

<u>OFFICE OF POLICE & CRIME COMMISSIONER</u>	
<u>OFFICE OF CHIEF CONSTABLE</u>	
LEAD CHIEF OFFICER:	Assistant Chief Officer, Resources
TITLE:	Budget Requirements 2019/20 – 2023/24
DATE:	13th December 2018
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"> • Quantified financial gap arising from significant service and cost pressures - £10.304m. • Significant capital requirement of £81m and non-capital investment of £14.0m. • Borrowing Requirement of £37.4m requiring financing costs of £1.148m. • Programme of change to deliver service improvement and value for money to achieve Policing Vision 2025. • The financial gap 2019/20 is £3.491m and it is proposed to fund this as follows: <ul style="list-style-type: none"> ○ Identified Savings - £0.791m ○ Reserves and/or further efficiencies (to fund Police Pension) - £1.651m ○ Precept at 6.99% - £1.049m
1.2	To note that the delivery of efficiencies presents a financial risk to achieving a balanced budget in 2019/20, when also taken in light of the number of cost pressures that remain unquantified at this time.
2.	<u>INTRODUCTION & BACKGROUND</u>
2.1	<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 £50m of savings.</p> <p>Within the last 18 months, 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>In 2017/18 the resources were focussed on Risk, Harm and Threat to ensure</p>

	<p>the public of Gwent are safe and included investment in:</p> <ul style="list-style-type: none"> • Public Protection and Vulnerability • Cyber Crime • Mental Health Services <p>In 2018/19 the resources have been focussed on development and innovation including:</p> <ul style="list-style-type: none"> • Invest in People – Recruitment, Learning & Development, Wellbeing and Occupational Health • Custody Provision • Digital Policing • First Point of Contact <p>These are briefly explained below:</p> <p><u>Public Protection & Cyber Crime</u> - There has been a significant increase in the reporting of complex crime, serious organised crime and crimes against vulnerable people i.e. child abuse and domestic abuse. The force is in the process of investing and re-shaping its resources in order to meet this increase in demand and risk.</p> <p><u>Learning and Development</u> - There are some significant changes in the way that initial training and development takes place, along with core responsibilities linked to continuous professional development and accreditation. In order to ensure that our staff are trained and accredited we have invested in this area in order to ensure that we are fit for the future and always learning.</p> <p><u>Digital Services Division</u> - In order to be efficient and effective, the force has invested heavily in Digital Policing – the roll out of Laptops, mobile phone technology and Body Worn Cameras are examples of this, along with our investment in collaboration with South Wales Police. This will equip us to manage the future demands of policing whilst at the same time, allow officers to improve visibility in their communities.</p> <p><u>First Point of Contact</u> – The introduction of the investigative model and social media desk provides a risk based approach to our response to crime reports and investigations. This approach will result in a significant reduction in demand upon response policing.</p>
3.	<u>Programme 2019/20</u>
3.1	<p>The 2019/20 work plan will implement the following Programmes of Change:</p> <p>Review operating Model</p> <p>This work will be supported by the commissioned support for which reference will be made to the National Review “Front Line Review” and the Home Affairs</p>

Committee “Policing for the Future”.

Implementing the Investigative Model

This will complete the rollout of the investigative model.

Neighbourhood Strategy

The Neighbourhood Policing Delivery Plan provides clarity on the roles and responsibilities of neighbourhood teams including Police Community Support Officers and Station Enquiry Officers that support policing in our communities.

Collaborative Progression

The foundation to collaborative support functions is nearing completion with the implementation of the recruitment, HR, finance, payroll, duty resource management and learning & development collaborative systems. These will enable integrated delivery of support functions and release efficiencies.

In addition, the collaborative policing functions will also take a step forward when we exploit the benefits of new Niche Modules - Release May 2019:

- Two Way Interface (TWIF)
- Property (Forensics)
- MISPER (2)
- Public Protection Notice

These Niche system developments will enable service Collaboration opportunities across:

- Custody Alignment
 - Digital Interviewing
 - Clinical Model
- Occurrence Management
- Joint Information Management Review

Furthermore, the national ICT initiatives will be released for which the force will embrace these opportunities which include:

- Track my Crime
- On Line Crime recording
- National Enabling Programmes (NEP)
- Automatic Number Plate Recognition (ANPR)
- Single On Line Home (SoH)
- Biometrics Programme (HOB)
- Digital Evidence Management (DEMs)

	<ul style="list-style-type: none"> ○ Digital Investigation (DII)
4	<u>Budget Setting & Medium Term Financial Plan</u>
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 4 years has risen from £10m to £12m. The movement of £2m includes an addition £5m for Police Pensions and £6m on other emerging cost pressures. These are offset by budgetary savings, planned service changes and also changes to funding assumptions.</p> <p>This position maintains the assumption of a £6m loss of grant on the new funding formula over the period of the Medium Term Financial Plan.</p> <p>The 2019/20 position is that savings required of £3.5m is offset by savings identified of only £791k – there is a gap of £2.7m. It should be noted that this position includes costs of £1.8m arising from the Police Pension contribution increases an also a £2m due to the over establishment of Police Officers.</p> <p style="text-align: center;">Police Establishment</p> <p>Numbers</p> <ul style="list-style-type: none"> • Budgeted Base 1281.8 wte plus 8 wte from development fund • Over establishment of 47 Officers at 31.3.2019 • New Recruits Recalculated for 2019/20 at 30 (original plan was 60) • Pension Leavers profile – this will continue to be refined with intelligence from HR • Assumption of 6 medical retirements per annum. • New recruit dropout rate calculated on 12.5% of Non-Degree entry probationers <p>Cost</p> <ul style="list-style-type: none"> • Officer in budgeted posts as at 17th October 2018 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 28% in base calculation • Over-establishment assumed non-recurring. Calculated at £1,952k (50.6wte) in 2019-20 and phased reversal of pressure according to police profile over following years and takes into account a reduction due to

retirements.

Police Staff Establishment

Numbers

- 2019-20 Budgeted base 677 wte

Cost

- Employers pension contribution 16.8%

CSO Establishment

Numbers

- 2019-20 Budgeted Base 128 wte (101wte WG posts)
- Reduction in line with flat cash funding from WG

Cost

- Employers Pension Contribution 16.8%

Non Staff

- Majority of non-staff rebased using inflation assumptions on MTFP.
- Investment Fund exhausted – recurring budget utilised.
- Pressures are costed including Police Pensions at £1.8m in 2019/20 rising to £4.9m in 2020/21

Income

- Underlying assumptions around Police Grant, RSG, NNDR revised to reflect flat-cash moving forward.
- The Precept for the four years of the MTFP assumed at 4.99%.


Pressure & Savings

- Tracker savings have been removed unless schemes where supported by business case.

Capital & Reserves

- The reserve used for funding the Capital programme exhausts during 2020-21 and lending is necessary to fund the programme.
- There is a recurrent transfer of £2,575,000 from revenue to capital.

Precept

	<ul style="list-style-type: none"> • MTFP currently based on precept at 4.99% • Nick Hurd MP – Police Funding Letter 30 January 2018:  180130 Letter from Nick Hurd.pdf <p>Confirms that if substantial progress on productivity & efficiency then forces will be supported in precept levels of 4.99% in 2019/20 (£12 Band D).</p> <p>There are three areas on which Home Office will 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>Target Procurement: Reducing costs by £100m Shared Services: Reducing Costs by £20m Digital Policing Plan (NPTC Programme) Reserves Published w/c 4 November 2018.</p> <p style="text-align: center;">Development Fund 2018/19</p> <ul style="list-style-type: none"> • The fund has been monitored throughout 2018/19 and both in year and recurring costs reviewed. The recurring element of the development fund is fully utilised. The schemes continue to be reviewed to ensure they deliver planned outcomes.
4.2	<p>The detailed financial schedules are provided as follows:</p> <ul style="list-style-type: none"> MTFP – Summary (Appendix 1) Assumptions (Appendix 2) Establishment (Appendix 3) Cost Pressures (Appendix 4) Budgetary Savings (Appendix 5a) Efficiency Schemes (Appendix 5b) Reserves (Appendix 6) Capital Programme (Appendix 7a) Non Capital Developments Programme (Appendix 7b)
5.	<u>Value for Money</u>
5.1	<p>The force will focus 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</p>

	<p>change programme 2019/20.</p> <ol style="list-style-type: none"> 1. Release Efficiencies from Investments <ol style="list-style-type: none"> a. Digital Enabled Efficiencies including 3F 2. Efficiencies through the Estate 3. Collaboration 4. HMIC Value for Money Profile indicators <p>When considering the recent Value for Money Indicators, alongside some of our ongoing and future work, there are some key next steps that we aim to explore over the next 12-18 months along with the financial sum of potential savings (as defined by the “Most Similar Forces (MSF))):</p> <p>VFM Profiles (Distance above MSF average)</p> <ol style="list-style-type: none"> 1. Local Policing <ol style="list-style-type: none"> a. Neighbourhood Policing & Community Liaison (£4.7m) 2. Dealing with the Public (£2.1m) 3. Roads Policing (£1.3m) 4. Operational Support (£1.1m) 5. Support Functions (£9.3m) <ol style="list-style-type: none"> a. ICT (£4.4m) b. Estate (£1.4m) c. Corporate Development (£0.8m) d. Training (£0.6m) e. Fleet (£0.7m) f. HR (£0.8m) g. Professional Standards (£0.5m) h. Finance (£0.5m) i. Associations & Trade Unions (£0.2m) 6. Overtime <ol style="list-style-type: none"> a. Exploit Benefits of GRS Duty Resource Management 7. Review Non Pay Expenditure 8. Data Flow/Accuracy & Storage
5.2	<p>A detailed programme will be developed to review these service areas, determine the cause of the distance from MSF costs and propose actions to narrow the financial gap.</p>

6	Opportunities & Choices
6.1	<p>The delivery of an ambitious change programme will be challenging but will not be new to the force and resources will be directed to delivering this requirement to ensure the force is able to serve the public and reduce risk, harm and threat in our communities.</p> <p>However, the force will also have to consider whether it is sustainable to maintain the following which is considered in the current plan.</p> <ol style="list-style-type: none"> 1. Maintain Neighbourhood Policing 2. Human Trafficking 3. Maintain Partnership Support as follows: <ul style="list-style-type: none"> Mental Health Workers in FCR £300k MASH £500k Diversion Services £250k Community Partnership Fund £50k Schools Liaison £360k External Training Budget £500k <p>This list is not exhaustive but needs to be considered in the context of delivering a balanced financial plan for 2019/20.</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"> ○ Public Protection Review ○ People Services Review ○ Corporate Communications Review ○ Finance Review ○ First Point of Contact Review • 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, Schools Liaison • Cost of National ICT Programmes • Cost of Borrowing (to fund capital programme).
8.	<u>FINANCIAL CONSIDERATIONS</u>
8.1	These are detailed in the report.

9.	<u>PERSONNEL CONSIDERATIONS</u>
9.1	These are detailed in the 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	Appendices 1-8) – Financial Analysis of Budget Requirements 2019/20-2022/23