Sussex Police & Crime Commissioner

Medium Term Financial Strategy 2018/19 to 2021/22 - FEBRUARY 2018

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The Sussex Police & Crime Commissioner

MEDIUM TERM FINANCIAL STRATEGY 2018/19 to 2021/22

Report by Iain McCulloch, Chief Finance Officer to the Sussex Police & Crime Commissioner

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1 Foreword From the Police and Crime Commissioner

1.1 I am one of the 40 elected Police and Crime Commissioners across England and Wales. I was re-elected to serve a second term as Sussex PCC in May 2016 to continue to articulate the public's policing priorities and concerns and ensure the Chief Constable provides effective and efficient policing across the county.

1.2 As well as holding the Chief Constable and the force to account for local policing issues, one of my key duties is to ensure Sussex Police also meets its strategic policing requirements, including a co-ordinated response to serious and organised crime and terrorism.

1.3 I have responsibility for setting the police and crime objectives which drives the Chief Constable's operational delivery plan.

1.4 I also work with community safety and criminal justice partners to make sure there is a coherent approach to preventing and reducing crime.

1.5 I am authorised to set the force budget; to allocate discretionary grant funding; to commission services, and to determine the precept - the police element of council tax.

1.6 I have been lobbying hard to secure the best possible funding arrangements for policing. As part of the policing grant announcement in December, the Government made it clear that an increasing proportion of policing costs will have to be met by local council taxpayers, and so they have allowed PCCs to raise the police precept above the previous limit per household/dwelling.

1.7 I have, therefore, decided to recommend an increase in the precept of £12 per year for an average band D property. Combined with the £17m I have already authorised from our reserves, and this substantially reduces the previously planned savings requirements for 2018/19. In addition the MTFS for 2019/20 to 2021/22 sets out how the overall savings requirement could reduce to £3.0m.

1.8 There are a number of key considerations driving this decision:

- There has been an exponential rise in public demand on police services;
- Criminal investigations are becoming increasingly complicated, with huge amounts of digital material to identify, secure and analyse, and the threshold for prosecution is very exacting;
- The public want to see investment in more visible, local policing, focusing on crimes like burglary and anti-social behaviour and they rightly want to feel safe on the roads, in public spaces and at night-time;
- They also want to see improvements in the force's approach to public contact and more support to the 101 service;
- HMICFRS (Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services), has recently acknowledged the public's concerns about

changes to neighbourhood policing, and stressed the importance of community intelligence;

- And, my consultations and correspondence with the public show that a majority of Sussex residents are prepared to support their police service through increased precept contributions.

1.9 My Medium Term Financial Strategy (MTFS) is one of my key planning tools which help identify available resources and options for delivering my Police and Crime Plan priorities and the force's Strategic Policing requirements.

1.10 As a publicly available and "living" document the MTFS also provides contextual information and the rationale behind our running costs and capital investment and, any decisions on the level of the precept.

1.11 The MTFS is part of my robust scheme of financial management and scrutiny, which I review along with the annual budgets on a regular basis during the year to be assured that public money is being appropriately allocated.

Katy Bourne
Police and Crime Commissioner for Sussex

7 February 2018

2 Purpose of the Medium Term Financial Strategy

2.1 This is the Medium Term Financial Strategy (MTFS) of the Sussex Police & Crime Commissioner (PCC). It covers the period of four financial years from 2018/19 to 2021/22.

2.2 The MTFS provides options for delivering a sustainable revenue budget and capital investment over the medium term. It also sets out how the PCC can provide the Chief Constable with the resources to deliver the priorities in the Police & Crime Plan 2018/19 to 2021/22, support the mission, vision and values of Sussex Police and meet the requirements of the Strategic Policing Requirement within challenging financial boundaries.

2.3 The MTFS sets the financial context for the PCC's revenue budget and capital programme and precept decisions.

3 Benefits of the Strategy

3.1 The MTFS assists in:

- Supporting delivery of the Police & Crime Plan;
- Improving financial planning and the financial management of the PCC's resources, both revenue and capital;
- Maximising use of resources available to the PCC and Chief Constable, both internal and external;
- Ensuring that the PCC and Chief Constable provide value for money and continue to deliver efficiency gains;
- Allowing development of longer term budgets and strategic thinking;
- Reviewing the PCC's policy on the use of reserves, ensuring the position continues to be sustainable with sufficient resources over the medium term;
- Responding to external pressures, including unexpected and expensive operational costs; and
- Developing a sustainable budget over the medium term.

4 Principles of the Strategy

4.1 The key principles underlying the PCC's MTFS 2018/19 to 2021/22 are:

- Overall expenditure of the PCC will be contained within approved estimates each year;
- The PCC will seek to maintain a General Reserve of a minimum of 4% of Net Revenue Expenditure to cover any major unforeseen expenditure or loss of funding but will review on a regular basis the opportunity cost of maintaining reserves at this level against the benefits of alternative approaches. A flexible approach will be adopted appropriate to circumstances;
- The PCC will maintain earmarked reserves for specific purposes when appropriate and which are consistent with achieving objectives;

- The PCC will continue to prioritise the achievement of value for money and efficiency in establishing the framework for policing within Sussex and in commissioning and procurement decisions;
- The Chief Finance Officer, Director of Finance and Chief Constable will prepare a rolling programme of four year budget forecasts to inform the PCC's budget and precept decisions; and
- The PCC, supported by the Chief Finance Officer, Director of Finance and Chief Constable, will continue to contribute to national reviews of police funding and make representations on a national basis for the fair and equitable funding of Sussex Police.

5 Review of the Strategy

5.1 This 2018/19 to 2021/22 version of the MTFS has been revised to include:

- The addition of a financial year 2021/22
- A flat cash grant settlement for 2018/19 and over the further three years of the MTFS
- The inclusion of a precept increase of £12 for 2018/19 and of £12 for 2019/20 and of £5 in the final two years;
- The inclusion of all savings achieved to date within base budgets;
- The revised savings target for the MTFS period of £3.0m as a result of the precept income assumptions (previously £26.5m for the last MTFS four year period) see below;

2017/18 £m	Savings Requirement	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
(11.2)	**Budget savings before use of LPP reserve**	**(1.3)**	**6.9**	**1.7**	**(5.7)**	**1.6**
4.6	Re-phasing Police Officer Reductions from Reserves (one-off impact)	8.4	4.0	0.0	0.0	**12.4**
0.0	Re-phasing Police Officer Reductions Savings	(4.6)	(8.4)	(4.0)	0.0	**(17.0)**
(6.6)	**Profiled budget (savings) / investment**	**2.5**	**2.5**	**(2.3)**	**(5.7)**	**(3.0)**

- A fully revised section on the precept and tax base;
- A fully revised section on reserves and an updated reserves policy;
- A foreword;
- Information and explanation of the assurance framework and sources of third party validation; and
- Information on public consultation.

6 Police & Crime Plan 2017/21

6.1 The PCC has a statutory duty to set the policing and crime objectives for Sussex through a Police & Crime Plan. The latest Plan covering 2017/21 was published in April 2017. You can find the Police and Crime Plan 2017/21 here.

6.2 The PCC identified four policing and crime objectives as follows:

- Strengthen local policing;
- Work with local communities and partners to keep Sussex safe;
- Protect our vulnerable and help victims cope and recover from crime and abuse; and
- Improve access to justice for victims and witnesses.

6.3 The aims, outcomes and measures which underpin each of these objectives have been developed to ensure they reflect accurately the expectations of the public.

6.4 The Chief Constable's Operational Delivery Plan sets out how Sussex Police will support and deliver policing services to achieve the policing objectives set out in the Police and Crime Plan. By 2025 parts of Sussex Police will be completely transformed as the force faces the challenges of managing greater demand with fewer people and as we take advantage of significant developments in technology to enable greater mobility for officers and forge new partnerships with more extensive collaboration with other agencies than today. The smaller workforce will focus on three priorities to:

- Keep communities safe, and feeling safe;
- Identify and protect vulnerable people;
- Prevent and respond to harm.

6.5 The Chief Constable is committed to ensuring that the force's delivery and change plans are fully integrated with the MTFS. The change in potential precept funding, as proposed in this strategy, provides the opportunity to link the continued ongoing improvements in strategic financial management, with a new transformation plan. As such, the 'Sussex Police 18/22 Transformation Strategy' is currently being produced.

6.6 This new document will more closely demonstrate how the force will use the resources allocated by the PCC to further transform its services between now 2018 and 2022, in line with the MTFS. In allocating the funding and investment proposed within this report, it should be recognised that the associated transformation will itself be delivered over the medium term. If proposed, precept increases in the early years of the plan will be required to enable operation and financial benefits to be achieved by 2022.

6.7 The 18/22 Transformation Strategy will therefore detail the key areas and changes to resource allocation, with a particular focus initially on the need to sustain and fund local policing to meet increases in demand. The Local Policing Programme, which has seen the final stages of implementation during 2017/18 has been designed to be scalable and able to adjust using the new ways of working that the programme has introduced, to meet

those changes in demand levels.

6.8 The Transformation Strategy will also ensure a continued focus on delivering existing change programmes – such as implementing the new Target Operating Models for Force Operations and for the Joint Specialist Crime Team with Surrey.

6.9 The strategy will also articulate how the force will make future efficiencies through partnership working. The joint change programme with Surrey has delivered efficiencies in many areas across both policing and the 'back office' and whilst these joint services will continue to be challenged to deliver ongoing efficiencies and improved services, a more regional focus will be adopted for future partnership savings through Sussex working with Thames Valley, Hampshire and Surrey.

6.10 Adopting a more commercial mind-set, particularly in the areas of the force where it is possible to increase income and reduce contract costs, will also be a key aspect of the transformational plan – this is particularly relevant in terms of Estates, Procurement, Finance, HR and other corporate support services, as well as the areas of business where the force charges for its services to key corporate organisations. This element of the work will be informed by the new National Commercial Board, which is governed through the National Police Chiefs Council Finance Committee.

7 Managing Resources and Gaining Assurance

7.1 The MTFS sets out that over £1.1bn of revenue, £37.89m of capital and reserves of £17.6m will be spent over the period of the 4 years from 2018/19 to 2021/22. External validation received during 2017 has indicated that the PCC and Chief Constable are planning their spending realistically, linking those plans effectively and ensuring value for money. This section describes how the business is operated and controlled to ensure value for money.

7.2 The Police Reform and Social Responsibility Act 2011 created two separate corporations sole; The Police and Crime Commissioner for Sussex and The Chief Constable of Sussex.

7.3 The PCC is responsible for:

- The finances of the whole Group;
- Receiving all income and funding;
- Making all payments for the Group from the overall Police Fund; and
- Control of all assets, liabilities and reserves.

7.4 The Chief Constable of Sussex fulfils his functions under the Act within an annual budget set by The Police and Crime Commissioner for Sussex in consultation with the Chief Constable.

7.5 A scheme of delegation is in operation between the two bodies determining their respective responsibilities, as well as local arrangements in respect of the use of the PCC's assets and staff.

7.6 There are a number of legislative requirements that require the PCC to

make arrangements for the proper administration of their financial affairs and secure value for money. The Home Office Financial Management Code of Practice provides clarity around the financial governance arrangements within the police in England and Wales. A copy can be found here on the .GOV.UK website.

7.7 The PCC and Chief Constable have put in place policies, process, systems and people to meet the requirements, support decisions and ensure money is spent in accordance with legislation. The PCC website sets out the detail above on the transparency page with key policies included under the How We Work page.

7.8 The PCC and the Chief Constable have established a Joint Audit Committee (JAC), which is a key component of the corporate governance arrangements for both corporations sole. The JAC provides an independent and high level focus on the adequacy of the audit, assurance and reporting arrangements that underpin good governance and financial standards and supports the PCC and CC and the other statutory officers in ensuring that effective governance is in place. This is achieved by reviewing the comprehensiveness of assurances in meeting Statutory Officers' needs and reviewing their reliability and integrity.

7.9 The JAC provides independent assurance to the PCC and CC and helps to ensure efficient, effective and adequate assurance arrangements are in place for:

- The risk management framework;
- The internal control environment;
- Financial reporting;
- Annual governance processes; and
- Internal audit and external audit.

7.10 The JAC terms of reference, agendas and minutes can be found on the PCC website here Joint Audit Committee.

7.11 External Audit provide external independent assurance via their Annual Audit Letter of the Statements of Accounts, their Value for Money opinion and review of the Annual Governance Statement. For 2016/17 the PCC and Chief Constable received a clean opinion on both. Full details can be found in their report

7.12 Her Majesty's Inspectorate of Constabularies Fire and Rescue (HMICFRS) complete a range of inspections as part of their PEEL assessment (Police Efficiency, Effectiveness and Legitimacy). PEEL is designed to give the public information about how their local police force is performing in several important areas, in a way that is comparable both across England and Wales, and year on year. The assessment is updated throughout the year with inspection findings and reports.

7.13 The recent Efficiency inspection examined how well forces:

- Understand the demand for their service;
- Match their resources to that demand;

- Are planning to meet future demand; and
- Provide an assessment of their efficiency.

7.14 HMICFRS rated Sussex Police as 'Good' stating that the plans Sussex Police has for the future are realistic and practical and that the force's financial plans are well integrated with its workforce and IT plans. The inspection highlighted three areas for future improvement including control room processes, wellbeing and understanding workforce capabilities.

7.15 HMICFRS assessed Sussex Police as 'Good' at how legitimately it keeps people safe and reduces crime. They stated that the force is good at treating the people it serves with fairness and respect. It is also good at how well it ensures its workforce behaves ethically and lawfully. The force requires improvement in some aspects of the way in which it treats its workforce with fairness and respect.

7.16 HMICFRS also published their annual Value for Money profiles in November 2017. They provide:

- Comparative data on a wide range of policing activities;
- Comparison of Sussex performance, and the costs of achieving it, with that of other forces;
- Highlight what differences exist between individual police force areas, rather than the reasons why they exist; and
- Aim to help individuals ask the right questions.

7.17 The 2017/18 profiles provide a useful tool for comparing a wide range of financial and other information and helps to inform and shape this MTFS.

7.18 The Police and Crime Panel (PCP) provide a further layer of external scrutiny and assurance through their statutory role. The Sussex PCP provides checks and balances in relation to the performance of the Commissioner. Its role is to scrutinise the performance of the Commissioner and ensure transparency.

7.19 Looking forward to 2018/19 HMICFRS plan to introduce Force Management Statements (FMSs) which will be instruments of self-assessment by forces, covering for each of the following four years the chief constable's evaluation and projection of:

- The demand which the force is likely to face;
- The condition, capacity, capability, serviceability, performance and security of supply of the force's workforce and other assets (such as ICT);
- The force's plans to improve the efficiency with which the workforce and force assets are used; and
- The force's financial income.

7.20 HMICFRS state FMSs will simplify, strengthen and streamline the information which forces are asked to provide. They will enable HMICFRS to make decisions about where a force's principal risk areas lie, and so design their inspection fieldwork and analysis to focus on them.

7.21 FMSs will provide local policing bodies – PCCs and their metropolitan equivalents – with information of great value, to enable them to assess the forces for which they are responsible and the extent to which the objectives of their police and crime plans will be successfully attained, and at what cost.

7.22 HMICFRS have recently consulted on the plans and the outcome should be published before the end of the financial year. The impacts on the MTFS will be considered and where necessary incorporated into future updates.

8 Sussex Police Operational Context

8.1 A Changing Landscape for Policing in Sussex

8.1.1 The successful delivery of the strategy requires the Chief Constable to manage a complex set of resources, demands and priorities whilst reviewing and revising plans to meet changing needs and available financial resources. The Sussex 2025 document is included at Appendix D and key issues summarised below.

8.1.2 Policing is always evolving as it responds to the environment in which it operates due to the ever changing social, legal, political, economic and technological landscapes. Although these changes provide challenges and opportunities, the focus for Sussex Police remains constant in keeping people safe.

8.1.3 East Sussex and West Sussex County Councils and Brighton & Hove City Councils all project significant population growth, with a more diverse and complex society. In common with the national and indeed European landscape there are higher rates of female participation in the labour market, higher divorce rates, more single parents, rising and longer enrolment in education, higher numbers of foreign-born population, ethnic diversity and a growing elderly population.

8.1.4 In West Sussex alone, the county council predicts an increase of 40,000 in its over-65 population from 183,969 in 2014 to 223,489 in 2024. While in 2009 the Government projected a 60% increase in one-person households from 2006 to 2031, meaning by 2031 four out of every 10 people will be living on their own. With these increasingly diverse and complex communities is a greater awareness of a variety of mental health issues, necessitating a more sophisticated response by police and others.

8.1.5 Together with the advent of new technologies and globalisation, the nature of crime itself is changing which further increases the complexity of policing.

8.1.6 The recorded number of opportunistic crimes such as theft and anti-social behaviour continue to fall while the number of sexual offences and domestic abuse cases rise, as victims and witnesses have greater confidence in reporting to us underpinned by the force's ability to support them in bringing offenders to justice.

8.1.7 The internet and the advent in technology has given rise to new opportunities for criminals, such as 'phishing' and 'ransomware' attacks. The widespread use of social media has resulted an increase in fraud, data theft, grooming, child sexual exploitation, stalking and harassment and has given

rise to new challenges, such as cyber-bullying, online abuse and incitement to hate.

8.1.8 Together with domestic abuse, these "high harm" crimes are complex in nature and staff intensive while police officers dealing with them are rightly subject to high levels of personal accountability and public scrutiny.

8.1.9 Crime is becoming increasingly transnational. Serious and organised crime groups have been quick to exploit international borders and the discrepancies between legal frameworks and policing responses. Hidden, online marketplaces in the 'Dark Web' are increasing in volume and severity, where drugs, firearms, large scale fraud, human trafficking and modern slavery are traded in cryptocurrencies; and where images of child pornography are readily shared on an industrial scale.

8.1.10 The National Crime Agency (NCA) estimates the cost of cyber-crime to the UK economy is billions of pounds per annum – and growing. However, the accelerating pace of technology and criminal cyber capability currently outpaces the UK's collective response.

8.1.11 Cyber-crime is likely to be an enduring challenge requiring a collaborated response from government, law enforcement and business.

8.1.12 International terrorism has become more fragmented and harder to combat, with fewer organised, sophisticated attacks and increased sole or smaller group, low-tech incidents, encouraged and influenced by increasingly sophisticated online radicalisation and propaganda.

8.1.13 Future technologies, such as driverless vehicles, virtual reality, artificial intelligence and implant technology, pose new risks and opportunities for the police in Sussex and beyond, which will need a coherent local, regional, national and international response.

8.1.14 As our MTFS develops, it will continue to be informed by, and reflect, this changing landscape.

8.2 Preventing Crime – What Sussex Police is Doing

8.2.1 Against a backdrop of tight financial resources, efficiencies continue to be made in smarter policing and improving how the force maintains and, where possible, improves its service. The Police and Crime Commissioner as part of her responsibility for the maintenance of an efficient and effective police force, holds the Chief Constable to account for the delivery of the police and crime plan.

8.2.2 The force continues to adapt to the changing nature of crime and crime types by developing new tactics and capabilities to respond quickly, prioritising response and investigations to those at greatest risk of threat or harm.

8.2.3 While technology poses a threat, it is also an opportunity to better protect the public. The force is investing in technology to improve use of analytics to inform where and how to deploy resources and in defining, predicting and supporting those most at risk of greatest threat of harm.

8.2.4 The force is developing its approach to intelligence gathering in the prevention of crime, and is better able to collect robust evidence in its investigations to secure better outcomes.

8.2.5 Digital technologies are helping the force create more efficient processes and systems to empower our officers and staff to work more flexibly in our communities; record, audit and use information more effectively; bring better constructed cases to the criminal justice system to bring offenders to justice more quickly and to support victims and witnesses more fully.

8.2.6 The regional collaboration with Thames Valley, Hampshire and Surrey will provide efficiencies and enable better sharing of crime data and to ultimately have a single shared support function for human resources and finance transactional services.

8.2.7 Sussex Police continues to develop partnership arrangements, intelligence, detection, and enforcement capabilities to deliver against its mission and priorities. It is establishing closer relationships with local, regional and national agencies and organisations to share information, and ensure specialists resources are brought together to tackle complex emerging threats and real-time incidents.

8.2.8 As a major employer, Sussex Police is increasingly representative of the diverse communities it polices, with highly skilled, trained officers and staff and is working with the College of Policing amongst others, to ensure they have the opportunity to be professionally recognised for the skills and experience they have gained.

8.2.9 The police service remains under intense scrutiny by the Government through regular inspections by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), through the Independent Office for Police Conduct (IOPC) and by the public and media using digital technologies, such as social media, and through ever easier access to information and performance data held by the police.

8.2.10 Officers and staff demonstrate high levels of professionalism and ethical behaviour, supported by senior leaders in the challenging work they do. The police in turn have invested in technology, such as body worn video, to ensure their actions are properly recorded and to try to engage more openly with the public.

8.2.11 Community engagement is a critical component of successful policing, to gain trust and confidence, ensuring policing actions are recognised as legitimate in keeping people safe from harm. To that end, Sussex Police offers multiple ways to feedback about the quality of service people have received with the aim of continual improvement.

8.3 Local Policing – The Challenges and the Force's Plans

8.3.1 Sussex Police invests in neighbourhood policing using uniformed police officers, community engagement officers and police community support officers to help solve local problems, tackle anti-social behaviour and build trust and legitimacy in communities. As communities become more diverse with complex needs, the force needs to continue to develop a proactive and sophisticated understanding of their needs to keep people safe. An

illustration of the new Local Policing Model is attached at Appendix C.

8.3.2 Local Policing is at the heart of the service. However, as more sophisticated crimes and threats are evolving nationally and internationally, specialist agencies and organisations have developed, such as the National Crime Agency, to bring greater resilience and expert knowledge to tackle complex issues. Sussex Police needs to reassure local communities that these agencies are accessible and responsive in the fight against crime.

8.3.3 Knowing which service or services, and when to provide them, is not always immediately apparent, for example when responding to those with mental health needs. It will require a range of partners to work seamlessly together to provide assessment, wrap-around support and care.

8.3.4 To transform policing services in response to the changing environment, Sussex Police needs to develop an evidence-based methodology around proactive prevention and better understand demand to identify and respond to those at the greatest risk of threat or harm while demonstrating it is achieving value for money.

8.3.5 Policing must address the demand on its resources working with a range of partner agencies including health, education, social services, other emergency services, criminal justice and victims' organisations. This work needs to reflect the more complex emerging crime challenges while being conscious of 'service-drift', as partner agencies' capacity is reduced.

8.3.6 The force has implemented a new model for local policing which aims to reduce crime and anti-social behaviour by working effectively with partners. The Force's new model for local policing based on preventing, responding to and investigating crime, has re-organised resources to address the changing nature of crime described above, 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. Continued investment in this area 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.

8.3.7 The force therefore plans to:

- Continue to provide a 24/7 policing service 365 days a year.
- Prioritise those people at greatest risk of threat or harm which means the money you give to the policing service is used most effectively.
- Ensure policing is increasingly focused on proactive preventative activity as opposed to reacting to crime once it has occurred.
- Investigate lower risk crimes over the phone wherever possible, to free-up response officers to deal with more urgent issues.
- Investigate all crimes where there is a genuine risk of death, or significant harm or loss.
- Ensure a greater visible presence in the areas where there is a higher risk of crime and threat to individuals and communities, encouraging people to talk and share their knowledge and experience of their neighbourhood.
- Work with partner agencies to help resolve the issues of individuals who

cause recurring problems and crime in the communities they live in; reducing the requirements that these people place on the public sector and policing specifically.

- Increase our understanding of vulnerability, both in the physical and online worlds, to improve how we deliver and differentiate our service to protect people.
- Improve data sharing and integration to establish joint technological solutions enabling the transfer of learning between agencies, other police forces and academia so we can work more effectively together to embed evidence-based practice.
- Supporting multi-agency neighbourhood projects that build more cohesive communities to help solve local problems.
- Work with partners to foster a culture shift around the delivery of public protection, away from a single organisation mentality towards budgeting and service provision based on a whole-system approach, pooling funds where appropriate to achieve common aims for the benefit of the public.
- Make it easier for citizens to contact the police in multiple ways using new technologies, such as social media, to report crime, seek advice or give feedback about the quality of service. The force must understand the impact of increased contact and engagement across multiple channels, ensuring it has the skills and resources to meet citizens' demand.
- Align local policing and where appropriate integrate, with other local public services to improve outcomes for citizens and protect the vulnerable.

9 Funding for Priorities and Service Improvement

9.1 Despite Sussex Police previously 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. All of this will need to take place as we constantly review and redeploy resources to meet the ever changing nature, demand and evolving threats.

9.2 The changes to funding levels included within the MTFS – primarily as a result of the proposed precept levels, will enable the net savings requirement to be reduced over the four year period to £2.8m.

9.3 This will enable the force, as part of the 18/22 Transformation Strategy, to allocate resources to key areas, including:

9.3.1 **Local Policing**

9.3.2 The ability to sustain local policing and help meet ever changing demand levels in local policing will be supported by the precept uplifts. It is estimated that by 2022, the MTFS proposals would enable the force to meet future demand by protecting/sustaining an estimated 476 officers by 2022.

9.3.3 These sustained posts will be focussed particularly in the prevention and

investigations areas of local policing.

9.3.4 Given the level of turnover due to retirements and leavers/transferees to others forces, this will mean that the actual number of officers that the force is estimated to recruit over this period is likely to be in excess of 800 officers. It will be essential therefore, that services such as Learning and Development and the Professional Standards Department vetting team are resourced appropriately to respond to this demand. In the early period of the MTFS funding will therefore also be directed to these and other enabling services to enable the necessary recruitment of officers to meet these plans.

9.3.5 **Roads Policing**

9.3.6 The development of the new Target Operating Model for the Operations service will include a review of the Roads Policing Unit and the ability to deploy a more resilient service within this Unit.

9.3.7 **Public Contact**

9.3.8 Investment to improve the force's approach to public contact and to support the 101 service will be one of the new transformation strands. This will include upgrading the force's existing system to the Smart Storm solution as well as investing in improved on line access and reporting.

9.3.9 Like all major transformation projects, improvements are delivered over the medium term, however investment to enable that change is essential in the early years. The proposed profile of precept uplifts is essential to enable the next step changes for the force.

10 Efficiencies and Partnership Working

10.1 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.

10.2 'Policing Together' – Collaboration Programme with Surrey

10.2.1 The Force continues to work 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).

10.2.2 Work is underway to consider further opportunities including:

10.2.3 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 Specialist Crime Capabilities Programme (SCCP) has been established to deliver a new operating model that both achieves the required savings and maximises

opportunities for collaboration between Sussex, Surrey and other stakeholders in the region. A high level Target Operating Model has already been scoped and the SCCP is now undergoing the detailed design phase.

10.2.4 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 and further proposals will be considered by the Joint Change Board in January 2018.

10.3 **Other Partnership Working**

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

10.3.2 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. This should provide the opportunity to align processes across all three forces, enabling future joined up working – particularly in professional support services and transactional finance and HR services.

10.3.3 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.

10.3.4 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. Ongoing focus during 2018/19 will be given to ensuring that the business benefits of this project are delivered through ensuring officers across the force adopt the new ways of working.

10.3.5 Having co-located their Head Office Functions at the force's HQ site in Lewes during 2017, East Sussex Fire & Rescue Service continue to develop with the force opportunities for further joint working.

10.3.6 The acquisition of the fleet vehicle workshop site, near Crawley Down, in early 2017 has been a key enabler to drive significant efficiencies, not just within the Joint Transport Service for Surrey and Sussex Police, but also by enabling a Fleet Management and servicing hub for Fire and Rescue Service

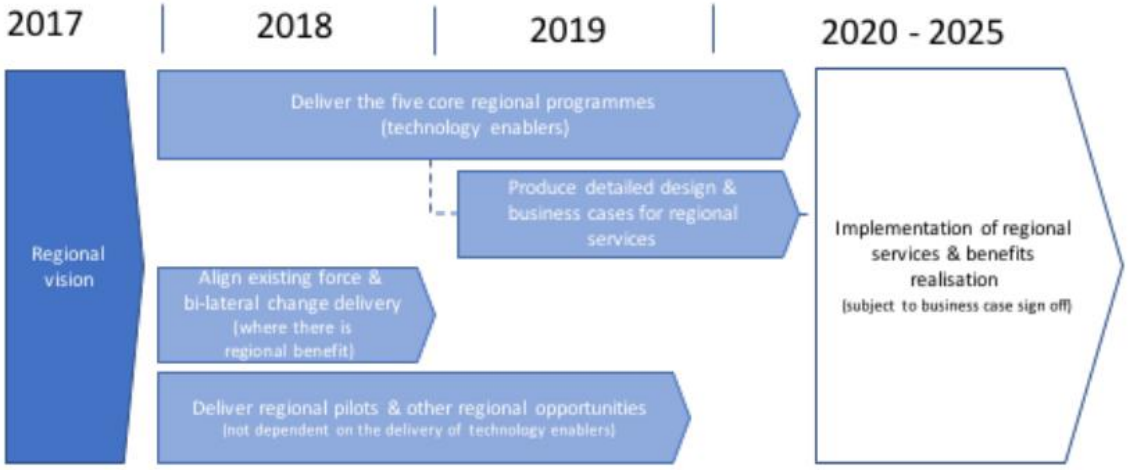
colleagues in both Surrey and West and East Sussex. During 2018/19 it is planned that the Joint Transport Service will commence servicing and maintenance of the light vehicle fleet for Surrey Fire and Rescue, whilst project planning is also underway for an extension to the site to enable the HGV fire fleet to also be serviced at the site.

10.4 Regional Collaboration

10.4.1 As highlighted in paragraph 6.5, key opportunities for future collaboration efficiencies and savings in the medium term to long term across the period of both the 18/22 Transformation Strategy and this MTFS, have been identified through working on a regional basis on joint projects with Thames Valley, Hampshire, Sussex and Surrey forces.

10.4.2 The PCCs and Chief Constables have recently approved a 'regional ambition' paper which outlines the opportunities and appetite between partners for future collaboration, the proposed process and timeline which is outlined in the diagram below:

10.4.3 **Process and timeline for delivering regional ambition:**



10.4.4 This regional approach will form a key element of the 18-22 Transformation Strategy for the force.

11 Workforce planning and Monitoring

11.1 Underpinning delivery of all the transformation and resource allocation through the MTFS, is a comprehensive approach to workforce planning.

11.2 This includes recruitment, training and development of officers and police staff, within a culture of partnership working to build an organisation fit for future challenges in the digital age and that will ensure public confidence in the policing service through effective service delivery.

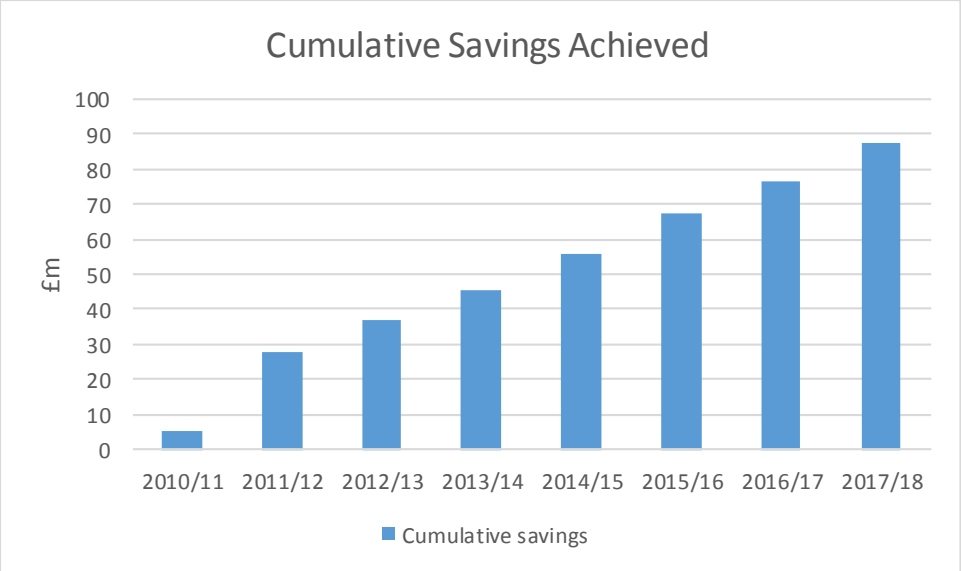
11.3 The improved workforce planning and establishment control approach has been introduced during 2017/18 and includes monthly, transparent reporting during the year on changing workforce numbers as a result of staff recruitment arising from investment in priorities and staff reductions arising from budget savings.

11.4 This continued focus and approach will be essential given the proposed precept uplifts to sustain local policing and to meet ongoing additional demand for services that will be included in the 18-22 Transformation Strategy.

11.5 It is estimated that by 2022, the MTFS precept and reserve funding proposals would enable the force to meet current and estimated future demand through sustaining an estimated 476 officers. These posts will be focussed on local policing, particularly in the prevention and investigations areas of the service.

12 Financial Context

12.1 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 eight years, Sussex has had to make £88m of reductions and efficiencies to head towards balancing its books based on actual savings achieved from April 2010 to March 2017 plus the 2017/18 revenue budget savings requirement target. (Source: Her Majesty's Inspectorate of Constabulary's (HMIC) Police Effectiveness, Efficiency and Legitimacy (PEEL) assessment and 2017/18 revenue budget). In addition it also had its ability to raise additional tax revenue from the precept restricted by the government capping and excessiveness principles.



12.2 The Government changed its strategic approach to funding policing bodies from the 2016/17 financial year when it promised that funding would be protected in flat cash terms. This would be achieved by offsetting policing grant reductions with rises in the local precept. The council tax referendum limit for English Forces remained at 2% but with additional flexibility for the ten lowest precept Forces to raise the tax by £5 per Band D equivalent household up to March 2018 which included Sussex;

12.3 Sussex experienced significant impact from the funding reductions because it receives more in core policing grant in proportion to its council tax; around 62% being from grant during 2017/18. In addition Sussex at the same time has the:

- 5th lowest precept of any PCC in England and Wales.
- 7th lowest net revenue cost per head of population and;
- 7th lowest total funding per head of population at £160.9 which equates to a £36.2m difference to the average in England and Wales. *(Source: 2017/18 HMICFRS Value for Money Profiles)*

12.4 Resource income per head of population (Source: 2017/18 HMICFRS Value for Money Profiles).

Force £ per head	2013/14 estimate	2014/15 estimate	2015/16 estimate	2016/17 estimate	2017/18 estimate	Percentage Change 13/14-17/18
Central funding*	107.3	101.4	98.6	96.9	97.0	-10%
National policing grants	2.8	3.0	3.2	3.3	3.2	15%
Legacy council tax grants	0.0	7.9	7.9	7.9	7.9	
Council tax	52.9	48.4	50.5	53.6	56.0	6%
Reserves	-0.4	0.5	0.9	-0.5	0.1	
Total funding	159.8	158.1	157.8	157.9	160.9	1%

Band D tax rate	£138.4	£141.1	£143.9	£148.9	£153.9
All Average	£168.6	£171.8	£174.6	£178.4	£182.9

12.5 **Resources - Police Grant Settlement 2018/19**

12.5.1 The provisional police financial settlement for 2018/19 announced by the Minister for Policing and the Fire Service on 19 December 2017 has changed the financial context again.

12.5.2 The key elements of the national settlement are:

- A one year settlement but with some certainty for 2019/20;
- Flat cash grant settlement - the settlement has not provided any additional core grant resources but it has enabled all PCCs to raise additional funds from local taxation.;
- In 2018/19 all PCCs will be allowed to increase Band D precept by as much as £12;
- Efficiency and productivity targets are to be set by the Home Office for 2018/19;
- Reserve balances and the use of them are to be subject to further transparency requirements;
- The police funding formula review is unlikely to be revisited until the next spending review.

12.5.3 For Sussex, implications of the settlement are as follows:

- Police core revenue and formula funding grants frozen at the 2017/18 value;

- Option to increase precept by up to £12;
- Capital grant remains the same as 2017/18 at £0.906m.

12.5.4 The 2017/18 to 2020/21 MTFS had included the assumption of a £2.1m reduction to the grant and a £5 increase to the precept. The offer for 2018/19 includes the freezing of the Home Office grants and the opportunity for all PCCs to increase their precept by up to £12. The Home Office has forecast that this could benefit Sussex by up to £8.6m for 2018/19. The following table provides a comparison of the figures.

Settlement Factor	2017/18 £m	2018/19 Home Office £m	Change £m	2017/18 to 2021/22 (MTFS) £m	Difference £m	Notes
Grant	£162.80	£162.80	£0.00	(£2.10)	£2.10	MTFS assumption was a cut of 1.4%.
Council Tax Receipts	£93.22	£101.84	£8.62	£3.51	£5.11	Home Office tax base increase of 1.34% + max £12 increase (7.8%). We forecast 0.5% tax base increase + £5.
Total	£256.02	£264.64	£8.62	£1.41	£7.21	Potential Total Resources
% Change			3.4%	0.6%	2.8%	

12.5.5 This MTFS is based on the assumptions as laid out in that settlement with adjustment for actual tax base increases as advised by the billing authorities of Sussex and the precept.

12.6 Funding Formula Review

12.6.1 The Police Funding Formula divides up how much money each police force receives from the overall central government funds. It takes into account a number of factors to assess demand in each area.

12.6.2 Earlier this year, the Home Office and police partners engaged on potential changes to the police funding formula. However, in the context of changing demand, the Minister for Policing and the Fire Service Nick Hurd has said that providing funding certainty over the next two years to enable the police to plan in an efficient way is his priority.

12.6.3 Therefore, proposed changes to the funding formula will be revisited at the next Spending Review.

12.6.4 Due to the uncertainty and range of possible outcomes no assumptions regarding a change to the funding formula have been included in the MTFS.

12.7 Resources –Council Tax Precept

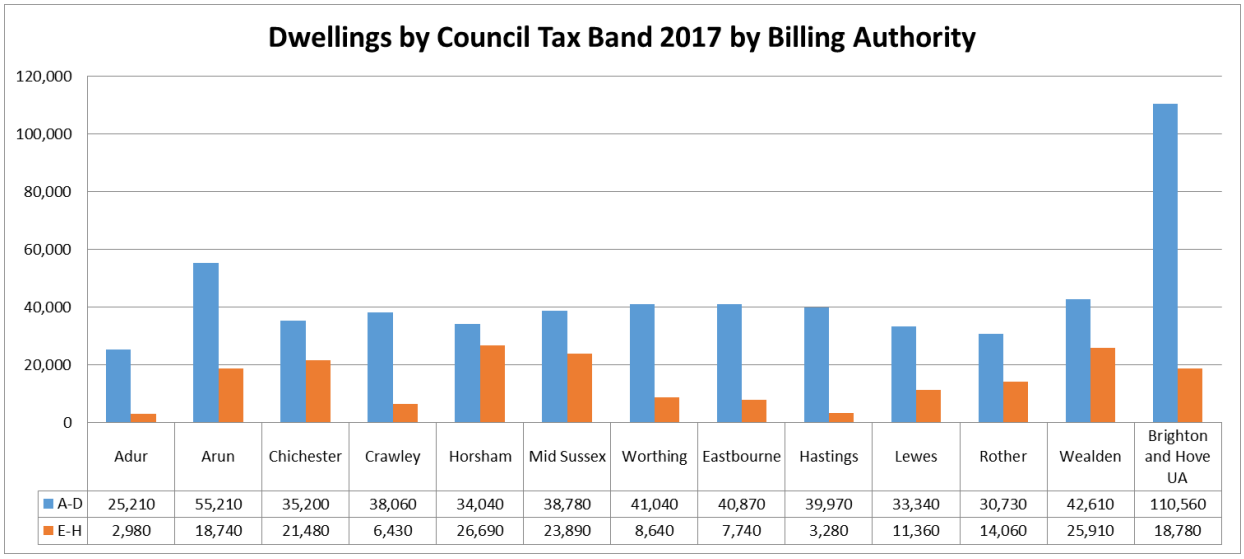
12.7.1 The PCC is able to raise income from Sussex council tax payers for policing. That sum which is shown separately on all council tax bills and is known as

the precept. The proportion of funds raised from the precept for Sussex equated to over a third of core funding (Precept, main policing grant, revenue support grant) during 2017/18.

12.7.2 The precept multiplied by the tax base calculates the total receipts that each billing authority will collect from tax payers and pay to the PCC.

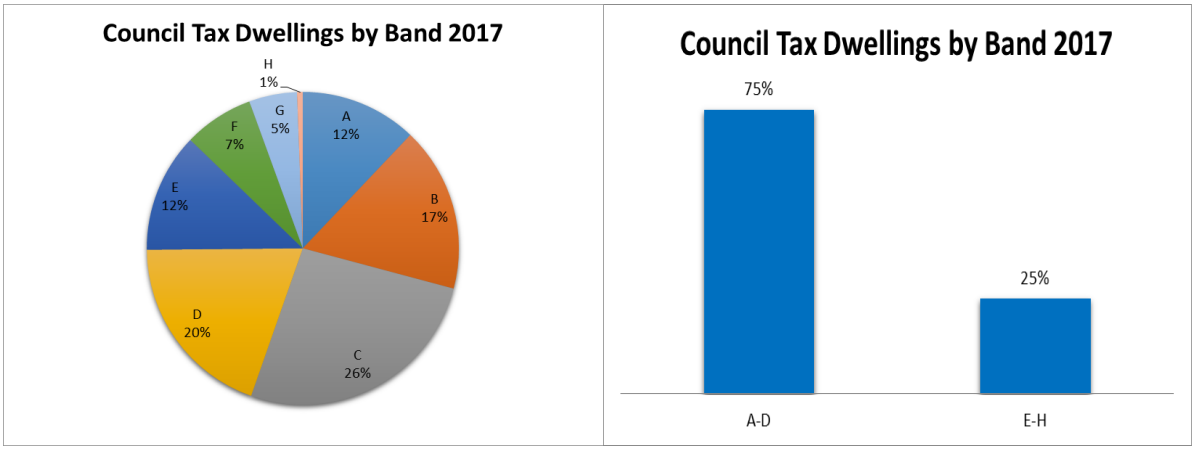
12.7.3 The tax base is calculated by adding up all the properties within Sussex that are subject to council tax.

12.7.4 The following table shows the distribution of properties between valuation band A-D and E-H by billing authority. These totalled 755,530 dwellings. They are subsequently converted to the tax base.



	Adur	Arun	Chichester	Crawley	Horsham	Mid Sussex	Worthing	Eastbourne	Hastings	Lewes	Rother	Wealden	Brighton and Hove UA
A-D	25,210	55,210	35,200	38,060	34,040	38,780	41,040	40,870	39,970	33,340	30,730	42,610	110,560
E-H	2,980	18,740	21,480	6,430	26,690	23,890	8,640	7,740	3,280	11,360	14,060	25,910	18,780

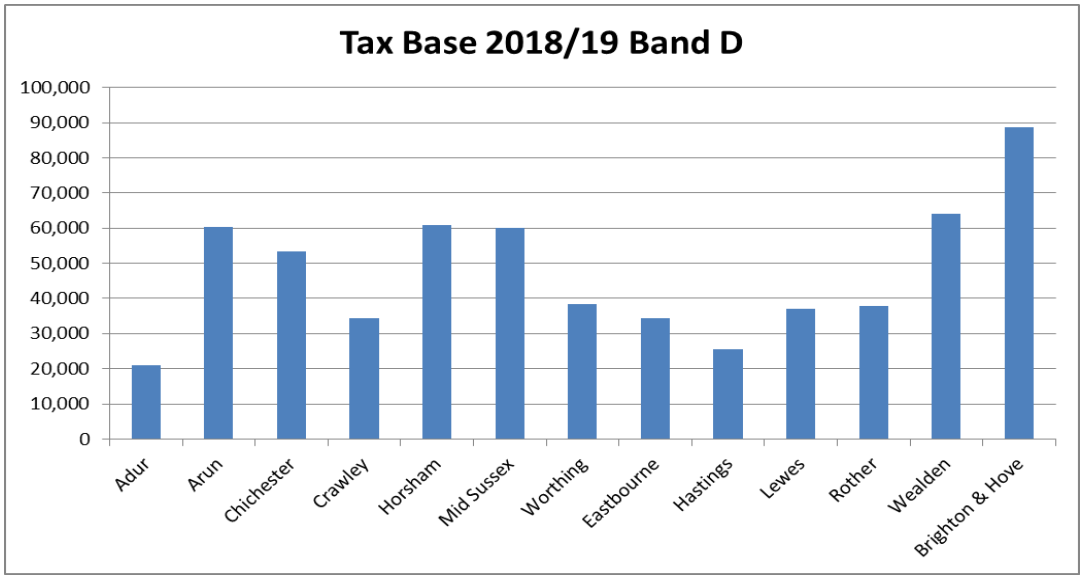
12.7.5 In total A-D and E-H of all billing authorities.



12.7.6 The dwellings are then adjusted for exemptions, discounts (including single person discount), disregards and local council tax support schemes with a further adjustment for anticipated non-payment. This calculation produces the tax base as the number of Band D equivalent properties.

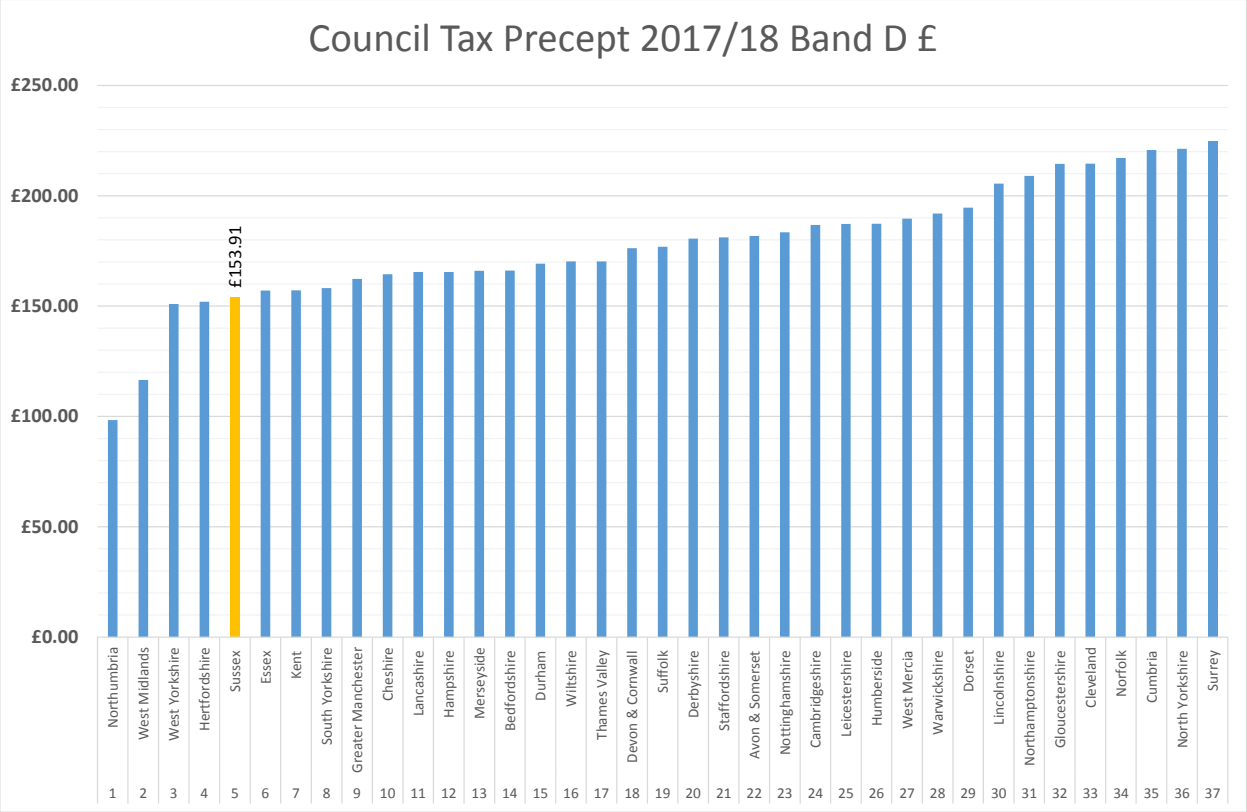
12.7.7 The tax base for Sussex for 2018/19 is 615,420.9, an increase of 9,764.3 (1.61%) from the previous year.

12.7.8 The tax base is then multiplied by the Band D council tax to calculate each individual council tax bill and the total tax receipts. The calculation of the tax base, billing, collection and payment is carried out by the 13 local billing authorities.



12.8 **Comparison of the Precept**

12.8.1 The council tax for Sussex was the fifth lowest of policing bodies during 2017/18 at £153.91 per annum for Band D properties. The table below shows the range of precepts by policing body.



12.8.2 Nationally the proportion of funding from formula grant and specific Home

Office grants has reduced, and the proportion from council tax has increased.

12.8.3 The following schedule sets out the level of Band D council tax in Sussex since 2010/11. Note that the precept was frozen for four years from 2010/11 to 2013/14:

Year	Band D Council Tax
2017/18	£153.91
2016/17	£148.91
2015/16	£143.91
2014/15	£141.12
2013/14	£138.42
2012/13	£138.42
2011/12	£138.42
2010/11	£138.42

12.9 **Precept Capping – Limiting Increases**

12.9.1 The Localism Act 2011 introduced a power for the Secretary of State for Communities and Local Government to issue principles that define what should be considered excessive Council Tax, including proposed limits. From 2013 onwards, any PCC that wishes to raise Council Tax above the limits that apply to them will have to hold a binding referendum.

12.9.2 The provisional settlement for 2018/19 confirmed that all PCCs will be able to increase their precept by up to £12 without having to hold a referendum. This represents increases of between 5.34% for Surrey the highest precept and 12.2% for Northumbria the lowest precept. Sussex would equate to 7.8%. Previously those increases were restricted to no more than 2%, or £5 for PCCs in the lower quartile.

12.10 **Precept Requirement**

12.10.1 The Local Authorities in Sussex have also advised of surpluses on collection funds, which equates to £1.084m for 2018/19 and which is reflected in the MTFS. No further surplus on collection funds is assumed for the rest of the MTFS period.

12.10.2 The proposed precept of £165.91 multiplied by the tax base of 615,420.9 will produce receipts of £102.104m.

12.10.3 The council tax requirement for 2018/19 is shown in the following table:

2017/18 £m	2017/18 Proportion %		2018/19 £m	2018/19 £m	Proportion %
257.116		Total Revenue Expenditure		273.268	
0.150		**Less** Appropriations from Reserves		7.280	
256.966		**Net Budget Requirement**		**265.988**	
		Less			
		Main Policing Grant	96.461		
		Revenue Support Policing Grant	53.137		
		Council Tax Legacy Freeze Grant	3.062		
		Council Tax Local Support Grant	10.140		
162.800	**64%**	**Total Policing Grant**		**162.800**	**61%**
94.166		**Balance to be raised locally**		**103.188**	
0.950		Less estimated net surplus on collection funds		1.084	
93.216	**36%**	**Council Tax Requirement**		**102.104**	**39%**

12.10.4 In common with other policing bodies this MTFS includes a financial planning assumption that the precept will be maximised each year in accordance with government rules – currently £12 per year until 2019/20 then on £5 until 2021/22. The actual precept decision will still be determined by the PCC on an annual basis with scrutiny of that decision by the Police & Crime Panel.

12.11 Police Reform and Transformation Fund

12.11.1 The value of the Police Reform and Transformation Fund will remain the same, in cash terms, as 2017/18 at £175m. This funding stream aims to promote innovation, collaboration and improved efficiency.

12.11.2 In 2016/17 the PCC was successful in a bid to the Home Office Transformation Fund for Video Enabled Justice grant funding and secured an award of up to £3.782m in 2017/18, £4.208m in 2018/19 and £3.495m in 2019/20.

12.11.3 This Video Enabled Justice (VEJ) solution involves criminal justice partners across Sussex, Surrey, Kent and London and was designed to address issues with scheduling and connecting video streams as well as issues with the perception of video services. Analysis had shown that implementation of the VEJ service would realise significant benefits to all CJ agencies over the duration of the business case.

12.11.4 The PCC, working with criminal justice (CJ) partners in Sussex, Surrey,

London and Kent is committed to maximising the benefits of video in the criminal justice system. It is the joint ambition of the CJ agencies in the South East to deliver the best service to all participants within the justice system, with swifter access to justice for victims and a positive experience for witnesses, while increasing operational efficiencies and the benefits that technology can bring.

12.12 **Other Income**

12.12.1 The PCC will continue to seek additional sources of external funding for policing and to maximise its income, for example though 'developers' contributions such as the Community Infrastructure Levy and/or Section 106 monies, as well as developing a 'trading mindset' for some of its more commercially aligned services.

12.12.2 The Force will continue to review its charging for special police services including Gatwick Airport, football and events in line with the nationally agreed policies.

13 2017/18 Budget and Forecast Outturn

13.1 The PCC reviews and publishes the overall police fund revenue and capital budget monitoring each quarter as a key decision.

13.2 The Quarter 3 monitoring shows a forecast budget overspend of £2.439m as at 30 December 2017.

Revenue Monitoring **Quarter 3 Position** **Police & Crime Commissioner**	**Quarter 3 Forecast 2017/18** **£m**	**Revised Budget 2017/18** **£m**	**Forecast Variance 2017/18** **£m**
Chief Constable	251.783	249.032	2.751
Office of the PCC	1.385	1.445	(0.060)
Community Safety	1.965	1.965	0.000
Victim Services	2.617	2.617	0.000
Grant Income (Victims)	(2.587)	(2.587)	0.000
Treasury Management Interest	(0.330)	(0.299)	(0.031)
Total Income & Expenditure	**3.050**	**3.141**	**(0.091)**
Financial Provisions	2.964	3.335	(0.371)
Transfers to/(from) Earmarked Reserves	1.608	1.458	0.150
Total Provisions & Reserves	**4.572**	**4.793**	**(0.221)**
Total PCC Controlled Budget	**7.622**	**7.934**	**(0.312)**
Net Expenditure	**259.405**	**256.966**	**2.439**
Central Government Grant Income	(162.800)	(162.800)	0.000
Council Tax Precept Income	(94.166)	(94.166)	0.000
Central Grant and Precept Total	**(256.966)**	**(256.966)**	**0.000**
Overspend - to be met from Reserves	**2.439**	**0.000**	**2.439**

13.3 Employee costs make up almost 90% of the Chief Constables budget. Employee numbers and pay are monitored in detail throughout the year within a workforce plan. The Force has continued to reduce establishment numbers to support on-going financial savings in line with reductions identified in the target operating model and major change programmes during the year.

13.4 The impacts of the 2% police officer pay increase and the assumption of a similar increase for staff has been factored into the Quarter 3 forecasts that will be reviewed by the PCC in February.

13.5 **Maintaining Investment from Previous Year Precept Uplifts**

13.5.1 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.

13.5.2 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.

13.5.3 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 Investigation 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 to the 52 officer posts continues to be helped by an increase in the number of instructors.
- Public Protection Investigators (£1.25m) – this has provided 30 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.
- Prevention Youth Officers (PYO) (£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 began working in their new roles with young people and partner agencies when the Local Policing Plan commenced on 6 November 2017. A report setting out the role of the PYOs titled 'The role of the Commissioner in ensuring Sussex Police provide an effective response to schools and other educational establishments' was brought to the Police and Crime Panel on 6 October 2017 (link to report).

13.5.4 The Specialist Firearms uplift of £1m in the current financial year, will also require further investment in 2018/19, currently estimated to be £0.5m.

13.5.5 The PCC's office, Victims and Community Safety budgets are forecast on budget.

13.5.6 In the event of an underspend position at the end of the year the net underspend will be transferred to reserves in accordance with the reserves policy and PCC approval. This will be available to support the change programme.

13.6 **Capital Budget**

13.7 The PCC has approved a revised capital budget for 2017/18 of £27.321m. The Quarter 3 Capital Monitoring Report outlined a forecast outturn of £25.785m as at 31 December 2017.

13.8 The reduction in revised estimates during the year reflects changes to the timing of and revision to projects.

13.9 The PCC will continue to monitor the capital and investment programme to review and revise projects accordingly.

13.10 An updated capital programme in line with the MTFS period from 2018/19 to 2021/22 is included in Section 16. This shows the breakdown of future capital investment by year and summarises the key areas of planned spending including IT, Estates and Vehicle Fleet investments.

14 Financial Budget Pressures

14.1 When calculating the medium term budget projections consideration has been given to a number of budget pressures including:

- Future levels of grant and precept funding;
- Pay and price increases;
- Revenue implications on the capital and investment programme; and
- Other cost pressures

14.2 **Future Levels of Grant and Precept Funding**

14.2.1 The provisional financial settlement for 2018/19 maintained the total core revenue grants at the same level as the previous year which for Sussex is £162.8m.

14.2.2 We have assumed grants will be maintained at this flat cash level for the next four years in the MTFS up to and including 2021/22.

14.2.3 For planning purposes we have assumed precept increases of £12, £12, £5 and £5 over the four year MTFS period.

14.3 Pay and Price Inflation

14.3.1 The indicative budget forecasts for 2018/19 reflect a positive approach to managing the impact of inflation on budgets wherever possible, in that there have been no automatic budget increases for inflationary pressures other than inflation provision being provided to meet contractually committed expenditure including; energy, business rates and rent increases. In addition, estimates for future pay awards at 2% have been included.

14.4 Revenue Implications of the Capital and Investment Programme

14.4.1 The four year capital and investment programme is summarised in Section 15. The implications of this programme are fully reflected in the MTFS.

14.5 Other Cost Pressures

14.5.1 Apprenticeship Levy – The Government introduced a new Apprenticeship Levy tax in accordance with Part 6 of the Finance Act 2016 with effect from 6 April 2017. This levy adds a further £0.800m cost pressure for the Force to meet each year. Force Apprenticeship Schemes are being considered and developed in line with the Government levy criteria to offset related apprenticeship costs. We will explore the use of these potential resources with new recruit intakes and trainees. This will be kept under review by the Establishment Board.

15 Medium Term Savings Proposals

15.1 As mentioned previously, there has been a period of sustained financial pressure throughout the previous Comprehensive Spending Review (CSR) which continues to impact on the MTFS.

15.2 The multi-year change programme has continued to deliver complex transformation across the force and savings of at least £11.262m in 2017/18.

15.3 The main areas that savings have been delivered in or where further savings are planned, include: the Local Policing Programme model, including local investigations, response policing, neighbourhood policing and criminal justice projects. Policing Together collaboration projects with Surrey Police have delivered significant savings across the joint areas of Operations Command, Specialist Crime, Communications, People Services (HR) and Corporate Services. Workforce restructuring has been undertaken across many areas of the business to support new ways of working. Other savings initiatives included the Spending Wisely and Smarter Systems programmes, PFI review and custody modernisation, Quest Resourcing (contact centre changes), Business Support Services transformation and the Estates and Future Workplace modernisation.

15.4 The previous MTFS showed a net savings requirement for the 2017/18 to 2020/21 plan of £26.5m.

15.5 Rolling the financial plans forward by a further year adds another year of savings of £5.7m in 2021/22. Similarly, the savings target achieved in 2017/18 is now removed from the future plan. This along with the additional funding from the grant settlement and proposed precept uplift results in a new net savings requirement by 2021/22 of £2.8m. These changes are illustrated in the following table:

Medium Term Savings Required	**£m**
Total Savings Requirement 2017/18 to 20/21 previously quoted in the MTFS	26.5
Plus 2021/22 year added to the MTFS period	5.7
Less 2017/18 year no longer in this new MTFS period total	(11.2)
Less proposed precept uplifts and revised grant assumptions	(18.0)
Revised Total Savings Requirement 2018/19 to 2021/22 MTFS	3.0

15.6 A summary of the savings requirement and potential investment opportunity profiled for the period of the MTFS are set out in the table below:

2017/18 £m	**Savings Requirement**	**2018/19 £m**	**2019/20 £m**	**2020/21 £m**	**2021/22 £m**	**Total £m**
(11.2)	**Budget savings before use of LPP reserve**	**(1.3)**	6.9	1.7	**(5.7)**	**1.6**
4.6	Re-phasing Police Officer Reductions from Reserves (one-off impact)	8.4	4.0	0.0	0.0	**12.4**
0.0	Re-phasing Police Officer Reductions Savings	(4.6)	(8.4)	(4.0)	0.0	**(17.0)**
(6.6)	**Profiled budget (savings) / investment**	**2.5**	**2.5**	**(2.3)**	**(5.7)**	**(3.0)**

15.7 The Chief Constable's saving plans are based on the programmes of change to deliver efficiencies in policing and realise cashable savings wherever possible, for example:

- LPP including elements of prevention, response policing and completion of neighbourhood policing projects (this programme has now been implemented in 2017/18 based on a scalable model). The new Sussex 18-22 Transformation Plan will allocate additional precept resources over the next four years to ensure that the service is able to meet demand, and to help sustain local policing at appropriate levels;
- Policing Together Programme (collaboration with Surrey Police) including Roads Policing; Specialist Crime capability; 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;
- Estates and facilities strategic transformation programme and making better use of the operational estate, including collaborative opportunities;

- Maximising income generation for areas of service provision (particularly in the back office) that have the potential to be more commercially aligned; and
- Looking ahead, additional collaboration savings will also be sought from closer regional working between Sussex, Surrey, Thames Valley and Hampshire forces.

15.8 The achievement of savings heavily depends on the delivery of savings from the LPP and the Policing Together Programme (joint vision and services with Surrey Police).

15.9 Internal governance arrangements are in place to track achievement of savings, monitor the pace of change sufficiently to provide management with early warning should plans not progress as anticipated and ensure any additional action required is undertaken during the year. Detailed business cases to realise savings targets are presented and considered at the Joint Chief Officer Meeting, Force Executive Board and the Change Programme Board.

15.10 There is still an overall savings requirement of £3.0m up to 2022 even though the option to maximise income is included within this MTFS. This estimate could be impacted by any further changes as a result of anticipated grant reductions and the outcome of the Funding Formula review 2017.

15.11 The Force will continue to review its savings plans to ensure quality service delivery is maintained, future financial risks are taken into account and funding can be directed to priority areas.

16 Capital & Investment Estimates and Financing

16.1 The following table summarises the four year capital and investment programme:

2017/18 £m	Capital & Investment Plans	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
7.342	Information Technology	4.117	1.256	1.000	1.000	7.373
4.075	Fleet	4.746	3.437	3.605	3.413	15.201
0.886	Specialist Crime	0.200	0.092	-	-	0.292
0.099	Corporate Development	0.060	-	-	-	0.060
0.609	Operations	0.252	0.200	-	-	0.452
0.296	Communications	0.050	-	-	-	0.050
2.772	Shared Business Services	-	-	-	-	0
11.242	Estates Strategy Investment	2.465	4.450	2.050	5.500	14.465
27.321	**Total MTFS Capital & Investment Programme**	**11.890**	**9.435**	**6.655**	**9.913**	**37.893**

16.2 Key areas to note in the proposed programme are:

- **Building Works and Estates & Facilities** – The Estates Strategy seeks to provide an estate that supports and improves the delivery of policing services for the public in an affordable and cost-effective way. An updated Strategy for 2018-2022 continues to identify opportunities to rationalise the estate, and reduce running costs, by providing efficient and affordable building shared with partners. The Strategy focuses on continued delivery of these properties in East Sussex, with a new tranche of shared co-located premises, in some significant new build properties in West Sussex. This is alongside Sussex Police investing in key freehold owned hubs, to enable officers and staff to work from dedicated buildings in a flexible manner across the estate, and offsite or within the community. This investment is underpinned by identifying potential surplus sites to generate capital receipts, and ongoing revenue income through commercial lease – these will be closely monitored throughout the period of this MTFS;
- **Computer and Communications** – Information Technology (IT) plays an important role in the delivery of services to communities. Investment is required to support projects and programmes at three different levels – National, Regional and Local programmes. Projects as wide ranging as Moving to Office 365, the need to deliver on-line self-service platforms to allow individuals to obtain information or access non-emergency services at a time and place which suits their needs, moving to IT cloud based solutions, data centre phone exchange systems, mobile data technology replacement and digital evidence management systems. Investment will also continue on the roll out of devices for frontline staff;
- **Vehicles and Equipment** – The provision of an efficient, cost effective and sustainable fleet is essential to support policing activities. The pre-planned vehicle replacement programme will therefore continue throughout the MTFS period. New vehicles are purchased direct from manufacturers through National Framework Agreements to maximise the benefits of scale. However, increased cost pressures in this area of investment have been observed recently due to a number of factors including price increases of at least 3.5% on vehicle purchases and more frequent replacement requirements due to high levels of mileage. In car telematics and CCTV technologies add a further level of cost and complexity to ensuring vehicles are fit for purpose. In a proactive initiative to meet the requirement for "cleaner and more environmentally friendly" vehicles, the PCC supports the purchase of hybrid and electric vehicles for selected operational roles; whilst the initial purchase price of these vehicles is higher, savings in fuel and running costs are expected to reduce the whole life cost of these vehicles, compared with their wholly fossil fueled alternatives.

16.3 The following table summarises how the four year capital and investment programme will be financed:

2017/18 £m	Funding	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Total £m
0.906	Home Office Capital Grant	0.906	0.906	0.906	0.906	3.624
2.025	Revenue Contribution	2.059	3.213	3.699	3.507	12.478
4.264	Capital Receipts	7.250	3.350	2.050	5.500	18.150
20.126	Reserves	1.675	1.966	0	0	3.641
27.321	**Total Capital and Investment Programme**	**11.890**	**9.435**	**6.655**	**9.913**	**37.893**

16.4 The capital financing approach remains to maximise the use of Capital Receipts to support the capital programme after the use of capital grant whilst maximising the overall benefit in underpinning the Revenue budget.

16.5 **Developer Contributions**

16.6 The MTFS recognises the impact that the creation of thousands of new homes within Sussex will have on policing and the PCC recognises the importance of seeking appropriate funds to support the operational budget of Sussex Police.

16.7 New properties and a growing population has a demonstrable impact on policing, in the same way it does on education, health and library services, for example. Developers are frequently required to contribute towards community and social infrastructure such as new or expanded schools, highway improvements, public realm improvements (open spaces & public art), community facilities (leisure & libraries) and health facilities.

16.8 In consultation with each Sussex Local Planning Authority we have sought contributions via Section 106 agreements and the Community Infrastructure Levy towards new policing capital infrastructure relating to housing development.

16.9 At the present time the PCC has agreements totalling £534,000 which will be invested into new communities to fund infrastructure to support policing. They include various estate projects (improvements to existing police stations or relocations), Automatic Number Plate Recognition (ANPR) sites to support new buildings, up-front costs associated with employing new officers through the Local Policing Program (LPP) and contributions towards increasing vehicle fleet capacity. These contributions will be brought into the capital programme and funded when monies are received in accordance with the legal agreements. The MTFS will then be updated accordingly.

16.10 The PCC is also actively seeking new opportunities through the Community Instructure Levy (CIL) process to help deliver infrastructure to support policing requirements.

17 Reserves

17.1 Background Information on Reserves

17.1.1 Revenue and Capital Reserves are an important resource for day to day as well as medium term financial planning despite being one-off in nature. The Chartered Institute of Public Finance and Accountancy consider that PCCs should establish reserves including the level of those reserves based on the advice of their chief finance officers and should make their own judgements taking into account all the relevant local circumstances.

17.1.2 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when preparing budgets. The Chief Finance Officer is required as part of the budget setting process to provide a statement on the adequacy of reserves.

17.1.3 The Home Office Financial Management Code of Practice also sets out the following requirements:

- PCCs to establish a policy on reserves including how they may be used;
- Full details of how the reserves and provisions policy will operate locally;
- Ensure that the annual budget includes a realistic amount of operational contingency that is available to the Chief Constable for operational priorities without the need for additional approval; and
- Provision for budgets to be carried forward from one financial year to the next.

17.1.4 The establishment and maintenance of resource backed reserves are held for four main purposes:

- As a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
- Provide funds to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
- Provide funds for the purposes of managing risk e.g. insurance reserve; and
- As a means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the reserves.

17.1.5 The Chief Finance Officer has a fiduciary duty to local taxpayers, and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds. Within the existing statutory and regulatory framework, it is the responsibility of the chief finance officer to advise about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose.

17.1.6 In assessing the appropriate level of reserves, a well-managed PCC will

ensure that the reserves are not only adequate but are also necessary.

17.1.7 The many factors involved when considering appropriate levels of reserves can only be assessed properly at a local level despite the pressures to compare between PCCs nationally.

17.1.8 One of the key sources of assurance is through risk management and the process of taking appropriate action to mitigate or remove risks where possible. This in turn may lead to a lower level of reserves being required, and it would be appropriate to consider reducing the level of balances held where appropriate action to mitigate or remove risks has been successfully undertaken. A balance will need to be found between maintaining adequate levels of reserves and investing in risk reduction measures. This balance should form part of the risk management process and be considered as part of the annual budget process.

17.2 Review of Reserves

17.2.1 External Audit test the accounting treatment of reserves as part of their annual audit work. They also look at current and forecast reserve levels within their VFM work. The 2016/17 external audit had no matters to report about our arrangements to secure economy efficiency and effectiveness in our use of resources.

17.2.2 The HMICFRS Efficiency Review 2017 noted "…Included in this figure is £10.8m of general unallocated reserves, which represents a prudent level of funds to deal with in-year contingencies."

17.2.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on Reserves and Balances (LAAP Bulletin No. 99 July 2014) and the requirements of the Code suggest twice yearly reviews of reserves. By doing this, the visibility of reserves is increased and consideration of the use of reserves is placed at the forefront of the decision making process.

17.2.4 The Police and Crime Commissioners Treasurers Society (PACCTS) completed a survey of reserves of all PCCs. The survey published in October 2017 identified £2.16bn of reserves of which £1.22bn are earmarked and £0.40bn are general reserves. The survey has helped to identify common approaches to management of reserves including the level of General Reserves help and the strategies they are linked to.

17.2.5 In accordance with good practice, the Chief Finance Officer for the PCC in association with the Director of Finance undertook a two stage review of reserves. The first stage was completed in September 2017 and saw the deletion of the former Operational Reserve, reduction of the PFI Reserve, reduction of Delegated Budget Holder funds and the creation of a new Local Policing Transition Support Reserve.

17.2.6 The second stage has reviewed the General and Insurance Reserves.

17.2.7 The outcome of the review can be found within the following section.

17.3 Sussex Reserves

17.3.1 The PCC must retain adequate reserves so that unexpected budget

pressures can be met without having a detrimental impact on normal day to day operational activities. The PCC's policy on reserves is based on a thorough understanding of the organisation's needs and risks. Part of this process is to give a clear explanation of the existing and proposed use of reserves. The detailed reserves policy can be found in Appendix A and summarised below.

17.3.2 The PCC plans to maintain general and risk reserves and use £17.6m of earmarked and investment reserves over the period of the MTFS. The summary of reserves (balances as at 31 March) and their use over the MTFS period are as follows:

2016/17 Actual £m	2017/18 Forecast £m	Reserves	2018/19 Forecast £m	2019/20 Forecast £m	2020/21 Forecast £m	2021/22 Forecast £m
10.807	**10.278**	**General Reserve**	**10.640**	**10.950**	**11.136**	**11.327**
		Contingency & Risk:				
2.450	0	Operational	0	0	0	0
4.102	4.102	Insurance	4.102	4.102	4.102	4.102
6.552	**4.102**	**Total Contingency & Risk**	**4.102**	**4.102**	**4.102**	**4.102**
		Investment:				
18.681	0	Capital & Investment	0	0.377	0.191	0
1.895	0	Capital Receipts	0	0	0	0
20.576	**0**	**Total Investment**	**0**	**0.377**	**0.191**	**0**
		Single Use:				
12.794	2.494	PFI	0	0	0	0
0.396	0.396	Asset Seizure	0.396	0.396	0.396	0.396
8.995	3.760	DBHR	2.654	0	0	0
3.087	2.683	SSRP	2.631	2.631	2.631	2.631
0	12.377	Local Policing Transition	4.019	0	0	0
25.272	**21.710**	**Total Single Use**	**9.700**	**3.027**	**3.027**	**3.027**
63.207	**36.090**	**Total Reserves**	**24.442**	**18.456**	**18.456**	**18.456**
24%	**14%**	**% of Net Revenue Budget**	**9%**	**7%**	**7%**	**7%**

17.4 General Reserve

17.4.1 This reserve is set aside for unexpected events or emergencies and provides a working cash balance to help with the impact of uneven cash flows and avoid unnecessary temporary borrowing.

17.4.2 The General Reserve at 1 April 2017 was £10.8m. This meets one of the key principles of the MTFS to seek to maintain the general reserve at a minimum of 4% of the net revenue budget. The closing general reserve at March 2022 is estimated to be £11.3m which is 4% of the net revenue budget.

17.4.3 The September 2017 review of reserves considered the adequacy and need of the separate £2.5m operational reserve in addition to the General Reserve. It recommended that the £2.5m operational reserve could be incorporated within the existing £10.8m General Reserve balance. This sum is available to the Chief Constable for operational priorities without the need for additional approval.

17.5 Earmarked Reserves for the Purpose of Managing Risk

17.5.1 The Insurance Reserve is maintained for potential liabilities and costs which fall onto the PCC where no external insurance cover is arranged by or available to the PCC. Potential liabilities include storm damage, business interruption and claims that would fall within the PCC's policy excess limits.

17.5.2 It is a requirement that an annual audit of all liabilities relating to the Fund is carried out by an external actuary / firm of actuaries. The last review for Sussex Police was completed by the actuary firm Marsh based on data to 31 March 2017 and considered the following:

- Are the existing claims funding arrangements (Insurance Reserve plus Provision) adequate to meet all loss payments arising from self-insured risks?
- What is the cash flow projection for historic claims, both reported claims, and incurred but not yet reported claims? Includes the liability of the former Municipal Mutual Insurance Company.
- What contributions/injection into the Insurance Reserve / Provision should be made to finance the expected losses for the forthcoming policy year for each risk?

17.5.3 The review concluded that the balance of the reserve along with a separate provision for £3.85m on the balance sheet is adequate.

17.5.4 A further risk assessment review of the Insurance Reserve will be undertaken during 2018/19 with a view to ensuring the reserve and provision levels are appropriate and based on the latest estimates.

17.6 Earmarked Reserves for the Purpose of Investment

17.6.1 The Capital and Investments Reserve is used to support planned one-off and non-recurring expenditure of a capital or revenue nature in line with investment and replacement plans included within the MTFS. This is dependent on the financing requirements of the capital plans included within the relevant asset strategies e.g. the future IT Strategy, the Estates Strategy and the Joint Transport Vehicles Strategy. Further details outlining the four year capital and investment programme are included in Section 15: Capital & Investment Estimates and Financing.

17.6.2 The Capital Receipts Reserve contains receipts from the sale of assets which can be used to finance future capital expenditure. The Capital Receipts received in-year will be applied to fund capital expenditure in year.

17.6.3 The Capital Grants & Contributions Reserve is used to hold unused elements of grant and external funding in line with accounting regulations.

17.7 **Earmarked Reserves for Single use Purposes**

17.7.1 The Private Finance Initiative (PFI) Reserve is maintained to meet future contractual contributions of the custody PFI scheme. Following a comprehensive review of the contract the earmarked reserve has been reduced. The balance remaining has been earmarked to invest in the renegotiation of the current contract. The reserve is expected to be fully used during 2018/19.

17.7.2 The Asset Seizure Reserve holds the balance of income received from the Home Office in respect of the Proceeds of Crime Act (POCA). These monies are to be used during the year following receipt in accordance with Home Office guidance subject to the pre-agreed contingency balance to cover 12 months of costs of the agreed number of financial investigators.

17.7.3 The reserve is reviewed on an annual basis but is currently expected to remain at £0.4m for the period of the MTFS.

17.7.4 The Delegated Budget Holder Reserve holds a proportion of balances that have arisen from underspends on the annual revenue budget.

17.7.5 Under-spend transfers to the Delegated Budget Holder Reserve (DBHR) are agreed annually with the PCC as part of the final outturn and movements in year are agreed by exception. This reserve is then available to support the change programme. The balance in the DBHR at 1 April 2017 was £0.9m and is expected to be fully utilised during the MTFS period.

17.7.6 Previously the DBHR has been used to earmark funds related to the National Barrier Asset and Local Authority partner initiatives such as under-age drinking as well as internal earmarked purposes such as adjusted timing of major projects including Estates and Community Safety, major programmes and specified funding for discretionary items of pay and allowances e.g. South East Allowance.

17.7.7 The Sussex Safer Roads Partnership (SSRP) Reserve is where the PCC holds the balance of any SSRP under-spend amounts on behalf of the SSRP partnership as ring-fenced funding. The movements are based on the latest SSRP strategy plans approved by the SSRP board.

17.7.8 The SSRP was established by Agreement in 2007 and includes Sussex Police, Brighton and Hove City Council, East Sussex County Council, East Sussex Fire and Rescue Service, Highways England and West Sussex County Council (including West Sussex Fire and Rescue Service). The primary aim of this partnership is to reduce the number and severity of road related casualties in Sussex. This is achieved via safety camera enforcement, road safety behavioural change activity and casualty and performance data.

17.7.9 The SSRP Board of Directors represents all partners and provides officer lead and political oversight on the joint objectives of the partnership, its policy and budget including an agreed joint programme. The PCC for Sussex holds an SSRP Reserve on behalf of the partnership to keep surplus monies for planned future spending including asset replacement programme and contingency to cover redundancies and decommissioning

of camera infrastructure in the event of cessation of the partnership.

17.7.10 This reserve is reviewed regularly by the SSRP Board who approve movement to and from the reserve. It also reviewed annually by Sussex Police to ensure it is maintained appropriately and in line with SSRP governance arrangements.

17.8 **Local Policing Transition Support Reserve**

17.8.1 The Local Policing Transition Support Reserve supports a longer phasing of reductions in local policing police officer posts.

17.8.2 The £17m Local Policing Transition Support Reserve was introduced in the September 2017 revision of the MTFS. It was created following the mid-year Balance Sheet review to reallocate £15m of existing earmarked reserves together with an additional £2m contribution from the current year forecast underspend in order to support a longer phasing of reductions to the number of police officers in local policing over the period to April 2020.

17.8.3 It was created from the following resources:

Source of Funding	**£m**
PFI Reserve	10.3
Operational Reserve	2.5
Divisional Discretionary Reserve	2.2
Earmarked Reserve Reallocations	**15.0**
Identified Revenue Underspend 2017/18	2.0
Total to establish the new Transition Support Reserve	**17.0**

17.8.4 The following table illustrates the planned profile to use the Local Policing Transition Support Reserve over the period to 31 March 2020:

Forecast use of Transition Support Reserve Funds	**£m**
Year to 31-Mar-18	4.6
Year to 31-Mar-19	8.4
Year to 31-Mar-20	4.0
Total use of Transition Support Reserve	**17.0**

17.8.5 The Chief Constable will manage the use of this resource to support the LPP under the governance of the Force Establishment Board.

18 Indicative Budget Forecasts 2018/19 to 2021/22

18.1 All budget pressures, budget savings, funding assumptions and proposed use of reserves outlined earlier in this Strategy are summarised below, to show an overall position for the Group representing the combined budget forecasts for the PCC and Chief Constable. Having considered the savings proposals and the availability of reserves to support the medium term plan an important consideration is the precept proposal for 2018/19.

18.2 In common with other policing bodies the MTFS includes a financial planning assumption that the precept will be maximised each year in accordance with legal requirements and Home Office assumptions. The precept percentage assumption which has been calculated based on an increase to Band D of £12 per year from 2018/19 to 2019/20 and £5 per year from 2020/21 to 2021/22.

18.3 The actual precept decision will still be determined by the PCC on an annual basis taking into account all the factors.

18.4 The key medium term financial forecast planning assumptions are summarised in the following table:

Assumption	2017/18	2018/19	2019/20	2020/21	2021/22
Main Policing Grant change	-1.4%	No Change	No Change	No Change	No Change
Revenue Support Policing Grant change	No Change	No Change	No Change	No Change	No Change
Council Tax Support Grant	No Change	No Change	No Change	No Change	No Change
Legacy Council Tax Freeze Grants	No Change	No Change	No Change	No Change	No Change
Tax base increase	1.54%	1.61%	1.34%	1.34%	1.34%
Collection Surplus/(Deficit)	£0.95m	£1.083m	-	-	-
Pay award	1%	2%	2%	2%	2%
Police staff pension contributions	1%	2%	2%	2%	2%
Precept (£12 per year increase)	-	7.80%	7.23%	-	-
Precept (£5 per year increase)	3.36%	-	-	2.81%	2.73%
General Price inflation	2%	2%	2%	2%	2%
Investment Interest Returns	0.40%	0.40%	0.40%	0.40%	0.40%
Income - Fees & Charges *1	No Change	No Change	No Change	No Change	No Change
Income – Specific Grants *2	No Change	No Change	No Change	No Change	No Change

*1 – Income from fees & charges includes a wide range of income sources including income from the criminal records bureau, local partnerships, alarms and CCTV maintenance, sports events including football, vehicle sales, mutual aid, car parking charges, boarding up services, accident reports, certificate charges, training income, firearms income, court costs awarded and rental income. Due to the variable nature of these sources of income the budget where some sources will increase and others will reduce, a prudent assumption has been taken to maintain the income levels over the MTFS period. The force will however seek to maximise income generation opportunities through the commercial focus of the 18-22 transformation plan as outlined in paragraph 6.10.

*2 – Income from specific grants includes the government grants for PFI, dedicated security posts and the prevent initiative.

18.5 The Medium Term Financial Forecast (MTFF) for the total Police Fund budget position is set out below.

Approved 2017/18 £m	Group Budget Forecast	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
254.977	**Base Budget**	**256.966**	**265.988**	**273.756**	**278.404**
	Budget pressures				
5.240	Employee pay & price increases	3.911	7.656	5.467	9.000
7.296	Growth and inflation/cost pressures	9.904	1.597	1.443	1.472
12.536	**Total Budget pressures**	**13.815**	**9.253**	**6.910**	**10.472**
(11.262)	**Budget savings**	(1.253)	6.873	1.757	(5.720)
4.623	Re-phasing LPP pay	8.358	4.019	-	-
-	LPP one year effect	(4.623)	(8.358)	(4.019)	-
(6.639)	**Total Budget savings** *(after Local Policing Transition Reserve transfers)*	**2.482**	**2.534**	**(2.262)**	**(5.720)**
260.874	**Total Budget**	**273.263**	**277.775**	**278.404**	**283.156**
	Income				
(96.461)	Home Office Grant Income	(96.461)	(96.461)	(96.461)	(96.461)
(53.137)	Home Office Revenue Income	(53.137)	(53.137)	(53.137)	(53.137)
(10.140)	Council Tax Support Grant	(10.140)	(10.140)	(10.140)	(10.140)
(3.062)	Council Tax Freeze Grant	(3.062)	(3.062)	(3.062)	(3.062)
(90.188)	Council Tax Income	(93.216)	(102.104)	(110.957)	(115.604)
(3.028)	Council Tax Precept increase	(8.888)	(8.852)	(4.647)	(4.752)
(0.950)	Council Tax Collection Fund	(1.084)	-	-	-
(256.966)	**Total Income**	**(265.988)**	**(273.756)**	**(278.404)**	**(283.156)**
3.908	**Funding gap/(surplus) before reserves**	**7.275**	**4.019**	**0.000**	**0.000**
	Planned use of reserves				
(3.908)	Transfers (from)/to Reserves	(7.275)	(4.019)	0.000	0.000
0.000	**Funding gap/(surplus) after reserves**	**0.000**	**0.000**	**0.000**	**0.000**

18.6 The Group budget forecast set out above shows how, after the planned use of reserves, savings and the precept, there is no funding gap for the period of the MTFS, which meets the key principle of the PCC's Strategy in that overall expenditure will be delivered within a sustainable budget over the medium term.

18.7 The budget includes £7.4m made available from the proposed 2018/19 precept increase of £12 per annum per Band D Properties. This will be used to maintain policing capacity and resources and necessary investment in line with Police & Crime Plan and Operational Delivery Plan priorities.

18.8 The approved 2018/19 revenue budget is set out in the table below.

Revenue Budget Summary 2018/19	Gross £m	Grants £m	Income £m	Net £m
Chief Constable's Operational Delivery Budget	296.826	(6.920)	(22.662)	267.244
Office of The Police and Crime Commissioner	1.286			1.286
Community Safety	1.635			1.635
Victim Support Services and Restorative Justice	1.954	(1.954)		0.000
Financial Provisions	3.397			3.397
Treasury Management Interest	0.201		(0.500)	(0.299)
Transfers to/(from) Earmarked Reserves	1.083		(8.358)	(7.275)
Total Net Budget Requirement 2018/19	**306.382**	**(8.874)**	**(31.520)**	**265.988**

18.9 The MTFF for the Chief Constable's budget position is set out in the following table:

Chief Constable's Operational Delivery Net Revenue Budget

Approved 2017/18 £m	Chief Constable	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
	Employees				
127.535	Police Officer Pay (incl. overtime)	125.684	124.514	123.623	126.716
26.824	Police Pension Employer Contributions	20.512	21.202	21.881	22.553
154.359	**Total Police Pay**	**146.196**	**145.716**	**145.504**	**149.269**
68.564	Police Staff Pay	72.646	75.442	78.324	81.276
6.442	PCSO Pay	5.774	6.001	6.235	6.475
75.006	**Total Police Staff Pay**	**78.420**	**81.443**	**84.559**	**87.751**
5.566	**Other Employee costs**	**4.753**	**4.792**	**4.831**	**4.870**
234.931	**Total Pay Costs**	**229.369**	**231.951**	**234.894**	**241.890**
11.080	Buildings & Premises	11.749	12.281	12.638	13.002
4.558	Transport Costs	4.371	4.458	4.547	4.638
34.867	Supplies & Services	41.603	42.435	43.284	44.149
6.005	Third Party Payments	7.252	7.398	7.546	7.697
291.441	**Total Non-Pay Costs**	**294.344**	**298.523**	**302.909**	**311.376**
(6.639)	**(Savings) / Investment**	**2.482**	**2.534**	**(2.262)**	**(5.720)**
284.802	**Gross Operational Delivery Budget**	**296.826**	**301.057**	**300.647**	**305.656**
(22.793)	Income	(22.662)	(22.662)	(22.662)	(22.662)
(8.227)	Specific Grants	(6.920)	(6.920)	(6.920)	(6.920)
(31.020)	**Total Income and Grants**	**(29.582)**	**(29.582)**	**(29.582)**	**(29.582)**
253.782	**Net Operational Delivery Budget**	**267.244**	**271.475**	**271.065**	**276.074**

18.10 The MTFF position for the PCC's budgets are set out below:

Police & Crime Commissioner Net Revenue Budgets

Approved 2017/18 £m	Police & Crime Commissioner	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
1.274	Office of the PCC	1.286	1.327	1.370	1.414
1.635	Community Safety	1.635	1.635	1.635	1.635
1.952	Victims Services	1.954	1.954	1.954	1.954
(1.952)	Grant Income (Victims)	(1.954)	(1.954)	(1.954)	(1.954)
(0.299)	Treasury Management Interest	(0.299)	(0.299)	(0.299)	(0.299)
2.610	**Total Income & Expenditure**	**2.622**	**2.663**	**2.706**	**2.750**
3.335	Financial Provisions	3.397	3.637	4.633	4.332
(2.761)	Transfers to/(from) Earmarked Reserves	(7.275)	(4.019)	0.000	0.000
0.574	**Total Provisions & Reserves**	**(3.878)**	**(0.382)**	**4.633**	**4.332**
3.184	**Total PCC Controlled Budgets**	**(1.256)**	**2.281**	**7.339**	**7.082**
256.966	**TOTAL POLICE FUND**	**265.988**	**273.756**	**278.404**	**283.156**

18.11 The 'Office of the PCC' includes salary and associated costs of the PCC, Chief Executive, Chief Finance Officer and any other staff employed to support the PCC as well as office-running costs. It also includes other statutory local policing body costs such as external audit. The 2016 HMIC Value for Money profiles highlighted that in 2016/17 the PCC's budget was the 6th lowest per head of population of the policing bodies in England and Wales.

18.12 Further details of the work that the team carries out to support the PCC and the corporation sole can be found on the Sussex Police and Crime Commissioners website at this link.

18.13 The Policing and Crime Act introduced measures that place a statutory obligation on emergency services to collaborate and also enable PCCs to take on responsibilities for Fire & Rescue Services in their area. The PCC commissioned an independent report, in the form of a Local Business Case (LBC), to assess police and fire collaboration governance options in Sussex. It was published 19 July 2017.

18.14 Through the process of preparing the LBC, the fire authorities have given the public a renewed commitment to more energetically embrace collaboration. Sussex Police also supports closer working between the two fire services. The LBC shows them how to do this and where the efficiency savings can be made.

18.15 The PCC wants to support that transformation without disruption to the service or causing unnecessary anxiety for fire service professionals and incurring further costs. The PCC therefore did not seek a change to Governance at that time.

18.16 **Community Safety**

18.17 The PCC continues to support Community Safety initiatives and Community Safety Partnerships (CSP) through the Community Safety Budget. It is planned that the current total allocation will remain over the period of the MTFS. A review of the funding to CSP's was carried out in 2017/18 by the OPCC. The outcome of the review will be published in February 2018.

18.18 The budget also includes the Safer in Sussex Community Fund that provides financial support to local community groups, voluntary and third-sector organisations that are working to reduce crime, improve community safety and help people recover from the impact of crime. The PCC will continue to develop and grow this market to provide services that meet the needs of local residents and help to keep Sussex safe.

18.19 **Victim Services and Restorative Justice**

18.20 The Ministry of Justice allocates a grant to the PCC to spend on victim services and child sexual abuse services. The grant is allocated between PCCs on the basis of population. A total grant of £1.954m has been allocated to Sussex in respect of Victims Services and Restorative Justice for 2018/19.

18.21 We make the assumptions that future grant settlements will continue and not impact on the precept decision.

18.22 **Provisions, Treasury and Reserves**

18.23 Financial provisions include the revenue and financing costs of the capital programme, interest receivable on cash balances and the pay and price contingency.

18.24 Investment and borrowing are managed via the PCC's Treasury Management Strategy which is approved annually in March following a review by the Joint Audit Committee.

18.25 The PCC is responsible for the management of all reserves and the reserves strategy has been explained elsewhere in this MTFS (see Section 16).

19 Risk Assessment

19.1 The MTFS contains the most up to date information at the time of drafting but the PCC's financial position is dynamic. A comprehensive financial risk assessment is undertaken for the revenue and capital and investment budget setting process to ensure all risks and uncertainties affecting the PCC's financial position are identified.

19.2 The PCC faces a number of significant financial pressures that could affect the position over the medium term. An assessment of the likelihood and impact of potential risks has been undertaken and the management controls in place are detailed in Appendix B.

19.3 These risks and emerging risks are monitored and managed throughout the year on the risk register with oversight by the Joint Audit Committee.

19.4 **Risk Assessment and Adequacy of Reserves**

19.4.1 The Local Government Act 2003 requires the Chief Finance Officer (CFO) to undertake an assessment of the robustness of the annual budget and the adequacy of reserves. That assessment and a statement will be included in the key decision annual budget and precept report 2018/19.

19.4.2 The CFO has applied the same principles used to undertake the assessment of the 2018/19 budget to the following three years of the MTFS.

19.4.3 In assessing the robustness of the budgets and forecasts, the CFO will consider the following issues:

- The general financial standing of the Police and Crime Commissioner;
- The underlying budget assumptions, including an assessment of the estimates for pay and price increases;
- A risk assessment of expenditure and income estimates including adequacy of budget monitoring and financial reporting arrangements (See Appendix B);
- The future budget pressures identified;
- The adequacy of the budget monitoring and financial reporting arrangements;
- The adequacy of the Police and Crime Commissioner's governance arrangements and internal control system including the risk management system;
- The adequacy of general reserves to cover any potential financial risks faced by the Police and Crime Commissioner; and
- The impact of the police grant settlement including the precept.

19.5 At 31 March 2018, the Police and Crime Commissioner's General Reserve is estimated at £10.28m (4.0% of net revenue expenditure), in accordance with the approved reserves policy (see Appendix A) and to remain at 4% over the duration of the MTFS with the closing general reserve at March 2022 to be £11.33m.

19.6 The PCC's Chief Finance Officer confirms that, after taking account of these issues, the revenue and capital estimates contained in this MTFS are considered robust and that the level of reserves proposed in the review set out earlier is considered adequate to cover the financial risks faced by the Police and Crime Commissioner.

20 Public Consultation

20.1 The Police Reform and Social Responsibility Act 2011 places a duty to consult with residents within Sussex on the proposals of the PCC for expenditure (including capital expenditure) and the precept in that financial year.

20.2 The PCC has completed an annual consultation in each of the past four years using a range of public engagement channels including broadcast, print and social media and direct email.

20.3 It is important to note that the consultation is not a referendum but an opportunity for respondents to make their views known. The consultation result forms one of the many sources of information that the PCC uses in order to make the annual budget and precept decision.

20.4 **Sussex PCC Public Consultation on the Police Precept 2018/19**

20.5 The PCC ran an online consultation from November 9th 2017 to January 5th 2018. This was widely publicised in the media, and by partner organisations across the county and resulted in the biggest public response of the past five consultations.

20.6 A total of 4,559 responses were received (compared with 4,485 responses in 2017) which gives the results a confidence interval of approximately +/- 1%.

20.7 Around three fifths (63%) of respondents answered 'Yes' when asked "Would you be prepared to pay more, through your council tax, for policing in Sussex?"

20.8 Of those prepared to pay more, two thirds (66%) would be prepared to pay an additional £10 a year and one fifth (20%) would be prepared to pay an additional £5 a year.

20.9 The remaining 14% answered that they would be prepared to pay an additional 'Any other amount'. These respondents were then asked to specify an amount, with the most common response being £50 a year.

20.10 To account for any possible duplicate responses, a random 20% of the sample was analysed. Of these 917 responses, 64% answered 'Yes' they would be prepared to pay more, through their council tax, for policing in Sussex, with 36% answering 'No'. This is in line with the overall findings of the consultation.

20.11 Further details about the breakdown can be found on the PCC's website at this link: Results of the Precept Consultation January 2018.

21 Conclusions

21.1 The overall financial context for Sussex Police remains challenging with the requirement to continue to make savings over the MTFS period.

21.2 The approach set out in this MTFS will deliver a balanced budget. It sets out how all four years will be financed and the general reserve will be maintained at approximately £10m in line with the reserve strategy. The management of this position is achieved through well constructed and managed workforce plans, the use of one-off reserves in a managed way, rationalisation of estates, new operating model efficiencies, non-pay savings and increases to the precept.

21.3 The MTFS does indicate that a sustainable financial position can be achieved over the period 2018/19 to 2021/22 and the PCC and Chief Constable are fully committed to taking the necessary decisions to achieve this outcome.

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APPENDIX A (RESERVES POLICY)

General Reserve		Level or Target
General Reserve	Provides a working balance to cover day to day cash flow requirements and to cover exceptional unforeseen financial and operational risks. The target level of the reserve is reviewed as part of the annual budget setting process. The September 2017 review of reserves considered the adequacy and need of the separate £2.5m operational reserve in addition to the General Reserve. It recommended that the £2.5m operational reserve could be incorporated within the existing £10.8m General Reserve balance. This sum is available to the Chief Constable for operational priorities without the need for additional approval.	4% of Net Revenue Expenditure Budget as at 31 March each year.
Contingency and Risk		
Insurance Reserve	Provides for the self-funding of certain uninsurable risks, such as payments of compensation or damages. This Reserve is funded from revenue or transfers from other reserves and adjusted annually, following an independent actuarial review, to reflect inflation and up to date risk management information. To improve consistency in funding claims, there is a need to split claims between a provision on the balance sheet for the cost of claims received and outstanding; and funds held in the reserve to cover claims incurred but not received or quantified. Claims that have been reported and assessed as more likely to be settled are carried as a financial provision whilst known incidents where no claim has yet been made, are covered by the insurance reserve. The revenue account is used to meet any in-year liabilities if they arise. Any year-end variance in the revenue claims budget will not normally be met from or transferred to the general force budget, but transferred to/from the insurance Reserve. The level of the reserve is reviewed annually.	Assessed as part of the annual insurance actuarial review.
Investment		
Capital and Investment Reserve	To support planned one-off and non-recurring investments of a capital and revenue nature. Change management initiatives providing support for implementing cost-saving initiatives. Financing asset replacement plans and commitments over 5-10 years.	In line with investment and replacement plans included within MTFF and dependant on financing requirements of the Capital Strategy. Funded from: approved in year revenue budget surplus; transfers from other reserves; specific approved contributions.
Capital Receipts Reserve	This reserve holds the proceeds from the sale of assets, and can only be used for financing capital expenditure in accordance with regulations.	Receipts from the sale of assets are taken to this reserve.
Capital Grants & Contributions	This reserve holds unused elements of grant and other external funding to be spent in the following financial year in line with the conditions of the grant or external funding.	As determined by the closure of accounts process

Single Use		
PFI Reserve	As part of a wider review of the custody PFI contract a review was commissioned to determine why the PFI reserve of £12.794 million was set aside as an earmarked reserve, what the reserve was to fund and when. It concluded that £10.3m could be reallocated from the reserve leaving a balance to be retained for the PFI contract review process. This reserve will be discontinued once exhausted.	The remaining PFI balance is to be used until the review project is completed or reserve exhausted.
Asset Seizure Reserve	Balance of Proceeds of Crime Act (POCA) income received but not spent during the year to be used in accordance with Home Office guidance.	Target level of 12 months costs of financial investigators.
Delegated Budget Holder Reserve	Under and overspendings on the PCC's and Chief Constable's revenue budgets are managed via this reserve in accordance with the PCC's carry-forward policy.	Agreed annually by the PCC as part of the final outturn.
Sussex Safer Road Partnership (SSRP)	Balance of funding for the Sussex Safer Roads Partnership. This reserve can be used to finance capital or revenue expenditure. The level of this reserve may fluctuate year on year as under-spends are transferred in. However £1.2m is ring-fenced so that in the event that the Partnership is dissolved, there are sufficient funds to cover one year of running and decommissioning costs. This reserve belongs to the SSRP Partnership and any funds remaining will be returned to the contributing partners on a pro rata basis.	Transfer of any SSRP under-spend at the end of the year to reserves.
Local Policing Transition Support Reserve	This reserve was created following a Balance Sheet review during the 2017/18 year by reallocating existing earmarked reserves no longer required for their original purpose, plus an additional £2m contribution from the 2017/18 forecast underspend. Specific use of this reserve will be to smooth the impact of changes to police officer numbers in order to strengthen local policing. Specific tranches of this reserve will be released over the period to April 2020 via agreement at monthly financial accountability meetings between the Force and the PCC.	Specific reserve set up during 2017/18 to be released over the period to April 2020.

APPENDIX B (FINANCIAL RISK ANALYSIS)

Issue	Assumption	Comment
Maintaining & improving service performance levels	Resources sufficient to meet targets and priorities in the Local Policing Plan and Strategic Policing Requirement	The Chief Constable believes that there are sufficient resources to deliver future Police & Crime Plan priorities and Strategic Policing Requirement. However there remains risk from the cost of major operations including counter-terrorism, particularly if these are not fully funded nationally. The PCC has made available further one-off resources released from reserves to assist Operational Policing over the period of the MTFS. The higher precept can provide additional resources to meet further demand.
Pay and price budgets and establishment control	Provision for national pay awards ceiling of 2%. Staff turnover and increments based on detailed analysis of current staff profile and trends. General price inflation of 2%	Whilst the number of police officer leavers is difficult to predict, recruitment and promotions are managed during the year across the Force to match staffing need and resources to budget. Close corporate monitoring of the overall budget and management action to maintain financial discipline is particularly important given the Force faces reductions in staffing through budget changes, as well as the PCC's approved investment in Police & Crime Plan and Force priorities. As such a new approach has been introduced to oversee these changes through a workforce 'Establishment Board' chaired by the Deputy Chief Constable. There is also a requirement from the PCC's CFO to improve transparency of workforce commitments to be included in the monthly reporting. Pay and price contingency is available to meet unexpected increases in year. The risk that prices may rise is mitigated by budget monitoring arrangements and actively managing spend pressures.
Limits to Precept Increases	Future precept planning assumption of a £12 increase.	The Localism Act 2011 gives a statutory obligation for council tax referendums to be held should a precept higher than prescribed be considered by the PCC. The Secretary of State for Communities and Local Government set the level above which a referendum would be required at over £12 for all PCCs and has indicated this could be the same for 2019/20. A shortfall in precept funding would arise if the precept increases are lower than estimated. An increase in excess of the referendum level would result in the requirement to hold a referendum and the costs met by the OPCC.
Grant Levels	Overall revenue grant frozen for 2018/19. Capital grant frozen for 2018/19.	2018/19 was a one year only settlement. Future reductions in funding including unfavourable review of the funding formula is possible within the MTFS period, this will be monitored regularly with proactive input to any funding formula reviews or consultations arising. Assumption that flat cash grant will continue but there is a risk of further cuts in future years. The reduction in 2017/18 was 1.4% £2.1m. Changes to the grant formula may further reduce the level of grant payable but the outcome of that is expected after the next government spending review.

Issue	Assumption	Comment
Council Tax	Collection rates advised by individual billing authorities Tax Base	The risk of council tax collection rates being lower than expected could impact on the collection fund balances and any surpluses payable to the PCC. Billing authorities' factor in prudent collection rates to mitigate this risk. The tax base is expected to increase during the MTFS period but the assumptions could be impacted by changes to the mix of dwellings, discounts and the impact of unemployment numbers within billing Authorities council tax reduction schemes.
Budget Estimates (Expenditure)	Provision for specific on-going cost pressures	The budget estimates including all identified additional costs for 2018/19, supported by input and review by the Chief Financial Officers. Risks of budget overspend are mitigated by the monthly budget monitoring process and formal monitoring reports to the PCC.
Budget and financial reporting	Savings requirement of £3.0m to 2021/22. Monthly 'Group' budget monitoring	Action plans to deliver savings continue to be reviewed by Chief Officers and regular monitoring will be undertaken to track achievement of savings and ensure any additional action required is undertaken during the year. The achievement of savings in 2018/19 and beyond heavily depends on the delivery of savings from the LPP and the Policing Together Programme (joint vision and services with Surrey Police). Wider blue light collaboration will contribute to the delivery of savings over the medium term. Necessary improvements to financial monitoring identified during 2016/17 are now in place with a rigorous process of monthly review, including close scrutiny by the Forces Director of Finance and the PCC's Chief Finance Officer.
National IT Systems	Move to full cost charging without transfer of funding from Home Office.	Further potential costs related to the national changes to training and the creation of the national police college could continue in 2018/19 and beyond.
Levels of Reserves	Forecast to reduce over the term of the MTFS	Currently used to finance the capital and investment programme and major change initiatives. It remains a risk that the level of reserves is adequate to meet unplanned demand and unexpected costs. To mitigate this risk, the General Reserve is kept at a minimum of 4% of revenue expenditure. An annual review of all reserves is undertaken at budget setting along with a post year-end review and update to the MTFS.
Interest rates, investment and borrowing	Interest rates assumptions of 0.40% Borrowing at fixed rates.	Forecasts of investment income for 2018/19 onwards are based on estimated cash balances and interest rate forecasts as set out in the treasury management strategy. A prudent position has been adopted with regard to anticipating future increases in interest rates, to address the risk of interest rates being lower than expected. The risk of investment fund loss due to collapse of the financial institution with whom the deposit is placed, is limited by controls within the Treasury Management Strategy which focus on security rather than returns. Potential impact is mitigated by a diverse portfolio with top credit rated institutions. At this stage, no borrowing has been planned to finance the capital programme in 2018/19 or beyond.
Income Assumptions	Income budgets reduced for specific items.	Some risk of achieving on-going level of income targets included in Divisional and Department budgets. This will be monitored during the year and appropriate action or mitigation agreed as necessary. Additional income may be received in-year due to unforeseen events. Budget adjustments will be requested where appropriate.

Issue	Assumption	Comment
Policing of Gatwick Airport	Funding of £13.9m in 2018/19.	The existing public Services agreement for Policing Gatwick Airport was renewed during 2017 for three years to 31 March 2020.
Reductions in security grants	Potential reductions in Airport and other security grants.	MTFS assumes that grants will continue at current level. If subsequently reduced, savings will be made to cover the reduction outside of core savings targets.
Public Order	Additional cost of overtime and associated costs	Whilst action will be taken to mitigate the overtime and other additional costs relating to policing public order operations, significant costs may be incurred on anticipated events in 2018/19. It is proposed that in-year over-achieved savings will be used as a first source for funding, otherwise the public order contingency, other revenue budget and operational reserve provides potential sources of funding if necessary.
Operational Demands	Public protection	Key operational pressures include continuing demand and complexity of public protection cases (domestic abuse and vulnerable children/adults) plus changes in nature/type of evidence collection (more digitally based); requiring additional time/resource and cost to process.
Capital Programme	Latest plans	There is a risk of the capital programme being understated, or that over spending occurs, resulting in insufficient funding being available as planned. Slippage may also impact on operational demands. These risks are mitigated by regular review of all major projects including the Estates Strategy and ERP project, focus on key priorities agreed in advance, together with monthly budget monitoring and regular monitoring reports to the PCC.
Capital Financing	MRP is calculated on an asset by asset basis	This Capital Financing risk is of charges being greater than budgeted. This is mitigated by considering revenue and capital implications of major project spend within the capital and investment planning process and inclusion within the MTFF. The MRP debt repayment provision is calculated on individual assets and 100% of borrowing has fixed term rates, thus will not be impacted by changes in interest rates. No further borrowing is planned to finance the capital programme within this MTFS.
National ICT Programmes	Latest plans	There is a risk that delays to the implementation of national ICT schemes including ESMCP, NLEDP, HOB & DPP present significant risk. These risks will be managed by regular review of all these major projects with support and additional scrutiny from the Joint Audit Committee.
Risk Management		Financial consequences could result if all major risks have not been identified when the budget has been set. This is mitigated by robust risk management arrangements in place with formal reporting to the Joint Audit Committee; comprehensive insurance arrangements in place; and an adequate reserves policy and reserves (including the insurance and general reserve balances).
PRTB Grant Funded Risks		The PCC is hosting on behalf of Sussex Police a national ICT programme funded via police transformation grant (PRTB) and is project lead on another for Video Enabled Justice. Both grant funded projects are subject to their own separate grant agreement with the Home Office, governance arrangements, and internal control systems including risk management system and are overseen by the PCC.

APPENDIX C (LOCAL POLICING MODEL)

Sussex Police Local Policing Model.pdf

APPENDIX D (SUSSEX POLICE TRANSFORMATION 2025)

Sussex Police Transformation 2025