

**Report to the Chief
Constable to the OPCC
24th February 2023**



**CLEVELAND
POLICE**

**Cleveland Police Long Term Financial Plan (LTFP) 2023/24 to 2026/27
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 Commissioner's 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 2023/24 to 2026/27 and Capital Plans 2023/24 to 2026/27
- 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 2023/24 and the Long-Term Financial Plan (LTFP) for 2024/25 – 2026/27.

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 2023/24 was released on the 14 December 2022. In the Statement the Minister confirmed that overall funding for policing will rise by up to £287 million compared to the 2022-23 funding settlement, bringing the total up to £17.2 billion for the policing system. Within this, funding to Police and Crime Commissioners (PCCs) will increase by up to an additional £523 million, assuming full

take-up of precept flexibility. This would represent an increase to PCC funding in cash terms of 3.6% on top of the 2022-23 police funding settlement.

The Government has stated that given the significant investment into policing over the previous four years, and that forces need to be held to account on delivery.

Therefore, the Government has set 3 key priorities for 2023/24:

- Ensuring overall police officer numbers are maintained at the agreed Police Uplift baseline plus force level allocations of the 20,000 additional officers.
- Deploying these additional officers to reduce crime and honour this Government's commitment to keep the public safe.
- Delivering improvements in productivity and driving forward efficiencies, maximising the value of the Government's investment.

Police Uplift Programme

Reflecting the importance of reaching this milestone and maintaining the additional officers, in 2023-24 £275 million will be ringfenced and allocated in line with funding formula shares. As in previous years, PCCs will be able to access this by demonstrating that they have maintained their overall officer headcount, comprised of their agreed Police Uplift baseline plus their allocation of the 20,000 additional officers.

Precept

The Spending Review 2021 confirmed that PCCs in England will be empowered to raise additional funding through increased precept flexibility of up to £10 per year to 2024-25. However, recognising the financial pressures police forces are facing, it is proposed that the precept flexibility for 2023-24 be increased to allow the precept to be raised by up to £15 for a typical Band D property. It is forecast that this would equate to an additional £349 million should all PCCs maximise this flexibility

The Minister emphasised the use of precept flexibility is a decision that must be taken by each locally elected PCC. Local taxation should not be in place of sound financial management, and therefore CC and PCCs to exhaust all other options to reprioritise their budgets, seek efficiencies and maximise productivity of their existing resources before looking to local taxpayers for additional funding. CC and PCC's should consider all pressures on their budgets, including the potential for pay awards 2% next year.

Efficiency and productivity

The statement also highlighted the need for PCCs and Forces to delivery on efficiency and productivity. Police, like all public services, must ensure that they make best use of public money. This means reducing inefficiencies and maximising productivity. As part of the Spending Review 2021, we expect to see at least £100 million of cashable efficiency savings delivered from force budgets by 2024-25, achieved through areas such as:

- Working with BlueLight Commercial to maximise financial and commercial benefits related to procurement, through use of the organisation's commercial expertise, leveraging the purchasing power available across the sector, and developing the capacity to implement a full commercial life-cycle approach to procurement.
- Corporate Functions, where the Home Office and BlueLight Commercial are conducting ongoing work with the sector to understand the opportunities around the management of corporate functions for example implementation of shared service models.

National priorities

This settlement provides £1.1 billion for national policing priorities to support PCCs and forces, and to support the strategic vision outlined in the Beating Crime Plan to cut crime, increase confidence in the criminal justice system, and put victims first.

For 2023-24, settlement funding for programmes that prevent crime and help keep communities safe, including:

- This settlement provides funding to combat serious violence, including Violence Reduction Units and the Grip 'hotspot policing' programme. Funding arrangements for specific crime reduction programmes will be confirmed in due course.
- Delivering on the commitments made in the 10-year drug strategy by prioritising funding to clamp down on drugs and County Lines activity which has already achieved over 2,900 county line closures since 2019.
- Continuing to invest in tackling exploitation and abuse, including child sexual exploitation and modern slavery.
- Prioritising Regional Organised Crime Units, ensuring they are equipped with the specialist capabilities and dedicated resource needed to support law enforcement in confronting serious and organised crime.

Going further, the settlement provides funding to improve the criminal justice system, victim care, and investigation outcomes including:

- Prioritising funding for commitments made through the Rape Review, ensuring the right support is in place to support police forces in implementing the national operating model for rape investigations and improving their digital capability, crucial for improving timeliness and reducing victim attrition.
- Investing in a new Victim Satisfaction Survey to drive improvements in the support police forces provide to victims and gain new insights into why victims withhold or withdraw support for investigations.
- Continuing to invest in the development of forensics tools and services for police forces, and the Forensic Capability Network as a central resource supporting the national network of over 4,000 forensic specialists in police forces.

It is crucial that police forces and law enforcement partners have effective technology systems to support front line officers. Therefore, we are:

- Providing funding for major programmes of work which are already underway to replace and improve systems, such as the National Law Enforcement Data Programme and Emergency Services Mobile Communications Programme.
- Continuing to invest in critical national police and law enforcement IT capabilities to transform the way that the police engage with the public and unlock more efficient working practices.

Counter-terrorism policing

The Government will continue to provide vital support for counter-terrorism (CT) policing, ensuring they have the resources they need to meet and deal with the threats we face. CT police funding will continue to total over £1 billion in 2023-24. This investment will support ongoing CT policing investigations to keep the country safe and includes funding for both armed policing and the CT Operations Centre. PCCs will be notified separately of force-level funding allocations for CT policing, which will not be made public for security reasons

Force Strategic Planning Update

Planning and managing the Force efficiently to ensure that it achieves value for money both now and in the future is a key strategic driver. To help achieve this the Force has an integrated strategic planning cycle which incorporates the Force Management Statement (FMS), financial planning, workforce plans, training needs analysis, strategic risk assessments (STRA) and strategic policing requirements (SPRs). This approach ensures that the allocation of resources and growth and investment decisions are informed by operational and organisational requirements.

Capacity and capability to meet demand across all business areas is assessed each year as part of the Force Management Statement process and this informs budget and resource allocation decisions based on priority and risk. The Force has invested in a dedicated Demand Analysis Team who have built demand models for all core operational policing areas, which allows us to determine the resource levels required to meet demand and scenario test the impact of any proposed changes to service delivery.

We remain convinced that the Force is under resourced to deal with the levels of crime in Cleveland, this has particular impact on the Force's ability to invest in proactive policing to reduce demand, deter criminality and build public confidence. Without appropriate support there is a risk that the Force will remain too reactive and therefore be unable to effectively tackle long standing problems and make sustainable improvement. Dialogue continues with the Home Office and other partners to increase resources available to the force and give assurance that additional funding would be used effectively.

Whilst the need for additional resource is clear, the Force is committed to making the best use of existing resources and a review of the Force operating model is underway to support this. The Force has created a new dedicated prevention

command to focus on problem solving and prevention activity to help reduce the demands we face and find long-term solutions to the problems faced by local communities. Investment has also been made in increasing our proactive capability with a return to geographic policing in our four local authority areas to improve service delivery and help increase public confidence. Work also remains ongoing to better exploit new and existing technology and ensure our workforce has the right skills and experience to deliver effective and efficient policing.

Our service improvement and change work continues in order to address the concerns raised by HMICFRS in the 2019 PEEL inspection, streamline our processes and eliminate wasteful activity. The Force has recently been re-inspected by HMICFRS and whilst the inspection report will not be published until March 2023, improvements have been observed in a number of areas, including ethical behaviour and culture, protecting vulnerable people, our Force Control Room and Crime Data Integrity. Work is also underway to develop a new strategic plan and performance framework to provide clear direction and focus for continued performance improvements, it is expected that this plan will be adopted in the first quarter of the 2023/24 financial year.

REVENUE

Summary Position 2023/24 – 2026/27

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

Projected Force Income and Expenditure	2022/23	2023/24	2024/25	2025/26	2026/27
	£000's	£000's	£000's	£000's	£000's
Funding from the OPCC	(151,315)	(160,580)	(165,255)	(164,530)	(168,705)
A: POLICE PAY & ALLOWANCES	83,253	86,863	89,289	90,093	92,716
B: POLICE OVERTIME	2,172	2,696	2,580	2,233	2,635
C: STAFF PAY & ALLOWANCES	33,268	35,450	36,604	36,360	37,625
D: PCSO PAY & ALLOWANCES	3,830	3,926	4,146	4,290	4,455
Total Pay & Allowances	122,523	128,934	132,618	132,976	137,431
E: OTHER PAY & TRAINING	1,081	1,151	1,396	1,646	1,646
F: POLICE PENSIONS	3,678	3,958	4,148	4,148	4,148
G: PREMISES	4,400	5,048	5,219	5,219	5,219
H: SUPPLIES & SERVICES	14,509	16,136	16,443	16,711	16,931
I: TRANSPORT	1,668	1,886	1,897	1,897	1,897
J: EXTERNAL SUPPORT	3,838	3,854	3,921	3,921	3,921
M: RECURRING / NON-RECURRING SAVINGS	(382)	(387)	(387)	(387)	(387)
Total Non Pay Expenditure	28,792	31,646	32,637	33,155	33,375
Total Planned Expenditure	151,315	160,580	165,255	166,131	170,806
Planned (Surplus) / Deficit	0	(0)	0	1,601	2,101

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

Establishment Profile	2022/23	2023/24	2024/25	2025/26	2026/27
Core Funded Police Officers	1,442	1,500	1,500	1,500	1,500
Historic Investigation Unit Police Officers	30	13	19	0	0
FMS Additional Police Officers	0	0	0	0	0
Total Police Officer	1,472	1,513	1,519	1,500	1,500
Total PCSO's	106	106	106	106	106
Core funded police staff	900	919	919	919	919
Historic Investigation Unit Staff	37	39	24	0	0
OPCC Neighbourhood Funded Staff	1	1	1	1	1
Total Police Staff	938	959	944	920	920
Overall Force Establishment	2,516	2,578	2,569	2,526	2,526

Allocated Funding

The final settlement for 2023/24 onwards has been confirmed and as a result the OPCC has allocated resources as detailed below for the Chief Constable to deliver on his Policing properties:

Projected Force Income and Expenditure	2022/23	2023/24	2024/25	2025/26	2026/27
	£000's	£000's	£000's	£000's	£000's
Funding from the OPCC	(151,315)	(160,580)	(165,255)	(164,530)	(168,705)

Spending Review 2022 Headlines are detailed below: -

- Precept Flexibility for PCCs increased by £5 from £10 per band D property to £15.
- The Home Office grant settlement provides an extra £287m in 2023/24 compared to the 2022/23 settlement.
- Guidance on Public Sector Pay was limited to commentary that PCC's should provide for above a 2% increase in their budget assumptions.

Based on the analysis released by the Government Core Funding to PCC's has increased by 3.6% in 2022/23, this however assumes that all PCCs increase their Precept by £15.

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

- Ensuring overall police officer numbers are maintained at the agreed Police Uplift baseline plus force level allocations of the 20,000 additional officers.
- Deploying these additional officers to reduce crime and honour this Government's commitment to keep the public safe.
- Delivering improvements in productivity and driving forward efficiencies, maximising the value of the Government's investment

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 £2,037k.

- This includes up to £1,679k from the ring-fenced grant for the officer uplift.
- Police Pension Grant remains at £1,324k

Overall Government and Local Revenue Funding				
	2023/24	2022/23	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
Government Funding				
Police Grant	(56,591)	(56,542)	(48)	0.1%
RSG/National Non Domestic Rate	(46,588)	(46,278)	(310)	0.7%
Police Officer Uplift Grant	(3,298)	(1,619)	(1,679)	103.7%
Council Tax Freeze Grant	(800)	(800)	0	0.0%
Council Tax Support Grant	(6,868)	(6,868)	0	0.0%
Police Pensions Grant	(1,324)	(1,324)	0	0.0%
Total Government Funding	(115,469)	(113,432)	(2,037)	1.8%
Impact of a £15 increase in Band D Precept - 5.44% increase				
Net Deficit on Collection Funds	304	198	107	
Council Tax Requirement	(46,608)	(43,599)	(3,009)	
Total Local Funding	(46,303)	(43,401)	(2,902)	6.7%
Total Government + Local Funding	(161,773)	(156,833)	(4,940)	3.1%

Based on the precept being proposed, of £290.73 for a Band D property, then the overall impact on the Core funding for the organisation is set to increase by 3.1%, or just over £4.9m.

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 4.0% per annum in September 2023 and 2.0%, 2.0% and 2.0% in future years in line with the NPCC recommendations.
- The employer national insurance contributions 13.8% are in line with government policy.
- Pension contribution rates of 31% for Police Officers and 15.0%, 15.5% and 16.0% Police staff.
- Provision has also been made for the apprenticeship levy which commenced in 2017/18. This will cost the Force approximately £462k in 2023/24

Police Officers

Funding in this plan provides for 1,513 FTE officers during 2023/24, 1,519 in 2024/25 reducing and 1,500 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 and DHEP routes and a small number of

transferees. 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.

The allocation of funding and ultimately therefore Police Officers as part of the Uplift programme is based on current proportions of Government funding without any assessment of local needs and/or an any assessment of the impact of previous funding reductions and decisions.

As a result, there are areas within the Country who are now able to have more Police Officers than they have ever had in their history. Unfortunately, this is not the case in Cleveland where, at the end of the Uplift increases, the number of Police Officers within Cleveland Police will still be around 200-250 lower than they were in 2010.

The PCC and the Force are in active discussions with the Home Office on how this continued shortfall of both financial and human resources can be addressed.

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

The Police staff establishment consist of:

- 919 FTE Core Police Staff
- 39 FTE in the Historical Investigation unit part funded by Special grant for the first year of the plan.
- 1 funded role from the OPCC.

The overall staff establishment for 2022/23 is 959 FTE.

The plan includes the cost of 39 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 £150k to £210k 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 2023. The next triennial revaluation is due March 2026 any changes to funding assumptions will be built into future plans. The plan is based on current employers' contribution rate of 15.0% in the first year of the plan, increasing to 16.0% 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 7.95% 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. £2,317k in 2023/24.

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:

Inflation Impact from 22/23	£000's
Utilities	532
Contracts : Repairs, Maintenance & Cleaning	31
Contracts : ICT	118
Petrol	125
Total from 22/23	806
Inflation Impact 23/24	
Contracts : Repairs, Maintenance & Cleaning	146
Contracts : ICT	319
Contracts : Custody & Medical	80
Contracts : Telecoms	60
Contracts : Forensics	72
Pension : CPI increase	180
Pay & Contract inflation Collaborations	104
Revenue Impact of capital Investments	220
Insurance	35
Pay Inflation on Overtime	130
Change & Contingency	190
Petrol	-25
Total from 23/24	1511
Grand Total	2317

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: -

	£000's
Funding for external Operations	225
Removal of non -recurring budgets	30
Total from 23/24	255

Despite the level of savings identified in the planning process there remains a funding gap of £387K. This equates to 1.22% 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.

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 4.0% in 2023/24 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 are the underlying financial and planning assumptions, namely: -

- 1) The pay award is forecast to be 4% in the first year of the plan. An increase of 1% in the pay award would increase the overall pay bill by £0.7m in year with a full year effect of £1.3m in year two.
- 2) Inflation continues to impact on supplies & services in the wider economy with significant pressures on utilities, ICT costs and general contracts. Although the plan allows for significant inflation costs this will require scrutiny throughout the year to ensure costs remain within assumption and robust contract management to ensure value for money is achieved in contract negotiations.
- 3) The Home Office has indicated that one of the key priorities for Forces is maintaining Officer numbers at or above the uplift targets and further indicated that financial penalties may apply for non-compliance. The recruitment plans within the budget have been constructed in conjunction with our HR and Learning & development colleagues to ensure we achieve the growth in officer numbers contained within the plan. The plan considers leavers, retirements and assumes entry routes via new recruits and transferees to maintain uplift requirements and achieve the growth within the plan.
- 4) It is anticipated that the as at the 1st April the Force will have an estimated 107 vacancies as a result of high attrition rates in 2022/2023 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 £3.6M (approx. 95 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

To address this gap the Force is undertaking a review of the enabling services establishment. The key aims of the review are -

- a) Provide the Force with a robust enabling services model that maximises support to frontline colleagues and improves the efficiency and effectiveness within the enabling services arena.
- b) Provides the Force with an enabling services model that is affordable and based on more manageable vacancy factor of assumptions of between 4% and 6% in the longer term.

The review is currently under way, and it's hoped that this work will be completed in the first six months of 2023/24. Whilst this work is being

undertaken it is essential for the financial resilience of the force that the current establishment plans are closely monitored, and regular updates are provided to the Chief Officer team on both the financial position and the progress of the review. It is assumed that there is no requirement for a recruitment freeze as this will flex through the normal "churn" of starters and leavers, if this position changes suitable adjustments will be put in place with the approval of the Chief Officer team.

The Force has seen significant demand in respect of the costs of Policing Major incidents in recent years and this has continued in 2022/23. 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 completed "Training needs analysis requirement" for 2023/24, grading the training requirements via traffic light system. The total request amounts £1,020k of which £0.737m is graded red. As in previous years we accept an element of over programming in the submissions and risk when measured against the allocated budget. An additional risk is the unknown in year requirements that materialise which are mandated or have become an operational risk, in 2022/23 this amounted to circa £175k. This budget will be closely monitored via CFM and in the learning & development governance meeting.

The costs of Insurance premiums are a continuing risk in the plan. We have increased the budget in 2023/24 by £35K 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 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 £1.6M in year three of the plan to £2.1M 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 e.g.: Variations in the pay award assumptions of 4% and 2% in years 1 & 2 of the plans will have an impact on future years costs when the full year affects are applied to the base budget.

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. The plan for 2023/24 to 2027/28 is summarised below and is detailed in Appendix B.

2023/24-2027/28 Capital Plan	2023/24	2024/25	2025/26	2026/27	2027/28
	£000s	£000s	£000s	£000s	£000s
Facilities Schemes	1,196	505	475	305	245
Equipment refresh	493	239	146	78	67
ICT schemes	3,560	1,211	934	760	1,287
Fleet schemes	2,064	1,164	1,007	930	1,275
Other schemes	100	100	100	100	100
TOTAL	7,413	3,219	2,662	2,173	2,974

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 ICT schemes have additionally been scrutinised by the Digital Policing Group.

The Executive Management Board scrutinised and approved the capital plan on 10 January 2023. 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 recruitment and retention of staff, specifically ICT staff, to undertake the programme of work available to deliver the capital schemes.

Facilities Schemes

The strategic goal for the 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 2023/24 is the continued replacement of Windows at Hartlepool Police Station, the replacement of the roof at the Learning and Development Centre and 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 2023/24 and relate in the main to ANPR equipment, replacement weapons and new Telematics and CCTV system for the Fleet Unit.

ICT Schemes

The Digital Strategy sets out the ICT requirements of the Force and is aligned to the National Digital Policing Programme 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. Airwaves equipment is to be replace following further delays to the replacement Airwaves system.

Fleet Schemes

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 of 100k miles. 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 to promote the force corporate image. A total of 63 new vehicles are included in the plan for 2023/24 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 (£1.6M and £2.1M 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.

Chief Constable
XXth February 2023

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 Requirements				
	23-24	24-25	25-26	26-27	27-28
Schemes		£000s	£000s	£000s	£000s
Chair Replacement Programme	25	25	25	25	25
Furniture Replacement Programme	142	90	75	25	25
DDA works	20	10	10	10	10
Carbon Reduction Scheme	115	30	30	30	30
Forcewide Property Priorities	100	100	100	100	100
Emergency Lighting and Fire Alarms	20	20	20	0	0
Car Park Refurbishment	15	15	15	15	15
Hartlepool Window Replacement	100	100	100	0	0
Welfare Facilities	50	20	20	20	20
Flooring	20	20	20	20	20
CSH gates	0	0	0	0	0
Fixed wire testing	50	35	0	0	0
LDC Roof	200	0	0	0	0
UPS	15	0	0	0	0
CP CHQ Stairlift	35	0	0	0	0
Electric Vehicle Charging Infrastructure	70	40	60	60	0
CED (Taser) Storage	52	0	0	0	0
Air conditioning at LDC	63	0	0	0	0
Furniture for LDC	34	0	0	0	0
Refurbishment of Bravo training room-LDC	24	0	0	0	0
Projection Facilities- for L&D	46	0	0	0	0
	1196	505	475	305	245
Firearms Replacement Equipment	0	100	101	26	0
ANPR	120	80	0	0	0
Fleet- Telematics and CCTV	82	59	45	52	67
Drones	60	0	0	0	0
Replacment Carbines	200	0	0	0	0
NERSOU-TSU ESTIMATE	31	0	0	0	0
	493	239	146	78	67
Fleet System	150	0	0	0	0
Legal Casework system	70	0	0	0	0
Data Centre Rack	5	0	0	0	0
Data Centre Core Services Management	504	0	0	0	0
SQL Server Cluster refresh	50	0	0	0	0
ICT Client Device Refresh	567	800	500	300	800
ICT Client Device Growth	354	231	254	280	307
ICT Capex Delivery Resource	180	180	180	180	180
Airwave Handset Refresh	380	0	0	0	0
Airwave Vehicle Set Refresh	180	0	0	0	0
IT Service Management Tool- Cirenson Replacement	179	0	0	0	0
Endpoint Asset Lockers	65	0	0	0	0
Exchange Archive	85	0	0	0	0
Patching and Remediation Hardware	50	0	0	0	0
Increase VM Host Density	155	0	0	0	0
Server Infrastructure Refresh	30	0	0	0	0
Citrix Upgrade	207	0	0	0	0
WiFi to LDC	11	0	0	0	0
ESN- payment to Northumbria	7	0	0	0	0
Cortex ICCS Upgrade	76	0	0	0	0
PCC App	15	0	0	0	0
NEP Delivery	70				
Solawinds	14				
Confidential Network Storage Refresh	156				
	3560	1211	934	760	1287
Fleet Replacement Programme	1967	1164	1007	930	1275
NERSOU- Estimate	80	0	0	0	0
Forensic Collision Unit	17	0	0	0	0
	2064	1164	1007	930	1275
Development fund	100	100	100	100	100
	100	100	100	100	100
	7413	3219	2662	2173	2974

LTFP 2023/24 to 2026/27 – 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.</p>	More radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration.
A high level of vacancy factor within the staff budget over the life of the plan.	The Policing staffing budget is inclusive of a vacancy factor which equates to £3.4m in year one of the plan and continues over the life of the plan.	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.
Future year's funding is lower than forecast.	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.	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	The number and cost of major incidents in any one	There is sufficient flexibility in the plan to absorb some

Risk	Detail	Mitigation
incidents.	year is unpredictable.	<p>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>
The impact of possible acceleration of Police Officer and PCSO leavers above the planned profile outstripping our ability to recruit.	<p>Pay budgets have been set based on assumptions in respect of officers and staff leaving and additional recruits being brought in.</p> <p>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>
National mandation/ Police ICT Company Costs.	<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. 8% in 2021/2022). At the time of agreeing the budget the level of increase is unknown.</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>
Police Pension scheme 2015.	<p>All Police Officers are eligible to be members of the Police Pension Scheme 2015 from 1 April 2022. Work is underway to reassess all Officers who were members of legacy schemes (1987 and 2006 schemes) to</p>	<p>The work is being co-ordinated by the NPCC and an initial grant has been awarded towards the costs of reassessment. The NPCC continue to lobby for additional funding. If this is unsuccessful then there will</p>

Risk	Detail	Mitigation
	ensure they are given the most favourable terms up to 1 April 2022. Primary legislation has been enacted to close the legacy schemes and transfer membership to the 2015 scheme. Secondary legislation to deal with the tax implications of the transfers is being drafted.	be a financial impact on the Chief Constable. If this occurs then more radical options will be developed including further reductions in officer, PCSO and staff numbers, inter-force collaboration and blue light collaboration.
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.
Training needs analysis.	The Force has completed "Training needs analysis requirement". The full cost associated with this requirement is costed at circa £1M. Significantly above current budget. The Force accepts the risk and notes the level of over programming within the submissions.	A prioritised list is being drawn up based on risk and deliverability within the financial period. In addition, any underspend on the 2022/23 training budget set aside to support 2023/24 requirements. The position will be reported in the monthly CFM
In Year Savings target	The Planned Non pay Expenditure for the year of £31,646m is inclusive of £0.387K savings target. This represents 1.22% of the planned expenditure. The Finance department will work with budget holders to	We will continue to monitor the impact over the coming 12 months in the Corporate Financial Monitoring Report.

Risk	Detail	Mitigation
	identify in year savings to deliver the savings	