

Virtual Conference

17 June, Microsoft Teams Event

2020
VIRTUAL

Subscription Review 2020

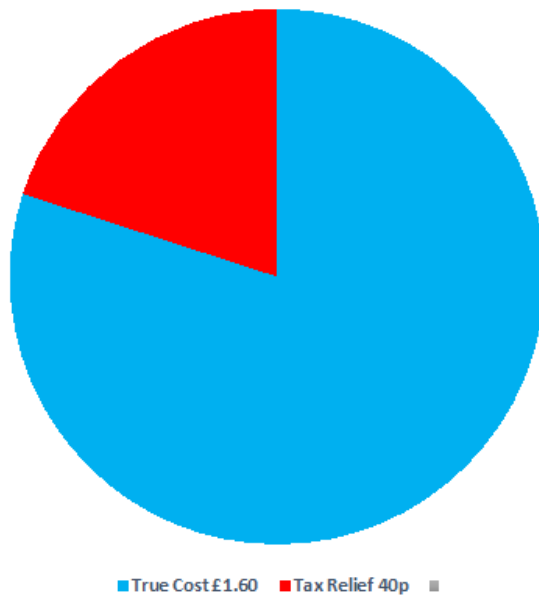
When did you last increase subscription rates?

The Federation last increased subscriptions in 2011, when the cost of membership was increased by approximately 25%. This is an important point to stress; the membership subscription rate has not risen for nearly a decade.

How much is membership increasing by?

Subscriptions are proposed to increase by £2 per month. However, because our membership is a professional subscription, we can claim back a proportion of this cost through an adjustment to our tax codes, meaning we pay less in tax.

True Cost of Membership



Why should I care about a review of subscriptions?

We do not have the funds that we need to sustain the support and representation that we are currently providing to our membership. We want to secure the future of the Federation to enable us to give our members the support they need and deserve into the future. Our National Reserve Fund (NRF) is currently at the level of approximately four months operating costs and because of costs rising every year, this fund is now dangerously low.

Why have you not had to raise subscriptions before?

During the austerity years when officers were receiving 0% and 1% pay rises, the Federation did not want to ask colleagues to pay more for membership, even though inflation costs were rising and the Federation were doing more to support members, plugging the gaps where force welfare spending was dropping. During that period the Federation used reserves to soak up those increases rather than passing them on to members.

Why have you chosen to review subscriptions now?

Since 2011, the Federation has absorbed additional costs caused by austerity and a massive reduction in income caused by falling officer numbers. We waited until the end of austerity and the pay freezes in order to make any rise as affordable as possible. We also waited until a new, more professional, approach to finance management was introduced, bringing stricter controls and a full review of our operations.

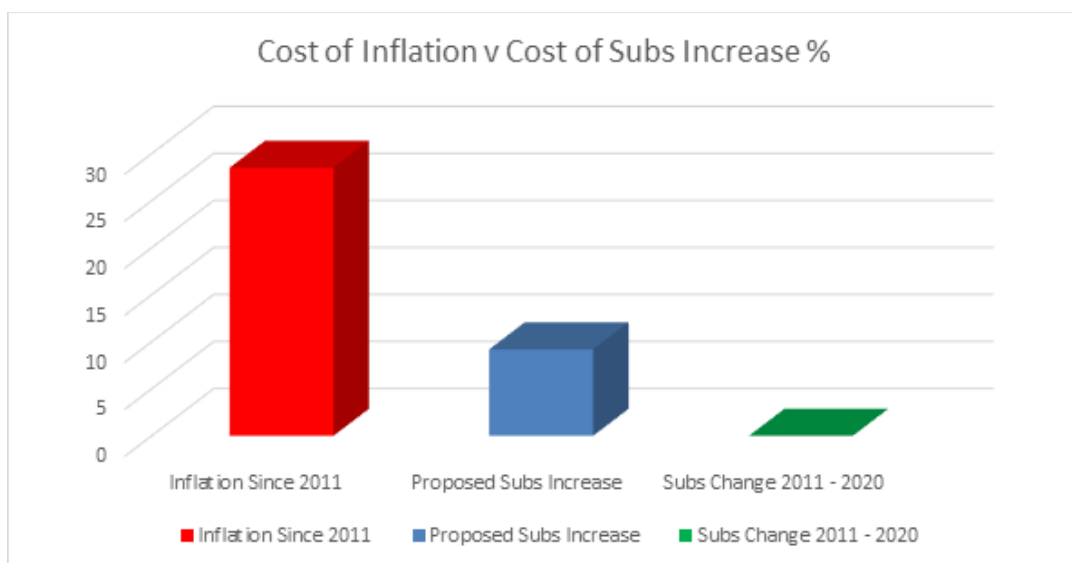
How much should the Federation have in the National Reserve Fund?

There is no set guidance on this, with different organisations taking different approaches. Many use an approach of twelve months operating costs, to give them security and the ability to react to unforeseen circumstances. This would equate to approximately £30m.

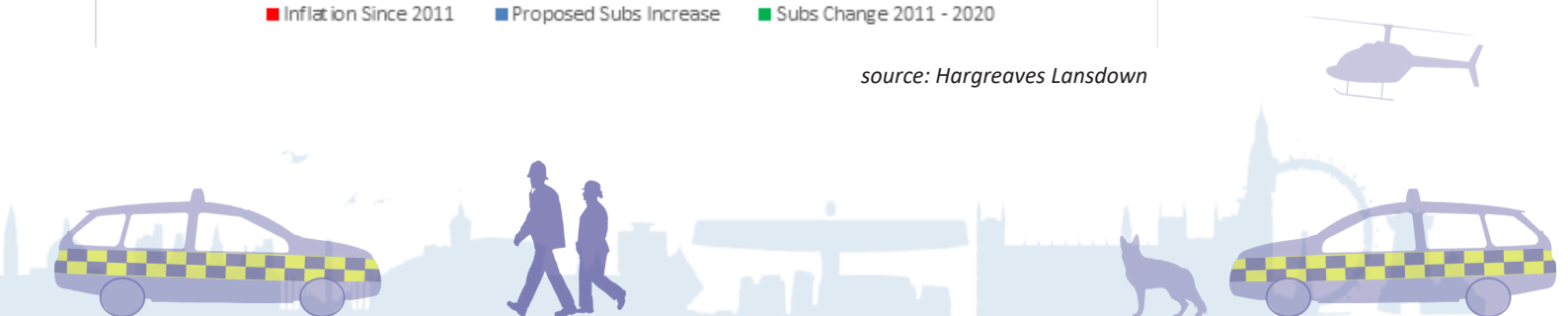
We believe the financial security could be achieved with a lower amount, freeing up more funds to be used to support our members. A figure of approximately £20m, carefully built up over the coming years, would achieve this balance.

How much have your costs increased over the last ten years and is this necessary?

Because of inflationary increases, the Federation core costs increase by approximately £900k to £1m each year.



source: Hargreaves Lansdown



Why have your Reserves fallen so much since 2017?

Since 2011 our income has reduced because of a loss of officers due to government cuts, whilst our costs have increased because of inflation. At the same time, we increased the amount we were spending on things like welfare provision to plug the gaps that were starting to appear in forces at the same time. But because police officers were suffering low or non-existent pay rises, the Federation absorbed those rising costs by using our Reserves, rather than asking members to pay more for membership. The Federation has also invested large sums in upgrading our IT infrastructure (to ensure the highest level of security and protection of confidential, sensitive data) and on funding costly legal cases during that time, all requiring use of the Reserves.

Don't you have £70m or more in Reserves?

The figure of £70m is not accurate, and includes assets, such as buildings and offices used by reps across the country. Chief Constables are only technically obliged to provide office accommodation for one person to undertake Federation duties, which meant the Federation had to purchase accommodation in many areas. At the time of publication, there is currently approximately £8.6m in national cash reserves. This compares to a high mark of approximately £20m around five years ago.

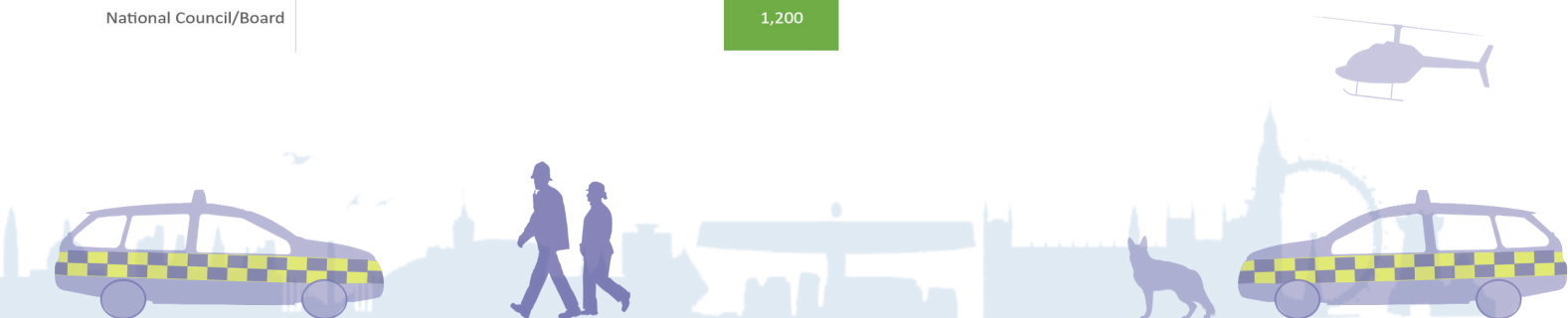
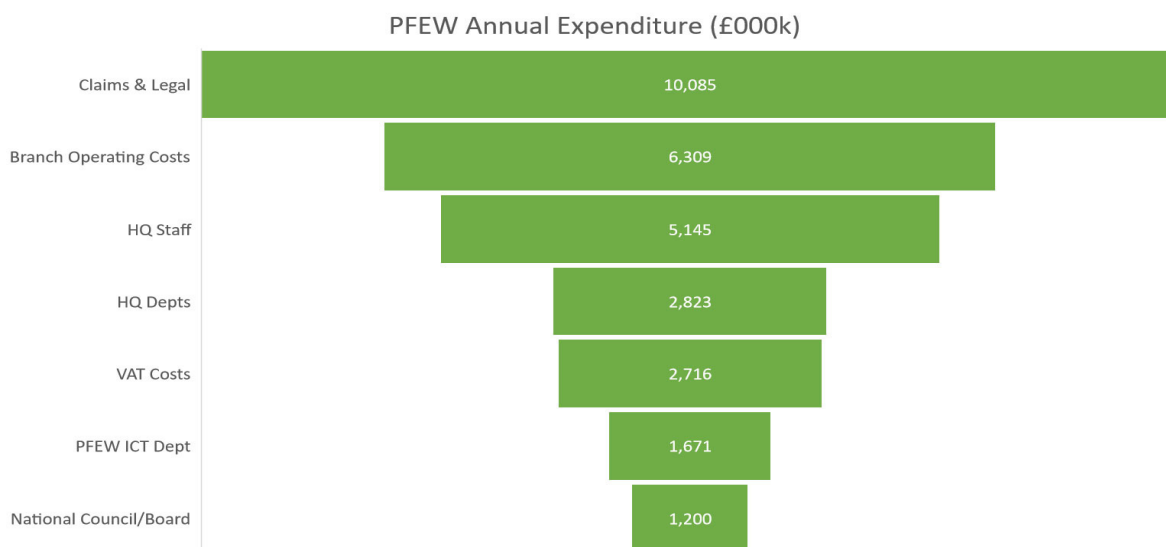
What is so important about the Federation National Reserve Fund?

This fund pays for everything the Federation does, both nationally and locally, and ensures we can represent members when they need us. Depleting the reserves would mean this burden would fall to individual branches and would jeopardise the support and cover the Federation is able to give to colleagues.

What does the Federation do with my money?

The Federation is much more than an insurance policy. Our network of reps works across strands, such as;
Health and Safety - making sure you're as safe as possible doing an incredibly dangerous job.
Equality - ensuring you're treated fairly at work while you protect the public.
Conduct and Performance – supporting our colleagues through the misconduct process.

Most of our costs are heavily weighted towards funding legal support and funding our Branch network, where most of our face to face work takes place.



Why don't you just simply cut your budget and make do?

The Federation has made huge efficiencies over the last few years to ensure money is not wasted and is used in the right areas. But our core purpose is to provide a range of services for our members and we are now at the point, with rising costs, where even with those efficiencies, we would have to cut those core services.

We cannot let this happen; we must protect these services so that our members have the support and assistance they need, when they need it.

Why are we so reliant on subscriptions?

We are a subscriptions-based organisation, but we do seek alternative sources of income to relieve the burden on our members. Even so, these other income streams, such as hosting events at our HQ, cannot replace the proportion of income which is raised by subscriptions.

The Federation launched a Pension Compensation Claim against the Government - is this subscription increase to fund that claim?

There is no requirement for any additional funding for the Pension Compensation Claim to come directly from members – the two issues are separate. The Pension Compensation Claim does not rely on an increase in subscription rates. An increase in subscriptions will not impact on the Federation's existing capacity to fund this claim.

Why is our budget estimated to increase?

Our costs increase by approximately £900k to £1m each year due to cost of living factors that affect all of us. Operating costs for 2020 are approximately £30,333,000 and the doctors, medical experts, legal teams, IT provision and training we provide increases in costs each year due to that inflation.

What if we don't increase subscriptions now?

The financial viability of the Federation in the longer term would be threatened and some Branches could struggle to maintain the current levels of service for members. This could bring marked differences to the levels of service and support we currently offer, and we do not want to cut back on those core services.

However, if we do increase subscriptions we can invest more in our members, adding to the value members already receive for their subscriptions and ensure the Federation is still here, supporting and protecting police officers well into the future.

