

**STRATEGIC GOVERNANCE BOARD**  
**27 JANUARY 2014**  
**REPORT OF THE CHIEF CONSTABLE**  
**AND TREASURER FOR THE POLICE AND CRIME COMMISSIONER**

**11B REVENUE BUDGET AND PRECEPT REPORT 2014/15**

**1. PURPOSE OF THE REPORT**

- 1.1 To provide details of the local government finance settlement for 2014/15, to summarise the proposed revenue budget and to consider the level of precept to be notified to the Police and Crime Panel for 2014/15.

**2. EXECUTIVE SUMMARY**

- 2.1 **Appendix 1** sets out the detailed budget proposals for Derbyshire Police for the next financial year 2014/15.
- 2.2 This is the second year when the budget for policing Derbyshire will be set by the Police and Crime Commissioner for Derbyshire.
- 2.3 These financial plans continue to be set during a time of unprecedented austerity and considerable uncertainty.
- 2.4 **Appendix 1** details the good progress that the Constabulary has already made in meeting this unprecedented challenge.
- 2.5 This has put Derbyshire Police in a strong financial position and in particular enabled reserves to be built up with the specific purpose to help manage future budget cuts and austerity.
- 2.6 The financial outlook continues to be uncertain. While it is clear that the level of cuts will continue and austerity will be extended possibly until 2020, the precise impact on the police service is still unclear.

- 2.7 The savings will be challenging and over the coming years the Constabulary will need to ensure resources focus on threat, risk and demand. It is likely that Derbyshire Constabulary will reduce in size as funding diminishes.
- 2.8 The current financial position means the Constabulary has the opportunity to plan for and deliver the future changes in a controlled and measured way.
- 2.9 The Constabulary has embarked on the next phase of its Moving Forward programme. The main focus will be on conducting Priority Based Budgeting (PBB). The aim of PBB is to understand the services that are currently delivered and how much they cost; to prioritise the services that should be invested in and deliver in the future to meet the Constabulary's priorities and the Police and Crime Plan.
- 2.10 The review will look at every aspect of police spending and intends to set out a clear long term plan to close the remaining budget gap over the next five years. Some tough choices will need to be made as the Commissioner and Constabulary tries to balance the need to continue to deliver high quality services during this period of austerity, as well as redirecting resources towards new emerging policing demands.
- 2.11 Any structural change to the Constabulary that might arise as a result of the review will not be considered until all phases of PBB have been conducted towards the end of September 2014.
- 2.12 Throughout this period of austerity the Constabulary has placed great emphasis on maintaining performance even during a time of unprecedented budget cuts. This is becoming more challenging not only in Derbyshire but at a National level.
- 2.13 **Appendix 1** details the excellent performance that has been delivered by the Constabulary, particularly working with its partners. The challenge of continuing to reduce crime is becoming more difficult each year, particularly in times of austerity. Crime is also changing at an ever increasing rate with officers having to deal with more complex and time consuming issues, some of which do not feature within the traditional crime categories that have previously been recorded, for example Cyber Crime. Taking this into consideration, it is perhaps not surprising that current projections for 2013/14

are showing a small increase in recorded crime both in Derbyshire and in many other forces.

- 2.14 Despite the backdrop of the current financial situation and the ever increasing complexity of offending, the Constabulary has continued to see year on year reductions in anti-social behaviour incidents. Tackling anti-social behaviour relies heavily on partnership activity and joint working.
- 2.15 Over the last twelve months, public confidence with Derbyshire Police has fallen slightly. A similar fall has been seen in the majority of forces. There have also been methodological changes to the survey in March 2012, which means that fewer people than before are being surveyed, which reduces the accuracy of the results of survey. The results may also reflect incidents where in the past 12 months police integrity has been in the national headlines.

#### **Police Funding 2014/15**

- 2.16 On 26 June 2013 the Chancellor of the Exchequer announced the outcome of the Spending Round 2013 (SR2013), which sets out public spending totals to the financial year 2015/16.
- 2.17 Police funding from central government will reduce from an adjusted baseline of £8.764bn in 2013/14 to £8.479bn in 2014/15, a cash reduction of 3.3% or 5.1% in real terms (based on an inflation rate for 2014/15 of 1.9%). Reductions in 2014/15 are as a result of decisions made to reduce Departmental Expenditure Limits in Autumn Statements of 2011 and 2012, and Budget 2013.
- 2.18 The Home Office finally published funding allocations for individual forces on 18<sup>th</sup> December 2013, less than six weeks before Commissioners are expected to set out their spending plans.

2.19 These allocations signalled further cuts in resources for individual forces to help fund a number of national policing initiatives. This meant that the actual reduction subject to damping had increased to 4.8%. This increase is due to ‘top-slicing’ of the police grant to fund: -

- The transfer of resources to the Independent Police Complaints Commission (IPCC).
- Additional inspection activity by Her Majesty’s Inspectorate of Constabulary (HMIC).
- A police innovation fund for forces to bid against.
- Direct entry schemes to inspector and superintendent ranks.
- Capital city grant for policing extra demands in the City of London.

2.20 Derbyshire Police stands to lose out on an additional £1.274m as a result of these changes as set out in the table below:-

Expenditure (funded from ‘top-slicing’ the Police Main Grant)	Estimated Grant Lost by Derbyshire 2014/15 £m
Police Innovation Fund	0.755
IPCC	0.272
HMIC	0.142
Direct entry schemes	0.045
National Police Co-ordination Centre	0.030
Capital City Grant	0.030
<b>Total</b>	<b>1.274</b>

2.21 The Home Secretary has continued to apply damping in line with the percentage reduction in 2013/14. As the funding formula was not updated

this year, we can only assume that our loss of grant is similar to last year's loss of some £2m.

- 2.22 The community safety grant that is allocated to Police & Crime Commissioners to fund a number of crime prevention initiatives has from 2014/15 been included in the formula grant and so is subject to the reduction of 4.8%.

### Police Funding 2015/16

- 2.23 Police funding will further reduce from £8.479bn in 2014/15 to £8.210bn in 2015/16, a cash reduction of 3.2% or 4.9% in real terms (based on an inflation rate for 2015/16 of 1.8%), as a result of decisions made in the Spending Review. However, details for the 2015/16 financial year have not been published because decisions on the impact of the Chancellor's Autumn Statement will be made at a later date by the Home Office.

- 2.24 Predicted grant levels for Derbyshire are detailed in the following table (excluding Council Tax Freeze Grant): -

<b>Formula Funding</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16 (estimated)</b>
Police Main Grant	73.186	70.155	65.039	68.940	66.551	64.421
Non-Domestic Rates/ Revenue Support Grant	49.096	45.841	43.182	41.185	39.261	38.005
Neighbourhood Policing Grant	3.681	3.681	3.681	0	0	0
Community Safety Fund	0	0	0	0.981	0	0
<b>Total Formula Funding</b>	<b>125.963</b>	<b>119.677</b>	<b>111.902</b>	<b>111.106</b>	<b>105.812</b>	<b>102.426</b>
Reduction in Funding (£)		(6.286)	(7.775)	(0.796)	(5.294)	(3.386)
Reduction in Funding (%)		(5.0)	(6.5)	(0.7)	(4.8)	(3.2)

- 2.25 Funding for a further council tax freeze in 2014/15, payable in 2014/15 and 2015/16, was announced in the SR2013. This means a freeze or a reduction in Band D Council Tax will be compensated for by a grant equivalent to a 1% increase on 2013/2014 Band D Council Tax levels and will be paid in both years.
- 2.26 The Government has stated that the 2014/15 freeze grant will be paid in both 2014/15 and 2015/16 and then built into the base police funding settlement. While this removes the 'cliff edge' where forces stood to lose this funding in two years' time, it does not amount to a total guarantee as the base settlement will still be subject to further austerity cuts.
- 2.27 Furthermore, 2011/12 freeze grant has now been built into the funding base and will not be lost, as previously anticipated.

**Office of the Police and Crime Commissioner**

2.28 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**: -

	<b>Revised Budget 2013/14  £m</b>	<b>Proposed Budget 2014/15  £m</b>
Commissioner's Office	0.951	1.045
Crime Prevention Fund	0.250	0.250
Community Safety Fund	1.313	1.266
Partnerships	0.570	0.581
Victim and Witness Services	0.376	0.403
<b>Sub-Total</b>	<b>3.460</b>	<b>3.545</b>
Revenue Contributions to Capital	2.904	1.000
Contributions to Reserves	0.400	0.060
Debt Charges	0.954	0.946
Interest Receipts	(0.290)	(0.280)
<b>Sub-total</b>	<b>7.428</b>	<b>5.271</b>
Contribution from Reserves	(0.250)	(0.250)
Grant from Ministry of Justice	(0.376)	(0.480)
<b>Net Budget Requirement for the Police and Crime Commission Office</b>	<b>6.802</b>	<b>4.541</b>

- 2.29 The budget signals the value of partnership working with £0.250m set aside for crime prevention initiatives on top of the other sums that the Commissioner will be allocating for Community Safety (£1.266) and for other partnership working (£0.581).
- 2.30 The revised 2013/14 and 2014/15 budgets include new external grant funding from the Ministry of Justice. This funding is to be invested in preparing for and commissioning victim services and developing restorative justice solutions. Initially, approximately £0.077m will be incurred creating two temporary posts to assist with growing the resources to deliver the commissioning of victim based services.
- 2.31 The Commissioner's budget also includes a contribution of £1m 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.

**Chief Constables Budget**

- 2.32 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**: -

	<b>Revised Budget 2013/14</b>	<b>Proposed Budget 2014/15</b>
	<b>£m</b>	<b>£m</b>
Derbyshire Constabulary	154.769	155.014
East Midlands Collaboration	9.508	9.251
BCU Fund	0.615	0.307
Contribution to National Policing	(0.112)	0.024
<b>Sub-Total</b>	<b>164.780</b>	<b>164.596</b>
Contributions from Reserves	(0.511)	(0.315)
<b>Net Budget Requirement for the Chief Constable</b>	<b>164.269</b>	<b>164.281</b>

- 2.33 The budget is based on recruiting a total of 64 police officers during the financial year to replace officers as they retire. Due to the uncertainties around retirements as well as a limited number of secondees and career breaks overall police officers numbers will range between 1,853 and 1,883 during the financial year. This will be kept under review as part of the priority based budgeting process, where opportunities to civilianise certain police officer roles may be identified as a means of delivering further long term savings, while maintaining service quality.
- 2.34 In advance of the wide-ranging force spending review, there have only been minor changes to this year's budget, so current services levels are largely maintained.
- 2.35 The most significant changes are:-
- The creation of an additional post to co-ordinate the constabulary's response to Wildlife, Rural and Heritage Crime across Derbyshire
  - Further savings as a result of regional collaboration and in particular a reduction in rental costs for collaborative units.
  - A reduction in funding for joint partnership activity (the BCU fund) as our partners find they also need to scale back their contributions to this activity
  - Removal of specific funding for major policing incidents – instead the force will need to rely upon its reserves if it has a major policing incident that cannot be managed within existing staffing levels.
- 2.36 The Chief Constable's rationale for proposing this budget is set out clearly in the attached report at **Appendix 1**.

### **Public Engagement**

- 2.37 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. In particular a specific budget consultation exercise has been carried out where respondents were asked their views, amongst other things, on the Commissioner's proposal to

increase the policing precept by 2% (about 33p an month for a band D property, over 10 months). Nearly half said a 2% increase was about right, but in addition a further 33% said the increase should be higher than 2 %.

### **Referendum Principles**

- 2.38 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. This figure is normally announced in December at the time the provisional grants are announced, but the principles have still not been published as at 22 January. The final grant announcement is due on 5 February, which is the latest date for the referendum principles to be announced.
- 2.39 This causes enormous difficulties for Police and Crime Commissioners nationally in carrying out business in a proper and considered manner. Currently, Police and Crime Commissioners must advise their Police and Crime Panel of the proposed precept by 1 February. The Derbyshire Panel meets on 30 January to receive the Commissioner's proposals, following the public Strategic Governance Board meeting on 27 January, to which this report forms part.
- 2.40 Even though there are no Referendum Principles at present, the Commissioner is presented here with two precept options to consider: -
- To accept the Council Tax Freeze grant equivalent to a precept increase of 1%. This grant is payable for the next two years only.
  - To increase the Police Precept up to the referendum threshold, assumed at the time of writing to be the same as 2013/14 and as indicated by the Chancellor of the Exchequer in the in the summer, set at 2% (1.96% increase).

2.41 The table below shows the implications of these two options and the resulting police precept.

<b>Precept Options</b>	<b>Council Tax Freeze Grant  £m</b>	<b>Precept Increase 1.96%  £m</b>
Police and Crime Commissioner	4.541	4.541
Chief Constable	164.281	164.281
<b>Total Budget for Derbyshire Police</b>	<b>168.822</b>	<b>168.822</b>
Funded by: -		
Police Formula Grant	(105.812)	(105.812)
Other Specific Government Grants	(2.930)	(2.930)
2011/12 Council Tax Freeze Grant	(1.354)	(1.354)
Council Tax Benefit Grant	(7.346)	(7.346)
<b>Sub-Total</b>	<b>51.380</b>	<b>51.380</b>
2014/15 Council Tax Freeze Grant	(0.559)	-
Budget Deficit to be met from Reserves	(1.583)	(1.183)
<b>(Surplus)/Deficit on Collection Accounts</b>	<b>(0.259)</b>	<b>(0.259)</b>
<b>Council Tax Requirement</b>	<b>48.979</b>	<b>49.938</b>
<b>Police Precept</b>	<b>£166.95</b>	<b>£170.22</b>

2.42 The decisions associated with these two options are detailed as follows:-

**OPTION 1 FREEZE**

	<b>Council Tax Freeze</b>
Revenue Budget	£168,822,397
Provisional Council Tax Requirement	£48,978,851
Police Precept	£166.95
Police Precept Increase (£)	£0
Police Precept Increase (%)	0%
Provisional Contribution from reserves	£1,583,061

**OPTION 2 INCREASE OF 1.96%**

	<b>Precept Increase</b>
Revenue Budget	£168,822,397
Provisional Council Tax Requirement	£49,938,185
Police Precept	£170.22
Police Precept Increase (£)	£3.27
Police Precept Increase (%)	1.96%
Provisional Contribution from reserves	£1,183,226

2.43 The overall budget includes the limited use of reserves to balance the budget. This is almost equivalent to the additional loss of grant through the top slice for HMIC, IPCC and the Innovation Fund announced in late December. This amounted in total to £1.27m.

2.44 The provisional precept is based on the final notified Council Tax base figures.

2.45 It is also worth pointing out that there is still uncertainty around the impact on collection levels of the localisation of council tax benefit schemes.

**Longer Term Projections**

2.46 The table below shows the projected budget position for the next 5 years and how it will change depending on whether the Commissioner opts to take the 2014/15 Council Tax Freeze Grant: -

Surplus/(Deficit)	2014/15 £'m	2015/16 £'m	2016/17 £'m	2017/18 £'m	2018/19 £'m	2019/20 £'m
Council Tax Increase at 1.96%	(1.183)	(5.834)	(12.425)	(16.880)	(19.630)	(22.010)
Council Tax Freeze	(1.583)	(6.259)	(12.879)	(17.360)	(20.136)	(22.542)
<b>Difference</b>	<b>(0.400)</b>	<b>(0.425)</b>	<b>(0.454)</b>	<b>(0.480)</b>	<b>(0.506)</b>	<b>(0.532)</b>
<b>Cumulative</b>		<b>(0.825)</b>	<b>(1.279)</b>	<b>(1.759)</b>	<b>(2.265)</b>	<b>(2.797)</b>

2.47 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, in particular national decisions around pay levels and terms and conditions.

2.48 As stated previously, while considerable uncertainty remains it is clear that further substantial funding cuts are on the way. In the short term reserves are healthy and can manage the projected deficits up to 2016/17 as shown in the table below. Further detail on the use of reserves over this period is shown in **Annex D: -**

Surplus/(Deficit)	2013/14 £'m	2014/15 £'m	2015/16 £'m	2016/17 £'m
Operational Funding Reserve at Start of Year	19.282	19.643	18.460	12.626
Projected surplus/(deficit) (assuming a precept increase)	0.361	(1.183)	(5.834)	(12.425)
Operational Funding Reserve at End of Year	19.643	18.460	12.626	0.201

- 2.49 While reserves are sufficient to cover the shortfall for at least 3 years, the position in 2016/17 gives cause for concern. It would be unrealistic to wait until this time before identifying a clear plan to close the budget gap. This means that it is important to take forward the detailed budget review that is taking place at the current time.
- 2.50 Appendix 1 assesses the potential calls upon reserves and provides a more detailed assessment of the level of reserves that are needed to manage the risks within the medium term financial plan.
- 2.51 It is recommended that the Commissioner agrees to continue with the use of reserves to bridge the budget gap in 2015/16 and beyond linked to the PBB review to identify further savings to alleviate the pressure on reserves in accordance with the approved budget strategy.

### **Financial Risks**

- 2.52 The key financial risks are set out in **Appendix 1**, these are around future pay awards, complex and unforeseen policing operations, additional grant reductions 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**

- 2.53 In the past Derbyshire Constabulary has successfully met its financial challenge by reacting early and putting in place measures to close its budget gap at an early stage.
- 2.54 The Constabulary has been able to achieve significant reductions, while still maintaining and improving performance. There is however no guarantee that this will always happen.
- 2.55 The position we face now is slightly different. Whilst the scale of the gap in later years continues to be difficult to predict, we are faced for the first time in 10 years with the prospect of an overall increase in recorded crime.

2.56 Our strategy will ensure that we plan early but do not react prematurely.

Therefore we will: -

- Do all we can to make our budget sustainable i.e. consider a precept increase and making an on-going contribution to improve the sustainability of the capital programme.
- Continue with recruitment at existing levels i.e. maintain existing police officer numbers as provided for within the budget.
- Continue to bridge the budget gap from reserves – this is sustainable for up to 3 years even on the most pessimistic assumptions. This will be kept under review in the light of future grant announcements.
- Continue to pursue savings opportunities across all areas, including reviewing further savings opportunities e.g. root and branch review of all budgets using the Priority Based Budgeting (PBB) methodology.
- Continue to lobby for changes to funding arrangements – Derbyshire continues to lose out on its funding allocation and it is important that we continue to press our case for this to be reviewed.

### **3. RECOMMENDATIONS**

In respect of the revenue budget for 2014/15

- i. To note the information and analysis as set out in this report and **Appendix 1**.
- ii. To agree the proposed adjustments to the 2014/15 budget as detailed in **Annexes Ai and Aii**.
- iii. To note the assumptions as set out in **Annexes Ai and Aii**.
- iv. To maintain a revenue contribution to capital of at least £1m into the base revenue budget.
- v. to approve the revenue budget for 2014/15,

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

- vi. to receive an update on the publication of the Referendum Principles for 2014/15

- vii. consider the options to either take the freeze grant or to increase council tax, and having received a final council tax assurance statement from the Treasurer, to notify the Police and Crime Panel accordingly
- viii. To agree to continue with the use of reserves to bridge the budget gap in 2015/16 and beyond linked to a review to identify further savings to alleviate the pressure on reserves in accordance with the approved budget strategy.
- ix. To note the associated financial projection for 2014/17.

**4. IMPLICATIONS**

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

<b>Contact details in the event of enquiries</b>	<p><b>Name: Chief Superintendent Sunita Gamblin</b>  <b>External telephone number: 0300 122 4196</b>  <b>Email address: <a href="mailto:sgb@derbyshire.pnn.police.uk">sgb@derbyshire.pnn.police.uk</a></b></p> <p><b>Name: Helen Boffy</b>  <b>External telephone number: 0300 122 6005</b>  <b>Email address: <a href="mailto:helen.boffy.4808@derbyshire.pnn.police.uk">helen.boffy.4808@derbyshire.pnn.police.uk</a></b></p>
--	---

**BACKGROUND PAPERS**

- 1. Provisional Police Grant Report 2015-2015, Home Office, 18 December 2013

**ATTACHMENTS**

**List of Appendices**

<b>1</b>	<b>Spending Plans 2014/2015</b>

**List of Annexes**

<b>Ai</b>	Revenue Budget Projections if Council Tax is frozen
<b>Aii</b>	Revenue Budget Projections if Council Tax is increased by 1.96%
<b>B</b>	Budget for the Office of the Police and Crime Commissioner
<b>C</b>	Budget for the Chief Constable
<b>D</b>	Reserves

## **SPENDING PLANS 2014/15**

### **BACKGROUND**

- 1.1 This document sets out the spending plans for the Police and Crime Commissioner for Derbyshire and Derbyshire Constabulary for 2014/15 and indicative plans up to 2019/20. It provides the detailed rationale to support the revenue budget and precept proposals for 2014/15
- 1.2 This will be the second year when the budget for policing Derbyshire will be set by the Police and Crime Commissioner for Derbyshire. These budget plans will be subject to scrutiny and veto by a Police and Crime Panel consisting of local authority and independent representatives.
- 1.3 Over the past four years the financial focus has been concentrated on the challenges brought about by the cuts announced in the 2011/12 comprehensive spending review (CSR).
- 1.4 Action was taken in 2010/11 in advance of the CSR to deliver savings of £4m. Further savings were made in 2011/13 of £17m, plus a further £3m in 2013/14 resulting in spending reductions totalling £24m over four years.
- 1.5 Due to the considerable success of the Moving Forward Programmes, the budget gap was substantially closed earlier than anticipated. This allowed for reserves to be built up providing some protection from further cuts during this time of uncertainty.
- 1.6 The sound financial position was achieved through some very tough choices, including a freeze on police officer recruitment and the reduction in establishment of some 162 officers and 269 police staff posts.

- 1.7 Throughout this period Derbyshire Constabulary still faced considerable policing risks and levels of demand. The high number of police officer retirements only increased pressure on policing resources although it helped to contribute to savings. The initiatives taken by the Commissioner last year to reinvest some of these savings back into the Constabulary and local community included: -
- Maintaining police officer recruitment to keep officer numbers at approximately 1,900.
  - Maintaining partnership budgets and BCU funds allocated to policing divisions to be used on pro-active initiatives locally.
  - Maintaining a commitment to collaboration in the delivery of specialist policing services.
  - Recruiting 4 Police Community Support Officers (PCSOs) from savings made in running his office.
  - Setting aside resources of £0.250 for 2013/14 for Public Sector, Community Groups and Third Sector organisations to fund innovative projects to assist in reducing crime and anti-social behaviour, protect victims, vulnerable people and support witnesses.
- 1.8 The Commissioner recognised that the long term sustainability of these plans depended on the use of balances and could be affected by any further austerity measures that the Government introduced.
- 1.9 Since the Commissioner took these decisions further funding cuts have been announced, which impact on the long term viability of these plans.
- 1.10 This report provides budget options for the Commissioner to consider. It is important to strike the right balance between providing sufficient resources to meet policing risk against the need to deliver a sustainable budget in what continues to be a very difficult financial and economic climate.
- 1.11 The report also confirms that Derbyshire Constabulary is in a strong financial position to meet the policing and financial challenges that lie ahead.

## **COMPREHENSIVE SPENDING REVIEW (CSR)**

- 1.12 During 2010 the scale of the Financial Challenge facing the country became much clearer, as on 20 October 2010 the Chancellor George Osborne announced the outcome of the Spending Review 2011, which heralded an unprecedented and prolonged reduction in public spending.
- 1.13 Overall the Chancellor announced a real terms reduction of some 19% in public spending over the next four years (2011-2015), alongside a further £7bn cuts in benefits. This overall reduction masked wide variations in spending cuts across Government Departments with the Department for Communities and Local Government facing the largest reductions (51%) while International Development secured an increase of 37% over the next four years.
- 1.14 The Home Office budget was cut by 23%, the sixth largest cut; and within this the greatest cuts were suffered by central services delivered within the Home Office itself. The reduction in the Police budget was 20% with the cuts being front loaded for the first two years 2011/13.
- 1.15 Although no further cuts were announced in the 2012 Autumn Statement the Chancellor signalled further austerity measures in June 2013. This also extended the period of austerity until the end of this decade.

## **NATIONAL AND LOCAL POLICING PRIORITIES**

- 1.16 During the past year the Government has continued with its plans for improved efficiency in the policing service with emphasis on collaboration and better use of technology. The other planned initiatives such as creating a new professional body for policing (the College of Policing) and a national agency to lead the UK's fight against serious and organised crime (the National Crime Agency) were implemented.

- 1.17 The Government has also set out plans for a new crime statistics framework which aims to reflect how the police respond to reports of crime. Under the current system, 70 per cent of crimes are recorded as 'undetected', giving some victims and the public the wrong impression that nothing was done by police even though full investigations were carried out. Implementation will be phased to give forces time to make necessary changes to systems with all forces required to provide data by April 2015. Data for all forces will be published as National Statistics from 2016-17.
- 1.18 The Constabulary's annual strategic risk seminar, which took place in November 2013, brought together key staff from the Constabulary, the Office of the Police and Crime Commissioner, Community Safety Partnerships and Safer Derbyshire to agree the crime and community safety priorities facing the county in order to better target resources.
- 1.19 The purpose of the seminar is to look at what is currently in place to deal with risks, what police and partners deliver, what gaps there are in certain areas and what are considered to be the key actions that need to be undertaken in the next 12 months. Public views, expressed through the Have Your Say consultation event, are also taken into consideration. This seminar is critical in shaping how Derbyshire Constabulary provides policing for the city and county by determining priorities for the coming year and allows for strategic decisions around investment, resource allocation and operational priorities.

1.20 The priorities which the Constabulary is faced with are detailed below: -

- Safeguarding children.
- Drugs.
- Alcohol related harm.
- Safeguarding adults.
- Domestic abuse.
- Acquisitive crime and offender management.
- Cyber-crime.
- Organised crime groups.

#### **OUR CURRENT FUNDING POSITION**

1.21 Derbyshire Constabulary is the sixth lowest spending force in England and Wales.

1.22 The table below shows the impact of this under-funding compared to Derbyshire's neighbouring forces and shows that at the extreme Derbyshire would need another £31.5m to match the funding of one of its neighbouring forces: -

	<b>Net Spend per Head £</b>	<b>Derbyshire budget increase at this level</b>
Derbyshire	154.802	
<b><u>Neighbouring Forces: -</u></b>		
Cheshire	165.661	£10.9m
Leicestershire	169.209	£14.4m
Nottinghamshire	179.507	£24.7m
Staffordshire	168.227	£13.4m
South Yorkshire	186.273	£31.5m
Warwickshire	164.544	£9.7m

*Source: CIPFA Statistical Estimates 2013/14*

- 1.23 Derbyshire Constabulary relies more heavily on government grant than many other forces. A total of 69% of spending in Derbyshire is met by grant with the remaining 31% 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.
- 1.24 At the extreme Surrey receives some 51% of its funding from the police precept, while Northumbria receives 11% of its funding through the precept.
- 1.25 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. It is worth noting that the continual payment of Freeze Grants exacerbates this effect as it disproportionately protects forces with the largest taxbases.

## OUR CURRENT PERFORMANCE

- 1.26 Over the last ten years, Derbyshire has seen considerable reductions in crime. Recorded crime has fallen by over 50% during this time, equating to nearly 52,000 fewer victims of crime. The challenge of continuing to reduce crime is becoming more difficult each year particularly in times of austerity. Crime is also changing at an ever increasing rate with officers having to deal with more complex and time consuming issues, some of which do not feature within the traditional crime categories that have previously been recorded, for example Cyber Crime.
- 1.27 Taking this into consideration, it is perhaps not surprising that current projections for 2013/14 are showing an overall increase in recorded crime. The table below shows the estimated year on year change for a number of key crime groups: -

Crime	2012/13	2013/14 Estimate	Estimated Volume Change	Estimated % change
Violence Against the Person	9,820	9,293	(527)	(5%)
Sexual Offence	802	922	120	15%
Domestic Burglary	2,855	2,795	(60)	(2%)
Non-Domestic Burglary	4,110	5,398	1,288	31%
Vehicle Crime	5,170	5,731	561	11%
Robbery	529	562	33	6%
Shoplifting	4,930	5,726	796	16%
<b>Victim Based Offences</b>	<b>45,565</b>	<b>47,886</b>	<b>2,321</b>	<b>5%</b>

<b>All Crime (excl. fraud and forgery)</b>	<b>50,252</b>	<b>52,845</b>	<b>2,593</b>	<b>5%</b>
--	---------------	---------------	--------------	-----------

- 1.28 As the table shows, the majority of crime types are projected to see an increase by the end of the year with victim based offences increasing by approximately 5%. Some types of crime are still reducing such as violence against the person and dwelling burglary. This follows a 16% drop in crime last year and still means that over the last two years taken together crime has still fallen.
- 1.29 Nationally, there is still a small reduction in crime but the majority of forces are seeing increases. The increase is predominantly being seen in the north of England and Wales. The largest increases in offending across the country tend to be in acquisitive crime offences, such as shoplifting and non-domestic burglaries. Only five forces across the country are currently seeing a reduction in shoplifting offences.
- 1.30 Positive outcomes are crimes that are detected via the Criminal Justice System or through community resolutions. These positive outcomes for offences have also fallen slightly in 2013/14, with the positive outcome rate for victim based offences currently being approximately 2% below the same period last year.

### **Anti-social behaviour**

- 1.31 Despite the backdrop of the current financial situation and the ever increasing complexity of offending, the force has continued to see year on year reductions in anti-social behaviour incidents. The following table shows the year on year reductions since the introduction of the National Standard of Incident Recording (NSIR) on 1st April 2006: -

Year	No. of ASB Incidents	Change on Previous Year	% Change on Previous Year
2006/07	83,589	-	-
2007/08	75,335	(8,254)	(9.9%)
2008/09	73,793	(1,542)	(2.0%)
2009/10	67,841	(5,952)	(8.1%)
2010/11	62,994	(4,847)	(7.1%)
2011/12	57,086	(5,908)	(9.4%)
2012/13	50,092	(6,994)	(12.3%)
2013/14 Estimated	48,020	(2,072)	(4.1%)
Eight Year Reduction (40.4%)			

1.32 As the table above shows, although there is a projected fall in incidents for 2013/14, this is estimated to be a small reduction. Tackling anti-social behaviour relies heavily on partnership activity and joint working.

### **Public Perception**

1.33 The Crime Survey in England and Wales (CSEW) surveys people across the country in relation to their perceptions of crime and the police in their area. Over the last twelve months, public confidence with Derbyshire police has fallen slightly. A similar fall has been seen in the majority of forces. There have also been methodological changes to the survey in March 2012 which means that fewer people than before are being surveyed which reduces the accuracy of the results of survey. During a 12 month period approximately 650 people within Derbyshire will be surveyed as part of the CSEW.

1.34 Within Derbyshire during 2013, Have Your Say events were held in a number of different areas to assess the public perception at a local level. Members of the public were given the opportunity at the events to express their opinions as part of a survey. They were also able to provide their responses through a postal questionnaire or online. Nearly 2,200 members of the public provided us with their views. Below are some of the key findings from this years Have Your Say events: -

- 79.7% of people felt they were either very safe or fairly safe in the area where they lived

- The majority of people stated that crime had little or no effect on their quality of life
- 81.5% of people believed that the police service in their area was excellent, good or satisfactory, with 61.1% of people stating it was good or excellent.

1.35 As part of the survey people were asked to comment on what they thought were the main priorities and the top five were identified as; the dealing and misuse of drugs, anti-social behaviour, rape and serious sexual assault, safeguarding children, gangs and organised crime. These are all areas that are addressed as part of the force's risk and threat assessment and are discussed at regular strategic and tasking meetings.

#### **THE FORCE'S EFFICIENCY RECORD**

- 1.36 Derbyshire Constabulary is an efficient force. The External Auditors and HM Inspectorate of Constabulary (HMIC) 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.
- 1.37 In the years prior to austerity, Derbyshire Constabulary had already achieved approximately £45m in efficiency savings.
- 1.38 Derbyshire Police Authority and Derbyshire Constabulary started to prepare for the changes that would be necessary following the unprecedented reductions in public spending as early as June 2009.

- 1.39 In June 2009, the Moving Forward Project was established to scope the potential to deliver savings and position the organisation for the challenges that lay ahead. Initial work sought to identify areas of business where the organisation could achieve immediate savings of £3m during 2010.
- 1.40 The project was not just focused on making cuts but was also about improving service. The key principles were to: -
- Challenge bureaucracy in everything the Constabulary does, to build and increase public confidence.
  - Embed the Constabulary's values.
  - Deliver increased efficiencies and value for money.
  - Understand, accept and manage consequential risk.
  - Maintain the Constabulary's priorities as a focus in decision making.
  - Ensure that activity supports those responsible for delivering operational policing.
  - To build and increase public confidence.
- 1.41 In January 2010, the Moving Forward Programme team was established to drive and oversee the implementation of the programme. The team also undertook responsibility to research and review other opportunities for potential financial savings.
- 1.42 Three Moving Forward programmes have been implemented. The first one-year programme in 2010/11 was followed by a two year programme in 2011/12 and a further one year programme in 2012/13. In total the programmes have delivered some £21m of savings, which are detailed in the table below: -

	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Moving Forward 1	4.074	2.449	-	<b>6.523</b>
Moving Forward 2	-	9.179	5.523	<b>14.702</b>
Moving Forward 3	-	-	0.154	<b>0.154</b>
<b>Total</b>	<b>4.074</b>	<b>11.628</b>	<b>5.677</b>	<b>21.379</b>

- 1.43 The above table demonstrates the extent to which the Moving Forward Programmes have now been implemented. Above all it provides reassurance that the Constabulary has delivered substantially against its savings plans.
- 1.44 In September 2013 the Constabulary embarked on the next phase of the Moving Forward programme. The main focus will be on conducting Priority Based Budgeting (PBB). The aim of PBB is to understand the services that are currently delivered and how much they cost; to prioritise the services that should be invested in and deliver in the future to meet the Constabulary's priorities and the Police and Crime Plan.
- 1.45 The review will look at every aspect of police spending and intends to set out a clear long term plan to close the remaining budget gap over the next five years. Some tough choices will need to be made as the Commissioner and Constabulary tries to balance the need to continue to deliver high quality services during this period of austerity, as well as redirecting resources towards new emerging policing demands.
- 1.46 Any structural change to the Constabulary that might arise as a result of the review will not be considered until all phases of PBB have been conducted.
- 1.47 Throughout this period of austerity the Constabulary has placed great emphasis on maintaining performance even during a time of unprecedented budget cuts. This is becoming more challenging not only in Derbyshire but at a National level.

## **NATIONAL FUNDING POSITION**

- 1.48 On 26 June 2013 the Chancellor of the Exchequer announced the outcome of the Spending Round 2013 (SR2013), which sets out public spending totals to the financial year 2015/16.
- 1.49 Police funding from central government will reduce from an adjusted baseline of £8.764bn in 2013/14 to £8.479bn in 2014/15, a cash reduction of 3.3% or 5.1% in real terms (based on an inflation rate for 2014/15 of 1.9%).
- 1.50 The Home Office finally published funding allocations for individual forces on 18<sup>th</sup> December 2013, less than six weeks before Commissioners are expected to set out their spending plans.
- 1.51 These allocations signalled further cuts in resources for individual forces to help fund a number of national policing initiatives. This meant that the actual reduction subject to damping had increased to 4.8%. This increase is due to 'top-slicing' of the police grant to fund: -
- The transfer of resources to the Independent Police Complaints Commission (IPCC).
  - Additional inspection activity by Her Majesty's Inspectorate of Constabulary (HMIC).
  - A police innovation fund for forces to bid against.
  - Direct entry schemes to inspector and superintendent ranks.
  - Capital city grant for policing extra demands in the City of London.

- 1.52 Revenue resources continue to be allocated notionally on the basis of a revised funding formula, introduced in 2006/7. This set out to provide a more up-to-date and detailed assessment of the pressures facing individual police forces. However, the Government has signalled its intention to review the Police Allocation Formula.
- 1.53 The Government continues to implement arrangements to protect forces that would otherwise lose grant under the formula. For 2014/15 the Government has applied the same percentage reduction as last year (1.6% cash) to every police force area.
- 1.54 Effectively this continues to protect forces that would otherwise lose grant following the formula changes. This protection is funded by scaling back dramatically the higher increases that a number of Police Forces, including Derbyshire, stood to gain under the new formula.

#### **Police Funding 2015/16**

- 1.55 Police funding will further reduce from £8.479bn in 2014/15 to £8.210bn in 2015/16, a cash reduction of 3.2% or 4.9% in real terms (based on an inflation rate for 2015/16 of 1.8%), as a result of decisions made in the Spending Review. However, details for the 2015/16 financial year have not been published because decisions on the impact of the Chancellor's Autumn Statement will be made at a later date by the Home Office.

#### **COMMUNITY SAFETY FUND**

- 1.56 The vast majority of drugs, crime and community safety funding that the Home Office provided to a range of partners ceased at the end of 2012/13. Instead, Police and Crime Commissioners received funding from a transitional and un-ring fenced Community Safety Fund worth £90m. For 2013/14 the funding was allocated according to the 2012/13 allocation of those funding streams. For 2014/15 this funding has been rolled into Police Main Grant in 2014/15, and the baseline prior to damping being applied has been adjusted accordingly.

## **THE EAST MIDLANDS PICTURE**

- 1.57 The five East Midlands Police Forces lose grant under the floor protection arrangements. In total, the East Midlands Police Forces stand to lose some £24.3m (4.8%) in grant in 2014/15, with Nottinghamshire facing the greatest loss (losing £6.7m), albeit from a substantially larger budget and spend per head of population. Derbyshire has consistently lost out through these protection arrangements for the last 9 years to a total amount in excess of £35m.

## **COUNCIL TAX FREEZE GRANT**

- 1.58 The Government announced that English local authorities who freeze, or reduce, their council tax levels in 2014/15 will receive grant equivalent to a 1% increase in the average 2013/14 Band D amount multiplied by the taxbase.
- 1.59 The policing bodies that qualify for the 2014/15 Council Tax Freeze Grant by freezing or reducing their 2014/15 council tax will receive the funding as a specific grant.

## **2015/16 COUNCIL TAX FREEZE GRANT**

- 1.60 English local authorities that freeze Council Tax in 2015/16 will also receive grant equivalent to a 1% increase in the average 2014/15 Band D council tax. It is expected that funding for the 2014/15 and 2015/16 council tax freeze grants will be built into spending review baselines.

**LOCALISM ACT 2011**

- 1.61 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 2014/15 the excessiveness ‘threshold’ for police forces has not been published. The threshold for 2013/14 was 2%. The cost of holding a referendum would fall to the force 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.
- 1.62 The table below demonstrates the fact that accepting the freeze grant effectively reduces funding by some £2.482m (see table below) over the next five years compared to the option of setting a 2% precept increase, which is below the original financial projections of 2.5%.

<b>Surplus/(Deficit)</b>	<b>2014/15 £'m</b>	<b>2015/16 £'m</b>	<b>2016/17 £'m</b>	<b>2017/18 £'m</b>	<b>2018/19 £'m</b>	<b>2019/20 £'m</b>
Council Tax Increase	(1.183)	(5.834)	(12.425)	(16.880)	(19.630)	(22.010)
Council Tax Freeze	(1.583)	(6.259)	(12.879)	(17.360)	(20.136)	(22.542)
<b>Difference</b>	<b>(0.400)</b>	<b>(0.425)</b>	<b>(0.454)</b>	<b>(0.480)</b>	<b>(0.506)</b>	<b>(0.532)</b>

## **LOCALISATION OF COUNCIL TAX BENEFIT SUPPORT**

- 1.63 In April 2013, the Government transferred responsibility for paying council tax benefit to local authorities.
- 1.64 The Government paid grant to local authority's equivalent to 90% of the estimated cost of paying this benefit.
- 1.65 The administering authorities (Borough, District and City Councils) have had to develop their own local schemes that set out the eligibility criteria for council tax benefit.
- 1.66 Police forces, like other precepting authorities, were not exempt from these changes. They are required to pick up their share of any benefit costs, proportionate to their share of the overall council tax in any area.
- 1.67 This means that Derbyshire Police will pick up around 10% of the residual cost of the benefit schemes across Derbyshire, although this will vary from area to area.
- 1.68 Changes from localisation of Council Tax Benefit affect the Council Tax base. Details for the precept for 2014/15 is now based on final figures. Given the fact that these schemes have been in place for less than 12 months we have taken a prudent view on this given the considerable level of uncertainty surrounding the success of these schemes.
- 1.69 If the Tax Base estimates are used and the tax base is higher than we anticipate this would reduce the size of the projected deficit or surplus. Conversely if the Tax Base proves to be less than expected then the projected deficit will be increased.
- 1.70 It is also worth pointing out that although the amount of precept income may notionally be increased there is still uncertainty around the effect on collection levels.

1.71 Assumptions made in the 2014/15 base budget to factor in changes to the tax base include: -

- The tax base increases by 1.2% in 2014/15 from the adjusted tax base for 2013/14 and by a further 0.5% in 2015/16. The 1.2% increase for 2014/15 is based on figures received from councils so far.
- Central government grant will remain broadly at the 2013/14 level, a small increase of £0.023m having been indicated at the provisional settlement stage.

### DERBYSHIRE POSITION

1.72 Next year, the formula grant will reduce from £111.106m to £105.812m, a reduction of £5.294m. Predicted grant levels for Derbyshire are detailed in the following table (excluding Council Tax Freeze Grant): -

Formula Funding	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16 (estimate)
Police Main Grant	73.186	70.155	65.039	68.940	66.551	64.421
Non-Domestic Rates/ Revenue Support Grant	49.096	45.841	43.182	41.185	39.261	38.005
Neighbourhood Policing Grant	3.681	3.681	3.681	0	0	0
Community Safety Fund	0	0	0	0.981	0	0
<b>Total Formula Funding</b>	<b>125.963</b>	<b>119.677</b>	<b>111.902</b>	<b>111.106</b>	<b>105.812</b>	<b>102.426</b>
Reduction in Funding (£)		(6.286)	(7.775)	(0.796)	(5.294)	(3.386)
Reduction in Funding (%)		(5.0)	(6.5)	(0.7)	(4.8)	(3.2)

1.73 Derbyshire Police stands to lose out on an additional £1.274m as a result of the top-slicing applied to the main grant (paragraph 7.4 refers) and is set out in the table below:-

<b>Expenditure (funded from 'top-slicing' the Police Main Grant)</b>	<b>Estimated Grant Lost by Derbyshire 2014/15  £m</b>
Police Innovation Fund	0.755
IPCC	0.272
HMIC	0.142
Direct entry schemes	0.045
National Police Co-ordination Centre	0.030
Capital City Grant	0.030
<b>Total</b>	<b>1.274</b>

#### **BASE BUDGET 2014/20**

1.74 The following table summarises the six-year base budget projection for 2014/20 if Council Tax is increased by 1.96% in 2014/15. This shows the projected budget requirement to maintain existing services based on current plans and policies, taking into account all known commitments. This is set out in more detail in **Annexes Ai and Aii** which also sets out the position if the Commissioner opts to take the Council Tax Freeze Grant.

Base Budget 2014/20	2013/14 Revised £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Previous Year's Gross Expenditure	163.495	167.210	165.892	168.153	172.344	174.662	175.429
Inflation (including pay awards and increments)	0.719	3.146	3.562	6.969	3.600	3.634	3.662
Other spending pressures	9.493	3.781	2.899	2.595	3.984	3.147	3.535
Additional savings and income	(6.497)	(8.245)	(4.200)	(5.373)	(5.266)	(6.014)	(6.189)
<b>Net Revenue Budget</b>	<b>167.210</b>	<b>165.892</b>	<b>168.153</b>	<b>172.344</b>	<b>174.662</b>	<b>175.429</b>	<b>176.437</b>
<b>Projected Funding (including Police Precept at 2% from 2015/16)</b>	<b>167.210</b>	<b>164.709</b>	<b>162.319</b>	<b>159.919</b>	<b>157.782</b>	<b>155.799</b>	<b>154.427</b>
<b>Annual Budget Base (Surplus)/Deficit</b>	<b>0</b>	<b>1.183</b>	<b>5.834</b>	<b>12.425</b>	<b>16.880</b>	<b>19.630</b>	<b>22.010</b>
<b>Cumulative base Budget (Surplus)/Deficit 2014/20</b>	<b>0</b>	<b>1.183</b>	<b>7.017</b>	<b>19.442</b>	<b>36.322</b>	<b>55.952</b>	<b>77.962</b>

1.75 The table above shows that Derbyshire Police requires a net revenue budget of £165.892m for 2014/15 to maintain existing service levels.

- 1.76 The projections are based on the following key assumptions: -
- **Council Tax** is increased by 1.96% from 2014/15.
  - **Government Grant** will reduce in line with the December 2013 Autumn Statement of a further 3.2% for 2015/16 and thereafter further reductions of 5% per annum.
  - **Pay Awards** increase by 1% per annum in line with Government plans. This is also reflected in the grant settlement above.
  - **Indicative Police Precept** rises by 2% from 2015/16 onwards in line with current Council Tax Referendum Principles.
  - **Council Tax Base** increases by 1.2% in 2014/15 and 0.5% in each subsequent year.

#### **BUDGET REQUIREMENT 2014/15**

- 1.77 The key assumptions under-pinning the base budget for 2014/15 are set out in **Annexes Ai and Aii**.

#### **BUDGET STRATEGY**

- 1.78 In the past Derbyshire Constabulary has successfully met its financial challenge by reacting early and putting in place measures to close its budget gap at an early stage.
- 1.79 The Constabulary has been able to achieve significant reductions, while still maintaining and improving performance. There is however no guarantee that this will always happen.
- 1.80 The position now faced is slightly different. The scale of the gap in later years is far harder to predict.
- 1.81 It is important that Derbyshire Police continues to take a measured approach to future savings.

1.82 On that basis the strategy sets out the following principles: -

- **Do all we can to make our budget sustainable** – including making an on-going contribution to improve the sustainability of the capital programme.
- **Continue with recruitment at existing levels** i.e. maintain existing police officer numbers as provided for within the budget.
- **Continue to bridge the budget gap from reserves** – this is sustainable for up to 3 years.
- **Await the outcome of the Home Office 2015/16 budget review** – this will provide a further signal as to how challenging our position is likely to be.
- **Continue to pursue savings opportunities** – the investment in the headquarters site to co-locate other public services provides real opportunities to reduce building running costs. It would be good to focus attention on how best this can be achieved.
- **Continue to lobby for changes to funding arrangements** – Derbyshire continues to lose as a result of the current funding arrangements and it is important that we continue to press our case for this to be reviewed.

### **A RISK BASED APPROACH TO BUDGET SETTING**

1.83 In 2008, Derbyshire Constabulary adopted a comprehensive risk based approach to setting the budget. This aligned the budget process with the strategic operational risks facing Derbyshire Constabulary. This was highlighted by Her Majesty's Inspectorate of Constabulary (HMIC) as notable practice within their national report on Protective Services "Get Smart – Planning to Protect".

1.84 During the autumn Derbyshire Constabulary undertook a major exercise to review its operational risks which is set out within the "Constabulary's Strategic Threat and Risk Assessment".

- 1.85 The purpose of the Strategic Risk Assessment was to identify those areas of greatest risk. Essentially a high risk area is where only limited resources had been allocated to address a substantial risk i.e. this creates a significant risk gap.
- 1.86 A key part of this work was to bring together the Office of the Police and Crime Commissioner, Key Partners and Senior Officers across the Constabulary to consider the key risks that are faced and how best to address them.

## RISKS

- 1.87 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** – Derbyshire Constabulary has first hand experience of the impact of failures to address issues around domestic violence e.g. the widely publicised case of Tanya Moore.
  - **Health & Safety** – The shooting at the Stockwell tube station and the subsequent conviction of the Metropolitan Police Service under Health and Safety legislation highlighted the considerable risk and the level of responsibility for Police and Crime Commissioners and Constabularies to address known or anticipated risks.

## ADDRESSING THE RISK GAP

- 1.88 Derbyshire Constabulary recognises that it would be unrealistic to close its entire risk gap in one year. Indeed the new financial reality makes this an even greater challenge.
- 1.89 Over the last four years the 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.
- 1.90 The following table assesses the financial risks currently facing Derbyshire Constabulary and the actions taken to address these risks: -

Risk	Mitigation
Further substantial loss of grant.	<ul style="list-style-type: none"> <li>▪ An operational funding reserve and general reserve is maintained to cushion the impact of further grant losses.</li> <li>▪ The Constabulary has embarked on the next phase of the Moving Forward programme, with the main focus on Priority Based Budgeting.</li> </ul>
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"> <li>▪ The budget is based on a significantly reduced level of investment income as interest rates remain low.</li> </ul>
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"> <li>▪ The Constabulary is now less reliant on specific grants.</li> <li>▪ 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.</li> </ul>

Risk	Mitigation
Major Incidents – potential impact on police overtime of a number of major incidents.	<ul style="list-style-type: none"> <li>▪ Maintain reserves in accordance with the Reserves Strategy.</li> </ul>
Reliance on use of reserves to fund the capital programme.	<ul style="list-style-type: none"> <li>▪ Disposal of surplus land and property helps to achieve some of the capital aspirations that are set out within the capital strategy.</li> <li>▪ A revenue contribution of £1m has been made to make the core programme more sustainable.</li> </ul>
Unforeseen spending items and inflationary pressures.	<ul style="list-style-type: none"> <li>▪ Maintain reserves at a realistic level to ensure that they can sustain items of unforeseen spending.</li> <li>▪ Monitor the level of provision set aside to cover inflationary pressures.</li> <li>▪ Frequently update the financial forecast to provide a more realistic view of future spending commitments.</li> <li>▪ Specific insurance reserve exists to cover insurance excess.</li> </ul>

## **BUDGET 2014/15**

1.91 This is the second year when the budget for policing Derbyshire will be set by the Police and Crime Commissioner for Derbyshire. 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**

1.92 The proposed budget for 2014/15 for the Office of the Police and Crime Commissioner is summarised in the table below: -

<b>Office of the Police and Crime Commissioner</b>	<b>Revised Budget 2013/14 £m</b>	<b>Proposed Budget 2014/15 £m</b>
Commissioner's Office	0.951	1.045
Crime Prevention Fund	0.250	0.250
Community Safety Fund	1.313	1.266
Partnerships	0.570	0.581
Victim and Witness Services	0.376	0.403
<b>Sub-Total</b>	<b>3.460</b>	<b>3.545</b>
Revenue Contributions to Capital	2.904	1.000
Contributions to Reserves	0.400	0.060
Debt Charges	0.954	0.946
Interest Receipts	(0.290)	(0.280)
<b>Sub-total</b>	<b>7.428</b>	<b>5.271</b>
Contribution from Reserves	(0.250)	(0.250)
Grant from the Ministry of Justice	(0.376)	(0.480)
<b>Net Budget Requirement for the Police and Crime Commissioner's Office</b>	<b>6.802</b>	<b>4.541</b>

- 1.93 The budget signals the value of partnership working with £0.250m set aside for crime prevention initiatives on top of the other sums that the Commissioner will be allocating for Community Safety (£1.266) and for other partnership working (£0.581). The full detail of the Police and Crime Commissioner budget is set out in **Annex B**.
- 1.94 The revised 2013/14 and 2014/15 budgets include external grant funding from the Ministry of Justice. This funding is to be invested in Victim and Witness Services. Initially, approximately £0.077m will be incurred creating two temporary posts to assist with the commissioning of victim and witness based services.
- 1.95 The Commissioner's budget also includes a contribution of £1m 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.
- 1.96 The Commissioner also has a more general partnership budget which is used to stimulate more locally based crime prevention activity at a BCU level. This totals some £0.581m.
- 1.97 The remaining budget controlled by the Police and Crime Commissioner is for financing items as follows:-
- Contributions to Reserves (£0.060m).
  - 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 recent global economic out-turn.

## CHIEF CONSTABLE'S BUDGET

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

<b>Chief Constable</b>	<b>Revised Budget 2012/13  £m</b>	<b>Proposed Budget 2013/14  £m</b>
Derbyshire Constabulary	154.769	155.014
East Midlands Collaboration	9.508	9.251
BCU Fund	0.615	0.307
Contribution to National Policing	(0.112)	0.024
<b>Sub-total</b>	<b>164.780</b>	<b>164.596</b>
Contributions from Reserves	(0.511)	(0.315)
<b>Net Budget Requirement for the Chief Constable</b>	<b>164.269</b>	<b>164.281</b>

1.99 The detailed budget for Derbyshire Constabulary is set out in **Annex C**. The budget is based on recruiting a total of 64 police officers during the financial year to replace officers as they retire. Due to the uncertainties around retirements as well as a limited number of secondees and career breaks overall police officers numbers will range between 1,853 and 1,883 during the financial year. This will be kept under review as part of the priority based budgeting process, where opportunities to civilianise certain police officer roles may be identified as a means of delivering further long term savings, while maintaining service quality.

1.100 In advance of the wide-ranging force spending review, there have only been minor changes to this year's budget, so current services levels are largely maintained.

1.101 The most significant changes are:-

- The creation of an additional post to co-ordinate the Constabulary's response to Wildlife, Rural and Heritage Crime across Derbyshire
- Further savings as a result of regional collaboration and in particular a reduction in rental costs for collaborative units.
- A reduction in funding for joint partnership activity (the BCU fund) as our partners find they also need to scale back their contributions to this activity
- Removal of specific funding for major policing incidents – instead the force will need to rely upon its reserves if it has a major policing incident that cannot be managed within existing staffing levels

1.102 The budget reflects the risk based approach to budget setting outlined earlier within this report.

1.103 Over the last year an increasing share of specialist policing within Derbyshire has been delivered collaboratively with other police forces within the East Midlands. The budget for East Midlands Collaboration is summarised in the table below:-

<b>East Midlands Collaboration</b>	<b>Revised Budget 2013/14  £m</b>	<b>Proposed Budget 2014/15  £m</b>
EMSOU Serious and Organised Crime	3.873	3.719
Technical Support Unit	0.504	0.493
Major Crime	0.317	0.304
Forensics	0.938	0.859
Protected Persons Unit		0.096
Learning and Development / Occupational Health	1.020	0.967
Legal	0.250	0.249
Procurement	0.302	0.305
EM Police Collaboration Team	0.220	0.220
Major Crime (budget retained within Derbyshire's base)	2.084	2.039
<b>Total Collaboration</b>	<b>9.508</b>	<b>9.251</b>

1.104 The budget reflects the regional collaboration budget agreed by all East Midlands Police and Crime Commissioners for 2014/15 and represents a decrease of (£0.0.257m) on current contributions, allowing for the implementation of the new Protected Persons Unit.

## **CHIEF CONSTABLE'S BUDGET COMMENTARY**

- 1.1 When the Government introduced its austerity measures in 2011, the Constabulary faced four years of unprecedented budget cuts.
- 1.2 As the scale of the national economic challenge deepened, the Chancellor introduced further austerity measures, which extends the period of austerity for almost a decade towards 2020.
- 1.3 The Constabulary took prompt action to address the initial challenge and has so far delivered savings in excess of £21m in the last three years. This is testament to the commitment of many officers and staff who have had to fundamentally review the way they deliver policing services.
- 1.4 These savings have not been delivered without personal impact on many police staff and police officers, who may have retired earlier than they would have wished or in some extreme cases have been made redundant.
- 1.5 Throughout this challenging time, Derbyshire Constabulary has maintained its focus on being an effective police force. Working alongside our partners, crime continues to fall and public confidence in the service we provide continues to rise.
- 1.6 This is an incredible achievement during these austere times but there is no guarantee that this can continue forever. During these tough financial times any performance improvements are fragile, particularly on a service like policing that relies so heavily on people to deliver it.
- 1.7 Following an unprecedented 16% reduction in crime last year we are now seeing increases in crime, particularly in those areas affected by the economic downturn.
- 1.8 We are also finding that our resources are more stretched as we need to address new and emerging crimes. These do not always figure significantly on crime figures but have a huge impact on the most vulnerable in our community.

- 1.9 Having climbed one mountain and delivered substantial savings, we now face another mountain ahead, with a similar savings target. Having saved over £21m we face the challenge of saving a further £21m over the next five years.
- 1.10 We can be in no doubt that this will present just as big a challenge, if not a greater one than the first round of cuts. The choices that we face will be even more stark and will undoubtedly impact on the service that local people receive.
- 1.11 At the same time we must still remember that even with the anticipated cuts we will still have over £150m each year to spend on policing our county. That is still a significant sum and we have a responsibility to deliver the very best service from it. Above all we cannot use the budgets reductions as an excuse for poor service.
- 1.12 Our experience to date has shown the benefit of adopting a measured approach to delivering savings. We also know that we are most successful when we have the engagement and commitment of officers and staff at all levels of our organisation.
- 1.13 We have started an in depth review of all our spending to look at ways of reducing our spending over the next five years. We have started to think about the minimum level of service we could provide, although we hope that we will only need to reduce to that level in really exceptional circumstances.
- 1.14 The review is due to be completed in the summer of 2014, with clear five year plans to close our budget gap being produced around September 2014.
- 1.15 In the meantime, this year we are setting out to maintain our services at close to their current level. Having had three years of unprecedented change and budget reductions it is important that we have a degree of stability, while we consider the challenge ahead.
- 1.16 Given the crime pressures we face it is also important that we make the best use of our resources during this year to do all we can to address those crime pressures.
- 1.17 In our budget we are not looking to make any significant reductions in either police officers or police staff. However we cannot guarantee that this will be

the case for the whole year, especially when the results of our budget review are completed.

- 1.18 This may indicate that it is more cost effective for us to civilianise certain police officer post when officers retire. We will be keeping this position under review during the year. Nevertheless it is still our intention to continue to recruit police officers during the year and our reduction in officer numbers remains below that of many other forces.
- 1.19 This year we will also rely on a relatively small contribution from reserves to support the budget. In part this has been prompted by the late grant announcement and the Government's decision to top slice some £1.27m from our budget to pay for national policing initiatives.
- 1.20 Given the scale of the challenge we face, we may also need to use some reserves in the future to help cushion the impact of budget cuts but we cannot rely on them completely. It is also important that they are used to invest for the future so that we can deliver long term savings.
- 1.21 I support the recommendation to opt for a precept increase of 1.96% rather than accept the Council Tax Freeze grant. The additional income of some £0.5m will still help to close the budget gap we face not just this year but in future years.
- 1.22 While the announcement to include funding for the freeze grant in future financial settlement provides some reassurance that this funding will not be withdrawn completely, it will still be subject to further austerity reductions in the future.
- 1.23 Finally, I am pleased that the Commissioner is able to recognise the important contribution that our partners make to keep our county safe. The Constabulary has worked closely with partners for many years and has developed close working relationships at City, County and District level. It is therefore important that this partnership working is supported financially within the budget.

## **PRECEPT OPTIONS**

- 1.24 As stated previously the Government has introduced new arrangements to limit “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.
- 1.25 The Secretary of State has not yet set the limit for next year (2014/15), therefor precluding presenting formal options for the Commissioner to consider; instead, illustrations have been given, pending the announcement of the Referendum Principles.
- 1.26 The table below summarises the overall budget for Derbyshire Police, which will be determined by the Commissioner, along with the two illustrations for funding the budget by:-
- Accepting the Council Tax Freeze Grant.
  - Increasing the Council Tax by 1.96%.

Precept Options	Council Tax Freeze Grant  £m	Precept Increase 1.96%  £m
Police and Crime Commissioner	4.541	4.541
Chief Constable	164.281	164.281
<b>Total Budget for Derbyshire Police</b>	<b>168.822</b>	<b>168.822</b>
Funded by: -		
Police Formula Grant	(105.812)	(105.812)
Other Specific Government Grants	(2.930)	(2.930)
2011/12 Council Tax Freeze Grant	(1.354)	(1.354)
Council Tax Benefit Grant	(7.346)	(7.346)
<b>Sub-Total</b>	<b>51.380</b>	<b>51.380</b>
2014/15 Council Tax Freeze Grant	(0.559)	-
Budget Deficit to be met from Reserves	(1.583)	(1.183)
<b>(Surplus)/Deficit on Collection Accounts</b>	<b>(0.259)</b>	<b>(0.259)</b>
<b>Council Tax Requirement</b>	<b>48.979</b>	<b>49.938</b>

- 1.27 It is important to be aware that the decision to accept the Council Tax Freeze Grant has longer term implications. This is because they permanently suppress the amount of precept income that Derbyshire Police will receive. This is demonstrated in the table below: -

Surplus/(Deficit)	2014/15 £'m	2015/16 £'m	2016/17 £'m	2017/18 £'m	2018/19 £'m	2019/20 £'m
Council Tax Increase	(1.183)	(5.834)	(12.425)	(16.880)	(19.630)	(22.010)
Council Tax Freeze	(1.583)	(6.259)	(12.879)	(17.360)	(20.136)	(22.542)
<b>Difference</b>	<b>(0.400)</b>	<b>(0.425)</b>	<b>(0.454)</b>	<b>(0.480)</b>	<b>(0.506)</b>	<b>(0.532)</b>

- 1.28 The above table shows that the projected cumulative deficit is increased by over £1.2m in the next three years through adopting the freeze grant. This clearly has a marked impact on the sustainability of the spending and recruitment plans for Derbyshire Police.
- 1.29 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.
- 1.30 It is clear that further funding cuts are on the way. In the short term reserves are healthy and can manage the projected deficits up to 2016/17.
- 1.31 While reserves are sufficient to cover the shortfall for at least 3 years, the position in 2016/17 gives cause for concern.
- 1.32 In view of this it is important that everything possible is done to bolster the Commissioner and Constabulary's financial position at this stage. This means that the second option, opting for a precept increase is recommended rather than taking the Council Tax Freeze Grant.
- 1.33 This will put the Constabulary in the best financial position to deal with the future financial challenges that it will face.
- 1.34 **Annexes Ai and Aii** shows the detailed budget breakdown for each option.

## CONTRIBUTION FROM RESERVES

- 1.35 Reserves will play an increasingly important role in helping to manage the medium to long term financial position of Derbyshire Constabulary. The level of reserves has grown temporarily due to progress made in delivering savings to close the funding gap. The level of reserves are likely to continue to grow until the end of the 2013/14, when they will then be needed to bridge further budget gaps that are projected in the Medium Term Financial Plan.
- 1.36 There is always the need to strike the right balance between holding money in reserve to protect against future risk against using that money to invest for the future.
- 1.37 There is a danger that an overly cautious approach can lead to delays in using reserves to address more immediate policing risks and service issues. The current level of reserves shows that in the short term there is sufficient cover to address new policing risk.
- 1.38 The table below summarises the reserves held and shows the projected level to 2017. Further detail is set out in **Annex D**.

Reserve	31/03/14	31/03/15	31/03/16	31/03/17
	£m	£m	£m	£m
<b>General</b>	<b>3.300</b>	<b>3.300</b>	<b>3.300</b>	<b>3.300</b>
<b>Earmarked – Usable</b>				
Operational Priorities	1.325	1.325	1.325	1.325
Operational Funding	19.643	18.459	12.626	0.201
Contribution to Capital	4.124	1.685	0.000	0.000
Helicopter	0.050	0.050	0.050	0.050
Carry Forwards	3.169	3.169	3.169	3.169
Police and Crime Commissioner – Crime Prevention Fund	0.750	0.500	0.250	0.000
Pensions	0.500	0.500	0.500	0.500
<b>Total Earmarked – Usable</b>	<b>29.561</b>	<b>25.689</b>	<b>17.920</b>	<b>5.245</b>
<b>Earmarked – Non-usable</b>	<b>6.468</b>	<b>6.229</b>	<b>6.006</b>	<b>5.792</b>
<b>Total</b>	<b>39.329</b>	<b>35.218</b>	<b>27.226</b>	<b>14.337</b>

- 1.39 The above table shows the impact on reserves if they are used to fund the budget gap to 2017. This would see usable reserves fall from £29.6m to £5.2m. These reserves only provide a temporary cushion and will also need to be used to invest to deliver long term savings. These reserves also provide temporary funding for the rebuild the Administration and Executive Block at Police Headquarters pending an improvement in the climate for making a sale of land.
- 1.40 In addition a general reserve of £3.3m is maintained to deal with immediate unforeseen spending pressures.
- 1.41 While reserves cushion the impact of unforeseen spending and known future commitments, they also result in money being held back from local taxpayers.

It is therefore important to ensure reserves are maintained at an appropriate level.

1.42 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 of 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.

1.43 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 risk may increase the pressure on already constrained budgets is detailed in the table below: -

Unforeseen / Unpredictable Risk	£m
<b><i>Pay and Price Increases</i></b>	
<i>Additional 1% increase: -</i>	
Police Pay	0.960
Police Staff Pay	0.360
Police Staff Pension Contribution	0.280
<i>Additional 10% increase: -</i>	
Fuel costs	0.132
Utilities costs	0.100
<b><i>Capital Programme Risks</i></b>	
10% increase in tender costs for 25% of the capital programme	0.234
<b><i>Policing Pressures</i></b>	
Complex Murder Enquiry	1.000
Medium Range Murder Enquiry	0.500
Major Policing Operation e.g. public order	0.500
<b><i>Partnership Funding</i></b>	
10% loss of partnership funding	0.114
<b><i>Loss of Specific Grant</i></b>	
<i>Impact of loss: -</i>	
1% of general funding	1.058
10% of specific grant	1.191
<b><i>Over-spending</i></b>	
1% over-spend against budget	1.658

### **PRUDENTIAL CODE**

- 1.44 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.
- 1.45 Separate reports deal with the Capital Programme and also the Prudential Indicators for Derbyshire Police.

## **ASSURANCE STATEMENT FROM THE S151 OFFICERS CONSIDERATIONS**

- 1.46 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).
- 1.47 Section 25 of the Local Government Act 2003 requires the Commissioner's Chief Financial Officer to provide the Commissioner with assurance on the robustness of estimates made for the purposes of the budget calculations and the adequacy of reserves.
- 1.48 The Act requires that the Commissioner has regard to the report of the Treasurer 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.

## **ASSURANCE OF THE CHIEF CONSTABLE'S CHIEF FINANCIAL OFFICER**

- 1.49 As the Chief Constable's Chief Financial Officer I can provide the following assurances: -
- 1.50 The main assumptions for compiling the budget are set out within the report and the figures for the 2014/15 budget have been based on these assumptions.
- 1.51 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.
- 1.52 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.
- 1.53 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 government funding decisions.
- 1.54 The Constabulary is in no doubt about the significant financial challenge that it faces. It has already started a fundamental review of all of its spending, which will set out clear plans for cost reduction over the next five years. The review is scheduled for completion in the summer with clear plans developed by the end of September.

## **ASSURANCE OF THE POLICE AND CRIME COMMISSIONER'S CHIEF FINANCIAL OFFICER**

### **ASSURANCE**

- 1.55 As the Commissioners Chief Financial Officer I can provide the following assurances:
- (a) Government Policy – The MTFP is produced in line with the latest government policy as applied to Police Commissioners
  - (b) 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
  - (c) Council Tax – The Government confirmed that legislation through the Localism Act provides communities with the power to veto excessive council tax increases through a referendum. 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. At the time of writing the Referendum Principles have not been announced; in 2013/14 the figure was 2% for Police Commissioners. This report presents two precept options for the Commissioner to consider but there is no recommendation. One of the options is predicated on a zero increase in Band D precept whereby the Police Commissioner will be eligible to receive a 1% Council Tax Freeze Grant in 2014/15 and 2015/16. The other illustration is for an increase in the Police element of Council Tax at Band D by 1.96%. Only the freeze grant option is currently assured to be within the referendum principles. At the time the final decision is announced, and a council tax level is approved for presentation to the Police and Crime Panel, a further assurance statement in respect of Council Tax will be made by the Treasurer.
  - (d) Balanced budget – a balanced budget is presented, which requires the use of reserves to support the budget under both precept illustrations.

However funding received under a precept increase is permanently secured for all future years.

- (e) Robustness of Estimates – I have reviewed the matters that have been considered in drafting the proposed budget and the consequential budget requirement, and alternative levels of the illustrated police precept. I am satisfied that the procedures adopted by the Finance Department are sufficiently robust to ensure the financial data is accurate and forms a sound basis for the preparation of the estimates for 2014/15.
- (f) 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.
- (g) Medium Term implications – the use and level of reserves and expenditure proposals secure a balanced and robust budget for 2014/15. The future use of the operational reserve needs to be closely monitored, in conjunction with spending plans beyond 2014/15 in order to ensure longer term sustainability. This should be managed through the on-going robust review of budgets from 2013/14 under the Priority Based Budgeting review programme as the significant annual use of reserves to support permanent expenditure beyond 2014/15 is not recommended as good financial practice.

**POLICE & CRIME COMMISSIONER FOR DERBYSHIRE**  
**Revenue Budget Projections to FY 2019/20 as January 2014**  
**if Council Tax is frozen in 2014/15**

ANNEX A i TO  
 AGENDA ITEM 11B  
 STRATEGIC GOVERNANCE BOARD  
 27 JANUARY 2014

		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>BUDGET REQUIREMENT</b>		£m						
<b>Previous Year's Budget Requirement</b>		<b>163.495</b>	<b>167.210</b>	<b>165.892</b>	<b>168.153</b>	<b>172.344</b>	<b>174.662</b>	<b>175.429</b>
<b>Pay &amp; Price Increases</b>								
1) Full Year Effect of Previous Year's Pay Award:-								
Police Officers	(1)	0.000	0.399	0.386	0.379	0.388	0.390	0.389
Police Staff	(1)	0.000	0.150	0.150	0.156	0.159	0.163	0.166
2) Provision for Current Year's Pay Award & Inflation:-								
Police Officers pay award	(1)	0.544	0.561	0.531	0.544	0.546	0.545	0.542
Police Staff pay award	(1)	0.205	0.210	0.218	0.223	0.228	0.233	0.237
Officer & Staff Increments	(2)	(.083)	1.854	1.450	1.450	1.450	1.450	1.450
LGPS Revaluation			0.170	0.044	0.045			
Ending of NI rebate on Occupational Pension Schemes					3.367			
Specific Price Inflation			0.278					
General Inflation Contingency	(3)	0.053	(.476)	0.783	0.805	0.829	0.853	0.878
<b>Previous Year plus Pay &amp; Price increases</b>		<b>164.214</b>	<b>170.356</b>	<b>169.454</b>	<b>175.122</b>	<b>175.944</b>	<b>178.296</b>	<b>179.091</b>
<b>Other Items within previous MTFP position</b>								
Police Commissioner		0.229	0.015					
2012/13 Moving Forward 3 savings		(.154)						
Police Officers - Savings from wastage	(4)	(3.583)	(5.513)	(3.661)	(4.451)	(4.905)	(5.394)	(5.759)
Police Officers - Cost of recruitment	(4)	2.156	2.044	2.412	2.595	2.861	3.147	3.361
Police Officers - Winsor costs (10% shift and callout)		1.290						
Police Officers - Winsor savings (CRTP's / BH Overtime)		(.159)	(.386)	(.255)	(.260)			
Police Officers - Number of Bank Holidays		(.377)	0.127	0.342	(.342)	0.114	(.228)	0.114
Police Officers - Rent / Housing Allowance eligibility		(.192)	(.385)	(.188)	(.274)	(.315)	(.346)	(.384)
Police Officers - Secondments to NPAS		(.103)	(.151)					
Police Officers - Removal of operational Overtime Contgy			(.244)					
Police Officers/Staff - net saving from Workforce Mod			(.157)					
Police Staff - 2012/13 Precept posts (full year effect)		0.183						
Police Staff - Crime Support Strategic Business Review		0.145						
Police Staff - Apprenticeship Scheme		0.058	0.042					
Police Staff - Increased Vacancy Allowance		(.715)						
Police Staff - Enquiry Office Review		(.453)						
Police Staff - Contact Management savings		(.210)						
4 additional PCSO's		0.105						
Officer / Staff reductions - outside other savings		0.011	(.384)					
Police Officer/Staff pensions		0.057	0.085			1.009		
Maintenance work at force HQ		0.220	(.220)					
Property Rent and Rates		(.102)	(.068)					
Cleaning Contract		(.027)	(.016)					
Non-implementation of EM HR Service Centre			0.018					
Other changes in EM Collaboration		(.157)	(.087)					
Contribution to Criminal Justice Board			0.050					
NPIA / CoP - migration of central project costs		0.081	(.003)					
Other subscriptions to national policing			(.035)					
NPAS - Non-staff savings			(.035)					
Asset Revaluation			0.050	(.050)				0.060
Microsoft Software Licences		0.202						
Ordnance Survey maps		(.060)						
Debt Charges		(.048)	(.038)	(.046)	(.046)	(.046)	(.046)	(.046)
Revenue Contribution to Capital / Repairs & Mtce		1.000						
Revenue Consequences of Capital Expenditure		(.060)	0.132					
Specific Grants merged with Formula Funding	(5)	3.681	0.981					
Council Tax Transition Grant			(.145)	0.145				
HO Grant re Biomass boiler			(.050)					
Football and Other Cost Recovery Income		0.065	0.119					
Treasury Management income		0.010	0.120					
Contributions to Reserves - PFI / Helicopter / Insurance		(.009)	(.035)					
Review of formation budgets / BCU Fund Reduction		(.081)	(.308)					
Other Net Increases (Reductions)		(.007)	0.013					
<b>GROSS EXPENDITURE</b>		<b>167.210</b>	<b>165.892</b>	<b>168.153</b>	<b>172.344</b>	<b>174.662</b>	<b>175.429</b>	<b>176.437</b>
<b>FUNDING POSITION</b>								
Settlement funding	(5)	110.125	105.812	102.426	98.739	95.283	91.948	89.190
2011/12 Freeze Grant		1.354	1.354	1.354	1.354	1.354	1.354	1.354
2014/15 and 2015/16 Freeze Grants			0.559	0.559	0.559	0.559	0.559	0.559
Council Tax Benefit Grant	(6)	7.323	7.346	7.346	7.346	7.346	7.346	7.346
<b>Central Funding</b>		<b>118.802</b>	<b>115.071</b>	<b>111.685</b>	<b>107.998</b>	<b>104.542</b>	<b>101.207</b>	<b>98.449</b>
Projected precept funding								
Previous year Council Tax Funding		54.533	48.408	49.238	50.209	51.467	52.760	54.086
Change in tax base - annual growth	(6)		0.602	0.246	0.251	0.257	0.264	0.271
Change in tax base - localisation of Council Tax Benefit	(6)	(6.994)						
Change in Collection A/c Surplus / (Deficit)		(.061)	0.228	(.259)	0.000	0.000	0.000	0.000
Increase in Council Tax	(7)	0.930		0.984	1.007	1.036	1.062	1.089
<b>Precept Funding</b>		<b>48.408</b>	<b>49.238</b>	<b>50.209</b>	<b>51.467</b>	<b>52.760</b>	<b>54.086</b>	<b>55.446</b>

<b>TOTAL PROJECTED FUNDING</b>	<b>167.210</b>	<b>164.309</b>	<b>161.894</b>	<b>159.465</b>	<b>157.302</b>	<b>155.293</b>	<b>153.895</b>
<b>Budget Deficit</b>	<b>(.000)</b>	<b>1.583</b>	<b>6.259</b>	<b>12.879</b>	<b>17.360</b>	<b>20.136</b>	<b>22.542</b>
<b>Cumulative</b>	<b>0.000</b>	<b>1.583</b>	<b>7.841</b>	<b>20.720</b>	<b>38.079</b>	<b>58.215</b>	<b>80.757</b>
<b>Useable Reserves at start of year</b>	<b>19.282</b>	<b>19.643</b>	<b>18.061</b>	<b>11.802</b>	<b>(1.076)</b>	<b>(18.436)</b>	<b>(38.572)</b>
Revenue surplus / (deficits) per above	0.000	(1.583)	(6.259)	(12.879)	(17.360)	(20.136)	(22.542)
2013/14 Revenue Underspend	0.361						
Transfer from Capital Reserve							
<b>Useable Reserves at end of year</b>	<b>19.643</b>	<b>18.061</b>	<b>11.802</b>	<b>(1.076)</b>	<b>(18.436)</b>	<b>(38.572)</b>	<b>(61.113)</b>

**Main assumptions**

- 1) Pay awards for both officers and staff are 1% in all years, implemented in September of each year
- 2) Full 'scale progression' increments for police officers re-commence from April 2014 and continue throughout the period.. Increments for Police Staff continue as normal throughout the period. This is pending details on the abolition of 'automatic pay progression'
- 3) 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. For 2014/15 it is assumed that approximately half of this inflation will be contained within existing budgets
- 4) Police Officer wastage in each year is matched by an equivalent number of new recruits. There is a built-in 'understrength' from 2014/15 of 24 posts representing a typical level of abstractions arising from maternity/paternity leave and career breaks and the lag of recruitment behind wastage  
Wastage is primarily estimated according to the number of officers reaching 30 years' service in each year, assuming a constant proportion of those who choose to remain in post
- 5) Formula grant in 2014/15 reduces by 4.8% compared to 2013/14, followed by a further reduction of 3.2% in 2015/16 - per the 2014/15 Provisional Settlement and indicative figures provided by the Home Office for 2015/16.  
Funding reductions in future years have been projected to that the overall reduction in the 4 year period 2015/19 is 16%, a similar reduction to that in the previous 4-year period (14.7%). It is assumed that the 2011/12 and 2014/15 Freeze Grant funding will be made permanent
- 6) The taxbase increases by 1.2% in 2014/15 and 0.5% per annum in all years thereafter
- 7) The PCC opts to freeze Council Tax in 2014/15 and increases it by 2.0% in each year thereafter.

**POLICE & CRIME COMMISSIONER FOR DERBYSHIRE**  
**Revenue Budget Projections to FY 2019/20 as January 2014 (detail)**  
**if Council Tax is increased by 1.96% in 2014/15**

Annex A ii to  
AGENDA ITEM 11B  
STRATEGIC GOVERNANCE BOARD  
27 JANUARY 2014

		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>BUDGET REQUIREMENT</b>	notes	£m						
<b>Previous Year's Budget Requirement</b>		<b>163.495</b>	<b>167.210</b>	<b>165.892</b>	<b>168.153</b>	<b>172.344</b>	<b>174.662</b>	<b>175.429</b>
<b>Pay &amp; Price Increases</b>								
1) Full Year Effect of Previous Year's Pay Award:-								
Police Officers	(1)	0.000	0.399	0.386	0.379	0.388	0.390	0.389
Police Staff	(1)	0.000	0.150	0.150	0.156	0.159	0.163	0.166
2) Provision for Current Year's Pay Award & Inflation:-								
Police Officers pay award	(1)	0.544	0.561	0.531	0.544	0.546	0.545	0.542
Police Staff pay award	(1)	0.205	0.210	0.218	0.223	0.228	0.233	0.237
Officer & Staff Increments	(2)	(.083)	1.854	1.450	1.450	1.450	1.450	1.450
LGPS Revaluation			0.170	0.044	0.045			
Ending of NI rebate on Occupational Pension Schemes					3.367			
Specific Price Inflation			0.278					
General Inflation Contingency	(3)	0.053	(.476)	0.783	0.805	0.829	0.853	0.878
<b>Previous Year plus Pay &amp; Price increases</b>		<b>164.214</b>	<b>170.356</b>	<b>169.454</b>	<b>175.122</b>	<b>175.944</b>	<b>178.296</b>	<b>179.091</b>
<b>Other Items within previous MTFP position</b>								
Police Commissioner		0.229	0.015					
2012/13 Moving Forward 3 savings		(.154)						
Police Officers - Savings from wastage	(4)	(3.583)	(5.513)	(3.661)	(4.451)	(4.905)	(5.394)	(5.759)
Police Officers - Cost of recruitment	(4)	2.156	2.044	2.412	2.595	2.861	3.147	3.361
Police Officers - Winsor costs (10% shift and callout)		1.290						
Police Officers - Winsor savings (CRTP's / BH Overtime)		(.159)	(.386)	(.255)	(.260)			
Police Officers - Number of Bank Holidays		(.377)	0.127	0.342	(.342)	0.114	(.228)	0.114
Police Officers - Rent / Housing Allowance eligibility		(.192)	(.385)	(.188)	(.274)	(.315)	(.346)	(.384)
Police Officers - Secondments to NPAS		(.103)	(.151)					
Police Officers - Removal of operational Overtime Contgy			(.244)					
Police Officers/Staff - net saving from Workforce Mod			(.157)					
Police Staff - 2012/13 Precept posts (full year effect)		0.183						
Police Staff - Crime Support Strategic Business Review		0.145						
Police Staff - Apprenticeship Scheme		0.058	0.042					
Police Staff - Increased Vacancy Allowance		(.715)						
Police Staff - Enquiry Office Review		(.453)						
Police Staff - Contact Management savings		(.210)						
4 additional PCSO's		0.105						
Officer / Staff reductions - outside other savings		0.011	(.384)					
Police Officer/Staff pensions		0.057	0.085			1.009		
Maintenance work at force HQ		0.220	(.220)					
Property Rent and Rates		(.102)	(.068)					
Cleaning Contract		(.027)	(.016)					
Non-implementation of EM HR Service Centre			0.018					
Other changes in EM Collaboration		(.157)	(.087)					
Contribution to Criminal Justice Board			0.050					
NPIA / CoP - migration of central project costs		0.081	(.003)					
Other subscriptions to national policing			(.035)					
NPAS - Non-staff savings			(.035)					
Asset Revaluation			0.050	(.050)				0.060
Microsoft Software Licences		0.202						
Ordnance Survey maps		(.060)						
Debt Charges		(.048)	(.038)	(.046)	(.046)	(.046)	(.046)	(.046)
Revenue Contribution to Capital / Repairs & Mtce		1.000						
Revenue Consequences of Capital Expenditure		(.060)	0.132					
Specific Grants merged with Formula Funding	(5)	3.681	0.981					
Council Tax Transition Grant			(.145)	0.145				
HO Grant re Biomass boiler			(.050)					
Football and Other Cost Recovery Income		0.065	0.119					
Treasury Management income		0.010	0.120					
Contributions to Reserves - PFI / Helicopter / Insurance		(.009)	(.035)					
Review of formation budgets / BCU Fund Reduction		(.081)	(.308)					
Other Net Increases (Reductions)		(.007)	0.013					
<b>GROSS EXPENDITURE</b>		<b>167.210</b>	<b>165.892</b>	<b>168.153</b>	<b>172.344</b>	<b>174.662</b>	<b>175.429</b>	<b>176.437</b>
<b>FUNDING POSITION</b>								
Settlement funding	(5)	110.125	105.812	102.426	98.739	95.283	91.948	89.190
2011/12 Freeze Grant		1.354	1.354	1.354	1.354	1.354	1.354	1.354
Council Tax Benefit Grant	(6)	7.323	7.346	7.346	7.346	7.346	7.346	7.346
<b>Central Funding</b>		<b>118.802</b>	<b>114.512</b>	<b>111.126</b>	<b>107.439</b>	<b>103.983</b>	<b>100.648</b>	<b>97.890</b>
Projected precept funding								
Previous year Council Tax Funding		54.533	48.408	50.197	51.193	52.480	53.799	55.151
Change in tax base - annual growth	(6)		0.602	0.250	0.256	0.262	0.269	0.276
Change in tax base - localisation of Council Tax Benefit	(6)	(6.994)						
Change in Collection A/c Surplus / (Deficit)		(.061)	0.228	(.259)	0.000	0.000	0.000	0.000
Increase in Council Tax	(7)	0.930	0.959	1.005	1.031	1.057	1.083	1.110
<b>Precept Funding</b>		<b>48.408</b>	<b>50.197</b>	<b>51.193</b>	<b>52.480</b>	<b>53.799</b>	<b>55.151</b>	<b>56.537</b>
<b>TOTAL PROJECTED FUNDING</b>		<b>167.210</b>	<b>164.709</b>	<b>162.319</b>	<b>159.919</b>	<b>157.782</b>	<b>155.799</b>	<b>154.427</b>

<b>Budget Deficit</b>		<b>(.000)</b>	<b>1.183</b>	<b>5.834</b>	<b>12.425</b>	<b>16.880</b>	<b>19.630</b>	<b>22.010</b>
<b>Cumulative</b>		<b>0.000</b>	<b>1.183</b>	<b>7.017</b>	<b>19.442</b>	<b>36.322</b>	<b>55.952</b>	<b>77.962</b>
<b>Useable Reserves at start of year</b>		<b>19.282</b>	<b>19.643</b>	<b>18.460</b>	<b>12.626</b>	<b>0.201</b>	<b>( 16.679)</b>	<b>( 36.309)</b>
Revenue surplus / (deficits) per above		0.000	( 1.183)	( 5.834)	( 12.425)	( 16.880)	( 19.630)	( 22.010)
2013/14 Revenue Underspend		0.361						
Transfer from Capital Reserve								
<b>Useable Reserves at end of year</b>		<b>19.643</b>	<b>18.460</b>	<b>12.626</b>	<b>0.201</b>	<b>( 16.679)</b>	<b>( 36.309)</b>	<b>( 58.318)</b>

**Main assumptions**

- 1) Pay awards for both officers and staff are 1% in all years, implemented in September of each year
- 2) Full 'scale progression' increments for police officers re-commence from April 2014 and continue throughout the period.. Increments for Police Staff continue as normal throughout the period. This is pending details on the abolition of 'automatic pay progression'
- 3) 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. For 2014/15 it is assumed that approximately half of this inflation will be contained within existing budgets
- 4) Police Officer wastage in each year is matched by an equivalent number of new recruits. There is a built-in 'understrength' from 2014/15 of 24 posts representing a typical level of abstractions arising from maternity/paternity leave and career breaks and the lag of recruitment behind wastage  
Wastage is primarily estimated according to the number of officers reaching 30 years' service in each year, assuming a constant proportion of those who choose to remain in post
- 5) Formula grant in 2014/15 reduces by 4.8% compared to 2013/14, followed by a further reduction of 3.2% in 2015/16 - per the 2014/15 Provisional Settlement and indicative figures provided by the Home Office for 2015/16.  
Funding reductions in future years have been projected to that the overall reduction in the 4 year period 2015/19 is 16%, a similar reduction to that in the previous 4-year period (14.7%). It is assumed that the 2011/12 and 2014/15 Freeze Grant funding will be made permanent
- 6) The taxbase increases by 1.2% in 2014/15 and 0.5% per annum in all years thereafter
- 7) The PCC opts to increase the Council Tax by 1.96% in 2014/15 and by 2.0% in each year thereafter

**Subjective Analysis - 2014/15 Commissioners Office Budget**

<b>Account</b>	<b>Account(T)</b>	<b>2013/14 Base Budget</b>	<b>Full Year Inflation</b>	<b>Increments</b>	<b>Other Changes</b>	<b>2014/15 PROPOSED BUDGET</b>
1100	Police Staff Pay	553,900	5,600	3,700	45,900	609,100
1120	Police Staff Overtime - Plain Time	1,000				1,000
1140	Police Staff National Insurance	38,800	400	300	14,600	54,100
1160	Police Staff Superannuation	89,100	900	400	(7,900)	82,500
1600	NHS Re-Imbursement	200				200
1603	Interview Expenses	9,000			(5,000)	4,000
2210	Hire of Rooms	5,000			5,000	10,000
3400	Other Mileage (PSV)	17,500			(4,500)	13,000
3401	Casual Mileage	2,400				2,400
3403	Rail Travel	0			9,000	9,000
3408	Car Parking, Taxis, etc	7,000			(4,500)	2,500
4000	Equipment - General	500			1,500	2,000
4003	Photocopiers	1,000			(500)	500
4040	Furniture	500				500
4100	Accommodation / Hotel Expenses	2,000			(1,000)	1,000
4101	Subsistence Expenses	300				300
4291	Catering Contract Subsistence	1,500			1,000	2,500
4400	Printing and Stationery - General	2,000			1,500	3,500
4401	Publications	500				500
4505	Financial Contracts	61,500			20,000	81,500
4520	Professional Fees	10,000			10,000	20,000
4543	Professional Fees - Legal	15,000				15,000
4575	Media Relations	40,000				40,000
4610	Telephones	2,500			(2,500)	0
4612	Circuits	1,000			(1,000)	0
4630	Hardware - Purchase	1,000			1,000	2,000
4635	Software Purchase	0			300	300
4740	JARAC Attendance	0			7,000	7,000
4741	JARAC Mileage	0			1,000	1,000
4807	Conference Expenses	2,500			(1,000)	1,500
4888	Bank Charges	5,500			500	6,000
4890	Misc Expenditure	45,000			(9,800)	35,200
4895	Subscriptions General	35,000			2,000	37,000
<b>Office of the PCC - Total Budget</b>		<b>951,200</b>	<b>6,900</b>	<b>4,400</b>	<b>82,600</b>	<b>1,045,100</b>

**2014/15 PROPOSED BUDGET REQUIREMENT**  
**Services Commissioned via the Chief Constable**

	2013/14 Approved £m	2013/14 Revised £m	2014/15 Proposed £m
Police Officers	94.292	92.929	92.251
Community Support Officers	5.253	5.148	5.347
Other Police Staff	29.917	30.604	31.321
Police Pensions	2.194	2.953	2.375
Other Employee Expenses	0.534	0.534	0.534
Premises	8.757	8.715	8.512
Transport	3.779	3.765	3.761
Supplies & Services	11.936	11.769	12.270
Agency & Contracted Services	1.245	1.245	1.245
Pay & Price Contingency	0.776	0.000	0.300
General Income	( 3.009)	( 2.893)	( 2.902)
BCU Funding	0.615	0.615	0.307
Contribution to East Midlands Collaboration	10.432	9.508	9.251
Contribution to National Policing	0.024	( .112)	0.024
<b>PROPOSED GROSS SPENDING</b>	<b>166.745</b>	<b>164.780</b>	<b>164.596</b>
<b>Contribution from reserves</b>			
- PFI	( .266)	( .279)	( .298)
- Devolved Carry-Forwards		( .232)	
- Other Reserves			( .017)
	<b>( .266)</b>	<b>( .511)</b>	<b>( .315)</b>
<b>PROPOSED NET SPENDING</b>	<b>166.479</b>	<b>164.269</b>	<b>164.281</b>

**POLICE & CRIME COMMISSIONER FOR DERBYSHIRE  
STATEMENT OF LEVEL OF RESERVES AT 31 MARCH 2013 AND FORECAST LEVELS TO 31 MARCH 2017**

	Axltual Balances at 31/03/13	Movements In 2013/14	Transfers Between Reserves in 2013/14	Contributions to Capital in 2013/14	Estimated Balances at 31/03/14	Projected Movements In 2014/15	Projected Contributions to Capital in 2014/15	Estimated Balances at 31/03/15	Proojected Movements In 2015/16	Projected Contributions to Capital in 2015/16	Estimated Balances at 31/03/16	Movements In 2016/17	Projected Contributions to Capital in 2016/17	Estimated Balances at 31/03/17
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
<b>GENERAL RESERVES</b>	<b>3,300,000</b>				<b>3,300,000</b>			<b>3,300,000</b>			<b>3,300,000</b>			<b>3,300,000</b>
<b>EARMARKED RESERVES</b>														
<b>Useable:-</b>														
Operational Priorities	1,324,693				1,324,693			1,324,693			1,324,693			1,324,693
Operational Funding	19,282,319	360,866			19,643,185	(1,183,226)		18,459,959	(5,834,000)		12,625,959	(12,425,000)		200,959
Contribution to Capital *	5,818,927			(1,694,497)	4,124,430		(2,439,430)	1,685,000		(1,685,000)	0			0
Central Contact Management Centre *	-				-			-			-			-
Helicopter	49,645				49,645			49,645			49,645			49,645
Carry-forwards	3,608,455	(439,100)			3,169,355			3,169,355			3,169,355			3,169,355
Police & Crime Commissioner	1,000,000	(250,000)			750,000	(250,000)		500,000	(250,000)		250,000	(250,000)		0
Pensions	500,000				500,000			500,000			500,000			500,000
Invest To Save *	923,522			(923,522)	-			-			-			-
	<b>32,507,561</b>	<b>(328,234)</b>	<b>0</b>	<b>(2,618,019)</b>	<b>29,561,308</b>	<b>(1,433,226)</b>	<b>(2,439,430)</b>	<b>25,688,652</b>	<b>(6,084,000)</b>	<b>(1,685,000)</b>	<b>17,919,652</b>	<b>(12,675,000)</b>	<b>0</b>	<b>5,244,652</b>
<b>Non-useable:-</b>														
PFI - Ilkeston	1,281,657	(37,339)			1,244,318	(34,146)		1,210,172	(31,069)		1,179,103	(29,294)		1,149,809
PFI - Derby	4,252,687	(215,147)			4,037,540	(214,471)		3,823,069	(211,749)		3,611,320	(215,247)		3,396,073
Helicopter Debt Charges	267,020				0			0			0			0
Insurance	1,175,740	10,000			1,185,740	10,000		1,195,740	20,164		1,215,904	30,851		1,246,755
	<b>6,977,104</b>	<b>(509,506)</b>	<b>0</b>	<b>0</b>	<b>6,467,598</b>	<b>(238,617)</b>	<b>0</b>	<b>6,228,981</b>	<b>(222,654)</b>	<b>0</b>	<b>6,006,327</b>	<b>(213,690)</b>	<b>0</b>	<b>5,792,637</b>
<b>TOTAL EARMARKED RESERVES</b>	<b>39,484,665</b>	<b>(837,740)</b>	<b>0</b>	<b>(2,618,019)</b>	<b>36,028,906</b>	<b>(1,671,843)</b>	<b>(2,439,430)</b>	<b>31,917,633</b>	<b>(6,306,654)</b>	<b>(1,685,000)</b>	<b>23,925,979</b>	<b>(12,888,690)</b>	<b>0</b>	<b>11,037,289</b>
<b>TOTAL RESERVES</b>	<b>42,784,665</b>	<b>(837,740)</b>	<b>0</b>	<b>(2,618,019)</b>	<b>39,328,906</b>	<b>(1,671,843)</b>	<b>(2,439,430)</b>	<b>35,217,633</b>	<b>(6,306,654)</b>	<b>(1,685,000)</b>	<b>27,225,979</b>	<b>(12,888,690)</b>	<b>0</b>	<b>14,337,289</b>

**Note**

Reserves marked with a \* have been created from revenue resources but are earmarked to fund items within the Capital Programme