



Gloucestershire Police & Crime Panel

Revenue Budget 2024/25 and Medium Term Financial Plan 2025/26 to 2027/28

06 February 2024

1. Purposes of the Report

- 1.1 To present the Police and Crime Commissioner's (PCC's) recommendations for the Revenue Budget 2024/25 and the Medium Term Financial Plan (MTFP) for 2025/26 to 2027/28.
- 1.2 To present sufficient information for the Police and Crime Panel to come to a view on the PCC's recommended precept increase.

2. Executive Summary

- 2.1 This report considers the revenue budget position for the Police and Crime Commissioner (PCC) and the Chief Constable over the next four financial years. The Chief Constable's detailed proposals are set out in Appendix 1 to this report. This report also presents the PCC's council tax precept recommendation for 2024/25 for consideration by the Police and Crime Panel.
- 2.2 The proposed council tax precept increase for 2024/25 is £13, the maximum allowed by the Government. This is an increase of 4.41% compared to the level for 2023/24 and will mean that the Band D council tax level for policing services will be £308.08 for the year; about £25.67 per month.
- 2.3 Inflation, interest rates, pay awards, energy costs and service demands have all put pressure on the Constabulary's budget. The table below shows the main movements in the budget from 2023/24 to 2024/25.

How the budget compares with last year	£'000
BUDGET COMPARISON	
Budget 2023/24	145,788
Pay rises and inflation	12,532
Costs for additional staff and officers	1,336
Other additional costs	1,751
Capital costs	1,226
Increased use of reserves	-534
Increased grant and other income	-1,287
Efficiency plan	-2,457
Budget 2024/25	158,355

- 2.4 The Provisional Settlement from the Government (Final Settlement awaited at the time of writing this report) gave police nationally, including Gloucestershire, additional

funds to reflect these pressures. However, the Settlement did assume that all PCCs would increase the precept to the maximum amount allowed.

2.5 For Gloucestershire, the Settlement provided for a grant increase from £77.354m (including the base adjustment for the pay award) in 2023/24 to £83.482m in 2024/25, an increase of 8%. This included an additional £1m for the extra 21 officers (Batch 1 of the Police Uplift Programme (PUP)) secured in 2023/24. Precept income was projected to increase from £70.530m to £74.153m in 2024/25 based on the £13 increase. This meant that total national and local funding increased from £147.884m in 2023/24 to £157.709m in 2024/25, an increase of £9.825m (6.6%). The Settlement also recognised the part year impact of the pay awards on the base year, 2023/24, which was £2.6m. Hence the total increase was £12.4m.

2.6 While this appears to be a generous settlement, spending pressures have outstripped the additional income. These include:

	Cost	Explanation
Police Pay Award	£6.3m	Previous MTFP provided for 2%; the pay award was 7%. Plus a further 2.5% for 24/25
Pensions Increase	£2.4m	Government Actuary decision to increase contribution rate from 31% to 35.3%; funded in Settlement.
Additional Uplift Officers	£0.9m	Additional recruitment headroom offered to forces during 2023/24 – Batch 1; funded in Settlement.
Police Staff Pay Award	£3.3m	Previous MTFP provided for 2%; the pay award was 7%. Plus a further 2.5% for 24/25
Inflation	£1.6m	Previous MTFP provided for 2%; average inflation around 5%.
Total	£14.5m	

2.7 The Settlement and this budget proposal does provide for the continuation of the funding of the police uplift officers. Gloucestershire’s original allocation was for an extra 153 officers via the PUP. During 2023/24 there was an opportunity to bid for further officers and the Constabulary was successful in securing a further allocation of 21 officers – Batch 1. These are referred to in the funding above. A second tranche of bidding was allowed later in 2023; the Constabulary secured an allocation of a further 6 officers – Batch 2. The funding for these is only secure, at this time, until 31 March 2024. The Home Office has suggested that it will be inviting forces to bid for more officers into 2024/25; Gloucestershire has indicated its intention to bid for continuation funding for the Batch 2 officers, plus a further 9 officers.

- 2.8 The revenue budget for 2024/25 assumes that there will be £4.4m of reserves released from the carry forward reserve, the inflation reserve and the smoothing reserve in particular. It is also planned to release £3.6m of savings by dynamically managing police staff vacancies.
- 2.9 The proposed budget makes provision for an increase in the capital programme; the details are set out in Appendix 1. For several years there has been a constraint on the replacement provision for vehicles, which has meant an aging fleet and an inability to move away from fossil fuel vehicles to hybrid and electric, the latter being in support of the Constabulary's and Government's decarbonisation objectives. Increasing the annual provision from about £1.5m per annum to about £2.5m will enable the Fleet Manager to begin to address these backlog issues.
- 2.10 The Estates programme will increase, as planned, from around £0.4m to £2m per annum, allowing the Estates Manager to address the Constabulary's estate requirements and buildings issues in much more comprehensive and planned manner. It is also intended to undertake an estates strategy and condition review to ensure that all of the budget is spent in the most proactive and effective manner possible.
- 2.11 There is also more investment planned in ICT over the medium term, informed by a strategic review by the Chief Technology Officer. The investments are focused both on the effective day to day operation of all ICT infrastructure and on significant programmes of work that will enable the Constabulary to be more effective and efficient.
- 2.12 Working alongside the Constabulary budget, the PCCs commissioning budget plays an essential and complementary role in tackling offending and supporting victims and witnesses. This funding has led to the creation of many, now essential, roles such as independent advocates for sexual and domestic violence. There are several challenges with this valuable funding, which include the strict bidding criteria, the annual spend allocations and the lack of predictable continuity. Nevertheless, the Team in the Office of the Police and Crime Commissioner creates bids for the available funding and discharges that funding in the most effective manner possible.
- 2.13 The base budget for commissioning for 2023/24 is £3.3m, with an allocation to projects of £3.6m; the additional £0.3m is funded by carry forward from previous years. For 2024/25 the available funding is expected to be (not everything has yet been confirmed) £3.4m with £3.5m allocated to projects. Again, the gap will be funded from the carry forward from previous years.
- 2.14 In 2025/26 the known funding allocation falls to £2.0m, with £3.4m currently allocated, with nearly £0.5m of that gap due to predicted increased demand. In that year, after allowing for the last of the remaining carry forward, the residual gap is £1.0m, with the gap rising to £1.5m in each of the following years, which is not included in the overall MTFP figures. This illustrates the challenge of putting in place longer-term, sustainable contracts and services for commissioned services against the backdrop of uncertain funding streams. In some mitigation of this gap, the top-slice from the Constabulary budget for commissioning is planned, in the MTFP, to increase from £1.17m in the current year to £1.3m in 2024/25 and £1.4m in 2025/26.

3. Recommendation.

- 3.1 It is recommended that the Police and Crime Panel accepts the Council Tax precept proposal, being an increase of £13, making the Band D Council Tax £308.08 for 2024/25.

4. Executive Overview by the Police and Crime Commissioner

- 4.1 The last 12 months have been extremely busy for the Constabulary. A new Enhanced Operating Model was introduced last June, involving most officers in the force. We then exited HMI's demanding Engage process of enhanced monitoring in September, in record time. Both events involved a massive amount of work and the Chief Constable and Constabulary are to be congratulated on these major achievements.
- 4.2 Last year's successes could not have happened without the continued expansion of the force. Over my three years in office I have funded over 400 extra police officers, police community support officers and front-line police staff. These increases, although very much welcomed by the force – in fact, the Chief would have liked the uplift to be doubled to meet rising crime demands and his desire for improved operational performance – inevitably adds financial pressures to this financial year and future years.
- 4.3 Throughout my time in office, I have done my best to find more money from the Government, in order to reduce pressure on the budget and empower the Constabulary to have more impact tackling crime.
- 4.4 We have obtained almost £7M from the Ministry of Justice to help reduce sexual violence and domestic abuse.
- 4.5 We have secured over £4M from the Safer Streets initiative, more than any other force in the country, as a percentage per head of population. This money has helped tackle violence against women and girls, cutting anti-social behaviour by over 50% and cutting the cost of rural crime by 29% (which nationally has gone up 22%).
- 4.6 To make the Constabulary more energy efficient and reduce our costs, we have won over £1.3M of Government funding for solar panels and air source heat pumps. We are led to believe another of our bids will also be successful for more of the same.
- 4.7 We have also won around £1M for competitive proposals to use innovative technology to fight crime and make our roads safer.
- 4.8 We have secured over £300,000 to help develop a five-year strategy to deal with serious violence and knife crime, so necessary if we are to reduce the number of murders we see and the serious injuries that are dealt with in our accident and emergency departments.
- 4.9 In line with my relentless focus on anti-social behaviour, we will soon have another £1M to deal with our hotspots, allowing us to focus on areas such as The Moors/St Pauls in Cheltenham, suffering from organised criminal activity and a lack of investment in community facilities.

4.10 So all the additional funding above – almost £15M - has helped reduce pressure on the budget, helping us create a balanced budget for FY 24/25. In fact, we believe our budget is now in much better shape than many other police forces, who may be forced to make unplanned staff cuts to meet their rising inflationary pressures. That said, very sadly, it has still been necessary to seek the maximum allowed increase in council tax, in line with the vast majority of Commissioners and councils. However, the requested increase of £13 is £2 less than last year and represents just 25p extra per week for a Band D property (a majority of residents will pay even less as they are in lower banded properties). Increasing local taxation is always to be regretted, particularly as the cost of living crisis continues, but this increase is supported by two thirds of our residents (in our representative survey of last Autumn).

4.11 **What will the budget increases facilitate?**

4.11.1 It will help maintain the 400+ extra police.

4.11.2 These extra police will ensure the Enhanced Operating Model is fully resourced by May, helping to maintain the 34% faster response for Grade 2 incidents, the 50% plus cut in anti-social behaviour, the 24% rise in arrests and doubling the number of solved crimes.

4.11.3 Continued improvement in performance within the Force Control Room, to ensure 999 and 101 call answering performance puts us in the top 10 forces in the country.

4.11.4 Investment in more neighbourhood police and crime prevention (one of the enduring 'golden threads' of my Police and Crime Prevention plan), to reduce overall crime demand in the short and long term.

4.11.5 Increase nine fold the annual IT capital replacement/maintenance budget to reduce failure demand and increase police capability (was around £350K pa, now almost £3M pa).

4.11.6 Introduction of a state of the art Records Management System (eventually costing £7M over a few years) to replace our aging IT, the oldest police system in England and Wales. This innovative system will manage all aspects of crime recording, investigation, intelligence, vulnerability, prevention activities, detainee management, voluntary attendance, and property management – as well as electronic case preparation. This should really improve the service we give to victims and witnesses.

4.11.7 Complete the expansion of our new Victims Hub, ensuring for the first time a comprehensive service for victims from the moment a crime is recorded.

4.11.8 Continue with the major expansion of our speed enforcement, roads policing and specialist rural crime teams, tackling the crime I know our residents want reduced.

4.11.9 Provide £1m more to replace aging vehicles and improve operational vehicle availability, thereby increasing police visibility.

- 4.11.10 Extra resources to maintain and improve the police estate, including a new Taser training facility, more police community hubs and police station improvements.
- 4.11.11 Further buy of Automatic Number Plate Recognition cameras for our rural roads, helping to track the movement of organised criminals on our road network.
- 4.11.12 Commissioner's Fund for dozens of worthy initiatives that address the causes of crime.
- 4.12 All of these improvements will be much welcomed by the Constabulary and the public. Yet there are still unmet and unfunded enhancements of at least £1M required by the Chief Constable in order to address a whole range of important requirements. In addition, we also have a budgetary gap of £5M in FY 25/26, so we now need to work hard to identify different and more efficient ways of working, while still improving force effectiveness.
- 4.13 The introduction of the Enhanced Operating Model (EOM), when fully staffed by this May, is predicted to deliver efficiency improvements of 18%, achieving outputs that would have needed 217 to 234 more officers to recruit if we were still using the old operational model. Given that the EOM just involved officers, I am confident that new and more efficient ways of working within the rest of the force can be identified by our new Value for Money Board. We will also continue to identify sources of additional funding, such as the Government's new £11M fund for innovative technology & productivity improvements.
- 4.14 In conclusion, this balanced and empowering budget helps consolidate the Constabulary's significant progress over the last year and helps set the conditions necessary for continuous improvement. Both the Chief and I have realistic ambitions to see the force being one of the best in the country in just a few more years.

5. **Statement on the Robustness of the Budget by the PCC Chief Finance Officer**

- 5.1 Section 25 of The Local Government Act 2003 requires that the chief finance officer reports on the following matters when the budget and precept is considered: the robustness of the estimates made for the purposes of the budget calculations; and the adequacy of the proposed financial reserves.
- 5.2 Gloucestershire Constabulary and the OPCC continue to operate in a challenging environment. While demand and public expectations rise, funding – local and national – is constrained. Furthermore, the predictability of that funding is far from clear, making the preparation of a sustainable MTFP even more difficult. The indications are that national funding settlements are unlikely to become more generous in the near future. Added to concerns about the cost of living impact of tax levels, it is also unlikely that there will be greater freedoms for increasing Council Tax. Finally, it is not expected that there will be fiscal headroom for any government to be able to introduce a new funding formula that addresses the inequities of the current one whilst protecting any organisations that might lose funding.
- 5.3 The Constabulary and the OPCC have a strong track record of achieving their performance objectives within the resources available, often without using the full

budget. Underspends have been carefully used from year to year to ensure that services can be maintained. However, this trend appears to be at an end in 2023/24, with a full spend of the budget predicted, based on month 8 data. It is anticipated that £5.619m of reserves will be used in support of the current year's budget. A fully committed budget with the use of reserves is not only indicative of pressures in the current year, but also of ongoing pressures into future years.

- 5.4 It is necessary to make several informed assumptions in building the budget and the MTFP. Making the assumptions overly pessimistic might drive action to the detriment of the Organisations' objectives, but does enable them to be prepared for future financial rigours. Conversely, assumptions that are too optimistic might avoid difficult decisions for a while, but could mean that more drastic and unplanned savings are required at some later time. For this budget and MTFP it is judged that the assumptions upon which this budget and MTFP are built (described above), tread a middle line; being realistic based on the best information available at this time.
- 5.5 The budget for 2024/25 does envisage the use of £4.4m of reserves and has a £3.6m saving attributed to the dynamic management of police staff vacancies. Furthermore, there is no provision, at this time, to accommodate high priority growth items that have been identified during the budget process. A particular pressure is the estimated £0.9m under provision for police overtime (note: the projected overspend for 2023/24 is £1.6m). In previous years this pressure has been offset by an underspend on police pay; however, the effective recruitment of officers to fulfil the uplift requirements means that such an underspend is no longer occurring.
- 5.6 The combination of the one-off use of reserves, the desire to reduce the impact of managing police staff vacancies and the need to ensure that high priority growth items are supported means that a rigorous savings and efficiency plan is required, both for 2024/25 and the MTFP. Mechanisms have been put in place to create this plan. The work, led by senior officers of the Constabulary with support from the OPCC, is in two phases.
- 5.7 Phase 1 lasts until 31 March 2024 and will deliver sustainable solutions for 2024/25 that will reduce the need to dynamically manage the police staff establishment, enable some high priority growth and create effective monitoring processes to ensure that savings are delivered. There are already embryonic processes in place to ensure that there is effective governance in place for monitoring the return on investment, productivity gains and benefits realisation; these will be further strengthened.
- 5.8 Phase 2 continues until 30 June 2024 has a slightly longer term focus. It will deliver sustainable solutions for the MTFP – 2025/26 and beyond. This will include effecting culture change so that performance challenges are responded to with more efficient ways of working, reviewing VFM benchmarking data to target service areas, developing and implementing a service choice methodology and embedding a Zero Based Budgeting approach (as opposed to incremental) into business as usual.
- 5.9 The service choice methodology is intended to not only focus on areas of the business where performance needs to be improved, but also on areas where a lower performance can be tolerated in order to release resources.

- 5.10 Work on developing the savings and efficiency plan is already underway, with considerable energy and momentum. This needs to be continued through to delivery of the plan and then the execution of it.
- 5.11 Reserves held by the Organisations are set out in the Reserves Strategy, which will be published on-line in due course. However, in summary, the reserves position is set out in the table below:

As at	Earmarked	General	Total
31-Mar-24	£16.4m	£5.6m	£22.0m
31-Mar-25	£9.4m	£5.7m	£15.1m
31-Mar-26	£4.9m	£5.9m	£10.8m
31-Mar-27	£1.9m	£6.0m	£7.9m
31-Mar-28	**£1.6m	£6.1m	£7.7m

** £1.1m of this is the insurance reserve, which must be maintained to deal with any self-insurance claims or excesses.

- 5.12 While the earmarked reserves are reducing over the MTFP period, they are being used for the purpose for which they are intended. The General Reserve is being maintained at around 3.5% of net revenue expenditure over the medium term period. This is within good practice guidelines and is proportionate to the risks faced by the Constabulary and OPCC.
- 5.13 In conclusion, having reviewed the essential ingredients of the budget and of the MTFP, including the underpinning assumptions and the use and availability of reserves, I find that they have been prepared on a robust basis. However, the Constabulary and the OPCC must work together to ensure that a robust and deliverable savings and efficiency plan is created and then delivered so that the MTFP can be balanced in the future without further significant recourse to the use of reserves.

Peter Lewis, PCC Chief Finance Officer

Chris Nelson
Police and Crime Commissioner for Gloucestershire

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