

**BUDGET AND PRECEPT 2019/20 AND MEDIUM TERM FINANCIAL FORECASTS
2019/20 TO 2022/23****Summary of Letter from Chief Constable to Police and Crime Commissioner
(dated 9 January 2019)***Purpose:*

To provide Panel members with a comprehensive understanding of the information contained within the letter from the Temporary Chief Constable to the Police and Crime Commissioner, regarding police precept and future budgeting.

The letter is significantly detailed and complex (14 pages, circa 6000 words), and contains a number of police acronyms and statements that presume a high level of background knowledge.

In order to enhance the transparency of this letter, and aid understanding, this has been summarised and additional background information provided.

The bulk of the summary is directly copied from the Chief Constable's letter, and is therefore written from his perspective. It covers the following areas:

- 1. The context of the current financial position;*
- 2. How the precept increase for 2018/19 was used;*
- 3. What the proposed precept increase for 2019/20 would be used for, if supported by the PCC, the citizens of Dorset and the Dorset Police and Crime Panel; and*
- 4. Conclusion*

Summary of Letter**1. The context of the current financial position**

The requirement to find substantial financial savings over the past eight years, coupled with a changing and growing complexity of demand, has placed great strain on this organisation and policing nationally. Whilst the precept increase alone has not removed that dynamic, it has at least enabled us the opportunity to take stock, and plan our future direction with greater confidence and clarity.

We recognise the challenging context within which the precept decision was taken, and understand the real pressures which household budgets are under. At the same time, I offer my thanks to you and the Police and Crime Panel for your support over the last financial year of the increased precept of 2018/19, to the benefit of the communities of Dorset.

2. How the precept increase for 2018/19 was used

Precept investment was most evidently felt by an uplift in staffing in crucial areas of the force, as follows:

Police and Crime Plan Pillar One: Protecting People at Risk of Harm

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- **Paedophile On-line Investigation Team:** increased number of officers who proactively looking for the most dangerous offenders.
- **Multi-Agency Safeguarding Hub (MASH):** allowing expansion from children and young people into adult safeguarding.
- **Pan-Dorset Safeguarding Board:** the Children and Social Work Act 2017 creates new duties for CCGs, local authorities and police to make local safeguarding arrangements. As these new arrangements embed, Dorset Police will increase its financial commitment from £9k to around £50k.
- **Safer Schools:** last year's precept enabled Dorset Police to preserve our Safer Schools provision, enabling ten safer schools officers to deliver countless educational and preventative inputs to young people across our county.
- **Marine Unit / Rural Crime Team:** additional staff were added to both units to ensure our maritime and rural continue to receive neighbourhood provision.
- **Operational Business Design (OBD):** the precept investment was critical to the design and implementation of OBD; a different operating model, enabling us to effectively deal with the busiest period in our demand history. Investment led to the creation of an enhanced volume crime team to deal with detained persons and provide support to frontline officers, and the formation of an investigation resolution team (IRT), a desk based team that progresses investigations and provides investigative support to the frontline.
- Also within OBD, the additional precept led to the creation of a new and role for some of our PCSOs who have become Police Community Support Investigators focussing on volume crime and assisting with neighbourhood taskings. The force now has 29 PCSIs managing low threat and low harm yet high demand incidents.

Police and Crime Plan Pillar Two: Working with our Communities

- **OBD:** the implementation of OBD has also introduced new resource in the Neighbourhood Engagement Officer role ensuring we connect with people through the diversity of platforms available.
- **Neighbourhood Policing Teams (NPTs):** Dorset Police has signed up to the College of Policing's guidelines for the delivery of neighbourhood policing – and precept investment has allowed NPTs to reach full complement. These teams are amplified through the recruitment of more Specials, however, further investment is required to boost visibility and strengthen our problem solving ability.
- **Community Safety Accreditation Schemes (CSAS):** there are now four schemes with 14 accredited people embedded across the county. Investment has allowed some bespoke training for CSAS organisations to ensure they are skilled problem solvers that can provide community intelligence useful for policing.
- **Police Now:** with your support, we have recruited eight officers under the Police Now initiative, joining in September they have already brought new thinking and fresh energy to our most challenging problems.
- **County lines:** our communities still face significant challenge concerning child exploitation and the link to 'County Lines'. We continue to invest in operational plans focussing on enforcement, education, safeguarding and rehabilitation. The

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delivery of the partnership event hosted by OPCC has significantly assisted in this key area. The Safer Schools and Community Team are also delivering a County Lines package. However, further investment in this area is necessary if we are to continue to make a measurable impact on this national priority.

- **Drug and alcohol harm reduction team:** was embedded last July and has bought a fresh approach to Dorset by moving from bureaucratic enforcement to harm reduction and engagement. This approach has already seen results, for example, the review of a licenced premise that led to the replacement of a management team that had a culture of violence and poor regard for public safety.

Police and Crime Plan Pillar Three: Supporting Victims and Reducing Reoffending

- **Restorative Justice:** we continue to put victims at the heart of what we do and precept funding has enabled us to deliver on this. As a result of previous investment restorative justice (adults) was rolled out in September 2017 and has seen 50 post-conviction referrals and 32 cases taken forwards with victims of road traffic collisions, burglary, criminal damage, fraud and GBH.
- **Virtual courts and live links:** future investment could assist in the national drive towards 'virtual courts' for overnight remand cases under the ambitious HMCTS reform plans which will bring financial implications for Police forces as we need additional resources and potentially estate changes to facilitate this opportunity.
- **Track my crime:** alternatively, investment funding could assist with the roll out of 'track my crime' which will enhance the services provided to victims in the early stages of a crime being reported, which could free up officer time and allow the successful Victims' Bureau team more time to support vulnerable victims.
- **Reducing Reoffending:** I think it is fair to say that we agree that the apparent failure of the Community Rehabilitation Company initiative has led to reduced capability in "hard-edged prevention". We also have fairly limited capability in Integrated Offender Management, with little 'through the gate' services within Dorset thus far, such as prisoner mentoring. This is an area that we both agree should be prioritised should further investment be possible.
- **Situational crime prevention:** as is now well understood crime, and particularly violent crime, is rising both locally and nationally at an alarming rate and only significant investment in will break us out of this cycle. A toughening stance on enforcement against persistent offenders needs to be coupled with an enhanced partnership approach to diversion, rehabilitation and therapy.
- **Youth justice:** we have unacceptable delays in delivering youth justice despite an excellent Youth Offending Service delivered pan-Dorset. Investment is also required to bring youth offenders to the point of accountability and/or sanction in a fast-tracked manner. Resolving youth offending through out of court disposals months after the event is leaving victims dissatisfied and offenders undeterred.

Police and Crime Pillar Four: Transforming for the Future

- **PRISM:** In keeping with the APCC/NPCC Policing Vision 2025, Dorset Police is continually reviewing and identifying ways to make progress and ensuring we are a 'listening and learning' organisation. With your continued support we are

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working hard to develop and invest in new technology as well as support multiple projects in the digital policing arena, principally through our joint PRISM programme with Devon and Cornwall Police.

This year has seen the roll out of Body Worn Video, investment in online services such as 'ASK NED' (the online Non-Emergency Directory) and increased use of drone technology. Skype meetings are becoming more widespread as we drive efficiencies through use of technology. Operationally Skype is now used in custody for inspector reviews and Superintendent extensions where appropriate and PACE legislation has been amended to reflect this option.

- **Alliance Drone Team:** the OPCC was pivotal in driving the establishment of the Team, as the first dedicated unit in the country in May 2017 and this small team has grown from strength to strength. Last financial year there were 182 drone deployments and this year we anticipate in excess of 300. July alone saw 52 deployments, believed to be the highest in the country. The drones provide resilience to helicopter support but they remain much more efficient, with greater flexibility and less cost. For example, if one-third of the anticipated deployment this year was instead sent to the National Police Air Service – this would cost in the region of £170k.
- **Cybercrime:** cybercrime is a growth area and has seen investment already, however, this needs further investment to ensure we can service the increasing demand. Precept funding last year enabled a programme of cyber prevention training to local businesses by our cyber-crime prevention officer, which were an unparalleled success.
- **Wellbeing:** as we transform for the future we also need to look after our people and this is an area where I am very grateful for your investment. I know that the £250k pledged by you for wellbeing initiatives is being very carefully managed to ensure it reaches the right people; those most in need of physical or emotional support. The force has delivered a costed options plan to keep staff at work, or get them back into work quickly if they are unwell and to ensure appropriate support is offered. Evidence is clear that a healthy, motivated and engaged workforce provide higher performance and productivity.
- **Demand:** A significant impact on wellbeing is demand. Dorset Police saw an increase in demand, to record levels, over all areas of the business in 2018. Since 2017, the single greatest cost to police resources in time has been concern for welfare related calls. Many of these are vulnerable repeat callers with wider complex needs which are not best suited to a police response, such as mental health. Missing persons has also seen a considerable increase in resource requirements, with over a 100% increase in demand over the last 8 years.

I have already described a focused uplift is required in many areas of specialist capability. In light of the demand picture presented and the need to both deliver a quality service and ensure the wellbeing of our staff I would also seek a future increase in frontline patrol resources / PCSOs and a similar increase in our core investigative capability.

3. What the proposed precept increase for 2019/20 would be used for

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The achievements I have outlined in the current year have only been possible due to your support in raising the precept by £12 in the current year. This precept resulted in additional income of £3.4m, representing 2.7% of our budget.

Whilst this may appear a significant sum of money, it should be considered in the context of the overall financial pressures facing the Force.

The current year precept has enabled us to maintain service levels by meeting the inflationary costs, external demands and continuing reduction in central funding. On top of zero increase in government grant for eight years, we also had a cut of £400k in our security grant.

Continued financial pressures

Thus whilst the Force is grateful for your support in the current year, unfortunately the financial pressures in the next year are even greater and if we are to continue to provide anything like the current level of service then it will require a significant increase in funding. The settlement from central government has been increased by £1.2m (2.1%), which does not keep up with the unavoidable cost pressures we face, such as pay awards, inflation and substantial increase in the cost of pensions arising from a change in the Treasury approach to calculating the cost. We continue to look for every efficiency and opportunity for increasing resources; however the bottom line still results in a requirement for a substantial increase in the precept.

Relentless pursuit of efficiency

A new force initiative will require each department head to deliver a year on year 1% efficiency saving from their area of business which in turn will be used for reinvestment and to build capability. Effectively a new small efficiency team working to corporate development would deliver a programme of efficiency resulting in a rolling investment to meet new and emerging capability linked to the workforce plan.

Precept requirement for 2019/20

Whilst I am providing a full report on the budget position and resourcing requirements, it is already clear that an increase in the precept to the maximum allowed without a referendum will still be very challenging for the Force. A precept increase of £24 will generate approximately £6.8m, excluding changes to tax base. This equates to approximately 5.4% of our net budget. However, the very real cost pressures total over £9m.

When I presented the Medium Term Financial Plan last year this included an assumption that the centrally imposed cap of a £12 increase in Band D council tax would be available for the 2019/20 Financial year. However, since then, a significant element of our cost base has been subject to pay and pensions increases beyond our control. Specifically changes in Treasury approach have resulted in an increased pension cost (Officers and Staff) of £3.5m. The annual pay award which after many years of being frozen is still below inflation at 2%, adds a further £2.1m to our budget.

Technology

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We face significant price inflation on our non-staffing budget through general indexation of many of our contracts, compounded by the impact of falling exchange rates which have impacted on our IT budgets.

More broadly, a range of national IT requirements also exert a pressure. Projects include transforming forensics, the replacement police (radio) communications system, national law enforcement database combining a number of separate data sources, and a template website with interactive capability for all police forces. Each programme will require every force to prepare, train and implement locally and then share the national cost. This approach is supported. As the public are increasingly mobile and criminality has no respect for historic boundaries then national approaches are the only viable option.

By far the biggest impact on our demand has been the growth in technology. Whilst technology can enhance efficiency, it requires investment. The real challenge we face is understanding, accessing and analysing the proliferation of digital data used by victims, perpetrators, witnesses. An analysis of a mobile phone, once a straightforward task, is now a window into a complete dataset that can take many months to analyse. Given the continued level of development in technology, growth in this area will be a continuous demand on all police forces.

Central financial pressures

The Force receives a combination of general and specific grant streams. Forces have collectively demonstrated flaws in the general grant, and the last two attempts at revising the formula were abandoned. Both attempts would have substantially increased our funding. Our revenue and capital grant for next year has now been set at £67.3m. This represents £87.30 per person in the county and is the second lowest nationally. Eight years ago, the equivalent figure was £91.70.

There has been much publicity and debate on the rising cost of police pensions, and in the case of policing, the Treasury have passed on the national issue of 'unfunded public sector pensions' to local forces. The full impact to Dorset is likely to be an extra £3.0m a year, although grant funding of £1.4m has been made available in 2019/20 that reduces the effect to £0.5m. There is no certainty of such grant funding in future years. This figure on its own (£3.0m) would need a precept increase of £10.70.

Demand and Recruitment

At the same time, we have seen an increase in population, and with that increase demographics, diversity and expectations for our service. The corresponding increase in our ports and airports adds both volume and complexity to our demand, but the specific grant to meet this challenge has continued to reduce.

In recognition of the increased pressure and demands on our officers a new approach to recruitment and training has been developed. Whilst this is absolutely the right approach, it does come at a cost. More intensive training will add £0.2m to current costs, and will bring the added pressure of higher abstraction rates.

There are further areas of pressure that I shall expand on in the full report which brings the total to in excess of £9m.

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Recognising the additional pressure that police force budgets were under, the Government responded by increasing the precept limits for PCCs. The following table provides a summary of the additional funding that would be available at a £24 increase, alongside a hypothetical £12 and £36 increase for comparison.

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Additional Funding	£12	£24	£36
Central Grant (£M)	1.2	1.2	1.2
Precept (£M)	3.4	6.8	10.2
Council Tax Surplus and Tax base Changes (£M)	1.0	1.1	1.1
Total (£M)	5.6	9.1	12.5

I fully appreciate that each of these scenarios represents a significant increase in our total funding. However, anything less than £24 will severely affect our ability to maintain current service levels, which arises from the cost pressures I have outlined. A precept level of this amount will enable me to continue to drive further efficiencies in service delivery increasing the focus and response to our increasing levels of demand.

A precept increase of £12 would require significant cuts to both our service delivery and our change ambition. In a very short timescale, I would have to revisit and significantly curtail our recruitment plans and our change agenda. By way of illustration, £3.4m would approximate to 5% of our Police Officer establishment. Conversely, an increase of £36 would enable real growth in establishment and capability by a similar proportion.

As I am sure you appreciate we are exploring every opportunity to identify savings and efficiencies to mitigate this demand and this process will continue into the next financial year and beyond.

The demands placed on the Force will require an increase of precept to the very maximum allowed before capping if we are to provide anything like the existing service levels. A £24 precept would also enable the Force to continue on its journey of continuing efficiency and redirecting resources to meet the increasing demand base.

Whilst this above inflation increase to maintain the status quo may appear counter intuitive, it is very much a result of three distinct areas:

- i. Continued reduction in government funding;
- ii. Increased demand in volume and complexity; and
- iii. Continuing financial pressures.

Thus far, I have provided background and contextual information supporting a potential rise in precept of £24. Whilst I hope this is of use, I would also like to highlight some specific areas of investment that I would pursue, should the precept increase be agreed.

- **6 x new police officer posts** (to return establishment to 1200)
 - 1 x Rural Crime Team officer
 - 1 x Marine Crime Team officer

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- 1 x Efficiency officer (working to DCC/Head of Corp Dev)
- 3 x officers to support the Integrated Offender Management Programme
- **Police Cadet Scheme:** recruit a scheme administrator to support the work undertaken by the PCC's Staff Officer, and lead on the implementation of a new scheme to provide positive activities and build relationships with young people.
- **Bobby Van Scheme:** Bobby Van schemes are proven to achieve a measureable and lasting positive effect on domestic and distraction burglary. Typically, a Bobby Van operator would attend a resident's home and carry out a home security check, before fitting measures designed to deter and prevent burglary.
- **Road safety:** strengthen our enforcement capability through the No Excuse team as well as support the Community Speed Watch network through investment in an additional camera van and operative.
- **Streetsleepers' Champion:** homelessness and street/rough sleeping remains a wicked issue that all public services must continue to work together to tackle. Whilst policing has an enforcement role, this will not address the underlying causes or put in place longer-term solutions. A new approach is needed.
- **Focus on vulnerability:** We also continue to support the National Vulnerability Action Plan and with further investment, we would aim to introduce a 'vulnerability champion', who will drive the vulnerability culture, training and best practice.

4. Conclusion

Thank you for your and the Panel's ongoing support through precept to ensure we are able to continue to deliver high quality service.

The 2019/20 Settlement has given us welcome relief to some of the structural finance pressures including pay inflation and pension pressure and I was delighted to see that the Policing Minister has recognised a need for overall growth in police resources to enable us to move forward with our shared high ambition for Dorset Police.

In the Minister's statement PCCs have been given the flexibility to raise precept by £24. I formally request that you take full advantage of this flexibility to enable the force to continue to maintain the high quality services it is currently able to provide, also allowing us to invest in new capabilities, to meet growing demand and the expanding mission of modern policing.

I have provided the necessary modelling to show the impact of variable precept increases and how each affects the force ability to maintain service and invest respectively. You will note that anything less than £24 is in fact a reduction in overall budget and whilst we would seek to meet budget reductions with further efficiencies – it is inevitable that headcount would fall and service delivery would need to be reviewed.