

1. Executive Summary

This report presents my proposed budget for the next financial year. Appendix 1 attached provides the detailed analysis together with the Medium Term Financial Plan.

- 1.1 My election manifesto included a commitment to increase the policing available to the Chief Constable by 300 posts. Given the scale of the challenge it will take a number of years to achieve this and we will need to rely on the continued support of the public to do so. Any increase in requirement has to be met through increasing income through Council Tax, grants and maximising the revenue streams of the Constabulary.

Today's Budget report sets out the first stage on achieving that ambition.

- 1.2 When elected in May 2021 I inherited the previous administration's budget and resources. This included an unfunded budget gap in the current year of £1.4 million and additional in-year spending pressures, which increased over the medium term to £10 million.

The position had in part arisen from previous decisions to restrict Council tax increases below the level set by central government without the requirement for a local referendum. This has been compounded by this year's settlement that saw Gloucestershire receive less than the national average.

The combined effect of the above has been to restrict annual funding by over £1.6 million.

- 1.3 For a number of years there has been significant investment on the estate with the completion of a new training centre at Berkeley (the Sabrina Centre) and the creation of a new operations centre at Bamfurlong, the budget for which was signed off just before the recent election. Together with other schemes this represented a significant investment (of £30 million) primarily funded by substantially reducing the level of reserves available, and capital receipts.

- 1.4 Whilst the physical estate has benefited through the investment there are major requirements within the Information Technology infrastructure and systems that require urgent attention in order to adequately support front line operations. Within the current year critical requirements were identified to replace hardware that had come to the end of its useful life, incurring unexpected expenditure of some £2 million.

- 1.5 The main operational system (Records Management System) is also approaching the end of its life and Gloucestershire is now the only force in England still using the system. The previous budget included £750,000 as required for its replacement. A more realistic figure is far closer to £7 million and will need careful planning and internal resources. The funding for this is assumed within the medium term financial planning period but I will await the final business case before formally adding it to the capital programme.
- 1.6 When elected the Government had not set or given an indication of what flexibility would be available to PCC's in setting council tax. An initial assessment of requirement identified an increase of 6% a year would be required (c£17.00 pa extra). This did not seem too unreasonable at the time, given that the average increase allowed over the last 4 years was well over £15 p.a., and early indications from Government indicated that PCCs would be allowed full flexibility in precept setting. We now know that this will not be possible without a referendum and the limit for each of the next 3 years has been set at £10.00.
- 1.7 For a number of years there have been proposals to reform the Police Funding Formulae (the method by which the Government allocates central grant). Gloucestershire Police receive one of the lowest allocations in the Country from a formula that uses data which is over 20 years old. The formulae do not take account of changing crime patterns, the impact of cybercrime or fully reflect the challenges of policing a predominantly rural force. Non crime demand such as mental health is also not covered. The Government intends to revise the formulae before the next general election, which may assist our longer term ambition of recruiting more officers and staff.
- 1.8 At the end of last year, the HM Inspectorate reported on force performance prior to 2021 and they identified a number of areas of concern, not least finance, which will require investment to rectify. The Chief and I are in agreement that significant investment is required to address the concerns.
- 1.9 In addition to the above the Constabulary is also facing the same inflationary pressures as the rest of the economy. Current forecasts indicate inflation could exceed 6% later this year. At the end of December CPI (Consumer Price Index) had risen by 4.8% however the RPI, which excludes housing costs, had increased to 7.5%.
- 1.10 From the start of the next financial year the Constabulary will also have to meet the increased cost of National Insurance as the Government has increased the rate employers pay by 1.25%
- 1.11 In short the Budget starts from a position of a substantial deficit, reserves have been depleted and the ICT infrastructure and systems require updating. In addition, HM Inspectorate has identified areas requiring urgent improvement. The Constabulary is one of the worst funded in the country, relying on Council Tax to make up the shortfall, yet Council Tax increases have been limited.**

1.12 It is within this context that I am recommending to the panel an increase in Council Tax for a Band D property of £10.00 per week (an increase of 3.7%, which equates to under 20 pence a week).

1.13 Investment in 2022/23 has therefore been targeted towards meeting the Chief Constable's two key objectives for the coming year: HMICFRS PEEL recovery and performance improvement.

2. Recommendations

I have set out below my formal recommendations to the panel:

2.1 To set a revenue budget for 2022/23 of £139,985,046 with a Band D tax rate of £280.08 (£10 increase on 2021/22).

- This will result in a precept requirement for Districts shown in Annex E

2.2 To set a capital budget for 2022/23 of £14.501 million within an overall capital programme as shown in Annex F.

3. Actions taken in the current year

3.1 During the current year a great deal of work has been undertaken to address some of the structural issues and challenge facing the Constabulary and the OPCC. The initial concern being the rectification of the current year deficit and the meeting of the immediate requirement to replace outdated equipment within the IT infrastructure.

3.2 The following approach has been undertaken:

- Review of the budget in detail to identify any opportunity to immediately reduce costs
- Restructuring capital finances to reduce the call on revenue and protect the level of reserves for areas of urgent investment
- Creation of sinking fund to provide initial resources required whilst longer term efficiency planning takes place
- Cost challenge exercises with department heads to identify future areas for potential efficiency savings
- Review of contracts and creation of register to ensure value through delivery of effective procurement
- Identification of external funding through specific grant applications.

3.3 As a result of the above activity the latest forecasts in the current year indicate that the £1.4 million deficit has been funded, almost £2 million of IT investment has been achieved and resources have been made available for the first stages of investment required to achieve my manifesto.

4. Historic Funding Position

- 4.1 The core grant per head of population received for Gloucestershire for 2021/22 is £120. This represents just 70% of the national average and makes us one of the lowest funded Forces.
- 4.2 If Gloucestershire had received the average national core grant increase in 2022/23 we would have a further £0.352 million. The comparison becomes more dramatic when comparing the actual core grant received to the national average (excluding the Metropolitan Police). If funding were provided at the average then Gloucestershire would have received an additional £16 million.
- 4.3 Government grant funding now represents just 52% of the total funding for Gloucestershire, compared to 66% in 2010.
- 4.4 Over the last four years the Home Office has increased the flexibility for PCCs to increase the level of precept. PCCs could increase the precept up to the following amounts:

2018/19	£12
2019/20	£24
2020/21	£10
2021/22	£15

- 4.5 In 2018/19 and 2019/20 council tax was increased by the maximum amount which allowed for £5.8 million additional investment. In 2020/21 and 2021/22 the PCC did not increase council tax by the maximum allowed amount. The increases were:

2020/21	£6.76 (2.7%)
2021/22	£12.83 (4.8%)

The average increase over the past 4 years has been £13.90 compared to the limit set by Central Government of £15.25.

- 4.6 If the precept had increased to the maximum allowable each year it would be £285.49 for the coming year rather than the proposed £280.08, raising a further £1.280 million.

4.7 Taken together the core grant funding and historic precept rises create an opportunity lost in the core budget of £1.632 million.

5. Manifesto Position

- 5.1 In May 2021 I challenged the Force to prepare a plan to utilise, recruit and train 300 officers and 150 Special Constables. The Chief and his team duly did that and reflected that position back to me.
- 5.2 The Chief and his team prepared a plan that would meet their operational requirement and be deliverable within historic council tax increase parameters. The

plans presented would have required a 6% increase in council tax across my term of office at least.

5.3 The Spending Review gave much needed clarity to the medium term planning horizon but also made it clear that council tax increases for policing would be capped at £10. This was some way down on the proposals that the Chief and I were hoping to provide for Gloucestershire.

5.4 In addition, since the plans were first drawn up a pay award has been proposed to the Police Pay Reward Body, at a level higher than in previous plans; the national insurance increase for employers of 1.25% was announced; and inflation has begun to creep up to levels which have not been seen for decades. All of these pressures need to be met before additional new investment can be made.

5.5 Accepting the situation as it is, the Chief Constable and I have constrained our expectations but not our ambitions and adjusted the manifesto position to a new implementation target across my three year term accordingly:

	Manifesto	Operational Requirement	Affordable
Officers	200	150	102
PCSOs	100	50	4
Staff		103	50
Special Constables	150	150	200
Volunteer PCSOs			30
	450	453	386

5.6 The affordable investment has been targeted at a blend of the high priority operational requirements, favouring spend on staff which professionalises key skills in policing, such as crime recording, whilst optimising the balance between professionally trained Police staff and Officers. The overarching ambition being the targeting of resources to enhance the service delivery to the public of Gloucestershire.

5.7 In the budget figures for the Constabulary there will actually be an uplift of 76 FTE in 2022/23 but of those many are not 'officers' nor frontline staff and whilst they include posts which will make the frontline officers more effective and efficient I am only counting 50 FTE towards my manifesto target because the public will recognise the difference between staff who contact them directly or support the new volunteer officers and PCSOs and 'back room' staff. The investment breaks down as follows:

Area	FTE
Force Control Room	10
Crime Management and Standards	27
Police Staff Investigators	8
Citizens In Policing	4
Single Online Home	1
	50
Forensics	1
Research	1
Vetting	1
Road Safety	5
Finance / HR / ICT	12
OPCC	3
Additional Hours	3
	76

5.8 During the current year the Constabulary has been running below the establishment of PCSO's. The presented budget will ensure that funding is available for the full establishment which will see an effective increase of 12 posts.

5.9 I have not relinquished my ambition to continue to add new warranted officers to the establishment and the final year of the Medium Term Financial Plan attached shows that with a return to the 5 year average of council tax rises before 2022/23, this is a credible ambition.

6. Council Tax Increase

6.1 When standing for election I presented a detailed manifesto and in return received an extremely strong mandate from the public, with almost two thirds of all valid votes cast, an overall majority of 31K and majorities in each of the 6 districts. During my campaign I made it clear that investment in policing would inevitably mean higher council taxes, although probably not higher than the average rise of the last few years. Whilst there are many pressures on household finances, 20p per week extra to correct historical under investment and improve essential services, is not an unreasonable ask of the public, who clearly want to see such improvements.

6.2 In addition to my campaign, my team and I have actively engaged with the public and elected officials. This has included a number of formal Roadshows together with open surgeries and locally based meetings. The informal feedback from which has been very supportive of my plans.

6.3 The late notification of the central grant and precept limitation has significantly restricted the opportunity for any formal consultation on the proposed increase.

6.4 The OPCC web site provided information to the public at the end of December on the budget with a formal request for comments. From a total adult population of almost 500,000 it is disappointing, though not unexpected, that there has been a

very low level of response. I know that many residents just want me to get on and deliver my manifesto.

6.5 Up to the 26 January, 81 responses had been received from all media of which 38.3% supported the increase and 51.9 % were opposed to it (9.9% unclear). Given the very low response rate and marginal difference in the numbers I do not consider this to be a significant enough difference to alter my recommendation.

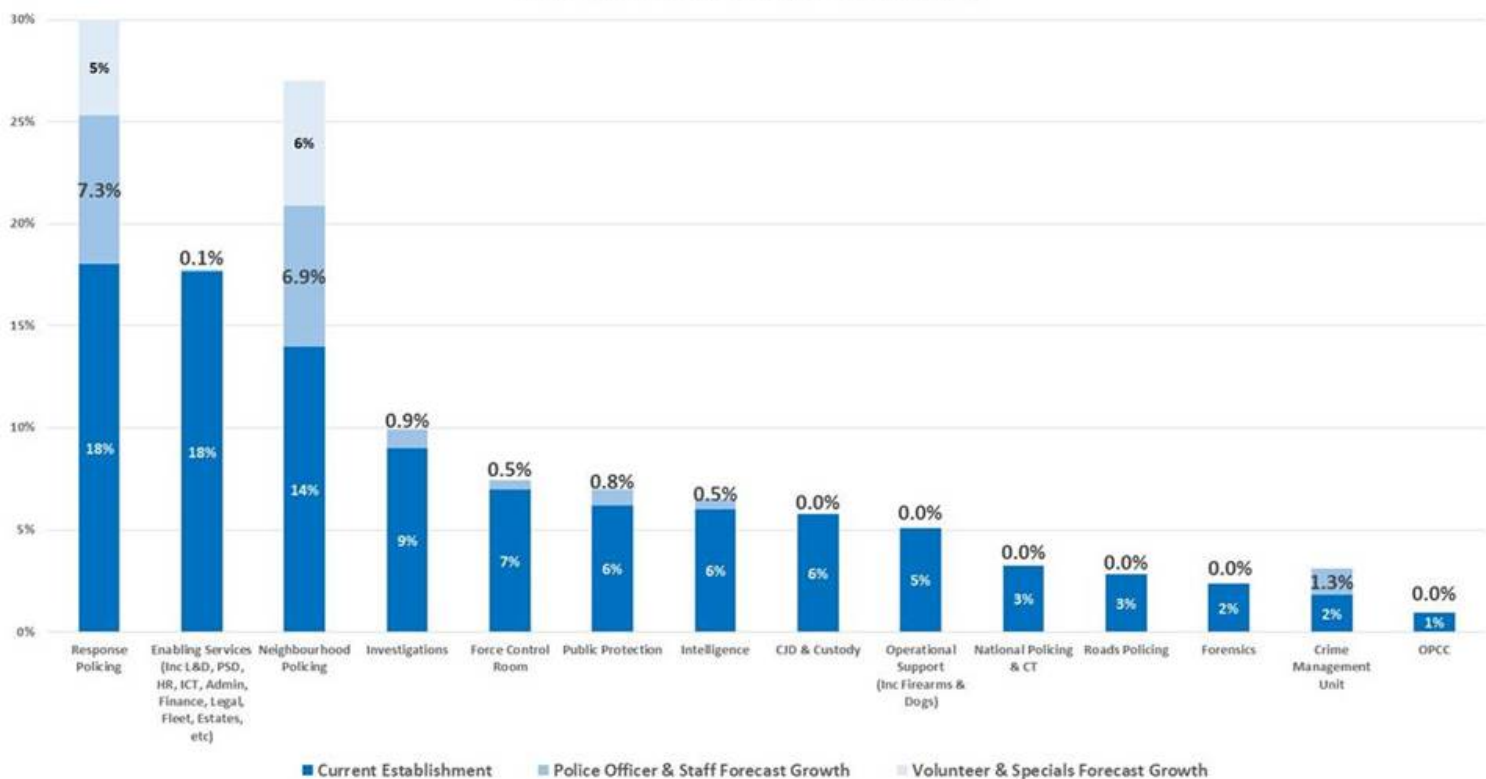
7. Links to the Police and Crime Prevention Plan

7.1 The increased precept for 2022/23 will fund additional investment in key areas of policing such as:

- Initial contact with the police (improving the 101 service)
- Safeguarding vulnerable children and adults
- Recording crime accurately
- Neighbourhood Policing
- Citizens in Policing (to recruit the extra Special Constables and Volunteer PCSOs, plus expand Police Cadets)

The following bar chart provides details of the current allocation of resources together with an analysis of where the additional resources will be focused.

Forecast Future Growth Distribution



7.2 In order to maximise the benefit of the increase in Police Officers, the Constabulary is undertaking further work to ensure they are deployed against areas of maximum demand.

7.3 Annex A highlights the key investments and the ways in which they will support the success criteria defined in the Police and Crime Prevention Plan.

8. Additional Sources of Funding and Challenging the Budget

8.1 In my plan I have adopted a mnemonic to help my staff deliver my manifesto - MRE3: Manifesto and Mandate, Resources to achieve it, an Exemplar Constabulary, all in 3 years.



8.2 When I came into office I held cost challenge sessions with every area of the Constabulary to review their spend and consider the Value for Money profile of that area against the national position. This enabled me to highlight excess contingencies and be sure that there were no pockets of overspending or obvious 'low hanging fruit'.

8.3 The Force undertook a new exercise to ensure that their budget and the business plans they are developing for next year were more instep than ever before. Business planning and finance teams met with budget holders to consider what the base budget and further investment would be able to deliver in their areas. This will be brought into a detailed implementation plan in the Force Management Statement (an essential tool to understand demand in the Constabulary) that will be published in May 2022 and will bring the budget to life. Annex B shows the process that the Force undertook to ensure they engaged their leaders in the process, which we will build on next year.

8.4 With the support of my office and the Constabulary, I will take every opportunity to maximise the ability of the Constabulary to identify new sources of income for key work, to ensure the costs of development fall as little on the council taxpayer as possible. Since coming into office the Chief and the OPCC have between them won the following grant bids and additional funding. We will continue to bid into Government to ensure that all available sources of funding come into Gloucestershire:

• Safer Streets Round 3	£1,061,478
• Safer Streets Round 3 additional	£42,225
• STAR developing safety app to promote VIAWG	£148,800
• Roads Policing Research	£500,000
• ANPR Roads Project	£175,000
• Salix grant funding for environmental improvements to the estate	£1,329,000
• Special Police Services (Income from other police services)	£750,000

8.5 In addition I will be supporting the Constabulary to maximise their ability to raise funds to cover their costs through mutual aid, diversifying the services that they provide where this can be done safely, and through welcoming appropriately selected sponsors to contribute to the running costs of the Constabulary. This has enabled the Constabulary to increase its income generation by £750,000 in the coming year to support base pressures (equivalent to a saving of £3.17 on the council tax). It is anticipated that some sponsorship will be received but that this may support expenditure which would otherwise be unaffordable and this will therefore have a net nil impact on the bottom line.

8.6 I commend this to the Police and Crime Panel.

Chris Nelson

Police and Crime Commissioner for Gloucestershire

February 2022

Annex A

Creating Safer Communities	Measurement	£ Investment
Constabulary Crime Data Integrity (CDI) information	% increase in CDI compliance	27 FTE investment in Crime Standards Bureau
Constabulary customer satisfaction survey data	High victim satisfaction with the police service	105 FTE additional officers, 1 FTE single online home, 1 FTE professional standards
Constabulary crime data	Long term reduction in neighbourhood crime	4 extra heads and funding for extra 8 PCSOs and 30 Volunteer PCSOs
HMICFRS PEEL inspection reports	Positive PEEL assessment by HMICFRS	4 FTE in Finance, 27 FTE in Crime Standards, 10 FTE in Force Control Room, 7 FTE Police Staff Investigators

Tackling Violence Against Women and Girls	Measurement	£ Investment
Constabulary Data	% increase in CDI compliance	27 FTE investment in Crime Standards Bureau
Constabulary Data	Increase in charge rate for domestic abuse and sexual violence Increase in positive outcomes at the magistrates' court for domestic abuse and sexual violence offences reported to the Constabulary Reduction in repeat victimisation for domestic abuse, sexual violence and child sexual exploitation and abuse	27 FTE in Crime Standards, 10 FTE in Force Control Room, 7 FTE Police Staff Investigators

Strengthening your Constabulary	Measurement	£ Investment
Constabulary Data	% increase in CDI compliance	27 FTE investment in Crime Standards Bureau
	Increased number of staff and officers within the Constabulary	Overall investment
	Improved diversity of staff within the Constabulary	Continued support for Better Together programme
	Increased use of apprenticeships across the Constabulary	1 FTE Apprenticeship levy coordinator
	Increased number of police volunteers	4 FTE Citizens in Policing
	Increased number of Special Constables	Target 200
	Improvements in call answering times particularly for 101 in the Force Control Room	10 FTE Force Control Room

Targeting the causes of crime	Measurement	£ Investment
Constabulary Data	% increase in CDI compliance	27 FTE investment in Crime Standards Bureau

Supporting Victims and Reducing Reoffending	Measurement	£ Investment
Constabulary Data	Reduction in youth reoffending rate	Continued support for Project Aston

Empowering Local Communities	Measurement	£ Investment
Constabulary Data	% increase in CDI compliance	27 FTE investment in Crime Standards Bureau
OPCC Volunteer Data	Increase in volunteers working with the OPCC	4 FTE Citizens in Policing, 30 volunteer PCSOs, 200 Special Constables

Annex B

