



Appendix B

Report of the Chief Finance Officer of the PCC to the Police and Crime Commissioner for North Yorkshire

24th February 2015

Status: For Approval

Budget 2015/16 and Long Term Financial Plan 2016/17 to 2018/19 and Capital Plans 2014/15 to 2018/19

1. Executive Summary

1.1 Purpose of the Report

This report asks the PCC to agree the Budget proposals for 2015/16 and the Medium Term Financial Plan (MTFP) for 2015/16 – 2018/19 in line with the legal requirement to set a budget prior to the 1st March each year for the following financial year. It also asks the PCC to agree the funding for the Capital Programme for 2015/16 and the indicative allocations for the period 2016/17 to 2018/19.

2. Recommendations

- 2.1 The PCC is requested to approve the allocation of the £146,972k of revenue funding, that is forecast to be received by the PCC in 2015/16, in the following areas:
- £911k to run the Office of the PCC (see Appendix A)
 - £22,537k for Corporate Services
 - £2,577k for Commissioned Services
 - £118,791k to the Police Force
 - £1,980k to the Capital Programme
 - £176k to Reserves
- 2.2 The PCC is asked to note that the 2015/16 budget is based on the approved 1.99% increase in precept for 2015/16.
- 2.3 The PCC is asked to take cognisance of the Robustness of Estimates and Adequacy of Financial Reserves Report of the PCCs CFO that was discussed prior to this report.

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- 2.4 The PCC is asked to agree that quarterly updates to the MTFP forecast will be brought to the PCC in 2015/16 to provide an update on the progress of the work to develop the future saving plans required.
- 2.5 The PCC is asked to agree that quarterly updates on the 2015/16 budget will be brought to the PCC in 2015/16 to provide updates on performance against the 2015/16 budget.
- 2.6 In order to implement the Capital and Revenue Development Programme (CDRP) and facilitate incurring and management of the expenditure, the following approvals are requested:
- (a) Approval of the 2015/16 Rolling Programme budgets, totalling £3,181k as set out below and detailed in Appendix B.

	2015-16 £'000
ICT	506
Fleet	2,237
Estates	-
Technical Assets	421
Personal Protective Equipment	17
Total Rolling Programmes	3,181

- (b) Approval of the small items fund of £250k for 2015/16, to be managed as set out in the Financial Regulations by the Chief Constables Chief Finance Officer.
- (c) Indicative approval of the 2016/17 Rolling Programme budgets as set out in Appendix B, and delegation of approval of any requests to pre-order against the 2016/17 budgets to the Commissioners Chief Finance Officer, up to 25% of each indicative budget. The 2016/17 Rolling Programmes will be submitted for formal approval at this time next year.
- (d) Delegation to the Commissioners Chief Finance Officer to approve, where needed and appropriate, for the carry forward of any slippage from the approved 2014/15 CRDP into 2015/16.

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3. Planning and Funding Assumptions

3.1 The 2010 Comprehensive Spending Review (CSR) was issued in October 2010 with further detail being released in December 2010 which gave detail around funding for the five years from 2011/12 to 2015/16. This was then further informed by the 2013 Spending Review and the subsequent one year settlements that have since followed.

3.2 Grant

The Government Grant for North Yorkshire has so far seen the following CASH reductions:

- 2011/12 – 5.1% reduction
- 2012/13 – 6.7% reduction
- 2013/14 – 1.6% reduction
- 2014/15 - 4.8% reduction
- 2015/16 - 5.1% reduction

3.3 Government Funding for 2015/16

At the time of the 2013 Spending Round PCC's were expecting cuts of 3.2% in 2015-16 in cash terms. In the 2013 Budget the Chancellor announced a further 1.1% cut to the Home Office Departmental Expenditure Limit in 2015/16. The Home Office were considering whether they would be able to absorb that cut within the department rather than pass the cut on to PCC's and as a result of this PCC's did not receive a provisional 2015/16 settlement in 2014/15.

3.4 The Home Office have passed on some of the 1.1% Department Expenditure Limit cut but not all of it to PCC's and as such the draft grant settlement that was announced on the 17th December 2014 was a 3.4%, or £289m, reduction in Police Revenue funding from the Home Office. However due to a number of top slices the cash cuts received by each PCC totalled a significantly higher reduction of 5.1%

3.5 Full details of the allocation of the Home Office Revenue Policing budget is detailed below:

Police Revenue Funding	2014/15 <i>£m</i>	2015/16 <i>£m</i>	Change %
Funding to PCCs			
Home Office Police Grant	4,583.3	4,309.2	-6.0%
Formula Funding (ex-DCLG)	2,923.5	2,818.3	-3.6%
Welsh Government	140.0	135.0	-3.6%
Welsh Top-Up	13.1	12.5	-4.7%
Counter-Terrorism Specific Grant	564.0	564.0	-
Council Tax Freezes for London	23.6	30.4	28.9%
2011/12 Council Tax Freeze	58.8	58.8	-
2013/14 Council Tax Freeze	7.3	7.3	-
2014/15 Council Tax Freeze*	2.7	2.7	-
Sub-Total	8,313.7	7,938.3	-4.5%
Other Funding			
National Police Coordination Centre	2.3	-	-
PFI	72.8	72.8	-
Ordnance Survey	1.7	1.7	-
Contingency	5.9	-	-
IPCC	18.0	30.0	66.7%
Innovation Fund	50.0	70.0	40.0%
College of Policing	2.8	4.6	64.3%
City of London	2.5	2.8	14.3%
HMIC	9.4	9.4	-
Police Knowledge Fund		5.0	-
Major Programmes		40.0	-
Police Special Grant		15.0	-
Sub-Total	165.4	251.4	52.0%
Total Government Funding	8,479.1	8,189.6	-3.4%

3.6 In total around £180m has been 'top sliced' from the funding that could have been provided to PCC's. The £72.8m included for PFI's in the other funding section in the table above is technically not a 'top slice' however the other £178.3m are 'top slices'.

3.7 Had the £178m of 'top-slicing' simply been allocated to North Yorkshire in the same proportions as the Core Government Funding then the PCC would have received an additional £1.7m in 2015/16 to support local policing and crime activities.

3.8 Government Funding for 2016/17 and beyond

There is currently no clear indication of what will happen to the levels of Government Funding for 2016/17 and beyond. It is also unlikely that any clear indications will be given before the next General Election which will be held on the 7th May 2015. What is however reasonable to assume is that reductions in government funding will not end in 2015/16. It is therefore prudent to plan for further cuts.

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- 3.9 As can be seen with the final settlement for 2015/16 it is however very difficult to project what the level of reductions will be. For planning purposes it has therefore been assumed that Government Grants will reduce by 2.5% per annum across the life of the MTFP.
- 3.10 The current forecasts for Government Funding across the next 4 years, in comparison to the amount for 2014/15, are therefore:

	Actual	Actual		Forecasts	
	2014/15	2015/16	2016/17	2017/18	2018/19
Funding	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Police Grant	(44,654)	(42,370)	(41,311)	(40,278)	(39,271)
RSG/National Non Domestic Rate	(28,185)	(26,747)	(26,079)	(25,427)	(24,791)
Government Grant Funding	(72,839)	(69,117)	(67,389)	(65,705)	(64,062)

- 3.11 Precept
There are now 3 elements that make up what would have previously been the amount of funding received in relation to precept.
- 3.12 There continues to be the amount raised locally via the 'police' element of the Council Tax bill. However this has been reduced significantly given the government decision to localise the council tax benefits system.
- 3.13 **The assumption throughout this updated plan, and for planning purposes only, is that this element will be frozen at the 2015-16 rate in 2016-17, with an increase of 1.99% modelled for each year thereafter.**
- 3.14 The level of precept is however subject to a separate annual decision by the PCC.
- 3.15 Since the January update of the MTFP the PCC has proposed a 1.99% increase in the precept for 2015/16, which was supported by the Police and Crime Panel. The financial impact of that decision is reflected in this updated MTFP.
- 3.16 As a precepting authority the PCC will receive a grant of £5,746k in 2015/16 in recognition that a proportion of Council Tax Benefits that were previously paid by the Government to the Local Councils were ultimately due to the PCC as part of the 'police' precept.
- 3.17 Despite a small increase in this grant in 2014/15 of £18k (or 0.3%) the 2015/16 grant has remained at the same level as that paid in 2014/15. The current plan therefore assumes that the current level of grant remains unchanged throughout the plan.
- 3.18 There remains a risk that this element of funding to the PCC becomes part of the overall Police Grant and therefore subject to reductions in future years and/or gets allocated by the formula that distributes funding within policing as a whole instead of based on local need.
- 3.19 The final area of 'precept' funding is in the form of the Council Tax Freeze grant. The PCC is currently in receipt of 2 grants as a result of decisions to freeze precept in previous years. Both grants has been confirmed for 2015/16 at the same level as received in 2014/15.
- 3.20 A grant of £1,532k per annum is as a result of the decision of the then Police Authority to freeze council tax levels in 2011/12. Originally this grant, for £1,532k per annum, was for 4 years but it has been extended into a 5th year. Based on current information this grant will not be available for the 2016/17 financial year.

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- 3.21 The other Council Tax Freeze Grant is for £620k per annum and results from the decision of the PCC to freeze council tax levels in 2013/14. It is also expected that this grant will not be available in 2016/17 and beyond.
- 3.22 The current forecasts around the funding for precept and precept related items over the next 4 years, in comparison to 2014/15, are as follows:

	Actual	Actual		Forecasts	
	2014/15	2015/16	2016/17	2017/18	2018/19
Precept Related Funding	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Precept	(58,342)	(60,806)	(60,048)	(61,243)	(62,462)
Council Tax Freeze Grants	(2,152)	(2,152)	0	0	0
Council Tax Support Grant	(5,746)	(5,746)	(5,746)	(5,746)	(5,746)
Precept Funding Total	(66,240)	(68,704)	(65,794)	(66,989)	(68,208)

- 3.23 If the PCC was to decide to increase Precept, in 2016/17, at 1.99%, then this would increase the funding available to the PCC across the life of the MTFP by £1.2m and would help in closing some of the currently projected funding gap that is outlined later in this plan.
- 3.24 Specific Grants, Other Income and Victims and Witnesses Grants
While the main government grant and money related to precept provide the PCC with the majority of its funding there are other areas from which the PCC will receive income.
- 3.25 In terms of Specific Grants the PCC is forecast to receive between £2.4m and £3.0m per annum for the life of this plan. They are called specific grants as there is a requirement to spend them on the areas for which they are granted. The vast majority of this funding relates to Victim and Witnesses grant from the Ministry of Justice, National Security funding; and Innovation Funding from prior year successful bids.
- 3.26 Other funding is generated from a variety of sources such as secondments, interest on balances held and invested, collaboration contributions, special services income and speed awareness income.
- 3.27 These sources of income and funding are forecast to provide between £5.8m and £6.2m across the life of the plan.
- 3.28 The entire funding therefore expected to be available to the PCC for the next 4 years in comparison to 2014/15 is as follows:

	Actual	Actual		Forecasts	
	2014/15	2015/16	2016/17	2017/18	2018/19
Funding	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Government Grant	(72,839)	(69,117)	(67,389)	(65,705)	(64,062)
Council Tax Precept	(58,342)	(60,806)	(60,048)	(61,243)	(62,462)
Council Tax Freeze Grant	(2,152)	(2,152)	0	0	0
Council Tax Support Grant	(5,746)	(5,746)	(5,746)	(5,746)	(5,746)
Funding for Net Budget Requirement	(139,079)	(137,821)	(133,184)	(132,694)	(132,270)
Specific Grants	(2,490)	(2,953)	(2,524)	(2,528)	(2,435)
Partnership Income/Fees and Charges	(4,589)	(6,198)	(6,052)	(5,886)	(5,929)
Total Funding	(146,158)	(146,972)	(141,760)	(141,108)	(140,635)
%age change in Total Funding	-1.5%	0.6%	-3.5%	-0.5%	-0.3%

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- 3.29 As can be seen from the table above, based on the current assumptions, the amount of funding available to the PCC in 2015/16 will be slightly higher than in 2014/15, thereafter the forecast assumes that funding will then reduce across the life of the current plan.
- 3.30 There is currently a significant reduction in overall funding that is forecast to happen in 2016/17 which results from the expected end to all of the payments for the Council Tax Freeze Grants. The £2.152m reduction that is modelled at this stage could be partly mitigated through an increase in Precept of 1.99% in 2016/17.
- 3.31 As mentioned previously the amount of income available to the PCC, based on current assumptions begins to plateau in the later years of the plan as the forecast 2.5% reductions in Grant funding are offset by the forecast 1.99% increases in precept.
- 3.32 To therefore help balance the budget in the future it will be important to carefully manage inflation on all areas of expenditure, both in terms of what actually happens but also forecasting what will happen. Current assumptions around inflation increase the overall budgets by the following cumulative amounts:
- 2016/17 - £2.3m
 - 2017/18 - £5.6m
 - 2018/19 - £8.7m
- 3.33 There remains one area of income that has not been incorporated into these figures yet. This is in relation to the driver training income. The income included within the plan is sufficient to balance the additional costs of the changes made in this area. Any surplus income, which is expected to be circa £1,000k from 2016-17 onwards, could be utilised to reduce the deficit if required however it is important to realise that this funding is not guaranteed. The forecast income not included within the MTFP is as follows:

Additional items not included	2015-16 DRAFT £'000	2016-17 DRAFT £'000	2017-18 DRAFT £'000	2018-19 DRAFT £'000
Driver Training Income	(436.7)	(1,008.3)	(1,005.0)	(1,023.3)

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4. Expenditure Plans

4.1 Office of the PCC

The PCC's budget of £911k for 2015-16 is £169k (or nearly 16%) less than the budget inherited from the former Police Authority. The current planning assumption is that this budget remains static throughout the life of the plan. Further details are provided at Appendix A.

4.2 Commissioning and Partnerships

The role and responsibilities of the PCC is wider than Policing and this has been acknowledged with the addition of responsibilities around Community Safety and Victims and Witnesses services. These additional responsibilities have also attracted some additional funding. The Community Safety grant was provided in 2013-14 before being absorbed into the main Police Grant, while the provision of grant funding from the Ministry of Justice for the commissioning of services in relation to Victims and Witnesses services continues into 2015-16 and will increase as the PCC's responsibilities in this area increase.

4.3 The forecast expenditure within this area remain largely unchanged from the plans set out in January and are set out in the table below. At this stage while the budget for 2015/16 is for approval and many services have been contracted for, the continued expenditure in these areas, in future years, will be dependent on the performance and need for these service going forward.

	Actual	Forecasts		
	2015/16	2016/17	2017/18	2018/19
<u>Commissioning and Partnerships</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Community Safety	382	382	382	382
Substance Misuse	236	236	236	236
Youth Justice	375	375	375	375
Sexual and Domestic Violence	120	120	120	120
Victims and Witness Services	862	862	862	862
Community Fund	250	250	250	0
Staff Pay	324	328	334	341
Non-Pay	28	23	16	9
Total Costs	2,577	2,575	2,574	2,324

4.4 Corporate Services

As part of the transition and the changes to governance that occurred from the 1st April 2014 there were certain budgets and responsibilities that either needed to sit with the PCC or which were agreed to sit with the PCC. These areas have been grouped under the heading of Corporate Services.

4.5 While not specifically identified within the budget reports that were used to set the 2014-15 financial plan it is important that there is a distinction between those areas of expenditure that remain under the PCC, along with the staff employed by the PCC to deliver these areas, and those that were transferred to the Chief Constable. To ensure that both organisations can ensure appropriate governance and financial control these budgets have now been split out for financial reporting purposes.

4.6 The table below sets out those areas and budgets that remained with the PCC post the 'Stage 2' transfer in relation to Corporate Services. The forecasts for the next 4 years are based on decisions made to date and an allowance for expected levels of inflation

	Actual	Actual	Forecasts		
	2014/15	2015/16	2016/17	2017/18	2018/19
Corporate Services	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Staff Pay	6,899	6,869	6,612	6,625	6,758
Other Non Salary	354	745	386	293	298
Premises	5,056	4,795	4,981	5,177	5,380
Supplies and Services	8,561	9,005	8,899	9,077	9,301
Transport	861	857	880	902	926
Asset Management	265	266	184	128	666
Total Corporate Services	21,995	22,537	21,942	22,202	23,327
%age Change in Expenditure		2.5%	-2.6%	1.2%	5.1%
PCC Corporate Staff (FTEs)	199	197	187	185	185

4.7 Further work will be done over the coming months over all areas of the budget, linked into the Affordability group, to generate savings for both the immediate and longer term

4.8 Police Force

As expected the vast majority of the funding received by the PCC is provided to the Chief Constable. The Chief Constable is accountable to the law for the exercise of police powers, and to the Commissioner for the delivery of efficient and effective policing, management of resources and expenditure by the police force.

4.9 Based on the current split of resources and responsibilities between the PCC and CC the CC has modelled a budget for 2015-16 and beyond based on maintaining 1,392 FTE Police Officers and 183 FTE PCSOs. The current position is outlined in the table below:

	Actual	Actual	Forecasts		
	2014/15	2015/16	2016/17	2017/18	2018/19
Police Force Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Pay					
Police Pay	70,818	70,593	73,848	75,309	76,815
Police Overtime	1,631	1,807	1,470	1,779	1,624
Police Community Support Officer Pay	6,068	5,866	6,103	6,205	6,328
Staff Pay	25,904	25,126	25,373	25,417	25,813
Pay Total	104,420	103,392	106,794	108,710	110,580
Non-Pay Budgets					
Other Pay and Training	1,590	918	809	827	845
Injury and Medical Police Pensions	2,958	3,168	3,218	3,282	3,348
Premises	59	65	67	69	72
Supplies and Services	8,904	8,904	9,268	9,381	9,577
Transport	2,354	2,345	2,689	2,798	2,912
Non-Pay Total	15,865	15,399	16,050	16,356	16,753
Total Planned Force Expenditure	120,285	118,791	122,844	125,066	127,333
%age Change in Expenditure		-1.2%	3.4%	1.8%	1.8%
Employee Numbers (Average per year)	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,392	1,393	1,392	1,392	1,392
PCSOs	183	183	183	183	183
Police Staff - Police Force	817	828	814	798	795
Specials (target)		286	286	286	286
Volunteers (target)		125	125	125	125

4.10 Reserves and Estimates

The current plans assume a contribution of £0.7m from reserves over the life of the plan along with funding provided to the capital plans of £15.6m.

4.11 As mentioned in January it is unlikely that the currently modelled contributions to support the capital programme can be sustained given the savings that are required to balance the financial plans.

- 4.12 A full review of the adequacy of reserves and the estimates used within the MTFP has been provided in the Robustness of Estimates and Adequacy of Reserves report that was considered earlier.

5. Budget Summary

- 5.1 Based on the assumptions outlined within this report the summary position, over the next 4 years, would be as illustrated in the table below:

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	Actual Budget	Actual Budget	Forecasts		
	2014/15	2015/16	2016/17	2017/18	2018/19
Funding	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Total Funding	(146,158)	(146,972)	(141,760)	(141,108)	(140,635)
%age Change in Funding	-1.5%	0.6%	-3.5%	-0.5%	-0.3%
Office of the PCC Planned Expenditure	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Total Planned Expenditure	912	911	911	911	911
Commissioned Services	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Commissioned Services	2,099	2,577	2,575	2,574	2,324
Total Planned Expenditure	2,099	2,577	2,575	2,574	2,324
Corporate Costs	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Total Corporate Costs	21,995	22,537	21,942	22,202	23,327
%age Change in Expenditure		2.5%	-2.6%	1.2%	5.1%
Police Force Planned Expenditure	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Police Pay	70,818	70,593	73,848	75,309	76,815
Police Overtime	1,631	1,807	1,470	1,779	1,624
PCSO Pay (incl Overtime)	6,068	5,866	6,103	6,205	6,328
Staff Pay (incl Overtime)	25,904	25,126	25,373	25,417	25,813
Pay Total	104,420	103,392	106,794	108,710	110,580
Non-Pay Budgets					
Non-Pay Total	15,865	15,399	16,050	16,356	16,753
Total Planned Force Expenditure	120,285	118,791	122,844	125,066	127,333
%age Change in Expenditure		-1.2%	3.4%	1.8%	1.8%
(Surplus)/ Deficit	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
	(867)	(2,156)	6,511	9,645	13,261
Contribution to Capital Programme	3,420	1,980	3,775	4,918	4,918
Planned Transfers to/(from) Earmarked Reserves	(2,553)	176	(492)	(317)	(60)
Net (Surplus)/Deficit After Reserves	(0)	(0)	9,794	14,246	18,119
General Reserves	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
General Fund Balance c/f	9,697	9,697	9,697	9,697	9,697
Employee Numbers (Average per year)	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,392	1,393	1,392	1,392	1,392
PCSOs	183	183	183	183	183
Police Staff - Police Force	817	828	814	798	795
PCC Corporate Staff	199	197	187	185	185
PCC Private Office Staff	10	10	10	10	10
Assumptions					
Staff Pay Increases	2.2%	0.0%	2.0%	2.0%	2.0%
Precept Increases	2.0%	2.0%	0.0%	2.0%	2.0%
Government Grant Reductions (Cash Basis)	-4.8%	-5.1%	-2.5%	-2.5%	-2.5%

5.2 The above forecast is based on the best information and forecasts available at the time of pulling together the 2015/16 budget and MTFP.

5.3 While the current plans show a balanced financial position for the 2015/16 there is a significant amount of uncertainty about future years, the PCC is asked to consider the Robustness of Estimates report when considering the projected financial plans.

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6. Capital Financing and Expenditure

The assets owned by the PCC are a vital platform for the delivery of the Police and Crime Plan, with the overall purpose of the capital plan to provide sufficient funding to renew the asset base of the organisation, informed by condition deficiency surveys, 'fit for purpose' reviews, equipment replacement programmes, business continuity requirements and invest to save expenditure. Plans have been drawn up for recommended areas for capital investment which would aid the organisation Force in delivering against the Police and Crime Plan.

6.1 Capital Grant

The PCC is expected to receive £840k in terms of Capital Grant in 2015/16, this is £186k, or 18%, lower than in 2014/15, as a result of a £20m Home Office top slice to fund the Communications Capabilities Development Programme and the Emergency Services Mobile Communications Programme. If the PCC wants, or needs, to spend more on Capital Expenditure than this Grant provides then the options are as follows:

- Borrowing money (either through loans or from current cash balances) to fund Capital Purchases.
- The sale of Capital Assets resulting in a Capital Receipt.
- A contribution from the Revenue Budget

6.2 Including the current financial year there is an extensive programme of capital expenditure planned over 5 years which totals over £48m, of which only £4.7m is expected to be provided through capital grants from the government. A summary of the current plans are set out in the table below, with further details being provided as Appendix C:

Capital Financing and Expenditure (including Revenue consequences)						
	2014/15	2015/16	2016/17	2017/18	2018/19	5 Year Total
	£000s	£000s	£000s	£000s	£000s	£000s
Earmarked Reserve/Funding b/f	26,183	10,636	4,545	4,011	4,472	
Capital Grant	1,050	841	600	1,100	1,100	4,691
Contribution from Revenue	789	1,980	3,775	4,918	4,918	16,382
Capital Receipts	1,012	1,104	1,509			3,624
Transfers from Revenue	143	1,348				1,490
Transfer to Earmarked Reserves	-1,081					-1,081
Borrowing/Leasing	2,845					2,845
Projected in-year funding available	4,758	5,272	5,884	6,018	6,018	27,951
Capital and Revenue Project Plans						
ISD	9,539	6,311	569	1,152	631	18,202
Transport	2,144	2,237	1,292	1,033	1,423	8,129
Other Rolling Programmes	594	924	1,120	1,112	1,094	4,843
Property and Facilities	5,948	1,000	3,432	2,260	1,858	14,499
Externally Funded projects	361	301				661
Other Projects	1,719	591	5			2,316
Total Agreed Programme	20,305	11,364	6,418	5,557	5,006	48,650
Earmarked Reserve/Funding c/f	10,636	4,545	4,011	4,472	5,484	

6.3 At the start of 2014/15 the PCC had reserves of £26.183m set aside to support the capital plans of the organisation. The table above shows the impact of the current plans on those reserves and how it will be used if all of the plans are agreed and then delivered.

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- 6.4 Revenue contributions totalling nearly £16m over the next 4 years are likely to prove unsustainable given the financial challenges that the organisation faces and therefore consideration needs to be given to whether all of the expenditure within the plans are essential.
- 6.5 For instance planning to spend £14.5m on Property and Facilities, which does not include the costs of moving out of Newby Wiske, while current plans assume £3.6m in capital receipts, is an area that will be reviewed as the plans of the organisation develop.
- 6.6 While significant expenditure is undoubtedly needed on IT, £18m over the planning period is a significant amount of money and the programme will need to be closely managed to ensure the benefits are delivered.
- 6.7 To aid the timeliness of the delivery of Capital projects the PCC has agreed that a fund for business cases of £250k is set aside as unallocated within the programme going forward, the CFO's for either the PCC or CC can then approve expenditure against this fund up to £25k for each scheme, where appropriate, without the need for further approval.
- 6.8 The CIPFA Prudential Code of Practice is a key element in the system of capital finance. Under this system individual PCC's are responsible for deciding the level of their affordable borrowing having regard to the prudential code. The associated paper 'Treasury Management & Prudential Indicators' will provide the PCC with reasonable assurance that the proposed Capital Plan and its financing are within prudential limits.

7 Eliminating the 2016/17 and later years budget gaps

- 7.1 The PCC is aware of the on-going programme of work around 'Delivery Themes' which will generate the savings to balance the budget in future years. As indicated in the January update of the MTFP this work began in January and an update will be provided to the PCC during March on the progress being made. The plans and outputs from this work will be incorporated into future updates of the MTFP.

7.2 Risks

The major risks and unknowns surrounding the figures presented here are:

- Any differences between the future years' actual settlements and the estimated figures.
- Any funding formula review that reduces the share of Government Grant received in North Yorkshire.
- Variations in future years between the estimated tax base used and the actual declared tax base.
- Changes in the referendum limits for Precept increases below the currently anticipated 2% pa. The potential costs and risks associated with a public referendum.
- Any adjustment to the Police Pension Grant regime and/or any top slicing of funding to contribute to the increasing cost of the Police Pension Fund Top up Grants.
- Changes in the model of service delivery as a result of commissioning, changes in demand and/or alternative resource provision that may result in an amendment of the targeted officer level below 1392 fte.
- The External Auditors have raised an issue which may prevent repayment of the LGPS deficit, although it is considered that this issue is likely to be resolved. In the event that the

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repayment is not possible, the reserves set aside to make the lump sum repayment will instead be used to fund the deficit repayments due in each year.

- Impact of Winsor recommendations in respect of Police Staff. These are subject to further discussion at national level.
- Recent court cases have suggested that there may be a liability to higher cost of salary during annual leave for employees who work regular, compulsory overtime. The situation is subject to appeals, and it is not clear what the impact (if any) on NYP would be. No provision for additional costs has been included in the figures presented here.
- Sensitivity of assumptions, including inflation and borrowing costs.
- Any re-prioritisation of projects as a result of the Delivery Themes.
- Any additional investments required in order to facilitate the Delivery Themes.
- Growth in partnership and other costs over and above inflation.
- Ability of the Delivery Themes to deliver the savings predicted, to the required timescales.

Report Information

Author(s): Michael Porter, PCC Chief Finance Officer.

Date: 13 February 2015

Background Information and Related Documents

MTFP Revenue and Capital Reports (v45.3) and associated documents dated 10th and 11th February 2015.

Office of the PCC Budget 2015/16

	Budget 2015/16
PCC FOR NORTH YORKSHIRE CORPORATION SOLE (OPCC)	
PRIVATE OFFICE FOR POLICE AND CRIME COMMISSIONER (OPCC)	
PCC Direct Costs	
PCC Salary costs	70,000
PCC National Insurance costs	8,648
PCC Pension costs	8,413
PCC Travel and Subsistence e.g. mileage	8,250
PCC Telephony and Comms	500
OPCC - Staffing Costs	
Private Office Salaries	216,365
Private Office National Insurance	14,764
Private Office Pension	25,042
Other staffing costs - Travel	11,000
Other staffing costs - Subsistence	500
OPCC - Premises and Office Activities	
Recruitment	5,000
Non Employee Advertising e.g. statutory notices	1,500
Running Costs - Office Expenses	14,920
Accommodation - Premises Costs	53,984
Engagement, Research and Development	43,480
Communications and IT Costs	7,500

PCC Private Office Total	489,866
STATUTORY OFFICER FUNCTIONS	
Chief Finance Officer (CFO - M Porter) - Salary & travel costs	49,215
CFO - Subscription	500
Chief Executive Officer Salary (CEO - J Carter)	116,466
CEO National Insurance	13,666
CEO Pension	13,756
CEO - APCCCE subscription	1,440
CFO - Travel	2,000
CFO - Communication	500
Courses and Conferences	1,000
Miscellaneous incl PATS Subscriptions	9,000
Independent Audit Committee Travelling	1,500
Independent Panel Members	1,500
Custody Visitors	13,577
External Audit	32,430
Internal Audit	40,000
APCC subscription	21,155
LGYH subscription	3,000

Statutory Officer Functions Total	320,705
SERVICES TO THE COMMUNITY	
Hire of Premises	5,000
Public Engagement	95,000

Services to the Community Total	100,000
TOTAL PRIVATE OFFICE FOR POLICE AND CRIME COMMISSIONER (OPCC)	910,571

APPENDIX B

Rolling Programmes

Summary:

	2014-15 £'000	2015-16 DRAFT £'000	2016-17 DRAFT £'000	2017-18 DRAFT £'000	2018-19 DRAFT £'000	2019-20 DRAFT £'000
ICT	890.2	506.0	458.0	1,152.0	631.0	816.7
Fleet	2,144.4	2,237.4	1,291.8	1,033.0	1,422.6	1,500.0
Estates	2,021.5	-	1,100.0	2,200.0	1,784.3	1,363.4
Technical Assets	253.0	420.8	348.2	351.8	383.3	579.6
Personal Protective Equipment	27.0	17.0	17.0	7.4	-	-
Total Rolling Programmes	5,336.0	3,181.2	3,215.0	4,744.2	4,221.2	4,259.7

ICT:

	2014-15 £'000	2015-16 DRAFT £'000	2016-17 DRAFT £'000	2017-18 DRAFT £'000	2018-19 DRAFT £'000	2019-20 DRAFT £'000
Computers and printers	185.6	181.0	218.0	367.0	181.0	} 816.7
Servers infrastructure	-	155.0	80.0	105.0	130.0	
Telephones/Comms	528.4	100.0	110.0	80.0	270.0	
Network equipment	52.9	70.0	50.0	600.0	50.0	
SAN/Data Storage	65.5	-	-	-	-	
Total Rolling Programme	890.2	506.0	458.0	1,152.0	631.0	816.7

Fleet:

	2014-15 £'000	2015-16 DRAFT £'000	2016-17 DRAFT £'000	2017-18 DRAFT £'000	2018-19 DRAFT £'000	2019-20 DRAFT £'000
New vehicle acquisition	1,647.0	1,997.0	1,036.0	820.0	1,173.0	} 1,500.0
Conversion cost	398.5	509.5	209.5	188.0	228.0	
Livery	4.7	2.4	9.5	1.6	7.2	
Other	94.2	59.7	36.8	25.4	14.4	
Expected slippage from 2014/15	-	(331.2)	-	-	-	
Total Rolling Programme	2,144.4	2,237.4	1,291.8	1,033.0	1,422.6	1,500.0
Number of vehicles		147	72	52	92	

Estates:

The detailed estates rolling programme for 2015/16 has not yet been developed, pending the completion of the Estates Strategy. A detailed programme will be brought for approval during spring of 2015/16. Current allocations for other years are:

	2014-15 £'000	2015-16 DRAFT £'000	2016-17 DRAFT £'000	2017-18 DRAFT £'000	2018-19 DRAFT £'000	2019-20 DRAFT £'000
Total Rolling Programme	2,021.5	-	1,100.0	2,200.0	1,784.3	1,363.4

Technical assets:

	2014-15 £'000	2015-16 DRAFT £'000	2016-17 DRAFT £'000	2017-18 DRAFT £'000	2018-19 DRAFT £'000	2019-20 DRAFT £'000
Maintenance of technical ability	-	55.4	58.5	-	-	-
Replacement of assets	253.0	365.4	289.7	351.8	383.6	579.6
Total Rolling Programme	253.0	420.8	348.2	351.8	383.3	579.6

This programme provides for the rolling replacement of all other capital assets.

The programme includes £55.4k in 2015/16 and £58.5k in 2016/17 for technical ability/facilities, rather than strictly replacement of existing assets.

This is a new rolling programme, which has been developed over the last two years, and there are still a (small) number of operational areas for which detailed replacement programmes have not been developed (notably CCTV) and any replacement required for these assets during 2015/16 will be the subject of a separate specific capital expenditure request. It is expected that all areas business will be included in the 2016/17 replacement programme at this time next year.

Personal Protective Equipment

No detail is provided for the Personal Protective Equipment (PPE) programme, which will be charged to revenue. There is not expected to be any capital element. The figures are based on the Stores best estimate of replacement costs of PPE.

Detailed Capital and Revenue Development Programme

	2014-15 £'000	2015-16 DRAFT £'000	2016-17 DRAFT £'000	2017-18 DRAFT £'000	2018-19 DRAFT £'000	2019-20 DRAFT £'000
Rolling Programmes	5,336.0	3,181.2	3,215.0	4,744.2	4,221.2	4,259.7
Small items fund	199.6	250.0	250.0	250.0	250.0	250.0
Previously approved schemes:						
ICT Strategy	2,668.0	5,339.6	(subject to detailed business cases)			
PSNP	2,053.4	95.0				
IT Stabilisation	3,803.6					
IT Consultancy	123.7	222.3	111.1			
ANPR		147.8				
Harrogate Police Station	577.5					
Northern Base	199.4					
Local Police Stations	92.2					
Data Centre re-provision			1,192.2			
Athena House	2,800.0					
Refurbishment of Northallerton		399.0	80.0		14.0	5.0
Custody Fire Detection System	150.0					
Resources for P&F Strategy	107.0	61.4	60.0	60.0	60.0	60.0
Small schemes	1,833.5	612.2	14.6			
Externally Funded Schemes:						
ANPR A1 Upgrade	8.5					
ASB PIF Bid	115.6	266.7				
Cyber Crime	218.0	34.0				
RFPS	18.5					
Earmarked for schemes not yet formally approved:						
Systems replacement		214.9	495.2	502.8	460.7	250.4
Ripon/Malton replacement		540.0	1,000.0			
Total	20,304.5	11,364.1	6,418.1	5,557.0	5,005.9	4,825.1
Capital	19,422.0	10,587.7	6,220.4	5,489.6	4,945.9	4,765.1
Revenue	882.5	776.4	197.7	67.4	60.0	60.0
Total	20,304.5	11,364.1	6,418.1	5,557.0	5,005.9	4,825.1