The Police and Crime Commissioner is asked to NOTE:

- the Chief Constable’s financial plans for 2018/19 and his intention to continue to base financial planning assumptions on a precept increase of £5 per band D household for 2018/19, in accordance with the approved Medium Term Financial Strategy;

- that the allocation of the precept funding increase, as proposed, is required to ensure the necessary ongoing operational effectiveness of Sussex Police - including the resources required to sustain both local and regional assets.

and

- the information in this report to support the 2018/19 precept decision.

1.0 Introduction and Purpose of Report

1.1 The Medium Term Financial Strategy (MTFS) has been updated during 2017/18 in two key areas relating to the force’s funding position and sustaining policing.

1.2 Firstly, the strategy is now based on the use of annual, maximum, precept increases to reduce the net savings requirement for the force by £9m; and secondly, the one-off use of up to £17m of earmarked revenue reserves has been approved to support the transition process and implementation of the Local Policing Programme.

1.3 This report provides the financial context for the force and confirmation that in supporting the base budget, the precept increase for 2018/19 will be used to sustain local policing, reducing the overall requirement for savings and supporting the Force to be as effective as possible in preventing, responding to and investigating crime.

1.4 It will also help the force to maintain investment from prior years’ precept uplifts and mitigate the impact of cost pressures, including any further reductions in government grant funding.

1.5 The report also summarises elements of the MTFS and provides assurance that the force is committed to delivering against the plan.
1.6 In developing this report, having taken into account the ongoing assessments of Threat, Risk and Harm encountered by the force; the Chief Constable confirms that the allocation of the precept funding, as proposed, is required to ensure the necessary ongoing operational effectiveness of Sussex Police - including the resources required to sustain both local and regional assets.

2.0 Implementing the Police and Crime Plan

2.1 The Force’s Operational Delivery Plan supports and delivers policing services to achieve the objectives set out within the Commissioner’s Police and Crime Plan, namely:

- Strengthening Local Policing
- Working with local communities to keep Sussex safe
- Protecting our vulnerable and help victims cope and recover from crime and abuse
- Improving access to justice for victims and witnesses.

2.2 Successful delivery of the objectives requires the Chief Constable to manage a complex set of resources, demands and priorities whilst reviewing and revising plans to meets changing needs and available financial resources.

2.3 Demand for policing continues to change, as new types of crime emerge and require a different approach to policing, often working closely with partners including other blue light services. This includes developing the right skills to tackle cyber crime and an understanding of social media platforms.

2.4 Demand for our services is also driven by demographic changes and raised public awareness of some crime types; as well as increased confidence to report child sexual exploitation, historic sex abuse/non-consent sexual abuse, hate crime, domestic violence and honour-based violence. Existing terror threats and extremism also demand close attention and resourcing.

2.5 Local Policing remains at the heart of the delivery of Policing Services to communities within the Sussex Police area in line with the Police & Crime Plan and Operational Delivery Budget.

2.6 The Force is implementing the final phase of its local policing model through the Local Policing Programme (LPP). The model makes a series of changes to modernise local policing, taking account of changing demand and shifting patterns of crime, whilst addressing the challenge of a reducing budget.

2.7 The model has aimed to maintain the delivery of local policing outcomes, protect frontline policing and meet national standards, whilst maximising the use of available resources to reduce cost. It has been delivered via a programme of planned transformation, covering response, investigations, neighbourhood policing and public protection. The final prevention strand goes live in early November 2017.
3.0 Financial Context

3.1 The following points provide a summary of the financial context for policing in Sussex:

- The force has delivered £76m of budget savings over the last 7 years. There is a further savings requirement of £26.5m to 31st March 2021.

- The majority of funding is from government policing grants, which represent 63% of funding. Grant reductions therefore have a significant impact on total funding.

- The Sussex Police/PCC Council Tax Precept is the 5th lowest in England and Wales and our ability to increase is limited by government capping rules (nationally at 2% however as we are the 5th lowest PCC precept PCC, we are able to increase up to a maximum of £5 per household per annum)

- The population of the Force area is the 10th highest of all Forces in England and Wales.

- The force has the 7th lowest net cost per head of population

- If government funding rules allowed the force to spend at the national average level, this would enable an additional annual funding of £37.2m million.
3.2 The Chief Constable’s Operational Delivery Net Revenue Budget plans in accordance with the Medium Term Financial Strategy is summarised in the table below:

**Chief Constable’s Operational Delivery Net Revenue Budget**

<table>
<thead>
<tr>
<th></th>
<th>2017/18 £000</th>
<th>2018/19 £000</th>
<th>2019/20 £000</th>
<th>2020/21 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Police Officer Pay (incl. overtime)</td>
<td>127.535</td>
<td>130.699</td>
<td>132.968</td>
<td>135.257</td>
</tr>
<tr>
<td>Police Pension Employer Contributions</td>
<td>26.824</td>
<td>27.267</td>
<td>27.717</td>
<td>28.175</td>
</tr>
<tr>
<td><strong>Total Police Pay</strong></td>
<td><strong>158.982</strong></td>
<td><strong>166.324</strong></td>
<td><strong>164.704</strong></td>
<td><strong>163.432</strong></td>
</tr>
<tr>
<td>Police Staff Pay</td>
<td>68.564</td>
<td>70.577</td>
<td>72.636</td>
<td>74.743</td>
</tr>
<tr>
<td>PCSO Pay</td>
<td>6.442</td>
<td>6.630</td>
<td>6.822</td>
<td>7.019</td>
</tr>
<tr>
<td><strong>Total Police Staff Pay</strong></td>
<td><strong>75.006</strong></td>
<td><strong>77.207</strong></td>
<td><strong>79.458</strong></td>
<td><strong>81.762</strong></td>
</tr>
<tr>
<td>Other Employee costs</td>
<td>5.566</td>
<td>5.634</td>
<td>5.703</td>
<td>5.774</td>
</tr>
<tr>
<td><strong>Total Pay Costs</strong></td>
<td><strong>239.554</strong></td>
<td><strong>249.165</strong></td>
<td><strong>249.865</strong></td>
<td><strong>250.968</strong></td>
</tr>
<tr>
<td>Buildings &amp; Premises</td>
<td>11.080</td>
<td>11.352</td>
<td>11.929</td>
<td>12.332</td>
</tr>
<tr>
<td>Transport Costs</td>
<td>4.558</td>
<td>4.675</td>
<td>4.794</td>
<td>4.916</td>
</tr>
<tr>
<td>IT &amp; Communications</td>
<td>6.005</td>
<td>6.175</td>
<td>6.349</td>
<td>6.526</td>
</tr>
<tr>
<td>Other Supplies &amp; Services</td>
<td>34.867</td>
<td>35.265</td>
<td>36.084</td>
<td>36.920</td>
</tr>
<tr>
<td><strong>Total Non-Pay Costs</strong></td>
<td><strong>56.510</strong></td>
<td><strong>57.467</strong></td>
<td><strong>59.156</strong></td>
<td><strong>60.694</strong></td>
</tr>
<tr>
<td>Re-phasing LPP pay reductions</td>
<td>4.623</td>
<td>8.358</td>
<td>4.019</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>Cumulative Savings Target</strong></td>
<td>(6.639)</td>
<td>(7.658)</td>
<td>(17.268)</td>
<td>(26.518)</td>
</tr>
<tr>
<td><strong>Gross Operational Delivery Budget</strong></td>
<td><strong>284.802</strong></td>
<td><strong>290.616</strong></td>
<td><strong>287.734</strong></td>
<td><strong>285.144</strong></td>
</tr>
<tr>
<td>Income</td>
<td>(22.793)</td>
<td>(22.793)</td>
<td>(22.793)</td>
<td>(22.793)</td>
</tr>
<tr>
<td>Specific Grants</td>
<td>(8.227)</td>
<td>(8.227)</td>
<td>(8.227)</td>
<td>(8.227)</td>
</tr>
<tr>
<td><strong>Net Operational Delivery Budget</strong></td>
<td><strong>253.782</strong></td>
<td><strong>259.596</strong></td>
<td><strong>256.714</strong></td>
<td><strong>254.124</strong></td>
</tr>
</tbody>
</table>

3.3 Despite reducing its workforce, making efficiencies, transforming activities using technology, cutting waste and selling redundant or unsuitable property; there is still the need to reduce expenditure further to match spending plans with anticipated resources and to maintain the annual programme of change at the same pace and continue to explore further collaboration and alignment opportunities – locally regionally and nationally.

3.4 We will ensure that all of this effort will continue, as we constantly review and redeploy our resources to meet the ever-changing nature, demand and evolving threats.

3.5 The approved changes in the MTFS relating to use of future precept uplifts are key to the sustainable funding position for the force. Prior to these changes, the force was facing additional budget savings of £35.7m.
3.6 The PCC’s decision to include maximum precept uplifts in the MTFS for planning purposes is equivalent to c.£3m per year between 2018/19 and 2020/21 – resulting in a reduced net savings requirement over this period of £26.5m; thus protecting local policing from further reductions.

3.7 Including precept increases within the MTFS is consistent with government’s view on force funding, which assumes that in calculating a forces ‘spending power’ that precept income be maximised.

3.8 Any change to this position would clearly require the force to identify additional savings in order to achieve a balanced budget.

4.0 Maintaining investment from the previous year’s precept uplifts.

4.1 The PCC in consultation with the Chief Constable identified four areas of local policing to be strengthened through further investment; supported in part by the £3m 2017/18 precept uplift.

4.2 The Force’s new model for local policing has re-organised resources to address the changing nature of crime, meet new public expectations and modernise ways of working. It has a strong focus on preventing crime and supporting those most at risk of threat and harm. The precept uplift in support of the base budget, will be used to maintain this model and enable the delivery of an effective and efficient service to keep the public safe whilst addressing new challenges.

4.3 Last year’s uplift has already been invested in key priority areas of policing, and the future uplift will enable the force to continue to maintain the excellent work that has been started. The 2017/18 precept was invested in the following:

- Community Priority Crime Teams (£1.03m) – 24 posts dedicated to intervene proactively to prevent and disrupt local crime gangs and take offenders off the streets. The team became operational on 1 April 2017. The teams are tackling serious and organised crime groups, series of burglaries and robberies in their area and have delivered a number of successful operations resulting in convictions.

- Specialist Firearms Officers (£1m) – Part of a two-year programme to provide a more robust response to frontline colleagues in the event of a terrorist attack. Five specialist ARV’s purchased.

- Recruitment continues helped by an increase to the number of instructors

- Public Protection Investigators (£1.25m) – this has provided 25 new posts to provide additional capacity for public protection, within the Safeguarding Investigation Units. A business case was approved by the Investment Board in September, detailing how new posts should be allocated on the basis of updated demand analysis and assessment with the Public Protection command team,
which will deal with serious offences such as rape and serious sexual assault. This includes the creation of a specialist team of Sexual Offence Investigation Trained officers who will support and work with victims through the investigation process, ensuring that the voice of the victim is represented at every stage.

- Expert Youth Teams - Prevention Youth Officers (£0.92m) – 20 posts to work directly with schools, colleges and universities to provide community policing that focuses on prevention advice and interventions, supporting the vulnerable and those most at risk, and dealing firmly and quickly with incidents. These officers have been recruited and trained and will begin working in their new roles with young people and partner agencies this month.

4.4 The Specialist Firearms uplift of £1m in the current financial year, will also require further additional investment in 2018/19, currently estimated to be £0.5m, which will be funded from within the overall budget through planned efficiencies.

5.0 Financial Risks/Cost Pressures

5.1 The force will continue to experience cost pressures in 2018/19 and beyond, in addition to those already provided for in the current plans. These risks will need to be included in the next update to the MTFS and budget plans for 2018/19, they include:

- National Police Officer pay award – A potential increase in excess of original planning assumptions as a result of the recent national settlement of a 1% base increase, plus a further 1% non-consolidated sum.

- Police Staff pay - A potential increase in excess of original planning assumptions - an additional 1% non-consolidated sum in the current year, and potential ‘one-off’ increases in future years.

- The changing cost base of technology, such as ESN/ Airwave replacement, new licensing arrangements (eg Microsoft Office 360 licences moving to a revenue model)

- Potential changes to pay and prices as a result of higher levels of inflation

- Further resourcing of ARVs/Firearms (c £0.5m in 2018/19 onwards)

- Government Grant - the financial settlement 2017/18 reduced total core revenue grants to Sussex by £2.1m (1.4%) to £149.6m (£151.7m 2016/17). Whilst we have assumed that a reduction of this level will continue for the next four years in the MTFS up to and including 2020/21, there remain uncertainties on the level of future grant funding, as well as the potential for the review of the grant distribution to recommence.
Each of these risks/pressures add further emphasis for the force to continue to both seek efficiencies and to maximise income sources such as council tax precept. This will help sustain our current approach to policing.

6.0 Sustaining Local Policing

6.1 Implementation of the new Local Policing model is in its final phase. This key transformation programme has made a series of changes to modernise local policing, taking account of changing demand and shifting patterns of crime, whilst addressing the challenge of a reducing budget. The model has been developed in a way that has aimed to maintain the delivery of local policing outcomes, protect frontline policing and meet national standards whilst maximising the use of available resources to reduce cost. The programme has covered response, investigations, neighbourhood policing and public protection with the Prevention strand going live in November 2017.

Demand Management and Prioritisation

6.2 To ensure the Force prioritises its resources and can allocate the necessary service levels to manage its demand, work has been undertaken to obtain a clearer understanding of demand for policing services in Sussex. Analysis of data obtained both locally and nationally including crime and incident data and demography has identified areas of predicted demand and has informed a more accurate allocation of resources across a revised Neighbourhood Policing Team model. This approach to local policing will balance the response to emergencies with policing activity to prevent crime before it happens and reduce reoffending.

Supporting the Transition

6.3 To further strengthen the force’s approach to local policing and to enable a smoother transition to the new Local Policing model, the MTFS now includes the use of up to £17m of revenue reserves to taper-in the savings between 2017/18 and April 2020. This will mitigate the impact of immediate reductions in police officer numbers, by allowing the changes to take place over a longer period.

6.4 An enhanced approach to workforce planning introduced this year, through the Establishment Board, will ensure that these changes are monitored and overseen to ensure we remain within resources, but mitigate the immediate impact of reductions to officer numbers.

7.0 Efficiencies and Budget Savings

7.1 The force is committed to maintain its track record of delivering the savings as required in the MTFS.

7.2 Since 2010/11 we have seen reductions to the grant funding provided by the Government to Policing Bodies in England and Wales. Over the last seven years, Sussex has had to therefore make £76m of reductions and
efficiencies to head towards balancing its books (source: Her Majesty’s Inspectorate of Constabulary’s (HMIC) Police Effectiveness, Efficiency and Legitimacy (PEEL) assessment and 2016/17 revenue budget). The graph below summarises the cumulative savings over this period.

Budget Savings 2010/11 to 2016/17

7.3 Looking ahead, despite the positive inclusion of future precept uplifts in our financial plans, this still leaves a further £26.5m of savings to be achieved by 31st March 2021.

7.4 The Force’s saving plans are based on programmes of change to deliver improvements in policing and realise cashable savings wherever possible, for example:

- LPP including elements of local investigations, response policing and completion of neighbourhood policing and criminal justice projects;
- Policing Together Programme (collaboration with Surrey Police) including Operations; Specialist Crime capability; Contact and Deployment communications and front office changes, People Services (HR) and Corporate Services;
- Staff costs represent a significant element of our core cost base and therefore there will continue to be changes to workforce numbers and structures throughout the MTFS;
- Further savings from rationalisation in the operational estate, including maximising collaborative opportunities;
- Savings through procurement particularly within ICT and Estates; and
- maximising income generation for areas of service provision (particularly in the back office) that have the potential to be more commercially aligned.

7.5 Savings in recent years have primarily been delivered through changes to policing services. As we move forwards, in line with sustaining local policing, there will be a greater focus on efficiencies in police staffing and corporate support services, including further partnership working.

7.6 Appendix A highlights the continued approach to delivering efficiencies, particularly our approach to partnership working, as included in the MTFS.
Additional Income

7.7 Identifying new, and maximising existing income streams represents an important element of the financial strategy. In partnership with the PCC’s team, we have already put in place new arrangements for raising funding for police infrastructure, through the Community Infrastructure Levy and Section 106 planning agreements with developers.

7.8 We have also begun a bottom-up review of existing income streams, benchmarking our performance against other forces. As we develop new services or ICT solutions (such as the tri-force ERP platform), we will work with our partners, both public and private, to develop income generation opportunities on the back of these investments – for example, by providing services to other forces or organisations.

8.0 Recommendations

- That the Police and Crime Commissioner notes the Chief Constable’s requirement to continue to base financial planning assumptions on a precept increase of £5 per band D household for 2018/19, in accordance with the approved Medium Term Financial Strategy;

- that the allocation of the precept funding increase, as proposed, is required to ensure the necessary ongoing operational effectiveness of Sussex Police - including the resources required to sustain both local and regional assets.

and

- the information in this report to support the 2018/19 precept decision.

Giles York
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Director of Finance, Sussex Police

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Tel: 01273 404008
Efficiencies and Partnership Working

Sussex Police continues to undertake a significant programme of change activity through the “Policing Together” programme with Surrey and with other forces in the South East region, in order to meet the financial challenges of the MTFS, increase resilience and improve service delivery.

‘Policing Together’ – Collaboration Programme with Surrey

- The Force works closely with Surrey Police. Effective partnership working, information sharing, integrated problem solving and the co-commissioning of services are being delivered through a number of joint services including; Operations Command (including Roads Policing, Tactical Firearms, Operations Support and Planning & Resourcing), Specialist Crime Command, Finance, Procurement, Fleet, People Services (including Learning & Development and Occupational Health) and Information, Communications & Technology (ICT).

- Work is underway to consider further opportunities to bring our policing services together and/or to align policies, procedures and working practices, these include:

- The Specialist Crime Command (SCC) – this has already delivered £6m savings across Surrey and Sussex and a further £4.7m saving has been identified across both forces by the end of 2018/19. The existing SCC operating model is not resilient enough to withstand a further budget reduction of this size without transformational change and so the Specialist Crime Capabilities Programme (SCCP) has therefore been established to deliver a new operating model that both achieves the required savings and maximises opportunities for collaboration between both Sussex, Surrey and other stakeholders in the region. A high level Target Operating Model has already been scoped and the SCCP is now progressing this into detailed design.

- The Joint Operations Command comprises of Roads Policing, Tactical Firearms, Operations Support and Planning & Resourcing. Operating as a single command has resulted in increased capacity and resilience, however in a number of areas the Command is still operating with different legacy IT systems and different ways of working across the two forces. The business case for a new target operating model was agreed in June 2016, which will deliver redesigned services more effectively and at reduced cost. This programme has now moved into the detailed design phase.

Other Partnership Working

- The co-location of specialist resources in the form of Multi-Agency Safeguarding Hubs (MASH) is also being progressed. The Hubs will coordinate all response and activity around the identification, assessment
and management of vulnerable victims. This will ensure single outcomes and a more consistent and effective service for the most vulnerable within our communities.

- In order to support joint working and the collaboration of both back office and frontline policing capabilities, work is underway to implement a new Enterprise Resources Planning (ERP) system for Sussex, Surrey and Thames Valley Police.

- The Digital Enablement Programme continues to coordinate work on four key priorities; Mobile Data, Niche, Public Facing Digital Services (community messaging, online crime reporting and track my crime systems) and Body Worn Video. These work streams are critical to the effective delivery of operational policing and public engagement. The programme is overseen by the Digital Enablement Oversight Board, which provides a single strategic direction for Digital Enablement across the two forces, monitoring progress against a five year road map and ensuring that activity is aligned to business strategies and delivers the operational capabilities required by other change programmes.

- The project to implement mobile data devices to frontline staff has been a rolling programme to update devices and enhance their capabilities. Frontline staff report that their productivity increases by up to 20% as a result of the latest devices.

- Surrey and Sussex are also exploring further opportunities to align technology applications and infrastructure with Hampshire Police and Thames Valley Police, as part of the South East Region Integrated Policing (SERIP) programme.

- East Sussex Fire & Rescue Service has co-located their Head Office functions at Sussex Police’s Headquarters in Lewes.

- The PCC’s acquisition of the fleet vehicle workshop site, near Crawley Down, will be a key enabler to drive further fleet efficiencies, not just within the Joint Transport Service for Surrey and Sussex Police, but with Fire Services colleagues in both Surry and Sussex.

Underpinning delivery of all this change will be a comprehensive workforce strategy that includes recruitment, training and development of officers and police staff, within a culture of partnership working to build an organisation that is fit for future challenges in the digital age and that will ensure public confidence in the policing service through effective service delivery. An improved workforce planning and establishment control approach has been introduced, included monthly, transparent reporting during 2017/18 and beyond on changing workforce numbers as a result of staff recruitment arising from investment in priorities and staff reductions arising from budget savings.