

**POLICE AND CRIME PANEL – 4 FEBRUARY 2020**

**BUDGET PRECEPT 2020/21**

**Summary of Letter from Chief Constable to Police and Crime Commissioner**

*Purpose:*

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

*The letter is detailed and complex (12 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.*

*This letter was written prior to the announcement of the 2020/21 police settlement.*

**Summary of Letter**

**1. Introduction**

I would like to formally thank you, through you the public, and the Police and Crime Panel for your support over the last year and, in particular, for your support concerning the increased precept for 2019/20. I would like to take this opportunity to explain how Dorset Police used the income from the precept for the benefit of our communities in Dorset. I would also like to explain our need for further investment in both core policing and in our specialist capabilities to ensure we continue to protect the public and meet emerging threats.

The requirement to make substantial financial savings to balance budgets over recent years, whilst dealing with a growing complexity of demand, has placed an enormous strain on policing nationally and Dorset is no exception to this. Indeed, the traditional low central funding of public services across Dorset, including Dorset Police, brings its own challenges. It is against this background that the Government's announcement to provide 20,000 additional police officers across the country has been welcomed. Obviously it will take time to recruit and train suitable candidates to these new posts but this focus on investing in police officer numbers is a positive development.

Last year's increase in the precept signalled by the Government, proposed by you and supported by both the public and the Police and Crime Panel, indicated a return to investment in frontline policing. I, and my colleagues, recognise the real pressures local people face in balancing their household finances and so it is important for us to continue to support you in helping people understand the difference the additional precept made.

**2. 2019/20 Budget**

Whilst the combination of income from the precept and a strong focus on driving out savings has allowed us to invest additional resources in some of our capabilities and to modernise aspects of our functions, it is important to emphasise that the majority of the income from the precept was needed to meet anticipated increases in existing costs, many of which have been decided by the Government.

The Government increased the contribution from Dorset Police to the national Police Pension Scheme by £3.1m and agreed a national pay award for the Police of 2.5%, effective from September 2019, which was unfunded. We anticipated a national pay award of 2%, at an expected cost of £2.1m. The national pay award is therefore costing Dorset Police £0.5m more in the current year than we expected when the budget was set. These costs are in addition to the annual pay increments of £1.3m.

Pay and pension costs therefore represent a £7.0m strain. Rather than the Government meeting the costs it imposed on the Police, it increased our grants by only £2.6m.

Furthermore, other pay and price rises were expected to increase our costs by a further £2.0m, when the budget was set. This included non-pay contractual inflation (e.g. increases in software licensing costs), additional costs of the national air support service and forensics and additional contributions to the police staff pension scheme.

Consequently, these pressures amount to a total of £9.0m, of which £8.5m was anticipated when the budget was set and the precept agreed.

The additional precept of £24 for a band D property for the current year has raised £7.8m of additional income. With the Government grant increase of £2.6m, this totalled £10.4m.

This leaves £1.4m of the additional precept for investment to address the increased complexity required of our services; investment in additional capabilities and investment in capital assets, most notably vehicles and ICT.

Dorset Police has an annual capital programme of £1.5m to replace vehicles and £3.0m for ICT developments and other equipment. We have nearly exhausted our available capital receipts and so we have had to identify alternative funding to finance our capital programme, which complies with the Prudential Framework. Consequently, the revenue budget included additional borrowing costs and revenue contributions to capital expenditure of £0.4m, as an essential step towards achieving a sustainable capital programme over the next few years.

### **3. Use of the 2019/20 Precept**

I would now like to illustrate some of the benefits from the investment in our services which last year's precept has made possible.

#### **Protecting people at risk of harm**

Over the last couple of years, we have used the precept to develop our work with young people. We have safeguarded our Safer Schools provision by enabling ten officers to deliver educational and preventative activities to young people across the county. [See Figure A].

Furthermore, in the last year we have brought to fruition our aspirations to implement a Police Cadet Scheme, which aims to build the confidence of young people in Dorset, and help highlight policing as a potential career. The scheme was launched in September with the creation of two Cadet Units in Bournemouth, due to the original intention of having one Unit of 30 cadets being so heavily over-subscribed. We have recruited a Cadet Co-ordinator and we are looking forward to extending the Cadet scheme into other communities across Dorset. [See Figure B].

Over the last year we have continued to reflect on the potential harm to people in our rural communities and our marine community. Both areas have received continued investment in new officers. The Rural Crime Team (RCT) has been bolstered by an additional Police Officer and we have created capacity to develop the skills of an existing PCSO to support the current RCT PCSO during the current year. This enhancement to the size of the team allows it to engage more fully with our rural communities. We are also exploring ways to improve the effectiveness of the team by examining best practice elsewhere in the country. [See Figure C].

Similarly, the size of the Marine Unit has been increased this year by an additional Police Officer. This officer is based in Neighbourhood Policing and will be heavily involved in both crime prevention and engagement with the marine community whilst working alongside a dedicated Marine Neighbourhood Engagement Officer.

A Street Sleeper Champion was delivered by the deployment of a Police Now Officer and NPT resources. Great progress has been made on entrenched street sleeping (63 people into sustained accommodation in a year) and we continue to progress even further with this initiative.

### **Working with our communities**

Our Neighbourhood Policing Teams (NPTs) are working with our partners to develop a multi-agency approach to address vulnerability within our communities. All of our partners understand that the complex problem of County Lines drug gangs requires a partnership approach. Nevertheless, Dorset Police takes the lead in tackling these gangs, which prey on vulnerable young members of our communities.

We have also continued to develop our Weymouth County Lines Team utilising existing NPT staff to focus on and tackle vulnerability. This team consists of a Sergeant and four constables. Through partnership working and directed problem solving to ensure we are adapting our working practices to meet the needs of our most vulnerable, we have arrested and charged a number of dangerous individuals. We have also removed a large number of weapons within circulation and, more importantly, safeguarded many vulnerable people at risk of criminal exploitation and harm.

We have appointed a Detective Superintendent to drive our work around vulnerability in our local communities. She is working closely with the Head of Public Protection to ensure we are effective in this area. The effectiveness of our approach has proved encouraging due to the results of a peer review undertaken by the National County Lines Coordination Centre. The Review concluded that Dorset is one of the most proactive forces in this arena within the South West. Despite this success, we are not complacent. We understand more needs to be done to address this issue and I expect to have to invest more resources to this issue in the future.

In last year's precept we referenced our Community Speed Watch (CSW) Team and our pledge to increase resource and outcomes. We now have 94 CSW teams with an additional six teams in development, totalling 100 within Dorset by the end of the financial year. We have also employed a full time Tru Cam operative to support the CSW and we are now sharing our CSW processes regionally as best practice.

### **Supporting victims, witnesses and reducing reoffending**

Dorset Police continues to put victims at the heart of what we do. In the past the precept has been used to roll out restorative justice for a range of offences. The precept increase in the current financial year has been used to develop and commission the Bobby Van initiative. The Bobby Van is a mobile unit that provides home security, crime prevention advice and

reassurance for vulnerable members of the community and it is about to go live in Dorset. The van operator is able to provide practical help and support to people. The long term plan is for the Safer Dorset Foundation charity to raise sufficient funds each year to fund this service on a sustainable cost neutral basis. The service is pump-primed for two years. [See *Figure D*].

As part of the work around prevention and problem solving we have redesigned the prevention team. Following an inspection by HMICFRS, as well as an OPCC deep dive, we were reassured that significant investment was unnecessary and that the operational teams were working well. We have increased the Integrated Offender Management team by one officer to ensure there is geographical capability across the whole of Dorset.

### **Transforming for the future**

During the last year we have continued to develop our operating model. The latest development has seen fundamental changes to shift patterns, across the whole Force, designed to reduce the requirement for overtime by frontline officers by forensically aligning resources to demand. This will have a direct impact on costs and will represent an important improvement to the wellbeing of our people. Some overtime working will always be required to enable us to meet our responsibilities to deliver mutual aid support for major events across the country, especially in London and local events across Dorset, but we aim to keep the overtime at reasonable levels. Overtime is a very efficient way to manage surge and unexpected peaks in demand rather than having to resource the county according to risk.

We have also invested in new technology for frontline staff; providing them with additional ICT capability to enable access to Force systems whilst away from the station attending the homes of victims and also on the street. This improvement in capability will provide a more efficient and streamlined service for victims and means that officers do not need to return to the station to update Force systems.

### **Embedding Innovation**

In order to increase the speed of transformation within Dorset Police, and to invest in the new capabilities required to respond to new and developing challenges, an Innovation Fund of £1m was created at the start of the current financial year. The Fund was created by earmarking £0.5m of existing reserves and balances to kick-start this initiative and by dedicating £0.5m of recurring budget to the Fund. The Innovation Fund is governed by an Innovation Board comprising senior representatives from the Office of the Police and Crime Commissioner and Dorset Police.

The Innovation Board considers all suggestions made by members of Dorset Police which might assist the Force in adapting and evolving to meet the challenges of the people and communities of Dorset. This work is managed and supported by a new Efficiency Officer post, funded through the precept. To date, over 80 separate bids have been submitted, of which 30% have progressed from an idea into a functioning deliverable outcome, whether that be a piece of kit / technology, a better way of doing something or a new post. A further 42% of the bids have been assessed by the board and re-directed to other areas of business with recommendations and appropriate support provided to the person submitting the idea. The remainder were found to either, mirror initiatives already occurring, consist of areas of business where the suggested development was already underway or were ideas effectively part of enhanced business as usual.

Below are a few examples of successful initiatives, supported by the Innovation Fund:

- Dorset Police is working with a defence systems supplier on the application of their artificial intelligence platform to policing. Whilst at the early stages, this has the ability to identify

patterns within our data records, highlighting persistent issues such as repeat victimisation and emerging threats such as changes in crime or incident types.

- Telephone statement taking has been fully operational in Dorset since October 2019, having been supported by innovation funding to purchase the software allowing members of the public to 'sign' a digital copy of their statement, and remove the need for this to be done face-to-face. Public feedback has been very positive to date.
- The 'da.advice' email pilot is an automated email facility that delivers initial safeguarding advice, links to support services and various .pdf attachments direct to a victim's email. Whilst not designed to replace initial safeguarding given by attending officers, it can augment it in some circumstances.
- The Joint Response Unit brings to Dorset a response vehicle that is crewed by both a Police Officer and a Paramedic. In the three month trial, starting in November 2019, the vehicle was deployed to over 40 incidents where previously a resource from both Police and Ambulance would have been dispatched.
- The Bobby Van, launched in January 2020, focuses on elderly or vulnerable populations, and those who have been the victim of burglary. Such schemes have proved to achieve a measurable and lasting positive effect on domestic and distraction burglary elsewhere.
- Dorset Police has, for some time, been the only territorial police force in England and Wales without a volunteer police cadets scheme. The first two cadets units launched in September 2019, to very positive public feedback.
- Finally, a significant step was the funding of a Force Innovation and Efficiency Officer. The post holder represents the Force as an Innovation Broker within the College of Policing and takes an evidence based approach in seeking more efficient ways of operating, an important area being collaboration with other forces, academia and the private sector.

#### **4. The financial outlook and precept requirement for 2020/2021 and beyond**

The achievements I have already outlined in the current year have only been possible due to your support in raising the precept by £24 in the current year. This precept resulted in income of £7.8m. Whilst this is a significant sum of money, it should be considered in the context of the overall financial pressures facing the Force, and the increased costs mandated from elsewhere.

Whilst Dorset Police is very grateful for the level of support you provided in the current year and for the support of the Police and Crime Panel and the vast majority of the public who continue to be supportive of policing, unfortunately the financial pressures next year are even greater. If we are to continue to provide anything like the current level of service then another significant increase in resources from the precept is required.

The 2020/21 settlement from Government has not yet been announced and is very unlikely to be announced before January. My current estimate is that the Government grant will be increased by only 1.8% which does not keep up with the unavoidable cost pressures we face, inflation and the need to make considerable capital investments to maintain our asset base and to develop for the future.

Our capital grant from Government is likely to remain static again in 2020/21. Whilst there might be some funding of national policing, and that might alleviate local pressures to a minor

extent, there would be a significant shortfall to be funded by other avenues. This programme includes provision for ICT, fleet and estates maintenance and development.

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.

There is some good news outside of the anticipated funding settlement. The Government has announced funds for an uplift in police officer numbers. Although at this time exact funding figures are not available, the Government's intention is that by the end of 2020/21 Dorset will have an additional 50 officers, taking the budgeted establishment to 1,250. This is clearly good news operationally and I will ensure the Force achieves maximum benefit from these additional officers. It is currently assumed that the cost of the officers, and all associated costs, will be met from the Police Officer Uplift Grant and as such both the costs and the associated grant have been left out of the figures shown in this letter. However, no funding surety for the long-term provision of these officers has been made.

When I presented the Medium Term Financial Plan last year, I included an assumption that a cap of a 2% increase (which equates to an extra £4.60 per annum) in the band D council tax would be imposed by the Government for the 2020/21 financial year. Forecasting the budget requirement and funding on this basis would generate an additional precept of £1.3m but it still presented a shortfall of £1.5m for 2020/21. Since then the anticipated shortfall in the resources available to Dorset Police has increased as a result of the various cost pressures, previously detailed. There is clearly a variety of options available to you in setting the council tax precept, each with its own implications for the Force and I would ask that each is considered against the total cost pressures of £5.3m.

In recent years, the Government has set the referendum threshold by reference to the cost of the increase in the precept to an owner of a band D property, rather than a percentage increase. I have therefore used this approach in the following table, which provides a high-level summary of the current projections of the additional funding that would be available at various increases in the precept. It also shows the increase in budget requirement, and the forecast shortfall or surplus at each funding level.

	Precept increase				
	£0	£5	£10	£15	£17.30
Annually	£0	42p	84p	£1.25	£1.45
Monthly	£m	£m	£m	£m	£m
Central Grant	1.2	1.2	1.2	1.2	1.2
Precept	0.0	1.5	2.9	4.4	5.1
<b>Total</b>	<b>1.2</b>	<b>2.7</b>	<b>4.1</b>	<b>5.6</b>	<b>6.3</b>
Budget Requirement	5.3	5.3	5.3	5.3	5.3
<b>Shortfall / (Surplus)</b>	<b>4.1</b>	<b>2.6</b>	<b>1.2</b>	<b>(0.3)</b>	<b>(1.0)</b>

The above table illustrates that we would require a precept increase of just under £15.00 to fully address the current budget gap. However, I should stress that this is currently based on current assumptions concerning the settlement and the council tax base on which the precept is based. I fully appreciate that this represents a significant increase in our anticipated total funding.

My current projections suggest that an increase of this order would be required if we are to maintain current service levels, including supporting the provision of an additional 50 officers as provided for the separate funding. A precept level of this amount would enable me to continue to drive further efficiencies in service delivery through the modernisation of our technology. I believe this will pay dividends in the medium term, when our planned investments have been adopted.

A precept increase of less than £15.00 is likely to require cuts to our service delivery and/or our change ambition. Any such cuts would most likely be directed primarily at police staff (including PCSOs) and capital investment, as I am restricted in my ability to reduce officer numbers due to the Government requirements to increase police officer numbers, and the associated requirements of the uplift grant.

I fully appreciate the difficulty in explaining the size of the challenge and gaining public support to an above inflationary increase. The most significant element of our cost base is subject to pay and pensions increases, and is beyond our control. Pay awards are negotiated nationally and officers and staff are subject to nationally imposed terms and conditions.

As already mentioned, capital financing costs need to increase further. Capital grant is expected to remain low, receipts from sale of premises are not expected to be significant and capital reserves are all but exhausted. We need to invest in our estate with an increasingly urgent need to provide alternative Headquarters accommodation. We aim to maximise the benefits afforded by our ongoing investment in mobile policing and agile working to make future estates investment as efficient as possible, as well as facilitating far better use of officers' time, enabling them to be fully mobile in the service they deliver.

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

Based on my current expectations as to the content of the financial settlement, I believe the demands placed on the Force may require an increase in the precept to the maximum allowed before capping if we are to provide anything like the existing service levels, and take full advantage of the additional officer uplift funding, including the expectation of greater abstraction levels during the first years of officer training.

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

#### Continued real term reduction in government funding

Central funding becomes ever more complex with the Force receiving a combination of general and specific grant streams. However, my estimates suggest that a 1.8% increase in grant funding would bring the police grant to £60.0m, which represents £77.86 per person in the county and is the second lowest nationally. Nine years ago, the equivalent figure was £107.50. This is a £30 per head of population reduction in cash terms. In real terms the reduction will be over £40 per head of population.

#### Increased demand in volume and complexity

Some of the most demanding and complex crimes have risen considerably in Dorset and those increases are forecast to continue. For example, serious sexual offences, county lines linked offences, and serious violence have all risen in the last year. Investigating and prosecuting these more complex and harmful offences creates intensive demands on the Force and criminal justice partners. Many of the victims of those crimes are vulnerable and also need the Force and partners to put effective safeguarding plans in place.

### Continuing financial pressures

It is clearly great news that the Government has signalled a reinvestment in policing with the promise of 20,000 additional police officers. I must point out that any central uplift which is not supported by inflation-proof rises in core grant and precept does not protect the Force against wider cost pressures and would mean further cuts would be necessary. This is also a more expensive and less efficient way of delivering policing services.

### **5. Conclusion**

I would like to repeat my thanks to you, the public and the Police and Crime Panel for the confidence you have shown in recent years, in agreeing to substantial increases in the precept for Dorset Police.

I was disappointed that in 2019/20 the Government decided to push more of the burden for financing the police onto local council taxpayers. However, at least they gave clear guidance as to the scale of the budgetary challenge facing the Police at that time. I have detailed this challenge, caused by the increase in pension contributions, annual pay awards and increments. In Dorset this challenge is exacerbated by the lack of capital resources to secure the necessary investment in vehicles, estates and ICT, if we are to meet the challenges of modern policing.

I hope my expectations as to the financial settlement for the forthcoming financial year are proven to be overly pessimistic, but I would be surprised if that were the case. The scenario I have painted illustrates a precept increase of £15.00 which would be needed to balance the budget, based on these expectations. I will, of course, let you know if anything changes in the budget projections, as you consider the precept for next year. I am also happy to respond to any queries my letter may generate.

## Appendix A: Images



Figure A: Safer Schools and Communities Team



Figure B: Dorset Police Cadet Units



Figure C: Dorset Police Rural Crime Team



Figure D: Launch of the Dorset Bobby Van Scheme