

REPORT ON THE SOUTH YORKSHIRE POLICE AND CRIME COMMISSIONER'S PLANNING PROCESS (POLICE AND CRIME PLAN 2015/16)

South Yorkshire Police and Crime Commissioner

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1. Purpose of the report

This report provides an overview of the outputs from the Police and Crime Commissioner's ('PCC's') annual strategic and financial planning process for the refresh of the Police and Crime Plan ('Plan'), and the setting of the required budget and council tax precept for 2015/16.

At the next meeting of the Police and Crime Panel, further detail will be provided to the Panel about the proposed Plan, including how priorities will be delivered, and how success will be measured.

2. Information Considered

A range of information has been pulled together as part of the priority setting, which is summarised below:-

Our Consideration of Performance against the Police and Crime Plan

The current Police and Crime Plan has three strategic priorities:

- (a) Reducing Crime and ASB
- (b) Protecting Vulnerable People
- (c) Improving Visible Policing

Reducing Crime and ASB

The total number of crimes recorded in 2014 was 93,794. This is up 3% on 2013, and equates to 2,541 more crimes.

The highest increases have been in the crime categories of sexual offences and violence against the person. The highest decrease has been in vehicle offences.

There has been a 2% (1,805) decrease in Anti-Social Behaviour incidents over a rolling 12-month period.

Re-offending rates are not available at present, due to changes within the offender cohort, meaning a comparison is not reliable. However, we can report that, from a total of 23,771 recorded crimes, 660 were dealt with by way of Community Resolution between July and September 2014, which represents 13% of total outcomes. The majority of these Community Resolutions were used for offences of Violence against the Person, Theft (shoplifting) and Criminal Damage.

Protecting Vulnerable People (PVP)

PCC investment in PVP is reflected in the budgets for 2014/15 and 2015/16, and provides the opportunity to deliver improvements in this priority area, through the introduction of increased specialist resources. The staffing levels in the Public Protection Unit has increased by 102 officers since 2013 and is due to increase by a further 62 officers in the immediate future. A Central Referral Unit has been created to deal with all elements of child protection and vulnerability.

South Yorkshire Police needs to continue to focus on the identified areas of vulnerability where people are currently at the most risk. Child abuse, and specifically Child Sexual Exploitation are areas that will continue to be central to any priority on protecting vulnerable people. Linked to this, is the need to deal with missing persons. There were, 4594 missing persons reports from June 2013 to July 2014 alone, of which 42% of persons were aged between 15 and 17, which represents a significant demand on police resources.

Domestic Violence

Last year, nationally, around 1.2 million women suffered domestic abuse. Over 400,000 of these women were sexually assaulted, 70,000 women were raped, and thousands more were stalked.

Violence

In South Yorkshire, comparing the current 12 months with the previous year, domestic incidents which resulted in a crime being recorded were up 33% (1,861 offences).

Elderly People

Within victim profiles, elderly people are more likely to be victims of theft, burglary and criminal damage. The main difference between males and females is the higher risk to females of theft offences. For example, elderly people can be vulnerable targets for distraction burglaries across South Yorkshire.

The changing demographic profile of the country and county's population will mean elderly people will form a greater proportion of the population in the coming decades.

Improving Visible Policing

Last year saw a successful joint bid by South Yorkshire Police and Humberside Police for the Home Office Innovation Fund, with the award of £1m for Stage One implementation of Mobile Data, for the mobile use of lap tops and tablet devices by operational officers. A further bid in relation to Stage 2 of the project (handheld devices) was successful in July 2014.

The concept was initially tested at Woodseats Police Station and resulted in a significant rise in the visible policing hours of the staff. The full implementation of mobile data roll out at all districts and departments was concluded before Christmas 2014.

Our public engagement activity on policing and crime priorities

The first half of this year's consultation efforts focussed around asking people to name the priorities for the service, within their local area. The top three priorities identified by the 504 members of the public who participated were:

- Litter (188)
- Drugs (153)
- Speeding (146)

Whilst appreciating that litter is not an issue primarily for the police to deal with, it was agreed to include this within the consultation and, if popular with the public, the PCC could decide to pursue through partnership working.

Unfortunately, the second half of this year's consultation did not take place as originally planned due to unforeseen circumstances during September 2014. Other remedial plans were put in place, but did not provide any usable data to support the planning process.

The 'Your Voice Counts' confidence survey run by the force also asks respondents to name one priority for the police in their local area. The following themes were identified:

- Anti-Social Behaviour (520)
- Drugs (682)
- Various road traffic offences

- Visible police patrols/ presence on the streets

A user satisfaction survey has also been carried out with victims of burglary, vehicle crime and violent crime. Satisfaction rates have broadly remained unchanged at 85%. When broken down into individual performance indicators, the Force has experienced consistently lower scores around the area of 'follow-up' than all other indicators.

The Strategic Policing Requirement

All PCCs are legally required to have regard to the Strategic Policing Requirement (SPR) when issuing or varying their police and crime plans.

The SPR is focussed on what, in strategic terms, the police need to achieve rather than how they should achieve it. The nationally identified threats within the SPR are:

- Terrorism
- Other civil emergencies
- Organised crime
- Threats to public order
- Cyber crime

The PCC and Chief Constable must satisfy themselves that they understand their respective roles in relation to the SPR, that they agree the contribution expected of them, and that the Force has the capacity and capability to meet that expectation.

Threat, Harm and Risk: Our Operational Assessment

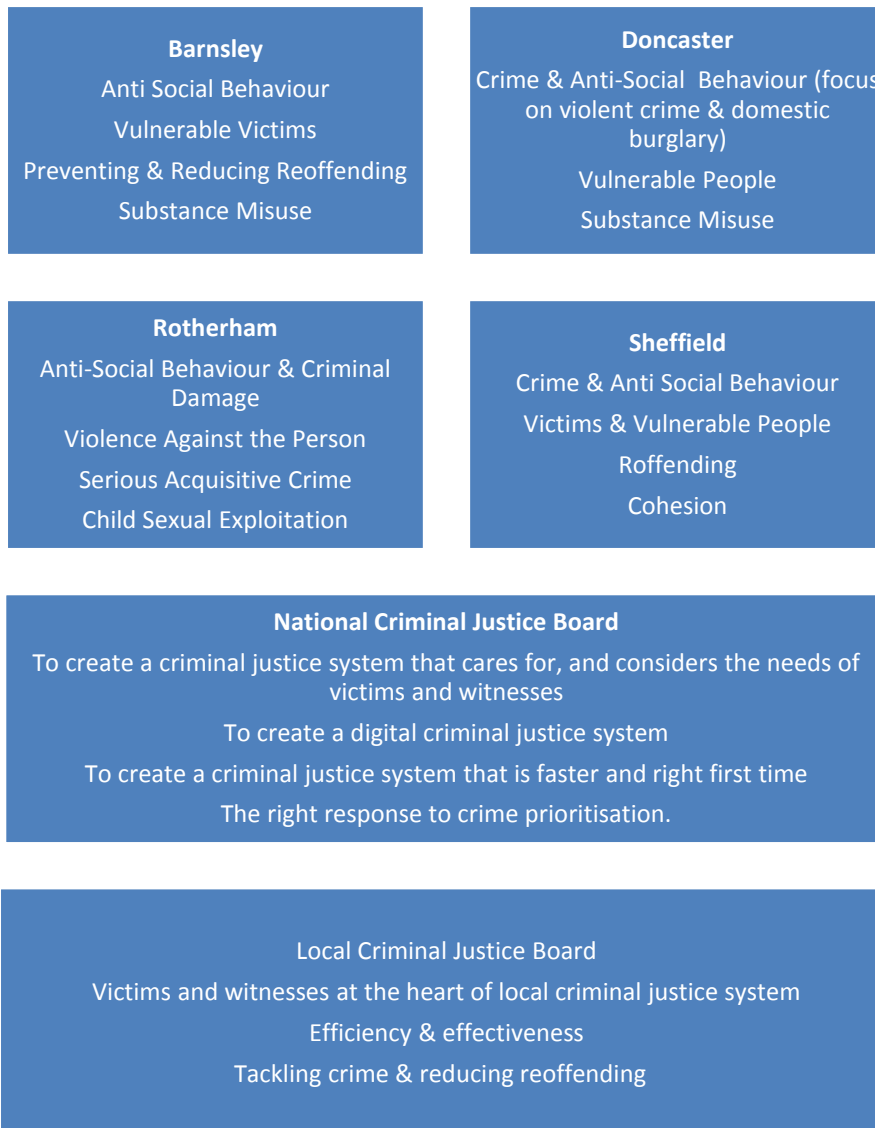
Assessing crime levels and demand are important for the Force to evaluate its policing effectiveness, but it is also important to balance this with risks identified through national, regional and local intelligence.

In order to identify the predicted risks, a detailed strategic intelligence assessment has been undertaken on all policing business areas. This assessment has identified three 'very high' risks, and four 'high' risks, which are set out below:

- Child Abuse – Very High
- Child Sexual Exploitation – Very High
- Human Trafficking – Very High
- Stalking and Harrassment – Very High
- Cyber Crime – High
- Anti-Social Behaviour – High
- Burglary Offences – High
- Handling Stolen Goods – High

Our Partners' Priorities

Any approach or change to the Plan should take into account the Community Safety landscape and the criminal justice system, which goes wider than the police family of districts and departments, and should include partner information. The priority information included below details what the current priorities are for the various national, regional and local partnerships.



The Wider Policing Environment

Over recent years, South Yorkshire Police has been the subject of a number of news stories that have damaged the reputation of the force and reduced the confidence that the public have in them. The Hillsborough Inquiry and the Professor Alexis Jay report have had a significant impact locally, whilst the impact of issues concerning Andrew Mitchell MP and revelations about data integrity have damaged the reputation of the police service nationally. All have impacted upon the perception of South Yorkshire Police.

The picture of police demand is changing, and it is now estimated that crime represents around 20% of the demands placed upon the police. There has been greater national debate on the role of the police in public protection, and the amount of resources deployed in safeguarding vulnerable people. The amount of time being spent on previously unacknowledged demand, such as caring for the mentally ill, is also reported to be increasing.

The threat of terrorism has been ever present, but now there is greater emphasis on protecting people from radicalisation.

Public order is also a challenge for South Yorkshire Police due to a concentration of high profile football clubs and a high number of public protests by groups such as the 'English Defence League' and 'United Against Facism'.

Due to the Government's Comprehensive Spending Review, there are extremely challenging reductions in the policing budget that has made organisational change a necessity. Since 2010/11, when the current Comprehensive Spending Review began, South Yorkshire Police has lost £74 million from its budget. On 17 December 2014, the Coalition government announced a further reduction of £8.2 million, in addition to the £13 million it was already expected to save by 2017.

The outcome from our Senior Leaders Event

A Senior Leaders' Day was held on the 30 October 2014, between the Office of the Police and Crime Commissioner and the Force to consolidate the various inputs to the PCC's strategic and financial planning process and then discuss the emerging strategic priorities which ought to feature in the refresh of the plan this year.

The outcome of this event identified a number of topics for further discussion with the newly elected PCC, and these are set out below:

- Prioritising the building of public trust and confidence.
- Focussing on crime prevention and the demand for policing and crime services.
- Considering how the policing service would be delivered if the force were to focus resources in those areas identified through an operational assessment of threat, harm and risk.
- Continuing with the existing Police and Crime Plan priorities.

A Change in Governance

The arrival of Dr Alan Billings as the new Police and Crime Commissioner on 3 November 2014 brings an opportunity to refresh the approach the Office of the Police and Crime Commissioner (OPCC) take in holding the Force to account. The new approach takes account of the unique financial and operational challenges faced by the Force, and seeks to provide firm strategic direction whilst maintaining the operational independence of the Chief Constable to deliver the best service to the people of South Yorkshire.

3. Strategic Intent – *South Yorkshire is and feels a safer place to live, learn and work.*

As a result of gathering all of the information which appears at Section 2, the PCC feels strongly that public safety is the central mission of the police and this is reflected in his mission statement that provides the unifying purpose to everything the Force and partners do. As well as being a safe place to work, the PCC recognises that the public must **feel** safe and trust that the police will work with partners to provide protection from harm.

In setting a strategic intent, not just for South Yorkshire Police but the wider criminal justice system, the PCC recognises that the trust of victims and the general public will not be gained purely from the publication of success measures, but from actions demonstrated across every contact with every partner organisation. Hence, the goal is to make South Yorkshire **feel and be** a safe place to live, learn and work.

Previous editions of the Plan set out three key strategic priorities for Police and Partners:

- Reducing Crime and Anti-Social Behaviour
- Protecting Vulnerable People
- Improving Visible Policing

In refreshing the Plan, the approach has been to re-focus the strategic intent but not to fundamentally undermine the encouraging progress made in these priority areas, (termed 'pillars' for supporting the overall outcome). Therefore what is proposed still focuses upon three key strategic priorities but with a slight change in emphasis to reflect the new outcome:

- Protecting Vulnerable People
- Tackling Crime and Anti-Social Behaviour
- Fair Treatment

(NB: Improving visible policing will be part of the way in which the Force deliver these priorities.)

It is intended that the Force and partners will work together to deliver services to meet the three strategic priorities, and that their activity should be evidence based.

In determining how to prioritise the demands placed on policing and crime services, it is proposed that an assessment of 'Threat, Harm and Risk' takes place, which is done in order to identify the predicted risks, this is done against the following criteria:

- **Impact**, which considers the effects of the crime/incident type including physical or psychological harm to the individual and harm to the community.
- **Probability**, which considers the current level of crime/incidents, whether volumes are increasing or decreasing and a forecast for the coming period.
- **Force resources**, existing partnerships/collaborative activity and the intelligence picture in order to consider risk escalation or mitigation.

4. The New Operating Policing Model

South Yorkshire Police is implementing a new operating model, developing new ways of working to better serve the communities of South Yorkshire with fewer resources. Despite a shrinking overall budget the new policing model has been designed to maximise the availability of locally based staff and to maintain the important focus on neighbourhood delivery of policing. This will be achieved by changes in the way the force delivers its services and will enable the force to make a significant investment in the staffing of public protection units which deal with child abuse, domestic abuse and child sexual exploitation. This restructuring will mean that the Force can continue to tackle crime and anti-social behaviour, protect vulnerable people and deliver fair treatment with fewer officers. It will be achieved by exploiting new technology and streamlined ways of working with structures designed around the needs of victims and those who access police services. The result will be a more flexible style of policing delivery allowing staff to spend more time in the community rather than inside the police station.

Local neighbourhood policing is at the heart of British Policing and the new force-operating model will maintain this style with uniform police officers and community support officers working within a defined geography where they are accountable for service delivery and known to their communities. The Force has confirmed that specialist resources will be there when needed, be it to protect vulnerable people, deal with serious crime and police our road networks. Achieving this change will be challenging and, in order to remain focused whilst the future financial position is unclear, the Chief Constable and his Senior Command Team have agreed, with support from the PCC, that the following principles will apply:

- Adopting a systems methodology approach to maximise efficiency when considering changes to parts of the organisation
- Rationalising buildings and estate, seeking opportunities to share with partners in local communities;
- Adopting leaner, more agile structures across the enabling services functions (Information technology, facilities management, HR, finance fleet & administration);
- Building upon opportunities to collaborate further with Humberside Police, including carrying out a feasibility study around the development of a strategic alliance with Humberside in specialist areas to optimise the savings made to date through shared enabling services and shared technology;
- Promoting streamlined management structures within the geographical areas of Local Policing to maintain frontline resources and meet demand for service;
- Optimisation of regional and national collaborations to maintain the force's ability to meet the strategic policing requirement e.g. Counter terrorism, National Police Air Service, Underwater search, Mounted police officers
- Integrating further principles around demand management to ensure right resource, first time, every time

The New Local Policing Model

In respect of the Local Policing Review the Senior Command Team and PCC have agreed that the South Yorkshire policing model will maintain uniform police officers and police community support officers working in Local Policing Teams within neighbourhoods.

The Force has indicated that it is committed to working with partners but has been clear with partners that officers must be engaged in activities with a clear policing purpose e.g. providing visible patrol and reassurance to prevent crime and anti-social behaviour; victim centred investigation; and the enforcement and management of offenders.

To achieve the service required and build trust and confidence, the Force will continue to, challenge its ways of working and how it manages demand. Only 17% of initial demand on the police is to deal with crime, and much is around problem solving and responding to calls for service which is linked to vulnerability and supporting people at times of most need. The Chief Constable has given assurances that the Force response will be tailored to the caller in order to give the greatest opportunity to resolve the issue.

The demand work is set against the following principles:

- Being clear about purpose
- Designing services against demand
- Removing waste from processes
- Putting the right resources in the right place at the right time
- Doing what matters to citizens and supporting victims
- Doing what matters to offenders to reduce the chances of reoffending
- Solve the underlying problems, not the symptoms
- Measuring what matters - outcomes not targets

5. Revenue Budget, Capital Programme and Council Tax for 2015/16

Introduction

This section of the Police and Crime Plan refresh document provides details of the resources that will be required to deliver the priorities set out in this Plan, and to deliver efficient and effective policing and crime services in South Yorkshire.

This section will also set out the revenue budget, a capital programme, and a council tax precept for 2015/16. It also provides a summary of the medium term outlook facing the PCC and also takes a look forward to the potential resource and budgetary challenges which lie ahead.

Provisional Police Funding Settlement for 2015/16

National picture

The Spending Round 2013 (SR13) issued by the Chancellor in June 2013 outlined the Government's spending plans for 2015/16 and confirmed a further £11.5 billion of spending reductions in that year. Unlike previous spending reviews, the SR13 only covered one financial year (2015/16) due to the general election in Spring 2015.

SR13 included a 6.1% reduction in Home Office spending in 2015/16, compared to 2014/15. The budget for DCLG Local Government, which includes funding for revenue support grant allocations, was cut by 10% in 2015/16. However, in his 2013 Autumn Statement, the Chancellor announced a further 1.1% reduction in Government department spending, on top of those identified in SR13.

In the lead up to the announcement of the Police Finance Settlement for 2015/16, there had been concern as to how much of this additional 1.1% would be passed onto the police service rather than cut from other parts of Home Office spending. Unlike local government, the 2014/15 finance settlement for police did not include an indicative 2015/16 settlement, so as to allow the Home Office more time to reach its decision as to where the cuts would fall.

On 17 December 2014, the Government issued the Provisional Police Grant Report for 2015/16, and analysis of this suggests that some of this further reduction has been passed onto the police, but not all of it. The statement from the Minister for Policing contains the following: *"after careful consideration of all Home Office budgets...I have decided to maintain the 4.9% real terms headline reduction to government funding to the police announced at SR13"*.

In actual cash terms, rather than real term values, the Government has reduced the national funding total by about 3.5%. However, this reduction includes a number of "top-slices" to fund "national policing interests". Once these are excluded, the amounts allocated to police and crime commissioners – the Police Grant and Formula Funding allocations - have fallen by 5.1% (in cash terms) compared to 2014/15. The top-slices include a number of pre-existing funding streams, together with some new ones as follows:

- Counter terrorism policing (at least £564m)
- Further funding for the Independent police Complaints Commission (£30m)
- HMIC Police Effectiveness Efficiency and Legitimacy (PEEL) inspection programme (£9.4m)
- College of Policing (£5m)
- Police Innovation Fund (£70m)
- Major Programmes (£40m), a new top-slice to support the development of the National Data Programme, Home Office Biometrics and the Emergency Services Mobile Communications Programme
- Police Knowledge Fund (£5m), a new top-slice for driving improvements in the same way as the Innovation Fund
- Police Special Grant (£15m), for forces facing unplanned or unexpected additional pressures

The allocations for 2015/16 compared to 2014/15 are set out in the table on the next page.

Police Revenue Funding	2014/15	2015/16	Change
	<i>£m</i>	<i>£m</i>	<i>%</i>
Funding to PCCs			
Home Office Police Grant	4,583.3	4,309.2	-6.0%
Formula Funding (RSG from 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%
Top-slices			
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	251.3	52.0%
Total Government Funding	8,479.1	8,189.6	-3.5%

There are some further items that will be subject to further consideration by the Home Office. These are items that were previously thought to have involved additional top-slices, but which the Government now intends to fund through charging regimes to PCCs/Forces. These include arrangements for the financing of national ICT systems and the National Police Co-ordination Centre.

The Settlement is provisional, and is subject to consultation. The final Grant report will be issued in February 2015, when it is expected that full details of the remaining outstanding items will be provided.

South Yorkshire's Position

For South Yorkshire, the Finance Settlement represents a reduction in funding of £9.6m (or 4.83%) compared to 2014/15. This is on top of a reduction of £9.5m in the previous financial year: i.e. a cumulative reduction of £19m over the last 2 financial years.

	Settlement 2014/15 £000	Provisional Settlement 2015/16 £000	Reduction £000	%
FINANCING:				
Police Grant (HO Core)	-107,770	-101,174	-6,596	6.12
Formula Funding (Ex DCLG Formula)	-80,957	-77,909	-3,048	3.76
Council Tax Freeze Grant 2011/12	-1,269	-1,269	0	
Council Tax Support Scheme compensation	-9,591	-9,591	0	
TOTAL FINANCE SETTLEMENT	-199,587	-189,943	-9,644	4.83

However, the impact on South Yorkshire is likely to be greater than the figures set out above suggest. There are likely to be additional charges for the items that are being considered by the Home Office, namely, charges for national ICT systems and the National Police Co-ordination.

There are no details of the potential grant settlement for 2016/17. This will be dependent on the outcome of the next spending review which will take place after the 2015 general election. The lack of clarity or certainty about funding beyond March 2016 does not assist medium-term financial planning.

Council Tax Referendum principles

The Local Government Minister announced that any 'local authority' – whether that be a council, a fire authority or a police and crime commissioner – that increases the council tax by more than 2% will be required to conduct a local referendum. Although the precise principles will not be issued by Parliament until February, it can be relied upon that 2% will be the limit on any council tax increase without a referendum.

The South Yorkshire Police Council Tax for 2014/15 increased by 1.95% to £145.33 for a Band D property. It is proposed that for 2015/16 there will be a further increase of 1.95%. If the threshold beyond which a council tax referendum is confirmed as being a 2% increase, there will not be a requirement for a referendum in South Yorkshire. An increase of 1.95% will result

in a Band D Council Tax of £148.16 for 2015/16: an annual increase of £2.83, or approximately 6p per week, for a Band D property.

	Current (2014/15)		Proposed increase Weekly	2015/16 Proposals	
	Precept			Annual	Weekly
	Annual	Weekly			
	£	£	£	£	
Band A	96.89	1.86	4p	98.77	1.90
Band B	113.03	2.17	5p	115.24	2.22
Band C	129.18	2.48	5p	131.70	2.53
Band D	145.33	2.79	6p	148.16	2.85
Band E	177.63	3.42	6p	181.08	3.48
Band F	209.92	4.04	8p	214.01	4.12
Band G	242.22	4.66	9p	246.93	4.75
Band H	290.66	5.59	11p	296.32	5.70

Overall Funding Position for 2015/16

The overall Budget Requirement for 2015/16 will include the council tax precept upon the collection funds that are managed by the South Yorkshire local councils. Each year the districts determine their council tax base which is used to calculate the precept. For 2015/16, the overall tax base for South Yorkshire has increased by 6,353 Band D equivalent properties, or 1.95%, compared to 2014/15.

	Band D	Band D		
	Equivalent	Equivalent	Variation	%
	Properties	Properties		
	2014/15	2015/16		
Barnsley	58,751.60	60,257.75	1,506.15	2.56
Doncaster	74,267.00	75,729.00	1,462.00	1.97
Rotherham	64,179.01	65,477.52	1,298.51	2.02
Sheffield	128,144.18	130,231.44	2,087.26	1.63
TOTAL	325,341.79	331,695.71	6,353.92	1.95

The local 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 PCC has been notified that the share of the surplus for 2015/16 has increased by £0.3m, compared to 2014/15.

	Collection Fund	Collection Fund	
	Surplus	Surplus	Variation
	2014/15	2015/16	
	£	£	£
Barnsley	118,000	165,710	47,710
Doncaster	323,474	323,474	0
Rotherham	270,000	332,000	62,000
Sheffield	18,959	219,360	200,401
TOTAL	730,433	1,040,544	310,111

With the council tax base having been set at 331,695 Band D equivalent properties, the proposed Band D council tax of £148.16 would result in total council tax income of £49.144m for 2015/16. This is the proposed “Council Tax Requirement” and represents an increase of approximately £1.9m: a significant proportion of which (£0.9m) is due to the taxbase increase.

With the inclusion of the collection fund surplus, the proposed “Budget Requirement” for 2015/16 will be £240.127m. This represents a reduction in the Budget Requirement of approximately 3% compared to 2014/15.

	Original	Proposed
	Budget	Budget
	2014/15	2015/16
	£000	£000
Council Tax income	-47,282	-49,144
Police Grant (HO Core)	-107,770	-101,174
Revenue Support Grant (Ex DCLG Formula)	-80,957	-77,909
Council Tax Freeze Grant 2011/12	-1,269	-1,269
Council Tax Support Scheme compensation	-9,591	-9,591
Collection Fund surplus	-730	-1,040
BUDGET REQUIREMENT	-247,599	-240,127

Council Tax Freeze Grant

The Secretary of State for Local Government has announced that a Council Tax Freeze Grant (CTFG) will be available in 2015/16 for those police and crime commissioners that keep the council tax at the same level as 2014/15. “Indicative Council Tax Freeze Grant Allocations for 2015/16” have been provided, and the allocation for South Yorkshire amounts to approximately

£574,000. This is slightly higher than the amount generated by a 1% council tax increase as it will exclude Council Tax Support Scheme (CTSS) claimants. The actual CTFG will be based on tax base calculations provided by the district councils.

On the basis of the actual taxbase, each 1% increase in council tax will generate an additional £482,000. The proposed increase of 1.95% will generate an extra £940,000 which – together with the additional £923,000 from the increased taxbase – provides for total additional income of £1.863m.

The proposed increase therefore generates additional income, above that provided by CTFG but also provides for greater long term stability as it is added to the base budget and future percentage increases can be based on this. .

In previous years, CTFG has been rolled up into other funding allocations from Government, and has therefore been subsumed in general grant and then subject to further reductions. The existence of CTFG into the future cannot be guaranteed although the Secretary of State has given an assurance that CTFG will be maintained.

Setting of the 2015/16 Revenue Budget

The PCC approved a net revenue budget of £247.599m for 2014/15. As set out above, the proposed net revenue budget – the “Budget Requirement” – for 2015/16 will be £240.127m. The overall movement in budget from 2014/15 to 2015/16 has involved the following variations:

		£000
	Budget Requirement for 2014/15	247,599
Plus	New Priorities	2,404
	Inflation, Pay Awards & contractual increases	5,370
Less	Full year effect of previous years savings	-2,060
	Savings proposals for 2015/16	
	Local Policing Review	-6,358
	Non pay savings	-750
	National Police Air Service (NPAS)	-674
	Reduction in overtime	-462
	Enabling Services	-300
	Regional Collaboration -operational support	-300
	Regional working	-238
	Diamond Reviews	-336
	Diamond Custody Project	-285
	Mounted Police Branch	-154
	Other savings (various)	-282
	Further savings to be identified/agreed	-3,047
	Budget Requirement for 2015/16	<u>240,127</u>

New Priorities

The previous PCC made Protecting Vulnerable People (PVP), particularly those at risk from Child Sexual Exploitation, a priority in the Police and Crime Plan, and included £2.2m in the 2014/15 budget to increase the Force’s PVP capacity. This strategy involved a further budget allocation in 2015/16, amounting to £2.4m.

Inflation, Pay Awards and Contractual Increases

Appropriate provision needs to be made for pay awards (1%), for specific inflation increases and for uplifts in contractual commitments. One of the most significant additional cost increases relates to the charges for National Police IT Services, which are set by the College of Policing and which have increased by £0.9m in 2015/16.

Future Savings Proposals

The most significant savings proposals for 2015/16 are as follows:

- **Local Policing Review (£6.3m)**

This relates to the introduction of the new Local Policing model from Spring 2015 described previously.

- **Non Pay Savings (£0.7m)**

The implementation of the PCC's revised accommodation strategy, together with the deployment of mobile technology to our front line officers, will result in a reduction in the cost of operating our police buildings as we both reduce the size of the estate and adopt sustainability measures. Similarly, the deployment of telematics technology will enable more active management of the fleet which should reduce our fuel consumption and potentially the size of the fleet.

The Regional Procurement Unit has improved the contracts database across the region and, as a consequence is better able to predict where collaboration can improve our negotiating power with suppliers. It is anticipated that the Force will make contract savings from this work and collaborative contracts both regionally and nationally.

- **National Police Air Service ('NPAS') (£0.6m)**

It is proposed to re-negotiate our contract with the NPAS to reduce the cost of the service received.

- **Overtime (£0.46)**

Police and staff normal overtime will be cut by a further 10%. This budget has previously been cut as follows to bring the Force more in line with overtime spending in our most similar group of forces, 2012/13 - 5%, 2013/14 - 10%, 2014/15 - 20% (including bank holiday overtime).

- **Enabling Services (£0.3m)**

In the forthcoming year it is proposed that there will be greater collaboration with Humberside Police which will be facilitated by our Information Systems Strategy deploying new shared systems. Whilst this is unlikely to reach maturity until 2017/18 it is anticipated that the review work will produce savings which can be delivered in 2015/16.

- **Regional collaboration – Operational Support (£0.3m)**

Review work is ongoing in relation to developing operational collaboration on specialised operations and crime management with both Humberside Police and West Yorkshire Police. It is anticipated that the review work will produce some savings which will be delivered in 2015/16.

- **Regional Working (£0.2m)**

It is anticipated that Regional Crime, Scientific Support Unit and Underwater Search will reduce their charges by 3.2%. In addition to this, the creation of a Regional Stores Unit from 1 February 2015 will generate a Force saving of £80,000.

- **Diamond Reviews (£0.3m)**

Other Diamond Reviews - including Specialist Uniform Operations, CCTV and Criminal Justice Unit re-location - have already been implemented during 2014/15, and these savings are expected to be delivered prior to the year end or early in the new-year.

- **Diamond Custody Project (£0.3m)**

There are further planned officer savings expected to arise from the custody project as it progresses throughout 2015/16 into 2016/17.

- **Mounted Unit (Horses) (£0.1m)**

The current forecast assumes the collaboration of South Yorkshire Police (SYP) and West Yorkshire Police (WYP) mounted sections at Carr Gate in West Yorkshire, with rationalised resources.

Further savings

There are further savings of £3m required to enable a balanced budget for 2015/16. It is expected that, following further work to identify the precise level of savings required and where they will come from, that this £3m will come from a combination of the following:

- Further reductions in Force operating expenditure
- Expected reductions in capital financing costs
- Review of partnership and commissioning expenditure

Capital Programme and its Financing

To support the changes and savings required in the future, capital investment in new technology, buildings and equipment will be necessary, and a range of capital projects have been identified. The previous PCC approved a capital programme for 2014/15 of £17.337m, with further planned expenditure totalling approximately £30m over the following four financial years. In general terms, the funding for capital spending comes from the following sources:

- **Capital grant from Government:** The Government provides some support for capital investment through a specific capital grant. This amounted to £2.5m in 2014/15. The level of capital grant for 2015/16 will not be announced until the finalisation of the Finance Settlement in February 2015. There may be a top-slice of capital grant to fund a national mobile communications project which the Secretary of State Minister for Policing is considering.
- **Capital receipts:** these are proceeds from the sale of assets, and are estimated to amount to £0.9m in 2014/15 and £0.7m in 2015/16.
- **Contributions from Revenue/Reserves:** the 2014/15 revenue budget includes a contribution to capital of £4.172m. There is also a contribution from general reserves of the same

amount to ensure that there is not an impact on council tax of this revenue contribution to capital.

- Contributions from capital reserves: there are reserves set aside for the purpose of financing capital expenditure.
- Borrowing: borrowing to finance capital spending is undertaken in accordance with the Treasury Management Strategy and must meet a range of criteria including affordability.

It has been a feature of the capital programme that it be centred around schemes which are either revenue neutral or, ideally, those which generate net revenue savings ('Invest to save'). A significant additional feature with regard to the planned funding of the Capital Programme is the intention to further minimise the impact of capital projects on available revenue resources by utilising reserves to directly fund certain schemes. In the main, these will be investments in the modernisation of the Force's ICT infrastructure and information systems.

The planned level of capital financing in 2014/15, as per the original budget, amounted to £15.394m after contributions from partner organisations. The level of planned spending has reduced in 2014/15, with a significant amount - £17m - being "slipped" into 2015/16. The Treasury Management Strategy assumed that borrowing amounting to £8.1m would be undertaken in 2015/16. However, with the level of capital spending being below that expected and the availability of higher internal cash balances, no borrowing has been undertaken this financial year. There is therefore expected to be an underspend on debt charges (in the revenue budget) in the current financial year which could be carried forward for use in 2015/16.

The Medium Term Financial Strategy ('MTFS') assumed an increase in the level of debt charges (of about £0.6m) and an increase in revenue contributions/reserves (of about £0.2m) to finance the planned level of capital expenditure in 2015/16. The combined effect of scheme slippage and new capital starts in 2015/16, means that the planned level of capital expenditure will be £27.4m. This will require additional borrowing - beyond the level assumed in the previous MTFS and Treasury Management Strategy - as the position in 2015/16 seeks to catch up.

Assuming that capital grant will be at the same level in 2015/16, and that contributions from reserves/capital receipts will be at the level previously planned, the overall capital financing position is as follows:

	Original	Forecast	Potential
	Budget	Outturn	Budget
	2014/15	2014/15	2015/16
	£000	£000	£000
CAPITAL FINANCING			
External Grants (Home Office Grant)	2,550	2,550	2,550
Capital Receipts	514	900	727
Revenue Contributions	4,172	4,172	4,313
Contribution from Capital Reserve		3,550	3,724
Borrowing	8,158		9,304
OVERALL TOTAL	15,394	11,172	20,618
NET Capital Spending	15,394	11,172	27,405

To finance capital spending of £27.4m in 2015/16, additional borrowing and/or use of reserves will be required. Before further borrowing is included in the strategy for 2015/16, work is being undertaken around affordability, and the impact on the required budget for debt charges in 2015/16. This will be resolved before the final decision on the budget.

Impact on numbers of Officers, PCSOs and Staff

It is estimated that the overall police officer establishment will reach 2442 by 31st March 2016. It is further estimated that the establishment for PCSOs will be at 300 and for police staff will be at 1726 by the same date. This is as an assessment based on current planning and restructuring following the review process and on current estimates will be achievable through the predicted natural wastage of service leavers. Police recruitment will continue on an as needed basis to keep staffing numbers at the correct establishment. Total recruitment for police officers during 2014/15 is 52, this is made up of 24 transferees and 28 student officers.

Medium Term Financial Forecast

The decision relating to the 2015/16 revenue budget needs to be considered alongside a forecast of the overall medium-term financial position for policing in South Yorkshire.

The Provisional Finance Settlement for 2015/16 is a one year settlement, and does not provide an indication of the likely grant settlements beyond March 2016. Funding in future years will depend on the next Spending Round which is expected in the summer of 2015 after the general election. Whatever the outcome of the election, it seems likely that there will be further reductions in public sector funding given the size of the public deficit, and the commitment from all political parties to reduce this over the medium-term.

In the absence of any evidence as to the level of funding that will be available it will be necessary to make certain assumptions for planning purposes:

- **Police Grant and DCLG Formula Grant:** the overall amount is assumed to reduce by 5% in 2016/17 (broadly the same percentage reduction in 2015/16) and an assumed annual reduction of 3.5% thereafter.
- **Council tax income:** an annual increase of 1.95%. The council tax base for 2015/16 is assumed to remain unchanged for planning purposes.
- **Collection fund surplus/deficit:** the level of any surplus or deficit is difficult to predict and can be subject to volatility. The medium term financial forecast does not include any estimated collection fund surplus in future years.

When compared to the current (2014/15) financial year, the net reduction in funding amounts to approximately £7.5m, which will be offset by the savings referred to in this report. However, based on the assumptions explained above, there is the potential for further reductions in funding of approximately £9m reductions in 2016/17, rising to £31m in 2019/20, compared to the current position.

The cumulative five-year position is shown below. Over a five year period, cumulative savings of approximately £45m will be required. As savings are agreed each year, this will reduce the cumulative total.

	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Total forecast reduction in funding	7.48	16.43	21.38	26.12	30.67
Total forecast reduction in net spending	-7.48	-2.82	3.51	8.37	14.81
NET FORECAST REVENUE GAP	0.00	13.61	24.89	34.49	45.48

Given the continuation of funding reductions from Government for the foreseeable future, the process of identifying savings for 2016/17 will need to begin immediately that the budget for 2015/16 is agreed. This process will align the priorities identified in this Plan to the proposed savings. The scale of the continuing reductions represents a challenging position for policing in South Yorkshire.

N.B. The final, refreshed Police and Crime Plan for 2015/16 will include details around collaboration and strategies in relation to the Force's infrastructure.