

Report to the Police Fire and Crime Panel – 28th January 2019

Policing Medium Term Financial Strategy

Report of the Staffordshire Commissioner

Introduction

The purpose of this report is to set out the proposed budget and precept proposals for the Police and Crime element of the Commissioner's portfolio for 2019/20. It is the third such report for the Staffordshire Commissioner in his second term in office since May 2016. It will deliver one of the Commissioner's key responsibilities under the Police Reform and Social Responsibility Act 2011.

The report sets out the following:

- Net policing budget requirement for 2019/20
- Proposed precept for the policing element of the council tax 2019/20
- Proposed Policing Medium Term Financial Strategy (MTFS)
- Outline Policing Capital Budget

The report should be read in conjunction with the accompanying:

- Treasury Management Strategy
- Reserves strategy
- Capital strategy

Recommendations

The Police, Fire and Crime Panel is asked to:

- a) Examine the information presented in this report, including:
 - The Total 2019/20 Policing net budget requirement of £196,994M, including
 - A council tax requirement for Policing for 2019/20 of £75,056M before collection fund surplus/deficits are taken into account.

- b) Note that any changes required by a government grant alteration as notified through the final settlement or through amended council tax base and / surplus/deficit notifications received from the collecting authorities will be balanced through a reduction in proposed investment.
- c) Support the proposal to increase the 2019/20 precept for the policing element of the council tax bill by 12.46% or £24.00 per annum which is £2.00 per month, increasing the council tax to £216.56 for a Band D Property.
- d) Support the Commissioner's use of additional funds to provide investment for the Chief Constable to deliver on key priorities, including local and neighbourhood policing.
- e) Support the savings proposals offered by the Commissioner and Chief Constable to make better use of the base budget (Appendix 5).
- f) Support the proposed Capital Investment Programme to deliver improved productivity and efficiencies to enhance policing, community safety and services to victims.(Appendix 6)

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1. Executive Summary

- 1.1 This report, and the Council Tax precept proposal within it, is the result of considerable work by the Staffordshire Commissioner's Office, supported by Force colleagues and taking into account public and stakeholder consultation and key government announcements.
- 1.2 Following the announcement of the council tax referendum levels and provisional Police Grant settlement by Government, the Commissioner has considered current and future funding requirements, together with the factors included within his Police and Crime Plan, the results of the survey with local residents, as well as actual and expected cost pressures and expected efficiency savings available to the Force and to his own office.
- 1.3 The Commissioner has understood the current and emerging operational challenges, both nationally, regionally and locally, with particular reference to those areas included within the Force's Strategic Assessment.
- 1.4 The Commissioner has taken into account the adequacy and level of reserves and the impact of future financial challenges and opportunities in the MTFS. Since coming into office he has maintained a position to keep reserves at a minimum safe level and is constantly reviewing that position. This paper is accompanied by a revised Reserves Strategy.
- 1.5 The Commissioner was the first to call on Government for the flexibility to be provided to increase the policing element of the Council Tax bill. He strongly believes that this brings more transparency and accountability on the need for any additional funding and how that will be used.
- 1.6 The Commissioner is the first in the country to be part of a business rates pilot scheme as both a Fire and Rescue and Police and Crime Commissioner. This will bring an additional £200,000 into the budget for 2019/20 and the Deputy Commissioner will be bringing forward a proposal to spend this money effectively to protect emerging businesses from crime.
- 1.7 After careful consideration of all of these aspects the Commissioner is proposing a precept increase of £24.00 from April 2019. The proposed precept enables the Commissioner to provide an increase in funding of £9.299M in 2019/20 in order to build a sustainable base budget, maintain and safeguard policing and community safety services across Staffordshire and Stoke on Trent, and make additional investment in his Police and Crime Plan.
- 1.8 Any new investment will focus on:
 - increased visibility in neighbourhood policing;
 - reduced repeat offending and victimisation;
 - greater public satisfaction;
 - increased resilience towards the crime and terror threats;
 - reduction in those serious killed or injured on our roads network;
 - enhanced use of digital technology in policing creating a reduction in administrative processing by officers;
 - increased community-based projects to prevent and address crime /

anti-social behaviour and support victims

- 1.9 The Commissioner will continue to support the Chief Constable to develop the Staffordshire Police Transformation programme (SP25) and has committed to ensuring that the pace of the capital programme and achievement of capital receipts will support this, through new IT platforms and Estate. These include the implementation of a Core Policing IT Platform, with development having already started in the current financial year. This paper is accompanied by a revised Capital Strategy and Treasury Management Strategy which explain how this investment will be targeted and afforded.
- 1.10 The consultation with residents through the residents online survey gained 91% support for increased investment in Policing. In addition in a recent MORI poll 58% of respondents identified 'the level of crime' as being important in terms of making somewhere a good place to live with 20% of respondents saying that this needed improving.
- 1.11 The Commissioner recognises that there are still financial challenges faced over the coming three years in order to meet the increasing demand for police services and uncertainty as a result of the Comprehensive Spending Review and would welcome a three year settlement from government to assist with planning for critical service delivery.
- 1.12 If the proposals in this document are supported then Policing will have the following funding available in 2019/20.

Table 1 Net Budget Requirement Comparison 2017/18 to 2019/20

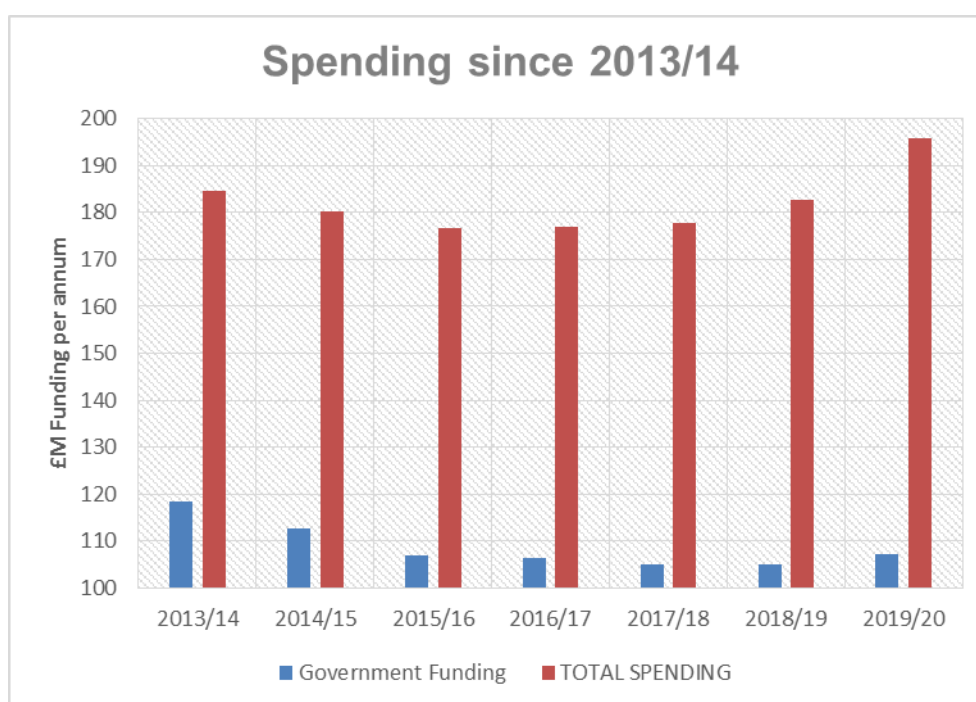
Funding Source	2017/18 £000	2018/19 £000	2019/20 £000
Home Office Police Grant	104,936	104,936	107,139
Police Pension Grant			1,825
Revenue Support Grant	8,423	8,423	8,423
Council Tax Freeze Grant	3,541	3,541	3,541
Home Office Funding	116,900	116,900	120,928
Precept	60,838	65,757	75,056
Council Tax Collection Fund Surplus	855	792	1,010
Total	178,593	183,449	196,994
Staffordshire Commissioner	8,334	9,411	9,160
Staffordshire Police Force	168,816	172,356	180,607
Capital Financing	4,617	5,427	5,492
Other Sources of Funding	(3,174)	(3,746)	1,734
Total	178,593	183,449	196,994

The detailed budgets are shown in Appendix 1 and sections 8, 9 and 10 explain the base pressures, savings proposals and planned investments.

Table 2 Summary of 2019/20 Budget Build Up

2019/20 Budget Build Up	Force	Commissioner	Capital Financing	Funding	TOTAL
Revised Budget 2018/19	172,356	9,411	5,427	(3,746)	183,448
Base Pressures (Section 8)	11,515	103	65	4,486	16,169
Savings (Section 9 and Appendix 5)	(5,010)	(595)	0	0	(5,605)
Savings - Jt Governance (Section 9, Appx 5)	(458)	(148)	0	0	(606)
Investments (Section 10)	2,205	389	0	994	3,588
2019/20 BUDGET	180,608	9,160	5,492	1,734	196,994

1.13 The proposal will see a cash investment at higher levels than at any time since the Commissioner was elected in 2013 despite a cash cut of 9.5% from central government over this time period. In real terms this is a 22.4% cut in support from central government. However there are still savings and efficiencies to be delivered in order to make funds available to reinvest into new ways of working.



2. The Budget Process

2.1 The 2019/20 budgeting round continues to use a risk-based approach to budget setting which has sought to align the budget process with identified strategic operational priorities and risks.

2.2 The Commissioner and the Force have considered key corporate risks when setting the budget. Essentially these risks are operational and organisational

around managing people, infrastructure assets, information, commissioning etc.

- 2.3 The Force continues to identify its Strategic Operational Risks as part of the National Intelligence Model (NIM). This has been used to inform resourcing strategies at both Directorate and Departmental Level.
- 2.4 Each year, the Force undertakes a major exercise to review its operational risks which are set out within the “Force Strategic Policing Assessment”. The purpose of this work is to identify those areas of greatest risk. Essentially a high risk area is where only limited resources had been allocated to address a substantial risk, i.e. this creates a significant risk gap.
- 2.5 The latest MTFs and, in particular, the 2019/20 budget contained within this report aligns the Force and Commissioner’s financial resources to risk and therefore is fundamental to the performance management of Staffordshire Police.
- 2.6 The Commissioner’s Director of Finance has worked closely with the Force finance team throughout the year during the budget monitoring process and in preparation of the revenue and capital budgets for 2019/20. In respect of the budget, this has included (but was not limited to), the identification and agreement of assumptions and methodology and challenge and scrutiny of the budget workings.
- 2.7 The Commissioner and his management team have held regular discussions with the Chief Constable and his Chief Officers throughout the year and during the budget preparation process and the announcement and interpretation of the settlement.
- 2.8 These discussions have culminated in a number of full and robust discussions of the budget requirement, the right sizing and funding of the capital programme, national and local operational and financial challenges, the precept options available to the Commissioner and a review of the MTFs and associated risks.
- 2.9 Furthermore, there has been a significant degree of scrutiny and challenge undertaken by the Commissioner and his team, prior to, during and post the Strategic Governance Board on the 18th January, culminating in final discussions on the policing budget and decision on precept by the Commissioner.

3. Precept Strategy and 2019/20 Proposal

- 3.1 The 2019/20 precept increase is only the third proposed by the Commissioner since 2013/14. For the period 2013/14 to 2016/17, the Commissioner maintained council tax levels at the same level as in 2012/13. His view had been that efficiencies should be delivered within policing and community safety before he would consider asking council taxpayers for more. The rise was then 1.99% in 2017/18 and 6.29% or £11.40 in 2018/19. The Commissioner has used his reserves before asking the public for a further contribution in council tax.
- 3.2 During the period since his first election the Commissioner has set the lowest council tax increases for police and crime in the country: the overall rise to 2018/19 was just 8.4%, the national average for the period was 17.5% and the highest increase across the period was 31.8%. The proposed increase of 12.46% whilst significant for those paying it, has to be seen in this context.
- 3.3 The draft Council Tax Referendum Principles for 2019/20¹ confirm that PCCs can increase the policing element of Council Tax by what they consider necessary, but that the maximum increase before a referendum is required is now £24.
- 3.4 The Commissioner regularly engages with local residents and stakeholders on a wide range of matters. In relation to the precept, the recent consultation, undertaken between 24 December 2018 and 11 January 2019 showed that 91% of those who responded would support an increase in investment in policing.
- 3.5 The Commissioner has listened to this feedback and has outlined his intention to increase funding in the coming year by £24.00, which will provide some additional investment to the Chief Constable as well as ensuring that all cost pressure are met. Resources will be targeted towards community safety and delivering the priorities outlined in his Safer, Fairer, United Communities Strategy.
- 3.6 The table below illustrates the financial impact of the policing element of the precept changes on the Council Band D rate and increase in funding for Staffordshire Police.

Table 3 – Precept Increase 2017/18 to 2019/20

Council Tax (Police Element)	2017/18	2018/19	2019/20
Band D Council Tax Proposed	£ 181.16	£ 192.56	£ 216.56
Increase on Prior Year	£ 3.55	£ 11.40	£ 24.00
Percentage increase on Prior Year	1.99%	6.29%	12.46%
Council Tax Increase	£ 1,192,064	£ 3,892,934	£ 8,317,925
Total Precept Levied	£ 60,832,222	£65,756,587	£ 75,055,560

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/670392/Draft_2018-19_principles_report_for_provisional_settlement.pdf

- 3.7 The increase in Council Tax funding also takes into account the actual tax base increases for 2019/20 (1.49%) for Staffordshire and Stoke on Trent when calculating the financial impact of the precept flexibility.
- 3.8 The proposed Council Tax increase will result in the following banding:

Precept by Band	Apportionment	Annual
Band A	6/9	£ 144.37
Band B	7/9	£ 168.44
Band C	8/9	£ 192.50
Band D	9/9	£ 216.56
Band E	11/9	£ 264.68
Band F	13/9	£ 312.81
Band G	15/9	£ 360.93
Band H	18/9	£ 433.12

And the following Council Tax contributions in these areas across Staffordshire and Stoke on Trent:

Council Tax contribution and collection fund by District	Council Tax £000	Collection Fund Surplus / (Deficit) £000
Cannock Chase	6,253	53
East Staffordshire	8,073	88
Lichfield	8,232	26
Newcastle	8,038	231
South Staffordshire	8,249	108
Stafford	10,285	-
Staffordshire Moorlands	7,166	71
Tamworth	4,713	70
Stoke City Council	14,048	363
TOTAL	75,056	1,010

- 3.9 The move towards relying on Council Tax to support Police Funding will, we anticipate, result in Council Tax providing 41% of funding by the end of 2022/23, a rise from 36% at the start of the period.

4. National Picture and Grant Settlement

- 4.1 On the 13th December 2018, the Government announced the Provisional 2019/20 Police Finance Settlement.
- 4.2 In relation to the Police funding formula, which had been due to be communicated in 2017/18, then the Minister has stated that any review of the Formula will not be revisited until the next spending review which is expected to occur before the provisional finance settlement in 2020/21.

- 4.3 In addition to the change in precept principles, the Minister confirmed an increase for the main Police Grant of £161M and an increase of £153M in order to meet the additional cost of Police Pensions.
- 4.4 Since 2014/15, Commissioners have received their core policing funding from the Home Office which subsumed the former DCLG grants (including previous funding from Business Rates).
- 4.5 The table below confirms the Home Office funding arrangements for 2019/20 for Staffordshire.

Table 4 – Home Office Funding to Staffordshire

Funding Source	2018/19 £000	2019/20 £000
Home Office Police Grant	104,936	107,139
Revenue Support Grant	8,423	8,423
Council Tax Freeze Grant	3,541	3,541
Specific Pensions Grant		1,825
Home Office Funding for Staffordshire Police	116,900	120,928

- 4.6 The Police and Crime Commissioners Treasurers Society (PACCTS) have advised that reallocations (top slicing) have been simplified to enable easier year on year comparisons. In 2019/20 reallocations total £1.029Bn, 27% more than the 2017/18 equivalent. However this has had no effect on the core policing grant for the years up to 2019/20, as the Home Office has reallocated its overall budget to enable this increase.
- 4.7 The national reallocations elements are detailed further as follows:

Table 5 Top Slice from Home Office

Top Slice	2017/18 £(m)	2018/19 (£m)	2019/20 (£m)
PFI	73	73	73
Police Technology Programmes	417	495	495
Arm's Length Bodies	54	63	63
Strengthening the response to Organised Crime	28	42	90
Top ups to NCA and ROCUs			56
Police Transformation Fund	175	175	175
Special Grant	50	93	73
Pre-charge Bail	15	4	4
Total	812	945	1,029

4.8 The key issues in relation to the settlement and top slice elements include the following:

- Counter terrorism (CT) funding is negotiated separately to the police settlement, therefore, increases should not impact on the rest of the Police settlement. In the Autumn budget the Chancellor announced an additional £160m for CT but in terms of a year on year increase the figure is just £59m, representing an 8% rise in CT funding between 2018/19 and 2019/20.
- The Police Transformation Fund (PTF) for 2019/20 has remained the same, in cash terms, as 2017/18 at £175m. PACCTS have advised that future allocations from the PTF will be for commissioned work rather than bids.
- The Police Technology Programme has a budget for 2019/20 of £495m, which is the same as 2018/19 but remains an increase of £78m on 2017/18 funding.
- Arms-Length Bodies include Her Majesty's Inspectorate (HMI), Gangmasters and the Independent Office for Police Conduct, which replaces the Independent Police Complaints Commission (IPCC).
- Police Technology Programmes include ESN, existing Airwave System, Home Office Biometrics and the National Law Enforcement Database.

4.9 Whilst the total value of the national reallocations for 2019/20 is known, there does remain a level of uncertainty about the impact on the Police Grant of top slices (which are anticipated to increase). This presents risks to the future funding, materially in the case of future funding for ROCUs and the ESN (Emergency Services Network) programme.

5. The Medium Term Financial Strategy

The Medium Term Financial Strategy has been updated as follows and is shown in detail in Appendix 3:

Table 6 – Medium Term Financial Strategy 2019/20 to 2022/23

Funding Source	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Home Office Police Grant	107,139	107,139	107,139	107,139
Police Pension Grant	1,825	1,825	1,825	1,825
Revenue Support Grant	8,423	8,423	8,423	8,423
Council Tax Freeze Grant	3,541	3,541	3,541	3,541
Home Office Funding for Staffordshire Police	120,928	120,928	120,928	120,928
Precept	75,056	78,305	81,694	85,231
Council Tax Collection Fund Surplus	1,010	886	886	886
Total	196,994	200,119	203,508	207,045
Staffordshire Commissioner	9,160	9,264	9,291	9,318
Staffordshire Police Force	180,607	184,216	189,078	194,343
Capital Financing	5,492	5,929	6,126	8,023
Other Sources of Funding	1,734	710	-988	-4,640
Total	196,994	200,119	203,508	207,045

- 5.1 The MTFS is an important document in the overall financial framework of the Commissioner's planning. It builds on the budget proposed for 2018/19 and incorporates plans to meet changes in available financing with the need to meet current and future commitments.
- 5.2 It is a requirement that the Police and Crime Plan must cover the period until the end of the financial year of the next Commissioner election in May 2020 however it is prudent to prepare a medium term financial strategy over a longer period than this and therefore the report focusses on a four year timeline.
- 5.3 The MTFS presented to the Police and Crime Panel in January 2018 identified a funding gap over the MTFS period.
- 5.4 The latest MTFS position for the period to 2020/21 indicates that this funding gap has been resolved, with the expectation of balanced budgets for the remaining term of the Commissioner's office. The main drivers of this is the combination of the increased precept opportunity and work to ensure that the Change Programme will deliver the required savings. Appendix 4 describes the changes between the January 2018 and January 2019 MTFS.
- 5.5 The MTFS is based on safe delivery of a number of savings relating to the SP25 Change Programme and the recent internal audit on the Change Programme controls and governance arrangements provided a 'positive assurance', along with strong focus in both the Commissioner and Force senior management team to ensure timely delivery.
- 5.6 The MTFS includes a number of key assumptions covering likely funding levels, inflationary increases and expenditure items. These include the following:
- That the core policing grant would stay cash flat for the next three years.
 - That the council tax base (and therefore, the precept) grows at 1.3% per

annum (source: prudent estimate based on the local position over the last five years). This is in line with the 1.34% assumed by the Home Office nationally.

- Pay Increases are assumed at 2% until 2020/21, based on the advice of PACCTS, following the funding settlement announcement.
- Non staff inflation are based upon the rates for the Consumer Price Index (CPI), as projected by the Office for Budget Responsibility (OBR) or where known the contract or specific inflation sum.

5.7 It is expected that there will be more clarity provided by the Home Office for the years after 2019/20 in terms of funding arrangements.

6. Assumptions and Sensitivity Analysis

6.1 All assumptions in the MTFs are subject to change however they are useful in establishing the general size of the underlying pressures in the budget.

6.2 The updated MTFs presented in this report has been constructed using the following assumptions:

Table 7: Assumptions

Description	2018/19 Budgeted	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
<u>Police Officers</u>					
Pay Award	2.0%	2.0%	2.0%	2.0%	2.0%
Incremental uplift	1.0%	1.0%	1.0%	1.0%	1.0%
Pension Contribution	24.2%	31.0%	31.0%	31.0%	31.0%
<u>Police Staff</u>					
Pay Award	2.0%	2.0%	2.0%	2.0%	2.0%
Incremental uplift	1.0%	1.0%	1.0%	1.0%	1.0%
Pension Contribution	15.5%	15.5%	15.5%	15.5%	15.5%
<u>Non Staff Inflation</u>					
General (Including Rates)	2.0%	2.0%	2.0%	2.0%	2.0%
Utilities - Gas/Electric	5.0%	10.0%	10.0%	10.0%	10.0%
Fuel	5.0%	3.2%	3.2%	3.2%	3.2%
Estates Contract	0.0%	0.0%	0.0%	0.0%	0.0%
IT Contract	0.0%	0.0%	0.0%	0.0%	0.0%
Insurances	2.0%	10.0%	10.0%	10.0%	10.0%
<u>Funding</u>					
Government Funding	0.0%	2.1%	0.0%	0.0%	0.0%
Council Tax Base Increase	1.70%	1.49%	1.30%	1.30%	1.30%
Variable Income Charges	0.0%	2.0%	2.0%	2.0%	2.0%
Council Tax Precept Increase	6.29%	12.46%	2.99%	2.99%	2.99%
Collection Fund Surplus £000	792	1,010	886	886	886

- 6.3 This does not commit the Commissioner to any course of action however these assumptions must be viewed as being more likely than any others which is why they have been selected.
- 6.4 We have cross referenced our assumptions on inflation with those of the County and believe they are consistent.
- 6.5 The taxbase forecasts are a prudent average of the past 5 years although the current and future level of housebuilding may make a significant impact in terms of the total council tax collected.
- 6.6 Sensitivity analysis on the assumptions

Table 8: Sensitivity Analysis on Assumptions

Cost Area	Change	(£ +/-) 000
Police Pay	1%	913
PCSO/Police Staff	1%	522
Utilities	1%	41
Vehicle costs	1%	21
Supplies & Services	1%	91
Police Pension Contribution	1%	913
Police Core Grant Funding	1%	1,191
Precept	£1	347
Council Taxbase	1%	751

7. Risks and Sensitivity Analysis

- 7.1 In reflecting on where and whether investments are appropriate in 2019/20 the Commissioner will also reflect on the development of risks within the environment and respond to the monitoring of those risks.
- 7.2 The biggest risk to funding is the comprehensive spending review and formula funding review which taken together make the forecasting of central government funding fundamentally uncertain for the medium term planning period. Government have said that they remain committed to CSR but this is within the context of overall plans that funding to non-NHS departments will fall. Therefore whilst we are planning for a cash flat scenario it is possible that government grants will fall in line with Treasury DEL forecasts.
- 7.3 Brexit may affect the Force both in terms of the Policing model and in terms of activity levels. This may impact on the availability of international facilities and support available to the Policing model in the UK: particularly important in the context of crime where offenders and victims do not need to be in the same place such as online CSE. The Force is actively planning and preparing for the implications for demand within the framework of the Local Resilience Forum and regional and national preparations taking place within the policing sector.

Where significant demands arise elsewhere in the region or the UK, there would be a requirement to provide officers under the Strategic Policing Requirement for which the Force is ensuring its readiness. Whilst it clearly cannot be predicted at this time, the potential impact that this would have on local policing services and the subsequent additional cost of maintaining them should be noted.

- 7.4 The full impact of costs and funding arrangements for the new National Emergency Services Network (ESN) are still unknown. The project, which sits with the Home Office has slipped by an estimated 15 months behind schedule. This delay means that forces may need to extend their Airwave contracts, which is likely to have associated costs in addition to the delayed savings expected from ESN.
- 7.5 Home Office charges and NPAS charges are also being reviewed and this may create a change in the formula which changes cost independently of attempts to manage usage. This comes alongside the need to upgrade our old IT estate and explore means of paying for it which is more sustainable than borrowing.
- 7.6 Demand mix and volumes in future are likely to be effected by some predictable events such as the Commonwealth Games but also in some unpredictable ways e.g. developments at Mill Green and the new rail hub creating a change in the pattern of demand for policing. After England's success in the last world cup the future costs of the world cup may need to also feature in delivery plans for 2022.
- 7.7 There is a risk that Police demand increases as other local partners withdrawing from preventative work and support for vulnerable adults. A LGIU report published in September 2018 notes that "Perhaps surprisingly, only 24% of incidents responded to in 2016-17 were crime related. A further 12% were to incidents of anti-social behaviour, but the remaining 64% were non-crime related, the police often attending when other agencies were unable to do so."
- 7.8 A significant number of our responsibilities for organised crime have transferred to the ROCU but this service is significantly supported by grant funding which will drop out in 2021/22 and 2022/23. West Midlands Police who lead in this area are preparing a MTFS for the service which should enable us to more clearly determine the impact on this on our own funding and capabilities.
- 7.9 As we have outsourced a significant amount of enabling service function in the Estates and IT areas of work, we become exposed to the risk that we are not able to drive out value for money on those contracts. This creates a financial risk that contract prices cannot be contained within expected limits.
- 7.10 Nationally policing twice moved to 'critical' in response to terrorist activity in 2017; Staffordshire found it challenging to maintain normal operational activity alongside the heightened policing presence required as part of 'Operation Temperer'. Armed Policing has seen an uplift in Authorised Firearms Officers (AFOs).

- 7.11 The Force faces increased staff pension costs, relating to meeting past service deficit costs. This cost arose following the triannual actuarial assessment of the Staffordshire Local Government Pension Fund in 2016 and a further review is due in 2019.
- 7.12 The Force also faces increase officer pension contribution rates as a result of decision taken by the Treasury and OBR to decrease the discount rate. Whilst this has been funded in 2019/20 the risk is that this funding is removed in the Comprehensive Spending Review.
- 7.13 The affordability of the capital programme, which is fundamental to the delivery of SP25, and at the core of the Policing Plan, is dependent on achieving funding through the release of capital receipts. However the Commissioner will encourage the use of alternative sources of funding such as external grants to ensure that Staffordshire money is used only where other alternatives have been thoroughly researched.

7.14 Sensitivity analysis on the risks

Table 9: Sensitivity Analysis on Risks

Risks	Change	(£ +/-) 000
ROCU Contribution	1%	39
Major Contracted Areas	1%	109
NPAS Contribution	1%	3
Incident such as terror threat (2017)	1%	1,970

7.15 These risks, challenges and uncertainties are under regular review and steps are already in place to mitigate these including:

- OPCC oversight to ensure continued rigour and commitment takes place in meeting and identifying savings and efficiencies, at a regional and local level. This oversight includes attendance by the OPCC at the Force Strategy Board to ensure scrutiny, challenge and full consideration of change and savings proposals.
- Regular review and scrutiny of the Capital Programme and the Treasury Management Strategy.
- Actively contributing to the actuarial reviews of all schemes to ensure that pension contributions are challenged and fairly represent the need to provide service today as well as the need to provide for pensions tomorrow
- Reviewing potential opportunities for collaboration with other Commissioners and Chief Constables in the regional network, which the Staffordshire Commissioner chairs. The governance framework has been strengthened so that key decisions around budgeting and operational requirements are aligned to agreed priorities and objectives

and have been costed appropriately in tandem with Commissioner budgets.

- Regular monitoring to ensure that budgets are being used in accordance with agreed activities, with slippages monitored and challenged, so that the Force operates within the funding provided by the PCC.

8. Base Pressures recognised in 2019/20 Budget

8.1 Although the additional council tax precept funding of £9.229M is considerable, the base pressures in the budget total £16.169M, £12.141M after the increase in grant from the Home Office is taken into account. Appendix 1 shows the change in funding in detail.

Table 10: Base Pressures in the 2019/20 Budget

	Base Pressures	Service Pressures	Staffing	Inflation	Efficiency Savings	TOTAL
Force	3,818	3,408	3,711	675	(98)	11,514
Commissioner	(2)	80	55	0	(30)	103
	3,816	3,488	3,766	675	(128)	11,617

- 8.2 To provide stability in the base, pressures have been recognised to allow provisions to be made which in future will smooth the cost of uneven expenditure. Historically the Force has relied upon its insurance reserve to fund in year costs. With this reserve now depleted it is necessary to provide in year for these costs. Further budget provision is also required to recognise the increases in both the number of and actuarial cost of ill health retirements
- 8.3 A thorough review of service pressures has been undertaken through a new business partnering approach in Force which is realigning the responsibility and accountability for budget monitoring along departmental lines. This has identified a number of service pressures, benefiting from the local knowledge now being applied to budget monitoring. There are also national pressures such as the need to allow for higher forensics prices due to market instability.
- 8.4 The impact of the decision by central government to increase the contribution rate paid by local budgets towards the cost of Police Pensions is a major factor in the staffing uplift, adding £4.027M to costs in the coming year. However this is masked in the above figures by a one off benefit in the reduced cost of new officers joining in large numbers and replacing retiring officers at the top of scale.
- 8.5 Inflation is a normal cost of running any organisation, and the MTFS makes allowance for this. Further inflationary pressures arise from contractually agreed inflation as well as rises in commodity costs such as Gas, Electricity, Water and Fuel.
- 8.6 Minor efficiency savings have been identified prior to a savings programme being developed which identifies those items which require action to ensure that savings are delivered, and which will be monitored closely in year.

Table 11: Addressing Budget Resilience

	Revised Budget	Known Ongoing Pressure	Increase	2019/20 Budget
	£000's	£000's	£000's	£000's
Funding Adjustments				
Reserve Transfers	(831)	831	1,300	1,300
Use of capital receipts	(2,056)	2,056	0	0
Recharge direct to capital	(146)	146	(560)	(560)
Unallocated (Savings)/Investment	(713)	713	0	0
TOTAL	(3,746)	3,746	740	740

8.7 In addition to the base pressures in the service budgets there has been a reliance on the use of reserves and on the flexibility of using capital receipts to pay for Transformation costs. This was in order that the Commissioner could ensure that he was not taking the public's money before he had used all available historical sources of funding.

8.8 The additional precept has given the opportunity to replace this funding in the base thereby preserving core spending on service delivery.

8.9 £1.3M has been provided to meet the need in the reserves strategy to start the year with 3% of net budget requirement available in reserves in order to ensure that a minimum of 2% should be available to cover emergencies during the year.

9. Savings Proposals

9.1 Without meeting the savings targets proposed by the Force and OPCC there would be no available investment opportunity even with the increased precept.

Appendix 5 contains the details of the proposed savings

Table 12: Savings Proposals 2019/20

2019/20 Savings Proposals	Force £000	Commissioner £000
Efficiency	1,124	30
Fire Governance	458	148
Income	122	0
Redesign	2,591	376
Cut	1,173	189
TOTAL	5,468	743

- 9.2 Many of the savings being proposed under the 'Efficiency' and 'Redesign' targets are sourced from the SP25 Transformation Programme for the Police Force. Over the last year and the coming two years alongside the delivery of the Niche Record Management and Core Policing Platform the programme will deliver a more effective police service, at a lower cost. The savings are set out in the Outline Business Case.
- 9.3 The confidence around the Force's capability to deliver these financial commitments in both 2018/19 and future years is underpinned by the new governance framework in place. This is made up of the Force's Strategy Board, which provides assurance on progress with the SP25 programme, as well as other Force operational and strategic areas. OPCC management representatives also attend these meetings and provide 'check and challenge' on progress and report back to the Commissioner.
- 9.4 In addition the internal audit strategy focusses on the development of the savings programme from identification of opportunities through management and reporting in order to provide assurance that the means of managing and delivering savings are in place.
- 9.5 The Savings Proposals can be split into four key themes

Finding Efficiencies in new ways of working

- Investing in new IT systems that will make tasks easier and less manually intensive, provide police officers with the right tools to do their job and provide the general public with different ways to contact and engage with the police
- Further reducing management costs by reducing layers wherever possible and ensuring a limited or negligible impact on services being provided.
- Buying goods and services more efficiently, making sure that value for money is achieved – a good example is making sure that new mobile phone subscriptions are taken advantage of or making sure that electricity, gas and water use in buildings is managed well.
- Not doing some things that may have been done in the past, because evidence shows that outcomes are not achieved – a good example is in using forensic techniques that generally don't result in a successful criminal conviction.

Improving the way we use expensive resources i.e. assets and buildings.

- Managing the balance of buildings and people differently, so there is less reliance on buildings and more on officers on the ground – a good example is reducing the number of police stations the general public can access directly, but providing more online access to services and improving telephone contact.
- Locating police officers, fire and rescue staff and others in buildings owned by other partners, so working together is made easier and there is convenience to the general public in accessing services.
- Selling excess properties so that income for investment increases and the costs of maintaining buildings, such as business rates, decrease.

- Making sure the fleet of police cars and other vehicles is reviewed to match the Staffordshire Police operating model that was implemented in 2018.

Making the joint governance with the fire and rescue service a focus in terms of driving savings.

- The coming together of those teams that support frontline services, so that one team supports the two service areas. This will mean that HR, Finance, IT, Procurement and other specialist 'enabling' staff work on both police and fire workload.
- Making best use of the joint estate across police and fire services.
- Saving on Fire and Rescue Authority arrangements

Targeting what we do and doing less of it.

- Reviewing and reducing community safety budgets where better outcomes can be achieved in more efficient ways – a good example is combining the money that the Commissioner, City and County councils spend on domestic abuse support services and retendering services to achieve better outcomes.
- Reducing spend on running costs such as travel, printing and stationary, information technology consumables, postage, communication budgets etc. through better targeting.
- Reducing commitments to fund services, or partner organisations where there are greater priorities elsewhere. This could include ceasing the part funding of certain posts, or the support of some lower-level local priorities.
- Renewing governance structures for community safety partnerships so that together with key partners funding can be better matched to strategic priorities.

10. Investment Proposals

- 10.1 Last year the Commissioner raised the precept by £11.40 and in doing so promised to invest in front line policing numbers to provide much needed resilience in the neighbourhood and local policing. The promise was for 44 FTE officers in the first year and 25 FTE in the coming year. The Chief Constable's recruitment plans have been developed in order to meet this commitment and resulted in recruiting 28 by March 2019, 25 in June 2019 and the remainder as promised by March 2020.
- 10.2 There has been some slippage in delivery on these targets because recruitment to officer roles is an extensive and thorough process that takes time, and sometimes there are issues with the required clearances which prevent a full cohort from starting. In addition the need to deliver training through the new PCDA curriculum has led to a delay in recruitment of which the Commissioner was kept informed and agreed to during the year.
- 10.3 The Police and Crime Plan forms the framework for further investment in Police and Crime overall.

The key themes of the plan are:



Modern Policing

"A police force that is fit for a changing future."



Early intervention

"Identifying and tackling root causes at the earliest opportunity."



Supporting Victims and Witnesses

"Making it easier for victims and witnesses to get the support they need, when they need it."



Managing Offenders

"Preventing offending in the first place and reducing reoffending."



Public Confidence

"Creating opportunities for communities to shape policing, with greater transparency and openness to increase confidence in policing."

Further investment in delivering these themes is now possible in 2019/20 with the increased precept. Some of these are fully developed and costed and included in the budgets shown at Appendix 1. Others are being developed but cautiously until the funding for 2020/21 is more certain. This section lists the opportunities being reviewed.

Table 13: Investment Proposals

Investment Proposals	2019/20 £000	2020/21 £000
Staffordshire Commissioner:		
Drug and Alcohol Support	250	250
Commissioning	139	139
Business Crime	200	
Business Rates Pilot Income	(200)	
Subtotal Commissioner (Appx 1)	389	389
Staffordshire Police Force:		
Single On Line Home	80	80
Control Room	400	400
Firearms Training	100	100
New Policing Model	750	750
25 FTE Officers (2018/19)	875	901
Subtotal Force (Appx 1)	2,205	2,231
Additional Investment	994	270
Total	3,588	2,890

Investments by the Commissioner

Managing Offenders

- 10.4 In Staffordshire and Stoke-on-Trent, the police service is increasingly stretched in dealing with complex societal problems such as domestic abuse, missing persons, mental health, sexual offences and substance abuse. These problems are not easy to solve and not solely a policing problem. The answers are far more about partners working together and all contributing to address the root causes of offending, the particular issues around the victim, the offender, the family and the vulnerable child or adult.
- 10.5 This need to work together is made increasingly difficult as partners, such as local authorities and the NHS, reduce their resources and change their focus to maintaining core services and managing acute problems. This sometimes results in additional demands being placed on the police, which is often the service of last resort for people to access.
- 10.6 The Commissioner has been working with local partners to scope a new service to support those with drug and alcohol dependencies and divert them from crime. He will invest interventions supporting those entering the criminal justice system to address their substance misuse issues to help prevent re-offending in order to ensure that the workload of the police is not about dealing with preventable problems.

Public Confidence

- 10.7 In addition the Locality Plans that the Commissioner delivers with partners are in need of redevelopment to cover services for the types of victim and witness which are not covered by Ministry of Justice grants such as Antisocial Behaviour. There are also identified gaps in services for vulnerable young people, in respect of becoming criminalised via gangs / county lines. The Commissioner will refocus the money which goes through this area.

Supporting Victims and Witnesses

- 10.8 The Commissioner will use the money from Staffordshire's Business Rates Pilot to engage with businesses and work with them to establish a support mechanism that protects and supports new businesses. The pilot scheme is the first in the Country to include a Police and Crime Commissioner and this gives us a valuable opportunity to show that community policing is an activity which directly supports business growth.

Investments by the Police Force

Modern Policing

- 10.9 The police nationally and locally are seeing increases in calls for service incidents and some types of crime. The changing nature and increased complexity of that demand has required new, innovative solutions and very different approaches. By investing in Single On Line Home which is a new online service for the public to be able to report crimes and follow the progress on investigations, as well as the Control Room, the Force will strengthen their ability to respond appropriately to those affected by crime.
- 10.10 Firearms training is essential in order to be able to expand the number of officers who are able to respond in this way to incidents if needed. This will not increase the number of officers who carry weapons but it will ensure that the capacity in this area is continued, and that the new officers joining the Force have an opportunity to go on this key training over time.

Early Intervention

- 10.11 One area of vulnerability concerns people missing from home, with the force responding to almost 5000 reports of missing people last year, an increase of 13%. A pilot programme to establish a dedicated team of officers and staff investigators to work with colleagues in Response and Neighbourhood Policing Teams to locate missing people quickly and efficiently is showing early successes. This approach helps to reduce risk and prevent harm as well as enabling a better service to vulnerable people to tackle root causes, provide the right support (which may be from other agencies) and reduce the likelihood of escalation, repeat vulnerability and crises.

Public Confidence

- 10.12 Visible, accountable policing is central to public confidence and the force is committed to responding to the needs of local communities as effectively as possible. In particular, there is a focus on making the roads safer for the people of Staffordshire and those commuting or passing through it.
- 10.13 Previous investment has enabled the force to extend the work of the Central Motorway Policing Group (CMPG) to cover the A500 and develop its approach across the force with a new roads policing and road safety plan, plus governance structure. This focuses on reducing those killed or seriously injured (KSI) on the roads and the disruption and deterrence of criminals' use of the roads to reduce crime and disorder.
- 10.14 Further investment will help to develop a dedicated roads policing capability so that the Force can do even more to reduce casualties by tackling KSI hotspots, addressing poor driver behaviour and focusing on enforcement. The force will target offenders using all available information and intelligence, particularly that coming from ANPR cameras; helping the fight against cross-border offending including organised crime groups and those involved in County Lines, and helping to achieve better outcomes for victims and vulnerable road users. This team will also test new drone technology, as it shows great promise in allowing officers to gain vital information, quickly and safely at a variety of crime scenes from firearms incidents to road traffic collisions.
- 10.15 The Force will also strengthen its work with Staffordshire's Safer Roads Partnership and CMPG, supporting their work in reducing casualties through education, training, publicity and engineering, as well as through enforcement.

Managing Offenders

- 10.16 In order to protect communities from harm, the Force will be even more proactive in its relentless pursuit of offenders - catching, disrupting and deterring them at every opportunity.
- 10.17 In particular, the force will tackle repeat offenders who often prey on those who are vulnerable, focusing on all types of crime but especially those against people and their property – such as burglary and car crime. Investment in a dedicated, agile team will strengthen the force's ability to target those perpetrating serious and organised crime; working tirelessly at a local, regional and national level including strong collaborations with adjoining forces including the Regional Organised Crime Unit (West Midlands). The force's ultimate aim is to keep people safe and to this end it is focused on managing offenders better by bringing them to justice, focusing on rehabilitation (where appropriate) and improving outcomes for victims.

Victims and Witnesses

- 10.18 Offenders are increasingly committing crime in the cyber-space or are making extensive use of digital devices across all types of crime with digital and cyber being the largest growing area for crime. The force will tackle cyber-crime by investing in digital investigation and intelligence; increasing its capacity and capability to carry out 'specialist' work through local hubs and improving the quality of investigations for high volume crime types – e.g. router analysis. It will focus on the development of officers' digital investigation skills, alongside further investment in the specialist teams tackling those causing the most harm, including sex offenders.
- 10.19 In parallel it will build on and improve its forensic triage capability, making it more accessible and agile so that it better supports the work of operations such as Op Safenet. Demand for this service has doubled in the last two years and it is vital that the force sustains the timely gathering of crucial evidence.
- 10.20 Technology is a vital tool in helping the force prevent and fight crime more efficiently and effectively and better serve the public.
- 10.21 Crime is becoming ever more complex, with growing dangers of online threats and those that stretch well beyond its borders – locally and internationally. By bringing together its analytical capability and providing it with the necessary tools to swiftly handle large volumes of data, the force can improve the way it identifies suspects and manages offenders, enabling its investigators to do so more easily, bringing offenders to justice sooner and improving outcomes for victims.

11. Reserves Position

- 11.1 The MTFs includes proposals to replace and restrengthen the reserves position alongside investing in service delivery. The reserves strategy is being presented alongside the MTFs.
- 11.2 If the proposals in this report are adopted then the reserves position will be as follows over the period:

Table 14: Reserves Strategy over the Medium Term

	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023
	Estimate £'000	Budget £'000	Budget £'000	Budget £'000	Budget £'000
Police Incidents – minimum 2% of base	4,610	5,910	5,910	5,910	5,910
Police unfunded pay increase					
General Reserves	4,610	5,910	5,910	5,910	5,910
Transformation costs	2,036	2,036	2,036	2,036	2,036
Commissioner's Development Fund			1,000	1,000	1,000
Restructuring costs	1,939	-	-	-	-
Earmarked Reserves	3,975	2,036	3,036	3,036	3,036
Insurance Reserve	-	100	200	300	400
LGPS and other Pension Provisions	-	-	-	-	-
Other provisions	-	-	-	-	-
Provisions	-	100	200	300	400
Other earmarked reserves	438	488	538	588	588
TOTALS	9,023	8,534	9,684	9,834	9,934

12. Capital Programme 2019/20 to 2023/24

- 12.1 The Capital Programme is set out in Appendix 6. The revenue consequences of the proposed programme have been taken into account in the development of the revenue budget and the required prudential indicators are set out in the accompanying Treasury Management Strategy.
- 12.2 The core Capital Programme was considered by both the Commissioner and the Force at the Strategic Governance Board meeting in January 2018. The Programme includes investment on operational areas of premises, IT and vehicle fleet, together with assumptions for Capital Receipts and timings of work. The Commissioner provided scrutiny and oversight given the size of the expected spend.
- 12.3 The Capital Programme also includes the strategic investment requirements arising out of the Transformation Programme activity, which the Commissioner has worked extensively with the Force on together with the resultant benefits to be realised through improved productivity and also to generate cashable benefits.
- 12.4 Over the MTFS period of 2018/19 to 2021/22, the Capital Expenditure will be £50,975m. The majority of the expenditure will be on the Transformation Programme activity and ICT Investment, which constitutes £35,065m over the MTFS period.
- 12.5 The table below details the Capital Programme Projects and spend over the MTFS period.

Table 15: Capital Programme Spending

Capital Investment Area	2018/19 £'000 (Forecast)	2019/20 £'000 (Proposed)	2020/21 £'000 (Estimate)	2021/22 £'000 (Estimate)	Total £'000
Estates	2,166	2,814	1,778	1,497	8,255
ICT & Transformation	13,188	16,177	4,000	1,700	35,065
Commissioner & Partnerships	12	52	20	20	104
Equipment	144	240	100	100	584
Vehicles	1,000	1,000	1,000	1,000	4,000
Redundancies	0	2,967	0	0	2,967
Total	16,510	23,250	6,898	4,317	50,975

- 12.6 The expected funding of the programme is outlined below. In order to reduce reliance on borrowing and impact on the revenue budget arising from capital interest charges, the Commissioner is proposing to fund a significant part of this capital investment from proceeds generated by the sale of the Estate as per his capital strategy.

Table 16: Capital Programme Funding

Funding	2018/19 £'000 (Forecast)	2019/20 £'000 (Proposed)	2020/21 £'000 (Estimate)	2021/22 £'000 (Estimate)	Total £'000
Capital Receipts	4,271	828	1,320	99	6,518
Capital Grants	1,014	697	697	697	3,105
Revenue Contribution	18	0	0	0	18
Earmarked Reserves	0	4,122	0	317	4,439
Borrowing	11,207	17,603	4,881	3,204	36,895
Total	16,510	23,250	6,898	4,317	50,975

- 12.7 The funding of the Capital Programme over the MTFS period, takes into account the Prudential Code, which applies to all local authorities, including Commissioners.
- 12.8 The main objectives of the Prudential Code are that capital investment plans are affordable, prudent and sustainable.
- 12.9 The programme is dependent on the planned sale of assets: without realising these sales the burden of funding will fall more heavily on the revenue budget through the minimum revenue provision which will have to be increased to allow for the repayment of loans. There are detailed plans to realise available net capital receipts of £4,450M from 2019/20 onwards having made £11,521M available in 2018/19.
- 12.10 As the Code of Practice dictates, the first call on capital receipts is to fund their replacement or other capital investment. In the ordinary course of events, spend on business change and transformation support cannot be capitalised. The Secretary of State's capitalisation directive does not of course change this, however, the Commissioner intends to use the facility allowed to apply capital receipts to pay for Transformation spend. In doing so, this protects revenue reserves from the uneven impact of spend created by a transformation programme and uses the flexibility available to the full to relieve this and future years' revenue budgets.
- 12.11 The table below illustrates how the Commissioner will use Capital Receipts to support the investment in Staffordshire Police across the Medium Term.

Table 17: Planned Capital Receipts and Application

Capital Receipts	2018/19 £m (Outturn)	2019/20 £m (Estimate)	2020/21 £m (Estimate)	2021/22 £m (Estimate)	2022/23 £m (Estimate)	Total £m
Received:						
Estates	11,521	3,229	1,220	0	0	15,970
Other e.g. vehicles	99	99	99	99	99	495
Total	11,622	3,328	1,319	99	99	16,467
Applied to:						
Capital	4,271	828	1,319	99	99	6,616
Fund MRP	1,250	0	0	0	0	1,250
Transformation	2,139	0	0	0	0	2,139
Create Reserves	3,962	2,500	0	0	0	6,462

12.12 The Commissioner seeks to meet these Prudential Code objectives as follows:

- **Affordability & Sustainability** – the Commissioner takes into account all of the resources currently available to the organisation and estimated for the future, together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the coming year and the following two years.
- **Prudent** – over the MTFs period, then any net borrowing (that is after any capital receipts, grants, sale of assets) will only be used for capital purposes. CIPFA also require that limits are set in place for fixed and variable interest rates exposures and on the maturity structure of borrowing.

12.13 The Prudential Code key indicators are set out in the accompanying Treasury Management Strategy.

13. Statement of the Commissioner CFO on the robustness of the Budget and adequacy of the proposed financial reserves

- 13.1 The Local Government Act 2003, Part 2, Section 25, as amended by the Police Reform and Social Responsibility Act 2013, requires the Commissioner's CFO to report on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves. The Commissioner is required to have regard to the report of the CFO and the report must be given to the Police and Crime Panel.

"The budget for 2019/20 has been prepared on a robust basis and that although the financial position in the longer term is challenging, the Force have put in place arrangements to deliver activities and outcomes to address these shortfalls.

Beyond 2019/20, there is reduced uncertainty as to how finance settlement and the formula might look. Following the headlines identified in the Home Office December statement, then there is a better than anticipated settlement for the Police, both at a national and local level. However, it is reasonable to assume that the operational and financial challenges will continue and these are reflected as best estimates in the MTFs to 2022/23.

During the year much work has been done to improve the reserves position through reducing the need to rely on reserves and other means. The budget allows for a contribution to reserves in 2019/20 and 2020/21 which will begin to return resilience to the reserves but the position remains of concern and a strategic risk on the risk register. The budget also allows for provisions to be created which smooth the impact of uneven and uncertain costs on the General Fund position, also returning resilience to the overall position.

I conclude, therefore, that the budget for 2019/20:

- Has been prepared on a robust basis, and
- Includes investment into visibility in line with the Commissioner's Police and Crime Plan priority and
- Is accompanied by a Reserves Strategy which shows how resilience will be returned to the reserves position.

However, the financial landscape is still challenging and the MTFs identifies savings which need to be found. The uncertainty and challenges have been identified within this report and the MTFs will be under regular review as savings plans progress."

Appendix 1 – DETAILED PROPOSED REVENUE BUDGET 2019/20 (COMPARED TO 2018/19)

FUNDING AVAILABLE

	Revised Budget	Known Ongoing Pressure	New Grant	Increase	Taxbase Increase	Council Tax Increase	2019/20 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Grant and Council Tax	-						
Home Office Police Grant	(104,936)		(2,203)				(107,139)
Revenue Support Grant	(8,423)		0				(8,423)
Council Tax Freeze Grant	(3,541)		0				(3,541)
Pension Grant	0		(1,825)				(1,825)
Council Tax	(65,757)				(981)	(8,318)	(75,056)
Collection Fund Surplus	(792)			(218)			(1,010)
NET BUDGET REQUIREMENT	(183,449)	0	(4,028)	(218)	(981)	(8,318)	(196,994)

	Revised Budget	Known Ongoing Pressure	New Grant	Increase	Taxbase Increase	Council Tax Increase	2019/20 Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Funding Adjustments							
Reserve Transfers	(831)	831		1,300			1,300
Use of capital receipts	(2,056)	2,056					0
Recharge direct to capital	(146)	146		(560)			(560)
Unallocated (Savings)/Investment	(713)	713		994			994
FUNDING	(3,746)	3,746	0	1,734	0	0	1,734
Capital Financing	-						
Capital Financing Costs	5,427	65					5,492
CAPITAL FINANCING	5,427	65	0	0	0	0	5,492

Force	Revised Budget	Base Pressures	Detailed Review Pressures	Staffing	Inflation	Efficiency Savings	BASE	Investments	Savings Plans (Appx 5)	Revised Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Pay										
Police Officer Pay Costs	90,749	663		(980)			90,432	1,625	(750)	91,307
PCSO Pay Costs	8,877			231			9,108		(750)	8,358
Police Staff Pay Costs	42,205		2,413	433			45,051	400	(3,013)	42,438
Other Employee Costs	2,758				37		2,795	100	(200)	2,695
Police Officer Pensions	5,561	1,290	115	4,027			10,993			10,993
	150,150	1,953	2,528	3,711	37	0	158,379	2,125	(4,713)	155,791
Non Pay										
Repairs & Maintenance	50						50			50
Other Premises Costs	4,072		147		298	(98)	4,419		(308)	4,111
Vehicle Costs	2,111				135		2,246		(173)	2,073
Other Travel Costs	474				9		483			483
Administration	1,861	800			37		2,698		(97)	2,601
Operational Supplies & Service	4,130	25	650		83		4,888		(30)	4,858
Communications & Computers	4,945		30		72		5,047	0	(20)	5,027
Other Supplies & Services	861				4		865	80	0	945
	18,504	825	827	0	638	(98)	20,696	80	(628)	20,148
Contracted										
Third Party Payments	14,401	1,040					15,441		(5)	15,436
	14,401	1,040	0	0	0	0	15,441	0	(5)	15,436
Income										
Grants & Contributions	(6,467)						(6,467)			(6,467)
Reimbursements	(3,121)						(3,121)			(3,121)
Sales, Fees & Charges	(1,111)		53				(1,058)		(122)	(1,180)
Other Income	0						0			0
	(10,699)	0	53	0	0	0	(10,646)	0	(122)	(10,768)
	172,356	3,818	3,408	3,711	675	(98)	183,870	2,205	(5,468)	180,607

Commissioner OPCC Budget	Revised Budget 2018/19	Pressures	Detailed Review Pressures	Staffing	Inflation	Efficiency Savings	BASE	Investments	Savings Plans (Appx 5)	Revised Budget
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Pay										
Police Officer Pay Costs	0						0			0
PCSO Pay Costs	0						0			0
Police Staff Pay Costs	1,376	48	97	49			1,570		(148)	1,422
Other Employee Costs	88		28	6			122			122
Police Officer Pensions	0						0			0
	1,464	48	125	55	0	0	1,692	0	(148)	1,544
Non Pay										
Repairs & Maintenance	0						0			0
Other Premises Costs	0						0			0
Vehicle Costs	0						0			0
Other Travel Costs	21					(2)	19			19
Administration	275					(18)	257		(30)	227
Operational Supplies & Service	3,312						3,312			3,312
Communications & Computers	80		2				82			82
Other Supplies & Services	4	13	2				19		0	19
	3,692	13	4	0	0	(20)	3,689	0	(30)	3,659
Contracted										
Third Party Payments	6,140	980					7,120	589	(565)	7,144
	6,140	980	0	0	0	0	7,120	589	(565)	7,144
Income										
Grants & Contributions	(1,855)		76				(1,779)	(200)		(1,979)
Reimbursements		-1,041	(125)				(1,166)			(1,166)
Sales, Fees & Charges							0			0
Other Income	(30)	(2)				(10)	(42)			(42)
	(1,885)	(1,043)	(49)	0	0	(10)	(2,987)	(200)	0	(3,187)
	9,411	(2)	80	55	0	(30)	9,514	389	(743)	9,160

APPENDIX 2 – BUDGET CONSULTATION AND PUBLIC FEEDBACK

The Consultation ran from December 24th to January 11th and received 500 responses

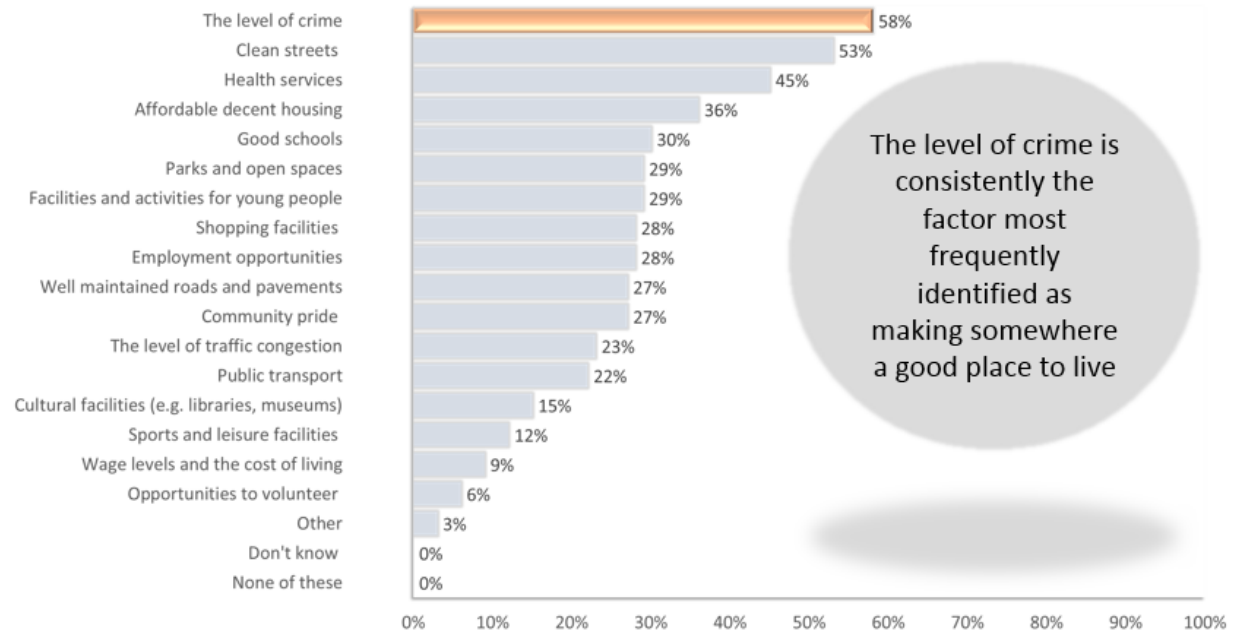
- 91.4% of the responses supported investment in Policing.

The Force commission work through the 'Feeling the Difference' public opinion survey. Based on the combined results of four surveys up to October 2018 representing the views of at least 6,600 Staffordshire residents aged 16 and over:

The level of crime

- The level of crime is consistently the factor most frequently identified as making somewhere a good place to live
- Where the level of crime is identified as a factor that is important in making somewhere a good place to live AND something that needs improving respondents can feel up to*:
 - 20% less satisfied with their local area as a place to live
 - 20% less safe outside in their local area after dark
 - 20% less confident in their local police
 - Three times or more likely to be a victim of crime in their local area
- The proportion of respondents who feel the level of crime needs improving is increasing. It is therefore important that we do all we can to deal with crime and its impact if we are to ensure Staffordshire remains an overall safe place to be

What makes somewhere a good place to live?
Staffordshire's Feeling the Difference public opinion survey October 2018*



APPENDIX 3 – MTFS

2018/19 REVISED BUDGET £,000		2019/20 Budget £,000	2020/21 Plan £,000	2021/22 Plan £,000	2022/23 Plan £,000
90,749	Police Officer Pay Costs	91,307	93,706	95,970	98,302
8,877	PCSO Pay Costs	8,358	8,428	8,706	8,993
42,205	Police Staff Pay Costs	42,438	41,837	42,903	44,290
2,758	Other Employee Costs	2,695	2,733	2,779	2,819
5,561	Police Officer Pensions	10,993	11,546	12,116	12,702
	<u>Non Pay Costs</u>				
50	Repairs & Maintenance	50	50	50	50
4,072	Other Premises Costs	4,111	4,286	4,575	4,884
2,111	Vehicle Costs	2,073	2,046	2,206	2,380
474	Other Travel Costs	483	493	503	513
1,861	Administration	2,601	2,629	2,668	2,707
4,130	Operational Supplies & Service	4,858	4,942	5,028	5,115
4,945	Communications & Computers	5,027	5,100	5,175	5,252
861	Other Supplies & Services	945	979	983	987
14,401	Third Party Payments	15,436	16,281	16,329	16,334
(10,699)	Other Income	(10,768)	(10,840)	(10,912)	(10,984)
172,356	Force Budget Requirement	180,607	184,216	189,078	194,343
1,464	OPCC Staff	1,544	1,572	1,599	1,626
3,692	Other Supplies & Services	3,659	3,659	3,659	3,659
6,140	Commissioning	7,144	6,944	6,944	6,944
(1,885)	Income	(3,187)	(2,911)	(2,911)	(2,911)
9,411	PCC Budget Requirement	9,160	9,264	9,291	9,318
5,427	Capital Financing	5,492	5,929	6,126	8,023
(146)	Capitalisation of revenue costs	(560)	(560)	0	0
(2,056)	Use of capital receipts	0	0	0	0
(831)	Reserve Transfers	1,300	1,000	0	0
(713)	Unallocated (Savings) / Investments	995	270	(988)	(4,640)
183,448	Net Revenue Budget	196,994	200,119	203,508	207,045
	Funded By:				
104,936	Home Office Police Grant	107,139	107,139	107,139	107,139
8,423	Revenue Support Grant	8,423	8,423	8,423	8,423
3,541	Council Tax Freeze Grant	3,541	3,541	3,541	3,541
	Police Pension Grant	1,825	1,825	1,825	1,825
792	Collection Fund Surplus	1,010	886	886	886
65,757	Council Tax Precept	75,056	78,305	81,694	85,231
36%	Council Tax as % of total Funding	38%	39%	40%	41%
183,448	Funding	196,994	200,119	203,508	207,045

APPENDIX 4 - CHANGE IN MTFS

	2019/20	2020/21
Forecast February 2018	188,336	190,814
Increased Government Grant	4,028	4,028
Increase Council Tax / Collection Fund	4,630	5,277
Current Forecast	196,994	200,119
Change	8,658	9,305
Difference:		
Pensions contribution rate	4,207	4,760
Planned contribution to reserves	(450)	1,000
Provisions for uneven expenditure	2,090	2,090
Efficiency Savings	189	(2,645)
Capitalisation of revenue cost	372	(560)
Capital Financing	115	(334)
IT Investment	579	77
Additional Investments	1,555	4,917
CHANGE IN BUDGET REQUIREMENT	8,658	9,305

APPENDIX 5 – SAVINGS PROPOSALS

Deputy Chief Constables Directorate (DCC)

Business Planning Reference	Service	SRO	Savings Type	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
BC0001	DCC	Simon Tweats	Redesign	Redesign of the Directorate - A redesign of the directorate has been undertaken and is currently subject to consultation. (Subject to the statutory consultation period these savings may change)		(423)	(423)	(423)
BC0008	DCC	Simon Tweats	Efficiency	Vacancy Control - Vacancy controls have been introduced in light of the current work being undertaken around the development of shared services across Police & Fire	(86)	(86)	(86)	(86)
BC0002	DCC	Nick Baker	Cut	Reduction in Hospitality Spend - Additional controls are being implemented to reduce the spend on hospitality for external visitors.	(20)	(20)	(20)	(20)
BC0003	Cross Cutting	Jenny Sims/Emma Barnett	Cut	Overtime - additional controls are being developed and implemented to manage spend on overtime as efficiently as possible.	(750)	(750)	(750)	(750)
BC0047	Cross Cutting	Simon Tweats	Redesign	Core Policing Platform Implementation - efficiencies made from lack of duplication initially in respect of crime recording/validation and case preparation, enabling officers through mobile systems to record in the moment rather later through admin teams, therefore reducing duplication. Ultimately retirement of multiple existing systems enable a more modern technological solution and better outcomes.	(145)	(578)	(578)	(578)
BC0004	Cross Cutting	Simon Tweats	Redesign	Business Support Review - proposals to streamline the business support offer to directorates and Force Executive.	(60)	(120)	(120)	(120)
Total Savings Options for DCC					(1,061)	(1,977)	(1,977)	(1,977)

People & Resources

Business Planning Reference	Service	SRO	Savings Type	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
BC0005	Finance & Commercial	John Bloomer	Efficiency	Reduction in External Audit Fees - a recent PSAA retendering exercise has resulted in a 22% reduction in the fees paid to external auditors.	(7)	(7)	(7)	(7)
BC0006	Cross Cutting	Justine Kenny	Fire Governance	Police/Fire Governance Changes -The Directorate will initially commit to holding vacancies in light of the current work being undertaken around shared services across Police and Fire. Note these savings will cut across more than one directorate	(458)	(950)	(1,237)	(1,302)
BC0007	Fleet	Sarah Wood	Cut	Reduction in Fleet Costs - A stepped reduction in fleet revenue running costs is being targeted over a two year period equivalent to 20% of current spend	(173)	(346)	(346)	(346)
BC0011	Estates	Graham Read	Efficiency	Estates Disposal Programme - The elimination of revenue running costs of stations vacated and sold by April 2019. The police estate is kept under constant review to ensure that it meets the needs of the force most effectively to serve communities and keep people safe. A comprehensive programme of disposals, relocations and co-locations with partners and FARS will lead to significant efficiencies and savings, freeing up resources which the force believes would be better spent keeping officers on the street and in communities.	(238)	(308)	(308)	(308)
BC0019	Police Posts	Helen Holden	Redesign	Review of Property Leases - The Force is committed to a number of small Police Posts with low utilisation rates. A review is being undertaken to rationalise or renegotiate these leases in light of Fire integration.	(45)	(90)	(135)	(180)

Business Planning Reference	Service	SRO	Savings Type	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
BC0010	Estates	Helen Holden	Cut	Reduction in Soft Facilities Services - a review will be undertaken in conjunction with Kier of soft facilities management services to identify opportunities for increasing savings and efficiencies.	(25)	(50)	(50)	(50)
BC0012	Cross Cutting	Justine Kenny	Efficiency	Printing - Introduction of controls to reduce printing costs across the force.	(40)	(40)	(40)	(40)
BC0013	Cross Cutting	John Bloomer	Income	Inflation on Force Income - Assumed increase by CPI in rates determined nationally by the NPCC and those locally within Force control	(72)	(144)	(216)	(288)
BC0015	Senior Management Review	Justine Kenny	Redesign	Removal of the Chief Technology Officer Post - The CTO role has been removed and a Service Assurance Manager will be introduced.	(30)	(30)	(30)	(30)
BC0016	IT Consumables	Helen Holden	Efficiency	Spend on IT Consumables - The Force will commit to reducing spend on IT consumables by 10% through the introduction of tighter procurement controls. . This will be achieved through both tighter control	(20)	(20)	(20)	(20)
BC0017	Furniture Spend	Helen Holden	Efficiency	Spend on Replacement Furniture - The Force will reduce its spend on furniture and fittings through better utilisation across the force and the introduction of agile working.	(20)	(20)	(20)	(20)
BC0018	Postal Spend	Helen Holden	Efficiency	Review Use of External Postage - The Force will commit to reviewing the use of external postage carriers in light of the increasing move to digital communications	(10)	(20)	(20)	(20)
BC0020	Property Review	Helen Holden	Income	Charging external bodies for use of Police owned property - a review will be undertaken to ensure the Force and Staffordshire Commissioner are recovering the costs from partner organisations who use our office space.	(50)	(50)	(50)	(50)

Business Planning Reference	Service	SRO	Savings Type	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
BC0021	Cross Cutting	Justine Kenny	Cut	Use of Consultants & Interims - From April the budget for the use of interims and consultants will be centralised and additional controls will be introduced to manage usage more tightly.	(200)	(200)	(200)	(200)
Total Savings Options for People & Resources					(1,388)	(2,275)	(2,679)	(2,861)

Neighbourhoods & Partnerships

Business Planning Reference	Service	SRO	Savings Type	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
BC0022	PCSOs	Jeff Moore	Redesign	Reduction in PCSO establishment - Since 2010 the Force has held the number of PCSO posts at 240; the Average Force has seen a reduction of 40% in PCSO numbers. Through managing turnover the average numbers in post will reduce throughout the 2019/20 and 2020/21 financial year down to a new establishment of 215.	(750)	(950)	(950)	(950)
BC0023	Partnerships	Jeff Moore	Cut	Review of Partnership Contributions - A review will be carried out of spend on partnerships to ensure they align to priority Force outcomes.	(5)	(5)	(5)	(5)
BC0024	Vacant Posts Review	Jeff Moore	Efficiency	Vacancy Factor/Vacant Posts Review - The directorate has a number of vacant Police Staff Posts. Whilst these are being reviewed with a view to disestablishing, a vacancy factor will be established at 2% of the overall staff budget to reflect that these posts are vacant. These posts currently held as vacant are in anticipation of savings requirements - These are posts that are not covered by other savings	(96)	(96)	(96)	(96)
Total Savings Options for Neighbourhoods & Partnerships					(851)	(1,051)	(1,051)	(1,051)

Contact & Response

Business Planning Reference	Service	SRO	Savings Type	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
BC0025	Contact	Lisa Cope	Redesign	Front Office Counters - We are transforming the way we work to better serve communities by modernising how they can contact us and making this more convenient and flexible through new online services. As part of this we are reviewing the locations and opening hours of front office counters to reduce the number of staffed locations in line with public demand. This does not affect police officers and it will not affect the policing of local areas. When the public do want to talk to an officer, there will be a greater range of options available from drop-in surgeries to partnership hubs.	(550)	(550)	(550)	(550)
BC0026	Contact	Lisa Cope	Redesign	Control Room Channel Shift - Investment in developing online solutions and improved social media contact channels and services will allow the public effective and efficient access on non-emergency matters, helping to reduce demand into the Contact Centre and delivering an efficient and responsive service to the public in a way that is more convenient to them.	(219)	(401)	(401)	(401)
BC0027	Contact	Lisa Cope	Redesign	Control Room Improvements - efficiencies through new ways of working, linked to channel shift, as well as the implementation of the Resolution Centres. The new telephone and online resolution service means people can now already report minor incidents and crimes from anywhere at a time which is convenient for them.	(475)	(596)	(596)	(596)
Total Savings Options for Contact & Response					(1,244)	(1,547)	(1,547)	(1,547)

Investigations

Business Planning Reference	Service	SRO	Savings Type	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
BC0029	Forensics	John Beckwith	Efficiency	Change to the Forensics Offer - A PBB process has been carried out to link activity to outcome and to prioritise investment in activities that lead to a positive outcome.	(263)	(350)	(350)	(350)
BC0030	Forensics	John Beckwith	Efficiency	Insourcing of Service - the Force will purchase software to enable it to insource some digital forensics capabilities that are currently outsourced. This saving is presented net of investment.	(30)	(30)	(30)	(30)
BC0031	Vacant Posts Review	Javid Oomar	Efficiency	Vacancy Factor/Vacant Posts Review - The directorate has a number of vacant Police Staff Posts. Whilst these are being reviewed with a view to disestablishing, a vacancy factor will be established at 2% of the overall staff budget to reflect that these posts are vacant. These posts currently held as vacant are in anticipation of savings requirements - These are posts that are not covered by other savings.	(147)	(147)	(147)	(147)
Total Savings Options for Investigations					(440)	(527)	(527)	(527)

Operational Support

Business Planning Reference	Service	SRO	Savings Type	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
BC0032	Justice Services	Jane Hewett	Redesign	Changes to Justice Services - A reorganisation will deliver significant savings.	(196)	(267)	(267)	(267)
BC0033	Knowledge Hub	Elliot Sharrad-Williams	Redesign	Creation of the Knowledge Hub	(121)	(491)	(491)	(491)
BC0036	Vacant Posts Review	Elliot Sharrad-Williams	Efficiency	Vacancy Factor/Vacant Posts Review - The directorate has a number of vacant Police Staff Posts. Whilst these are being reviewed with a view to disestablishing, a vacancy factor will be established at 2% of the overall staff budget to reflect that these posts are vacant. These posts currently held as vacant are in anticipation of savings requirements - These are posts that are not covered by other savings	(168)	(168)	(168)	(168)
Total Savings Options for Operational Support					(485)	(926)	(926)	(926)

Total Savings Proposals	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
Efficiency	(1,124)	(1,291)	(1,291)	(1,291)
Fire Governance	(458)	(950)	(1,237)	(1,302)
Income	(122)	(194)	(266)	(338)
Redesign	(2,591)	(4,496)	(4,541)	(4,586)
Cut	(1,173)	(1,371)	(1,371)	(1,371)
TOTAL	(5,468)	(8,302)	(8,707)	(8,888)

Office of the Police and Crime Commissioner

Business Planning Reference	Service	SRO	Savings Type	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
PCCS01	Senior Management	Glynn Dixon	Fire Governance	The Commissioner will have one senior finance professional to advise him across his two portfolios.	(62)	(62)	(62)	(62)
PCCS02	Senior Management	Glynn Dixon	Fire Governance	The Commissioner will fairly apportion the cost of his senior team between the costs to Police and to Fire	(86)	(86)	(86)	(86)
PCCS03	Communications	Samantha Harris	Efficiency	The Commissioner will spend less on media and marketing	(10)	(10)	(10)	(10)
PCCS04	Commissioning	Paula Hammond	Redesign	Video links which were going to be increased will now not be, but no existing provision will be removed	(10)	(10)	(10)	(10)
PCCS05	Commissioning	Paula Hammond	Redesign	The Diversionary activities programme which was funded as a startup activity is now taken on by Stoke City FC and support for further development of PSHE materials is removed.	(21)	(21)	(21)	(21)
PCCS06	Office	Glynn Dixon	Efficiency	The Commissioner's office will reduce its annual office spend	(20)	(20)	(20)	(20)
PCCS07	Commissioning	Paula Hammond	Redesign	We will reduce the amount available to bid for in each round of POCA bids	(95)	(95)	(95)	(95)
PCCS08	Commissioning	Paula Hammond	Redesign	Funding for local areas community safety priorities will be aligned with the new governance structures for community safety (and reinvested in a different way).	(250)	(250)	(250)	(250)
PCCS09	Commissioning	Paula Hammond	Redesign	There is less money available to the People Power Fund	(100)	(100)	(100)	(100)
PCCS11	Commissioning	Paula Hammond	Redesign	The SCO removes non statutory support for partnership funding arrangements mostly with the County Council	(59)	(59)	(59)	(59)

Business Planning Reference	Service	SRO	Savings Type	Description	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
PCCS12	Commissioning	Paula Hammond	Redesign	The Commissioner's successful SPACE programme would be cut now that it is attracting further support and investment from other partners	(30)	(30)	(30)	(30)
TOTAL					(743)	(743)	(743)	(743)

	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
Total Savings Proposals				
Efficiency	(30)	(30)	(30)	(30)
Fire Governance	(148)	(148)	(148)	(148)
Income	0	0	0	0
Redesign	(376)	(376)	(376)	(376)
Cut	(189)	(189)	(189)	(189)
TOTAL	(743)	(743)	(743)	(743)

APPENDIX 6 – CAPITAL PROGRAMME

	P9 Monitoring			Capital Programme Budget 2019/20			Capital Programme Forecast		
	Revised Capital Programme 2018/19	Approved 2019/20 Budget	Slippage of Budget from 2018/19	Restated Capital Programme	Capital Programme 2020/21	Capital Programme 2021/22	Capital Programme 2022/23		
	£000	£000	£000	£000	£000	£000	£000		
IT	13,188	4,560	11,617	16,177	4,000	1,700	2,932		
Estates	2,166	1,934	880	2,814	1,778	1,497	1,400		
Vehicles	1,000	1,000	-	1,000	1,000	1,000	1,000		
Equipment	144	90	150	240	100	100	100		
OPCC & Strategic Partnership (MASH)	12	20	32	52	20	20	20		
Redundancies	-	2,967	-	2,967	-	-	-		
Total Capital	16,510	10,571	12,679	23,250	6,898	4,317	5,452		
Capital Programme Funding									
Capital Grants	(1,014)			(697)	(697)	(697)	(697)		
Capital Receipts	(4,271)			(828)	(1,320)	(99)	(59)		
Revenue Contribution	(18)			-	-	-	-		
Earmarked Reserves				(4,122)	-	(317)	-		
Borrowing Requirement	(11,207)			(17,603)	(4,881)	(3,204)	(4,696)		
Total Funding	(16,510)	-	-	(23,250)	(6,898)	(4,317)	(5,452)		