

Norfolk Police and Crime Panel



Date: **6 February 2018**
Time: **10am**
Venue: **Edwards Room, County Hall, Norwich**

Panel Members are invited to a pre-meeting at 10am on Thursday 1 February 2018 in the Edwards Room, County Hall, Norwich.

Persons attending the meeting are requested to turn off mobile phones.

Membership

Main Member	Substitute Member	Representing
Mr Frank Sharpe	Mr Mark Robinson	Breckland District Council
Mr Fran Whymark	Mr Roger Foulger	Broadland District Council
Mr Trevor Wainwright	Mrs Marlene Fairhead	Great Yarmouth Borough Council
Mr Colin Manning	Mr Brian Long	King's Lynn and West Norfolk Council
Mr William Richmond	Michael Chenery of Horsburgh	Norfolk County Council
Mr Martin Storey	Mr Phillip Duigan	Norfolk County Council
Mrs Sarah Bütikofer	Mr Tim Adams	Norfolk County Council
Mr Richard Shepherd	Mr Nigel Dixon	North Norfolk District Council
Mr Paul Kendrick	Mr Kevin Maguire	Norwich City Council
Dr Christopher Kemp	Mr Robert Savage	South Norfolk Council

Air Commodore Kevin Pellatt FCMI RAF	(no substitute member)	Co-opted Independent Member
Mr Peter Hill	(no substitute member)	Co-opted Independent Member

For further details and general enquiries about this agenda please contact the Committee Officer:
 Nicola LeDain on 01603 223053
 or email committees@norfolk.gov.uk

A g e n d a

1. **To receive apologies and details of any substitute members attending**
2. **Declarations of Interest**

Norfolk County Council and Independent Co-opted Members

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is on your Register of Interests you must not speak or vote on the matter. It is recommended that you declare that interest but it is not a legal requirement.

If you have a **Disclosable Pecuniary Interest** in a matter to be considered at the meeting and that interest is not on your Register of Interests you must declare that interest at the meeting and not speak or vote on the matter

In either case you may remain in the room where the meeting is taking place. If you consider that it would be inappropriate in the circumstances to remain in the room, you may leave the room while the matter is dealt with.

If you do not have a **Disclosable Pecuniary Interest** you may nevertheless have an **Other Interest** in a matter to be discussed if it affects:

- your well being or financial position
- that of your family or close friends
- that of a club or society in which you have a management role
- that of another public body of which you are a member to a greater extent than others in your ward.

If that is the case then you must declare such an interest but can speak and vote on the matter.

District Council representatives will be bound by their own District Council Code of Conduct.

3. To receive any items of business which the Chairman decides should be considered as a matter of urgency

4. Minutes

To confirm the minutes of the meetings held on:

a) 28 November 2017

(Page **5**)

b) 22 January 2018

(To follow)

5. Public questions

Thirty minutes for members of the public to put their question to the Panel Chairman where due notice has been given.

Please note that all questions were to have been received by the Committee Team (committees@norfolk.gov.uk or 01603 223814) by **5pm on Monday 29 January 2018**.

6. Police and Crime Commissioner (PCC) for Norfolk's proposed police precept for 2018/19

(Page **12**)

To consider the PCC's precept proposal for 2018/19.

Annex 1 – Budget Consultation 2018/19.

(Page **18**)

Annex 2 – Proposed Precept for 2018/19.

(Page **34**)

7. Police and Crime Plan for Norfolk 2016-2020 – performance monitoring

(Page **87**)

To consider an update from the PCC.

8. Office of the Police and Crime Commissioner for Norfolk – Commissioned Services Update

(Page **100**)

To consider an update from the PCC.

9. PCC Complaints Monitoring Report

(Page **109**)

To consider the regular monitoring information about complaints relating to the conduct of the PCC.

10. Complaints Handling Sub-Panel – Update

(Page **113**)

To consider an update from the Chairman of the Sub-Panel

- 11. Information bulletin – questions arising to the PCC** (Page **116**)
To hold the PCC to account for the full extent of his activities and decisions since taking office.
- 12. National Representative Body for Police and Crime Panels** (Page **125**)
To consider the proposal to establish an LGA Special Interest Group.
- 13. Work Programme** (Page **127**)
To review the proposed work programme.

Date Agenda Published: Monday 29 January 2018

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Norfolk Police and Crime Panel

Minutes of the Meeting held on 28 November 2017 at 10am in the Edwards Room, County Hall, Norwich

Main Panel Members Present:

Mr W Richmond (Chairman)	Norfolk County Council
Mrs S Butikofer	Norfolk County Council
Mr M Storey	Norfolk County Council
Dr Christopher Kemp (Vice-Chairman)	South Norfolk Council
Mr Brian Long	Borough Council of King's Lynn and West Norfolk
Mr Kevin Maguire	Norwich City Council
Mr Richard Shepherd	North Norfolk District Council
Mr Trevor Wainwright	Great Yarmouth Borough Council
Mr Fran Whymark	Broadland District Council
Mr Frank Sharpe	Breckland District Council
Air Commodore Kevin Pellatt	Co-opted Independent Member
Mr Peter Hill	Co-opted Independent Member

Officers Present:

Mr Greg Insull	Assistant Head of Democratic Services
Mrs Jo Martin	Democratic Services and Scrutiny Support Manager

Others Present

Mr Martin Barsby	Director of Communications and Engagement, OPCCN
Mr Lorne Green	Police and Crime Commissioner for Norfolk
Mr John Hummersone	Chief Finance Officer, OPCCN
Ms Sharon Lister	Director of Performance and Scrutiny, OPCCN
Mr Paul Sanford	Temporary Assistant Chief Constable
Mr Mark Stokes	Chief Executive, OPCCN
Dr Gavin Thompson	Director of Policy and Commissioning, OPCCN

1. To receive apologies and details of any substitute Members attending

- 1.1 Apologies were received from Mr P Kendrick and Mr C Manning, (Mr K Maguire and Mr B Long substituted respectively).

2. Members to Declare any Interests

- 2.1 Mr F Whymark declared an 'other' interest that he worked for Norfolk County Council

Children's Services, given the range of partnership working involving Children's Services that was included throughout OPCCN's reports.

3. To receive any items of business which the Chairman decides should be considered as a matter of urgency

3.1 There were no items of urgent business.

4. Minutes of the meeting held on the 26 September 2017

4.1 The minutes of the meeting held on the 26 September 2017 were agreed as an accurate record and signed by the Chairman.

5. Public Questions

5.1 The Chairman reported that eleven questions had been received, but none fitted the criteria. He explained that the first was from a regular correspondent; his question was considered out-of-order and no response had been provided. The other questions all related to the Chief Constable's proposals to remove the Police Community Support Officer (PCSO) role in his new policing model for Norfolk. Questioners were advised that the Panel does not have the authority to comment on operational policing matters directly, but assured that the Panel would continue to hold the Commissioner to account for the delivery of his Police and Crime Plan, and the impact that the new policing model would have on it.

6. Police and Fire Collaboration – Local Business Case Update

6.1 The annexed report (6) was considered by the Panel and provided an update on the research and development of an Outline Business Case (OBC) for the future of Fire Governance in Norfolk, setting out key stages in the process and next steps.

6.2 The Chief Executive for the Office of Police and Crime Commissioner Norfolk (OPCCN) confirmed that an independently procured options appraisal was being conducted with no steer from the PCC. Once the OBC had been completed a decision would be taken by the Police and Crime Commissioner (PCC) whether or not to undertake a Full Business Case. This would be undertaken by the consultants, Grant Thornton, who would then in turn work with the key partners to explore the finer operational details.

6.3 The Panel expressed slight concern that consultants had been procured before getting any agreement or buy-in from Norfolk County Council (NCC). The Fire Service are held in high regard by Norfolk residents and it was seen as a primary duty of NCC. The Chief Executive explained that the PCC had taken the decision to appoint consultants, following the practice of his colleagues across the country. There had been some misunderstandings of the process and at this stage Grant Thornton were exploring the available options from an independent view. Moving to a full business case would obviously incur extra charges and it needed to demonstrate value for money for the Norfolk tax payer. The PCC insisted that the OBC would need to evidence that the County would be safer through another form of governance in order for him to commission a Full Business Case.

- 6.4 The panel had hoped that the OBC would be available for the meeting. The Chief Executive explained that there had been a slight delay in producing the report as it had taken longer for Grant Thornton to consult with all key partners than originally planned.
- 6.5 The Panel were reminded that the ultimate decision about a change of governance would be made by the Home Secretary. Neither did the legislation allow for PCSO's to become Firefighters or vice versa. The report would become a public document and it would be in the Panel's best interests to hold a meeting to discuss the contents with the report being independently presented by Grant Thornton. The Chief Executive confirmed that the decision would be a key decision by the PCC, and therefore in order to reinforce the openness and transparency of the process a decision notice would be published on the website with the OBC.
- 6.6 The PCC reiterated that in order to change the Governance arrangements he would have to be mindful of the will of the people he served as well as evidence of political will.
- 6.7 The Panel **noted** the update and **agreed** to hold an extra-ordinary meeting to consider the contents of the Outline Business Case when it was published. Grant Thornton would be asked to attend to present the report.

7. Police and Crime Commissioner (PCC) for Norfolk's 2018/19 Budget Consultation

- 7.1. The annexed report (7) was considered by the Panel which explained the Office of the Police and Crime Commissioner's approach to consulting on the Commissioner's proposals and publishing the results.
- 7.2 The consultation for the 2018/19 Police Budget was scheduled to run from 29th November 2017 until 22nd December 2017. There would be public meetings held as well as street surgeries with the aim of reaching out to as many people as possible. Details of all public consultation events would be published in due course.
- 7.3 The Temporary Assistant Chief Constable gave an insight into the savings that would have to be made in the medium term and the current financial position which had contributed to the Constabulary's Norfolk 2020 review. Increasing demand and the changing nature of crime had prompted the Constabulary to review whether it was fit for the future. He explained that the period of consultation on the new model of policing was due to end on 18 December 2017. If the proposals were taken forward it would enable the Constabulary to save £2m of the deficit, but that would still leave a projected gap of £1.8m that would have to be bridged. The Chief Finance Officer added that the police funding settlement was due next month, after which the budget position would be clearer. However, the Constabulary had seen a reduction of funding in real terms year-on-year, leaving a projected gap of £10m to bridge by 2021.
- 7.4 The PCC highlighted that he continued to appeal to Government for additional police funding alongside his PCC colleagues around the country. He went on to explain that if he was to raise the precept by the current maximum amount of 2%, while it would provide an additional £1.3m it would not close the budget gap. His consultation document would set two main options for residents to consider; a freeze (0% increase) and a 2% increase, with an explanation of the implications of both. However, PCC's around the country were petitioning the Government to raise the 2% cap. If the Government agreed to that, he would also be asking local residents if they would be prepared to pay more than 2%. An additional 4% (19p/week) on a Band D property would protect Norfolk 2020 proposals and

allow the budget gap to be closed. An additional 6% (25p/week) would balance the budget and enable some increase in neighbourhood policing. An additional 12% (50p/week) would enable investment in additional policing operational areas. He added that the success of his consultation relied on all partners to encourage residents to respond.

7.5 The Panel **noted** the overview of the PCC's 2018/19 budget consultation.

8. Police and Crime Plan for Norfolk 2016-2020 – performance monitoring

- 8.1 The annexed report (8) was considered by the Panel which provided an overview of the progress made against delivering two of the strategic priorities within the Norfolk Police and Crime Plan for 2016-2020.
- 8.2 Introducing the report, the PCC confirmed that performance measure data was still being collated and would be included in future reports.
- 8.3 The Panel asked how much the PCC spent on supporting victims. The Director of Policy and Commissioning, OPCCN, explained that OPCCN had a £2m commissioning budget, to deliver a three year commissioning strategy, and around £1.5m was spent on victim support, in addition to supporting a range of other activity to prevent crime that also reduced vulnerability. The Temporary Assistant Chief Constable also confirmed that the Constabulary used some of its budget to support victims in addition to OPCCN, but he did not have the figures to hand.
- 8.4 The PCC was commended for all the activity against the two priorities set out in his report. However, in light of Norfolk 2020, the PCC was asked if he would be changing priorities 1 (increase visible policing) and 2 (support rural communities). The PCC explained that reducing rural crime remained a priority, and provided examples of ongoing activity in that area. Although it was recognised that PCSOs played a large part of the Constabulary's being visible to general public, particularly in rural areas, it was explained by the Temporary Assistant Chief Constable that they were not the only element to this. The numbers of beat managers would increase as well as investment in engagement officers who would be well-experienced in localised problem solving. The Constabulary would be maintaining visible policing, but would be achieving that in different ways. New technology, such as that used in the 'Operation Moonshot' project would assist in policing roads using high-end technology which had seen good reductions in rural crime.
- 8.5 The Panel expressed concern that the good relationship the PCSOs had built with schools would be compromised. The Temporary Assistant Chief Constable confirmed that a good working relationship would still be upheld with police staff working closely alongside fourteen high schools. These would be high schools with the biggest threat risk. Norfolk Constabulary were also working with a theatre company performing knife crime and drug awareness assemblies in schools. Beat managers would also maintain contact with schools.
- 8.6 The Temporary Assistant Chief Constable reported that Her Majesty's Inspectorate of Constabulary had independently assessed Norfolk as one of the top six forces in the Country with regards to community engagement work and work with partners. Therefore the Norfolk 2020 review had been designed to fit today's demands and would carry on this good work.
- 8.7 The rollout of body worn cameras would be completed next month and therefore it was

too early to suggest if they had contributed to any reductions of crime, although initial feedback from police officers had been very positive.

- 8.8 The Panel asked what had improved for victims and the vulnerable and how could things be improved further for them. The Director of Policy and Commissioning, OPCCN, explained that the impact of services for victims was measured individual by individual, and that that could sometimes take time to become evident. Where services were integrated, such as through the Domestic Abuse triage service, changes were being made to make the individual's journey more effective, and significant resources was being invested in moving away from a focus on the assessment itself to providing practical support. He felt this might be an area that the Panel would find worthwhile to explore further. He also added that the nature of partnership working made measuring the value for money of services very challenging.
- 8.9 The Chief Finance Officer indicated that the Government would announce if there was any rise to the precept cap when they announced the funding settlement on 13th December 2017.
- 8.10 The Panel expressed concern that Norfolk residents would not comprehend the link between being asked to pay more Council tax yet seeing the number of PCSO's reduced. No other force was considering removing the role of PCSO and some urban areas, such as Great Yarmouth, had seen great benefit from them in terms of their stopping anti-social behaviour. The Temporary Assistant Chief Constable confirmed that he believed the proposed new policing model was the best for Norfolk. He shared the view that PCSOs do a great job for Norfolk and had made a significant contribution to crime and disorder reduction. However, the new model was based on increasing the number of police constables to allow for more flexibility. He recognised that lower level crimes such as anti-social behaviour were a concern and confirmed that they would continue to be addressed through beat managers, early help hubs and investment in community engagement officers. Police Officer's would be able to carry on with the good work of the PCSO's plus undertake work which legally could not be asked of PCSO's.
- 8.11 The PCC enforced that he would hold the Chief Constable to account on his plans for the 2020 model and he would ensure that the Police and Crime Plan was met as it was now.
- 8.12 The PCC would ensure that the Panel were informed of the results of the consultations.
- 8.13 The Panel **noted** the update about progress with delivering the Police and Crime Plan for Norfolk 2016-2020.

9. Office of the Police and Crime Commissioner for Norfolk – Commissioned Services Update

- 9.1. The annexed report (9) was considered by the Panel which provided more detailed performance and outcome data for 2017/18 for the three main services commissioned by the OPCCN to support victims of crime to cope and recover from their experiences.
- 9.2 Introducing the report, the PCC confirmed that measuring outcomes was an ongoing area of development.
- 9.3 The Director for Policy and Commissioning recognised that the victim status of sex workers could be made more explicit within the report for consideration by the Panel. He

gave the example of the WONDER project, which adopted a victim-centred approach to supporting sex workers.

- 9.4 The Temporary Assistant Chief Constable informed the Panel that they were aware that some of those involved in drug supply were those who were exploited and as a result were victims. A strategy was being drafted which would be shared with the Countywide Community Safety Partnership outlining those who would be most vulnerable at being caught up in the exploitation and how this could be prevented.
- 9.5 The Panel **noted** the update from the OPCCN about its Commissioned Services.

10. Information Bulletin – questions arising to the PCC

- 10.1 The annexed report (10) was considered by the Panel which summarised for the Panel both the decisions taken by the Police and Crime Commissioner for Norfolk (PCC) and the range of his activity since the last Panel meeting.
- 10.2 There was concern expressed at the low turnout at the most recent Police Accountability Forum meeting. The Director for Communications and Engagement confirmed that the meetings were widely publicised via press releases and social media channels. The most recent had been advertised more so as it was the first meeting that the Chief Constable and the PCC had been available since the publication of the 2020 review. Turnouts were difficult to predict, but it was also available as a live tweet for those who could not be there in person. The next meeting would be held in January in Breckland and the venue would be confirmed.
- 10.3 A suggestion was made that seized vehicles could be auctioned to raise capital for the Constabulary. There were a variety of reasons that vehicles were seized by the Constabulary and the majority of vehicles had little resale value. It was also suggested that they could be given to projects such as 'Open Road' in Kings Lynn who give the opportunity to people to work on cars and gain skills or the Fire Service for training purposes rather than crushing them.
- 10.4 The Panel **noted** the report.

11. National Police and Crime Panel Conference 2017

- 11.1 The annexed report (11) was considered by the Panel which outlined matters which had arisen from the national conference.
- 11.2 The Panel **noted** the report.

12. Work Programme

- 12.1 The Panel **noted** the work programme, with the following amendments:
- 1) The addition of an extraordinary meeting in January 2018.
 - 2) 15 February 2018 being the Reserve date, to review a revised precept for 2018-19, if vetoed.

Meeting ended at 12.10pm

**Mr William Richmond, Chairman,
Norfolk Police and Crime Panel**



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Police and Crime Commissioner for Norfolk's proposed police precept for 2018-19

Suggested approach from Jo Martin, Democratic Support and Scrutiny Team Manager

The Panel is recommended to:

- 1) Note the Police and Crime Commissioner for Norfolk's 2018/19 Revenue Budget and Capital Programme, the Medium Term Financial Plan 2018/19 to 2021/22, and the funding and financial strategies.
- 2) Decide whether or not it supports the Police and Crime Commissioner for Norfolk's proposed precept for 2018/19 and agree the content of the Panel's report which must be made to the Commissioner.

The PCC has not yet announced his precept proposal for 2018/19, but will confirm this by 1 February 2018.

- 3) Agree to meet at 10am on 15 February 2018 to review a revised precept proposal, should it decide to veto the precept proposal at today's meeting.

1. Background

1.1 The Police Reform and Social Responsibility Act 2011 ("the Act") requires the Police and Crime Panel ("the Panel") to review the Police and Crime Commissioner ("the PCC") for Norfolk's proposed precept (the amount he wants to raise from Council Tax) for the forthcoming financial year.

1.2 The Regulations require:

- the PCC to notify the Panel of his/her proposed precept by 1 February 2018;
- the Panel to review and make a report to the PCC on the proposed precept (whether it vetoes the precept or not) by 8 February 2018;
- where the Panel vetoes the precept, the PCC is to have regard to and respond to the Panel's report, and publish his/her response, including the revised precept, by 15 February 2018;
- the Panel, on receipt of a response from the PCC notifying it of his/her revised precept, to review the revised precept and make a second report to the PCC by 22 February 2018;
- the PCC to have regard to and respond to the Panel's second report and publish his/her response by 1 March 2018.

1.3 The Panel may only veto the first proposed precept. For that purpose, the Panel must vote in favour of using its veto by the required majority of at least two-thirds of the Panel's membership (8 or more members). Where a veto

occurs, the report to the PCC must include a statement to that effect.

- 1.4 If the Panel fails to report to the PCC by 8 February 2018 the scrutiny process comes to an end. Even if the Panel has voted to veto the proposed precept, the PCC may issue it.

2. The proposed precept for 2018-19

- 2.1 The PCC consulted on the following two precept options for 2018/19, subject to notification of final tax base figures by district councils and the final grant settlement by the Government:

- Option 1 – a freeze, keeping the policing precept the same as last year.
- Option 2 – a 2% increase, the maximum permitted without triggering a referendum, equating to an extra 8 pence per week or £4.23 per year for a household in a Band D property.

- 2.2 The consultation document clearly set out the implications arising from the two options, as follows:

- Option 1: A freeze on the policing element of council tax would mean a funding gap for the Constabulary in 2018/19 of £6.8m. Some £4m of savings have been identified at this stage, including £2m from the frontline local policing model (Norfolk 2020) announced by the Chief Constable in October. This leaves £2.8m still to find. The Chief Constable says further savings of this magnitude would mean some very difficult choices about even deeper reductions in frontline operational and support functions, mindful that 80% of the budget is staff costs.
- Option 2: A council tax increase of just under 2% (the maximum amount currently permitted by central government) is equivalent to 8 pence extra per week (at Band D) and would raise £1.2m. This is not 'additional money'; it will simply offset an expected £1.2m reduction in central government grant. This would leave the Constabulary with £1.6m of savings to find, in addition to the £4m already identified. The recently announced local policing model would be protected but the Chief Constable says this £1.6m would need to come from other operational and support areas of the budget. This would also mean some difficult decisions for the Constabulary.

- 2.3 The consultation document also asked Norfolk taxpayers who supported an increase, how much they would be prepared to pay if the cap were to be raised. The additional options presented were:

- Up to an extra 19 pence per week (a 4.5% increase)
This would raise £2.8m which, alongside the £4m of savings already identified would, on present projections, balance the budget for next year. This would mean that the frontline local policing model announced in October would be protected.
- Up to an extra 25 pence per week (a 6% increase)

This would raise £3.6m and, alongside the £4m of savings already identified, would enable the budget to be balanced. This option would provide an opportunity, on present projections, to make some modest increases in local policing.

- Up to an extra 50 pence per week (a 12% increase)
This would raise £7.2m and enable significant additional investment in frontline local and operational policing.

2.4 Following the public consultation, and the publication of the Provisional Police Grant Settlement (19th December 2017), the PCC has considered the following three precept options:

1. To freeze council tax
2. To increase council tax by 1.99% (£4.31)
3. To increase council tax by 5.55% (£11.97)

2.5 The PCC's decision will be made in light of current budget pressures, the core priorities set out in his Police and Crime Plan and on the basis that:

- a) The precept needs to be seen not as a one-off decision in relation to next year, but as part of a strategy in relation to the changing demands on policing over the medium to long-term.
- b) Norfolk Constabulary continues to face significant service pressures due rising demand, rising costs and the changing nature of crime.
- c) Advice from the Chief Constable has been considered alongside views from the community, key stakeholders and public sector bodies in the police, community safety and local criminal justice areas.

2.6 A report setting out the results of the public consultation is attached at **Annex 1** of this report.

2.7 Details of the budget and financial outlook supporting the three precept options are attached at **Annex 2** of this report, which includes the following information:

Appendix A	Police Grant 2018/19
Appendix B (i)	Budget and Medium Term Financial Plan 2018/22
Appendix B (ii)	Analysis of Known/Expected Changes
Appendix B (iii)	Analysis of Savings
Appendix C	High Level Analysis of the Net Budget 2018/19 to 2021/22
Appendix D	Proposed Capital Programme 2018/19 to 2021/22
Appendix E	Reserves Strategy
Appendix F	Forecast movement in general and earmarked reserves 2017/18 to 2021/22
Appendix G	Prudential Code Indicators 2018/19, 2019/20, 2020/21
Appendix H	Annual Treasury Management Strategy 2018/19
Appendix I	Minimum Revenue Provision Statement 2018/19
Appendix J	Precept (freeze) 2018/19
Appendix K	Precept (+1.99%) 2018/19
Appendix L	Precept (+5.55%) 2018/19

2.8 The Panel will wish to note the PCC's 2018/19 Revenue Budget and Capital Programme, the Medium Term Financial Plan 2018/19 to 2020/21, and the funding and financial strategies as background information for its consideration of the proposed precept. It is not required to approve the budget or make recommendations on the allocation of resources.

- 2.9 The funding and financial strategies are based on the provisional 2018/19 police grant settlement that was announced on 19 December 2017, local tax base figures and planning assumptions regarding future funding levels, on-going commitments and capital expenditure plans.
- 2.10 In preparing the 2018/19 Revenue Budget and Capital Programme, his Medium Term Financial Plan 2018/19 to 2020/21 and funding and financial strategies, the PCC and Chief Constable and their Chief Finance Officer have followed the requirements of the Financial Management Code of Practice. Consideration has been given to the robustness of budget estimates and saving proposals, and the level of resources needed to meet the Strategic Policing Requirement and deliver the draft Police and Crime Plan for Norfolk.
- 2.11 The Chief Finance Officer has advised the PCC and Chief Constable on the level of risk and the adequacy of reserves in preparing the draft budget proposals. These are referred to throughout this report.
- 2.12 The final budget for 2018/19 will be agreed by the PCC in February 2018 when the final grant settlement is confirmed and confirmation of tax base collection fund position from billing authorities is received (before 31 January 2018). Should any change be necessary this will be dealt with by a transfer to or from the Budget Support Reserve, and the precept will therefore be unaffected.

3. Suggested approach

- 3.1 The PCC will attend the meeting to answer the Panel's questions and will be supported by members of his staff, including his Chief Executive and Chief Finance Officer, together with the Chief Constable.
- 3.2 Norfolk County Council's Assistant Director of Finance will attend to provide independent financial advice to the Panel if required. He has considered the financial assumptions underpinning the PCC's budget proposals for 2018/19 and beyond and has discussed these with the PCC's Chief Finance Officer. The assumptions are considered to be reasonable and realistic in light of the current understanding of future funding levels, but will need to be kept under continued review.
- 3.3 After the PCC has presented his report, and the Panel has received a presentation from his Chief Finance Officer and the Chief Constable, the Panel may wish to question him on the following areas:
- a) How the three policing precept options were formulated.
 - b) The PCC's rationale for selecting his preferred option.
 - c) The implications of the PCC's preferred option.
 - d) The service and financial planning process.
 - e) The key messages received through the public consultation.
 - f) How the proposed precept aligns with the resources required to deliver the core priorities set out in the Police and Crime Plan for Norfolk.

- g) Potential implications arising from the introduction of a new Police Funding Formula, postponed from 2018/19 to the next Spending Review.
- h) The level of efficiency savings achieved through collaboration (local and regional) and the Change Programme.
- i) Opportunities for further efficiency savings through future collaboration plans (local and regional).
- j) Opportunities for further efficiencies identified through Norfolk Constabulary's 2020 Review.
- k) Implications arising from the reduction in the capital grant since 2015/16 and the affordability of the capital programme, which has previously been funded mainly from internal borrowing and reserves but now will require external borrowing.
- l) Base budget pressures.
- m) The level of risk and the adequacy of reserves, having noted that each of the three options require further savings to be found by 2021/22 (on top of the £5.7m identified).
- n) Any implications for the PCC's commissioning strategy and the Community Safety Fund Crime and Disorder Reduction Grants.

4. Possible outcomes from reviewing the proposed precept

- 4.1 At the end of its review, the Panel must make a report to the PCC setting out whether or not it supports the proposed precept for 2018-19. This report must be published.
- 4.2 The Panel could:
 - a) Support the proposed precept without qualification or comment.
 - b) Support the proposed precept, but express reservations clearly stating the reasons why and, if appropriate, make recommendations to the PCC for his consideration.
 - c) Agree not to support the precept and to set out the reasons why, but fall short of exercising the veto against it.
 - d) Veto the proposed precept, stating whether this is because it is:
 - too high (in which case the revised precept must be lower than the previously proposed precept)
 - too low (in which case the revised precept must be higher than the previously proposed precept).

The Act requires at least two-thirds of the Panel's membership (8 or more members) to vote in favour of using its veto.

5. Reviewing a revised precept

- 5.1 Should the Panel decide to veto the original precept proposal, it is suggested that the Panel should agree to meet at 10am on 15 February 2018 to review the revised precept proposal.
- 5.2 On receipt of a response from the PCC notifying the Panel of a revised precept proposal, the Panel must review the revised precept proposal and make a second report to the PCC by 22 February 2018. This report may:
- a) Indicate whether the Panel accepts or rejects the revised precept (although rejection does not prevent the PCC from issuing the revised precept).
 - b) Make recommendations, including recommendations on the precept that should be issued.
- 5.3 If the Panel fails to make a second report to the Commissioner by 22 February 2018, the PCC may issue his revised precept.

6. Action

- 6.1 The Panel is recommended to:
- 1) Note the Police and Crime Commissioner for Norfolk's proposed 2018/19 Revenue Budget and Capital Programme, the Medium Term Financial Plan 2018/19 to 2021/22, and the funding and financial strategies.
 - 2) Decide whether or not it supports the Police and Crime Commissioner for Norfolk's proposed precept for 2018/19 and agree the content of the Panel's report which must be made to the Commissioner.
 - 3) Agree to meet at 10am on 15 February 2018 to review a revised precept proposal, should it decide to veto the precept proposal at today's meeting.



If you need this report in large print, audio, Braille, alternative format or in a different language please contact Jo Martin on 0344 800 8011 or 0344 800 8011 (Textphone) and we will do our best to help.

**Office of the Police & Crime Commissioner
Budget Consultation 2018/19**

Summary

1. The Police and Crime Commissioner (PCC) has a statutory duty to consult Norfolk people on his proposals ahead of setting the policing budget and, with it, how much they will contribute through council tax.
2. The Panel received a report at its November meeting outlining the method and timescales for the 2018/19 police budget consultation.
3. The budget consultation was launched on 29 November, and closed on 22 December.
4. This report provides members with an update on the consultation, including its results.

1. Background

- 1.1 Ahead of setting the annual policing budget, the Police and Crime Commissioner (PCC) has a statutory duty to consult Norfolk people on his proposals, including whether the amount they contribute to funding their policing service through council tax should be increased, as per the following requirements.

1.2 Police Act 1996, Section 96
Arrangements for obtaining the views of the community on policing:

- (1) Arrangements shall be made for each police area for obtaining—
 - (a) the views of people in that area about matters concerning the policing of the area, and
 - (b) their co-operation with the police in preventing crime in that area.
- (2) Except as provided by subsections (3) to (6), arrangements for each police area shall be made by the police authority after consulting the chief constable as to the arrangements that would be appropriate.
- (7) A body or person whose duty it is to make arrangements under this section shall review the arrangements so made from time to time.
- (8) If it appears to the Secretary of State that arrangements for a police area are not adequate for the purposes set out in subsection (1), he may require the body or person whose duty it is to make arrangements for that area to submit a report to him concerning the arrangements.
- (9) After considering a report submitted under subsection (8), the Secretary of State may require the body or person who submitted it to review the arrangements and submit a further report to him concerning them.

(10) A body or person whose duty it is to make arrangements shall be under the same duties to consult when reviewing arrangements as when making them.

Amended by Police Reform and Social Responsibility Act 2011, Section 14:

(1B) Those arrangements must include, in the case of a police area listed in Schedule 1, arrangements for obtaining, before the first precept for a financial year is issued by the police and crime commissioner under section 40 of the Local Government Finance Act 1992, the views of—

(a) the people in that police area, and

(b) the relevant ratepayers' representatives, on the proposals of the police and crime commissioner for expenditure (including capital expenditure) in that financial year.

(2) Arrangements under this section are to be made by the local policing body for the police area, after consulting the chief officer of police for that area.

1.3 Consultation guidance

The Consultation Code of Practice 2008 was abolished in 2012 and, with it, the minimum consultation timescale of 12 weeks. The Code was replaced by a list of consultation principles adopted in 2016 by Government departments.

Those principles make reference to consultations lasting for a 'proportionate amount of time...taking into account the nature and impact of the proposal', tailoring consultation 'to the needs and preferences of particular groups that may not respond to traditional consultation methods, and when consultation spans all or part of a holiday period, considering 'how this may affect consultation and take appropriate mitigating action.'

2. Approach to consultation

- 2.1 There is a duty on the PCC to consult with members of the public, including victims of crime and business rates payers, ahead of setting the policing budget and council tax precept. Consultation can be undertaken in whatever format the PCC considers appropriate.
- 2.2 The two primary options upon which the PCC consulted this year were a policing precept freeze at last year's level or an increase of up to 2%, which was the maximum increase permitted under the central government cap in place at the time of consultation launch. That 2% increase equates to an extra 8 pence per week or £4.23 per year for a household in a Band D property.
- 2.3 The PCC had been lobbying the Prime Minister, Home Secretary and Policing Minister over a number of months for central government to look again at police funding and allow PCCs more flexibility to set budgets in response to financial challenges and local policing need. One of the options he had asked to be considered was raising the cap on council tax increases above 2%.

- 2.4 With that in mind, the PCC took the decision to consult on a number of supplementary options in order to gather public opinion and help inform his budget decision should that maximum cap be increased.
- 2.5 Having responded whether they would support a council tax freeze or an increase up to 2%, survey respondents who opted for an increase were asked to indicate how much more they would be prepared to pay:
- No more than an extra 8p per week (a 2% increase)
 - Up to an extra 19p per week (a 4.5% increase)
 - Up to an extra 25p per week (a 6% increase)
 - Up to an extra 50p per week (a 12% increase).
- 2.6 Respondents to the survey were also given the opportunity to provide an open text response to share in more detail their views on the consultation questions, or wider concerns, observations or experiences of crime and policing in their area
- 2.7 The 2018/19 police budget consultation was launched on 29 November, and ran until 22 December 2017.
- 2.8 The consultation took the form of an online and hard copy survey and an intensive programme of media, communications and engagement activity. The hard copy consultation document is provided at appendix A.
- 2.9 The consultation was widely promoted through the media, local, parish and community publications, PCC and partner websites and social media channels.
- 2.10 Norfolk's parish, town, district and county councillors were contacted, as well as our MPs, and asked to raise awareness of the consultation within their local areas.
- 2.11 Partners working in the policing, community safety, criminal justice, victim support and rehabilitation arenas were provided with details of the consultation and their assistance requested in encouraging people to take part. Norfolk Constabulary's district-based Community Engagement Officers also helped promote the consultation in their policing areas.
- 2.12 The consultation was promoted to local businesses through the Norfolk Chamber of Commerce and the Federation of Small Businesses to ensure their members were aware and had the opportunity to respond.
- 2.13 Among others, the PCC and OPCCN utilised the following channels to raise awareness of the consultation and encourage participation:
- Eastern Daily Press coverage
 - PCC's regular Great Yarmouth Mercury column
 - Lynn News coverage
 - BBC Radio Norfolk coverage
 - BBC Look East coverage
 - PCC engagement in Norwich, King's Lynn, Great Yarmouth and Thetford
 - Circulation of consultation details to all parish councils

- OPCCN and Norfolk Constabulary websites
- Norfolk Constabulary Intranet
- Police Connect external messaging service
- Safer Neighbourhood Action Panel meetings
- Survey information in libraries
- OPCCN monthly newsletter and OPCCN e-mail signatures
- Partner newsletters, websites and social media
- Local, parish and community publications
- Volunteers (custody visitors, independent advisory group, youth commission)
- Social media
- Elected members
- Norfolk Chamber of Commerce and Federation of Small Businesses members
- Norfolk County Council 'Your Voice' consultation platform.

2.14 As with previous consultations carried out by the OPCCN, the results indicate that the online survey was the favoured response method among participants. More than 2,000 people chose to have their say in that way.

2.15 The OPCCN is, however, committed to ensuring that people without internet access or who would prefer to give their views in another way do not face barriers to doing so. Hard copies of the consultation information pack and survey were sent out on request and made available via libraries. As well as directing people to the website and highlighting when and where the PCC would be gathering views in their area, communications for the consultation invited people to have their say by writing to the PCC, sending an email to the dedicated consultation inbox at TellLorne@norfolk.pnn.police.uk or telephoning the OPCCN on 01953 424455.

Note: Three days before the PCC's consultation closed, the Policing Minister stated in his provisional police settlement announcement that the cap on policing council tax increases would be raised. The maximum amount by which PCCs will be permitted to increase the policing element of council tax in 2018/19 will be £12 per household. That equates to a maximum 5.5% increase in Norfolk.

3. Results of the public consultation

3.1 2,088 people responded to the 2017/18 police budget and council tax survey, either online or in hard copy.

3.2 For other forms of contact (where the survey was not completed), if a clear preference for either a freeze or increase was expressed, this information has been included in the figures at 3.9 below.

3.3 The OPCCN received 35 responses to the consultation via email to the dedicated consultation inbox, 17 of which explicitly supported either an increase or freeze.

- 3.4 Two letters were received – one explicitly showing support for the option of paying an extra 6%, the other expressing concern about how an increase might affect individuals who have low household income. We also received a press cutting of the EDP news article asking ‘Are you prepared to pay more council tax to help fund policing in Norfolk?’ to which the sender had responded ‘yes’.
- 3.5 The office also took a number of consultation-related phone calls from members of the public. The majority of people telephoning the OPCCN were happy to be directed to the website to complete the online survey, to email their views or to have a hard copy survey sent to them to complete. Two people chose to give their views over the telephone, both stating a preference for either a precept freeze or increase.
- 3.6 A number of people commented on the consultation via Twitter or Facebook; 26 such comments stated support for either a freeze or increase.
- 3.7 All comments received to the consultation by whatever means of communication were provided to the PCC to help inform his 2018/19 policing budget decisions.
- 3.8 Recurring themes/messages within the comments included:
- A willingness to pay more as long as the funds raised are used to facilitate more visible policing.
 - A willingness to pay more if the role of the PCSO was saved.
 - Concern for the loss of the PCSO role, suggesting that a PCSO was the only visible police presence in certain areas of the county.
 - Concern about lack of police visibility and engagement, especially in rural areas.
 - An unwillingness to pay more, because of financial difficulty, wages not increasing and not wanting/being able to contribute more.
 - Calls for efficiency savings, better use of resources and changes to management structures, alongside reduction in police retirement ages and pension pay.
 - Calls for central Government to give more money to the police and not for the local tax payer to pay to fill the funding gap, and for the PCC to lobby harder for this to happen.

3.9

Responses to 2018/19 police budget consultation				
	Total	Number answering survey Q1	Preference for 0%	Prepared to pay up to 2% increase
Survey (online/ hard copy)	2,088	2,088	863	1,225
Email	35	17	9	8
Letter	2	1	0	1
Telephone	2	2	1	1
Social media comments	47	26	22	4
Total	2174	2134	895	1239
%			41%	59%

	Number answering survey Q2	No more than a 2% increase	Prepared to pay up to 4.5%	Prepared to pay up to 6%	Prepared to pay up to 12%
Survey (online/ hard copy)	1,186	239	170	270	507
Email	8	3	1	1	3
Letter	1	0	0	1	0
Telephone	0	0	0	0	0
Social media comments	0	0	0	0	0
Total	1195	242	171	272	510
%		20%	14%	23%	43%

3.10 In the interests of being open and transparent, a complete list of consultation responses will be published on the Norfolk PCC website. As part of the OPCCN's analysis of responses, any identifying information within comments (such as names, email addresses etc.), as well as any abusive language or anything which could be potentially libellous will have been removed.

4. Conclusion

- 4.1 The results of the police budget 2018/19 consultation show that 59% of those who took part said they would be prepared to pay an extra 2% through the policing element of their council tax.
- 4.2 Of those who showed a preference for an increase, 20% stated that they would not be willing to pay more than 2%, 14% stated that they would pay up to an extra 19p per week (4.5%), 23% said that they would pay an extra 25p per week (6%) and 43% said they would be prepared to pay an extra 50p per week (12%).
- 4.3 Panel members are asked to note the results of the public consultation.

5. Appendices

A 2018/19 police budget and council tax consultation document

A full copy of all responses received will be made available in the members' room at County Hall.



Dear Norfolk resident

As your Police and Crime Commissioner, it's my job to set the policing budget for Norfolk and, with it, how much you contribute through council tax.

58% of Norfolk's policing budget is funded by central government; your council tax makes up the rest. With such a significant contribution coming from your pocket, I want all Norfolk residents to have a say on how that funding is used.

Please spare a few minutes to take the survey within this information pack. You can also share your views online at www.norfolk-pcc.gov.uk, by telephone on 01953 424455, by email to TellLorne@norfolk.pnn.police.uk, or by writing to me at OPCCN, Building 8, Falconers Chase, Wymondham, NR18 0WW.

A message from your PCC

I am now 18 months into my work as your Police and Crime Commissioner (PCC) and, during my time in office, I have become increasingly aware of just how challenging the financial situation is for policing in our county.

Grant funding from central government continues to reduce year on year but policing costs are increasing, along with demands for service. If austerity continues, Norfolk Constabulary will need to make cuts of between £2m and £3m every year just to cover inflation. The Government has made it clear that it expects me to increase the policing element of council tax by the maximum I can to help bridge the gap.

Norfolk Constabulary's budget gap for next year is estimated to be £5.6m; if there is no council tax increase, that gap widens to £6.8m. The Chief Constable has told me that, in the ninth year of austerity, this is going to make for difficult choices and will lead to further police officer and staff reductions.

At the moment, the maximum policing council tax increase I can consider for 2018/19 is 1.99%, which amounts to 8 pence per week or £4.32 a year extra for a household in a Band D property. In Norfolk, 75% of properties are below Band D so would pay less.

I, along with other PCCs, have been lobbying central government to look again at police funding and lift the council tax limit above the current 1.99% maximum. This would allow





PCCs more flexibility to set council tax levels in response to financial challenges and local policing needs.

To help inform my budget decision, I would like to know what you would be prepared to pay next year for policing in Norfolk.



So, what I am asking is...

Do you support a council tax increase or do you support a freeze, keeping the policing element of council tax at last year's level?

And, if you would support an increase, please tell me the maximum amount you would be prepared to pay if central government were to lift the maximum 1.99% cap.



Before you take the survey at the back of this information pack, please read the update from the Chief Constable which outlines the current situation for Norfolk Constabulary and what the council tax options mean for your policing service.

Your views are important to me and will help inform my budget decisions for 2018/19, so please take the time to have your say between now and Friday 22 December.



A blue ink handwritten signature, appearing to read 'Lorne Green'.

Lorne Green

Police and Crime Commissioner
for Norfolk



From the Chief Constable

FIT FOR THE FUTURE

Recently we launched our proposals for a policing model designed not only to be fit for the future but also evidence-based, fully costed and scalable. We knew that crime had changed and will continue to change, and we faced severe and ongoing budget reductions. Through consultation, research, pilots and analysis, our Norfolk 2020 team carried out one of the most thorough reviews in the Force's history. Our proposals are

“Our proposals are bold and innovative and also, unfortunately, have a human impact that is regrettable but unavoidable.”

bold and innovative and also, unfortunately, have a human impact that is regrettable but unavoidable. A key fact we uncovered is the organisational cost of a PCSO is no longer significantly different to a PC. The average annual cost for a PCSO is £39,800, for a PC it is £41,620. With such a small difference

we then considered the additional powers and flexibility which warranted officers who have full powers bring. Considering we have reduced the annual budget by £30m since 2010 and with a further £10m still to save, we have had no choice but to look at the 80% of our budget which we spend on people. With fewer employees, you need maximum flexibility and powers.

CHANGING FACE OF CRIME

The changing face of crime means we continue to see an unprecedented increase in demand in some of the most complex and challenging areas of policing. Rising reports of adult abuse, child abuse, serious sexual offences and serious violence have led to a need for more detectives - detectives with a warrant and, therefore, the right powers, training and equipment to face up to these threats. To provide the best service to victims of such serious crimes we needed to consolidate and enhance facilities for these specially trained officers.

“The changing face of crime means we continue to see an unprecedented increase in demand in some of the most complex and challenging areas of policing.”

We also needed to increase our own exploitation of technology. This led to our proposals for two new state-of-the-art facilities, in east and west Norfolk, giving us the right people in the right locations and enabling our frontline officers to focus on neighbourhood policing. Our analysis showed that an increase of 25 detectives was needed, at a cost of around £1.25m a year. However, the centralising of investigations means we can reduce this cost to only £300,000 a year.

AUSTERITY

The majority of our income comes from two main sources - 58% comes from the Home Office and 42% comes from your council tax. We also get a small amount from other things such as charging for the policing of football matches or specific grants such as counter terrorism. In 2010, with the introduction of austerity, the Government reduced the money available to us by over 25%. As a result, we had to make savings of over £30m. In 2015, the Government slowed the rate of savings they required and PCCs were guided to raise local council tax by the maximum amount (1.99%) on an annual basis to maintain police budgets at 2015 levels. This approach means that we have a similar amount of money available to us each year.

But our 'cost of living', like yours, is rising. Inflation is climbing; the pay of our police officers and staff, which is nationally set, rises every year. We also have to pay other statutory costs which are beyond our control. In the last two years alone, there have been increases in employer's national insurance and employer's pension costs of £3m.

"But our 'cost of living', like yours, is rising. Inflation is climbing; the pay of our police officers and staff, which is nationally set, rises every year."

PROTECTING THE FRONTLINE

If the money we ask for in your council tax did not go up each year, the savings we would need to make would be even greater. Without a precept rise the reductions in policing resource would be even deeper. The council tax rises you pay are helping us to protect the frontline. Our collaboration with our preferred partner Suffolk Constabulary continues to save us millions of pounds while not adversely affecting our service but these savings opportunities are becoming harder to find. To balance our books, we need to develop our budgets and our financial plans in such a way that it takes into account our reserves and our need to spend money on capital assets. Capital assets

can be anything from our buildings or our information technology to our police vehicles.



21st CENTURY POLICING

Our reserves currently total £25m, yet we will see them fall to £11m (7% of our £150m budget) by 31 March 2021. In financial terms, this is close to our minimum and it is important to remember that reserves can only be spent once. For example, within this amount we hold £4.5m for exceptional operational policing demand (such as a complex murder case) and some reserves are held to meet other costs that might arise such as a significant increase in insurance claims. We also use reserves to support our future budget, improve our efficiency and, in particular, help us introduce new technology such as body worn video or drones which help support frontline officers. But again, as with all technology, these things

will need to be replaced after a few years leading to future costs.



Our police estate is under continuous review and we have invested a lot in our estate over the last 10 years including our Police Investigation Centres. To be more efficient and effective, we needed to refurbish our old police stations, such as King's Lynn. We are also discussing plans for Bethel Street and Great Yarmouth. This will help us make significant savings on running costs as well as repairs and maintenance. In addition, by the end of 2020/21, we will have stopped leasing any properties, saving another £500,000, while making sure we relocate affected staff. We are also working closely with Norfolk's Fire and Rescue Service to increase the number of joint police and fire stations and exploring the possibilities of sharing buildings or other

facilities with other public sector partners.

WISE INVESTMENT

Using our reserves wisely and investing for the future is always our focus when making any medium or long-term financial plans. This does not mean we will avoid having to make more difficult choices ahead as we balance the budget for 2018/19 and, even if you decide that you support a council tax increase by the current maximum amount (1.99%), unfortunately it will not protect us from having to reduce further our officers and staff in the future. However, we do not anticipate any changes to the new policing model announced in October; rather, any reductions will be in operational support and back office functions. We would like to see central government raise the cap on council tax increases to give the PCC the opportunity to protect the current establishment or invest in additional officers.

Simon Bailey

Chief Constable, Norfolk Constabulary

Having considered the information provided by the Chief Constable, which of the following would you support?

OPTION 1: NO INCREASE IN THE POLICING ELEMENT OF COUNCIL TAX

A freeze on the policing element of council tax would mean a funding gap for the Constabulary in 2018/19 of £6.8m. Some £4m of savings have been identified at this stage, including £2m from the frontline local policing model (Norfolk 2020) announced by the Chief Constable in October. This leaves £2.8m still to find. Further savings of this magnitude would mean some very difficult choices about even deeper reductions in frontline operational and support functions, mindful that 80% of the budget is staff costs.

OPTION 2: INCREASE THE POLICING ELEMENT OF COUNCIL TAX BY JUST UNDER 2%

A council tax increase of just under 2% (the maximum amount currently permitted by central government) is equivalent to 8 pence extra per week (at Band D) and would raise £1.2m. This is not 'additional money'; it will simply offset an expected £1.2m reduction in our central government grant. This would leave the Constabulary with £1.6m of savings to find, in addition to the £4m already identified. The recently announced local policing model would be protected but this £1.6m would need to come from other operational and support areas of the budget. This would also mean some difficult decisions for the Constabulary.

Would you support a policing council tax increase higher than 2%?

Central government places a cap on the maximum council tax increase allowed, and that cap has been around the 2% mark for the last few years. The PCC and Chief Constable have called for that maximum cap to be removed to allow more flexibility in setting council tax levels in response to financial challenges and local policing needs. While this is not something the PCC has consulted on in the past, a number of respondents to previous budget surveys have questioned the cap and said they would support an increase higher than 2%.

If the maximum cap on council tax were to be raised by central government, would you be prepared to pay a higher amount? And if you would, based on the information which follows, what is the maximum amount you would be willing to pay?

UP TO AN EXTRA 19 PENCE PER WEEK (a 4.5% increase)

This would raise £2.8m which, alongside the £4m of savings already identified would, on present projections, balance the budget for next year. This would mean that the frontline local policing model announced in October would be protected.

UP TO AN EXTRA 25 PENCE PER WEEK (a 6% increase)

This would raise £3.6m and, alongside the £4m of savings already identified, this would enable the budget to be balanced. This option would provide an opportunity, on present projections, to make some modest increases in local policing.

UP TO AN EXTRA 50 PENCE PER WEEK (a 12% increase)

This would raise £7.2m and enable significant additional investment in frontline local and operational policing.

You can have your say using the survey form at the back of this information pack or online at www.norfolk-pcc.gov.uk

You can also share your views by post, telephone or email using the following contact details:

Post: OPCCN, Building 8, Jubilee House, Falconers Chase, Wymondham, Norfolk, NR18 0WW

Telephone: 01953 424455

Email: TellLorne@norfolk.pnn.police.uk



OFFICE OF THE POLICE & CRIME COMMISSIONER FOR NORFOLK

REPORT TO THE NORFOLK POLICE AND CRIME PANEL 6 FEBRUARY 2018

PROPOSED PRECEPT FOR 2018/19

Executive Summary

This report outlines the budget and financial impact of the **three** 2018/19 precept options considered by the Police and Crime Commissioner following public consultation:

1. To freeze council tax
2. To increase council tax by 1.99% (£4.31 per annum at Band D)
3. To increase council tax by 5.55% (£11.97 per annum at Band D)

NB Increases of £12.00 or more would trigger a local referendum.

62% of households in Norfolk are below Band D

It also sets out the Capital Programme and the Medium Term Financial Plan (MTFP) 2018/19 to 2021/22.

A high level summary of the three options is set out in the tables below.

Option 1 – Freeze Council Tax

Council Tax Freeze	Budget 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22
	£000	£000	£000	£000
Total Funding (Grant + Precept)	(151,087)	(151,042)	(151,220)	(151,421)
Net Revenue Budget before changes and savings	153,600	157,114	160,636	164,224
REVENUE DEFICIT BEFORE KNOWN CHANGES	2,512	6,073	9,416	12,803
Known / Expected Changes	5,828	7,275	4,580	8,336
Planned use of reserves	(2,835)	(1,312)	1,895	(1,766)
REVENUE DEFICIT BEFORE SAVINGS	5,505	12,035	15,890	19,373
Planned Savings	(4,036)	(5,140)	(5,535)	(5,652)
Savings to be identified	(1,469)	(6,895)	(10,355)	(13,721)
REVENUE DEFICIT/(SURPLUS) AFTER SAVINGS	0	0	0	0

This option:

- would see reserves reduce from £15.6m as at 31 March 2018 to an estimated £10m as at 31 March 2022
 - would require a further £13.7m of savings to be found by 2021/22 (on top of the £5.7m identified). Most of this would have to be from front-line operational and local policing. £6m of the savings required would be to protect reserves
 - was not the planning assumption.
- Over...

Option 2 – Increase Council Tax by 1.99%

1.99% Council Tax increase	Budget 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000
Total Funding (Grant + Precept)	(152,336)	(153,605)	(155,165)	(156,815)
Net Revenue Budget before changes and savings	153,600	157,114	160,636	164,224
REVENUE DEFICIT BEFORE KNOWN CHANGES	1,264	3,509	5,472	7,409
Known / Expected Changes	5,828	7,275	4,580	8,336
Planned use of reserves	(2,835)	(1,312)	1,895	(1,766)
REVENUE DEFICIT BEFORE SAVINGS	4,256	9,471	11,946	13,979
Planned Savings	(4,036)	(5,140)	(5,535)	(5,652)
Savings to be identified	(220)	(4,331)	(6,411)	(8,327)
REVENUE DEFICIT/(SURPLUS) AFTER SAVINGS	0	0	0	0

This option would:

- see reserves reduce from £15.6m as at 31 March 2018 to an estimated £10m as at 31 March 2022
- require a further £8.3m of savings to be found by 2021/22 (on top of the £5.7m identified). £6m of the savings required would be to protect reserves.
- for 2018/19, result in no changes to the Local Policing Model (Norfolk 2020) announced in October 2017 but would inevitably mean further local policing reductions in 2019/20 and later years
- increase the Band D council tax by £4.31 (8p a week) to £221.48.

Option 3 – Increase Council Tax by 5.55%

5.55% Council Tax increase	Budget 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000
Total Funding (Grant + Precept)	(154,555)	(158,080)	(159,788)	(161,589)
Net Revenue Budget before changes and savings	153,600	157,114	160,636	164,224
REVENUE DEFICIT BEFORE KNOWN CHANGES	(955)	(966)	848	2,635
Known / Expected Changes	5,827	7,274	4,579	8,335
Planned use of reserves	(1,835)	(2,188)	1,895	(1,766)
REVENUE DEFICIT BEFORE SAVINGS	3,036	4,120	7,322	9,204
Planned Savings	(3,036)	(4,120)	(4,495)	(4,591)
Savings to be identified	0	0	(2,827)	(4,613)
REVENUE DEFICIT/(SURPLUS) AFTER SAVINGS	0	0	0	0

This option would:

- see Reserves reduce from £15.6m as at 31 March 2018 to an estimated £10m as at 31 March 2022
- require a further £4.6m of savings to be found by 2021/22 (on top of the £4.6m identified). £2m of the savings required would be to protect reserves
- result in **an increase** to the Local Policing Model (Norfolk 2020) announced in October 2017
- increase the Band D council tax by £11.97 (23p a week) to £229.14.

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Appendix L Precept (+5.55%) 2018/19	53

Recommendation

It is recommended that the Police and Crime Panel:

- a) notes the Revenue Budget and Capital Programme for 2018/19, the Medium Term Financial Plan 2018/19 to 2021/22 and the funding and financial strategies
- b) considers the three precept options for 2018/19 presented in the report
- c) endorses the Police and Crime Commissioner's proposed precept for 2018/19, which the Panel will be notified of by 1 February 2018 (the statutory deadline).

1. Background

- 1.1 The decision on the level of the precept/council tax, the Revenue Budget and Capital Programme needs to be seen in the context of the funding envelope (the total of the precept and government grant), the pressures on the policing service (the changing nature of demand and price/pay increases), the PCC's priorities as set out in the Police and Crime Plan and the impact of the budget reductions necessary to balance the budget.
- 1.2 The decision must also be seen, not as a one-off decision in relation to next year, but as part of a strategy in relation to the changing demands on policing over the medium to long-term. The precept options and budget proposals within this report are made within the context of a rolling four year strategic and financial planning cycle. The figures contained within the strategy are based upon current information and the stated assumptions.
- 1.3 The PCC took up office in May 2016 and has been clear about his wish, for example, to improve the visibility of the police, equip officers with '21st century' technology and ensure that the Constabulary is finding savings through greater efficiency in order to offset some of the cost pressures (good stewardship). These priorities (1, 6 and 7 below) are particularly important in the context of the budget and financial plan.
- 1.4 Following a full consultation with the public, partners and local businesses the PCC's Police and Crime Plan was published in March 2017 and includes seven strategic aims:
 1. Increase visible policing
 2. Support rural communities
 3. Improve road safety
 4. Prevent offending and rehabilitate offenders
 5. Support victims and reduce vulnerability
 6. Deliver a modern and innovative service
 7. Good stewardship of PCC finances.
- 1.5 The Commissioner has had iterative discussions on the budget proposals with the Chief Constable, particularly in reference to the Local Policing Model (Norfolk 2020). He has also considered views from the community, key stakeholders and public sector bodies. The results of the PCC's budget consultation are included in a report elsewhere on the agenda.
- 1.6 In accordance with the requirements of the Police and Crime Panel (Precepts and Chief Constable Appointments) Regulations 2012, a precept is proposed for 2018/19.

2. The Funding Context

- 2.1 2018/19 will be the 9th year of austerity. In 2010/11 Norfolk's Police Grant was £100.9m and in 2017/18 it was £77.9m (on a like for like basis, excluding Legacy Council Tax Grants). This is a reduction of 23% in cash and 37% in real terms.

- 2.2 In 2010/11 Band D Council tax was £191.16 in 2017/18 it is £217.17, an increase of 13.6% (1.9% average per annum).
- 2.3 The annual council tax increase has never been enough to balance the budget so savings have had to be found. To the end of 2016/17 Norfolk Constabulary has saved over £30m. In 2017/18 it will save another £3.8m and in the new MTFP period 2018/22 savings of between £9m and £14m are required depending on the Option proposed by the PCC. This will bring year on year savings to between £43m and £48m over 12 years (2010 to 2022).

Provisional Grant Settlement

- 2.4 Since the Autumn Statement 2015, the grant settlements for PCCs have been predicated on 'cash level' with PCCs required to increase the precept to make up for the reduction in government grant. Norfolk has been better than cash level over the last few years because of its growing tax base (more properties on which to levy council tax) and the good council tax collection rates of the District Councils resulting in collection fund surpluses (one-off) being shared with the precepting authorities.
- 2.5 Over the last 6 to 9 months the Association of Police and Crime Commissioners (APCC) and the National Police Chiefs' Council (NPCC) have submitted evidence to the Policing Minister of the financial costs of the pressures on the service. During this time a number of terrorist incidents have placed even more pressure on the service.
- 2.6 The PCC has lobbied and met with the Policing and Fire Service Minister and the Prime Minister to explain the financial pressures on Norfolk Police. The provisional grant settlement announcement was made on 19 December 2017 and in his letter to PCCs the Minister said "...Your concerns have been heard and that is why we are proposing to increase investment in policing by up to £450m year on year in 2018/19."
- 2.7 In reality, the £450m comprises £50m of new money (for counter terrorism), £130m of 'reallocations' and £270m if PCCs maximise precepts.
- 2.8 The Home Office will maintain grant at the 2017/18 cash level and permit PCCs to raise the council tax by up to 'a pound a month' i.e. £12 per annum.
- 2.9 The Settlement is not expected to be confirmed until early February 2018 but is unlikely to change. Further details are in the table below and in Appendix A.

	2017/18	2018/19	Variance	
	£000	£000	£000	%
Police Main Grant	77,888	77,888	0	0.00%
Legacy Council Tax Grants	9,305	9,305	0	0.00%
Total all Grants	87,193	87,193	0	0.00%

- 2.10 The Provisional Police Grant report also says that the "Government intends to maintain the protection of a broadly flat police grant in 2019/20 and repeat the same flexibility of the precept, i.e. allowing PCCs to increase their Band D precept by a further up to £12 in 2019/20".

- 2.11 This approach for 2019/20 is dependent on the police delivering “*clear and substantial progress against the agreed milestones on productivity and efficiency in 2018*”.
- 2.12 As the constabulary, and policing as a whole, remain committed to delivering efficiency, the MTFP includes the assumption that the grant is maintained at the same level for 2018/19 and 2019/20.
- 2.13 In essence, this is a two year settlement, but in any event the PCC will consult on the precept options for 2019/20 in December 2018. The financial planning assumptions for 2020/21 and beyond are difficult to judge. In the period between now and then a Spending Review and a new funding formula are expected and the financial prospects of the UK will depend on a successful Brexit. The assumption for year 3 and 4 of the MTFP is therefore prudent, with a return to a broadly ‘cash flat’ funding settlement.

Grant damping and the Police Funding Formula

- 2.14 The Home Office had been engaging with the police sector on changes to the police funding formula. However, due to changing government priorities (particularly Brexit), plans for amending the formula and for it to take effect for 2018/19 have been postponed until the next Spending Review.
- 2.15 As a result there were no changes to grant damping for 2018/19 and all PCCs’ core Home Office grant funding has been maintained at the same level as 2017/18.

Council Tax Income

- 2.16 District Councils calculate the number of dwellings on which council tax can be levied and estimate the collection rate. Variations between actual and estimated income accrue in the District Council collection funds. A surplus or deficit on the collection fund is allocated between the District Council, the County Council and the PCC in proportion to their share of the Band D council tax. In recent years there has tended to be an overall surplus on the collection fund. Districts have estimated the 2017/18 surplus attributable to the PCC will be £989k receivable in 2018/19.
- 2.17 The provisional Council Tax base figures provided by the District Councils show an increase of 1.9%. The final figures, which are then notified to the Government, will not be available until the end of January 2018.
- 2.18 62% of properties in Norfolk are in Bands A to C, i.e. below Band D.

3. Budget and Precept 2018/19 and the Medium Term Financial Plan (MTFP)

3.1 The budget and MTFP are constructed as follows:-

- The base 2017/18 budget (funding current activity) is rolled forward and repriced. The full year effect of any 2017/18 part year initiatives/change programmes is added. (See the line Deficit/Surplus before Known Changes in the tables in the Executive summary and on pages 9 and 10).
- Known/Expected Changes are then added. These include statutory changes (e.g. increases in employer’s national insurance or pension

contributions), service developments (other base budget inescapable pressures), capital financing costs (of the new capital programme) and finally any growth required as a result of the financial planning and scrutiny processes.

- Use of reserves is then considered. Typically they will be used to finance short-life capital assets (over and above the budget provision); temporary revenue costs and invest to save initiatives.
- This results in a sub total - Revenue Deficit Before Savings
- Finally the savings identified are included to balance the budget.

- 3.2 The operational backdrop to this is that the Constabulary continues to face significant service pressures due to the changing nature of crime. Whilst Norfolk remains a very safe county the Constabulary is dealing with continuing increases in reports of domestic abuse, rape and serious sexual offences, adult and child abuse and allegations of cyber enabled fraud. These are some of the most complex and demanding investigations the service has to undertake and they require a highly skilled workforce. As a result Norfolk Constabulary is facing some significant cost pressures which the Chief Constable believes have to be met if the threat is to be managed.
- 3.3 The police service continues to be the emergency service of the last resort. This is even more noticeable as funding for other public sector services is constrained, for example the ambulance service, and mental health services.
- 3.4 Government has lifted the public sector pay cap (historically 1%) and pay review bodies will be given instructions by the relative Secretary of State. Budgets will have to provide for the awards agreed. Inflation continues to be high at around 3%, (but is forecast to fall), and all of this means additional costs, in excess of £3m, in 2018/19.
- 3.5 To remain as efficient as possible, the Constabulary needs to continue to invest in and refresh technology that keeps the policing model fit-for-purpose and able to meet increasing demand and the changing nature of crime. This investment, initially charged to capital account, is significant and has ultimately to be funded from the revenue budget.
- 3.6 As a result of all of these pressures and despite the government grant being maintained at 2017/18 levels, the Constabulary is faced with needing to make £9m to £19m savings over the MTFP period depending on the level of precept being set.
- 3.7 The PCC's MTFP remains consistent. It provides for pay and price increases, growth to meet demand and service pressures, a significant change programme to make the required cost reductions, and use of reserves to support one off costs, including invest to save measures and the continued investment in modernising and improving technology.

3.8 The following financial planning assumptions have been used.

	Budget 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22
Police main grant change	0%	0%	-1%	-1%
Legacy council tax grants change	0%	0%	0%	0%
Council tax base change	1.9%	1.5%	1.5%	1.5%
Collection fund surplus	£989k	£0k	£0k	£0k
Pay awards - officers	2%	2%	2%	2%
Pay awards - staff	2%	2%	2%	2%
Non-pay inflation (average)	2.5%	2%	2%	2%

3.9 It should be noted that inflationary pressures could change over the period of the medium-term and the impact of these changes can be seen in the sensitivity analysis below.

3.10 The following table identifies potential changes to income/costs if the planning assumptions are changed.

	Variation	Variation
		£m
Main Government grants	1.0%	0.8
Legacy council tax grants	1.0%	0.1
Tax base increase	1.0%	0.6
Precept	1.0%	0.6
Pay awards officers (full year impact)	1.0%	0.8
Pay awards staff (full year impact)	1.0%	0.4
Non-pay inflation	1.0%	0.3

3.11 The Tables overleaf summarise the budget and forecasts for the three Options. Full details are in Appendices B(i), B(ii) and B(iii).

Option 1 – Freeze Council Tax

Council Tax Freeze	Budget 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000
Total Funding (Grant + Precept)	(151,087)	(151,042)	(151,220)	(151,421)
Net Revenue Budget before changes and savings	153,600	157,114	160,636	164,224
REVENUE DEFICIT BEFORE KNOWN CHANGES	2,512	6,073	9,416	12,803
Known / Expected Changes	5,828	7,275	4,580	8,336
Planned use of reserves	(2,835)	(1,312)	1,895	(1,766)
REVENUE DEFICIT BEFORE SAVINGS	5,505	12,035	15,890	19,373
Planned Savings	(4,036)	(5,140)	(5,535)	(5,652)
Savings to be identified	(1,469)	(6,895)	(10,355)	(13,721)
REVENUE DEFICIT/(SURPLUS) AFTER SAVINGS	0	0	0	0

This option:

- would see reserves reduce from £15.6m as at 31 March 2018 to an estimated £10m as at 31 March 2022
- would require a further £13.7m of savings to be found by 2021/22 (on top of the £5.7m identified). Most of this would be from front line operational and local policing. £6m of the savings required would be to protect reserves
- was not the planning assumption.

Option 2 – Increase Council Tax by 1.99%

1.99% Council Tax increase	Budget 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000
Total Funding (Grant + Precept)	(152,336)	(153,605)	(155,165)	(156,815)
Net Revenue Budget before changes and savings	153,600	157,114	160,636	164,224
REVENUE DEFICIT BEFORE KNOWN CHANGES	1,264	3,509	5,472	7,409
Known / Expected Changes	5,828	7,275	4,580	8,336
Planned use of reserves	(2,835)	(1,312)	1,895	(1,766)
REVENUE DEFICIT BEFORE SAVINGS	4,256	9,471	11,946	13,979
Planned Savings	(4,036)	(5,140)	(5,535)	(5,652)
Savings to be identified	(220)	(4,331)	(6,411)	(8,327)
REVENUE DEFICIT/(SURPLUS) AFTER SAVINGS	0	0	0	0

This option would:

- see reserves reduce by £5.6m from £15.6m as at 31 March 2018 to an estimated £10m as at 31 March 2022
- require a further £8.3m of savings to be found by 2021/22 (on top of the £4.6m identified). £6m of the savings required would be to protect reserves
- for 2018/19, result in no changes to the Local Policing Model (Norfolk 2020) announced in October 2017 but would inevitably mean further local policing reductions in 2019/20 and later years
- increase the Band D council tax by £4.31 (8p a week) to £221.48.

Option 3 – Increase Council Tax by 5.55%

5.55% Council Tax increase	Budget 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22
	£000	£000	£000	£000
Total Funding (Grant + Precept)	(154,555)	(158,080)	(159,788)	(161,589)
Net Revenue Budget before changes and savings	153,600	157,114	160,636	164,224
REVENUE DEFICIT BEFORE KNOWN CHANGES	(955)	(966)	848	2,635
Known / Expected Changes	5,827	7,274	4,579	8,335
Planned use of reserves	(1,835)	(2,188)	1,895	(1,766)
REVENUE DEFICIT BEFORE SAVINGS	3,036	4,120	7,322	9,204
Planned Savings	(3,036)	(4,120)	(4,495)	(4,591)
Savings to be identified	0	0	(2,827)	(4,613)
REVENUE DEFICIT/(SURPLUS) AFTER SAVINGS	0	0	0	0

This option would:

- see Reserves reduce from £15.6m as at 31 March 2018 to an estimated £10m as at 31 March 2022
- require a further £4.6m of savings to be found by 2021/22 (on top of the £5.7m identified). £2m of the savings required would be to protect reserves
- result in an **increase** to the Local Policing Model (Norfolk 2020) announced in October 2017
- increase the Band D council tax by £11.97 (23p a week) to £229.14.

3.12 Appendix C shows a high level analysis of the Net Budget and Forecasts for the 3 options.

3.13 Details of the precept to be levied on the collection authorities are set out in Appendices I - K (Options 1 - 3).

Change Programme and the Service and Financial Planning Process

3.14 Since 2010, in response to the challenging financial situation as set out in section 2, the Constabulary has been running a successful Change Programme that has delivered £30m (to 31 March 2017) since its inception. A significant portion of that programme has been delivered through collaboration with Suffolk Constabulary (see paragraph 4.1).

3.15 A joint (Norfolk and Suffolk) financial planning process has been on-going over recent months in accordance with an agreed timetable. An enhanced Service and Financial Planning process has been developed using Outcome Based Budgeting (OBB) principles, and an improved OBB modelling tool. This is the second year that OBB has been used, and improvements to the process have been seen this year.

3.16 OBB is a method for aligning budgets to demand, performance, outcomes and priorities. This approach analyses the activity spending of the entire Force, in terms of budgets, establishment, performance, demand and outcomes. This information is then lined up against the priorities and demands of the constabulary and PCC.

This allows projects to be developed to target areas that can be made more efficient, as well as reviewing areas requiring more investment.

- 3.17 Heads of Department presented savings and investment proposals, and these were modelled against the impact on budgets and outcomes. These outcomes were then reviewed by a Joint Chief Officer Panel against the OBB principles and decisions made about limiting growth and increasing savings. A revised view of the Change Programme (see below) has also been developed.
- 3.18 These outputs were then presented to the Joint Chief Officer Team, and further refined after these sessions. Finally the outcomes of the process were presented to the PCC. The process concluded with agreement on Norfolk only budgets, the agreement of joint budgets, costs and savings arising from the process to be included in spending plans.
- 3.19 Given the levels of savings to be found it is clear that the Change Programme will need to be sustained over the medium-term so that savings can be driven out in a timely fashion to ensure budgets can be balanced and, equally importantly, reserves protected.
- 3.20 Alongside this activity the Norfolk 2020 Review of Local Policing has continued. Originally set up to develop proposals for swingeing reductions in the expectation of continued austerity, the Review has focussed on developing a local policing model fit for the future.

Norfolk Local Policing and the 2020 Review

- 3.21 In October 2017, the proposals for the future state of Norfolk's local policing were announced. Having undertaken the most extensive review in its history, Norfolk Constabulary will, over the next 24 months, undergo a comprehensive restructure to ensure it is fit for the future.
- 3.22 Within the County Policing Command (uniform policing); the most noteworthy change is the removal of the Police Community Support Officer (PCSO) role. There is no longer a significant difference in the cost to the organisation of a Police Constable or a PCSO. The additional powers and flexibility which the warranted role carries are deemed more necessary to fight today's crime and to exploit the technology now available.
- 3.23 Alongside this major change, at the 2% precept increase option (Option 2), there is a reduction in budget required of £2m. This means that the plans see a reduction in the number of uniform roles. 150 PCSO roles are not being replaced by 150 police officer roles, but by 97 roles, 81 police officers and 16 police staff. In addition, to make the necessary savings, the current Public Enquiry Office provision of 10 police stations is being reduced to 3. In all affected stations, regular (weekly or bi-weekly) 2 hour engagement surgeries will be held where members of the public can attend for immediate contact with a local police officer.
- 3.24 For uniform policing, the challenge remains increasing visibility with reducing resources. The PCC's strategic aim, in line with the recent public consultation, is to increase visibility. The challenge will be to provide more visible time from fewer resources, an aim to be achieved through the imminent arrival of mobile working,

including body worn video and drones, a new method of patrolling and a greater emphasis on proactive policing, tackling crime before it occurs.

- 3.25 The demands on Norfolk Constabulary continue. This year has seen 366,000 calls for service (an increase of 3%), 608 operations (+35%), and a continuation in the shift in the types of crime committed.
- 3.26 The Norfolk 2020 proposals also fundamentally change the safeguarding and investigations structures. The Constabulary will develop two state of the art premises, one in Swaffham and one in Broadland, which will host the specialist and detective resources to investigate the more complex and harmful crimes. This will improve the service to victims as well as the quality of investigations. Furthermore, by moving to two sites, the Constabulary avoids an additional cost of £1m year on year for additional detective resource to enable the current structures to continue effectively.
- 3.27 Norfolk, as with most Forces, has seen major increases in serious sexual offences (20%)*, drugs supply offences (10%)* and serious violence (48%)*. The skills and infrastructure required to investigate such crimes as child abuse, rape and on-line fraud is notably different and more complex. These investigations also take longer than those for typical volume crimes.
* increase in total crimes for the annual period ending August 2017 compared with the previous year.
- 3.28 As this restructure is so significant, there will be a period of transition from the current state to the future model. The organisation is acutely aware of the impact on its staff in terms of colleagues being at risk of redundancy. As always, the Constabulary will minimise redundancy through redeployment opportunities. Affected members of staff are being encouraged and supported to become police officers, communication officers within the Contact and Control room or to take other civilian roles.
- 3.29 In spite of the reductions in funding available to Local Policing, the review has provided an evidence base such that Norfolk Constabulary is confident the new policing model will continue to deliver an excellent policing service to the communities of Norfolk. If further funding is made available through a precept rise, the Constabulary will be able to enhance visibility through the additional officers this would provide and further exploit the new roles and tactics which have been successfully piloted and developed. For example, if the PCC proposes Option 3 it will be possible to increase Safer Schools, Neighbourhood Policing and proactive resource (Moonshot) by another 23 front-line posts (17 police officers and 6 police staff).

Robustness of the Budget

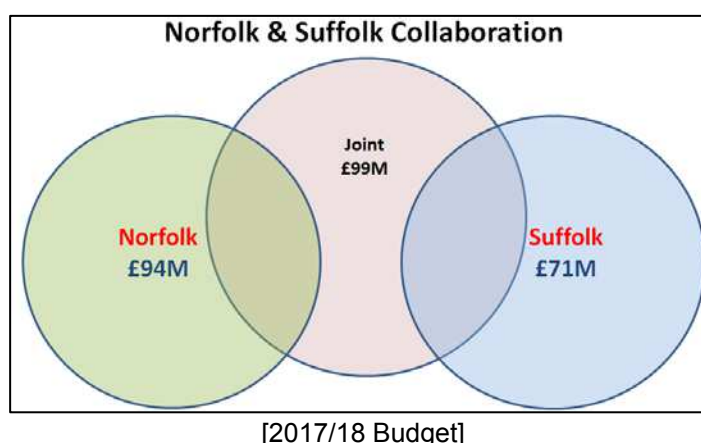
- 3.30 The integrated financial planning model provides the high-level financial data that is used to generate the annual revenue and capital budgets, all of which are reconciled to control totals.
- 3.31 The comprehensive Service and Financial Planning process has resulted in the development of the various savings proposals and programmes. This has involved Chief Officers, Finance and the Programme Management Office (PMO) from both

Norfolk and Suffolk Constabularies, maintaining financial clarity and consistency in financial plans.

- 3.32 Whilst there are always risks to delivering savings, controls will be maintained to ensure that the budgeted levels of savings are achieved as a minimum. Identified savings will be removed from budgets prior to allocation at the start of the financial year.

4. Collaboration and the Change Programme

- 4.1 Norfolk and Suffolk constabularies have been collaborating for close to a decade. During that period, a large number of business cases have been implemented and total savings have been found from collaboration of £34.5m (£17.4m for Norfolk and £17.1m for Suffolk).
- 4.2 The “joint” services budget is now over 1/3rd of the combined budget of both forces and stands at nearly £100m.



- 4.3 As part of the Service and Financial Planning process for 2018/19 to 2021/22, savings of £3.7m in 2018/19 have been identified from the collaborative units (Norfolk’s share is £2.0m rising to £3.5m by 2021/22). These have been assessed in terms of risks and impact on outcomes using the improved Strategic Assessment Outcome Based Budgeting (OBB) model that uses OBB principles. Detailed business cases will now be prepared to realise these savings during 2018/19 and 2019/20.
- 4.4 As part of this process other areas have been identified and scoped to be developed into detailed business cases in the latter years of the plan (2020/21; 2021/22).
- 4.5 The forecast phasing for realising the savings is set out in Appendix B (iii).

Regional Collaboration

- 4.6 The PCCs and Chief Constables (CC) for the 6 police areas in the East of England together with the CC and PCC for Kent have confirmed their unanimous support for a ‘Seven Force Strategic Collaboration Programme’. The costs of the work are being shared by the 7 Forces. Many streams of work are being pursued and work is focussing on getting the 7 Forces to ‘converge’ their processes. This will enable

efficiencies to be driven out and 7 Force contracts to be let (for identical products/services). In the longer term every function, with the exception of local policing, could be scoped for collaborative working.

- 4.7 A regional Head of Strategic Procurement has now been recruited and work has now commenced on developing a regional contracts “pipeline” (trying to ensure that all 7 forces go out to tender at the same time for the same goods and services). A business case is also being developed for a regional commercial procurement team.
- 4.8 It has not been possible to include any 7 Force savings in this MTFP at this stage, but the work programme is fully resourced and expected to deliver in the latter years of the MTFP.

5. Capital Programme and Financing 2018/22

- 5.1 The capital programme is a key element of strategic and financial planning. As highlighted last year, due to funding constraints, the impact of capital spending, particularly the investment in “short-life” assets, has a significant impact on the revenue budget.
- 5.2 The revenue impact for long-term estates assets is spread over the years through the Minimum Revenue Provision (MRP) mechanism. Norfolk has previously used capital receipts, and excess cash to fund estates spending in recent years in order not to borrow externally and avoid incurring interest payments. Due to the continued modernising of the estate linked to the 2020 programme, external borrowing is now required and interest payments will be made. The impending need to borrow externally was raised initially in last year’s report. Borrowing will commence late in the current year or early in 2018/19.
- 5.3 It is not prudent to borrow for short-life assets. These should be funded from capital grant, reserves allocated to fund capital schemes, or revenue budget contributions.
- 5.4 Since 2015/16 Home Office capital grant has reduced from over £1m to £0.5m. This means each year more than £0.5m has had to be funded from reserves or the revenue budget.
- 5.5 In addition, the need to keep the force fit-for-purpose, using modern enabling technology and tackling more cyber related crime, has required increased investment in short-life assets. These assets (e.g. body worn video and mobile devices) then need replacing every 3 to 5 years. The capital programme therefore includes the routine refresh of the growing ICT / digital estate (personal computers and servers) as well as increasing investment in infrastructure e.g. in networks and servers to deal with the growth in requirements for investigating, transferring and storing large volumes of digital data.
- 5.6 There are also a number of key developments coming through national police ICT programmes. These include required investments in Windows 10/ Office 365; Automatic Number Plate Recognition (ANPR); National Law Enforcement Data Service; Home Office Biometrics and the Emergency Services Network (replacing Airwave).

- 5.7 Funding constraints described earlier in the report have meant there has been an increased reliance on reserves to fund short-life assets. This issue is expanded further in the review of adequacy of reserves later in this report (see Section 7 and Appendix E).
- 5.8 This means that to continue to fund the replacement programme over the medium-term and beyond, and to protect reserve levels, additional savings are required to be made from the revenue budget.
- 5.9 It should also be noted that the hosting of ICT services in the “cloud” is being explored within policing and some of the new systems referred to in paragraph 5.6 will require it. At the point where services are provided from the “cloud” there will be additional costs incurred however there should be accompanying savings as the hardware required in-force would be reduced. Developments in this area will continue to be monitored and incorporated into future plans.
- 5.10 The proposed capital programme has been updated to 2021/22 and is set out in detail at Appendix D. The revenue consequences of the proposed capital programme have been fully taken into account in preparing the MTFP.
- 5.11 The table below summarises the Capital Programme 2018/22.

	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000
Estates schemes	4,995	6,240	210	5,010
ICT (Norfolk only)	1,052	2,245	898	2,848
Norfolk share of Joint Schemes (mostly ICT)	2,716	2,004	1,086	1,600
Vehicles and Equipment	863	795	791	814
Total	9,626	11,284	2,985	10,272

Note: The 2018/19 total includes £1.7m estimated as requiring carry forward from 2017/18.

- 5.12 The Capital Programme for 2018/19 is arranged in 3 tables:-
- Table A Schemes or technical refresh programmes approved for immediate start in 2018/19.
- Table B Schemes requiring a business case or further report to the CC(s)/PCC(s) for approval.
- Table C Longer term, provisional schemes requiring further development.
- 5.13 Key aspects of the programme are outlined below:
- Capital costs for ICT include an improved programme of equipment replacement and updating of the technology infrastructure.
 - Projects to help modernise the Force are set out in the capital programme including continuing to invest in efficiency enabling technology such as body worn video, and investment in additional ICT storage capabilities to cope with the increasing requirements from policing the modern web environment.
 - Building schemes include the one-off costs incurred in relation to the disposal of estate infrastructure that is either too large or not fit for purpose, and

replacement with buildings that better meet operational needs and service requirements and cost less to maintain.

- Capital costs for fleet are for replacement vehicles and the equipment used to service them.

Capital Financing

5.14 The following financing sources have been identified for the outline capital programme.

Budget Option 1 and 2

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Grant	500	500	500	500
Capital Receipts	1,700	1,000	1,175	-
Revenue Budget	250	250	250	250
Use of Reserves	2,345	3,304	861	4,521
Internal/External Borrowing	4,831	6,230	200	5,000
Total	9,626	11,284	2,985	10,271

Budget Option 3

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Grant	500	500	500	500
Capital Receipts	1,700	1,000	1,175	-
Revenue	1,250	1,250	1,250	1,250
Use of Reserves	1,345	2,304	-140	3,521
Internal/External Borrowing	4,831	6,230	200	5,000
Total	9,626	11,284	2,985	10,271

Minimum Revenue Provision (MRP)

- 5.15 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 place a duty on authorities (including PCCs) to make an amount of Minimum Revenue Provision (MRP) each year that is considered to be prudent. The regulations are supported by statutory guidance to which authorities are required to have regard.
- 5.16 MRP is only used where funding of the asset does not use revenue contributions, capital grants or receipts from asset sales. MRP is charged annually against the Revenue Account reflecting the cost of the asset over its life, with the MTFP including the required provision. See Appendix I.

Compliance with the Prudential Code

- 5.17 The level of borrowing for the Capital Programme needs to be based on capital investment plans that are affordable, prudent and sustainable. Treasury management decisions need to be taken in accordance with best professional practice outlined in a Prudential Code published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

5.18 To demonstrate that the objectives of affordability, prudence and sustainability have been achieved, the Prudential Code requires Indicators to be determined by the PCC. These are designed to support and record local decision making and for comparison over time. They are not designed to be comparative performance indicators. Details of the proposed indicators for 2018/19 are provided in Appendix F. Progress against the indicators will be monitored throughout the year.

6. Annual Treasury Management Strategy 2018/19

6.1 Government regulations require the PCC to approve the investment and borrowing strategies and borrowing limits for 2018/19 prior to the start of the financial year. This is incorporated within an over-arching Treasury Management Strategy, which is attached at Appendix H.

7. Use of Reserves

7.1 There has been much recent publicity around the reserves held by PCCs. Full details of all reserves held by PCCs have been provided to the Home Office. Nationally, as at the 31 March 2017, some £1.6bn of reserves are held and are estimated to fall by 50% by March 2019. The Home Office will be introducing some further regulations which will require PCCs to be completely transparent on the reserves they hold and how they will be used over time. This report has, historically, provided information on all the reserves held and how they are/will be used. Norfolk's reserves will reduce from £24m (15% budget) at 31/3/17 to around £10m (6.5% of budget) depending on the budget option chosen. A full Reserves Strategy is set out in Appendix E.

7.2 General and earmarked reserves play a vital role in the financial management and financial standing of the PCC. The current policy of the PCC is to maintain the general reserve at around 3% of net revenue expenditure and total reserves at 6% to 7% of net budget.

7.3 Through sound financial management the PCC has set aside earmarked reserves to meet future spending needs. Three of the earmarked reserves in particular continue to be critical to the financial strategy as detailed below.

- **Budget Support Reserve** - This reserve is used to support the budget over the medium term by financing costs until savings come on stream, or pump priming efficiency measures.
- **Invest-to-Save Reserve** - This reserve provides funding for initiatives that will generate future savings.
- **Capital Financing Reserve** - This reserve is in place to fund short life capital assets over the medium-term to the extent that they cannot be funded from the revenue budget.

7.4 Details of contributions from reserves to fund revenue spending are included in Appendix B (ii) and the projected levels of reserves are detailed in Appendix F.

7.5 Over the last few years, reserves have been used to fund short-life capital assets, the cost of change (e.g. redundancies arising from implementing the significant

change programme), and planned temporary staffing costs to respond to statutory and service pressures and transition programmes.

- 7.6 Careful consideration has been given to reserve levels over the medium-term, and beyond particularly by modelling capital financing over the next 20 years.
- 7.7 By the end of 2018/19 Reserves will be closer to minimum levels and need to be protected. Depending on the budget option chosen by the PCC contributions to reserves of between £2m and £6m will be required over the MTFP period and these would have to be financed by savings.
- 7.8 The PCC CFO has considered the proposed level of reserves and believes that they are adequate for the purposes for which they are intended.

8. Risk and Efficiency

- 8.1 Risk management is a key consideration for the PCC and the Chief Constable. There is an overall risk management strategy. Risk management is embedded and is an integral part of the decision making process. Local risk registers are in use throughout the Constabulary and the Office of the PCC (OPCC) and significant risks are reported to the corporate level.
- 8.2 The Chief Constable's corporate risk register is updated on an ongoing basis and presented regularly for review to the Command Team. A dedicated risk manager is in place to support the process. The OPCC also maintains a strategic risk register and the whole risk management process is monitored by the Audit Committee.
- 8.3 The main risks that may impact upon the delivery of the 2018/19 budget and Capital Programme are:
- Exceptional demands placed upon the service, particularly in relation to major incidents
 - Requirements of new legislation or government directives
 - Achieving the required outcomes from collaboration with other Forces
 - Delivering the planned level of savings
 - Maintaining an acceptable level of performance with a shrinking resource base
 - The impact of the capital programme on the revenue budget.
- 8.4 To manage these risks it is essential that there is a robust monitoring procedure, and action is taken to offset the risks with continuous review processes. This process is undertaken through the Organisational Board chaired by the Deputy Chief Constables, and then reviewed by the Joint Chief Officer Team including the Chief Constables.

Efficiency

- 8.5 Implicit throughout all financial planning is the need to deliver efficiency and value for money (VFM) including partnership arrangements. There is a strong VFM focus through representation on a national high level working group and an internal working group and the Audit Committee reviews the VFM strategy and Her Majesty's Inspectorate of Constabulary (HMIC) profiles.

9. Chief Finance Officer's Section 25 Assurances

- 9.1 Section 25 of Part 2 of the Local Government Act 2003, as amended by the Police Reform and Social Responsibility Act 2011, places responsibility on the PCC Chief Finance Officer (CFO) to report on the robustness of the budget estimates (paras 3.30 to 3.32), the adequacy of balances and reserves (Section 7 and Appendix E) and issues of risk (Section 8). The PCC CFO confirms that he can provide all the required statutory assurances.

10. CONCLUSION

- 10.1 This report outlines three options for the proposed precept and the medium term financial plan for the period 2018/19 to 2021/22.
- 10.2 In each option savings are necessary over the medium term but the higher precept options present greater opportunity to protect front line policing and protect reserves.

11. OTHER IMPLICATIONS

- 11.1 The allocation of resources in accordance with the annual budget has implications for all areas of business. All of these are referred to in the report except diversity and sustainability. There are no specific diversity impacts. The budget reflects potential reductions in the use of natural resources. All significant projects, business cases and policy decisions are required to be reviewed for sustainability implications.

Home Office Grant 2018/19

1. The changes in Government funding for 2018/19 are set out in the table below:

	2017/18	2018/19	Reduction	
	£000	£000	£000	%
Police Main Grant	77,888	77,888	0	0.00%
Legacy Council Tax Grants	9,305	9,305	0	0.00%
Total all Grants	87,193	87,193	0	0.00%

2. The Legacy Council Tax grants are based on two historic elements. The first element is in respect of a former Council Tax Freeze Grant of £1.4m relating to the decision of the former Police Authority to freeze the Council Tax in 2011/12. The second element relates to the Council Tax Support Grant of £7.9m that has been payable since April 2013 when the Government made significant changes to Council Tax Benefit arrangements.
3. The Provisional Settlement is predicated on PCCs increasing council tax up to the referendum trigger level of £12 per annum.
4. The Home Office has “re-allocated” (top sliced) £945m in total from the national grant pot (16% higher than the £812m in the prior year). The main items making up the £133m increase are an additional £78m for the development of police technology programmes, £14m to strengthen the response to organised crime through the National Crime Agency and Regional Organised Crime Units, £25m for the Police Special Grant, and £9m to increase funding to Arm’s Length Bodies such as Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services, and the Independent Police Complaints Commission (IPCC), now the Independent Office for Police Conduct.

Budget Option 1 – Council Tax Freeze

	Line	Budget 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000
REVENUE FUNDING					
Home Office Grant	1	(77,888)	(77,888)	(77,109)	(76,338)
Legacy Council Tax Grants	2	(9,305)	(9,305)	(9,305)	(9,305)
Precept Income	3	(63,895)	(63,849)	(64,807)	(65,779)
TOTAL FUNDING	4	(151,087)	(151,042)	(151,220)	(151,421)
BASE REVENUE BUDGET INCLUDING INFLATION:					
Total Revenue Expenditure before savings	5	169,515	173,091	176,675	180,327
Revenue Funding of Capital Expenditure	6	1,470	1,470	1,470	1,470
Total Revenue Income inc Specific Grants	7	(17,385)	(17,447)	(17,509)	(17,572)
NET REVENUE BUDGET BEFORE KNOWN CHANGES AND SAVINGS	8	153,600	157,114	160,636	164,224
DEFICIT / (SURPLUS) BEFORE KNOWN CHANGES	9	2,512	6,073	9,416	12,803
Known / Expected Changes	10	7,467	7,275	4,580	8,336
Planned use of reserves	11	(4,475)	(1,312)	1,895	(1,766)
REVENUE DEFICIT BEFORE SAVINGS	12	5,505	12,035	15,890	19,373
Local Policing Review (Norfolk 2020)	13	(2,000)	(2,040)	(2,081)	(2,122)
Change Programme Savings	14	(2,036)	(3,100)	(3,455)	(3,530)
Savings to be identified	15	(1,469)	(6,895)	(10,355)	(13,721)
Total Cumulative Permanent Savings	16	(5,505)	(12,035)	(15,890)	(19,373)
REVENUE DEFICIT/(SURPLUS) AFTER SAVINGS	17	0	0	0	0

Budget Option 2 – Council Tax increase 1.99%

	Line	Budget 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000
REVENUE FUNDING					
Home Office Grant	18	(77,888)	(77,888)	(77,109)	(76,338)
Legacy Council Tax Grants	19	(9,305)	(9,305)	(9,305)	(9,305)
Precept Income	20	(65,143)	(66,412)	(68,751)	(71,172)
TOTAL FUNDING	21	(152,336)	(153,605)	(155,165)	(156,815)
BASE REVENUE BUDGET INCLUDING INFLATION:					
Total Revenue Expenditure before savings	22	169,515	173,091	176,675	180,327
Revenue Funding of Capital Expenditure	23	1,470	1,470	1,470	1,470
Total Revenue Income inc Specific Grants	24	(17,385)	(17,447)	(17,509)	(17,572)
NET REVENUE BUDGET BEFORE KNOWN CHANGES AND SAVINGS	25	153,600	157,114	160,636	164,224
DEFICIT / (SURPLUS) BEFORE KNOWN CHANGES	26	1,264	3,509	5,472	7,409
Known / Expected Changes	27	7,467	7,275	4,580	8,336
Planned use of reserves	28	(4,475)	(1,312)	1,895	(1,766)
REVENUE DEFICIT BEFORE SAVINGS	29	4,256	9,471	11,946	13,979
Local Policing Review (Norfolk 2020)	30	(2,000)	(2,040)	(2,081)	(2,122)
Change Programme Savings	31	(2,036)	(3,100)	(3,455)	(3,530)
Savings to be identified	32	(220)	(4,331)	(6,411)	(8,327)
Total Cumulative Permanent Savings	33	(4,256)	(9,471)	(11,946)	(13,979)
REVENUE DEFICIT/(SURPLUS) AFTER SAVINGS	34	0	0	0	0

Continued overleaf...

Budget Option 3 – Council Tax increase 5.55%

	Line	Budget 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000
REVENUE FUNDING					
Home Office Grant	35	(77,888)	(77,888)	(77,109)	(76,338)
Legacy Council Tax Grants	36	(9,305)	(9,305)	(9,305)	(9,305)
Precept Income	37	(67,362)	(70,887)	(73,374)	(75,947)
TOTAL FUNDING	38	(154,555)	(158,080)	(159,788)	(161,589)
BASE REVENUE BUDGET INCLUDING INFLATION:					
Total Revenue Expenditure before savings	39	169,515	173,091	176,675	180,327
Revenue Funding of Capital Expenditure	40	1,470	1,470	1,470	1,470
Total Revenue Income inc Specific Grants	41	(17,385)	(17,447)	(17,509)	(17,572)
NET REVENUE BUDGET BEFORE KNOWN CHANGES AND SAVINGS	42	153,600	157,114	160,636	164,224
DEFICIT / (SURPLUS) BEFORE KNOWN CHANGES	43	(955)	(966)	848	2,635
Known / Expected Changes	44	7,466	7,274	4,579	8,335
Planned use of reserves	45	(3,475)	(2,188)	1,895	(1,766)
REVENUE DEFICIT BEFORE SAVINGS	46	3,036	4,120	7,322	9,204
Local Policing Review (Norfolk 2020)	47	(1,000)	(1,020)	(1,040)	(1,061)
Change Programme Savings	48	(2,036)	(3,100)	(3,455)	(3,530)
Savings to be identified	49	0	0	(2,827)	(4,613)
Total Cumulative Permanent Savings	50	(3,036)	(4,120)	(7,322)	(9,204)
REVENUE DEFICIT/(SURPLUS) AFTER SAVINGS	51	0	0	0	0

Analysis of Known/Expected Changes Options 1 and 2

	Line	Budget 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000
STATUTORY CHANGES					
Rent and Housing Allowance Reductions	1	(200)	(400)	(600)	(700)
Variation in Bank Holiday Numbers (9 in 2017/18 then 7, 8, 9 & 10)	2	(250)	(125)		250
Non-consolidated pay awards (18/19: 5 months re 17/18 award)	3	417			
Local Government Pension Scheme increase	4	150	280	280	280
Firearms Licensing Income	5	114	68	(43)	(35)
Apprenticeship Levy (change in assumption compared to last MTFP)	6	125	125	125	125
TOTAL STATUTORY CHANGES	7	356	(52)	(238)	(80)
SERVICE DEVELOPMENTS					
Budgetary pressures	8	854	854	854	854
7 Force Collaboration Contribution	9	167	169		
Athena Consultancy	10	23			
Reduction in investment Interest	11	96	96	96	96
Contractual Risk in respect of Airwave	12			285	285
Transitional cost in respect of Local Policing Review (Norfolk 2020)	13	804	394		
Commissioning Plan	14	200	200		
TOTAL SERVICE DEVELOPMENTS	15	2,144	1,713	1,235	1,235
CHANGES SUBJECT TO BUSINESS CASES					
ERP Developments	16	171			
Taser rollout and upgrade	17	55	62	131	
Cost of Change	18	516			
TOTAL CHANGES SUBJECT TO BUSINESS CASES	19	741	62	131	
CAPITAL FINANCING					
Capital Programme Funding	20	2,345	3,304	860	4,521
Investment in Technology	21				
Minimum Revenue Provision	22	148	159	373	361
Interest	23	240	500	630	710
TOTAL CAPITAL FINANCING	24	2,733	3,963	1,863	5,592
GROWTH FOLLOWING CHALLENGE PANEL PROCESS					
Permanent Growth:					
Pay	25	186	186	186	186
Non-Pay	26	864	1,403	1,403	1,403
Temporary Growth					
Pay	27	443			
TOTAL GROWTH FOLLOWING CHALLENGE PANEL PROCESS	28	1,493	1,589	1,589	1,589
Total Changes Before Reserve Movement Adjustments	29	7,467	7,275	4,580	8,336
CONTRIBUTION TO RESERVES					
Budget Support Reserve	30		2,000	2,000	2,000
Capital Financing Reserve	31				
Loan Repayment Reserve	32		755	755	755
Reserve Funded adjustments					
Temporary growth	33	(443)			
7 Force Collaboration Contribution	34	(167)	(169)		
Transitional cost in respect of Norfolk 2020 model	35	(804)	(394)		
Capital Programme Funding	36	(2,345)	(3,304)	(860)	(4,521)
Cost of Change	37	(516)			
Financing Commissioning Plan	38	(200)	(200)		
Net Reserve Movements	39	(4,475)	(1,312)	1,895	(1,766)
Total Known / Expected Changes (net of reserve movements)	40	2,992	5,963	6,475	6,570

Continued overleaf...

Analysis of Known/Expected Changes Option 3

	Line	Budget 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000
STATUTORY CHANGES					
Rent and Housing Allowance Reductions	1	(200)	(400)	(600)	(700)
Variation in Bank Holiday Numbers (9 in 2017/18 then 7, 8, 9 & 10)	2	(250)	(125)		250
Non-consolidated pay awards (18/19: 5 months re 17/18 award)	3	417			
Local Government Pension Scheme increase	4	150	280	280	280
Firearms Licensing Income	5	114	68	(43)	(35)
Apprenticeship Levy (change in assumption compared to last MTFP)	6	125	125	125	125
TOTAL STATUTORY CHANGES	7	356	(52)	(238)	(80)
SERVICE DEVELOPMENTS					
Budgetary Pressures	8	853	853	853	853
7 Force Collaboration Contribution	9	167	169		
Athena Consultancy	10	23			
Reduction in investment Interest	11	96	96	96	96
Contractual Risk in respect of Airwave	12			285	285
Transitional cost in respect of Local Policing Review (Norfolk 2020)	13	804	394		
Commissioning Plan	14	200	200		
TOTAL SERVICE DEVELOPMENTS	15	2,143	1,712	1,234	1,234
CHANGES SUBJECT TO BUSINESS CASES					
ERP Developments	16	171			
Taser Rollout and Upgrade	17	55	62	131	
Cost of Change	18	516			
TOTAL CHANGES SUBJECT TO BUSINESS CASES	19	741	62	131	
CAPITAL FINANCING					
Capital Programme Funding	20	1,345	2,304	(140)	3,521
Investment in Technology	21	1,000	1,000	1,000	1,000
Minimum Revenue Provision	22	148	159	373	361
Interest	23	240	500	630	710
TOTAL CAPITAL FINANCING	24	2,733	3,963	1,863	5,592
GROWTH FOLLOWING CHALLENGE PANEL PROCESS					
Permanent Growth:					
Pay	25	186	186	186	186
Non-Pay	26	864	1,403	1,403	1,403
Temporary Growth					
Pay	27	443			
TOTAL GROWTH FOLLOWING CHALLENGE PANEL PROCESS	28	1,493	1,589	1,589	1,589
Total Changes Before Reserve Movement Adjustments	29	7,466	7,274	4,579	8,335
CONTRIBUTION TO RESERVES					
Budget Support Reserve	30		124		
Capital Financing Reserve	31			1,000	1,000
Loan Repayment Reserve	32		755	755	755
Reserve Funded adjustments					
Temporary growth	33	(443)			
7 Force Collaboration Contribution	34	(167)	(169)		
Transitional cost in respect of Norfolk 2020 model	35	(804)	(394)		
Capital Programme Funding	36	(1,345)	(2,304)	140	(3,521)
Cost of Change	37	(516)			
Financing Commissioning Plan	38	(200)	(200)		
Net Reserve Movements	39	(3,475)	(2,188)	1,895	(1,766)
Total Known / Expected Changes (net of reserve movements)	40	3,991	5,086	6,474	6,569

Analysis of Savings Options 1 and 2

	Line	Forecast 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000
Single Force:					
Local Policing Review (Norfolk 2020)	1	2,000	2,040	2,081	2,122
Total Single Force Savings:	2	2,000	2,040	2,081	2,122
Change and Efficiency Savings:					
As per challenge panels:					
Pay (including inflation)	3	1,126	1,975	2,015	2,055
Non-Pay	4	660	660	660	660
Additional Scoping of change programme	5		215	530	565
Absorb 1% of non-pay inflation	6	250	250	250	250
Total Change and Efficiency Savings	7	2,036	3,100	3,455	3,530
TOTAL PERMANENT SAVINGS AGAINST 2017/18 BASE	8	4,036	5,140	5,535	5,652

Continued overleaf...

Analysis of Savings Option 3

	Line	Forecast 2018/19 £000	Forecast 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000
Single Force:					
Local Policing Review (Norfolk 2020)	1	1,000	1,020	1,040	1,061
Total Single Force Savings:	2	1,000	1,020	1,040	1,061
Change and Efficiency Savings:					
As per challenge panels:					
Pay (including inflation)	3	1,126	1,975	2,015	2,055
Non-Pay	4	660	660	660	660
Additional Scoping of change programme	5		215	530	565
Absorb 1% of non-pay inflation	6	250	250	250	250
Total Change and Efficiency Savings	7	2,036	3,100	3,455	3,530
TOTAL PERMANENT SAVINGS AGAINST 2017/18 BASE	8	3,036	4,120	4,495	4,591

High Level Analysis of the Net Budget 2018/19

Option 1 - 0% increase						
Year	OPCCN	PCC's Commissioning	Chief Constable	Capital Financing	Use of Reserves	Net Budget
	£000	£000	£000	£000	£000	£000
2018/19	978	1,228	149,153	4,204	(4,475)	151,087
			above assumes savings of £1,469k to be found			
2019/20	997	1,228	144,696	5,433	(1,312)	151,042
			above includes savings of £6,895k to be found			
2020/21	1,017	1,028	143,948	3,333	1,895	151,220
			above includes savings of £10,355k to be found			
2021/22	1,037	1,028	144,061	7,062	(1,766)	151,421
			above includes savings of £13,721k to be found			
Option 2 - 1.99% increase						
Year	OPCCN	PCC's Commissioning	Chief Constable	Capital Financing	Use of Reserves	Net Budget
	£000	£000	£000	£000	£000	£000
2018/19	978	1,228	150,401	4,204	(4,475)	152,336
			above includes savings of £220k to be found			
2019/20	997	1,228	147,259	5,433	(1,312)	153,605
			above includes savings of £4,331k to be found			
2020/21	1,017	1,018	147,902	3,333	1,895	155,165
			above includes savings of £6,411k to be found			
2021/22	1,037	1,018	149,464	7,062	(1,766)	156,815
			above includes savings of £8,327k to be found			
Option 3 - 5.5% increase						
Year	OPCCN	PCC's Commissioning	Chief Constable	Capital Financing	Use of Reserves	Net Budget
	£000	£000	£000	£000	£000	£000
2018/19	978	1,228	151,620	4,204	(3,475)	154,555
2019/20	997	1,228	152,610	5,433	(2,188)	158,080
2020/21	1,017	1,018	152,525	3,333	1,895	159,788
			above includes savings of £2,827k to be found			
2021/22	1,037	1,018	154,239	7,062	(1,766)	161,589
			above includes savings of £4,613k to be found			

Capital Programme 2018/22

PROJECT	Slippage assumed in 2017/18 monitoring	Additional Requirement in 2018/19	2018-19 Total Requirement			2019-20	2020-21	2021-22
			Table A	Table B	Table C			
Gateway 11 Car Parking	50,000		50,000			0	0	0
Attleborough - New Build at Fire Station.	500,000	181,000	681,000			30,000	0	0
Gorleston - New Build at Beacon Park (Now Fire Project)			0			325,000	0	0
Carbon Management		10,000	10,000			10,000	10,000	10,000
Gt Yarmouth - Remodelling.			0			0	0	2,500,000
Bethel Street - Remodelling.			0			0	0	2,500,000
2020 East	25,000	975,000	1,000,000			5,775,000	200,000	0
2020 West	340,000	2,760,000	3,100,000			100,000	0	0
Fire Service Collaboration Works	154,000		154,000			0	0	0
	1,069,000	3,926,000	4,995,000	0	0	6,240,000	210,000	5,010,000
ICT Replacements - Desktop Services	170,000	854,400	1,024,400			717,000	194,910	864,860
ICT Replacements - Communications		28,000	28,000			28,000	28,000	28,000
ICT - Additional 2020 Requirements			0			1,000,000	0	0
ESN (Emergency Services Network)			0			500,000	675,000	1,955,000
	170,000	882,400	1,052,400	0	0	2,245,000	897,910	2,847,860
Vehicle Replacement Programme	0	786,600	786,600			794,700	790,700	813,700
Athena	76,000	282	76,282			0	0	0
	76,000	786,882	862,882	0	0	794,700	790,700	813,700
Total Norfolk Only	1,315,000	5,595,282	6,910,282	-	-	9,279,700	1,898,610	8,671,560
Norfolk Capital Projects	1,315,000	5,595,282	6,910,282	-	-	9,279,700	1,898,610	8,671,560
Norfolk Share of Joint Projects	422,808	2,293,114	1,076,548	1,639,374	-	2,004,530	1,086,449	1,599,744
Total Norfolk Capital Programme	1,737,808	7,888,396	7,986,830	1,639,374	-	11,284,230	2,985,059	10,271,304

Capital Programme 2018/22 – continued

JOINT PROJECTS	Slippage assumed in 2017/18 monitoring	Additional Requirement in 2018/19	2018-19 Total Requirement			2019-20	2020-21	2021-22
			Table A	Table B	Table C			
Replacement Schemes:								
Joint ICT Replacements - Servers		728,000	728,000			713,000	854,000	932,000
Joint ICT Replacements - Communications		26,000	26,000			176,000	26,000	26,000
ICT Replacements - Network		448,000	448,000			588,000	371,000	587,000
Microwave Refresh		69,000	69,000			69,500	73,000	46,500
ANPR Cameras		0	0			500,000	0	0
WAN Contract Renewal		0	0			0	0	200,000
Mobile Device Replacement Programme		100,000	100,000			100,000	100,000	100,000
BWV Device Replacement Programme		70,000	70,000			70,000	70,000	70,000
ANPR Vehicle Kit Refresh		0	0			150,000	0	150,000
Access Control		30,000	30,000			30,000	30,000	0
Projects to be completed								
CCR Telephony	194,809	191	195,000			0	0	0
Mobile Data	231,813	-5,813	226,000			0	0	700,000
Projects subject to Business Case								
Video Conferencing	310,000	-160,000		150,000		0	0	0
Digital Recording/Streaming		300,000		300,000		0	0	0
Windows 10		1,350,000		1,350,000		0	0	0
INCA/Telematics		500,000		500,000		0	0	0
Genie (Automated Filing Solution)	6,450	13,550		20,000		0	0	0
XRY Kiosks		105,000		105,000		0	0	0
Business Data Management (BRC)		0		0		780,000	0	0
Taser Rollout to 150 officers		134,150		134,150		0	0	0
Taser Upgrade - X2s		322,000		322,000		246,400	385,400	0
Information Assurance Monitoring		0				100,000	0	0
Total Joint Capital Programme	743,072	4,030,078	1,892,000	2,881,150	0	3,522,900	1,909,400	2,811,500
Joint Capital Projects - Norfolk	422,808	2,293,114	1,076,548	1,639,374	0	2,004,530	1,086,449	1,599,744
Joint Capital Projects - Suffolk	320,264	1,736,964	815,452	1,241,776	0	1,518,370	822,951	1,211,757
	743,072	4,030,078	1,892,000	2,881,150	0	3,522,900	1,909,400	2,811,500

Capital Financing is shown in the Tables at paragraph 5.14

Reserves Strategy

1. It is important to consider the PCC's reserves at the same time as the budget to ensure that resources are available to fund spending at a level commensurate with the needs of the PCC and Constabulary. Forecasting cash flows and balances over the budget period ensures efficient and effective financial management and avoids unnecessary finance charges. Reserves are held for either general purposes (such as working capital or fall-back to cover exceptional unforeseen circumstances), or earmarked for specific purposes. The PCC complies with the definition of reserves contained within CIPFA's Accounting Code of Practice.
2. The Strategy requires an annual review of reserves to be undertaken and reported to the PCC. This reflects guidance on reserves issued by CIPFA. The most recent guidance requires an annual review of reserves to be considered by the PCC as part of good practice in the management of financial reserves and balances.
3. The minimum prudent level of reserves is a matter of judgement rather than prescription. Neither CIPFA nor statute sets a minimum level of reserves. In determining the level and type of reserves, the PCC has to take into account relevant local circumstances and the advice of the Chief Constable and CFO in making a reasoned judgement on the appropriate level of its reserves.
4. In order to assess the adequacy of reserves when setting the budget, the PCC, on the advice of the CFO, should take account of the strategic, operational and financial risks facing the organisation. This assessment of risk should include external risks, as well as internal risks, for example the ability to deliver planned efficiency savings.
5. The ultimate use of reserves will be dependent upon both the timing and level of costs and savings over the period of the MTFP.

General Reserve

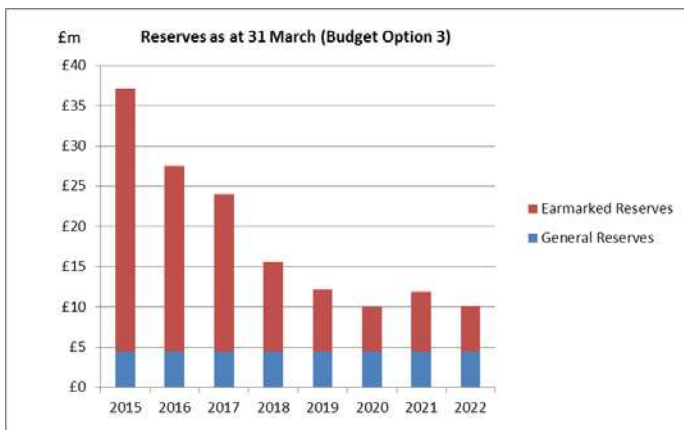
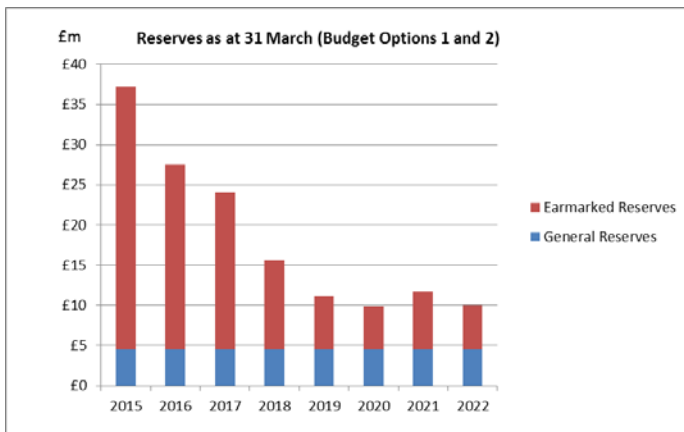
Assessment of adequacy

6. The **General Reserve** is held to enable the PCC to manage unplanned or unforeseen events. In forming a view on the level of General Reserve, account is taken of the level of financial control within the organisation and comparisons with similar bodies. Also taken into account is the risk of unforeseen expenditure occurring, particularly major operations, risk of failure to deliver the savings programme and sensitivity analysis of changes in assumptions included in the plan.
7. Within the MTFP appropriate estimates are made of a number of key items including provision of pay and price rises, as well as a forecast of interest movements. In addition, prudent assumptions are made for the forecast capital programme and for future capital receipts included in the Plan. These estimates and assumptions also take into account the general financial climate to which the organisation is subject.
8. Norfolk Constabulary has generally managed its demand led pressures within its budget envelope year on year, and where appropriate has used earmarked reserves to meet additional significant demand pressures and unbudgeted costs.

9. Since 2010 the constabulary has a proven track record of delivering efficiency savings year on year that will total £34m by the end of 2017/18.
10. In this MTFP robust detailed savings plans are in place for 2018/19 and 2019/20, with additional savings contained in a high level scoped programme for 2020/21 and 2021/22. These are outlined in the main report and in Appendix B(iii). The Chief Constable and PCC are committed to continuing to deliver efficiency and productivity gains in each year of the Plan.
11. The General Reserve is being maintained at £4.475m (3% of budget) for the duration of the Plan. This is a prudent and adequate amount to hold as a General Reserve. This is shown in Appendix F.
12. A call on the general reserve, particularly for major operations, would likely also result in an application to the Home Office for Special Policing Grant (SPG). The Home Office is currently reviewing the rules for SPG.

Earmarked reserves

13. These are reserves that are held for a specific purpose, whereby funds are set aside for future use when the need arises.
14. The level of reserves and predicted movement for these reserves is set out in Appendix F. All reserve levels are reviewed annually.
15. The diagrams below illustrate how the reserves are being used over the medium term.



16. The purpose and strategy for each reserve is set out below.
17. **OCC and PIC Sinking Funds.** These reserves were being written off by £98k a year over the life of the PFI contracts in place for the Operations and Communications Centre (OCC) and the Police Investigations Centres (PIC). The requirement to fund £98k per year from reserves has been replaced with permanent base budget of the same value. This then releases the reserves for other uses. The balances have been transferred to the Invest to Save reserve to support the ongoing cost of change.
18. The **Budget Support Reserve** is being held as a contingency against future demand led pressures. Between 2017/18 and 2019/20 the reserve will also support budget pressures arising from transitional arrangements from the implementation of the Local Policing Review (Norfolk 2020). In addition nearly £1.1m is being transferred to the Capital Financing Reserve to support the investment in short-life assets. The reserve is planned to be reduced to just over £0.250m by the end of the planning period. This would be the minimum balance.
19. This **Invest to Save Reserve** provides funding for initiatives that will generate future savings and also provides funds to support the cost of change. This has been added to by moving balances from the OCC and Police Investigation Centre Sinking Funds to this reserve. The plan is to reduce this to just under £0.5m by the end of the planning period.
20. The **Capital Financing Reserve** is used to fund the short-life asset element of the Capital Programme when the amount required for investing / refreshing in modernising technologies exceeds the budget available for this purpose. The strategy is to “top-up” this reserve in the last 2 years of the plan to fund that requirement. The “top-up” will be funded from the efficiency and savings programme. This will leave a balance to fund further investment beyond the planning period.
21. The **Maturity Loan Repayment Reserve** is a new reserve that is being established to build up balances required to repay legacy maturity loans (i.e. interest only loans) the bulk of which were taken out in the 1990s. The total repayable against these loans is £12.8m. The first loan to be repaid is due in 2022/23 the final loan is due in 2056. Between 2022/23 and 2027/28 £6.794m is due for repayment, and this is being built up by 9 years of £0.755m contributions into this reserve. The balance in this reserve is therefore not available for any other use.
22. The **Insurance Reserve** is being held as a contingency against future increases in premiums and/or increases in the value of assessed insurance liabilities. The reserve and also the provision within the accounts are actuarially assessed by external advisors.
23. The **PCC Reserve** is made up from previous underspends against the budgets of the Office of the Police and Crime Commissioner and the commissioning budget. The reserve is used to smooth commissioning spending over the MTFP period and to commission additional services in the community or delivered by the Constabulary, for instance in supporting victims.
24. The **Safety Camera Reserve** is held on behalf of the PCC, Chief Constable and Norfolk County Council. Income is dependent upon the number of Speed Awareness courses delivered. The use is reviewed and agreed at the Safety Camera Oversight Board.

Conclusion

25. The current policy, as demonstrated in the MTFP, is to maintain revenue general balances close to an operational guideline level of 3% of the net annual revenue budget. Across the police service this is the generally accepted level which is appropriate as the prolonged period of austerity continues.
26. The earmarked reserves have been described and the strategy is to keep these for specific purposes and maintain at around 3% to 4% of the net revenue budget (excluding the Safety Camera Reserve), to ensure taxpayer's money is being used as efficiently as possible. The strategy is to contribute to the Capital Financing Reserve to keep this at an appropriate level through the plan.
27. Having considered the levels of reserves included in the MTFP, and acknowledging the Chief Constable's commitment to work with the PCC to balance the budget over the period of the MTFP and taking account of the approach to managing financial risk described in the report, the CFO's advice is that there will be adequate general and earmarked reserves to continue the smooth running of the PCC and Constabulary's finances over the medium term financial planning period.

FORECAST MOVEMENT IN GENERAL AND EARMARKED RESERVES 2017/18 to 2021/22

Options 1 and 2

PROJECTION OF RESERVES LEVELS:	Total General Reserve £000	OCC Sinking Fund	PIC Sinking Fund	Budget Support £000	Invest to Save £000	Capital Financing £000	Maturity Loan Repayment Reserve £000	Insurance £000	PCC £000	Total Earmarked Reserve £000	Total General and Earmarked Reserves
31/03/2017 Actual	4,475	1,680	384	5,718	1,080	8,583		786	1,340	19,571	24,046
Proposed Changes 2017/18:											
Transfer to Revenue from Reserves				(1,266)	(268)	(3,496)				(5,030)	
Transfer from Budget Support to Capital Financing				(1,092)		1,092					
Transfer from Sinking Funds to Invest to Save		(1,680)	(384)		2,064						
Constabulary Overspend (forecast)				(1,288)						(1,288)	
Financing Commissioning Plan								(280)		(280)	
Cost of Change					(1,548)					(1,548)	
Transfer to Revenue from Reserves (Norfolk 2020)				(289)						(289)	
31/03/2018 Forecast	4,475			1,783	1,328	6,179		786	1,060	11,136	15,611
Proposed Changes 2018/19:											
Transfer to Revenue from Reserves				(443)	(167)	(2,345)				(2,955)	
Transfer to Revenue from Reserves (Norfolk 2020)				(804)						(804)	
Cost of Change					(516)					(516)	
Financing Commissioning Plan								(200)		(200)	
31/03/2019 Forecast	4,475			536	645	3,834		786	860	6,661	11,136
Proposed Changes 2019/20:											
Transfer to Revenue from Reserves					(169)	(3,304)				(3,473)	
Transfer to Revenue from Reserves (Norfolk 2020)				(394)						(394)	
Contribution to Reserves						2,000	755			2,755	
Financing Commissioning Plan								(200)		(200)	
31/03/2020 Forecast	4,475			142	476	2,530	755	786	660	5,349	9,824
Proposed Changes 2020/21:											
Transfer to Revenue from Reserves						(860)				(860)	
Contribution to Reserves						2,000	755			2,755	
31/03/2021 Forecast	4,475			142	476	3,670	1,510	786	660	7,244	11,719
Proposed Changes 2021/22:											
Transfer to Revenue from Reserves						(4,521)				(4,521)	
Contribution to Reserves						2,000	755			2,755	
31/03/2022 Forecast	4,475			142	476	1,148	2,265	786	660	5,478	9,953

Excluding Safety Camera Partnership Reserve.

FORECAST MOVEMENT IN GENERAL AND EARMARKED RESERVES 2017/18 to 2021/22

Option 3

PROJECTION OF RESERVES LEVELS:	Total General Reserve £000	OCC Sinking Fund	PIC Sinking Fund	Budget Support £000	Invest to Save £000	Capital Financing £000	Maturity Loan Repayment Reserve £000	Insurance £000	PCC £000	Total Earmarked Reserve £000	Total General and Earmarked Reserves
31/03/2017 Actual	4,475	1,680	384	5,718	1,080	8,583		786	1,340	19,571	24,046
Proposed Changes 2017/18:											
Transfer to Revenue from Reserves				(1,266)	(268)	(3,496)				(5,030)	
Transfer from Budget Support to Capital Financing				(1,092)		1,092					
Transfer from Sinking Funds to Invest to Save		(1,680)	(384)		2,064						
Constabulary Overspend (forecast)				(1,288)						(1,288)	
Financing Commissioning Plan								(280)		(280)	
Cost of Change					(1,548)					(1,548)	
Transfer to Revenue from Reserves (Norfolk 2020)				(289)						(289)	
31/03/2018 Forecast	4,475			1,783	1,328	6,179		786	1,060	11,136	15,611
Proposed Changes 2018/19:											
Transfer to Revenue from Reserves				(443)	(167)	(1,345)				(1,955)	
Transfer to Revenue from Reserves (Norfolk 2020)				(804)						(804)	
Cost of Change					(516)					(516)	
Financing Commissioning Plan								(200)		(200)	
31/03/2019 Forecast	4,475			536	645	4,834		786	860	7,661	12,136
Proposed Changes 2019/20:											
Transfer to Revenue from Reserves					(169)	(2,304)				(2,473)	
Transfer to Revenue from Reserves (Norfolk 2020)				(394)						(394)	
Contribution to Reserves				124			755			879	
Financing Commissioning Plan								(200)		(200)	
31/03/2020 Forecast	4,475			266	476	2,530	755	786	660	5,473	9,948
Proposed Changes 2020/21:											
Transfer to Revenue from Reserves						140				140	
Contribution to Reserves						1,000	755			1,755	
31/03/2021 Forecast	4,475			266	476	3,670	1,510	786	660	7,368	11,843
Proposed Changes 2021/22:											
Transfer to Revenue from Reserves						(3,521)	755			(2,766)	
Contribution to Reserves						1,000				1,000	
31/03/2022 Forecast	4,475			266	476	1,148	2,265	786	660	5,602	10,077

Excluding Safety Camera Partnership Reserve.

Prudential Code Indicators 2018/19, 2019/20, 2020/21

1. Background

- 1.1 The Prudential Code for capital investment came into effect on 1st April 2004. It replaced the complex regulatory framework, which only allowed borrowing if specific government authorisation had been received. The Prudential system is one based on self-regulation. All borrowing undertaken is self-determined under the prudential code. A revised Prudential Code was published in December 2017 and is to be applied from 2018/19
- 1.2 Under Prudential arrangements the PCC can determine the borrowing limit for capital expenditure. The Government does retain reserve powers to restrict borrowing if that is required for national economic reasons.
- 1.3 The key objectives of the Code are to ensure, within a clear framework, that capital investment plans are affordable, prudent and sustainable. The Code specifies indicators that must be used and factors that must be taken into account. The Code requires the PCC to set and monitor performance on:
- capital expenditure
 - affordability
 - external debt
 - treasury management (now included within Treasury Management strategy)
- 1.4 The required indicators are:
- Capital Expenditure Forecast
 - Capital Financing Requirement
 - Actual External Debt
 - Authorised Limit for External Debt
 - Operational Boundary Limit for External Debt
- 1.5 Once determined, the indicators can be changed so long as this is reported to the PCC.
- 1.6 Actual performance against indicators will be monitored throughout the year. All the indicators will be reviewed and updated annually.

2. The Indicators

- 2.1 The **Capital Expenditure Payment Forecast** is detailed in Appendix D. The total estimated payments are:

	2018/19	2019/20	2020/21
	£m	£m	£m
Capital Expenditure Forecast	9.626	11.284	2.985

The PCC is being asked for approval to an overall Capital Programme based on the level of capital financing costs contained within the draft revenue budget.

- 2.2 The **ratio of capital financing costs to net revenue budget** shows the estimated annual revenue costs of borrowing (net interest payable on debt and the minimum revenue provision for repaying the debt), as a proportion of annual income from local taxation and non-specific government grants. The estimates include PFI MRP and interest costs. Estimates of the ratio of capital financing costs to net revenue budget for future years are:

Ratio of Capital Financing Costs to Net Revenue Budget		
2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
5.49%	5.46%	5.62%

- 2.3 The **capital financing requirement** represents capital expenditure not yet financed by capital receipts, revenue contributions or capital grants. It measures the underlying need to borrow for a capital purpose, although this borrowing may not necessarily take place externally. Estimates of the end of year capital financing requirement for future years are:

Capital Financing Requirement			
31/03/18 Estimate	31/03/19 Estimate	31/03/20 Estimate	31/03/21 Estimate
£91.303m	£94.284m	£98.555m	£96.473m

- 2.4 The guidance on **net borrowing for capital purposes** advises that:

“In order to ensure that over the medium term net borrowing will only be for a capital purpose, the PCC should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.”

Net borrowing refers to the PCC’s total external borrowing net of any temporary cash investments and must work within this requirement.

- 2.5 The Code defines the **authorised limit for external debt** as the sum of external borrowing and any other financing long-term liabilities e.g. finance leases. It is recommended that the PCC approve the 2018/19 and future years limits.

For 2018/19 this will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

As required by the Code, the PCC is asked to delegate authority to the Chief Finance Officer (OPCCN), within the total limit for any individual year, to effect movement between the separate limits for borrowing and other long term liabilities. Any such changes made will be reported to the PCC.

Authorised Limit for External Debt			
	2018/19	2019/20	2020/21
	£m	£m	£m
PWLB borrowing	23.847	31.964	31.792
Other long term liabilities (OCC PFI)	25.052	24.552	23.994
Other long term liabilities (PIC PFI)	35.243	34.564	33.834
Headroom	14.856	12.403	11.676
Total	98.998	103.483	101.297

These proposed limits are consistent with the Capital Programme. They provide headroom to allow for operational management, for example unusual cash movements.

- 2.6 The Code also requires the PCC to approve an **operational boundary limit for external debt** for the same time period. The proposed operational boundary for external debt is the same calculation as the external debt limit without the additional headroom. The operational boundary represents a key management tool for in year monitoring.

Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified again. The PCC is asked to delegate authority to the Chief Finance Officer (OPCCN), within the total operational boundary for any individual year, to make any required changes between the separately agreed figures for borrowing and other long-term liabilities. Any changes will be reported to the PCC.

Operational Boundary Limit for External Debt			
	2018/19	2019/20	2020/21
	£m	£m	£m
PWLB borrowing	23.847	31.964	31.792
Other long term liabilities (OCC PFI)	25.052	24.552	23.994
Other long term liabilities (PIC PFI)	35.243	34.564	33.834
Total	84.142	91.080	89.621

**The Office of the Police and Crime Commissioner for Norfolk
Annual Investment and Treasury Management Strategy Statement 2018/19**

1. Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice for Treasury Management in the Public Services (the Code) requires local authorities to produce a treasury management strategy for the year ahead. The PCC is required to comply with the Code through regulations issued under the Local Government Act 2003 and has adopted specific clauses and policy statements from the Code as part of its Financial Regulations.
- 1.2 Complementary to the CIPFA Code is the Department for Communities and Local Government's (DCLG's) Investment Guidance, which requires local authorities and PCCs to produce an Annual Investment Strategy. This report combines the reporting requirements of both the CIPFA Code and DCLG's Investment Guidance.
- 1.3 The primary objectives of the PCC's Investment Strategy are to safeguard the timely repayment of principal and interest, whilst ensuring adequate liquidity for cash flow and the generation of investment yield. A flexible approach to borrowing for capital purposes will be maintained which avoids the 'cost of carrying debt' in the short term. This strategy is prudent while investment returns are low and counterparty risk (the other party involved in a financial transaction, typically a bank or building society) remains relatively high.

2. The Treasury Management Function

- 2.1 The CIPFA Code defines treasury management activities as "the management of the PCC's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

The PCC regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the PCC, and any financial instruments entered into to manage these risks.

The PCC acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

- 2.2 The PCC is required to operate a balanced budget, which broadly means that cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensures this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties, providing adequate liquidity before considering investment return.

- 2.3 A further function of the treasury management service is to provide for the borrowing requirement of the PCC, essentially the longer term cash flow planning, typically 30 years plus, to ensure the PCC can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using internal cash balances on a temporary basis. Debt previously borrowed may be restructured to meet PCC risk or cost objectives.
- 2.4 The PCC has delegated responsibility for treasury management decisions taken within the approved strategy to the PCC CFO. Day to day execution and administration of investment and borrowing decisions is undertaken by Specialist Accountants based in the Joint Finance Department for Suffolk and Norfolk Constabularies.
- 2.5 External treasury management services continue to be provided by Link Asset Services in a joint contract with the PCC for Suffolk. Link Asset Services provides a range of services which include:
- Technical support on treasury matters and capital finance issues.
 - Economic and interest rate analysis.
 - Debt services which includes advice on the timing of long term borrowing.
 - Debt rescheduling advice surrounding the existing portfolio.
 - Generic investment advice on interest rates, timing and investment instruments.
 - Credit ratings/market information service for the three main credit rating agencies (Fitch, Moody's and Standard & Poors).
- 2.6 Whilst Link Asset Services provide support to the treasury function, under market rules and in accordance with the CIPFA Code of Practice, the final decision on treasury matters remains with the PCC.
- 2.7 Performance will continue to be monitored and reported to the PCC as part of the budget monitoring report.

3. Link Asset Services Economic Forecast

Economic Overview

- 3.1 **UK.** After the UK surprised on the upside with strong economic growth in 2016, growth in 2017 has been disappointingly weak; quarter 1 came in at only +0.3% (+1.8% y/y), quarter 2 was +0.3% (+1.5% y/y) and quarter 3 was +0.4% (+1.5% y/y). The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the EU referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 80% of GDP, has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the manufacturing sector which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year while robust world growth has also been supportive. However, this sector only accounts for around 10% of GDP so expansion in this sector will have a much more muted effect on the overall GDP growth figure for the UK economy as a whole.

While the Bank of England is expected to give forward guidance to prepare financial markets for gradual changes in policy, the Monetary Policy Committee, (MPC), meeting of 14 September 2017 managed to shock financial markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise soon. The Bank of England Inflation Reports during 2017 have clearly flagged up that it expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. The Bank revised its forecast for the peak to just over 3% at the 14 September meeting. (Inflation actually came in at 3.0% in both September and October so that might prove now to be the peak.) This marginal revision in the Bank's forecast can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment having already fallen to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that the amount of spare capacity in the economy was significantly diminishing towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of automation and globalisation. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a decrease in such globalisation pressures in the UK, and so this would cause additional inflationary pressure over the next few years.

At Its 2 November meeting, the MPC duly delivered a 0.25% increase in Bank Rate. It also gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is, therefore, not quite the 'one and done' scenario but is, nevertheless, a very relaxed rate of increase prediction in Bank Rate in line with previous statements that Bank Rate would only go up very gradually and to a limited extent.

However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. This view is based primarily on the coming fall in inflation, (as the effect of the effective devaluation of sterling after the EU referendum drops out of the CPI statistics), which will bring to an end the negative impact on consumer spending power. In addition, a strong export performance will compensate for weak services sector growth. If this scenario was indeed to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.

It is also worth noting the contradiction within the Bank of England between action in 2016 and in 2017 by two of its committees. After the shock result of the EU referendum, the Monetary Policy Committee (MPC) voted in August 2016 for emergency action to cut Bank Rate from 0.50% to 0.25%, restarting £70bn of QE purchases, and also providing UK banks with £100bn of cheap financing. The aim of this was to lower borrowing costs, stimulate demand for borrowing and thereby increase expenditure and demand in the economy. The MPC felt this was necessary in order to ward off their expectation that there would be a sharp slowdown in economic growth. Instead, the economy grew robustly, although the Governor of the Bank of England strongly maintained that this was because the MPC took that action. However, other commentators regard this emergency action by the MPC as being proven by events to be a mistake. Then in 2017, we had the Financial Policy Committee (FPC) of the Bank of England taking action in June and September over its concerns that cheap borrowing rates, and easy availability of consumer credit, had resulted in too rapid a rate of growth in consumer borrowing

and in the size of total borrowing, especially of unsecured borrowing. It, therefore, took punitive action to clamp down on the ability of the main banks to extend such credit! Indeed, a PWC report in October 2017 warned that credit card, car and personal loans and student debt will hit the equivalent of an average of £12,500 per household by 2020. However, averages belie wide variations in levels of debt with much higher exposure being biased towards younger people, especially the 25 -34 year old band, reflecting their lower levels of real income and asset ownership.

One key area of risk is that consumers may have become used to cheap rates since 2008 for borrowing, especially for mortgages. It is a major concern that some consumers may have over extended their borrowing and have become complacent about interest rates going up after Bank Rate had been unchanged at 0.50% since March 2009 until falling further to 0.25% in August 2016. This is why forward guidance from the Bank of England continues to emphasise slow and gradual increases in Bank Rate in the coming years. However, consumer borrowing is a particularly vulnerable area in terms of the Monetary Policy Committee getting the pace and strength of Bank Rate increases right - without causing a sudden shock to consumer demand, confidence and thereby to the pace of economic growth.

Moreover, while there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two to three years will actually pan out.

3.2 **Brexit Timetable / Process:**

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- March 2019: initial two-year negotiation period on the terms of exit. In her Florence speech in September 2017, the Prime Minister proposed a two-year transitional period after March 2019.
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy will leave the single market and tariff free trade at different times during the two-year transitional period.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies

3.3 **Eurozone.** Economic growth in the Eurozone (EZ), (the UK's biggest trading partner), had been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and has now gathered substantial strength and momentum thanks to this stimulus. GDP growth was 0.6% in quarter 1 (2.0% y/y), 0.7% in quarter 2 (2.3% y/y) and +0.6% in quarter 3 (2.5%

y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in October inflation was 1.4%. It is therefore unlikely to start on an upswing in rates until possibly 2019. It has, however, announced that it will slow down its monthly QE purchases of debt from €60bn to €30bn from January 2018 and continue to at least September 2018.

- 3.4 **USA.** Growth in the American economy was notably erratic and volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1% and quarter 3 coming in at 3.0%. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.1%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed has started on a gradual upswing in rates with four increases in all and three increases since December 2016; and there could be one more rate rise in 2017, which would then lift the central rate to 1.25 – 1.50%. There could then be another four increases in 2018. At its September meeting, the Fed said it would start in October to gradually unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.
- 3.5 **CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.
- 3.6 **JAPAN** has been struggling to stimulate consistent significant growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.
- 3.7 The following table gives Capita Asset Services central view of UK Base Rate and Public Works Loan Board (PWLB) borrowing rates:

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB View	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB View	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%

4. Investment Strategy 2018/19

- 4.1 The Bank Rate is forecast to stay flat at 0.50% until quarter 4 2018 and not to rise above 1.25% by quarter 1 2021. Bank Rate forecasts for financial year ends (March) are:

- 2017/18 0.50%
- 2018/19 0.75%
- 2019/20 1.00%
- 2020/21 1.25%

4.2 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Financial Year	Budgeted Interest Earnings
2018/19	0.60%
2019/20	0.90%
2020/21	1.25%

4.3 There are 3 key considerations to the treasury management investment process. CLG's Investment Guidance ranks these in the following order of importance:

- security of principal invested,
- liquidity for cash flow, and
- investment return (yield).

Each deposit is considered in the context of these 3 factors, in that order.

4.4 CLG's Investment Guidance requires local authorities and PCCs to invest prudently and give priority to security and liquidity before yield, as described above. In order to facilitate this objective, the Guidance requires the PCC to have regard to CIPFA's Code of Practice for Treasury Management in the Public Sector.

4.5 The key requirements of both the Code and the Investment Guidance are to produce an Annual Investment and Treasury Strategy covering the following:

- Guidelines for choosing and placing investments – Counterparty Criteria and identification of the maximum period for which funds can be committed – Counterparty Monetary and Time Limits (Section 5).
- Details of Specified and Non-Specified investment types (Section 6).

5. Investment Strategy 2018/19 - Counterparty Criteria

5.1 The PCC works closely with its external treasury advisors to determine the criteria for high quality institutions.

5.2 The criteria for providing a pool of high quality investment counterparties for inclusion on the PCC's 'Approved Authorised Counterparty List' is provided below

- (i) **UK Banks** which have the following minimum ratings from at least one of the three credit rating agencies:

UK Banks	Fitch	Standard & Poors	Moody's
Short Term Ratings	F1	A-1	P-1
Long Term Ratings	A-	A-	A3

- (ii) **Non-UK Banks** domiciled in a country which has a minimum sovereign rating of AA+ and have the following minimum ratings from at least one of the credit rating agencies:

Non-UK Banks	Fitch	Standard & Poors	Moody's
Short Term Ratings	F1+	A-1+	P-1
Long Term Ratings	AA-	AA-	Aa3

- **Part Nationalised UK Banks** – Royal Bank of Scotland Group (including Nat West). These banks are included while they continue to be part nationalised or they meet the minimum rating criteria for UK Banks above.
- **The PCC's Corporate Banker** – If the credit ratings of the PCC's corporate banker (currently Barclays Bank plc) fall below the minimum criteria for UK Banks above, then cash balances held with that bank will be for account operation purposes only and balances will be minimised in terms of monetary size and time.
- **Building Societies** – The PCC will use Building Societies which meet the ratings for UK Banks outlined above.
- **Money Market Funds (MMFs)** – which are rated AAA by at least one of the three major rating agencies. MMF's are 'pooled funds' investing in high-quality, high-liquidity, short-term securities such as treasury bills, repurchase agreements and certificate of deposit. Funds offer a high degree of counterparty diversification that include both UK and Overseas Banks.
- **UK Government** – including the Debt Management Account Deposit Facility & Sterling Treasury Bills. Sterling Treasury Bills are short-term (up to six months) 'paper' issued by the UK Government. In the same way that the Government issues Gilts to meet long term funding requirements, Treasury Bills are used by Government to meet short term revenue obligations. They have the security of being issued by the UK Government.
- **Local Authorities, Parish Councils etc.** – Includes those in England and Wales (as defined in Section 23 of the Local Government Act 2003) or a similar body in Scotland or Northern Ireland.

5.3 All cash invested by the PCC in 2018/19 will be either Sterling deposits (including certificates of deposit) or Sterling Treasury Bills invested with banks and other institutions in accordance with the Approved Authorised Counterparty List.

5.4 The Code of Practice requires local authorities and PCCs to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for use, additional market information will be used to inform investment decisions. This additional market information includes, for example, Credit Default Swap rates and equity prices in order to compare the relative security of counterparties.

5.5 The current maximum lending limit of £10m for any counterparty will be maintained in 2018/19 to reflect the level of cash balances and to avoid large deposits with the DMO.

- 5.6 In addition to individual institutional lending limits, “Group Limits” will be used whereby the collective investment exposure of individual banks within the same banking group is restricted to a group lending limit of £10m.
- 5.7 The Strategy permits deposits beyond 365 days (up to a maximum of 2 years) but only with UK banks which meet the credit ratings at paragraph 5.2. Deposits may also be placed with UK Part Nationalised Banks and Local Authorities for periods of up to 2 years.
- 5.8 A reasonable amount will be held on an instant access basis in order for the PCC to meet any unexpected needs. Instant access accounts are also preferable during periods of credit risk uncertainty in the markets, allowing the PCC to immediately withdraw funds should any concern arise over a particular institution.

6. Investment Strategy 2018/19 – Specified and Non-Specified Investments

6.1 As determined by CLG’s Investment Guidance, Specified Investments offer “high security and high liquidity”. They are Sterling denominated and have a maturity of less than one year. Institutions of “high” credit quality are deemed to be Specified Investments. From the pool of high quality investment counterparties identified in Section 5, the following are deemed to be Specified Investments where the period of deposit is 365 days or less:

- Banks: UK and Non-UK;
- Part Nationalised UK Banks;
- The PCC’s Corporate Banker (Barclays Bank plc)
- Building Societies (which meet the minimum ratings criteria for Banks);
- Money Market Funds;
- UK Government;
- Local Authorities, Parish Councils etc.

6.2 Non-Specified Investments are those investments that do not meet the criteria of Specified Investments. From the pool of counterparties identified in Section 5, they include:

- Any investment greater than 365 days.

6.3 The categorisation of ‘Non-Specified’ does not in any way detract from the credit quality of these institutions, but is merely a requirement of the Government’s guidance.

6.4 The PCC’s proposed Strategy for 2018/19 therefore includes both Specified and Non-Specified Investment institutions.

7. Borrowing Strategy 2018/19

7.1 Capital expenditure can be funded immediately by applying capital receipts, capital grants or revenue contributions. Capital expenditure in excess of available capital resources or revenue contributions will add to the PCC’s borrowing requirement. The PCC’s need to borrow is measured by the Capital Financial Requirement,

which simply represents the total outstanding capital expenditure, which has not yet been funded from either capital or revenue resources.

- 7.2 For the PCC, borrowing principally relates to long term loans (i.e. loans in excess of 365 days). The borrowing strategy includes decisions on the timing of when further monies should be borrowed.
- 7.3 The main source of long term loans is the Public Works Loan Board (PWLB), which is part of the UK Debt Management Office (DMO). The maximum period for which loans can be advanced by the PWLB is 50 years.
- 7.4 External borrowing currently stands at £12.76m (excluding PFI). At 31 March 2017 there was a £24.1m Capital Financing Requirement (CFR) relating to unfunded capital expenditure which had been financed from internal resources. The CFR is estimated to be £29.9m at 31 March 2018, £34.0m at 31 March 2019 and £39.4m at 31 March 2020. Additional long term borrowing is estimated at £3.35 m for 2017/18, £7.80m for 2018/19 and £8.25m for 2019/20. The borrowing requirement does not include the funding requirement in respect of assets financed through PFI.
- 7.5 The challenging and uncertain economic outlook outlined by Link Asset Services in Section 3, together with managing the cost of “carrying debt” requires a flexible approach to borrowing. The PCC, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks identified in Link Asset Services economic overview (Section 3).
- 7.6 The level of outstanding debt and composition of debt, in terms of individual loans, is kept under review. The PWLB provides a facility to allow the restructure of debt, including premature repayment of loans, and encourages local authorities and PCCs to do so when circumstances permit. This can result in net savings in overall interest charges. The PCC CFO and Link Asset Services will monitor prevailing rates for any opportunities during the year. As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred). Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt
- 7.7 The PCC has flexibility to borrow funds in the current year for use in future years, but will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the PCC can ensure the security of such funds
- 7.8 The PCC will continue to use the most appropriate source of borrowing at the time of making application, including; the PWLB, commercial market loans, Local Authorities and the Municipal Bond Agency.

8. Treasury Management Prudential Indicators

8.1 There are four treasury related Prudential Indicators. The purpose of the indicators is to restrict the activity of the treasury function to within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However, if these indicators are too restrictive, they will impair the opportunities to reduce costs/improve performance. The Indicators are:

- **Upper Limits on Variable Interest Rate Exposure** – This identifies a maximum limit for variable interest rates based upon the debt position net of investments. It is recommended that the PCC set an upper limit on its variable interest rate exposures for 2018/19, 2019/20 and 2020/21 of 100% of its net outstanding principal sums.
- **Upper Limits on Fixed Interest Rate Exposure** – Similar to the previous indicator, this covers a maximum limit on fixed interest rates. It is recommended that the PCC set an upper limit on its fixed interest rate exposures for 2018/19, 2019/20 and 2020/21 of 100% of its net outstanding principal sums.
- **Maturity Structures of Borrowing** – These gross limits are set to reduce the PCC's exposure to large fixed rate sums falling due for refinancing and require upper and lower limits. It is recommended that the PCC sets the following limits for the maturity structures of its borrowing at 31.3.18:

	Actual*	Lower Limit	Upper Limit
Under 12 months	0%	0%	15%
12 months and within 24 months	0%	0%	15%
24 months and within 5 years	7.8%	0%	45%
5 years and within 10 years	45.4%	0%	75%
10 years and above	46.8%	0%	100%

* Actual is based on existing balances at 31.12.17

- **Total Principal Funds Invested for Greater than 365 Days** – This limit is set with regard to the PCC's liquidity requirements. It is estimated that in 2018/19, the maximum level of PCC funds invested for periods greater than 365 days will be no more than £10m.

NB This Strategy Statement was endorsed by Norfolk Police Audit Committee at its meeting 9 January 2018.

MINIMUM REVENUE PROVISION STATEMENT 2018/19

Introduction

1. The PCC is required to make a charge against the revenue budget each year in respect of capital expenditure financed by borrowing or credit arrangement. The annual charge is set aside for the eventual repayment of the loan and is known as the Minimum Revenue Provision (MRP). This is separate from any annual interest charges that are incurred on borrowing.
2. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 amend the way in which MRP can be calculated so that each authority must consider what is “prudent”. The regulations are backed up by statutory guidance which gives advice on what might be considered prudent.

Options for Making Prudent Provision

3. Four options are included in the guidance, which are those likely to be most relevant for the majority of authorities. Although other approaches are not ruled out, authorities must demonstrate that they are fully consistent with the statutory duty to make prudent revenue provision.

Option 1 - Regulatory Method

Authorities may continue to use the formulae put in place by the previous regulations.

Option 2 - Capital Financing Requirement Method

This is a technical calculation based upon taking 4% of the level of outstanding debt as signified by the previous year’s balance sheet.

Option 3 – Asset Life Method

This is to make provision over the estimated life of the asset for which the borrowing is undertaken. This could be done by:

- (a) Charging MRP in equal instalments over the life of the asset
- (b) Charging MRP according to the flow of benefits from an asset where the benefits are expected to be different between years (CIPFA guidance is awaited for this methodology)

Option 4 - Depreciation

The asset is depreciated in accordance with standard accounting methods

4. The regulations make a distinction between capital expenditure incurred before 1 April 2008 and capital expenditure incurred from 1 April 2008 in terms of the options available.
5. Options 1 and 2 are to be used for capital expenditure incurred pre April 2008. Options 3 and 4 are to be used for Capital expenditure incurred post April 2008.

Recommendations

6. In order to avoid complexity and to spread the charge to the revenue budget over the life of the asset, it is recommended that for MRP purposes the PCC continues with the current approach, namely that:
 - Capital expenditure incurred before April 2008 is treated in accordance with option 1 of the regulatory guidance; and
 - Capital expenditure incurred from April 2008 is treated in accordance with option 3(a) of the regulatory guidance.

Option 1 - Norfolk PCC Precept 2018/19 – Council Tax Freeze

					£	
Budget Requirement					151,087,405	
Less Government Funding					87,192,814	
To be met from council tax (incl. surplus)					<u>63,894,591</u>	
Billing Authority	Taxbase	Precept Amount		Surplus on Collection Fund		Total Payments Due
		£		£		£
BRECKLAND	42,806	9,296,179		163,026		9,459,205
BROADLAND	45,735	9,932,270		(16,391)		9,915,879
GT. YARMOUTH	28,064	6,094,659		131,000		6,225,659
K.LYNN & W. NORFOLK	49,466	10,742,510		206,292		10,948,802
NORTH NORFOLK	39,844	8,652,921		202,229		8,855,150
CITY OF NORWICH	35,485	7,706,277		275,078		7,981,355
SOUTH NORFOLK	48,259	10,480,407		28,134		10,508,541
		<u>62,905,224</u>		<u>989,368</u>		<u>63,894,591</u>
		Council Tax 2018/19				
		£				
Valuation Band						
A		144.78				
B		168.91				
C		193.04				
D		217.17				
E		265.43				
F		313.69				
G		361.95				
H		434.34				
(i)	As in previous years instalment payments will be made to the PCC by the district councils on the day that they receive their government grant instalments. This will minimise the cash flow effect on the collection authorities.					
(ii)	Where a surplus on collection of 2017/18 council tax has been estimated, the District Council concerned will pay to the PCC its proportion of the sum by ten equal instalments, as an addition to the May 2018 to February 2019 precept payments.					
(iii)	Where a deficit on collection of 2017/18 council tax has been estimated, the District Council concerned will receive from the PCC its proportion of the sum by ten equal instalments, as a reduction to the May 2018 to February 2019 precept payments.					

Option 2 - Norfolk PCC Precept 2018/19 – 1.99% increase in Council Tax

						£			
Budget Requirement						152,335,835			
Less Government Funding						87,192,814			
To be met from council tax (incl. surplus)						<u>65,143,021</u>			
Billing Authority	Taxbase	Precept Amount	Surplus on Collection Fund		Total Payments Due				
			£	£					
BRECKLAND	42,806	9,480,673	163,026		9,643,699				
BROADLAND	45,735	10,129,388	(16,391)		10,112,997				
GT. YARMOUTH	28,064	6,215,615	131,000		6,346,615				
K.LYNN & W. NORFOLK	49,466	10,955,708	206,292		11,162,000				
NORTH NORFOLK	39,844	8,824,649	202,229		9,026,878				
CITY OF NORWICH	35,485	7,859,218	275,078		8,134,296				
SOUTH NORFOLK	48,259	10,688,403	28,134		10,716,537				
						<u>289,660</u>	<u>64,153,654</u>	<u>989,368</u>	<u>65,143,021</u>
Valuation Band	Council Tax 2017/18	Council Tax 2018/19	Increase						
	£	£	Year £	Week £					
A	144.78	147.65	2.87	0.06					
B	168.91	172.26	3.35	0.06					
C	193.04	196.87	3.83	0.07					
D	217.17	221.48	4.31	0.08					
E	265.43	270.70	5.27	0.10					
F	313.69	319.92	6.23	0.12					
G	361.95	369.13	7.18	0.14					
H	434.34	442.96	8.62	0.17					
(i)	As in previous years instalment payments will be made to the PCC by the district councils on the day that they receive their government grant instalments. This will minimise the cash flow effect on the collection authorities.								
(ii)	Where a surplus on collection of 2017/18 council tax has been estimated, the District Council concerned will pay to the PCC its proportion of the sum by ten equal instalments, as an addition to the May 2018 to February 2019 precept payments.								
(iii)	Where a deficit on collection of 2017/18 council tax has been estimated, the District Council concerned will receive from the PCC its proportion of the sum by ten equal instalments, as a reduction to the May 2018 to February 2019 precept payments.								

Option 3 - Norfolk PCC Precept 2018/19 – 5.55% increase in Council Tax

					£		
Budget Requirement					154,554,622		
Less Government Funding					87,192,814		
To be met from council tax (incl. surplus)					67,361,808		
Billing Authority	Taxbase	Precept Amount	Surplus on Collection Fund		Total Payments Due		
			£	£			
BRECKLAND	42,806	9,808,567	163,026		9,971,593		
BROADLAND	45,735	10,479,718	(16,391)		10,463,327		
GT. YARMOUTH	28,064	6,430,585	131,000		6,561,585		
K.LYNN & W. NORFOLK	49,466	11,334,616	206,292		11,540,908		
NORTH NORFOLK	39,844	9,129,854	202,229		9,332,083		
CITY OF NORWICH	35,485	8,131,033	275,078		8,406,111		
SOUTH NORFOLK	48,259	11,058,067	28,134		11,086,201		
		289,660	66,372,441	989,368	67,361,808		
Valuation Band	Council Tax 2017/18	Council Tax 2018/19	Increase				
	£	£	Year £	Week £			
A	144.78	152.76	7.98	0.15			
B	168.91	178.22	9.31	0.18			
C	193.04	203.68	10.64	0.20			
D	217.17	229.14	11.97	0.23			
E	265.43	280.06	14.63	0.28			
F	313.69	330.98	17.29	0.33			
G	361.95	381.90	19.95	0.38			
H	434.34	458.28	23.94	0.46			
(i)	As in previous years instalment payments will be made to the PCC by the district councils on the day that they receive their government grant instalments. This will minimise the cash flow effect on the collection authorities.						
(ii)	Where a surplus on collection of 2017/18 council tax has been estimated, the District Council concerned will pay to the PCC its proportion of the sum by ten equal instalments, as an addition to the May 2018 to February 2019 precept payments.						
(iii)	Where a deficit on collection of 2017/18 council tax has been estimated, the District Council concerned will receive from the PCC its proportion of the sum by ten equal instalments, as a reduction to the May 2018 to February 2019 precept payments.						

Police and Crime Plan for Norfolk 2016-2020 – performance monitoring

Suggested approach from Jo Martin, Democratic Support and Scrutiny Team Manager

The Panel is recommended to:

- 1) Consider the update about progress with delivering the Police and Crime Plan for Norfolk 2016-2020.
- 2) Decide what comments or recommendations (if any) it wishes to make to the PCC.

1. Background

- 1.1 The Police Reform and Social Responsibility Act 2011 (“the Act”) requires the Police and Crime Commissioner (“the PCC”) to issue a Police and Crime Plan (“the Plan”) within the financial year in which the election is held.
- 1.2 The Plan should determine, direct and communicate the PCC’s priorities during their period in office and must set out for the period of issue:
 - a) The PCC’s police and crime objectives for the area, including the strategic direction over the period for which the PCC has been elected and including:
 - Crime and disorder reduction in Norfolk
 - Policing within Norfolk
 - How Norfolk Constabulary will discharge its national functions.
 - b) The policing that the Chief Constable will provide;
 - c) The financial and other resources which the PCC will give the Chief Constable in order that they may do this;
 - d) How the PCC will measure police performance and the means by which the Chief Constable will report to the PCC;
 - e) Information regarding any crime and disorder reduction grants that the PCC may make, and the conditions (if any) of those grants.
- 1.3 Prior to publication of the Plan, the PCC must: consult with the Chief Constable in preparing the Plan; obtain the views of the community and victims of crime on the draft Plan; send the draft Plan to the Police and Crime Panel (“the Panel”); have regard and provide a response to any report or recommendations made by the Panel.
- 1.4 The PCC may vary an existing plan or issue a new one at any time, and the frequency with which this is done should be determined on the basis of local need. Any variations should be reviewed by the Panel.

2. Purpose of today's meeting

- 2.1. The purpose of the item on today's agenda is to allow the Panel to consider progress being made towards delivering the 2016-20 Plan.
- 2.2 At the Panel's 26 September 2017 meeting, members received an update on activity undertaken to deliver the Plan as part of the PCC's Annual Report.
- 2.3 The attached report from the Office of the Police and Crime Commissioner (OPCCN) at **Annex 1** outlines further progress that has been made against the specific actions set within two of the Plan's priorities since its publication in March 2017:
 - a) Priority 2: Support rural communities
 - b) Priority 3: Improve road safety
- 2.4 The PCC will attend the meeting and answer the Panel's questions. He will be supported by members of his staff together with the Chief Constable.
- 2.5 After the PCC has presented his report, the Panel may wish to question him on the following areas:

Priority 2: Support rural communities

- a) How rural crime is being prioritised.
- b) How a greater commitment to new ideas and joined-up approaches is being achieved.
- c) How an increasing confidence of rural communities is being measured, and whether this is evident yet.
- d) Whether crime reporting in rural communities is increasing.
- e) Progress in delivering the Rural Policing Strategy.
- f) The benefits arising from membership of the National Rural Crime Network.
- g) Achievements delivered by the tactical delivery plan to further cross-border activity with other forces.
- h) The benefits arising from additional Special Constabulary participation in rural crime initiatives, and from increasing the range of methods used to engage with rural communities.
- i) Whether rural communities are feeling more supported as a result of the action being undertaken by the PCC.

Priority 3: Improve road safety

- j) How education and enforcement are tackling dangerous driving.
- k) How speeding in rural communities is being reduced.
- l) How the levels of killed and seriously injury collisions are being reduced, and the impact that partnership work is having.
- m) Whether road safety is being improved as a result of the action being undertaken by the PCC.

3. Action

3.1 The Panel is recommended to:

- 1) Consider the update about progress with delivering the Police and Crime Plan for Norfolk 2016-2020.
- 2) Decide what comments or recommendations (if any) it wishes to make to the PCC.



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Office of the Police and Crime Commissioner

Norfolk Police and Crime Plan 2016-2020

Performance Monitoring Report

Summary:

This report provides the Panel with an overview of the progress made against delivering two of the strategic priorities within the Norfolk Police and Crime Plan for 2016-2020.

1. Background

- 1.1 The police and crime plan has been produced following a wide ranging public consultation during 2016. The plan covers a four year period until May 2020 but will be kept under view.
- 1.2 This is the third performance paper to be submitted to the Police and Crime Panel on this plan.

2. Norfolk Police and Crime Plan priorities

- 2.1 The plan sets out the Police and Crime Commissioner's seven strategic priorities as:
- Increase visible policing
 - Increase the number of volunteers in policing
 - Increase opportunities for the public to engage with the police and the PCC
 - Bring the community, including importantly young people, and the police together to develop more positive relationships
 - Give people an opportunity to influence policing priorities where they live
 - Increase public confidence and reduce fear of being a victim of crime
 - Support rural communities
 - Prioritise rural crime with a greater commitment to new ideas and joined-up approaches
 - Increase confidence of rural communities
 - Increase levels of crime reporting in rural communities
 - Improve road safety
 - Tackle dangerous driving through education and enforcement
 - Reduce speeding in rural villages and communities
 - Reduce killed and serious injury collisions caused by the Fatal 4 (speeding, using a mobile phone while driving, not wearing a seatbelt, driving while under the influence of drink or drugs)
 - Prevent offending
 - Tackle all forms of violence and abuse

- Reduce the number of domestic abuse incidents
 - Continue to work in partnership to tackle anti-social behaviour
 - Reduce overall levels of reoffending by addressing the underlying causes through continued collaboration and innovative responses
 - Reduce the number of first-time entrants into the criminal justice system, the number of young adults entering custody and reoffending rates of young people by prioritising support for vulnerable young people
- Support victims and reduce vulnerability
 - Work to improve the overall experiences and outcomes for victims and witnesses
 - Work in partnership to make those at risk less vulnerable to victimisation
 - Work in partnership to deliver the most appropriate response to those in mental health crisis
 - Work in partnership to reduce the impact of drugs and alcohol on communities, families and people at risk
 - Support and encourage victims and witnesses to come forward to disclose traditionally under-reported crimes including modern slavery, human trafficking, stalking and hate crime
 - Deliver a modern and innovative service
 - Support the police by giving them the tools they need to fight and reduce crime
 - Improve information technology network connectivity and invest in new technologies
 - Improve information sharing across partner agencies
 - Good stewardship of taxpayers' money
 - Deliver an efficient policing service, achieving value for money for all Norfolk residents
 - Join up emergency services and identify opportunities for further collaboration
 - Develop robust accountability frameworks and governance arrangements
- 2.2 Each strategic priority has a number of strategic objectives set against it along with a list of actions for both the Office of the Police and Crime Commissioner (OPCCN) and the Norfolk Constabulary.
- 2.3 The OPCCN has developed a business delivery plan to manage and deliver their strategic actions within the police and crime plan.
- 2.4 Norfolk Constabulary has developed an operational policing plan in order to manage and deliver their strategic actions set within the police and crime plan.
- 3. Monitoring progress against plan priorities**
- 3.1 Following the publication of this plan and the operational and business delivery plans, progress reports are prepared for internal and external accountability meetings.
- 3.2 Norfolk Constabulary provides the PCC with updates on the progress they are making with the police and crime plan through the Police Accountability Forums and public papers are available on the OPCCN website.

- 3.3 Due to the number of police and crime plan priorities, reports are provided on two themes at a time on a rolling basis so that a full year's coverage of all the priorities can be achieved.
- 3.4 This report outlines the progress that has been made against the specific actions set within two of the police and crime plan priorities since its publication in March 2017:
- a) Support rural communities
 - b) Improve road safety
- 3.5 The plan also contains a set of performance measures and, this information will be reported on an annual basis to the Police and Crime panel through the publication of the PCCs annual report.
- 3.6 Further performance papers will be scheduled throughout the duration of the Police and Crime Plan.

4. Progress to date

KEY: (OPCCN) Action for Office of the Police and Crime Commissioner (NC) Action for Norfolk Constabulary		
PRIORITY 2: Support Rural Communities		
Strategic Objective	Action	Progress for Quarter 3 (Oct - Dec 2017) *performance measures will be provided annually
<i>SO6: Prioritise rural crime with a greater commitment to new ideas and joined-up approaches.</i>	Join and participate in the National Rural Crime Network (OPCCN)	In addition to attending the meeting of the Network, the OPCCN is currently engaged in a piece of research on domestic abuse in rural areas.
	Create and sign up to concordat on cross-border working on rural crime – Norfolk, Suffolk, Lincolnshire, Cambridgeshire (OPCCN)	Complete. Norfolk Constabulary now has operational plans to drive cross border working.
	Organise and host a rural crime summit (OPCCN)	Complete. The PCC hosted a Rural Crime Summit in November 2016 where he launched the new Rural Policing Strategy and a number of initiatives in the fight against rural crime in the county including regular Barnstorming events.
	Pursue a partnership to promote a plan to prevent and tackle heritage crime (OPCCN)	There is currently a tender process being discussed between the OPCCN and the Diocese of Norwich in relation to alarming church roofs. The tender process under the partnership will lead to an additional 25 churches being alarmed by the end of March. Currently the partnership has funded a total of 46 churches with a target to alarming a total of between 79 and 81 churches across the county also by the end of March.
	Launch the Rural Policing Strategy (NC)	The Rural Policing Strategy was launched in November 2016, following a consultation period with the public and partners. The strategy has been launched to support the delivery of the Police and Crime Plan and is now underpinned with an action plan to track progress.
	Support the OPCCN in its membership of the National Rural Crime Network and develop links locally and regionally with crime networks (NC)	The Community Safety and Citizens in Policing Command support the OPCCN in its membership of the National Rural Crime Network. This has encouraged membership of both regional and local groups, including the development of the Constabulary’s Community Rural Advisory Group (CRAG). The Superintendent in Community Safety has recently attended the National Crime Network in London in company with the

		OPCCN. The Constabulary has strong links with partners such as the Eastern Region Working Group, Rural Crime Concordat and Scrap Metal Dealers Forum.
	Develop a tactical delivery plan to further cross-border activity with other forces (NC)	A tactical delivery plan has been written and agreed with cross border forces including Lincolnshire, Cambridgeshire and Suffolk. It has been written for the purpose of joint action to further the rural policing strategy.
	Develop operations specifically targeting rural crime (NC)	The Citizens in Policing Command's dedicated Inspector and Sergeant have been responsible for implementing specific operations targeting rural crime, such as Operation Galileo, the Constabulary's response to Hare Coursing. This activity continues where new initiatives and operations are launched to support the rural strategic objectives.
<i>SO7: Increase confidence of rural communities</i>	Engage with parish councils (OPCCN)	Main engagement activity with parish councils is coordinated through the Norfolk Association of Local Councils (NALC). During the PCC's budget consultation 2018/2019 parish councils were among those consulted. A number of parish councils have also signed up to receive the PCC's regular newsletter.
	Campaign on church roof lead theft (OPCCN)	The OPCCN in partnership with Diocese of Norwich have lead a partnership that has funded the installation of alarm systems to 44 high risk church buildings and potentially another 2, giving a total of 46. A tender process is now underway, which will lead to the alarming of another 25 churches by the end of March. Through Bishop of Norwich Fabric Fund, another 10 churches have been target hardened with alarm systems. By the end of march 2018, a total of between 79 and 81 vulnerable churches across the county will be alarmed.
	PCC to attend community rural advisory group (CRAG) meetings on a quarterly basis (OPCCN)	The PCC has attended a number of rural crime events and where he has been unable to attend, he has received a full briefing. Rural crime remains a priority for the PCC and is a focus in the Police and Crime Plan.
	Increase levels of Special Constabulary participation in rural crime initiatives (NC)	Twenty four members of the Special Constabulary have now been allocated to the Constabulary's Rural Crime Force, with specific responsibility for policing rural communities.

	Increase the range of methods used to engage with rural communities (NC)	The Constabulary engages with the rural communities using a number of forums, such as traditional media, dedicated social media and the rural crime Operation Randall newsletter which is disseminated through Police Connect. The Constabulary participates in partner meetings relating to rural crime, invites key partners into the Constabulary to be updated with specific areas of the strategy, and has a dedicated point of contact with a rural policing Detective Constable, supported by a Police Sergeant. Members of the Community Safety and Citizens in Policing Command have completed public presentations to landowner groups and the National Farmers Union to promote activity.
	Support the OPCCN in developing a community rural advisory group (CRAG) and holding meetings quarterly across the county to engage rural stakeholders (NC)	The Constabulary's Community Rural Advisory Group (CRAG) has been created to support the OPCCN and holds regular meetings with key stakeholders and the rural community.
	Increase Operation Randall newsletter subscriptions by making it easier for members of the public to subscribe (NC)	The Operation Randall newsletter has been reinvigorated and the process to sign up to the service has been adapted to encourage more users. The newsletter is currently distributed to over 2,000 people on a weekly basis.
<i>SO8: Increase levels of crime reporting in rural communities</i>	PCC to take every opportunity to encourage rural communities to report when they have been a victim of crime (OPCCN)	The PCC holds quarterly Barnstorming events where he proactively encourages communities to report crime and seek support where necessary.
	Develop and expand the Rural Crime Taskforce (NC)	A rural crime taskforce has been created within the Operation Randall structure.
	Run social media campaigns targeted at rural communities (NC)	Social media campaigns to target rural crime are run using our dedicated @RuralCrimeNfk twitter account.
	Work in partnership with businesses and carry out initiatives to raise awareness of rural crime issues (NC)	The Constabulary Works in partnership with businesses to carry out initiatives which raise awareness of rural crime issues.
	Participate in national campaigns targeting rural crime (NC)	The Constabulary participates in national campaigns targeting rural crime, such as Operation Rogue Trader – the Constabulary's response to Cold Callers and Operation Alliance, a roads policing operation involving pro-actively stopping vehicles such as those which are overloaded.

PRIORITY 3: Improve Road Safety

Strategic Objective	Action	Progress for Quarter 3 (Oct – Dec 2017) *performance measures will be provided annually
<p><i>SO9: Tackle dangerous driving through education and enforcement</i></p>	<p>Introduce Operation IMPACT campaign to highlight the dangers of unsafe driving to young people (OPCCN)</p>	<p>The PCC-led, Emergency Service- backed #Impact campaign continues to go from strength to strength, spreading key road safety messages to schools and college students across the county. During Q3, sixth forms in Attleborough, Thetford and Taverham were among those to host #Impact. A full schedule of visits for 2018 is planned:</p> <ul style="list-style-type: none"> • 20/02/2018 – University of East Anglia – 14:00 • 07/03/2018 – City of Norwich School – 12:20 • 21/03/2018 – Great Yarmouth College – 11:00 • 23/03/2018 – Langley School, Loddon – 10:10 • 02/05/2018 – Fakenham Academy Sixth Form – 14:00
	<p>Participate in national and local campaigns to improve road safety (NC)</p>	<p>Norfolk Constabulary regularly works with partners to provide local initiatives to improve road safety such as Operation Alliance at Thetford in June 2017. This large scale operation involved officers from Essex, Bedfordshire, Hertfordshire and Cambridgeshire, as well as the Driver & Vehicle Standards Agency, Immigrations, Department of Work and Pensions and Trading Standards. A number of vehicles were escorted to the site with 91 traffic offences identified, 5 vehicles seized for no insurance policy and 6 arrests, including 5 drug drivers. Recent work has seen the launch of the ‘Dashcam’ project providing a forum for members of the public to highlight driver behaviour to the police, resulting in positive action to deal with offenders. This has received national interest and recognition of good practice.</p> <p>Norfolk Constabulary has supported national week-long mobile phone campaigns in November 2016 (137 reports) and in January 2017 (102 reports). In January, Constabulary representatives were interviewed on local radio regarding mobile phones, and BBC Radio Norfolk supported this effort with the use of their ‘Hands Off’ campaign. Campaign work is expanding to incorporate the enforcement and education of drivers in relation to the safety of cyclists on the county’s roads (Operation ‘Close Pass’).</p>

		In March 2017, Norfolk Constabulary supported a national seat belt campaign and generated 113 reports for offences on Norfolk's roads. The Constabulary supported both a summer and Christmas month-long drink and drug drive campaign working alongside road safety partners. Both campaigns received significant media coverage. The Christmas campaign resulted in 1,320 tests in Norfolk with 82 drivers providing positive alcohol readings and 35 failed drug tests.
<i>SO10: Reduce speeding in rural communities</i>	Fund and support speeding reduction campaigns in villages across the county (OPCCN)	The OPCCN has funded the purchase of speed detection technology in South Norfolk, Great Yarmouth and North Norfolk, where it is being used to conduct speed reduction campaigns.
	Expand Community Speedwatch through the police Community Engagement Officers (NC)	<p>The Community Speed Watch (CSW) scheme now sits within Citizens in Policing Command, with local delivery co-ordinated by the recently established district based Community Engagement Officers. The Engagement Officers provide the link to various stakeholders, including the Safety Camera Team, Special Constabulary, Roads Policing and partner agencies, to ensure a collaborative approach. There are currently 828 Community Speed Watch volunteers, an annual increase of 9%.</p> <p>The breakdown of number of CSW volunteers for each district is as follows:</p> <ul style="list-style-type: none"> • Breckland – 209 (25%) • Kings Lynn – 190 (23%) • South Norfolk – 128 (16%) • Broadland – 156 (19%) • North Norfolk – 102 (12%) • Great Yarmouth – 43 (5%) • Norwich – 0 (0%) <p>All attempts are being made to raise volunteer numbers in Norwich; however 6 volunteers are needed to form a CSW group. Volunteers have been found, but not enough to form a group. The Constabulary will continue to endeavour to raise CSW volunteer numbers.</p>
<i>SO11: Reduce levels of killed and serious injury collisions</i>	Support education and enforcement campaigns which seek to make Norfolk's roads safer by tackling the Fatal 4 (OPCCN)	The PCC has actively supported numerous road safety campaigns and been a leading voice in promoting education through his #Impact campaign. The PCC has supported campaigns including the Fatal 4, drink drive, drug drive, speeding amongst others. The PCC made rural road safety a focus of his public meeting in Aylsham, which attracted

		widespread media attention.
	Support the Special Constabulary in its approach to target killed and serious injury collisions, comprising specific initiatives to enhance road safety (NC)	There are 5 dedicated Roads Policing Special Constabulary officers who work with the unit on a regular basis. These officers undertake enforcement activity around the 'Fatal 4' offences (drink/drug driving, speeding, seat belts, and mobile phones) and also participate in engagement events to assist in road safety education and the targeting of key vulnerable groups, such as young drivers. This engagement has included representation with #Impact and the Porsche initiative. Special Constables also deliver training to new Community Speed Watch volunteer teams and provide follow up enforcement in partnership with the community and Safer Neighbourhood Teams. One of these Specials has recently been nominated for 'Special of the year' at the Norfolk Safer Community Awards (NOSCA) for their dedication and contribution.
	Continue to work in partnership and support delivery of Road Safety Casualty Reduction Partnership strategic plans (NC)	<p>The Constabulary is an active member of the Road Casualty Reduction Partnership, providing representatives on the older driver and vulnerable user working groups and a chair-person for the young drivers working group.</p> <p>The 'Fatal 4' Young Driver Education programme was delivered by officers to 199 classes in total at 132 schools (totalling 8,032 student interactions) in 2016/17. The joint (Norfolk Constabulary / Norfolk Fire and Rescue Service / East of England Ambulance Trust Service) '#Impact' input to college students utilising a crashed car demonstration, was delivered to 1,712 students from 11 colleges, and 94 young armed service personnel from RAF Marham, in 2016/17. The Constabulary also works with Norfolk County Council to deliver the Safe Rider motorcycle education programme.</p>

5. Background

5.1 There are no implications for the Police and Crime Panel

6. Financial Implications

6.1 There are no financial implications.

7. Recommendations

7.1 The Panel is recommended to consider the information contained within this report.

Office of the Police and Crime Commissioner for Norfolk – Commissioned Services

Suggested approach from Jo Martin, Democratic Support and Scrutiny Team Manager

The Panel is recommended to:

- 1) Consider the update from the Office of the Police and Crime Commissioner for Norfolk (OPCCN) about its Commissioned Services;
- 2) Agree what recommendations (if any) it wishes to make to the Commissioner.

1. Background

1.1 The PCC is able to award grants to voluntary and community sector organisations, including charities and community groups, to deliver services and projects to:

- reduce crime and disorder
- support victims of crime to cope and recover

The net 2017/18 commissioning budget is £1.5 million.

1.2 It is, in part, through the commissioning of services and awarding of grants that the PCC will be able to deliver the objectives set out in his Police and Crime Plan for Norfolk 2016-20 (the 'Plan'). His Plan, published in March 2017, sets out his main commissioning intentions for the next four years.

2. Purpose of today's meeting

2.1 At the Panel's 26 September 2017 meeting, members received an update on the interventions funded during 16/17 as part of the PCC's Annual Report. It also received a further update, in November 2017, on services commissioned to support victims of crime and reduce vulnerability.

2.2 The purpose of the item on today's agenda is to allow the Panel to consider the activity, projects and services commissioned by OPCCN to prevent and reduce offending in Norfolk.

2.3 The attached report at **Annex 1**:

- sets out the achievements of the Rehabilitation of Offender Board, which is seeking to improve the effectiveness of pathways to

- rehabilitation,
- describes the impact of specific projects,
- provides the latest performance data,
- describes projects being developed.

2.4 The Commissioner will attend the meeting to answer the Panel's questions and will be supported by members of his staff. After he has presented his report, the Panel may wish to question him on the following areas:

- a) How the PCC is influencing the activity and approaches of partners.
- b) How the four-year prevention and rehabilitation strategy was determined.
- c) Achievements delivered as a result of the strategy in the last 12 months.
- d) Whether outcomes are improving for each priority area of the strategy.
- e) How offenders and those at risk of offending are encouraged to provide feedback.
- f) How activity in Norfolk, and the level of impact it is having on preventing and reducing offending, compares to other parts of the country.
- g) Projects currently under development.

3. Action

3.1 The Panel is recommended to:

- 1) Consider the update from the Office of the Police and Crime Commissioner for Norfolk (OPCCN) about its Commissioned Services, and;
- 2) Agree what recommendations (if any) it wishes to make to the Commissioner.



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Commissioned Services: Prevention and Rehabilitation of Offending

Dr Gavin Thompson – Director of Policy and Commissioning

The Panel note the activity, projects and services commissioned by the Office of the Police and Crime Commissioner for Norfolk to prevent and reduce offending in the county.

1.	Background
1.1	The OPCCN has the power to award crime and disorder reductions to fund projects and services to prevent offending. This power supports and is an enabler for the delivery of the Police and Crime Plan for Norfolk 2016-20. This sets out the Police and Crime Commissioners (PCC's) vision to deliver preventative strategies to reduce crime, lower levels of victimisation and decrease demand on policing. In the proceeding sections, the activity of the OPCCN in 2017/18 is summarised and wherever possible the outcome of each activity/project is outlined.
2.	Activity and Outcomes 2017/18
	Rehabilitation of Offender Board, Strategy and Action Plan
2.1	The County wide board, which is Chaired by the PCC and managed by the OPCC, is working to a four year strategy and supporting delivery plan devised to improve the effectiveness of pathways to rehabilitation.
2.2	<p>Achievements over the last twelve months for each priority area are as follows...</p> <ul style="list-style-type: none"> • Supporting families of offending parents/carers/children... <ul style="list-style-type: none"> ✓ Court Mentor Scheme (see below). • Supporting the review of the Integrated Offender Management (IOM) Scheme to achieve greater focus on delivery outcomes... <ul style="list-style-type: none"> ✓ IOM model reviewed and new strategy devised. ✓ New performance framework under development. ✓ OPCC continue to fund link worker with focus on therapeutic interventions to address root causes of offending (see below). • Supporting the development and promotion of community resolution/restorative approaches (RA)... <ul style="list-style-type: none"> ✓ Development, with the County's RA Board, of a revised Norfolk County RA Strategy. ✓ Review of the current range of alternatives to custody. ✓ Development and publication of a countywide protocol to reduce offending and criminalisation of looked after children (LAC).

	<ul style="list-style-type: none"> • Work with the police, public health and other partners to identify the numbers of people with complex needs and other vulnerabilities being held in police custody suites... <ul style="list-style-type: none"> ✓ Integrated Liaison and diversion services operating across Norfolk Police Investigation Centres. ✓ Women Offenders of Norfolk, Diversion, Engagement and Rehabilitation Programme pilot (see below). • Working with local authorities and other partners to develop an overarching approach to improve the availability of housing, employment and other key rehabilitation support for offenders... <ul style="list-style-type: none"> ✓ Development of Gateway to Employment Project (see below). ✓ Developed Community Chaplaincy across Norfolk to work with and support ex-offenders and their families (see below). ✓ Rescue Rehab – a programme of support in Norwich Prison to provide serving offenders with dog training skills and improve health and wellbeing (see below).
	<p>Youth Offending Team</p>
2.3	<p>Current OPCCN funding to the Youth Offending Team is £114k per annum to contribute to core costs and delivery against three national primary outcome indicators...</p> <ul style="list-style-type: none"> • Re-offending. • First-Time Entrants. • Use of Custody.
2.4	<p>The latest data available shows...</p> <ul style="list-style-type: none"> • In summary: Performance in 2016/17 was satisfactory with some in year variation between periods. Targets in relation to all three primary national indicators were met at year end. Performance in Norfolk exceeds the national comparators in all three indicators but lags behind all the 'family' and regional comparators with the exception of the 'family' First-Time Entrants indicator. • Reoffending: The absolute numbers of young people reoffending in the July 2014 to June 2015 period decreased by 0.2% percentage points compared to the equivalent period in the previous year. Reoffending in Norfolk is 36%, better than the national average (37.7%) but below the regional (35.2%) and family comparators (34.6%). This performance is achieved despite a larger decrease in the overall numbers offending in the period from 747 to 705 (-5.6%). The continued reduction in First-Time Entrants means that those left in the criminal justice system have more persistent, chronic and entrenched offending behaviours that are more difficult to moderate. • First-time Entrants (FTE): The number of FTE into the criminal justice system in Norfolk has more than halved since 2013 and continues to fall. FTE performance for the 2016 calendar year shows a 33.1%

	<p>decrease over the previous year from 458 per 100,000 to 307. The actual numbers have reduced from 325 to 221 (-32%), a total of 104 fewer young people in Norfolk entering the criminal justice system for the first-time in the period as compared to the same period in the previous year. This is the lowest FTEs in Norfolk since the target in its current form began. This demonstrates the impact of the Challenge for Change (C4C) triage scheme introduced in June 2015 has been significant. The Norfolk rate is now below all but the regional comparator and reducing at a faster rate than any.</p> <ul style="list-style-type: none"> • Use of Custody: For the period April 2016 to March 2017 the rate decreased in comparison with the same period in the previous year from 0.32 (23 young people) to 0.24 (17 young people). A reduction of 0.08 percentage points (which in real terms is six young people) and a 35.3% reduction. Performance is substantially better than the national comparator (0.36) but not quite as good as either the regional (0.20) and 'family' (0.20) comparators. The rate of performance improvement is better than all the comparators. The relatively small numbers being sentenced to custody means that we are likely to see quarter on quarter fluctuations and longer term comparisons will be of more strategic value.
	Gateway to Employment (GtoE)
2.5	On 1st December 2015 "Gateway 2 Employment" was launched, in partnership with the DWP. This two year campaign aimed to break down barriers to employment for people with convictions.
2.6	The ambitious target set was to get 100 organisations to pledge to offer a new opportunity to someone with a criminal conviction, leading to meaningful long term employment.
2.7	This target has been exceeded. During the 2017 over 214 opportunities were offered including Interview Experiences, Bursaries/Grants, Training, Work Experience and 59 job offers.
	Court Mentor
2.8	In February, the OPCCN and Norwich Prison began piloting a court mentor role. Costing £2.5k over a six month period, the role based on an identification of need and previous good practice was set up to offer support and guidance to defendants and their families and friends, regardless of the court disposal.
2.9	The role provided an offender with an opportunity to develop new transferable skills around mentoring to aid their rehabilitation on release from prison and was undertaken at Norwich Magistrates Court all day on Tuesday and Fridays (guilty plea courts sitting).
2.10	Following a rigorous selection process, a serving category D prisoner, with lived experience, was selected from HMP/YOI Norwich to perform the role of Court Mentor two days a week at Norwich Magistrates Court. A 100% attendance was achieved during the project period.


	Women Offenders of Norfolk, Diversion, Engagement and Rehabilitation (WONDER) Programme
2.11	Since February, the OPCCN has been running a pilot whole system approach to female offending entitled WONDER, using funding from the Ministry of Justice and crime and disorder reduction funding from the OPCCN. The aim of the programme is to support women to address the underlying causes of their offending behaviour and prevention future offending and the associated costs families, communities and wider support agencies.
2.12	The Wonder Pilot is based on out of court disposals and referrals from the Police Investigation Centres at Wymondham and King's Lynn.
2.13	Between February and October 84 women were referred onto the programme and 38 women have been supported. The majority of referrals to Wonder have been self-referrals (77) and from women living in Norwich (29) and King's Lynn (25). The learning to date is that the women being supported have more complex needs than initially anticipated and the support required is more intensive.
2.14	The most often stated primary needs for the women on the programme are accommodation, employment, education and training, and most often stated secondary needs are mental health and support for domestic abuse victimisation.
2.15	<p>Improvements in outcomes for each client are measured using the Justice Star (an accredited outcome measurement methodology) and a cohort level analysis of outcomes with be reported to a future panel meeting. To date, user feedback is very positive as the following examples show...</p> <ul style="list-style-type: none"> • "my support worker is always there, even out of hours, when I've been on my own, when I was so low, the WONDER project helped me." • "I didn't realise there were all the services out there. Now if I have a problem, I know there will be someone out there to help". • "NPR and WONDER are brilliant, they helped me to stop something I never thought I'd stop." "Without people like the WONDER project, I'd never get the support I needed." • "You're obviously getting very good support from the WONDER project" (Crown Court Judge) - the sentence outcome was community service for 2 years instead of a custodial term.
	Integrated Offender Management Scheme (IOM) Link Worker
2.16	<p>The OPCCN currently funds the worker, who is seconded from the Matthew Project, at a cost of approximately £33k per annum, to work with individuals on the Norfolk IOM to:</p> <ul style="list-style-type: none"> • ensure engagement with the scheme is maintained

	<ul style="list-style-type: none"> • provide information and signposting to specialist services • provide counselling and therapeutic support to address the root causes of offending.
2.17	<p>Over the last twelve months the link worker has:</p> <ul style="list-style-type: none"> • worked across all strands within the cohort to reduce the risk of reoffending and put robust support networks in place • strengthened relationships with Offender Managers and Police colleagues • recruited volunteers to provide advocacy support to clients. • made on average a hundred contacts per quarter with 25 different clients.
	Community Chaplaincy
2.18	Community Chaplaincy is a two year project that commenced in August 2017, offering support across Norfolk for offenders, ex-offenders and their families, including mentoring and holistic support within prison, through the prison gate and out in the community.
2.19	Ex-offenders are supported towards change in their attitudes and behaviour this will result in desistance. To enable desistance ex-offenders will be supported through this project with reintegration into community. As a member of Community Chaplaincy Association, desistance research will be completed in partnership with the University of Cambridge.
2.20	<p>The cost of the project is approximately £20k over two years and being delivered in conjunction with the House of Genesis. Achievements to date include...</p> <ul style="list-style-type: none"> • Single point of contact identified at HMP Norwich to assist with recruitment of clients. • 18 volunteers recruited, including one “expert by experience”. • Mentor support groups established with training plan in place. • 8 clients allocated mentors with a further 3 awaiting assessment. • All clients have completed an assessment of need. • Two long term clients have not reoffended.

Rescue Rehab

2.21	<p>Rescue Rehab is the outcome of a partnership between the OPCCN, Norwich Prison and Norwich Best For Pets. Beginning as a 12 week pilot project in December 2016, the aim of the scheme is to...</p> <ul style="list-style-type: none"> • train prisoners in animal care/welfare skills that will contribute to their rehabilitation on release from prison and potentially address incidents of reoffending. • promote prisoner welfare and become an integral part of addressing mental health issues. • help participants develop 'team skills' and participate in group support and problem solving. • further extend promoting prisoner welfare/mental health by developing 'dog therapy' in the elderly and palliative care units. • integrate the Rescue-Rehab initiative into "acknowledged prisoner activity" sessions and further address incidents of reoffending by study options leading to professionally recognised qualifications and employment opportunities upon release. • socialise the dogs, initiating their training and their interaction with other dogs and people; increasing their potential to be re-homed. <p>The HMP Norwich prisoners that took part in the initial pilot project self-reported improvements in their well-being, mental health, attitudes and personal development. Following a successful pilot, the OPCCN funded the continuation of the project to support another cohort of prisoners.</p>
2.22	<p>The focus of the second phase was the structure of the sessions, taking into account the transient nature of both prisoners and dogs. As a result of this, a training programme syllabus, leading to a Rescue-Rehab awarded certificate was developed. It will also allow other UK animal charities (such as Dogs Trust) to further expand the educational content of the project by providing a wider range of animal care and welfare courses.</p>
3.	<p>Current Activity and Projects in Development</p>
3.1	<p>Following a successful application for funding from the MOJ, the OPCCN is now working on the rollout of the WONDER programme across all Police Investigation Centres in the county and other points of referral including Early Helps Hubs and partner agencies. In addition, WONDER will seek to engage with other marginalised and vulnerable female population groups including sex workers.</p>
3.2	<p>The extension of funding for Wonder means the programme will now run until December 2020 and in the intervening period an exit strategy will be put in place to mainstream the support provided.</p>
3.3	<p>Domestic Abuse Perpetrator Provision: The OPCCN is currently working with the Domestic Abuse and Sexual Violence Board (DASVB) to assess need, develop and commission perpetrator provision for the county.</p>
3.4	<p>The implementation of the Drive Programme for high risk perpetrators, in partnership with SafeLives and utilising funding from the Police Transformation Fund is central to this strategy.</p>

3.5	The OPCCN is currently working with HMP Norwich and Wayland to extend the Rescue Rehab Programme and support more Norfolk prisoners across the county.
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 The logo for 'IN TRAN communication for all' features the words 'IN' and 'TRAN' in a bold, sans-serif font. 'IN' is positioned above 'TRAN'. To the right of 'IN' is a solid black triangle pointing upwards. To the left of 'TRAN' is a solid black triangle pointing downwards. Below the text 'TRAN' is the tagline 'communication for all' in a smaller, lowercase, sans-serif font.	If you need this report in large print, audio, Braille, alternative format or in a different language please contact Jo Martin on 0344 800 8011 or 0344 800 8011 (Textphone) and we will do our best to help.
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Complaints Monitoring Report

Suggested approach from Jo Martin, Democratic Support and Scrutiny Team Manager

The Panel is recommended to consider the regular monitoring information from the PCC's Chief Executive and Norfolk County Council's Head of Democratic Services about complaints relating to the conduct of the Police and Crime Commissioner for Norfolk (PCC).

1. Background

- 1.1 The Panel has delegated the Initial Handling of Complaints and Conduct Matters (as set out in The Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012, Part 2) to the PCC's Chief Executive, in consultation with a nominated member of the Panel.
- 1.2 The Panel has also delegated the resolution of other complaints (as set out in The Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012, Part 4) to Norfolk County Council's Head of Democratic Services for informal resolution, in consultation with a nominated member of the Panel.

2. Purpose of today's meeting

- 2.1 The PCC's Chief Executive and the County Council's Head of Democratic Services agreed to provide the Panel with monitoring reports, at least annually, setting out the number and themes of complaints handled during the period.

3. Ongoing complaints relating to the PCC

- 3.1 The PCC's Chief Executive has confirmed the following update in relation to ongoing complaints to date (all other complaints have previously been reported to the Panel as being completed):

- **Complaint 3 – Dated: 7 August 2017**

The complainant had contacted the Office of the Police and Crime Commissioner for Norfolk (OPCCN) and asserted that misconduct had taken place, but would not clarify by whom or the reasons for their assertion.

The same individual had also submitted three appeals to the IPCC against OPCCN, in relation to decisions taken about the same matter (none of which had been upheld). They had also submitted applications for judicial review against both the Constabulary and OPCCN.

OPCCN sought advice to confirm whether a response in relation to this

latest complaint would impede or impact the judicial review process that was underway. Having received confirmation that it would not, the complainant was advised that their complaint would be recorded but no further action would be taken.

Completed.

- **Complaint 4 – Dated: 17 August 2017**

The complainant claimed misconduct by the PCC, alleging that he had refused to allow the Eastern Daily Press to publish photographs of wanted criminals for fear of violating their human rights.

It was determined that there was no conduct issue to address in relation to the PCC.

The complainant was advised that release of such information to the media was not a matter for the PCC, but for the Chief Constable. The PCC was satisfied that the force had followed the correct procedure by not identifying the suspects - it had been an appropriate exercise of the Chief Constable's operational discretion.

Completed.

- **Complaint 5 – Dated: 14 October 2017**

The complainant claimed misconduct by the PCC, because they believed their correspondence to him had been ignored.

The complainant had been advised in 2016 that the PCC could not assist him with the matter being referred to, and that no further response would be provided.

The complainant was reminded of this fact and advised that no further action would be taken in relation to his complaint.

Completed.

- **Complaint 6 – Dated: 15 November 2017**

The complainant claimed misconduct by the PCC, because in their view he had not abided by his code of conduct when making public comments about the proposed loss of the PCSO role in Norfolk.

The complaint was recorded, and referred to NCC's Head of Democratic Services in order to secure informal resolution. As a result of this process, the PCC wrote directly to the complainant and offered an apology.

Completed.

• **Complaint 7 – Dated: 22 November 2017**

The complainant claimed misconduct by the PCC, owing to his public comments about the proposed loss of the PCSO role in Norfolk.

The complaint was recorded, and referred to NCC's Head of Democratic Services in order to secure informal resolution. As a result of this process, the PCC wrote directly to the complainant and offered an apology.

Completed.

4. OPCCN Freedom of Information Requests

4.1 As background information for the Panel, the PCC's Chief Executive has also confirmed that since the Panel's last monitoring report (February 2017), 15 FOI (Freedom of Information) requests have been received. The main themes of the FOI requests are:

- Departures
- Total cost of OPCCN – 2016/17
- Support for Victims of Rape and Sexual Assault
- Bullying
- Lantern Project
- Expenditure by Supplier – January 2017 to March 2017
- PCC Spend on Victims Services/Sexual Violence/Domestic Violence Services
- Dealings with the Lantern Project
- Delegation of PCC Duties/Published Reports and Recommendations
- Subject Access Requests
- Expenditure over £500 – April 2017 onwards
- Sexual Harassment
- Conservative Party Conference 2017
- Cost of OPCCN to Taxpayer
- Misconduct

4.2 One internal review was requested in relation to the 'Delegation of PCC Duties/Published Reports and Recommendations' FOI.

4.3 The PCC's Chief Executive will attend the meeting to respond to any questions that the Panel may have.

5. Complaints and FOI requests relating to the Panel

5.1 Norfolk County Council's Head of Democratic Services has confirmed the following update in relation to ongoing complaints to date:

• **Complaint 3 – Dated: 26 January 2017**

The individual wished to complain that their submission of a public question, for response at the 26 September 2017 Norfolk Police & Crime Panel meeting, had been ignored.

The complaint was referred to NCC's complaints team. The complainant was informed that, in accordance with advice they had previously received, their correspondence would be kept on file and no response would be given.

Completed.

5.2 As background information for the Panel, Norfolk County Council's Head of Democratic Services has also confirmed that since the Panel's last monitoring report (June 2017), one new FOI request has been received relating to PCC conduct complaints.

6. Action

6.1 The Panel is recommended to consider the regular monitoring information.



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Complaints Policy Sub Panel

Report from the Chairman of the Sub Panel, Air Commodore Kevin Pellatt

To consider an update from the Complaints Policy Sub Panel.

1. Background

- 1.1 In July 2014 the Government announced a review of the entire police complaints system, including the role, powers and funding of the Independent Police Complaints Commission (IPCC) and the local role played by Police and Crime Commissioners (PCCs). The proposed reforms form part of the Policing and Crime Act 2017.
- 1.2 It was agreed that a Sub Panel should be established to keep under review the development of a local model for managing police complaints, changes to the handling of PCC conduct complaints, and the likely local impact on both the PCC's and the Police and Crime Panel's (PCP's) resources.
- 1.3 The Panel endorsed the Terms of Reference for this Sub Panel at its meeting in June 2017 and appointed the following members: Air Commodore Kevin Pellatt, Dr Christopher Kemp, Mrs Sarah Bütikofer, and Mr Trevor Wainwright.

2. PCC oversight of the local police complaints system

- 2.1 It has previously been reported that Norfolk's PCC is minded to adopt the mandatory oversight model only at this stage. This will require him to maintain oversight of the local complaints system and become the appellate body for complaints made against police officers and police staff. The duties around initial contact with complainants, informal resolution, recording and progressing complaints will remain with the Constabulary.
- 2.2 The transfer of responsibility for the appellate function from the Chief Constable to the PCC is now unlikely to take place before summer 2019. This is as a result of delays in the drafting of both the associated Regulations and statutory guidance. However, OPCCN is already beginning to deliver the oversight and scrutiny function of the model, with reports on police complaints due to feature at future Police Accountability Forum meetings.

3. Independent Office for Police Conduct

- 3.1 On 8 January 2018 the new corporate structure of the Independent Police Complaints Commission came into effect and the organisation has been re-named the Independent Office for Police Conduct (IOPC).
- 3.2 While the majority of complaints will continue to be dealt with directly by police

forces, they must refer certain serious allegations and incidents to the IOPC.

3.3 The IOPC will also continue to set the standards by which the police should handle complaints, consider appeals from people who are dissatisfied with the way their complaint has been dealt with and carry out investigations relating serious PCC conduct complaints.

3.4 A new 'guide to the police complaints system' is available for the general public via the IOPC website: <https://policeconduct.gov.uk/>

4. PCC conduct complaints

4.1 Between December 2015 and March 2016, the Home Office published a consultation paper on a number of proposals to create a more transparent and easily understood complaints system for non-serious complaints made against PCCs.

4.2 A summary of responses and next steps was published by the Home Office in September 2017, and the document confirmed that the Government intends to:

1. Clarify, through non-statutory guidance, what constitutes a complaint, using the Nolan Principles set out the expected level of conduct for a PCC, and ensuring PCP's take forward complaints about a PCC's conduct rather than policy decisions;
2. Ensure that police approaches to dealing with unreasonable complainant conduct can be used in response to vexatious complaints made against PCCs;
3. Provide PCPs with greater investigatory powers to seek evidence pertinent to a complaint through the appointment of an independent investigator;
4. Clarify, through non-statutory guidance, the parameters of "informal resolution" and setting out that where agreement cannot be reached, it is open to PCPs to make recommendations on the expected level of behaviour of a PCC, and that they have the powers to require the PCC to respond.

4.3 The sub-panel will consider the new guidance and regulations, when available, and make recommendations to the Panel about whether or not its PCC conduct complaints procedure should be amended.

5. National seminar for PCPs on complaints reforms

5.1 The Sub-Panel's Chairman and the PCP's Vice-Chairman have been invited to deliver a workshop on complaints reforms at a future national seminar. This is likely to take place during the autumn.

6. Action

6.1 The Panel is asked to consider an update from the Complaints Policy Sub-Panel.



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Information bulletin – questions arising to the PCC

Suggested approach from Jo Martin, Democratic Support and Scrutiny Team Manager

This information bulletin summarises for the Panel both the decisions taken by the Police and Crime Commissioner for Norfolk (PCC) and the range of his activity since the last Panel meeting.

1. Background

- 1.1 The Police Reform and Social Responsibility Act 2011 describes the Police and Crime Panel's role as including to "review or scrutinise decisions made, or other action taken, by the PCC". This is an opportunity for the Panel to publicly hold the Police and Crime Commissioner for Norfolk (PCC) to account for the full extent of his activities and decisions since the last Panel meeting.

2. Summary of the PCC's decisions and activity since the last Panel meeting

- 2.1 A summary of both the decisions taken by the PCC and the range of his activity since the last Panel meeting are set out below.

a) Decisions taken

All decisions made by the PCC are recorded and published on his website. Decisions made by the PCC, up until 29 January 2018, are listed at **Annex 1** of this report.

b) Items of news

Items of news, covering the PCC's activity and including the key statements he has made, are recorded and published on his website. A summary of those items published up until 29 January 2018, are listed at **Annex 2** of this report.

c) Police Accountability Forum meetings

Agendas for these meetings are published on the PCC's website. Items discussed at the most recent Police Accountability Forum meeting are set out at **Annex 3** of this report.

d) Norfolk and Suffolk Collaboration Panel meetings

Suffolk Constabulary is Norfolk's preferred partner for collaboration. The two forces have been collaborating for over five years, and that partnership is credited for having yielded significant savings for both Constabularies. An extensive programme of collaborative work has already delivered a number of joint units and departments in areas such as major investigations, protective

services, custody, transport and IT.

The PCC meets with Suffolk's Police and Crime Commissioner, Tim Passmore, and the Chief Constables of both counties to monitor collaborative work between the two forces. These meetings are planned to be held in public every other month, with the venue alternating between Norfolk and Suffolk, and agendas are published on the PCC's website. Items discussed at the most recent Collaboration Panel meeting are set out at **Annex 4** of this report.

- e) Other out-of-county activity between 29 November 2017 and 5 February 2018

None.

- f) Audit Committee

The Audit Committee is independent of the PCC and Norfolk Constabulary. The Committee considers the internal and external audit reports of both the PCC and the Chief Constable and provides advice on good governance principles and appropriate risk management arrangements. Items discussed at the most recent meetings are set out at **Annex 5** of this report.

3. Suggested approach

- 3.1 The PCC has been invited to attend the meeting to respond to your questions, and will be supported by members of staff.

4.0 Action

- 4.1 The Panel is recommended to put questions to the PCC, covering the areas at paragraph 2.1 of this report, to publicly hold him to account for the full extent of his activities and decisions since the last Panel meeting.



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PCC's Decisions

Section 22a Collaboration Agreements

Decision 2017-28 (Confidential)

The PCC has signed a Section 22a collaboration agreement which was due for renewal on 1 April 2017.

Strategic Governance Board – 19 December 2017

Decision 2017-29 (Confidential)

The PCC made a number of decisions based on the content of reports submitted to the meeting.

Collaboration Agreement – National Police Chiefs' Council

Decision 2017-30

The PCC has authorised the Chief Executive to execute the revised collaboration agreement in relation to the National Police Chiefs' Council.

Further detail about each decision can be viewed on OPCCN's website at the following address:

<http://www.norfolk-pcc.gov.uk/transparency/decisions>

Alternatively, Panel Members can request this information in hard copy by contacting the Committee Officer.

Summary of the PCC's activity

Would you pay more council tax for policing in Norfolk?

PCC Lorne Green will soon have to decide whether to increase or freeze the policing element of council Tax to fund next year's policing service, and he wants to know what the Norfolk public thinks.

28 November 2017

PCC grant helps victims and survivors of domestic abuse

Women and children whose lives have been affected by domestic abuse are continuing to be given the vital support they need to turn their lives around thanks to a cash boost from Norfolk's PCC.

11 December 2017

Latest police inspection report makes for 'reassuring reading'

The PCC has welcomed an inspection report praising Norfolk Constabulary for how it treats its people – both those it serves and its workforce – with fairness and respect.

13 December 2017

Norfolk PCC responds to police funding announcement

As PCC Lorne Green gears up to set the Norfolk policing budget for 2018/19, there has today been some welcome news from central government.

19 December 2017

Season's greetings from all in the OPCCN

On behalf of the OPCCN team, PCC Lorne Green extends to you our best wishes for the holiday season.

20 December 2017

Audit Committee – Vacancy

One vacancy, application closing date 26 January 2018.

8 January 2018

Norfolk PCC office recognised for excellence

For the third year running, the Office of the Police and Crime Commissioner for Norfolk (OPCCN) has received a prestigious national award for openness and transparency.

10 January 2018

Report on potential future of police and fire governance in Norfolk published.

An independent report exploring future options for police and fire and rescue governance in Norfolk has been published.

12 January 2018

Scheme for female offenders expanded

A scheme to help female offenders turn their lives around is set to be expanded across the county thanks to a new partnership supported by Norfolk's PCC.

19 January 2018

PCC extends funding to help meet demand for sexual abuse survivor support

Norfolk's PCC has increased funding for support services for sexual abuse survivors in the county. Lorne Green has doubled the funding he gives to the Sue Lambert Trust.

23 January 2018

PCC introduces new meeting format for 2018

When it comes to holding the police to account and ensuring the views of the county's residents are heard, Norfolk's PCC is looking to do things differently in 2018.

24 January 2018

Further details about each of the news items can be viewed on OPCCN's website at the following address:

<http://www.norfolk-pcc.gov.uk/latest-news>

List of items discussed at the most recent Police Accountability Forum meeting

Date: 5 February 2018	
Subject	Summary
Public agenda	
Breckland District Performance Review	<p>The document provided an overview of recent performance in the Breckland District.</p> <p>Recommendation: To note the report.</p>
Budget Monitoring Report	<ol style="list-style-type: none"> 1. The report provides a high level financial overview of the Group Revenue and Capital Budgets for the current year, 2017/18. 2. The PCC approved the revenue budget and capital programme for 2017/19 in February 2017 and this report forecasts income and expenditure to the end of the year (outturn) based on the position at the end of October 2017. 3. This report does not include the full impact of transitional costs (e.g. redundancy) in respect of the Norfolk 2020 policing model announced on 19 October 2017. These costs will be better understood following the conclusion of the staff consultation period and future reports will be updated accordingly. <p>Recommendation: To note the report.</p>
Police and Crime Plan Theme: 'Good Stewardship of Taxpayers' Money'	<p>This report outlines the Constabulary's good progress on the Strategic Policing Objectives for Priority 7: Good Stewardship of Taxpayers' Money, as set in the OPCCN's Police and Crime Plan 2016-2020. It included an estates strategy update.</p> <p>Recommendation: To note the report.</p>
Police and Crime Plan Theme: 'Prevent Offending and Rehabilitating of Offenders'	<p>The report outlined the Constabulary's progress on the Strategic Policing Objectives for Priority 4: Preventing Offending, as set in the OPCCN's Police and Crime Plan 2016-2020.</p> <p>Recommendation: To note the report.</p>
Police and Crime Plan Theme: 'Increase Visible Policing'	<p>The report outlined the Constabulary's progress on the Strategic Policing Objectives for Priority 1: increase Visible Policing, as set in the OPCCN's</p>

	Police and Crime Plan 2016-2020. Recommendation: To note the report.
Emerging Operational and Organisational Risks	Oral update.

The next public question and answer session will be held in Watton. Date and venue to be confirmed.

The next PAF meeting is due to take place at 2pm on 29 March 2018 – Filby Room, Building 1, Norfolk Constabulary, Jubilee House, Falconers Chase, Wymondham, Norfolk, NR18 0WW

The public reports can be viewed on the OPCCN’s website at the following address, under “Transparency/Document Store”:
<http://www.norfolk-pcc.gov.uk/police-accountability-forum/>

Alternatively, Panel Members can request hard copies by contacting the Committee Officer.

List of items discussed at the most recent Norfolk and Suffolk Collaboration Panel meeting

The Collaboration Panel last met on 8 February 2017, and items discussed were reported to the PCP at its 4 April 2017 meeting.

The next meeting is yet to be scheduled.

The public reports can be viewed on the OPCCN's website at the following address, under "Transparency/Document Store":

<http://www.norfolk-pcc.gov.uk/transparency/accountability/collaboration-panel/>

Alternatively, Panel Members can request hard copies by contacting the Committee Officer.

List of items discussed at the most recent Audit Committee meeting

Date: 9 January 2018	
Subject	Summary
Public agenda	
Internal Audit	Reports from Head of Internal Audit (TIAA) <ul style="list-style-type: none"> • 2017/18 Audit Progress Report and follow-up report • 2018/19 Draft Internal Audit Plan Recommendation: To consider the reports.
External Audit	Reports from Director, Ernst and Young LLP <ul style="list-style-type: none"> • 2016/17 Annual Audit Letter • 2017/19 Audit Plan Recommendation: To consider the reports.
Treasury Management Update 2017/18	Report from Chief Finance Officer Recommendation: That the Audit Committee endorses the Mid-Year Treasury Management Monitoring Report 2017/18.
Private agenda	
Strategic Risk Register Update	Report from Chief Executive and Chief Constable - not published.

The Audit Committee is due to meet next at 2pm on Tuesday 17 April 2018.

The public reports can be viewed on the Commissioner's website at the following address, under "Transparency/Document Store":

<http://www.norfolk-pcc.gov.uk/spend/audit-committee/>

Alternatively, Panel Members can request hard copies by contacting the Committee Officer.

National representative body for Police and Crime Panels

Report from Jo Martin, Democratic Support and Scrutiny Team Manager

To consider the proposal to establish an LGA Special Interest Group.

1. Background

- 1.1 The establishment of a national representative body for Police and Crime Panels (PCPs) in England and Wales has been the subject of informal discussion for some time.
- 1.2 At the 2017 national PCP conference, the consensus of opinion of those attending was that a Special Interest Group within the Local Government Association would be the most appropriate model to adopt.

2. LGA Special Interest Group (SIG)

- 2.1 Councillor Tim Hutchings (Chairman of Hertfordshire's PCP), has been leading the discussions for establishing a national representative body. He wrote to PCPs in late December 2017, seeking comment on the following proposals, with the intention that an inaugural meeting might take place in late February or early March 2018:

2.2 Chairman and Vice-Chairman

The Chairman and Vice-Chairman should be elected on an annual basis.

Requests for a Chairman and Vice-Chairman should be sent out in a timely fashion and elected on the basis of one vote per PCP.

While some of the administration will be carried out by the LGA, the Chairman should be able to arrange additional administrative support through their host authority.

2.3 Management Committee/Steering Group

The need for a management committee or steering group should be discussed at the inaugural meeting. However, as key decisions would be made at meetings of the SIG, it is unlikely this should be necessary.

2.4 Meetings

Taking into account the wish of most PCPs to retain the Annual Conference, meetings should be scheduled to take place quarterly in the first instance.

2.5 Decisions

It is hoped that decisions will be reached by consensus, but where voting is required this should be done on the basis of one vote per PCP. Proxy arrangements could be put in place in the event that PCP representatives cannot be present.

2.6 Subscription fees

The level of subscription fees should be discussed at the inaugural meeting. Suggestions have ranged from a minimum of £200 to a maximum of £500.

The consensus of opinion at the national PCP conference was that bureaucracy and costs should be kept to a minimum. However, it has been suggested that initial fees should be set at a higher level to ensure that there are sufficient funds for the SIG to get off to a good start.

Other PCPs have already indicated that they would be willing, in principle, to contribute up to £500 to support the establishment of the SIG. However, it has been noted that the Home Office grant conditions stipulate that eligible expenditure does not include “ ... activity intended to influence or attempt to influence Parliament, Government or political parties, or attempting to influence the awarding or renewal of contracts and grants, or attempting to influence legislative or regulatory action.” Further clarification is being sought from the Home Office, however each PCP may need to agree alternative arrangements for making their contribution, for example either by splitting the cost between constituent councils or asking the host authority to cover the whole cost.

3. **Action**

- 3.1 The Panel is asked to consider the proposal to establish an LGA Special Interest Group.



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Forward Work Programme

15 February 2018, County Hall	Reserve date – to review a revised precept for 2018-19, if vetoed (the Panel must review and report by 22 February 2018)	Commissioner, supported by members of the Commissioner's staff and Chief Constable
10 April 2018, County Hall	<p>Police and Crime Plan performance monitoring (including commissioned services)</p> <p>Police and Fire Collaboration – Local Business Case Update</p> <p>Information bulletin – questions arising to the PCC</p> <p>Forward Work Programme</p>	Commissioner, supported by members of the Commissioner's staff and Chief Constable
19 June 2018, County Hall	<p>Election of Chairman and Vice-Chairman</p> <p>Balanced Appointment Objective</p> <p>Panel Arrangements and Rules of Procedure – Review</p> <p>Police and Crime Plan performance monitoring (including commissioned services)</p> <p>Police and Fire Collaboration – Local Business Case Update</p> <p>PCC Complaints Monitoring Report</p> <p>Information bulletin – questions arising to the PCC</p> <p>Norfolk Police and Crime Panel funding</p> <p>Forward Work Programme</p>	Commissioner, supported by members of the Commissioner's staff and Chief Constable

10 September 2018, County Hall	PCC's 2018-19 Annual Report Information bulletin – questions arising to the PCC Forward Work Programme	Commissioner, supported by members of the Commissioner's staff and Chief Constable
27 November 2018, County Hall	PCC's Budget Consultation Police and Crime Plan performance monitoring (including commissioned services) Information bulletin – questions arising to the PCC Forward Work Programme	Commissioner, supported by members of the Commissioner's staff and Chief Constable

The identified items are provisional only. The following meetings will be scheduled only if/when required:

- confirmation hearings

PCP - Complaints Policy Sub Panel

Membership: Air Commodore Kevin Pellatt (Chairman), Dr Christopher Kemp, Mrs Sarah Bütikofer, Mr Trevor Wainwright.

Date of last meeting: 16 January 2018

Next meeting: to be confirmed

Future PCP training and network events

- **Eastern Region PCP network:** March 2018 (date and venue to be confirmed)
- **National PCP Conference 2018: Monday 12 November 2018** (Scarman House, Warwick Conference Centre)

For information

Norfolk County Community Safety Partnership Scrutiny Sub Panel – this Sub Panel meets at least annually; date of next meeting to be confirmed.

Police Accountability Forum meetings are due to take place on the following dates (agendas will be made available via OPCCN's website).

- 5 February 2018 (2.30pm at Norfolk Constabulary Headquarters) – the next public question and answer session will be held in Watton (date and venue to be confirmed).
- 29 March 2018 – (2.00pm at Norfolk Constabulary Headquarters)

Norfolk and Suffolk Collaboration Panel meetings are held in public every other month, with the venue alternating between Norfolk and Suffolk (agendas will be made available via OPCCN's website). The next meeting is yet to be scheduled.