

**Medium Term Financial Strategy
(2017/18 to 2020/21)
Including the 2017/18 Budget**

Report of the Police and Crime Commissioner (PCC)

1. Purpose of report

- 1.1. To present the Police and Crime Commissioner's Revenue and Capital Budgets for 2017/18.
- 1.2. To present the Medium Term Financial Strategy (MTFS) for the four year period to 2020/21.

2. Proposals

- 2.1. To set a revenue budget for 2017/18 of £107,227,954 and a precept on each District Council collection fund as set out in **Section 14** of this paper.
- 2.2. To set a capital programme as outlined in **Annex G**.

3. Background

3.1. Over the last six years (from 1st April 2011 to 31st March 2017) the Constabulary has reduced its expenditure by £30m to balance the budget. This has had a notable effect on the organisation.

3.2. A significant proportion of the budgeted expenditure is for the cost of officers and staff – nearly 80% in 2016/17. Therefore, in order to make the above reduction, the number of officers and staff within the organisation has reduced appreciably over the last seven years:

	31st March			
	2010	2017	Difference	
	fte	fte	fte	%
Officers	1,309	1,060	-249	-19%
Staff	729	650	-79	-11%
PCSOs	148	116	-32	-22%
Total	2,186	1,826	-360	-16%

The numbers for 2010 are published in the HMIC Efficiency Report for 2016.

3.3. The non-pay budgets represent about 20% of budgeted expenditure. These budgets are reviewed regularly to identify savings and efficiencies. Since 2010 Gloucestershire has been part of a four force procurement collaboration in the south west with Devon and Cornwall Police, Dorset Police and Wiltshire Police – South West Police Procurement Department (SWPPD). This has resulted in procurement savings through combined spend and standardisation of specifications.

3.4. In his Autumn Statement in 2015 the Chancellor announced that the government would protect funding to maintain overall police force budgets at current cash levels. However, it was assumed by the Home Office that funding would be maintained if the PCC increased the precept to the maximum amount available, and current cash levels do not take account of pay increases, price inflation and additional costs incurred by the organisation.

3.5. **Grant Announcement – 15th December 2016**

3.5.1. The Provisional Police Grant Report 2017/18 was published on 15th December 2016. The Minister for Policing stated that direct resource funding for each PCC, including precept, will be protected at flat cash levels assuming that precept income is increased to the maximum amount available within the referendum limit. “No PCC who chooses to maximise precept within the referendum limit will face a reduction in cash funding.”

3.5.2. The consultation period for the Police Grant Report ran until 26th January 2017 and the Final Police Grant Report will be laid before Parliament in February.

3.5.3. National Funding

Total Home Office Grant funding for the Police Service nationally for 2017/18 (excluding specific counter-terrorism funding) is £8,497m. This is an increase of 1.7% compared to 2016/17 (£8,356m).

3.5.4. £6,962m of this funding (82%) is allocated to Police Forces. This is a reduction of 1.4% compared to 2016/17 (£7,061m).

3.5.5. The Home Office has made reallocations within the police grant settlement to support national policing priorities. These reallocations include the following funding:

3.5.5.1. £417m for the Police Technology Programme including funding for the new Emergency Services Network (ESN) and the existing Airwave system. Funding for ESN has increased by £100m compared to last year.

3.5.5.2. £32m for arms-length bodies including the IPCC and HMIC and the College of Policing direct entry schemes.

3.5.5.3. £28m to strengthen the response to organised crime. This is a new reallocation providing additional funding for the National Crime Agency and Regional Organised Crime Units.

3.5.5.4. £175m for the Police Transformation Fund, an increase of over £40m. This funding is to incentivise and facilitate transformation in policing, and includes £32m specific funding for the national uplift in armed police capability.

3.5.5.5. £50m for Police Special Grant contingency funding to support police forces significant and exceptional events. This is an increase from £25m last year.

3.5.5.6. £15m for Pre-charge bail. This is a new reallocation to fund significant reforms to pre-charge bail.

3.5.6. Funding for Gloucestershire

The Main Grant for Gloucestershire for 2017/18 is £59.250m which is made up as follows:

Police Core Settlement (Home Office)	£33.910m
Ex DCLG Formula Funding	£19.258m
Legacy Council Tax Grants	£6.082m

The overall reduction in the Core Grant and Ex DCLG Grant is 1.4%, compared to a 0.6% reduction in 2016/17. This is a reduction of £0.754m.

3.5.7. If the funding allocated to Police Forces had increased by 1.7% (Section 3.6.3) then Gloucestershire would have received an increase in grant funding of £1.0m for 2017/18, rather than a reduction of £0.75m.

3.5.8. Legacy Council Tax Grants

The Legacy Council Tax Grants are the Council Tax Freeze Grants for 2011/12 and 2015/16 and the Local Council Tax Support Grant, which are now paid by the Home Office rather than by the Department for Communities and Local Government (DCLG). These grants have remained at the same level as for 2016/17.

3.5.9. The Grant Report states that the 2017/18 settlement continues the current methodology of applying uniform percentage changes to core grant funding for each PCC. The Policing Minister has committed to a review of the Police Funding Formula (section 3.6.7).

3.5.10. Council Tax Referendum Principles

For 2017/18 PCCs will be able to increase the police precept by up to 2%. If the increase is more than 2% a referendum must be held.

3.5.11. The Capital Grant for 2017/18 has also been announced. The overall grant available for Forces has reduced from £109m in 2015/16 to £46m in 2017/18 – a reduction of 58% over two years. The capital grant for Gloucestershire is £371k, a reduction of £63k compared to 2016/17. This will increase the Revenue Contribution to Capital and has been reflected in the budget for 2017/18 (see **Annex G**).

3.6. **Future Planning**

3.6.1. The Grant Report for 2017/18 only provided funding figures for that year. No indicative figures were provided for future years.

3.6.2. It is noted that Councils have been offered a four year funding deal by the Department for Communities and Local Government (DCLG) and that most Councils have taken up this offer. The Home Office has not made a similar offer to Police Forces and has given no indication of future funding.

3.6.3. This makes future planning very difficult:

3.6.3.1. The grant reduction in 2016/17 was 0.6%

3.6.3.2. The assumption made for future years was that grant would be frozen, based upon the figures provided for overall central Government funding for policing to 2019/20.

3.6.3.3. The grant reduction for 2017/18 is 1.4%, because of additional grant reallocations made by the Home Office.

3.6.4. In the Grant Report the Policing Minister stated that for 2016/17 and for 2017/18 direct resource funding for PCCs (including precept) will be protected at flat cash levels compared to 2015/16, assuming that the precept income is increased to the maximum amount available. Although the Home Office have not indicated whether this will continue into 2018/19 the assumption has been made for the MTFs that these arrangements will continue, and that central grant will reduce on the basis that the PCC will increase precept.

- 3.6.5. The planning assumption therefore for future planning is that the grant will reduce by £0.750 in 2018/19, 2019/20 and 2020/21 and that the precept will increase up to the referendum limit (currently 2%).
- 3.6.6. Further indications regarding funding for 2018/19 and the following years are unlikely before the end of the calendar year.
- 3.6.7. In September 2016 the Policing Minister announced a review of the Police Core Grant Distribution Formula. He stated that the current arrangements are complex and becoming increasingly outdated, and that he is looking to progress towards implementing a fairer, up-to-date transparent formula. Proposals will be published in February 2017 for public consultation.
- 3.6.8. The Minister wrote to PCCs and Chief Constables in October 2016 asking for views on factors which significantly affect the risks and demands on the Force, which should be taken into account in a new formula. In a joint response the PCC and the Chief Constable expressed the view that the factor which most strongly correlates with relative police risk and demand is population, and central funding should be distributed on this basis. This basis of distribution is straightforward and easily understood, is robust and could be applied across England and Wales. The distribution formula should be relatively simple and easy to understand so that changes in funding can be anticipated and PCCs are able to explain to local taxpayers how central government funding has been allocated.
- 3.6.9. The new Police Funding Formula could be applied to grant funding from 2018/19. It is anticipated that transitional arrangements will be put in place to smooth any changes in funding for individual forces. As the review is at an early stage and proposals have not been published the grant assumptions for 2018/19 onwards do not take account of any changes in funding due to a new distribution formula.

4. Budget Consultation

- 4.1. A budget consultation exercise was carried out last year for the 2016/17 budget to determine the level of support for a 2% council tax increase. This was carried out through a variety of means, including online public and staff surveys and engagement with the public at various locations around the county using the Neighbourhood Engagement Vehicle. There were a total of 777 public and local business respondents of which 81% 'strongly agreed' or 'agreed' with the proposed increase'
- 4.2. It was decided not to undertake a further consultation exercise for the 2017/18 budget. The previous MTFs had assumed a 1.99% increase for 2017/18 and the statement made by the Policing Minister in December 2015 made it clear that the Home Office expected PCCs to increase the precept by the maximum amount allowed to maintain funding at flat cash levels.

5. Assumptions

- 5.1. In order to develop the MTFS it has been necessary to make a series of assumptions with regard to funding and costs. These assumptions are shown in **Annex C**, and in summary are:
- 5.2. Pay increases for the four years from September 2017 to September 2020 restricted to 1%
- 5.3. Inflation assumptions are based upon the rates for the Consumer Price Index (cpi) projected by the Office for Budget Responsibility (OBR).
- 5.4. The MTFS assumes that the government grant will reduce by £750k per year for 2018/19, 2019/20 and 2020/21.
- 5.5. It is assumed that the Council Tax Base (number of properties on which a council tax is levied) increases at 1.0% per year in 2018/19, 2019/20 and 2020/21.
- 5.6. The Police Grant Report states that the Government expects that all PCCs can maintain flat cash budgets if they maximise precept. The PCC is therefore proposing to increase the council tax for 2017/18 by 1.99%. The MTFS for the period from 2018/19 to 2020/21 assumes similar funding arrangements and therefore assumes that council tax will increase by the referendum limit, which is currently 2%.

6. Available Funding

- 6.1. Incorporating the grant announcement and the council tax assumptions the available funding for 2017/18, and the projected funding to 2020/21, is:

	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m
Main Grant	53.168	52.418	51.668	50.918
Legacy Council Tax Grants	6.082	6.082	6.082	6.082
Precept	47.222	48.643	50.107	51.616
Collection Fund Surplus	0.756	0.750	0.750	0.750
Available Funding	107.228	107.893	108.607	109.366
Increase	0.701	0.665	0.714	0.758

6.2. The increase in funding during the MTFS period is analysed as follows:

	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m
Main Grant Reduction	-0.754	-0.750	-0.750	-0.750
Council Tax - Precept Increase	0.920	0.949	0.978	1.007
Council Tax - Tax Base Increase	0.733	0.472	0.486	0.501
Collection Fund	-0.198	-0.006	0.000	0.000
	0.701	0.665	0.714	0.758
Main Grant % Reduction	-1.4%	-1.4%	-1.4%	-1.5%

6.3. The Main Grant has reduced by 1.4% compared to the grant received in 2016/17.

6.4. The tax base has increased by 1.6% for 2017/18, compared to the projected increase of 1%.

6.5. The previous MTFS assumed that funding for 2017/18 would be £107.440m – a difference of £0.212m. The main reasons for this difference are:

6.5.1. The main grant reduced by £0.754m although the previous assumption was for the grant to be frozen.

This is offset by:

6.5.2. Higher increase in tax base than projected - £0.277m

6.5.3. Reduction in Collection Fund less than projected - £0.204m.

7. Budget Requirement and Funding Gap

7.1. The budget required for 2017/18 is £107.228m (Section 14.1 and **Annex A**). This is a 0.7% increase on the previous year's budget.

7.2. The budget requirement for the MTFS period is as follows:

	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m
Base Budget	106.527	107.228	107.893	108.607
Pay Inflation & Increments	0.925	1.154	1.190	1.221
Price Inflation	0.353	0.519	0.449	0.437
Adjustment for Cost of Increments	-0.430	0.000	0.000	0.000
Adjustment Capital Charges	0.000	-0.013	-0.020	-0.020
Continuation Budget	107.375	108.888	109.512	110.245
Additional Costs	1.439	0.165	0.165	0.165
Additional Resources	0.984	1.000	1.000	0.000
Commissioners Fund	0.000	0.007	0.007	0.008
Reduction in Capital Grant	0.063	0.050	0.050	0.050
Additional Specific Grant	-0.321	0.000	0.000	0.000
Asset Replacement Fund	0.000	0.000	0.500	0.000
Savings Identified - Temporary	-0.444	0.444	0.000	0.000
Savings Identified - Permanent	-1.414	0.000	0.000	0.000
Savings Requirement	0.000	-2.661	-2.627	-1.102
Contribution to Reserves	-0.454	0.000	0.000	0.000
Budget Requirement	107.228	107.893	108.607	109.366
Budget Increase %	0.7%	0.6%	0.7%	0.7%

A detailed analysis is shown in **Annex B**.

7.3. Savings have been identified for £1.858m in 2017/18:

	£m
Reductions in Police Officer allowances	0.096
Criminal Justice review	0.284
PCSO Vacancy Management	0.050
Premises Costs	0.345
ICT Savings	0.169
National Air Support	0.088
Reduction in Minimum Revenue Provision (MRP)	0.263
Non Pay Budgets	0.119
Permanent Savings Identified	1.414
Police Officer Vacancy Management	0.324
PCSO Vacancy Management	0.120
Total	1.858

A detailed explanation of the savings is provided in **Annex D**.

7.4. The savings requirement for the three year period from 2018/19 to 2020/21 is projected to be £6.4m:

o 2018/19	£2.7m
o 2019/20	£2.6m
o 2020/21	£1.1m
o Total	£6.4m

7.5. It should be noted that the projected savings requirement does not take account of any changes to funding arising from the review of the funding allocation.

7.6. Risks regarding assumptions

There are three assumptions which significantly affect the projections and the savings requirement for future years – pay settlements, grant reductions and precept increases:

7.6.1. The MTFs projections assume that pay increases are restricted to 1% per year for the next four years. An increase of 2% in a year would cost an additional £0.9m per year.

7.6.2. The MTFs projections assume that the grant received in 2018/19, 2019/20 and 2020/21 will reduce by £0.750m per year. No indicative figures have been provided by the Home Office for these years.

7.6.3. Based upon this grant assumption and the expectation from the Policing Minister that PCCs will increase the precept to protect overall funding, the MTFs projections assume that the council tax in 2018/19, 2019/20 and 2020/21 increases by 1.99% (the current referendum limit). A decision is made annually by the PCC on the level of precept to be set.

7.7. It should be noted that if the grant reductions were less than projected then the savings requirement would reduce. If grants were frozen for the three years to 2020/21 then the savings requirement would reduce from £6.4m to around £4m. There will be uncertainty around the figure for the savings requirement until future grant figures are provided by the Home Office.

7.8. A savings requirement of over £6m for the three years to 2020/21 is a significant task for the organisation, bearing in mind the £30m savings identified over the last six years. The savings plan would have to include further reviews of the police staff budget and the non -pay budgets, and the capital replacement programmes for ICT and vehicles. It should be noted that, if the grant reductions over the MTFs period were similar to the reduction in 2017/18 then the increase in the police officer numbers would also have to be reviewed.

8. Capital

8.1. The proposed capital programme is attached at **Annex G**. The programme for 2017/18 is currently for £4.841m and consists of:

- the replacement programmes in relation to vehicles and IT equipment - £1.790m
- on-going commitments related to previously agreed schemes - £3.051m

8.2. The funding of the capital programme is provided from:

- Capital grant - £0.371m.
- Contribution from the Revenue Budget in year - £1.419m
- Revenue contributions brought forward from previous years to fund deferred expenditure - £1.571m
- Contribution from ICT Reserve to fund deferred expenditure - £1.151m
- Transfer from the Vehicle Replacement Reserve - -£0.329m

8.3. There is no requirement to take out new permanent borrowing during the four years of this MTFs.

8.4. The remaining funds in the Estates Reserve have been applied in 2016/17 to fund expenditure on Lansdown Road decommissioning, development work at Phoenix House, Holland House and Coleford and expenditure at Cirencester. There is currently no major capital expenditure planned on estates during 2017/18.

8.5. A fund has been set up for future ICT requirements resulting from the Constabulary's Digital Transformation Programme and national projects, including the Emergency Services Network (ESN). The potential projects are listed in **Annex G**. A full Business Case will have to be approved before funding is allocated to these projects.

9. Reserves

9.1. Details of the Reserves held to provide for future liabilities and unforeseen events are shown in **Annex F**.

9.2. The Reserves are reviewed annually to ensure that they are set at a prudent level having regard to identified risks and the overall financial environment. In the current financial climate, it is crucial that the organisation has healthy reserves.

10. Comments by the Chief Finance Officer for the PCC in respect of Reserves

10.1. Under the Local Government Act 2003 the PCC has a responsibility to ensure that Reserves are adequate and in doing so should take advice from his Chief Finance Officer.

10.2. The strategy of the PCC is to maintain a minimum level of General Reserve at 5% of net revenue expenditure for the MTFS period (£5.361m). The level of balances on the General Reserve should reflect the risks the PCC and the Chief Constable are facing including the robustness of the budgets, external factors, inflation and interest rates and the adequacy of budgetary control. The level of general reserve has been set at 5% of net revenue expenditure due to the savings requirements identified for the MTFS period, the level of uncertainty regarding future grant settlements, and to provide a contingency for major incidents.

10.3. The PCC's projected Earmarked Reserves as at 31st March 2017, and for the MTFS period are:

	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Revenue Support	2.500	2.500	2.500	2.500	2.500
Estates	0.000	0.000	0.000	0.000	0.000
ICT	7.313	5.000	3.000	0.000	0.000
Vehicles	0.746	0.417	0.400	0.400	0.400
Other Specific Funds	3.800	2.700	1.300	1.400	1.500
Total	14.359	10.617	7.200	4.300	4.400

10.4. The Revenue Support Reserve was set up to support the revenue budget over the MTFS period. During 2016/17 this reserve was used to bring forward planned expenditure on the ICT restructure and the recruitment of Special Constables (planned for 2017/18) and to fund expenditure on Intelligence Analysts. The balance on the reserve is available to support the budget if there is a reduction in funding following the review of the funding allocations.

10.5. As at 31st March 2017 it is expected that there will be £8m reserves to fund capital expenditure – ICT £7.3m and vehicles £0.7m

10.6. The following factors mitigate risk

- Account has been taken of current spending trends and, where known, costs have been built into the MTFS.
- The PCC has adequate reserves given the current spending trends and the level of budgetary control, and earmarked reserves could be used to meet any unforeseen emergencies if necessary.
- Budget risks have been explicitly considered in preparing the budget and taken into account.
- Proper provision has been made for pay awards and price increases.

- 10.7. On this basis, the Chief Finance Officer's advice is that:
- o The current level of reserves is adequate.
 - o General Reserves should be maintained, over the medium term, at a minimum of 5% of net revenue budget.
 - o The overall level of reserves should be reviewed annually and adjusted in accordance with known risks facing the PCC and the Chief Constable.
 - o The financial standing of the PCC and the Chief Constable is sound.
 - o The proposed budget is robust and achievable.

11. Police and Crime Plan

- 11.1. The new Police and Crime Plan for 2017/2021 will be formally launched in February. The MTFS covers the same period as the Plan and provides the funding for the resources to deliver the plan.
- 11.2. The Plan states that 1% of the total policing budget will be set aside for the Commissioners Fund, to finance projects and programmes that support the delivery of the Police and Crime Plan priorities. For 2017/18 £1.07m has been set aside to support police and community projects and programmes.
- 11.3. The Budget for 2017/18 provides funding for 1,060 Police Officers. The Plan states that the PCC will provide sufficient funding to increase police officer numbers, subject to Government Grants. The MTFS includes additional funding to increase officer numbers for 2018/19 and 2019/20.
- However this planned increase may have to be reviewed if grant reductions during the remaining period of the MTFS are the same as in 2017/18 and if the review of the grant funding formula results in a reduction of funding for Gloucestershire.
- 11.4. The MTFS provides funding to maintain the number of Police Community Support Officers (PCSOs) at 116 full time equivalent (fte) during the period and to increase police officer numbers. The Police and Crime Plan states that a plan will be developed to maintain and develop neighbourhood policing in communities and maintaining the numbers of officers and PCSOs will enable this to be developed.
- 11.5. The Plan states that the size of the Special Constabulary will be doubled. The Budget for 2017/18 includes funding of £350k for the additional resources required to recruit and train the increased number of Special Constables.
- 11.6. The Budget for 2017/18 also includes funding of £634k for additional resources for ICT and this will enable the Constabulary to harness efficiencies from technology to increase visibility, accessibility and engagement with our communities and to drive further efficiency in operational support and business support functions.

- 11.7. The Constabulary is currently undertaking a trial to assess whether it should have its own mounted section. This trial will be evaluated shortly and a report prepared for the PCC. The Budget for 2017/18 and the MTFS do not provide funding for any additional expenditure on a mounted section. It is assumed that any additional costs will either be funded by the social stock exchange, or the costs will increase the savings requirement for the MTFS period.
- 11.8. The Plan states that the service and support provided to victims should be at the heart of our approach to policing. The PCC receives grant funding from the Ministry of Justice for the commissioning of victims services. The grant for 2017/18 has been announced and the funding will cover victim support services provided in the year. However, the grant is announced on a year by year basis. The current contract for victim support runs until 2020, so a reserve has been set up to support these services if the full grant funding is not provided in 2018/19 or 2019/20.

12. Chief Constable's Recommendations

- 12.1. The Chief Constable, advised by the Chief Finance Officer, has confirmed the soundness of the budget for 2017/18 in relation to the Force, and that the Force will be able to deliver the priorities within the Police and Crime Plan and the current Strategic Policing Requirement with the resources provided.
- 12.2. It was very disappointing that the Home Office grant was reduced by 1.4% for 2017/18 (£0.75m) and that the Home Office is looking to maintain funding at flat cash levels, if the precept is increased to 2%. Flat cash levels do not take account of pay increases and price inflation and national costs imposed upon the Force such as the Apprenticeship Levy. The current financial plan also includes additional resources to provide an infrastructure to increase the number of Special Constables. These are a valuable resource for the Force and the Chief Constable is committed to increasing the hours provided by Special Constables significantly.
- 12.3. The PCC has decided to increase the precept by the maximum amount available (1.99%). The PCC has no alternative and the Chief Constable supports his decision.
- 12.4. Planning for the future is very difficult as the PCC has not been provided with indicative figures for the level of funding provided by the Home Office for 2018/19 onwards. The review of the Police Funding Formula may also change the levels of funding for Gloucestershire significantly. Planning assumptions have been made but the organisation will not understand the level of savings that will be required to balance the budget until later in the year.

- 12.5. It is currently being assumed that the grant will continue to be reduced over the next few years and that savings of £6.4m will be required to balance the budgets to 2020/21. This level of savings will have a significant effect on the Force. Expenditure has been reduced by £30m over the last six years and officer and staff numbers have reduced significantly. The current financial plan commits the Force to increase officer numbers and to maintain the number of PCSOs. Bearing in mind the changing pattern and increasing complexity of the demands on the Constabulary it would be very difficult to reduce the number of officers and PCSOs within the Force. These demands include local requirements to increase firearms capability in light of increasing global terrorist threat, unceasing increases in reporting of serious crimes such as rape and sexual offences, child sexual exploitation, child abuse and other crimes affecting vulnerable people, as well as growing challenges in tackling cyber crime.
- 12.6. The new Police and Crime Plan for 2017/21 will be formally launched in February and the Chief Constable is content that the current MTFS will enable her to meet the Force requirements within the Plan, and within the Strategic Policing Requirement, in the circumstances known at this time.

13. Conclusion

- 13.1. This report presents the budget for 2017/18 and the financial plan for the four years to 2020/21. The grants received by Gloucestershire from the Home Office for 2017/18 (including the capital grant) are £0.8m less than the grants received in 2016/17. The previous MTFS had assumed that the grants would be frozen.
- 13.2. The Home Office has stated that if precept income is increased to the maximum amount available (2%) overall funding for the PCC will be protected at flat cash levels. For Gloucestershire funding for 2017/18 has increased by £0.7m because of the increase in the tax base and the level of precept. However this increase does not take account of pay and price inflation, additional costs incurred (including the Apprentice Levy) and the additional resources required to increase the number of Special Constables.
- 13.3. I have therefore been given no choice but to increase the council tax by 1.99% for 2017/18. Even allowing for this increase significant savings have had to be identified to balance the budget. I am very disappointed that the grant funding allocated to Police Forces has reduced by 1.4%, but total Home Office funding for the Police Service nationally has increased by 1.7%.
- 13.4. The MTFS at present provides funding for an increase in the number of Police Officers and Special Constables and to maintain the number of PCSOs. These will provide the resources to implement the new Police and Crime Plan for 2017 to 2021.

- 13.5. However there is great uncertainty regarding the funding from the government for the rest of the MTF period from 2018/19 to 2020/21. No indicative figures have been provided by the Home Office for grant funding in these years. If the level of reduction in 2017/18 continues significant savings will be required to balance the budgets over the next few years.
- 13.6. There is also uncertainty regarding funding because of the review of the Distribution Formula for police grant. Public consultation is due to be published in February 2017 and the new formula could be applied from 2018/19, hopefully with transitional arrangements. I welcome the review, but this does add to the uncertainty around funding for 2018/19. We need a new formula that is relatively simple and easy to understand. At present the amount of grant per head of population varies significantly between forces and Gloucestershire is well under the national average. I have a duty to explain to local taxpayers the reasons for setting the level of council tax and I should also be able to explain how central government funding is allocated.

14. Precept

14.1. Funding for the proposed **£107.228m** revenue budget (see Annex A) will require a police related Band D Council Tax element of **£214.49**. This represents an increase of 1.99% in the police related Band D Council Tax or £4.18 for the year.

14.2. In order to present a balanced budget for 2017/18 the PCC proposes to issue a precept on each District Council Collection Fund as set out below:

		£		£
	Budget Requirement			107,227,954
	Less:			
	Home Office Police Grant	33,909,566		
	Ex DCLG Formula Funding	19,258,431		
	Legacy Council Tax Grants	6,082,168		
				-59,250,165
	Collection Fund Surplus			-755,812
	Total Precept 2016/17			<u>47,221,977</u>
Precept on each District Council				
	District		Tax Base	Precept £
	Cheltenham		41,041.30	8,802,948
	Cotswold		39,045.55	8,374,880
	Forest of Dean		28,154.45	6,038,848
	Gloucester City		36,706.40	7,873,156
	Stroud		42,699.32	9,158,577
	Tewkesbury		32,512.32	6,973,568
	Total		<u>220,159.34</u>	<u>47,221,977</u>
Police related element of the Council Tax				
		Council Tax Band	Tax at Band	
			£:p	
		A	142.99	
		B	166.83	
		C	190.66	
		D	214.49	
		E	262.15	
		F	309.82	
		G	357.48	
		H	428.98	

Annex A

Required Revenue Budget 2017/18

	2016/17	2017/18	
	£k	£k	
Constabulary			
Staff Costs			
Police Officers	60,710	60,945	0.4%
PCSOs	3,874	3,737	-3.5%
Police Staff	22,555	23,328	3.4%
Total Staff Costs	87,139	88,010	1.0%
Training	650	455	-30.0%
Other Employee Expenses	353	348	-1.4%
	88,142	88,813	0.8%
Premises	6,892	6,666	-3.3%
Transport	2,029	1,997	-1.6%
Supplies and Services	11,205	12,039	7.4%
Third Party Payments	953	997	4.6%
Capital Financing	2,318	2,118	-8.6%
Gross Revenue Expenditure	111,539	112,630	1.0%
Other Income	-2,276	-2,035	-10.6%
Interest Received	-150	-150	0.0%
	109,113	110,445	1.2%
Less: Specific Grants	-4,795	-5,116	6.7%
Constabulary Budget Requirement	104,318	105,329	1.0%
Office of Police and Crime Commissioner			
Employees	539	671	
Premises	0	0	
Transport	17	16	
Supplies & Services	66	72	
Audit Fees	68	68	
OPCC Budget Requirement	690	827	19.9%
Commissioning Fund Expenditure	1,065	1,072	
Total Budget Requirement before Reserves	106,073	107,228	1.1%
Contribution to Reserves	454	0	
Total Budget Requirement	106,527	107,228	0.7%

Annex B

Budget Requirement

The budget requirement for the four year MTFS period is as follows:

	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m
Base Budget	106.527	107.228	107.893	108.607
Pay Inflation & Increments	0.925	1.154	1.190	1.221
Price Inflation	0.353	0.519	0.449	0.437
Adjustments				
Cost of Increments Adjustment	-0.430	0.000	0.000	0.000
Capital Charges	0.000	-0.013	-0.020	-0.020
Continuation Budget	107.375	108.888	109.512	110.245
Other Additional Costs				
Police Staff costs	0.196	0.000	0.000	0.000
Police Officer costs	0.189	0.000	0.000	0.000
Premises costs	0.147	0.000	0.000	0.000
Annual Injury Awards	0.103	0.000	0.000	0.000
LGPS Revaluation	0.260	0.165	0.165	0.165
Apprenticeship Levy	0.312	0.000	0.000	0.000
Other Costs	0.232	0.000	0.000	0.000
Investment in Priority Areas				
Additional Officers	0.000	1.000	1.000	0.000
Special Constables and Volunteers	0.350	0.000	0.000	0.000
ICT Restructure	0.634	0.000	0.000	0.000
Commissioners Fund	0.000	0.007	0.007	0.008
Reduction in Capital Grant	0.063	0.050	0.050	0.050
Additional Specific Grant	-0.321	0.000	0.000	0.000
Asset Replacement Fund	0.000	0.000	0.500	0.000
Savings Identified - Temporary	-0.444	0.444	0.000	0.000
Savings Identified - Permanent	-1.414	0.000	0.000	0.000
Savings Requirement	0.000	-2.661	-2.627	-1.102
Contribution to Reserves	-0.454	0.000	0.000	0.000
Budget Requirement	107.228	107.893	108.607	109.366
Budget Increase (Decrease) %	0.7%	0.6%	0.7%	0.7%

Cost of increments adjustment £430k

The budgets for salaries assume a pay increase in September and also take account of the annual cost of increments as officers and staff progress through their pay scales.

The total police officer establishment of 1,060fte includes 800fte Constable posts. Police Constables have seven scales which they progress through annually if they can demonstrate competency in their role.

There are always a number of Constables who are on the top scale and therefore do not attract increments. In previous years the proportion of Constables on top of scale has been around 50% of the total number of Constables.

However, during 2016/17 and 2017/18 that proportion has increased to nearly 80%. This is because the Force has not been recruiting officers and because the number of Constable scales were reduced from ten to seven. The number of officers who will receive increments in 2017/18 has reduced by 300 from the number in 2015/16. This has resulted in a reduced budget requirement for 2017/18 of £0.430m.

It will take a number of years for the proportion of Constables at the top of scale to revert to the previous proportion. If further adjustment is required to the budget for increments in 2018/19 this will be made when the budget for that year is set.

Additional costs:

- Police Staff costs – £196k
This is the cost of posts approved during the year, for additional digital researchers and within the OPCC.
- Police Officer costs £189k
This is the cost of additional posts approved in year:
 - Two direct entry Inspectors £133k
 - Contribution towards the cost of two Regional Assistant Chief Constables for collaborative operations £56k
- Premises costs £147k
The planned inspection programme budget has been increased by £50k to reflect additional requirements of Prism House and Compass House. Following the recent rates revaluation the Compass House rates budget has been increased by £97k.
- Annual injury awards £103k
Annual injury award expenditure has increased in 2016/17. An additional £103k has been allocated to this budget line to reflect current spend plus an allowance for a further increase in 2017/18.

- Local Government Pension Scheme (LGPS) revaluation £260k
The triennial valuation of the LGPS has resulted in a requirement for increased employer contributions. The employer contribution for 2017/18 is 17.8% of pensionable salary plus a cash contribution of £823k – an increase of £260k compared to 2016/17. The increase in the cash contribution for following years will be £165k per year.
- Apprenticeship Levy £312k
The Government announced that an apprenticeship levy on larger employers will be introduced in April 2017, set at a rate of 0.5% on an employer's pay bill. When applied to the wage bill for officers, PCSOs and staff it will cost £312k per year. This should be offset in future by savings obtained through the use of the levy to provide training.

Investment in Priority Areas

The budget includes additional investment in high priority areas.

- Additional Police Officers £2m
In the previous MTFs additional funding for £2m was provided to increase officers numbers by 40 to 1,100 full time equivalent (fte). The decision was taken during the year to invest part of these funds in additional intelligence staff (£250k) and temporary funding was provided for this until 2018/19. The planned addition to officer numbers at present is 15 by 1st April 2018 and another 20 officers by 1st April 2019 – total 1,095fte.

This number may vary as the Constabulary is currently considering replacing police officers with police staff where warranted powers are not required – **Annex E**.

- Special Constables and Volunteers £0.350m
Additional resources will be put in place to enable the Constabulary to increase the number of Special Constables to 300 by 2019, and to then maintain the establishment at this number. 300 Special Constables providing 25 hours per month would provide 90,000 hours of policing – the equivalent of 65 officers.
- ICT Restructure £0.634m
This is the full year costs for additional staff following the ICT restructure. The ICT restructure will ensure that the department can support frontline policing and will generate additional income for the Constabulary.

Commissioner's Fund £22k

The Commissioner's fund represents 1% of the total budget. These adjustments increase the allocation each year so that the contribution to the fund represents 1% of the budget.

Reduction of Capital Grant

See section 3.6.11 and **Annex G**

Contribution to Reserves £454k

This adjustment reflects the reversal of the additional Collection Fund surplus received in 2016/17.

Annex C

Budget Assumptions 2017/18 – 2020/21

	Note	2017/18	2018/19	2019/20	2020/21
Pay increase (September)	1	1.0%	1.0%	1.0%	1.0%
Pay increase (in year)	1	1.0%	1.0%	1.0%	1.0%
Increments	2	0.3%	0.3%	0.3%	0.3%
Inflation	3	1.8%	2.5%	2.1%	2.0%
Government Grant	4	£0.75m -1.4%	£0.75m -1.4%	£0.75m -1.4%	£0.75m -1.5%
Council Tax Increase	5	1.99%	1.99%	1.99%	1.99%
Council Tax Base	6	1.6%	1.0%	1.0%	1.0%

1. Pay Increase

It has been assumed that pay increases from 2017 for Police officers and Police Staff will be restricted to 1% per year.

The pay awards for Police Officers and Police Staff are made in September. The pay increase in year therefore reflects five months of the previous year's agreement and seven months of the current year's agreement.

2. Increments

In addition to the annual pay award it is also necessary to budget for the additional pay costs arising from the annual cost of increments as officers and staff progress through their relative pay scales. It is estimated that this will add a further 0.3% to the annual pay costs.

For 2017/18 an adjustment has been made for the cost of increments because of the high proportion of Constables at the top of scale – **Annex A**. If a further adjustment is required to the budget for increments in 2018/19 this will be made when the budget for that year is set.

3. Inflation

The rate of inflation affects around 20% of the Constabulary's expenditure. The remaining 80% is pay costs. For all non-pay budgets from 2018/19 onwards it has been assumed that inflation will follow the projections for the consumer price index (CPI) made by the Office of Budget Responsibility (OBR).

The Economic and Fiscal Outlook published by the OBR in November 2016 assumed the following rates of inflation (CPI):

- 2017 2.3%
- 2018 2.5%
- 2019 2.1%
- 2020 2.0%
- 2021 2.0%

4. Government Grant

The main grant for 2017/18 has reduced by £0.754m (1.3%) compared to the previous year for all forces. No figures were provided for individual forces for the remaining years of the MTFS to 2020/21. It has been assumed that the grant will reduce by a similar amount (£0.750m) for the next three years.

5. Council Tax Increase

The level of Council Tax increase each year is set by the PCC, bearing in mind the referendum limit set for that year. Based upon the projected reduction in the main police grant it has been assumed for the MTFS that the Council Tax will increase by 1.99% (current referendum limit) in 2018/19, 2019/20 and 2020/21.

6. Council Tax Base

It has been assumed that the Council Tax base (number of properties on which council tax is levied) will increase by 1.0% per year for 2018/19, 2019/20 and 2020/21.

7. Council Tax Collection Fund Surplus

It has been assumed that the collection surplus for 2018/19, 2019/20 and 2020/21 will be £750k in each year.

Annex D

Savings

Savings for 2017/18

The savings required for 2017/18 have been identified and are made up as follows:

	£m
Reductions in Police Officer allowances	0.096
Criminal Justice review	0.284
PCSO Vacancy Management	0.050
Premises Costs	0.345
ICT Savings	0.169
National Air Support	0.088
Reduction in Minimum Revenue Provision (MRP)	0.263
Non Pay Budgets	0.119
Permanent Savings Identified	1.414
Police Officer Vacancy Management	0.324
PCSO Vacancy Management	0.120
Total	1.858

1. Reductions in Police Officer allowances (£96k)
The housing allowance budget will reduce in 2017/18 due to turnover of officers, new entrants no longer being eligible for this allowance.
2. Criminal Justice Review (£284k)
The review of the Criminal Justice department during 2016/17 has resulted in the achievement of £284k full year savings following the reduction in the number of staff.
3. PCSO vacancy management (£170k)
The permanent budget saving through PCSO vacancy management has been increased from £50k in 2016/17 to £100k in 2017/18. In addition a further £120k temporary saving will be realised through additional vacancy management in 2017/18.
4. Premises costs (£345k)
Savings of £345k have been made on the premises budgets through:
 - a. The disposal of the majority of the Lansdown Road site in early 2017.
 - b. A reduction in the costs of electricity and gas during 2016/17,These savings are partly offset by an increase in costs in 2017/18 – **Annex B.**

5. ICT savings (£169k)

The ICT non-pay budget has been reduced by £169k to reflect reductions made to supplier contracts in 2016/17, largely around networking costs.

6. National Air Support (£88k)

This national contract has realised a reduction of £88k in the charges for 2017/18.

7. Reduction in Minimum Revenue Provision (MRP) (£263k)

The capital receipt from the sale of the Lansdown Road site will enable a reduction in year-end temporary borrowing which reduces the funds that are required to be set aside to repay the debt.

8. Non-pay budgets (£119k)

A review of all non-pay budgets has realised further savings over and above those listed above.

9. Police Officer vacancy management (£324k)

It is anticipated that a combination of vacant posts and turnover savings will reduce Police Officer expenditure in 2017/18. This will not be a permanent saving and is therefore assumed that costs will increase by this amount in 2018/19.

Savings for the period from 2018/19 to 2020/21

The MTFs shows the following savings requirements:

○ 2018/19	£2.7m
○ 2019/20	£2.6m
○ 2020/21	£1.1m
○ Total	£6.4m

This assumes that government grant will continue to reduce each year and that the precept increase will be 2% per year. The following points should be noted:

- There is no contingency within the MTFs to allow for additional costs incurred in year, including nationally mandated costs. If additional costs are approved requiring annual revenue funding, then additional savings will be required.
- The MTFs savings requirement does not take account of any changes to funding following the review of the funding allocation for forces.

The uncertainty around grant funding from 2018/19 onwards makes future planning very difficult. However, in the light of potential future funding cuts and the ongoing drive for rapid police transformation and reform, it is prudent to plan for the potential for further significant reductions in funding in the future.

A full review of all areas of the Constabulary will be carried out from February 2017 to identify the savings required to balance the budget up to 2021.

Annex E

Staffing Analysis – Full Time Equivalent (FTE)

Budgeted Establishment

	Police Officers FTE	PCSOs FTE	Police Staff FTE
As at 31/3/16	1,060	116	613
As at 31/3/17	1,060	116	650
Estimated as at 31/3/18	1,075	116	617
Estimated as at 31/3/19	1,095	116	575

Police Officers

The budgeted establishment for police officers is 1,060 fte. The budget assumes that this level of officers is maintained throughout the year, and then increased to 1,075 fte for 1st April 2018.

It has been assumed that 90 officers will leave during the year and recruitment is planned to replace these officers and increase the establishment by 15 fte to 1,075 fte.

The previous MTFS assumed that 40 additional officers will be recruited, 20 during 2018/19 and 20 during 2019/20. However the decision was taken during the year to invest part of this funding in additional intelligence staff (£250k), which reduced the additional officers to 15 for that year. Overall this growth will bring the budgeted establishment for officers to 1,095 by 1st April 2019.

The Constabulary is considering replacing Police Officer posts which do not require warranted powers with a Police Staff post. The cost of a staff post would be less but the number of Police Officers would reduce, to fund the staff post. In 2016/17 22 posts previously held by Police Officers were converted to Police Staff posts.

The budgeted establishment excludes officers on secondment, career breaks and maternity leave. The Constabulary currently has 10 officers on secondment to the Regional Organised Crime Unit.

Special Constables

There are currently 124 Special Constables. It is the intention of the Constabulary to increase the number of Special Constables to 300 by 2019 and to then maintain the establishment at this number. 300 Special Constables providing 25 hours per month would provide 90,000 hours per year for operational policing, the equivalent of 65 full time officers. Additional resources have been included within the MTFS to increase to, and to maintain, this number of Special Constables.

PCSOs

The PCSO establishment will be maintained at the current level of 116 fte during the MTFS period.

Police Staff

The police staff budgeted establishment at 1st April 2017 is 650 fte. This is the establishment of permanent posts, and excludes temporary posts.

During the year posts have been added to the establishment in ICT, to support the recruitment and training of additional Special Constables and within the OPCC.

The establishment was reduced during the year by 10 posts following the review of the Criminal Justice Department. This resulted in a saving of £284k.

During the MTFS period a reduction in staff posts will be necessary to meet the savings requirement for the period from 2018/19 to 2020/21.

Annex F

Reserves

1. General Reserve £5.361m

The General Reserve represents a contingency against unforeseen risks. The Reserve is set at 5% of the Revenue Budget, which is the minimum prudent level of General Reserve identified by the Chief Finance Officer. It is planned to maintain the General Reserve at 5% of net budget over the MTFS period (£5.468m in 2020/21).

2. Earmarked Reserves £14.359m

The projected Earmarked Reserves at 31st March 2017 and for the MTFS period, are expected to be:

	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
Revenue Support	2.500	2.500	2.500	2.500	2.500
Estates	0.000	0.000	0.000	0.000	0.000
ICT	7.313	5.000	3.000	0.000	0.000
Vehicles	0.746	0.417	0.400	0.400	0.400
Other Specific Funds	3.800	2.700	1.300	1.400	1.500
Total	14.359	10.617	7.200	4.300	4.400

3. Revenue Support £2.500m

The Revenue Support Reserve was set up to support the revenue budget over the MTFS period. During 2016/17 this reserve was used to bring forward planned expenditure on the ICT restructure and the recruitment of Special Constables and to fund expenditure on Intelligence Analysts. The balance on the reserve is available to support the budget over the MTFS period if there is a reduction in funding following the review of funding allocations.

4. Estates £0.000m

The remaining funds in the Estates Reserve have been applied in 2016/17 to fund expenditure on Lansdown Road decommissioning, development work at Phoenix House, Holland House and Coleford and expenditure at Cirencester. There are currently no plans to add funds to this reserve as there is no major capital expenditure planned on estates during 2017/18.

5. ICT £7.313m

This reserve was set up to fund the ICT Strategy. This will be used to fund future ICT requirements arising from the Constabulary's Digital Transformation Programme and national projects including the Emergency Services Network.

The reserve will fund expenditure in the Capital Plan for 2017/18 on Mobile Working (£0.9m) and the Regional Storm Platform (£0.251m) – total £1.151m.

6. Vehicles £0.746m

Due to the different replacement plans for vehicles the planned spend on vehicles varies significantly year on year. The replacement fund evens out these variations. Fixed annual contributions are made into the fund and the actual spend is taken out of the fund.

7. Other Specific Funds £3.800m

It is anticipated that specific funds will be £3.800m at 31st March 2017:

	2016/17	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m	£m
<u>Other Specific Funds</u>					
Asset Replacement	1.239	1.000	0.000	0.500	1.000
Commissioning Fund	1.275	0.800	0.400	0.000	0.000
Victims Services	0.400	0.400	0.400	0.400	0.000
Insurances	0.500	0.500	0.500	0.500	0.500
Others	0.386	0.000	0.000	0.000	0.000
Total	3.800	2.700	1.300	1.400	1.500

- Asset Replacement
The Revenue Budget included a charge for £0.5m per year to ensure that sufficient funding is available to cover the asset replacement cycle, including airwave radios and body armour. No contributions were made into this fund in 2016/17 and no contributions are planned in 2017/18 and 2018/19. It is planned to start the contribution again in 2019/20. A significant proportion of this reserve will be required to fund handsets for the new Emergency Services Network (ESN).
- Commissioning Fund
This reserve is used to fund projects commissioned by the PCC. Most of these funds are committed to long term projects.
- Victim Services
The Ministry of Justice announces the level of grant funding for Victim Services on an annual basis. This reserve has been set up to provide funding if the Ministry of Justice were to reduce or cease grant funding.
- Insurances
It is planned to increase the excesses on the insurance policies significantly. Although the budget will allow for additional claims being paid for by the Constabulary this reserve has been set up to cover for a significant amount of large claims in one year.
- Other Costs
A number of other specific funds are held, when the expected spend for a project is likely to be over a number of years.

Annex G

Capital Programme

	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
<u>Annual Schemes</u>				
Vehicle Replacement	1,440	1,440	1,440	1,440
IT Replacement	350	350	350	350
	1,790	1,790	1,790	1,790
<u>New Schemes</u>				
<u>Expenditure deferred from 2016/17</u>				
Regional Storm Platform	251			
Mobile Working Project	900			
ICT Replacement	600			
Vehicle Replacement	1,300			
Total Capital Expenditure	4,841	1,790	1,790	1,790
Funded By:				
Capital Grant Received in Year	371	321	271	221
Revenue Contribution in Year	1,419	1,469	1,519	1,569
Revenue Contribution brought forward	1,571			
ICT Reserve	1,151			
Vehicle Reserve	329			
	4,841	1,790	1,790	1,790

Annual Schemes

The annual schemes are the replacement programmes for vehicles and IT equipment:

- It has been assumed that the current fleet of vehicles will be replaced over a five year period. Expenditure varies from year to year, and this is “smoothed” using the Vehicle Replacement Reserve.
- The IT replacement budget is for desktops, servers and storage.

The replacement programme is funded from the capital grant from the Home Office, and the balance from the Revenue Budget. The capital grant reduced by £63k in 2017/18. It has been assumed that the capital grant will reduce by £50k per year from 2018/19 and that the revenue contribution to capital will increase by the same amount each year.

Deferred Schemes

A number of capital schemes have been deferred from 2016/17 in the Capital programme. The actual deferred expenditure into 2016/17 may vary from the plan, based on actual expenditure on the capital programme projects up to 31st March 2017.

Estates Strategy

Over the last four years there has been considerable expenditure on improving the estate, including a new state-of-the-art custody facility, a new investigative centre and a new central storage facility. This expenditure has been funded from the estates reserve and from temporary borrowing, which will be repaid when the Lansdown Road site in Cheltenham is sold.

The remaining funds in the Estates Reserve have been applied in 2016/17 to fund expenditure on decommissioning the Lansdown Road site, development work at Phoenix House (the central storage facility), Holland House and Coleford police station and expenditure at Cirencester.

There is currently no major capital expenditure planned on estates during 2017/18.

ICT Strategy

A fund has been set up for future ICT requirements. The balance at 1st April 2017, estimated at £7m, will be required to fund:

- Mobile Working Programme (committed £0.9m)
- Development of Collaborative ICT Platform
- The Constabulary's Digital Transformation Programme, including a new HR system and the development of the crime and intelligence system.
- Emergency Services Network – replacement for Airwave.

The fund will cover all costs for ICT projects including hardware, software, licences and the project costs to implement and deliver this work.

Capital Grant

The capital grant for 2017/18 is £371k, a reduction of £63k (15%) compared to the previous year. It has been assumed that the capital grant will continue to reduce during the MTFS period. No indicative figures have been provided so it has been assumed that capital grant will reduce by £50k per year for 2018/19, 2019/20 and 2020/21 and that in 2020/21 the capital grant received by Gloucestershire will be £221k. In 2010/11 the capital grant received by Gloucestershire was £1.156m.

It should be noted that capital grant funds the expenditure on the annual vehicle and ICT replacement programmes and because there is a short fall in grant funding the balance of the expenditure is funded from the revenue budget. The MTFS assumes a capital grant reduction of £213k over the period and that this is covered by a £213k increase in the contribution from the revenue budget.

Borrowing

There is currently no requirement to take out new, permanent borrowing during the four year MTFS period from 2017/18 to 2020/21. All new schemes during the period will be funded from either reserves or capital receipts. In the current MTFS the borrowing costs in the Revenue Account will not be increased.

Annex I

Budget Monitoring Report – Reconciliation

	Annex A	Major	Contingency	Other	Monitoring
	£000's	Incidents	£000's	Adjustments	Statement
	£000's	£000's	£000's	£000's	£000's
Police Officers	60,945	-649	-689	-1,408	58,199
Police Staff	23,328	-83	-656		22,589
PCSOs	3,737		-15		3,722
Other employee costs	348			1,408	1,755
Training	455		-17		438
Major Incidents	0	279			279
Total Employee Costs	88,813	-453	-1,377	0	86,984
Premises	6,666				6,666
Transport - Fleet	1,997			-310	1,687
Transport - Other				310	310
Supplies & Services	12,039	-49	-722		11,268
Agency Costs	997		-70	-347	580
Contracts for Support Services				347	347
Force Development Contingency	0		2,168		2,168
Savings Required for New Growth	0				0
Capital Financing Cost	2,118			-1,419	699
Revenue Contribution to Capital				1,419	1,419
PCC Costs	827				827
PCC Commissioning Fund	1,072				1,072
Total Expenditure	114,529	-501	0	0	114,027
Income	-2,035	501			-1,533
Interest Receipts	-150				-150
Specific Grants	-5,116				-5,116
Net Budget/Expenditure	107,228	0	0	0	107,228
Support from Reserves	0				0
Budget Requirement	107,228	0	0	0	107,228

This reconciles the budget analysis in the Required Revenue Budget (Annex A) and the Budget Monitoring Statement, prepared quarterly during the year. The following should be noted:

- The total for the Transport Costs for Fleet (£1,687k) and Other (£310k) is £1,997k (Annex A)
- The total for Agency Costs (£580k) and Contracts for Support Services (£347k) is £997k (Third Party Payments - Annex A)
- The Force Development Contingency represents budgets held centrally for contingency items and for approved growth.
- The total for Capital Financing (£699k) and the Revenue Contribution to Capital (£1,419k) is £2,118k (Annex A)
- The other adjustment relates to the budget for ill health and injury gratuity payments.