

**Medium Term Financial Plan  
(2020/21 to 2023/24)  
Including the 2020/21 Budget**

**Report of the Police and Crime Commissioner (PCC)**

**1. Purpose of report**

- 1.1. To present the Police and Crime Commissioner's Revenue and Capital Budgets for 2020/21.
- 1.2. To present the Medium Term Financial Plan (MTFP) for the four year period to 2023/24.

**2. Proposals**

- 2.1. To set a revenue budget for 2020/21 of £126,098,540 and a precept on each District Council collection fund as set out in **Section 18** of this paper.
- 2.2. To set a capital programme as outlined in **Annex F**.

### 3. Background

#### 3.1. Period of Austerity – 2010/11 to 2017/18

Between 2010/11 and 2017/18 funding for the organisation reduced by £5.3m. However taking into account pay rises and inflation during this period the real term reduction in funding was £17.8m.

3.2. During this period the Constabulary made savings of £32m to balance the budget.

	£m
<b>Reduction in Real Term Funding</b>	<b>17.8</b>
Reduction in County Council Funding (2013/14)	2.1
Reduction in Capital Grant	0.8
Reduction in Specific Grants	1.2
	21.9
Increase in National Insurance Costs	2.0
Other National Costs (including Apprentice Levy)	0.6
Local Government Pension Scheme	1.5
Internal Cost Pressures	6.0
<b>Savings required to balance the Budget</b>	<b>32.0</b>

3.3. Nearly 80% of budgeted expenditure is for the cost of officers and staff. The numbers of officers and staff for 2010 and for 2017 are shown below.

	2010	2017	Reduction	Reduction
	fte	fte	fte	%
Officers	1,309	1,060	249	19%
Staff	729	650	79	11%
PCSOs	148	116	32	22%
<b>Total</b>	<b>2,186</b>	<b>1,826</b>	<b>360</b>	<b>16%</b>

The officer numbers for 2010 include 63 officers funded by the County Council. This funding ceased in 2013/14.

3.4. At the same time as these reductions in officer and staff numbers there have been increases in demand and in the complexity of crimes. This has been recognised by the Home Office, who stated in the grant announcement in December 2018 that “it is clear that demand pressures on the police have risen this year as a result of changing crime.”

#### 3.5. Precept increases for 2018/19 and for 2019/20

Over the past two years the Home Office has increased the flexibility for PCCs to increase the level of precept. In 2018/19 PCCs could increase the precept by £12 (5.6% increase in Gloucestershire) and in 2019/20 by £24 (10.6% increase).

3.6. This has allowed £5.8m additional investment over the past two years in key areas of policing such as:

- Initial contact with the police
- Neighbourhood policing
- Response to emergency calls
- Safeguarding vulnerable children and adults
- Disrupting serious and organised crime
- Policing the roads in the county
- Investigating and prosecuting offenders

3.7. This investment has increased police officer numbers by 74 and police staff numbers by 37. The budgeted police officer establishment is now at 1,107 fte and at 31<sup>st</sup> December actual police officer numbers were 1,110 fte. It should be noted that many of the officers recruited are new recruits who are in training. This means that although the Constabulary has recruited the increased numbers, some of the new posts have not yet been filled as officers are still in training. This is particularly the case for posts that require experienced officers such as safeguarding, roads policing and proactive operations teams.

3.8. Half of the funding received by the organisation now comes from the local council tax. In 2019/20 the organisation was funded by:

- Grant from the Home Office                      £61.6m                      51%
- Local Council Tax                                      £58.3m                      49%

3.9. Police Officer uplift – 20,000 additional officers

In July 2019 the Prime Minister promised 20,000 extra police officers, recruited over the next three years. On 10<sup>th</sup> October the allocation of 6,000 additional officers in the first year to 31<sup>st</sup> March 2021 was announced. For Gloucestershire this is 46 additional officers, based on grant allocation.

3.10. No further information had been provided to indicate how the total 20,000 officers will be distributed between police forces and what provision will be made for an increase in police staff numbers to support these officers. No announcements had been made regarding the funding for these posts, although in October 2019 the Home Secretary stated that all forces will receive enough funding in 2020/21 to meet their targets for additional officers.

3.11. It should be noted that:

- If all of the additional 20,000 officers were allocated to police forces using the grant allocation, Gloucestershire would receive 152 additional officers.
- The National Police Chiefs Council (NPCC) have asked for funding for 6,500 additional police staff on a ratio of 3 officers: 1 staff. For Gloucestershire this would be an additional 50 police staff.
- The NPCC have also made a case to the Home Office for additional costs for the uplift in officers for uniform, kit, radios, body worn cameras, mobile devices etc.

### 3.12. Police Officer Training

From 1<sup>st</sup> January 2020 the recruitment and training of police officers has changed. New recruits will either be graduates or apprentices and the periods of training will be longer than the current 18 months. The first intake of apprentices will start in April 2020. The additional training costs for apprentices will be funded from the Apprentice Levy. The additional training costs for graduates are included within the Budget and the MTFP. These changes are being made at the same time as the uplift in officer numbers.

## 4. Grant Announcement – 22<sup>nd</sup> January 2020

4.1. The Provisional Police Grant Report is usually published in December. This provides information on grant funding and the precept referendum limit. Due to the General Election in December 2019 the grant announcement was delayed until January 2020.

4.2. The Home Secretary laid the Police Grant Report 2020/21 before the House of Commons on 22<sup>nd</sup> January 2020.

4.3. The report stated that the Government will deliver on its commitment to recruit 20,000 additional officers over the next three years to protect the public and keep our families, communities and our country safe. The Chancellor confirmed in the September 2019 statement that Government funding to police will increase by £750m in 2020/21. £700m of this money will go directly to PCCs to support the recruitment of the first wave of up to 6,000 additional officers by the end of March 2021:

- £532m of this funding will be paid to PCCs directly through core grant funding.
- To manage the uplift the Government is creating a ring fenced grant for the remainder of the funding (£168m). Forces will be allocated a portion of this in line with their funding formula allocation, and will be able to access this as they progress against their recruitment targets.

4.4. The Report proposes to empower PCCs to increase their Band D precept by up to £10 in 2020/21 without the need to call for a local referendum. The Report states that it is for locally accountable PCCs to take decisions on local precept and explain to their electorate how this additional investment will help deliver a better police service.

4.5. The Report also states that the Government will allocate £153m to cover additional pension costs. This is the same amount as in 2019/20 and will be reconsidered at the next Spending Review. This will ensure that the additional funding forces are receiving will be spent on recruiting additional costs, rather than covering existing costs.

4.6. The settlement will increase spending on national (resource) policing priorities by £91.7m. Details of the reallocations are shown in section 4.12.

- 4.7. The funding for capital grant expenditure of £63.7m in 2020/21 will be rebalanced and the amount allocated to forces will reduce from £46.9m to £12.3m in 2020/21, a reduction of 74%. The Report states that with the increase in other grants, which can be utilised to cover both capital and non-capital spend, PCCs will see more funding overall with greater flexibility over how they use it.
- 4.8. In return for the additional investment in policing the Government will hold the police to account on delivering for the public, and will expect the police to achieve measurable improvements across a range of outcomes. There are a number of expectations set out as part of the settlement:
- Recruit 6,000 additional officers by March 2021 and make the relevant infrastructure improvements needed to recruit 20,000 additional officers by March 2023.
  - Continued efficiency savings in 2020/21 through joint procurement.
  - Continue to drive productivity through digital, data and technology solutions, including mobile working.
  - Forces will work with the Home Office to develop an approach to drive best value from the millions of pounds spent on police technology.

#### 4.9. National Funding

Total Home Office Grant funding for the Police Service nationally for 2020/21 (excluding specific counter-terrorism funding) is £9,810m. This is an increase of 8.8% compared to 2019/20 (£9,018m).

- £7,640m of this funding (78%) is core grant allocated to Police Forces. This is an increase of 7.5% compared to 2019/20 (£7,108m).
- The total funding of £9,810m includes specific funding for pension costs (£143m).
- The Home Office has made reallocations of £1,120m within the police grant settlement to support national policing priorities. These reallocations include the following funding:
  - £498m for the Police Technology Programme including funding for the Emergency Services Network (ESN), which will replace the existing Airwave radio system.
  - £140m to implement the Serious and Organised Crime Strategy.
  - £73m for arms-length bodies including the Independent Office for Police Conduct (IOPC) and HMICFRS, and the College of Policing direct entry schemes.
  - £57m to strengthen the response to organised crime and provide additional funding for the National Crime Agency and Regional Organised Crime Units.
  - £73m for Police Special Grant contingency funding to support police forces significant and exceptional events.
  - £47m for the National Capability Programmes.
  - £39m for the Serious Violence Strategy.

#### 4.10. Funding for Gloucestershire

The Main Grant for Gloucestershire for 2020/21 is £65.627m which is made up as follows:

	2020/21	2019/20	%
	£m	£m	Increase
Police Core Settlement	37.367	34.647	7.9%
DCLG Formula Funding	20.980	19.638	6.8%
Core Funding	58.347	54.285	7.5%
Pension Grant Allocation	1.198	1.198	0.0%
Legacy Council Tax Grants	6.082	6.082	0.0%
<b>Total</b>	<b>65.627</b>	<b>61.565</b>	<b>6.6%</b>

- Core funding has increased by £4.062m (7.5%) to £58.347m. Gloucestershire receives 0.76% of the total national core funding. The increase represents 0.76% of the £532m additional funding allocated to police forces directly through core grant funding.
- Funding for £168m is ring fenced and forces will be able to access this as they progress against their recruitment targets for the 6,000 additional officers in 2020/21. Gloucestershire have been allocated 46 additional officers, so will receive a grant of £1.283m. Gloucestershire is confident that the recruitment targets will be met in 2020/21 and so the grant for £1.283m has been included in the budget, as a specific, ring fenced grant. The grant will be paid in arrears on a quarterly basis subject to progress on the officer uplift.
- Specific funding for additional pensions costs of £1.198m was received in 2019/20, to provide for cost increases announced in the Budget for 2018. This amount has been allocated for 2020/21 and will be reconsidered at the next Spending Review.
- The Legacy Council Tax Grants are the Council Tax Freeze Grants for 2011/12 and 2015/16 (£1.604m) and the Local Council Tax Support Grant (£4.478m). Gloucestershire receives 1.2% of the total payments for Legacy Council Tax grants nationally. The proportion of core funding received is 0.76%. If Legacy Council Tax grants were moved into core funding and allocated on those proportions Gloucestershire would receive £3.856m, £2.226m less than is currently received.
- Council Tax Referendum Principles  
For 2020/21 PCCs will be provided with the flexibility to increase their Band D precept by up to £10 without the need to call a local referendum. For Gloucestershire this would be an increase of 4%.
- The Capital Grant for 2020/21 has also been announced. The overall grant for forces will reduce from £45.9m in 2019/20 to £12.3m in 2020/21, The capital grant for Gloucestershire will reduce from £371k to £99k in 2020/21, a reduction of £272k. In 2010/11 the capital grant received was £1.156m (**Annex F**).

- Core grant per head of population.  
Gloucestershire receives a relatively low amount of core grant funding per head of population from central government. For 2020/21 Gloucestershire will receive £92.89 per head of population, compared with the national average for English forces of £129.47. Some forces receive over £160 per head of population. If Gloucestershire received the national average this would provide £23m additional core grant funding.

#### 4.11. **Funding for 2020/21**

No indication has been provided in the settlement in respect of either grant funding or the council tax referendum principles for 2021/22. Funding for 2021/22 onwards will be covered by the next Spending Review which will set out long term police budgets and will look at how resources are allocated across police forces.

### 5. Future Planning

5.1. Without indicative figures assumptions have had to be made for 2021/22, 2022/23 and 2023/24. The following assumptions have been made.

- Core funding will increase each year to cover both additional uplift costs and a proportion of the costs arising from pay rises and inflation. The following increases have been assumed:
  - 2021/22                   £4.63m
  - 2022/23                   £5.30m
  - 2023/24                   £3.20m
 More details are provided in Section 9.3
- The additional pension grant allocation will continue at the current level to 2023/24, and will be added into the baseline for the core grant.
- The legacy council tax grants will remain frozen at the current level and will not be transferred into core funding.

5.2. For the period to 2023/24 it has been assumed that the precept will increase by 2% per year, and that this will be within the referendum limit.

5.3. The grant assumptions do not take account of any changes in funding due to a new distribution formula. The MTFP assumes that the current funding formula continues for the next four years.

### 6. Budget Consultation

6.1. The Grant Announcement was made on 22<sup>nd</sup> January 2020. The Police and Crime Panel meeting to discuss the budget is on 3<sup>rd</sup> February 2020. There was therefore no time to carry out a formal budget consultation based on the funding options announced by the Home Office. The PCC felt that he could not go out to full consultation, without knowing what his options were.

- 6.2. During the past 12 months the PCC and his Deputy have met with the public on many occasions, both on a one to one basis and in public meetings. During the summer, the PCC and his Deputy undertook an extensive tour of the county utilising the Neighbourhood Engagement Vehicle (NEV) and the Community Engagement Vehicle (CEV). In the autumn and over the winter a series of 'Meet the Police' events have been held across the county. These are joint events between the Commissioner's and the Chief Constable's office.
- 6.3. The message from the public was clear that the cuts had gone too far and are having a detrimental effect on policing. There is considerable support for the police who they believed are under resourced and under pressure. The public were equally clear they wanted greater police focus on core crimes such as burglary and anti-social behaviour and improvements to public contact. In the main the public did not hold the police responsible for the increase in crime, but attributed it to cuts that had gone too far.
- 6.4. Following the consultation with the public, and discussions with the Chief Constable, the PCC has refreshed the Police and Crime Plan and introduced new areas of focus; burglary, serious rural acquisitive crime and the principle of 'Every Crime Matters'.

## 7. Assumptions

- 7.1. In order to develop the MTFP it has been necessary to make a series of assumptions with regard to funding and costs. These assumptions are shown in **Annex C**, and in summary are:
- 7.2. It has been assumed that pay increases for the four years from September 2020 to September 2023 will be 3%
- 7.3. Inflation assumptions are based upon the rates for the Consumer Price Index (cpi) projected by the Office for Budget Responsibility (OBR).
- 7.4. That grant funding will increase, as shown in section 5.1.
- 7.5. The Council Tax Base (number of properties on which a council tax is levied) increased by 1.2% in 2020/21. This level of increase has been assumed for the MTFP period.
- 7.6. For 2020/21 PCCs can increase Council Tax by up to £10 without the need to call a referendum. This would be an increase of 4% for Gloucestershire and would provide precept funding for £60.694m.
- 7.7. For 2020/21 the PCC has proposed increasing the precept by 2.7% (£6.76). This will provide precept funding for £59.939m and will allow for additional investment to refresh the Police and Crime Plan (section 8).



## 8. Investment in 2020/21 to support the refresh of the Police and Crime Plan

- 8.1. The PCC has asked the Constabulary to review its service to the public and has set new areas of focus. These are the crimes and services that, following public consultation, they have said concern them the most. The new areas of focus do not replace existing priorities & services therefore additional funding is initially required. In his view, because of financial and societal pressures, police forces are being drawn away from their primary responsibilities and an unacceptable and unsustainable amount of police resources are directed to activities that are the core responsibility of other agencies.
- 8.2. With an easing of the financial pressures, the PCC and the Constabulary will enter into constructive dialogue with partner agencies to agree a way forward that is in the public interest and allows Gloucestershire Constabulary to focus on its core role of preventing and detecting of crimes rather than addressing mental health emergencies. This work is of the high importance as until the balance is redressed it is unlikely that the police will be able to fully meet the reasonable expectations of the public.
- 8.3. It is the intention of the PCC to create a fund of £1m in the budget for 2020/21 (0.8% of the total budget) to enable the Constabulary to enhance how the public contact and communicate with the police and to embrace the principle of 'Every Crime Matters'.
- 8.4. For the financial year 2020/21 these funds will be treated as one off funding but can be converted to revenue funding subject to discussion and approval at the joint Finance Panel. In order to provide sufficient funding to meet increased costs and to fund necessary improvements the PCC has decided to increase the council tax precept by 2.7%, £6.76 for a Band D taxpayer. This increase is below the referendum limit set by the Government for £10, which would represent a 4% increase in Gloucestershire.

## 9. Available Funding

- 9.1. The available funding for 2020/21, and the projected funding to 2023/24 is:

	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
Core Grant	58.348	62.978	68.278	71.478
Pension Grant	1.198	1.198	1.198	1.198
Legacy Council Tax Grants	6.082	6.082	6.082	6.082
Precept	59.939	61.806	63.792	65.842
Collection Fund Surplus	0.532	0.500	0.500	0.500
<b>Available Funding</b>	<b>126.099</b>	<b>132.564</b>	<b>139.850</b>	<b>145.100</b>
<b>Increase</b>	<b>6.187</b>	<b>6.465</b>	<b>7.286</b>	<b>5.250</b>

9.2. The increase in funding during the MTFP period is analysed as follows:

	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
Core Grant Increase	4.063	4.630	5.300	3.200
Pension Grant	0.000	0.000	0.000	0.000
Council Tax - Precept Increase	1.575	1.148	1.244	1.285
Council Tax - Tax base Increases	0.712	0.719	0.742	0.765
Collection Fund	-0.163	-0.032	0.000	0.000
	<b>6.187</b>	<b>6.465</b>	<b>7.286</b>	<b>5.250</b>

9.3. For 2021/22 onwards it has been assumed that core funding will increase to cover both additional uplift costs and a proportion of the costs arising from pay rises and inflation.

	Uplift Costs	Pay Rises & Inflation	Grant Increase	Increase
	£m	£m	£m	%
2021/22	2.940	1.690	4.630	7.9%
2022/23	3.400	1.900	5.300	8.4%
2023/24	1.140	2.060	3.200	4.7%

9.4. The funding for 2020/21 is £126.099m. The previous MTFP assumed funding for 2020/21 would be £121.946m. The reasons for this difference are:

- The core grant received from the Home Office has increased by £4.063m, Gloucestershire's share of the additional £532m core funding allocated for additional police officers.
- The additional precept funding from an increase of 2.7% (£6.76), rather than 2% (£5.00) - £0.411m
- The Collection Fund (£0.531m) was less than projected (£0.700m) by £0.169m.
- The increase in the council tax base was £0.152m less than projected in the previous MTFP, as the increase in the tax base was 1.2%, rather than the 1.5% previously projected.

9.5. For 2020/21 the organisation will be funded by:

- Grant from the Home Office £65.628m 52%
- Local Council Tax £60,471m 48%

## 10. Budget Requirement

10.1. The budget requirement for 2020/21 is £126.099m. This is a 5.2% increase on the previous year's budget.

10.2. The increase of 5.2% is made up as follows:

- Pay rises and price inflation (net of savings) 2.0%
- Uplift Costs 2.0%
- Additional Costs 1.4%
- Additional investment 0.8%
- Additional Specific Grant (1.0%)

10.3. The budget requirement for the MTFP period would be as follows:

	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
<b>Base Budget</b>	<b>119.912</b>	<b>126.099</b>	<b>132.564</b>	<b>139.850</b>
Pay Inflation & Increments	2.822	3.308	3.488	3.665
Price Inflation	0.471	0.542	0.626	0.668
Adjustment Capital Charges	0.015	-0.029	-0.051	0.000
<b>Continuation Budget</b>	<b>123.220</b>	<b>129.920</b>	<b>136.627</b>	<b>144.183</b>
Uplift Costs	2.400	2.940	3.400	1.140
Other Additional Costs	1.699	1.430	0.020	0.000
Additional Income	-0.187	0.000	0.000	0.000
Additional Investment	1.000	0.000	0.000	0.000
Ring Fenced Uplift Grant	-1.288	0.000	0.000	0.000
Commissioners Fund	0.062	0.065	0.070	0.050
Investment Income	0.000	0.000	0.100	0.100
Grant Increase	-0.159	-0.196	-0.202	-0.208
<b>Savings Identified</b>	<b>-0.648</b>	<b>-0.165</b>	<b>-0.165</b>	<b>-0.165</b>
<b>Savings Requirement</b>	<b>0.000</b>	<b>-1.430</b>	<b>0.000</b>	<b>0.000</b>
<b>Contribution to Reserves</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Budget Requirement</b>	<b>126.099</b>	<b>132.564</b>	<b>139.850</b>	<b>145.100</b>
<b>Budget Increase %</b>	<b>5.2%</b>	<b>5.1%</b>	<b>5.5%</b>	<b>3.8%</b>

A detailed analysis is shown in **Annex D**.

10.4. The budget for 2020/21 includes £2.4m additional costs to fund the uplift in police officer numbers.

10.5. The budget for 2020/21 includes £1m additional funding to support the refresh of the Police and Crime Plan (Section 8).

10.6. The Ring Fenced Uplift Grant represent the share of the £168m funding which will be released to forces as they progress against their recruitment targets.

10.7. The budget for 2020/21 includes identified savings for £0.648m. The majority of these savings relate to the reduction in the capital contribution for the Local Government Pension Scheme (LGPS).

- 10.8. Savings are required for £1.430m in 2021/22 to cover the additional costs for:
- £1.3m for additional revenue costs arising from the Transformation Programme (section 11.5) and
  - £0.13m to cover additional training costs, following the changes to the training for student officers. The total increase in costs is £0.2m.
- 10.9. It has been assumed that for the three years from 2021/22 to 2023/24 the grant and a precept increase of 2% will cover the cost of pay rises and inflation in the year. This would enable the Constabulary to invest in the uplift in officer numbers, without having to make savings in other areas of the organisation. Any additional internal growth within the Constabulary will be funded by identifying savings.
- 10.10. Risks regarding assumptions
- There are three assumptions which significantly affect the projections for future years – pay settlements, grant reductions and precept increases:
- The MTFP projections assume that pay increases for the next four years will be 3%. The full year effect of a change of 1% is around £1m.
  - The MTFP projections assume that the grants received in 2021/22, 2022/23 and 2023/24 will cover uplift costs, and also cover a proportion of the cost of pay rises and inflation. No indicative figures have been provided by the Home Office for these years. Funding from 2021/22 will be covered by the next Spending Review.
  - It is assumed that the precept increases assumed in the MTFP will be within the council tax referendum limits.

## 11. Capital

- 11.1. The proposed capital programme is attached at **Annex F**. The programme for 2020/21 is currently for £6.568m and consists of:
- the replacement programmes in relation to vehicles and IT equipment - £1.651m
  - on-going commitments for previously agreed schemes - £1.292m
  - capital projects in development - £3.625m
- 11.2. The funding of the capital programme is provided from:
- Capital grant received in year - £0.099m.
  - Contribution from the Revenue Budget in year - £1.354m
  - Capital grants brought forward from previous years to fund deferred expenditure - £0.378m
  - Revenue contributions brought forward from previous years to fund deferred expenditure - £0.339m
  - Specific carry forward reserve - £0.198m
  - Contribution from ICT Reserve - £0.600m
  - Contribution from Estates Reserve - £0.600m
  - Transfer from the Vehicle Replacement Reserve - -£0.575m
  - Capital receipts - £0.425m
  - Borrowing - £2.000m

- 11.3. The Capital Plan includes the cost for the purchase and refurbishment of a new training centre at Berkeley (the Sabrina Centre). The Chief Constable and PCC agreed that the current training centre is not fit for purpose and a new modern facility is required to maintain specialist training and cater for increased officer numbers. The budget for the new training centre is £6.85m, which will be funded by internal borrowing (£5m) and from capital receipts (£1.85m). The new facility will open in May 2020, and most of the costs will be incurred in 2019/20.
- 11.4. 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.
- 11.5. The capital strategy includes the capital programme in the Budget Paper (Annex F) and also includes significant capital projects under development. Although funding has been set aside, projects under development still require the approval of a business case before they are progressed further.
- 11.6. Transformation Programme  
The Constabulary has a number of end of life legacy IT systems that are limiting productivity and efficiency. A Transformation Programme has been agreed with the PCC and built into the Constabulary's Corporate Strategy. Delivery of the programme will be monitored and reported to the PCC and a benefits realisation plan will quantify productivity and efficiency gains.
- 11.7. The programme will include investment in the following areas:
- Records Management System (RMS)
  - HR System and Duty Management System (DMS)
  - Digital Evidence Management Systems (DEMS)
  - The next stage of the mobile frontline working project
  - Increase the provision of laptops for mobile working
- 11.8. A budget for £10.38m has been set aside to fund the projects within the programme. This would be funded from the ICT Reserve (£4.73m) and from capital receipts (£5.65m).
- 11.9. Redevelopment of the Operations Centre at Bamfurlong  
A business case is currently being prepared to redevelop the Operations Centre at Bamfurlong. This was a commitment made by the PCC in the Police & Crime Plan. All preliminary work has been concluded and additional land purchased. A provisional budget for £18m has been allocated for the project, but may have to be reviewed in the light of the uplift programme. The project would be funded by borrowing. The Outline Business Case for the redevelopment is due in February 2020.

## **12. Reserves**

- 12.1. The PCC's Reserves Strategy is published on the OPCC website, and is updated on a regular basis. Details of the reserves held to provide for future liabilities and unforeseen events are shown in the Reserves Strategy.
- 12.2. The Strategy is reviewed regularly to ensure that reserves are set at a prudent level having regard to identified risks and the overall financial environment. In the current financial climate, it is crucial that the organisation has healthy reserves.

## **13. Comments by the Chief Finance Officer for the PCC in respect of Reserves**

- 13.1. 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.
- 13.2. 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.
- 13.3. General Reserve  
The strategy of the PCC is to maintain a minimum level of General Reserve at 5% of net revenue expenditure for the MTFP period. 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. The General Reserve for 2020/21 will be £6.305m.
- 13.4. The level of General Reserve has been set at 5% of net revenue expenditure due to the level of uncertainty regarding future grant settlements and pay rises and to provide a contingency for major incidents.

### 13.5. Earmarked Reserves

The PCC has also allocated reserves to fund specific items. Details of the projected Earmarked Reserves are shown in the Reserves Strategy. The projected total Earmarked Reserves for the MTFP period are:

○ 31 <sup>st</sup> March 2020	£11.84m
○ 31 <sup>st</sup> March 2021	£8.75m
○ 31 <sup>st</sup> March 2022	£5.75m
○ 31 <sup>st</sup> March 2023	£2.75m
○ 31 <sup>st</sup> March 2024	£2.75m

13.6. The PCC considers that reserves should not be used to fund budget deficits and the Medium Term Financial Plan does not assume the use of reserves for this purpose.

13.7. On this basis, the 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 5% 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.

## 14. Risks

### 14.1. Uplift numbers and funding

The only specific announcements to date regarding Gloucestershire are that 46 additional officers have been allocated for the period to 31<sup>st</sup> March 2021 and that a grant of £220k will be paid for 2019/20 to support uplift arrangements. The grant settlement provides funding for uplift costs for 2020/21 but does not provide details of which uplift costs are being funded.

14.2. The Government has not announced how the remaining 14,000 officers will be allocated. The MTFP assumes that the total 20,000 officers will be allocated to police forces using the grant allocation and all planning is being based upon 152 officers in total. If this allocation changes then planning assumptions will have to be revised.

14.3. No details have been provided regarding the funding for uplift costs from 2021/22. Officer costs increase over a number of years and the MTFP assumes that funding will be provided for increased officer costs from recruitment salary, until officers are on an average Constable salary. Uplift costs are assumed to increase for the MTFP period and then for a further six years after. There is no certainty regarding the funding for these costs.

14.4. The estimated costs for 152 additional officers (including staff and other costs) are £13.6m over the next ten years, with £3.8m costs after the MTFP period (see Page 29).

#### 14.5. Spending Review 2020

Funding for 2021/22 will be determined as part of the next Spending Review. This will determine the funding for government departments and for policing for a number of years. This will then provide more certainty for planning for the MTFP. Funding levels for policing and for individual forces may change as a result of the Spending Review. Changes to the allocations of core funding, the pension grant and the legacy council tax grants could have a significant effect on the Constabulary. Moving the legacy council tax grants into core funding would reduce grant funding for Gloucestershire by £2.2m.

The grant assumptions in the MTFP do not take account of any changes in funding due to the implementation of a new distribution formula.

#### 14.6. Pay award

The pay award for officers and staff for September 2019 was 2.5%. The MTFP assumes pay increases for the next four years will be at 3%. However, there may be pressure for higher increases. The full year effect of a 1% change in the pay award for officers and staff is equivalent to around £1m.

### **15. Police and Crime Plan**

15.1. The Police and Crime Plan for 2017/2021 was launched in February 2017. The six priorities in the Plan are:

- Accessibility and accountability
- Safer days and nights for all
- No one overlooked
- Young people becoming adults
- Safe and social driving
- Safer cyber

15.2. In addition to the six priorities there are two additional commitments in the Plan:

- A compassionate approach
- A green and pleasant county

15.3. The Plan was refreshed in November 2019 to reflect the concerns that the public have expressed to the PCC. While the six main priorities remain the same the Constabulary have been asked to renew focus in key areas:

- Every Crime Matters
- Burglary and Rural Acquisitive Crime
- Growing the Frontline
- Aligning the Constabulary with the principles of “Child Friendly Gloucestershire.”

15.4. The Budget for 2020/21 covers the last year of the Plan, and provides the resources to deliver the Plan.



- 15.5. The Plan states that 1% of the total policing budget will be set aside for the Commissioners Fund, to finance projects and programmes that support the delivery of Police and Crime Plan priorities. For 2020/21 £1.261m has been set aside to support police and community projects and programmes.
- 15.6. The Budget for 2020/21 provides funding for 2,014 officers, staff and PCSOs, many of whom are front-line resources. Both the PCC and Chief Constable are agreed that this level of resources can deliver the Police and Crime Plan.
- 15.7. The Plan states that the PCC will provide sufficient funding to increase police officer numbers, subject to Government Grants. The Budget for 2020/21 provides funding for 1,153 officers as at 31<sup>st</sup> March 2021. This includes 74 additional officers funded from the increase in precept over the last two years, and 46 additional officers funded by the national uplift programme. The budget for 2017/18 provided funding for 1,060 police officers.
- 15.8. As part of the commitment to a green and pleasant county in the Plan the organisation has invested in electric vehicles. There has been a significant investment in electric vehicles during 2019/20 and electric vehicles now make up 21% of the total fleet of vehicles. The Constabulary is accredited under ISO 14001 and is seeking further opportunities to reduce waste and pollution. To this end the organisation has committed to fund a budget of £60k per year to invest in energy saving opportunities.
- 15.9. The Plan also includes a commitment to develop the Bamfurlong Operations Centre on the M5. An Outline Business Case for the redevelopment is due in February 2020.

## **16. Chief Constable's Recommendations**

- 16.1. The Chief Constable, advised by his Chief Finance Officer, has confirmed the soundness of the budget for 2020/21 in relation to the Constabulary, and that the Constabulary will be able to deliver the priorities within the Police and Crime Plan and the current Strategic Policing Requirement with the resources provided.
- 16.2. The Chief Constable welcomes the Government announcement to recruit 20,000 additional officers over the next three years. In October the allocation of 6,000 additional officers in the first year to 31<sup>st</sup> March 2021 was announced and Gloucestershire was allocated 46 additional officers. Current recruitment plans include the additional 46 officers, and the grant announcement for 2020/21 provides sufficient funding for these officers and their support costs for the financial year.
- 16.3. The grant announcement stated that a proportion of the additional funding provided will be ring fenced and that forces will be able to access this as they progress against their recruitment targets. The Constabulary is confident that it will meet its recruitment targets for 2020/21 and the

additional funding for £1.288m has been included in the budget as a specific grant.

- 16.4. The Constabulary is making the relevant infrastructure improvements needed to recruit its share of the 20,000 additional officers by March 2023. Gloucestershire is planning on receiving funding for 152 additional officers in total, its share of the 20,000 officers based on grant allocation, and the Chief Constable will be lobbying to ensure that additional officers are allocated to all forces on a fair basis.
- 16.5. The uplift in additional officers is a welcome opportunity for policing, but comes at the same time as significant changes to the entry route into the police service. Forces are now required to partner with academic institutions and there are increased academic requirements. The current initial training period is 18 months. From 1<sup>st</sup> January 2020 new recruits will either be graduates (with a two year training requirement) or apprentices (with a three year training requirement). The first tranche of apprentices will start in April 2020. Much of the uplift in officer numbers will be new recruits and there will be a time lag before they are fully operational.
- 16.6. The uplift in additional officers is on top of the investment from precept increases. Over the last two years 74 additional police officers and 37 additional police staff have joined the organisation. The budgeted officer establishment is now 1,107 fte and as at 31<sup>st</sup> December 2019 the actual numbers were above this level (1,110 fte). Because many of these new recruits are student officers, many are still in training and some of the specialist officer posts have not yet been filled.
- 16.7. Following the grant announcement on 22<sup>nd</sup> January the Constabulary has prepared a balanced budget for 2020/21. Although costs have increased these are covered by the increases in grant and precept.
- 16.8. The grant announcement allowed PCCs to increase the precept by £10 in 2020/21, a 4% increase in Gloucestershire. The Chief Constable notes that the PCC is concerned about the level of increase for local tax payers and is proposing to increase the precept for 2020/21 by 2.7%.
- 16.9. This increase has provided funding for the PCC to set aside a fund for £1m in 2020/21 to enable the Constabulary to meet existing demand and improve its service to the public. The Constabulary will work with the PCC to achieve an improvement in public contact and meet people's reasonable expectation for a local police service. The additional resources provided by the uplift and from this fund will allow the Constabulary to face the future with confidence and for the County to retain and consolidate its position as the second lowest crime area in England & Wales.
- 16.10. The grant announcement sets out four priority areas to drive efficiency, productivity and effectiveness in 2020/21, including efficiency savings through joint procurement, enhanced productivity using technological solutions, achieving best value on police technology spending and ensuring forces meet their recruitment targets for 2020/21.

The Constabulary's recruitment plans for the year will ensure that at least 46 additional officers are recruited during the year. Since 2012 Gloucestershire has been a member of the South West Police Procurement Department, a four force collaboration with Devon and Cornwall, Dorset and Wiltshire Police which has achieved significant procurement savings. The Transformation Programme outlined in the Capital Plan will ensure that the Constabulary develops technological solutions and achieves best value on technology. The Constabulary has consistently been rated as good by HMICFRS for efficiency.

16.11. Funding for 2021/22 onward is uncertain and a Spending Review is due to take place in 2020. Hopefully future grant announcements will provide indicative figures for a number of years to aid planning. Significant assumptions have been made for grant in future years in the MTFP.

16.12. The Chief Constable welcomes the increase in funding announced in the grant settlement and the uplift in officer numbers. He also supports the budget set for 2020/21 and the additional investment provided within the budget.

## **17. Conclusion**

17.1. This report presents the budget for 2020/21 and the financial plan for the four years to 2023/24.

17.2. The grant settlement was not announced until 22<sup>nd</sup> January 2020, seven working days before the Police and Crime Panel meeting on 3<sup>rd</sup> February 2020. The settlement provides £700m for police forces, for the recruitment of 6,000 additional officers by the end of March 2021. For Gloucestershire this funding was split between core grant funding (£4.063m) and ring fenced funding (£1.288).

17.3. The ring fenced funding will be paid to forces in line with the progress in recruiting their additional officers. The Constabulary has plans to recruit the additional 46 officers in 2020/21 so I am happy that the full funding is included within the budget as a specific grant.

17.4. It should be noted that Gloucestershire receives a relatively low level of core grant per head of population compared to other forces. For 2020/21 Gloucestershire will receive £92.89 per head of population compared to £129.47 for the national average for English forces. There is a wide disparity in funding and some urban forces receive around £160 per head of population.

17.5. The grant announcement also allowed PCCs to increase the Band D precept by up to £10 in 2020/21 without the need to call a local referendum. For Gloucestershire this would be an increase of 4%.

17.6. Policing in Gloucestershire is now funded 50% by government grant and 50% by local taxation. I am concerned about the burden being placed on local taxpayers and their ability to pay an additional £10 in 2020/21.

- 17.7. The Constabulary has prepared a balanced budget for 2020/21. This takes account of pay rises and inflation, and additional cost increases, including uplift costs. Taking into account the grant increase and the precept increase the budget for 2020/21 is balanced.
- 17.8. Throughout the year both the Deputy PCC and myself have met regularly with the public and have a good understanding of their reasonable expectations of the police. They want to be able to contact the police with ease and they want to see a reasonable attention given to all crime types; they want the police to focus on all burglary types and retailers want to see an improved response to shoplifting. The public I have met overwhelmingly support the police and recognise that the extensive budget reductions have on occasions meant that the police could not deliver the service they should reasonably expect and deserve. My meetings with the Chief Constable; his officers and staff reinforce that view and that has caused disappointment and workforce anxiety as they daily face demand that outstrips the resources they currently have.
- 17.9. I welcome the additional funding from Government for the next financial year but also recognise even if the full uplift is implemented over the next three years the gain will not equal the losses over the last ten years. In order to address these issues I have decided to increase the council tax precept by 2.7% (£6.76%) for a Band D tax payer. This is below the referendum limit.
- 17.10. The difference between a 2.7% increase and the maximum allowed (4%) is £3.24 pa for a Band D property, and whilst many across the county would have been willing to pay the extra, when I take into account other financial pressures facing many households such an increase would be unreasonable.
- 17.11. The Reserves Strategy, providing details of reserves and commitments is published on the OPCC website. My Chief Finance Officer has commented upon the level of these reserves.
- 17.12. Funding for 2021/22 onwards will be determined as part of the Spending Review in 2020, which will look at how resources are allocated across government departments. Funding for the MTFP period assumes that government funding covers both the costs of the uplift in officer numbers and a proportion of the cost of pay rises and inflation. No details have been provided regarding future funding for the uplift in officer numbers. Hopefully, following the Spending Review, forces will be given indicative funding figures for a number of years, rather than just one year.
- 17.13. The current Medium Term Financial Plan will increase the number of frontline officers and staff, and maintain PCSO numbers, and will provide a fund to improve people's reasonable expectations for a local police service, and I am confident that it will provide the resources to implement my Police and Crime Plan.

## 18. Precept

18.1. Funding for the proposed **£126.099m** revenue budget (see Annex A) will require a police related Band D Council Tax element of **£257.25**. This represents an increase of 2.7% in the police related Band D Council Tax or £6.76 for the year.

18.2. In order to present a balanced budget for 2020/21 the PCC proposes to issue a precept on each District Council Collection Fund as set out below:

		£		£
	Budget Requirement			126,098,540
	Less:			
	Police Core Settlement	37,366,979		
	DCLG Formula Funding	20,980,282		
	Pensions Grant	1,198,406		
	Legacy Council Tax Grants	6,082,168		
				-65,627,835
	Collection Fund Surplus			-531,519
	Total Precept 2020/21			59,939,186
	<b>Precept on each District Council</b>			
	<b>District</b>		<b>Tax Base</b>	<b>Precept £</b>
	Cheltenham	43,144.50		11,098,923
	Cotswold	41,817.64		10,757,588
	Forest of Dean	29,294.75		7,536,074
	Gloucester City	38,356.60		9,867,235
	Stroud	45,045.38		11,587,924
	Tewkesbury	35,340.88		9,091,441
	Total	232,999.75		59,939,186
	<b>Police related element of the Council Tax</b>			
		Council Tax Band	Tax at Band £:p	
		A	171.50	
		B	200.08	
		C	228.67	
		D	257.25	
		E	314.42	
		F	371.58	
		G	428.75	
		H	514.50	

## Annex A

### Required Revenue Budget 2021/22

	Note	2019/20 £k	2020/21 £k	
<b>Constabulary</b>				
Staff Costs				
Police Officers	1	65,962	68,891	4.4%
PCSOs		4,029	4,189	4.0%
Police Staff	2	26,732	29,389	9.9%
Total Staff Costs		96,723	102,469	5.9%
Training		471	561	19.1%
Other Employee Expenses		797	904	13.4%
		97,991	103,934	6.1%
Premises		7,164	7,528	5.1%
Transport		2,262	2,234	-1.2%
Supplies and Services	3	15,906	17,341	9.0%
Third Party Payments		1,207	1,222	1.2%
Capital Financing		1,946	2,000	2.8%
<b>Gross Revenue Expenditure</b>		<b>126,476</b>	<b>134,259</b>	6.2%
Other Income		-3,463	-3,846	11.1%
Interest Received		-200	-200	0.0%
		122,813	130,213	6.0%
Less: Specific Grants	4	-5,086	-6,533	28.5%
<b>Constabulary Budget Requirement</b>		<b>117,727</b>	<b>123,680</b>	5.1%
<b>Office of Police and Crime Commissioner</b>				
Employees		887	1,067	
Premises		0	0	
Transport		13	12	
Supplies & Services		78	68	
Audit Fees		53	57	
Income		-46	-46	
<b>OPCC Budget Requirement</b>	5	<b>985</b>	<b>1,158</b>	17.6%
<b>Commissioning Fund Expenditure</b>	6	<b>1,199</b>	<b>1,261</b>	
<b>Total Budget Requirement before Reserves</b>		<b>119,912</b>	<b>126,099</b>	5.2%
<b>Contribution to Reserves</b>		<b>0</b>	<b>0</b>	
<b>Total Budget Requirement</b>		<b>119,912</b>	<b>126,099</b>	5.2%

**Note 1 – Police Officer Costs £68.891m**

The budget for Police Officers reflects the officer establishment at 1<sup>st</sup> April 2020 of 1,107 fte (including 82 officers funded by the precept increase over the last two years) and 46 additional officers in 2020/21 as part of the uplift in officer numbers.

**Note 2 – Police Staff Costs £29.389m**

The cost increase includes:

- |   |         |
|---|---------|
| • Uplift costs                              | £0.650m |
| • Cost of additional posts approved in year | £0.479m |
| • Investment in the year                    | £0.500m |

**Note 3 – Supplies and Services £17.431m**

The cost increase includes uplift costs of £600k and additional investment in the year for £500k.

**Note 4 – Specific Grants £6.533m**

The increase represents the ring fenced funding for £1.283m which will be received when recruitment targets are met.

**Note 5 – Costs of the OPCC £1.158m – see Annex E**

**Note 6 – Commissioners Funds (£1.261m)**

The total cost of £1.261m is split as follows:

- |  |          |
|--|----------|
| • Cost of providing Victims support        | £0.726m  |
| • Funded by grant from Ministry of Justice | -£0.726m |
| • Commissioners Fund (1% of total budget)  | £1.261m  |

The grant from the Ministry of Justice has not been finalised. The figure of £0.726m is the anticipated allocation.

## Annex B

### Budget Assumptions 2020/21 – 2023/24

	Note	2020/21	2021/22	2022/23	2023/24
Pay increase (September)	1	3.0%	3.0%	3.0%	3.0%
Pay increase (in year)	1	2.8%	3.0%	3.0%	3.0%
Increments	2	0.3%	0.3%	0.3%	0.3%
Inflation	3	2.0%	2.0%	2.0%	2.0%
Government Grant	4	7.5%	7.9%	8.4%	4.7%
Council Tax Increase	5	2.7%	2.0%	2.0%	2.0%
Council Tax Base	6	1.2%	1.2%	1.2%	1.2%

#### 1. Pay Increase

The pay award for September 2019 for officers and staff was for 2.5%. It has been assumed that future pay awards from September 2020 will also be at 3%.

The pay awards for Police Officers and Police Staff are made in September. The pay increase in year therefore reflects five months of the previous year's agreement and seven months of the current year's agreement.

#### 2. Increments

In addition to the annual pay award it is also necessary to budget for the additional pay costs arising from the annual cost of increments as officers and staff progress through their relative pay scales. It is estimated that this will add a further 0.3% to the annual pay costs.

#### 3. Inflation

The rate of inflation affects around 20% of the Constabulary's expenditure. The remaining 80% is pay costs. For all non-pay budgets from 2020/21 onwards it has been assumed that inflation will follow the projections for the consumer price index (CPI) made by the Office of Budget Responsibility (OBR).



#### 4. Government Grant

No figures for grant funding have been provided for 2021/22 onwards. It has been assumed that the grant will increase during the MTFP period to cover uplift costs and a proportion of pay rises and inflation. The following increases have been assumed:

	<b>Uplift Costs £m</b>	<b>Pay Rises &amp; Inflation £m</b>	<b>Grant Increase £m</b>	<b>Increase %</b>
2021/22	2.940	1.690	4.630	7.9%
2022/23	3.400	1.900	5.300	8.4%
2023/24	1.140	2.060	3.200	4.7%

#### 5. Council Tax Increase

The level of Council Tax increase each year is set by the PCC, bearing in mind the referendum limit set for that year.

For 2020/21 PCCs are able to increase their council tax precept levels by £10 before the need to call a local referendum. For Gloucestershire this represents an increase of 4% for the year. The PCC has decided to increase the council tax precept by 2.7% (£6.76) for 2020/21.

A precept increase of 2% has been projected for 2021/22, 2022/23 and 2023/24. It is assumed that this level of increase will be within the referendum limit.

#### 6. Council Tax Base

The previous MTFP assumed that the Council Tax base (number of properties on which council tax is levied) will increase by 1.5% per year for the MTFP. The increase in 2020/21 is 1.2%.

It has been assumed that the council tax base increases by 1.2% per year from 2021/22 to 2023/24. This is based upon a weighted average of the assumptions made by the district councils.

#### 7. Council Tax Collection Fund Surplus

A number of the district councils have increased the assumed collection rate in year and it has been assumed that the collection fund surplus will reduce because of this. The collection fund reduced to £695k for 2019/20, and to £531k for 2020/21. It has been assumed that the Collection Fund will be £500k for the MTFP period.

## Annex C

### Officers and Staff

The Budget for 2020/21 projects that, as at 31<sup>st</sup> March 2021, the organisation will have 2,034 officers and staff, split between:

- Constabulary 2,014 fte
- OPCC 20 fte

The budgeted establishments, based upon full time equivalent (fte) numbers is:

	Police Officers FTE	PCSOs FTE	Police Staff FTE	Total FTE
As at 31/03/19	1,054	116	674	1,844
<b>As at 31/03/20</b>	<b>1,107</b>	<b>116</b>	<b>742</b>	<b>1,965</b>
Uplift Numbers 2020/21	46	0	23	69
<b>Projected as at 31/03/21</b>	<b>1,153</b>	<b>116</b>	<b>765</b>	<b>2,034</b>
Uplift Numbers 2021/22	60	0	6	66
Projected as at 31/03/22	1,213	116	771	2,100
Uplift Numbers 2022/23	46	0	9	55
<b>Projected as at 31/03/23</b>	<b>1,259</b>	<b>116</b>	<b>780</b>	<b>2,155</b>

#### Police Officers

The budgeted establishment for police officers as at 31<sup>st</sup> March 2020 is 1,107 fte:

	FTE
Budgeted establishment as at 31st March 2019	1,054
Additional posts from precept increase	51
Additional Assistant Chief Constable	1
Funded Posts	1
<b>Budget Establishment as at 31st March 2020</b>	<b>1,107</b>

It has been assumed that 84 officers will leave during the year and recruitment is planned to replace these officers and increase the establishment by 46 officers to 1,153 fte. The majority of the officers recruited will be student officers on the new apprentice scheme and the new graduate scheme.

The budgeted establishment excludes officers on secondment, career breaks and maternity leave. The Constabulary currently has 9 officers on secondment to the Regional Organised Crime Unit and 6 officers on secondment to the National Police Air Service (NPAS).

## **PCSOs**

The PCSO establishment will be maintained at the current level of 116 fte during the MTFP period.

## **Police Staff**

The police staff budgeted establishment at 1<sup>st</sup> April 2020 is 674 fte. This is the establishment of permanent posts, and excludes temporary posts.

	<b>FTE</b>
Budgeted establishment as at 31st March 2019	674
Additional posts from precept increase	32
Additional Road Safety Posts	17
Additional Posts in year	19
Budget Establishment as at 31st March 2020	<b>742</b>

During 2019/20 additional staff were recruited for strategic planning, change services, information disclosure, executive support and welfare and for the new training centre and the OPCC.

During 2021/22 and 2022/23 the budgeted staff establishment is projected to increase for additional posts to support the uplift in officer numbers.

## Annex D

### Budget Requirement

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

	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
<b>Base Budget</b>	<b>119.912</b>	<b>126.099</b>	<b>132.564</b>	<b>139.850</b>
Pay Inflation & Increments	2.822	3.308	3.488	3.665
Price Inflation	0.471	0.542	0.626	0.668
Adjustments				
Capital Charges	0.015	-0.029	-0.051	0.000
<b>Continuation Budget</b>	<b>123.220</b>	<b>129.920</b>	<b>136.627</b>	<b>144.183</b>
Uplift Costs	2.400	2.940	3.400	1.140
Additional Costs				
Police Staff Salaries	0.594	0.000	0.000	0.000
Premises Costs	0.250	0.000	0.000	0.000
ICT Costs	0.133	0.000	0.000	0.000
Firearms Training	0.200	0.000	0.000	0.000
National Police Air Service (NPAS)	0.120	0.000	0.000	0.000
Training Costs	0.071	0.130	0.000	0.000
Recruitment Costs	0.050	0.000	0.000	0.000
Transformation Programme Costs	0.000	1.300	0.000	0.000
Other Costs	0.281	0.000	0.000	0.000
Aston Project	0.000	0.000	0.020	0.000
Additional Income	-0.187	0.000	0.000	0.000
Additional Investment	1.000	0.000	0.000	0.000
Ring Fenced Uplift Grant	-1.288	0.000	0.000	0.000
Commissioners Fund	0.062	0.065	0.070	0.050
Investment Income	0.000	0.000	0.100	0.100
Grant Increase	-0.159	-0.196	-0.202	-0.208
<b>Savings Identified - Permanent</b>	<b>-0.648</b>	<b>-0.165</b>	<b>-0.165</b>	<b>-0.165</b>
<b>Savings Requirement</b>	<b>0.000</b>	<b>-1.430</b>	<b>0.000</b>	<b>0.000</b>
<b>Contribution to Reserves</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Budget Requirement</b>	<b>126.099</b>	<b>132.564</b>	<b>139.850</b>	<b>145.100</b>
<b>Budget Increase (Decrease) %</b>	<b>5.2%</b>	<b>5.1%</b>	<b>5.5%</b>	<b>3.8%</b>

## **Uplift costs**

The Constabulary has calculated the additional costs to recruit 152 additional officers over the next four years, and included these within the MTFP. These costs are £9.74m:

	2020/21	2021/22	2022/23	2023/24	2023/24
	£m	£m	£m	£m	£m
Police Officers	1.150	1.700	2.100	1.140	6.090
Police Staff	0.650	0.500	0.500	0.000	1.650
Other Costs	0.600	0.800	0.600	0.000	2.000
<b>Total</b>	<b>2.400</b>	<b>3.000</b>	<b>3.200</b>	<b>1.140</b>	<b>9.740</b>

As officers will be recruited during the year, half of the cost of their salaries is included in Year 1 and the whole cost in Year 2. The increase in costs continues for 10 years as the new recruits move up the scales within the Constable rank. The estimated total cost for the increase of 152 officers will be £13.6m over ten years:

	£m
Costs to 2023/24	9.740
2024/25	0.420
2025/26	0.540
2026/27	0.750
2027/28	0.930
2028/29	0.830
2029/30	0.350
<b>Total</b>	<b>13.560</b>

## **Additional costs for 2020/21**

- **Premises Costs £250k**  
These are an estimate for the additional premises costs for the new training centre at Berkeley.
- **ICT costs £133k**  
These are additional costs for licencing and software support and maintenance.
- **Firearms Training Costs £200k**  
These are additional costs incurred running the Blackrock training centre.
- **National Police Air Service (NPAS) £100k**  
A budget for £543k has been set for NPAS for 2020/21, an increase of £100k compared to the previous year.
- **Training Costs £71k**  
From April 2020 the training curriculum for student officers will change and officers will either be recruited as apprentices (on a three year training course) or graduates (two years). These courses are run in conjunction with the University of South Wales. The additional costs for apprentices are funded from the apprentice levy. The additional costs for graduates are £70k in year 1, rising to £200k in year 2.

- Police Staff Costs £594k  
This cost represents the 19 additional posts approved during the year within the Constabulary and within the OPCC (Annex E).

### **Additional costs for 2021/22 - £1.430m**

The additional costs for 2021/22 relate to:

- £1.3m for additional revenue costs from the Transformation Programme.
- £0.13m to cover additional training costs for student officers (total £200k).

### **Additional Income**

The additional income for £187k represents funding provided for police officers within a regional collaboration. The officers are grant funded, but the grant is received by another force, which then funds the cost of these officers.

### **Additional Investment (Section 8)**

The PCC has set aside £1m additional funding in 2020/21 to focus on crimes which concern local people most. The extra investment is to improve the level of service the Constabulary delivers.

### **Commissioner's Fund**

The Commissioner's fund represents 1% of the total budget. These adjustments increase the allocation each year so that the contribution to the fund represents 1% of the budget.

### **Savings Identified for 2020/21**

The majority of the savings made in 2020/21 relate to a reduction in the cash contribution to the Local Government Pension Scheme (LGPS) following the triennial valuation for 2020/21. The scheme is well funded and the capital contribution has reduced from £1.152m in 2019/20 to £0.520m in 2020/21. The contribution will reduce further, by £165k per year through to 2023/24.

### **Savings for the period from 2020/21 to 2022/23**

The MTFP shows a savings requirement for £1.430m in 2021/22, due to the additional costs in that year for the Transformation Programme and training requirements. It is expected that the Transformation programme will identify savings from the projects within the programme to fund the additional costs of the programme.

Any additional internal costs incurred by the Constabulary during the MTFP period will be covered by savings. The Constabulary will set up a programme to review all areas on a regular basis to ensure that savings are identified.

## Annex E

### Budget for OPCC

The Budget for the OPCC for 2020/21 is £1.158m, an increase of 17.6% compared to the previous year.

	2019/20	2020/21	
	£k	£k	
Employees	887	1,067	
Transport	13	12	
Supplies & Services	78	68	
Audit Fees	53	57	
Income	-46	-46	
<b>Total Budget</b>	<b>985</b>	<b>1,158</b>	<b>17.6%</b>

The increase in the budget is due to increased staffing costs, with the creation of three new posts.

The role of the Office of the Police and Crime Commissioner (OPCC) is to support the Police and Crime Commissioner (PCC) in his role. Under the Police Reform and Social Responsibility Act 2011 PCCs must:

- Secure an efficient and effective police for their area;
- Appoint the Chief Constable and hold them to account for running the force;
- Set the police and crime objectives for their area through the police and crime plan;
- Set the force budget and determine the precept;
- Contribute to the national and international policing capabilities set out by the Home Secretary;
- Bring together community safety and criminal justice partners, to make sure local priorities are joined up.

Additional responsibilities have been added, including dealing with complaints against the police and offender management.

One of the key duties put on PCCs by the Policing Minister is not just to oversee the police force but to look at the wider issue of crime. The PCC's approach is that the police alone cannot keep Gloucestershire safe, and this approach has manifested itself in the form of the Commissioners Fund. Since 2012 around £10 million has been invested in 470 plus projects across the county.

There has been a significant increase in the work carried out by the OPCC and because of this three additional posts have been created.

- Head of Policy and Performance
- Additional Research Officer, and
- Administrative Assistant

## Annex F

### Capital Programme

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m	£m	MTFP
	£m	£m	£m	£m	£m	£m
<b>Replacement Programmes</b>						
Vehicles	3.016	2.215	1.301	1.301	1.301	6.118
ICT	0.549	0.350	0.350	0.350	0.350	1.400
	3.565	2.565	1.651	1.651	1.651	7.518
<b>Approved Projects</b>						
Audio Visual Equipment	0.192					0.000
Charter (National Project)	0.119					0.000
Records Management System update						0.000
Bamfurlong Development	0.839					0.000
Purchase of land at Bamfurlong						0.000
ESN	0.044	0.378				0.378
Other Projects (less than £100k)	0.172					0.000
	1.366	0.378	0.000	0.000	0.000	0.378
<b>Capital Projects in Development</b>						
Development of Operational Centre		2.000	7.000	7.000	2.000	18.000
Transformation Programme	0.700	1.025	1.175	1.375		3.575
New Training Centre	6.249	0.600				0.600
	6.949	3.625	8.175	8.375	2.000	22.175
<b>Total Capital Expenditure</b>	<b>11.880</b>	<b>6.568</b>	<b>9.826</b>	<b>10.026</b>	<b>3.651</b>	<b>30.071</b>
<b>Funded by:</b>						
Capital Grant	0.542	0.477	0.371	0.371	0.371	1.590
Capital Receipts	1.750	0.425	0.575	0.775		1.775
Revenue Contribution	3.261	1.693	1.280	1.280	1.280	5.533
Specific Carry Forward	0.000	0.198				
Estates Reserve	0.369	0.600				0.600
ICT Reserve	0.880	0.600	0.600	0.600		1.800
Vehicle Reserve	0.078	0.575				0.575
Internal Borrowing	5.000					
Borrowing	0.000	2.000	7.000	7.000	2.000	18.000
<b>Total Capital Funding</b>	<b>11.880</b>	<b>6.568</b>	<b>9.826</b>	<b>10.026</b>	<b>3.651</b>	<b>29.873</b>

### Replacement Programmes

These are the replacement programmes for vehicles and ICT equipment:

- 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.
- The IT replacement budget is for desktops, laptops, servers and storage.

The replacement programmes are funded from the capital grant from the Home Office, and the balance from the Revenue Budget.



### **Approved Projects**

It is assumed that the capital project for the Emergency Services Network (ESN) will be deferred from 2019/20 in the capital programme. The actual deferred expenditure into 2020/21 may vary from the plan, based on actual expenditure on the capital programme projects up to 31<sup>st</sup> March 2020.

### **New Training Centre**

The Capital Plan includes the cost for the purchase and refurbishment of the new Training Centre at Berkeley. The budget is £6.85m which is funded by internal borrowing (£5m) and from capital receipts (£1.85m). The new facility will open in May 2020 and most of the costs will be incurred in 2019/20.

### **Capital Strategy**

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.

### **Transformation Programme**

The PCC and the Constabulary have agreed a Transformation Programme for four years, which includes investment in a number of key ICT systems including the Records Management System (RMS), the HR and Duty Management Systems and a Digital Evidence Management System.

A budget for £10.38m has been set aside to fund the projects, funded from the ICT Reserve (£4.73m) and from capital receipts ((£5.65m).

### **Redevelopment of Operations Centre at Bamfurlong**

A business case is currently being prepared to redevelop the Operations Centre at Bamfurlong. This was a commitment made by the PCC in the Police & Crime Plan. All preliminary work has been concluded and additional land purchased. A provisional budget for £18m has been allocated for the project, but may have to be reviewed in the light of the uplift programme. The project would be funded by borrowing. The Outline Business Case for the redevelopment is due in February 2020.

### **Capital Grant**

The capital grant has reduced significantly from 2019/20 (£371k) to £99k in 2020/21 – a reduction of 74% (£272k). The MTFP assumes that the capital grant will remain at £99k for 2021/22, 2022/23 and 2023/24.

The capital grant funds the expenditure on the annual replacement programmes for vehicles and ICT, with the balance of the expenditure funded from the revenue budget.