

BUDGET AND PRECEPT 2019/20 AND MEDIUM TERM FINANCIAL FORECASTS 2019/20 TO 2022/23

BUDGET REQUIREMENT

Category	Description	2018/19	2019/20	2020/21	2021/22	2022/23
		Original Plan £000's	Draft Plan £000's	Draft Plan £000's	Draft Plan £000's	Draft Plan £000's
Pay & Employment Costs	Police Officer Pay	55,202	53,832	55,039	56,129	57,464
	Police Officer Pensions	10,927	14,057	14,371	14,674	15,045
	Police Officer Overtime	2,599	2,718	2,809	2,985	2,919
	Police Staff Costs	32,485	34,508	35,669	36,377	36,911
	PCSO Pay	3,623	3,880	3,984	4,110	4,229
	Temporary or Agency Staff	61	0	0	0	0
	Police Staff Pay	36,070	38,387	39,653	40,487	41,140
	Police Staff Overtime	578	641	648	660	666
	PCSO Overtime	20	20	20	20	20
	Police Staff Overtime	598	661	668	681	686
	Restructure, Training & Conference Costs	851	1,102	1,100	1,169	1,169
	Police Officer Injury/Ill Health/Death Pensions	1,522	1,620	1,703	1,787	1,873
	Other Employee Expenses	1,374	968	968	972	976
Pay & Employment Costs Total		109,143	113,345	116,312	118,883	121,272
Overheads	Premises Related Expenditure	12,683	13,295	13,346	13,500	13,670
	Supplies and Services	9,957	12,245	11,669	11,585	11,474
	Third Party Payments	4,559	5,442	5,566	5,661	5,745
	Transport Related Expenditure	2,180	2,285	2,338	2,399	2,461
Overheads Total		29,379	33,267	32,919	33,145	33,351
Grant, Trading & Reimbursement Income	Government & Overseas Funding	(6,574)	(7,436)	(7,445)	(7,453)	(7,461)
	Interest/ Investment Income	(160)	(20)	(19)	(20)	(20)
	Local Government Specific/Partnership Funding	(456)	(510)	(510)	(510)	(510)
	Reimbursed Services - Other	(71)	(71)	(71)	(71)	(71)
	Reimbursed Services - Other Police Forces	(495)	(760)	(760)	(760)	(760)
	Reimbursed Services - Other Public Bodies	(2,415)	(2,037)	(2,047)	(2,061)	(2,075)
	Reimbursed Services	(2,980)	(2,867)	(2,878)	(2,892)	(2,905)
	Sales, Fees, Charges and Rents	(3,841)	(4,056)	(4,118)	(4,119)	(4,114)
Special Police Services	(292)	(247)	(247)	(247)	(247)	
Grant, Trading & Reimbursement Income Total		(14,304)	(15,135)	(15,216)	(15,241)	(15,257)
Capital Financing and Contributions	Capital Financing and Contributions	1,359	1,754	1,470	2,426	2,938
	Loan Charges	123	124	151	201	221
	Minimum Revenue Provision	527	531	20	924	1,417
Capital Financing and Contributions Total		1,359	1,754	1,470	2,426	2,938
Transfers to / (from) Reserves	Transfers from Reserves	(2,339)	(1,591)	(283)	0	0
Transfers to / (from) Reserves Total		(2,339)	(1,591)	(283)	0	0
Total Force		123,239	131,640	135,202	139,212	142,303
Office of the PCC	Dorset Office of the PCC	1,278	1,072	1,072	1,072	1,072
	PCC Commissioning	999	1,511	1,004	1,004	1,004
	Transfers from Police & Crime Plan reserve		(507)			
Total OPCC		2,277	2,076	2,076	2,076	2,076
Net Revenue Expenditure		125,515	133,716	137,278	141,288	144,379
Transfers to / (from) General Balances	Transfers to General Balances		952	100	100	100
Total Budget Requirement		125,515	134,668	137,378	141,388	144,479

BUDGET AND PRECEPT 2019/20 AND MEDIUM TERM FINANCIAL FORECASTS 2019/20 TO 2022/23

Explanation of key budget lines:

1. Police Officer Pay

1.1. The budgets for police officer pay, on costs, and allowances have been drawn up based on an approved design, which takes full account of OBD, and realised savings achieved under the Alliance. The number of officers consists of officers paid for directly by Dorset Police (ie as 'employees'), less those recharged to Devon & Cornwall Police as part of the Strategic Alliance. The number currently recharged is 11.4 FTE.

1.2. The number of police officers on which the budget is based is shown below, identifying those posts which are charged out under the Strategic Alliance arrangements:

	2018/19 FTE	2019/20 FTE	2020/21 FTE	2021/22 FTE	2022/23 FTE
Total Employed Officers	1,211	1,211	1,205	1,203	1,202
Less Alliance Officers Recharged	(10)	(11)	(11)	(11)	(11)
Funded Establishment	1,201	1,200	1,194	1,192	1,191

1.3. As shown above, the budgeted officer numbers are forecast to be sustained for 2019/20, and then reduce slightly in future years. This reflects future Strategic Alliance police officer savings arising from existing business cases.

1.4. It is anticipated that use of the Innovation Fund will be considered to increase capability beyond the level indicated above, investing in the Rural Crime Team, Marine Crime Team, Offender Management and strategic support

1.5. The estimated leavers included within the budget for each year are shown below. These assume that the majority of officers will leave at the earliest of their age / service eligibility, although does assume that a small number will leave earlier based on historic trends.

	2019/20 FTE	2020/21 FTE	2021/22 FTE	2022/23 FTE
Normal Retirements	41	47	47	33
Ill Health Retirements	5	5	5	5
Resignations / transfers out	29	23	23	23
Total	75	75	75	61

1.6. The following number of new officers are expected to be recruited during 2019/20:

	2019/20 FTE
Probationers	70
Transferees / direct entry	12
Total Recruitment	82

BUDGET AND PRECEPT 2019/20 AND MEDIUM TERM FINANCIAL FORECASTS 2019/20 TO 2022/23

1.7. Finance are working with Resourcing in respect of the above recruitment schedule to ensure the necessary officers are recruited within budget, and to ensure that operational capability is maximised.

2. Police Officer Pensions

2.1. The employer's contribution to the Police Pension Scheme will increase considerably in 2019/20 following an actuarial review of the scheme. The settlement has confirmed that the increase in employer contribution will be 6.8%, resulting in an employer contribution of 31%, and extra annual cost of £3.1m. Offsetting this in 2019/20 is a specific grant of £1.4m (see below).

3. Police Officer Overtime

3.1. The police overtime budgets are under significant pressure in 2018/19, with an anticipated overspend in excess of £1.0m. Overtime is a vital resource, allowing much needed flexibility of operational deployment. It is anticipated that OBD, along with continued focus on this area by Commanders and the Resourcing Team, will enable spend in this area to reduce. However, this will be carefully monitored as an area of risk.

4. Police Staff

4.1. The police staff budget takes account of known and anticipated movements under the Alliance, and the associated recharging requirements. It also includes the effect of OBD, including Police Community Support Investigators.

4.2. The allocation of workforce resources in the 2019/20 budget is shown below. This includes officers and staff, and reflects the net effect of posts charged to and from Devon & Cornwall Police under the Strategic Alliance.

	2018/19	2019/20
Operational	57%	60%
Operational Support	34%	31%
Organisational Support	9%	9%
	100%	100%

4.3. It is anticipated that use of the Innovation Fund will be considered to further invest in operational capability. Additional posts will be considered in 2019/20 to address issues including crime prevention, homelessness, and road safety, as well as providing support to the volunteer Police Cadets scheme.

4.4. A turnover assumption of £1.4m will be applied to police staff budgets. This represents a turnover factor of approximately 3.5%.

5. Police Staff Pension Contributions

5.1. The most recent triennial actuarial review of the Local Government Pension Scheme (LGPS) took place in 2016. That review identified that further contributions to the

**BUDGET AND PRECEPT 2019/20 AND MEDIUM TERM FINANCIAL FORECASTS
2019/20 TO 2022/23**

LGPS were required to address the deficit. Negotiations took place with the actuaries that resulted in a staged increase to the contributions, and 2019/20 is the last year of such increases, with an increase of £550k. The next valuation is due to take place towards the end of 2019.

6. Pay Award

- 6.1. The budget requirement has been constructed on the basis of a 2.0% pay award annually from 2019/20. This pay award estimate was based on current and future inflation actuals and projections.
- 6.2. The Autumn Budget provided some indication that wages are expected to grow. The Office of Budget Responsibility has forecast that wages may grow by 2.5% in 2019, 2.8% in 2020 and then by 3.2% in 2023. This forecast will represent overall wage increases, including increments and other factors, although pay award will be a key component. These figures are clearly forecasts and actual pay award cannot be inferred. However, they do give some context in which the 2% estimate has been made. The forecast cost of a 1% increase in the pay award is £0.6m in 2019/20 and an annual £1.1m p.a. full year effect.
- 6.3. The 2018 pay awards for police officers and staff have both been agreed at 2%.

7. Restructure, Training and Conference Costs

- 7.1. The Police Education Qualification Framework (PEQF) is due to be implemented in Dorset Police during 2019/20. In order to comply with the requirements of this new Framework, the Force will be working with higher education facilities to provide courses to new recruits. The exact cost of this provision is still being finalised, partly through a procurement process, but indicative costs are available, and an additional £158k has been included within the training budget.

8. Other Employee Expenses

- 8.1. Savings are anticipated in the cost of employer liability insurance, in excess of £200k. This has been removed from the 2019/20 'other employee expenses' budget.

9. Premises Related Expenditure

- 9.1. The 2019/20 budget includes increased expenditure on electricity and gas due to estimated higher inflation (£197k), and inflation on Public Finance Initiative schemes (£193k).

10. Supplies and Services

- 10.1. The 2019/20 supplies and Services budget includes £1m for a new Innovation Fund, of which £0.5m is a recurring allocation.

**BUDGET AND PRECEPT 2019/20 AND MEDIUM TERM FINANCIAL FORECASTS
2019/20 TO 2022/23**

- 10.2. Included within the increase on supplies and services is funding to reflect the significant national cost pressures on forensic services suppliers, which are expected to result in the need for considerable investment to ensure continued service provision. Work is taking place nationally to consider the exact financial requirement, and whether any funding could be made available to help forces address this issue. In the event that no central funding is made available, Dorset Police are expected to require a further £187k to ensure continued service.

11. Communications and Computing

- 11.1. Additional budget is required in 2019/20 to fund the ongoing revenue costs of ICT investment, including body worn video and duties management. This includes the costs of licencing, maintenance and development. In addition, further unavoidable price increases in ICT licencing and support arrangements have been included in the 2019/20 budget.
- 11.2. The ICT Department are reviewing all systems and licencing arrangements in place across the Force with a view to ensuring / confirming that only essential expenditure is incurred in this respect.
- 11.3. A significant enhancement to the Force's current data analysis capability, and the move to use of data analytics across the Force, would be the implementation of a new data analytics system. This would allow front line officers, and officers and staff across the organisation, access to activity data to better understand and deploy upon demand and resource information. This has been used in other forces with considerable success, and would present significant benefits to the Force.

12. Transport Related Expenditure

- 12.1. The transport budgets have remained reasonably static between 2018/19 and 2019/20. Although inflation on fuel is anticipated to be above average, the anticipated cost of insurance has reduced, which has largely offset all other price increases in this area.

13. Third Party Payments

- 13.1. The main increase in third party payments relates to the provision of air support. Forces are facing potentially higher charges for National Police Air Support (NPAS) in 2019/20 than in the current year. The charges will be based on usage during 2018, which latest figures for Dorset Police indicate is significantly higher than 2017. Using the latest usage figures, the increased is expected to be £257k.
- 13.2. Dorset Police is in negotiations with its partners in respect of Safeguarding funding. While these discussions are ongoing, it is anticipated that additional funding in the region of £50k will be required in 2019/20.

**BUDGET AND PRECEPT 2019/20 AND MEDIUM TERM FINANCIAL FORECASTS
2019/20 TO 2022/23****14. Government Funding (Specific Grants)**

- 14.1. There is a new specific grant of £1.4m to partly offset the additional employer's contributions for Police Pensions. This grant is assumed to continue although the future year position has not been confirmed by the Home Office. Clarification on future year grant is expected to be part of the 2019 Comprehensive Spending Review considerations.
- 14.2. The 2018/19 budget assumed that the existing Counter Terrorism Policing Grant funding would reduce, and officer numbers were reduced accordingly. However, in recognition of the Government's announcement at the time that further funding would be made available for Counter Terrorism, an estimate was made that the *cash* received would remain the same as in 2017/18 – although unconfirmed at the time. No further grant was received, and the 2018/19 income budget therefore under-recovered, with the need to adjust the forecast income budget by £0.4m in 2019/20.

15. Reimbursed Services – Other Police Forces

- 15.1. The level of income received under mutual aid in past years has been used to inform the estimate for future year income, resulting in an increased income budget for 2019/20.

16. Sales, Fees and Charges and Rents

- 16.1. Considerable effort has been focussed over the last three years on maximising income generation opportunities. This has included consideration of further sponsorship.
- 16.2. Opportunities for 'discretionary' income generation are severely limited. However, Dorset Police remains in the top quartile nationally for income from sales, fees, charges and rents.
- 16.3. Dorset has historically received comparatively low income from 'reimbursed services', including provision of police officers to events, mutual aid income, and secondments to other forces. This income will increase into the future as the Alliance and regional collaboration develop, although clearly linked to additional expenditure in these areas.
- 16.4. Income from the Driver Awareness Scheme is expected to increase in 2019/20. The move to digital speed cameras during early 2019/20 is expected to enable a greater level of enforcement and education activity.

17. Capital Financing and Contributions

- 17.1. These are predicted to increase significantly over the plan period as a direct consequence of the increased capital investment programme.