



Mr Evan Morris
Chair, Police and Crime Panel for Cheshire
c/o Cheshire East Council
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Middlewich Road
Sandbach
CW11 1HZ

David Keane

Stockton Heath Police Station
Grappenhall Road
Stockton Heath
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Date: 31 January 2020

Our Ref:
DK/20200131

Your Ref: Tel: 01606 364000

Email:
police.crime.commissioner@cheshire.pnn.police.uk

Dear Mr Morris

Re: Precept 2020/2021

I enclose details of the proposed precept for 2020/21 for consideration at your meeting on 7 February 2020. This is based upon the settlement issued by the Home Office on 22 January 2020. The provisional police grant settlement is usually received in December, however, because of the late general election in December 2019, no provisional police grant settlement was issued for 2020/21 funding. Unlike the Ministry of Housing, Communities and Local Government (MHCLG), the Home Office is not legally obliged to consult on its funding allocations and can go straight to the final settlement.

As my Chief Finance Officer, Clare Hodgson, briefed the Panel informally on 31 January 2020, Cheshire Constabulary's income from Central Government formula funding has decreased by almost £21m (15.4%) in cash terms since 2010/11. This equates to a real terms cut of 28%. In the same period, the Constabulary and the Police & Crime Commissioner have delivered over £60m savings and a further £1.5m are proposed as part of the current budget report (as seen in table 5). Additionally, I have minimised the net cost of investment in complex policing demands by carrying out an annual priority based budget exercise reprioritising resources from lesser priority areas.

A 2019/20 increase in the council tax precept of £24 per annum on an average band D property allowed me to recruit an additional 43 police officers and 7 PCSOs. This went some way towards replacing the 135 officers Cheshire had lost since 2010 as a result of funding cuts. Conversely, whilst funding has decreased, demand has increased, especially in more complex areas such as cyber-crime, knife crime and county lines. This has led to increasing pressure on resources. In the face of future financial uncertainties and the fast moving pace of complex demands, it is vital that the Chief Constable has the resources necessary to protect the public of Cheshire and make them feel safer, as well as deliver commitments at a national level.

Overall, the statement announced up to an additional £1.1bn of funding for policing. This includes £90m for counter-terrorism policing and £126m for national priorities as well as £700m uplift to core grant, of which £168m will be ring-fenced and paid in arrears to reimburse forces for costs relating to the officer uplift. £248m of additional funding is assumed to come from a precept increase of £10 per annum for a band D equivalent property.

Cheshire's share of the overall national increase is £14.8m, of which almost £4.8m (32%) relates to the assumed £10 precept increase. Additionally Cheshire's share of the capital grant has reduced from £0.7m in 2019/20 to just £0.2m in 2020/21, a loss of £0.5m (71%). Any additional borrowing as a result of this decrease in Government funding would incur ongoing revenue costs for the life of the borrowing.

As part of the settlement, the Government also set out its expectations from policing which include recruiting an additional 6,000 officers nationally by March 2021, a further planned £30m savings from national procurements in 2020/21, continued improvements in digital, data and technology solutions to maximise the benefits of mobile working and continuing to pursue best value from investment in police technology.

In announcing the 2020/21 Police Grant Settlement service, the Home Secretary and the Minister of State for Policing and the Fire Service said;

"This Government is determined to strengthen our police service and tackle the level of crime, particularly violent crime, across our country. Having already recruited the first of the 20,000 additional officers, this Government is sending a clear message that it is delivering on the people's priorities and keeping our streets safe."

Cheshire's allocation of the additional officers has been confirmed to end in March 2021 and an additional ring-fenced grant of up to £2.53m is included in the funding allocation to cover pay costs. In order to access these additional officers, forces must maintain the officer numbers they had in place prior to the announcement. These ring-fenced monies will be paid quarterly in arrears based on actual numbers recruited. 30 additional officers are to be recruited in 2019/20 and a further 60 in 2020/21. Were these officers to be in post for a full year in 2020/21, costs for these recruits would be in the region of £3.1m. Furthermore, whilst monies have been set aside by central Government to recruit, train and equip these additional officers, this is based upon grant allocation rather than actual costs. The overall core grant has increased by £8m, this amount includes monies to cover the costs of recruiting, training and equipping the additional officers. This funding will also be needed to cover all pay and price increases as there was no additional uplift in core funding. It is anticipated that the costs relating to the 90 additional officers will be in the region of £0.63m (£7k per officer) and those relating to pay and price increases will be in the region of £8.49m. Costs for Cheshire's remaining allocation of the 20,000 officer uplift cannot be estimated until Government announce the split of these officer numbers.

For Cheshire, this means that to continue to address the negative impact of austerity on policing and to meet increasingly complex demands, Government expectations and the priorities of the Police and Crime Plan, it is necessary to raise the precept by the £10 per annum assumed by central Government. I am therefore proposing an increase of £10 per annum (based on band D) to go towards funding Police and Crime Plan priorities including neighbourhood policing and community alignment, supporting the vulnerable, enhancing public contact and major crime/prevention.

In 2010/11, 28% of Cheshire's income came from council tax, in 2020/21 with a proposed increase of £10 on a band D council tax, this will rise to 42% (including council tax freeze grants). I am not comfortable with Government shifting the burden of police funding onto the local tax payer and I have been lobbying Government for a properly funded police service for Cheshire residents. The decision to propose this increase has not been reached lightly and has followed consultation with both the public of Cheshire, local business leaders and advice from the Chief Constable around the level of resources needed to protect people.

My annual budget consultation went live at the start of January prior to the funding settlement announcement. At this point, my draft budget covered a number of options for the precept increase, up to a maximum of £24 per annum, as well as different scenarios around central funding. More than 2,500 local people responded to the public consultation with 63 per cent of respondents supporting an increase of up to £24 to the precept and many stating they

would be happy to pay more than £2 per month to help ensure the police service in Cheshire is properly funded to tackle many of the growing issues we face.

This budget will ensure that the Chief Constable has the resources needed to help Cheshire residents feel safe. The result will be the ability to maintain services and to take on the new complex demands.

In accordance with legislation, I submit this precept proposal for the Panel's consideration on 7 February 2020 and should be grateful for your response by the statutory deadline of 8 February 2020.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Keane', with a small dot at the end.

David Keane
Police & Crime Commissioner

MANAGEMENT BOARD

DECISION NO. 2020/01

DATE: 31 January 2020

2020/21 BUDGET AND COUNCIL TAX PRECEPT

Executive Summary:

The Commissioner is required to set an annual budget and issue a precept (the Commissioner's element of council tax) taking into account Government grant funding, operational demands and the impact of the national officer uplift programme. Details of the 2020/21 budget are presented in Appendix 1

Recommendation: That:

- (1) the Police & Crime Panel be notified that it is proposed to increase the police element of council tax by £10 p.a. (4.99% for a Band D equivalent property for 2020/21, from £200.44 to £210.44; i.e. by 83p per month, in line with the flexibility in precept increase permitted by the Government;
- (2) the net budget requirement for the financial year commencing 1 April 2020 be set at £195.6m.
- (3) the proposed 2020/21 precepts be as follows:-

	Number of Band D equivalent houses	Precept on Collection Fund £
Cheshire East	152,597.84	32,112,689
Cheshire West and Chester	123,713.30	26,034,227
Halton	35,359.00	7,440,948
Warrington	68,464.00	14,407,564
Total	380,134.14	79,995,428

- (4) the surplus of collection funds allocated to the Commissioner of £656,300 included in the budget be noted;
- (5) the Legal & Unavoidable Commitments of £4.356m and Police & Crime Plan Priorities and Operational Demands of £5.165m as set out in Tables 4a and 4b

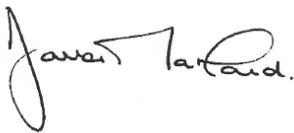
of the report, be approved;

- (6) the National Officer uplift grant of up to £2.5m be noted, recognising that this can only be used for reimbursement of actual spend;
- (7) the savings proposals for 2020/21, totalling £1.482m as set out in the budget report, be approved;
- (8) the financial health targets for monitoring purposes as set out below, be approved:-
 - (i) *Reserves*
That the level of general reserves, after allowing for potential financial risks be maintained, at no lower than 3% of the net budget and that this be monitored by the Commissioner on a quarterly basis.
 - (ii) *Revenue Spending*
That the Chief Constable maintains revenue spending within 1% of the net budget and that this is monitored by the Commissioner on a quarterly basis.
 - (iii) *Capital Programme Management*
That the Chief Constable maintains the projected capital outturn at a level that does not vary from the original capital programme by more than 20%. The total capital programme includes the new schemes for 2020/21 and those schemes brought forward from previous years. This target is to be monitored by the Commissioner on a quarterly basis.
 - (iv) *Debt*
That the Chief Constable collects at least 50% of debtor income within one month of the invoice being raised.
 - (v) *Prudential Indicators*
That the actual prudential indicators be monitored by the Commissioner on an annual basis against the indicators set in the budget.

I submit these recommendations for approval.

Signature

Date 31 January 2020



Chief Constable

I have reached the following decision:

Approval of the recommendations.

My rationale for this decision is:

This decision provides a balanced budget for 20120/21. This will enable Cheshire Constabulary to meet increased costs due to inflation, to deliver policing services for the people of Cheshire in accordance with the priorities set out in the Police and Crime Plan and continue to address increasingly complex policing demands in a robust, sustainable and efficient way. The increase in the police element of Council Tax is necessary to maintain effective frontline policing in light of the ongoing underfunding of policing by the Government, and is supported by the outcome of public consultation.

Signature

Date 31 January 2020

A handwritten signature in black ink, consisting of a stylized 'D' followed by several loops and a final horizontal stroke ending in a dot.

Police & Crime Commissioner

PART 1 – NON-CONFIDENTIAL FACTS AND ADVICE

INTRODUCTION AND BACKGROUND

1. The purpose of this report is to enable the Commissioner to finalise the budget for 2020/21 and meet his statutory duty to set a precept.
2. The Minister of State for Policing and the Fire Service on the 22 January 2020 presented a Written Ministerial Statement setting out police funding for 2020/21 together with the capping rules for local council tax precept increases – a maximum increase of £10 per year for Band D. For Cheshire this potentially provides funding of £207.8m in 2020/21 – an estimated £14.8m increase of which £4.8m will come from local taxpayers. However, this is based on the assumption that the Commissioner will increase the council tax precept by a maximum £10.
3. The public consultation ended on at midnight Sunday 26 January 2020. It received a total of 2,536 public responses, which were collated via the online survey and at the roadshow events. The majority of the responses were received via the online survey (1,945) while the remainder (591) were collated at the nine roadshow events in Chester, Runcorn, Widnes, Warrington, Macclesfield, Middlewich, Crewe, Ellesmere Port and Northwich. 63% of respondents agreed to support an increase of up to £2 per month to the precept, while 37% were not willing to support any increase in the policing precept.
4. As part of the settlement capital funding has been severely reduced from £0.7m in 2019/20 to £0.2m for 2020/21 – a loss of £0.5m for Cheshire. In the Ministerial Written Statement it quotes “with the increase in other grants to PCCs, which can be utilised to cover both capital and non-capital spend, PCCs will see more funding overall with greater flexibility over how they use it”.

FINANCIAL COMMENTS

5. The financial comments are included in the appendices to this report.

LEGAL COMMENTS

6. There are no specific legal comments associated with the report.

EQUALITY COMMENTS

7. There are no specific equality comments associated with the report.

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made available on request should not be included in Part 1 but instead on the separate Part 2 form.

Is there a Part 2 form - No

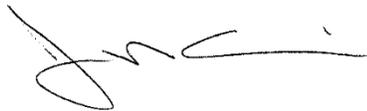
Contact Officer: Wendy Bebbington, Head of Finance

Tel. No.: 01606 362035

Email: wendy.bebbington@cheshire.pnn.police.uk

CHIEF OFFICER DECLARATION (Assistant Chief Officer - Julie Gill):

I have reviewed the proposal and I am satisfied it is correct, all relevant internal checks have been undertaken and it is an appropriate request to be submitted to the Police & Crime Commissioner.



Signature

Date 30 January 2020

CHIEF FINANCE OFFICER DECLARATION (Clare Hodgson):

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the presentation of this report. I am satisfied that this is an appropriate request to be submitted to the Police & Crime Commissioner.



Signature

Date 30 January 2020

REVENUE BUDGET AND COUNCIL TAX 2020/21

PURPOSE OF THE REPORT

1. The purpose of this report is to enable the Commissioner to finalise the budget for 2020/21 and meet his statutory duty to set a precept. An overview of the statutory requirements regarding the budget and precept setting including the timing of decision making and interaction with the Police and Crime Panel is attached in Appendix 2.

INTRODUCTION & FINANCIAL BACKGROUND

2. The Commissioner is required to set an annual budget and precept taking into account Government funding, precept regulations and organisational demands. This requirement is supported by the production of a Medium Term Financial Strategy (MTFS) with the annual budget forming the first year of the Strategy. The creation and maintenance of the MTFS is fundamental in promoting good financial planning and delivery of value for money.
3. The MTFS covers the period 2020 to 2025 although it is acknowledged that with the Police Settlement only providing one year of funding details, any funding from 2021 is speculative and subject to change. In addition to the MTFS there are a number of other financial strategies relating to reserves, capital and treasury management that both inform and support the budget process. The current approved MTFS is available on the Commissioner's website via the following link www.cheshire-pcc.gov.uk.
4. The Minister of State for Policing and the Fire Service on the 22 January 2020 presented a Written Ministerial Statement setting out police funding for 2020/21 together with the capping rules for local council tax precept increases – a maximum increase of £10 per year for Band D. For Cheshire this potentially provides funding of £207.8m in 2020/21 – an estimated £14.8m increase of which £4.8m will come from local taxpayers. However, this is based on the assumption that the Commissioner will increase the council tax precept by a maximum £10.
5. The Government have also stated that they expect to see continued efficiency savings in 2020/21, through continued collaborative procurement to deliver a further £30m cashable savings in 2020/21. The Home Office is working with HM Treasury to develop a plan for further efficiency savings in future years.
6. Forces are required to continue driving productivity through digital, data and technology solutions including mobile working. Through national and collaborative procurement, forces will be able to fully exploit mobile technology and that benefits can be rigorously tracked and driven, to improve the tools police officers have to be able to tackle crime wherever they are.

7. Capital funding has been severely reduced from £0.7m in 2019/20 to £0.2m for 2020/21 – a loss of £0.5m for Cheshire. In the Ministerial Written Statement it quotes “with the increase in other grants to PCCs, which can be utilised to cover both capital and non-capital spend, PCCs will see more funding overall with greater flexibility over how they use it”.

NATIONAL OFFICER UPLIFT

8. In his first speech as Prime Minister, Boris Johnson made a statement of intent on the future of British policing: “*My job is to make your streets safer - and we are going to begin with another 20,000 police on the streets and we start recruiting forthwith*”. This was followed by the Chancellor announcing in the Spending Review 2019 an additional £750m to fund this uplift. The Government expects 6,000 officers to be recruited nationally by the end of 2020/21 with Cheshire Constabulary allocated a target of 90 of the 6,000 officers. Plans are now in place to recruit the additional 90 by the end of 2020/21. This is in addition to the normal recruitment process to replace leavers and retirees. It should be noted that to receive funding for these additional officers, the current number of officers must be maintained.
9. For 2020/21 the Ministerial Written Statement quotes “The Government has committed £750 million to enable the recruitment of 6,000 additional officers. To manage the delivery of this uplift, we are ring-fencing £168 million which will be paid to forces in line with their progress in recruiting the 6,000 additional officers by March 2021, and making the relevant infrastructure improvements needed to recruit the 20,000 additional officers by March 2023”. This funding is being distributed on a formula funding basis rather than actual spend or need and for Cheshire this amounts to £2.5m. Based on the Ministerial Written Statement, it will need to cover not only pay costs but also the infrastructure for the additional officers expected in Cheshire by 2023. Currently forces have only been given their allocations for 6,000 of these additional 20,000 officers.
10. Included in the settlement is funding for the infrastructure changes needed to support the officer uplift. This is needed to support the recruitment, training and the impact on estates, IT and equipment some of which will be officer specific, some will be more general such as Wi-Fi enablement to ensure officers can be in the right place, accessible and visible to the public. As the allocations of the full 20,000 uplift have not yet been published this affects our ability to plan future infrastructure changes.

POLICE & CRIME PLAN 2016-21 & ORGANISATIONAL DEMANDS

11. In setting the Police and Crime Plan 2016-2021 (www.cheshire-pcc.gov.uk/what-im-doing/police-and-crime-plan), the Commissioner listened carefully to what the public told him was important for the police service as well as speaking to partners and listening to the Chief Constable on the emerging policing threats for our county.
12. The Plan sets out a vision for the four years 2016-2021 in which Cheshire will have a Constabulary focused on community policing and putting victims first. The legacy will be a police service fit for the future which is connected with, based within and accessible to local communities – real neighbourhood policing.

13. In addition to the Commissioner's Police and Crime Plan there are two further key documents that set out organisational demand. Firstly, is the Force Management Statement which is a self-assessment that Chief Constables prepare and give to Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) each year. It is the Chief Constable's statement and explanation of:
 - the demand the force expects to face in the next four years;
 - how the Constabulary will change and improve its workforce and other assets to cope with that demand;
 - how the Constabulary will improve its efficiency to make sure the gap between future demand and future capability is as small as it can reasonably be; and
 - the money the Constabulary expects to have to do all this.
14. As such the Force Management Statement and the proposed budget are integral to each other. One to provide details on the demand and shape of the Constabulary going forward and the other to reflect the monetary impact.
15. Secondly, is the Strategic Policing Requirement (SPR). This was first issued in July 2012, in accordance with Section 77 of the Police Reform and Social Responsibility Act 2011. This requirement supports Commissioners and Chief Constables to ensure they fulfil forces' national responsibilities as follows:
 - helps Police and Crime Commissioners, in consultation with their Chief Constable, to plan effectively for policing challenges that go beyond their force boundaries;
 - guides Chief Constables in the exercise of these functions; and
 - enables and empowers Police and Crime Commissioners to hold their Chief Constable to account for the delivery of these functions.

2020/21 BUDGET PROPOSALS

16. Preparation for the 2020/21 budget commenced in 2019 utilising a planning process that had at its centre the four key priorities within the Commissioner's Police & Crime Plan, the Force Management Statement and the Strategic Policing Requirement. Recognising both demand and risks, the Constabulary set out the key principles for that planning process:
 - Ensure that plans contribute to improved outcomes in support of set priorities with Neighbourhood Policing and a 'We Care' philosophy at the heart of service delivery;
 - Set a comprehensive, timely, balanced and realistic budget;
 - Takes into account pay and price inflation and achievability of savings;
 - Complies with the approved treasury management strategy;
 - Complies with the approved reserves strategy;

- Raises awareness of and communicate key financial messages both internally and externally;
 - Ensure budgets set are affordable and do not jeopardise financial stability either in the short or long term;
 - All spending plans will need to demonstrate that they can achieve value for money;
 - Spending will be agreed only when the necessary funding is identified and approved;
 - External funding will be sought wherever it can be used in a sustainable manner that does not lead to unforeseen costs; and
 - Budget proposals will be publicised and consulted upon with stakeholders in an open and transparent manner.
17. The outcome of this planning process includes the following key priorities included within the 2020/21 budget proposals. The priorities within this budget proposal will be used by the Commissioner to support, challenge and hold the Chief Constable to account for their delivery throughout 2020/21.

a) Connected with our Communities

Within the Commissioner's Police and Crime Plan, a core theme is the enhancing of effective local community policing, providing assurance and confidence to the public. Maintaining and building the confidence of the public, is a fundamental foundation upon which the delivery of policing services in Cheshire are built. This is informed by both the interaction with people who need the police and the reputation that Cheshire Constabulary has within our communities to operate with respect, integrity and fairness.

The Constabulary plan to introduce a Capability Team within Public Contact together with a Service Delivery Manager to ensure cross public contact quality monitoring and development of all staff is delivered to CDI standards and compliant with Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) best practice.

How the Constabulary responds to victims of crime from the point of reporting, throughout the investigation process to its conclusion, creates numerous opportunities to influence public confidence. Additionally, how the crime recording practices stand up to external scrutiny will influence the level of confidence that the public will have in both competence and integrity as an organisation. The Home Office rules on crime recording are not simple and the Constabulary has taken a decision in line with good practice from across the country that the most efficient and effective way of recording crime accurately is to deliver this from a centralised function as close to the first point of contact as possible. It is proposed to further enhance this Unit based on current demand of approx. 130,000 incidents. One of the key benefits from this investment is the removal of the need to abstract call handlers from this vital role to act as crime recorders.

b) Support Victims & Protect Vulnerable People

The Integrated Anti-Stalking Unit (IASU) is a collaborative, risk management service, delivered by Cheshire Constabulary and North West Boroughs Healthcare NHS Foundation Trust, working in partnership to develop innovative responses to stalking. The initiative, which is the first of its kind worldwide, aims to improve responses to stalking across the criminal justice system and the health sector. Funding for this initiative has been supported through Police Transformation Fund grant 2019/20 but will not be available in 2020/21. The Commissioner sees this as a key means of supporting victims and protecting vulnerable people and this budget includes funding to continue this work for a further 12 months to allow a sustainable alternative to be developed.

It is known that domestic violence and abuse can and does have a devastating and lasting impact on victims, their children, their families and the communities where they live and the Constabulary have long recognised the importance of developing services to support those experiencing domestic and violence abuse. It is proposed within this budget that the Constabulary further supports Cheshire's Women's Centres, continues with the Domestic Abuse Matters training and the Domestic Abuse Conference.

Road Safety is also a key part of the Commissioner's Police and Crime Plan. Unfortunately there are times where accidents happen, leaving victims needing answers. At these times collision investigators and vehicle examiners are required. These are technical roles and require extensive training over a number of years. Investment here will provide resilience and learning for future service delivery.

Finally, to support victims and ensure justice is achieved, forensics are a key element within the process. Recognising the need to keep up to date with technology, equipment and training, an investment is required to safeguard this service.

c) Prevent Crime and Anti-social Behaviour

Automatic Number Plate Recognition (ANPR) is an invaluable tool which supports proactive policing across the county. It assists in the protection of vulnerable people and communities by ensuring criminals using vehicles on Cheshire roads can be identified at the earliest opportunity. With the increase in ANPR usage there is a requirement for additional resources to support its maintenance and operational capability.

There are some crime investigations that take a considerable time and resource to complete due to their complex nature. In these circumstances, it is necessary to provide temporary additional resources to support such investigations.

d) Fit for the future

In line with the Policing Vision 2025 a proposal is put forward for support to embed the capabilities required to deliver policing services in the digital and cyber world. Where most effective the Constabulary will mainstream skills and technology for the front line and retain specialist capabilities as necessary to prevent and detect crime and protect our communities. The Constabulary is investing significantly in technology providing the

ability to spend more time being visible in our communities and helping the organisation to be more efficient and effective in the way it works.

Part of the Police and Crime Plan includes the requirement to deliver an efficient and effective police service by investing in an accessible police estate connected with our communities. Working with partners (such as Cheshire Fire and Rescue Service) to develop opportunities to provide an estate that is fit for the future and offers value for money. Investment in the Estates team will enable the Commissioner's vision to be delivered.

e) Other investment and demands

In 2019/20, the Constabulary launched its 'We Care' Strategy. Within this it was recognised that our people are our most important and valuable asset. Investing in our people will ensure we have a truly high performing and sustainable Constabulary. The Commissioner is also very clear on his ambitions over the health and wellbeing of officers and staff that deliver services to the communities of Cheshire. Additional funding is being allocated to deliver support this though improved uniform and the commitment to the voluntary Living wage.

Good governance is not only about processes, rules and procedures – a Governance Framework should be applied in a way which also demonstrates the spirit and ethos of good governance. Shared values which are integrated into the culture of an organisation and are reflected in behaviour and policy are essential hallmarks of good governance. The current complexities of business processes, legal requirements such as General Data Protection Regulation (GDPR) and reporting requirements are no longer manageable within existing resources and modest investment is proposed to ensure compliance.

Although the Constabulary is limited in terms of income generation, there are opportunities that present themselves such as escorting Abnormal Loads. Income has been received for this service for a number of years, however going forward this is no longer expected. Equally, there is opportunity to fully fund a PCSO above the level currently provided. This funding is entirely dependent on partners and will reduce in 2020/21 together with the associated costs.

Finally, it is recognised that change is an ever present constant that needs to be supported to deal with temporary demand, project initiatives and transitional arrangements. A number of temporary posts are proposed for 2020/21 using funding from the one-off surplus on collection funds

18. Table 1 shows the proposed revenue budget for 2020/21. The impact of the threats and demands placed upon policing; commitments required; proposed savings and the total funding available to the Commissioner have been reflected within the proposals and are detailed in the following sections. The budget proposals have been developed as the product of a detailed prioritised based budgeting (PBB) process which examines all areas of the budget and matches resources according to risk.

Table 1: Proposed Revenue Budget 2020/21	£000
2019/20 Gross Expenditure Budget	214,489
Pay and Price Inflation	4,138
Legal & Unavoidable Commitments	4,356
National Officer Uplift (grant funded subject to spend)	2,528
Police & Crime Plan Priorities and Operational Demands	5,165
Savings	(1,482)
2020/21 Gross Expenditure Budget	229,194
Other income and specific grants (including Officer Uplift)	(33,574)
2020/21 Net Budget Requirement	195,620
Financed by:	
Police Grant	(66,803)
Formula Funding	(48,165)
Council Tax Precept (proposed £10 pa increase)	(79,995)
Surpluses on Collection Funds	(657)
2020/21 Net Budget Requirement	(195,620)

RISKS

19. For 2020/21 there is a reasonable degree of certainty as the Provisional Grant Settlement has been received. However, there remain some outstanding issues affecting next year such as the counter terrorism grant. Any changes to the funding will be reported to the Commissioner as soon as they are known together with the associated proposed changes to the budget.
20. As with any assumptions there are risks that the actual outcome will be different. There are key assumptions included within this proposed budget that could impact significantly such as pay awards where a 0.5% movement in the pay award would have a potential £0.8m impact on the budget. Reserves are held to provide flexibility in-year for such incidences and the Reserve Strategy included within this report covers this in more detail.

INFLATION

21. Inflation in both pay and price terms is applied to budgets where appropriate. Pay awards are negotiated nationally and have been assumed at 2.5%. For non-pay items, the inflation applied is based on the Office of National Statistics Inflation Report using the most applicable inflation factor. The following table shows the inflation applied.

Table 2: Inflation	2020/21 £000
Pay inflation (subject to national negotiations)	3,262
Price (non-pay) inflation	876
Total Inflation	4,138

LEGAL & UNAVOIDABLE COMMITMENTS

22. Legal and unavoidable commitments come from two sources, the impact of decisions taken in previous years that have a financial impact in 2020/21 and the financial impact of external decisions and changes such as the introduction of a new financial burden or change in legislation. The following table shows those items included in the 2020/21 budget proposal.

Table 4a: Legal & Unavoidable Commitments	2020/21 £000
Full year effect of 2019/20 changes	130
Collaboration uplifts (including the impact of pay awards)	1,186
Injury Awards	150
Insurance uplift	300
National Enabling Programme Office 365	669
NPCC Security Operations Centre	162
National Communications Data Lawful Intercept	84
National DVI Coordinator	11
NW Regional Citizens in Policing	9
NPCC UCPI contribution	16
Occupational Health Service	200
Capital investment impact	944
Bank holiday fluctuations	115
Roads Safety Services	12
Software Licences	368
Total	4,356

POLICE & CRIME PLAN PRIORITIES AND OPERATIONAL DEMANDS

23. The pressures and demands facing modern policing are changing in ways which have profound implications for future policing policy, not least with respect to how the police are funded. There are two major reasons for this. Firstly, the fall in overall volume crime, as estimated by the Crime Survey for England and Wales, has masked important changes in the pattern of modern crime. There has been a growth in 'high-harm' offences, such as violence and sexual offences, and more crime has shifted from the public into the private sphere, including online. These offences tend to be more complex to investigate and thus costly to deal with. As a result, the police service have been unable to 'cash the gains' of falling volume crime" - Police Foundation – 'Policing for the Future'.
24. Such demands require response both operationally and financially to deliver the promises of the Commissioner's Police and Crime Plan together with the strategic policing requirement. The following lists the proposals included in the 2020/21 budget:

Table 4b: Police & Crime Plan Priorities and Operational Demands	2020/21 £000
Full year effect of 2019/20 changes	63
Services connected with the Community	962
Support victims and help the vulnerable	456
Prevent Crime & ASB	120
Fit for the future	253
Health & Wellbeing	138
Governance	185
Regrades	24
Staffing roles (funded)	77
Officer Uplift – infrastructure and support costs	2,676
Temporary one-off investments	211
Total	5,165

SAVINGS

25. While additional funding has been provided, there is still a need to ensure value for money is achieved and funding is prioritised in line with the Police and Crime Plan. As part of the 2020/21 budget process a focused review of non-pay expenditure was commissioned in order to ensure that all non-pay efficiency opportunities have been maximised without impacting on service delivery. The output of this review, together with other savings and income are shown below.

Table 5 – Savings	2020/21 £000
Full year effect of 2019/20 changes	(52)
End of contracts for temporary staff	(171)
Non-pay savings	(1,064)
Additional income	(195)
Total	(1,482)

COUNCIL TAX PRECEPT

26. A precept is levied on the Council Tax for policing in Cheshire. It is the responsibility of the Commissioner to set the level of precept as part of the budget setting process. While the decision is the Commissioner's, the Government has placed a capping limit for a number of years on the level on year on year increase that can be applied. The announcement of the capping regime usually happens in December, but this year that has not been the case and options have been considered throughout the budget setting process up to £24 being the flexibility given for 2019/20. On 22 January 2020, the Minister of State for Policing and the Fire Service announced that Commissioners could raise their precept by up to £10. For Cheshire, this would equate to a 4.99% increase.

27. To calculate the level of Council Tax funding, each local authority calculates the taxbase (the assimilated number of council tax bills issued) taking into account changes in the number of houses, housing benefits etc. Compared to 2019/20, the overall taxbase has increased by 6,017. The following table shows the proposed level of precepts for each local authority and the individual amount levied per each Council Tax band.

	Number of Band D Equivalentents	Precept on Collection Fund £
Cheshire East	152,597.84	32,112,689
Cheshire West & Chester	123,713.30	26,034,227
Halton	35,359.00	7,440,948
Warrington	68,464.00	14,407,564
TOTAL	380,134.14	79,995,428

Band	Proposed 2020/21 £	Actual 2019/20 £	Change per year £	Change per week £p
A	140.29	133.63	6.66	0.13
B	163.68	155.90	7.78	0.15
C	187.06	178.17	8.89	0.17
D	210.44	200.44	10.00	0.19
E	257.20	244.98	12.22	0.24
F	303.97	289.52	14.45	0.28
G	350.73	334.07	16.66	0.32
H	420.88	400.88	20.00	0.38

28. In addition to the above precept, each of the four local authorities holds a council tax collection fund which is a separate fund that records the income and expenditure relating to Council Tax. Any surplus or deficit on the fund is either due to or paid for by the individual authorities, the Police & Crime Commissioner and Cheshire Fire Authority. The amount declared surplus and payable to the Commissioner in 2020/21 amounts to £0.656m.

COMMISSIONING

29. In 2020/21, the approach to commissioning will focus on victims of crime with the aim of ensuring that appropriate services are in place for those unfortunate enough to become victims of crime, in order to help them to cope with their ordeal and recover as best they can. The main supporting service for victims across Cheshire is Cheshire CARES and can be accessed by victims of crime whether or not they make a formal complaint to the police. Cheshire CARES supports victims from the outset and throughout any Criminal Justice process.

30. The Commissioner has additional responsibilities to have specialist services available, e.g. to support victims of rape and sexual abuse, child sexual abuse, domestic abuse as well as to provide a restorative justice service. The cost of Cheshire CARES and other commissioned services are funded through an allocation provided from the Ministry of Justice. The funding allocation for the 2020/21 Victims Grant is approximately £1.2m. The Commissioner will continue to work with partners across all sectors to identify and address gaps and/or emerging areas for victims' services and drive the effectiveness of the service commissioned through the victim's grant fund in 2019/2020. The forthcoming year's commissioning will build upon existing services and aim to maximise opportunities, both singularly and in partnership, to provide great value for money and better outcomes for our communities.
31. Since 2012/13, the specific community safety funding ceased and was incorporated into the main grant for policing. For 2020/21, despite the significant financial challenges faced by policing, the Commissioner has protected the level of community safety funding at £1.02m. In Cheshire, the funding will continue to be focused on driving community safety and crime prevention initiatives to meet the priorities of the Police & Crime Plan 2016-21. This coming year will allow the Commissioner to build upon improvements around the allocation of such funds to ensure the outcomes for community safety are tangible. The Commissioner will continue to place specific focus on improving services for women in contact, or at risk of contact with the criminal justice system.
32. Partnership working will continue to be crucial in achieving shared objectives for Cheshire residents. This will include continued close working with partners across the criminal justice and community safety arena, the local voluntary and community sector as well as the county's Youth Justice Service. The Commissioner will seek to allocate funding to deliver even better and more measurable outcomes from residents of Cheshire.
33. For 2020/21 the Commissioner will allocate £40,000 from the Community Safety Fund to provide a Safer Communities Fund of £100,000. This is aimed at supporting local and community level initiatives across Cheshire. Focus will continue to be placed on ensuring that funding is targeted at community focused, and where possible, sustainable projects. Funding awards are capped at £5,000 and need to demonstrate the benefits to the local community through an application process
34. Furthermore in 2020/2021 the Commissioner will utilise funds that become available under the Proceeds of Crime Act to create a new and innovative 'Crime Doesn't Pay Fund' and to explore how this can be utilised to enhance community safety and build capacity and resilience within communities.

CAPITAL PROGRAMME

35. In addition to the revenue budgets, a programme of capital investment is proposed for 2020/21. This programme links to the 'invest to save' programmes such as new technology and the annual replacement cycle for assets such as vehicles.

36. Funding for these comes from Government general and specific grants, reserves held by the Commissioner, contributions and borrowing. Given that borrowing will need to increase to support this level of investment, it is vital that capital expenditure is prioritised to generate savings for future years, to help protect local policing services. Details of the proposed programmes and their associated funding are shown below.

Table 7: Capital Programme	£000
Prior Years	2,242
Annual Replacement Schemes:	
Fleet Vehicles	1,677
IT and Communications	1,530
New Schemes:	
Estates	685
IT and Communications	450
Equipment	738
Additional Vehicles/Equipment	232
Total Capital Programme	7,554

37. Full details of the individual schemes within the capital programme are provided in Appendix 4 of this report. The proposed funding for the above capital investment is set out in the following table.

Table 8: Capital Financing	£000
Government Grants	299
Capital Receipts	1,762
Revenue Contribution to Capital	1,500
External Contributions to Capital	425
HQ IT Reserve	209
Borrowing Requirement	3,359
Total Capital Financing	7,554

ROBUSTNESS OF ESTIMATES

38. Section 25 of the Local Government Act 2003 places a requirement on Chief Finance Officers to report on the robustness of the estimates used in the preparation of this proposed budget. Details of how this requirement is met are in Appendix 3.

RESERVES

39. Section 25 of the Local Government Act 2003 also places a requirement on Chief Finance Officers to formally report on the adequacy of the reserves. The Chief Finance Officers assess this in the context of the strategic, operational and financial risks and opportunities facing the Commissioner and the Constabulary. The Reserves Strategy will be considered at the next Management Board due to the late announcement of the Government Settlement.

40. While holding reserves is a recognised and recommended financial management tool, the levels of such reserves must remain prudent, appropriate to the level of risk and opportunity and not excessive.

CONSULTATION WITH THE PUBLIC AND BUSINESS RATEPAYERS

41. A consultation exercise was undertaken between 7 and 26 January 2020 using online and paper surveys. Local residents were encouraged to complete the survey via social media such as Twitter, Facebook and Cheshire Police Alert. The Commissioner visited key hubs across Cheshire to seek views face-to-face.

42. Roadshows took place on the following dates in the locations as detailed below:

Thursday 9 January – Tesco, Frodsham Square, Chester

Friday 10 January (am) – Shopping City, Runcorn,

Friday 10 January (pm) – Morrisons, Green Oaks Way, Widnes

Thursday 16 January – Cockhedge Shopping Centre, Warrington

Friday 17 January (am) – Sainsbury's, Cumberland Street, Macclesfield

Friday 17 January (pm) – Morrisons, Newton Bank, Middlewich

Thursday 23 January – Tesco, Vernon Way, Crewe

Friday 24 January (am) – Market Square, Ellesmere Port

Friday 24 January (pm) – ASDA, Leicester Street, Northwich

43. The key messages provided at the roadshows and via the survey were that up to an extra £2 per month would help Cheshire Police invest in a number of areas which are operational threats for Cheshire Police including county lines, major crime and modern slavery and human trafficking to deliver a police service which keeps our communities safe.
44. Local residents and business owners were asked to state whether they agreed with the following statement:
45. *I would be happy to pay up to a maximum of an extra £2 per month (for the average band D household) as part of my local council tax payment to help Cheshire Police invest in neighbourhood policing and tackle serious and complex crime.*
46. The consultation ended on at midnight Sunday 26 January 2020. It received a total of 2,536 public responses, which were collated via the online survey and at the roadshow events.
47. The majority of the responses were received via the online survey (1,945) while the remainder (591) were collated at the nine roadshow events in Chester, Runcorn, Widnes, Warrington, Macclesfield, Middlewich, Crewe, Ellesmere Port and Northwich.
48. 63% of respondents agreed to support an increase of up to £2 per month to the precept, while 37% were not willing to support any increase in the policing precept.

BUDGET AND PRECEPT SETTING TIMETABLE

PURPOSE

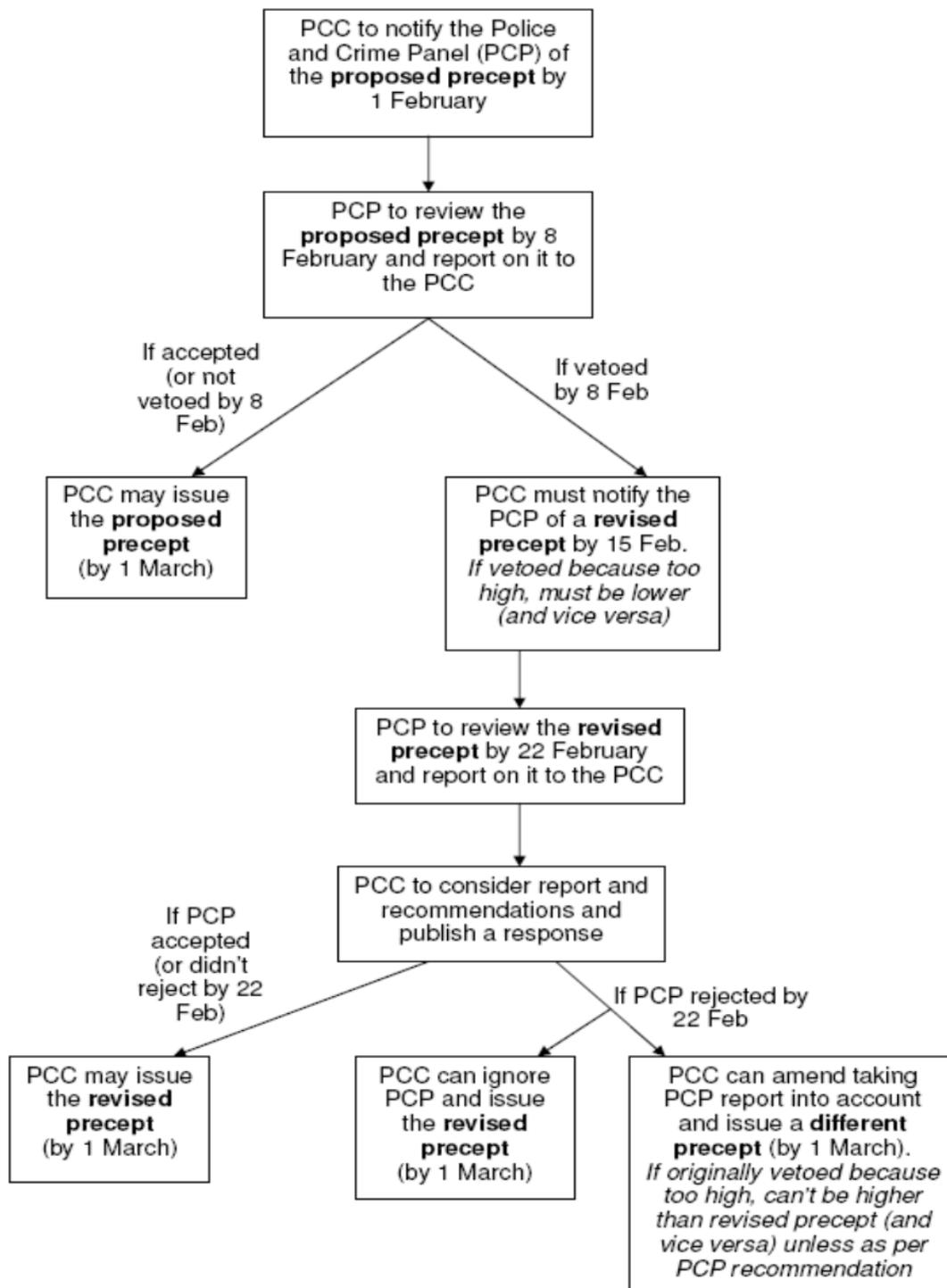
To provide the Commissioner with an overview of the statutory requirements regarding budget and precept setting and the interaction with the Police and Crime Panel. It also provides a copy of the internal timetable developed to enable the Commissioner to meet the statutory timetable.

STATUTORY REQUIREMENTS

The statutory requirements for precepting authorities to set a budget and issue a precept for the next financial year are set out in Chapters 3, 4, and 5 of the Local Government Finance Act 1992. They include significant detail on how budget estimates and the precept must be calculated. The Police Act 1996 and the Police Reform and Social Responsibility Act 2011 amended these provisions for the change to police authorities and Police and Crime Commissioners respectively but the basic statutory requirements remain the same.

Schedule 5 of the Police Reform and Social Responsibility Act 2011 and The Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 provide further detail on the process the Commissioner must follow for notifying the Police and Crime Panel of the proposed precept by 1 February of the relevant financial year (Section 3 of the 2012 Act). They also cover the interaction between the Panel and the Commissioner leading to the determination of the precept by the Commissioner by 1 March. The process is set out with the due dates diagrammatically in Annex A.

PCC PRECEPT APPROVAL (Final Regulations)



ROBUSTNESS OF ESTIMATES

Section 25 of the Local Government Act 2003 places a requirement on Chief Finance Officers to report on the robustness of the estimates used in preparing the budget.

The Commissioner has a policy and expenditure planning process which takes account of the service scenario and financial scenario in some detail for 2020/21. Alongside this, future capital programmes have been produced taking into account forecast Government funding, borrowing limits and council tax. For 2020/21 borrowing levels have also been guided by the prudential indicators.

For 2020/21, full consideration of these issues had led to:

- Policy and expenditure proposals that reflect the Government's Provisional Police Grant Settlement together with the on-going revenue impact of new capital projects, whilst recognising the outstanding issues and uncertainties.
- A proposed capital financing budget based on 2020/21 capital programme.

When using estimates in preparing the budget every effort is taken to ensure that they take into account the most up to date data. However, it should be noted that there are a number of areas where the actual impact could vary from the estimates used in setting the budget. The main areas are:

- Pay awards, pension increases, national reviews of pay & inflation
- Service financial performance (i.e. variances on budgets)
- Ability to achieve projected savings
- Operational demands

To provide for all potential scenarios that may arise would be prohibitively expensive and result in demands on council taxpayers considerably higher than likely need. For 2020/21 £4.1m has been provided for pay and price increases.

There are many factors that can affect financial performance in year including under or over-achievement of efficiency savings, income and other financial targets. The Commissioner takes a number of steps to minimise the impact by:

- Seeking wherever possible to explore in full the implications and achievability of policy and expenditure options before the budget is set.
- Promoting a robust approach to financial management requiring budget holders to monitor expenditure against budget and to take early action in reporting and responding to projected variances.
- Quarterly reporting of the projected budgetary outturn supplemented by monthly exception reports to prompt remedial action if necessary.
- Creation of appropriate and proportionate contingencies.

It should be noted that while every effort is taken to ensure the budget is balanced, there is always the possibility of variances to the budget occurring. This is one of the reasons why the Commissioner holds reserves against unanticipated cost pressures.

<u>CAPITAL PROGRAMME – NEW SCHEMES</u>	2020/21
	£000
<u>PROPERTY & CONSTRUCTION</u>	
Estates Strategy	
Space monitoring survey equipment	40
Replacement flat roof - Blacon DHQ	100
General estate property upgrades – welfare improvements (various sites)	60
Helpdesk Private Space for Public Reporting*	75
Environmental Improvements	
TTC lighting upgrade	200
Centralised heating controls	100
A/C, lighting and heating controls at Blacon DHQ	30
Lighting Middlewich and Runcorn Custody	30
Macclesfield PS upgrade lighting to 3 floors	50
<u>IT & COMMUNICATIONS</u>	
Network Refresh (Year 2 of 2)	640
Technology Refresh – Network, Servers, Laptop, Desktop	400
Tablet Refresh	450
Technology Refresh – E-Forensics	40
Wide Area Network Replacement	250
Covert Airwave Replacement*	200
<u>EQUIPMENT</u>	
Replacement of Body Armour	450
Forensics Equipment - Replacement DCS4 Specialist Equipment	60
ANPR Management Server Refresh	35
Cheshire EVO8 ANPR Camera Refresh	45
ANPR Infrastructure Development	75
ANPR Mobiles - New builds 20/21	27
Cheshire Mobile Surveillance Equipment Refresh x 2	46
<u>VEHICLES</u>	
Annual Vehicle Replacement Programme	1,800
LESS Saving due to Vehicle Telematics	-123
Workshop Capital Equipment	12
Armed Alliance Vehicle Replacements	220
Total New Starts - Indicative Programme	5,312