

Her Majesty's Inspectorate of Constabulary
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Roger Baker QPM MBA MA
Her Majesty's Inspector of Constabulary

28 September 2012

Cllr Jane Kenyon
Chair – North Yorkshire Police Authority

RB/LKB

Mr Jeremy Holderness
Chief Executive – North Yorkshire Police Authority

Dear Jane and Jeremy

HMIC Police and Crime Commissioner (PCC) Budget Preparedness Visits

Thank you for the time the police authority spent with the HMIC team on 13 September 2012. The meeting presented an opportunity for you to provide an overview of your budget development process for 2013/14, the funds identified for transition and the development of potential models of governance, decision making and accountability.

I am writing to provide you with a summary of our discussions and to highlight areas that emerged for further consideration.

Budget setting process

You have a sound budget setting process which recognises those aspects of the future which are unknown. You are currently preparing the budget for 2013/14, taking account of the advice provided by the Association of Police Authority Chief Executives. It is anticipated that the budget for 2012/13 and 2013/14 will balance but there will be a funding gap from 2014/15 onwards, the plans are reviewed and refined every quarter.

Your medium-term financial plan (MTFP) was refreshed in June 2012 and considered up to date with prudent assumptions. This included possible increases in precept levels, pay and non pay, as well as the loss of core funding including business rates and revenue support grant along with the ongoing impact of the CSR.

You have a savings programme that will deliver the required reductions in costs over the next two years.

Preparation of scenarios to support the PCC in setting the budget

You are preparing a range of scenarios and options for the PCC to consider when setting the budget. These include scenarios based on a precept freeze or different levels of precept increase. Your budget forecasts have taken into account many of the factors which will most likely have an impact on the finances for the PCC's first year and beyond.

Workforce and service impact

You described your current workforce reduction plans and your forecast of staffing levels in 2017/18. These plans will ensure that the savings required by the spending review are met whilst service delivery continues without interruption.

You intend to give the PCC a detailed analysis of the options available in respect of shared services and collaboration. The collaboration and partnership working group costs are factored into the MTFP and are being funded by use of your reserves. The plans for collaboration are well established and the information will form part of a detailed briefing to the PCC.

Forward planning: governance and the Office of the PCC (OPCC)

It is intended that the budget for the authority will transfer to the PCC. This will allow the PCC some scope to develop their office. The budget currently includes staff costs (under spent due to vacancies) and a contingency budget.

Your transition plan brings into effect a set of governance arrangements to meet the needs of the PCC and the Chief Constable from day one and the PCC will have a range of options and opportunities they may choose to consider.

You are developing plans for effective governance and it is your intention to present the PCC with a list of options on day one but to leave the PCC to decide which course to take. It is clear that there has been engagement with the candidates.

The first meeting of the shadow joint audit committee was held on the 14 September 2012. The committee is made up of four members of the authority and discussed the terms of reference (based on national guidance) and how to interact with the police and crime panel (PCP), the PCC and the Chief Constable.

The PCP is also established and will shortly have their first meeting. Both you and the Chief Constable are invited to attend and the authority's treasurer will meet with them in October to brief them on the financial plans.

Your plan for the PCC's first 100 days is developing and you have considered arrangements for how the OPCC will operate when the PCC takes up office. The document will include all the key decisions that will need to be made by the end of March 2013 and will be updated and refreshed as new items come to light.

At present, whilst having a clear view on what support resources will be needed to support the PCC in the statutory functions, you are uncertain on the PCC's approach. As such, you intend to keep expenditure to a minimum until they arrive and will leave it to their discretion to decide what support is needed.

In summary, your budget development process is based on prudent assumptions and takes account of a range of funding scenarios. You are developing proposals for PCC governance arrangements and whilst some areas are more advanced than others you are aware of what is required and have a timetabled plan so that a range of options will be finalised in advance of the election and available for you to brief prospective candidates.

I would like take this opportunity to thank the police authority for its continuing commitment to plan and prepare for transition to a PCC.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Roger Baker', with a large, sweeping flourish above the name.

Roger Baker
HM Inspector of Constabulary

Copied:
Mr Tim Madgwick
Temporary Chief Constable – North Yorkshire Police

Lesley Whitehouse
HMIC Liaison Officer