



SOUTH YORKSHIRE POLICE AND CRIME PANEL

The Police & Crime Panel is responsible for scrutinising and holding to account the South Yorkshire Police & Crime Commissioner for the way in which the Commissioner delivers his responsibilities for setting the priorities and resources for South Yorkshire Police, as well as for supporting broader community safety activities in the county.

The Police & Crime Panel is a joint body established collectively by each of the local authorities in the county, with Rotherham Metropolitan Borough Council acting as the host authority.

The membership of the Police & Crime Panel consists of 10 councillors drawn from each of the local authorities in the South Yorkshire Police Area according to a set allocation of places, and 2 independent co-opted members drawn from the local community.

The current membership is as follows:

Panel Members	Role	Local Authority Represented
Councillor Talib Hussain	Chair	Sheffield
Councillor Stuart Sansome	Vice-Chair	Rotherham
Councillor Brian Cutts	Member	Rotherham
Councillor Jackie Drayton	Member	Sheffield
Councillor Robert Frost	Member	Barnsley
Councillor David Griffin	Member	Barnsley
Councillor John Healy	Member	Doncaster
Councillor Chris McGuinness	Member	Doncaster
Councillor Joe Otten	Member	Sheffield
Councillor Mick Rooney	Member	Sheffield
Mr Alan Carter	Independent Co-opted Member	
Mr Steve Chufungleung	Independent Co-opted Member	

The agenda papers for Police & Crime Panel meetings are published 5 working days in advance and can be downloaded from the Rotherham Council [website](#) –

AGENDA

Date:- Tuesday, 7 February 2017
Time:- 2.30 p.m.
Venue:- Town Hall, Moorgate Street, Rotherham. S60 2TH
Contact James McLaughlin, Democratic Services Manager
Tel. 01709 822477 or james.mclaughlin@rotherham.gov.uk

1. **Apologies for Absence.**
2. **Declarations of Interest**
3. **To determine any item which the Chairman is of the opinion should be considered as a matter of urgency.**
4. **To consider whether the press and public should be excluded from the meeting during consideration of any part of the agenda.**
5. **Questions from Members of the Public.**
If any member of the public wishes to ask a question of the Panel at its meeting, they should be submitted in writing at least 24 hours before the date and of the meeting and be no more than 50 words in length.

Questions should be submitted to James McLaughlin, Democratic Services Manager at Rotherham MBC (Host Authority for the Police and Crime Panel) by email – james.mclaughlin@rotherham.gov.uk

There is no provision for the public to ask questions of the Police and Crime Commissioner. Any questions for the Commissioner should be forwarded to the Commissioner's office – info@southyorkshire-pcc.gov.uk – for response.
6. **Questions from Members of the Panel.**
7. **Minutes of the Previous Meeting held on 16 December 2016 (herewith) (Pages 1 - 16)**
8. **Proposed Council Tax for 2017-18 (Pages 17 - 36)**
9. **Host Authority Arrangements (Pages 37 - 38)**

10. Independent Co-opted Member - Term of Office (Pages 39 - 40)

11. Date and time of the next meeting - Friday 24 February 2017 at 11.00 a.m.

SHARON KEMP,
Chief Executive.

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POLICE AND CRIME PANEL
Friday, 16 December, 2016

Present:-

Barnsley MBC

Councillor D. Griffin

Doncaster MBC

Councillor J. Healy

Councillor C. McGuinness

Rotherham MBC

Councillor S. Sansome (in the Chair)

Sheffield CC

Councillor J. Drayton

Councillor J. Otten

Co-opted Members

Mr. A. Carter

Mr. S. Chu

Apologies were received from Councillors B.Cutts (Rotherham MBC), R. Frost (Barnsley MBC), T. Hussain and M. Rooney (Sheffield CC).

F32. MINUTES OF THE PREVIOUS MEETING HELD ON 28 OCTOBER 2016

The Chair reported that Councillor Brian Cutts (Rotherham MBC) had written to indicate that he did not consider the minutes to be accurate in respect of his statement under Minute F27 and wished for the minutes to be amended to record that he had observed every protest march in Rotherham, rather than attended. The Chair indicated that he had watched the webcast of the previous meeting, where Councillor Cutts had indicated that he had attended every protest march in Rotherham, and could not recommend that the proposed amendment be incorporated within the minutes.

Resolved:-

That the minutes of the previous meeting of the Police and Crime Panel held on 28 October 2016 be approved as a true and correct record of the proceedings.

F33. TO CONSIDER WHETHER THE PRESS AND PUBLIC SHOULD BE EXCLUDED FROM THE MEETING DURING CONSIDERATION OF ANY PART OF THE AGENDA.

The Chair indicated that there were no items for consideration on the agenda that would require the exclusion of the press and public from the meeting.

F34. TO DETERMINE ANY ITEM WHICH THE CHAIRMAN IS OF THE OPINION SHOULD BE CONSIDERED AS A MATTER OF URGENCY.

The Chair indicated that there were no items requiring the urgent consideration of the Panel.

F35. QUESTIONS FROM MEMBERS OF THE PUBLIC TO THE PANEL

It was reported that no public questions had been received.

F36. QUESTIONS FROM MEMBERS OF THE PANEL TO THE POLICE & CRIME COMMISSIONER

In accordance with Procedure Rule 11 (General Questions from Members of the Panel), the following questions were put with responses from the Police and Crime Commissioner:

Mr Alan Carter put the following question:

“Is the PCC is sufficiently concerned about the issue of human trafficking and modern day slavery to use his influence to ensure that access to adequate funding may be prioritised to ensure that there are resources sufficient to enable the South Yorkshire Police and their various partners to be able to comprehensively address this apparently growing problem in our communities?”

In response, the Police and Crime Commissioner stated:

“Human Trafficking and Modern Slavery is a growing area of concern and all forces in the UK recognise that. I am meeting with the non-governmental organisation (NGO) and Force lead on the 16 December to discuss a multi-agency partnership. At that meeting I want to discuss the deliverables one might reasonably expect from such a partnership including, but not limited to, the development of a Countywide Partnership Strategy.

In addition to which I have provided some funding to a NGO to provide training to partner agencies first responders - for example housing officers or similar. The training will be free to access and will in the first instance address some of the knowledge gaps we are aware exist in terms of spotting the signs, understanding responsibilities around and reporting mechanisms for victims of modern slavery.

You are right to say that this is a multi-agency issue and responsibility and I welcome this opportunity to further raise the profile of this heinous crime.”

Mr Alan Carter had also given notice of a second question:

“As Police and Crime Commissioner, would you please advise the Police and Crime Panel on your personal involvement in and influence to date upon the releasing and directing for community benefit of assets seized or recovered from criminals’ ill-gotten gains, pursuant to the provisions of The Proceeds of Crime Act 2002? In particular, could you report upon the extent to which money returned to the public purse from this source assists in aiding good community causes and engaging ex-offenders in activities to benefit the wider community in South Yorkshire?”

In response, the Police and Crime Commissioner stated:

“The Proceeds of Crime Act 2002 (“POCA”) sets out the legislative scheme for the recovery of criminal assets with criminal confiscation being the most commonly used power. Confiscation occurs after a conviction has taken place. Other means of recovering the proceeds of crime which do not require a conviction are provided for in the Act, namely civil recovery, cash seizure and taxation powers.

If associated with a criminal investigation / prosecution and conviction this is regarded as an asset in the confiscation process for which the police receive only 18.5% back from the incentivisation fund. In cases of cash seizure, detention or forfeiture the police receive 50% of the amount back through the incentivisation fund.

It is complex and difficult to obtain funds through the Proceeds of Crime Act and can take 5 – 6 years to come through. Because of these complexities we do not rely on POCA money to fund any particular activities because it is not a stable or consistent funding source.”

In response, Mr Alan Carter indicated that communities in West Yorkshire were benefiting from funding from a Proceeds of Crime Fund and enquired whether any monies coming into South Yorkshire were being used for the benefit of local communities.

The Police and Crime Commissioner answered that it was unlikely that the funds being distributed were from the proceeds of organised crime, but rather that the local PCC had given a pot of money the name “Proceeds of Crime Fund”. He committed to look further into the issue. .

Councillor Joe Otten asked the following question:

“Who do you understand to be ultimately responsible for taking the decision to go ahead with the 17th November police and Amey operation on Rustlings Road, Sheffield, to fell trees in the early hours?”

In response, the Police and Crime Commissioner stated:

“The decision to go ahead with the 17 November operation on Rustlings Road was a matter for Sheffield City Council. As I understand it, this was part of a larger contract to resurface roads and make good pavements that included the felling of some older trees whose roots were affecting street maintenance. If memory serves me correctly, this policy was welcomed by all parties on Sheffield City Council at the time. They wanted a coherent plan to tackle the city’s potholes and put the streets and pavements into better order so as to minimise future costs in a time of austerity. The Councillor might like to ask the city council how many claims there were for tripping over poorly maintained pavements in the past few years.”

Councillor Joe Otten asked a second question:

“It has been claimed that decision for the early start to tree felling was “on police advice”. Is this correct and what was that advice?”

In response, the Police and Crime Commissioner stated:

“It would not be the role of the police to tell the local council when to undertake its work, but it would be its role to give an assessment of what the impact might be.”

Councillor Joe Otten asked a third question:

“It has been claimed that a vehicle containing police dogs was on Rustlings Road for a time on the 17th November. Can you confirm or deny this?”

In response, the Police and Crime Commissioner stated:

“No police dogs were requested, utilised or present during the tree felling exercise on Rustlings Road.”

Councillor Joe Otten submitted a fourth question:

“A council's powers to close roads and tow vehicles are limited by regulations requiring notification and signage intended to prevent a premeditated ambush of parked cars such as we saw. What are the consequences of police assistance in this aspect of the operation should it be shown to be unlawful?”

In response, the Police and Crime Commissioner stated:

The road closures as outlined above are the responsibility of the Local Authority. The police only have powers to close in respect of emergencies. Whilst the Local Authority need to secure the road closure orders only the police can enforce them if required.

In respect of the operation on the 17th, the police were advised by the Local Authority that road closure orders were in place and would accept this as being the case. Even if it was subsequently discovered that these were not in place or were not lawfully obtained, the fact that the police acted in good faith would negate any liability for the police for any actions taken. The police did not have any involvement in obtaining authorisation for the road closures for the 17th and the removal of vehicles were arranged and undertaken by council contractors.

To speak about ‘a premeditated ambush’ is not helpful and seems designed to heighten emotions in a quite gratuitous fashion. This emotive language was also employed by the MP for Hallam, Nick Clegg, when he spoke about people being ‘dragged from their beds’ by the police. This undermines trust in the police service and I hope he will think twice before uttering such nonsense in the future.”

Councillor Joe Otten asked a fifth question:

“What changes have been or will be made to SYP policy in regards to tree protests as a result of these events?”

In response, the Police and Crime Commissioner stated:

“I have asked the Chief Constable to keep me informed of any operations that might see a repetition of what happened on Rustlings Road and also to ensure, as far as possible, that officers are not drawn into carrying out any activity that properly is a matter for the city council and the contractors – such as knocking on doors to ask people to move their cars.”

As a supplementary question, Councillor Otten enquired whether police dogs were held in reserve. The Police and Crime Commissioner responded to indicate that the information given to him stated that there were no police dogs in the vicinity.

Councillor Joe Otten asked a sixth question:

“What was the cost (not additional cost, but actual cost of police time etc as normally accounted for) of the police operation on Rustlings Rd on the 17th November?”

In response, the Police and Crime Commissioner stated:

“The resources deployed were all in duty time and no additional costs were incurred. Total staffing time was 72 hours. At £15.47 per hour (mid-level constable rate) this was £1,113.84.”

As a supplementary question, Councillor Otten enquired whether the Commissioner would confirm that the figure of twelve officers was correct. In response, the Police and Crime Commissioner stated that he could only tell Councillor Otten what he had been told by the force.

Councillor Joe Otten asked a seventh question:

“Do South Yorkshire Police intend to run a 'close pass' initiative to improve the safety of cyclists, similar to the one that West Midlands Police and other forces are now doing?”

In response, the Police and Crime Commissioner stated:

“I am aware of this scheme and only a couple of weeks ago, the Assistant PCC, Sioned-Mair Richards attended a meeting with representatives of Sheffield Cycle groups as well as the city council about this.

Key roads are targeted and police cyclists ride the road. If someone drives too close to them then colleagues, including someone from the local authority waiting ahead are notified and the offending vehicle is stopped and either prosecuted or given education input. A similar scheme is run in Humberside - Operation Achilles applies the same principles except for motorbikes. The educational input is delivered by a local authority representative using an educational mat. The cost of this mat is approximately £900.

Chief Inspector Glen Suttwood has provided me with the statistics from the Safer Roads Partnership concerning collisions involving cyclists in South Yorkshire:-

	CRA SH	CJ U	CJ U
PEDAL CYCLE	<u>2016</u>	<u>20</u> <u>15</u>	<u>20</u> <u>14</u>
FATAL	1	1	1
SERIOUS	52	45	56
SLIGHT	200	25 8	27 5

Clearly one death per year is one too many, however, deaths involving cyclists in South Yorkshire are nowhere near the levels that they are in the West Midlands or other parts of the country. Whilst it is clear that the scheme has been well received in the West Midlands and is a good approach to tackling a key priority, this needs to be balanced against priorities that are force specific. The main cohorts in relation to road deaths or serious injuries in South Yorkshire are centred on pedestrians and car users - drivers or passengers - where SYP have seen a continual rise over the past 2 years. That said, West Midlands Police are hosting a workshop in Birmingham on 13 January and officers from SYP are looking to attend.

In addition to this, given the challenging demand that the police service is currently facing as a result of austerity, resources are carefully deployed to target specific activity. I understand South Yorkshire Police are not aware of any specific location (s) that is prominent for pedal cyclist Road Traffic Collisions. Neither, have any officers who are trained and equipped in the use of pedal cycles brought any concerns to the attention of Chief Inspector Suttewood.

Enforcement should probably be used as a last resort to improve road safety, the most sensible solution would be to look at addressing the root causes of the problem – one of which is the layout of the roads. By creating segregated or shared cycle/pedestrian routes, improving lighting, awareness and signage, cyclists can use the roads with the confidence that they are safe to do. Some of this is being progressed in the county already:-

Sheffield

- Next development at Meadowhall, segregated cycle route.
- The new Ikea is to have cycle routes and crossings to it, as is the upcoming Charter Square improvements.
- The Connect 2 route is a fairly recent cycle route between Halfway and Killamarsh mainly segregated from traffic.

Rotherham

- Centenary Way and Canklow roundabout have all recently been upgraded to cater for cyclists. A cycle route has been created on the Waverley development to a Highfield Springs.

Doncaster

- A number of crossings have been converted to Toucan crossings along with a new one on Leger Way to link the Bawtry Rd commuter route to town. Also a new cycle lane on Bennethorpe.

Barnsley

- A cycle to work route has been built to service the large Asos factory at Grimethorpe.
- Also a new route is being built currently from the Trans Pennine Trail at Pontefract Rd into the town centre.

Whilst naturally, all force areas will see a decline in cyclists on the roads during the winter, I understand Chief Inspector Suttwood is discussing the prospect of delivering some educational workshops in schools for future drivers and cyclists with local LPTS during Spring 2017 following attendance at West Midlands Police's workshop."

Mr Steve Chu submitted the following question:

"Does the Commissioner know whether South Yorkshire Police has received any reports of current or historic child sexual abuse connected to professional football clubs, or any other sports clubs? Is it appropriate to seek to review current child protection procedures at local sports clubs? If so, who should do this?"

In response, the Police and Crime Commissioner stated:

"SYP has received 3 reports to date of sexual abuse relating to football clubs – all are historic (one from the 1960s and the other 2 from the 1980s), with only one relating to a professional club, the others are local non-professional clubs.

It would not be appropriate to share further details with the Panel at this time about the on-going investigations. The child protection procedures with sports clubs and other organised activities with children are a matter for the relevant Local Authority or the Local Safeguarding Children's Board."

Mr Steve Chu referred to his disappointment to learn through the media that the same question had been aired at the Public Accountability Board on 15 December 2016 and queried whether the Commissioner had used the Panel's questions to inform discussion at that meeting or whether it was coincidental. In response, the Police and Crime Commissioner confirmed that it was coincidental, but given the prominence of the subject in the national media in the past weeks it was an important issue to be discussed.

F37. PCC'S GOVERNANCE ARRANGEMENTS

Consideration was given to a report detailing the interim governance arrangements of the Office of the Police and Crime Commissioner. The report set out the number and role of independent assurance panels that the Police and Crime Commissioner had established, as well as providing information on the role of the Public Accountability Board.

It was noted that the following bodies had been established:-

- Joint Independent Audit Committee – shared between South Yorkshire Police and the Office of the Police and Crime Commissioner
- Independent Ethics Panel
- Independent Advisory Panel for Minority Communities
- Independent Policing Protests Advisory Panel
- Independent Custody Visitors

The Panel thanked the Police and Crime Commissioner for sharing the detail of his governance structure. Members raised concerns in respect of the role of a number of the independent panels which they considered to be performing functions that should fall within the remit of the Police and Crime Panel. Having recently attended a national conference for Police and Crime Panels, Members referred to practice in other police force areas whereby Police and Crime Panels performed a more proactive and supportive role in the development of policy in respect of policing and community safety issues. Concern was expressed that the South Yorkshire Police and Crime Panel had not been given the opportunity to undertake a similar role.

In response, the Police and Crime Commissioner reiterated the statutory provisions in respect of his role in holding the Chief Constable and South Yorkshire Police to account, which he discharged through Public Accountability Board meetings. He also set out the statutory provisions in respect of the role of the Police and Crime Panel in holding him to account.

Discussions focused on the relationship between the Police and Crime Commissioner's governance structure and the role of the Police and Crime Panel. Members made clear their willingness to take on more work to support the work of the Police and Crime Commissioner as a "critical friend".

The Police and Crime Commissioner indicated that Panel Members would be welcome to attend meetings of the Public Accountability Board and he would be happy for officers to make arrangements for Panel Members to observe other panel meetings.

Resolved:-

That the report be noted.

F38. HER MAJESTY'S INSPECTORATE OF CONSTABULARY (HMIC) UPDATE

Consideration was given to a report from the Office of the Police and Crime Commissioner which detailed Her Majesty's Inspectorate of Constabulary (HMIC) PEEL (Police Effectiveness, Efficiency and Legitimacy) inspection regime.

It was reported that it was the role of HMIC to independently assess police forces and policing across a wide range of policing activity. HMIC decides on the depth, frequency and areas to inspect based upon their judgement about what is in the public interest.

Section 55(5) of the 1996 Police Act requires Police and Crime Commissioners to prepare comments on any of HMIC's published reports that relate to their force, and then publish these in the manner they see fit. Section 55(6) required Police and Crime Commissioners to send a copy of these comments to the Home Secretary.

Members noted that the Police Efficiency 2016 report was published on 3 November 2016. The inspection considered the extent to which the force is efficient at keeping people safe and reducing crime. The three questions considered by HMIC were:

1. How well does the force understand the current and likely future demand?
2. How well does the force use its resources to manage current demand?
3. How well is the force planning for demand in the future?

South Yorkshire Police had been assessed as requiring improvement in respect of the efficiency with which it keeps people safe and reduces crime. The Panel noted the Chief Constable's response to the report.

The Effectiveness Inspection took place in South Yorkshire on 17 October 2016. This would seek to give a rating on how effective South Yorkshire Police are at keeping people safe and reducing crime, previously the force were rated as requiring improvement. The Police Effectiveness Report will be published in Spring 2017.

It was noted that HMIC had published its rating for Leadership for South Yorkshire Police on 8 December 2016 which had indicated that improvement was required.

Panel Members reflected on the Peer Review undertaken earlier in the year following the suspension of the former Chief Constable. The Police and Crime Commissioner indicated that he considered the peer review process to have been more agile and insightful than the approach of HMIC and many of the issues identified by HMIC had long been identified by the Force and plans had been developed and were being implemented to address those issues.

Panel Members identified that reviewing performance was an area where they could add value and support the work of the Police and Crime Commissioner. Whilst Members did not wish to duplicate any existing performance monitoring activity, the Panel should seek assurances in respect of areas where issues had been identified and that measures were implemented to address underperformance.

The Panel reiterated its wish to see the proposals being developed by the Chief Constable in respect of reforming neighbourhood policing in South Yorkshire. The Police and Crime Commissioner acknowledged the significant contribution that local councillors would have to make to support a new neighbourhood policing model, as part of the drive to strengthen trust and confidence in the police.

In response to a comment, the Police and Crime Commissioner set out his position in respect to the Police and Crime Bill's provisions to enhance collaboration between emergency services, specifically between Fire & Rescue and the Police. There was provision within the bill for the Police and Crime Commissioner to have a role within the Fire Service, but in South Yorkshire there was no intention to merge blue light services, but there would be a need for further collaboration in future.

Resolved:-

1. That the report be noted.
2. That a report be submitted in February 2017 detailing trends and volumes in respect of contact through 999 emergency calls and 101 non-emergency calls.
3. That a report be submitted in February 2017 profiling the police staff numbers by rank, gaps in numbers, the retirement profile of the force and the strategy to backfill or boost those numbers in the future.

F39. BUDGET POSITION FOR 2016/17

Consideration was given to a report submitted by the Office of the Police and Crime Commissioner detailing the budgetary position for 2016-17.

It was reported that there was a reduction in funding for the 2016-17 financial year from Government amounting to approximately £1m compared to 2015/16. As part of the Finance Settlement for 2016/17, the South Yorkshire Police and Crime Commissioner (PCC) was given the flexibility to increase the council tax by 3.3%: this generated additional council tax income of £2.4m largely as a result of an increase in the council tax base.

The total level of revenue funding - including government grant and council tax income - amounted to approximately £242m. The majority of that was allocated to the Chief Constable to finance Force running costs, including employee costs. In order to keep within the amount allocated and to meet the costs of demand and cost pressures, reductions of at least £6m were agreed as part of the budget process.

It was forecast that there would be an overall underspending of £4.2m in the current financial year. It was noted that a projected underspend of £2.7m sat within the Chief Constable's operating budget. It was reported that the Chief Constable had taken steps to reduce expenditure in the current financial year in order to have resources to carry forward for use in meeting expenditure in 2017/18. One of the largest single variations related to Police Staff costs where there was a projected £2m underspend due to vacancies and staff turnover.

The overall position included a spending variation in respect of the costs of Operation Stovewood: this would be conducted by the National Crime Agency into historic allegations of child sexual exploitation. When the budget was agreed it had been assumed that Special Grant funding would be received from Government and that this would involve the application of a "1% rule": the Home Office have in the past expected the Force to meet an amount equivalent to 1% of the budget with the Government providing the balance. The actual Special Grant award for 2016/17 had put a ceiling of £1m on the costs met by the Force.

It was further reported that one of the assumptions underpinning the 2016/17 budget was that any further costs that may potentially arise from legacy issues would be largely met from special grant allocations from Government. The nature and extent of any liability that may arise and the degree to which it should be set against the 2016/17 budget, had yet to be finalised.

Panel Members sought assurance in respect of the reserves strategy for the Force and noted that the forecast underspend would be used to supplement reserves. General reserves were recommended to be set around a minimum of £12m.

Recognising the difficult decisions that lay ahead, the Panel indicated that it would be willing to informally engage with the Police and Crime Commissioner to discuss the detail behind proposals for setting the budget. Panel Members indicated that they would welcome the opportunity to monitor the financial position throughout the year and to enter into a regular dialogue to better inform their scrutiny of precept proposals on an annual basis.

In response to a question from the Chair, the Police and Crime Commissioner confirmed that the government had not offered a four-year financial settlement the police, unlike that available to local authorities. The PCC also referred to the various approaches made by South Yorkshire to the government for special grants for legacy issues.

Resolved:-

That the report be noted.

F40. HOME OFFICE GUIDANCE - SCRUTINY OF PRECEPTS

Further to the previous report in respect of the financial position of South Yorkshire Police, consideration was given to the Home Office's guidance in respect of the Panel's role in scrutinising the precept proposal from the Police and Crime Commissioner.

It was noted that the Panel would be required to hold a meeting on a date between 1 February and 8 February 2017, having received notification of the Police and Commissioner's proposal.

Clarification was sought in respect of the provisions for the Panel to exercise a veto and recommend a higher increase in council tax, which would necessitate a local referendum on a proposed increase. As the guidance was not sufficiently clear, it was agreed that a response would be provided outside of the meeting.

It was suggested that it would be helpful for Panel Members to meet in advance of the formal precept proposal discussion and the Police and Crime Commissioner committed to do whatever possible to accommodate the Panel's wishes.

Resolved:-

1. That the guidance be noted.
2. That clarification be provided in respect of the veto process and any potential referendum requirement arising from a veto.
3. That an informal meeting between Panel Members and the Police and Crime Commissioner be arranged to informally discuss the budget and precept proposals ahead of a meeting in the first week of February 2017.

F41. COMPLAINTS UPDATE

Consideration was given to an update report in respect of complaints submitted by the host authority for the Police and Crime Panel.

The Panel recalled that it was reported to the last meeting of the Panel that the two complaints which had been received in respect of the previous Police and Crime Commissioner (PCC) had been referred to the Clerk to the Home Affairs Select Committee. The Panel were informed that the matters have now been referred to the Metropolitan Police, by the Home Affairs Select Committee (HASC). After taking legal advice, the HASC concluded that the allegations referred to (deliberately misleading the Committee) would if proved constitute a criminal offence, which is contrary to the conclusion of the IPCC. The progress of the matter will be reported back to a future meeting of the Panel.

It was reported that a complaint had been received whereby the complainant was dissatisfied with how South Yorkshire Police (SYP) had dealt with his complaint. He appealed their decision to the IPCC who upheld SYP's decision. The complainant then wrote to the PCC. The initial complaint related to how a crime is recorded.

It was noted that the PCC was not responsible for complaints against officers and staff of SYP or for operational matters, these were the responsibility of the Chief Constable. The Office of the Police and Crime Commissioner initially wrote to the complainant explaining that there was nothing further that the PCC could do to assist him in the matter, but the complainant was dissatisfied with that response, and as such submitted a complaint. It was noted that a review was carried out by the OPCC as to whether the correct policies and procedures had been followed. The outcome of this review and further information as to the recording of criminal offences had been provided to the complainant. It was reported that confirmation from the complainant was awaited that this had satisfactorily concluded the matter.

Panel Members sought assurances that the Complaints Procedure that had been agreed earlier in the year had been implemented. It was reported that the new procedure, which involved the initial screening of complaints by the Office of the Police and Crime Commissioner with the two independent co-opted members of the Panel, had been implemented on 1 December 2016.

Panel Members indicated that they would wish to review the effectiveness of the procedure in the new municipal year.

Resolved:-

1. That the report be noted.
2. That the Complaints Procedure be reviewed at the first meeting of the 2017-18 municipal year.

F42. FUTURE ACTIVITY AND DATES OF MEETINGS

Consideration was given to a report detailing the emerging work programme for the Police and Crime Panel and outlining prospective dates of meetings for the 2017-18 municipal year.

It was reported that Panel Members had held an informal work planning session on 18 November 2016 where the following had been identified:

- the Governance Arrangements of the Police and Crime Commissioner
- the financial position of South Yorkshire Police and the Office of the PCC
- the implementation of the recommendations arising from the Peer Review of South Yorkshire Police
- Scrutiny of the Police and Crime Plan

Other items on the agenda for the meeting had dealt with the first three items identified and it was noted that the Police and Crime Commissioner had sought the views of Panel Members and other partners and the public in developing themes for the new Police and Crime Plan. It was noted that this would be brought to the Panel Meeting schedule for 24 February 2017.

The report set out a number of dates for meetings to take place in the 2017-18 municipal year and authority was sought to consult on those dates with the Office of the Police and Crime Commissioner.

It was noted that work in preparing a Memorandum of Understanding was underway with a view to submitting a draft to the meeting on 24 February 2017, following consultation with the Office of the Police and Crime Commissioner. Further to this, it was suggested that regular meetings be arranged between the Police and Crime Commissioner and the Chair and Vice-Chair of the Panel.

Resolved:-

1. That the report be noted.
2. That Panel Members confirm with the host authority their availability for the proposed meeting dates in the 2017-18 municipal year.
3. That the host authority liaise with the Office of the Police and Crime Commissioner to arrange dates for the Chair and Vice-Chair of the Panel to meet with the PCC on a regular basis.

REPORT TO SOUTH YORKSHIRE POLICE AND CRIME PANEL

1.	Meeting:	Police and Crime Panel
2.	Date:	7 February 2017
3.	Title:	Proposed council tax precept for 2017/18
4.	Organisation:	Office of the Police and Crime Commissioner for South Yorkshire

5. Purpose of the Report

To notify the Police and Crime Panel of the South Yorkshire Police and Crime Commissioner's ("the Commissioner") proposed council tax precept for 2017/18.

6. Recommendations

It is recommended that the Police and Crime Panel considers a proposed annual increase in council tax for 2017/18 of £5 for a Band D property (a 3.26% increase) to £158.16.

7. Background

The Police and Crime Panels (Precepts and Chief Constable's Appointments) Regulations 2012 require that the Commissioner shall comply with the duty under paragraph 2 of schedule 5 of the Police Reform and Social Responsibility Act 2011, to notify the Panel of the proposed precept by 1st February of the relevant financial year.

8. 2017/18 Budget Proposal

Attached at Appendix A is the report that sets out details of the Commissioner's proposed revenue budget and council tax for South Yorkshire for 2017/18. The proposed council tax represents an increase of 10p per week for a band D property. The majority of properties are in band A and therefore the majority of households will see an increase per week of 6p, if the proposed increase is agreed.

9. Background Papers and Consultation

All background papers used in the preparation of this report are available for inspection at the Office of Police and Crime Commissioner, Carbrook House, Carbrook Hall Road, Sheffield, S9 2EH

10. Contact

Name: Allan Rainford
 Position: Chief Finance and Commissioning Officer
 Organisation: Office of the Police and Crime Commissioner
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POLICE AND CRIME COMMISSIONER FOR SOUTH YORKSHIRE**PROPOSED REVENUE BUDGET & COUNCIL TAX FOR 2017/18****INTRODUCTION**

1. The South Yorkshire Police and Crime Commissioner (“the Commissioner”) is required to approve the 2017/18 budget and issue the council tax precept by 1 March 2017. This report contains proposals that will enable the Commissioner to approve the revenue budget, capital programme and council tax precept for 2017/18.
2. The proposals in this report if approved will fulfil the Commissioner’s duties under the Police Reform and Social Responsibility Act 2011 to decide the budget, allocate assets and funds to the Chief Constable and propose the police element of the precept for the force area.

POLICE FINANCE SETTLEMENT

3. The Chancellor set out the Government’s joint Spending Review and Autumn Statement on 25 November 2015. This provided details of how government funding will be allocated to departments over the next 5 years. In terms of funding for policing, the Statement contained the following:

“The Government will protect overall police spending in real terms over the spending review period, an increase of £900m in cash terms by 2019/20. This will provide funding to maintain overall police force budgets at current cash levels”.

4. It became clear from the 2016/17 Police Finance Settlement that was announced in December 2015, that the Government had reduced the level of grant funding to Police and Crime Commissioner’s (PCCs) and that an unchanged funding position in cash terms would only be achieved if PCCs increased the council tax by the maximum amount allowed in accordance with the referendum principles. As the council tax for policing in South Yorkshire was in the 10 lowest in England, the Commissioner was able to increase the 2016/17 council tax by £5 for a band D property, which was the maximum increase allowable before the referendum trigger was brought into play.
5. The Provisional Police Finance Settlement for 2017/18 was published on 15 December 2016. As was the case in 2016/17, the level of grant funding from Government has reduced but the figures relating to overall funding, including precept income, assume that PCCs will increase council tax by the maximum amount allowable and that the council tax base will increase. The Settlement includes the following statement by the Minister for Policing and Fire Services:

“I have decided that direct resource funding for each PCC, including precept, will be protected at flat cash levels compared to 2015/16, assuming that precept income is increased to the maximum amount available within the referendum limits in both 2016/17 and 2017/18. No PCC who choses to maximise precept

within the referendum limits in both years will face a reduction in cash funding next year compared to 2015/16”.

6. Assuming that when the final Settlement is confirmed it does not differ from the Provisional Settlement, for South Yorkshire the level of grant from government will reduce by approximately £2.5m in 2017/18 compared to 2016/17, as shown in the table below:

	Actual Budget 2016/17 £'000	Provisional Settlement 2017/18 £'000	Difference £'000
Police Grant (HO Core)	-100,597	-99,192	-1,405
Revenue Support Grant (Ex DCLG Formula)	-77,465	-76,380	-1,085
Council Tax Freeze Grant 2011/12	-1,269	-1,269	0
Council Tax Support Scheme compensation	-9,591	-9,591	0
Grant Funding position	-188,922	-186,432	-2,490

PRECEPT INCOME

7. The 2017/18 Police Finance Settlement provides the “additional flexibility” to the 10 PCCs with the lowest precepts to raise the precept by £5 for a band D property. The precept for 2016/17 issued by the Commissioner remains within the lowest quartile and is therefore one of the 10 named in the Finance Settlement. The remainder of the PCCs in England will be subject to a 2% referendum threshold.
8. The actual amount of precept income is largely determined by the size of the council tax base. For a “flat cash” funding position to be maintained and for a reduction of £2.5m in government grant to be offset by an increase in precept income, then the Commissioner would have to increase the council tax by 3.26% and the council tax base would have to increase by at least 1.5%: i.e. an increase of the same level as in 2016/17.
9. The South Yorkshire District Councils have finalised their council tax base determinations. The number of Band D equivalent properties in South Yorkshire has increased by 2%. This is slightly more than the tax base increase assumed in the Finance Settlement figures and will generate approximately £0.2m in precept income above the Finance Settlement assumption.

	Band D Equivalent Properties 2016/17	Band D Equivalent Properties 2017/18	Variation	%
Barnsley	60,229.15	62,346.89	2,117.75	3.52
Doncaster	77,071.00	79,095.00	2,024.00	2.63
Rotherham	67,149.57	68,235.14	1,085.57	1.62
Sheffield	132,253.72	133,743.89	1,490.17	1.13
Total	336,703.44	343,420.92	6,717.49	2.00

10. The Band D equivalent property tax base figure represents the average across South Yorkshire. The District Councils have been asked to provide details of the numbers of properties in each council tax band and this shows that the majority of properties (51%) are in Band A:

	Total number of properties	%
Band A	219,725	51.0
Band B	82,532	19.2
Band C	60,586	14.1
Band D	35,353	8.2
Band E	19,140	4.4
Band F	8,482	2.0
Band G	4,474	1.0
Band H	246	0.1
TOTAL	430,538	100.0

11. The District Councils are also required to determine the position on their collection funds, and to notify the precepting authorities of their share of any estimated surplus or deficit. The Commissioner has been notified that the provisional share of the surplus for 2017/18 has increased by £67,761, compared to 2016/17 as set out below.

	Collection Fund Surplus 2016/17 £	Collection Fund Surplus 2017/18 £	Variation £	%
Barnsley	165,710	165,710	0	0.00
Doncaster	364,613	325,000	-39,613	-10.86
Rotherham	357,000	338,000	-19,000	-5.32
Sheffield	584,626	711,000	126,374	21.62
Total	1,471,949	1,539,710	67,761	5.43

12. It is proposed that the council tax for 2017/18 be increased by £5 for a Band D property, in accordance with the funding assumptions set by the Home Office. This represents an increase of 3.26% and would produce a Band D council tax of £158.16 (£153.26 in 2016/17) and total council tax income of £54.3m for 2017/18. This is the proposed "Council Tax Requirement".
13. The Commissioner will be making applications to the Home Office for Special Grant Funding in 2017/18 to meet the costs of legacy issues, these could potentially amount to approximately £9m. However, if the Commissioner does not increase the council tax by the maximum available to South Yorkshire the Home Office may not look favourably on any application for additional funding.
14. With the inclusion of the Council Tax Requirement and the collection fund surplus, the proposed "Budget Requirement" for 2017/18 will be £242.287m. This

represents an increase in the Budget Requirement of approximately £0.3m (or 0.13% compared to 2016/17). This is the level at which net revenue expenditure needs to be kept and which represents the figure that budgeted expenditure must balance to.

	Actual Budget 2016/17	Proposed Budget 2017/18	Difference
	£'000	£'000	£'000
Police Grant (HO Core)	-100,597	-99,192	1,405
Revenue Support Grant (Ex DCLG Formula)	-77,465	-76,380	1,085
Council Tax Freeze Grant 2011/12	-1,269	-1,269	0
Council Tax Support Scheme compensation	-9,591	-9,591	0
Total Grant Funding	-188,922	-186,432	2,490
Council Tax income	-51,569	-54,315	-2,746
Collection Fund surplus	-1,472	-1,540	-68
FINANCING OF BUDGET REQUIREMENT	-241,963	-242,287	-324

NEW FORCE OPERATING MODEL

15. In May 2016 a Peer Review was commissioned by the Commissioner and the Interim Chief Constable in order to establish more clearly the changes that need to be made within the Force and to assist the incoming Chief Constable to understand some of the key challenges and opportunities. The Report of the Peer Review contains the following statement:

“First and foremost there needs to be a better strategic focus on demand so that an effective and efficient policing model can be resourced. This needs to be fully integrated with the organisational development dimension to maximise impact for the public and for staff. This is the foundation for all future changes and must be addressed as soon as possible to prevent further risks to service delivery”.
16. In order to address the recommendations of the Peer Review and supporting recommendations in the HMIC PEEL Inspections, the Chief Constable has created a lead for Change and Innovation at Assistant Chief Constable level to provide strategic direction and oversight to the Force response. A new Business Change Directorate (BCD) has been established with the capacity to effectively assess demand and determine the size/scope of a new operating model to ensure that the Force is capable and resourced to meet current and future demands. A significant investment in this new directorate was approved by the Commissioner in November 2016 and this is a cost pressure that has required resources in 2017/18.
17. The BCD is tasked with developing the new Force operating model. It is currently engaged in examining demand, reviewing resources and processes currently deployed and considering opportunities to use technology and collaboration to achieve a more effective and efficient service to the public. Their work will involve exploring a better use/deployment of resources to match demand. New Force structures will be developed and implemented which are likely to present opportunities for revenue savings in the future. The BCD is also

supporting reviews of the Force Communications Centre (Atlas Court) and protecting vulnerable people processes and resources, using Peer Support to identify how the Force should resource and respond in these critical areas.

18. It is important that the Force gets this right and does not rush to change operating models without first understanding the demands for its services. The work of BCD will not be complete before the approval of the revenue budget for 2017/18. Therefore the full implications – in terms of the size, composition etc. of the workforce – cannot be assessed at this time.
19. An unintended consequence of the previous reviews conducted by the Force has been the erosion of effective neighbourhood policing. The Commissioner and the Chief Constable are committed to the reintroduction of neighbourhood policing and will be looking to work with partners (including Local Authorities and the Fire Authority) to create a place based model of service delivery. The work of BCD will provide for a detailed need analysis by ward and facilitate a better understanding of how neighbourhood policing will work. A number of collaborative pilots are underway across the county which will help inform the new neighbourhood model and the determination of the future policing offer for all aspects of policing in South Yorkshire and will have opportunities for community consultation and engagement in their design.
20. The Chief Constable has developed a Force Strategic Delivery Plan (referred to as the “plan on a page”) to focus the development of the Force in enabling it to deliver against the Police and Crime Plan. This is in the process of being consulted on and the Force is now working to develop a meaningful performance framework to underpin this plan and to ensure the Commissioner and the wider public are able to appropriately assess the performance of the Force.
21. The policy and expenditure proposals that have been formulated to facilitate a balanced budget for 2017/18 do not provide for any fundamental changes to the workforce, either Officers or Staff, other than the investments in the areas of activity that were highlighted in the Peer Review Report.

POLICY & EXPENDITURE PROPOSALS FOR 2017/18

22. With the level of overall funding for policing in South Yorkshire increasing by only £0.3m in 2017/18, the challenge is to ensure that any additional costs that will occur in the financial year are offset by expenditure reductions. It has been made clear in statements by the Minister for Policing that Forces will have to meet increased costs by achieving greater levels of efficiencies.
23. The proposed budget assumes increases for pay awards (about £2m), superannuation fund increases (about £0.5m) and the apprenticeship levy (£0.75m). There have been investments in Force departments totalling approximately £2m and investments in IT (including Atlas Court) of approximately £1.5m.
24. Savings proposals have been identified to offset these additional costs including reductions in spending in 2016/17 which are proposed to be carried forward as contributions from reserves. About £3m is expected to be saved from a review of the timing of recruitments/leavers and a proposal to allow a number of Officers to leave and be replaced by probationers. Savings in non-employee costs of

approximately £1.5m are anticipated from regional procurement contracts, rationalisation of the estate and the establishment of regional support units.

PROPOSED COUNCIL TAX LEVELS

25. The Commissioner set a council tax precept for a band D property of £153.16 for 2016/17. The proposed increase of £5 for a band D Property for 2017/18 would produce a council tax precept of £158.16. This represents a weekly increase of 10p for a band D property. With the majority of properties falling into the Band A category, approximately 51% of households would see a weekly increase of 6p if the proposal is approved.

	Precept for 2016/17		Proposed Precept for 2017/18		Increase	
	Annual	Weekly	Annual	Weekly	Annual	Weekly
	£	£	£	£	£	£
Band A	102.11	1.96	105.44	2.03	3.33	0.06
Band B	119.12	2.29	123.01	2.37	3.89	0.07
Band C	136.14	2.62	140.59	2.70	4.44	0.09
Band D	153.16	2.95	158.16	3.04	5.00	0.10
Band E	187.20	3.60	193.31	3.72	6.11	0.12
Band F	221.23	4.25	228.45	4.39	7.22	0.14
Band G	255.27	4.91	263.60	5.07	8.33	0.16
Band H	306.32	5.89	316.32	6.08	10.00	0.19

26. The proposed council tax precept to be set by the Commissioner will be as follows for the South Yorkshire district councils:

	Actual Precept on Collection Fund 2016/17 £	Proposed Precept on Collection Fund 2017/18 £
Barnsley	9,224,696	9,860,784
Doncaster	11,804,194	12,509,665
Rotherham	10,284,628	10,792,070
Sheffield	20,255,980	21,152,933
Total	51,569,498	54,315,452

27. If the proposed council tax increase were not agreed this would lead to a reduction in funding for the Commissioner and for the Force. Each 1% increase in council tax generates approximately £0.5m in additional council tax income. Depending on the level of council tax increase agreed, the loss of income – compared with the proposed increase of 3.26% for 2017/18 – would be as follows:

	Reduction in income £m
If Council Tax increased by 2%	0.7
If Council Tax increased by 1%	1.2
If Council Tax did not increase	1.7

28. It is reported earlier – in paragraph 13 – that if the Commissioner does not take advantage of the flexibility provided by the Government to increase the council tax by the maximum amount allowed, then that is likely to count against the Commissioner when requests are made to the Home Office for special grant funding for the costs of legacy issues. If the proposed council tax increase was not approved the Commissioner would have to make reductions in the proposed revenue budget. The Chief Constable has indicated that reductions in the amount available to the Force would delay the implementation of the investments in a new change and performance teams: these investments are key to the Force understanding demand and improving performance. The impact of this would be to delay the recovery of the Force and the development of a new operating model which enhances neighbourhood policing.
29. As an indication of the potential impact of a reduction in funding, a reduction of £1.7m would equate to the cost of 34 officers or 57 police staff. With employee costs representing a significant proportion of the Force budget (about 90%) any reduction in funding is likely to have an impact on numbers of officers or staff.

FORECAST REVENUE OUTTURN FOR 2016/17

30. The position in the current financial year is that expenditure will be below budget by approximately £4.1m, based on the expenditure incurred to date and the projected expenditure to the year end. In anticipation of a different financial position in 2017/18, the Force has planned to reduce spending by at least £3.1m (not including the cost of legacy issues), although the current forecast falls short of this target. The summarised position is shown in the table below:

<u>Revenue Position for 2016/17</u>	<u>Original Budget</u> £'000	<u>Revised Budget</u> £'000	<u>Forecast Outturn</u> £'000	<u>Forecast Variation</u> £'000
Chief Constable Budget	234,162	235,702	232,977	-2,725
Potential Operation Stovewood costs	2,400	2,400	846	-1,554
Potential Civil Claims	4,800	4,800	4,800	0
Hillsborough Inquests costs	0	0	113	113
PCC and OPCC Budget	2,069	2,100	2,093	-7
Commissioning & Partnership	3,272	3,447	3,447	0
Capital Financing	3,040	3,040	3,026	-14
External Funding	-3,818	-6,803	-6,744	59
Net Expenditure (before use of reserves)	245,925	244,686	240,558	-4,128
Contribution to/(from) Reserves	-3,962	-2,723	1,405	4,128
Net Revenue Expenditure	241,963	241,963	241,963	0

31. Operation Stovewood is the name given to the work being undertaken by the Force, in conjunction with the National Crime Agency, to investigate historic allegations of child sexual exploitation in Rotherham. The Force are forecasting an underspend of £1.5m: the original budget assumption was that any special

grant funding from the Home Office would involve costs to the Force amounting to £2.4m based on the Home Office "1% rule". However the eventual decision of the Home Office to award special grant, limited the Force liability to about £1m in 2016/17. The level of spending is forecast to be less than this based on the costs incurred to date.

SUMMARY REVENUE BUDGET FOR 2017/18

32. The proposed net revenue budget for 2017/18 of £242.287m will support the following activities and elements of expenditure:

Chief Constables budget

The amount allocated to the South Yorkshire Force for 2017/18 amounts to £244m (including potential legacy costs). This is the amount delegated to the Chief Constable for meeting operational needs.

PCC and OPCC

This budget relates to the costs of the Commissioner and the support from the Office of the Police and Crime Commissioner (OPCC).

Potential Legacy Issue Costs

The costs of legacy issues – the Hillsborough Inquests and historic allegations of child sexual exploitation (CSE) have had a significant impact on the financial position of the Commissioner and Force in recent years. The costs would have had a detrimental effect on operational policing budgets had the Commissioner not secured additional 'special grant' funding from the Home Office for both the Hillsborough Inquests costs and Operation Stovewood. It is likely that legacy issues will continue, however it is difficult to determine accurately the potential scale of such costs and the level of special grant funding. For the purposes of the budget proposal it has been assumed that if legacy costs are incurred in 2017/18, above the penalty ruling, that they would be substantially offset by Home Office special grant funding.

Commissioning & Partnership

The 2016/17 revenue budget was increased, as a one-off by £0.5m, in year following the Commissioners approval to utilise from 2015/16 underspends, additional funding to reduce the pressure on partners. Following discussions with partners and the Force the 2017/18 budget remains unchanged from the increased funding.

Capital Financing Costs

The budget provision for debt charges in 2017/18 has increased due to planned borrowing for 2016/17 (£10m) and the intention to borrow in 2017/18 (£5m) to finance capital expenditure.

External Funding

The Commissioner receives contributions from external organisations and a number of government grants to fund specific initiatives

33. The proposed budget for 2017/18 compared to the budget for 2016/17, is set out in the table below:

	Original Budget 2016/17	Proposed Budget 2017/18
	£'000	£'000
Chief Constable Budget	234,162	238,613
PCC and OPCC Budget	2,069	2,066
Potential Legacy Issue Costs	7,200	5,400
Commissioning & Partnership	3,745	3,786
Capital Financing costs	3,040	3,961
External Funding	-3,818	-3,748
Contribution from Reserves	-4,435	-7,791
BUDGET REQUIREMENT	<u>241,963</u>	<u>242,287</u>

RESERVES POSITION

34. The proposed budget for 2017/18 relies on a contribution from general reserves of £7.8m to achieve a balanced budget. Part of the approach to managing the 2016/17 budget has been to reduce spending so that reserves would be available at the end of the year and be carried forward for use in financing expenditure in 2017/18.
35. After the use of reserves to balance the budget, it is forecast that there will be general reserves of approximately £14m by 31 March 2018. This would represent approximately 5.7% of the net revenue budget for 2017/18, which is broadly inline with the Chief Finance Officer's recommendations of approximately 5% (£12m) for an adequate level of reserves. There is a significant risk associated with legacy issues and the outcome of any Home Office Special Grant Funding applications which could affect the level and adequacy of the reserves. The overall level will be kept under review as part of the medium term planning and the monitoring of risks.
36. As part of the Chief Finance Officer's review of the reserves position a proposed Reserves Strategy is attached at Appendix B. This shows the overall level of reserves that are estimated to be available by 1 April 2017 and the call upon those reserves in 2017/18. The Strategy explains the distinction between earmarked and general reserves.

MEDIUM TERM FINANCIAL FORECAST

37. The 2017/18 Finance Settlement is again only for one year, with the proposed review of the Funding Formula mechanism being deferred to 2018/19. There are no indicative allocations for individual Commissioners beyond April 2018, therefore it is anticipated that reductions will continue but that such reductions will be offset by assumed increases in council tax, combined with additional income from growth in the council tax base. This reflects the Government intentions with regards to "flat cash funding settlements".
38. Future revenue budgets will need to include provisions for pay awards, inflation and other cost/demand pressures. Assumptions have been made about the likely level of pay awards (1% per annum) and contractual inflation increases. It is

forecast that there will be additional debt charges as a result of borrowing to finance capital spending. Given the uncertainties in relation to legacy costs it is prudent to assume, based on current forecasts, that budget provision for such costs will be required at least up to 31 March 2020.

39. The development of the medium term forecast is work in progress at the present time and will be finalised before the approval of the revenue budget for 2017/18. A provisional assessment suggests that further savings of about £3m will be required in 2018/19, although this figure will also certainly change as a result of the delivery of the savings assumed in the 2017/18 budget and a review of any further service investments that may be required in 2018/19. However this provisional assessment suggests that cumulatively savings of about £13m will be required over the 4 years beyond 2017/18.

	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
Total forecast change in funding	0.00	0.00	0.00	0.00
Total forecast increased costs	3.02	4.68	8.14	12.92
NET FORECAST REVENUE GAP (Cumulative)	3.02	4.68	8.14	12.92
Annual forecast gap	3.02	1.66	6.48	6.44

CAPITAL PROGRAMME AND FINANCING

40. To secure the necessary operational effectiveness in policing over the medium term, it is necessary to invest in new technology, buildings and equipment. The capital programme for 2017/18 amounts to £12.8m and is summarised below. The planned levels of spending over the next four year is also shown.

	2017-18	2018-19	2019-20	2020-21
	Original	Original	Original	Original
	Budget	Budget	Budget	Budget
	£m	£m	£m	£m
Land & Buildings	4,251	1,310	500	500
Vehicles	2,002	1,779	2,108	1,500
Equipment	1,951	670	760	526
Information, Communication & Technology	4,596	4,960	4,466	1,150
Total	12,800	8,719	7,834	3,676

41. The Provisional Finance Settlement for 2017/18 confirmed that the Capital Grant is to be reduced by £0.2m. The proposed financing of the capital programme is set out in the table below. As part of the budget process the Commissioner will be considering the Treasury Management Strategy for 2017/18 which will set out the approach to borrowing and investments in the year ahead.

	Original Budget 2016/17 £000	Forecast Outturn 2016/17 £000	Forecast Budget 2017/18 £000
CAPITAL FINANCING			
External Grants	1,300	1,300	1,100
Capital Reciepts	1,030	75	1,913
Specific Grants	111	254	0
Contribution from Capital Reserves	3,742	3,742	3,742
Borrowing	9,095	9,532	6,045
OVERALL TOTAL	15,278	14,902	12,800
PLANNED CAPITAL SPENDING	15,278	14,902	12,800

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RESERVES STRATEGY 2017/18Introduction

1. This appendix sets out the latest position in respect of the South Yorkshire Police and Crime Commissioner's ("the Commissioner") financial reserves and the strategy regarding the use of reserves in future years. It is a statutory requirement that the Chief Finance Officer (CFO) presents a report to the Commissioner, as part of the budget process, which assesses the adequacy of reserves in the context of corporate and financial risks facing the Commissioner and the Chief Constable for South Yorkshire Police.
2. This Reserves Strategy has therefore been submitted to the Commissioner as part of the process for setting the 2017/18 budget, capital programme and council tax precept. The Strategy sets out the purpose of the general reserve and earmarked reserves and the recommended approach for their use in the medium term.

Purpose of Reserves

3. The Commissioner holds Reserves which fall into two distinct categories:
 - **General Reserves:** these are necessary to fund day to day cash flow requirements and also to provide a contingency in the event of any unexpected events or emergencies, and
 - **Earmarked Reserves:** these have been created for specific purposes and involve funds being set aside to meet known or predicted future liabilities. By establishing such reserves it will avoid liabilities being met from Council Tax or Grant in the year that payments are made.
4. The required level of reserves needs to be assessed against the potential risks that the Commissioner and the Chief Constable face in 2017/18 and beyond. This assessment is even more important as the Finance Settlement from the Government in 2017/18 is again only for one year, with the review of the Funding Formula mechanism being deferred to 2018/19 increasing the uncertainty of future cuts.
5. The factors that need to be considered will include the financial risks associated with:
 - The deliverability of savings proposals within the intended year of implementation,
 - The potential for additional demand led pressures and costs,

- The likelihood of any additional government funding to offset unforeseen or unbudgeted expenditure, and
 - The nature of any historic events and potential liabilities arising from these events e.g. the legacy issues associated with Hillsborough and cases of child sexual exploitation (CSE).
6. Reserves can be used to meet one off expenditure and once they are used they are not available to support future years. They are therefore most suited to covering one off unexpected costs including expenditure that funds initiatives that will generate efficiencies in the future (on an invest to save basis) or costs that are likely to be incurred in the future but where the level and timing is uncertain (e.g. legal or other claims against the Commissioner/Chief Constable).
7. There is no nationally recognised measure of the level of reserves that should be maintained. As a broad rule of thumb, the Audit Commission (in its 2012 report "Striking a Balance") suggested that most CFO's regard an amount of "between 3% and 5%" of net revenue spending as a prudent level for general reserves. However the required level is a matter of judgement based on known/estimated risks, budgetary pressures and local factors.

Earmarked Reserves

8. The Earmarked Reserves that currently exist are set out below:

Revenue Grants Reserve: any grant that has not been used to fund related expenditure has to be taken to this reserve and used to fund expenditure when it is incurred in future years.

PCC Commissioning Reserve: underspends on commissioning budgets have been carried forward for use in the following year.

Innovation Reserve: this represents amounts set aside to fund innovation initiatives and investment in schemes that will improve efficiency and reduce operating costs.

Insurance Reserve: this represents sums set aside to fund potential liabilities under current insurance arrangements.

Devolved Budget Reserve: as part of the devolved financial management arrangements, budget holders are allowed to carry forward underspends up to approved limits to fund expenditure in the following year.

Capital Reserve: this represents amounts set aside to support the Commissioner's capital investment programme.

Current reserves position

9. Following the finalisation of the 2015/16 accounts, the level of reserves at 31 March 2016 was higher than had been expected because of an additional underspend of £4.5m. At 31 March 2016 the total level of reserves stood at £40.3m including £17.5m of general reserves. The budget for 2016/17 included planned contributions from reserves of £8.1m:
 - £1.6m from the Devolved Budget Reserve to support the planned redundancy programme,
 - £2.4m from General Reserves for potential legacy issue costs,
 - £0.4m from the Commissioning Reserve to support commissioning activity, and
 - £3.7m from the Capital Reserve to contribute to the funding of the Capital Programme.

10. During the 2016/17 financial year there have been amendments to the above proposed contributions:
 - Following the Peer Support Review the Commissioner approved, in July 2016, the proposal to pause employee reductions to give the Chief Constable space to re-design the service delivery model, which negated the need for the planned funding from the Devolved Budget Reserve.
 - A recent update of the potential legacy costs has resulted in a reduction in the forecast projections to the year end and therefore the required contribution from the General Reserves has reduced.
 - The decision was made to maintain the Innovation Reserve rather than transferring the funds into the General Reserves as previously proposed. This can be used to support the matched funding requirements of any successful future Police Transformation Fund submissions.

11. The Commissioner in the 2016/17 financial year also approved funding from reserves for the Police Innovation Fund Bids (£177k), the creation of a Major Incident Review Team (£161k) and funding for archiving Orgreave material (£500k). The latest budget monitoring position suggests that there will be an underspend to 31 March 2017 of £4.1m, which will increase the level of projected reserves to the year end.

12. As a result of these adjustments (and including the latest budget monitoring position) the forecast level of reserves level at 31 March 2017 is that general reserves will amount to £21.7m and earmarked revenue reserves will amount to £14.7m.

Proposals for 2017/18

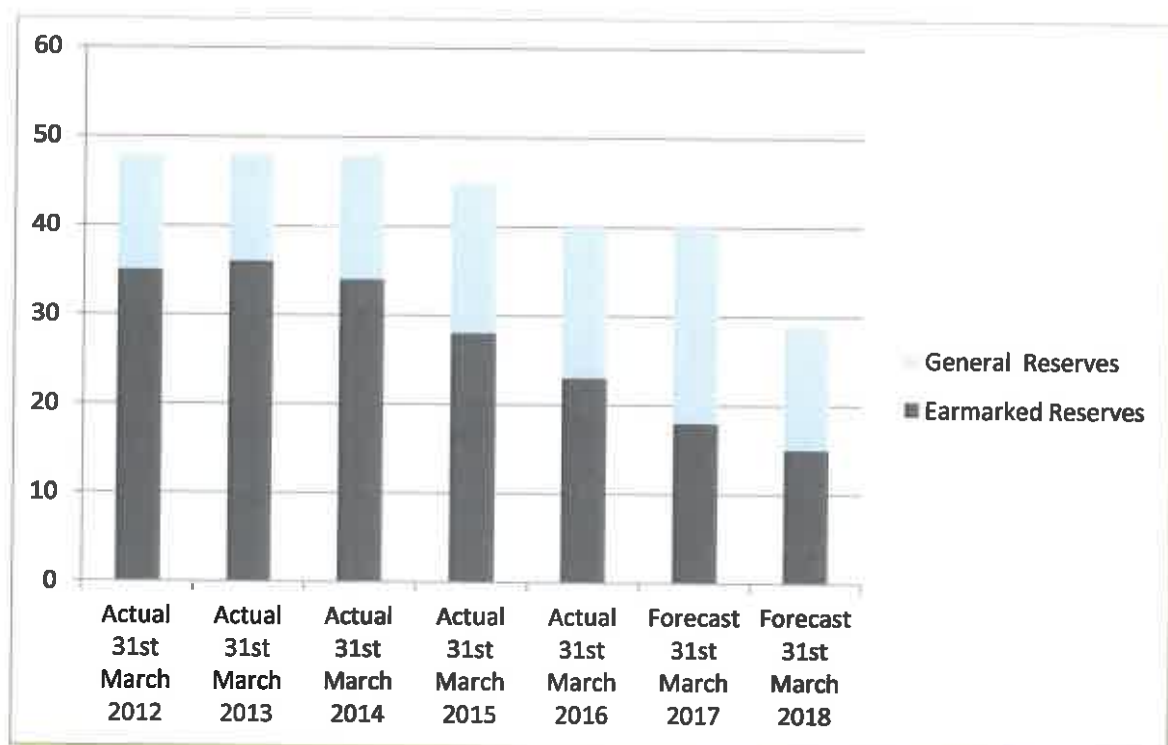
13. The proposed budget for 2017/18 includes contributions from reserves amounting to approximately £11.5m.
- Contribution from the General Reserve of £3.9m from underspends in 2016/17 which can be carried forward and used to meet expenditure in 2017/18 and achieve a balanced budget. The Force had planned an underspend of £3.1m to support the 2017/18 budget gap.
 - Contribution from the General Reserve of £3.9m to meet potential severance costs associated with savings proposals.
 - Contribution from the Capital Reserve of £3.7m to fund capital expenditure in 2017/18.
14. As a result of these proposals, it is estimated that at 31 March 2018 the overall total level of reserves will stand at £28.7m, analysed as follows:

	Forecast Balance at 31/3/17 £'000	Planned Contributions in 17/18 £'000	Forecast Balance at 31/3/18 £'000
General Reserves Balance	21,786	-7,791	13,995
<u>Earmarked Reserves - Revenue</u>			
PCC Commissioning	207	0	207
PCC Innovation	2,000	0	2,000
Insurance	10,896	0	10,896
Devolved Budget	1,660	0	1,660
Total Earmarked Revenue Reserves	14,763	0	14,763
<u>Earmarked Reserves - Capital</u>			
Capital	3,742	-3,742	0
Capital Grants Unapplied	24	-24	0
Total Earmarked Capital Reserves	3,766	-3,766	0
Overall Total	40,315	-11,557	28,758

15. As a result of the budget proposals for 2017/18, the level of general reserves is forecast to be approximately £13.9m by 31 March 2018. This would represent approximately 5.7% of the net revenue budget for 2017/18. Although

this measure can only be regarded as a guide, it does suggest that the overall level of general reserves is within the adequate range.

16. The use of general reserves will create the breathing space for the development of the Force operating model and the identification of savings for future years. Reserves can only be used once and therefore the budget strategy for 2018/19 will be to achieve a balanced budget without the use of reserves.
17. The following chart shows the level of reserves from March 2012 and the forecast levels for March 2017 to March 2018. The chart shows that the projected level of General Reserves at 31 March 2017 will increase as a result of planned underspends in 2016/17 and then decline as those underspends are carried forward to assist with meeting expenditure in 2017/18:



Adequacy of Reserves

18. There is a significant risk associated with legacy issues in particular the compensation claims relating to both Hillsborough and CSE and the outcome of any Special Grant Funding applications to the Home Office. The Home Office Special Grant Fund is not infinite and no application is guaranteed. In the 2016/17 Funding Settlement, announced in December 2016, it was stated that the Special Grant Fund will be responsible for, in addition to Commissioner/Chief Constable applications, the cost of policing the Commonwealth Heads of Government meeting due to take place in 2018.

19. The proposed revenue budget for 2017/18 includes a £5.4m provision for potential expenditure relating to legacy issues. The provision reflects an assumption that any potential expenditure will be largely met from additional funding from Government. Any unsuccessful application for special funding could affect the level and adequacy of the reserves. Therefore the overall level must be kept under review as part of medium term planning and the monitoring of risks.

SOUTH YORKSHIRE POLICE AND CRIME PANEL

1.	Meeting:	Police and Crime Panel
2.	Date:	7 February 2017
3.	Title:	Host Authority Arrangements
4.	Directorate:	Assistant Chief Executive's Office, Rotherham MBC

5. Summary

To provide an update on the host authority arrangements for the South Yorkshire Police and Crime Panel from 1 April 2017 onwards.

6. Recommendations

That the report be noted.

7. Background

7.1 Police and Crime Panels were established under the Police Reform and Social Responsibility Act 2011. Whilst the conception of such joint committees was very much a last minute addition to the legislation, significant progress has been made to date across England and Wales since 2012 in developing the role of Police and Crime Panels as forums for not only holding Police and Crime Commissioners to account across the 42 police force areas, but for developing policy and representing and reflecting the concerns of local people and communities.

7.2 Since 2012, Rotherham MBC has been the host authority for the South Yorkshire Police and Crime Panel. At the time that the Panel was established it was agreed that this would arrangement for continue for four years. In that time, the Panel has undertaken significant work responding to local issues that have also attracted national attention.

7.3 The Leaders of the South Yorkshire Councils recently considered a proposal for the South Yorkshire Joint Governance Unit, located at Barnsley MBC, to assume responsibility as the host authority for the Police and Crime Panel. The paper presented to the Leaders reflected the significant work that the Panel has undertaken during the current municipal year and noted the aspirations of Members for a more proactive approach towards scrutiny of policing and community safety issues in South Yorkshire.

7.4 The Leaders agreed to the proposal for the South Yorkshire Governance Unit to assume responsibility for the administration and support of the Police and Crime Panel from 1 April 2017.

7.5 A further report will be brought to the next meeting confirming the handover of the host authority arrangements from Rotherham MBC to the South Yorkshire Joint Governance Unit. .

8. Finance

None

9. Risks and Uncertainties

None

10. Background Papers

Nil

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SOUTH YORKSHIRE POLICE AND CRIME PANEL

1.	Meeting:	Police and Crime Panel
2.	Date:	7 February 2017
3.	Title:	Independent Co-opted Member – Term of Office
4.	Directorate:	Assistant Chief Executive’s Office, Rotherham MBC

5. Summary

The Panel currently has two co-opted independent Members in accordance with the requirements of Schedule 6 of the Police Reform and Social Responsibility Act 2011. In September 2017, the four-year term of office of Mr Alan Carter is due to cease. This report invites the Panel to consider how it wishes to proceed in respect of the upcoming vacancy.

6. Recommendations

The Panel is asked to consider if it would wish to extend the term of Mr Alan Carter, independent co-opted members, or to proceed with an appointment process.

7. Background

7.1 Police and Crime Panels were established under the Police Reform and Social Responsibility Act 2011. Schedule 6 to the Act provides for Panels to appoint two independent (non-councillor) co-opted Members. In making these co-options, the Act requires that the Panel must ensure the overall membership meets the balanced objective in skills, knowledge and experience necessary to discharge its functions effectively.

7.2 There are presently two co-opted Members appointed to the South Yorkshire Police and Crime Panel – Mr Alan Carter and Mr Steve Chu. Ideally, co-opted Member appointments should be co-terminous with that of the Police and Crime Commissioner. Such an arrangement was not possible given the change of co-opted Members during the first four years of the South Yorkshire Police and Crime Panel. Mr Alan Carter’s term of office ceases in September 2017 and it is therefore necessary for the Panel to confirm how it wishes to proceed.

7.3 There are two options available to the Panel:

- a) If Mr Carter wished to continue, the Panel could extend his term of office as a co-opted member. There is no obvious statutory reason why he could not be reappointed.

- b) The Panel could undertake a selection process to recruit a new co-opted member. Mr Carter would be able to reapply.

7.4 If the Panel were minded to pursue option b) then a further report detailing a proposed recruitment process would be submitted to the next available meeting. Previous experience of recruiting independent co-opted members indicates that the process takes approximately six months to complete. It is therefore imperative that the Panel determines its preferred approach before the end of February 2017 to enable recruitment to take place if required.

8. Finance

None

9. Risks and Uncertainties

The Panel should have regard to the continuity provided by the independent co-opted members and consider the general experience of all Panel Members when determining its preferred approach.

10. Background Papers

Nil

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