

**Report to the
Scrutiny, Delivery and
Performance Meeting
17th February 2021**



**CLEVELAND
POLICE**

**Cleveland Police Long Term Financial Plan (LTFP) 2021/22 to 2024/25
Update**

Status: For Approval

Purpose of the Report

The purpose of the Long Term Financial Plan (LTFP) is to demonstrate the Force's operational plan is affordable, financial stability can be maintained, and funding is targeted to those activities that best make our communities safer and stronger.

Accordingly, this report sets out the revenue and capital spending plans that underpin delivery of the Force's Towards 2025 strategy - The Road to Improvement and the key objectives set out within the Police and Crime Plan.

It should be read in conjunction with the following reports prepared by the Police & Crime Commissioner's (PCC) Chief Financial Officer:

- Long Term Financial Plan 2021/22 to 2024/25 and Capital Plans 2021/22 to 2024/25
- Robustness of Estimates and Adequacy of Financial Reserves
- Capital Strategy

Recommendation

The Police & Crime Commissioner for Cleveland is requested to approve the revenue and capital budget proposal for 2021/22 and the Long Term Financial Plan (LTFP) for 2022/23 – 2024/25.

Force Financial Strategy

The primary aim of our financial strategy is to maintain financial stability and protect service provision through identifying sufficient savings to secure a rolling four year balanced position in order to:

- Provide a high degree of certainty to operational commanders about the resources at their disposal in the short to medium term

The grant settlement for 2021/22 was released on the 4th February 2021 and confirmed the Governments national commitment to fund an increase of 20,000 Police Officers and associated support staff. This plan reflects Cleveland share of this increase amounting to an additional 240 Police Officers. (Approximately 190-200 officers will have been recruited by the end of the 2020/21 financial year). The

funding in relation to support staff within the 20,000 new officer grant has been defined and the Force will receive funding for up to 64 FTE over the period of the plan. The funding will be allocated over a three year period in tranches of 30%, 70% and finally 100%. Associated non pay costs are also contained within the plan and are funded accordingly.

To inform the overall Force Financial Strategy and support the LTFP the Chief Constable has adopted a dual approach to understand demand and cost drivers which are impacting on the effectiveness and efficiency of the Force, namely :-

- 1) The Force / OPCC engage with an external partner: Project Evolution, to undertake a detailed review of demand, working practices and process across operational policing. Following the review a detailed report was produced and the findings presented to the Executive detailing:-
 - a. Areas of inefficient work practices and the impact on resources.
 - b. Areas where demand currently exceeds the current resources.

The report also contained options to address the above and these proposals have been considered by the Executive.

- a. An action plan has been put in place to ensure the efficiency gains identified in work practices are captured and implemented.
 - b. The proposals to address the resource gaps in operational Policing identified by the demand analysis have been considered and financial implications of these calculated. The chosen option is included within the LTFP.
- 2) Running in parallel with the demand work is the Force Management Statement (FMS) process. This process engages with all areas of the business and is supported by Corporate Services. In summary it is designed to ensure the business is forward looking and anticipating the impacts of demand, legislation changes and technology changes on both operational and enabling services. The outcomes of these reviews are then feed into to the LTFP. It should be noted the FMS process is taken at a point in time and reflects the challenges and pressures on service delivery at that point. The FMS process will be updated annually to reflect the ever changing landscape of Policing, the changes in demand on operational policing, changes required due to legislation and the impact of funding on the service.

The adoption of the above processes ensures that the Force has a clear view on the challenges it faces from an operational and financial perspective. This has further allowed the Force to make informed decisions and direct resources to the areas of highest risk and those facing the biggest challenges in both operational policing and enabling services.

Towards 2025 : The road to improvement

Towards 2025 – The road to improvement sets a clear strategic direction for the Force. The document specifies the current challenges the organisation faces which

were highlighted in the HMICFRS report dated 27th Sept. 2019. The document addresses each of the causes for concern (listed below) and the plans to address them.

- Understanding demand and strategic plan
- Public engagement, communication and scrutiny
- Protecting vulnerable people.
- Prevention of crime & antisocial behaviour.
- Workforce engagement and treating workforce fairly
- Ethical behaviour and culture

The document also sets out the Forces vision in a new “Plan on a page” and details the plans for the Governance structure and performance management framework.

Key to the overall strategy is that prevention must be the golden thread that is at the heart of everything we do. To achieve this aim we are:-

- Putting police officers back into neighbourhoods to focus on crime & antisocial behaviour.
- Increase problem solving capability across the Force.
- Improving our response to the most vulnerability in our community across all areas

This Long Term Financial Plan has been developed in line with commitments within the Towards 2025 strategy.

REVENUE

Summary Position 2021/22 – 2024/25

The latest summary position is set out in the table below.

Projected Force Income and Expenditure	2021/22 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	2025/26 £000's
Funding from the OPCC	(137,805)	(145,045)	(146,970)	(150,015)	(153,700)
Police Pay & Allowances	77,404	82,317	84,382	85,947	88,014
PCSO / Staff Pay & Allowances	28,365	35,330	34,858	36,066	37,425
Total Pay & Allowances	105,769	117,647	119,240	122,013	125,439
Non Pay Expenditure	32,036	28,065	28,397	28,669	28,928
Original Planned Expenditure	137,805	145,712	147,637	150,682	154,367
Planned Savings Target	0	(667)	(667)	(667)	(667)
Revised Planned Expenditure	137,805	145,045	146,970	150,015	153,700
Planned Surplus / (Deficit)	0	(0)	(0)	(0)	(0)

The establishment profiles assumed in the plan are set out below.

	2020/21	2021/22	2022/23	2023/24	2024/25
Total Police Officer Establishment	1,340	1,363	1,449	1,474	1,474
Historic Investigation Unit Police Officers	50	50	25	0	0
Additional Police Officers as Per FMS	0	40	0	0	0
	1,390	1,453	1,474	1,474	1,474
Total PCSO Establishment	101	106	106	106	106
OPCC Neighbourhood Funded Police Officers	15	0	0	0	0
	116	106	106	106	106
Total Police Staff Establishment *	578	843	848	848	848
OPCC Neighbourhood Funded Police Staff	26	1	1	1	1
Historic Investigation Unit Staff	31	31	0	0	0
In year Tupe Transfer	220	0	0	0	0
	855	880	849	849	849
Total Establishment Force	2,361	2,439	2,429	2,429	2,429

Allocated Funding

The final settlement for 2021/22 onwards has been confirmed and as a result the OPCC has allocated resources as detailed below in order for the Chief Constable to deliver on his Policing properties:

Force Funding	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's
Funding from the OPCC	(137,805)	(145,045)	(146,970)	(150,015)	(153,700)

Nationally the funding settlement included an additional £415m in Core grant to fund the continued recruitment of 6,000 Police Officer towards the Governments promise to increase Police Officer numbers by 20,000.

It also gives PCC's the flexibility to increase local funding by £15 per band D equivalent property subject to the results of local referendum, which would nationally increase funding by £288m should PCCs choose to maximise this increase.

Furthermore, the Government allocated an additional £670m in funding for local council tax support as part of the SR2020. It is anticipated that the PCC for Cleveland will receive £1,395k from this funding in 2021/22.

The settlement sets out three key deliverables for PCC and Chief Constables:-

- Forces to recruit another 6,000 officers by end of March 2021.
- To deliver £120m efficiency saving across the law enforcement sector. The expectation is that savings are deliver via improved procurement practices, review of the policing estate, agile working and shared services. £95m of the £120m is directly applicable to core policing grant.
- High quality data should be collected and used to support local delivery, identify efficiencies and support the National Policing Board's drive to deliver the best possible outcomes within policing.

In summary the impact of the national settlement position on Cleveland funding position is detailed below:-

- An increase in of Core Police Grant plus Police Uplift Grant of £4,961k or 5.3%

- This includes up to £1,199k from the ring-fenced grant for the officer uplift – linked to the recruitment of 70 additional FTE Police Officers by the end of March 2022.
- Police Pension Grant remains at £1,324k
- Capital Grant remains at only £138k
- A challenge to deliver £1,065k of savings and efficiencies during 2021/22, towards the £95m of savings that have been factored into the National Core Grant allocations.
- As a result of a consultation process with the public, the Police and Crime Panel supported the proposal to increase the Band D Precept by 1.99% or £5.19 (£265.73 per Band D property)

The overall impact on Core funding is an increase of £6.5m or 4.5%

Pay Budgets

The paybill is the largest single element of the overall cost base at 81.1% of the budget. The Force continues to reshape the workforce to deliver an effective blend of skill sets and experience to meet an ever-changing demand profile and address the concerns raised in Towards 2025 plan.

Points to note are:

- Pay awards have been assumed at 0.0% per annum in September 2021 in line with the Governments pay freeze and 1.0%, 1.5% and 2.0% in future years.
- Provision has also been made for the Apprenticeship levy which commenced in 2017/18. This will cost the Force approximately £311k in 2021/22
- It is assumed that recruitment plans will maintain the workforce numbers as detailed in the establishment tables above.

Police Officers

Funding in this plan provides for an average 1,453 FTE officers during 2021/22 and 1,474 FTE over the remaining years of the plan. This plan reflects the outcomes of the demand management and FMS reviews and will meet the full requirements in year 3 of the plan 2023/2024.

The recruitment profile to achieve our required FTE is predicted on the recruitment of probationer Officers via the PCDA route. The Force will keep in review the overall rank mix within the establishment to ensure it is fit for purpose. This may result in changes to the recruitment profile in order to recruit officers into more senior ranks that cannot be filled from internal promotion boards. The financial impact of these decisions will be monitored throughout the plan and recruitment profile flexed accordingly.

During 2020/21 the Force undertook a review of the Major incident collaboration with North Yorkshire and it was decided to bring the service back in house. A business case has been completed and reviewed and the resourcing of the unit is contained with the above establishment numbers.

Policing is subject to demands which are variable both in terms of costs and frequency and as such difficult to plan and budget for. These can range from the increased demand around protests and demonstrations to increasing costs in relation to major incidents. An allocation of £250K is included within the plan to provide an overtime / mutual aid contingent fund to lessen the impact on "Business as usual" budgets and mitigate the overall risk.

An additional £300K has been allocated to the medical retirement budget of £720k, bringing the revised budget to £1,020K per annum. This is to reflect the increase in medical retirements which we have experienced over previous years. We have previously estimated 8 per year, the current allocation will allow circa 12 medical retirements in each year of the plan. Each retirement incurs a one-off payment of twice the average pensionable salary of the individual (approximately £90k) to the pension fund.

Police Community Support Officers (PCSOs)

Funding has been provided for 106 FTE PCSOs over the life of the plan. The requirement for 106 FTE has been agreed as part of the Neighbourhoods review.

Police Staff

Funding has been provided for:

- 843 FTE Core Police Staff (inclusive of Tupe transfer roles 1st October 2020)
- 31 FTE in the Historical Investigation unit part funded by Special grant for the first year of the plan.
- 5 FTE roles which have been identified as part of the FMS review.

The PCC holds funding for 1 FTE in respect of a Restorative justice role. This brings the establishment for staff to 880 FTE in 2021/2022.

The plan includes the cost of 31 staff part funded by a Home Office special grant. It is assumed in the plan that this funding will cease by the end of 2021/22. The special grant is subject to an annual review with the Home Office. Should the funding cease for this investigation then those police staff recruited will be subject to redundancy should they have worked with the force for more than two years. There is no redundancy cost built into this plan as the initial bid stated that there would be exit costs associated with the staff and this should be recoverable from the Home Office. The anticipated costs associated with these redundancies would be in the region of £120k to £180k depending on the length of the service the staff would have been employed by Cleveland Police. As a means of mitigating this risk we will actively manage the workforce to flex in line with the completion or cessation of these investigations.

Pension Schemes

Police Officer Scheme

The plan includes employer contribution rates of 31% of Police pensionable pay as a result of the triennial review that was completed in 2020/21.

The triennial revaluation of the Local Government Pension Scheme (LGPS) took place in March 2020. The plan is based on current employers' contribution rate of 14.5% in the first two years of the plan, increasing to 16.5% in year four. Any increase in contribution rates will pose a risk to the future years of the plan should this rate increase.

Non Pay Budgets

An overall inflation uplift of 2.5% has been provided each year. This will be allocated to specific budget heads in accordance with need e.g. business rates; utilities, RPI pension uplifts, living wage adjustment & contractual uplifts etc. and has been costed at approx. £380k in 2021/22.

All non-pay budgets have been reviewed and adjusted in respect of savings or unavoidable pressures.

The revenue consequences of the capital schemes are also factored into the budget.

Significant Pressures within the LTFP

Although the PCC continues to try to provide a stable financial platform, the impact of unavoidable cost pressures means that all expenditure will have to be scrutinised and only approved if it fits within the overall plan. The plan provides for the following significant pressures:

- Forensic Collision Investigation Unit Contribution £285K from 2021/22
- Increase in National Police Air Support £220K from 2021/22
- ICT Licences & Application / Telecoms related costs £175K from 2021/22
- Microsoft Licences costs £130K from 2021/22
- Additional Change & Contingency fund £125K from 2021/22
- Forensic Drug testing costs £100K from 2021/22
- Increased Contribution to CDSOU £100K from 2021/22
- St Marks Facilities cost £50k from 2021/22
- Compensation and Alarms costs £40K from 2021/22

Savings Programme

In order to offset the significant pressures above the Force continues to review its Non-pay budgets and has identified the following savings which are incorporated in the LTFP:-

- NETIC cost reduction £300K from 2021/22
- Facilities related savings (utilities, R&M, Council tax) £276K from 2021/22
- General Maintenance & Equipment £86K from 2021/22
- Professional fees £50K from 2021/22
- Petrol £35K from 2021/22

Despite the level of savings identified in the planning process there remains a funding gap of £667K. This equates to 0.46% of the gross budget. The Executive have agreed with the Force CFO that these savings be allocated across the Force with Command or Service area required to deliver a proportion of the overall savings target. The Finance team will work with budget holders to deliver a savings plan and this will be monitored in the monthly financial reporting cycle.

Collaboration

The Force has participated in several collaborative units; CDSOU, CNYMIT, NERSOU. However, the Cleveland & North Yorkshire Major Investigation Team (CNYMIT) collaboration was disbanded as at the 31st December 2020. Each Force is now responsible for its own Major Investigation teams moving forward. However, North Yorkshire and Cleveland have agreed to continue a collaboration in respect of the "Cold Case Review Team" which previously fell within the remit of the CNYMIT collaboration. The costs of the collaborations will be split on a 50 / 50 basis. The costs associated with this decision are included with the capital and revenue plans. In addition the Force will enter into a new collaboration with Durham in 2021/22 namely Forensic Collision Investigation Unit (FCIN) an initial £285K has been set aside to fund the contribution and associated costs.

At the time of writing this report it is assumed that the cost of the remaining collaboration units will increase in line with the overall cost assumptions applied to Cleveland core budgets; i.e.: pay 0% in 2021/22 and inflation where applicable etc. Work continues with the lead Forces of the respective units to finalise the budgets for the period of the plan.

Risks in the Plan

Key to the successful delivery of this financial plan is the underlying recruitment plans to ensure the increase in police officer numbers are achieved. The recruitment plan is reviewed on a monthly basis and as required appropriate actions are taken to address issues.

The funding for the increase in police officer numbers is being unwritten by the OPCC until the funding plans from the Government are finalised. This presents a risk if the actual funds allocated do not equate to those built in to the plan.

Included within the Staffing budget is a vacancy factor equating to £1.5M (approx. 44 FTE). This will be achieved through the management of recruitment and the holding of vacancies as they become vacant. It is proposed that each vacancy will be reviewed by a recruitment panel overseen by the Chief Officer Team and as such provide sufficient scrutiny to assess the priority, need and financial implications of the recruitment. In addition the financial implications will be reported in the monthly financial reporting cycle.

The Force has seen significant demand in respect of the costs of Policing Major incidents in recent years. The establishment of our own Major Incident unit and the

allocation of a contingency fund (for overtime and associated expenses) is aimed to address these pressures. However as we have experienced in prior years the nature, frequency, complexity and number of incidents are difficult to forecast. As such this remains a risk to the plan.

The Force has agreed on a new collaboration agreement with Durham; namely the Forensic Collision Investigation Unit (FCIU). Initial funding of £285K has been allocated to support Cleveland's contribution towards the running of the unit. As the unit develops and the breath of demand is understood, the requirements in respect of accreditation, training and equipment will be defined. There is a risk that the level of contribution may increase. This will be monitored on a monthly basis via the CFM and by the governance structured associated with FCIU.

The revenue budget contains mandated cost relating to the provision of National ICT charges under the "memorandum of trading account". This could increase well above the anticipated level (as in previous years). We have included an allocation to cover the cost of inflation but we still await confirmation of the actual level of increase. In 2020/21 this increase was in the order of £156K significantly above inflation. If such a significant increase occurs in the 2021/2022, this increase will have to be managed within existing resources and add to the £667K savings target within the plan.

The Force is in the process of reviewing its recently completed "Training needs analysis requirement". The full cost associated with this requirement is yet unknown but is anticipated will be above the resources currently allocated within the financial plans. Once the review is complete and prioritised the financial impact will be assessed and options for funding the requirement will be considered within the overall financial position.

The impact of the Covid pandemic continues to have an impact on the overall forces resources in terms of manpower and non-pay expenditure. We will continue to monitor the impact over the coming 12 months in the Corporate Financial Report.

The Force contributes to national programmes via the NPCC and also to on-going investigations, these are currently included in the plans circa £350K, any significant variations in the number or on-going cost of these associations will present a risk to the overall plan.

CAPITAL

Operational assets are a vital platform for the delivery of effective policing services. The proposals put forward in the capital plan are those necessary to refresh and enhance the asset base and are set out in Appendix B and summarised in the table below.

CAPITAL PLAN 2021/22- 2024/25				
	2021/22	2022/23	2023/24	2024/25
	£000s	£000s	£000s	£000s
Estates Strategy	723	750	750	250
Other Schemes	238	131	131	256
Digital Strategy	5,434	3,240	2,875	3,402
Fleet Programme	1,021	1,049	1,046	1,071
TOTAL	7,416	5,170	4,802	4,979

The proposals are informed by condition deficiency surveys, 'fit for purpose' reviews, equipment replacement programmes and mandatory requirements. All proposals have business cases written and scrutinised by the Triage Group and the digital services schemes have additionally been scrutinised by the Digital Services Board. The revenue consequences of the capital proposals are factored into the revenue budgets.

Estates & Facilities Schemes

The strategic goal for police estate is to create an effective and efficient estate that reduces cost and environmental impact and facilitates flexible working. The Estates Strategy sets out a clear plan to drive better performance from our estate, accelerate savings, facilitate collaborative working and deliver capital receipts.

The main focus of the programme for 2021/22 is the refit of the ground floor of St Marks House in Stockton along with a four year plan to update and restore the current estate to make it as efficient and effective as is possible.

Other Schemes- Equipment refresh

A significant effort has been put into ensuring the completeness of both revenue and capital rolling equipment replacement programmes to:

- Ensure that funding is available when necessary
- Avoid spikes in expenditure by smoothing the replacement profile
- Inform the procurement plan to ensure timely ordering & receipt of equipment
- To inform prioritisation and decision making

The proposals all have approved business cases for 2021/22 and relate in the main to the purchase of additional drones, new cabinets for the Digital Forensics unit and replacement body worn video. There is also a reserve to be used for new business cases that have urgent requirements in year.

Digital Strategy Schemes

The Digital Strategy sets out the ICT requirements of the Force and is aligned to the National Enabling Programme (NEP). This strategy comprises of refresh, upgrade and development schemes. The current plan incorporates all known ICT requirements with most resources being targeted for replacement hardware which is now at the end of life and infrastructure upgrades to meet the demand created by the Agile

programme and the NEP. The roll out and replacement of laptops and smart phones continues as does the preparation for the replacement Airwaves solution.

Fleet Programme

The strategic goal for the fleet is to deliver an effective and efficient fleet that matches vehicle provision to operational demands, minimises cost and environmental impact and facilitates flexible working.

The Force vehicle fleet has a replacement profile in the range of 60k to 150k miles depending on the vehicle role. This replacement profile has been developed based on increased vehicle downtime, annual running costs and reduced residual values for vehicles which are over this mileage profile. In addition, the replacement of vehicles aims with promoting the force corporate image. A total of 25 new vehicles are included in the plan for 2021/22 as they meet this criteria.

In addition, 13 new vehicles have been added to the Fleet programme as a result of the increased number of officers that are now operational as a result of the Police Uplift Programme.

Implications

Finance

There are no financial implications other than those mentioned above.

Diversity & Equality

There are no diversity or equality issues arising from this report.

Human Rights Act

There are no Human Rights Act implications arising from this report.

Sustainability

This report is part of the process to establish sustainable annual and long term financial plans to underpin sustainable service delivery and maintain prudent financial management.

Conclusion

The LTFP is forecast to breakeven over the term of the plan. The Force will as part of its governance and scrutiny process regularly review performance against the plan and the overall assumption there-in. It will take appropriate actions to address emerging issues should they occur in order to deliver a balance budget position that deliver on Force priorities.

Richard Lewis
Chief Constable
17th February 2020

Appendix A

CLASSIFICATION OF EXPENDITURE	2021/22	2022/23	2023/24	2024/25
	£000's	£000's	£000's	£000's
A: POLICE PAY & ALLOWANCES	80,214	82,289	83,991	86,110
B: POLICE OVERTIME	2,103	2,093	1,956	1,904
C: STAFF PAY & ALLOWANCES	31,433	30,825	31,824	32,942
D: PCSO PAY & ALLOWANCES	3,897	4,033	4,242	4,483
E: OTHER PAY & TRAINING	947	965	975	985
F: POLICE PENSIONS	3,278	3,378	3,478	3,578
G: PREMISES	3,998	4,096	4,224	4,365
H: SUPPLIES & SERVICES	14,916	14,996	14,994	14,966
I: TRANSPORT	1,663	1,699	1,735	1,771
J: EXTERNAL SUPPORT	3,262	3,262	3,262	3,262
M: RECURRING / NON-RECURRING PRESURES & SAVINGS	(667)	(667)	(667)	(667)
PLANNED EXPENDITURE	145,045	146,970	150,015	153,700

	Appendix B			
Capital Schemes	21-22	22-23	23-24	24-25
	£000s	£000s	£000s	£000s
Estates Strategy Schemes				
Furniture replacement	143	25	25	25
Force wide properties condition priorities	100	125	125	125
Emergency Lighting and Fire Alarms	20	0	0	0
Car Park refurbishments	10	0	0	0
Window Replacement- Hartlepool	100	100	100	100
Estate wide Air Conditioning	15	0	0	0
Welfare facilities	10	0	0	0
Flooring	25	0	0	0
Future schemes	0	500	500	0
St Marks House- Ground floor	300	0	0	0
	723	750	750	250
Other Schemes				
NERSOU TSU	31	31	31	31
Superglue fuming Cabinets	39	0	0	0
Body Worn Video-CD SOU	30	0	0	0
Body worn Video replacement	0	0	0	125
Drones	38	0	0	0
Development fund	100	100	100	100
	238	131	131	256
Digital Strategy Schemes				
Mobile device refresh and resources for refresh	234	40	175	202
Desktop refresh	100	0	0	0
NEP rollout resources	93	0	0	0
NLDEP- resources	5	0	0	0
Meeting room- AV	13	0	0	0
Power BI servers	10	0	0	0
SAN Refresh	500	0	0	0
Citrix upgrade and refresh	400	0	0	0
Tape robot replacement	80	0	0	0
Cirenson Asset Manager	47	0	0	0
Replacement server hardware (Domain	10	0	0	0
VM Host Hardware	120	0	0	0
Backup Application refresh	125	0	0	0
O365 Back up	80	0	0	0
Sophos replacement (web and email filtering)	100	0	0	0
Voice recording solution	70	0	0	0
Network and telephony review	30	0	0	0
Cyber security review	30	0	0	0
BT WAN Review	1,050	0	0	0
CISCO Telephony refresh	300	0	0	0
Solarwinds upgrade	14	0	0	0
CORTEX ICCS Upgrade	236	0	0	0
Source One	10	0	0	0
Checkpoint Firewall upgrade	700	0	0	0
Tiger reporting upgrade	23	0	0	0
NEP Business Pilot Resource	38	0	0	0
ICT Capital Project Delivery Resource	450	0	0	0
Intelligence Analysis Software change	60	0	0	0
ESMCP (ESN)- equipment only	0	0	2,000	2,500
Future schemes	0	2,600	0	0
Replacement Agile equipment	200	100	700	700
Orade application development	100	0	0	0
Laptop and radio replacement	106	0	0	0
Force Control Room	100	0	0	0
DFU servers	0	500	0	0
	5,434	3,240	2,875	3,402
Fleet Programme				
Fleet replacement Programme	900	968	965	990
HMET vehicles	56	16	16	16
NERSOU	65	65	65	65
	1,021	1,049	1,046	1,071
Total Schemes	7,416	5,170	4,802	4,979

LTFP 2021/22 to 2024/25 – Assessment of Risks

Risk	Detail	Mitigation
Changes to the future funding formulas for Police Forces.	<p>The Policing Minister is committed to reforming the police funding formula and will bring forward proposals for public consultation.</p> <p>The current assumptions do not factor in any adverse impact as a result of a revised formula.</p> <p>Based on what is currently known of the proposals, this is a prudent assumption, however, it does present a potential risk.</p> <p>Current indications are that no changes will be made before the next CSR which is due in 2021.</p>	More radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration.
Future year's funding is lower than forecast.	The police settlement was for a one year period. This presents a potential risk if funding was to change dramatically as a result of external issues.	More radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration.
A higher than forecast level of costly major incidents.	The number and cost of major incidents in any one year is unpredictable.	<p>There is sufficient flexibility in the plan to absorb some additional costs depending on the magnitude and the time of year the issue becomes known.</p> <p>The PCC may absorb any additional costs in total or part through the use of reserves or other income.</p> <p>A small reserve has been established in order to reduce the financial impact of numerous major incidents in a 12 month period.</p>

Risk	Detail	Mitigation
<p>The impact of possible acceleration of Police Officer and PCSO leavers above the planned profile outstripping our ability to recruit.</p>	<p>Pay budgets have been set based on assumptions in respect of officers and staff leaving and additional recruits being brought in. Should the number of leavers outstrip our ability to recruit this could result in capacity gaps and generate a material underspending.</p>	<p>Should a capacity gap emerge, service levels will be delivered through targeted overtime and the continued employment of police staff investigators along with a further recruitment of transferee Police Officers.</p>
<p>National mandation/ Police ICT Company Costs.</p>	<p>In recent years there has been national mandation of systems e.g. Pentip, resulting in unplanned costs to the Force and significant increase in Police ICT company costs above inflation assumptions within the plans (eg: approx. 15% in 2020/2021)</p>	<p>There is sufficient flexibility in the plan to absorb some additional costs depending on the magnitude and the time of year the issue becomes known. However any significant increase may require additional savings to be sought across the business.</p> <p>The PCC may absorb any additional costs in total or part through the use of reserves or other income.</p>
<p>Police Pension scheme 2015.</p>	<p>The Police Pension 2015 scheme has been found to be discriminatory. Work is underway to ascertain the remedies required to eliminate this discrimination. At this time the cost and magnitude of remedy is unknown but they could pose a significant financial risk to the force.</p>	<p>Cleveland has contributed to the NPCC legal defence of this case. Cleveland has at present 95 claims from Police Officers No further detail is available on the impact to the Chief Constable but should there be a financial impact, more radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration. However it is anticipated that the changes needed to eliminate the discriminatory element of these new pensions will have to be funded centrally.</p>

Risk	Detail	Mitigation
Employment Tribunals and other Litigation.	The Force has been subject in recent years to internal Employment tribunal's claims and wider litigation relating to issues covering all Police forces and those just relating to Cleveland.	Locally and National the Force continues to robustly challenge and contest such litigation where appropriate. In addition the Force / OPCC has insurance provision in place to mitigate some of the financial risk of such claims. The OPCC also maintains insurance reserves and provision to further mitigate any financial risk above and beyond that covered by our insurance policies.
Historic Case Review	The Cold Case Unit previously within the CNYMIT collaboration is now a standalone unit and will be managed jointly across both Forces to ensure demand is managed effectively and cost shared equally (50/50).	The unit will report into the Heads of Crime within Cleveland and North Yorkshire for operational decisions and the Finances will be reported monitored on monthly basis via the Corporate Financial Management Report.
Future of collaborations	The Force has agreed on a new collaboration agreement with Durham; namely the Forensic Collision Investigation Unit (FCIU). Initial funding of £285K has been allocated to support Cleveland's contribution towards the running of the unit. As the unit develops and the breath of demand is understood, the requirements in respect of accreditation, training and equipment will be defined. There is a risk that the level of contribution may increase.	This will be monitored on a monthly basis via the Corporate Financial Monitoring Report and by the governance structured associated with FCIU.
HIU Funding Grant	The HIU is funded in the main by a Home Office Special Grant (85% of the total cost of the unit is funded). The new Policing	Further clarification with the Home Office will take place to reduce the effect of the change in government funding criteria.

Risk	Detail	Mitigation
	Minister has informed Forces at the end of January 2020 of his intention to review all current schemes and to move them to a different funding formula (to only cover the cost of operations over the 1% cost of the force budget). In the case of the Force this would result in an extra cost to the force of approximately £800k per annum with the current structure.	The HIU will be reviewed during 2021/22 to ascertain an end date and the structure will need to be adapted to reduce the financial pressure on the force.
Brexit: Impact on UK procurement rules.	The full impact of the changes to the procurement rules and regulations following the exit from the EU have yet to be felt by the organisation. However we have experienced some increases in price and tariffs	This will be monitored on a monthly basis via the Corporate Financial Monitoring Report and in consultation with Head of procurement to assess both the financial impact and procurement impact in terms of longer lead times etc..
Covid Pandemic	The impact of the Covid pandemic continues to have an impact on the overall forces resources in terms of manpower and non-pay expenditure.	We will continue to monitor the impact over the coming 12 months in the Corporate Financial Monitoring Report and report to the Home Office the financial impact on the Force.
Training needs analysis.	The Force is in the process of reviewing its recently completed "Training needs analysis requirement". The full cost associated with this requirement is yet unknown but is anticipated will be above the resources currently allocated within the financial plans.	Once the review is complete and prioritised the financial impact will be assessed and options for funding the requirement will be considered within the overall financial position.
In Year Savings target	The Planned Expenditure for the year of £145m is inclusive of £0.667K savings target. This represents 0.46% of the planned	We will continue to monitor the impact over the coming 12 months in the Corporate Financial Monitoring Report.

Risk	Detail	Mitigation
	expenditure. The Finance department will work with budget holders to identify in year savings to deliver the savings	