

**Minutes of the Warwickshire Police and Crime Panel
Budget Working Group held on 8 August 2013**

Present:

Members of the Panel

Co-opted Independent members

Bob Malloy
Robin Verso

PCC Office

Dave Clarke	Treasurer
Rob Phillips	Deputy Treasurer

WCC Officers

John Betts	Head of Finance
Janet Purcell	Democratic Services Manager

Apologies for absence.

Councillor Peter Morson

1. Medium Term Financial Plan - update

Dave Clarke presented the MTFP (as circulated) which had been updated since the budget report in February, in the light of the CSR announcement in June, and will be further updated in the autumn and will form part of the budget report to the Panel in February 2014.

The working group noted that the settlement had been better than expected, but that future years, particularly beyond 2015/16, was uncertain.

The CSR revealed:

- Real terms reduction in funding for the Police Service in 2014/15 of 5.75% (which equates to a 3.3% cash cut) and an actual allocation will be announced in the autumn.
- Real terms reduction for 2015/16 of 4.9% -lower than the 8-10% predicted –(and equates to a cash cut of 3.1%)
- The community safety grants will be rolled into the formula grant for 2014/15

- Innovation fund up to £50m for which PCCs can apply
- Pay capped at 1% until Sept 2015
- Review of the funding formula (to come into effect 1 April 2016)

Dave Clarke explained that, although the picture is better than anticipated, it was uncertain beyond 2015/16 when it is expected there will be additional savings to be found of around £5m up to 2017/18.

The current assumptions include an assumption of 2% increase in council tax in each year, taking effect from 2016/17. Assumptions are used for planning purposes and will be reviewed again in the autumn when we have more information. It is expected that grant information will come through end of November/beginning of December.

Members questioned the following areas:

Reserves.

It was noted that reserves stand at around 30% of net revenue spend which was well above that in the public sector generally (which was usually around 5%).

Dave Clarke replied that they are healthy at present but could change considerably in 2016/17 and 2017/18 and that if reductions are made too early then it would be difficult and slow to build up the service again.

Dave Clarke outlined the categories of reserves and added that there was a current review of underspending that had been happening for some time. A zero based budget exercise was being undertaken to see why this is happening (and to ensure there is not double counting). The outcome of this exercise should be available in the next month.

ACTION

Dave Clarke to provide a report on the reserve strategy for the next meeting.

Dave Clarke to report on the outcome of the review of underspending asap.

Risks/assumptions

The report set out the risks and Dave Clarke added that there were some key unknowns:

- The scrapping of contracting out of NI contributions from 1 April 2016 which could cost £1.7m
- uncertainty around inflation
- impact of changes in the grant formula. The grant formula changes are more likely to impact on West Mercia than Warwickshire, as West Mercia received some £11.5m at present from damping.
- The reduction of funding for local government will also impact and could lead to an increase in demand for policing services.

- The impact of cuts at the Home Office (30% to date and a further 16% planned) and capacity to work/support local forces.

On a positive note the HMIC report on Police Forces and PCC collaboration placed Warwickshire and West Mercia in the top two for collaborative work.

Robin Verso asked if would be possible to show range for each assumption as these could vary considerably. Dave Clarke replied that he was reasonable confident with the figures given, but there would be significant impact if there is a pay increase for instance and he would rather keep estimates as reasonably conservative than risk having to make later cut and compromising performance.

Strategic Alliance

The Group asked about the allocation of budgets/costs in the alliance and was advised that the allocation remained 69:31. This was reached following an analysis of staff deployment, head counts, accommodation etc. An independent piece of work by Grant Thornton looked at this and other methods and concluded that this was a sensible approach. 69:31 was used across all areas with a few exceptions (e.g. capital financing costs).

Financial Monitoring

Dave Clarke advised that the PCC had sessions where he monitored performance and spending and had decided to hold these in public meetings. (The papers for which are available on the PCC website and can be made available to the Group).

ACTION

Dave Clarke to provide monitoring information that would enable the Panel to ascertain how the Plan is being delivered and whether performance and financial targets are being met.

Ideally the information should be in a format that shows progress of performance targets and budget spending against each activity/priority.

NEXT STEPS

(1) Dave Clarke to provide information requested above under ACTIONS.

Refreshed MTFP, budget forecast and refreshed Plan to come to Panel in December.

(2) Working group to meet in January to look in depth at budget proposals and any issues raised by Panel at its meeting in December.

(3) Dave Clarke to follow up on request for information on PCSOs powers.

- (4) Janet Purcell to provide action column in minutes in future (and to track progress of issues).
- (5) Janet Purcell to speak to Chair of the West Mercia PCP regarding their work programme/ items of concern (there may be some overlap) and to undertake a review of what how other PCPs are working and what topics they are scrutinising that could be fed into discussion by the Panel on their work programme.