

**Report to the Chief
Constable to the OPCC
24th February 2022**



**CLEVELAND
POLICE**

Cleveland Police Long Term Financial Plan (LTFP) 2022/23 to 2025/26 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 2022/23 to 2025/26 and Capital Plans 2022/23 to 2025/26
- 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 2022/23 and the Long-Term Financial Plan (LTFP) for 2023/24 – 2025/26.

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 2022/23 was released on the 16 December 2021 and included the final tranche of funding (phased over three years) to support the Government's national commitment to fund an increase of 20,000 Police Officers and associated support staff.

In a follow up meeting, Kit Malthouse confirmed that policing would receive an extra £550m in 2022-23, £650m in 2023-24 and £800m by 2024-25. It has been clarified that this means £100m extra in 2023/24 and then £150m extra in 2024/25.

At the time of the Spending Review, how this money was to be distributed was unknown, however, it was suggested that as well as Uplift funding this would also give forces enough resource to fund a pay rise, in line with the end of the public sector pay freeze.

This plan reflects Cleveland share of this increase amounting to an additional 240 Police Officers. All the 240 officers have now been recruited by the Force.

The funding also provided resources to recruit an additional 64 FTE support staff over the three-year period. The Force has recruited all the 64 FTE as at the end of 2021/22. The associated non pay costs for Officers and Staff 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 previously engaged with an external partner: Project Evolution, to undertake a detailed review of demand via their bespoke software. The Force has purchased licences for the software so that this work can continue in house and the knowledge acquired is retained. The on-going reviews provides the data to support and inform resourcing decisions across the Force. The data from the reviews is fed into the Force Management Statement process.
- 2) The Force Management Statement (FMS) process is in its 2nd year and 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.

As part of the Force's strategic planning cycle, completion of steps 1 and 2 of the Force Management Statement (FMS) together with work undertaken to inform a Home Office grant bid to create a Serious Violence Reduction Unit (SVRU), has

identified an additional resource requirement of 132 police officer and 133 police staff posts in order to meet current and future demand. This requirement has been informed by demand analysis work undertaken by Process Evolution, internal demand analysis using Process Evolution tools, local review activity and the professional judgement of individual business area leads. In addition to resource growth, a number of opportunities have also been identified to meet the requirement for new or increased capability through the reconfiguration of existing roles within the establishment.

The PCC has agreed to provide the CC with funding of £151,315k in 2022/23. This will which enable the CC to invest in an establishment of 1,479 police officers and 930 police staff in 2022/23 however, the level of growth identified is not affordable within the current funding available to the Force. Therefore, in order to prioritise the areas of greatest need each growth role has been scored taking into account its contribution to both local and national policing objectives, risks to the Force and risks to the public. This work resulted in the development of a number of proposed establishment changes for 2022/23 which were approved by the Force Executive Management Board on 21st February 2022. These included:

- the workforce modernisation of 7 police officer roles resulting in a revised funded establishment of 1,472 officers and 937 staff
- the deletion of 9 vacant police officer and 8 vacant police staff roles in favour of higher priority areas of growth
- the addition of 62 new police officer and 6 new police staff roles
- the reconfiguration of a number of existing roles to better meet demand

The actions above result in a police officer and police staff establishment which is in line with the level of funding provided for within the LTFP and will inform the completion of steps 3 and 4 of the FMS. This work is now underway and will provide an explanation of both the changes we have made to ensure our workforce and other assets to ensure the Force is able to meet anticipated future demand and the risks associated with any residual demand that cannot be met.

Robust management of the establishment will be required throughout 2022/23 to ensure that the LTFP is not compromised, resources are appropriately aligned and correctly recorded on Force systems and any in-year changes are governed appropriately. Should any additional funding opportunities become available, those roles not prioritised for inclusion in the establishment at this stage will be revisited.

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.

In addition, the Force has seen growth in its Police Officer number in line with the Government agenda to recruit 20,000 officers via its Uplift programme. The Force has made excellent progress in this regarded and has seen growth in several areas of the Force in line with its Towards 2025 aims. The table below highlights those areas of growth since 2019/20 base line: -

| Policing Area | FTE |
|----------------------|--------------|
| Criminal Justice | 1.70 |
| Local Policing | 73.70 |
| Operational Support | 14.50 |
| Roads Policing | 2.10 |
| Total | 92.00 |

Over the prior reporting period the Force has achieved some progress in delivering the strategic aims stated above, a few highlights are given below:-

Putting police officers back into neighbourhoods to focus on crime & antisocial behaviour.

- A new approach to identify the most harmful offenders has been developed based upon Cambridge Harm Index and built into a PowerBi dashboard to provide a score against each offender. The aim is to automatically identify those offenders who are causing the most harm and assist in prioritising resources to mitigate further offending and/or achieve better court outcomes. Feedback so far has confirmed that this will provide operational benefits in identifying the main cohort of offenders that require intervention rather than seeking to manage these through silo approaches.
- The Force participated in the national Neighbourhood Policing Week of action in January 2022 to raise awareness of Neighbourhood Policing Teams (NPTs) and highlight their ongoing work in relation to problem solving, engagement and targeted patrols. From drug raids to drop-ins, vehicle seizures to volunteers, this provided the opportunity to showcase the scope of enforcement and engagement work our NPTs undertake daily. Officers were also able to highlight their increasing use of technology with drone demonstrations in schools, online ward meetings and community Speedwatch.
- The Force has recently been inspected as part of the Serious Youth Violence thematic inspection and early feedback has been very positive with acknowledgement of good work in many areas including our understanding and analysis of demand, intelligence sharing, and early intervention/schools work.

Increase problem solving capability across the Force & response to the most vulnerability in our community across all areas

- A domestic cybercrime information pack has been circulated to all officers via the intranet to highlight the varying tactics deployed by perpetrators to monitor and stalk victims with a view to officers raising awareness of victims and providing adequate safeguarding advice. All frontline staff have also now received DA matters training, with positive feedback from attendees and we are in the process of training all remaining staff.
- Missing from home co-ordinators have now been in post for 12 months and continue to make a difference. Their main aim is to effectively manage the Cleveland Police response to people going missing by recognising and highlighting trends, repeat missing persons and locations to inform a coordinated and intelligence led response from all partner agencies involved with the care of children and adults
- Operation Chesham was implemented in response to the HMICFRS custody inspection. The resultant cultural subgroup continues with representation from the EDI Team, DSE, independents, and subject matter experts, including personal safety. There is also a DSE representative on the Custody Working

Group to assist in improving standards and promulgating early lessons learned. Custody leadership have continued their reviews of the entire custody arena and have incorporated the lessons learned from Operation Chesham into the overall changes to standard working practices within custody.

REVENUE

Summary Position 2022/23 – 2025/26

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

| Projected Force Income and Expenditure | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|------------------|------------------|------------------|------------------|------------------|
| | £000's | £000's | £000's | £000's | £000's |
| Funding from the OPCC | (145,045) | (151,315) | (157,512) | (158,350) | (161,450) |
| A: POLICE PAY & ALLOWANCES | 80,246 | 83,253 | 87,424 | 89,752 | 93,312 |
| B: POLICE OVERTIME | 2,339 | 2,172 | 1,956 | 1,904 | 1,983 |
| C: STAFF PAY & ALLOWANCES | 31,364 | 33,268 | 35,008 | 34,694 | 35,683 |
| D: PCSO PAY & ALLOWANCES | 3,897 | 3,830 | 3,988 | 4,126 | 4,224 |
| Total Pay & Allowances | 117,846 | 122,523 | 128,376 | 130,474 | 135,202 |
| E: OTHER PAY & TRAINING | 963 | 1,081 | 1,091 | 1,101 | 1,101 |
| F: POLICE PENSIONS | 3,578 | 3,678 | 3,778 | 3,878 | 3,878 |
| G: PREMISES | 3,770 | 4,400 | 4,455 | 4,596 | 4,596 |
| H: SUPPLIES & SERVICES | 14,000 | 14,509 | 14,627 | 14,600 | 14,859 |
| I: TRANSPORT | 1,628 | 1,668 | 1,704 | 1,740 | 1,740 |
| J: EXTERNAL SUPPORT | 3,838 | 3,838 | 3,863 | 3,888 | 3,888 |
| M: RECURRING / NON-RECURRING SAVINGS | (578) | (382) | (382) | (382) | (382) |
| Total Non Pay Expenditure | 27,199 | 28,792 | 29,136 | 29,421 | 29,680 |
| Total Planned Expenditure | 145,045 | 151,315 | 157,512 | 159,895 | 164,882 |
| Planned (Surplus) / Deficit | 0 | 0 | 0.0 | 1,545 | 3,432 |

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

| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|--|--------------|--------------|--------------|--------------|--------------|
| Police Officer Establishment | 1,363 | 1,442 | 1,467 | 1,467 | 1,467 |
| Historic Investigation Unit Police Officers | 50 | 25 | 0 | 0 | 0 |
| Historic Investigation Unit Police Officers (additional) | 0 | 5 | 15 | 0 | 0 |
| Additional Police Officers as Per FMS | 40 | 0 | 0 | 0 | 0 |
| Total Police Officer Establishment | 1,453 | 1,472 | 1,482 | 1,467 | 1,467 |
| PCSO Establishment | 106 | 106 | 106 | 106 | 106 |
| Total PCSO Establishment | 106 | 106 | 106 | 106 | 106 |
| Police Staff Establishment | 843 | 863 | 863 | 863 | 863 |
| OPCC Neighbourhood Funded Police Staff | 1 | 0 | 0 | 0 | 0 |
| Historic Investigation Unit Staff | 31 | 37 | 37 | 0 | 0 |
| Special Grant | 0 | 0 | 0 | 0 | 0 |
| EDI | 0 | 6 | 6 | 6 | 6 |
| FCMU | 0 | 20 | 20 | 20 | 20 |
| Special Branch | 0 | 0 | 1 | 1 | 1 |
| Funded | 0 | 11 | 10 | 10 | 10 |
| Additional Staff as Per FMS | 5 | 0 | 0 | 0 | 0 |
| Total Police Staff Establishment | 880 | 937 | 937 | 900 | 900 |
| Total Establishment Force | 2,439 | 2,515 | 2,525 | 2,473 | 2,473 |

Allocated Funding

The final settlement for 2022/23 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 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-----------------------|-----------|-----------|-----------|-----------|-----------|
| | £000's | £000's | £000's | £000's | £000's |
| Funding from the OPCC | (145,045) | (151,315) | (157,512) | (158,350) | (161,450) |

Spending Review 2021 Headlines are detailed below: -

- £10 Precept Flexibility for PCCs over the 3 years of the Spending Review.
- The Home Office settlement provides £4.2 billion over the Parliament, increasing from £12.3bn in 2019-20, (14.6bn in 2021-22) to £16.5bn in 2024-25
- Public Sector Pay Freeze to end in 2022

Based on the analysis released by the Government Core Funding to PCC's has increased by 5.8% in 2022/23, this however assumes that all PCCs increase their Precept by £10 and also does not take into account the loss of the additional Local Council Tax Support Grant that PCCs received in 2021/22.

When the transfer of Special Branch out of force budgets is included, the additional money for all forces amounts to an increase of £549m. It has been confirmed that the funding that was promised to cover employer NI contributions increase of 1.25% is included within this funding.

What does the Government expect to be delivered with this additional funding?

- For the final year of the Police Uplift Programme, the 8,000 additional officers to be recruited will be allocated based on the forces' share of the core grant under the police funding formula.
- The allocation of 8,000 officers will support the growth of 425 officers into Regional Organised Crime Units to confront serious and organised crime. This continues our investment in to the regional-tier of policing. This investment will support the delivery of our strategic commitments as set out in the Beating Crime Plan, as well as tackling drug supply, fraud, and online harms. These officers will also allow us to do more to stop the exploitation and abuse of the most vulnerable in our communities.
- The Government expects PCCs to continue to take responsibility for crime outcomes both locally and nationally, and we will support PCCs and forces to deliver well-evidenced crime interventions as part of their core business. The Spending Review has provided £150m of Government funding for specific crime reduction programmes, designed to prevent crime and keep our communities safe, in each of the next three years. This funding will be available on a 'matched funding' basis.

- Within this Spending Review settlement, we expect to see over £100m of cashable efficiency savings per annum delivered from police force budgets by 2024/25 against the 2020/21 baseline. Following positive engagement across the sector, we have identified three key areas for efficiencies: corporate functions (“back office” including shared services), commercial and procurement, and modern working practices including estates (taking advantage for new technology and innovation). The delivery of efficiencies will be supported and monitored by the Home Office and the Efficiency in Policing Board.

What does this mean for Cleveland in 2022/23 in terms of Funding?

- An increase in of Core Police Grant plus Police Uplift Grant of £5,830k.
- This includes up to £1,619k from the ring-fenced grant for the officer uplift – linked to the recruitment of 96 additional Police Officers by the end of March 2023 (which includes 5 to be allocated to the Regional Organised Crime Unit)
- Police Pension Grant remains at £1,324k
- Capital Grant has been abolished. In 2021/22 it was £138k
- The one-off increase in Council Tax Support Grant of £1,395k has not continued.
- A challenge to deliver £1,200k of savings and efficiencies towards the £100m of savings that have been factored into the National Core Grant allocations, with £960k required to be delivered in 2022/23

| Overall Government and Local Revenue Funding | | | | |
|--|------------------|------------------|----------------------|---------------------|
| | 2022/23 | 2021/22 | (Increase)/Reduction | Year on Year Change |
| | £000s | £000s | £000s | %age |
| Government Funding | | | | |
| Police Grant | (56,542) | (53,582) | (2,961) | 5.5% |
| RSG/National Non Domestic Rate | (46,278) | (43,828) | (2,450) | 5.6% |
| Police Officer Uplift Grant | (1,619) | (1,199) | (420) | 35.0% |
| Council Tax Freeze Grant | (800) | (800) | 0 | 0.0% |
| Council Tax Support Grant | (6,868) | (8,263) | 1,395 | -16.9% |
| Police Pensions Grant | (1,324) | (1,324) | 0 | 0.0% |
| Total Government Funding | (113,432) | (108,996) | (4,436) | 4.1% |
| Impact of a £10 increase in Band D Precept - 3.76% increase | | | | |
| Net Deficit on Collection Funds | 198 | 536 | (339) | |
| Council Tax Requirement | (43,599) | (41,483) | (2,116) | |
| Total Local Funding | (43,401) | (40,947) | (2,454) | 6.0% |
| Total Government + Local Funding | (156,833) | (149,943) | (6,890) | 4.6% |

The overall impact on Core funding is an increase of £6.9m or 4.6%

Pay Budgets

The paybill is the largest single element of the overall cost base at 81% 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 3.5% per annum in September 2022 and 2.5%, 2.0% and 2.0% in future years in line with the NPCC recommendations.
- The 1.25% increase in employer national insurance contributions to support the social care agenda of the government has been included.
- Pension contribution rates of 31% for Police Officers and 14.5% Police staff.
- Provision has also been made for the Apprenticeship levy which commenced in 2017/18. This will cost the Force approximately £391k in 2022/23

Police Officers

Funding in this plan provides for an average 1,472 FTE officers during 2022/23 reducing to 1,467 FTE over the remaining years of the plan. The reduction reflects the conclusion of the work within the Historical Investigation Unit and the ceasing of the Special grant funding associated with this work.

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 2021/22 the Force undertook a review of the Cleveland & Durham Specialist Operations Unit and it was decided to end the collaboration with Durham. The resourcing requirements of the unit are contained within the above establishment numbers.

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:

- 856 FTE Core Police Staff
- 37 FTE in the Historical Investigation unit part funded by Special grant for the first year of the plan.
- 20 FTE roles in the newly established Force Crime Management unit.
- 6 Equality and diversity roles which have transferred from the OPCC.
- 11 funded roles from partners and the OPCC.

The overall staff establishment for 2022/23 is 937 FTE.

The plan includes the cost of 37 staff part funded by a Home Office special grant. It is assumed in the plan that this funding will cease by the end of 2024/25. 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 next triennial revaluation is due March 2023 any changes to funding assumptions will be built into future plans. 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 three. 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 3.1% has been provided based on overall non pay costs. 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. £888k in 2022/23.

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:

- Insurance Premiums costs £185K from 2022/23
- ICT Licences & Application / Telecoms related costs £147K from 2022/23
- Additional Training budget allocation £100K from 2022/23
- DEAMS £100K from 2022/23
- ICT Licences & Application / Telecoms related costs £175K from 2022/23
- Microsoft Licences costs £ 80K from 2022/23
- Additional contributions to agencies £ 60K from 2022/23

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:-

- Reduction in Capital programme to fund revenue £290K in 2022/23
- NPAS budget reduction £132 from 2021/22
- NETIC cost reduction £64K from 2022/23

Despite the level of savings identified in the planning process there remains a funding gap of £328K. This equates to 1.14% of the non-pay 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; NERSOU, FCIN, TTC and Cold Case review team. The costs of the collaborations will be split on a 50 / 50 basis.

The Force has decided to discontinue its collaboration arrangements in respect of the Cleveland and Durham Specialist operations unit and this decision has been built into the plans.

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 3.5% in 2022/23 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: Year One & Two.

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.

It is anticipated that the as at the 1st April the Force will have an estimated 174 vacancies as a result of high attrition rates in 2021/2022 and difficulty in recruiting to some specialist roles across the Force. As a result, it is felt prudent to include within the Staffing budget a vacancy factor equating to £3.1M (approx. 88 FTE). This will be achieved through the management of recruitment and the holding of vacancies as

they become vacant, in addition the It is proposed that each vacancy will be reviewed by a recruitment panel overseen by the Chief Officer Team and as such provide enough 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 and this has continued in 2021/22. The establishment of our own Homicide Major Incident team (HMIT) 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 withdrawn from its collaboration agreement with Durham; namely the CDSOU. The underlying funding for the unit is contained within the base budget for 2022/2023 and an additional allocation has been set aside to support the transition year post the collaboration. 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.

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. A 1% increase above inflation assumed in the plan would add an additional £10K.

The Force is in the process of reviewing its recently completed "Training needs analysis requirement" for 2022/23. The full cost associated with this requirement is yet unknown but an additional £100K has been allocated to the base budget to mitigate this risk. However, there may be an element of "catch up training" required in the coming year budget as the restrictions from the pandemic are lifted and opportunities for training increase. This budget will be closely monitored via CFM and in conjunction with training ammonisation.

The costs of Insurance premiums are a continuing risk in the plan. We have increased the budget in 2022/23 by £185K to offset prior year increases. However our poor claims history and limited Insurers willing to quote within the Police market continue to place an upward pressure when we come to renew or extended our current policies and cover.

The impact of the Covid pandemic continues to have an impact on the overall force 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 to on-going investigations, these are currently included in the plans circa £411K, any significant

variations in the number or on-going cost of these associations will present a risk to the plan.

Risks in the Plan: Future Years (Years Three & Four).

As highlighted in the table above the future years of the plan present a significant challenge for the Force. The projected funding gap increase from £1.5M in year three of the plan to £3.4M in year four of the plan.

All of the risks highlighted in year one & two exist within the future years of the plan and will require continued review and assessment in the coming months in order to formulate plans to address this funding gap.

One area for consideration will be the underlying assumptions within the plan. The assumptions can have a positive or a negative effect on our expenditure plans and funding eg: the tri-annual actuarial review of the LGPS pension fund is due and this may negate the need for us to increase the level of our contributions as forecast in the plan. A 1% reduction would save £311K.

The Force continues to support and invest in the service improvement agenda; covering departmental reviews and exploration of our ICT systems and digital offering. The coming twelve months are crucial in the delivering the outcomes from this work and realising the associated benefits and savings to help balance the future years plans. Three key elements are:-

- 1) Enabling Services review.
- 2) Workforce modernisation agenda.
- 3) Oracle Optimisation programme

The Force will monitor progress against the efficiency / modernisation agenda via the Futures Board and Executive Board.

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.

| 2022/23 Capital Plan | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Facilities Schemes | 824 | 555 | 490 | 420 | 270 |
| Equipment Refresh | 288 | 520 | 80 | 100 | 0 |
| Digital Strategy Schemes | 3,366 | 1,464 | 3,901 | 4,350 | 3,328 |
| Fleet Programme | 1,498 | 967 | 865 | 802 | 701 |
| Other schemes | 100 | 100 | 100 | 100 | 100 |
| TOTAL | 6,076 | 3,606 | 5,436 | 5,772 | 4,399 |

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.

There are two key risks to delivery of the capital programme. The first risk is general slippage against the delivery plan. Although funding is earmarked for each scheme and can be re-provided the following year, the resources required to deliver the schemes in the new financial year places a greater burden on the delivery teams. The second risk is the impact that the restrictions due to Covid 19 continue to place on the ability to engage contractors to undertake work and to be able to source the required equipment and vehicles.

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 2022/23 is the replacement of Windows at Hartlepool Police Station along with a four-year plan to update and restore the current estate to make it as efficient and effective as is possible.

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 2022/23 and relate in the main to ANPR equipment, replacement weapons and a faraday tent and bag for the Forensics Unit.

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 38 new vehicles are included in the plan for 2022/23 as they meet this criterion.

Other Schemes

The plan includes £100k as a Development Fund which is to support new business cases throughout the year. Business plans are submitted to the Triage Group for scrutiny and if successful are further scrutinised by the Finance Triage Group before funds are allocated from the Development Fund.

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 in years one and two of the plan. The Force faces a significant challenge in order to address the gap in funding in years three and four of the plan (£1.5M and £3.4M respectively). The balanced position in the early years of the plan affords the Force the opportunity to continue to deliver on its service improvement programme and formulate longer term plans in order to address the funding gap in years of the three and four. The savings and benefits of service improvement work and work force modernisation will be integrated into the LTFP process, to enable the Force to monitor the progress made in achieving a balanced plan over the full term of the LTFP. 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.

Helen MCMillan
Chief Constable
24th February 2022

Appendix A

| Row Labels | Sum of Sum Original 2021/22 | Sum of Budget 2022/23 | Sum of Budget 2023/24 | Sum of Budget 2024/25 | Sum of Budget 2025/26 |
|--------------------------------------|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| A: POLICE PAY & ALLOWANCES | 80,245,700 | 83,253,400 | 87,423,650 | 89,751,500 | 93,312,400 |
| B: POLICE OVERTIME | 2,339,300 | 2,171,600 | 1,956,350 | 1,903,500 | 1,982,600 |
| C: STAFF PAY & ALLOWANCES | 31,364,100 | 33,268,000 | 35,008,000 | 34,693,869 | 35,682,869 |
| D: PCSO PAY & ALLOWANCES | 3,896,800 | 3,830,000 | 3,987,544 | 4,125,509 | 4,224,164 |
| E: OTHER PAY & TRAINING | 963,200 | 1,081,200 | 1,091,200 | 1,101,200 | 1,101,200 |
| F: POLICE PENSIONS | 3,578,250 | 3,678,250 | 3,778,250 | 3,878,250 | 3,878,250 |
| G: PREMISES | 3,770,200 | 4,400,200 | 4,455,200 | 4,596,200 | 4,596,200 |
| H: SUPPLIES & SERVICES | 13,999,950 | 14,508,600 | 14,626,600 | 14,599,600 | 14,858,600 |
| I: TRANSPORT | 1,628,100 | 1,668,100 | 1,704,100 | 1,740,100 | 1,740,100 |
| J: EXTERNAL SUPPORT | 3,837,650 | 3,838,000 | 3,863,000 | 3,888,000 | 3,888,000 |
| M: RECURRING / NON-RECURRING SAVINGS | -578,250 | -382,250 | -382,250 | -382,250 | -382,250 |
| Grand Total | 145,045,000 | 151,315,100 | 157,511,644 | 159,895,478 | 164,882,133 |

| | Appendix B | | | | |
|--|-------------------|--------------|--------------|--------------|--------------|
| Capital Schemes | 22-23 | 23-24 | 24-25 | 25-26 | 26-27 |
| | £000s | £000s | £000s | £000s | £000s |
| Estates Strategy Schemes | | | | | |
| Chair replacement programme | 25 | 25 | 25 | 25 | 25 |
| Furniture replacement | 107 | 90 | 75 | 25 | 25 |
| DDA works | 50 | 10 | 10 | 10 | 10 |
| Carbon Reduction Scheme | 40 | 30 | 30 | 30 | 30 |
| Force wide properties condition priorities | 102 | 125 | 125 | 125 | 125 |
| Emergency Lighting and Fire Alarms | 20 | 20 | 20 | 0 | 0 |
| Car Park refurbishments | 15 | 15 | 15 | 15 | 15 |
| Window Replacement- Hartlepool | 300 | 200 | 150 | 150 | 0 |
| Welfare facilities | 23 | 20 | 20 | 20 | 20 |
| Flooring | 25 | 20 | 20 | 20 | 20 |
| Gates at CHQ | 80 | 0 | 0 | 0 | 0 |
| Electric Vehicle Chargers | 25 | 0 | 0 | 0 | 0 |
| DFU North Ormesby Garage Refit | 12 | 0 | 0 | 0 | 0 |
| | 824 | 555 | 490 | 420 | 270 |
| Equipment Refresh | | | | | |
| Protective Dog Harnesses | 11 | 0 | 0 | 0 | 0 |
| ANPR equipment | 180 | 120 | 80 | 0 | 0 |
| Faraday tent and bag | 28 | 0 | 0 | 0 | 0 |
| TTC replacement weapons | 38 | 400 | 0 | 100 | 0 |
| NERSOU TSU | 31 | 0 | 0 | 0 | 0 |
| | 288 | 520 | 80 | 100 | 0 |
| Digital Strategy Schemes | | | | | |
| ESN | 16 | 16 | 2,016 | 2,516 | 0 |
| Meeting room- AV | 13 | 0 | 0 | 0 | 0 |
| Facial recognition | 82 | 0 | 0 | 0 | 0 |
| DFU servers | 735 | 0 | 0 | 0 | 0 |
| Oracle Optimisation Tool | 465 | 0 | 0 | 0 | 0 |
| NLDEP | 5 | 0 | 0 | 0 | 0 |
| O365 Backup | 80 | 0 | 0 | 0 | 0 |
| Cyber Security Review | 30 | 0 | 0 | 0 | 0 |
| Cirenson Asset Manager | 47 | 0 | 0 | 0 | 0 |
| NEP Delivery | 30 | 0 | 0 | 0 | 0 |
| Client Device Refresh | 160 | 287 | 777 | 453 | 0 |
| New IT Equipment for increase in employees | 140 | 0 | 0 | 0 | 0 |
| Mobile Device refresh (mobile handsets) | 39 | 176 | 203 | 39 | 175 |
| Redwood Recorder update | 25 | 0 | 0 | 0 | 0 |
| Airwave Replacement Handsets | 325 | 80 | 80 | 80 | 0 |
| Body Worn Video | 0 | 20 | 20 | 500 | 20 |
| Digital Interview Recording | 0 | 10 | 10 | 200 | 10 |
| Capital Resources | 264 | 400 | 400 | 400 | 450 |
| GIS Mapping | 50 | 0 | 0 | 0 | 0 |
| Data Centre Rack Upgrade | 5 | 0 | 0 | 0 | 0 |
| VM Ware Professional Services | 30 | 0 | 0 | 0 | 0 |
| Infrastructure Compliance Software | 200 | 0 | 0 | 0 | 0 |
| Backup Capacity Licence | 90 | 0 | 0 | 0 | 0 |
| Confidential Network Storage Refresh | 100 | 0 | 0 | 0 | 0 |
| Cisco Secure Networks Analytics Application | 35 | 0 | 0 | 0 | 0 |
| Additional Storage Shelves | 220 | 0 | 0 | 0 | 0 |
| Server Infrastructure Refresh | 30 | 15 | 110 | 110 | 732 |
| LAN (switches and Routers) | 135 | 160 | 170 | 17 | 0 |
| SAN storage | 0 | 0 | 0 | 0 | 805 |
| Backup Infrastructure | 0 | 0 | 0 | 0 | 366 |
| Firewalls | 0 | 0 | 0 | 0 | 770 |
| WiFi | 0 | 0 | 15 | 35 | 0 |
| FCR Unify Platform upgrade | 0 | 0 | 100 | 0 | 0 |
| Software Licensing | 0 | 300 | 0 | 0 | 0 |
| Internet Investigation and Intelligence Capability | 15 | 0 | 0 | 0 | 0 |
| | 3,366 | 1,464 | 3,901 | 4,350 | 3,328 |
| Fleet Programme | | | | | |
| Fleet replacement Programme | 1,411 | 913 | 820 | 684 | 701 |
| Forensic Collision Unit | 17 | 0 | 0 | 0 | 0 |
| NERSOU | 70 | 54 | 45 | 118 | 0 |
| | 1,498 | 967 | 865 | 802 | 701 |
| Other Schemes | | | | | |
| Development fund | 100 | 100 | 100 | 100 | 100 |
| | 100 | 100 | 100 | 100 | 100 |
| Total Schemes | 6,076 | 3,606 | 5,436 | 5,772 | 4,399 |

LTFP 2022/23 to 2025/26 – Assessment of Risks

| Risk | Detail | Mitigation |
|--|--|---|
| <p>Changes to the future funding formulas for Police Forces.</p> | <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.</p> | <p>More radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration.</p> |
| <p>A high level of vacancy factor within the staff budget over the life of the plan.</p> | <p>The Policing staffing budget is inclusive of a vacancy factor which equates to £3.1m in year one of the plan and continues over the life of the plan.</p> | <p>The Force has a balanced budget over the years one and two of the plan. The Finance team will continue to monitor closely the staff establishment to ensure the vacancy is delivered. This coupled with a programme of service reviews, work Force modernisation will deliver savings / efficiencies that will reduce the requirement for a significant vacancy factor in years 3 and 4 of the plan.</p> |
| <p>Future year's funding is lower than forecast.</p> | <p>This presents a potential risk if funding was to change dramatically as a result of external issues, changes in underlying assumptions or changing economic conditions.</p> | <p>More radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration.</p> |

| Risk | Detail | Mitigation |
|---|---|---|
| A higher than forecast level of costly major incidents. | The number and cost of major incidents in any one year is unpredictable. | 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. The PCC may absorb any additional costs in total or part through the use of reserves or other income. A small reserve has been established in order to reduce the financial impact of numerous major incidents in a 12 month period. |
| The impact of possible acceleration of Police Officer and PCSO leavers above the planned profile outstripping our ability to recruit. | 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. | 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. |
| National mandation/ Police ICT Company Costs. | 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. 8% in 2021/2022). At the time of agreeing the budget the level of increase is unknown. | 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. The PCC may absorb any additional costs in total or part through the use of reserves or other income. |
| Police Pension scheme 2015. | The transition of Police Officers from the 1987 and 2006 schemes into the 2015 scheme was deemed to be unlawful. Legislation is | The work is being co-ordinated by the NPCC and a grant has been awarded to be offset against the costs of reassessing |

| Risk | Detail | Mitigation |
|---|---|---|
| | <p>currently being processed though the Houses of Parliament to move all officers into the 2015 scheme by 1 April 2022. Work is underway to assess each transferee to ensure that they are given the most favourable pension up to 1 April 2022 for their individual circumstances.</p> | <p>individual pension entitlement. If this grant is insufficient then the Home Office will be lobbied by the NPCC for additional funding but if this is unsuccessful, there will be a financial impact on the Chief Constable. If there is a financial impact on the Chief Constable then more radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration.</p> |
| <p>Employment Tribunals and other Litigation.</p> | <p>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.</p> | <p>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.</p> |
| <p>Covid Pandemic</p> | <p>The impact of the Covid pandemic continues to have an impact on the overall forces resources in terms of manpower and non-pay expenditure.</p> | <p>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.</p> |
| <p>Training needs analysis.</p> | <p>The Force is in the process of reviewing its recently completed "Training needs analysis requirement". The full cost associated with this requirement is costed at</p> | <p>A prioritised list is being drawn up based on risk and deliverability within the financial period. In addition any underspend on the 2021/22 training budget set</p> |

| Risk | Detail | Mitigation |
|--|--|--|
| | circa £800K. Significantly above current budget. | aside to support 2022/23 requirements. The position will be reported in the monthly CFM |
| In Year Savings target | The Planned Non pay Expenditure for the year of £29,174m is inclusive of £0.382K savings target. This represents 1.31% of the planned expenditure. The Finance department will work with budget holders to identify in year savings to deliver the savings | We will continue to monitor the impact over the coming 12 months in the Corporate Financial Monitoring Report. |
| Withdrawal from CSDSOU Collaboration with Durham | Cleveland Police has withdrawn from its collaboration with Durham for Road Policing and Armed response and will now delivered these services in house and within its current budget. | MOU have been agreed to support operational requirements as required. The |