

OFFICE OF POLICE & CRIME COMMISSIONER	
LEAD CHIEF OFFICER:	Nigel Stephens, ACO - Resources
TITLE:	Budget Requirements 2021/22 – 2025/26
DATE:	24th November 2020
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 £146.050m. • A further significant programme of change will be implemented to deliver service improvement and value for money in the context of the new policing model during 2021/22. • Quantified financial gap arising from significant service and cost pressures - £7.527m with the release of £3.778m savings leaving a deficit of £3.749m by 2025/26. • Capital Strategy with significant capital requirement of £86m to 2025/26. • Borrowing Requirement requiring financing of £4.0m. • The financial gap 2021/22 is £3.295m and it is proposed to fund this as follows: <ul style="list-style-type: none"> ○ Identified Savings - £0.676m ○ Transfer from Reserves - £2.619m ○ Increase in precept - 0.17% (to 6.99%) although this report is presented on the assumed Precept of 6.82% each year.
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 £51m of savings.</p> <p>Within the last 3 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> <p>Resources have been focussed on the following service areas over the last</p>

	<p>four financial years:</p> <ul style="list-style-type: none"> • 2017/18 - Risk, Harm and Threat to ensure the public of Gwent are safe and included investment in: <ul style="list-style-type: none"> • Public Protection and Vulnerability • Cyber Crime • Mental Health Services • 2018/19 - The resources were focussed on development and innovation including: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • Serious and Organised Crime • Early Action Together • Single On-line Home • O365 National Enabling Project • 2020/21 - The resources were focussed on Digital Technology implementation including: <ul style="list-style-type: none"> • Sexual Assault Referral Centres • Diversion Schemes for offenders • Victims Services • Anti-Corruption services <p>Other programmes have traversed these financial years including capital programmes arising from the Estate Strategy such as the new headquarters.</p>
3.	<u>Programme 2021/22</u>
3.1	The planned programme for the financial year 2021/22 was developed following the review of operational delivery through both the Force

Management Statement, HMIC Inspection and Audit Wales findings.

For the financial year 2021/22, the force has also needed to consider three other factors. These are the impact of Brexit, the implications of the COVID19 pandemic and also the opportunities presented through Operation Uplift.

The outcome of the Brexit negotiations is imminent and the impact on demand will emerge over the next few months to which the force will need to respond.

The impact of COVID19 in the current financial year has been significant and the expected vaccination programme will need to be evaluated in respect to the impact on police services.

Both these issues have had a significant impact on the economy which has already had a considerable contraction and will create additional demands on policing.

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 mean an extra 165 officers in Gwent to fight crime. A total of 62 additional officers will have been recruited by the start of the new financial year and this has enabled a review of the police operating model which will aim to prioritise developments in the following:

- The Inspector Model

This investment will enable the command structure to operate with greater efficiency to meet demand by providing greater accountability over the investigation of crime.

- Public Protection Unit

This investment will enable the development of Multi-agency safeguarding hubs in each of the five local authority areas to provide a greater service to the most vulnerable in our communities.

- Crime Prevention Hubs

This investment will enable resources to tackle acquisitive high-volume crime, supporting the victims of crime with crime prevention measures and providing greater re-assurance to our communities.

- Centralise the Area Support Unit

The centralisation of the team will improve prioritisation, supervision and accountability to ensure the specialist team is able to respond to demand in the community.

- Custody

A review of the custody unit resource model will enable the implementation

	<p>of a more efficient delivery mechanism and align shifts to the local policing area resource model, improving prisoner handover.</p> <ul style="list-style-type: none"> • Police Community Support Officers <p>The Chief Constable and the Commissioner have committed to the recruitment of an additional 10 Police Community Support Officers that will be added to the establishment to boost the numbers to 142 FTE which will improve visibility and re-assurance across our communities.</p> <p>In summary, the force will focus both on sustaining policing services to the public to meet the emerging demand arising from Brexit and COVID19, whilst also developing its services in line with the new service model which has become possible through the UK Government’s investment in 20,000 new police officers.</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 Learning and Development along with various cost saving measures that can be implemented as the force moves to the new headquarters in the Autumn 2021.</p> <p>The continuous improvement approach includes demand analysis, end-to-end process reviews, future demand modelling, service levels and benchmarking.</p> <ul style="list-style-type: none"> • Collaboration Opportunities <p>During 2020/21, opportunities have been developed for collaboration and these programmes include Command & Control, Digital Evidence Management and 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 and Single On-line Home will be fully implemented by April 2021 and these programmes will see 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	<u>Budget Setting & Medium Term Financial Plan</u>
4.1	The force has undertaken budget setting and the overview, approach, assumptions and implications are explained.

MTFP Position

Savings required over the next 5 years are £7.527m which is in line with the previous target (pending the publication of the grant in late December/early January) which is assumed flat cash and an assumption of a recurring precept level of 6.82%.

The capital programme has been reviewed and implementation re-profiled with costs developed that align to the programme of construction for new headquarters, the Abergavenny Policing hub and the Torfaen Policing hub. The total cost of capital of the programme is £86m 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 another estimated 165 police officers to Gwent police. At this time, the final allocation of numbers and funding for each force is unknown, however, numbers confirmed for the period to 31st March 2021 will be achieved and we are awaiting confirmation of numbers for 2021/22. The long-term funding has not been confirmed however, assurances have been provided by Home Office that each phase of implementation will be fully funded and cover the costs of IT and Uniform kit for these officers.
- Home Office grant funding for technological schemes is at risk and this pressure is reflected in the Developments.
- An additional £1.325m for Police Pensions is funded by the government next year and into future years through the Comprehensive Spending Review.
- 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 2023/24 to 2025/26). It is expected to be implemented following the outcome of the Comprehensive Spending Review which has been delayed to next year.
- Policing operations relating to the International Conference Centre are assumed cost neutral with funding to meet the policing requirement.

The 2021/22 position is that the savings required of £3.295m are offset by savings identified of only £0.676m – the gap is £2.619m and the Commissioner plans to fund this from reserves as there is uncertainty over the final government grant for 2021/22 and beyond.

Police Establishment

Numbers

- Budgeted Base 1,362.50 wte
- Recruits planned for 2021/22 at 50 wte 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 2022 is 1,410.33 FTE

Cost

- Officer in budgeted posts as at 17th October 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% 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 2022 is 803.91 FTE

The increase of forty roles 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 16.8%

CSO Establishment

Numbers

- Budgeted Base 142 wte (101 wte WG funded posts). A review of the operational policing model is being undertaken and emerging findings are an increase in CSOs of 10 wte who will commence training in January 2021.

Cost

- Employers Pension Contribution 16.8%

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 remain as flat cash settlement

	<ul style="list-style-type: none"> • The Precept for the four years of the MTFP assumed at 6.82% • Police Transformation Fund and other funding streams have ceased and services such as Early Action Together and Serious Organised Crime Pilot have been funded internally <p style="text-align: center;">Pressure & Savings</p> <ul style="list-style-type: none"> • 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 <p style="text-align: center;">Capital & Reserves</p> <ul style="list-style-type: none"> • The reserves used for funding the Capital programme exhausts during 2021/22 and borrowing is necessary to fund the programme • There is a recurrent transfer of £2,575,000 from revenue to capital • A sum has been established in the 2020/21 reserves that will be reflected in the Reserves Strategy to fund: <ul style="list-style-type: none"> ○ a temporary over-establishment of PCSOs that commence in January 2021. ○ A pump prime reserve to create invest to save schemes in 2021/22 <p style="text-align: center;">Precept</p> <ul style="list-style-type: none"> • MTFP currently based on precept at 6.82%, however, indication are that there will be a reduction in out tax base by 1% through reduced collection rates and annual growth in tax base which will have a real cash impact of £900,000. <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> <ol style="list-style-type: none"> a) Procurement & Shared Services b) Mobile Working & Digital c) Transparency about effective use of reserves <p style="text-align: center;">Target</p> <p>Procurement: Reducing costs by £120m (Business Case drafted) Shared Services: Reducing Costs by £20m (SE Wales and SW England agreement) Digital Policing Plan (National Police Technology Council Programme) Reserves Published in November 2019</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>
5.	<u>Value for Money</u>
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 2021/22.</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>However, the 2020/21 report is not yet published due to the impact of COVID19 on forces producing the figures which will mean they VFM profiles are not published until February 2021.</p> <p>The planned business benefits workplan in respect to financial savings 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. Schemes piloted previously funded through Police Transformation Fund Grant and other sources <ol style="list-style-type: none"> a. Early Action Together b. Serious Organised Crime Pilot 2. Maintain Partnership Support as follows: <ol style="list-style-type: none"> a. Diversion Services Extension

	<p>b. Other Commissioned Services</p> <p>3. External Training Budget</p> <p>4. Police Injury Pension Budget</p> <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"> ○ Learning & Development Review ○ Review of Continuous Improvement ○ New Police Operating Model • Delivery of savings in Overtime Budget anticipated but not yet delivered from 2020/21 of £1m • Comprehensive Spending Review (CSR) in respect to funding the cost of the additional police pension contribution • Funding Formula Introduction • Welsh Government continued funding for partnerships and specifically PCSOs • 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 • Employer contributions to Police Pensions are expected to increase from 31% to 46% from 2023/24. This is a significant impact and assumed would be met by additional government grant of £8.8m
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 2021/22-2025/26