

**Minutes of the Police and Crime Panel – Budget Working Group
held on 25th August 2016**

Present:

Members of the Working Group

Councillor David Reilly
Councillor Mike Gittus
Robin Verso

Warwickshire County Council

Stefan Robinson, Senior Democratic Services Officer
Virginia Rennie, Strategic Finance Manager

Office of the Police and Crime Commissioner

Robert Phillips, Deputy Treasurer
Elizabeth Hall, Treasurer

1. General

(1) Appointment of Chair of the Working Group

It was agreed by members that Councillor Reilly would Chair the working group for the ensuing year.

(2) Apologies

Apologies were received from Councillors Morson and Pomfrett

(3) Members' Disclosures of Pecuniary and Non-Pecuniary Interests

There were no disclosures of interests on this occasion.

(4) Minutes, 24 June 2016

The Working Group noted the minutes of the previous meeting. The Chair requested that the action plan feature before the minutes in future agenda packs. In response to questions, Robert said that he anticipated that Sexual Abuse Referral Centre would be in operation by November 2016. In relation to appendix 1 in the minutes, Robin highlighted that had £5m not been used from the reserves to fund the capital programme in 2015/16, reserves would have increased significantly to nearly £37m.

Elizabeth explained that there had been great uncertainty about future funding streams for police forces nationally, and there was uncertainty in the run up to the Central Government Finance Settlement. The use and level of reserves needs to consider the short, medium and long term views. She said that a longer term settlement from Central Government would support improved financial planning and better forecasting. Reserves also need to be managed with regard to the level of financial risk and uncertainty, and the current level of reserves addressed this. She acknowledged that Warwickshire had one of the highest levels of reserves in the country, but said it should be noted that

Minutes of the Police and Crime Panel – Budget Working Group held on 25th August 2016

savings made as part of the Strategic Alliance with West Mercia have contributed to this, which is a positive outcome.

In relation to contingency funds, Robert and Elizabeth explained that these have been incorporated into committed budgets. Each budget allocation now accounts for inflation, and reserves can be used in the same way that contingency budgets were previously used. It was clarified that funding is available from Central Government during major incidents, after the local police force has passed a spending threshold.

2. Quarter 1 Budget Monitoring 2016/17

Elizabeth introduced the report which provided detail on Quarter 1 spending. It was explained that there had been a fundamental change in the format of the management accounts, and that recurring spend previously shown against reserves had now moved into the base budget. This included Microsoft licences, Business, Rural and Cyber Grants and Operation Devonport (OD) costs. This had been done to provide a more accurate measurement of the force's underlying revenue position. Elizabeth said that in some areas, such as ICT, reserves are being used to fund ongoing revenue costs.

Elizabeth agreed to find out the target completion date for the review of OD. It was clarified that OD is now being used to fund additional police staff, and OD is a Warwickshire only scheme. Members expressed concern that Warwickshire's performance was not good enough, and that its positive outcome rate needed to improve.

Elizabeth explained that the net Alliance budget of £303.9m set against the forecasted spend of £301.8m left a projected underspend of £2.1m. This was partly due to £1.263m of income more than budgeted, and £0.290m underspent on transport. £0.600M had also been underspent on police pensions because more people were opting out of the pension scheme than anticipated. This would be monitored when the new auto-enrolment system comes into effect in the near future.

The average pay for staff and officers had also reduced, but this had been offset by those returning early from secondments and career breaks. Elizabeth said there was a £1.5m underspend predicted on police pay as issues around turnover and recruitment have been more volatile than anticipated. Members raised concern over the staff turnover and vacancy rates, and said this would have a negative impact on service delivery. Elizabeth said that some vacant and 'on hold' posts were being covered by temporary and agency arrangements. Currently, 50 vacant staff and PCSO posts were budgeted for whereas 155 were vacant in June. Members reiterated that this could have implications on the forces efficiency, and said the need for posts that are consistently vacant should be reviewed.

The Chair asked about the use of lease cars as an incentive for senior police staff, and how prevalent their use was within Warwickshire. Elizabeth

Minutes of the Police and Crime Panel – Budget Working Group held on 25th August 2016

undertook to look into the issue, and respond after the meeting. She also advised that the Joint Audit Committee recently requested a report on the governance arrangements of the Place Partnership Limited.

In relation to supplies and services, Elizabeth said the cost of outsourced forensic services was likely to be underestimated. This is because there is an increasing amount of crime being committed with, or through, the use of new technologies such as smart phones and the internet. Forensic kiosks have been set up to help reduce spending on external services. Robin asked if the PCC had oversight of spending on the ICT budget, and whether he could access independent advice. Elizabeth clarified that he did have oversight, and that independent advice was available if needed. She said the ICT budget was not necessarily for new specialist equipment, but for ensuring that all staff and officers have basic access to modern mobile ICT equipment to support them in their day to day roles.

As part of the new report format, members were presented with high level financial figures relating to major projects, namely; the Operational Command Centre (OCC), the Athena system, ICT Modernisation and the appointment of a transformation partner. Elizabeth explained that the OCC was among the most complex programmes, having both capital and revenue commitments and dependencies on other projects.

Members asked whether the decision to have two separate OCC's, instead of one joint centre, was going to be reviewed by the current PCC. It was suggested that having one central location may help to reduce costs. Elizabeth agreed to provide the original high level financial comparison of the two options, and indicated that further revenue savings would have been likely if only one OCC was established. However Neville house had now been purchased for one of the OCC's, and a refit of the building was underway. Members indicated that they wished to ask the PCC if he remained committed to the former PCC's decision to have two OCC's, instead of one. Elizabeth said that there had been some slippage with the OCC delivery dates. She also discussed the Athena project and highlighted that old records were being converted to the new system.

In relation to firearms training, Elizabeth advised that the Property Board had asked for an update on the provision of a firearms range. The amount of firearms officers per capita in Warwickshire is high because the number required to possess firearms licenses relates to the required response times based on geographical area, and not just on population ratios. The Chair sought reassurance that a firearms range would not be commissioned, without taking into account local and national views of future firearms provision. Elizabeth said that this would be considered, but a decision on the provision of a firearms range would need to be made at some point.

Robin requested that a more up to date outturn report be available to members, prior to their consideration of the PCC's precept proposals in February 2016. The outturn estimates provided last year were not the most up to date figures. Elizabeth said that this would be presented either as a high

Minutes of the Police and Crime Panel – Budget Working Group held on 25th August 2016

level monthly outturn report, or a more detailed quarterly report, depending on the timing of the panel meeting.

In relation to capital monitoring, Elizabeth advised in addition to the expenditure noted in the June report, a further £3m had been spent in this financial year already, mostly on ICT. The £36m capital spend is optimistic, and a review into capital spending should be completed by autumn 2016 which will support the production of a realistic capital programme. She also explained that further progress on the procuring of a transformation partner should be made in the coming months. In response to questions, it was clarified that audits cover both the OPCC and Warwickshire Police, and the OPCC receives its own recommendations from the auditors. Also, a Risk Management Strategy for the OPCC is now in place.

3. Budget Working Group Action Plan 2016/17

The working group's action plan was tabled, detailing matters arising, actions completed and work ongoing. Members were also provided with the Joint Audit Committee's Value for Money Reports and minutes from December 2015 and March 2016.

Robert advised that a Medium Term Financial Plan update can be circulated to members in the Autumn. The Chair said that the working group will likely need to consider the outcome of the Autumn Statement at their meeting on 17 January 2017. He asked that national comparative data on the level of reserves be included in each agenda for the working group. Robin raised concerns regarding Warwickshire's level of reserves, which were approximately twice the national average. Robert suggested that forces within Warwickshire's most similar group could be highlighted for comparison at future meetings. Members indicated that the Police and Crime Panel would be asking the PCC about his strategic view on the level of reserves throughout the year, and how he will exercise control over them.

Elizabeth highlighted two areas that required further investigation, following Her Majesty's Inspectorate of Constabulary (HMIC) Value for Money Profiles. The reports revealed that Warwickshire and West Mercia were significantly below the average on Custody. An investigation into the reasons behind this will take place. Firearms were also highlighted as an outlier but the costs reflect the geography of the Alliance, as highlighted earlier. New HMIC inspections of Warwickshire Police would be starting in September 2016. Elizabeth said that the Joint Audit Committee review all of the HMIC recommendations.

Members had concerns over the proportionately high amount of senior staff, when compared to front line police officers. Concerns were also raised about the low number of full time equivalent (FTE) staff employed. Elizabeth explained that this is a trend associated with smaller forces, such as Warwickshire, which do not benefit as much as other forces from economies of scale. Fewer FTE staff can also be interpreted as a sign of efficiency.

Minutes of the Police and Crime Panel – Budget Working Group held on 25th August 2016

Members asked for an analysis of the relationship between underspends (in areas such as low police officer numbers and low spend on investigations) and the number of positive outcomes.

The Chair concluded the meeting by outlining six areas that the Working Group may want to consider over their next few meetings. These were:

- ICT Modernisation – Consideration of issues around the OCC, Athena and supporting a modern workforce.
- Staffing - Human resources, recruitment, vacancy and turnover issues.
- Efficiency of investigations and positive outcomes – Considering custody management, Operation Devonport and Cybercrime.
- The approach to capital spending
- The Strategic Alliance Transformation Partner/Programme
- The use of financial reserves

It was agreed that officers would discuss the best approach to providing the relevant information for the working group, and in consultation with the Chair, would timetable work accordingly. The Chair offered his thanks to Robert for his support to the working group, and wished him well in his new role with the Kent Police and Crime Commissioner.

4. Date of Next Meeting

The next working group meeting was scheduled for Monday 14 November 2016, commencing at 14:00, Shire Hall, Warwick.

The meeting closed at 12:02.

**Minutes of the Police and Crime Panel – Budget Working Group
held on 25th August 2016**