

**Report to the Chief  
Constable to the OPCC  
24<sup>th</sup> February 2023**



**CLEVELAND  
POLICE**

**Cleveland Police Long Term Financial Plan (LTFP) 2024/25 to 2027/28  
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 Strategic aims of: -

- Protect People
- Protect Communities
- Tackle Criminals
- Be the best we can.

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 2024/25 to 2027/28 and Capital Plans 2024/25 to 2027/28
- 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 2024/25 and the Long-Term Financial Plan (LTFP) for 2025/26 – 2027/28.

**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.
- Ensuring that financial decision making is made at the most appropriate level to facilitate effective decision making.

- Be the best we can be by driving continuous improvement in Value for Money in the provision of policing in Cleveland.

The grant settlement for 2024/25 was confirmed on the 31 January 2024. For 2024-25, overall funding for the policing system will rise by up to £842.9 million when compared to the restated 2023-24 police funding settlement, bringing the total settlement for 2024-25 up to £18.4 billion. Compared with 2019-20, this represents a total settlement increase of up to 30.7% in cash terms.

For Police and Crime Commissioners (PCCs), this means an increase of up to £922.2 million when compared to 2023-24 (if PCCs were to choose to take up the precept flexibility), taking total funding for PCCs to £16.4 billion.

For 2024-25, this Government is providing forces with an increase in government grants of £624 million compared to the 2023-24 Police Funding Settlement. This includes an additional £185 million, totalling £515 million when including funding provided in-year this financial year, to meet the costs of the pay award. The Home Office was only able to deliver this substantial funding increase by reprioritising funding from other programmes.

This settlement also confirms the additional grant funding as agreed at spending review 2021 of £150 million and provides an additional £259 million to mitigate the impact of increased pension contributions.

Furthermore, a one-off top-up payment of £26.8 million will be provided to forces for implementation costs of the McLeod remedy, reducing the financial pressures forces are facing to deliver these changes. This boost in funding reflects the continued, commitment from the Government to maintain the 20,000 additional officers recruited nationally.

For 2024-25, the council tax referendum threshold for PCCs in England will be £13 for a Band D property.

In return for this significant investment, it is imperative that policing continues to deliver on driving forward improvements to productivity and identifying efficiencies where possible. The Government will continue to work with the sector to unlock the full range of opportunities and benefits of productivity and innovation to enable officers to have the tools to deliver on their core mission of keeping the public safe.

The government therefore, expect policing to approach the 2024-25 financial year with a focus on this Government's key priorities:

- Maintaining 20,000 additional officers (148,433 officers in total nationally) through to March 2025.
- Continuing to deliver on the opportunities presented by new technology and innovation to deliver improvements in productivity and drive forward efficiencies, therefore maximising officer time and service to the public.
- Improving the visibility of police officers and focusing on providing a targeted approach to tackling crime and antisocial behaviour to make neighbourhoods safer, which should be a priority for all forces.

### *Police Uplift Programme*

Since 2019, the Government has invested over £2.7 billion additional funding into government grants, to enable the recruitment of 20,000 additional officers. In March 2023, the Government, in partnership with policing, successfully delivered on its commitment - which is an extraordinary achievement. It is vital that this continues throughout 2024-25 so that communities can receive the benefits of this investment. We are, therefore, allocating £425 million to the maintenance of additional officers for 2024-25, to be distributed as follows:

- £67.2 million of the £425 million will be paid to the forces who volunteered to recruit additional officers agreed on 31 March 2023 as an 'additional recruitment top up grant' – providing financial certainty to those who chose to bolster officer numbers above targets.
- £357.8 million will be ringfenced funding, which will be allocated via funding formula shares. PCCs will be able to access this funding, as in previous years, by demonstrating that We have maintained their officer numbers.

### *Efficiency and Productivity*

As the Home Office has reprioritised budgets to make significant investments in policing, it is the responsibility of police forces, like all public services, to ensure that we make best use of that investment. This includes reducing inefficiencies and maximising productivity, and in doing so ensuring that the money provided to policing represents value for money. Police forces have exceeded the efficiency target that was set out at the start of this spending review period and this work should continue, for example through ongoing collaboration with BlueLight Commercial who estimate their work has supported the delivery of over £170 million worth of cashable and efficiency savings.

The recently published Policing Productivity Review has examined productivity in policing and developed a range of recommendations which, if fully implemented, could free up the equivalent of an estimated c.20,000 full time police officers over the next 5 years. The Government is keen to work with the sector to unlock the full range of opportunities and benefits outlined in the review. We will publish a formal response in 2024 once we have fully considered the recommendations and engaged across government and with key stakeholders in policing.

Investment in new technologies and innovation has the scope to unlock productivity at force level, support the policing of serious offenders, and allow forces to provide increased support to the communities we serve. In 2023-24, the Home Office accelerated delivery in areas including Automated Redaction for text and multimedia files, and we began to explore the scope of Robotic Process Automation to reduce the amount of time the police spend on tasks such as data cleansing, data entry and vetting checks. We have continued to invest in giving the public a choice in how they contact the police with increased digital contact, including the development of a public facing app. In 2024-25 the Government will maintain our investment via the

NPCC Chief Scientific Advisor for a biddable funding pot, to identify and support local innovation within forces with productivity benefits. They will also provide £11 million to support productivity with increased investment in innovative technology. The funding arrangements for specific programmes will be confirmed in due course.

### *National Policing Priorities*

This settlement provides £1 billion for national policing priorities (as set out at tables 1 and 4) to ensure local policing bodies and forces have the resources and tools they need to address the evolving challenges of policing in the 21st Century.

The Home Office is delivering a range of Major Law Enforcement Programmes which will replace and improve essential national technology systems. This investment supports the modernisation of core national systems, enhancing the way forces communicate with each other and law enforcement partners to share data, intelligence, information and evidence. They are also improving the quality and the use of police data, providing national search capabilities, advanced analytics, and putting cutting edge technology in the hands of specialist officers to tackle high harm crime, such as child sexual abuse.

Digital capabilities can transform the way forces prevent and detect crime, safeguard the public and operate more efficiently. The Home Office remains focused on driving innovation and accelerating the delivery of priority capabilities into policing. This includes the development of a 'digital front counter' that uses technology and data to improve service to the public, reduce demand on policing and improving efficiencies.

In total in this Settlement and across wider budgets, the Home Office will directly invest in excess of £200 million in flagship crime programmes which are helping to keep our streets safe. This will support Violence Reduction Units to tackle violence in the worst affected areas of the country, it will enable the police to continue to stamp out the scourge of County Lines and it will help local areas to keep their neighbourhoods safe including through the continuation of Project ADDER. But this is also about maximising the impact of our funding. By targeting investment in hotspot policing in those areas which are disproportionately impacted by both serious violence and anti-social behaviour, they can drive down crime and deliver increased value for money. They are also continuing to invest in a number of other priority areas for crime reduction, including but not limited to Economic Crime, Modern Slavery and Violence against Women and Girls. Funding details for specific programmes will be confirmed to the usual timescales.

### *Counter Terrorism*

The Government will continue to provide essential support for counter-terrorism (CT) policing, ensuring they have the resources they need to meet and deal with the threat of terrorism. CT police funding will continue to total at least £1 billion in 2024-25. This investment will support ongoing CT policing investigations to ensure the safety of our communities and includes funding for 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 and making the most effective and efficient use of resources is a core delivery objective in the new Force Strategic Plan. To help achieve this the Force has an integrated strategic planning cycle which incorporates the Force Management Statement (FMS), financial planning, workforce planning, 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 coordinated and informed by operational and organisational requirements and that strategic, workforce and financial plans are fully aligned.

The Force has a dedicated Demand Analysis Team who continue to build and update demand models for all core operational policing areas, which allows us to determine the resource levels and working patterns required to meet demand and scenario test the impact of any proposed changes to service delivery. To ensure that the Force is effective at managing demand, capacity and capability is assessed across all business areas each year as part of the Force Management Statement process. This informs budget and strategic workforce planning decisions and allows the Force to allocate resources based on priority and risk.

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 sufficiently invest in proactive policing to reduce demand, deter criminality and build public confidence. Whilst prudent local financial management and short term additional funding has allowed some investment to be made, without appropriate long-term additional support there is a risk that the Force will be unable to effectively tackle long standing problems and make sustainable improvement. As such, the Force continues to seek opportunities to increase available resources and provide demonstrable 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 the new Force operating model implemented in 2023/24 continues to evolve to support this. In addition, a focus on efficiency and effectiveness is being delivered through the reinvigoration of the Force approach to continuous improvement with activity focussed across five core strands to improve service delivery, streamline our processes, eliminate wasteful activity and increase productivity. 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 outstanding actions raised through the HMICFRS inspection process. Significant improvements have been made across all areas and the Force was formally removed from the 'engaged' phase of enhanced HMICFRS monitoring in September 2023. All PEEL

causes of concern have now been discharged and improvement plans are in place to ensure that the Force strives to achieve the standards of good outlined in the HMICFRS Performance Assessment Framework (PAF). New governance and performance management arrangements are working effectively with regular monitoring and scrutiny in place and the Force is confident that it can continue to build on the improvements already made in order to provide the best possible service to the communities of Cleveland.

### *Continuous Improvement and Efficiency Programme*

We are committed to making the make the most effective and efficient use of our resources to ensure we provide value for money for the community we serve. To help us achieve this we are focussing on the following five strands of continuous improvement activity to improve service delivery, increase our productivity and ensure our resources are invested where they are needed most.

- **Robotic Process Automation** – automating repetitive business processes to free up time for staff to focus on higher level tasks
- **Employee ideas** - Encouraging staff to help us identify the things that prevent them from working efficiently and develop solutions to make things better
- **Technology** - making the best use of existing and new technology to improve efficiency and effectiveness
- **Procurement reviews** - maximising value for money through efficient purchasing and robust contract management
- **Business problem solving** - Eliminating waste and failure demand in Force processes and prioritising resource deployment.

Over the course of 2024/25 detailed plans will continue to be developed in these areas with the aim of driving non-cashable and cashable savings, cashable savings will be built into future iterations of the LTFP. Progress on these initiatives will be monitored via Force governance arrangements.

## **REVENUE**

### **Summary Position 2024/25 – 2027/28**

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

Projected Force Income & Expenditure	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's
<b>Funding from the OPCC</b>	<b>(160,580)</b>	<b>(176,350)</b>	<b>(177,750)</b>	<b>(182,560)</b>	<b>(185,975)</b>
A: POLICE PAY & ALLOWANCES	86,611	96,837	99,126	101,839	103,945
B: POLICE OVERTIME	2,897	2,923	2,524	2,756	2,580
C: STAFF PAY & ALLOWANCES	35,399	39,235	38,230	39,255	40,280
D: PCSO PAY & ALLOWANCES	3,895	4,020	4,140	4,245	4,355
<b>Total Pay &amp; Allowances</b>	<b>128,802</b>	<b>143,015</b>	<b>144,020</b>	<b>148,095</b>	<b>151,160</b>
E: OTHER PAY & TRAINING	1,137	1,252	1,262	1,262	1,262
F: POLICE PENSIONS	3,958	4,068	4,068	4,068	4,068
G: PREMISES	4,904	5,075	4,775	4,775	4,775
H: SUPPLIES & SERVICES	16,135	17,158	17,167	17,387	17,387
I: TRANSPORT	1,943	2,012	2,012	2,012	2,012
J: EXTERNAL SUPPORT	3,863	3,930	3,930	3,930	3,930
M: RECURRING / NON-RECURRING SAVINGS	(163)	(161)	515	1,030	1,380
<b>Total Non Pay Expenditure</b>	<b>31,778</b>	<b>33,335</b>	<b>33,730</b>	<b>34,465</b>	<b>34,815</b>
<b>Total Planned Expenditure</b>	<b>160,580</b>	<b>176,350</b>	<b>177,750</b>	<b>182,560</b>	<b>185,975</b>
<b>Planned Surplus / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Establishment Profile</b>					
Police Officers : Core	1,500	1,533	1,557	1,557	1,557
Police Officers : Historical Investigation Unit	13	24	0	0	0
<b>Total Police Officers</b>	<b>1,513</b>	<b>1,557</b>	<b>1,557</b>	<b>1,557</b>	<b>1,557</b>
PCSO's	<b>106</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>106</b>
Police Staff Core	901	907	907	907	907
Police Staff Core Efficemcy target	0	-102	-102	-102	-102
Police Staff : Historical Investigation Unit	37	47	0	0	0
<b>Total Police Staff</b>	<b>938</b>	<b>852</b>	<b>805</b>	<b>805</b>	<b>805</b>
<b>Overall Establishment</b>	<b>2,557</b>	<b>2,515</b>	<b>2,468</b>	<b>2,468</b>	<b>2,468</b>

## Allocated Funding

The final settlement for 2024/25 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 & Expenditure	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's
<b>Funding from the OPCC</b>	<b>(160,580)</b>	<b>(176,350)</b>	<b>(177,750)</b>	<b>(182,560)</b>	<b>(185,975)</b>

**Police Grant Settlement 2024/25 Headlines are detailed below: -**

- Precept Flexibility for PCCs decreased from £15 per band D property to £13.
- The Home Office grant settlement provides an extra £842.9m in 2024/25 compared to the 2023/24 settlement.
- Guidance on Public Sector Pay was limited to commentary that PCC's should provide for above a 2.5% increase in their budget assumptions.

Based on the analysis released by the Government Core Funding to PCC's has increased by 6% in 2024/25, this however assumes that all PCCs increase their Precept by £13.

### 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 2024/25 in terms of Funding?

- An increase in of Core Police Grant plus Police Uplift Grant of £8.7m
- This includes up to £5.1m from the ring-fenced grant for the officer uplift.
- Additional recruitment top of grant of £1.7m.
- Police Pension Grant increased to £4.3m from £1.3m in 23/24

Overall Government and Local Revenue Funding				
	2024/25	2023/24	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
<b>Government Funding</b>				
Police Grant	-61,800	-60,549	-1,251	2.10%
RSG/National Non Domestic Rate	-47,545	-46,588	-957	2.10%
Police Officer Uplift Grant	-6,777	-3,298	-3,479	105.50%
Council Tax Freeze Grant	-800	-800	0	0.00%
Council Tax Support Grant	-6,868	-6,868	0	0.00%
Police Pensions Grant	-4,307	-1,324	-2,983	225.30%
<b>Total Government Funding</b>	<b>-128,098</b>	<b>-119,427</b>	<b>-8,670</b>	<b>7.30%</b>
<b>Impact of a £13 increase in Band D Precept - 4.47% increase</b>				
Net (Surplus)/Deficit on Collection Funds	-1,869	273	-2,142	
Council Tax Requirement	-49,415	-46,652	-2,762	5.90%
<b>Total Local Funding</b>	<b>-51,284</b>	<b>-46,379</b>	<b>-4,904</b>	<b>10.60%</b>
<b>Total Government + Local Funding</b>	<b>-179,381</b>	<b>-165,806</b>	<b>-13,575</b>	<b>8.20%</b>

Based on the precept being proposed, of £303.73 for a Band D property, then the overall impact on the Core funding for the organisation is set to increase by 8.2%, or just over £13.6m.



## **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 strategic aims of the Force.

Points to note are:

- Pay awards have been assumed at 2.5% per annum in September 2024 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 35.3% for Police Officers and 15.5% across the plan for Police staff.
- Provision has also been made for the apprenticeship levy which commenced in 2017/18. This will cost the Force approximately £497k in 2024/25

## Police Officers

Funding in this plan provides for 1,557 FTE over the term of the plan. At the plan conclusion of the Historical Investigation Unit in 25/26 it planned that the Officers switch into core operational roles.

The recruitment profile to achieve our required FTE is predicated on the recruitment of probationer Officers via the PCDA, PCEP 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 current plan is based on levers profile of 108 per annum, 5 probationer cohorts totalling 110 and 16 transferees.

It should be noted that the significant increase in Police Officer pension contribution rates make the costs of employing an Officer approximately 20% more expensive than a civilian member of staff. Given financial pressures the Force may consider it financially and strategically appropriate to consider at a programme of work force modernisation to increase overall resources by civilianising some Police Officer roles. Any such programme would involve full consultation with OPCC and Staff associations.

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 that 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 120-150 lower than they were in 2010.

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. This number may be adjusted in future years to reflect the findings of a planned review of Neighbourhood Policing in 2024.

#### Police Staff

The Police staff establishment consist of:

- 805 FTE Core Police Staff
- 47 FTE in the Historical Investigation unit part funded by Special grant for the first year of the plan.

The overall staff establishment for 2024/25 is 852 FTE.

The Force is planning a comprehensive review of its staffing structure to ensure it is fit for purpose and resources are allocated to best support operational activity. The process will involve budget holders been given a financial envelope for which they will have delegated responsibility for the reshaping of the establishment. The outcomes of the process will be reviewed via the vacancy panel to ensure the outcomes meet the strategic needs of the Force and deliverables of the departments.

In order to allow the budget holders sufficient time to develop and deliver their plans and to allow for an overall strategic view to be taken of the plans. It is proposed that in the first six months of the financial year (Sept 2025) recruitment be restricted to critical appointments. As the Force Control room is a critical function it is proposed that a cohort be on boarded early in the year and a subsequent cohort be onboarded in early 2025 to maintain numbers within this service area.

The plan includes the cost of 47 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 35.3% across the plan an increase of 4.3% of Police pensionable pay because of the triennial review.

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 15.5% in the first year of the plan and remaining at this level over the length of the plan. 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 uplift of 4.89% 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. £1,557k in 2024/25.

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 LTFFP**

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:

<b>Significant Costs Pressures / Reductions</b>	<b>£000's</b>
Overtime Budgets	300
Wellbeing Activity & Support	160
Professional Fees	157
Firearms Courses participant Equipment	132
Change & Contingency	110
DHEP Training	105
Contracts: Forensics	96
Taser	95
Pension: CPI increase	90
Motor Vehicles Accident Repairs	86
Contracts : Repairs, Maintenance & Cleaning	84
Contracts: ICT	81
Revenue Impact of capital Investments	75
Other Pressures	72
Dangerous Dogs Kenelling costs	65
Pay Inflation on Overtime	65
Uniform	65
Petrol	50
Insurance	48
DVPO additional provision	40
Contracts: Custody & Medical	40
Contracts: Home Office	32
ISO Accreditations	30
Contracts: Telecoms	21
Planned Operations	20
<b>Total Additions</b>	<b>2119</b>
<b>Reductions</b>	
Pay & recruitment fund	-300
Non pay reductions Op Pandect	-132
Ill Heath Provision	-80
Leadership Development	-50
<b>Total Reductions</b>	<b>-562</b>
<b>Net Additions</b>	<b>1557</b>

## Savings Programme

In order to offset the significant pressures above and in addition to the reductions identified above the Force has set a savings target of £161k this has been reduced from the recurring target of £371k in the previous years plan. This will be incorporated into service units and commands budgets and the delivery of the savings will be monitored within the monthly reporting cycle.

## **Collaboration**

The Force has participated in several collaborative units; NEROCU, FCIN, TTC and Cold Case review team.

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 2.5% 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 2.5% in the first year of the plan. An increase of 1% in the pay award would increase the overall pay bill by £0.8m in year with a full year effect of £1.5m 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) The Force is implementing an efficiency review of the staff establishment to reduce costs and target resources in the area where they will make have most impact in achieving the strategic aims of the Force. To achieve this outcome Service units and departments will be asked to review their establishment within an allocated financial envelope. The outcomes of these reviews will be scrutinised by the vacancy panel comprising members of the Chief Officer Team and as such will provide enough scrutiny to assess the priority, need and financial implications of the proposals.

To support this activity and to allow time for plans to be formulated and decisions to be applied equitably it is proposed that all but critical recruitment be on hold to end of September 2024 with the exception of the Force Control room where one cohort will be allowed in 2024 with a further in 2025 if required.

The Force has seen significant increase in respect of the costs of Policing Major incidents in recent years and this has continued in 2023/24. The establishment of our own Homicide Major Enquiries team (HMET) 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 2024/25, grading the training requirements via traffic light system. The total request amounts £1,176m of which £0.939m is graded red (£0,212m amber and £0,025m Green). This does not include the costs associated with the DHEP programme with Teesside University for which a separate budget has been allocated. As in previous years we accept an element of over programming in the submissions and risk manage this against the allocated budget. This budget will be closely monitored via CFM and in the learning & development governance meeting.

The Force contributes to national ICT programmes via Police Digital Company, these support such activity as PNC, PND and IDENT1 (Livescan) amongst others, these are currently included in the plans circa £1,208K, we are yet to receive the required contributions levels for 2024/25, any significant variations in the number will present a financial risk.

The Force contributes to national programmes via the NPCC and to on-going investigations, these are currently included in the plans circa £395K, 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).**

The overall four-year plan is a balanced position. However, 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 to formulate plans to address this funding gap.

The outcomes of the staff establishment review are key to the delivery of the future years financial plan.

One area for consideration will be the underlaying 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 2.5% 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. As will variations from the assumption of 2% pay awards in years 3 & 4.

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. Five key elements are: -

- 1) Enabling Services review.
- 2) Workforce modernisation agenda.
- 3) Oracle Optimisation programme
- 4) Introduction of Robot Processing automation
- 5) Review of Neighbourhoods and use of PCSO's

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 2024/25 to 2028/29 is summarised below and is detailed in Appendix B.

<b>CAPITAL PLAN 2024/25-2028/29</b>					
	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Facilities Schemes	1,402	777	631	580	490
Equipment refresh	281	144	0	0	0
ICT schemes	2,013	1,405	1,103	1,140	940
Fleet schemes	1,393	1,192	1,276	1,616	2,176
Other schemes	100	0	0	0	0
<b>TOTAL</b>	<b>5,189</b>	<b>3,518</b>	<b>3,010</b>	<b>3,336</b>	<b>3,606</b>

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 Data and Change Board. They are then approved by the Executive Management Board. The revenue consequences of the capital proposals are factored into the revenue budgets.

There are 3 key risk 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 impact of inflation on costs also increases as the time lengthens between bidding for the scheme and its implementation. The second risk is the ability to obtain contractors to undertake work and sourcing the required equipment and vehicles. The third risk is the current workload and vacancy rate within the Procurement Team and ICT who are key for the delivery of all 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 2024/25 is the continued replacement of Windows at Hartlepool Police Station, the replacement of the roof at the Learning and Development Centre, Carbon Reduction Schemes, EV Charging Infrastructure 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 2024/25 and relate in the main to 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. Both the Fleet System and the Legal Services systems are also planned to be replaced.

### 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 100,000 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 58 new vehicles are included in the plan for 2024/25 as they meet this criterion. A write-off fund has also been included for vehicles which are damaged beyond economic repair.

### 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 Digital Data and Change Board 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 over the course of the four-year plan. However the balanced position is intrinsically linked to the delivery of the review of the staff establishment. The Force will continue to explore opportunities to deliver improvements and efficiencies through its Be the Best we can be agenda and its overall continuous improvement & efficiency workstreams. The savings and benefits of service improvement work and work force modernisation will be integrated into the LTFP process, 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  
15th February 2024

## Appendix A

Row Labels	Sum of Budget	Sum of Budget	Sum of Budget	Sum of Budget	Sum of Budget
	2023/24	2024/25	2025/26	2026/27	2027/28
A: POLICE PAY & ALLOWANCES	86,611,200	96,837,100	99,126,000	101,839,400	103,945,250
B: POLICE OVERTIME	2,896,750	2,922,900	2,524,000	2,755,600	2,579,750
C: STAFF PAY & ALLOWANCES	35,399,400	39,235,000	38,230,000	39,255,000	40,280,000
D: PCSO PAY & ALLOWANCES	3,895,000	4,020,000	4,140,000	4,245,000	4,355,000
E: OTHER PAY & TRAINING	1,137,400	1,252,400	1,262,400	1,262,400	1,262,400
F: POLICE PENSIONS	3,958,250	4,068,250	4,068,250	4,068,250	4,068,250
G: PREMISES	4,903,700	5,074,701	4,774,701	4,774,701	4,774,701
H: SUPPLIES & SERVICES	16,134,850	17,158,100	17,167,100	17,387,100	17,387,100
I: TRANSPORT	1,943,200	2,012,200	2,012,200	2,012,200	2,012,200
J: EXTERNAL SUPPORT	3,862,900	3,929,900	3,929,900	3,929,900	3,929,900
M: RECURRING / NON-RECURRING SAVINGS	-162,650	-160,551	515,449	1,030,449	1,380,449
<b>Grand Total</b>	<b>160,580,000</b>	<b>176,350,000</b>	<b>177,750,000</b>	<b>182,560,000</b>	<b>185,975,000</b>

## **Appendix B**

Schemes	Capital Requirements				
	24-25	25-26	26-27	27-28	28-29
	£000s	£000s	£000s	£000s	£000s
<b>Facilities schemes</b>					
Chair Replacement Programme	25	25	176	35	25
Furniture Replacement Programme	140	130	130	260	180
DDA Works	10	10	10	10	10
Carbon Reduction	325	192	100	100	100
Forcewide Property Condition Priorities	100	100	100	100	100
Emergency Lighting and Fire Alarms	20	20	20	20	20
Car Park Refurbishment	15	15	15	15	15
Hartlepool Windows	170	170	0	0	0
Flooring	20	20	20	20	20
Welfare Facilities	50	45	20	20	20
Fixed Wire Testing and remedial works	35				
LDC roof replacement	250				
UPS upgrade	10				
EV Charging Infrastructure	110	50	40		
Guisborough roof replacement	32				
Air Handling Unit	50				
WiFi to LDC	11				
Air Conditioning at LDC	29				
<b>Total facilities schemes</b>	<b>1402</b>	<b>777</b>	<b>631</b>	<b>580</b>	<b>490</b>
<b>Equipment refresh</b>					
Glock 17 Self Loading Pistol Replacement	92				
NERSOU TSU	31				
Fleet Telematics and CCTV	158	144			
<b>Total equipment refresh schemes</b>	<b>281</b>	<b>144</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ICT schemes</b>					
Legal service system	70				
Increase to legal services system	15				
Fleet system (CFC) replacement	165				
PCC APP	7				
Cisco Telephony Refresh	33				
Exchange Archive	85				
I-Patrol Development	50	50	50	50	50
Citrix Upgrade	207				
ICT Client Device Refresh	700	700	550	700	500
ICT Client Device Growth and BWV for SOMU	370	450	300	300	300
ANPR Vehicles and ICT support	16	115	113		
ICT Capex Delivery Resource	90	90	90	90	90
Server Infrastructure Refresh	35				
Network Load Balancer Refresh	70				
DFU Refresh	100				
<b>Total ICT schemes</b>	<b>2013</b>	<b>1405</b>	<b>1103</b>	<b>1140</b>	<b>940</b>
<b>Fleet</b>					
Fleet Replacement	1252	1192	1276	1616	2176
NERSOU Fleet replacement	61				
DSU Vehicles	80				
<b>Total fleet schemes</b>	<b>1393</b>	<b>1192</b>	<b>1276</b>	<b>1616</b>	<b>2176</b>
<b>Other Schemes</b>					
Development Fund	100				
<b>Total other schemes</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Capital Plan</b>	<b>5189</b>	<b>3518</b>	<b>3010</b>	<b>3336</b>	<b>3606</b>

**LTFP 2024/25 to 2027/28 – Assessment of Risks**

<b>Risk</b>	<b>Detail</b>	<b>Mitigation</b>
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.
The review and implementation of staff establishment.	The Policing staffing budget is inclusive of a reduction factor of £3.9m in year one of the plan and continues over the life of the plan.	The Force needs to deliver on the restructure of the staff establishment, this will be achieved by delegating establishments to depts and setting a financial envelope for each dept to deliver a revised establishment, The proposals will be reviewed by COT prior to implementation 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 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

Risk	Detail	Mitigation
		<p>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>
<p>The impact of possible acceleration of Police Officer and PCSO leavers above the planned profile outstripping our ability to recruit.</p>	<p>Pay budgets have been set based on assumptions in respect of officers and staff leaving and additional recruits being brought in. Should the number of leavers outstrip our ability to recruit this could result in capacity gaps and generate a material underspending.</p>	<p>Should a capacity gap emerge, service levels will be delivered through targeted overtime and the continued employment of police staff investigators along with a further recruitment of transferee Police Officers.</p>
<p>National mandation/ Police ICT Company Costs.</p>	<p>In recent years there has been national mandation of systems e.g. Pentip, resulting in unplanned costs to the Force and significant increase in Police ICT company costs above inflation assumptions within the plans (eg: approx. 6% in 2023/2024). 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>
<p>Police Pension scheme 2015.</p>	<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 ensure they are given the most favourable terms up to 1 April 2022. Primary and</p>	<p>The work is being co-ordinated by the NPCC, and an initial grant has been awarded towards the costs of reassessment. If the grant is insufficient there will be a financial impact on the Chief Constable. If this occurs then more radical options will be developed including further reductions</p>

<b>Risk</b>	<b>Detail</b>	<b>Mitigation</b>
	Secondary legislation has been enacted to close the legacy schemes and transfer membership to the 2015 scheme.	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. The position will be reported in the monthly CFM
In Year Savings target	The Planned Non pay Expenditure for the year of £33,335m is inclusive of £0.161K savings target. This represents 0.48% 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.

