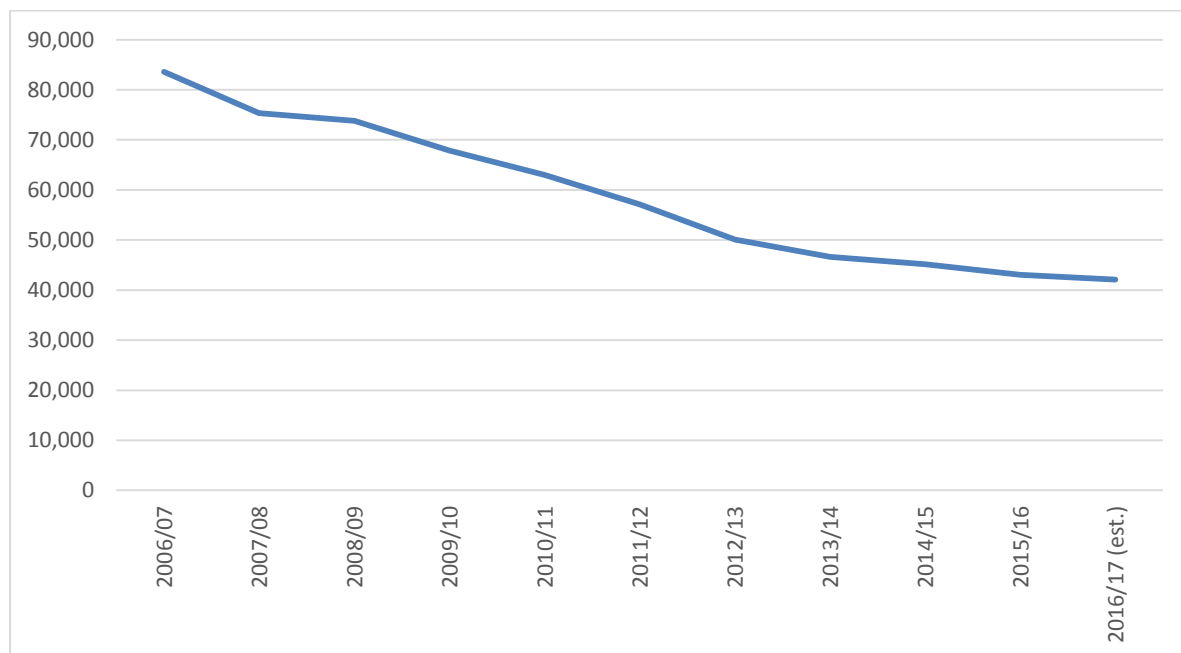
Crime Group	2015/16	2016/17 Estimate	Estimated Volume change	Estimated % Change
Violence against the person	12,463	12,470	7	0%
Sexual Offences	1,597	1,740	143	9%
Domestic Burglary	2,611	2,720	109	4%
Non-Domestic Burglary	3,526	3,570	44	1%
Vehicle Crime	5,887	5,960	73	1%
Robbery	552	540	(12)	(2%)
Shoplifting	5,604	6,260	656	12%
Victim Based Offences	47,986	48,970	984	2%
All Crime (exc. Fraud and forgery)	53,007	54,250	1,243	2%

- 3.3 Although the increase overall for the year is small, there are noticeable fluctuations in some of the crime groups. Sexual offences continue to see year on year increase with an expected 9-10% increase for 2016/17 and shoplifting is expected to see a substantial increase.
- 3.4 One crime category that is not expected to see an increase in the current year however is violence against the person offences. Following two years of exceptional increases that saw violence recording increase by over a third, 2016/17 is expected to record similar levels compared to the previous year. Robbery recorded offences are also not expected to see an increase this year.

Demand

- 3.5 Whilst recorded crime is the most reported on aspect of police demand, this actually accounts for only a small proportion of the work that is undertaken by the police. Offending is moving away from these traditional types of offending and into areas such as cyber-crime, child sexual exploitation and modern slavery. Over recent years the number of domestic abuse, child abuse and vulnerable person referrals received by the service has increased exponentially.
- 3.6 In some of the high demand areas thankfully numbers are small but each individual case is very resource intensive and complex. These are often cases such as child abuse or homicide. Other areas such as domestic related incidents, whilst also resource intensive is also high in volume. Over 17,000 domestic related incidents are reported within Derbyshire each year. This has a considerable impact on resources.

3.7 Another area of high demand but thankfully reducing volume is anti-social behaviour incidents. Anti-social behaviour incidents have been falling in volume since first being recorded in 2006/07. The following chart shows the number of incidents year by year with the estimated value for the end of 2016/17: -

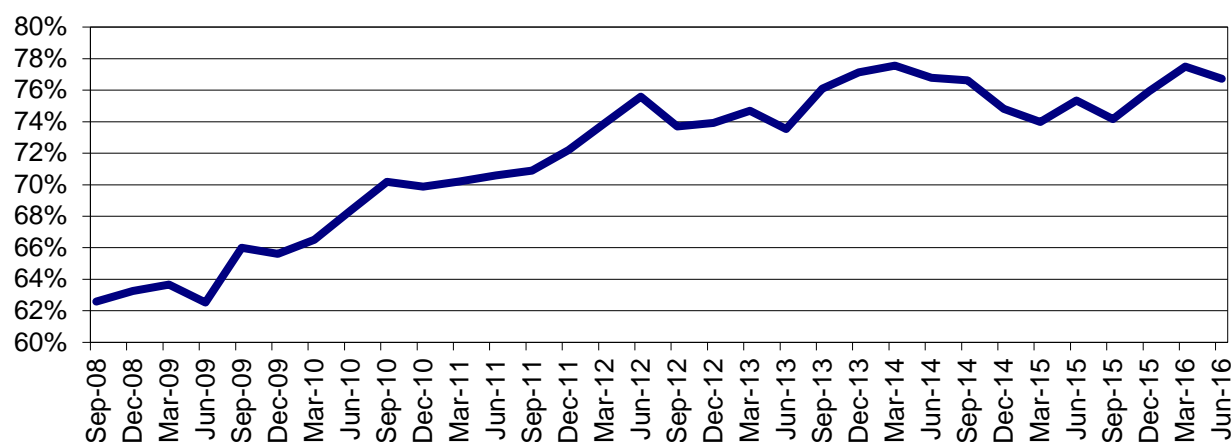


3.8 The number of incidents reported in 2016/17 is estimated to be in the region of 42,000 incidents. This would be a small reduction of nearly 1,000 incidents on the previous year (2.3% reduction).

Public Perception

3.9 The Crime Survey in England and Wales (CSEW) surveys people across the country to assess the level of confidence in and public perceptions of the police in their area. The following chart shows Derbyshire's performance in this area over recent years: -

Percentage of respondents answering 'strongly agree' or 'tend to agree' when asked 'Taking everything into account I have confidence in the police in this area'.



3.10 Confidence has increased within Derbyshire over the years and is currently just under 77%. Approximately 650 households within Derbyshire will be surveyed every twelve months.

4. NATIONAL FUNDING POSITION

4.1 The government set out their principles on the 4 February 2016, when publishing the final police funding settlement for 2016/17. Direct resource funding for each PCC, including precept will be protected at flat cash levels compared to 2015/16, assuming that precept income is increased to the maximum amount available in both 2016/17 and 2017/18. This should mean no PCC who chooses to maximise precept in both years will face a reduction in cash funding next year compared to 2015/16. Since February the government have updated their precept forecasts for 2017/18 to reflect actual tax base increases in 2016/17.

4.2 The government aims to increase the level of reallocations essential to drive police reform, which includes investing additional funding in police technology. By adjusting precept forecasts has allowed the Home Office to increase of the size of the Police Transformation Fund to £175m in 2017/18, although this effectively took away resources from individual forces. The fund is aimed at allowing the policing sector to invest additional funding in the projects that will improve efficiency, protect vulnerable victims of crime, further improve the leadership and culture of policing and tackle new types of crime such as cybercrime.

Counter terrorism police funding

4.3 The government has continued to allocate and protect specific funding for counter-terrorism policing over the course of the Spending Review period to ensure that the police have the capabilities to deal with the terrorist threats. The indicative Spending Review profile for counter terrorism police funding in 2017/18 is £670m, subject to confirmation. An additional £32m is being provided for armed policing from the Police Transformation Fund in 2017/18.

Legacy Council Tax Grants

4.4 In 2017/18 the government will provide Council Tax Freeze Grants to PCCs in England relating to the 2011/12, 2013/14, 2014/15 and 2015/16 council tax freeze schemes. In addition Local Council Tax Support grant funding will be provided to PCCs in England, which total £507m in 2017/18.

Baseline adjustments and reallocations

4.5 The Government has reallocated the following funding to support critical national priorities for policing: -

- **National and International Capital City Grants** - the Metropolitan Police Service, through the Greater London Authority, will continue to receive National and International Capital City (NICC) grant funding worth £173.6m, and the City of London Police will also continue to receive NICC funding worth £4.5m.
- **Police Transformation Fund** - total funding for transformation will increase in size to £175m, an increase of over £40m.
- **Police technology programmes** - funding will continue to be reallocated for the new Emergency Services Network (ESN), the existing Airwave system, Home Office Biometrics and the National Law Enforcement Police Database. As planned there will be an approximately £100m increase in funding for ESN. Around £1m will be spent maintaining the Forensic Archive, which maintains forensic exhibits relating to criminal investigations on behalf of the police.
- **Arm's Length Bodies** - HMIC's PEEL inspection programme, and the College of Policing direct entry schemes will continue to be funded. There will be increased funding to support the Independent Police Complaints Commission as it becomes the Independent Office for Police Conduct with an expanded role in investigating serious and sensitive allegations involving the police, enabling it to implement the

legislative reforms in the Policing and Crime Bill and enhancing its capability to handle complex major investigations. A new reallocation of around £2m will support the Gangmasters and Labour Abuse Authority (GLAA) to use new police-style enforcement powers set out in the Immigration Act 2016 to tackle labour exploitation including modern slavery across the economy.

- **Pre-charge bail** - the Government plans to implement significant reforms to pre-charge bail including time limits set out in the Policing and Crime Bill. This change in police practice may involve increased costs for the magistrates' courts and in legal aid, which a new reallocation of up to £15m for 2017/18 will meet.
- **Organised crime** - the National Crime Agency (NCA) and Regional Organised Crime Units will receive flat cash resource grants from the Home Office compared to 2015/16, in line with the approach taken to funding PCCs. This involves an adjustment to the police funding settlement to top up these grants, continuing the approach taken to NCA in 2016/17.
- **Police Special Grant including Commonwealth Heads of Government Meeting policing** - funding continues from the police settlement for the discretionary Police Special Grant contingency fund, which supports police force areas facing significant and exceptional events which might otherwise place them at significant financial risk. In 2017/18 £50m from the police settlement for Police Special Grant, an increase which reflects both an assessment of potential need across police forces, and the specific costs likely to be incurred preparing for the policing operation at the Commonwealth Heads of Government Meeting in 2018.
- **Other** – the government continue to fund a national uplift in armed policing capability and capacity to respond more quickly and effectively to a firearms attack with £32m of specific funding. Also, the current Police Innovation Fund projects will continue to be funded.

4.6 The Home Office have not published the data used in determining the funding allocations for forces. Therefore, a consequence is that it is no longer possible to accurately identify the level of funding that is being withheld from Derbyshire Police to protect other forces from even larger funding cuts. However, using the criteria for 'damping' that was last published for the 2013/14 grant settlement the estimated loss of grant for Derbyshire continues to be some £2m per annum and is summarised in the table below: -

Estimated Impact of Damping	%	Before Damping	After Damping	Estimated Grant Lost
		£m	£m	£m
Grant Settlement 2013/14		112.270	110.125	(2.145)
Add: Community Safety Fund included in Baseline for 2014/15		0.981	0.981	
Adjusted Baseline for 2014/15		113.251	111.106	
Less: Cash Reduction in Baseline for 2014/15 (exc. top slice)	(3.30%)	(3.737)	(3.666)	
Grant Settlement 2014/15		109.514	107.440	(2.074)
Less: Cash Reduction in Baseline for 2015/16 (exc. top slice)	(3.50%)	(3.833)	(3.761)	
Grant Settlement 2015/16		105.681	103.679	(2.002)
Add: Cash Reduction in Baseline for 2016/17 (exc. top slice)	(0.60%)	(0.634)	(0.622)	
Grant Settlement 2016/17		105.047	103.057	(1.990)
Add: Cash Reduction in Baseline for 2017/18 (exc. top slice)	(1.40%)	(1.455)	(1.427)	
Grant Settlement 2017/18		103.592	101.630	(1.962)
Total				(10.173)

5. OUR CURRENT FUNDING POSITION

- 5.1 Derbyshire Constabulary is the tenth lowest spending force in England and Wales; although previous analysis has shown that it faces the risk and threat of a medium range force. Put simply its spending power (as indicated by the level of grant funding) does not match the scale of policing risk that it faces.

Force	Net Spend per Head £	Derbyshire budget increase at this level
Derbyshire	157.566	
Neighbouring Forces: -		
Cheshire	167.638	£10.073m
Leicestershire	163.047	£5.481m
Nottinghamshire	169.075	£11.509m
Staffordshire	161.331	£3.766m
South Yorkshire	178.899	£21.334m
Warwickshire	173.561	£15.995m

Source: HMIC Value for Money Data 2015 and Budget and Workforce Survey 2015/16

- 5.2 Derbyshire Constabulary relies more heavily on government grant than many other forces. A total of 67% of spending in Derbyshire is met by grant with the remaining 33% met by police precept. There is considerable national variation amongst forces in respect of how much funding comes from national grant against local council tax through the precept charge.
- 5.3 At the extreme Surrey receives some 53% of its funding from the police precept, while Northumbria receives 14% of its funding through the precept.
- 5.4 This is particularly significant during a period of substantial grant reductions as only the grant element of funding is set to reduce. In essence it means that forces like Derbyshire, who rely more heavily on government grants, will face proportionately bigger spending reductions.
- 5.5 For 2017/18, the ability of forces to maintain or slightly increase their spending power by increasing precept levels, as intended by the government, will vary because of these differences in precept-raising capacity. To an extent this has been recognised and forces with the lowest precepts have been given greater flexibility to increase their precept. This does not include Derbyshire.

- 5.6 A force like Derbyshire, which gets a relatively low proportion of its funding through its precept but does not qualify for extra flexibility in setting its precept, will benefit less than some other forces.
- 5.7 It is worth noting that the continual payment of Freeze Grants exacerbates this effect as it disproportionately protects forces with the largest taxbases.
- 5.8 Next year, Derbyshire's formula grant will reduce from £99.833m to £98.437m, a reduction of £1.396m. Derbyshire's grant has reduced by some £27.5m since the start of austerity.

Formula Funding	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Police Main Grant	73.186	70.155	65.039	68.940	66.551	62.500	62.122	61.253
Non-Domestic Rates/ Revenue Support Grant	49.096	45.841	43.182	41.185	39.261	37.900	37.711	37.183
Neighbourhood Policing Grant	3.681	3.681	3.681	0	0	0	0	0
Community Safety Fund	0	0	0	0.981	0	0	0	0
Total Formula Funding	125.963	119.677	111.902	111.106	105.812	100.400	99.833	98.436
Reduction in Funding (£)		(6.286)	(7.775)	(0.796)	(5.294)	(5.412)	(0.567)	(1.397)
Reduction in Funding (%)		(5.0%)	(6.5%)	(0.7%)	(4.8%)	(5.1%)	(0.6%)	(1.4%)

5.9 For 2017/18 the Home Office have further complicated estimating the amount Derbyshire Police stands to lose out as a result of top slicing (reallocations) the main grant. This is because they have updated their forecasts to reflect actual tax base increases in 2016/17, meaning the Home Office can hold back more money, which had originally had been identified for allocating to forces.

5.10 Derbyshire Police stands to lose out an additional £2.387m as a result of the top-slicing applied to the main grant. This is on top of the £5.577m already taken over the last three years' grant settlements, as set out in the table below:-

Expenditure (funded from 'top-slicing' the Police Main Grant)	Estimated Grant Lost by Derbyshire 2014/15 £m	Estimated Grant Lost by Derbyshire 2015/16 £m	Estimated Grant Lost by Derbyshire 2016/17 £m	Estimated Grant Lost by Derbyshire 2017/18 £m	Total £m
Police Innovation Fund	0.755	1.057	0.831	0.831*	3.474
IPCC	0.272	0.453	0.483	0.568	1.776
HMIC	0.142	0.142	0.139	0.142	0.565
Direct entry schemes	0.045	0.075	0.069	0.076	0.265
National Police Co-ordination Centre	0.030	-	-	-	0.030
Capital City Grant	0.030	0.045	-	-	0.075
Police Knowledge Fund	-	0.076	-	-	0.076
Major Programmes	-	0.604	0.329	0.499	1.432

Gangmasters and Labour Abuse	-	-	-	0.030	0.030
Pre-charge bail initiative	-	-	-	0.226	0.226
Forensic Archive	-	-	-	0.015	0.015
Total	1.274	2.452	1.851	2.387	7.964

Note: This excludes any loss of funding as a result of floor protection, which means that some £2m of further grant funding is withheld from Derbyshire Police.

** For 2017/18 the Police Innovation Fund has been merged into the Transformation Fund*

6. EFFICIENCY RECORD

6.1 Derbyshire Constabulary is an efficient force. The External Auditors and HM Inspectorate of Constabulary consider that the force performs well in delivering value for money and its financial management, which puts it amongst the top performing police forces. This reflects the achievement of Derbyshire Constabulary in delivering very good performance from a very low cost base, but at the same time it is expected to maintain and indeed enhance front line policing and deliver improved performance.

6.2 In the years prior to austerity, Derbyshire Constabulary had already achieved approximately £45m in efficiency savings, this success can be attributed to planning for the changes that would be necessary to address the reductions in public spending as early as June 2009.

6.3 Since Austerity measures were introduced in 2010, Derbyshire Constabulary has delivered savings of some £37.2m, as shown in the following table: -

Saving Round	2010/11 to 2012/13	2013/14	2014/15	2015/16	2015/16	2016/17	Totals
	£m	£m	£m	£m	£m	£m	£m
MF1	5.645	-	-	-	-	-	5.645
CCMC Savings	0.609	-	-	-	-	-	0.609
MF2	14.702	-	-	-	-	-	14.702
MF3	0.153	-	-	-	-	-	0.153
2013/14 savings	-	3.175	-	-	-	-	3.175
PBB - Year 1	-	-	-	7.096	4.412	-	11.508
PBB - Year 2	-	-	-	-	-	1.449	1.449
Totals	21.109	3.175	0.000	7.096	4.412	1.449	37.241
Cumulative	21.109	24.284	24.284	31.380	35.792	37.241	

7. LOCALISM ACT 2011

7.1 Council Tax rises are subject to the provisions of the Localism Act 2011. In place of the previous 'capping limits', the Secretary of State for Communities and Local Government sets an excessiveness principle which puts a limit on Council Tax increases that can be approved without holding a referendum among local taxpayers. For 2016/17 the excessiveness 'threshold' for police forces is set at 2%.

7.2 The cost of holding a referendum would fall to the Constabulary and it is estimated that this would cost in the region of £0.75m to £1m for Derbyshire, not to mention the potential cost of rebilling, which could be in the region of £0.5m.

8. BUDGET 2017/20

8.1 The following table summarises the three-year budget projection for 2017/20, if the Commissioner increases Council Tax in line with Government funding assumptions, as set out in the latest CSR (increased by 1.99%). This shows the projected budget requirement taking into account all known commitments and recommended growth as set out in paragraph 8.6.

Budget 2017/20	2016/17 Revised £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Previous Year's Gross Expenditure	161.635	162.792	164.271	164.655	166.261
Inflation (including pay awards and increments)	5.579	4.000	3.656	3.823	3.997
Other spending pressures/reductions	1.736	2.463	(0.040)	0.562	0.049
Savings from Moving Forward Programmes	(6.158)	(4.984)	(3.232)	(2.779)	(2.416)
Net Revenue Budget	162.792	164.271	164.655	166.261	167.891
Projected Funding (inc Police Precept at 1.99% from 2017/18)	(162.792)	(163.247)	(163.133)	(163.734)	(164.370)
Contribution (to) / from Reserves	0	1.024	1.522	2.528	3.521
Annual Budget Base (Surplus)/Deficit	0.000	0.000	0.000	0.000	0.000

8.2 The Annual Budget will continue to fluctuate over the next 3 years depending on some of the key factors below: -

- Changing Government Priorities – which may influence the share of national funding allocated to the police.
- Changes in police grant distribution – which may impact on some forces more than others.
- Performance of the economy – both national and global economic conditions may affect the current approach to public sector borrowing and deficit reduction.
- Core Assumptions – any changes to the core assumptions set out in the table below: -

Assumption	Description	Risk
Grant funding	<ul style="list-style-type: none"> It is assumed that formula grant funding reduces in line with increases in precept income under Home Office assumptions for tax base growth. No assumptions have been made about the impact of any further formula review, other than the implied assumption that it will be cost neutral. 	Prudent Pessimistic
Inflation	Non-pay inflation of 2.5% per annum is assumed throughout the period, except for premises utilities and vehicle fuel for which a rate of 5% per annum is assumed	Prudent
Precept	<p>The PCC opts to increase the Council Tax by 1.99% in each year. This keeps increases under the 'threshold' level of 2%.</p> <p>The actual increase in the taxbase for 2017/18 was 1.6%; the assumed increase for all years after is 1.5% per annum</p>	Prudent
Pay awards	Pay awards for both officers and staff are 1% in all years covered by the projections	Optimistic
Recruitment	The Police Officers pay budget is sufficient to fund an establishment of 1,701 fte's (October 2016) assuming an average vacancy factor of 2.5%	Prudent

8.3 Last year the budget position changed significantly after the government decided not to impose any further large cuts on policing given the potential decimation of neighbourhood policing and the growing crime and terrorist risks to the UK. To align resources to meet the demands of the ever-increasing risk and threat across the Force a number of significant changes have been introduced, including a new North and South divisional structure that incorporates a smaller number of sections and a response and local policing model. Also, a significant investment was made particularly in public protection, cyber-crime and the investigation of historic abuse case.

8.4 Given the level and complexity of the change programme currently underway, it is inevitable there is still more investment needed. This includes extra trainers for a larger in-take of officers and an extra building surveyor to assist with the programme of repairs and maintenance to police buildings. This is in addition to extra resources already allocated for increasing the size of the Police Vetting team and increased requirements for recording and reporting of use of Police Firearms.

8.5 Other priority areas included in this budget are: -

- Extending our use of Taser.
- Expanding our digital media communications.
- Expanding our volunteer scheme.

8.6 The following table summarises the growth to the revenue budget: -

Description of Initiative / Request	No. of Police Staff posts	2016/17	2017/18	Future Years Effect
Initiative with Hardwick CCG & OPCC to reduce frequent callers	-	15,000	15,000	-
Contribution for the Project & Develop Officer for Chesterfield & District	-	-	11,100	11,100
North Division Total	-	15,000	26,100	11,100
Additional Disclosure Assistant & Senior Disclosure Assistant	2		43,600	43,600
Conversion of Community Info Officer to an Internal Comms Officer	-	1,100	4,400	4,400
Establishment of an additional Media & Public Relations Officers	1	10,700	34,900	34,900
Establishment of a digital Media Officer	1	-	31,100	31,000
Corporate Services Total	4	11,800	114,000	113,900
Replacement of Custody Image System with VIPER Booths	-	9,200	7,000	7,000
Criminal Justice Total	-	9,200	7,000	7,000
Additional 0.7 fte PA Post in Exec	0.7	-	18,000	18,000
Exec Total	0.7	-	18,000	18,000
Budget provision to support Health & Well Being	-	-	36,000	18,500
Provision for Financial Study Scheme	-	-	20,000	20,000
Additional trainers & Assessors required for increase in recruitment	1	-	28,000	56,000
Additional full-time L&D administrator required for 2 years	1	-	23,200	23,200
HR Total	2	-	107,200	117,700
Additional Surveyor to assist with major projects	1	40,000	45,000	45,000
Strategic Estates Total	1	40,000	45,000	45,000
Provision of a video recognition service	-	11,400	11,400	11,400
Expansion of the CIP Team (Citizens in Policing)	2	14,000	55,900	55,900
1 fte Chronicle Admin Post	1	-	20,900	20,900
5 Police Staff posts - Funded by Crest Income	5	-	-	-
Roll out of Tasers to Divisional Response Officers	-	-	54,600	49,400
Ops Division Total	8	25,400	142,800	137,600
2 fte Vetting Assistants	2	-	40,200	40,200
WFM 1 fte Police Officers for 2 fte Vetting Assistants	2	-	(4,600)	(4,600)
PSD Total	4	-	35,600	35,600
Total Revenue Business Cases	20	101,400	495,700	485,900

9. A RISK BASED APPROACH TO BUDGET SETTING

9.1 Failure to address the policing risk that Derbyshire Constabulary faces comes at a price. Failure to address the policing and financial risks adequately could have a damaging effect on public confidence. In terms of: -

- Financial Impact – if serious harm results through failure to address any of the risks identified in this report, this will have a significant financial consequence for Derbyshire Constabulary, with the investigation effort and resources needed to address it.
- Damage to service delivery – apart from the financial impact, funding a major investigation will also take resources away from local policing.
- Inspection Performance – failure to address risks in these areas will lead to a decline in the inspection performance of Derbyshire Constabulary.
- Damage to its reputation –the impact of failures to address issues will lead to a loss of confidence and trust in the Constabulary.

10. ADDRESSING THE RISK GAP

10.1 Over recent years Derbyshire Constabulary has delivered considerable budget reductions through such initiatives as the Moving Forward Programme. This clearly creates a considerable risk to service delivery, which Derbyshire Constabulary has managed effectively to date. This is demonstrated by the continued reduction in crime levels across the county and the improvement in customer confidence.

Risk	Mitigation
Further loss of grant.	<ul style="list-style-type: none"> ▪ An operational funding reserve and general reserve is maintained to cushion the impact of further grant losses. ▪ The Constabulary has used Priority Based Budgeting to ensure only force priorities are funded.
Reliance on investment income to fund base budget – volatility in interest rates may have a significant impact on income.	<ul style="list-style-type: none"> ▪ The budget is based on a significantly reduced level of investment income as interest rates remain low.
Revenue Funding – the Constabulary relies on specific grants to fund a significant share of its net revenue budget. In particular the Constabulary is the lead for the EMCTIU.	<ul style="list-style-type: none"> ▪ The Constabulary is now less reliant on grants. ▪ The EMCTIU presents a considerable risk which is mitigated by the fact that other East Midlands Constabulary's are still responsible for the employment of police officers within the EMCTIU.
Major Incidents – potential impact on police overtime of a number of major incidents.	<ul style="list-style-type: none"> ▪ Maintain reserves in accordance with the Reserves Strategy.
Reliance on use of reserves to fund the capital programme.	<ul style="list-style-type: none"> ▪ Disposal of surplus land and property helps to achieve some of the capital aspirations that are set out within the capital strategy. ▪ A revenue contribution of £1.6m has been made to make the core programme more sustainable.
Unforeseen spending items and inflationary pressures.	<ul style="list-style-type: none"> ▪ Maintain reserves at a realistic level to ensure that they can sustain items of unforeseen spending. ▪ Monitor the level of provision set aside to cover inflationary pressures. ▪ Frequently update the financial forecast to provide a more realistic view of future spending commitments. ▪ Specific insurance reserve exists to cover insurance excess.

11. BUDGET 2017/18

11.1 This section covers both the budget that the Police and Crime Commissioner will control directly and identifies separately the budget that he will allocate to the Chief Constable for operational policing.

OFFICE OF THE POLICE AND CRIME COMMISSIONER

11.2 The budget retained for direct control by the Commissioner falls into three main elements; the cost of his office and staff, the cost of services for helping victims of crime to cope and recover (supported by grant from the Ministry of Justice) and for crime reduction initiatives, and treasury and accounting costs such as debt charges & interest receipts. A substantial grant is received from the Ministry of Justice derived from the Victims' Surcharge levied by the courts and is specifically to pay for services to support victims of crime and to deliver restorative justice solutions.

11.3 The proposed budget for 2017/18 for the Office of the Police and Crime Commissioner is summarised in the table below: -

Office of the Police and Crime Commissioner	Approved Budget 2016/17 £m	Revised Budget 2016/17 £m	Proposed Budget 2017/18 £m
Commissioner's Office	1.041	1.071	1.072
Crime Prevention Fund	0.250	0.250	0.250
Community Safety Fund	1.266	1.266	1.266
Victim and Witness Services	1.138	1.018	1.133
Sub-Total	3.695	3.605	3.721
Revenue Contributions to Capital	1.500	1.900	1.665
Debt Charges	0.816	0.816	0.772
Interest Receipts	(0.160)	(0.148)	(0.076)
Sub-total	5.851	6.173	6.082
Contribution from Reserves	(0.250)	(0.250)	(0.250)
Contribution to Reserves	0.037	1.199	0.008
Grant from the Ministry of Justice (estimate)	(1.220)	(1.100)	(1.215)
Net Budget Requirement	4.418	6.022	4.625

11.4 The budget signals the importance and value of partnership working, to ensure wherever possible all opportunities are explored for co-commissioning services.

11.5 The Commissioner's budget also includes a contribution of £1.665m to the capital programme to make the core programme more sustainable. However, this has merely compensated for the capital grant lost to austerity during a period when significant cuts had to be made to the revenue budget itself.

11.6 The remaining budget controlled by the Police and Crime Commissioner is for financing items as follows: -

- Contributions to Reserves.
- Debt Charges – this represents the costs of serving the relatively low levels of borrowing taken out in previous years.
- Interest Receipts – this represents interest earned on reserves. This has been depressed by the ongoing global economic out-turn.

CHIEF CONSTABLE'S BUDGET

11.7 The proposed budget for the Chief Constable is set out in the table below:-

Chief Constable	Revised Budget 2016/17 £m	Proposed Budget 2017/18 £m
Derbyshire Constabulary	147.043	149.497
East Midlands Collaboration	9.539	9.566
BCU Fund	0.313	0.318
Partnerships	0.749	0.562
Contribution to National Policing	0.743	0.755
Sub-total	158.387	160.698
Contributions from Reserves	(1.617)	(1.051)
Net Budget Requirement	156.770	159.647

11.8 The budget for the share of specialist policing within Derbyshire that is being delivered collaboratively with other police forces within the East Midlands is summarised in the table below:-

East Midlands Collaboration	Revised Budget 2016/17 £m	Proposed Budget 2017/18 £m
EMSOU Serious and Organised Crime	3.878	3.696
Technical Support Unit	0.453	0.460
Major Crime	0.206	0.206
Forensics	1.035	1.060
HR Service Centre	0.677	0.720
Learning and Development / Occupational Health	0.974	0.999
Legal	0.306	0.339
Procurement	0.132	0.010
EM Police Collaboration Team	0.113	0.113
Major Crime (budget retained within Derbyshire's base)	1.640	1.957
Information and Co-ordination Centre	0.125	0.000
Crime Stoppers Regional Manager	0.000	0.006
Total Collaboration	9.539	9.566

12. CHIEF CONSTABLE'S BUDGET COMMENTARY

- 12.1 I have always been determined that the impact of the global financial crisis and subsequent austerity measures would not dominate completely my term as Chief Constable for Derbyshire Police.
- 12.2 I am proud of the way the Constabulary has responded to this un-precedented financial challenge. We were one of the first forces to recognise the impact that the global crisis would have on our finances and we took early action to prepare for it. This meant that throughout this time we have been ahead of the game and have consistently delivered savings, which now total some £37.2m, to close our budget gap. It is to the immense credit of everyone working for the Constabulary that this has been achieved in a way that does not impact on performance. Indeed consistent HMIC inspections show that Derbyshire continues to be regarded as one of the best forces in the Country.
- 12.3 I have always been determined that Derbyshire Constabulary will continue to provide a quality policing service to the people of Derbyshire. Even during Austerity, I have done my very best to make sure that our more limited resources are better aligned to meet some of the new and emerging challenges that we face. During the last six years of Austerity, these challenges have changed significantly. This is especially around protecting the vulnerable, child sexual exploitation and cyber-crime.
- 12.4 We have had to take many tough choices during the years of austerity. The most obvious ones have been the significant reduction in officer numbers and police staff posts. The less obvious ones have been that we have foregone significant investment in our IS and our estate, which we are starting to address.
- 12.5 Our measured and well thought through response to austerity has meant that we have built up considerable reserves during this period. At the time we thought we would need them to cushion the impact of future austerity measures. Now we are in a position to use these reserves to invest significantly in our Estate and new IS systems.
- 12.6 During the last year alone we have replaced our core policing systems and started to roll out more modern mobile devices to all our officers. We have made a major investment in our new Headquarters. All of this will help improve our efficiency and also cement our close working relationship with the Fire Service.
- 12.7 It would be easy to be complacent, having overcome the challenge of austerity but that is certainly not the case. I know we cannot allow the challenge of austerity to divert our attention away from our core role to deliver a quality policing service. This means responding to the new and emerging risks that we face and make sure that our people are focussed on addressing them.
- 12.8 This year we have made fundamental changes to the way policing is delivered across Derbyshire to respond to new and emerging policing demands. We have achieved this largely within our existing budget, although there is some additional investment that I am now recommending as part of these budget plans.
- 12.9 We are now finding that there is a greater turnover of Police Officers across our organisation, coupled with an increase in recruitment now that we are able to maintain a full establishment of police officers. This means that we need more people to train new officers and manage their intakes. Equally the increased turnover of officers and staff, as our economy is more buoyant, also places extra pressure on

our vetting team, which needs to be addressed. Elsewhere we also know that we will not make the improvement we need to make to our estate without extra surveying resources.

- 12.10 Lessons learnt from the new policing model show that we can enable more effective officer deployment and safety by extending the use of taser, particularly in the more remote areas of our county. We also want to encourage more volunteers to work alongside us and enhance the service we provide and make more use of digital technology to keep people informed about policing in their area.
- 12.11 This modest investment will have a marked impact on the quality of policing service that we can deliver. Nevertheless I also know that there is a need to maintain sound finances. I am in no doubt that we still face a tough financial climate. If we want to do more in one area this means that we have to do less in another area.
- 12.12 I am therefore committed to undertaking a further efficiency review during 2018 to identify further savings across the Constabulary's budget. This will help to close the relatively small funding gap that we now face as well as providing some potential to invest in for the future.
- 12.13 Above all these plans signal my continued commitment to make the very best of our limited budget to deliver a quality policing service across Derbyshire. I therefore recommend the proposals within this report to the Commissioner.

13. PRECEPT OPTION

- 13.1 As stated previously the current Government introduced arrangements to limit what they view as “excessive” council tax increases. These require local authorities (including Police and Crime Commissioners) to hold a referendum if they increase their precept above guidelines set by the Secretary of State for Communities & Local Government.
- 13.2 The Secretary of State has set the limit for next year (2017/18) at 2%.
- 13.3 The table below summarises the overall budget for Derbyshire Police, which will be determined by the Commissioner, which follows the assumptions set out in the police funding settlement.

Precept Option	Precept Increase 1.99% £m
Police and Crime Commissioner	4.625
Chief Constable	159.647
Total Budget for Derbyshire Police	164.272
Funded by: -	
Police Formula Grant	(98.437)
Council Tax Legacy and Freeze Grants	(8.700)
Sub-Total	57.135
Budget (Deficit) to be met from Reserves	(1.024)
Sub-Total	56.111
(Surplus)/Deficit on Collection Accounts	(0.589)
Council Tax Requirement	55.522

- 13.4 The above projections need to be treated with considerable caution as there are a number of factors that could materially affect the projection, regardless of grant, e.g. further decision national pay awards and terms and conditions.
- 13.5 This will put the Constabulary in the best financial position to deal with the future financial challenges that it will face. Annexes Ai shows a detailed budget breakdown.

14. CONTRIBUTION FROM RESERVES

- 14.1 Reserves will play an important role in helping Derbyshire Constabulary and the Commissioner to achieve stable and sustainable finances that are directed at meeting the policing risks within the county as set out within the Police and Crime Plan. This is made all the more difficult because of the ongoing uncertainty over the economic climate and the fact the Home Office has only provided a one year settlement and they are still committed to completing the much talked about review of the police funding allocation formula.
- 14.2 During the years when the Constabulary was reducing its spending, the long term view was to focus on building up reserves to cushion the effects of the reductions in grant funding. Now last year's settlement was better than expected we are focusing on investing in assets and IT systems to generate future efficiency and support the new

policing model. The responsible use of reserves now plays a key role to ensure that we are able to manage through the continued uncertainty, whilst dealing with the demands on the service, which continue to grow.

14.3 The table below summarises the reserves held and shows the projected level to 2020. Further detail is set out in Annex D.

Reserve	31/03/2017	31/03/2018	31/03/2019	31/03/2020
	£m	£m	£m	£m
General	4.000	4.000	4.000	4.000
Earmarked – Usable				
Operational Priorities	1.325	1.325	1.325	1.325
Operational Funding and Investment	12.268	6.006	4.484	1.956
Carry Forwards	2.959	2.234	1.509	1.509
Police and Crime Commissioner – Crime Prevention Fund	1.570	1.320	1.070	0.820
Pensions	0.500	0.500	0.500	0.500
Total Earmarked – Usable	18.622	11.385	8.888	6.110
Earmarked – Non-usable	5.370	5.049	4.682	4.283
Total Reserves	27.992	20.434	17.570	14.393

14.4 These projections show that there are sufficient usable reserves to cover the projected deficit up to 2020. Nevertheless it is important that the deficit/funding gap does not widen further. On that basis, it is therefore intended that the Constabulary will commission a further efficiency review during 2017 to identify further savings to close the budget gap.

14.5 While reserves cushion the impact of unforeseen spending and known future commitments. It is important to ensure reserves are maintained at an appropriate level.

14.6 To aid this process the Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance setting out the factors that should be taken into account when assessing the level of reserves: -

- Assumptions regarding inflation (e.g. police pay awards).
- Estimates and timing of capital receipts (e.g. proceeds of land sales).
- Management of demand-led pressures (e.g. major policing operations).
- Achievement in delivering savings (e.g. efficiency savings).
- Risks inherent in any partnerships.
- Financial Standing.
- Track record in budget management.
- Capacity to manage in year budget pressures.
- A procedure in relation to under and over spends.
- Adequacy of insurance arrangements.

14.7 Underpinning all of this are the key financial risks that need to be considered to ensure that reserves are adequate in relation to these risks. Examples of how the financial impact of risk may increase the pressure on already constrained budgets are detailed in the table below: -

Unforeseen / Unpredictable Risk	£m
Pay and Price Increases	
<i>Additional 1% increase: -</i>	
Police Pay	1.0
Police Staff Pay	0.4
Police Staff Pension Contribution	0.4
<i>Additional 10% increase: -</i>	
Fuel costs	0.1
Utilities costs	0.1
Capital Programme Risks	
10% increase in tender costs for 25% of the capital programme	0.5
Policing Pressures	
Complex Murder Enquiry	1.0
Medium Range Murder Enquiry	0.5
Major Policing Operation e.g. public order	0.5
Loss of Specific Grant	
<i>Impact of loss: -</i>	
1% of general funding	1.0
10% of specific grant	1.1
Over-spending	
1% over-spend against budget	1.6

15. PRUDENTIAL CODE

- 15.1 Whilst the Prudential Code relates to new capital controls, it does impact on the revenue budget. Any agreed long term borrowing meeting all the Prudential Code guidelines will have on-going revenue implications over a long period.
- 15.2 Separate reports deal with the Capital Programme and also the Prudential Indicators for Derbyshire Police.

16. ASSURANCE STATEMENT FROM THE S151 OFFICERS CONSIDERATIONS

- 16.1 When setting the Budget and Capital Programme for the forthcoming year the Police Commissioner must be satisfied that adequate consideration has been given to the following: –
- Government policy on police spending, as applied to the Police Commissioner.
 - The CIPFA Prudential Code and the CIPFA Treasury Management Code.
 - The impact on the Council Tax and the threat or risk of exceeding the excessiveness principle (previously capping).
 - Whether the proposals represent a balanced budget for the year.
 - The robustness of estimates and the size and adequacy of general and specific earmarked reserves.
 - The medium term implications of the Budget and Capital Programme (MTFP).
- 16.2 Section 25 of the Local Government Act 2003 requires the Commissioner's Chief Financial Officer (the Treasurer) to provide the Commissioner with assurance on the robustness of estimates made for the purposes of the budget calculations and the adequacy of reserves.

16.3 The Act requires that the Commissioner has regard to the report of the Chief Finance Officer in making their budget decision. Where this advice is not accepted, this needs to be formally recorded in the minutes of the Strategic Governance Board.

17. ASSURANCE OF THE CHIEF CONSTABLE'S CHIEF FINANCIAL OFFICER

17.1 As the Chief Constable's Chief Financial Officer I can provide the following assurances: -

- The main assumptions for compiling the budget are set out within the report and the figures for the 2017/18 budget have been based on these assumptions.
- The recommendations are consistent with the budget strategy also set out within the report and do not impact on the financial stability of the Constabulary.
- Future financial implications up to 2020 have been analysed but can only provide an indication of the potential financial position that the Constabulary and Commissioner will face. This reflects all known factors that could have an impact on these financial plans up to 2020.
- The figures within the Medium Term Financial Plan are based on a number of key assumptions set out within the MTFP and can only provide an indication of the scale of the challenge that we face at this time. In particular the figures are heavily dependent on future government funding decisions.
- The Constabulary is in no doubt that despite the better than expected CSR significant challenges still lie ahead. It has already completed a fundamental review of all of its spending, which set out clear plans for the next four years. Findings from this review have already begun to be implemented and are overseen by the Closing the Risk Gap Programme Boards.
- While this review has made a significant contribution to meeting our future funding challenge, further steps will still need to be made to maintain a balanced budget in later years.

18. ASSURANCE OF THE POLICE AND CRIME COMMISSIONER'S CHIEF FINANCIAL OFFICER (TREASURER)

ASSURANCE

18.1 As the Commissioner's Chief Financial Officer I can provide the following assurances:

- Government Policy – The MTFP is produced in line with the latest government policy as applied to Police Commissioners.
- CIPFA Code – the MTFP is produced in line with the Prudential Code and the CIPFA Treasury Management Code. Details are outlined in the Treasury Management and Capital Programme reports.
- Council Tax – The Government confirmed that legislation through the Localism Act provides communities with the power to veto, through a referendum, council tax increases deemed by the government to be excessive. The level at which council tax is deemed excessive is decided in accordance with a set of principles determined by the Secretary of State for Communities. For 2017/18 the Referendum Principles is 2% for most Police Commissioners. This report presents the precept option for the Commissioner to consider, which is for an increase in the Police element of Council Tax at Band D by 1.99%. Increases in council tax are secured year on year, as being a part of the base resources budget.
- Balanced budget – a balanced budget is presented, which requires the use of reserves to support the proposed precept increase. However funding received under a precept increase is permanently secured for all future years.

- Robustness of Estimates – I have reviewed the matters that have been considered in drafting the proposed budget and the consequential budget requirement, and the required level of the police precept. I am satisfied that the procedures adopted by the Director of Finance and his team are sufficiently robust to ensure the financial data is accurate and forms a sound basis for the preparation of the estimates for 2017/18.
- Adequacy of reserves – I consider the level of general reserves to be adequate for meeting estimated future risks. Specific reserves are at appropriate levels to support future expenditure in the medium term as well as supporting budget shortfalls in the short term.
- Medium Term implications – the use and level of reserves and expenditure proposals secure a balanced and robust budget for 2017/18. The future use of the operational reserve needs to be closely monitored, in conjunction with spending plans beyond 2017/18 in order to ensure longer term sustainability. This should be managed through the Force’s on-going change programme ‘Closing the Risk Gap’ and the Priority Based Budgeting process, as the use of reserves to support permanent expenditure beyond 2017/18 is not recommended as good financial practice and is not sustainable indefinitely. Regular monitoring reports provide assurance that the plans are being delivered and reserves are being used in a proportionate and manageable manner.

POLICE & CRIME COMMISSIONER FOR DERBYSHIRE
Revenue Budget Projections to FY 2020/21

	notes	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Previous Year's Budget Requirement		161.635	162.792	164.271	164.655	166.261
Pay & Price Increases						
Full Year Effect of Previous Year's Pay Award:-						
Police Officers	(1)	0.353	0.374	0.376	0.372	0.371
Police Staff	(1)	0.199	0.158	0.139	0.159	0.162
Provision for Current Year's Pay Award & Inflation:-						
Police Officers pay award	(1)	0.522	0.525	0.521	0.519	0.519
Police Staff pay award	(1)	0.215	0.194	0.222	0.226	0.231
Police Officer Increments		1.304	1.150	1.239	1.345	1.483
Police Staff Increments		0.343	0.328	0.331	0.335	0.338
Ending of NI rebate on Occupational Pension Schemes		3.169				
Police Staff Pension Fund revaluation			0.500	0.015	0.014	
Specific Price Inflation		(.891)				
General Inflation Contingency	(2)	0.365	0.771	0.813	0.853	0.893
Total - Pay & Price Increases		5.579	4.000	3.656	3.823	3.997
Previous Year's Budget plus Pay & Price increases		167.214	166.792	167.927	168.478	170.258
Other Approved or Anticipated Increases						
Staffing - Provision for Closing the Risk Gap posts		0.400				
Staffing - Contact Management posts		0.100				
Staffing - Apprenticeships		0.050	0.000	(.050)		
Officer / Staff Holiday Pay - Bear Scotland ruling			0.258			
Other Staff Changes/NI etc			(.675)			
Police Staff Changes / Growth		0.029	0.385			
Pensions - Auto-enrolment			0.800			
Other Police Officer/Staff pension issues		0.116	(.045)			
Repairs & Maintenance		0.250				
Subscriptions to national policing services		0.124	(.078)			
RCCO - Capitalised Maintenance from Condition Surveys		0.500				
RCCO - Closing the Risk Gap vehicles			0.165	(.071)		
Closing the Risk Gap vehicles - revenue costs			0.150	(.053)		
Revenue Consequences of Capital Expenditure		0.047	0.050			
Investment Income		0.120	0.084			
Apprenticeship Levy			0.472	0.000	0.001	0.003
Mobile Office Solution			0.312			
Professional Fees - Asset Revaluation					0.060	(.060)
17/18 Business Cases Approved - Roll out of Tasers			0.055			
Increased Cost of Collaboration			0.107			
Additional Professional Fees - Legal			0.150			
Debt Charges - additional borrowing				0.133	0.501	0.106
Approved Business Cases - non staffing costs			0.101			
Other Changes			0.172			
Total - Other Approved or Anticipated Increases		1.736	2.463	(.041)	0.562	0.049
Approved or Anticipated Budget Reductions / Savings						
Police Officers - Wastage	(3)	(.229)	(5.625)	(5.818)	(5.702)	(4.977)
Police Officers - less cost of recruitment	(3)	1.703	2.060	3.115	3.145	2.856
Police Officers - Winsor savings (CRTP's / BH Overtime)		(.269)				
Police Officers - Number of Bank Holidays		(.328)	0.111	(.221)	0.112	0.000
Police Officers - Rent / Housing Allowance eligibility		(.182)	(.442)	(.263)	(.290)	(.251)
Major Crime Overtime Contingency		(.238)				
Property Storage, PFI Fees, Rent and Rates		(.131)	(.043)			
Changes to EM Collaboration		(.252)				
Debt Charges - current borrowing		(.045)	(.045)	(.044)	(.044)	(.044)
Court Compensation Income		(.100)	(.025)			
Football and Other Cost Recovery Income		(.107)	0.050			
Firearms Licences - national Fee increase		(.050)				

Other Net Increases (Reductions)		(.070)				
Approved PBB Savings		(5.860)	(1.025)			
Total - Approved or Anticipated Reductions / Savings		(6.158)	(4.984)	(3.232)	(2.779)	(2.416)
BUDGET REQUIREMENT FOR YEAR		162.792	164.271	164.655	166.261	167.891

FUNDING FOR BUDGET REQUIREMENT	notes	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Central Government Funding						
Formula grant	(4)	99.833	98.437	96.455	95.031	93.573
2011/12 Freeze Grant	(4)	1.354	1.354	1.354	1.354	1.354
Council Tax Benefit Grant	(4)	7.346	7.346	7.346	7.346	7.346
Total - Central Government Funding		108.533	107.137	105.155	103.731	102.273
Precept Funding						
Previous year Council Tax Funding		52.401	54.259	56.110	57.978	60.002
Change in tax base - annual growth	(5)	0.928	0.851	0.833	0.862	0.893
Change in Collection A/c Surplus / (Deficit)		(.118)	(.085)	(.089)	0.000	0.000
Increase in Council Tax	(6)	1.047	1.085	1.123	1.162	1.202
Total - Precept Funding		54.259	56.110	57.978	60.002	62.097
TOTAL PROJECTED FUNDING		162.792	163.247	163.133	163.734	164.370

BUDGET (SURPLUS) / DEFICIT	0.000	1.024	1.522	2.528	3.521
CUMULATIVE (SURPLUS) / DEFICIT	0.000	1.024	2.546	5.074	8.595

IMPACT ON RESERVES						
Useable Reserves at start of year	21.411	12.268	6.006	4.484	1.956	
Revenue surplus / (deficits) per above	(.000)	(1.024)	(1.522)	(2.528)	(3.521)	
Closing the Risk Gap deficit	(.041)					
Projected In-year underspend	1.173					
Support of Capital Programme	(10.275)	(5.238)				
Useable Reserves at end of year	12.268	6.006	4.484	1.956	(1.565)	

Main assumptions

- 1) Pay awards for both officers and staff are 1% in all years covered by the projections
- 2) Non-pay inflation of 2.5% per annum is assumed throughout the period
- 3) The Police Officers pay budget is sufficient to fund the approved establishment of 1700 fte's assuming an average vacancy factor of 2.5%
- 4) In 2017/18 formula grant funding reduces in cash terms by 1.4% compared to 2016/17. This is the maximum reduction possible whilst leaving every force with at least the same cash funding (grant + precept) in 2017/18 as in 2015/16 (assuming a 2% increase in Council Tax and taxbase growth of 0.5% in 2017/18)

For 2018/19 onwards it is assumed that grant funding is reduced so as to give the same total cash funding in each year as for 2017/18, under the Government's assumptions for growth in Precept income. This means that the growth in Precept income implied by a 0.5% growth in the taxbase is mirrored by an equal reduction in grant funding. This gives the following grant reductions 2018/19 - -2.1%; 2019/20 - -1.5%; 2020/21 - -1.6%.
- 5) The actual increase in the taxbase for 2017/18 was 1.6%; the assumed increase for all years after is 1.5% per annum
- 6) The PCC opts to increase the Council Tax by 1.99% in each year. This keeps increases under the 'threshold' level of 2% which was maintained for 2017/18. This is the level of increase which would trigger a requirement to hold a referendum of taxpayers before it could be implemented.

Subjective Analysis - 2017/18 Commissioners Office Budget

Account	Account(T)	2016/17 Base Budget	Full Year Inflation	Increments	Other Changes	2017/18 PROPOSED BUDGET
1100	Police Staff Pay	618,800	11,200	7,400	(4,300)	633,100
1120	Police Staff Overtime - Plain Time	1,000	100			1,100
1140	Police Staff National Insurance	54,500	500	800	9,300	65,100
1160	Police Staff Superannuation	98,400	1,000	900	(25,500)	74,800
1600	NHS Re-Imbursement	200				200
1603	Interview Expenses	4,000				4,000
2210	Hire of Rooms	3,200				3,200
3400	Other Mileage (PSV)	9,000				9,000
3401	Casual Mileage	4,400				4,400
3403	Rail Travel	8,000				8,000
3408	Car Parking, Taxis, etc	1,000				1,000
4000	Equipment - General	5,000				5,000
4003	Photocopiers	500				500
4040	Furniture	500				500
4100	Accommodation / Hotel Expenses	2,500				2,500
4101	Subsistence Expenses	300				300
4291	Catering Contract Subsistence	6,100				6,100
4400	Printing and Stationery - General	3,800				3,800
4401	Publications	500				500
4505	Financial Contracts	51,000				51,000
4520	Professional Fees	19,200				19,200
4543	Professional Fees - Legal	15,000				15,000
4575	Media Relations	40,500				40,500
4630	Hardware - Purchase	3,000				3,000
4635	Software Purchase	1,300				1,300
4740	JARAC Attendance	7,000				7,000
4741	JARAC Mileage	1,000				1,000
4807	Conference Expenses	2,500				2,500
4888	Bank Charges	7,000				7,000
4890	Misc Expenditure	34,400				34,400
4895	Subscriptions General	37,000	30,000			67,000
Office of the PCC - Total Budget		1,040,600	42,800	9,100	(20,500)	1,072,000

2017/18 PROPOSED BUDGET REQUIREMENT
Services Commissioned via the Chief Constable

	2016/17 Approved £m	2016/17 Revised £m	2017/18 Proposed £m
Police Officers	89.614	87.147	87.154
Community Support Officers	4.924	4.618	4.834
Other Police Staff	31.373	31.525	33.314
Police Pensions	2.383	3.794	2.460
Other Employee Expenses	0.462	0.471	0.492
Premises	8.261	8.221	8.201
Transport	3.405	3.392	3.586
Supplies & Services	12.272	12.702	13.150
Agency & Contracted Services	1.275	1.188	1.188
Pay & Price Contingency	0.365	0.000	0.813
Specific Grants	(2.789)	(2.789)	(2.789)
General Income	(2.957)	(3.227)	(2.906)
Derbyshire Constabulary	148.588	147.042	149.497
Contribution to East Midlands Collaboration	9.233	9.539	9.566
BCU Funding	0.307	0.313	0.318
Partnerships	0.547	0.749	0.562
Contribution to National Policing	0.224	0.744	0.755
PROPOSED GROSS SPENDING	158.899	158.387	160.698
Contribution from reserves			
- PFI	(.330)	(.324)	(.326)
- Devolved Carry-Forwards	(.195)	(1.293)	(.725)
- Other Reserves	-	-	-
	(.525)	(1.617)	(1.051)
PROPOSED NET SPENDING	158.374	156.770	159.647

	Actual Balances at 31/03/16	Movements In 2016/17	Transfers Between Reserves in 2016/17	Contributions to Capital in 2016/17	Estimated Balances at 31/03/17	Projected Movements In 2017/18	Projected Contributions to Capital in 2017/18	Estimated Balances at 31/03/18
	£	£	£	£	£	£	£	£
GENERAL RESERVES	4,000,000				4,000,000			4,000,000
EARMARKED RESERVES								
Useable:-								
Operational Priorities	1,324,693				1,324,693			1,324,693
Operational Funding	20,243,578	1,132,215		(9,107,655)	12,268,138	(1,024,000)	(5,238,000)	6,006,138
Contribution to Capital *	1,167,345			(1,167,345)	-			0
Carry-forwards	3,764,208	(804,900)			2,959,308	(725,000)		2,234,308
PCC Grants & Commissioning	1,819,924	(250,000)			1,569,924	(250,000)		1,319,924
Pensions	500,000				500,000			500,000
Invest To Save *	-				-			-
	28,819,748	77,315	0	(10,275,000)	18,622,063	(1,999,000)	(5,238,000)	11,385,063
Non-useable:-								
PFI - Ilkeston	1,176,364	(36,663)			1,139,701	(37,385)		1,102,316
PFI - Derby	3,635,421	(264,841)			3,370,580	(284,318)		3,086,262
Insurance	856,387	3,300			859,687	860		860,547
	5,668,172	(298,204)	0	0	5,369,968	(320,843)	0	5,049,125
TOTAL EARMARKED RESERVES	34,487,920	(220,889)	0	(10,275,000)	23,992,031	(2,319,843)	(5,238,000)	16,434,188
TOTAL RESERVES	38,487,920	(220,889)	0	(10,275,000)	27,992,031	(2,319,843)	(5,238,000)	20,434,188

2017/18 PRECEPT PROPOSAL: A 1.99% COUNCIL TAX INCREASE

Band D £180.60	Council Tax Base	Total Funding	Collection Fund		Council Tax
			Surplus	Deficit	
	307,429.02	56,110,407	588,726	-	55,521,681
Amber Valley Borough Council	38,249.52	7,017,892	110,029		6,907,863
Bolsover District Council	21,040.47	3,820,859	20,950		3,799,909
Chesterfield Borough Council	28,507.92	5,189,832	41,302		5,148,530
Derby City Council	66,574.07	12,124,500	101,223		12,023,277
Derbyshire Dales District Council	28,534.26	5,188,615	35,328		5,153,287
Erewash Borough Council	32,703.00	6,005,367	99,205		5,906,162
High Peak Borough Council	29,990.00	5,474,654	58,460		5,416,194
North East Derbyshire District Council	30,182.78	5,517,239	66,229		5,451,010
South Derbyshire District Council	31,647.00	5,771,448	56,000		5,715,448

Gross Expenditure

	£
2016/17 Approved	162,791,712
2017/18 Proposed	163,247,147
Budget Increase	0.28%

Council Tax Requirement

	£
2016/17 Approved	53,585,007
2017/18 Proposed	55,521,681
Council Tax Increase	1.99%

Council Tax

BAND	2016/17	2017/18
	£	£
A	118.05	120.40
B	137.72	140.47
C	157.40	160.53
D	177.07	180.60
E	216.42	220.73
F	255.77	260.87
G	295.12	301.00
H	354.14	361.20