

<b>OFFICE OF POLICE &amp; CRIME COMMISSIONER OFFICE OF CHIEF CONSTABLE</b>	
<b>LEAD CHIEF OFFICER:</b>	<b>Nigel Stephens, ACO - Resources</b>
<b>TITLE:</b>	<b>Budget Requirements 2020/21 – 2024/25</b>
<b>DATE:</b>	<b>11 December 2019</b>
<b>TIMING:</b>	<b>Annual</b>
<b>PURPOSE:</b>	<b>For monitoring</b>
<b>1.</b>	<b><u>RECOMMENDATION</u></b>
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"> <li>• Significant programme of change implemented to deliver service improvement and value for money in the context of the Policing Vision 2025.</li> <li>• The recurring investment funds that have been available in the past three years are now consumed into this position.</li> <li>• Quantified financial gap arising from significant service and cost pressures - £8.092m with only £2.521m of savings identified, presenting a financial deficit of £5.571m.</li> <li>• Estate Strategy with significant capital requirement of £105m.</li> <li>• Borrowing Requirement requiring financing of £45.4m.</li> <li>• The financial gap 2020/21 is £1.922m and it is proposed to fund this as follows: <ul style="list-style-type: none"> <li>○ Identified Savings - £0.539m</li> <li>○ Transfer from Reserves - £0.000m (to be determined by PCC)</li> <li>○ Increase in precept - £0.00m (to be determined by PCC)</li> </ul> </li> <li>• The position assumes a Precept maintained at 6.99% each year.</li> </ul>
<b>2.</b>	<b><u>INTRODUCTION &amp; BACKGROUND</u></b>
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 2008/09 the Force has made nearly £51m of savings. Within the last 30 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 the public of Gwent are safe and included investment in:</p>

- Public Protection and Vulnerability
- Cyber Crime
- Mental Health Services

In 2018/19 the resources have been focussed on development and innovation including:

- Invest in People – Recruitment, Learning & Development, Wellbeing and Occupational Health
- Custody Provision
- Digital Policing
- First Point of Contact

These are briefly explained below:

Public Protection & Cyber Crime - There is 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 has invested and re-shaped its' resources in order to meet this increase in demand and risk.

Learning and Development - There have been 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 to ensure that we are fit for the future.

Custody – The force re-opened the second custody suite in Ystrad Mynach to meet expected increases in demand.

Digital Services Division - In order to be efficient and effective, the force invested in Digital Policing – the roll out of laptops, mobile phone technology, Body Worn Cameras and Digital Interview Recording are examples of this, in our collaborative partnership with South Wales Police. We have also delivered the Automatic Number Plate Recognition and Rota Management systems to improve services. These have equipped us to manage the future demands of policing whilst at the same time, allow officers to improve visibility in their communities.

First Point of Contact – The introduction of the investigative model and social media desk provides a risk based approach to our response to crime reports and investigations.

In 2019/20 the resources focussed on the following:

Digital & IT Solutions

Digital Technology implementation includes the following:

- Single On Line Home

	<ul style="list-style-type: none"> <li>• O365 National Enabling Project</li> </ul> <p>IT Solutions include the establishment of the Disaster Recovery Service that provides improvements to service resilience.</p> <p><u>Review Operating Model</u> – Following completion of the First Point of Contact model in the previous year, this work has reviewed the demand upon response officers, assessed the impact of demand management services and determined the policing capacity to respond to service in a timely manner.</p> <p><u>New Headquarters &amp; Associated Projects</u> – The design and tender process of the new headquarters has completed and the project is now in construction stage and the force is implementing the re-provision of the services to other sites that are not part of the HQ model.</p>
<b>3.</b>	<b><u>Programme 2020/21</u></b>
3.1	<p>The planned programme for the financial year 2020/21 was developed following the review of operational delivery through both the Force Management Statement, HMIC Inspection Findings and Wales Audit Office findings. The themes in which the programmes will operate are explained below.</p> <p><u>Operational Capabilities</u> – This programme of work will ensure that demand is assessed and understood across the operational delivery model and that decision making regarding resourcing considers the impact upon all areas. In order to do this we will utilise simulation modelling software populated with data from force systems and activity analysis data. This work will include the Police Officer Uplift recruitment programme and use an evidence base in allocating resources received through this National Programme. This work includes the implementation of CID and Public Protection reviews undertaken over the last two years and the introduction, training and evaluation of police staff investigators being introduced during 2020.</p> <p><u>Developing System Improvements</u> – During 2019 - 21 this programme will deliver the transition from the local property system, onto the Niche Property Module and utilising systems to maximise business benefits.</p> <p><u>Delivery of an efficient and effective service provision</u> – The Continuous Improvement approach of this programme will see reviews of Human Resources, Finance, Learning and Development, and Professional Standards functions. These will include demand analysis, end-to-end process reviews, future demand modelling and service levels. Within this programme of work is the Victim Services Project to review support given to victims throughout the criminal investigation process, benchmarking with other forces will be undertaken, process design and subsequent demand assessment with recommendations for improvement and change.</p> <p><u>Collaboration Opportunities</u> – During 2019/20 options have been developed for collaboration and these programmes of work will be developed and</p>

	<p>implemented, releasing the business benefits.</p> <p><u>National Enabling Programmes</u> – Microsoft Office 365, Single On-line Home and Digital Intelligence and Investigation (DII) have commenced during 2019 with delivery targets during 2020. Each of these programmes will see significant change through the Force and are being delivered through collaboration. Each programme will have a significant impact on services and the force seeks to maximise the benefits and efficiencies by utilising the new systems and processes.</p>
<b>4</b>	<b><u>Budget Setting &amp; Medium Term Financial Plan</u></b>
4.1	<p>The force has undertaken budget setting and the overview, approach, assumptions and implications are explained.</p> <p><b>MTFP Position</b></p> <p>Savings required over the next 5 years are £8.092m which is an increase in the previous target (pending the publication of the grant in Mid Jan-Mid Feb 2020) which is assumed flat cash and an assumption of a recurring precept level of 6.99%.</p> <p>The capital programme has been reviewed and implementation re-profiled with costs developed that align to the programme of construction for new Headquarters, Abergavenny Fire and Police Hub and the PFI Termination arrangements. The total cost of capital of the programme is £105m as the force will require borrowing to deliver an estate that is fit for the future.</p> <p><b>Assumptions</b></p> <p>The position is based on the following assumptions:</p> <ul style="list-style-type: none"> <li>• An additional £2.8m for Police Pensions funding will be provided to fund the cost partially funded in 2019/20.</li> <li>• 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 2022/23 to 2024/25). It is expected to be implemented following the outcome of the Comprehensive Spending Review which is next year.</li> <li>• The Schools Liaison Team will continue to be funded by Welsh Government.</li> <li>• Operation Uplift - During 2019/20, the Government announced Operation Uplift which would deliver 20,000 additional front line police officers over the period to March 2023. At this time the final allocation of numbers and funding for each force is unknown, however, numbers have been confirmed for the period to 31 March 2021 and Gwent Police have been given a target of 62 officers to recruit. The process of recruitment has commenced and funding for the current (2019/20) financial year has been confirmed at £295,000. Indications are that funding will be provided at 70% of the gross salary cost and therefore the remainder is presented as a development pressure within this proposal. The IT, uniform and kit for these officers will be funded from a</li> </ul>

reserve established in 2019/20.

- The 20 temporary police staff posts that are budgeted for 2020/21 will conclude by 31 March 2021 and the impact will need to be assessed.
- Police Transformation Fund (Home Office) grant funding is at risk and this pressure is reflected in the Developments.

### **2020/21**

The 2020/21 position is that savings required of £1.922m is offset by savings identified of only £0.539m – the gap is £1.383m and the Commissioner is asked to consider the implications of this bid.

### **Police Establishment**

#### Numbers

- Budgeted Base 1,336.50 wte
- Recruits planned for 2020/21 at 126 wte (46 wte of which are new posts)
- Pension Leavers profile will continue to be refined with intelligence from HR
- Assumption of 6 medical retirements per annum
- New recruit dropout rate calculated on 14% of Non-Degree entry probationers

#### Cost

- Officer in budgeted posts as at 17<sup>th</sup> October budgeted at actual plus any increments due
- PC Vacancies budgeted at 2<sup>nd</sup> point on Scale
- DC & Other Vacancies budgeted at mid-point
- Employers Pension Rate 31% in base calculation

### **Police Staff Establishment**

#### Numbers

- Budgeted base 746 wte, an increase of 45 wte in last 12 months

#### Cost

- Employers pension contribution 16.8%

### **CSO Establishment**

#### Numbers

- Budgeted Base 131 wte (101wte WG posts)

#### Cost

- Employers Pension Contribution 16.8%

**Non Staff**

- Majority of non-staff rebased using inflation assumptions in MTFP
- Investment Fund exhausted – recurring budget utilised

**Income**

- Underlying assumptions around Police Grant, RSG and NNDR remain as flat cash settlement
- The Precept for the five years of the MTFP assumed at 6.99%
- Police Transformation Fund will cease and services such as Early Action Together and Regional Organised Crime Unit will need to be funded internally

**Pressure & Savings**

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

**Capital & Reserves**

- The reserve used for funding the Capital programme exhausts during 2021/22 and lending is necessary to fund the programme
- There is a recurrent transfer of £2,645,000 from revenue to capital

**Precept**

- MTFP currently based on precept at 6.99%
- There are five areas on which Home Office will assess progress and these are:
  - a) Procurement & Shared Services
  - b) Resolve the challenges in investigative resource identified by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services
  - c) Improved productivity from Mobile Working & Digital
  - d) Maintaining a SOC response that spans the identification and management of local threats as well as support for national and regional priorities
  - e) Transparency about effective use of reserves

**Target**

Procurement: Reducing costs by £120m (Business Case drafted)  
 Shared Services: Reducing Costs by £20m (SE Wales and SW England agreement)  
 Digital Policing Plan (NPTC Programme – implementation stage)  
 Reserves Published in November 2019

**Development Fund 2019/20**

- The fund has been monitored throughout 2019/20 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> <p>MTFP – Summary (Annex 1 – Appendix 1)</p> <p>Establishment (Annex 1 - 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>
<b>5.</b>	<b><u>Value for Money</u></b>
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 2020/21.</p> <ol style="list-style-type: none"> <li>1. Release Efficiencies from Investments <ol style="list-style-type: none"> <li>a. Digital Enabled Efficiencies including 3F</li> </ol> </li> <li>2. Efficiencies through the Estate</li> <li>3. Efficiency through Collaboration</li> <li>4. HMIC Value for Money Profile indicators</li> </ol> <p>When considering the recent Value for Money Indicators provided at Annex 2, 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. This work is shown below 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"> <li>1. Local Policing <ol style="list-style-type: none"> <li>a. Incident &amp; Response (£9.9m)</li> </ol> </li> <li>2. Community Liaison (£2.7m)</li> <li>3. Central Communications (£2.9m)</li> <li>4. Traffic Unit (£1.2m)</li> <li>5. Advanced Public Order (£0.27m)</li> <li>6. Support Functions (£8.1m) <ol style="list-style-type: none"> <li>a. ICT (£3.15m)</li> <li>b. Estate (£1.19m)</li> <li>c. Training (£1.16m)</li> </ol> </li> </ol>

	<p>d. Performance (£0.7m)</p> <p>e. HR (£0.8m)</p> <p>7. Overtime</p> <ul style="list-style-type: none"> <li>• Exploit Benefits of GRS Duty Resource Management</li> </ul> <p>8. Specialist Capabilities</p> <p>9. Review Non Pay Expenditure</p> <p>10. Data Flow/Accuracy &amp; Performance Framework</p> <p>11. Review Outcomes of Investment Decisions</p>
5.2	This information has informed the programme for 2020/21 and the force will investigate the cause of the distance from MSF costs and propose actions to narrow the financial gap.
<b>6</b>	<b>Opportunities &amp; Choices</b>
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 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"> <li>1. Neighbourhood Policing including PCSOs and SEOs</li> <li>2. External Training Budget £500k</li> <li>3. Extended Custody Provisions £1m</li> <li>4. Current HQ Canteen Provision £18k</li> <li>5. Local Government Pension Scheme – Employer Contribution 1% £250k</li> <li>6. Scheme funding through Police Transformation Fund Grant <ol style="list-style-type: none"> <li>a. Early Action Together £340k</li> <li>b. Regional Organised Crime Unit £343k</li> </ol> </li> <li>7. Home Office support to repatriate apprenticeship funding to Welsh forces</li> <li>8. Maintain Partnership Support as follows: <ul style="list-style-type: none"> <li>Mental Health Workers in FCR £300k</li> <li>Diversion Services Extension £140k</li> <li>Community Partnership Fund £50k</li> <li>Schools Liaison £360k</li> </ul> </li> </ol>



	This list is not exhaustive but needs to be considered in the context of delivering a balanced financial plan.
<b>7.</b>	<b><u>Risk</u></b>
7.1	<p>The risks to the financial plan include:</p> <ul style="list-style-type: none"> <li>• Ongoing Service Reviews Recommendations: <ul style="list-style-type: none"> <li>○ People Services Review</li> <li>○ Learning &amp; Development Review</li> <li>○ Corporate Communications Review</li> <li>○ Finance, Pension Hub &amp; Procurement Review</li> </ul> </li> <li>• Delivery of savings in Overtime Budget of £1m</li> <li>• Comprehensive Spending Review (CSR) in respect to funding the cost of the additional police pension contribution</li> <li>• Funding Formula Introduction</li> <li>• Welsh Government continued funding for partnerships and specifically PCSOs and Schools Liaison</li> <li>• Cost of National ICT Programmes</li> <li>• Cost of Borrowing (to fund capital programme)</li> <li>• Progress with Apprenticeship Programmes funded by WG initiatives</li> </ul>
<b>8.</b>	<b><u>FINANCIAL CONSIDERATIONS</u></b>
8.1	These are detailed in the report.
<b>9.</b>	<b><u>PERSONNEL CONSIDERATIONS</u></b>
9.1	These are detailed in the report.
<b>10.</b>	<b><u>LEGAL IMPLICATIONS</u></b>
10.1	Legal implications arising from decision arising from this report, will be considered as individual business cases are delivered.
<b>11.</b>	<b><u>EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS</u></b>
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.
<b>12.</b>	<b><u>PUBLIC INTEREST</u></b>
12.1	This is a public document.
<b>13.</b>	<b><u>CONTACT OFFICER</u></b>
13.1	Nigel Stephens, Assistant Chief Officer – Resources

<b>14.</b>	<b><u>ANNEXES</u></b>
14.1	Annex 1 – Financial Analysis of Budget Requirements 2020/21-2023/24 Cost Pressure narrative (to support Annex 1)
14.2	Annex 2 - Value for Money Profiles