

Policing Budget – Council Tax

Background Information

The police service continues to go through a period of significant change both in financial terms and the demands placed on the service. Grant funding from central government has been reducing year on year but policing costs and the demands on policing are increasing.

Over the last seven years Thames Valley Police (TVP) has successfully implemented budget reductions of £99 million. This equates to 26% of the net revenue budget in 2017/18. With 78% of our budget currently spent on employee costs, this has resulted in an unavoidable manpower reduction of 1,017 full time equivalent (FTE) posts, including 453 police officers.

With these financial challenges in mind the Chief Constable, I and our respective teams have worked extremely hard over recent months to prepare a revenue budget and capital programme that will provide the force with the necessary resources and infrastructure to help reduce crime, protect the public (particularly the most vulnerable) and invest in new technology which will help deliver operational efficiencies and more effective cross-border policing. However, with the additional demands outlined below we are facing further financial cuts to policing unless we are able to raise additional income from your council tax contribution.

Anthony Stansfeld

Police and Crime Commissioner for Thames Valley

Increased pressure on policing – why is there a need for additional funding?

Based on current planning assumptions for the next three years (i.e. a 2% annual increase in council tax) we are facing a revenue shortfall of £10 million and a capital shortfall of £9 million, up to March 2021.

We have already identified further cash reductions over the next three years of £14 million, of which £5 million will be delivered in 2018/19. Work is ongoing to identify further savings through the Productivity Strategy and the Efficiency & Effectiveness Programme but the task is becoming ever more difficult and requires a more radical approach to changing the way we operate and deliver our service. As an example to achieve extra savings we are

looking at reducing the level of resources in the Joint Operations Unit including Roads Policing, Dog Section and Mounted Branch.

Changing nature of our population and crime

Thames Valley is an area of rapid population growth; its population is projected to increase by 15% over the 25 year period 2014 to 2039. This will significantly affect the volume, nature and profile of the demand for services. Unfortunately, our annual grant allocation from Government does not compensate for this expected increase in population.

The changing face of crime means we will continue to see an unprecedented increase in demand in some of the most complex and challenging areas of policing. Rising reports and cases of hidden crimes such as domestic abuse, child abuse, sexual offences, serious violence and exploitation have all increased the pressure on police resources. This is in addition to the increased threat from terrorism, fraud and cyber-crime.

In addition, after several years of reduction, traditional crime types such as burglary, robbery and serious violence are all starting to climb both nationally and locally, though the increases in Thames Valley are much lower than the national figures.

Reform process

Thames Valley Police is going through a period of reform to adjust to the financial challenges and respond to the increasing complexity of policing. This reform requires investment in well trained officers and staff, and new technologies which will facilitate a change and improvement in the way that policing services are delivered. Unfortunately this vital investment only increases the financial pressures.

Revenue budget 2018/19

Having spent months scrutinising in great detail all our expenditure requirements our draft revenue budget for 2018/19 amounts to £403 million, an increase of £10 million or 2.7 per cent on the current financial year.

Most of this increase (£8.5 million) relates to inflation. The cost of goods and services continues to rise and the pay of our police officers (which is set nationally) and staff also

increases each year. A good example of inflation is the September 2017 one per cent non-consolidated pay award for police officers (i.e. doesn't increase their annual salary) which, whilst very welcome for the individuals, was an unexpected and unfunded cost of £2 million spread across 2017/18 and 2018/19.

As explained above we have already identified £5 million of cash reductions for 2018/19. These savings will be used to help offset essential growth in other areas of the budget, including service improvements in priority policing areas, including:

- The reinstatement of 50 police officer posts that were removed from the 2017/18 budget. Having implemented the new Operating Model earlier this year we realised that these police officers were critical to the delivery of effective policing at the Local Police Area level
- An increase in resource to our Child Sexual Exploitation (CSE) and Protecting Vulnerable People (PVP) teams, as well as the Multi-Agency Safeguarding Hubs (MASH) that we operate with key partners.
- Investment in our new Contact Management System which will improve the way that the public report crimes and interact with the police will have significant ongoing revenue costs. This system will be implemented in phases, starting in May 2017
- Investment in up to date technologies to support Digital Evidence Management and Office 365 to facilitate the modernisation of our business processes and drive efficiency, but these have significant ongoing revenue consequences
- In order to sustain a realistic level of capital investment in future years we are making a higher revenue contribution to the capital programme each year. An additional £1.8m is required next year but this will rise to £10 million per annum by 2020/21. This is necessitated by the lack of annual Home Office capital grant

Capital Programme

We have a substantial capital investment programme planned for the next three years. We will be investing £102 million, including £42 million in the current financial year, in rationalising our estate, modernising our IT systems maintaining our vehicle fleet and

adopting the new Emergency Services network, to ensure our officers and staff have the right equipment to do their job efficiently and effectively. To fully realise the return on these investments we will continue to embrace business change as we have in recent years. The three year capital plan will ensure:

- The continued rationalisation of our property estate ensuring it remains fit for purpose and cost effective
- ICT have the capacity to maintain and develop the existing infrastructure and invest in those core technologies required to provide innovative digital policing services
- That core assets such as vehicles and communication equipment are maintained and replaced as and when necessary, but not before.

Over the next three years the following keys systems will be brought into use

- Contact Management Programme (CMP) - This is an area of work that will change the way that contact from members of the public is dealt with by opening up a number of improved methods for the public to make contact with both Thames Valley Police and Hampshire Constabulary. The programme will improve our ability to accurately assess threat, risk and harm and respond appropriately.
- Enterprise Resource Planning (ERP) - Working In partnership with Surrey and Sussex Police the programme will deliver a single, integrated administrative system which will be a replacement for existing independent HR, payroll, finance, duties and fleet systems within Thames Valley Police. Providing the platform for significant efficiencies, collaborative opportunities and resilience while protecting service delivery to our communities and the public
- Windows 10 - This essential upgrade is a requirement for the National Police Technology Council (NPTC) Office 365 and other national systems
- Office 365 (Supports National Police Technology Council) - Implementation will bring core enabling capabilities to police officers and staff and is a key enabler for increased mobility, remote working, digital ways of working, allowing staff to be more productive collaborative and efficient.

Reserves

We currently hold a healthy level of cash reserves but we are planning on using a significant proportion of these to support one-off expenditure items over the next three years.

- Our earmarked reserves are due to fall from £34.7 million on 1st April 2017 to around £13.9 million by March 2021. However, we may need a further drawdown if the proposed increase in council tax is not supported by local residents. It is important to note that the reserves should only be used to fund one-off expenditure items e.g. to purchase an asset or help fund business change and/or transformation, not ongoing expenditure commitments.
- Our capital reserves of £17.4 million will be fully utilised by the end of 2020/21.
- Our general reserves, which are held to meet unforeseen expenditure items (such as a one-off operational incident (e.g. a major murder investigation or terrorist incident) will be maintained at around 3% of net revenue expenditure. This is a prudent level which is in line with other forces and Government expectations.

There is therefore very little scope to apply further reserves to support our revenue and capital expenditure plans in coming years.

External validation

In November 2017 TVP was judged¹ by the Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) to be 'outstanding' in the efficiency with which it keeps people safe and reduces crime. It was judged 'outstanding' in its understanding of demand and its use of resources to manage demand, and its planning for future demand was judged to be 'good'. TVP was one of only two forces nationally to have been awarded an overall rating of outstanding.

The Police Funding settlement for 2018/19

On Tuesday 19th December the Home Secretary announced a substantial £450 million increase in police funding across England and Wales as part of a comprehensive settlement for forces and counter-terrorism policing.

¹ HMICFRS report on PEEL Police Efficiency (including leadership) 2017

To help meet the needs of each area the Home Office grant to forces is protected in cash terms. This was previously forecast to reduce by almost £2 million per annum.

In addition, the funding package assumes that all Police and Crime Commissioners (PCCs), including myself, will raise the police element of council tax by £1 a month (or £12 a year) for a band D property. Nationally this will raise £270 million of the £450 million increase.

To help forces plan their finances more effectively for the future the Home Office has signalled its intention to repeat the same settlement for 2019/20 provided there is substantial progress from policing in delivering productivity and efficiency improvements.

A full copy of the Police grant report for 2018/19 can be obtained from the Government website at: <https://www.gov.uk/government/.../police-grants-in-england-and-wales-2017-to-2018>

Conclusions

Policing is becoming more complex and the demands being placed on the force are increasing.

Costs are increasing but, until this week's provisional police grant settlement for 2018/19, Government financial support had fallen consistently between 2010/11 and 2017/18. In addition, since 2010/11, increases in the police share of council tax had either been frozen (2010/11 and 2011/12) or capped at a maximum increase of 1.99%. As a result, over the last seven years £99 million of cash savings have been identified and taken out of the TVP base revenue budget.

HMICFRS has recently judged TVP to be outstanding in the way that it keeps people safe; reduces crime; understands its demand; its use of resources to manage that demand; and the way that it plans for future demand.

TVP has already identified over £5 million of cash savings for 2018/19 but, until the provisional grant announcement on Tuesday, this was not enough to balance the budget. To avoid further budget cuts, which could have a serious and detrimental impact on the local policing service, we need to raise additional cash (i.e. more than the 2% allowed in the draft revenue budget) through council tax. The Home Secretary's recommendation that we increase band D council tax by up to £12 is therefore very welcome and timely.

An increase of £12 in the policing element of council tax, which equates to an additional £1 per month for a band D household, will support the Force to reduce crime, detect more of it, protect the vulnerable and invest in new technologies which will enable innovative digital policing solutions to be implemented facilitating future efficiency savings.

I believe this is a price worth paying and seek your support through this public consultation.

Did you know?

- TVP's budgeted net expenditure per head in 2017/18 of £159.40 is below the national average, excluding London, of £173.26
- TVP employs fewer police officers than the national average
- There has been a 38% real terms reduction in Home Office core grants over the last 7 years
- Each £1 million of budget cut would require reductions of around 20 police officers or 30 police staff, or a combination of the two

Impact on different Council Tax bands

The figures quoted in this consultation document are based on a Band D household. The impact on residents living in properties with a council tax banding of A to H are set out below.

Council Tax Band	£
A	8.00
B	9.33
C	10.67
D	12.00
E	14.67
F	17.33
G	20.00
H	24.00