

Appendix 1 OPCC Budget Paper Medium Term Financial Plan (2022/23 to 2025/26) Including the Budget for 2022/23

1. Purpose of report

- 1.1. To present the Police and Crime Commissioner's Revenue and Capital Budgets for 2022/23.
- 1.2. To present the Medium Term Financial Plan (MTFP) for the four year period to 2025/26.
- 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 MTFS.

2. Key Highlights

- 2.1. For the coming year the PCC intends to use the maximum precept flexibility of £10. 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 of officers were announced and Gloucestershire was allocated 43 additional officers plus 2 for the 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. Due to the nature of the way we construct the budgets we do NOT include the ROCU officers in our deployable establishment. Therefore the total increase in deployable establishment from uplift grant is $46+43+1+58 = 148$ FTE.



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:

- 8,000 further officers recruited by the end of March 2023
- £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 MTFP baseline supports the following staffing and officer investment:

	Budgeted FTE as at 31st March					
	2021	2022	2023	2024	2025	2026
Officers	1,153	1,197	1,255	1,255	1,255	1,266
Staff	742	838	914	914	914	914
PCSOs	116	116	120	120	120	120
Special Constables	[1]	106	193	256	306	306
Volunteer PCSOs	*	*	15	30	30	30
	2,011	2,257	2,497	2,575	2,625	2,636

[1] The baseline is not available at this time.

2.5. The PCC is committed to continuing to review every opportunity to work with the Chief Constable to increase officer numbers by reviewing the efficiency of every process undertaken throughout the Constabulary and is pleased that he has appointed a Chief Superintendent to review the demand and efficiency throughout the organisation. This process has been set a target of achieving 1% of net budget requirement as cashable and non cashable savings. The intention is to transfer funding from everywhere it is not as efficient as it can be and into the intention to recover officer numbers back to 2010 levels.

2.6. The investment has been 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.



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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 2022/23 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 crime standards staff who will become experts in recording crimes accurately, responding to the criticisms from the PEEL report and ensuring that crime investigation begins with the best data, targeting investigations to the right place with the right information
- 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
- Investing in Police Staff Investigators who can support policing colleagues with expert advice and skills ensuring that where warranted officers powers are needed they focus on the use of those powers and nothing else
- Investing in citizens in policing to encourage more employers to work with the Constabulary, building new links and partnerships within the community and untapping areas of skill and insight for the Constabulary
- 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
- Adding to the qualified staffing in Finance to ensure that the PCC's aims of achieving the highest levels of value for money in the expenditure of the Constabulary and OPCC are delivered and that wherever possible savings are reinvested in additional officer headcount



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4. Value for Money, Collaboration and Partnership

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

4.2. This assessment was based on the finding that the:

- Budgets and plans were not balanced over the medium term.
 - The budget for 2022/23 is balanced with a savings requirement commensurate with the national funding settlement expectation that forces will find their element of an £80M savings requirement.
 - The pressure in the medium term has been much reduced from £10M to £5M, recognising the likely need to invest in infrastructure which, with appropriate planning and scoping brings opportunities to be brought back within affordable means
 - 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
- There was not a strong enough link between the budget, the medium term planning and demand analysis
 - In setting the budgets for 2022/23 the finance team worked closely with the business planning team to identify areas for investment which would deliver on the key pressures facing the Force.
 - A pairing exercise was undertaken to compare the apples with pears of different investment areas in order to bring a balanced budget proposal to the PCC which met his needs for the Police and Crime Plan and the Constabulary's needs for improving basic processes
 - The investments are in the areas of highest rising demand: 999s and other calls for service from all quarters, investigations relating to vulnerable children and adults and professionalising our crime recording activity.

4.3. During 2021/22 the force has worked to identify ways of closing the gap in the previous MTFP and has done that by reducing its planned investment in the future and responsibly closing its financial gap before considering where and how to invest.

4.4. In addition the following have 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



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- 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.

4.5. Gloucestershire is part of a regional collaboration on procurement, the South West Police Procurement Department (SWPPD). 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 |

5. Revenue Funding 2022/23

5.1. The available funding for 2022/23 is £138.954M plus ringfenced grant of £1.031m , an increase of £7.574M if the precept increase of £10 is approved, the increases being as follows:

	2021/22	2022/23
	£m	£m
Core Grant	62.025	65.225
Pension Grant	1.198	1.198
Legacy Council Tax C	6.082	6.082
Local Council Tax Su	0.157	-
Precept	63.105	66.240
Collection Fund	- 0.156	0.209
Available Funding	132.411	138.954
Increase from prior y	6.321	6.543
Ringfenced grant		1.031
Total Available	132.411	139.985
% of funding from Cc	48%	47%



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

- Government Grant 53%
- Local Council Tax 47%

5.3. The central government funding for Gloucestershire for 2022/23 is £72.505m, made up as follows:

	2021/22 £m	2022/23 £m	Increase %
Police Core Settlement	39.926	41.815	5%
DCLG Formula Funding	22.099	23.410	6%
Core Funding	62.025	65.225	5%
Pension Grant Allocation	1.198	1.198	0%
Legacy Council Tax Grants	6.082	6.082	0%
Total	69.305	72.505	5%

5.4. The Core Grant for Gloucestershire for 2022/23 is £65.225m, an increase of £3.200m, which is made up as follows:

	£m
Increase in Government Grant	
National Insurance and other	0.421
Uplift Grant	3.658
Reduction for Special Branch transfer	- 0.879
	<u>3.200</u>

5.5. The council tax base has increased by 1.22% for 2022/23, which is better than the 0.3% during 2020/21 but does not return the Constabulary to the expected position for 2022/23 in 2020/21.

5.6. Although the Collection Fund Surplus in 2020/21 was £0.532m, last year's MTFP assumed a Collection Fund Surplus of £0m in future years. There was a small deficit in 2021/22 of £0.156m and future estimates are now set at £0.111m beyond 2022/23, continuing to forecast the Covid deficits which will need to be met from the Local Tax Income Guarantee. This grant was put into a reserve in 2020/21 to pay for this over time, as was intended in the award and the statutory spreading of the deficit.



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5.7. If the precept increase of £10 is approved then the increase from council tax funding will be:

	£m
Increase in Council Tax (£10)	2.337
Increase in Tax Base	0.798
Increase in Collection Fund	0.365
Remove Local Council Tax Support	<u>-0.157</u>
	3.343

5.8. The Capital Grant for 2022/23 is now £0 – a reduction of £99k since last year.

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 (2021/22) the ring fenced funding was £168m nationally and Gloucestershire received £0.836m. For 2022/23 £150m of the additional funding has been ring fenced and Gloucestershire will receive £1.031m as it progresses against the recruitment targets.

5.10. Gloucestershire has been allocated 61 additional officers in 2022/23 for territorial policing. The funding also includes an allocation for two officers to be provided for the Regional and Organised Crime Unit.

5.11. 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.

5.12. 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. £100M is expected for the sector in 2023/24 and a further £150M in 2024/25 which will bring £0.764m and £1.146m respectively into the Force. Precept flexibility of a further £10 p.a. was also announced in each of those years. 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 Forces are still underfunded as a result.



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6. Budget Consultation

6.1. The grant settlement states that PCCs will be empowered to increase their Band D precept by up to £10 in 2022/23 without the need to call a local referendum. This is a below inflation increase (3.6%).

6.2. A number of projections are shown below for funding for 2022/23, based on various levels of Council Tax increase. Only Option 1 could be achieved without a referendum.

	Option 1	Projection 1	Projection 2	Projection 3	Projection 4
Precept increases	3.6%	4.3%	5.1%	5.8%	6.6%
	£m	£m	£m	£m	£m
Core Grant	65.225	65.225	65.225	65.225	65.225
Pension Grant	1.198	1.198	1.198	1.198	1.198
Ringfenced grant	1.031	1.031	1.031	1.031	1.031
Legacy Council Tax Grants	6.082	6.082	6.082	6.082	6.082
Council Tax Support Grants	-	-	-	-	-
Precept	66.240	66.635	67.114	67.593	68.072
Collection Fund	0.209	0.209	0.209	0.209	0.209
Available Funding	139.985	140.380	140.859	141.338	141.817
Increase from prior year (2021/22)	7.574	7.969	8.448	8.927	9.406
% of Funding from Council Tax	47%	47%	48%	48%	48%



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7. Net Budget Requirement

7.1. The budget requirement for 2022/23 is £139.985 million. This is a 5.7% increase on the previous year's budget. The increases are as follows:

	2022/23
	£m
Base Budget	132.411
Pay Inflation & Increments	1.135
National Insurance Uplift	0.984
Price Inflation	1.913
FTE growth	0.976
Capital Charges	- 0.832
Continuation Budget	<u>136.587</u>
Uplift Costs	1.091
Manifesto Costs	2.890
Surge Costs	0.218
Other Additional Costs	1.306
OPPC budget	0.186
Commissioners Fund (decrease)	- 0.130
Investment income (increase)	- 0.000
Grant (increase)	- 0.308
Other income (increase)	- 0.770
Savings Requirement	- 0.630
Contribution from Reserves	- 0.455
Budget Requirement	<u>139.985</u>
Budget Increase %	5.7%

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

7.2. The budget requirement includes a savings requirement for £0.630m on Non Pay lines to contribute to the Constabulary's share of the National target of £80 million.

7.3. The Constabulary is committed to finding smarter ways of working and reducing hindrance stressors for Staff and so it will undertake a Demand and Efficiency review during 2022/23-2023/24. This review will be led by a Chief Superintendent and will have the support of the Innovation Fund reserve to invest small amounts to release savings and reduce hindrance stresses throughout the organisation. The target is 1% of net budget requirement in 2022/23 cashable or noncashable savings.



8. Medium Term Financial Plan (MTFP)

8.1. In order to develop the MTFP it is necessary to make a number of assumptions regarding funding and costs for 2023/24, 2024/25 and 2025/26. The assumptions below are very likely to change and will be kept under review.

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

- There will be a pay rise for officers and staff in September 2021 of 2.5% and this will be repeated across the planning period until 2025/26 when it will reduce to 1.5%
- 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 2021/22 the tax base has increased by 1.14%.
- The MTFP assumes that there is no Collection Fund surplus and that deficits can be met from the funding provided in 2021/22 for the MTFP period
- The PCC will put the council tax up each year by the maximum flexibility of £10 until the end of the Spending review period when it will return to the 5 year average of 5.2%

8.3. The investment in the plan is frontloaded and any further investment in officers is not assumed until 2025/26. Therefore any further investment in officers in that period would need to come from efficiency savings.

8.4. Based on the above assumptions the budget requirement and funding available for the MTFP period, would be as follows:

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Core Grant	66.256	67.019	68.165	68.165
Pension Grant	1.198	1.198	1.198	1.198
Legacy Council Tax Grants	6.082	6.082	6.082	6.082
Local Council Tax Support Grant	-	-	-	-
Precept	66.240	69.575	72.992	77.852
Collection Fund	0.209 -	0.111 -	0.111 -	0.111
Available Funding	139.985	143.764	148.327	153.186
Increase from prior year	7.574	3.779	4.562	4.860
% of funding from Council Tax	47%	48%	49%	51%

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



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8.5. 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 nonpay 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 inyear revenue financing

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

	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Income / Grant	0.075	0.150	0.150	-
Non Pay – contracts	0.250	0.400	0.250	-
Non Pay – cost constraint	0.235	0.736	0.639	-
Efficient ways of working	-	0.730	0.600	-
Removal of "surge" resources	0.070	0.100	-	-
In year	0.630	2.116	1.639	-
% of net budget requirement	0.45%	1.47%	1.10%	0.00%
Cumulative	0.630	2.746	4.385	4.385

8.7. The MTFP is balanced in 2025/26 with no further savings requirement in that year.



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9. Risks and Opportunities

- 9.1. The forward grant assumptions do not take account of 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 2.5% for officers and staff in the September of each of the forthcoming three financial years, then reducing to 1.5%. The NPCC have recommended a pattern instead of 3.5%, 2.0%, 2.0% but the pay reward body is yet to discuss that proposal. This does not increase costs overall by year 3 but would clearly impact on the costs in earlier years. However the cost of recruiting and training a PC is substantial and the pay for officers and staff must remain competitive and attractive in order to ensure that the service is fully staffed.
- 9.4. 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 funding for additional officers in future years, when future Spending Reviews are announced. However the Government has shown that it is committed to providing 20,000 additional police officers nationally so this risk is currently considered to be low.
- 9.5. We may be entering a period of price volatility and whilst we have been able to absorb some very high expected price rises for 2022/23, were they to continue, and in particular were energy prices to continue rising at the rate they are currently, there would be significant pressure on the budget.
- 9.6. 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.
- 9.7. The Constabulary have invested in transformational capacity but they now need to find a way to embed that capacity into business as usual and reduce the expenditure where possible to remove the pressure which has been met to date from reserves funding.



9.8. 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.

9.9. There are opportunities which are being actively pursued but which are not assumed in the base budget. For example:

- The demand and efficiency review
- 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 opportunities to pursue new lines of income and resilience for the Constabulary

9.10. 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.

9.11. The table below shows in the central column the assumptions used to prepare the 2022/23 Budget. For example, the pay award for officers is assumed as 2.5%. If this were 0.5% more then this would cost an additional £178k, and if it were 0.25% less that would reduce costs by £89k.

			2022/23		
	More			Less	
Inflation	4%	2%	4.00%	-2%	-3%
Pay Award Officers	1.0%	0.5%	2.50%	-0.25%	-0.50%
Pay Award Staff	1.0%	0.5%	2.50%	-0.25%	-0.50%
Taxbase	0.50%	0.20%	1.2%	-0.20%	-0.50%
Borrowing	2%	1%	1.50%	-0.25%	-0.50%
	£'000	£'000	£'000	£'000	£'000
Inflation	1,203	602	1,203	- 602	- 902
Pay Award Officers	356	178	891	- 89	- 178
Pay Award Staff	183	92	459	- 46	- 92
Taxbase	974	389	2,337	- 389	- 974
Borrowing	240	120	180	- 30	- 60
	2,957	1,381		-1,156	-2,206



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10. Capital

- 10.1. The proposed capital programme is attached at **Annex F**. The programme for 2022/23 is currently for £4.791m and consists of:
- the replacement programmes in relation to vehicles and IT equipment - £1.651m
 - commitment to national schemes - £1.140m
 - redevelopment of Bamfurlong - £2.000m
- 10.2. The funding of the capital programme is provided from:
- Contribution from Capital Reserves - £1.140m
 - Borrowing - £3.651m
- 10.3. 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 reserves will be largely expended by the end of the MTFP, which ensures that the PCC using the public's money to best effect and not holding on to it instead of reducing council taxes.



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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 4% of net revenue expenditure for 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 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.



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- 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 2022/23 in relation to the Constabulary, and that the Constabulary will be able to deliver the priorities within the Police and Crime 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, and I would have welcomed the ability of the PCC to invest further, had the council tax cap been higher than it will be across the Spending Review period.
- 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 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 2021/22 of £7.5m may seem generous, once the uplift officer numbers, welcome pay rise for police officers and police staff and national insurance contributions, plus cost increases such as electricity (48%) and gas prices (84%) are taken into account, this still represents a budget which requires careful fiscal control to live within its means.
- 13.6. The 2022/23 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 2023/24 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 from 2023/24 onwards.



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- 13.8. I have therefore tasked a Chief Superintendent reporting to the Deputy Chief Constable with the goal of delivering 1% cashable and noncashable 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 his planned programme to work with our Enabling Services to deliver a full demand and efficiency review, continue the Smarter Ways of Working programme throughout the force, building on the pilot phase this year, 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 new PCC's approach to encourage us to work smarter, leaner and more efficiently rather than necessarily to deliver bottom line savings and 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.

**OPCC**Office of the Police &
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for Gloucestershire**Annex A****Required Revenue Budget 2022/23**

	2021/22	2022/23	Increase
	£k	£k	%
Constabulary			
Staff Costs			
Police Officers	71,296	73,346	3%
PCSOs	4,252	4,752	12%
Police Staff	32,429	36,641	13%
Total Staff Costs	107,977	114,739	6%
Training	699	906	30%
Other Employee Expenses	990	977	-1%
	109,666	116,621	6%
Premises	7,684	8,432	10%
Transport	2,245	2,343	4%
Supplies and Services	16,497	18,959	15%
Third Party Payments	1,252	1,340	7%
Capital Financing	2,691	1,858	-31%
Gross Revenue Expenditure	140,035	149,553	7%
Other Income	-3,833	- 5,068	32%
Interest Received	-200	- 200	0%
	136,002	144,286	6%
Less: Specific Grants	-6,145	- 6,453	5%
Constabulary Budget Requirement	129,857	137,833	6%
Office of Police and Crime Commissioner			
Employees	1,101	1,265	15%
Premises	-	0	0%
Transport	13	13	-2%
Supplies & Services	75	92	22%
Audit Fees	65	67	3%
Income	-	-	0%
OPCC Budget Requirement	1,254	1,437	15%
Commissioning Fund Expenditure	1,300	1,170	-10%
Total Budget Requirement before Reserves	132,411	140,440	6%
Contribution to/ (from) Reserves	0	-455	
Total Budget Requirement	132,411	139,985	6%



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Annex B

Budget Assumptions

	Note	2022/23	2023/24	2024/25	2025/26
Pay increase (September)	1	2.5%	2.5%	2.5%	1.5%
Pay increase (in year)	1	1.5%	2.5%	2.5%	1.9%
Increments	2	0.3%	0.3%	0.3%	0.3%
Inflation (general)	3	4.0%	2.6%	2.1%	2.0%
Council Tax Increase	4	3.7%	3.6%	3.4%	2.0%
Council Tax Base	5	1.1%	1.4%	1.4%	1.4%

National Funding and Core Grant

The Home Secretary laid the draft Police Grant Report 2022/23 before the House of Commons on 16th December 2021.

The report stated that overall funding for policing for 2022/23 will total up to £16.9 billion, a £1.1Bn increase on the previous year's settlement. Within this available funding to PCCs will increase by up to an additional £796m, assuming full take-up of precept flexibility.

The additional funding for PCCs is made up of two parts:

- An increase of £550m to government grants for the recruitment of a further 8,000 additional police officers by the end of March 2023.
- PCC's will also be able to raise further funding through precept flexibility. PCC's will be empowered to increase their Band D precept by up to £10 in 2022/23 without the need to call for a local referendum. If all PCC's decide to maximise their flexibility, this would result in up to an additional £246m of funding for local policing next year.

The report states that "it is for locally accountable PCC's to take decisions on local precept."

- The Home Office has made reallocations of £1,373.7m within the police grant settlement to support national policing priorities. These reallocations include the following funding:
 - £606.5m for the Police Technology Programme including funding for the Emergency Services Network (ESN), which will replace the existing Airwave radio system.



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- £68.7m for arms-length bodies including the Independent Office for Police Conduct (IOPC) and HMICFRS, and the College of Policing direct entry schemes.
 - £62.4m for Police Special Grant contingency funding to support police forces significant and exceptional events.
 - £65m for the National Capability Programmes.
 - £50m for the Serious Violence Strategy.
- The settlement provides PCCs with £0 funding for capital expenditure (£12.3m in 2021/22). Capital funding grant in its previous form no longer exists



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Annex C

Officers and Staff

The Budget for 2022/23 projects that, as at 31st March 2022, the organisation will have 2,256 officers, volunteers and staff rising to 2,499 at 31st March 2023. The budgeted establishment excludes officers on secondment, career breaks and maternity leave.

	31/03/2022	Manifesto	Growth	31/03/2023
Officers	1,197	58		1,255
Staff	838	50	26	914
PCSOs	116	4		120
Special Constabulary	106	87		193
Volunteer PCSOs	-	15		15
	2,257	214	26	2,497

Police Officers

The budgeted establishment for police officers as at 31st March 2022 is 1,196 fte:

Gloucestershire has been allocated an additional 61 officers for local policing as part of the Police Uplift Programme.

A further small investment in officers is planned in 2025/26 for planning purposes, contributing to the stretch in target in that year.

PCSOs

The PCSO establishment will be increased to 120 FTE during the MTFP period and the high turnover allowance be reduced so that the total establishment can actually be recruited to at any one time. This will feel like an uplift of 12 FTE PCSOs.

Police Staff

The budget for 2022/23 assumes 914 police staff. The increase on police staff is largely due to investment as follows:



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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

Volunteer PCSOs

The Constabulary intends to pilot a new role, that of volunteer PCSO, to attract a new kind of volunteer to the Force. It is to be hoped that this proves popular but a small target has been set at the outset.

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 of release of larger numbers of employees. The target increase for Special Constabulary numbers over the MTFP period is 200.



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Annex D

Budget Requirement

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

	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Base Budget	132.411	139.985	143.764	148.327
Pay Inflation & Increments	1.135	2.911	3.027	2.405
National Insurance Uplift	0.984	-	-	-
Price Inflation	1.913	0.845	0.673	0.623
FTE growth	0.976	-	-	-
Capital Charges	- 0.832	0.804	0.788	0.786
Continuation Budget	136.587	144.544	148.251	152.140
Uplift Costs	1.091	0.901	0.102	0.102
Manifesto Costs	2.890	0.618	0.183	0.685
Surge Costs	0.218 -	0.066 -	0.152	-
Other Additional Costs	1.306	0.684	0.139	0.150
OPPC budget	0.186	0.036	0.037	0.023
Commissioners Fund	- 0.130	-	-	-
Investment income (increase)	- 0.000 -	0.000 -	0.000 -	0.000
Grant income (increase)	- 0.308	0.145 -	0.024 -	0.014
Other income (increase)	- 0.770 -	0.039 -	0.040 -	0.042
Savings Requirement	- 0.630 -	2.116 -	1.639	0.131
Contribution from Reserves	- 0.455 -	0.943	1.470	0.012
Budget Requirement	139.985	143.764	148.327	153.187
Budget Increase %	6%	3%	3%	3%



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Annex E

	£	£
Budget requirement		139,985,119
Less:		
Home Office Police Grant	41,815,111	
Ex DCLG Formula Funding	23,409,512	
Ringfenced Uplift Grant	1,030,957	
Legacy Council Tax grants	6,082,168	
Pensions Grant	1,198,406	
Local Tax Income Guarantee (estimated)		
Local Council Tax Support Grant	-	<u>- 73,536,154</u>
Collection Fund (Deficit) / Surplus		209,073
Total Projected Precept 2022/23		<u>66,239,892</u>

Precept on each District Council

District	Tax Base	Precept £
Cheltenham	43,424	12,162,138
Gloucester	38,454	10,770,140
Stroud	46,442	13,007,347
Tewkesbury	35,811	10,030,006
Cotswold	42,193	11,817,396
Forest of Dean	30,180	8,452,865
Total	236,503	66,239,892

Police related element of the Council Tax

Council Tax Band	Tax at Band £:p
A	186.72
B	217.84
C	240.07
D	280.08
E	342.32
F	404.56
G	466.80
H	560.16



Capital Programme

	2022/23	2023/24	2024/25	2025/26	Total MTFP
	£m	£m	£m	£m	£m
FLEET					
Vehicle Replacement	1.301	1.301	1.301	1.301	5.204
ESTATES					
Bamfurlong - Development	2.000	-	-	-	2.000
ICT					
ICT Replacement	0.350	0.350	0.350	0.350	1.400
NATIONALLY MANDATED					
Emergency Services Network (ESN)	1.140	1.784	-	-	2.924
BUSINESS CASES IN DEVELOPMENT	9.710	1.735	4.848	0.810	17.103
TOTAL CAPITAL EXPENDITURE	14.501	5.170	6.499	2.461	28.631
FUNDED BY:					
Capital Grant	1.300	-	-	-	1.300
Revenue Contribution	-	-	-	-	-
Borrowing	9.520	3.386	6.499	2.461	21.866
Reserves	3.681	1.784	-	-	5.465
TOTAL CAPITAL FUNDING	14.501	5.170	6.499	2.461	28.631

Replacement Programmes

There are annual 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.

Redevelopment of Operations Centre at Bamfurlong

The outgoing PCC made a commitment in the Police and Crime Plan to develop the Bamfurlong Operations Centre on the M5. A Business Case to redevelop the site has been approved for £12.8m. This will be funded from borrowing (£12.0m) and Reserves (£0.8m). The borrowing will be taken out when required.



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Emergency Services Network

The final business case and project plan for implementation has not been released and so the figures for ESN remain as for the previous iteration of the Capital Programme. There is insufficient funding to meet the expected envelope of cost and whilst some reserves remain to meet the cost of implementation these will be insufficient and borrowing may need to be undertaken to complete the project successfully unless the government provide additional funding.

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. They include significant projects such as the Records Management System (RMS) and amounts to address the replacement, upgrade or refresh of other legacy ICT.