

FREQUENTLY ASKED QUESTIONS

This section provides answers to a number of the most commonly asked questions in relation to the Police and Crime Commissioner's (PCC) budget, expenditure and council tax levels. Please click on the links below to obtain further information.

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1. **Who approves the budget?**

The Police and Crime Commissioner (PCC) is required to produce a draft revenue budget, in consultation with the Chief Constable, which provides the necessary resources to deliver the objectives and outcomes in his Police and Crime Plan.

The annual revenue budget is funded by a combination of government grants and a charge on local council taxpayers – commonly referred to as the council tax “precept”.

In accordance with the Police Reform and Social Responsibility Act 2011 the PCC must notify the Police and Crime Panel of his proposed precept for the ensuing financial year before 1st February.

The Panel has to review the proposed precept and make a report to the PCC on the proposed precept setting out whether it has accepted the proposed precept or vetoed it (at least 2/3 of the Panel membership of 20 must vote in support of a veto)

The Panel met on 31st January 2014 to consider the PCC's proposed 2% increase in council tax precept. They asked a number of written and oral questions on the draft budget and precept which

the PCC answered to their satisfaction. The Panel agreed unanimously to support the proposed increase in precept, or the Government's council tax referendum threshold, whichever is the lower.

Having received the Panel's response on 7th February the PCC formally approved his annual revenue budget for 2014/15 and issued the council tax precept to the 16 billing authorities in the Thames Valley Police area. To avoid having to hold a referendum the police element of the council tax bill will rise by 1.99% in 2014/15.

2. What is the budget for Thames Valley Police in 2014/15?

The revenue budget is £389.483 million which represents a reduction of £4.498 million or 1.1% compared to the current year's budget.

Revenue Budget Summary 2014/15

	2013/14 Budget	Inflation	Savings	Virements	Growth	2014/15 Budget
<i>PCC Controlled Expenditure</i>						
Office of the PCC	£1,154,062	£3,028	-268,000	0	0	£889,090
Democratic Representation	£187,100	£315	0	0	0	£187,415
Other Costs	£322,836	£7,039	-21,677	34,000	0	£342,198
Commissioning Services	£3,483,000	£0	552,577	0	454,850	£4,490,427
	£5,146,998	£10,382	262,900	34,000	454,850	£5,909,130
<i>TVP Operational Budget - Direction and Control of Chief Constable:</i>						
Employees	£328,782,692	£3,201,555	-7,241,873	143,936	3,128,146	£328,014,456
Premises	£21,890,737	£419,310	-1,339,974	-132,778	-30,000	£20,807,295
Transport	£11,681,029	£309,912	-400,000	49,159	54,428	£11,694,528
Supplies & Services	£44,029,076	£670,349	-2,609,500	-11,190	1,158,572	£43,237,307
Third Party Payments	£5,670,929	£55,318	-603,933	889,882	210,609	£6,222,805
Force Income	-£25,753,073	£0	-219,000	-156,406	-464,079	-£26,592,558
	£386,301,390	£4,656,444	-12,414,280	782,603	4,057,676	£383,383,833
<i>Net Capital Financing Costs:</i>						
Capital Financing	£3,920,787	£0	0	0	-152,069	£3,768,718
Interest on Balance	-£1,000,000	£0	0	0	175,000	-£825,000
	£2,920,787	£0	0	0	22,931	£2,943,718
<i>Appropriations to/from Balances:</i>						
Appropriations	-£388,108	£0	0	0	-2,365,177	-£2,753,285
	-£388,108	£0	0	0	-2,365,177	-£2,753,285
Cost of Services	£393,981,067	£4,666,826	-12,151,380	816,603	2,170,280	£389,483,396
<i>Funded By:</i>						
Council Tax - Surplus on Collection	-£1,300,230	£0	0	0	-745,225	-£2,045,455
Council Tax Precept Income	-£127,565,228	£0	0	0	-5,110,175	-£132,675,403
Formula Grant	-£80,449,961	£0	0	0	3,745,254	-£76,704,707
Police Current Grant	-£155,868,924	£0	0	0	4,577,981	-£151,290,943
Specific Grant	-£28,796,724	£0	0	-816,603	2,846,439	-£26,766,888
	-£393,981,067	£0	0	-816,603	5,314,274	-£389,483,396
Total Funding	-£393,981,067	£0	0	-816,603	5,314,274	-£389,483,396

3. What does this mean for Council Tax?

The police element of the Council Tax for 2014/15 will be £160.51 for properties in band D, with the charge for other bands as set out below. This represents an increase of 1.99% over the 2013/14 figure of £157.38, which equates to an extra £3.13 per year or 6 pence per week for a band D household.

Band	2014/15 £	Band	2014/15 £
A	107.01	E	196.18
B	124.84	F	231.85
C	142.68	G	267.52
D	160.51	H	321.02

4. Is the council tax level the same throughout Thames Valley?

Yes. The Police and Crime Commissioner decides how much money he needs to raise from local council taxpayers to help pay for local policing services. This sum (around £133 million) is then divided by the total number of Band D equivalent properties in the Thames Valley area (this is known as the taxbase). The result of this relatively simple calculation is the council tax level for a Band D property.

Other property bands are calculated as a proportion of a Band D property, as the following table shows. For example, a person living in a Band A property will pay two thirds ($\frac{6}{9}$) of the amount paid by a Band D householder. At the other end of the scale, a person living in a Band H property will pay twice ($\frac{18}{9}$) the amount of council tax as that paid by a person living in a Band D property.

Property Band	Relevant Proportion	PCC Element of the Council Tax £
A	$\frac{6}{9}$	107.01
B	$\frac{7}{9}$	124.84
C	$\frac{8}{9}$	142.68
D	$\frac{9}{9}$	160.51
E	$\frac{11}{9}$	196.18
F	$\frac{13}{9}$	231.85
G	$\frac{15}{9}$	267.52
H	$\frac{18}{9}$	321.02

5. How will the budget be spent?

As in previous years the majority of the budget will be spent on employees. Please see the summary revenue budget in question 2 above.

6. What are your service priorities for 2014/15?

The PCC is required to produce a Police and Crime Plan to cover his term in office (i.e. 2013 – 2017)

The Police and Crime Plan sets out the PCCs strategic policing and crime objectives for the Thames Valley with regard to:

- the policing of the area;
- crime and disorder reduction and community safety, and
- the discharge by Thames Valley Police of its local, national or international functions

The Plan is currently being reviewed and updated to ensure that it remains fit for purpose and continues to meet the needs of local communities. In addition to the following key priorities

- Domestic burglary
- Safeguarding vulnerable people
- Rural crime

the updated plan will also include some emerging new issues which will need to be dealt with in 2014/15 and later years, such as:

- Commissioning of victim services and restorative justice
- Female Genital Mutilation
- Child Sexual Exploitation and Abuse and the setting up of Multi-Agency Safeguarding Hubs
- Fraud and Cyber Crime
- Police file quality – ‘Trial ready for Crown Prosecution Service’
- Trunk road closure
- Complaints, Integrity and Ethics Panel

The updated Police & Crime Plan is due to be published in early April and a copy will be available from our website or by ~~request by~~ contacting the office of the PCC.

One purpose of the Plan is to set out the resources allocated by the PCC for policing and community safety.

7. Will the financial situation be any easier next year?

No. Although the UK economy has started to grow the Chancellor has announced that 2"austerity" will need to continue for several years in order to reduce the national deficit.

Despite the lack of confirmed government funding for the years 2015/16 and 2016/17 we have still produced a realistic and robust medium term financial plan (MTFP). At this stage the MTFP has been constructed on the basis of assumed council tax increases of 2% per annum and reductions in government funding of 3.6% in 2015/16 and 3.5% in 2016/17. The MTFP as approved by the PCC in January 2014 is set out below.

	2014/15 £m	2015/16 £m	2016/17 £m
Annual base budget	393.981	389.483	385.982
In-year funding virement	0.817		
Inflation	4.667	4.683	6.481
Savings from Productivity strategy	- 12.151	- 10.858	- 9.140
Committed expenditure	2.819	2.419	2.581
Current service	0.446	0.901	- 0.650
Improved service	1.270	- 1.429	- 0.238
Appropriation from reserves	-2.365	0.783	0.816
Net budget requirement	389.483	385.982	385.832
External funding	389.483	385.982	382.115
Estimated funding shortfall	0	0	3.717

There are, however, a number of budget risks and uncertainties that will impact ofn the Medium term Financial Plan. The main issues in 2015/16 and 2016/17 are set below.

2015/16

1. In his Autumn Statement on 5th December 2013 the Chancellor announced additional departmental reductions for the Home Office of 1.1% in both 2014/15 and 2015/16. For 2014/15 the Home Secretary was able to protect the police service from additional cuts. However,

decisions on the impact of the Autumn Statement on police funding for 2015/16 will be made at a later date after careful consideration of all Home Office budgets. This decision will take time and the Home Secretary is unlikely to publish indicative allocations for 2015/16 until the summer. For TVP a 1% reduction in Home Office police funding equates to £2.43m.

2. Whilst the budget for 2015/16 is shown as balanced, this includes £1.8m of 'Amber' and 'Red' risk-assessed savings which still need to be fully assessed as to their suitability and impacts on operational delivery. This will be carried out early in 2014/15 as part of the next budget setting round.
3. The Home Secretary has established an Innovation Fund and has set aside £20m in 2013/14 and a further £50m in 2014/15 to fund initiatives that will promote collaboration and improve the use of digital working and technology to deliver sustainable improvements and efficiencies in the way forces operate in the future. This funding is allocated via a bidding process and is likely to fund a mixture of capital and revenue projects. Although TVP has suffered a significant reduction in police grant for 2014/15 as a result of the national top-slice, we will not know how much money will be allocated to TVP from the Innovation Fund until well after the budget has been finalised
4. Although the Home Secretary has top-sliced £18m from Police Grant in 2014/15 to expand the Independent Police Complaints Commission (IPCC), the amount top-sliced in 2015/16 will increase but, as yet, the amount is unknown. The additional top-slice will inevitably create additional pressure and savings requirements on local budgets as reflected in the productivity plan.
5. The MTFP assumes year on year increases of 2% in council tax income. Assuming that a 2% increase is within the Government's council tax referendum principles the actual decision on these increases is down to the PCC and will be taken in each of the respective budget setting years. A 0.5% variation on the level of council tax precept equates to approximately £0.65m annual income.

2016/17

6. The final year of the MTFP has some significant risks built into it which could alter the identified shortfall currently contained in the plan either upwards or downwards. These include:
 - Currently there is no indication of the level of grant that PCC's may expect to receive in 2016/17. Therefore a cut in government grants has been assumed at 3.5%, the average for the last 3 years. A 1% variance on this is equivalent to £2.43m.

- There is an on-going review in the way that government grants are allocated to PCC's through the national police funding formula. At this stage it is unknown what the outcome of this review may look like and, again, this could affect the level of grant received by Thames Valley, either positively or negatively.
- The introduction of a change in National Insurance contributions is due to be implemented in April 2016. Initial calculations indicate that this could cost the force an additional £5m per annum. At this stage these costs have not been factored into the MTFP, as it is felt that the government may offset these costs with any potential savings from changes to the police pension scheme. However, it should be noted this is a different and more optimistic planning assumption to that adopted by most other PCC's. **[Note: on 3rd February 2014 the Rt. Hon Damien Green MP (Policing Minister) confirmed that all public sector employers would have to absorb this additional burden]**
- Changes to the police officer pension scheme are due to take place from April 2015, which should reduce the employers contributions made. Again these potential savings have not been factored into the MTFP, as it is believed that these savings may be used by Government to offset the NI increase highlighted above.
- Current government policy is to cap council tax increases at 2%, unless the PCC holds and wins a local referendum to go beyond this. As there will be a new Government in place for 2016/17, it is uncertain whether this policy will still be in place or not.
- It is also unclear whether any new government would seek to extend the current pay capping at 1% per annum. Any extension to this would reduce the inflationary pressures in future years, but may also reduce the level of grants to be awarded.

Summary

The MTFP requires cash savings of at least £36m (i.e. Productivity Strategy savings of £32.149m plus the shortfall of £3.717m) over the next 3 years, including £12.1m in 2014/15. This is in addition to the £46m of cash savings that have already been identified and removed from the base budget in the 3 year period 2011/12 to 2013/14, meaning that over the 6 year period 2011/12 to 2016/17 over £82m of cash savings will be required to balance the budget. This equates to around 21% of the net revenue budget in 2014/15.

The majority of inflationary and growth items are determined by external factors e.g. national pay awards.

8. Where will the savings come from?

As stated above we have already delivered £46m of cash savings in the 3 years 2011/12 to 2013/14 and at least another £36m is required over the next three years.

We continue to work hard to reduce costs and increase efficiency, through:

- Collaboration with other forces to save money, improve service quality and enhance resilience. For example, we have created joint Information Communication Technology, Information Management and Operations departments with Hampshire Constabulary
- By implementing the recommendations from the national review of remuneration and conditions for police officers and police staff
- By carrying out various value for money, structure and process reviews to reduce costs.

Throughout this process we have closely adhered to our key principles, which are:

- To protect frontline services
- To protect our ability to manage risk
- To maintain our capability in protective services and back office functions through collaboration
- To maintain and improve performance in key areas
- To reduce “discretionary spending”
- To streamline business processes and to eliminate unnecessary bureaucracy and waste
- All change to be risk assessed

The following table shows how the £12.1m cash saving in 2014/15 will be delivered.

	£m
Committed full year effect savings	0.024
Collaboration	- 1.831
Structure and process reviews	- 1.917
Value for Money (VFM) reviews	- 4.305
Review of remuneration and conditions	- 4.122
Total	- 12.151

9. How many officers and staff will be employed next year?

The following table shows the movement in the opening and closing full time equivalent (FTE) establishment figures for 2014/15.

	Police	Staff	PCSO	Total
Opening Approved 2013/14 Establishments	4,212.12	2,712.12	507.00	7,431.24
In Year Force Adjustments	3.23	-7.74	0.00	-4.51
MTFP Adjustments:				
319 Reduction in Protection Officers	-5.00	0.00	0.00	-5.00
317 Buckinghamshire MASH Formation	2.00	2.50	0.00	4.50
318 PVP Resources Review	8.00	13.00	0.00	21.00
	5.00	15.50	0.00	20.50
Productivity Strategy Adjustments:				
302 Forensics Investigations	0.00	-4.00	0.00	-4.00
305 Joint Operations Unit	-10.00	0.00	0.00	-10.00
312 ZBB Of CRED	-7.00	0.00	0.00	-7.00
336 PCSOs Review	0.00	0.00	-17.00	-17.00
353 Force Intelligence & Specialist Ops	0.00	-2.00	0.00	-2.00
369 Redeployment of Officers to Front Line Policing	2.00	0.00	0.00	2.00
380 Force CID	-5.00	0.00	0.00	-5.00
390 Local CID	0.00	-7.00	0.00	-7.00
407 Reduction of Additional Vacant Positions in CJ	0.00	-14.00	0.00	-14.00
408 Review of Forensic Services Delivery Methodology	0.00	4.00	0.00	4.00
	-20.00	-23.00	-17.00	-60.00
Net Force Change	-11.77	-15.24	-17.00	-44.01
TVP Gross Target Operational Establishment	4,200.35	2,696.88	490.00	7,387.23
TVP Staff to be Included in Regional Hosted Units:	-22.75	-15.14	0.00	-37.89
TVP Net Target Operational Establishment 2014/15	4,177.60	2,681.74	490.00	7,349.34
Regional Hosted Units				
SECTU	92.00	111.18	0.00	203.18
SEROCU	92.75	83.87	0.00	176.62
TVP Hosted Regional Units Target Establishment 2014/15	184.75	195.05	0.00	379.80
Total TVP Target Establishment 2014/15	4,362.35	2,876.79	490.00	7,729.14

MASH = Multi Agency Safeguarding Hubs
PVP = Protect Vulnerable People
ZBB = Zero Based Review
CRED = Control Rooms & Enquiry Department
CID = Criminal Investigation Department

CJ = criminal Justice
PCSO = Police Community Support Officer
SECTU = South east Counter Terrorist Unit
SEROCU = South East Regional Organised Crime Unit

10. Will the frontline be cut?

We are working hard to protect frontline and local visible policing as well as those areas that support delivery of key strategic objectives, or are necessary for the effective management of policing risk.

Despite the ongoing significant financial pressures, as explained above, an additional 25.5 FTE police officers and staff will be deployed to help protect vulnerable people in 2014/15 - see references 317 and 318 in the Establishment table above.

We are proud of the fact that due to the success of our Productivity Strategy we are one of only four police forces nationally that has so far managed to avoid having to cut frontline police officer numbers.

11. How do your resources compare with other forces in England and Wales?

Her Majesty's Inspector of Constabulary (HMIC) produce Value for Money (vfm) profiles which seek to draw together benchmarking data from a number of sources and publish them in chart and table form. The aim of these profiles is to bring together a range of published and unpublished statistical information from different sources to present a 'full' picture of a police force's income and expenditure, workforce, performance (e.g. offences and outcomes) and satisfaction.

The VFM profiles are public documents which can be downloaded from the HMIC website at <http://www.hmic.gov.uk/programmes/value-for-money/value-for-money-profiles/>

We have used these VFM profiles extensively over the last few years to help improve our financial and operational performance by focussing on those areas where our unit cost has been higher than average, or performance below average.

Key financial headlines from the latest dataset in November 2013 (based on 2013/14 estimates) include:

- In terms of net revenue expenditure we spend £179 per head of population, below the national average of £188. This places us 15th lowest out of the 43 forces in England and Wales.
- In terms of workforce we employ 3.35 police officers, PCSOs and police staff per 1000 population, just below the national average of 3.45
- We employ 1.89 police officers per 1000 population, which is below the national average of 1.99

In 2013/14 our Band D council tax of £157.38 was the 16th lowest out of the 39 police forces in England. The national average is £166.44.

12. What is the Capital Programme for 2014/15?

In addition to spending on day to day activities the PCC incurs expenditure on buildings, information technology, vehicles and other major items of plant and equipment which have a longer term life.

In accordance with best practice, the PCC approves a four year capital programme. This recognises and reflects the fact that many capital schemes are expensive, take a long time to plan and, in some cases, takes more than one year to deliver.

A copy of the summarised capital programme for the 3 year period 2014/15 to 2016/17 showing planned spending is set out below.

	2014/15	2015/16	2016/17	Total	Later Years
	£m	£m	£m	£m	£m
Property	5.529	8.055	12.255	25.839	10.505
ICT	10.369	2.463	2.060	14.892	
Vehicles	2.890	2.976	3.066	8.932	
SECTU ¹	0.939	0.875	0	1.814	
Equipment	1.006	0.346	0.271	1.622	
Totals	20.733	14.715	17.652	53.098	10.505

¹ South East Counter-Terrorism unit

Planned financing of the capital programme in 2014/15 is shown below:

	£m
Capital grant	4.911
Capital receipts	12.143
TVP reserves	2.110
Revenue contributions	0.630
SECTU Grant	0.939
Total Financing	20.733

13. Who ensures the Force operates in an efficient and effective manner?

One of the PCC's main responsibilities is to hold the chief constable to account for Force performance. Further information on the PCC's main responsibilities can be found at

<http://www.thamesvalley-pcc.gov.uk/Your-PCC/The-Role-of-the-PCC.aspx>

Operational performance and effectiveness is also subject to regular scrutiny by Her Majesty's Inspectorate of Constabulary (HMIC).

Financial management performance is subject to regular external review by the external auditor Ernst & Young. Recent annual audit letters can be found at:

<http://www.thamesvalley-pcc.gov.uk/Transparency/Spending/Audit-and-Inspection-Reports.aspx>

14. How can I get further information about the budget?

You can read the PCC's budget report at

<http://www.thamesvalley-pcc.gov.uk/Document-Library/Full-agenda-220114.pdf>

A copy of the detailed budget book for 2014/15 will soon be posted on the PCC's website.

If you have a specific query on the PCC's budget proposals, or any other finance related query, please e-mail it to ian.thompson@thamesvalley.pnn.police.uk. Alternatively, if you would like to speak to somebody about a finance related query please phone Ian Thompson, PCC Chief Finance Officer, on 01865 846786