

<b>OFFICE OF POLICE &amp; CRIME COMMISSIONER</b>	
<b>LEAD CHIEF OFFICER:</b>	<b>Nigel Stephens, ACO - Resources</b>
<b>TITLE:</b>	<b>Budget Requirements 2023/24 – 2027/28</b>
<b>DATE:</b>	<b>7<sup>th</sup> November 2022</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>• The total budgetary requirement for policing services for 2023/24 is £171.424m.</li> <li>• A further significant programme of change will be implemented to deliver service improvement and value for money through the new policing model during 2023/24.</li> <li>• Quantified financial gap arising from significant service and cost pressures - £20.400m with the release of £3.904m savings leaving a deficit of £16.496m by 2027/28.</li> <li>• Capital Strategy with significant capital requirement of £124.968m to 2027/28.</li> <li>• Borrowing Requirement requiring financing of £82.999m.</li> <li>• The financial gap 2023/24 is £8.858m and it is proposed to fund this as follows: <ul style="list-style-type: none"> <li>○ Identified Savings - £1.142m</li> <li>○ Transfer from Reserves - £7.716m</li> <li>○ Increase in precept - 6.82%</li> </ul> </li> </ul>
<b>2.</b>	<b><u>INTRODUCTION &amp; BACKGROUND</u></b>
	<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 continue to face policing.</p> <p>Within the last 5 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 four financial years:</p>

- 2017/18 – Threat, Risk and Harm 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
  - Victim Services

	<ul style="list-style-type: none"> <li>• Public Protection Unit (specifically in relation to the establishment of Multi-agency safeguarding hubs in each of the five local authority areas).</li> <li>• New Technologies to Support policing: <ul style="list-style-type: none"> <li>○ Facial Recognition</li> <li>○ Digital Evidence Management</li> </ul> </li> <li>• 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 2022.</li> <li>• 2022/23 – The resources were focussed on various services experiencing increased demand including: <ul style="list-style-type: none"> <li>• Professional Standards Department</li> <li>• High Tech (Cyber) Crime</li> <li>• Firearms Licensing</li> <li>• Rape Investigation Team</li> <li>• Reviews of Support functions: <ul style="list-style-type: none"> <li>○ Estate &amp; Facilities</li> <li>○ Occupational Health</li> <li>○ Human Resources</li> </ul> </li> <li>• New Technologies to Support policing: <ul style="list-style-type: none"> <li>○ Telematics</li> </ul> </li> <li>• Police Community Support Officers</li> </ul> <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 182 FTE which will improve visibility and re-assurance across our communities. Welsh Government continues to commit to their contribution of PCSOs to the force of 121 FTE which means the establishment is planned to be 182 FTE in 2023/24.</p> </li></ul>
<b>3.</b>	<b><u>Programme 2023/24</u></b>
3.1	The planned programme for the financial year 2023/24 has been developed following the review of operational delivery through the Force Management Statement and the HMICFRS PEEL Inspection.

	<p>For the financial year 2023/24, the force has also needed to consider three other factors.</p> <ul style="list-style-type: none"> <li>• Investigation Hub</li> <li>• Neighbourhood Policing Review</li> <li>• Virtual Response Team</li> <li>• Voice Analytics</li> </ul>
<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 £20.400m which is significantly higher than the previous target (pending the publication of the grant in late December/early January) which is mainly due to inflationary price increases of pay and non pay items against a backdrop of flat cash central government grant. There is an assumption of a recurring precept level of 6.82%.</p> <p>The capital programme has been reviewed and re-profiled with costs developed that align to the programme including the construction of the new Abergavenny Police Station, the Joint Firearms Range and the new Gwent Police Operational Facility that will house the new custody unit, operational training and the Torfaen Policing team. The total cost of capital of the programme is £124.968m which has increased significantly due to the exceptional price inflation experienced in the construction industry. 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>• Operation Uplift - The Government's announcement to deliver 20,000 additional front-line police officers over the period to 31 March 2023 will provide a total 206 police officers to Gwent Police.</li> <li>• There is no new central government grant cash uplift since the Comprehensive Spending Review</li> <li>• The Home Office has stated that the shortfall should be met by increases to precept. [Pending Autumn Statement 17 November 2022].</li> <li>• The Police Pensions Remedy is funded by the government through the Comprehensive Spending Review [Pending Autumn Statement 17 November 2022].</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 2025/26 to 2027/28). It is currently anticipated to be implemented at the end of the Comprehensive Spending Review period.</li> </ul>

- Policing operations relating to the International Conference Centre are assumed cost neutral with funding to meet the policing requirement.

The 2023/24 position is that the savings required of £8.858m are offset by savings identified of only £1.142m – the gap is £7.716m.

### **Police Establishment**

#### Numbers

- Budgeted Base 1,506.5 wte
- Assumption of 82 leavers each year which will be replaced through new recruits

#### Cost

- Officer in budgeted posts as at 30<sup>th</sup> September 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 31.8% in base calculation
- Gross National Insurance Rate of 13.8%

### **Police Staff Establishment**

#### Numbers

- Budgeted base 848.22 wte (including 16 wte apprentices)

#### Cost

- Employers pension contribution 18.3%
- Gross National Insurance Rate of 13.8%

### **CSO Establishment**

#### Numbers

- Budgeted Base increase to 182 wte (121 wte WG funded posts)

#### Cost

- Employers Pension Contribution 18.3%
- Gross National Insurance Rate of 13.8%

### **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. It should be noted there is financial pressure across all supply side commodities

	<p style="text-align: center;"><b>Income</b></p> <ul style="list-style-type: none"> <li>Underlying assumptions around Police Grant, RSG and NNDR have been revised [Pending Autumn Statement 17 November 2022].</li> <li>The Precept for the five years of the MTFP assumed at 6.82% which is approximately £20 for a Band D Property.</li> </ul> <p style="text-align: center;"><b>Pressure &amp; Savings</b></p> <ul style="list-style-type: none"> <li>Cost Pressures of £5.864m have been confirmed, including £2.081m loan interest from borrowing</li> <li>Tracker savings reflect planned schemes supported by project managers</li> <li>Schemes include the estate and fleet rationalisation which may need to accelerate to ensure value for money is delivered</li> </ul> <p style="text-align: center;"><b>Capital, Reserves &amp; Borrowing</b></p> <ul style="list-style-type: none"> <li>The capital programme planned expenditure for the 5 years totals £124.968m</li> <li>Based on proposed capital contributions, borrowing in 2023/24 will be £20.000m which will attract revenue interest payments of £2.081m (7.07%: Base plus 2.5%)</li> <li>Over the MTFP period, the capital programme will need total borrowing of £83.000m - 56% of total capital programme spend. Associated total revenue interest and Minimum Revenue Payment (MRP) cost to service the total borrowing for the period is £8.247</li> <li>This includes a revenue to capital contribution being provided at £6.145m representing only 3.5% of turnover and is necessary due to zero HO capital grant.</li> <li>The reserves used for funding the Capital programme is exhausted and borrowing is necessary to fund the programme</li> <li>A sum has been established in the 2023/24 reserves that will be reflected in the Reserves Strategy to fund: <ul style="list-style-type: none"> <li>A pump prime reserve to create invest to save schemes in 2023/24</li> </ul> </li> </ul> <p style="text-align: center;"><b>Precept</b></p> <ul style="list-style-type: none"> <li>MTFP currently based on precept at 6.82%.</li> </ul> <p style="text-align: center;"><b>Productivity &amp; Improvement</b></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"> <li>Procurement &amp; Shared Services</li> <li>Mobile Working &amp; Digital</li> <li>Transparency about effective use of reserves</li> </ul> <ul style="list-style-type: none"> <li>In addition, all Government departments will have a 5% productivity and efficiency target to be delivered in 2025/26 [Pending Autumn Statement 17 November 2022].</li> </ul>
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 6b)</p>
<b>5.</b>	<b><u>Value for Money</u></b>
5.1	<p>The force continues the change programme on improving services, realising business benefits 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 2023/24.</p> <ol style="list-style-type: none"> <li>1. Release Business Benefit Efficiencies following Investment</li> <li>2. Efficiencies through the Estate</li> <li>3. Efficiencies through Fleet</li> <li>4. Efficiency through Collaboration</li> <li>5. HMIC Value for Money Profile indicators</li> </ol> <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 planned cash releasing efficiency benefits are presented at Appendix 4.</p>
<b>6</b>	<b><u>Opportunities &amp; Choices</u></b>
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"> <li>1. Maintain Partnership Support as follows: <ol style="list-style-type: none"> <li>a. Funding for services that Partners should contribute</li> <li>b. Commissioned Services</li> </ol> </li> <li>2. External Training Budget</li> </ol> <p>This list is not exhaustive but needs to be considered in the context of delivering a balanced financial plan.</p>
<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>○ Professional Standards Department</li> <li>○ Information Management Services</li> <li>○ Firearms Licencing</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Delivery of savings in Overtime Budget anticipated but not yet delivered from 2020/21 of £1m</li> <li>• Funding Formula Introduction</li> <li>• Welsh Government continued funding for partnerships</li> <li>• Cost of National ICT Programmes</li> <li>• Cost of Borrowing (to fund capital programme)</li> <li>• Home Office Police Apprenticeship funding to Welsh forces</li> <li>• 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</li> <li>• Assumed precept and base growth are maintained</li> <li>• Wage Award over and above 3.0% and other inflationary pressures</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	There are no staffing / personnel implications arising from this report.
<b>10.</b>	<b><u>LEGAL IMPLICATIONS</u></b>
10.1	There are no legal implications arising from this report.
<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 2023/24-2027/28