



**NOTTINGHAMSHIRE
POLICE & CRIME
COMMISSIONER**

Draft

Budget 2023-24



**NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE**

January 2023

1. OVERVIEW

The purpose of this report is to provide the relevant information to allow the PCC to approve the revenue budget.

The proposed budget for 2023-24 is set out in Appendix A and it is recommended that this is approved.

Police Grant Settlement 2023-24

On 14th December 2022 Chris Philp, The Minister of State for Crime, Policing and Fire, announced in a written statement the provisional Police Finance Settlement for 2023-24.

Ahead of this statement it was announced that Police and Crime Commissioners will be able to raise their Council Tax precepts by up to £15 for a Band D property.

Notable points from the statement are:

- Overall funding for policing will rise by up to £287 million when compared to the 2022-23 funding settlement
- An additional £5 on top of the £10 precept limit agreed at SR21
- Ensuring overall Police Officer numbers are maintained at the agreed Police Uplift baseline plus force level allocations of the 20,000 additional officers. Nottinghamshire's allocation of the 20,000 is 357 officers
- As part of the Spending Review 2021, the Home Office expect to see at least £100 million of cashable efficiency savings delivered from force budgets by 2024-25
- For the National Police Chiefs' Council to conduct a review of operational productivity in policing
- Funding arrangements for specific crime reduction programmes will be confirmed in due course
- The settlement provides £1.1 billion for national policing priorities to support PCCs and forces

The funding by grant allocation for Nottinghamshire for 2023-24 is made up as follows:

Core Grant	£153,993,145 (increase of 0.3% from 2022-23)
Legacy Council Tax Grant	£9,726,194 (no change from 2022-23)
Pensions Grant	£2,028,216 (no change from 2022-23)
PUP Ringfenced Grant	£4,909,421 (increase of 103.7% from 2022-23)
Total Grants	£170,656,976

Core grant funding has seen a very small increase of £0.5m which is significantly less than inflation whilst the PUP ringfenced grant has risen by £2.5m year on year which is only payable upon completion of meeting the performance criteria set out by the government for uplift. Whilst Nottinghamshire have every intention of maintaining the targeted headcount this does pose more of a risk than in past years of the PUP ringfenced grant.

The legacy council tax grant remains at £9.7m which has been the same allocation since 2014-15 and the pensions grant remains unchanged as it has been since 2019-20.

The total increase from 2022-23 is 1.8% or £3.0m but most of this is predicated on the ringfenced grant element and not core.

2. Revenue Budget 2023-24

The draft budget for the Office of the Police and Crime Commissioner including the budget delegated to the Chief Constable is set out in Appendix A. The following assumptions are worth noting:

- Pay award for 2023-24 for officers and staff has been budgeted at 2% with a further 1% included for inflation volatility within non-pay.
- Staff vacancy rate has been set at 3.5% for most of the force with only Contact Management and Custody set at a lower percentage due to the nature of their recruitment model
- General inflation is budgeted at 5% where applicable and specific areas such as gas, electricity, diesel, petrol and Home Office ICT charges budgeted higher to factor in the current pressures that are being faced
- Police Officer headcount is maintained at 2,378 to the end of March 2024 ensuring Nottinghamshire Police do not dip below the 357 additional officers allocated from the uplift period

Overview of budget changes

- Pay and allowances has seen a £12.6m growth in cost through factoring in the pay award as well as the increments to officers and staff, and pension scheme contribution rate changes. Also new staffing costs for Safer Roads and an increase in overtime which are both offset within income.
- Insurance cost increase of £0.7m caused by policy price changes and an increase in fleet vehicles
- Premises expenditure has increased by £0.8m due to a full year of the new builds at FHQ and Custody alongside gas and electric usage increase
- Inflationary rises and volatility account for £5.3m in additional cost
- £3.1m increase in income driven from grant income, Safer Roads and seconded officers which are all offsetting additional costs
- Maintenance of the OPCC budget at £6.9m including £4.2m for Grants and Commissioning

Further detail on the variance analysis between 2022-23 and 2023-24 can be found in Appendix B.

Within this £4.7m of efficiency savings have been identified as follows:

- £1.9m of efficiencies from exiting the Multi Force Shared Services which has resulted in in-house teams being re-established which will allow greater autonomy over processes and therefore the ability to drive out efficiencies.
- £1.3m has been identified in ICT budgets, the majority of this has come from challenging current and new contract provision in terms of volume activity, ensuring we are not paying for services/modules we no longer use, modifying the number of user licenses to match our actual demand, and were possible negotiating additional discounts on contracts.
- A reduction in premises costs of £0.3m has been identified due to rationalisation of the estate, and £0.4m of transport savings from exiting the PFI. Other savings and efficiencies of some £0.7m include reduced recruitment campaign costs, reduced uniform and overtime costs, and a reduction in collaborations that are poor value for money.

Ensuring costs are controlled and value for money

With an ever-tightening funding envelope it is key that we keep a firm grip on how we control costs and ensure value for money is always at the forefront of what we do. To deliver on this we have the following controls in place:

- Thorough monthly budget finance reviews are conducted with each department in the organisation by experienced finance professionals
- A solid governance structure in place to review and assess the priorities of the force against the needs and demands
- A monthly tactical workforce board chaired by the Deputy Chief Constable to ensure the officer and staff numbers remain in line with the budget and any changes can be clearly documented and approved
- A monthly accountability board with the Police and Crime Commissioner and the Chief Constable alongside other senior officials and both the OPCC and force Chief Financial Officers
- Regular review of the VFM profiles to benchmark against most similar forces and/or other forces of relevance
- Monthly Force Executive Board that will review the financial picture and be suitably informed of anything that requires action

3. Workforce Planning

Police Officers

The uplift figure for Police Officers is a headcount of 2,378 which equates to an FTE of 2,337. This figure will be maintained throughout 2023-24 with monthly monitoring to reflect any changes in the leaver rate to ensure this figure is met on 31st March 2024.

Police Staff

This number remains relatively static throughout the year with a small decrease of 12 FTE which is predominantly due to fixed term contracts ending within the financial year.

PCCOs

The number of PCSOs we have in the organisation remains at 150 FTEs throughout the whole of 2023-24.

Investigators

Investigators relate to both Police Staff Investigators (PSIs) and Graduate Investigators (GIs) and this number fluctuates within the year as we take new cohorts on, and others hopefully convert to becoming Police Officers that ties in with the Officer workforce plan. The main premise of these roles was to help feed the detective route of entry and this is an area in the future that can be tailored back in terms of FTEs as we bolster the detective constables within the force.

The Medium-Term Financial Plan

When planning forward for the Medium-Term Financial Plan the current permanent employee numbers as of 31st March 2024 remain static and are planned to be maintained at this stage although that does add considerable cost into the future as staff and officers receive pay awards and increments in line with policy.

Audit assurance

From a reassurance point during October 2022 our internal auditors, Mazars, issued a report following on from an internal audit surrounding our controls and processes that are in place in respect of annual budgeting and medium-term financial plans.

The specific areas that formed part of this review included Financial Plans, Efficiency Savings, Budget Management, Budget Variances, and Management Information.

The result of this audit was significant assurance (the highest level of assurance they give) which infers that there is a sound system of internal control designed to achieve the organisation's objectives and that the control processes that were tested are being consistently applied.

This is testament to the hard work that finance continually focus on to ensure our service and financial controls are not only fit for purpose but also drive performance in the right direction.

4. Chief Finance Officer's report under section 25 of the Local Government Act 2003

The purpose of this section of the report is to provide the Commissioner with information on the robustness of the estimates and the adequacy of reserves, so that authoritative advice is available when the budget decision is made.

The Commissioner is required to decide each year how much should be raised from council tax. This decision is based upon a budget that sets out estimates of spending plans.

The decision on the level of the council tax is taken before the year begins and it cannot be changed during the year, so allowance for risks and uncertainties that might increase expenditure above that which is planned must be made by:

- making prudent allowance in the estimates, and in addition;
- ensuring that there are adequate reserves to draw on if the estimates turn out to be insufficient.

Section 25 of the Local Government Act 2003 requires that the Chief Financial Officer reports to the Police & Crime Commissioner (PCC) as part of the consideration of the budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals. Section 25 also requires the PCC to have regard to the report in making the decision.

Robustness of Estimates

This report provides details of the revenue budget proposals for 2023-24 together with provisional budgets for 2024-25 to 2027-28. The budget proposals presented herein are based upon delivering the PCC's Police & Crime Plan.

Detailed estimates for 2023-24 have been prepared on a realistic basis and following a rigorous review by budget holders and Finance Business Partners.

The Chief Finance Officer to the Police & Crime Commissioner and The Chief Finance Officer to the Chief Constable has worked closely with the Head of Finance (Nottinghamshire Police) to obtain assurance on the accuracy of the estimates provided. There have been regular meetings between the Commissioner, Chief Constable and their professional officers.

Detailed workforce plans provide for the continuation of the Home Office target for Nottinghamshire's police officer uplift in 2023-24. Appropriate staff numbers and PCSOs are also included. Other estimates are set out below:

COST DRIVER	ESTIMATE
Pay inflation	2%
Vacancy levels for police staff	3.5%
Pensions	18.2% LGPS, 31.0% Police Officers
Non pay inflation	0% to 96% (Gas)
Inflation Volatility	1%
Taxbase growth and collection fund surplus/ deficits	This has been confirmed by billing authorities 1.42%
General Inflation	5%
Police/Home Office IT charges	10%
Insurance	10%

The budget proposed within this report represents a balanced budget. To achieve this, the

force has provided detail on how efficiencies and savings will be delivered. There are some potential risks to the full amount of savings being achieved and this will be monitored monthly, with alternative savings needing to be identified if the initial plans cannot be delivered.

Medium Term Financial Plan

Provisional service budgets are proposed for 2024-25 to 2027-28. The government has yet to set grant allocations for these years. Estimates have been based on prudent assumptions. There remains the risk that the grant income will be lower than assumed.

There is clarity on 2024-25 on the government's future intentions in relation to the limitation of council tax increases.

On current assumptions the budget requires a further plan for more efficiency savings and potentially an increased use of reserves to balance the MTFP.

This is based on maintaining the resources available for police officers/PCSOs and maintaining appropriate numbers of police staff.

Nevertheless, financial balance would be achieved across the medium term as a result of increased contributions from Nottinghamshire council taxpayers, use of reserves and further efficiency savings. Plus, the expected implementation of the long-awaited Formula Funding Review.

Alongside increased government funding for the national police officer uplift programme, improved service delivery to the people of Nottinghamshire will be achieved by investment in ICT, vehicles and estates to ensure officers and staff have the right tools for the job to work in the most efficient and effective manner.

Continually improving productivity and efficiency together with achieving additional government funding are key to maintaining sufficient levels of policing into the medium term. Continuing sound financial control will also be key to maintaining financial balance into the medium term.

Reserves

CIPFA's Guidance makes clear that the adequacy of the PCC's reserves should be assessed in the context of its strategic, operational and financial risks.

The currently approved Reserves Strategy sets out the level of general reserves to be maintained at the mid-point of a target range based on the financial risk assessment in respect of residual financial risks. The Reserves Strategy has been reviewed as part of the budget process and is the subject of a separate decision record.

The PCC currently holds a General Reserve of £8.6m, 3.3% of total net budget. It has previously been established that General Reserves will be maintained at a level above the **minimum of 2.0%, £5.2m of the total net budget**. Similarly, the General Reserve should be set at a prudent and not excessive level, as holding high level of reserves can impact on resources available and therefore performance. As such the **maximum** level of General Reserves is recommended to set at **5.0%, £13.1m of the total net budget**.

There are no plans to use this to balance the 2023-24 revenue budget, and it looks unlikely to become necessary to do so during the MTFP, with other Earmarked Reserves being utilised in the first instance. The Reserves Strategy provides details of the risk-based assessment that has been undertaken.

In the current circumstances, I am satisfied that the level of reserves is adequate.

Appendix A

Core Funding	£m	
Police Grant	(154.0)	
PUP Ringfenced Grant	(4.9)	
Pension Top Up Grant	(2.0)	
Council Tax Support Grant	(9.7)	
Council Tax Precept	(89.6)	
Council Tax Surplus/Deficit	0.0	
Use of reserves	(1.5)	
Total Core Funding	(261.7)	
Chief Constables Budget		
<u>Income:</u>		
General Income	(0.8)	
Income - Events	(0.2)	
Income - Grants	(3.9)	
Income Collaboration	(0.4)	
Income Fees & Charges	(6.8)	
Income Inter Force	(5.1)	
Local Gvt. Income	(0.6)	
		(17.8)
<u>Expenditure:</u>		
Police Officer Pay & Allowances	128.4	
PCSO Pay & Allowances	6.0	
Investigators Pay & Allowances	3.9	
Regional Budgets	14.2	
Archives & Exhibits	2.1	
Corporate Development	1.7	
Information Management	1.6	
Information Services	20.2	
Crime Command Team	0.4	
Criminal Justice	4.2	
Intelligence	4.7	
Operational Support	7.5	
Public Protection	3.2	
Serious & Organised Crime	3.9	
Violence Reduction Unit	0.6	
Collabn - Major Crime	1.1	
Command	0.6	
Corporate Communication	0.8	
Estates & Facilities	12.4	
Fleet	4.0	
People Services	6.1	
Professional Standards Directorate	1.2	
Staff Associations	0.1	
City Division	2.9	
Contact Management	14.0	
County Division	3.0	
Custody	4.6	
Projects - Grant Funded	0.5	
Projects - Internal	0.6	
Seconded	0.1	
Special Accounting	15.2	
		269.6
Total Chief Constables Budget		251.8
OPCC Budget		
<u>Income:</u>		
Income - Grants	(7.0)	
		(7.0)
<u>Expenditure:</u>		
OPCC & Democratic Core	2.6	
Grants & Commissioning	11.2	
		13.9
Total OPCC Budget		6.9
Joint Services Budget		
Finance	2.4	2.4
Budget		261.1
Efficiencies/Savings Required/Use of Reserves		0.0
Direct Revenue Financing		0.6
Overall Budget		261.7

Appendix B

Variance analysis between 2022-23 and 2023-24 budgets**Pay, allowances and overtime costs**

- Total movement of £12.5m comprising of:
 - Pay award of 2% for all officers and staff
 - Annual increments for employees
 - Full year impact of having more services inhouse
 - Additional cost of bank holiday in 2023 for the King's Coronation

Comms and computing costs

- Total movement of £2.9m comprising of:
 - Increase in contract prices for essential services
 - Impact of inflation from Home Office IT charges

Operational costs

- Total movement of £0.9m comprising of:
 - Increases in Custody medical contract and pathology costs
 - Counter terrorism cost impact for 2nd year of a 3-year grant agreement (this is offset within income)

Partnership costs

- Total movement of £0.6m comprising of:
 - Increases in costs for contracts that are held by partners that we contribute towards, such as, NFRS Welfare Van and FCIN
 - Increase in cost to NPAS for provision of borderless air support

Premises costs

- Total movement of £2.7m comprising of:
 - Gas and electricity costs rising rapidly creating a big financial impact year on year
 - Biomass and heating oil prices rises
 - Greater annual servicing costs predominantly down to a full year of the new joint headquarters and Custody suite

Supplies and services costs

- Total movement of £1.6m comprising of:
 - Inflation volatility contingency being included to help with the current economic instability

Transport cost

- Total movement of (£0.2m) comprising of:
 - Increase in fuel costs for diesel and petrol
 - Decrease in costs for vehicle maintenance and accident repair following on from further savings being able to be identified since moving away from Vensons

Income

- Total movement of (£3.0m) comprising of:
 - Greater income to come from NLED grant
 - Increase in seconded officer income
 - Higher income expected from vehicle recovery services, abnormal loads and safety camera
 - Full year impact of Safer Roads