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## **SURREY POLICE**

PAPER FOR CHIEF CONSTABLE

**Date:** 27/2/19

**Item:**

### **CHIEF CONSTABLES SURREY POLICE 2019/2020 BUDGET PLAN**

#### **1. Purpose**

1.1. This paper has been developed over a number of months and forms the budget plan of the Chief Constable along with the funding sources and latest position for the medium term financial plan, the specific components are as follows;

- 1.1.1. The policing context
- 1.1.2. The forecast overall funding position
- 1.1.3. The revenue budget in detail highlighting cost changes and investment proposals
- 1.1.4. The savings proposals for the Chief Constables revenue budget
- 1.1.5. The capital programme
- 1.1.6. The forecast for reserves and proposed use of reserves
- 1.1.7. The latest position on the medium term financial plan

1.2. This paper sets out a revenue budget proposal based on the government funding settlement and the endorsement of the Police & Crime Commissioners £24 Band D precept increase by the Police & Crime Panel on 4<sup>th</sup> February 2019 that will enable the Force to meet a range of challenging changes in crime, from public places to private place crime.

#### **2. Policing Context**

2.1. The Police Service is experiencing key pressures from rising crime levels, the complexity of crimes, growing terrorist threat and the police are called upon as the last resort as other agencies lack the capacity to meet the demand. After a period of falling crime recorded crime has increased by 10% in 2016/17 with significant increases in complex crimes including child sexual abuse and exploitation, human trafficking, modern slavery, cyber-crime and domestic abuse. The recent terrorist incidents although in other parts of the country they still have an impact locally and the service has to be prepared for wherever the attack is committed. Cost shunting is present from other public services and a great deal of time is consumed on non-crime demand, particularly dealing with vulnerable people, supporting mental health incidents and waiting for ambulances or medical support.

2.2. The following statistics relate to Surrey police and the changes in volumes of specific crime types and calls for service and this highlights the increases in the more complex crimes.

Category	2012		Category	2018
TNO	61757	+18%	TNO	72853
TNO DA	4550	+99%	TNO DA	9059
RASSO Adult	238	+302%	RASSO Adult	957
RASSO Child	206	+248%	RASSO Child	717
Burglary	7908	-18%	Burglary	6472
Missing Adult	606	+306%	Missing Adult	2464
Missing Child	597	+380%	Missing Child	2866
S136	700	-19%	S136	561
Calls	542655	-15%	Calls	460726
Recorded	224334	-4%	Recorded	214716
Deployed	116457	-27%	Deployed	84321

- 2.3. Since 2010 the workforce has reduced by 11% overall, with officer numbers being protected, however since the high in 2011 there has been a gradual reduction equating to 5% of police officers
- 2.4. Surrey Police has made significant efficiencies and continues to innovate and review its service delivery in the face of the growing demand and real terms reduction in funding.
- 2.5. The next spending review is planned for 2019 which could be positive however the Home Office allocation is currently assumed to be flat over the next few years and this should be considered a risk that funding to police forces from Home Office grant will see a reduction.
- 2.6. Allied to this risk is the proposed funding formula review and having had pressure from the National Audit Office and recently the Public Accounts Committee that both criticised the Home Office for their lack of understanding of police demand nor a funding formula that reflects the policing needs. Previous funding reviews even though not followed through have indicated a reduction of funding to Surrey. The latest information is that the funding formula review is expected to commence in the autumn 2019, with full consultation in 2020 and implementation in 2021/22.

### 3. Funding Position

- 3.1. The Force produces a medium term financial plan which it regularly reviews by incorporating new information from environmental scanning, attending seminars and from the finance community. The final financial settlement was announced on Thursday 24<sup>th</sup> January 2019.
- 3.2. The expectation of the grant settlement from the Home Office was for the grant to remain static as it was in 2018/19. The final grant settlement announced increased the grant by 2.1% with a maximum £24 increase in precept level permitted by each PCC without triggering a referendum. The increase in grant mainly mitigates the police officer pension contribution risk that we will have to pay from 2019/20.
- 3.3. Nationally the Home Office top sliced or made reallocations of the Police allocation by £945.0m in 2018-19, this has increased to £1,029m or 8.9% for 2019/20.
- 3.4. The detail of the estimated funding for the 2019/20 budget is as follows based on the £24 Band D precept increase and a 0.6% tax base increase;

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<b>SURREY</b>			
Grants	2018/19 £m	2019/20 £m	Difference £m
Home Office Police Grant	61.3	62.6	1.3
Formula Funding	28.8	29.4	0.6
<b>Total core government grants</b>	<b>90.1</b>	<b>92.0</b>	<b>1.9</b>
<b>Other Specific Grants</b>			
Localising council tax support	9.2	9.2	0.0
Police Officer Pension Grant	0.0	2.0	2.0
<b>Total Funding from Government</b>	<b>99.3</b>	<b>103.2</b>	<b>3.9</b>
<b>Local Funding</b>			
Precept	117.7	130.5	12.8
Collection Fund	1.5	0.3	-1.2
From Reserves		1.1	1.1
<b>Total Budget Funding</b>	<b>218.5</b>	<b>235.1</b>	<b>16.6</b>

- 3.5. The reserve movements are made up of a draw from general reserves of £0.8m as contingency to support any delay in the ERP implementation. Cost of change reserve draw of £1.6m to meet costs of ERP and £1.0m into the costs of change reserve for change programmes. Estate Strategy reserve increase of £0.3m to assist future year transition costs.
- 3.6. Surrey Police receives the lowest government grant per head of population in England & Wales at £83.80 per head whereas the national average is £113.11 per head of population.
- 3.7. The Home Secretary announced, setting out the provisional funding settlement, that for planning purposes a £24 precept increase will be used as the referendum trigger which was confirmed in January 2019.

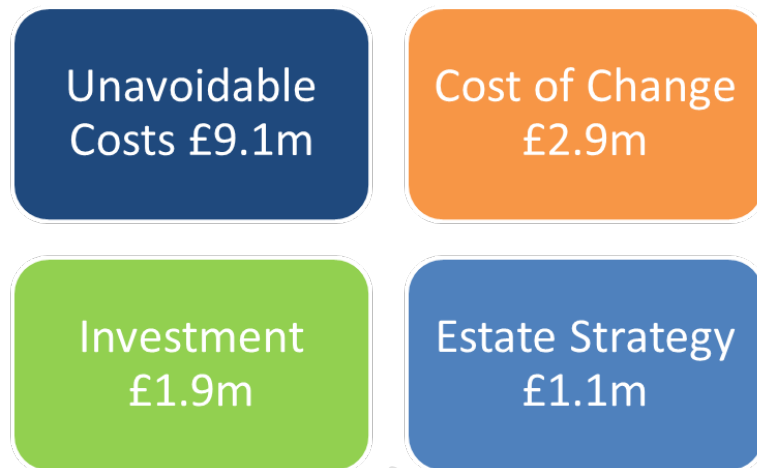
#### 4. Revenue Budget Detail for 2019/20

- 4.1. Proposed Chief Constable Revenue Budget 2019-20 and the Office of the PCC, based on a £24 Band D precept increase.

<b>Surrey Police</b>	<b>£m</b>
Police Force Base Budget	212.5
Inflation	4.3
Investments	13.9
Precept Uplift	3.8
Estates Strategy	1.1
Savings Plans	(2.7)
Budget gap	
<b>Proposed Police Force revenue Budget 2019-20</b>	<b>233.0</b>
PCC Budget	2.1
<b>Total Budget</b>	<b>235.1</b>

- 4.2. The table above is a summary of the changes to the Force budget for 2019-20 which produces a balanced position incorporating the spending plans more detail of which follows;
- 4.3. In formulating the budget, inflation of 2% on pay and on non-pay has been included.
- 4.4. The key additional revenue costs of £15.0m included for 2019/20 are derived from four

categories; Unavoidable Costs, Cost of Change, Service Investment plus the Estate Strategy cost which are detailed in the table below;



4.5. The Estate Strategy is the cost of borrowing in respect of the purchase of a new site and assumes this commences mid-year of 2019/20.

### 5. Precept Flexibility Investment

- 5.1. The government in this settlement have increased the level of flexibility available to Police & Crime Commissioners to increase the precept up to £24 on Band D properties. The next paragraphs set out what additional service the Force is proposing for Surrey residents with the approved precept increase of £24 in 2019/20 providing £3.8m of investment.
- 5.2. The Force are consulting on these proposals both internally and externally with the public at future engagement events. So these are proposals subject to this consultation process therefore the proposals are themed and the detail will be firmed up following consultation.
- 5.3. In assessing the areas to invest the Force has referred to the recently introduced by HMICFRS Force Management Statement. This work identified the priority areas that the Force has decided to focus its resources towards, see appendix B. The areas that would benefit from greater investment are Prevention & Deterrence, Protecting Vulnerable People and Investigations. The following are the proposed investment into these areas. In considering the investment the Force is also cognisant of the impact the investment will have on future years.



5.4. With a precept increase of £24 on Band D this provides the opportunity to reverse part of the austerity reductions and tackle the priority areas with a significant boost to resources in turn making the Force Fit for the Future.

- 5.4.1. **Prevention & Deterrence** - in support of Neighbourhood Policing the proposal is an increase that doubles our resource of Police Constable Neighbourhood Support Officers per Borough plus a prevention Lead and tactical advisors. To permanently resource the Checkpoint scheme that will reduce the level of reoffending.

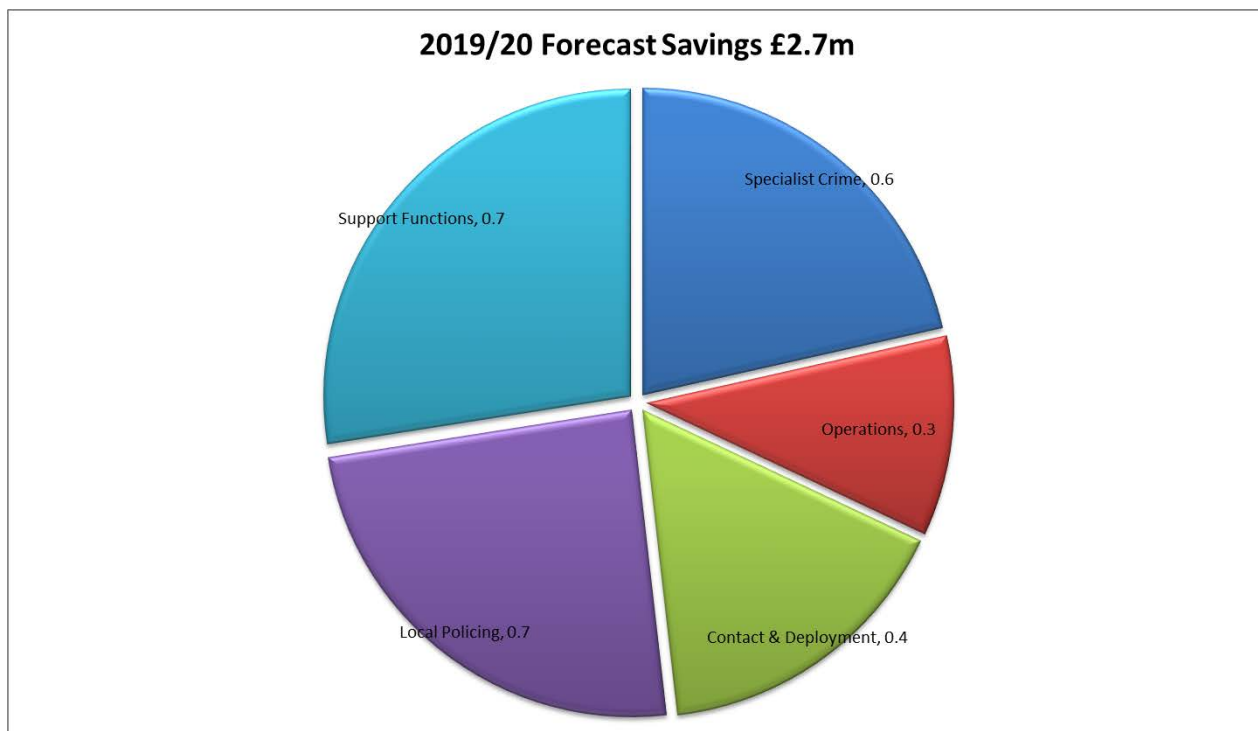
- 5.4.2. **Protecting Vulnerable People** – to bolster the Public Protection resources with additional Detective Constables within serious including sexual offences investigation teams, and Sexual offences Liaison Officers to support victims and support the investigative process. Plus an additional Detective Constables to tackle child exploitation, domestic abuse and missing persons.
- 5.4.3. **High Harm Investigations** – for Serious Organised Crime an uplift of Detective Constables to make in-roads into the harm that is done to communities by crime such as County Lines. In addition to improve our capability with investigations and securing justice for Surrey residents introduce increase the size of CID teams on local divisions.
- 5.4.4. This could see a potential total uplift of 75 new posts, which along with other anticipated changes in officers, would result in the recruitment of approximately 100 new posts.
- 5.4.5. The financial plan over the next four years will have a future funding gap of circa £10m which commences in 2021/22.
- 5.4.6. However with this new investment the Force also benefits from a reduction in savings and posts and still delivers a balanced budget for the next two years.
- 5.5. The Home office settlement letter makes reference to improving investigative capacity and investing in prevention and early intervention, both of these areas are exactly where Surrey Police propose to invest.

## 6. Delivery Plan

- 6.1. With the increase in financial resource in 2019/20 the Force will deliver the uplift in the most effective way. The workforce plan has been adapted and the forecast recruitment profile developed for each of the roles.
- 6.2. The funding secured is for the full year and the posts will not be filled by the beginning of the year therefore funding for one off investments is also possible.
- 6.3. Examples include; providing the IT kit for all recruits, laptops, mobile data terminals, radios, personal issue protective equipment and uniforms plus vehicles.
- 6.4. In addition there are historic cases that are dealt with using base budget that could be funded from the profiling opportunity releasing officers to the frontline; estate strategy costs if a site is secured earlier than planned; to mitigate any project risks during the year.

## 7. Savings Plan for 2019/20

- 7.1. An intrinsic part of this financial plan is the savings programme and for 2019/20 the budget reductions total £2.7m and reflect the efforts of the Force to meet the financial constraints, improve efficiency and maintain the capacity to meet the new crime threats in public protection; which includes domestic abuse, child sexual exploitation and vulnerable adults. The investment to meet the opportunities of the digital ways of working but also the threat from the exponential growth in digital crime.
- 7.2. The delivery of savings continues to be a significant area of work for the Force which has seen good progress on delivery of the 2018/19 savings and an agreed plan for 2019/20, however the forecast future budget gap will require significant effort to achieve a managed budget position. The government have protected police budgets to a greater degree than other public services. It is imperative that the Force uses this period to drive on change and free up resources to improve service delivery to Surrey residents.



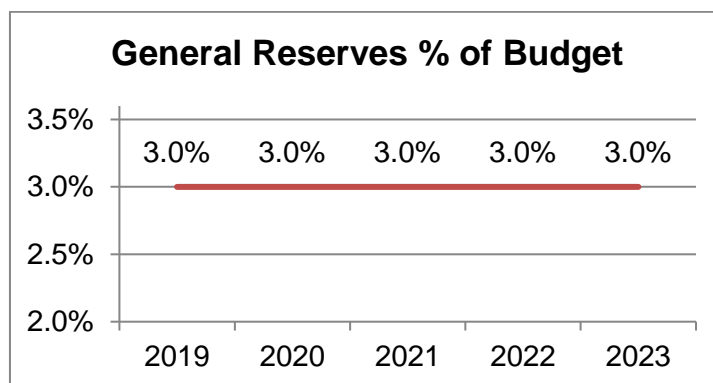
7.3. The savings for 2019/20 consist of the following;

- 7.3.1. The Specialist Crime saving is through the development of a revised operating model with less specialist teams.
- 7.3.2. Operations are also revising their operating model with a greater multi-disciplinary team arrangement.
- 7.3.3. Contact & Deployment saving is from a removal of switchboard & supervisory posts and ICAD maintenance costs.
- 7.3.4. Local policing is from reductions in unsocial hours allowance, custody savings and a reduction in Community safety Sergeants.
- 7.3.5. Support functions consist of People Services, ICT, Commercial & Finance Services and Corporate Communications, the savings are from a range of initiatives.
- 7.3.6. Other savings are the removal of some one-off funding included in 2018/19.

7.4. This revenue budget plan provides a balanced budget to further the work of the Chief Constable and the Force to achieve the objectives of the Police & Crime Plan and the Force's business plan.

## 8. Reserves

8.1. The general reserves strategy for the OPCC is to maintain a balance that does not fall below 3% of the budget. The forecast level of general reserves is maintained at this level over the planning period.



8.2. There are specific reserves in place to meet known risks and as agreed an Estate Strategy Reserve is in place along with a Cost of Change Reserve and PCC Operational reserve.

*estimated	2018/19	2019/20	2020/21	2021/22	2022/23
	£m*	£m*	£m*	£m*	£m*
Earmarked reserves					
OPCC Operational Reserve	0.5	0.5	0.5	0.5	0.5
PCC Estate Strategy Reserve	2.8	3.1	3.0	2.4	0.0
PCC Cost of Change Reserve	1.5	0.9	1.1	1.1	1.1
Estate Maintenance Reserve	0.3	0	0	0	0
Insurance reserve	2.6	2.6	2.6	2.6	2.6
Police pension reserve	1.7	1.7	1.7	1.7	1.7
<b>Total Earmarked</b>	<b>9.4</b>	<b>8.8</b>	<b>8.9</b>	<b>8.3</b>	<b>5.9</b>

8.3. For the 2019/20 budget the above table shows an increase to the Estate Strategy Reserve of £0.3m in 2019/20 and subsequent draw down over the four years. The cost of change reserve has a draw of £1.6m for ERP and some addition to the reserve to cater for unknown change, such as technology and regional projects that equates to £1.0m. The plan is to spread the use of reserves over the four years.

## 9. Capital 2019/20

9.1. The capital programme for 2019/20 is provided at appendix A and attention is drawn to the future funding of the capital programme which sees its main funding source fully depleted during 2019/20, at which time to maintain investment in core assets will require borrowing and or revenue funding both of which may impact on frontline service delivery.

9.2. The funding of the capital programme is from grants, capital receipts, revenue budget or borrowing. Based on the proposed capital plan, as previously signalled, there is a requirement to borrow in 2019/20 for both the Estate Strategy and to support the capital expenditure programme. The PCC currently has no external borrowing but internal borrowing does exist and that route to meet the expenditure would be considered at the time.

9.3. The capital programme for 2018/19 was planned over two years with allocations already in place for some schemes in 2019/20. The new bids for 2019/20 include Fleet replacements of £3.8m, Estate Strategy £29.3m (including Building the Future funding), ICT Renewals of £3.0m, new IT Schemes of £1.1m and various smaller schemes which are detailed on the schedule in appendix A.

9.4. Significant new projects commencing in 2019/20 are the Estate Strategy and in the IT arena the commencing of regional infrastructure including Digital Asset & Evidence Management system and work to establish a regional data centre.

## 10. Medium Term Financial Plan

10.1. The financial plan is reviewed regularly and during the year there were several scenarios have been developed, the detail budget gap of each is shown in the table below. Budget gap is

the savings requirement less planned savings.

- 10.2. It is best practice to produce multi-year financial plans which is a requirement included in the Home Office's Financial Management Code of Practice for Police Forces. However the short term nature of police funding works against producing reliable plans.
- 10.3. The scenarios employ the same assumptions which are; the £24 precept increase is for one year with 1.99% precept for the following years, and static grant.
- 10.4. The range of budget gap is between £10.1m to a surplus of £2.7m over the four year planning period.

Summary of MTF Scenarios	2019/20	2020/21	2021/22	2022/23	Total
Budget (gap) / surplus	£m	£m	£m	£m	£m
Base Scenario	-	-	(5.7)	(4.4)	(10.1)
5% increase from 2020/21 Scenario	-	3.9	(1.4)	0.2	2.7
5% increase for 2020/21 Scenario	-	3.9	(5.5)	(4.3)	(5.9)
Reduced Grant Scenario	-	3.9	(3.2)	(1.6)	(0.9)
Increased Inflation Scenario	-	(0.7)	(6.1)	(2.4)	(9.2)

- 10.5. The plan is based on a range of assumptions to enable its production the key ones are as follows;
- 10.5.1. The central grant increased for 2019/20 as per the final settlement and will be static for planning purposes in future years.
- 10.5.2. Inflation for pay is at 2% in all years and also for non-pay. This is a risk area as there are many pressures on employers with pay claims above inflation and the employment market improvements leading to higher turnover due to salary levels in the public sector. For each 1% increase on pay the cost over four years is £7.1m.
- 10.5.3. Police officer employer pension contribution increase along with Home Office funding announced in the final settlement have been fully incorporated in this plan.
- 10.5.4. Localisation of council tax support; the grant is maintained at the same level each year.
- 10.5.5. The agreed savings plans are realised in amount and timing.
- 10.5.6. The general reserves are maintained at 3% of the budget.

## 11. Decision[s] Required

- 11.1. The Chief Constable has drawn on the views of the PCC and Chief Officer colleagues, the Force Management Statement and will be consulting with Surrey residents to develop the budget plan for the year to meet the higher priority areas and improve the service delivery to the residents, business sector and the wider community to keep Surrey Safe.



## APPENDIX A - CAPITAL PROGRAMME

Capital Programme Summary	Year 1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	2018/19	2018/19 Slippage	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m	£m	
DESCRIPTION							
ICT Renewals	2.3	0.0	3.0	2.0	2.0	2.0	2.0
ICT New Schemes	1.2	0.5	1.1	1.5	1.5	1.5	1.5
Business Led IT Projects	1.4	1.2	2.7	1.5	0.0	0.0	0.0
Fleet Replacement and Equipment	3.5	0.0	3.8	2.8	2.6	2.4	2.4
Estate Strategy	5.9	0.0	29.2	4.8	17.4	21.7	13.0
Equipment	1.1	1.8	0.1	0.8	0.8	0.8	0.8
<b>Total</b>	<b>15.4</b>	<b>3.6</b>	<b>39.9</b>	<b>13.3</b>	<b>24.2</b>	<b>28.4</b>	<b>19.7</b>

Capital Programme Funding	Year 1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	2018/19	2018/19 Slippage	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m	£m	£m
DESCRIPTION							
Capital Income Surplus brought forward	8.8	3.1	-0.0	0.0	-0.0	-0.0	0.0
Revenue Contributions brought forward	1.6	0.0	0.0	0.0	0.0	0.0	0.0
Revenue Contributions Received in-year	0.8	0.0	3.9	4.2	5.2	6.2	7.2
Central Government Grant Received in-year	0.6	0.0	0.6	0.6	0.6	0.6	0.6
Other External Grants / Contributions Received in-year	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Capital Receipts	0.9	0.1	0.5	0.7	0.2	0.1	0.2
Estate Strategy Receipts	0.0	0.0	2.8	5.0	0.0	0.0	40.4
Estate Strategy Borrowing	2.7	0.0	24.9	0.0	17.4	21.7	-29.9
Other Borrowing	0.0	0.4	5.6	4.3	1.6	0.0	1.2
<b>Total Capital Funding Available</b>	<b>15.4</b>	<b>3.6</b>	<b>38.3</b>	<b>14.8</b>	<b>25.0</b>	<b>28.6</b>	<b>19.7</b>

## APPENDIX B -FORCE MANAGEMENT STATEMENT PRIORITIES

