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## FUNDING UPDATE

### Purpose

1. This paper updates the committee on the funding available to the PCC in the new financial year 2014-15. It is important that the committee has an understanding of the direction of travel on finances in order to fulfil their scrutiny role.

### Summary Position

2. The table below reports the finances available to the PCC in 2014-15 compared to 2013-14.

	2013-14	2014-15
Main Home Office Grant	£41.714m	£40.158
Main DCLG Grant	£23.022m	£21.494
Localisation Grant	£3.830m	£3.842
Freeze Grant 2011-12	£0.991m	£0.991
Freeze Grant 2013-14	£0.363m	£0.401
Total Central Funding	£69.920m	£66.886
Precept Income	£36.287m	£37.588
Council Tax Collection Fund Surplus	£0.488m	£0.625
Total Funding Available	£106.695m	£105.099

3. The headlines are a reduction in central funding of £3.034m (4.3%) in a period when inflation is running in the region of 2% - so a 6% real terms impact.
4. To partly offset this the PCC has decided to increase the PCC part of the Band D Council Tax by £3.15 (1.99%) per annum. In making this decision the PCC was hampered by uncertainty from central government surrounding referendum levels. The PCC was not minded to have a referendum due to the costs involved with this however he wanted to protect future funding hence the decision to set a precept as close to the referendum level as possible.
5. There was also uncertainty whether Council Tax freezes would be included in future base funding for PCCs – this still remains. For Councils the DCLG announced that it would be included in future settlements; the Home Office were unable to confirm this for PCCs.
6. Whilst it was good to see the Home Office protect Police services from further budget cuts announced in the Autumn statement this has led to the 2015-16 funding allocations being deferred which does not help medium term financial planning.

### Impact

7. The PCC has decided to give 97.7% of the funding to the Chief Constable to deliver policing. When considering the Chief Constables budget requirement the following variance resulted.

	1.99% CTax Inc
Budget Requirement	£107.049m
Funding Available	£102.947m
Initial Shortfall 2014-15	£4.102m
Budget setting savings identified	£0.048m
Shortfall (savings req.) 2014-15	£4.054m

8. The shortfall in 2015-16 is estimated as £3.553m. This is based on the underlying message given in the Chancellor's 2013 Autumn statement and will change as specific funding information is released later this calendar year.
9. The Chief Constable has agreed an efficiency strategy to tackle the shortfall this year and the majority of that projected in 2015-16. This surrounds;
- Collaboration, working with local and regional partners
  - Empowerment, reducing management and merging sections/departments
  - Departmental, incremental savings and finalised Vision programme
10. The table below identifies the total savings planned by strategy;

	14-15	15-16
Collaboration Total	£2.145m	£2.081m
Empowerment Total	£0.583m	£0.767m
Department Total	£1.326m	£0.395m
Totals Savings Strategy	£4.054m	£3.243m

11. From this members of the committee can see that the Chief Constable will need to continue to drive forward making efficiency savings. Whilst achieving this the Chief Constable is still expected to improve services to the public and deliver in line with the PCC's Police and Crime Plan.

## PCC Commissioning

12. The PCC has retained £0.790m to directly commission non-police services such as youth services and community safety funding projects. This is the same level as 2013-14. During 2013-14 the PCC has sought to set up contractual agreements with direct service providers to ensure that funding is linked to outputs. This will continue in 2014-15 with more focus.
13. In addition to this PCCs have been given the role of commissioning Victim Services. In 2013-14 the PCC has been given £0.206m to prepare for this role. He has also been provided with £0.047m for Restorative Justice. Whilst this money does not need to be spent by the end of March 2013 the grant form does require the PCC to identify how he is going to utilise the funding by the end of June 2013.
14. In 2014-15 the government has agreed that the main referral service will continue to be provided by the nationwide Victim Support organisation. In 2015-16 all PCC's will have to decide whether to continue commissioning services from this organisation or have a different delivery model. With this in mind indicative funding levels have been provided as £0.146m for 2014-15 and £0.584m for 2015-16.

15. Indicative funding to assist the restorative justice process has been set at £0.076m for 2014-15 and £0.155m for 2015-16.
16. With this additional requirement the PCC has been researching what options are available to ensure that efficient and effective use of the funding occurs.

### **Conclusion**

17. The committee is asked to note the continual reduction in main funding and the pressure this places on both the PCC and the Chief Constable. Noting that the £4m savings requirement for 2014-15 is in addition to the £11m already saved in the first 3 years of the austerity measures.
18. The committee is also asked to acknowledge the increased role of the PCC, with the requirement for local PCCs to commission Victim Services and increase the Restorative Justice capacity.

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