



**OPCC**

Office of the Police &  
Crime Commissioner  
for Gloucestershire

## **Appendix 1 OPCC Budget Paper Medium Term Financial Plan (2023/24 to 2026/27) Including the Budget for 2023/24**

### **1. Purpose of report**

- 1.1. To present the Police and Crime Commissioner's Revenue and Capital Budgets for 2023/24.
- 1.2. To present the Medium Term Financial Plan (MTFP) for the four year period to 2026/27.
- 1.3. To identify the key risks and assumptions within the planning period.
- 1.4. To confirm the Chief Finance Officer's Section 25 responsibility to recommend the budget to the Panel.
- 1.5. To confirm the Chief Constable's recommendations in relation to the budget, capital programme and MTFP.

### **2. Key highlights**

- 2.1. For the coming year the PCC intends to use the maximum precept flexibility of £15. He has also indicated his intention to use the maximum flexibility across the Spending Review period.
- 2.2. In July 2019 the Prime Minister promised 20,000 extra police officers, recruited over the next three years. In 2020/21 6,000 additional officers were announced and Gloucestershire was allocated 46 additional officers. These officers have been recruited. In 2021/22 a further 6,000 officers were announced and Gloucestershire was allocated 43 additional officers, plus 2 for the Regional Organised Crime Unit (ROCU), and later in the year 1 for Counter Terrorism. For the coming year of the 8,000 additional officers nationally, Gloucestershire has been allocated 58 officers, plus a further 3 for ROCU. Therefore the total increase from uplift grant is  $46+43+1+58 = 148$  FTE, plus 5 for our ROCU, making a total uplift of 153 recruits.

<b>Year</b>	<b>Constabulary</b>	<b>ROCU</b>
2020/21	46	0
2021/22	44	2
2022/23	58	3
	<b>148</b>	<b>5</b>

- 2.3. In return for the significant increase in investment in policing, the Home Office expects the police to continue to build on the progress made on improving efficiency and productivity. The Government expects to see:
- £80 million of efficiency savings from across the law enforcement sector, which are reflected in the funding set out in the 2022/23 settlement
  - Policing improving data collection and use across the sector and with key delivery partners such as the criminal justice agencies.
- 2.4. Nearly 80% of budgeted expenditure is for the cost of officers and staff. The additional funding coming into Policing is beginning to see increases but we are still not yet back to 2010 levels. The Constabulary has now been strengthened by the following full time funded posts / volunteers:
- 115 extra police officers
  - 19 extra PCSOs
  - 178 extra police staff
  - 200 additional Special Constables
  - 100 new Volunteer PCSOs
- 2.5. The investment was frontloaded across the three years of the PCC's first term and will be supported using one-off funding which has been created through reviewing existing reserves and maximising the ability to smooth capital expenditure over the usable lifetime of assets as required by the CIPFA Treasury Management Code of Practice and external grant funding.

### **3. Police and Crime Prevention Plan**

- 3.1. The Police and Crime Prevention Plan is the PCC's strategic plan for ensuring Gloucestershire remains a safe place to live, work and visit. The golden threads running through the new plan are:
- Public Health Approach
  - Trauma informed
  - Restorative Practices
  - Child Friendly
  - Neighbourhood Policing.
- 3.2. The six priorities in the Plan are:
- Creating Safer Communities
  - Tackling violence against women and girls
  - Strengthening your Constabulary
  - Targeting the causes of crime
  - Supporting Victims and reducing reoffending
  - Empowering local communities.
- 3.3. The Budget for 2023/24 provides the resources to deliver the Police and Crime Plan, and over the medium term, focussing this on Strengthening the Constabulary.
- 3.4. This budget will provide much needed investment in staffing which will release officers back to do a public facing role by:
- Investing in the establishment of a Victims Hub which will not only meet the statutory requirements of services to victims but streamline the service from

both a provider and victim perspective without reducing the Commissioner's support to victim charities and services

- Investing in more call handlers and dispatchers in the Force Control Room to improve call response times on 101 and 999, within a context of nationally increasing use of these emergency numbers
- Innovating in the use of Special Constabulary and volunteer PCSOs to work with their employed colleagues in new ways and bring the best of volunteering into the emergency sector.

#### **4. Value for money, collaboration and partnership**

4.1. In their most recent published assessment in 2021, following a change of direction in their assessment in some key areas, HMICFRS rated Gloucestershire Constabulary as inadequate for efficiency, and value for money.

4.2. This assessment was based on two findings the first one being that: *"Budgets and plans were not balanced over the medium term"*

4.3. To counter that criticism we have progressed the following:

- The budget for 2022/23 was balanced with a savings requirement commensurate with the national funding settlement expectation that forces will find their element of an £80M savings requirement
- That savings requirement was met in full
- The budget for 2023/24 has been balanced with a savings requirement of £600k which will be managed through the Efficiencies and Savings workstream that has successfully delivered on the 2022/23 target
- The pressure in the medium term has been much reduced from £5M to £3.1M
- The MTFP has been refreshed in terms of recognising the likely need to invest in infrastructure
- The pressure in the medium term can also be reduced through LEAN process reviews and taking the opportunities for releasing savings and efficiencies created by new technologies.

4.4. The second of the two findings was that: *"There was not a strong enough link between the budget, the medium term planning and demand analysis."*

4.5. To counter that criticism we have progressed the following:

- In setting the budgets for 2023/24 the finance team worked closely with the business planning team and further developed the links between resource allocation and the risk assessment which supports the development of the Force Management Statement
- The investments are in the areas of highest rising demand and areas where we would otherwise fail inspection: Victims Hub, 999s and other calls for service from all quarters
- During 2022/23 the Force has worked to identify ways of closing the gap in the previous MTFP and has done that by reconsidering its planned investments in the future and responsibly closing its financial gap before considering where and how to invest

- Further reviewed the budget in detail to identify any opportunity to immediately reduce costs and reviewed all income lines to ensure they are budgeted where they are ongoing
- Commissioned feasibility studies on building conditions, ICT data architecture reviews and environmental condition surveys to understand the capital infrastructure requirement prior to looking at transformation projects
- Managed inflationary pressures and pay award demands
- Further development the contract register to ensure value through delivery of effective procurement
- Taken opportunities to diversify income streams through the use of external funding and specific grant applications, taking the pressure of investment off council tax.

## 5. Revenue funding 2023/24

- 5.1. The available funding for 2023/24 is **£145,787,817** (including ringfenced grant of £2.1M), an increase of £5.8M if the precept increase of £15 is supported, the increases being as follows:

	2022/23 £m	2023/24 £m
Core Grant	65.225	65.453
Pension Grant	1.198	1.198
Legacy Council Tax Grants	6.082	6.082
Local Council Tax Support Grants	-	-
Precept	66.240	70.530
Collection Fund	0.209	0.425
Available Funding	<b>138.954</b>	<b>143.688</b>
Ringfenced grant	1.031	2.100
Total Available	<b>139.985</b>	<b>145.788</b>
Increase from prior year	6.543	5.803
% of funding from Council Tax	47%	48%

- 5.2. These increases would mean that the funding split between central and local funding:

- Government Grant 52%
- Local Council Tax 48%

- 5.3. The central government funding for Gloucestershire for 2023/24 is £74.833M, made up as follows:

	2022/23 £m	2023/24 £m	Increase %
Police Core Settlement			
DCLG Formula Funding	41.815	41.962	0.3%
Ringfenced Uplift Grant Funding	23.410	23.491	0.3%
<b>Core Funding</b>	1.031	2.100	103.7%

	2022/23 £m	2023/24 £m	Increase %
	66.256	67.553	2.0%
Pension Grant Allocation			
Legacy Council Tax Grants	1.198	1.198	0.0%
	6.082	6.082	0.0%
<b>Total</b>	<b>73.536</b>	<b>74.833</b>	<b>1.8%</b>

- 5.4. The Core Grant for Gloucestershire for 2023/24 is £67.553M, an increase of £1.297M, which is made up as follows:

	£m
<u>Increase in Government Grant</u>	
Core Grant	0.649
National Insurance Levy	-0.421
Ringfenced Uplift Grant	1.069
	<u>1.297</u>

- 5.5. The council tax base has increased by only 1.06% for 2023/24, which is lower than that expected and seems to be impacted through lower than expected growth in housebuilding during the Covid period.
- 5.6. The forecast Collection Fund Surplus for 2022/23, to be passed on to us in 2023/24 is £0.424M, last year's MTFP assumed a Collection Fund Surplus of £nil in future years. Future estimates continue to reflect the Covid deficits of £0.111M per annum up to 2024/25 offset against underlying surpluses. These forecast Covid deficits will be met from the Local Tax Income Guarantee grant which was put into a reserve in 2020/21 to pay for this over time, as intended in the statutory spreading of the deficit.
- 5.7. If the precept increase of £15 is supported then the increase from council tax funding will be:

	£m
<u>Increase in Council Tax</u>	
Increase in Council Tax (£15)	3.548
Increase in Tax Base	0.743
Increase in Collection Fund	0.215
	<u>4.506</u>

- 5.8. The Capital Grant for 2023/24 is £nil – a third year of no award.
- 5.9. Part of the funding for the increase in officer numbers is ring fenced so that the Government can ensure that progress in recruitment is maintained and to track the use of this investment efficiently. For the current year (2022/23) the ring fenced funding was £150M nationally and Gloucestershire received £1.031M. For 2023/24 £2.1M of the additional funding has been ring fenced and Gloucestershire will receive that money only if it keeps to the Uplift target numbers by 31 March 2024.
- 5.10. From 1st January 2020 the recruitment and training of police officers has changed. New recruits are now either graduates or apprentices and have a longer period of training. The additional training costs for apprentices will be funded largely from the Apprentice Levy – however this falls as an increasing cost on the base of 0.5% of

salary budgets. The additional training costs for graduates are included within the Budget and the MTFP.

- 5.11. There were welcome indications that there would be future uplifts in the amounts given out for Policing in the last two years of the Spending Review and this has been built into the forward plans. A further £150M in 2024/25 which is predicted to bring a further £1.146M into the Force. Precept flexibility of a further £10 p.a. was also announced in each of those years although the draft settlement announcement in December 2023 extended that to £15 and we anticipate this continuing throughout the Medium Term period. However the Formula Funding review which is now needed to reset the formula nationally is still overdue and we believe that in an increasingly digital age, rural communities and rural Forces are still underfunded as a result.

## 6. Net budget requirement

- 6.1. The budget requirement for 2023/24 is **£145,787,817**. This is a 4.1% increase on the previous year's budget. The increases are as follows:

	2022/23 £m	2023/24 £m
<b>Base Budget</b>	132.411	139.985
Pay Inflation & Increments	1.135	4.618
National Insurance Uplift	0.984	-
Price Inflation	1.913	1.389
FTE growth	0.976	1.090
Capital Charges	(0.832)	0.716
<b>Continuation Budget</b>	<b>136.587</b>	<b>147.798</b>
Uplift Costs	1.091	-
Enhancement Costs	-	2.464
Manifesto Costs	2.890	-
Surge Costs	0.218	-
Other Additional Costs	1.306	1.037
Reduction in Ring Fenced Uplift Grant	-	-
Reduction in Capital Grant	-	-
Additional MRP	-	-
OPPC budget	0.186	0.369
Commissioners Fund (decrease)	(0.130)	-
Investment income (increase)	-	(0.005)
Grant (increase)	(0.308)	(0.387)
Other income (increase)	(0.770)	(0.953)
<b>Savings Requirement</b>	<b>(0.630)</b>	<b>(1.125)</b>
<b>Contribution from Reserves</b>	<b>(0.455)</b>	<b>(3.410)</b>
<b>Budget Requirement</b>	<b>139.985</b>	<b>145.788</b>
<b>Budget Increase %</b>	<b>5.7%</b>	<b>4.1%</b>

- 6.2. A detailed analysis is shown in **Annex A**.

## 7. Medium Term Financial Plan (MTFP)

7.1. In order to develop the MTFP it is necessary to make a number of assumptions regarding funding and costs for 2024/25, 2025/26 and 2026/27. The assumptions below are very likely to change and will be kept under review.

7.2. The assumptions for the MTFP are shown in Annex B and are:

- There will be a pay rise for officers and staff in September 2023 of 2% and this will be repeated across the planning period, rising to 3% in 2026/27, as per the assumptions within the Comprehensive Spending Review
- Inflation assumptions are based upon the rates for the Consumer Price Index (CPI) projected by the Office for Budget Responsibility (OBR)
- Grant funding will increase by the Constabulary's national share of funding of the amounts announced for the spending review period
- There will be no formula funding review during the planning period
- It is assumed that the tax base will increase by 1.5% per year for the next three years. For 2023/24 the tax base has increased by 1.06%.
- The MTFP assumes that there is a small Collection Fund surplus and that deficits can be met from the funding provided in 2020/21 for the MTFP period
- The PCC will put the council tax up each year by the maximum flexibility of £15
- The investment in the plan is frontloaded and any further investment in officers is not assumed. Therefore any further investment in officers in that period would need to come from efficiency savings.
- Based on the above assumptions, the budget requirement and funding available for the MTFP period would be as follows:

	2024/25 £m	2025/26 £m	2026/27 £m
Core Grant	68.698	69.385	70.079
Uplift Grant	-	-	-
Pension Grant	1.198	1.198	1.198
Legacy Council Tax Grants	6.082	6.082	6.082
Local Council Tax Support Grants	-	-	-
Precept	75.164	79.915	84.785
Collection Fund	0.050	0.100	0.150
<b>Available Funding</b>	<b>151.192</b>	<b>156.680</b>	<b>162.294</b>
Increase from prior year	5.405	5.488	5.614
% of funding from Council Tax	50%	51%	52%

7.3. A more detailed analysis of the MTFP is provided in **Annex D**.

## 8. Savings and efficiencies

8.1. The MTFP does assume that the Force will be able to either make cost input savings through reducing spend, or procuring more effectively, or spending less on non-pay lines throughout the period. The savings identified as necessary across the period are however significantly lower than in the previous plan due to:

- Recovery of the council taxbase post Covid
- Higher than previously forecast council tax rises
- Additional sources of income identified by the Constabulary
- Reshaping the capital funding to use less in-year revenue financing.

8.2. In considering the blend of savings we will focus on operational efficiency and put service to the public (as assessed through objective performance management) at the forefront of our decision making. This will be delivered by setting performance targets for key service areas, and investing “just enough” to see consistent performance at an acceptable level.

8.3. The Savings targets in each of the coming years in the Medium Term Financial Plan are:

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Income / Grant	0.200	-	0.221	-
Non Pay – contracts	0.200	0.200	0.221	-
Non Pay – cost constraint	0.200	0.200	0.221	-
Efficient ways of working	0.525	0.500	-	0.166
Removal of "surge" resources	-	0.270	-	-
<b>In year</b>	<b>1.125</b>	<b>1.170</b>	<b>0.663</b>	<b>0.166</b>
% of net budget requirement	<b>0.77%</b>	<b>0.77%</b>	<b>0.42%</b>	<b>0.10%</b>
Cumulative	<b>1.125</b>	<b>2.295</b>	<b>2.958</b>	<b>3.124</b>

8.4. Gloucestershire is part of a regional collaboration on procurement, the South West Police Procurement Service (SWPPS). Membership of this grouping brings a pooling of expertise around procurement and also a sizeable market share to the market when negotiating contract renewals. In recent years the following procurement savings for Gloucestershire have been reported to the Home Office (these are savings over the period of the contract and include one off savings) and the size of the savings gives comfort to the future plans to continue to deliver ongoing cashable savings from the budget.

- 2018/19 £612k
- 2019/20 £982k
- 2020/21 £757k
- 2021/22 £670k

8.5. This shows that the Force has a good history of making savings and provides confidence on the level of savings delivery anticipated in the coming budget years. We will support that by developing a “Plan on a Page” for the efficiency savings in the first quarter of 2023/24.

8.6. The savings will be made through a combination of normal contracting activity and the work of the Continuous Improvement and Innovation (CII) project which is reviewing the whole operating model in the Constabulary, in order to drive out efficiency savings in terms of removing blockages and redistributing resources.

8.7. The CII project was commissioned in February 2022 and closed in December 2022. The need for the project had been identified in the Demand and Efficiency Terms of Reference (ToR) published in January 2022 which was developed in response

to a number of factors; these included the 2021 PEEL inspection by HMICFRS and related Causes of Concern, as well as the need to find efficiency savings in the budget.

- 8.8. The terms of reference had the overall aim of implementing sustainable improvements in the understanding and management of Policing demand and resources and set out detailed objectives:
- Undertake an urgent yet agile review of the Force operating model
  - Develop a sustainable approach to Demand Management
  - Embed a culture of continuous improvement within the Constabulary.
- 8.9. The review used a 'systems thinking' approach, recognising that departments - and their processes - are part of a wider, interconnected 'whole system'. We have mapped this journey so we now have a holistic view of the 'end to end' process.
- 8.10. The interconnected nature of this review and the interdependent nature of its recommendations, led us to conclude that enhancements to our operating model are required to deliver improvements against the Causes of Concern identified in the last PEEL inspection.
- 8.11. The 76 standalone recommendations have each individually been discussed with the respective Heads of Department and, once validated, have been (since October 2022) escalated to a Strategic Steering Group (SSG) who have taken the role of our 'enhanced operating model design authority'.
- 8.12. To ensure that the detailed whole system analysis and corresponding recommendations, as represented by our design principles, has delivered the strategic intent, we have further mapped our design principles directly to the Causes of Concern identified by HMICFRS. It is hoped this provides further assurance that the operationally focused recommendations will deliver the required strategic improvements.
- 8.13. Effective systems analysis has been achieved by investing significant time and by engaging with, and listening to, those that work within and operate our systems, in support of time, motion and data led analysis. The project team's people focused approach helped us identify key bottlenecks and issues affecting the overall 'call to court' flow – in other words, a victim's journey through our systems - from the moment they first contact us to the day an offender faces a magistrate or judge.

## **9. Risks and opportunities**

- 9.1. The forward grant assumptions do not take account any changes in funding due to the implementation of a new distribution formula. This may increase or decrease funding.
- 9.2. Gloucestershire receives £6.082M for Legacy Council Tax Grants. If these were moved into core funding and allocated on those proportions Gloucestershire would receive £2.226M less than currently.
- 9.3. The pay award for officers and staff estimated in the MTFP is for 2% for officers and staff in the September of each of the forthcoming financial years, increasing to

3% in 2026/27. This is significantly below the level of inflation and significantly lower than the pay awards of an average 8% and 5% for staff and officers in September 2022. This is the most significant risk in the medium term.

- 9.4. Due to significant difficulty in replacing staff and officers without experiencing lengthy delays from short notice retirements/resignations and the vetting of new recruits, we have increased the turnover estimates to 5% for staff and also increased it for officers.
- 9.5. The costs for the uplift officers will increase for a period of ten years, as the new recruits move up the scales within the Constable rank. There is a risk that the Home Office will not be able to provide additional funding to sustain the 20,000 national uplift over time, but given its strong commitment to this major policy initiative, this risk is considered to be relatively low. The Official Opposition has also made a commitment to a 13,000 national uplift should they win the next General Election.
- 9.6. The Police Uplift Grant has been given on the basis that numbers can be maintained at 31 March 2024 at the uplift target for 31 March 2023, and there are concerns that the Home Office could recoup money if Forces fall back below previous officer numbers. This is a risk, as recruitment and retention are difficult in a hard employment market, and small numbers of officers under target result in disproportionate losses of grant. That said, we are planning to recruit up to 25 more than our uplift target by the end of March 2023, so that will help sustain our uplift numbers over FY 23/24, by at least 10 more officers.
- 9.7. We are in a period of price volatility and whilst we have been able to absorb some very high expected price rises for 2023/24, were they to continue, and energy prices to continue rising at the rate they are currently, there would be significant pressure on the budget.
- 9.8. The Term VUCA is now used to describe the current state of supply chains, the state of which makes it increasingly difficult to achieve outcomes which rely on a manufacturing element such as vehicles. VUCA means:
  - V = Volatility: the nature and dynamics, nature and speed of change is unexpected, unstable and may be for an unknown duration
  - U = Uncertainty: the lack of information, predictability, understanding of issues and events.
  - C = Complexity: Situation has many interconnecting parts and variables. The volume and veracity of information is also a factor
  - A = Ambiguity: "Unknown Unknowns". Relationships between the interconnecting parts are unclear.
- 9.9. Energy prices in particular are a pressure for Forces. Blue Light Commercial have indicated that they believe the increase in energy prices for all UK Forces will be £100M between 2021/22 and 2023/24. This is despite the fact that Forces have procured those in such a way that they will not attract price protection from the government, given the good price achieved on the contract.
- 9.10. A reasonable level of investment in capital is assumed, including business cases in development and not yet approved. If the demand for capital increases or costs on capital projects cannot be constrained, then future year costs will be higher than currently forecast.

- 9.11. The council taxbase may increase at a faster pace than planned or there may be a continued impact on housebuilding and occupancy from Covid. The Tax Income Guarantee grant looks likely at the moment to cover the deficits arising from the pandemic period but this is not yet certain. Equally collection fund positions may return to a surplus position more quickly than expected.
- 9.12. There are opportunities which are being actively pursued but which are not assumed in the base budget. For example:
- Sponsorship income
  - Working with partners to share facilities and reduce costs
  - Further shared services opportunities along the lines of the Policing Vision 2025
  - General Power of Competence for PCCs, giving rise to potentially significant opportunities to pursue new lines of income and resilience for the Constabulary.
- 9.13. It is important to recognise that a medium term plan needs to be robust and resilient to the main assumptions upon which it is built. By varying the main elements of the assumptions it is possible to show that the plan sits in the middle of a set of planning scenarios and is therefore reasonable.
- 9.14. The table below shows in the central column the assumptions used to prepare the 2023/24 budget. For example, the pay award for officers is assumed as 2%. If this were 0.5% more, then this would cost an additional £0.220M, and if it were 0.25% less that would reduce costs by £0.110M.

	2023/24				
	More			Less	
Inflation	4.00%	2.00%	4.00%	-2.00%	-3.00%
Pay Award Officers	1.00%	0.50%	2.00%	-0.25%	-0.50%
Pay Award Staff	1.00%	0.50%	2.00%	-0.25%	-0.50%
Taxbase	0.50%	0.20%	1.1%	-0.20%	-0.50%
Borrowing	2.00%	1.00%	2.50%	-0.25%	-0.50%
	£'000	£'000	£'000	£'000	£'000
Inflation	2,353	1,176	2,353	-1,176	-1,765
Pay Award Officers	440	220	1,100	-110	-220
Pay Award Staff	166	83	414	-41	-83
Taxbase	1,478	591	3,548	-591	-1,478
Borrowing	40	20	50	-25	-30
	4,477	2,091	-	-1,944	-3,576

## 10. Capital

- 10.1. The proposed capital programme is attached at **Annex F**. The programme for 2023/24 is currently for £10.627M and consists of:
- the replacement programmes in relation to vehicles - £1.444M
  - road safety cameras and vans - £0.399M
  - estates fabric first condition - £0.225M
  - body armour replacement - £0.298M

- electric charging infrastructure - £1.000M
  - carbon reduction technologies - £0.493M
  - replacement ICT equipment - £0.591M
  - BWV, Radio, ANPR - £0.384M
  - replacement IT infrastructure - £1.185M
  - IT security and compliance - £0.250M
  - Airwave replacements - £0.513M
  - ESN - £0.059M
  - Business cases in development - £3.786M
- 10.2. The funding of the capital programme is provided from:
- Contribution from Capital Reserves - £2.780M
  - Specific Grant funding - £0.059M
  - Revenue Contribution - £0.591M
  - Borrowing - £7.197M
- 10.3. Spending on the Records Management Project is due to start shortly and any unused budget will be rolled forward and added to the above capital programme.
- 10.4. The Prudential Code for Capital Finance in Local Authorities (2017) requires that authorities (including PCCs) should have in place a capital strategy that sets out the long term context in which capital expenditure and investment decisions are made. The capital strategy, published on the OPCC website, provides a high level overview of capital expenditure and capital financing. The capital strategy includes the capital programme and significant capital projects under development.

## **11. Reserves**

- 11.1. The PCC's Reserves Strategy was refreshed alongside this budget and will be published on the OPCC website before the start of the financial year. The strategy includes the level and purposes of the reserves held which together provide for known investments, risks present in the planning environment and unforeseen events.
- 11.2. The available reserves will be largely expended by the end of the MTFP, which ensures that the PCC is using the public's money to best effect and not holding on to it instead of reducing council taxes.

## **12. Comments by the Chief Finance Officer for the PCC in respect of reserves**

- 12.1. Under the Local Government Act 2003 the PCC has a responsibility to ensure that Reserves are adequate and in doing so should take advice from his Chief Finance Officer.
- 12.2. In order to assess the adequacy of unallocated general reserves when setting the budget the Chief Finance Officer should take account of the strategic, operational and financial risks facing the PCC, including internal and external risks. CIPFA

guidance on reserves recommends that the following factors are taken into account in assessing the level of reserves:

- The treatment of inflation and interest rates
  - Estimates of the level and timing of capital receipts
  - The treatment of demand led pressures
  - The treatment of planned efficiency savings and productivity gains
  - The financial risks inherent in significant new funding partnerships, major outsourcing arrangements or major capital developments.
  - The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions
  - The general financial climate.
- 12.3. The strategy of the PCC will be to maintain a minimum level of General Reserve at the current level or the MTFP period, notwithstanding the need to review this on an ongoing basis in light of the risks which may arise. The level of balances on the General Reserve should reflect the risks the PCC and the Chief Constable are facing, including the robustness of the budgets, external factors, inflation and interest rates and the adequacy of budgetary control.
- 12.4. The PCC has also allocated reserves to fund specific items. Details of the projected Earmarked Reserves are shown in the Reserves Strategy.
- 12.5. The PCC considers that reserves should not be used to fund budget deficits, however, in order to bring forward his investment in Policing as much as possible and to deliver on his target to resource the Constabulary to the maximum of his ability, he has made available a smoothing reserve which will be used in the first two years of his term in office, until council tax rises can catch up with the level of investment being undertaken.
- 12.6. On this basis, the PCC Chief Finance Officer's advice is that:
- The current level of reserves is adequate
  - General Reserves should be maintained, over the medium term, at a minimum of 3% of net revenue budget
  - The overall level of reserves should be reviewed annually and adjusted in accordance with known risks facing the PCC and the Chief Constable
  - The financial standing of the PCC and the Chief Constable is sound
  - The proposed budget is robust and achievable.

### **13. Chief Constable's recommendations**

- 13.1. As Chief Constable, advised by my Chief Finance Officer, I confirm the soundness of the budget for 2023/24 in relation to the Constabulary, and that the Constabulary will be able to deliver the priorities within the Police and Crime Prevention Plan and the Strategic Policing Requirement with the resources provided, after the identification of necessary savings.
- 13.2. As Chief Constable I support the Government's commitment to increasing the number of police officers nationally by 20,000.

- 13.3. I welcome the planning certainty offered by a three year overall settlement for policing whilst hoping that the formula funding review adequately recognises the difficulties of small rural forces and the way in which crime has changed and displaced in recent years. Online frauds and violence against women and girls are system wide issues which require a similar level of policing, particularly in relation to prevention, independent of the size of the population.
- 13.4. I remain concerned that price rises in the economic environment could hinder my ability to achieve the same within the budget, when the funding increases may not match the size of those baseline pressures.
- 13.5. Whilst an increase from 2022/23 of £5.8M may seem generous, once the uplift officer numbers, welcome pay rise for police officers and police staff, plus cost increases such as electricity and gas prices are taken into account, this still represents a budget which requires careful fiscal control to live within its means.
- 13.6. The 2023/24 position is balanced with the need to deliver savings commensurate with the national settlement – we are comfortable that these savings can be found and the Constabulary has a good track record of delivering savings in its existing costs and contracts through good procurement, and through finding ways of working more efficiently.
- 13.7. However, the 2024/25 position and onwards, on a reasonable set of planning assumptions which we will keep a watchful eye on, suggests that we will need to start to work differently, and constrain our costs, and target them towards meeting our demand even more effectively in the future.
- 13.8. I have therefore tasked a Chief Superintendent reporting to the Deputy Chief Constable with the goal of delivering 1% cashable and non-cashable efficiency savings on the 2021/22 baseline budget over the two financial years 2022/23 and 2023/24 to ensure that, wherever possible, we are finding new ways to work and reducing hindrance stressors for staff and officers.
- 13.9. In addition, the Deputy Chief Constable will continue with our planned programme to work with our Enabling Services to deliver a full demand and efficiency review, building on the Continuous Improvement and Innovation reviews that have been undertaken this year across the operational policing model, and work with the Chief Finance Officer on further identifying and driving out input savings.
- 13.10. I recognise that this represents a shift in the PCC's approach to encourage us to work smarter, leaner and more efficiently, rather than necessarily to deliver bottom line savings. We are optimistic that the Innovation Fund which has been set aside in the refreshed Reserves Strategy will provide sufficient seed funding to be able to release those good ideas where we can spend a little to save a lot.
- 13.11. I also look forward to introducing a replacement Records Management System (RMS) which will deliver more up to date opportunities to work in a more streamlined way and we are addressing those opportunities in the final business case.

## Annex A

### Required Revenue Budget 2023/24

	2022/23 £k	Increase %	2023/24 £k	Increase %
<b>Constabulary</b>				
Staff Costs				
Police Officers	73,346	3%	77,262	5%
PCSOs	4,752	12%	5,074	7%
Police Staff	36,641	13%	39,301	7%
Total Staff Costs	114,739	6%	121,637	6%
Training	906	30%	922	2%
Other Employee Expenses	977	-1%	936	-4%
	116,621	6%	123,495	6%
Premises	8,432	10%	9,914	18%
Transport	2,343	4%	2,518	7%
Supplies and Services	18,959	15%	19,347	2%
Third Party Payments	1,340	7%	1,427	6%
	-		-	
Capital Financing	1,858	-31%	2,573	39%
<b>Gross Revenue Expenditure</b>	<b>149,553</b>	7%	<b>159,274</b>	6%
Other Income	-5,068	32%	-5,456	8%
Interest Received	-200	0%	-205	3%
	144,286	6%	153,613	6%
Less: Specific Grants	-6,453	5%	-6,939	8%
<b>Constabulary Budget Requirement</b>	<b>137,833</b>	6%	<b>146,674</b>	6%
<b>Office of Police and Crime Commissioner</b>				
Employees	1,265	15%	1,553	23%
Premises	-	0%	1	0%
Transport	13	-2%	19	53%
Supplies & Services	92	22%	1,731	1784%
Audit Fees	67	3%	84	25%
Income	-	0%	-1,579	0%
<b>OPCC Budget Requirement</b>	<b>1,437</b>	15%	<b>1,809</b>	26%
<b>Commissioning Fund Expenditure</b>	<b>1,170</b>	-10%	<b>1,170</b>	0%
<b>Total Budget Requirement before Reserves</b>	<b>140,440</b>	6%	<b>149,653</b>	7%
<b>Contribution to/ (from) Reserves</b>	-455		-3,865	
<b>Total Budget Requirement</b>	<b>139,985</b>	6%	<b>145,788</b>	4%

## Annex B

### Budget Assumptions

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Pay increase Officers and Staff (September)	2%	2%	2%	3%
Inflation (general)	4%	2.6%	2.1%	2.0%
Council Tax Increase	5.36%	5.09%	4.85%	4.60%
Council Tax Base	1.5%	1.5%	1.5%	1.5%

### National Funding and Core Grant

The Home Secretary laid the draft Police Grant Report 2023/24 before the House of Commons on 14 December 2022.

The report stated that overall funding for policing for 2023/24 will total up to £15.4 billion, a £0.8 billion increase on the previous year's settlement.

Assuming every force takes the full £15 precept, the total amount of extra funding available for forces is £523.4M. Of this, £349M would come from council tax. The rest of the funding is made up of £29.9M of core funding, and £140M of PUP funding (which has increased from £135M to £275M, an over 100% increase on last year), meaning there has been an increase of £174.4M in grant funding over last year. The 2021 written ministerial statement stated that there would be £100M extra for PUP (increasing from £550M to £650M); this money has been ringfenced and protected for the continuation of the PUP. This leaves around £74.4M to cover the pay award. An assumption can be made that this £74M is the £140M that was announced by Priti Patel to cover the increased pay award, minus around £66M which has been clawed back for NI.

The Home Office has made reallocations of £1,114M within the police grant settlement to support national policing priorities. A number of top slices were also dropped, regrouped or had come to an end, including: Police Uplift Programme, Police Now, National Operational Policing Units, Police & CJS performance, Crime Reduction Programmes, Rape Review and Counter Terrorism. These programmes totalled £125.2M.

These reallocations include the following funding:

- £526.4M for the Police Technology Programme including funding for the Emergency Services Network (ESN), which will replace the existing Airwave radio system
- £74.7M for arms-length bodies including the Independent Office for Police Conduct (IOPC) and HMICFRS, and the College of Policing direct entry schemes

- £50.0M for Police Special Grant contingency funding to support police forces significant and exceptional events a reduction of £12.4M / 20%
- £45.6M for the Serious Violence Strategy
- £14.1M for Cyber Crime
- £21.3M for Tackling Exploitation and Abuse.

The settlement provides PCCs with £nil funding for capital expenditure (£nil in 2022/23). Capital funding grant in its previous form no longer exists.

## Annex C

### Officers and Staff

The Budget for 2023/24 projects that, as at 31 March 2024, the organisation will have 2,349 FTE officers, PCSOs and staff and a headcount of 316 volunteer PCSOs and special constables.

The budgeted establishment excludes officers on secondment, career breaks and maternity leave.

	<b>31/03/2023</b>	<b>Growth</b>	<b>31/03/2024</b>
Officers FTE	1,255	-	1,255
Staff FTE	914	60	974
PCSOs FTE	120	-	120
	<b>2,289</b>	<b>60</b>	<b>2,349</b>
Special Constabulary Heads	193	63	256
Volunteer PCSOs Heads	15	45	60
	<b>208</b>	<b>108</b>	<b>316</b>

### Police Officers

The budgeted establishment for police officers as at 31 March 2023 is 1,255 FTE, this is 148 FTE higher than the establishment in March 2020 due to the impact of Police Uplift.

In 2023 the first recruits from uplift funding will complete their training and become fully deployable officers. We will also aim to recruit up to 25 more officers above our total uplift target, maintaining at least 10 until March 2024, to ensure we maintain our total uplift figures and associated funding.

### PCSOs

The PCSO establishment has been increased to 120 FTE, and the high turnover allowance reduced so that the total establishment can actually be delivered (adding eight officers). In addition, there will be seven temporary additional PCSOs funded from Safer Streets Grant funding.

### Police Staff

The budget for 2023/24 assumes 974 police staff. The increase on police staff is due to investment as follows:

<u>Building Capacity</u>	FTE
OPCC	7*
Data scientist	1
<u>Dealing with the public</u>	
Force Control Room	20
Digital Engagement	1
BOOST	2
<u>Temporary Uplift - Inspection Recovery</u>	

Continuous Improvement Team		7
CMIS Auditor / Closure Team		7
Auditing / PEEL preparation		2
<u>Supporting Officers to fight crime</u>		
Evidence Review Officers	3	
File Builders	5	
Economic Crime Investigators		4
PSIs	2	
Forensics	1	
Out of court disposals officer		1
Subtotal	63	
Adjusted hours	-3	
Total	<b>60</b>	

\*includes grant and jointly funded posts with partners

### **Volunteer PCSOs**

The Constabulary has begun to take on and train volunteers in a new role, that of volunteer PCSO, to attract a new kind of skillset to the Force. It has proved popular and we hope to expand this useful role, with a target of 100 by the end of the MTFP period.

### **Special Constabulary**

The PCC is committed to increasing the number of volunteer officers in the Special Constabulary, and has invested in the Citizens in Policing team to encourage greater employer involvement and corporate sponsorship to release larger numbers of employees. The target increase for Special Constabulary numbers since 2021 and to the end of the MTFP period is 200.

## Annex D

### Budget Requirement

The forecast budget requirement for the three year MTFP period is as follows:

	<b>2024/25</b> <b>£m</b>	<b>2025/26</b> <b>£m</b>	<b>2026/27</b> <b>£m</b>
<b>Base Budget</b>	145.788	151.193	156.681
Pay Inflation & Increments	4.196	3.606	4.366
National Insurance Uplift	-0.242	-0.240	0.485
Price Inflation	0.870	0.698	0.677
FTE growth	-	-	-
Capital Charges	1.132	1.272	-0.070
<b>Continuation Budget</b>	<b>151.744</b>	<b>156.529</b>	<b>162.139</b>
Uplift Costs	-	-	-
Manifesto Costs	-	-	0.605
Surge Costs	-	-	-
Enhancement Costs	-1.969	-0.132	-
Other Additional Costs	-0.079	0.057	0.014
OPPC budget	0.054	0.037	0.057
Commissioners Fund	-	-	-
Investment income (increase)	-0.004	-0.004	-0.004
Grant income (increase)	0.269	-	-
Other income (increase)	-0.295	-0.366	-0.350
<b>Savings Requirement</b>	<b>-1.170</b>	<b>-0.663</b>	<b>-0.166</b>
<b>Contribution from Reserves</b>	<b>2.643</b>	<b>1.222</b>	<b>-</b>
<b>Budget Requirement</b>	<b>151.192</b>	<b>156.680</b>	<b>162.295</b>
<b>Budget Increase %</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>

**Annex E**

	<b>£</b>	<b>£</b>
<b>Budget requirement</b>		145,787,817
Less:		
Home Office Police Grant	41,961,375	
Ex DCLG Formula Funding	23,491,395	
Ringfenced Uplift Grant	2,100,000	
Legacy Council Tax grants	6,082,168	
Pensions Grant	1,198,406	
Local Tax Income Guarantee (estimated)		
Local Council Tax Support Grant	-	
		<hr/> -74,833,344 <hr/>
Collection Fund Deficit / (Surplus)		-424,447
Total Projected Precept 2023/24		<hr/> <b>70,530,026</b> <hr/>

Precept on each District Council

<b>District</b>	<b>Tax Base</b>	<b>Precept £</b>
Cheltenham	43,650	12,880,125
Gloucester	39,073	11,529,543
Stroud	46,506	13,722,976
Tewkesbury	36,781	10,853,444
Cotswold	42,374	12,503,791
Forest of Dean	30,636	9,040,148
<b>Total</b>	<b>239,020</b>	<b>70,530,026</b>

**Police related element of the Council Tax**

<b>Council Tax Band</b>	<b>Tax at Band £:p</b>
A	196.72
B	229.51
C	262.29
<b>D</b>	<b>295.08</b>
E	360.65
F	426.22
G	491.80
H	590.16

## Annex F

### Capital Programme

	2023/24	2024/25	2025/26	2026/27	Total MTFP
	£m	£m	£m	£m	£m
<b>FLEET</b>					
Vehicle Replacement	1.444	1.480	1.517	1.555	5.996
Roads Safety - Fleet	0.108	-	-	-	0.108
<b>ESTATES</b>					
Estates Condition and Fabric first works	0.225	2.000	2.000	2.000	6.225
Fallback FCR - Estates	-	0.100	-	-	0.100
<b>EQUIPMENT</b>					
Road Safety - Equipment	0.291	-	-	-	0.291
Body Armour Replacement	0.298	-	-	-	0.298
<b>ENVIRONMENT/ ENERGY</b>					
Charging Infrastructure	1.000	-	-	-	1.000
PV Panels	0.493	-	-	-	0.493
Decarbonisation	-	0.040	0.090	0.090	0.220
<b>ICT</b>					
ICT Annual Replacement	0.591	0.609	0.627	0.646	2.473
BWV, Radio, ANPR	0.384	0.476	0.620	0.504	1.984
ICT Infrastructure	1.185	0.340	0.700	0.286	2.511
ICT Security and Compliance	0.250	0.450	0.050	0.100	0.850
Fallback FCR - ICT	-	0.150	-	-	0.150
Airwave Replacements	0.513	0.258	0.206	0.212	1.189
<b>NATIONALLY MANDATED</b>					
Emergency Services Network (ESN)	0.059	-	-	-	0.059
<b>BUSINESS CASES IN DEVELOPMENT</b>	3.786	0.300	-	-	4.086
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>10.627</b>	<b>6.203</b>	<b>5.810</b>	<b>5.393</b>	<b>28.033</b>
<b>FUNDED BY:</b>					
Capital Grant	0.059	-	-	-	0.059
Revenue Contribution	0.591	0.609	0.627	0.646	2.473
Borrowing	7.197	4.260	4.307	4.031	19.795
Reserves	2.780	1.334	0.876	0.716	5.706
<b>TOTAL CAPITAL FUNDING</b>	<b>10.627</b>	<b>6.203</b>	<b>5.810</b>	<b>5.393</b>	<b>28.033</b>

### Replacement Programmes

There is an annual replacement programme for vehicles:

- It has been assumed that the current fleet of vehicles will be replaced over a five year period. Expenditure varies from year to year, and this is “smoothed” using the Vehicle Replacement Reserve.
- It is assumed that ICT desktops, laptops and monitors are also replaced on a 5 year lifecycle

### **Estates**

A condition survey has been undertaken across the estate to establish the cost of maintaining the buildings in their current condition and usage. During 2023 a further environmental condition survey will be completed to establish the cost of bringing these buildings up to an acceptable carbon loss by 2035. The two will be overlaid to draw up a map of investment and replacement of building assets over the next 5-10 years.

### **Road Safety**

The road safety van fleet will be increased by six vans, with two per Local Policing Area – to be bought and commissioned in 2023.

### **Fallback FCR**

The need for a fallback FCR which is fully operable has been highlighted for a number of years and the amount allowed is just to bring the current room up to a reasonable standard to ensure that all the facilities and systems which would be available in the main room are available in future emergencies and LRF events.

### **Environment / Energy**

Energy resilience is beginning to become a problem in some areas where the increase in technology and EV is increasing the drain on power supplies to the point where they need to be upgraded. PV Panels are also being introduced to both manage this strain and deliver savings to offset very high electricity and gas prices.

### **ICT**

During 2022 the ICT baseline has been reviewed and whilst over £2M has already been assigned to this area, there is more still needing to be done to ensure that the equipment is secure, compliant and efficient before we implement new capabilities and technologies on top.

### **Nationally Mandated Programmes**

The final business case and project plan for implementation have not yet been approved so the cost of ESN has been pushed back to beyond the current planning period of the MTFP. In addition, this delay has necessitated a spend of £1.189M on Airwave replacements over the same period as kit becomes end of life and is not replaced by new ESN technology.

### **Business Cases Under Development**

There are a number of projects in the development pipeline but without formal approval or a final business case. This is the current total of those projects in future years, which have been reflected in the forecast minimum revenue provision and reserves calculations across the medium term financial planning period.