

AVON AND SOMERSET POLICE AND CRIME PANEL

OPCC BUDGET REPORT – 2014/15 OUTTURN AND DRAFT BUDGET FOR 2015/16

REPORT OF THE CHIEF FINANCE OFFICER (“CFO”) OF AVON & SOMERSET POLICE AND CRIME COMMISSIONER (“PCC”)

10 DECEMBER 2014

PURPOSE OF THE REPORT

1. This report sets out the outturn position for the Office of the PCC (“OPCC”) in 2014/15 and a proposed budget for the OPCC in 2015/16.

EXECUTIVE SUMMARY - THE KEY FINANCE ISSUES FOR AVON & SOMERSET PCC

2. **Victims services**

The PCC is an early adopter to deliver and commission local victims services from October 2014. As a result the PCC has received funding from the MoJ to build capacity and has commissioned a new Integrated Victim Care service (“IVC”) from the Constabulary and other third party services for Victims in Avon & Somerset commenced service in October 2014. This area of business is reviewed regularly by the Victims Steering Group and is funded from existing spend on victims services and the new MoJ grants.

3. **MTFP**

The wider medium term financial planning is covered in separate papers and the PCC and Chief Constable are working to address the forecast increase in funding deficits in the coming years, caused by increasing costs (especially payroll, pension and payroll tax related) and decreasing central government funding.

Damping

Avon and Somerset remains severely affected by years of historic funding formula damping that has deprived the region of over £110 million funds since 2006/07 which Avon & Somerset is assessed to NEED. However by the prolonged and perverse application of formula damping, these funds have been redistributed to other policing areas.

Savings

With savings already made since 2010 in excess of £46 million and another £16 million planned in the next 3-4 years the task of finding a further £23 million of cuts to meet the emerging deficits in the next four years is challenging and will involve: further reductions in officer and staff numbers; further review of the type, nature and scope of the service that should be delivered by the Constabulary; extended collaboration and integrated services with partners; investment in technology to drive efficiencies and further consideration of how the Constabulary is best organised.

4. **Precept 2015/16**

A paper on this subject including costs and process of a referendum has been circulated by the PCC’s CFO to the OPCC SLT and the senior Finance professionals in the OCC.

Last year, the PCC consulted with public and partners on the level of precept for 2014/15 bearing in mind the medium term deficit and the risk of relying on short term freeze grants. As a result the precept was increased by 1.99% for 2014/15, after 3 years of a frozen precept at Avon & Somerset. The police precept is now £171.37 per band D household which is the median level amongst PCCs in England.

The PCC is proposing a precept increase in 2015/16 of 1.99% increasing the average Band D home police precept to £174.8 per annum. The final decision for 15/16 precept will depend on the level at which any precept rise referendum limit is set by DCLG/Home Office (2% cap in 2014/15) and the PCC will monitor this closely over the coming weeks.

5. **Outturn 2014/15**

The PCC is forecasting a small underspend in her core budget of 4% (£50k) in 2014/15 and this is set out in more detail in this report. Where possible, the underspend has been cashed as savings, however some is being consumed in 2015/16 to fund maternity cover in the OPCC team.

6. **Community Safety and Grant Funding:**

6.1. The PCC's community safety and grant budget for 2014/15 was agreed as £2.5 million and is a continuation of Home Office funding previously given to Local Authorities for community safety, Youth Offending Teams, Positive Futures and Drugs and Alcohol Teams.

6.2. **Grants and commissioning - Outturn 2014/15:**

The PCC has commissioned projects and services to the full value of the £2.5 million as planned and as published on the PCC website. The summary items are:

- Drugs & Alcohol referral services = £725k
- Youth Offending and Appropriate Adults services = £264k
- ISVA and SARC services for victims of sexual violence/abuse = £316k
- Grants to community safety partners and projects = £1,203k

6.3. **Budget for 2015/16**

The PCC has approved the following £3,256k budget for third party commissioning and grants in 2015/16. (NOTE: The MTFP report shows a figure of £3,185k which has been agreed to be corrected in the next draft of the MTFP)

It should be noted that a new grant of £1.736 million is being made available by the Ministry of Justice (MoJ) to the PCC in 2015/16 and this will be used to fund the increase in 3rd party commissioning and part fund the IVC service in the Constabulary.

The proposed 3rd party spend in 2015/16 is:

- Drugs & Alcohol referral services = £730k
- Youth offending and Appropriate Adults services = £264k
- 3rd Party RJ & Victims services (incl. ISVA service) = £1,432k (*note 1*)
- SARC services for victims of sexual violence/abuse = £228k
- Grants to community safety partners and projects = £602k (*note 2*)

(note 1) The Victims and Restorative Justice (RJ) services budget in 2015/16 will be funded by £1,736k new funding from the MoJ for victims services. Of this £1,027k will be used to part fund the IVC Lighthouse service provided by the Constabulary (with the rest of the IVC cost covered by existing Constabulary budgets) and the £709k balance will support the increase in third party commissioned services.

This increase in commissioning is therefore fully funded by the new source of income from the MoJ and has not been funded from taking any money from the Constabulary or from the PCC's Police Fund.

(note 2) £600,000 of funds will be moved in 2015/16 from community safety grants into the integrated Victims services. This means that grants to CSPs will now focus more on prevention activity and enhanced victim care services.

6.4. **Commissioner's Community Action Fund**

The PCC has issued 51 small grants (from 81 applications) to local community projects so far during 2014/15 to the cumulative value of £159k. These funds are administered for the PCC by the Police Community Trust and are generated from proceeds of crime receipts and proceeds from speed awareness courses. The fund continues to attract a high level of interest from local community groups and will remain at £200k for 2015/16.

OFFICE OF THE PCC BUDGET

7. The PCC set a budget for 2014/15 of £1.4 million which has been held for two years at the level inherited from the Police Authority.
8. The PCC has not appointed a Deputy.
9. The out-turn in 2014/15 is forecast as an under-spend of £50k with savings made in staff costs. This under spend is stated before any exceptional legal costs that may be incurred in dealing with misconduct hearings for the Chief Constable.
10. It is not possible for the PCC to engage in the wide range of demanding tasks required of the role without the support of a small but appropriately skilled and experienced team.
11. The PCC has benchmarked her 2014/15 budget against other OPCC offices and "similar Force areas" (per the Home Office 'most similar group').
12. The latest (October 2014) HMIC value for money profiles show that the Avon & Somerset PCC's Office cost per head of population is 86 pence/person per annum. The average across all PCC's offices is 1.19 and the average for the 'most similar group' is 90.
13. If the average cost per head of population of 1.19 was applied to Avon & Somerset's 1.631 million population then the OPCC costs would be £1.94 million. The Avon and Somerset PCC office is being run at just below £1.4 million per annum which is half a million pounds (28% less cost) than the average Office of PCC in England & Wales.
14. The PCC proposes a further £26k (2%) decrease from the 14/15 budget in the OPCC budget for 2015/16.

15. This budget reduction is despite the OPCC taking on more work in planning and delivering a crucial new program for Integrated Victims Care and running an office budget at a lower level than the average costs for PCCs nationally.
16. The OPCC staff budget in 2015/16 has slightly decreased due to savings and efficiencies made in 2014/15 but is offset for one year by the need to cover unbudgeted maternity.

Outturn 2014/15 and draft budget 2015/16 by key area, is as follows:

| Cost Area | Budget 2014/15 | Outturn 2014/15 | Draft Budget 2015/16 |
|---|-----------------------|------------------------|------------------------------|
| 1. Staff costs incl. PCC and training. | 1,002 | 943 | 985 |
| 2. Transport & travel | 30 | 25 | 25 |
| 3. Audit, annual accounts and joint audit committee | 124 | 138 | 136 |
| 4. Subscriptions: APCC, APACE, PaCCTS, other | 35 | 35 | 35 |
| 5. Communications, media, PR | 57 | 57 | 55 |
| 6. Treasury mngt | 62 | 62 | 62 (<i>subject to ITT</i>) |
| 7. Legal & other fees | 48 | 45 | 35 |
| 8. Office stationary, ICT, events | 35 | 39 | 31 |
| 9. Custody visiting & volunteers | 14 | 14 | 17 |
| Total | 1,407 | 1,358 | 1,381 |

RECOMMENDATIONS

17. Members of the Police & Crime Panel are invited to review and discuss the OPCC budget outturn for 2014/15 and the proposed budget for 2015/16.

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