

# **Report of the Chief Finance Officer of the Chief Constable to Executive Board**

**28<sup>th</sup> February 2023**

## **North Yorkshire Police 2023/24 Budget**

### **1. Executive Summary**

#### **1.1 Purpose of the Report**

To provide a summary of North Yorkshire Police's 2023/24 delegated budget for approval. The budget presented represents the Chief Constable and Chief Officer Team's assessment of the funding required to deliver its vision and objectives, provide efficient, effective and legitimate policing and support achievement of the strategic objectives of the Police and Crime Plan.

### **2. Background**

2.1 The 2023/24 budget presented reflects the conclusion of the service and financial planning round. Discussions have taken place internally within NYP and between NYP and the PFCC and OPFCC in producing a budget that balances within overall resources. 2023/24 financial planning has been challenging, due to the financial uncertainties caused by inflation pressures that have rapidly increased in a relatively short space of time recently.

2.2 Accordingly, the 2023/24 reflects a number of non-recurrent measures to achieve financial balance that will be replaced by recurring savings arising from an organisational review to be delivered for 2024/25.

### **3. Recommendations**

3.1 That NYP's budget for 2023/24 is approved.

3.2 That the measures to balance NYP's budget in 2023/24 are noted, particularly the impact on PCSO and Staff vacancy levels and the approach to mitigate the potential impacts of these measures.

3.3 It is noted that NYP will be undertaking an organisational review of its operational policing model to assist with the delivery of recurring savings for 2024/25.

### **4. Summary of 2023/24 Budget**

4.1 For 2023/24, the challenge for NYP is that it will need to absorb the cost of inflationary pressures even after the Precept increase of 4.99%. Financial savings are required at a time when the organisation needs to deliver its HMICFRS Improvement Plan (following NCPI and PEEL inspections) and reconfigure both operational and support services.

- 4.2 The 2023/24 budget contains a number of non-recurrent measures to achieve financial balance, which are not sustainable in the longer term, such as vacancy levels in PCSO and Staff roles and utilisation of reserves funding from the PFCC.
- 4.3 Therefore, an organisation-wide review will be undertaken during 2023/24 to deliver strong and visible frontline policing and an effective Force Control Room. By necessity this will have a recurrent financial savings target, rather than a 'blue sky' approach. Safeguarding and neighbourhood policing will be high priorities in the review.
- 4.4 During 2023/24, capacity will need to be protected to deliver both the Organisational Review and the HMICRS Improvement Plan. NYP faces the additional challenge of an almost immediate PEEL re-inspection in Sept 2023, rather than the typical 4 year gap.
- 4.5 Prior to the review of the future structure of the organisation, a 'stock take' has been commenced to understand the current capacity in each district and department versus budgeted establishments. A leader has been identified and the stock take work is due to be concluded and reported to Chief Officer Team in late February.
- 4.6 Additionally, a Superintendent has been deployed on a supernumerary basis as a Head of Organisational Design to lead the review of the operational structure, with a delivery plan and governance in place to ensure the review is completed to inform the 2024/25 service and financial planning round.
- 4.7 In order to deliver the requirements of the Improvement Plan, there will be investments required in officers, staff and DFU, which in the short term will be prioritised *within* available funding levels and prioritised in the organisational restructure.
- 4.8 These will include:
- **Safeguarding** - to support the uplift in resources within the Safeguarding function to enable better capacity to meet vulnerability demand, focussed on children and adults. The recommended uplift has been identified following a review by the national Vulnerability Knowledge Practice Programme (VKPP) and NYP's review into its current structures.

An uplift in resources will be linked to HMICFRS feedback following the National Child Protection Inspection (NCPI) and PEEL, where they have evidenced insufficient resource within Safeguarding, which limits our ability to keep children and adults safe from harm. The specific numbers are not yet included the budget proposals but options have been identified and costed for final approval in March.

- **Investigations** – CID/Child Protection – Modelling is currently taking place to identify the demand for both PIP1 & PIP2 investigative resources. Capacity does not currently meet crime demand and options will be presented to ensure we deliver the best investigative standards to achieve positive outcomes for victims.

In addition to this, following the recent HMICFRS NCPI and PEEL inspections, there will be the requirement to ensure the most appropriate means of investigating specialist child protection in each command. This is linked to the wider demand modelling for PIP1 and PIP 2 investigations.

- **DFU** – following an initial assessment, a target has been set to reduce the backlog demand by 50% by the end of June 2023. This will provide a more acceptable level of service, which will improve investigative response and outcomes for victims. Almost every serious crime now has a ‘digital footprint’. Our ability to process evidence from mobile phones, computers and other technology has an impact upon our ability to conduct swift and thorough investigations and provide positive outcomes for victims.

The proposal is expected to cost £400k, with £200k to be funded from the in-year underspend in 2022/23 and £200k included as a non-recurrent budget in 2023/24. This has been reviewed at Risk & Assurance Board and Improvement Board. Delivery will be managed by the ACC (Special Ops) via the Investigation Crime Standards Board.

- **FCR** – the FCR business case was supported at the exceptional Executive Board meeting of 20<sup>th</sup> December 2022. The recurring revenue budget requirement of £1.850m in 2023/24, rising to £1.889m per annum, is reflected in NYP’s 2023/24 budget.
- 4.9 For the 2023/24 budget, no decision was taken to increase the utilisation of police officers into staff roles. The final position will ultimately depend on the organisational review and the need to make savings by reducing staff roles to balance the budget if all other options have been exhausted, which is a similar position to many other police forces.

## **5. Key Financial Assumptions Underpinning the 2023/24 Budget**

### **5.1 Grant Income Towards Police Officer Pay Sept 2022 Onwards**

Additional grant was made available to the PFCC by the Home Office to largely (but not completely) fund the Police Officer pay award (equivalent to 5%) for the period Sept 2022 to August 2023 only.

### **5.2 Grant Income for Other Inflationary Pressures**

However, the following inflationary assumptions are not funded by new grant:

- Police Officer pay award from Sept 2023 onwards (estimated at 4% equivalent),
- PCSOs pay award Sept 2022 to Aug 2023 (equivalent to 6%)
- PCSOs pay award from Sept 2023 onwards (estimated at 4% equivalent)
- Staff pay award Sept 2022 to Aug 2023 (equivalent to 6%)
- Staff pay award from Sept 2023 onwards (estimated at 4% equivalent)
- Non Pay inflationary pressures e.g. utilities and contracts with RPI/CPI annual uplifts

### **5.3 Police Officer Numbers 2023/24**

NYP plans to achieve the Uplift target number of police officers of 1,645 (headcount basis) throughout 2023/24. The Home Office will require monitoring information to confirm this at 30<sup>th</sup> September 2023 and 31<sup>st</sup> March 2024, for forces to avoid punitive grant income penalties.

NYP is forecasting to have 1,689 officers in post (headcount basis) at 31<sup>st</sup> March 2023. In February the Chief Officer Team approved a plan which brings down officer

headcount to be closer to the Uplift target of 1,645 by forecasting new recruitment and transferee intakes against expected leavers and retirees. This will be very closely managed throughout the year by the People Board and reported monthly to Investment & Efficiency Board.

A summary of the plan is attached.

#### **5.4 PCSO Numbers 2023/24**

In 2022/23 the funded establishment for PCSOs is 229 FTEs. For most of 2022/23, vacancies have run at over 30, increasing to 40 vacancies by 31<sup>st</sup> March 2023. The organisational review underway for 2023/24 will determine the operating model for neighbourhood policing, including the role of PCSOs. Accordingly, pending the outcome of the review, no further recruitment of PCSOs is scheduled after January 2023. The budget for 2023/24 reflects a vacancy level equivalent to 50 FTEs for the full year. Vacancies at March 2024 are likely to be higher than this due to the turnover of PCSOs, which average 3 FTEs per month, with potentially 159 FTEs in post.

#### **5.5 Staff Numbers 2023/24**

For a number of years the NYP budget has been reduced to reflect an assumption of 50 vacancies against the full establishments for Staff posts, acknowledging historical challenges with being able to recruit and appoint to all roles. For successive financial years the actual number of Staff vacancies has exceeded 50, creating underspends against the net budget. For the 2023/24 budget, the budget 'vacancy factor' has been increased by 24 to 74 FTEs.

Recruitment is influenced by highly competitive labour markets for these roles and also recruitment capacity within forces being prioritised to delivery of the Uplift target for police officer numbers, in particular now the Home Office has strengthened the existing sliding scale of punitive grant penalties for failing to achieve the target.

The Staff establishment for 2023/24 will be 1,216 FTE. Within this, 23 are temporary posts, funded non-recurrently from reserves and 1,193 FTE recurrently funded. At the end of January 2023, 1,079.5 FTEs were in post. To bridge the gap to the budgeted level of vacancies in 2023/24, a prioritised recruitment and workforce plan for Staff roles will be finalised in March 2023 with governance and oversight through the People Board and Investment & Efficiency Group.

#### **5.6 Non Pay Budgets**

The Non Pay budgets reflect an overall inflationary pressure equivalent to 8% in 2023/34. This reflects sustained increases in fuel, utilities and contract uplift costs.

#### **5.7 Cost Pressures 2023/24**

In addition, a number of cost pressures totalling £1.2m have been identified and included in the budget for 2023/24. These are recurring costs and are summarised in the table below.

|                            |
|----------------------------|
| <b>Recurrent Increases</b> |
|----------------------------|

|             |
|-------------|
| <b>£000</b> |
|-------------|

|   |              |
|---|--------------|
| Officers on call                                    | 104          |
| Officers pay - 'Bear Scotland'                      | 259          |
| Officers secondments budgeted at actuals            | 52           |
| Officers - increase PCs to x2 Ch Insp and x1 Supt   | 136          |
| Fleet Telematics                                    | 44           |
| Other Regional collaborations - inflationary uplift | 406          |
| Oracle maintenance costs                            | 138          |
| Estates adjustments (rates, maintenance)            | 81           |
| <b>Total</b>  | <b>1,220</b> |

5.8 The most significant of these increases relates to an inflationary uplift of just under 6% applied to YaTH regional collaboration costs e.g. scientific services. There are a number of adjustments to police officers costs, ranging from contractual entitlements, such as on call and 'Bear Scotland' payments, to the marginal additional cost of new senior officer roles to lead improvements in Safeguarding, Criminal Justice and Operational Performance.

## 5.9 Summary Revenue Budget 2023/24

|                                       | <b>Current Budget 2022/23</b> | <b>Budget 2023/24</b> |
|---------------------------------------|-------------------------------|-----------------------|
| <b><u>NYP Planned Expenditure</u></b> | <b><u>£000s</u></b>           | <b><u>£000s</u></b>   |
| <b><u>Pay</u></b>                     |                               |                       |
| Police Pay                            | 91,056                        | 96,951                |
| Police Overtime                       | 2,925                         | 2,904                 |
| PCSO Pay (incl Overtime)              | 8,227                         | 6,880                 |
| Staff Pay (incl Overtime)             | 41,803                        | 44,875                |
| <b>Pay Total</b>                      | <b>144,011</b>                | <b>151,610</b>        |
| <b><u>Non-Pay Budgets</u></b>         |                               |                       |
| Other Non Salary                      | 3,728                         | 2,390                 |
| Injury and Medical Police Pensions    | 3,693                         | 4,051                 |
| Premises                              | 4,640                         | 5,722                 |
| Supplies and Services                 | 21,547                        | 23,779                |
| Transport                             | 2,982                         | 3,523                 |
| <b>Non-Pay Total</b>                  | <b>36,590</b>                 | <b>39,465</b>         |
| <b>Total NYP Expenditure</b>          | <b>180,601</b>                | <b>191,075</b>        |

## 6. 2023/24 Capital Programme and Change Pipeline

- 6.1 The summary Capital Programme and Change Pipeline is presented in the table below. For the 2023/24 planning round, new draft Fleet and ICT strategies have been produced and the Estates Capital programme updated by the Head of Assets.
- 6.2 In recognition of the unacceptable backlog of Fleet replacements required, the vehicle replacement programme has been prioritised and increased in line with the requirements of the draft Fleet Strategy.

- 6.3 The draft ICT Strategy has indicated a need to invest an additional £2.3m by 2025/26, with a programme of £1.655m in 2026/27. Not reflected, but under consideration for 2026/27, is the need to invest a further approx. £6m into the FCR platform.
- 6.4 The Change Pipeline was introduced in 2022/23 to provide greater visibility of potential future capital programme or revenue change projects and thus, by its nature, is dynamic. £1.0m per annum is included to for national projects and change programmes, the timeline and cost of which are uncertain as they are not in the direct control of NYP.

| <b>NYP Budget Setting 2023/24 - FINAL</b> |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| <b>Capital and Project Plans</b>          | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> | <b>2026/27</b> |
|   | £000s          | £000s          | £000s          | £000s          |
| ICT                                       | 3,048          | 4,710          | 1,712          | 1,655          |
| Fleet                                     | 3,934          | 4,359          | 4,418          | 3,195          |
| Estates                                   | 5,239          | 1,811          | 1,694          | 2,625          |
| Other Rolling Progs & Schemes             | 770            | 821            | 913            | 900            |
| Other Schemes                             | 0              | 0              | 0              | 0              |
| <b>Total Agreed Programme</b>             | <b>12,991</b>  | <b>11,701</b>  | <b>8,737</b>   | <b>8,376</b>   |
| <b>Change Pipeline</b>                    | <b>2,687</b>   | <b>2,199</b>   | <b>1,563</b>   | <b>1,544</b>   |

## 7. 2023/24 Budget Risks and Issues to Manage

### Pay Award Sept 23 assumption of 4%.

Each 1% of the pay bill is equivalent to +/- £1.5m full year effect, +/- £875k in 2023/24. National pay negotiations will need to be carefully monitored and budget assumptions and savings targets updated.

### Officer Numbers

To achieve the Uplift target mid-year and year end to avoid significant grant penalties, delivery of the the Medium Term People Plan will need to be effectively managed. The February 2023 approved Officers MTPP reflects over-delivery in Quarter 1, with a potential net additional cost of £193k for the full year. Options to manage this within the overall budget will be developed during the year e.g. temporarily repurposing other underspends.

### Officer Overtime

The 2023/24 budget of £2.904m is close to the 2022/23 budget of £2.925m. However, in 2022/23 spend to December is £3.5m, with forecast expenditure of £4.2m. Whilst there is some additional income against these costs, the risk of a net cost pressure will need to be carefully managed in 2023/24. The Force Performance Meeting will help monitor and manage this. The organisational review will re-set the operating model to minimise the need for non-bank holiday overtime working.

### PCSOs Vacancies

With no planned recruitment in 2023/24 pending the organisational review outcomes, NYP will need to ensure the public understand the holistic approach to neighbourhood policing.

### **Operational Structure Review**

The review will need to make recommendations for September 2023 for appropriate consultation and 2024/25 service and financial planning.

### **Staff Vacancies**

The 2023/24 budget bridging workforce and recruitment plan is required for March 2023 to allow successful management and monitoring through People Board and Investment & Efficiency Board. By necessity, this will be a dynamic report, regularly updated due to the actual change in leavers and success of recruitment campaigns.

### **Staff Structures**

The 2023/24 budget includes 2022/23 Costed Service Plan costs which are subject to review and may release cost / posts. Similarly, the budget assumes the continuation of Enable collaboration functions reflecting current structures, which may need to be reviewed and re-costed. This may also affect the proportions of costs paid by NYP, OPFCC and NYFRS, based on recently completed activity analysis.

### **Support to Improvement Plan priorities and enabling services**

No budget included for external consultancy support or additional internal capacity. If required, this will need to be scoped, costed and prioritised from existing budget.

### **Non Pay Savings & Income Generation Opportunities**

These are not reflected in the 2023/24 budget, but will be developed by the CC CFO with support from Blue Light Commercial during 2023/24, with oversight at the Strategic Commercial Board.

### **Capital Programme delivery**

Key underpinning strategies need further development by Heads of Function, potentially with external support. For instance, Estates and Fleet. A draft Estates Strategy is due to be produced for the end of March 2023. The ICT strategy will need to align with the operating model(s) for both operational and enabling services, both of which are currently subject to review.