

Thames Valley Police and Crime Panel Friday, 27 January 2023

ADDENDA

5. Report of the Budget Task and Finish Group (Pages 1 - 8)

To consider the report of the Budget Task and Finish Group which meets on 19 January 2023.

Included will be written questions submitted in advance to the Police and Crime Commissioner.

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Report to the Thames Valley Police & Crime Panel

Title: Report of the Thames Valley
Police & Crime Panel Budget
Task & Finish Group

Date: 27 January 2023

Author: Chairman and Scrutiny
Officer of the Budget Task
and Finish Group



Background

1. As in previous years, the Thames Valley Police & Crime Panel formed a Budget Task & Finish Group to assist in discharging its statutory duty to scrutinise the Police & Crime Commissioner (PCC) for Thames Valley's proposed council tax precept for 2023/24. The process will be formally undertaken at the 27 January 2023 meeting of the Panel where a decision will be made by the Panel on whether to accept or veto the PCC's proposed precept.
2. Members of the PCP Budget Task and Finish Group attended the Performance and Accountability meeting between the PCC and the Chief Constable of Thames Valley Police (TVP) on 19 January 2023, and then held their Budget Task and Finish Group later that afternoon on 19 January 2023.
3. This meeting is considered by Panel members to be important to evaluate the budget that the precept partially funds, allowing the Panel to make an informed decision on the adequacy of the precept when it meets on 27 January 2023. This was the work undertaken by the Budget Task & Finish Group who included Cllr Rouse (Chairman), Cllr Harrison (Vice-Chairman), Cllr McLean and Cllr Saul. Cllr Reeves submitted his apologies to the meeting.
4. The relevant papers were published into the public domain in draft form for consideration at the Performance and Accountability meeting between the PCC and the Chief Constable of TVP on 19 January 2022. Unfortunately, the Budget Task and Finish Group received the relevant paperwork on the afternoon of 17 January 2023 which did not give Members adequate time to consider the in-depth paperwork.
5. Concern was expressed by the Budget Task and Finish Group at the lateness of receiving the reports which gave Members little time to scrutinise the budget proposals. A statutory responsibility of the PCP is to scrutinise the Police Precept and Members asked that in future the PCC ensures that the Budget Task and Finish Group be given sufficient time to ensure effective scrutiny takes place.

6. The proposed increase to the police element of the Council Tax is by £15 per annum for 2023/24 (for a Band D property). The Task & Finish Group formulated its view on the adequacy of the precept and agreed the recommendation to the Panel, subject to satisfactory responses to the written questions raised at Appendix A and any other supplementary questions asked at the Panel meeting on 27 January 2023.

7. The Panel's role on scrutiny of the Police precept is contained in the Panel's Rules of Procedure:

"16.2 Having considered the precept, the Panel will:

- a) support the precept without qualification or comment; or*
- b) support the precept and make recommendations; or*

The Panel would need to indicate whether it considered the proposed precept to be too high or too low.

c) veto the proposed precept (by the required majority of at least two thirds of the persons who are members of the Panel and present at the time when the decision is made).

16.3 If the Panel vetoes the proposed precept, the report to the PCC must include a statement that the panel has vetoed the proposed precept and give reasons for that decision. The Panel will require a response from the PCC to the report and any such recommendations".

RECOMMENDATIONS

- 1. That the Panel approve the Police and Crime Commissioner's precept for 2023/24, to increase the Council Tax precept by £15 (Band D), as set out in the Office of the PCC report 'Four Year Medium Term Financial for 2023/24 to 2026/27', subject to satisfactory responses to the written questions raised at Appendix A and any other supplementary questions asked at the Police and Crime Panel meeting on 27 January 2023.**
- 2. That the PCC be requested to provide written answers to the questions listed in Appendix A.**
- 3. That in view of the uncertainty in future years on inflation and energy costs, the PCC be asked to consider building into the budget process, scenario planning to mitigate against assumptions being underestimated in relation to inflation and energy costs.**

Budget Task and Finish Group Meeting – 19 January 2023

7. Martin Thornley, Chief Finance Officer, Office of PCC and Linda Waters, Director of Finance, TVP presented an overview of the Medium-Term Financial Plan papers which had been considered and approved at the Performance and Accountability meeting between the PCC and the Chief Constable of TVP earlier in the day on 19 January 2023.

Stand Out headlines for Financial Strategy & Medium-Term Plan 2023/24 to 2026/27 including plans for revenue, capital and reserves

REVENUE

Inflation, energy prices and recruitment market

Reference was made to the global pressures of inflation, with specific inflation rates for the first year being based on sector led rates and inflation which for Electricity was at 169%, Gas at 65%, Vehicle Fuels at 25%, Forensics at 20%, Premises at 7.1% and ICT at 6.5%.

The Budget Task and Finish Group was informed that the budget had been formulated with the backdrop of inflationary pressures, with the assumption for the next 4 years that general inflation is applied at 5.5%; 1.5%; 1.0% and 1.0% respectively.

This was a major issue for the budget for the first year which amounted to around £24 million next year with a tailing off to around £13.7 million the following year. Government advice had been followed in the inflation rates. Also, the global pressures on energy and supply chains as well as key assumptions on vacancy factors given the current tight recruitment market were major issues for the budget.

Recruitment and Retention was still a problem for TVP, particularly with a tight recruitment market with the force currently holding around 450 staff vacancies (13%).

Reference was also made to the availability of health care staff for the proposed detention centres / custody suites. This was resulting in spending more in overtime of the staff and officers who are having to cover the work.

Police Pay Award

The biggest key risk was in relation to the pay awards. At the moment, funding included 2% for pay awards and that was the figure which was in the Comprehensive Spending Review. Anything over 2%, would have to be funded by the Government.

For September 2022 the award had been for a flat rate of £1,900 pounds, which worked out around 5% across all officers. Forces had included 3.5%, as agreed nationally within their budgets. The government had funded the additional grant of both the current year and going forward to make up that difference (1.5%).

Savings

Although, there was a balanced 4-year plan, the proposal was to make £20 million of savings over the next three years. The proposed savings were for project schemes with the savings in years 2 and 3 from the force review, which was being undertaken across the whole of the force in two stages when there would be more details on savings.

Reserves

Reserves were being utilised to cover some excess inflation and one-off expenditure items. For 2023/24 of £10m and 2024/25 of £5.8m.

An Estates Custody reserve was being created to support future funding of custody programme.

Proposed Council Tax Increase

The Budget Task and Finish Group was informed that the December 2022 settlement had initially given PCCs a previously announced cap of £10 (for a Band D household).

PCCs were then given the flexibility to increase their precept income by £15 (for a Band D household). For planning the PCC has assumed this to be a one-off increase with the cap returning to £10 in future years.

It was proposed that the PCP would be asked to agree to a Council tax increase at £15. This would enable budgets to be increased to support Public Contact, Strengthen Local Policing and Prevent Crime as well as cover inflationary pressures.

The Standout items which were included in the budget for 2023/24 enabled by a £15 increase included:

- Contact management £285k which would improve 101 waiting time and contact with the public.
- Police Online Investigation Team (POLIT) - £190k which would address the backlog in cases and protect vulnerable children and clear the backlog and improve performance.
- Violence against Women and Girls - £249k to help prevent violence against women and girls.
- Major crime uplift of £254k preventing crime.
- Excess PUP Officers - £3.1m funding which would fund 80 officers in excess of PUP and strengthening public policing.
- Citizens in Policing - £600k which would support the recruitment of volunteer officers and strengthen public policing
- CCTV - £750k for the development of CCTV estate preventing crime

Risks

Reference was made to the risks identified

- Productivity savings of £20m with around £15.2m coming from the Force Review by the end of 25/26.
- The budget includes £3.1m of costs in 23/24 and £4.1m in subsequent years to fund 80 Police Officers in excess of the PUP target.
- The budget included provision for a 2% pay award but with the current economic conditions this was a financial risk as highlighted.
- Over 75% of the budget is related to staff costs so if Police Officer numbers cannot be reduced sufficiently by 2025/26 to meet the Force Review target, this was a risk.
- With the current high level of vacancies within Police Staff and PCSOs (currently more than 400), the vacancy factor for 2023/24 had been applied at 11.5% reducing to 5.90% over the period of the MTFP. This additional vacancy factor had reduced the budget in 2023/24 by £8.5m.

CAPITAL

The Force's current and future construction programmes are experiencing significant inflationary pressures.

Property

Western Hub refurbishment was progressing well with completion on both buildings due in 2023, the estimated finally outlay could be higher than currently budgeted with the current market conditions, opportunities on funding, including additional grant and the SEROCU reserve will be clarified.

Atlantic house has increased by 50%, a further £5m.

The improvement of **Forensic Performance**, with investment in a new facility. The new build will offer additional space to cope with increases in demand and the aim of developing regional capacity. The programme has been increased by £20.4m to reflect the requirement for a new building with a change in scope coupled with the current market conditions. The estimated cost of building is now £30m.

Windsor replacement proposal - anticipated to be £2.5m (an increase of £1.7m) however the capital receipts are also anticipated to be £1.2m higher.

Loddon Valley refurbishment and Maidenhead Custody –The first stage of the Custody 2030 programme was included. The refurbishment of Loddon Valley, followed by the initial work on the Maidenhead new build.

Fire Compartmentation additional work needs to be undertaken on TVP estate to ensure we comply with the statutory fire regulations circa £2.5m.

Electric Vehicle Charging - Key part of the overall TVP Carbon Reduction programme.

The generic allowance of £2m per annum for future schemes has been removed (releasing £6m). All future programmes would need to be captured as part of the overall process.

ICT/Business Change revenue funded projects

The ICT programmes have been uplifted to incorporate the refresh budgets for 2026/27 of £4.9m. The generic allowance of £1.5m per annum for future ICT schemes has been removed (releasing £4.5m), however a £0.4m per annum has been included for the ICT recharges.

IT was now moving to revenue contracts, with use of cloud storage rather than buying servers. Therefore, future IT spend was lower than it used to be and was predominantly in relation to device refresh or laptops.

The **end user replacement programme** has been reviewed including the computer replacement cycle, given the significant change in the way TVP worked and the rapid move to remote working with a move to more laptops and less desktops. In addition, the requirements for body worn videos have been reviewed but the replacement programme is currently out to tender.

Contact Management focus group has identified the minimum digital strategy to alleviate the pressure in the control rooms call handling which needs capital investment of £1m, starting in the current year.

Further phase WIFI rollout has been included at £0.3m.

Emergency Services Mobile Communication Programme (ESMCP) Airwave Replacement - RESERVE

This was anticipated to be delayed. The funds were available in an ESMP Reserve with the existing budget £12m. Existing Airwave radios would continue to be in use for longer

than expected with the replacement of those which have reached their end of life costing £1.5m.

Vehicles

The annual vehicle replacement budgets have been inflated adding an estimated further £2.9m to the programme, the addition of an additional year has added £6.9m including an element for EV vehicles whilst across the other years the differential in price of EV vehicles has added £1m.

Issues raised by Members

- **Assumptions made on inflation and energy prices for fuel, gas and electricity**, were these cautious or just following the Government line? The response was that for energy these were based on contract prices and there was relative confidence with the amount to be paid for electricity for the next 12 months. Vehicle fuel was more difficult to predict but looking at the prices at the moment these had dropped since the budget process had started in September. However, the assumption was that electricity, gas and fuel prices would not drop back down to more normal levels. In relation to the proposals relating to forensics, capital tenders from contractors were coming back significantly higher than expected which would impact on the capital construction side. It was probably closer to a 20% increase on the construction side. For day-to-day maintenance, the advice of the industry was being followed. Members were informed that this was a sensible approach. It was stressed that with these assumptions for uncertainties, budget monitoring was important.
- **Revenue Streams for TVP** -Reference was made to policing of sporting events such as football matches and whether consideration had been given to increase the rates payable by football clubs. The response was that these rates were agreed nationally. There were four bands with a Southeast and London weighting.
- **Productivity Savings** – For Years 2 and 3, there is reliance on productivity savings based on the force review. Also, the forecast of 2% inflation and 2% pay awards during the MTFP period seemed low. Members were informed that the force review identified significant amount of savings. Stage 1 was planning, and it was Stage 2 (2024/25) when implementation would take place. 2025/26 would be more of a problem due to the uncertainty. The next Chief Constable was committed to the review and to complete it in a short space of time to reduce uncertainty for staff. It was a realistic plan but would not be easy. Savings would be made by 2025/26.
In relation to pay awards, police and staff have been awarded a 2% increase and this is the amount which has been budgeted for. It was acknowledged that Police pay had fallen in real terms and that anything above 2% would have to be funded by the Government.
- **Inflationary pressures on building projects** – The increased labour and material costs are having significant negative impacts on the approved budget for capital schemes.
Forensics was one of the contracts where significant increases were expected (20%) as this was a difficult market.
- **£10 police precept or £15 police precept – what would not be in the budget if the proposal was for £10 police precept** – There would be a big risk with the long-term capital projects. With the police houses and police stations which in the past were able to sell now running out over the next couple of years, capital receipts were not there. The ability to fund the long-term capital plan would be

very tight and there would be a significant pressure beyond this plan. The priorities of the PCC such as in terms of community policing or CCTV, eighty additional officers and more resources for special constables would not be covered by a £10 precept increase, whereas £15 increase covered priorities. There would have been some difficult decisions to be made for a £10 increase.

- **Contact Management -101 calls** – The additional £285k to the budget what was this for? Members noted elsewhere in the documents reference to investing in robotic process automation (RPA), was this being funded from the additional £5 Police precept? Members were informed that the plan for improving the response to 101 calls was agreed in December as it was a priority for the Chief Constable and the PCC agreed to the 80 extra officers being added.
- **Reserves – The levels of general reserves at 3% seemed low, how did this compare to peer forces?** – Members were given assurance that general reserves of 2.5% to 3% was normal and compared favourably to other forces.
- **Custody Suite** - People taken into custody were accommodated within existing police stations. The site at Maidenhead was a custody suite, attached to the police station. This was being knocked down and there would be a new custody suite constructed.
- **Increase in force vetting – What were the expected impacts for timelines and reducing risk with this investment and did it factor in the recent Home Office instruction on existing staff?** – This was proposed before the recent media attention and would be looking at additional requirements to the process. Vetting included contractors, building staff, cleaners etc.
- **Refurbishment of showers – This seemed a large spend, what was the context?** This was for the refurbishment of 105 rooms at Sulhampstead training facility. The work would be carried out in stages and the blocks required upgrading.
- **Reduction in IT spend** – The strategy was to move away from servers and move to Cloud storage as servers were ageing. This was carried out in conjunction with Hampshire Constabulary. Costs would be reduced.
- **Electric vehicle (EV) charging** – EV infrastructure was required on sites as there was a problem of not sufficient electricity getting into sites to put in too many electric chargers. Chiltern Transport Consortium who procured vehicles for TVP were finding difficulty sourcing electric vehicles as the market for Police vehicles was not there.
- **Forces ambitions for carbon reduction** - TVP did have an environmental strategy and there was a relatively recently appointed environmental officer who is looking at buildings, vehicles, waste reduction etc. Members asked that this be included in the Police and Crime Panel's work programme for a future meeting.

Written Questions

1. The risk to the budget of significant variances on key uncertain assumptions such as inflation, supply costs and pay settlements is high. It isn't clear from the budget papers how much these assumptions have been stress tested. Can the PCC outline how he has satisfied himself through scenario planning and sensitivity analyses that he can maintain the required level of police service without needing to materially impact general reserves or headcount?
2. What will be the impact of the investment in additional headcount on vetting and is it sufficient to address the more recent direction to police forces on vetting of existing staff?
3. The use of the increased precept flexibility to invest in contact management to improve 101 performance is welcome. Can the PCC provide more detail on what this additional investment will be focused on and the expected business benefits?
4. Up until December 2022, the preparation for the budget was based on a £10 Police precept increase. PCCs were then given flexibility for a £15 Police precept increase. Could the PCC provide full details of what would not be in the budget if the flexible £15 proposal had not been given?
5. What are the indications of the implications of the McCloud judgement on pensions costs for TVP and how will this additional cost be funded?
6. Police Community Support Officers are an important resource for local policing throughout the Thames Valley in terms of visibility to the community and there has previously been a commitment to recruiting PCSOs. However, the budget papers indicate that vacancies have increased to 11.5% which is saving £12.6m. What will be the strategy for PCSOs which are vital for local communities?
7. Reference is made to Citizens in Policing with £600k supporting the recruitment of volunteer officers. What work will volunteer officers be carrying out and are these to supplement local policing and to substitute for the PCSO vacancies?
8. How does the proposed force review which will involve reducing Police numbers correlate with the Home Offices' drive to increase Police numbers?
9. The saving of £250,000 on collaborative initiatives is welcome, however, after this year there are no planned savings in the budget. Collaborations between forces, other "Blue Light" services and local authorities are an efficient and more economic way of working so will TVP be carrying out further work in this area?