

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 30th January 2015 to consider the PCC's proposed 1.99% 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 1.99% increase in precept.

Having received the Panel's response on 30th January the PCC formally approved his annual revenue budget for 2015/16 and issued the council tax precept to the 16 billing authorities in the Thames Valley Police area.

2. What is the budget for Thames Valley Police in 2015/16?

The revenue budget is £382.673 million which represents a reduction of £4.571 million or 1.18% compared to the current year's budget.

Revenue Budget Summary 2015/16

	2014/15 Budget	Inflation	Savings	Virements	Growth	2015/16 Budget
PCC Controlled Expenditure						
Office of the PCC	£889,090	£1,767	0	8,337	0	£899,194
Democratic Representation	£187,415	£220	-20,000	24,000	0	£191,635
Other Costs	£342,198	£2,618	-100,000	-24,000	-14,637	£206,179
Commissioning Services	£4,490,427	£0	-401,672	0	1,499,000	£5,587,755
	£5,909,130	£4,605	-521,672	8,337	1,484,363	£6,884,763
TVP Operational Budget - Direction and Control of Chief Constable:						
Employees	£326,095,601	£3,054,866	-8,358,663	-1,702,185	2,321,516	£321,411,135
Premises	£20,692,671	£517,597	-933,743	25,769	-548,329	£19,753,965
Transport	£10,182,493	-£138,360	-1,177,000	-137,124	415,462	£9,145,471
Supplies & Services	£42,789,232	£400,941	-1,704,139	484,453	1,934,385	£43,904,872
Third Party Payments	£9,470,449	£64,288	155,007	-126,977	82,570	£9,645,337
Force Income	-£25,846,613	£0	-260,000	-791,318	-281,388	-£27,179,319
	£383,383,833	£3,899,332	-12,278,538	-2,247,382	3,924,216	£376,681,461
Net Capital Financing Costs:						
Capital Financing	£3,768,718	£0	0	0	-621,232	£3,147,486
Interest on Balance	-£825,000	£0	0	0	175,000	-£650,000
	£2,943,718	£0	0	0	-446,232	£2,497,486
Appropriations to/from Balances:						
Appropriations	-£2,753,285	£0	0	0	-637,142	-£3,390,427
	-£2,753,285	£0	0	0	-637,142	-£3,390,427
Cost of Services	£389,483,396	£3,903,937	-12,800,210	-2,239,045	4,325,205	£382,673,283
Funded By:						
Council Tax - Surplus on Collection	-£2,045,455	£0	0	0	-453,575	-£2,499,030
Council Tax Precept Income	-£132,675,403	£0	0	0	-5,415,638	-£138,091,041
Formula Grant	-£76,704,707	£0	0	0	2,390,365	-£74,314,342
Legacy Council Tax Grants	-£15,278,329	£0	0	0	0	-£15,278,329
Police Current Grant	-£151,290,943	£0	0	0	9,259,250	-£142,031,693
Specific Grant	-£11,488,559	£0	0	2,239,045	-1,209,334	-£10,458,848
	-£389,483,396	£0	0	2,239,045	4,571,068	-£382,673,283
Total Funding	-£389,483,396	£0	0	2,239,045	4,571,068	-£382,673,283

3. What does this mean for Council Tax?

The police element of the Council Tax for 2015/16 will be £163.70 for properties in band D, with the charge for other bands as set out below. This represents an increase of 1.99% over the 2014/15 figure of £160.51, which equates to an extra £3.19 per year or 6 pence per week for a band D household.

[Please see section 4 below for the council tax level in other property bands](#)

Band	2015/16 £	Band	2015/16 £
A	109.13	E	200.08
B	127.32	F	236.46
C	145.51	G	272.83
D	163.70	H	327.40

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 £138 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	$\frac{6}{9}$	109.13
B	$\frac{7}{9}$	127.32
C	$\frac{8}{9}$	145.51
D	$\frac{9}{9}$	163.70
E	$\frac{11}{9}$	200.08

F	¹³ / ₉	236.46
G	¹⁵ / ₉	272.83
H	¹⁸ / ₉	327.40

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 2015/16?

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 was reviewed and updated during 2014 to ensure that it remains fit for purpose and continues to meet the needs of local communities. In addition to the following key priorities which were clearly specified in the original Police & Crime Plan:

- Domestic burglary
- Safeguarding vulnerable people
- Rural crime

the 2014 refreshed plan identifies 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 Police & Crime Plan is available on our website or 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. The Chancellor presented his Autumn Statement to the House of Commons on 3rd December 2014. According to the Office for Budget Responsibility (OBR) the Treasury's figures imply that roughly 40% of the total implied cut in day to day public services spending between 2009/10 and 2019/20 will have taken place over this Parliament will roughly 60% to come in the next.

It is not possible to say how this will affect the police, as individual departments' DELs have not been set beyond 2015/16. However, if existing protections were to continue for the NHS, schools and international development, by 2019/20 spending on other Government departments, such as the Home Office, would be 43.4% lower in real per capita terms than 2014/15. This equates to a cash reduction of approx 33% or 7.8% per annum until 2019/20.

The general election will take place in May 2015. It is expected that the incoming Government will undertake a spending review with the plans announced in late autumn.

Despite the lack of confirmed government funding for the years 2016/17 and 2017/18 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 3.4% in both 2016/17 and 2017/18 (this equates to a 5% real terms reduction in funding). The MTFP as approved by the PCC in January 2014 is set out below. Over the three year period it is estimated that cash savings of at least £46m will be required simply to balance the budget, of which £24m have already been identified leaving around £22m still to be addressed during 2016/17 and 2017/18.

	2015/16 £m	2016/17 £m	2017/18 £m
B/Fwd Opening Balance	387.244	382.673	389.798
Inflation	3.904	6.250	7.724
Productivity savings	-12.800	- 8.279	- 2.996
Committed expenditure	3.075	7.969	2.972
Current services	0.863	- 0.827	- 0.125
Improved service	1.024	- 0.801	3.076
Budget Requirement	383.310	386.985	400.449
Movement in Appropriations from reserves	- 0.637	2.813	- 2.890
Net Budget Requirement	382.673	389.798	397.559
External funding	382.673	378.084	375.656
Estimated annual funding shortfall	0	11.714	10.188
Estimated cumulative funding shortfall	0	11.714	21.903

There are, however, a number of budget risks and uncertainties that will impact on the Medium term Financial Plan. The main issues in 2016/17 and 2017/18 are set below.

1. The current forecast is based on the assumption that Home Office grants will be cut by a further 5% per annum in real terms, which equates to a cash reduction of 3.4% per annum. This was the basis upon which we initially planned for 2015/16 but the reality was that the annual reduction in grant support was a 5% cash reduction due, in the main, to additional top slicing for national initiatives. Should future grants be top-sliced further, a cash cut of 5% could be realistic which would require additional cash savings of nearly £4.6m over the two year period (i.e. £2.3m in 2016/17 and £2.3m in 2017/18). This is over and above the current level of savings required as shown in Table 5 above

These additional cuts could be mitigated by the Government lifting the current 2.0% cap on increasing the Council Tax precept to reduce the impact on service delivery but, in the current environment, this seems unlikely. A 1% increase in precept equates to approximately £1.3m per annum.

The MTFP does not include any mitigation in the cuts to government grant to reflect the increase in tax as a result of the national insurance reforms in 2016/17. The Home Secretary, when challenged about the increase in the tax burden on police forces, stated:

“The Government has not set a fixed spending envelope, nor individual departmental budgets beyond 2015/16. Contracting out (national

insurance) is planned to be abolished in 2016/17; any spending review in the next parliament will therefore take the impact of the abolition of contracting out into account when setting budgets”.

2. ~~As highlighted at paragraph 40 –~~ The current assumption ~~is that~~ council tax will increase by ~~s~~ ~~is at~~ 1.99% per annum. This may be optimistic if the capping threshold is reduced, or it could be that future capping is removed completely – a 1.0% change in council tax equates to approximately £1.3m.
3. The MTFP assumes annual growth in the taxbase of 2% and a council tax surplus of £1.2m per annum. The increase in taxbase reflects the higher increase received in 2015/16 and also recognises the fact that house building continues to expand in some parts of the Thames Valley. The actual surplus in 2015/16 appears to be in the region of £2.4m, almost double the amount received in 2014/15 (circa £1.3m) and allowed for in future years (£1.2m). Billing authorities have been contacted to see what allowance they are currently making in their own MTFPs for increases in taxbase and surplus on collections funds.
4. In 2015 there will be a general election, and hence a new government will be formed. This may or may not change the political landscape and priorities of spending, and consequentially may or may not have an impact on the way policing is delivered and the funding available to deliver it.
5. In 2016 the PCC elections are due to be held for the second time so TVP could have a new PCC. A new PCC may have a different view on council tax precept increases and hence the funding available.
6. The MTFP has allowed for the cessation of pay restraints beyond September 2015, with a move back to inflation-aligned pay awards. This carries risk and opportunity, in that should the pay restraint be continued then savings within the MTFP will be made. However, if pay restraint is lifted as expected, and inflation increases, then we could be under-budgeting against a significant part of the overall force budget.
7. Currently there is a technological move away from the traditional methods of buying and owning IT storage, systems and hardware, to the new cloud based “leasing” of storage, systems and hardware. Whilst this may be more cost effective in the long term, and offers more resilience and opportunity to take new technology, it does change expenditure profiles away from one-off capital purchases every few years, to higher annual revenue costs. Given the relatively high levels of expenditure on ICT hardware and systems, this does potentially give rise to a risk of further pressures on the annual revenue budget, and hence the need for further savings.

8. Nationally a replacement for the Airwave contract, Emergency Services Mobile Communications Programme (ESMCP), is being negotiated and is likely to be in place for TVP in 2017/18. At this stage it is unknown what the financial implications of this contract will be to forces, or how it will be funded.

Summary

The MTFP requires cash savings of at least £46m (i.e. Productivity Strategy savings of £24.075m plus the shortfall of £21.9053m) over the next 3 years, including £12.8m in 2015/16. This is in addition to the £58m of cash savings that have already been identified and removed from the base budget in the 4 year period 2011/12 to 2015/16, meaning that over the 7 year period 2011/12 to 2017/18 over £104m of cash savings will be required to balance the budget. This equates to around 27% of the net revenue budget in 2015/16.

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 £58m of cash savings in the 4 years 2011/12 to 2014/15 and at least another £46m is required over the next three years.

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

- 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.
- By reviewing those roles not requiring police powers (i.e. use a member of police staff rather than a police officer)
- Reduce student officers from foundation training (i.e. student officers will already have completed the vast majority of their training before joining TVP, thereby reducing the number of officers we need to employ)
- Priority Based Budgeting (PBB) is a methodology for reviewing how we utilise our resources. The focus is very strongly on directing resources to priority areas which, in turn, highlights non-priority areas which can be reduced with hopefully minimal impact on our service delivery. The review will initially concentrate on those areas of the business which have not recently been reviewed or are not part of an existing programme or collaborative review, for example, Control

Rooms & Enquiry department (CRED) and the Contact Management Programme. The Deputy Chief Constable (DCC) will lead on this piece of work.

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 £12.48m cash saving in 2014/15 will be delivered.

	£m
Committed full year effect of prior savings	0.692
Collaboration	- 0.065
Structure and process reviews	- 3.169
Value for Money (VFM) reviews	- 6.103
Review of remuneration and conditions	- 0.546
Future productivity strategy programmes	- 3.609
Total	- 12.800

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 2015/16.

	Police	Staff	PCSO	Total
Opening Target Establishments	4,177.60	2,681.74	490.00	7,349.34
<i>Training Restructure:</i>				
PP 409 Reduce Student Officers from Foundation Training	-94.00	0.00	0.00	-94.00
	-94.00	0.00	0.00	-94.00
<i>Workforce Modernisation:</i>				
PP 305 Joint Operations Unit	-4.00	0.00	0.00	-4.00
PP 394 Review of Roles Not Requiring Police Powers	-41.40	41.40	0.00	0.00
PP 422 Review of Functions and Structures within FISO	-8.00	8.00	0.00	0.00
	-53.40	49.40	0.00	-4.00
<i>Other Establishment Changes</i>				
PP 336 PCSOs Review	0.00	0.00	-15.00	-15.00
PP 382 Review of Contact Management Function	0.00	-30.00	0.00	-30.00
PP 395 Review of Non-Collaborative Operations Units	-14.00	-5.00	0.00	-19.00
PP 404 TVP Special Branch Review	-1.00	-3.00	0.00	-4.00
PP 416 Review of Front Counters	0.00	-1.18	0.00	-1.18
PP 417 NP&P Analyst	0.00	-1.00	0.00	-1.00
PP 421 Review of Functions and Structures within FISO	-11.00	-4.00	0.00	-15.00
PP 422 Review of Functions and Structures in Force Crime	0.00	-18.00	0.00	-18.00
PP 424 Review of Learning & Development	-1.00	-2.00	0.00	-3.00
PP 428 Review of Federation Costs	-4.00	0.00	0.00	-4.00
PP 430 Review of Functions and Structures in CJ	0.00	-5.00	0.00	-5.00
	0.00	0.00	0.00	0.00
G 318 PVP Temporary Funding	0.00	-11.00	0.00	-11.00
G 319 Close Protection	-9.00	0.00	0.00	-9.00
G 336 Berkshire MASH	1.00	4.00	0.00	5.00
G 337 PVP - Case Investigators (Temporary)	0.00	4.00	0.00	4.00
G 340 PVP - Permanent Growth	0.00	7.00	0.00	7.00
	-39.00	-65.18	-15.00	-119.18
TVP Target Operational Establishment 2015/16	3,991.20	2,665.96	475.00	7,132.16
<i>Net Change to Operational Establishment</i>	-186.40	-15.78	-15.00	-217.18
<i>Regional Hosted Units</i>				
SECTU	105.00	133.18	0.00	238.18
SEROCU	102.75	96.64	0.00	199.39
TVP Hosted Regional Units Target Operational Establishment 2015/16	207.75	229.82	0.00	437.57
Total TVP Target Establishment 2015/16	4,198.95	2,895.78	475.00	7,569.73

MASH = Multi Agency Safeguarding Hubs
PVP = Protect Vulnerable People
FISO = Force Intelligence & Specialist Operations
NP&P = Neighbourhood Police & Partnerships

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 policing as well as those areas that support delivery of key strategic objectives, or are necessary for the effective management of policing risk.

Although we can protect frontline policing numbers during 2015/16 we can give no such guarantees for 2016/17 and later years due to the scale of budget cuts being imposed on us by Government.

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 October 2014 (based on 2014/15 police estimates) include:

- In terms of net revenue expenditure we spend £165 per head of population, below the national average of £180. This places us 15th lowest out of the 43 forces in England and Wales.
- In terms of workforce we employ 3.36 police officers, PCSOs and police staff per 1000 population, just below the national average of 3.39
- We employ 1.88 police officers per 1000 population, which is below the national average of 1.94

In 2014/15 our Band D council tax of £160.51 was the 16th lowest out of the 38 police forces in England (excluding the City of London). The national average is £169.07.

12. What is the Capital Programme for 2015/16?

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 2015/16 to 2017/18 showing planned spending is set out below.

	2015/16	2016/17	2017/18	2018/19	Total
	£m	£m	£m	£m	£m
Property	5.784	11.390	17.852	5.045	40.071
ICT	8.197	5.205	1.706	1.731	16.839
Vehicles	2.981	3.066	3.066	3.066	12.179
SECTU ¹	0.875	0	0	0	0.875
Equipment & radios	1.221	0.721	0.650	0.200	2.791
Totals	19.058	20.382	23.274	10.042	72.755

¹ South East Counter-Terrorism unit

Planned financing of the capital programme in 2015/16 is shown below:

	2015/16	Total
	£m	£m
B/F capital reserves	0.923	8.841
In-year capital grant	4.200	13.677
Capital receipts	12.537	35.601
TVP reserves	0.418	12.156
3 rd party contributions	0.150	0.705
Other income – safer roads	0.875	1.775
Total Financing	19.058	72.755

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/Agenda-to-Print-20-01-15.pdf>

A copy of the detailed budget book for 2015/16 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