

**Northern Joint Police Board  
Finance and Policy Working Group**

Minutes of Meeting of the Finance and Policy Working Group held in Council Headquarters, Glenurquhart Road, Inverness on Tuesday, 8 January 2008 at 12.00 noon.

**Present:**

<b>Representing the Highland Council</b>	Mr I Ross Mr G Smith Mr A Millar Mr B Murphy
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<b>Representing Comhairle nan Eilean Siar</b>	Mr N M Macleod Mr I Mackenzie
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<b>Representing Orkney Islands Council</b>	Mr R Leslie
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<b>Representing Shetland Islands Council</b>	Mr A Cooper
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**Officials in attendance:**

Mr I Latimer, Chief Constable  
Ms E Ward, Northern Constabulary Head of Finance  
Mr D Robertson, Treasurer's Office  
Mrs M Grigor, Treasurer's Office  
Mrs L Lee, Clerk's Office

**Mr N M Macleod in the Chair**

**1. Apologies for Absence**

Apologies for absence had been received on behalf of Mr M Rattray and Mr N Donald, the Highland Council.

**2. Revenue Estimates 2008/09**

There had been circulated Report No. F&P1/08 dated 20 December 2007 by the Chief Constable inviting Members to recommend to the Board approval of the draft revenue budget for 2008/09.

There had also been circulated correspondence relating to concerns raised by Peter Peacock, MSP, about the lack of a permanent wildlife officer in Northern Constabulary and requesting that, given the importance of the landscape and wildlife to tourism and the wider economy of the Highlands, the Board seek to ensure that the requisitions on councils would allow for the employment of at least one full-time wildlife crime officer. The Convener had acknowledged this letter and had undertaken to make Members aware of its content in the context of their budget discussions.

The Chief Constable drew the Working Group's attention to the main points contained in the report, including that:

- the proposed budget reflected an increase of 3.1%
- whilst the overall budget included costs for ICT staff meantime, it was likely that the figures would require to be amended in the course of 2008 once the financial consequences of the transfer of these staff to the Scottish Police Services Authority (SPSA) on 1 April 2008 were known; discussions relating to the transfer were ongoing; Members would be kept informed of the position
- there had been a change in the way the Scottish Government was to fund Local Authorities from 2008/09, in that there was now a block grant from which to meet all their expenditure requirements; this would replace many of the previous ring fenced arrangements including Police capital grant. On the revenue side, however, Police Grant would continue to be ring fenced. While the grant level would not represent full funding, ACPOS had received reassurances from the Scottish Government that the balance of Forces' requirements was included within the wider Local Authority settlement. This had particular implications for:
  - i. **pensions** – as pensions were funded through operational budgets rather than from a separate Pensions Fund, the costs required to be met through the requisition process; previously, pension costs had been met in full through GAE; whilst the Association of Chief Police Officers in Scotland (ACPOS) had received assurances from the Scottish Government that sufficient funding would be included in the block grant to Local Authorities to fully cover pension costs, concerns had been raised by the Convention of Scottish Local Authorities (COSLA), who believed that there would be a shortfall in this regard; if COSLA's concerns were borne out, the shortfall in pension funding would require to be met from the operational budget, which would impact on officer and staffing levels, there being a presumption that pensions would be paid; and
  - ii. **capital grant** - this had previously been received directly from the Scottish Government, but was now to be included in the block grant to the Local Authorities; assurances had been received from the Scottish Government that Local Authorities would be provided with sufficient funding to cover the capital grant payments, but it would be for the Board to agree the amount with the Local Authorities; the figure included in the proposed budget was commensurate with previous years, and took account of the ongoing gradual reduction in the capital grant provision; forthcoming capital projects included a new Area Station in Nairn, a centralised custody suite in Inverness and possibly a second suite elsewhere, and investments in Stornoway Police Station and the Force Information Management Unit
- the budget provided for 730 fully funded Police Officers; however given the Scottish Government's undertaking to provide an additional 500 Officers in Scotland over the next three years, it was anticipated that this figure could increase by a further 5; in addition, as recruitment was carried out over the course of the year, with some posts being filled in the later months, it was likely that the establishment would increase to over 740 Officers; the Force was therefore on course to meet the target of 750 Officers in 2009/10
- non-staff costs for Police Surgeons and Forensics Services remained high; contracts with the National Health Service were negotiated where possible but

were not always available; the Scottish Government was aware of the difficulties and a solution was possible in the medium term, but at present the Force had no option but to continue to contract privately where necessary for these services

- the financial settlements for Local Authorities were recognised as difficult for 2008/09, and it was believed that the position was likely to be more difficult the following year, although it was hoped that 2010/11 would be slightly easier.

Mr D Robertson gave an explanation of the report appendices, drawing attention to (i) the difficulties to which the removal of GAE gave rise in terms of the ability to draw year-on-year comparisons with funding provided, and (ii) the impact on requisition levels of the new funding arrangements for capital grant – the new arrangements had given rise to an increase in budgeted requisitions levels compared with the previous year; however, resources were contained in the finance settlement for Police capital at the same level as the amount recommended for requisition by the Board

In response to a question raised as to whether there would now be a requirement for capital expenditure to be proportional to each Constituent Authority's contributions, the Chief Constable and the Convener gave assurances that the capital programming would continue as at present, i.e. according to the operational needs of the Force, and with the annual submission of the Capital Plan to the Board for approval.

Information was then sought as to the implications of the new Local Government finance arrangements on the Montgomery Formula. Members were advised that there was unlikely to be any change with regard to revenue expenditure; however, as capital expenditure incurred in a constituent authority area would continue to be charged to the relevant constituent authority, it was possible that future funding arrangements for capital expenditure would need to be reviewed.

Members stressed the difficult financial positions being faced by their respective Local Authorities for 2008/09 and commented that, as Services in all the Constituent Authorities were being asked to make cuts, the view was being informally expressed that the Joint Boards should be asked to make cuts also. In response, the Chief Constable advised that the budget had been drawn up on the basis of assurances provided by Civil Servants to ACPOS that Local Authorities were being provided with sufficient funds to meet the Police Service's requirements. The Convener suggested that, given the circumstances, improved and early dialogue between the Board and the Constituent Authorities would be very important, in order that a full understanding of the respective positions could be gained. Members strongly concurred that such dialogue would be useful and were supportive of this taking place towards the end of the summer, prior to the budgetary process commencing. It was suggested that the Working Group Members meet with the Finance Officers of the Constituent Authorities.

The Chief Constable reminded Members that there was an expectation that the Force would make efficiency savings of 2% each year, amounting to £1m. A report detailing these savings would be brought to the Board meeting on 23 April 2008.

Further views expressed in discussion included that:

- the current uncertainties as to whether funding levels would be adequate were no different than those experienced under previous Government administrations

- whilst it was good to be challenged, as this increased efficiency, there were limits to the efficiencies which could be made beyond which the only option was a reduction in service
- the removal of ring-fencing underlined the importance of maintaining dialogue and good relations with the Constituent Authorities

In response to a question raised, Members were advised that, whilst it was currently proposed that income (approximately £1m) from the Board's radio masts would remain with the Constabulary, agreement had not yet been reached on this.

The Working Group then discussed the possible impact on the Force of the transfer of ICT operations to the SPSA. A number of concerns were raised, including:

- whether the new arrangements represented Best Value for the Northern Constabulary – implications of the centralisation of ICT could include that: service provision might become geared to the needs of the larger more urban Police Forces, with the potential for the Northern Constabulary to have to pay additional fees for the more specific services it required; staff might be gradually relocated to the Central Belt and, if so, Officers would have to call a remote help desk for assistance; the morale of ICT staff might fall; the move to centralised support services might presage a move to a centralised Scottish Police Service
- the SPSA, as a non departmental public body, was yet not VAT exempt – this would mean VAT would have to be paid in the short term on all new IT equipment, whereas none was due under the existing arrangements - the SPSA therefore could not offer Best Value in this regard
- the SPSA was not publicly accountable – its administrative arrangements were a cause for concern.

In response, the Chief Constable reported that ACPOS had called for the SPSA to be independently audited to ensure that this means of service delivery represented Best Value. He also advised that a Service Level Agreement with the SPSA was being sought as a matter of urgency to ensure that Northern Constabulary did not experience a reduction in service level and/or be asked to pay higher costs for the service it required. Notwithstanding this, the Convener reported that there had been no round table discussions in this regard to date, and that there were therefore concerns for the Board. Such discussions, and the carrying out of an independent audit, were being actively called for, and Members' support was sought. The Board would be kept apprised of developments.

The Working Group **NOTED** the report and the information given and **AGREED** to recommend to the Board that:

- i. the draft revenue budget for 2008/09 be approved; and
- ii. meetings be sought with finance officers of the four Constituent Authorities in late summer 2008, prior to the budgetary process commencing, to enable a full understanding to be developed between the Board and the four Authorities.

The Working Group then discussed the concerns raised by Mr Peter Peacock, MSP relating to the lack of a permanent wildlife officer in Northern Constabulary. Members commented that wildlife was of great importance to the Force area, climate change was introducing new species, and that there was a risk to the

Board of adverse publicity when no designated officer was provided. Having clarified that the duties of the part-time wild life co-ordinator as referred to in Mr Peacock's letter were related to policy matters, the Chief Constable then gave assurances that local officers in rural areas were trained in responding to wildlife crime and were dealing effectively with this issue, and that the Force's Head of Operations acted as a central point of contact in this sphere of activity. He was of the view that a full-time wildlife officer based in Inverness could not be justified.

The Working Group **AGREED** to recommend that:

- i. the Convener respond to Mr Peacock's letter in terms reflecting the Working Group's view that the Force was dealing effectively with wildlife crime through its local officers throughout the Force area; and
- ii. a wildlife officer make a presentation to a future meeting of the Board, as a means to demonstrate good practice.

The meeting ended at 1.05 p.m.