

**DERBYSHIRE POLICE AND CRIME PANEL**

**REPORT OF THE DIRECTOR OF LEGAL SERVICES OF DERBYSHIRE  
COUNTY COUNCIL**

**PCC BUDGET MONITORING WORKING GROUP UPDATE REPORT**

**17 November 2016**

**1. Purpose of Report**

To update the Panel on the budget monitoring working carried out by the PCC Budget Monitoring Working Group.

**2. Information and Analysis**

The Panel agreed at its pre-meeting on 28 January 2016 to establish a working group to look in more detail at the PCC's in year and longer term budgets.

Members of the working group met with the Treasurer from the Office of the Police and Crime Commissioner on the 13 October. The meeting notes can be found in Appendix One. The objective of the meeting was for members of the working group to further improve their understanding of the current and future budget position in order to assist the Panel with its budget scrutiny role.

Appendix Two provides a summary of financial information from the September Strategic Governance Board, which working group members discussed during the meeting. There is a projected 2016/17 under spend for the Force of £2.123m (down from £2.368m). As in previous years, the overall financial strategy is to place achieved underspends into reserves.

Work is being carried out by the Home Office, in conjunction with the Association of Police and Crime Commissioners (APCC) and the National Police Chiefs Council (NPCC), to inform the development of a new funding formula. It is envisaged that the outcomes of the review work will be presented to Brandon Lewis, the Minister of State for Policing and the Fire Service at the Home Office, for him to determine whether or not to make any changes.

However, for 2017/18, the settlement will be based on the current regime. It is expected that the provisional settlement on police funding for Derbyshire will

be around 18th December, before the Parliamentary Christmas recess and confirmed in mid-February 2017.

Overall, the financial position as presented by the Chief Constable and Treasurer is 'green' – meaning low risk and no action is required. The working group were assured that the PCC is successfully managing the budget.

Members of the working group agreed to the offer from the Treasurer of a training session for all PCP Members. This will take place on the 6<sup>th</sup> December. The objective of the training will be to inform Panel Members of the budget setting process of the PCC in order to prepare Members for the precept meeting in January 2017.

The working group also agreed to request that one or two more Panel Members join the working group. This would ensure there are sufficient Members who have the relevant information and knowledge to update the PCP on budget matters.

### **3. Other considerations**

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health and transport considerations.

### **4. Background papers**

Files held by the Improvement and Scrutiny Officer.

### **5. OFFICER'S RECOMMENDATIONS**

That the Panel approves one or two additional Members joining the working group

Panel Members confirm their attendance at the financial training session on the 6<sup>th</sup> December 2016.

That the Panel notes the information provided in this update from the working group.

**John McElvaney**

**Director of Legal Services**

**Derbyshire County Council**

## **Police and Crime Panel Working Group – OPCC Budget**

### **Meeting Notes 13/10/2016**

Present:

- Councillors Claff and Ellis
- Helen Boffy (Treasurer, OPCC)
- David Rose (Improvement and Scrutiny Officer)

#### 1. Apologies for absence

Councillor Murray sent his apologies.

#### 2. Notes from last meeting

The working group members confirmed the notes from the last meeting. It was agreed that the working group should make a request to the Panel for one or two more Members to join the working group.

#### **Actions:**

- **Add request for additional working group members to the working group's update paper to the Panel in November.**
- **A member to attend the Threat and Risk Seminar, if it goes ahead.**

#### 3. Update

The working group members and the Treasurer discussed various items based around the budget setting and management process and current developments.

This was in line with the objectives of the working group, which are to:

- Better understand the financial processes that the Police and the OPCC operate under.
- Understand what potential service impacts there are as a result of financial decision being made. This includes how it impacts on each Police and Crime Plan objective.

- How to add value to the Panel Members in terms of budget monitoring knowledge/information in view of their remit of challenge and support of the PCC.

The following points were noted:

Budget setting and management:

- Members discussed the latest financial analysis from the Strategic Governance Board.
- The level of reserves is healthy; with the forecasted underspend, like previous years, planned to be moved to usable reserves for future need.
- Two PFI contracts – Derby and Ilkeston. The Derby contract has been re-negotiated.
- There is investment in new staff for the Contact Centre to deliver the 101 service.
- Members noted the financial strategy used since 2008/09 and the Moving Forward Programme. This encouraged retaining underspends and adding to reserves to ensure future cuts in budgets could be managed.
- In terms of current underspends, Members noted the need for budgets to be programmed in for major incidents, such as a murder investigations, which cannot be predicted. If such an incident occurs, this will use the planned budget (for example on overtime costs).
- Members also noted that underspends in % terms are very low – for example only 2% of planned budget.
- In terms of budget monitoring, savings were planned against the year-end. Savings are not identified to be made in any particular month. However, there is some degree of budget profiling.
- Members noted this approached has worked well for the OPCC and the Force in previous years.

- Members also discussed the work of the Joint Assurance and Risk Audit Committee.

#### Funding Formula and 17/18 settlement:

- Members noted the work to develop a new funding formula for 2018/19.
- Work is being carried out by the Home Office, in conjunction with the Association of Police and Crime Commissioners (APCC) and National Police Chiefs Council (NPCC) to inform the development of a new funding formula.
- The overall Police fund set by the Treasury is then top-sliced by the Home Officer (for various national projects including Transformation Fund, HMIC etc...).
- The rest of the allocation is then put through the funding formula. In previous years, this has been based on indicators such as the number of licensed premises in a certain area.
- Brandon Lewis, the Minister of State for Policing and the Fire Service at the Home Office wrote to all PCCs in September, informing them of the work being carried out.
- It is envisaged that the outcomes of the review work will be presented to Brandon Lewis in March 2017 for him to determine any changes (or not).
- However, for 2017/18, the settlement will be based on the current regime. It is expected that the provisional settlement on police funding for Derbyshire will be announced around 18<sup>th</sup> December, before the Christmas recess and confirmed in mid-February 2017.

#### Financial Training for PCP Members:

- Members of the working group agreed to the offer from the Treasurer of a training session for all PCP Members, subject to Panel approval.

- The objective of the training will be to inform Panel Members of the budget setting process of the PCC. This will be to help prepare Members for the precept meeting in January 2017.
- The training session will be on 6<sup>th</sup> December from 11am to 1pm.
- A working group meeting will follow this at 1:30-2:30pm. It was agreed to discuss the medium term financial plan and the capital programme.

### **Actions**

- **Inform Members of the proposed training session on the 6<sup>th</sup> December.**
- **Bring medium term financial plan and capital programme to the next working group meeting.**

## Appendix Two

### **Summary of key points from SGB meeting: 19 September 2016**

The latest financial briefing was presented by the Chief Constable to the PCC at the last Strategic Governance Board on the 19 September. The full briefing is at the end of this document.

The main points were:

- Little has changed since the last briefing presented in July, with a projected 16/17 under-spend for the Force of £2.123m (down from £2.368m).
- The main area of under spends continues to be around Police Officer and staff costs, particularly higher than expected maternity leave.
- Reserves are projected to be reduced by £11m by end of financial year.
- Investment returns continue to be suppressed and will take a while to feed through to the budget figures.
- The capital programme investment, including the new joint HQ and major new Information Systems continues. 27% of this programme has already been spent.
- Further investment is being made in mobile office (one of the Police and Crime Plan's priorities) and this may impact on the budget.
- The OPCC budget showing an anticipated £92k underspend for 16/17. However, this is not explained as to why. This has changed from £32k in July.

Overall, the financial position as presented by the Chief Constable and Treasurer is 'green' – meaning low risk and no action is required. However, on some individual lines, there are some marked 'amber' meaning management review is required and one 'red' – on operational support which means management attention is required. This is the same situation as reported in July.