

REPORT TO SOUTH YORKSHIRE POLICE AND CRIME PANEL

1.	Meeting:	Police and Crime Panel
2.	Date:	16 December 2016
3.	Title:	Budget Position for 2016/17
4.	Organisation:	Office of the Police and Crime Commissioner for South Yorkshire

5. Summary

This report provides the Police and Crime Panel with information on the Police and Crime Commissioner's budget for 2016/17.

6. Recommendations

It is recommended that the Police and Crime Panel note the contents of the report and comment on any matters arising.

7. Revenue Budget for 2016/17

For 2016/17 there was a reduction in funding 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. This allowed the Police Minister to say that "no PCC will face a reduction in cash funding".

The total level of revenue funding - including government grant and council tax income - amounts to approximately £242m. The majority of this is 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.

8. Current spending position 2016/17

It is currently forecast that there will be an overall underspending of £4.2m in the current financial year.

Included in the overall position is a projected underspend of £2.7m in the Chief Constable's operating budget: the projected underspend represents a variation of about 1%. The Chief Constable has 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 relates to Police Staff costs where there is a projected £2m underspend due to vacancies and staff turnover.

The overall position includes a spending variation in respect of the costs of Operation Stovewood: this is 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 has put a ceiling of £1m on the costs met by the Force.

One of the assumptions underpinning the 2016/17 budget is that any further costs that may potentially arise from legacy issues will 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, has yet to be finalised.

The overall position is summarised in the table below:

	Revised Budget £'000	Forecast Outturn £'000	Forecast Variation £'000
Chief Constable Budget	235,716	232,932	-2,784
Potential Legacy Issue costs	4,800	4,918	118
Operation Stovewood Costs	2,400	850	-1,550
PCC and OPCC Budget	2,100	2,086	-14
Commissioning & Partnership	3,272	3,272	0
Capital Financing	3,040	3,026	-14
External Funding	-6,820	-6,785	34
Total Net Expenditure (before use of reserves)	244,508	240,299	-4,210
Contribution to/ (from) Reserves	-2,545	1,665	4,210
Net Revenue Expenditure	241,963	241,963	0

9. Forecast position for 2017/18

It is expected that the Government will announce details of the Police Finance Settlement for 2017/18 during week commencing 12 December. The indications are that the "flat cash" settlement for 2017/18 will be the same as for 2016/17: i.e.

that the level of government grant will reduce but that the PCC will be able to propose an increase in council tax that makes up for the grant loss and that the overall funding position will be neutral.

The Force face significant financial challenges in keeping expenditure to the same level of funding as in the current year. There are cost and demand pressures that will need to be absorbed and which will require offsetting savings and efficiencies. The position will be reported to the Panel in 2017 as part of the process for the determination of the precept for 2017/18.

10. Contact

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