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| **OFFICE OF POLICE & CRIME COMMISSIONER** | | |
| **LEAD CHIEF OFFICER:** | | **Nigel Stephens, ACO - Resources** |
| **TITLE:** | | **Budget Requirements 2024/25 – 2028/29** |
| **DATE:** | | **20th November 2023** |
| **TIMING:** | | **Annual** |
| **PURPOSE:** | | **For monitoring** |
| **1.** | **RECOMMENDATION** | |
| 1.1 | To consider and note the budgetary requirements for the period of the Medium Term (5 Year Plan) Financial Plan and specifically note:   * The total budgetary requirement for policing services for 2024/25 is   £176.988m.   * A further significant programme of change will be implemented to deliver service improvement and value for money through the new policing model during 2024/25. * Quantified financial gap arising from significant service and cost pressures - £14.888m with the release of £2.352m savings leaving a deficit of £12.536m by 2028/29. * Capital Strategy with significant capital requirement of £105.005m to 2028/29. * Borrowing Requirement requiring financing of £68.0m. * The financial gap 2024/25 is £3.406m and it is proposed to fund this as follows:   + Identified Savings - £0.698m   + Transfer from Reserves - £2.708m   + Increase in precept - 6.82% | |
| **2.** | **INTRODUCTION & BACKGROUND** | |
|  | 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.  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.  Resources have been focussed on the following service areas over the last four financial years: | |

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|  | * 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 |

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|  | * Public Protection Unit (specifically in relation to the establishment of Multi-agency safeguarding hubs in each of the five local authority areas). * New Technologies to Support policing:   + Facial Recognition   + Digital Evidence Management * Other programmes have traversed these financial years including capital programmes arising from the Estate Strategy such as the launch of the new headquarters in 2022. * 2022/23 – The resources were focussed on various services experiencing increased demand including:   + Professional Standards Department   + High Tech (Cyber) Crime   + Firearms Licensing   + Rape Investigation Team   + Reviews of Support functions:     - Estate & Facilities     - Occupational Health     - Human Resources   + New Technologies to Support policing:     - Telematics   + Police Community Support Officers   + The Chief Constable and the Commissioner planned the recruitment of additional Police Community Support Officers to increase the numbers to 182 FTE which would improve visibility and re-assurance in our communities.   + 2023/24 – The resources were focussed on various services experiencing increased demand including:   + Investigation Hub   + Neighbourhood Policing Review   + Virtual Response Team   + Voice Analytics |
| **3.** | **Programme 2024/25** |
| 3.1 | The planned programme for the financial year 2024/25 has been developed following the review of operational delivery through the Force Management Statement and the HMICFRS PEEL Inspection. |

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|  | For the financial year 2024/25, the force has also needed to consider four other factors.   * Future custody provision. * Collaborative firearms range. * Operational Model review. * Command & Control System Replacement. * Implementing Right Care, Right Person with partners. |

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| **4** | **Budget Setting & Medium Term Financial Plan** |
| 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 £12.536m which, while still high, is significantly lower than the previous target (pending the publication of the grant in late December/early January). This is mainly due to inflationary price increases of pay and non pay items against a backdrop of restricted growth in central government grants, offset by removing the Police Funding Formula impact and recognizing a vacancy factor saving of £2.2m. There is an assumption of a recurring precept level of 6.82%.  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 capital programme is £105.005m. Exceptional price inflation continues to be experienced in the construction industry. The force will require borrowing to deliver an estate that is fit for the future.  **Assumptions**  The position is based on the following assumptions:   * The requirement to maintain 1506 fte officers at 31 March 2024 and beyond as part of Operation Uplift. * Maintain 160 fte CSOs funded 50/50 between Force and Welsh Government. * There is no new central government grant cash uplift other than that from the Comprehensive Spending Review (£1.5m) and Gwent’s share of officer funding for September 2023 to cover the 7% pay award (£5.15m). * The Home Office has stated that the shortfall should be met by increases to precept. [Pending Autumn Statement week commencing 20 November 2023]. * The Police Pensions Remedy is funded by the government through the Comprehensive Spending Review. * The removal 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). |

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|  | The 2023/24 position is that the savings required of £3.406m are offset by savings identified of only £0.698m – the gap is £2.708m.  **Police Establishment**  Numbers   * Budgeted Base 1,506 wte * Assumption of 82 leavers each year which will be replaced through new recruits   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 31.8% in base calculation * Gross National Insurance Rate of 13.8%   **Police Staff Establishment**  Numbers   * Budgeted base 846.4 wte (including 15 wte apprentices) Cost * Employers pension contribution 18.8% (2023/24 – 18.3%) * Gross National Insurance Rate of 13.8%   **CSO Establishment**  Numbers   * Budgeted Base maintained at 160 wte (80 wte WG funded posts)   Cost   * Employers Pension Contribution 18.8% * 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 |

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|  | **Income**   * Underlying assumptions around Police Grant, RSG and NNDR have been revised [Pending Autumn Statement]. * The Precept for the five years of the MTFP assumed at 6.82% which is approximately £22 for a Band D Property.   **Pressure & Savings**   * Cost Pressures of £2.381m have been confirmed, including £1.190m loan interest from borrowing * Tracker savings reflect planned schemes supported by project managers * Schemes include the estate and fleet rationalisation which may need to accelerate to ensure value for money is delivered   **Capital, Reserves & Borrowing**   * The capital programme planned expenditure for the 5 years totals £105.005m * Based on proposed capital contributions, borrowing in 2024/25 will be £12.000m which will attract revenue interest payments of £1.190m (5.62%: current PWLB borrowing rate) * Over the MTFP period, the capital programme will need total borrowing of   £68.000m – 64.8% of total capital programme spend. Associated total revenue interest and Minimum Revenue Payment (MRP) cost to service the total borrowing for the period is £4.998m   * This includes a revenue to capital contribution being provided at £7.150m representing only 4.0% of turnover and is necessary due to zero HO capital grant. * The reserves used for funding the Capital programme is exhausted and borrowing is necessary to fund the programme.   **Precept**   * MTFP currently based on precept at 6.82%.   **Productivity & Improvement**  There are three areas on which Home Office will continue to assess progress and these are:   * Procurement & Shared Services * Mobile Working & Digital * Transparency about effective use of reserves |
| 4.2 | The detailed financial schedules are provided as follows: MTFP – Summary (Annex 1 – Appendix 1b)  Establishment (Annex 1 - Appendix 3) |

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|  | Developments (Annex 1 – Appendix 4) Budgetary Savings (Annex 1 – Appendix 5a) Efficiency Schemes (Annex 1 – Appendix 5b) Reserves (Annex 1 – Appendix 7)  Capital Programme (Annex 1 – Appendix 8a)  Non Capital Developments Programme (Annex 1 – Appendix 8b) |
| **5.** | **Value for Money** |
| 5.1 | 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 2024/25.   1. Release Business Benefit Efficiencies following Investment 2. Efficiencies through the Estate 3. Efficiencies through Fleet 4. Efficiency through Collaboration 5. HMIC Value for Money Profile indicators   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.  The planned cash releasing efficiency benefits are presented at Appendix 5b. |
| **6** | **Opportunities & Choices** |
| 6.1 | 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.  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.   1. Maintain Partnership Support as follows:    1. Funding for services that Partners should contribute    2. Commissioned Services 2. External Training Budget   This list is not exhaustive but needs to be considered in the context of delivering a balanced financial plan. |
| **7.** | **Risk** |
| 7.1 | The risks to the financial plan include:   * Ongoing Service Reviews Recommendations:   + Human Resources Department   + Learning & Development Services   + Criminal Justice Department   + Force Control Room |

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|  | * Delivery of savings in Overtime Budget * Welsh Government continued funding for Community Support Officers and partnerships * Cost of National ICT Programmes and NPAS. * Cost of Borrowing (to fund capital programme). * Home Office Police Apprenticeship funding to Welsh forces. * We have assumed an annual total level of costs pressures of £2m for 2025/26 onwards plus £0.8m for pay increments: further risks to manage/savings to identify if actual cost pressures for 2025/26 budget setting exceed this £2m level. * Assumed precept and base growth are maintained. * Wage Awards over and above 3.5% and other inflationary pressures. |
| **8.** | **FINANCIAL CONSIDERATIONS** |
| 8.1 | These are detailed in the report. |
| **9.** | **PERSONNEL CONSIDERATIONS** |
| 9.1 | There are no staffing / personnel implications arising from this report. |
| **10.** | **LEGAL IMPLICATIONS** |
| 10.1 | There are no legal implications arising from this report. |
| **11.** | **EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS** |
| 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.** | **PUBLIC INTEREST** |
| 12.1 | This is a public document. |
| **13.** | **CONTACT OFFICER** |
| 13.1 | Nigel Stephens, Assistant Chief Officer - Resources |
| **14.** | **ANNEXES** |
| 14.1 | Annex 1 – PCP Budget appendices 24-25 Nov23 v2 |