

**STRATEGIC GOVERNANCE BOARD**  
**22 JANUARY 2018**  
**REPORT OF THE CHIEF CONSTABLE**  
**AND CHIEF FINANCE OFFICER FOR THE POLICE AND CRIME**  
**COMMISSIONER**

|                                                         |
|---------------------------------------------------------|
| <b><u>REVENUE BUDGET AND PRECEPT REPORT 2018/19</u></b> |
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**1. PURPOSE OF THE REPORT**

- 1.1 To provide details of the local government finance settlement for 2018/19, to summarise the proposed revenue budget and to consider the level of precept to be notified to the Police and Crime Panel for 2018/19.

**2. HEADLINES OF THE REPORT – WHAT IT MEANS FOR DERBYSHIRE**

- 2.1 In reading this report and the supporting documents, it is useful to keep in mind the following key headlines:
- 2.2 The government grant settlement and precept flexibility (up to £12 for a Band D property) was better than expected for the police service. In Derbyshire, it sees our funding keep track with inflation (CPI – 2.80% Nov 2017) between 2017/18 and 2018/19.
- 2.3 The Commissioner whilst welcoming additional funding regrets the burden having been transferred to the public of Derbyshire. The Commissioner has consulted with the public of Derbyshire concerning his proposal to increase the precept by £12 in 2018/19. This consultation ran until January 17<sup>th</sup> 2018 and generated 1,229 results. 71.6% of respondents supported a precept increase of £12 or more. The consultation is discussed in more detail from paragraph 3.37 onwards below.
- 2.4 The budget settlement means we are able to avoid cuts in police and staff numbers, reductions in local community policing and difficult decisions over what services we would have to stop providing.
- 2.5 We now have a more positive outlook across the next few years and can instead look to invest in our people, IT and Estate.

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2.6 The additional funding that we will have in 2018/19 (**£4.4m** compared to 2017/18 levels) will allow us to:

- Increase our police officer establishment by 25 during 2018/19 in response to the current and emerging risks and threats identified both locally and nationally. These include Child Abuse & Exploitation, Domestic Abuse, Sexual Violence, Modern Slavery / Human Trafficking and Cyber Crime (**£0.4m**, rising to approximately £0.8m in the following year).
- Invest in our IT capabilities particularly in implementing and exploiting new technology, the Force's analytical capacity, our leadership training, additional resources to manage a larger police recruitment and other identified priorities (**£1.5m** – see section entitled “Future Investment” at paragraphs 7.2 to 7.12 of **appendix 1**).
- Extend the Chief Constable's Innovation Fund for a further year. This fund allows the Chief to both incentivise and support creativity amongst his workforce (**£0.3m**).
- Review the establishment within the Commissioner's own office to resource the greater demands placed on him regarding: national changes to his responsibility regarding police complaints, an enhanced public engagement strategy, collaboration with partners including Fire and developing how he commissions services (**£0.1m**).
- Absorb the cost of the 'additional' 1% pay inflation awarded to police officers in 2017/18 and being extended to police staff also (**£0.9m**).
- Reduce the deficit on the 2018/19 budget that is required to be funded from reserves (**£0.4m**).
- Absorb underlying cost pressures in our medium-term plans including pay inflation (not the additional 1% referred to above) and other non-pay costs like software license

increases, insurance premium rises and accommodation rental (**£0.8m**).

- 2.7 We still have to fund a deficit in 2018/19 of some £1.5m from reserves despite increasing the precept by £12 next year. The government settlement and precept flexibility helps but is by no means a permanent solution to our funding challenges. The need to identify further efficiencies remains and will continue to challenge the Force in the future.
- 2.8 We have included a larger contribution to our capital programme from 2018/19 onwards (**£3m**, an increase of £1.4m) in the revenue budget. This is because our reserves are diminishing and we face the need to finance our future capital expenditure using debt. The additional contribution from the revenue budget will help to reduce the amount of debt taken.

### **3. EXECUTIVE SUMMARY**

- 3.1 **Appendix 1** sets out the spending plans for the Police and Crime Commissioner for Derbyshire and Derbyshire Constabulary for 2018/19 and indicative plans up to 2021/22. It provides the detailed rationale to support the revenue budget and precept proposals for 2018/19.
- 3.2 These budget plans will be subject to scrutiny and potential veto by a Police and Crime Panel consisting of local authority and independent representatives.
- 3.3 Since 2010, our budget plans have been dominated by a prolonged period of austerity. During this time Derbyshire Police has seen its grant cut by £25m, equivalent to £40m in real terms.
- 3.4 Dealing with these grant reductions has required tough decisions to be taken, which have ultimately resulted in a significant reduction in both police officers and police staff posts.
- 3.5 Derbyshire Police has delivered savings in excess of £38m during this period that have helped to maintain our sound financial position. Crime levels have also fallen during this time, although headline crime levels are now starting to rise.

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- 3.6 It is worth remembering that the Police Service faced further substantial cuts in 2015. The abhorrent events in Paris that year resulted in a rethink and since that time funding, including the precept has not been cut any further. The government still reduced grant to take account of any rise in precept due to growing property numbers.
- 3.7 Derbyshire Police has invested many its reserves in technology and a new Joint Headquarters to help generate efficiency by developing its relationship with the Fire Service.
- 3.8 Despite this investment further pressures still remain, with a need to update and upgrade the rest of the police estate as well as the continual need to keep pace with technology.
- 3.9 Crime is also changing significantly with ever more focus on protecting the vulnerable and a whole range of “new” crimes, such as modern slavery and human trafficking that were never envisaged even a few years ago. Cyber-crime is another major area of policing risk. Just as we live in a more virtual world, criminals are also operating in the same new virtual world. Hence the need to invest in technology to at least keep pace with them.
- 3.10 Nationally the Police Service has highlighted the significant pressure on policing just to stand still, not to mention the new and emerging challenges that we face.

#### **Funding Settlement 2018/19**

- 3.11 On 19<sup>th</sup> December 2017, Mr Nick Hurd, the Policing Minister announced the funding settlement for police forces. The key elements were as follows:-
- An extra £450m investment in policing
  - Flat cash settlement i.e. police grant will be the same as in 2017/18
  - PCCs enabled to raise their precept by up to £12 a year. This will generate up to £270m
  - Investment in national policing priorities of up to £130m
  - Extra funding for counter-terrorism of £50m
- 3.12 The Minister provided some indications for the following year 2019/20. It appears that this will be linked to as yet undefined efficiency targets.

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- Flat cash settlement
  - Repeat precept flexibility of up to £12
- 3.13 On a less positive note, the Minister also indicated that there would be no further change to the funding formula before the next spending review and that capital grants would continue at their current restricted level.
- 3.14 Nevertheless, the settlement was better than many predicted and gives police forces some flexibility to plan for the future. There will now be greater expectations placed on policing nationally and locally. It is worth noting that the year 2 offer is conditional on delivering against a number of efficiency targets which as yet are undefined and therefore the impact unknown.
- 3.15 For Derbyshire Police it means that we can focus our attention on reshaping our organisation to keep pace with the changing and emerging policing risks that we now face.
- 3.16 Any money we save can now be redirected to improving the service we provide and reducing our overall policing risk rather than closing a budget gap.

### **Derbyshire Police Context**

- 3.17 This financial year has seen greater pressure on Derbyshire Police's finances. This included the added cost of a major new policing operation following a protest against shale gas extraction as well as the cost of the additional unconsolidated pay award for police officers. This means that we are anticipating a potential over-spend this year of up to £1.8m.
- 3.18 Prior to the settlement, Derbyshire Police was also projecting that it would face a growing budget deficit of up to £3m over the next four years if previous grant and precept restrictions remained.
- 3.19 The recent funding announcement (both grant and precept) means an additional £4.4m to Derbyshire next year compared to 2017/18. From that additional funding we have to meet the unavoidable costs of pay inflation and other non-pay cost pressures. However this additional funding will still help reduce the previously anticipated budget deficit as well as providing some scope for new investment.

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- 3.20 The additional funding can only be achieved if the Commissioner uses the full £12 precept flexibility put forward by the Government.

### **Budget Proposals**

- 3.21 The budget proposals made in this report make a start to address the new and emerging risks that we face by increasing police officer numbers. Proposals to provide an extra 25 police officers will see the funded police officer establishment increase for the first time since the start of austerity to 1700 officers.
- 3.22 The budget proposals also set aside money to further develop our people and the technology that they use.
- 3.23 The scale and changing nature of the risks we face means that we also need reshaping our organisation more fundamentally. We therefore need to continue with plans to carry out an efficiency review to refocus more of our resources towards new and emerging crime risks.
- 3.24 As a start to this process, the Chief Constable is committed to releasing another 25 police officers to allocate against new policing risks in 2018/19.
- 3.25 This means that this budget will effectively enable Derbyshire Police to focus 50 police officers against the new and emerging risks that we face.

### **Office of the Police and Crime Commissioner**

- 3.26 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**:

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| Office of the Police and Crime Commissioner   | Approved Budget<br>2017/18<br>£m | Revised Budget<br>2017/18<br>£m | Proposed Budget<br>2018/19<br>£m |
|-----------------------------------------------|----------------------------------|---------------------------------|----------------------------------|
| Commissioner's Office                         | 1.072                            | 1.076                           | 1.176                            |
| Crime Prevention Fund                         | 0.250                            | 0.275                           | 0.250                            |
| Community Safety Fund                         | 1.266                            | 1.004                           | 1.309                            |
| Victim and Witness Services                   | 1.133                            | 1.155                           | 1.090                            |
| <b>Sub-Total</b>                              | <b>3.721</b>                     | <b>3.510</b>                    | <b>3.825</b>                     |
| Revenue Contributions to Capital              | 1.665                            | 1.665                           | 3.092                            |
| Debt Charges                                  | 0.772                            | 0.771                           | 0.597                            |
| Interest Receipts                             | (0.076)                          | (0.076)                         | (0.095)                          |
| <b>Sub-total</b>                              | <b>6.082</b>                     | <b>5.870</b>                    | <b>7.419</b>                     |
| Contribution from Reserves                    | (0.250)                          | (0.250)                         | (0.250)                          |
| Contribution to Reserves                      | 0.008                            | 0.267                           | 0.022                            |
| Grant from the Ministry of Justice (estimate) | (1.215)                          | (1.215)                         | (1.215)                          |
| <b>Net Budget Requirement</b>                 | <b>4.625</b>                     | <b>4.672</b>                    | <b>5.976</b>                     |

- 3.27 The Commissioner allocates over 99% of the total funding he receives to operational policing and commissioned services.
- 3.28 The Commissioner's budget also includes all capital financing costs to cover the currently low level of borrowing for police assets e.g. buildings that are owned directly by the Commissioner.
- 3.29 In previous years the Commissioner has been able to use reserves to fund investment in major building and IS projects, although in future more of these projects will need to be funded through borrowing. This means that our capital financing costs are set to increase over time.

## CHIEF CONSTABLE'S BUDGET

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

| Chief Constable                   | Revised Budget<br>2017/18<br>£m | Proposed Budget<br>2018/19<br>£m |
|-----------------------------------|---------------------------------|----------------------------------|
| Derbyshire Constabulary           | 149.396                         | 152.356                          |
| East Midlands Collaboration       | 10.427                          | 10.311                           |
| BCU Fund                          | 0.351                           | 0.318                            |
| Partnerships                      | 0.803                           | 0.561                            |
| Contribution to National Policing | 0.755                           | 0.400                            |
| <b>Sub-total</b>                  | <b>161.732</b>                  | <b>163.946</b>                   |
| Contributions from Reserves       | (1.994)                         | (0.752)                          |
| <b>Net Budget Requirement</b>     | <b>159.738</b>                  | <b>163.194</b>                   |

- 3.31 This budget requirement will put the Constabulary on course to return its police officer numbers to 1700, the first increase in its police officer establishment since the start of austerity. This will help bolster existing officer numbers focussed on the new and emerging risks that we face.
- 3.32 In addition the budget also provides extra resources for:-
- key enabling investment in new technology
  - developing our existing officers and staff.
- 3.33 The Chief Constable has made a commitment to reshape the way policing is delivered to respond effectively to the new and emerging risks that we face. The process of identifying our key policing risks and the investment needed to address them has already started.
- 3.34 The Chief Constable understands that the improved settlement will not meet all of these risks and that further work is required to reshape the



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Constabulary's finances over the next two years to release further resources to meet the new and emerging policing risks.

- 3.35 As a start to this process the Chief Constable has committed to release the equivalent of 25 existing police officers to be redirected towards new policing risks.
- 3.36 The Chief Constable's rationale for proposing this budget is set out clearly in the attached report at **Appendix 1**.

### **PUBLIC ENGAGEMENT**

- 3.37 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.
- 3.38 The Commissioner regrets that the burden for properly funding the police service in Derbyshire has been passed to local taxpayers but wanted to hear from the public regarding their views.
- 3.39 During the most recent survey conducted by the Commissioner he received significant support for increasing his precept. 44.0% of respondents stated they would support an increase of £12 on the precept whilst a further 27.6% of respondents supported an increase in excess of £12. Therefore in total 71.6% of respondents were supportive of an increase of at least £12 in the precept next year. This level of support from the public gives the Commissioner significant assurance regarding his plans.

### **REFERENDUM PRINCIPLES**

- 3.40 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 conducting a referendum. The Secretary of State has set the limit for next year (2018/19) at £12 for all police forces.
- 3.41 The table below summarises the overall budget for Derbyshire Police, which will be determined by the Commissioner, which follows the assumptions set out in the police funding settlement. Overall this is equivalent to a budget increase of 2.7%.

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| <b>Precept Option</b>                     | <b>Precept Increase<br/>£12 (6.6%)<br/>£m</b> |
|-------------------------------------------|-----------------------------------------------|
| Police and Crime Commissioner             | 5.976                                         |
| Chief Constable                           | 163.194                                       |
| <b>Total Budget for Derbyshire Police</b> | <b>169.170</b>                                |
| <b>Funded by: -</b>                       |                                               |
| Police Formula Grant                      | (98.437)                                      |
| Council Tax Legacy and Freeze Grants      | (8.700)                                       |
| <b>Sub-Total</b>                          | <b>62.033</b>                                 |
| Budget (Deficit) to be met from Reserves  | (1.514)                                       |
| <b>Sub-Total</b>                          | <b>60.519</b>                                 |
| (Surplus)/Deficit on Collection Accounts  | (0.426)                                       |
| <b>Council Tax Requirement</b>            | <b>60.093</b>                                 |

3.42 The Precept increase of 6.6% is detailed as follows:-

|                                     | <b>Council Tax Government Limit</b> |
|-------------------------------------|-------------------------------------|
| Net Revenue Budget                  | £169.170m                           |
| Budget Increase (%)                 | 2.7%                                |
| Proposed Council Tax Requirement    | £60.093m                            |
| Police Council Tax (Band D)         | £192.60                             |
| Police Council Tax Increase (£)     | £12.00                              |
| Police Council Tax Increase (%)     | 6.64%                               |
| Proposed Contribution from reserves | £1.514m                             |

*Note: For further information see Annex E*

- 3.43 The provisional precept is based on Council Tax base figures notified to date and is subject to further adjustment up to 31<sup>st</sup> January 2018.

### Reserves

- 3.44 The budget plans accommodate all the known immediate financial risks facing Derbyshire Police. Nevertheless risks continue to remain over inflation and the impact of future pay awards. Equally, major and unpredictable new policing operations can also impact heavily on the budget. As it stands reserves are sufficient to provide a cushion against these risks.

- 3.45 The table below shows the projected level of reserves up to 2021: -

| Reserve                            | 31/03/2018    | 31/03/2019    | 31/03/2020    | 31/03/2021    |
|------------------------------------|---------------|---------------|---------------|---------------|
|                                    | £m            | £m            | £m            | £m            |
| <b>General</b>                     | <b>4.000</b>  | <b>4.000</b>  | <b>4.000</b>  | <b>4.000</b>  |
| <b>Earmarked – Usable</b>          |               |               |               |               |
| Operational Priorities             | 1.325         | 1.325         | 1.325         | 1.325         |
| Operational Funding and Investment | 6.641         | 5.127         | 5.127         | 5.127         |
| Carry Forwards                     | 2.217         | 0.750         | 0.750         | 0.750         |
| Police and Crime Commissioner      | 2.131         | 1.881         | 1.631         | 1.381         |
| Pensions                           | 0.500         | 0.500         | 0.500         | 0.500         |
| <b>Total Earmarked – Usable</b>    | <b>12.814</b> | <b>9.583</b>  | <b>9.333</b>  | <b>9.083</b>  |
| <b>Earmarked – Non-usable</b>      | <b>4.895</b>  | <b>4.535</b>  | <b>4.132</b>  | <b>3.692</b>  |
| <b>Total Reserves</b>              | <b>21.709</b> | <b>18.118</b> | <b>17.465</b> | <b>16.775</b> |

- 3.46 These projections show that reserves are expected to continue to fall over the next four years. Reserves are already at their lowest level since 2005/6. Nevertheless they still remain at a prudent level on the basis that:-

- The current funding settlement provides greater certainty over future funding up to 2020.

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- The budget projection shows that the budget is balanced up to 2021/22 based on current assumptions.

3.47 Reserves are still sufficient to meet any unforeseen operational or organisational pressures over the four year planning period.

3.48 It is also worth noting that the Operational funding reserves of £5m will also provide the potential to invest to deliver long term savings as part of the efficiency review.

3.49 Further detail on the level of reserves is set out in Appendix 1

3.50 The table below shows the projected movements in reserves during 2018/19.

|                                 | Balances<br>at<br>31/03/18<br>£m | Proposed<br>Movements<br>from / (to)<br>Revenue<br>£m | Proposed<br>Contribution<br>from / (to)<br>Capital<br>£m | Balances<br>at<br>31/03/19<br>£m |
|---------------------------------|----------------------------------|-------------------------------------------------------|----------------------------------------------------------|----------------------------------|
| <b>GENERAL RESERVES</b>         | <b>4.000</b>                     | -                                                     | -                                                        | <b>4.000</b>                     |
| <b>EARMARKED RESERVES</b>       |                                  |                                                       |                                                          |                                  |
| <b>Useable:-</b>                |                                  |                                                       |                                                          |                                  |
| Operational Priorities          | 1.325                            | -                                                     | -                                                        | 1.325                            |
| Operational Funding             | 6.641                            | (1.514)                                               |                                                          | 5.127                            |
| Carry-forwards                  | 2.217                            | (1.467)                                               | -                                                        | 0.750                            |
| PCC Grants & Commissioning      | 2.131                            | (0.250)                                               | -                                                        | 1.881                            |
| Pensions                        | 0.500                            | -                                                     | -                                                        | 0.500                            |
| <b>Total Useable</b>            | <b>12.814</b>                    | <b>(3.231)</b>                                        |                                                          | <b>9.583</b>                     |
| <b>Non-useable:-</b>            |                                  |                                                       |                                                          |                                  |
| PFI - Ilkeston                  | 1.111                            | (0.056)                                               | -                                                        | 1.055                            |
| PFI - Derby                     | 3.103                            | (0.307)                                               | -                                                        | 2.796                            |
| Insurance                       | 0.681                            | 0.003                                                 | -                                                        | 0.684                            |
| <b>Total Non-Useable</b>        | <b>4.895</b>                     | <b>(0.360)</b>                                        | -                                                        | <b>4.535</b>                     |
| <b>TOTAL EARMARKED RESERVES</b> | <b>17.709</b>                    | <b>(3.591)</b>                                        |                                                          | <b>14.043</b>                    |
| <b>TOTAL RESERVES</b>           | <b>21.709</b>                    | <b>(3.591)</b>                                        |                                                          | <b>18.118</b>                    |

## **FUTURE STRATEGY**

- 3.51 The key aim is to enable Derbyshire Constabulary and the Commissioner to achieve stable and sustainable finances that are directed at meeting the policing risks within the county as set out within the Police and Crime Plan.
- 3.52 The Government has provided all Commissioners with greater flexibility to increase precept locally to make their budgets more sustainable as well as addressing some of their new and emerging policing risks.
- 3.53 While the precept decision cannot be taken lightly due to the impact on local taxpayers, it is evident that there is a need to adopt this flexibility to enable Derbyshire Police to continue to address new policing risks and maintain stable finances and sound performance.
- 3.54 Just like any other organisation, Derbyshire Police also has to respond to a changing environment and in particular adjust its resources to focus on new and emerging crime risks. This will require a further efficiency review to reshape police finance over the next two years.
- 3.55 The responsible use of reserves has always played a key role to ensure that we are able to manage through the continued uncertainty. With the settlement, the level of uncertainty has reduced but not disappeared. We still need reserves to help cushion the impact of sudden unforeseen spending pressures. Reserves also play a big part in helping to meet the costs of change as we seek to reshape Derbyshire Police so that it can meet the new and emerging policing risks that it faces.

## **4. EXPLAINING THE PROCESS**

- 4.1 Once the Commissioner has scrutinised and challenged the budget proposals made by the Chief Constable, together with considering his own plans for his office and commissioning activities in 2018/19, the entirety of the budget proposal (including capital, prudential indicators and treasury management) are discussed at the Strategic Governance Board (SGB). If the recommendations of the relevant papers are agreed by the Commissioner, he will make a decision in principle on the level of precept to set for 2018/19, which is taken to the Police & Crime Panel.

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- 4.2 The Police & Crime Panel then meet to discuss and debate the Commissioner's precept proposal before providing a formal response to the Commissioner. If that response confirms support, the Commissioner will then formally sign-off on the precept level for 2018/19 and that decision will be noted at the March 2017 SGB.
- 4.3 In the event that the Police & Crime Panel chooses to veto the Commissioner's proposed precept level, the Commissioner will then revisit his proposal and confirm the final decision. At that point, the Commissioner will formally sign-off on the precept level for 2018/19 and that decision will be noted at the March 2017 SGB.

## 5. RECOMMENDATIONS

- 5.1 In respect of the revenue budget for 2018/19
- i. To note the information and analysis as set out in this report and **Appendix 1**.
  - ii. To agree the proposed adjustments to the 2018/19 budget as detailed in **Annex A**.
  - iii. To note the assumptions as set out in **Annex A**.
  - iv. To approve a revenue contribution to capital of £3.092m in the revenue budget.
  - v. To approve the revenue budget for 2018/19.

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

- vi. Consider the increase to council tax, and having received a final council tax assurance statement from the Chief Finance Officer, to notify the Police and Crime Panel accordingly
- vii. To agree to continue with the use of reserves to bridge the budget gap in 2018/19 and to provide investment in key risk areas in accordance with the approved budget strategy.
- viii. To authorise the movement of reserves during 2018/19 as shown in paragraph 3.50.
- ix. To note the associated financial projection for 2018/21.

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### IMPLICATIONS

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

|                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| <b>Contact details<br/>in the event<br/>of enquiries</b> | <b>Name: Chief Superintendent Steve Wilson</b><br><b>External telephone number: 0300 122 4140</b><br><b>Email address: <a href="mailto:sgb@derbyshire.pnn.police.uk">sgb@derbyshire.pnn.police.uk</a></b><br><b>Name: Andrew Dale</b><br><b>External telephone number: 0300 122 6005</b><br><b>Email<br/>address: <a href="mailto:andrew.dale.16973@derbyshire.pnn.police.uk">andrew.dale.16973@derbyshire.pnn.police.uk</a></b> |
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### BACKGROUND PAPERS

### ATTACHMENTS

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| <b>1</b> | <b>Detailed Budget Proposals for 2018/2019</b> |
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| <b>B</b> | Budget for the Office of the Police and Crime Commissioner |
| <b>C</b> | Budget for the Chief Constable                             |
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| <b>E</b> | Precept Calculation                                        |

## **SPENDING PLANS 2018/19**

### **1. BACKGROUND**

- 1.1 This document sets out the spending plans for the Police and Crime Commissioner for Derbyshire and Derbyshire Constabulary for 2018/19 and indicative plans up to 2021/22. It provides the detailed rationale to support the revenue budget and precept proposals for 2018/19.
- 1.2 These budget plans will be subject to scrutiny and potential veto by a Police and Crime Panel consisting of local authority and independent representatives.
- 1.3 Since 2010 future spending plans have been dominated by the challenge of Austerity. This has imposed unprecedented spending cuts on policing that have impacted significantly on Derbyshire Police.
- 1.4 The Constabulary started to plan as early as 2009 to meet the challenge of austerity. Up to 2015, this was extremely difficult. Derbyshire Police has faced challenging decisions around reductions in officer numbers, job losses and significant restructuring to try to save money to maintain our operational resources.
- 1.5 The pressure on funding eased to some extent in 2015, which saw the end of substantial funding cuts. Funding, including the precept, has not been cut any further in absolute terms. Nevertheless, it still does not keep pace with inflation and the growing policing pressures that Derbyshire Police is facing.
- 1.6 More recently the impact of previous spending cuts has started to be more evident in terms of our ability to adapt to new policing demand. Equally it is evident that we now need to invest substantially in our building stock, which has been neglected during the austerity years.
- 1.7 Austerity has also had a marked impact on our workforce and we need to invest further in their development to help them to adapt to the new policing risks that we face.
- 1.8 Technology is an area, where we have invested significantly in recent years to upgrade our core systems. We know that we need to invest more to keep pace with the new policing risks that we face with fewer officers and staff to address them.
- 1.9 Derbyshire Police emerged from the Austerity years with sound finances, which puts it in a better position than many other police forces to face the new policing challenges that it now faces. This has been confirmed consistently by successive HMIC inspections.
- 1.10 During this time it has built up reserves, which it has used to invest for the future. It has updated many core policing systems and helped to fund a new Joint Headquarters, which paves the way for closer working and efficiency with the Fire Service.
- 1.11 Reserves are not infinite and by the end of this financial year are expected to be at their lowest level since 2005. This means that we will rely more heavily on borrowing to fund future investment rather than using reserves.
- 1.12 Significant financial pressures still lie ahead. Prior to the December 2017 Grant announcement uncertainty remained over whether Brexit will result in further



significant public spending cuts. There was also further uncertainty over whether the Government will change the way it allocates grant to police forces.

- 1.13 On the 19<sup>th</sup> December 2017, the Government announced an enhanced package of funding for policing, worth over £450m. At a local level, much of this extra funding is reliant on Police and Crime Commissioners using additional flexibility to increase their local police precepts by up to £12.
- 1.14 The Minister for Policing also sought to provide further certainty that the flexibility and funding levels would be maintained for 2019/20. This will be subject to the achievement of certain, as yet to be set, efficiency targets. He also stated that there were no plans to change the existing system of grant allocations until the next spending review. Again, no date for this has been specified.
- 1.15 The grant announcement came at a time when Derbyshire Police's finances were under some pressure. This will be the first year when Derbyshire Police exceeds its budget by some £1m due to a major policing operation and the impact of an increased pay award for police officers.
- 1.16 The settlement will help maintain Derbyshire Police's finances on a sound footing. On current plans our budget is balanced for the next four years up to 2021/22, with some limited headroom for further investment.
- 1.17 In the short term this will enable Derbyshire Police to bolster its police officer numbers and return to an establishment of 1700 officers across Derbyshire, the first increase in officer numbers for nearly 10 years. Derbyshire Police will also be able to kick start further investment in developing its people, technology and its estate.
- 1.18 This paper also outlines the bigger policing challenges and risks facing Derbyshire Police. The extra funding will not be enough to cover all of these new risks and challenges. Derbyshire Police will need to reshape the way it allocates its resources to make sure they are directed towards the key risks that it faces.
- 1.19 This paper therefore also sets out plans for a further efficiency review that is designed to reshape the way Derbyshire Police allocates resources against policing risk. As a start to this process the Chief Constable is committed to matching the additional 25 officers by releasing a further 25 existing officers to focus on new and emerging policing risks.
- 1.20 The settlement means that any money that is saved can then be ploughed back into improving policing within Derbyshire rather than closing a budget gap.

## **2. NATIONAL AND LOCAL POLICING PRIORITIES**

- 2.1 Crime is changing. While our recording processes at a national level have not kept pace with new and emerging crime, it is clear that digitisation and the virtual world is having a marked impact on crime.
- 2.2 **Protecting the Vulnerable** is an area where Derbyshire Police has always invested heavily. During Austerity, Derbyshire Police was alert to new and emerging risks around protecting the most vulnerable in our community. It has maintained and indeed increased the resources in that area, particularly around Child Abuse and Child Sexual exploitation. The extent of this risk continues to grow along with newer risks as we understand more about the impact of modern slavery, people trafficking and forced marriage.

- 2.3 **Cyber Crime and Fraud** are areas where policing risk is growing exponentially. Criminals are increasingly adept at operating in our growing virtual world. We need the skill and technology to keep pace with them.
- 2.4 **Domestic extremism** is another area of enhanced policing risk, as was highlighted in the recent incident in Chesterfield.
- 2.5 At the same time “traditional” crimes still impact heavily on our communities. Domestic Abuse, Sexual Violence, Substance Misuse and Anti-social behaviour are all areas that we need to resource effectively.
- 2.6 Organised crime groups also feature in many new and emerging types of crime. This means that we also need to work more regionally and nationally to address them.
- 2.7 Our assessment of risk threat and harm is becoming ever more important as we have to refocus our resources on new and emerging crime types, while still ensuring that we continue to address the more traditional crime areas.
- 2.8 Derbyshire Police worked with Community Safety Partners across the county to identify its main operation risks, which are prioritised below.

|    |                                           |
|----|-------------------------------------------|
| 1  | Child Abuse and Child Sexual Exploitation |
| 2  | Modern Slavery and OICHTE                 |
| 3  | Domestic Abuse                            |
| 4  | Sexual Violence                           |
| 5  | Organised Crime                           |
| 6  | Cyber Crime                               |
| 7  | Domestic Extremism                        |
| 8  | Substance Misuse                          |
| 9  | Anti-Social Behaviour                     |
| 10 | Fraud                                     |

- 2.9 The Police and Crime Plan 2016-2021 was published by the Commissioner in November 2016. This plan summarises the areas of policing that will take precedence during his term of office. In response the Chief Constable produced a delivery document, which explains how the Constabulary will protect the public, deal with high level risks and threats and in doing so deliver the commitments made in the Police and Crime Plan.

### 3. OUR CURRENT PERFORMANCE

- 3.1 Overall recorded crime has been on the increase in Derbyshire over recent years. 2016/17 saw an increase of over three percent in comparison with the previous years and this followed an increase of just under three percent the previous year. Although Derbyshire has seen an increase in recorded crime in recent years this has been one of the smallest increases across England and Wales and Derbyshire remains one of the safest counties to live and work.
- 3.2 During 2017/18, the increasing trend has continued in comparison to levels of recorded crime in the previous year. As with previous years, despite seeing an increase, Derbyshire is expected to record one of the smallest increases across England and Wales. The table below shows the estimated year on year change for a number of key crime areas:-

| Crime Group                               | 2016/17       | 2017/18 Est.  | Est. Volume Change | Est. % Change |
|-------------------------------------------|---------------|---------------|--------------------|---------------|
| Violence against the person               | 12,338        | 12,950        | 612                | 5%            |
| Sexual Offences                           | 1,874         | 1,950         | 76                 | 4%            |
| Burglary                                  | 6,449         | 6,260         | (189)              | (3%)          |
| Vehicle Crime                             | 6,034         | 6,440         | 406                | 7%            |
| Robbery                                   | 549           | 630           | 81                 | 15%           |
| Shoplifting                               | 6,247         | 6,720         | 473                | 8%            |
| <b>Victim Based Offences</b>              | <b>49,164</b> | <b>51,650</b> | <b>2,486</b>       | <b>5%</b>     |
| <b>All Crime (Exc. Fraud and Forgery)</b> | <b>54,359</b> | <b>56,760</b> | <b>2,401</b>       | <b>4%</b>     |

3.3 It is currently estimated, based on current recording levels, that there will be an expected four to five percent increase at the end of the year in overall recorded crime. Across the crime types however, the proportion of increase varies considerably. Areas that are currently looking at seeing the largest increases are acquisitive based offences such as robbery and shoplifting.

3.3 Burglary offending saw an increase of offences earlier in 2017/18, however, offending has reduced considerably in recent months and it now predicted to see a slight fall in volume compared to the previous year

### **Demand**

3.4 Recorded crime continues to be the most reported on aspect of police work however it is thought to actually only account for approximately 20% of the activity carried out by officers. Despite increases in recorded crime, traditional crime continues to diminish. New areas of offending such as cyber-crime, modern slavery and child abuse continue to increase. These new areas all bring high levels of demand and are often only captured partially, if at all, in traditional counted crime.

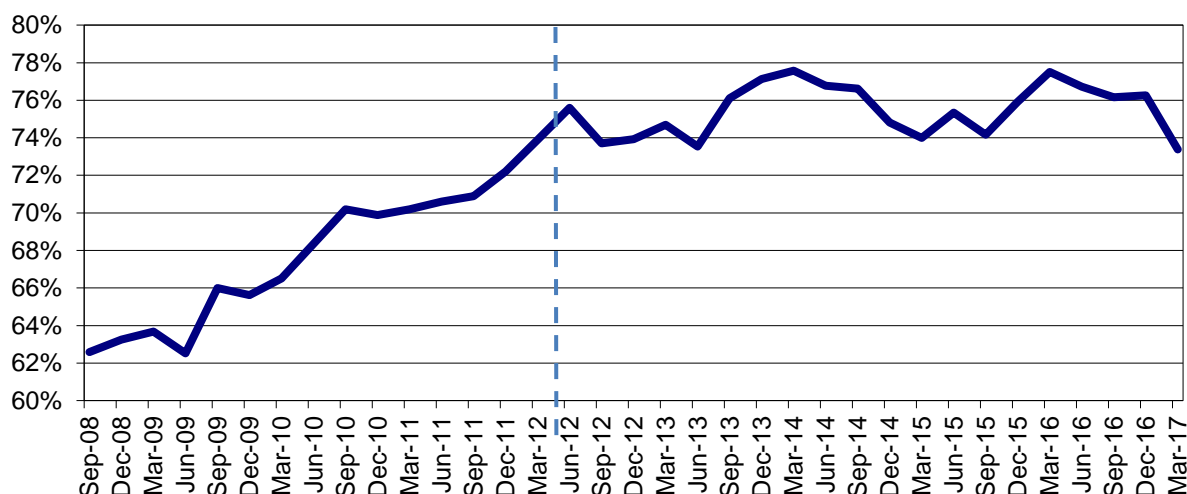
3.5 Some new areas of offending are thankfully small in volume but continue to be resources intensive and often involve complex investigations. Cases such as child sexual exploitation or homicide are rare within Derbyshire but require a significant number of highly skilled staff to carry out detailed and often long investigations. There are also other areas of high volume such as domestic abuse where these highly skilled staff are also required. We have over 17,000 domestic abuse related incidents reported within Derbyshire each year.

3.6 Anti-social behaviour (ASB) incidents is another high volume area of demand within Derbyshire. Thankfully the volume for reported ASB incidents continues to fall year on year and is estimated to remain stable for 2017/18 if not slightly below previous year's figures. Despite year on year reductions in the volume of ASB incidents recorded, Derbyshire continues to have one of the highest rates per 1,000 population in the country.

### **Public Perception**

3.7 The Crime Survey in England and Wales (CSEW) surveys people across the country to assess the level of confidence in the police and the public perceptions of the police in their area. The following chart shows the proportion of people that responses that they either strongly agreed or tended to agree with the question 'Taking everything into account I have confidence in the police in this area':

- 3.8 Over the years we have seen confidence increase in the police. During the last twelve months, confidence levels has fallen slightly but still remains in line with previous year's performance



## 4 NATIONAL FUNDING POSITION

- 4.1 On 19<sup>th</sup> December 2017 the Government announced proposals for a £510m uplift in police funding. On their calculations this is equivalent to a £450m real terms increase in funding.
- 4.2 The additional funding is split between £240m of “extra” government money and further funding of up to £270m to be raised locally from the police precept.
- 4.3 Most of the £240m extra government support is going to fund national initiatives and programmes. This leaves £60m extra funding at a local level plus a further funding up to £270m if all Police and Crime Commissioners choose to increase their precepts by £12. This is set out in the table below:-

|                                                           | National Policing | Local Police Forces | Total |
|-----------------------------------------------------------|-------------------|---------------------|-------|
| Spending Review – maintain existing flat cash allocations | -                 | 60                  | 60    |
| Special Grant – including police transformation funds     | 132               | -                   | 132   |
| Counter Terrorism Funding                                 | 50                | -                   | 50    |
| Total Additional Government Funding                       | 182               | 60                  | 242   |
| Additional Precept income                                 |                   | 270                 | 270   |
| Total Additional Resources                                | 182               | 330                 | 512   |

### Special Grant and National Programmes (£132m)

- 4.4 The Government “top slices” funding from the core settlement to fund national initiatives and specific programmes (e.g. Police Transformation Fund), where it wishes to incentivise local policing bodies. To a large extent this is money that would otherwise have been allocated to local police forces.

- 4.5 Next year the Government will allocate some £945m across national programmes and initiatives as set out in the table below.

| <b>Police Funding</b>                         | <b>2017/18<br/>(£m)</b> | <b>2018/19<br/>(£m)</b> |
|-----------------------------------------------|-------------------------|-------------------------|
| <b>o/w Reallocations and adjustments (b)</b>  | <b>812</b>              | <b>945</b>              |
| PFI                                           | 73                      | 73                      |
| Police technology programmes                  | 417                     | 495                     |
| Arm's length bodies                           | 54                      | 63                      |
| Strengthening the response to Organised Crime | 28                      | 42                      |
| Police transformation fund                    | 175                     | 175                     |
| Special Grant                                 | 50                      | 93                      |
| Pre-charge bail                               | 15                      | 4                       |

- 4.6 Over half of the extra £130m is for extra costs associated with the replacement of airwave as part of the police technology programme. The other main additional funding will be for special grant to cover the cost of the Commonwealth Heads of State Summit and national policing reviews.

#### **Counter Terrorism (£50m)**

- 4.7 The Government also announced a £50m increase in funding for Counter Terrorism measures next year. It is probable that this funding may be divided between ongoing initiatives and more longer term capital investment.

#### **Local Funding (£330m)**

- 4.8 At a local level only £60m of the £330m extra funding comes from extra Government grant. Police and Crime Commissioners will need to increase their precept by the maximum £12 to achieve the headline national funding increase of £330m.
- 4.9 The Government has indicated that this settlement, coupled with a further drive towards greater efficiency should enable police forces to reshape their services to meet the new demands placed on policing.
- 4.10 In line with this, the Government intends to set efficiency milestones for police forces. This is likely to be based on plans put forward by the service to deliver efficiencies worth £100m from procurement savings at a national level as well as making greater use of mobile technology.
- 4.11 The Government has also signalled that there will be a similar settlement with similar precept flexibility in 2019/20 provided these efficiency milestones are met.
- 4.12 Finally the Government has stated that it does not intend to make any changes to grant allocations until the next Spending Review. There is no prospect of any further change until 2020/21 at the earliest.

#### **Legacy Council Tax Grants**

- 4.13 In 2018/19 the government will continue to provide Council Tax Freeze Grants to PCCs in England relating to the 2011/12, 2013/14, 2014/15 and 2015/16 council tax freeze schemes. In addition Local Council Tax Support grant funding will be provided to PCCs in England, which total £507m in 2018/19.

## Our Current Funding Position

- 4.14 The Government estimates that overall funding for Derbyshire Police could increase by up to 2.8% in line with the settlement proposals. Given that there is no change in core Government funding, all of this increase is reliant on the Commissioner increasing the precept by the maximum of £12.
- 4.15 In comparison, overall funding increases nationally vary from 1.6% (City of London) to 3.4% (Surrey, Thames Valley, Wiltshire). This is because the extra precept flexibility is of greatest benefit to those forces who receive the largest share of their funding from precept.
- 4.16 It is still worth remembering that Derbyshire Police continues to be funded poorly in relation to “similar” neighbouring forces as shown in the table below. Derbyshire Constabulary is the tenth lowest spending force in England and Wales; although previous analysis has shown that it faces the risk and threat of a medium range force. Put simply its spending power (as indicated by the level of grant funding) does not match the scale of policing risk that it faces.

| Force                         | Net Spend per Head<br>£ | Derbyshire budget increase at this level |
|-------------------------------|-------------------------|------------------------------------------|
| Derbyshire                    | 162.2                   |                                          |
| <b>Neighbouring Forces: -</b> |                         |                                          |
| Cheshire                      | 175.5                   | £13.9m                                   |
| Leicestershire                | 164.2                   | £2.1m                                    |
| Nottinghamshire               | 169.5                   | £7.6m                                    |
| South Yorkshire               | 181.4                   | £20m                                     |
| Warwickshire                  | 176.8                   | £15.2m                                   |

*Source: HMIC Value for Money Profiles 2017*

- 4.17 Much of the above shortfall represents historic funding decisions both locally and nationally. In part this demonstrates how the national funding formula for policing has failed to keep pace with changing policing risk and demand.
- 4.18 The table below shows that Government Grant has reduced by £27.5m since the start of austerity, which is equivalent to a real terms reduction of some £40m. Next year 2018/19 is the first year since 2010/11 that our core grant has not reduced.

| Formula Funding                              | 2010/11        | 2011/12        | 2012/13        | 2013/14        | 2014/15        | 2015/16        | 2016/17       | 2017/18       | 2018/19       |
|----------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|
|                                              | £m             | £m             | £m             | £m             | £m             | £m             | £m            | £m            | £m            |
| Police Main Grant                            | 73.186         | 70.155         | 65.039         | 68.940         | 66.551         | 62.500         | 62.122        | 61.254        | 61.254        |
| Non-Domestic Rates/<br>Revenue Support Grant | 49.096         | 45.841         | 43.182         | 41.185         | 39.261         | 37.900         | 37.711        | 37.183        | 37.183        |
| Neighbourhood Policing<br>Grant              | 3.681          | 3.681          | 3.681          | 0              | 0              | 0              | 0             | 0             | 0             |
| Community Safety Fund                        | 0              | 0              | 0              | 0.981          | 0              | 0              | 0             | 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>100.400</b> | <b>99.833</b> | <b>98.437</b> | <b>98.437</b> |
| Reduction in Funding (£)                     |                | (6.286)        | (7.775)        | (0.796)        | (5.294)        | (5.412)        | (0.567)       | (1.396)       | 0             |
| Reduction in Funding (%)                     |                | (5.0%)         | (6.5%)         | (0.7%)         | (4.8%)         | (5.1%)         | (0.6%)        | (1.4%)        | (0%)          |

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

| Estimated Impact of Damping                                      | %       | Before<br>Damping<br>£m | After<br>Damping<br>£m | Estimated<br>Grant<br>Lost<br>£m |
|------------------------------------------------------------------|---------|-------------------------|------------------------|----------------------------------|
| <b>Grant Settlement 2013/14</b>                                  |         | <b>112.270</b>          | <b>110.125</b>         | <b>(2.145)</b>                   |
| Add: Community Safety Fund included<br>in Baseline for 2014/15   |         | 0.981                   | 0.981                  |                                  |
| <b>Adjusted Baseline for 2014/15</b>                             |         | <b>113.251</b>          | <b>111.106</b>         |                                  |
| Less: Cash Reduction in Baseline for<br>2014/15 (exc. top slice) | (3.30%) | (3.737)                 | (3.666)                |                                  |
| <b>Grant Settlement 2014/15</b>                                  |         | <b>109.514</b>          | <b>107.440</b>         | <b>(2.074)</b>                   |
| Less: Cash Reduction in Baseline for<br>2015/16 (exc. top slice) | (3.50%) | (3.833)                 | (3.761)                |                                  |
| <b>Grant Settlement 2015/16</b>                                  |         | <b>105.681</b>          | <b>103.679</b>         | <b>(2.002)</b>                   |
| Add: Cash Reduction in Baseline for<br>2016/17 (exc. top slice)  | (0.60%) | (0.634)                 | ( 0.622)               |                                  |
| <b>Grant Settlement 2016/17</b>                                  |         | <b>105.047</b>          | <b>103.057</b>         | <b>(1.990)</b>                   |
| Add: Cash Reduction in Baseline for<br>2017/18 (exc. top slice)  | (1.40%) | (1.455)                 | (1.427)                |                                  |
| <b>Grant Settlement 2017/18</b>                                  |         | <b>103.592</b>          | <b>101.630</b>         | <b>(1.962)</b>                   |
| Add: Cash Reduction in Baseline for<br>2018/19 (exc. top slice)  | 0%      | 0.000                   | 0.000                  |                                  |
| <b>Grant Settlement 2018/19</b>                                  |         | <b>103.592</b>          | <b>101.630</b>         | <b>(1.962)</b>                   |
| <b>Total</b>                                                     |         |                         |                        | <b>(12.135)</b>                  |

## 5 EFFICIENCY RECORD

- 5.1 Derbyshire Constabulary is an efficient force. The External Auditors and HM Inspectorate of Constabulary consider that the force performs well in delivering value for money and its financial management, which puts it amongst the top performing police forces. This reflects the achievement of Derbyshire Constabulary in delivering very good performance from a very low cost base, but at the same time it is expected to maintain and indeed enhance front line policing and deliver improved performance.
- 5.2 In the years prior to austerity, Derbyshire Constabulary had already achieved approximately £45m in efficiency savings, this success can be attributed to planning for the changes that would be necessary to address the reductions in public spending as early as June 2009.
- 5.3 Since Austerity measures were introduced in 2010, Derbyshire Constabulary has delivered savings of some £38.3m, as shown in the following table:

| Saving Round      | 2010/11 to 2012/13 | 2013/14       | 2014/15       | 2015/16       | 2015/16       | 2016/17       | 2017/18       | Totals        |
|-------------------|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                   | £m                 | £m            | £m            | £m            | £m            | £m            | £m            | £m            |
| MF1               | 5.645              | -             | -             | -             | -             |               |               | 5.645         |
| CCMC Savings      | 0.609              | -             | -             | -             | -             |               |               | 0.609         |
| MF2               | 14.702             | -             | -             | -             | -             |               |               | 14.702        |
| MF3               | 0.153              | -             | -             | -             | -             |               |               | 0.153         |
| 2013/14 savings   | -                  | 3.175         | -             | -             | -             |               |               | 3.175         |
| PBB - Year 1      | -                  | -             | -             | 7.096         | 4.412         |               |               | 11.508        |
| PBB - Year 2      | -                  | -             | -             | -             | -             | 1.449         | 1.025         | 2.474         |
| <b>Totals</b>     | <b>21.109</b>      | <b>3.175</b>  | <b>0.000</b>  | <b>7.096</b>  | <b>4.412</b>  | <b>1.449</b>  | <b>1.025</b>  | <b>38.266</b> |
| <b>Cumulative</b> | <b>21.109</b>      | <b>24.284</b> | <b>24.284</b> | <b>31.380</b> | <b>35.792</b> | <b>37.241</b> | <b>38.266</b> |               |

## 6 LOCALISM ACT 2011

- 6.1 Council Tax rises are subject to the provisions of the Localism Act 2011. In place of the previous 'capping limits', the Secretary of State for Communities and Local Government sets an excessiveness principle, which puts a limit on Council Tax increases that can be approved without holding a referendum among local taxpayers. For 2018/19 the excessiveness 'threshold' for police forces is set at £12, instead of the previous 2% threshold.
- 6.2 The cost of holding a referendum would fall to the Constabulary and it is estimated that this would cost in the region of £0.75m to £1m for Derbyshire, not to mention the potential cost of rebilling, which could be in the region of £0.5m.

## 7 BUDGET 2018/22

### Base Budget

- 7.1 The following table summarises the base three-year budget projection for 2018/22.



| <b>Budget 2017/20</b>                                       | <b>2017/18<br/>Revised<br/>£m</b> | <b>2018/19<br/>£m</b> | <b>2019/20<br/>£m</b> | <b>2020/21<br/>£m</b> | <b>2021/22<br/>£m</b> |
|-------------------------------------------------------------|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Previous Year's Gross Expenditure                           | 162.792                           | 164.271               | 166.967               | 170.272               | 172.635               |
| Inflation (including pay awards and increments)             | 4.000                             | 5.285                 | 5.172                 | 4.609                 | 4.231                 |
| Other spending pressures/reductions                         | (2.521)                           | (2.589)               | (1.867)               | (2.247)               | (1.910)               |
| <b>Net Revenue Budget</b>                                   | <b>164.271</b>                    | <b>166.967</b>        | <b>170.272</b>        | <b>172.635</b>        | <b>174.956</b>        |
| Projected Funding (inc £12 Police Precept increase 2018/20) | ( 163.247)                        | (167.656)             | (172.331)             | (174.612)             | (176.972)             |
| Contribution (to) / from Reserves                           | 1.024                             | -                     | -                     | -                     | -                     |
| <b>Annual Budget Base (Surplus)/Deficit</b>                 | <b>0</b>                          | <b>(0.689)</b>        | <b>(2.059)</b>        | <b>(1.977)</b>        | <b>(2.016)</b>        |

- (i) Precept increase of £12 in line with additional flexibility announced at the time of the funding settlement for both 2018/19 and 2019/20, then reverting to 2% in later years
- (ii) Grant funding maintained at existing flat cash level for the next four years.
- (iii) Future pay awards for police officers and police staff estimated at 2%
- (iv) Based on the existing police officer establishment of 1675 police officers.

### **Future Investment**

- 7.2 Given the level of new and emerging policing risk, there is a clear need to make some initial steps to increase police officer numbers.
- 7.3 It is therefore proposed that the Commissioner funds an additional 25 officers in 2018/19, which the Chief Constable will match by releasing a further 25 officers from existing lower priority areas. This will make a total of 50 officers that can be redirected towards the new and emerging risks areas that we face.
- 7.4 The Chief Constable will further commit to releasing a further 50 officers over the subsequent 2 years that can be refocussed against the high priority areas of policing risk that the force faces. This will make a total of 100 officers redirected to areas of new and emerging policing risk by 2020/21.
- 7.5 Cyber Crime is one of the biggest new policing risks that we face. As part of our capital plans we will be investing further in new technology. In addition to this we need to make further revenue investment in IS as follows:
- (i) **Business Futures (£0.353m)** – additional IS posts within the business futures team to implement new technology
  - (ii) **Regional Architecture (£0.100m)** – contributing to a regional project to look at how our technology can be better aligned with other police forces in the region

- (iii) **Niche (£0.122m)** – continuing to invest in the regional crime system
- (iv) **New systems (£0.062m)** – the ongoing costs for improving analytics, networking crime support and handling HR cases.
- (v) **Additional Airtime costs (£0.061m)** – from upgrading our remaining mobile phones
- (vi) **Community Safety Awareness Project – (£0.100m)**

7.6 We need to make sure that our officers and staff are equipped to help us to re-shape the way we work to respond to new policing risk. This includes:-

- (i) **Leadership Development (£0.150m)** – to help develop our existing and future police leaders
- (ii) **Training (£0.035m)** – to provide extra resources to manage larger planned intakes of police officers as we move to an establishment of 1700 officers.
- (iii) **Operation training equipment (£0.010m)**

7.7 We will soon be starting an efficiency review to release further resources. We also are proposing some initial limited investment to generate further efficiency.

- (i) Centralising the CCTV unit (£0.015m)
- (ii) Injury Award Review (£0.089m) – to review existing entitlements.

7.8 The impact of this additional investment is summarised in the table below.

|                                 | Ongoing<br>Year 1 | Ongoing<br>Year 2 |
|---------------------------------|-------------------|-------------------|
| Business Futures                | 0.353             | 0.353             |
| Regional Architecture           | 0.100             | 0.100             |
| Airtime costs – new telephones  | 0.061             | 0.061             |
| Regional Niche Programme Costs  | 0.122             | 0.122             |
| Analytics                       |                   | 0.050             |
| Chorus                          |                   | 0.006             |
| HR Case Management              |                   | 0.006             |
| <b>Total IS Bids</b>            | <b>0.636</b>      | <b>0.698</b>      |
| HR Training                     | 0.035             | 0.070             |
| Leadership Development          | 0.150             | 0.150             |
| Operational Training Equipment  | 0.010             | 0.010             |
| <b>Total HR Bids</b>            | <b>0.195</b>      | <b>0.230</b>      |
| Injury Award Review             | 0.089             | 0.089             |
| Centralise CCTV                 | 0.015             | 0.015             |
| <b>Total Efficiency Plans</b>   | <b>0.104</b>      | <b>0.104</b>      |
| <b>Overtime Budget Increase</b> | <b>0.065</b>      | <b>0.065</b>      |
|                                 | <b>1.000</b>      | <b>1.097</b>      |

7.9 Finally there will also be a need for some more targeted one off spending as set out in the table below.

|                                          | One –off<br>2018/19 | One-off<br>2019/20 |
|------------------------------------------|---------------------|--------------------|
| Year 1 Analytics                         | 0.344               |                    |
| Additional Agency                        | 0.072               |                    |
| Windows 10                               | 0.005               |                    |
| CJ Business Case                         | 0.062               |                    |
| Community Safety Awareness Project (PCC) |                     | 0.100              |
|                                          | 0.483               | 0.100              |

7.10 The table below shows the impact when all of the above bids are built into the revenue budget.

| <b>Budget 2017/20</b>                           | <b>2017/18<br/>Revised<br/>£m</b> | <b>2018/19<br/>£m</b> | <b>2019/20<br/>£m</b> | <b>2020/21<br/>£m</b> | <b>2021/22<br/>£m</b> |
|-------------------------------------------------|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Net Base Budget Requirement</b>              | <b>164.271</b>                    | <b>166.967</b>        | <b>170.272</b>        | <b>172.635</b>        | <b>174.955</b>        |
| One off revenue bids                            |                                   | 0.483                 | 0.100                 | -                     | -                     |
| Ongoing Revenue bids                            |                                   | 1.000                 | 1.100                 | 1.100                 | 1.100                 |
| Police Officer number increased by 25           |                                   | 0.386                 | 0.773                 | 0.790                 | 0.828                 |
| Increase in PCC staffing                        |                                   | 0.084                 | 0.086                 | 0.087                 | 0.089                 |
| Innovation Fund                                 |                                   | 0.250                 | -                     | -                     | -                     |
| Proposed Budget Requirement                     |                                   | 169.170               | 172.331               | 174.612               | 176.972               |
| Projected Funding                               |                                   | (167.656)             | (172.331)             | (174.612)             | (176.972)             |
| Contribution (to) / from Reserves               | 1.024                             | 1.514                 |                       |                       |                       |
| <b>Annual Budget Base<br/>(Surplus)/Deficit</b> | <b>0</b>                          | <b>0</b>              | <b>0</b>              | <b>0</b>              | <b>0</b>              |

7.11 The budget proposals will

- (i) Provide extra police officer resources to address the new and emerging policing risk that we face.
- (ii) Meet our commitment to invest further in technology and developing our people
- (iii) Provide some initial funding for the efficiency programme and further innovation.

7.12 Provided the additional precept flexibility is taken, this can be achieved within a balanced budget for the next four years.

## 8 A RISK BASED APPROACH TO BUDGET SETTING

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

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

8.2 The table below assesses the key financial risks within the current budget.

| Risk                                                                                                                                                                           | Mitigation                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Further 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> </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 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>                                                                                                                               |
| 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>                                                                                                                                                                                                                                                                                                                            |
| 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> |

## 9 BUDGET 2018/19

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

### OFFICE OF THE POLICE AND CRIME COMMISSIONER

- 9.2 The budget retained for direct control by the Commissioner falls into three main elements; the cost of his office and staff, the cost of services for helping victims of crime to cope and recover (supported by grant from the Ministry of Justice) and for crime reduction initiatives, and treasury and accounting costs such as debt charges & interest receipts. A substantial grant is received from the Ministry of Justice derived from the Victims' Surcharge levied by the courts and is specifically to pay for services to support victims of crime and to deliver restorative justice solutions.
- 9.3 The proposed budget for 2018/19 for the Office of the Police and Crime Commissioner is summarised in the table below: -

| Office of the Police and Crime Commissioner   | Approved Budget<br>2017/18<br>£m | Revised Budget<br>2017/18<br>£m | Proposed Budget<br>2018/19<br>£m |
|-----------------------------------------------|----------------------------------|---------------------------------|----------------------------------|
| Commissioner's Office                         | 1.072                            | 1.076                           | 1.176                            |
| Crime Prevention Fund                         | 0.250                            | 0.275                           | 0.250                            |
| Community Safety Fund                         | 1.266                            | 1.004                           | 1.309                            |
| Victim and Witness Services                   | 1.133                            | 1.155                           | 1.090                            |
| <b>Sub-Total</b>                              | <b>3.721</b>                     | <b>3.510</b>                    | <b>3.825</b>                     |
| Revenue Contributions to Capital              | 1.665                            | 1.665                           | 3.092                            |
| Debt Charges                                  | 0.772                            | 0.771                           | 0.597                            |
| Interest Receipts                             | (0.076)                          | (0.076)                         | (0.095)                          |
| <b>Sub-total</b>                              | <b>6.082</b>                     | <b>5.870</b>                    | <b>7.419</b>                     |
| Contribution from Reserves                    | (0.250)                          | (0.250)                         | (0.250)                          |
| Contribution to Reserves                      | 0.008                            | 0.267                           | 0.022                            |
| Grant from the Ministry of Justice (estimate) | (1.215)                          | (1.215)                         | (1.215)                          |
| <b>Net Budget Requirement</b>                 | <b>4.625</b>                     | <b>4.672</b>                    | <b>5.976</b>                     |

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

- 9.5 The Commissioner's budget also includes a contribution of £3.092m to the capital programme to make the core programme more sustainable. However, this has merely compensated for the capital grant lost to austerity during a period when significant cuts had to be made to the revenue budget itself.
- 9.6 The remaining budget controlled by the Police and Crime Commissioner is for financing items as follows: -
- Contributions to Reserves.
  - Debt Charges – this represents the costs of serving the relatively low levels of borrowing taken out in previous years.
  - Interest Receipts – this represents interest earned on reserves. This has been depressed by the ongoing global economic out-turn.

## CHIEF CONSTABLE'S BUDGET

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

| <b>Chief Constable</b>            | <b>Revised Budget 2017/18<br/>£m</b> | <b>Proposed Budget 2018/19<br/>£m</b> |
|-----------------------------------|--------------------------------------|---------------------------------------|
| Derbyshire Constabulary           | 149.396                              | 152.356                               |
| East Midlands Collaboration       | 10.427                               | 10.311                                |
| BCU Fund                          | 0.351                                | 0.318                                 |
| Partnerships                      | 0.803                                | 0.561                                 |
| Contribution to National Policing | 0.755                                | 0.400                                 |
| <b>Sub-total</b>                  | <b>161.732</b>                       | <b>163.946</b>                        |
| Contributions from Reserves       | (1.994)                              | (0.752)                               |
| <b>Net Budget Requirement</b>     | <b>159.738</b>                       | <b>163.194</b>                        |

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

| <b>East Midlands Collaboration</b>                         | <b>Revised Budget 2017/18<br/>£m</b> | <b>Proposed Budget 2018/19<br/>£m</b> |
|------------------------------------------------------------|--------------------------------------|---------------------------------------|
| EMSOU Serious and Organised Crime                          | 3.711                                | 3.813                                 |
| Technical Support Unit                                     | 0.460                                | 0.466                                 |
| Major Crime                                                | 0.206                                | 0.208                                 |
| Forensics                                                  | 1.868                                | 1.802                                 |
| HR Service Centre                                          | 0.715                                | 0.732                                 |
| Learning and Development / Occupational Health             | 0.999                                | 1.000                                 |
| Legal                                                      | 0.339                                | 0.344                                 |
| Procurement                                                | 0.010                                | 0.000                                 |
| EM Police Collaboration Team (18/19 merged with EMSOU-SOC) | 0.113                                |                                       |
| Major Crime (budget retained within Derbyshire's base)     | 1.943                                | 1.940                                 |
| IT Legacy Costs                                            | 0.057                                |                                       |
| Crime Stoppers Regional Manager                            | 0.006                                | 0.006                                 |
| <b>Total Collaboration</b>                                 | <b>10.427</b>                        | <b>10.311</b>                         |

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

- 10.1 Derbyshire Police cannot stand still. It needs to respond to the significant new and emerging policing risk that our communities face to protect some of the most vulnerable people.
- 10.2 It is important to strike the right balance between making sure that we respond to these new threats, while also maintaining sound finances. We have sought to do this throughout the period of austerity.
- 10.3 It has taken considerable effort and a lot of tough decisions to achieve our sound financial position during the most challenging financial circumstances faced by the force.
- 10.4 The funding settlement demonstrates that the Government has listened to the genuine concerns about the ability of police forces to respond to new policing threats, while still maintaining sound finances.
- 10.5 The Government has decided that the majority of this additional money needs to be raised locally. The greater flexibility to increase precepts by up to £12 will provide up to £270m nationally, if all Commissioners increase their precept by this amount. In comparison the Government is providing an extra £60m to local policing, just to maintain police grant at current cash levels.
- 10.6 I know that this will be a difficult decision for all Commissioners as they have to balance the pressing needs of their force against the impact this has on local taxpayers.
- 10.7 Derbyshire Police cannot continue to both address the new policing risk that it faces and maintain sound finances, without taking the additional flexibility that the Government is offering to all commissioners.
- 10.8 In recent years Derbyshire Police has been able to use reserves to invest for the future. Our reserves are now at their lowest level since 2005 and we will now need to borrow to invest in our estate and new technology for the first time in many years.
- 10.9 Derbyshire Police has always made the best of its very limited budget. The budget proposals within this paper show that the additional flexibility gives the Commissioner a real opportunity to increase officer numbers, which I am committed to match.
- 10.10 The proposals will also help us to invest further in technology and our people as well as investing to deliver further efficiency in the future. I think this is a real opportunity to begin the process of re-shaping Derbyshire Police so that it can respond to the new and emerging risks that we face.

## **11 PRECEPT OPTION**

- 11.1 As stated previously the current Government introduced arrangements to limit what they view as "excessive" council tax increases. These require local authorities (including Police and Crime Commissioners) to hold a referendum if they increase their precept above guidelines set by the Secretary of State for Communities & Local Government.
- 11.2 The Secretary of State has set the limit for next year (2018/19) at £12.

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

| <b>Precept Option</b>                     | <b>Precept Increase<br/>£12<br/>£m</b> |
|-------------------------------------------|----------------------------------------|
| Police and Crime Commissioner's control   | 5.976                                  |
| Chief Constable's control                 | 163.194                                |
| <b>Total Budget for Derbyshire Police</b> | <b>169.170</b>                         |
| <b>Funded by: -</b>                       |                                        |
| Police Formula Grant                      | (98.437)                               |
| Council Tax Legacy and Freeze Grants      | (8.700)                                |
| <b>Sub-Total</b>                          | <b>62.033</b>                          |
| Budget (Deficit) to be met from Reserves  | (1.514)                                |
| <b>Sub-Total</b>                          | <b>60.519</b>                          |
| (Surplus)/Deficit on Collection Accounts  | (0.426)                                |
| <b>Council Tax Requirement</b>            | <b>60.093</b>                          |

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

## **12 CONTRIBUTION FROM RESERVES**

- 12.1 Reserves play an important role in helping Derbyshire Police to manage its budget. They are held for three main reasons:-
- (i) **To cushion the impact of significant unforeseen spending pressures** – for example this could be due to a major policing operation or a higher than expected national pay award (General Reserves, Operational Priorities Reserve)
  - (ii) **To manage the budget** – during period of major financial uncertainty it is necessary to hold money in reserve to cushion the impact of substantial budget cuts. Equally there is a need to hold money to pay for the up-front investment/costs incurred in delivering efficiency (Funding Risks reserve)
  - (iii) **To manage day to day spending** – some spending may overlap more than one year. The commissioner funds a number of partnerships and it is not always easy to accurately predict when this money will be spent. Equally the Government has provided a PFI grant to Derbyshire Police on the understanding that this will be used to offset future PFI costs (PCC Reserve, PFI Reserve, Carry-forwards reserve)



12.2 The table below shows the projected level of reserves up to 2021. These are split between usable earmarked reserves where there is some flexibility to use them for a range of purposes and non-usable earmarked reserves where they have to be used for a specific purpose. Further detail is set out in Annex D.

| Reserve                                               | 31/03/2018<br>£m | 31/03/2019<br>£m | 31/03/2020<br>£m | 31/03/2021<br>£m |
|-------------------------------------------------------|------------------|------------------|------------------|------------------|
| <b>General</b>                                        | <b>4.000</b>     | <b>4.000</b>     | <b>4.000</b>     | <b>4.000</b>     |
| <b>Earmarked – Usable</b>                             |                  |                  |                  |                  |
| Operational Priorities                                | 1.325            | 1.325            | 1.325            | 1.325            |
| Funding Risks                                         | 6.641            | 5.127            | 5.127            | 5.127            |
| Police and Crime Commissioner – Crime Prevention Fund | 2.131            | 1.881            | 1.631            | 1.381            |
| Other including Carry Forwards                        | 2.217            | 0.750            | 0.750            | 0.750            |
| Pensions                                              | 0.500            | 0.500            | 0.500            | 0.500            |
| <b>Total Earmarked – Usable</b>                       | <b>12.814</b>    | <b>9.583</b>     | <b>9.333</b>     | <b>9.083</b>     |
| <b>Earmarked – Non-usable</b>                         | <b>4.895</b>     | <b>4.535</b>     | <b>4.132</b>     | <b>3.692</b>     |
| <b>Total Reserves</b>                                 | <b>21.709</b>    | <b>18.118</b>    | <b>17.465</b>    | <b>16.775</b>    |

12.3 During Austerity, reserves played an important role in managing our substantial financial risks. Derbyshire Police responded early to the risk of austerity, which meant that it built up substantial reserves through saving money early. These reserves may well have been needed in 2015 when Police Forces faced grant cuts of 25% to 40%.

12.4 The Government ultimately chose not to proceed with those grant cuts and since that time Derbyshire Police has used its reserves to invest to deliver further efficiency. This has included significant investment in core IS and the new Joint Headquarters with the Fire Service.

12.5 The table below shows the movement in reserves since 2010, the start of austerity.

| £m             | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 |
|----------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total Reserves | 34.656  | 39.053  | 43.178  | 42.534  | 41.753  | 38.488  | 31.219  | 21.709  |

12.6 The above table shows that total projected reserves at 31 March 2018 are some £13m less than they were at the start of austerity. Indeed they are at their lowest level since 2005/6.

12.7 It is important to ensure reserves are maintained at an appropriate level. To aid this process the Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance setting out the factors that should be taken into account when assessing the level of reserves: -

- Assumptions regarding inflation (e.g. police pay awards).
- Estimates and timing of capital receipts (e.g. proceeds of land sales).
- Management of demand-led pressures (e.g. major policing operations).
- Achievement in delivering savings (e.g. efficiency savings).

- Risks inherent in any partnerships.
- Financial Standing.
- Track record in budget management.
- Capacity to manage in year budget pressures.
- A procedure in relation to under and over spends.
- Adequacy of insurance arrangements.

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

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

12.9 On the basis of the above assessment it is clear that the general reserves (equating to 2.4% of the net revenue budget) are reasonable and proportionate.

### 13 PRUDENTIAL CODE

13.1 Whilst the Prudential Code relates to new capital controls, it does impact on the revenue budget. Any agreed long term borrowing meeting all the Prudential Code guidelines will have on-going revenue implications over a long period.

13.2 Separate reports deal with the Capital Programme and also the Prudential Indicators for Derbyshire Police.

### 14 ASSURANCE STATEMENT FROM THE S151 OFFICERS' CONSIDERATIONS

14.1 When setting the Budget and Capital Programme for the forthcoming year the Police & Crime Commissioner must be satisfied that adequate consideration has been given to the following: -

- Government policy on police spending, as applied to the Police & Crime 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).

14.2 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.

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

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

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

- The main assumptions for compiling the budget are set out within the report and the figures for the 2018/19 budget have been based on these assumptions.
- The recommendations are consistent with the budget strategy also set out within the report and do not impact on the financial stability of the Constabulary.
- Future financial implications up to 2020 have been analysed but can only provide an indication of the potential financial position that the Constabulary and Commissioner will face. This reflects all known factors that could have an impact on these financial plans up to 2020.
- The figures within the Medium Term Financial Plan are based on a number of key assumptions set out within the MTFP and can only provide an indication of the scale of the challenge that we face at this time. In particular the figures are heavily dependent on future government funding decisions.
- The Constabulary is in no doubt that despite the better than expected CSR significant challenges still lie ahead. It has already completed a fundamental review of all of its spending, which set out clear plans for the next four years. Findings from this review have already begun to be implemented and are overseen by the Closing the Risk Gap Programme Boards.
- While this review has made a significant contribution to meeting our future funding challenge, further steps will still need to be made to maintain a balanced budget in later years.

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

### **Assurance**

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

- Government Policy – The MTFP is produced in line with the latest government policy as applied to Police & Crime Commissioners.

- CIPFA Code – the MTFP is produced in line with the Prudential Code and the CIPFA Treasury Management Code. Details are outlined in the Treasury Management and Capital Programme reports.
- Council Tax – The Government confirmed that legislation through the Localism Act provides communities with the power to veto, through a referendum, council tax increases deemed by the government to be excessive. The level at which council tax is deemed excessive is decided in accordance with a set of principles determined by the Secretary of State for Communities. For 2018/19 the Referendum Principles is £12 for Police & Crime Commissioners. This report presents the precept option for the Commissioner to consider, which is for an increase in the Police element of Council Tax at Band D by £12. Increases in council tax are secured year on year, as being a part of the base resources budget.
- Balanced budget – a balanced budget is presented, which requires the use of reserves to support the proposed precept increase. However funding received under a precept increase is permanently secured for all future years.
- Robustness of Estimates – I have reviewed the matters that have been considered in drafting the proposed budget and the consequential budget requirement, and the required level of the police precept. I am satisfied that the procedures adopted by the Director of Finance and his team are sufficiently robust to ensure the financial data is accurate and forms a sound basis for the preparation of the estimates for 2018/19.
- Adequacy of reserves – I consider the level of general reserves to be adequate for meeting estimated future risks. Specific reserves are at appropriate levels to support future expenditure in the medium term as well as supporting budget shortfalls in the short term.
- Medium Term implications – the use and level of reserves and expenditure proposals secure a balanced and robust budget for 2018/19. The future use of the operational reserve needs to be closely monitored, in conjunction with spending plans beyond 2018/19 in order to ensure longer term sustainability. This should be managed through the Force's on-going change programme 'Shaping the Future' and the Efficiency process, as the use of reserves to support permanent expenditure beyond 2018/19 is not recommended as good financial practice and is not sustainable indefinitely. Regular monitoring reports provide assurance that the plans are being delivered and reserves are being used in a proportionate and manageable manner.

**POLICE & CRIME COMMISSIONER FOR DERBYSHIRE**  
**Revenue Budget Projections to FY 2021/22**

|                                                              | notes | 2017/18<br>£m   | 2018/19<br>£m   | 2019/20<br>£m   | 2020/21<br>£m   | 2021/22<br>£m   |
|--------------------------------------------------------------|-------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Previous Year's Budget Requirement</b>                    |       | <b>162.792</b>  | <b>164.271</b>  | <b>166.967</b>  | <b>170.272</b>  | <b>172.635</b>  |
| <b>Pay &amp; Price Increases</b>                             |       |                 |                 |                 |                 |                 |
| Full Year Effect of Previous Year's Pay Award:-              |       |                 |                 |                 |                 |                 |
| Police Officers                                              | (1)   | 0.374           | 1.264           | 0.750           | 0.743           | 0.376           |
| Police Staff                                                 | (1)   | 0.158           | 0.555           | 0.303           | 0.339           | 0.175           |
| Provision for Current Year's Pay Award & Inflation:-         |       |                 |                 |                 |                 |                 |
| Police Officers pay award                                    | (1)   | 0.525           | 1.049           | 1.041           | 0.526           | 0.530           |
| Police Staff pay award                                       | (1)   | 0.194           | 0.424           | 0.474           | 0.245           | 0.250           |
| Police Officer Increments                                    |       | 1.150           | 1.084           | 1.239           | 1.345           | 1.483           |
| Police Staff Increments                                      |       | 0.328           | 0.503           | 0.513           | 0.518           | 0.523           |
| Police Staff Pension Fund revaluation                        |       | 0.500           |                 |                 |                 |                 |
| Specific Price Inflation                                     |       | (.041)          | (.417)          |                 |                 |                 |
| General Inflation Contingency                                | (2)   | 0.812           | 0.823           | 0.853           | 0.893           | 0.893           |
| <b>Total - Pay &amp; Price Increases</b>                     |       | <b>4.000</b>    | <b>5.285</b>    | <b>5.172</b>    | <b>4.609</b>    | <b>4.231</b>    |
| <b>Previous Year's Budget plus Pay &amp; Price increases</b> |       | <b>166.792</b>  | <b>169.556</b>  | <b>172.139</b>  | <b>174.882</b>  | <b>176.866</b>  |
| <b>Other Approved or Anticipated Changes</b>                 |       |                 |                 |                 |                 |                 |
| Police Officers - Turnover (recruitment less wastage)        |       | ( 3.565)        | ( 2.375)        | ( 2.959)        | ( 1.907)        | ( 1.927)        |
| Police Officers - Funded strength reduced by 26 in 17/18     |       |                 | (.677)          |                 |                 |                 |
| Police Officers - Overtime (no of Bank Holidays)             |       | 0.111           | (.223)          | 0.113           | 0.000           | 0.000           |
| Police Officers - Rent / Housing Allowance eligibility       |       | (.442)          | (.267)          | (.304)          | (.230)          | (.182)          |
| Police Officers / Staff - Holiday pay (Bear Scotland)        |       | 0.258           |                 |                 |                 |                 |
| Police Officers / Staff - Apprenticeship Levy                |       | 0.472           |                 |                 |                 |                 |
| Police Officers / Staff - Pensions auto-enrolment            |       | 0.800           | (.800)          |                 |                 |                 |
| Police Staff - new Investigator roles                        |       |                 | 0.716           |                 |                 |                 |
| Police Staff - Crime Management workforce modern'n           |       |                 | 0.114           |                 |                 |                 |
| Police Staff - Force Apprenticeship scheme                   |       | 0.000           | (.042)          |                 |                 |                 |
| Police Staff - Agency Staff provision                        |       |                 | (.100)          |                 |                 |                 |
| Police Staff Changes / Growth                                |       | 0.385           | (.009)          |                 |                 |                 |
| Other Staff Changes/NI etc                                   |       | (.675)          | (.183)          |                 |                 |                 |
| Other Police Officer/Staff pension issues                    |       | (.045)          |                 |                 |                 |                 |
| Property Storage, PFI Fees, Rent and Rates                   |       | (.043)          | 0.022           |                 |                 |                 |
| Rent - new Joint Training Centre                             |       |                 | 0.300           |                 |                 |                 |
| Closing the Risk Gap vehicles - revenue costs                |       | 0.150           |                 |                 |                 |                 |
| Mobile Office Solution                                       |       | 0.312           |                 |                 |                 |                 |
| Other Revenue Consequences of Capital Expenditure            |       | 0.050           |                 | 0.883           | (.614)          | 0.032           |
| New medical care of prisoners contract                       |       |                 | (.108)          |                 |                 |                 |
| Professional Fees - Legal costs                              |       | 0.150           |                 |                 |                 |                 |
| Professional Fees - Asset Revaluation                        |       |                 |                 | 0.060           | (.060)          |                 |
| Regional Forensics Services contract                         |       |                 | (.369)          |                 |                 |                 |
| Other regional collaboration costs                           |       | 0.107           | (.005)          |                 |                 |                 |
| NPAS Recharges                                               |       |                 | (.334)          |                 |                 |                 |
| Microsoft Licences renewal                                   |       |                 | 0.503           |                 | 0.077           |                 |
| National IT systems recharges                                |       |                 | (.100)          |                 |                 |                 |
| Other subscriptions to national policing services            |       | (.078)          | 0.030           | 0.050           |                 |                 |
| Insurance costs                                              |       |                 | 0.150           |                 |                 |                 |
| Debt Charges - current borrowing                             |       | (.045)          | (.044)          | (.043)          | (.043)          | (.037)          |
| Debt Charges - current borrowing change in MRP policy        |       |                 | (.180)          |                 |                 |                 |
| Debt Charges - additional borrowing                          |       |                 | 0.049           | 0.333           | 0.530           | 0.203           |
| RCCO - Funding of asset replacement budgets                  |       |                 | 1.500           |                 |                 |                 |
| RCCO - Closing the Risk Gap vehicles                         |       | 0.165           | (.073)          |                 |                 |                 |
| 17/18 Business Cases Approved - Roll out of Tasers           |       | 0.055           |                 |                 |                 |                 |
| Court Compensation Income                                    |       | (.025)          |                 |                 |                 |                 |
| Football and Other Cost Recovery Income                      |       | 0.050           | (.013)          |                 |                 |                 |
| Investment Income                                            |       | 0.084           | (.019)          |                 |                 |                 |
| 2016/17 PBB Savings - full-year effect                       |       | ( 1.025)        |                 |                 |                 |                 |
| Approved Business Cases - non staffing costs                 |       | 0.101           |                 |                 |                 |                 |
| Other Changes                                                |       | 0.172           | (.053)          |                 |                 |                 |
| <b>Total - Other Approved or Anticipated Chages</b>          |       | <b>( 2.521)</b> | <b>( 2.589)</b> | <b>( 1.867)</b> | <b>( 2.247)</b> | <b>( 1.911)</b> |
| <b>BASE BUDGET REQUIREMENT FOR YEAR</b>                      |       | <b>164.271</b>  | <b>166.967</b>  | <b>170.272</b>  | <b>172.635</b>  | <b>174.955</b>  |
| <b>Additional Budget Requirements</b>                        |       |                 |                 |                 |                 |                 |
| One - Off Revenue Bids                                       |       |                 | 0.733           | 0.100           |                 |                 |
| Ongoing Revenue Bids                                         |       |                 | 1.084           | 1.186           | 1.187           | 1.190           |
| Police Officer strength increased by 25 to 1700              |       |                 | 0.386           | 0.773           | 0.790           | 0.826           |
| <b>TOTAL BUDGET REQUIREMENT FOR YEAR</b>                     |       | <b>164.271</b>  | <b>169.170</b>  | <b>172.331</b>  | <b>174.612</b>  | <b>176.971</b>  |

| FUNDING FOR BUDGET REQUIREMENT               | notes | 2017/18<br>£m  | 2018/19<br>£m  | 2019/20<br>£m  | 2020/21<br>£m  | 2021/22<br>£m  |
|----------------------------------------------|-------|----------------|----------------|----------------|----------------|----------------|
| <b>Central Government Funding</b>            |       |                |                |                |                |                |
| Formula grant                                | (4)   | 98.437         | 98.437         | 98.437         | 98.437         | 98.437         |
| 2011/12 Freeze Grant                         | (4)   | 1.354          | 1.354          | 1.354          | 1.354          | 1.354          |
| Council Tax Benefit Grant                    | (4)   | 7.346          | 7.346          | 7.346          | 7.346          | 7.346          |
| <b>Total - Central Government Funding</b>    |       | <b>107.137</b> | <b>107.137</b> | <b>107.137</b> | <b>107.137</b> | <b>107.137</b> |
| <b>Precept Funding</b>                       |       |                |                |                |                |                |
| Previous year Council Tax Funding            |       | 54.259         | 56.110         | 60.519         | 65.194         | 67.475         |
| Change in tax base - annual growth           | (5)   | 0.851          | 0.827          | 0.901          | 0.972          | 1.006          |
| Change in Band D Council Tax                 |       | 1.085          | 3.744          | 3.800          | 1.308          | 1.354          |
| Change in Collection A/c Surplus / (Deficit) |       | (.085)         | (.162)         | (.026)         | 0.000          | 0.000          |
| <b>Total - Precept Funding</b>               |       | <b>56.110</b>  | <b>60.519</b>  | <b>65.194</b>  | <b>67.475</b>  | <b>69.835</b>  |
| <b>TOTAL PROJECTED FUNDING</b>               |       | <b>163.247</b> | <b>167.656</b> | <b>172.331</b> | <b>174.612</b> | <b>176.972</b> |

|                                       |              |              |              |              |               |
|---------------------------------------|--------------|--------------|--------------|--------------|---------------|
| <b>BUDGET (SURPLUS) / DEFICIT</b>     | <b>1.024</b> | <b>1.514</b> | <b>0.000</b> | <b>0.000</b> | <b>(.000)</b> |
| <b>CUMULATIVE (SURPLUS) / DEFICIT</b> | <b>1.024</b> | <b>2.537</b> | <b>2.537</b> | <b>2.537</b> | <b>2.537</b>  |

|                                          |               |              |              |              |              |
|------------------------------------------|---------------|--------------|--------------|--------------|--------------|
| <b>IMPACT ON RESERVES</b>                |               |              |              |              |              |
| <b>Useable Reserves at start of year</b> | <b>15.675</b> | <b>6.530</b> | <b>5.016</b> | <b>5.016</b> | <b>5.016</b> |
| Revenue surplus / (deficits) per above   | ( 1.024)      | ( 1.514)     | (.000)       | (.000)       | 0.000        |
| Deficit closed during the year           | 0.422         |              |              |              |              |
| Projected In-year underspend             | ( 1.274)      |              |              |              |              |
| Support of Capital Programme             | ( 7.269)      |              |              |              |              |
| <b>Useable Reserves at end of year</b>   | <b>6.530</b>  | <b>5.016</b> | <b>5.016</b> | <b>5.016</b> | <b>5.016</b> |

#### Main assumptions

- 1) The additional 1% pay awards for both officers and staff from September 2017 are consolidated and further 2% pay awards are agreed for 2018 and 2019. Thereafter, awards revert to 1% per annum
- 2) Non-pay inflation of 2.5% per annum is assumed throughout the period
- 3) The Police Officers pay budget is sufficient to fund the approved establishment of 1700 wef April 2018 assuming an average vacancy factor of 2.3%
- 4) Formula grant funding is maintained at the 2017/18 cash level in all years
- 5) The actual increase in the taxbase for 2017/18 was 1.5%; the assumed increase for all years after is 1.5% per annum
- 6) The PCC opts to increase the Council Tax by £12 per year for the next 2 years, as permitted by the 2018/19 settlement. After this the threshold reverts to 1.99% year-on-year

**Subjective Analysis - 2018/19 Commissioners Office Budget**

| Account                                 | Account(T)                         | 2017/18<br>Base Budget | Adjustments<br>to Base | Full Year<br>Inflation | Increments   | Other<br>Changes | 2018/19<br>PROPOSED<br>BUDGET |
|-----------------------------------------|------------------------------------|------------------------|------------------------|------------------------|--------------|------------------|-------------------------------|
| 1100                                    | Police Staff Pay                   | 628,100                |                        | 6,300                  | 5,700        | 71,500           | 711,600                       |
| 1120                                    | Police Staff Overtime - Plain Time | 1,100                  |                        |                        |              |                  | 1,100                         |
| 1140                                    | Police Staff National Insurance    | 65,100                 |                        | 700                    | 600          | 9,100            | 75,500                        |
| 1160                                    | Police Staff Superannuation        | 79,800                 |                        | 800                    | 700          | 8,400            | 89,700                        |
| 1600                                    | NHS Re-Imbursement                 | 200                    |                        |                        |              |                  | 200                           |
| 1603                                    | Interview Expenses                 | 4,000                  | (2,000)                |                        |              |                  | 2,000                         |
| 2210                                    | Hire of Rooms                      | 3,200                  | (2,000)                |                        |              |                  | 1,200                         |
| 3400                                    | Other Mileage (PSV)                | 9,000                  | (2,000)                |                        |              |                  | 7,000                         |
| 3401                                    | Casual Mileage                     | 4,400                  |                        |                        |              |                  | 4,400                         |
| 3403                                    | Rail Travel                        | 8,000                  |                        |                        |              |                  | 8,000                         |
| 3408                                    | Car Parking, Taxis, etc            | 1,000                  |                        |                        |              |                  | 1,000                         |
| 4000                                    | Equipment - General                | 5,000                  | (2,000)                |                        |              |                  | 3,000                         |
| 4003                                    | Photocopiers                       | 500                    | (500)                  |                        |              |                  | 0                             |
| 4040                                    | Furniture                          | 500                    |                        |                        |              |                  | 500                           |
| 4100                                    | Accommodation / Hotel Expenses     | 2,500                  | (1,500)                |                        |              |                  | 1,000                         |
| 4101                                    | Subsistence Expenses               | 300                    |                        |                        |              |                  | 300                           |
| 4291                                    | Meals / Refreshments               | 6,100                  | (5,300)                |                        |              |                  | 800                           |
| 4400                                    | Printing and Stationery - General  | 3,800                  |                        |                        |              |                  | 3,800                         |
| 4401                                    | Publications                       | 500                    |                        |                        |              |                  | 500                           |
| 4505                                    | Financial Contracts                | 51,000                 |                        |                        |              |                  | 51,000                        |
| 4520                                    | Professional Fees                  | 19,200                 | 3,200                  |                        |              |                  | 22,400                        |
| 4543                                    | Professional Fees - Legal          | 15,000                 | 2,600                  |                        |              |                  | 17,600                        |
| 4575                                    | Media Relations                    | 40,500                 | 4,500                  |                        |              |                  | 45,000                        |
| 4630                                    | Hardware - Purchase                | 3,000                  | (2,200)                |                        |              |                  | 800                           |
| 4635                                    | Software Purchase                  | 1,300                  | 7,200                  |                        |              |                  | 8,500                         |
| 4740                                    | JARAC Attendance                   | 7,000                  |                        |                        |              |                  | 7,000                         |
| 4741                                    | JARAC Mileage                      | 1,000                  |                        |                        |              |                  | 1,000                         |
| 4807                                    | Conference Expenses                | 2,500                  |                        |                        |              |                  | 2,500                         |
| 4888                                    | Bank Charges                       | 7,000                  |                        |                        |              |                  | 7,000                         |
| 4890                                    | Misc Expenditure                   | 34,400                 |                        |                        |              |                  | 34,400                        |
| 4895                                    | Subscriptions General              | 67,000                 |                        |                        |              |                  | 67,000                        |
| <b>Office of the PCC - Total Budget</b> |                                    | <b>1,072,000</b>       | <b>0</b>               | <b>7,800</b>           | <b>7,000</b> | <b>89,000</b>    | <b>1,175,800</b>              |

**2018/19 PROPOSED BUDGET REQUIREMENT**  
**Services Commissioned via the Chief Constable**

|                                             | <b>2017/18<br/>Approved<br/>£m</b> | <b>2017/18<br/>Revised<br/>£m</b> | <b>2018/19<br/>Proposed<br/>£m</b> |
|---------------------------------------------|------------------------------------|-----------------------------------|------------------------------------|
| Police Officers                             | 87.154                             | 88.369                            | 87.032                             |
| Community Support Officers                  | 4.834                              | 4.821                             | 4.795                              |
| Other Police Staff                          | 33.314                             | 33.647                            | 35.860                             |
| Police Pensions                             | 2.460                              | 2.732                             | 2.530                              |
| Other Employee Expenses                     | 0.492                              | 0.530                             | 0.690                              |
| Premises                                    | 8.201                              | 8.344                             | 8.644                              |
| Transport                                   | 3.586                              | 3.563                             | 3.737                              |
| Supplies & Services                         | 13.150                             | 13.470                            | 13.865                             |
| Agency & Contracted Services                | 1.188                              | 0.218                             | 0.088                              |
| Pay & Price Contingency                     | 0.813                              | 0.000                             | 0.823                              |
| Specific Grants                             | ( 2.789)                           | ( 2.989)                          | ( 2.989)                           |
| General Income                              | ( 2.906)                           | ( 3.309)                          | ( 2.719)                           |
| <b>Derbyshire Constabulary</b>              | <b>149.497</b>                     | <b>149.396</b>                    | <b>152.356</b>                     |
| Contribution to East Midlands Collaboration | 9.566                              | 10.427                            | 10.311                             |
| BCU Funding                                 | 0.318                              | 0.351                             | 0.318                              |
| Partnerships                                | 0.562                              | 0.803                             | 0.561                              |
| Contribution to National Policing           | 0.755                              | 0.755                             | 0.400                              |
| <b>PROPOSED GROSS SPENDING</b>              | <b>160.698</b>                     | <b>161.732</b>                    | <b>163.946</b>                     |
| <b>Contribution from reserves</b>           |                                    |                                   |                                    |
| - PFI                                       | ( .326)                            | ( .297)                           | ( .382)                            |
| - Devolved Carry-Forwards                   | ( .725)                            | ( 1.697)                          | ( .370)                            |
| - Other Reserves                            | -                                  | -                                 | -                                  |
|                                             | <b>( 1.051)</b>                    | <b>( 1.994)</b>                   | <b>( .752)</b>                     |
| <b>PROPOSED NET SPENDING</b>                | <b>159.647</b>                     | <b>159.738</b>                    | <b>163.194</b>                     |



POLICE & CRIME COMMISSIONER FOR DERBYSHIRE  
STATEMENT OF LEVEL OF RESERVES AT 31 MARCH 2017 AND FORECAST LEVELS TO 31 MARCH 2022

|                                            | Balances at<br>31/03/17 | Movements<br>In 2017/18 | Transfers<br>Between<br>Reserves<br>in 2017/18 | Contributions<br>to Capital in<br>2017/18 | Estimated<br>Balances at<br>31/03/18 | Projected<br>Movements<br>In 2018/19 | Projected<br>Contributions to<br>Capital in<br>2018/19 | Estimated<br>Balances at<br>31/03/19 | Projected<br>Movements<br>In 2019/20 | Projected<br>Contributions to<br>Capital in<br>2019/20 | Estimated<br>Balances at<br>31/03/20 | Projected<br>Movements<br>In 2020/21 | Projected<br>Contributions to<br>Capital in<br>2020/21 | Estimated<br>Balances at<br>31/03/21 | Projected<br>Movements<br>In 2021/22 | Projected<br>Contributions to<br>Capital in<br>2021/22 | Estimated<br>Balances at<br>31/03/22 |
|--------------------------------------------|-------------------------|-------------------------|------------------------------------------------|-------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------------------------|--------------------------------------|
|                                            | £                       | £                       |                                                | £                                         | £                                    | £                                    | £                                                      | £                                    | £                                    | £                                                      | £                                    | £                                    | £                                                      | £                                    | £                                    | £                                                      | £                                    |
| <b>GENERAL RESERVES</b>                    | <b>4,000,000</b>        |                         |                                                |                                           | <b>4,000,000</b>                     |                                      |                                                        | <b>4,000,000</b>                     |                                      |                                                        | <b>4,000,000</b>                     |                                      |                                                        | <b>4,000,000</b>                     |                                      |                                                        | <b>4,000,000</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                            |                                      |                                                        | 1,324,693                            |
| Operational Funding and Investment Reserve | 13,644,197              | (1,765,050)             | (5,238,000)                                    |                                           | 6,641,147                            | (1,514,000)                          |                                                        | 5,127,147                            | 0                                    |                                                        | 5,127,147                            | 0                                    |                                                        | 5,127,147                            | 0                                    |                                                        | 5,127,147                            |
| Contribution to Capital *                  | 2,031,421               |                         | 5,238,000                                      | (7,269,421)                               | 0                                    |                                      | 0                                                      | 0                                    |                                      |                                                        | 0                                    |                                      |                                                        | 0                                    |                                      |                                                        | 0                                    |
| Carry-forwards                             | 2,387,158               | ( 170,200)              |                                                |                                           | 2,216,958                            | (1,466,600)                          |                                                        | 750,358                              |                                      |                                                        | 750,358                              |                                      |                                                        | 750,358                              |                                      |                                                        | 750,358                              |
| PCC Grants & Commissioning                 | 2,141,003               | (10,000)                |                                                |                                           | 2,131,003                            | (250,000)                            |                                                        | 1,881,003                            | (250,000)                            |                                                        | 1,631,003                            | (250,000)                            |                                                        | 1,381,003                            | (250,000)                            |                                                        | 1,131,003                            |
| Pensions                                   | 500,000                 |                         |                                                |                                           | 500,000                              |                                      |                                                        | 500,000                              |                                      |                                                        | 500,000                              |                                      |                                                        | 500,000                              |                                      |                                                        | 500,000                              |
|                                            | <b>22,028,472</b>       | <b>(1,945,250)</b>      | <b>0</b>                                       | <b>(7,269,421)</b>                        | <b>12,813,801</b>                    | <b>(3,230,600)</b>                   | <b>0</b>                                               | <b>9,583,201</b>                     | <b>(250,000)</b>                     | <b>0</b>                                               | <b>9,333,201</b>                     | <b>(250,000)</b>                     | <b>0</b>                                               | <b>9,083,201</b>                     | <b>(250,000)</b>                     | <b>0</b>                                               | <b>8,833,201</b>                     |
| <b>Non-useable:-</b>                       |                         |                         |                                                |                                           |                                      |                                      |                                                        |                                      |                                      |                                                        |                                      |                                      |                                                        |                                      |                                      |                                                        |                                      |
| PFI - Ilkeston                             | 1,139,828               | (29,197)                |                                                |                                           | 1,110,631                            | (56,312)                             |                                                        | 1,054,319                            | (65,291)                             |                                                        | 989,028                              | (72,602)                             |                                                        | 916,426                              | 0                                    |                                                        | 916,426                              |
| PFI - Derby                                | 3,371,083               | (267,607)               |                                                |                                           | 3,103,476                            | (307,000)                            |                                                        | 2,796,476                            | (341,401)                            |                                                        | 2,455,075                            | (372,264)                            |                                                        | 2,082,811                            | 0                                    |                                                        | 2,082,811                            |
| Insurance                                  | 679,596                 | 1,700                   |                                                |                                           | 681,296                              | 3,300                                |                                                        | 684,596                              | 3,424                                |                                                        | 688,020                              | 5,161                                |                                                        | 693,181                              | 6,933                                |                                                        | 700,114                              |
|                                            | <b>5,190,507</b>        | <b>(295,104)</b>        |                                                | <b>0</b>                                  | <b>4,895,403</b>                     | <b>(360,012)</b>                     | <b>0</b>                                               | <b>4,535,391</b>                     | <b>(403,268)</b>                     | <b>0</b>                                               | <b>4,132,123</b>                     | <b>(439,705)</b>                     | <b>0</b>                                               | <b>3,692,418</b>                     | <b>6,933</b>                         | <b>0</b>                                               | <b>3,699,351</b>                     |
| <b>TOTAL EARMARKED RESERVES</b>            | <b>27,218,979</b>       | <b>(2,240,354)</b>      | <b>0</b>                                       | <b>(7,269,421)</b>                        | <b>17,709,204</b>                    | <b>(3,590,612)</b>                   | <b>0</b>                                               | <b>14,118,592</b>                    | <b>(653,268)</b>                     | <b>0</b>                                               | <b>13,465,324</b>                    | <b>(689,705)</b>                     | <b>0</b>                                               | <b>12,775,619</b>                    | <b>(243,067)</b>                     | <b>0</b>                                               | <b>12,532,552</b>                    |
|                                            |                         |                         |                                                |                                           |                                      |                                      |                                                        |                                      |                                      |                                                        |                                      |                                      |                                                        |                                      |                                      |                                                        |                                      |
| <b>TOTAL RESERVES</b>                      | <b>31,218,979</b>       | <b>(2,240,354)</b>      | <b>0</b>                                       | <b>(7,269,421)</b>                        | <b>21,709,204</b>                    | <b>(3,590,612)</b>                   | <b>0</b>                                               | <b>18,118,592</b>                    | <b>(653,268)</b>                     | <b>0</b>                                               | <b>17,465,324</b>                    | <b>(689,705)</b>                     | <b>0</b>                                               | <b>16,775,619</b>                    | <b>(243,067)</b>                     | <b>0</b>                                               | <b>16,532,552</b>                    |

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

**2018/19 PRECEPT PROPOSAL: A £12 COUNCIL TAX INCREASE**

| Band D<br><br>£192.60                         | Council Tax Base | Total Funding | Collection Fund |         | Council Tax |
|-----------------------------------------------|------------------|---------------|-----------------|---------|-------------|
|                                               |                  |               | Surplus         | Deficit |             |
|                                               | 312,008.67       | 60,519,147    | 426,277         | -       | 60,092,870  |
| <b>Amber Valley Borough Council</b>           | 39,172.68        | 7,680,257     | 135,598         |         | 7,544,658   |
| <b>Bolsover District Council</b>              | 21,473.52        | 4,135,800     |                 |         | 4,135,800   |
| <b>Chesterfield Borough Council</b>           | 28,769.10        | 5,598,809     | 57,880          |         | 5,540,929   |
| <b>Derby City Council</b>                     | 67,610.42        | 13,021,767    |                 | -       | 13,021,767  |
| <b>Derbyshire Dales District Council</b>      | 28,833.86        | 5,597,509     | 44,108          |         | 5,553,401   |
| <b>Erewash Borough Council</b>                | 32,815.50        | 6,384,586     | 64,321          |         | 6,320,265   |
| <b>High Peak Borough Council</b>              | 30,210.00        | 5,845,896     | 27,450          |         | 5,818,446   |
| <b>North East Derbyshire District Council</b> | 30,656.59        | 5,945,379     | 40,920          |         | 5,904,459   |
| <b>South Derbyshire District Council</b>      | 32,467.00        | 6,309,144     | 56,000          |         | 6,253,144   |

**Gross Expenditure**

|                  | £           |
|------------------|-------------|
| 2017/18 Approved | 163,247,147 |
| 2018/19 Proposed | 167,655,887 |
| Budget Increase  | 2.70%       |

**Council Tax Requirement**

|                      | £          |
|----------------------|------------|
| 2017/18 Approved     | 55,521,681 |
| 2018/19 Proposed     | 60,092,870 |
| Council Tax Increase | 6.64%      |

**Council Tax**

| BAND | 2017/18<br>£ | 2018/19<br>£ |
|------|--------------|--------------|
| A    | 120.40       | 128.40       |
| B    | 140.47       | 149.80       |
| C    | 160.53       | 171.20       |
| D    | 180.60       | 192.60       |
| E    | 220.73       | 235.40       |
| F    | 260.87       | 278.20       |
| G    | 301.00       | 321.00       |
| H    | 361.20       | 385.20       |