

OFFICE OF POLICE & CRIME COMMISSIONER	
LEAD CHIEF OFFICER:	Nigel Stephens, ACO - Resources
TITLE:	Budget Requirements 2022/23 – 2026/27
DATE:	24th November 2021
TIMING:	Annual
PURPOSE:	For monitoring
1.	<u>RECOMMENDATION</u>
1.1	<p>To consider and note the budgetary requirements for the period of the Medium Term (5 Year Plan) Financial Plan and specifically note:</p> <ul style="list-style-type: none"> • The total budgetary requirement for policing services for 2021/22 is £158.119m. • A further significant programme of change will be implemented to deliver service improvement and value for money through the new policing model during 2022/23. • Quantified financial gap arising from significant service and cost pressures - £11.388m with the release of £4.329m savings leaving a deficit of £7.059m by 2026/27. • Capital Strategy with significant capital requirement of ££89.571m to 2026/27. • Borrowing Requirement requiring financing of £3.753m. • The financial gap 2021/22 is £2.930m and it is proposed to fund this as follows: <ul style="list-style-type: none"> ○ Identified Savings - £1.021m ○ Transfer from Reserves - £0.000m ○ Increase in precept - 6.82%
2.	<u>INTRODUCTION & BACKGROUND</u>
	<p>Since 2009/10 Gwent Police has been on a journey that has continuously focussed on improving the quality of the service provided to the public, whilst at the same time making significant financial savings in light of the austerity challenges that have and continue to face policing.</p> <p>From 2009/10 the Force has made over £52m of savings.</p> <p>Within the last 4 financial years, the journey has been one of re-shaping services where there has been an increase in demand and more importantly increased risk to the public.</p>

Resources have been focussed on the following service areas over the last four financial years:

- 2017/18 - Risk, Harm and Threat to ensure the public of Gwent are safe and included investment in:
 - Public Protection and Vulnerability
 - Cyber Crime
 - Mental Health Services
- 2018/19 - The resources were focussed on development and innovation including:
 - Invest in People – Recruitment, Learning & Development, Wellbeing and Occupational Health
 - Custody Provision
 - Digital Policing
 - First Point of Contact
- 2019/20 - The resources were focussed on Digital Technology implementation including:
 - Serious and Organised Crime
 - Early Action Together
 - Single On-line Home
 - M365 National Enabling Project
- 2020/21 - The resources were focussed on Vulnerability including:
 - Sexual Assault Referral Centres
 - Diversion Schemes for offenders
 - Victims Services
 - Anti-Corruption services
- 2021/22 – The resources were focussed on various services experiencing increased demand including:
 - Crime Prevention Hubs (We don't buy crime)
 - Response Policing
 - Cyber Crime

	<ul style="list-style-type: none"> • Victim Services • Public Protection Unit (specifically in relation to the establishment of Multi-agency safeguarding hubs in each of the five local authority areas). • Police Community Support Officers <p>The Chief Constable and the Commissioner are committed to the recruitment of a further additional 10 Police Community Support Officers that will be added to the establishment to increase the numbers to 152 FTE which will improve visibility and re-assurance across our communities. Welsh Government also committed to increase their contribution of PCSOs to the force from 101 FTE by 20 FTEs which means the establishment is planned to be 172 FTE in 2022/23.</p> <ul style="list-style-type: none"> • New Technologies to Support policing: <ul style="list-style-type: none"> ○ Facial Recognition ○ Digital Evidence Management <p>Other programmes have traversed these financial years including capital programmes arising from the Estate Strategy such as the planned launch of the new headquarters in early 2022.</p>
3.	<u>Programme 2022/23</u>
3.1	<p>The planned programme for the financial year 2022/23 was developed following the review of operational delivery through the Force Management Statement, HMIC Inspection and Audit Wales findings.</p> <p>For the financial year 2022/23, the force has also needed to consider three other factors. These are the longer term impact of Brexit, the transition from the COVID19 pandemic and also the opportunities presented through Operation Uplift.</p> <p>The outcome of Brexit has arisen at the same time as the COVID19 crisis and the 2021/22 has seen an increase in public order demand through demonstrations.</p> <p>All blue light services have seen an increase in demand and there is significant pressure on the health service creating displaced demand to Gwent Police.</p> <p>In addition, both these issues have had a significant impact on the economy which has already had a considerable contraction and also an increase in prices through inflation.</p>

	<p>In respect to Operation Uplift, the UK Government’s announcement in October 2019 to provide an additional 20,000 police officers to the front line will now mean an extra 203 officers in Gwent to fight crime. A total of 128 additional officers will have been recruited by the start of the new financial year and enabled a review of the police operating model which will aim to prioritise developments in the following:</p> <p>Other activities that the force will progress include the following:</p> <ul style="list-style-type: none"> • Delivery of an efficient and effective service provision <p>The Continuous Improvement approach of this programme will see reviews of Support functions along with various cost saving measures that can be implemented as the force moves to the new headquarters in early 2022.</p> <p>The continuous improvement approach includes demand analysis, end-to-end process reviews, future demand modelling, service levels, benchmarking and business benefits.</p> <ul style="list-style-type: none"> • Collaboration Opportunities <p>During 2021/22, opportunities have been developed for collaboration and these programmes include Information Governance and work is being undertaken to develop and implement these to release the business benefits.</p> <p>National Enabling Programmes such as M365 have seen significant change through the Force in the delivery of service both to the public and also the staff. The force will seek to maximise the benefits and efficiencies by utilising the new systems and processes.</p>
4	<p><u>Budget Setting & Medium Term Financial Plan</u></p>
4.1	<p>The force has undertaken budget setting and the overview, approach, assumptions and implications are explained.</p> <p>MTFP Position</p> <p>Savings required over the next 5 years are £11.388m which is in line with the previous target (pending the publication of the grant in late December/early January) which includes cash increases announced in the Autumn Statement that will cover the uplift programme and partially cover other pressures including pay inflation and national insurance contributions. There is an assumption of a recurring precept level of 6.82%.</p> <p>The capital programme has been reviewed and implementation re-profiled with costs developed that align to the programme including the new Abergavenny Police Station and the new Gwent Operational Facility that will house the new custody unit, operational training and the Torfaen Policing team. The total cost of capital of the</p>

programme is £89.5m and the force will require borrowing to deliver an estate that is fit for the future.

Assumptions

The position is based on the following assumptions:

- Operation Uplift - The Government's announcement to deliver 20,000 additional front-line police officers over the period to March 2023 will provide a total estimated 203 police officers to Gwent police. The numbers confirmed for the period to 31st March 2022 will be achieved and the long-term funding has been confirmed in the Autumn Statement.
- There is additional cash uplift to partially fund cost pressures which include pay awards, national insurance contributions, non pay inflationary increases and service cost pressures.
- The Home Office has stated that the shortfall should be met by increases to precept.
- The Police Pensions Remedy is funded by the government through the Comprehensive Spending Review and noted in the Autumn Statement.
- The continuation of the assumption of a £6m loss of grant on the new funding formula over the period of the Medium Term Financial Plan (phased at £2m each year from 2025/26 to 2027/28). It is now expected to be implemented at the end of the Comprehensive Spending Review period.
- Policing operations relating to the International Conference Centre are assumed cost neutral with funding to meet the policing requirement.

The 2022/23 position is that the savings required of £2.930m are offset by savings identified of only £1.021m – the gap is £1.909m.

Police Establishment

Numbers

- Budgeted Base 1,423.5 wte
- Recruits planned for 2022/23 at 75 wte (net) new posts (Op Uplift)
- Assumption of 6 medical retirements per annum
- New recruit dropout rate calculated on 14% of Non-Degree entry probationers
- Expected actuals by 31st March 2023 is 1,506.5 FTE

Cost

- Officer in budgeted posts as at 30th September budgeted at actual plus any increments due
- PC Vacancies budgeted at 2nd point on Scale
- DC & Other Vacancies budgeted at mid-point
- Employers Pension Rate 31.0% in base calculation

Police Staff Establishment

Numbers

- Budgeted base 792.91 wte, an increase of 46 wte in last 12 months, following a review of front line and also support services, supported by business cases. The actuals expected by 31st March 2023 is 803.91 FTE.

The increase represents a ratio of one new police staff role to four new police officer new roles and reflects the role police staff play in supporting the delivery of policing services to the public.

Cost

- Employers pension contribution 17.3%

CSO Establishment

Numbers

- Budgeted Base 172 wte (121 wte WG funded posts).

Cost

- Employers Pension Contribution 17.3%

Non Staff

- Majority of non-staff expenditure rebased using inflation assumptions in MTFP and informed by Office of the Gas and Energy Markets and Royal Automobile Club for energy and fuel cost forecasts.

Income

- Underlying assumptions around Police Grant, RSG and NNDR have been revised following the Autumn Announcement.
- The Precept for the five years of the MTFP assumed at 6.82%

Pressure & Savings

- Tracker savings reflect planned schemes supported by project managers and include those that reflect the transition of the force to the new headquarters which will enable the de-commissioning of legacy systems and more efficient use of office equipment through agile working.

Capital, Reserves & Borrowing

- The capital programme planned expenditure for the 5 years totals £89.571m.
- Based on proposed capital contributions, borrowing in 2022/23 will be £3.855m which will attract revenue interest payments of £0.148m.
- Over the MTFP period, the capital programme will need a total of £48.831m of borrowing - 54.6% of total capital programme spend. Associated total revenue interest and Minimum Revenue Payment (MRP) cost to service the total borrowing for the period is £3.753m.
- This includes a revenue to capital contribution being maintained at £5.145m from 2024/25 onwards representing only 3.5% of turnover and is necessary due to the very low levels of HO capital grant which is only £120,000.
- The reserves used for funding the Capital programme exhausts during 2022/23 and borrowing is necessary to fund the programme

	<ul style="list-style-type: none"> • A sum has been established in the 2022/23 reserves that will be reflected in the Reserves Strategy to fund: <ul style="list-style-type: none"> ○ A pump prime reserve to create invest to save schemes in 2022/23 ○ A budget imbalance reserve <p style="text-align: center;">Precept</p> <ul style="list-style-type: none"> • MTFP currently based on precept at 6.82%. <p style="text-align: center;">Productivity & Improvement</p> <p>There are three areas on which Home Office will continue to assess progress and these are:</p> <ul style="list-style-type: none"> • Procurement & Shared Services • Mobile Working & Digital • Transparency about effective use of reserves <p>In addition, all Government departments will have a 5% productivity and efficiency target to be delivered in 2025/26.</p>
4.2	<p>The detailed financial schedules are provided as follows:</p> <p>MTFP – Summary (Annex 1 – Appendix 1)</p> <p>Establishment (Annex - Appendix 2)</p> <p>Developments (Annex 1 – Appendix 3)</p> <p>Budgetary Savings (Annex 1 – Appendix 4a)</p> <p>Efficiency Schemes (Annex 1 – Appendix 4b)</p> <p>Reserves (Annex 1 – Appendix 5)</p> <p>Capital Programme (Annex 1 – Appendix 6a)</p> <p>Non Capital Developments Programme (Annex 1 – Appendix 7b)</p> <p>Operation Uplift & Underspend 2021/22 (Annex 2)</p>
5.	<p><u>Value for Money</u></p>
5.1	<p>The force continues the change programme on improving services and releasing cashable efficiencies. The programmes invested in the past two years will support this objective and the following areas will be included in the change programme 2022/23.</p> <ol style="list-style-type: none"> 1. Release Business Benefit Efficiencies following Investment 2. Efficiencies through the Estate 3. Efficiency through Collaboration 4. HMIC Value for Money Profile indicators <p>Each year the Value for Money Indicators are published that present a comparison of the investment by forces across categories of expenditure. This provides an indication of efficiency that could be released through service reviews over a 12-18 month period.</p> <p>The 2020/21 report was published in Summer 2021 due to the impact of COVID19 on forces producing the figures and it is these have informed the programmes we are implementing in 2022/23.</p> <p>The planned cash releasing efficiency benefits are presented at Appendix 4.</p>

6	Opportunities & Choices
6.1	<p>The delivery of an ambitious change programme is required to enable the force to improve services to the public and also reduce risk, harm and threat in our communities.</p> <p>However, the force is faced with a number of challenges to achieve a balanced financial plan and consideration will be given to the sustainability of the following budgets.</p> <ol style="list-style-type: none"> 1. Maintain Partnership Support as follows: <ol style="list-style-type: none"> a. Funding for services that Partners should contribute b. Commissioned Services 2. External Training Budget 3. Police Injury Pension Budget <p>This list is not exhaustive but needs to be considered in the context of delivering a balanced financial plan.</p>
7.	<u>Risk</u>
7.1	<p>The risks to the financial plan include:</p> <ul style="list-style-type: none"> • Ongoing Service Reviews Recommendations: <ul style="list-style-type: none"> ○ Estate & Facilities ○ Occupational Health ○ High Tech Crime • Delivery of savings in Overtime Budget anticipated but not yet delivered from 2020/21 of £1m • Funding Formula Introduction • Welsh Government continued funding for partnerships • Cost of National ICT Programmes • Cost of Borrowing (to fund capital programme) • Home Office Police Apprenticeship funding to Welsh forces • Council Tax Collections levels from the precept following the impact on COVID19 on the economy and collection of rates • We have assumed an annual total level of costs pressures of £2m for 2023/24 onwards: further risks to manage/savings to identify if actual cost pressures for 2023/24 budget setting exceed this £2m level • Assumed precept and base growth are maintained. • Wage Award over and above 2.5% and other inflationary pressures • CCTV Services
8.	<u>FINANCIAL CONSIDERATIONS</u>
8.1	These are detailed in the report.

9.	<u>PERSONNEL CONSIDERATIONS</u>
9.1	There are no staffing / personnel implications arising from this report.
10.	<u>LEGAL IMPLICATIONS</u>
10.1	There are no legal implications arising from this report.
11.	<u>EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS</u>
11.1	This report has been considered against the general duty to promote equality, as stipulated under the Strategic Equality Plan and has been assessed not to discriminate against any particular group.
11.2	In preparing this report, consideration has been given to requirements of the Articles contained in the European Convention on Human Rights and the Human Rights Act 1998.
12.	<u>PUBLIC INTEREST</u>
12.1	This is a public document.
13.	<u>CONTACT OFFICER</u>
13.1	Nigel Stephens, Assistant Chief Officer - Resources
14.	<u>ANNEXES</u>
14.1	Annex 1 – Financial Analysis of Budget Requirements 2022/23-2026/27
14.2	Annex 2 – Operation Uplift & Underspend 2021/22