

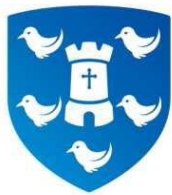


Sussex Police & Crime Commissioner



**Medium Term Financial Strategy
2019/20 to 2022/23 – February 2019**

This version of the MTFS was approved in February 2019 following formal approval of the precept by the Sussex PCC on 8 February 2019.



Sussex Police & Crime Commissioner

The Sussex Police & Crime Commissioner

MEDIUM TERM FINANCIAL STRATEGY 2019/2020 to 2022/23

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 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.

1.7 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.

1.8 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.

1.9 In 2017/18 my four year MTFS set out a challenging financial situation in which further reductions of £26.5m and the loss of a further 476 police officer posts was essential to balance the books despite the opportunity to increase the precept by £5. Faced with such a significant reduction in budget I authorised the release of £17m of reserves to provide the Chief Constable with one off cash so he could defer the immediate impact of the loss of those posts.

1.10 I lobbied hard during 2017 to secure the best possible funding arrangements for policing. This paid off with the Government allowing PCCs to raise the police precept above the previous limit per household/dwelling of £5 to £12 per annum. The Government indicated that this £12 increase would be available in 2019/20 too if PCCs and Police could demonstrate ongoing efficiencies and transparency in the use of its reserves.



- 1.11 With Sussex Police facing such significant reductions in funding and people this extra funding was an opportunity to be seized. I worked with the Chief Constable to develop a new MTFS for 2018/19 to 2021/22 that reduced the overall savings target to £3.0m, protected the 476 posts that would have been lost and provided resources to recruit an additional 200 officers and replace 600 officers over the 4 years of the plan. The strategy achieved the majority of the resources for this with precept increases of £12 for 2018/19, £12 in 2019/20, £5 in 2020/21 and £5 in 2021/22.
- 1.12 The unprecedented level of recruitment of officers - the largest intake since 2008 - is a big task. To recruit 800 officers by 2022 requires over 4,000 applicants to be assessed and around 200 successful recruits joining each year in four intakes. By the end of this financial year Sussex Police will have recruited 270 police officers including 50 transferees. The target for 2019/2020 is 168.
- 1.13 After a year of dialogue with Government, I, along with all other PCCs in England and Wales, have secured the best possible funding arrangements for policing in the current financial climate, with the Government recognising the need to provide additional resources for local and national policing. I along with all other PCC's in England and Wales have the opportunity to increase the precept by a further £12 to £24 for 2019/20.
- 1.14 I have decided to increase in the precept by £24 per year for an average band D property. Combined with the use of reserves this covers the previously planned savings requirements up to 2021/22 of £3.0m and adds further resources to allow essential investment in police services over the medium term. The MTFS for 2019/20 to 2022/23 sets out how the overall investment impact could increase to £32.1m over the four year period.
- 1.15 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;
 - And, my consultations, correspondence and focus groups with the public show that a majority of Sussex residents are prepared to support their police service through increased precept contributions.
- 1.16 The additional resource will enable:
- 100 more Police Community Support Officers (PCSOs) - to prevent and respond to crime, including more named PCSOs to ensure a consistent point of contact for local communities.
 - 50% more PCSOs out in communities, increasing visible policing support, including in rural areas.
 - Greater capacity to work with partners and leverage their support to

address local issues.

- Better engagement through social media with dedicated 'digital' PCSOs keeping vulnerable people safe online.
- More capacity to support vulnerable people and minority communities—addressing hidden crime.
- Improvement in local police/public relations and an increased capability to gather community intelligence.
- Improved ability to solve problems – deterring crime and tackling anti-social behaviour.
- 50 More Police Officers and 50 more specialist staff to be deployed as follows:
 - To prevent more deaths and serious injuries on our roads, through recruiting additional roads policing officers and collision investigators.
 - To improve the first point of contact with the public. Investing in more Contact Centre and social media engagement staff to improve its service for both 101 and 999 calls, as well as online engagement; and
 - specialist police investigators for public protection, serious violence, high harm and digital crime.

1.17 The investment means, that by 2023, there will be up to 250 more officers, 50 more specialist staff and 100 more PCSOs than there were in March 2018 a total increase of 400.

1.18 This update of the MTFS includes details of [The Sussex Police Transformation Strategy 2018/22](#) that was published in April and how this will be developed further up to 2023. This sets how the Chief Constable will use the additional resources identified in the last MTFS to invest them into local policing. This included 200 new officer and staff roles being identified in 2018/19 over the term of the Strategy, leading to large scale recruitment intakes from 2018/19. Potential precept increases in 2019/20 would enable further investment to strengthen local policing and modernising policing.

1.19 The MTFS also includes the revised reserves and other resources following the publication of the audited 2017/18 Statements of Accounts that were published on 30 July and the latest spending forecast for 2018/19. It also includes updated assumptions and risks and demonstrates how spending plans are affordable over the period of the MTFS.

Katy Bourne
Police and Crime Commissioner for Sussex
8 February 2019

2 Purpose of the Medium Term Financial Strategy

- 2.1 This is the MTFS of the Sussex Police & Crime Commissioner (PCC). It covers the planning period of four financial years from 2019/20 to 2022/23 plus the anticipated outturn position for the current year (2018/19).
- 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 2019/20 to 2022/23, 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 2019/20 to 2022/23 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 of which 1% is for operational requirements and 3% to cover any major unforeseen expenditure or loss of funding, but will review the opportunity cost of maintaining reserves at this level against the benefits of alternative approaches on a regular basis. 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, Executive Director of Commercial and Finance Services 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, Executive Director of Commercial and Finance Services 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 - Summary

5.1 This 2019/20 to 2022/23 version of the MTFS has been revised to include:

- The addition of a financial year 2022/23;
- A 2.1% grant settlement increase for 2019/20 and flat cash grant settlement assumed over the further three years of the MTFS;
- Increased employer contributions of 31.0% for the police officer pension schemes (previously 24.2%);
- An additional pension grant of £2.7m from the Treasury;
- The inclusion of a precept increase of £24 for 2019/20 and of £5 in the remaining three years;
- The inclusion of all savings achieved to date within base budgets;
- A proposed net investment of £7.6m in 2019/20 as a result of the maximum precept uplift provides a cumulative investment impact for the four year MTFS period of £32.5m (previously £3.0m savings target for the last MTFS four year period) see below;

MTFS Precept Investment	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Precept Investment Proposed	7.589	7.900	8.287	8.691	32.467
Phasing to and (from) reserves to maintain a balanced budget	1.152	3.022	(0.835)	(3.339)	(0.000)
Proposed Investment Requirement	8.741	10.922	7.452	5.352	32.467

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

5.2 This version has also been reviewed and revised to take into account the following key areas:

- A revised section on the Sussex Police Operational Context;
- The plans included in the [Sussex Police Transformation Strategy 2018/22](#) published in April 2018;

- The revenue and capital outturn for 2017/18 as published in the [Statements of Accounts on 30 July 2018](#);
- The revised reserves balances and plans to use those;
- The latest financial monitoring and forecast outturn for 2018/19.
- The revised investment/savings plans

Savings tables for consideration:

2018/19	Savings Plans	2019/20	2020/21	2021/22	2022/23	MTFS 4 Year Total
711	Policing Together Portfolio	581	60	-	-	641
2,047	Enablement Portfolio	654	1,030	500	497	2,681
9,196	Sussex Transformation Portfolio	274	75	-	-	349
11,954	Total	1,509	1,165	500	497	3,671

5.3 To continue funding existing investment plans and new investment plans.

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. Sussex Police, now in its 51st year, is transforming faster than ever to face its challenges and deliver the best service possible. By 2025 parts of Sussex Police will be completely transformed as the force faces the challenges of managing greater demand 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.

6.5 The workforce will focus on three priorities to:

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

- 6.6 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, in line with the transformation plan. The [Sussex Police Transformation Strategy 2018/22](#) will be further developed, being informed by the [Force Management Statement](#) self-assessment process, and will continue to inform the [Operational Delivery Plan for 2019/20](#) to set out how the force will use the resources allocated by the PCC to further transform its services between now 2019 and 2023, 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. The annual precept increases set out in the MTFS of £24, £5, £5 and £5 are required to enable operational and financial benefits to be achieved by 2023.
- 6.7 The [Sussex Police Transformation Strategy 2018/22](#) will therefore be developed further to extend to 2023 and details 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 saw 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 changes in demand levels and scale with investment opportunities when available.
- 6.8 The [Sussex Police Transformation Strategy 2018/22](#) also ensures 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 It articulates 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' support functions 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, Human Resources 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 £1.2bn of revenue, £43.3m of capital and reserves of £21.13m will be spent over the period of the 4 years from 2019/20 to 2022/23 (reserves figure based on forecast outturn for 2018/19). External validation received during 2018 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 details of the financial governance arrangements within policing bodies in England and Wales. [A copy of the July 2018 revised Code 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 members of JAC provide 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 Joint Audit Committee (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 The Statements of Accounts for the [PCC Group](#) and [Chief Constable](#) show how public money has been used and demonstrates its financial management and financial health. External Audit provide external independent opinion on the financial statements, consistency of other information published with the financial statements and concluding on the arrangements for securing economy, efficiency and effectiveness otherwise known as value for money. They also issue an opinion on the [Annual Governance Statements for both corporations sole](#). The Statements of Accounts and Annual Governance Statements for the year ended 31 March 2018 were published on 30 July 2018 and can be found on the website at this link. The [annual audit letter](#) for the year ended 31 March 2018 published by the external auditors can be found at this [link](#).
- 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 2017 [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 2018. 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 2018/19 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 PCC. Its role is to scrutinise the performance of the PCC and ensure transparency.
- 7.19 HMICFRS introduced Force Management Statements (FMSs) for 2018/19. They are 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 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 There was no statutory requirement to publish the 2018/19 Force Management Statement but Sussex Police has published a [redacted version here](#). A summary of the Force Management Statement forms a key element of the force's annual operational delivery plan.

8 Sussex Police Operational Context

8.1 A Changing Landscape for Policing in Sussex

- 8.1.1 The successful delivery of policing requires the Chief Constable to manage a complex set of resources, demands and priorities (as noted in paragraphs 7.19 to 7.22) whilst reviewing and revising plans to meet changing needs and available financial resources. [The Sussex Police Transformation Strategy 2018-22](#) (included at Appendix D) sets out the following key issues.
- 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, the county council predicts the resident population to grow by 37,000 to a total of 886,900 by 2022 and the proportion of the population that is over 65 years old will increase from 22.8% to 24.1% during that period.
- 8.1.5 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.
- 8.1.6 Together with the advent of new technologies and globalisation, the nature of crime itself is changing which further increases the complexity of policing.
- 8.1.7 Recorded crime in Sussex (per 1000 of population) has shown gradual year-on year increases, in line with national trends. These changes are not across the board; for example although recorded burglaries have increased in the past two years, numbers of burglaries are still lower than in 2014/15 and the risk of being a victim of burglary in Sussex remains low compared with the vast majority of police forces across England & Wales. In contrast however, since 2013/14, we have seen increases in reports of rapes and serious sexual offences, mirroring what has been seen nationally.
- 8.1.8 The internet and on-line services have given rise to new opportunities for criminals, such as 'phishing' and 'ransomware' attacks as well as on-line, cyber-enabled fraud. The widespread use of social media has also resulted in 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.

- 8.1.9 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.
- 8.1.10 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.
- 8.1.11 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.
- 8.1.12 Cyber-crime is likely to be an enduring challenge requiring a collaborated response from government, law enforcement and business.
- 8.1.13 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.
- 8.1.14 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.
- 8.1.15 As our MTFs develop, it will continue to be informed by, and reflect, this changing landscape.

8.2 **Preventing Crime – What Sussex Police is Doing?**

- 8.2.1 Efficiencies continue to be made in smarter policing and improving how the force maintains and, where possible, improve its service. The PCC 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 As is only right, the police service is regularly scrutinised to ensure it continues to provide value for money, learns lessons and delivers the best possible service to the public 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 is developing an evidence-based approach to 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 model of local policing 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 and further develop this model to 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 when it's right to do so, 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 Efficiencies and Partnership Working

9.1 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.

9.2 'Policing Together' – Collaboration Programme with Surrey

9.2.1 The Force continues to work closely with Surrey Police and develop the commitment to joint working and deliver effective services across Sussex and Surrey. Effective partnership working, information sharing, integrated problem solving and the co-commissioning of services are being delivered through a wide range of joint services including; Operations Command (including Roads Policing, Tactical Firearms, Operations Support and Planning & Resourcing), Specialist Crime Command, Professional Standards, Finance, Procurement, Insurance, Transport, People Services (including Occupational Health) and Information, Communications & Technology (ICT).

9.2.2 The Joint Transport Service (JTS) introduced electric vehicles during the year to reduce costs and cut the carbon footprint via a more energy efficient fleet of vehicles. Vehicles and charging equipment were purchased at a large discount taking advantage of time restricted benefits.

9.2.3 JTS implementation of in-car Automatic Number Plate Recognition (ANPR) and in-car telemetry will not only help both forces identify and match resources effectively to demand, but will also help to catch criminals, reduce whole life costs for vehicles (fuel and maintenance) and increase motor risk management which in turn should support better value for money on future insurance cover.

- 9.2.4 Further work has taken place to make additional efficiencies and improvements, including:
- 9.2.5 A single Executive Director of Commercial and Finance Services now sits across both Sussex and Surrey police as the section 151 officer to fully collaborate service delivery across the finance and commercial (estates, facilities, transport, insurance) service teams.
- 9.2.6 The Sussex Police estates innovation programme includes installation of solar panels on major sites across the Sussex estate to realise environmental and financial benefits, including lower electricity costs and utilising sustainable forms of energy. Delivering solar panels during 2018/19 with installation by the end of March 2019, has allowed further financial benefit from a Government Feed-in-Tariff available this financial this year.
- 9.2.7 Being an early adopter of the national programme of "Achieving Financial Excellence in Policing" programme supported by the CIPFA (The Chartered Institute of Public Finance and Accountancy) is underway and will further embed joint working and develop effective arrangements across the finance functions in Sussex and Surrey. This is a national programme established by the NPCC and Sussex is one of only three forces involved in the pilot programme with Surrey and the Metropolitan Police. A key element of this is a Financial Management Capability Review (FMCR) to assess forces' financial management capability and provide a roadmap for ongoing improvements. The programme also includes upskilling of Finance Business Partners and budget holders, systems to support earlier closure of accounts (implemented) and leadership development for CFO's and aspiring CFO's.
- 9.2.8 Specialist Crime manages some of the most complex and serious crimes and risks facing the public. Its new structure will ensure we can improve our response to both current and emerging threats by removing duplication, rationalising processes and making use of shared resource and skill. As described elsewhere, the changing nature and complexity of crime necessitates a comprehensive and professional response. The Specialist Crime Capabilities Programme is delivering a single, modern and innovative approach across Surrey and Sussex and as a consequence improves performance and productivity. This ambitious programme covers: Major Crime Team; Forensics; Surveillance; Cybercrime; Serious and Organised Crime Unit; Economic Crime Unit; Intelligence and Tasking; Crime Support; and the Crime Review Team.
- 9.2.9 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. The next phase is to replace legacy IT systems and introduce new ways of working more efficiently, effectively and at reduced cost, across the two forces.
- 9.3 **Other Partnership Working**
- 9.3.1 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. Re-shaping the estate in this way at key locations helps to meet future operational demands,

gives greater visibility to local policing and increases multi-agency working to aid the community and facilitate witness and victim access to policing and justice.

- 9.3.2 Co-location with public sector partners has released efficiencies and improves the service offered to the public. This includes the East Sussex Fire & Rescue Service co-locating their Head Office Functions at the force's HQ site in Lewes, and shared accommodation with the South East Ambulance Service at Pulborough.
- 9.3.3 Refurbishment work has improved operational capacity and enhanced working spaces, for example in Brighton, we have increased use of a police station and have let out surplus floor space to The Crime Prosecution Service and Brighton and Hove Council.
- 9.3.4 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.
- 9.3.5 Working well with partners is essential to making sure people get the right service, this is particularly important when responding to those with mental health problems. A report on this topic called 'Picking up the Pieces' published by HMICFRS recognised that police are doing a good job of protecting these vulnerable people, being noted as supportive, considerate and compassionate, but that ultimately other professionals would be better placed to deal with people with such specific needs.
- 9.3.6 Sussex Police is working with a range of partners including Ambulance and other health departments to provide a seamless approach to provide assessment, support and care. In East Sussex there is a pilot to enable us to quickly handover to the Accident & Emergency department those needing assessment, rather than waiting. If successful, this initiative can be rolled out force-wide.
- 9.3.7 Mental Health Triage cars are in place in West Sussex, East Sussex and now Brighton. This car, crewed with a nurse and police officer gives an effective response and access to health information that often means that we don't have to respond or section somebody.
- 9.3.8 Arrangements are also being developed with the Ambulance service and the Fire Service so that the Ambulance team will now call the Fire service if they need entry force to a 'collapse behind closed doors', rather than the Police, unless there is a clear crime issue. This will allow police officers to focus on priorities where they are needed most.
- 9.3.9 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.

- 9.3.10 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 has been given to ensuring that the business benefits of this project are delivered through ensuring officers across the force adopt the new ways of working.

9.4 **Regional Collaboration**

- 9.4.1 Key opportunities for future collaboration efficiencies and savings in the medium term to long term across the period of both the [Transformation Strategy 2018/22](#) and this MTFS, have been identified through working on a regional basis on joint projects with Thames Valley, Hampshire, Sussex and Surrey forces.
- 9.4.2 The PCCs and Chief Constables have approved a 'regional ambition' paper which outlines the opportunities and appetite between partners for future collaboration.

10 Financial Context

10.1 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 nine years, Sussex had to make £105m of reductions and efficiencies to head towards balancing its books based on actual savings achieved from April 2010 to March 2018 plus the 2018/19 revenue budget savings requirement target. (Source: Her Majesty's Inspectorate of Constabulary's (HMIC) Police Effectiveness, Efficiency and Legitimacy (PEEL) assessment and revenue budgets for 2017/18 and 2018/19). In addition it also had its ability to raise additional tax revenue from the precept restricted by the government capping and excessiveness principles.



10.2 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 in 2018/19 provided additional flexibility for all PCC's to raise the tax by £12 per Band D equivalent household up to March 2019 which included Sussex;

10.3 Sussex experiences significant impact from funding reductions because it receives more in core policing grant in proportion to its council tax; with 61% being from grant during 2018/19. In addition during 2018/19 Sussex had the:

- 4th lowest Net Revenue Expenditure (NRE) per head of population nationally at £152.78 (excluding national functions and PCC) (Most similar group = £159.11; nationally = £174.50);
- 5th lowest precept of any PCC in England and Wales at £165.91 per Band D equivalent household.
- 5th lowest total funding per head of population at £155.84 which equates to a £19.01m difference to the average in England and Wales.
(Source: p.15 2018/19 [HMICFRS Value for Money Profiles](#))

10.4 Resources - Police Grant Settlement 2019/20

10.4.1 The provisional police financial settlement for 2019/20 announced by the Minister for Policing and the Fire Service on 13 December 2018 has changed the financial context again.

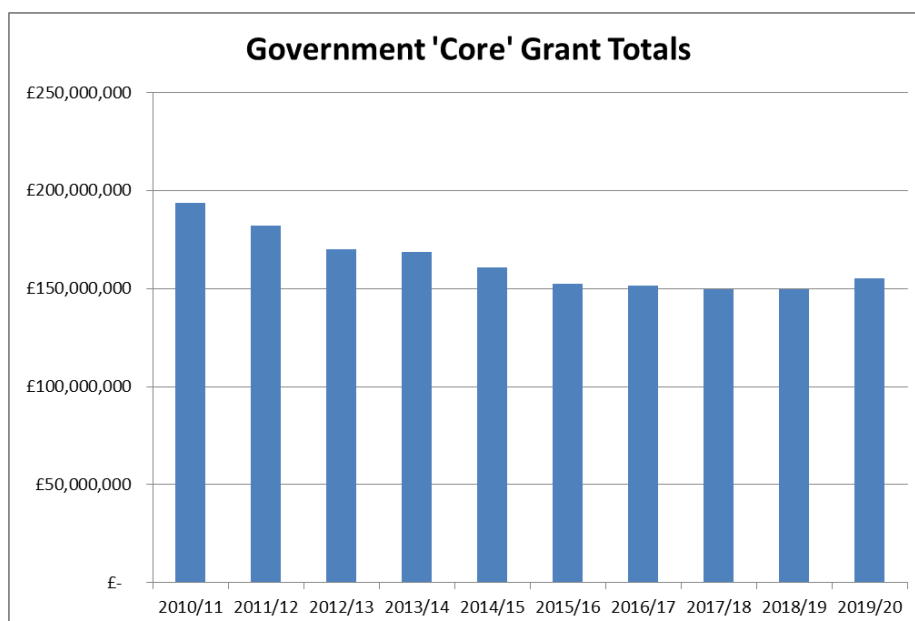
10.4.2 The key elements of the national settlement are:

- A 2.1% grant settlement increase for 2019/20 - this settlement provided additional core grant resources required to cover most but not all of the additional police pension scheme employer contributions;
- Increased employer contributions of 31.0% for the police officer pension schemes (previously 24.2%);
- This settlement has enabled all PCCs to raise additional funds from local taxation;
- In 2019/20 all PCCs will be allowed to increase Band D precept by as much as £24;
- The Home Office require PCCs and police to continue to make progress on efficiency, productivity and effectiveness.
- Efficiency savings are expected to continue in 2019/20 through collective procurement and shared services;
- Forces will have to continue improving productivity, including through smarter use of data, and digital capabilities including mobile working, with an ambition to deliver £50m of productivity gains expected in 2019/20 across all forces.
- The police funding formula review will be revisited within the next spending review.

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

- Police core revenue and formula funding grants increased by 2.1% with legacy council tax grants frozen at the 2017/18 value;
- Option to increase precept by up to £24;
- Capital grant has increased slightly in 2019/20 to £0.925m (previously £0.906m).

10.4.4 Core grant sums for Sussex since 2010/11 are shown in the graph below.

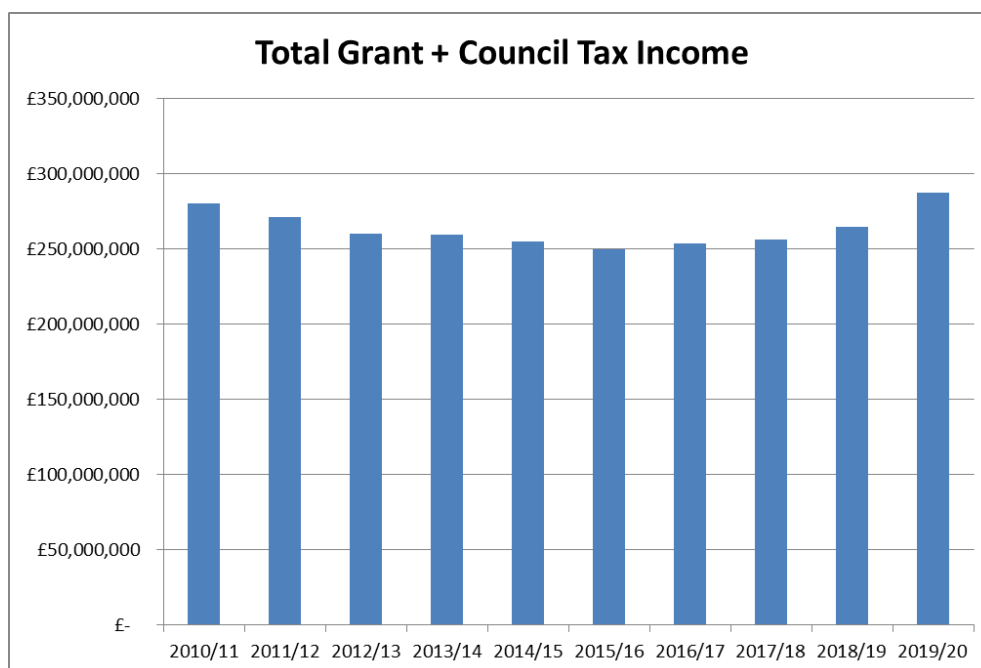


10.4.5 The 2018/19 to 2021/22 MTFS had included the assumption of a freeze to the grant and a £12 increase to the precept in the first two years and a £5 increase to the precept in the final two years of the MTFS period. The offer for 2019/20 includes an increase of 2.1% to the main Home Office grants and the opportunity for all PCCs to increase their precept by up to £24. The Home Office has forecast that this could benefit Sussex by up to £22.26m for 2019/20. The following table provides a comparison of the figures.

Settlement Factor	2018/19 £m	2019/20 Home Office £m	Change £m	2018/22 (MTFS) £m	Change Estimation Difference £m	Notes
Core Grant	£162.80	£165.94	£3.14	£0.00	£3.14	MTFS assumed a grant freeze
Pensions Grant	-	£2.70	£2.70	£0.00	£2.70	No previous MTFS assumption
Council Tax Receipts	£102.10	£118.52	£16.42	£7.77	£8.65	Home Office tax base increase of 1.41% + max £24 precept increase (14.5%). We forecast 1.34% tax base increase + £12.
Total	£264.90	£287.16	£22.26	£7.77	£14.49	Potential Total Resources
% Change			8.4%	2.9%	5.5%	

10.4.6 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.

10.4.7 Total core grant and council tax resources combined since 2010/11 are shown in the graph below.



10.5 Funding Formula Review

10.5.1 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.

10.5.2 The 2019/20 settlement is the last before the next Spending Review, which will set long term police budgets and look at how resources are allocated fairly across police forces.

10.5.3 The expected timing of the formula review is for work to commence in autumn 2019 via joint working groups with the Home Office with a full consultation process in 2020 subject to which implementation will take place in the financial year 2021/22.

10.5.4 The Home Office and police partners have been engaging on potential changes to the police funding formula and developing the evidence base to support that work. In addition to working together to understand demand, the Home Office will be working with the police to present an ambitious plan to drive improved efficiency, productivity and effectiveness through the next Spending Review.

10.5.5 Government's priorities are an increasing emphasis on crime prevention, while maintaining a focus on catching the perpetrators of crime; improved outcomes for victims of crime; better support for front line officers; and a step change in the effectiveness of how data and digital technology are used to build a smarter police system and support a more effective service to the public.

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

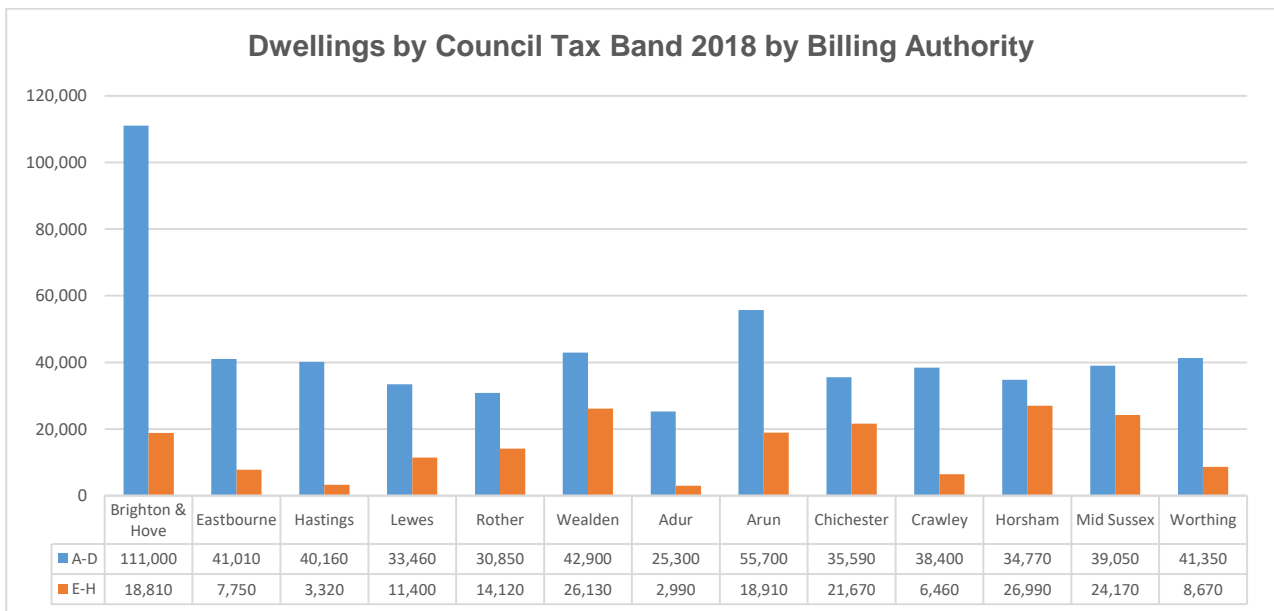
10.6 Resources – Council Tax Precept

10.6.1 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 2018/19.

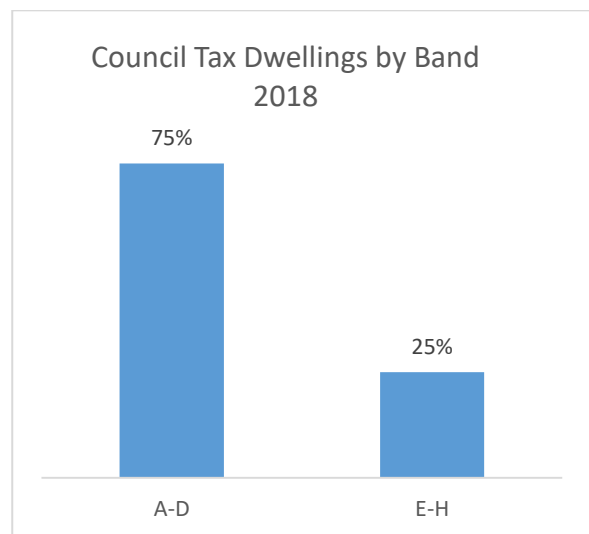
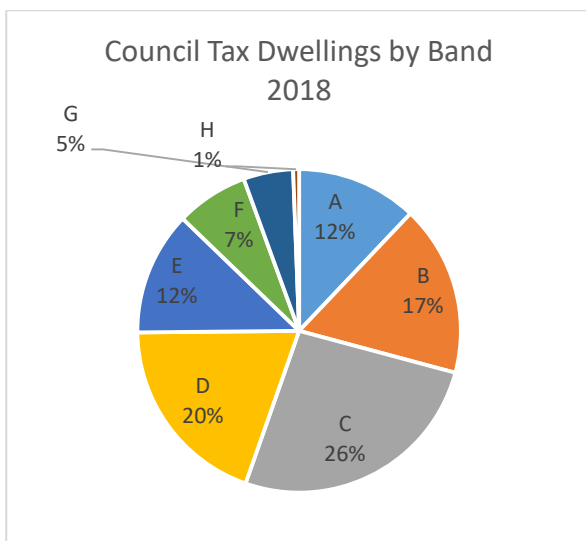
10.6.2 The precept multiplied by the tax base calculates the total receipts that each billing authority will collect from tax payers and pay to the PCC.

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

10.6.4 The following table shows the distribution of properties between valuation band A-D and E-H by billing authority. These totalled 760,930 dwellings. They are subsequently converted to the tax base.



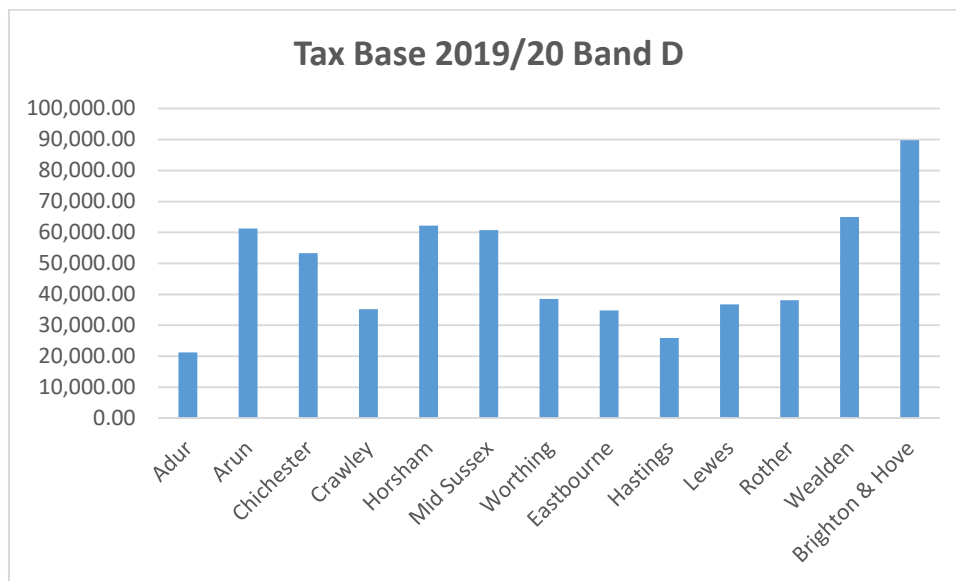
10.6.5 In total A-D and E-H of all billing authorities.



10.6.6 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.

10.6.7 The tax base for Sussex for 2019/20 is 622,971, an increase of 7,550 (1.23%) from the previous year.

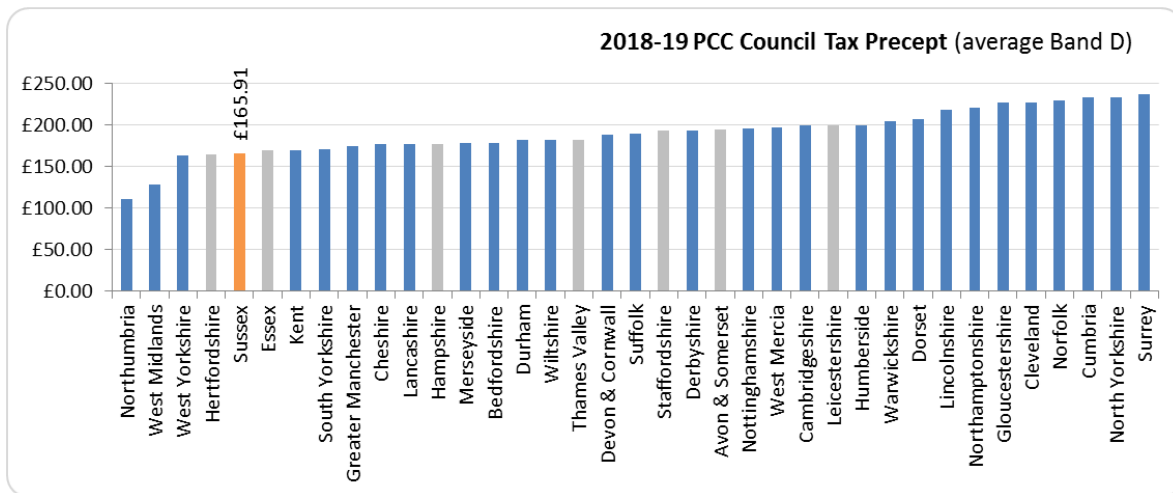
10.6.8 The tax base is then multiplied by the Band D council tax to calculate each individual council tax bill and the total tax receipts. The calculation of the tax base, billing, collection and payment is carried out by the 13 local billing authorities.



10.6.9 The PCC works with the billing authorities during the year to prevent and detect fraud to protect tax receipts generated through the council tax system.

10.7 Comparison of the Precept

10.7.1 The council tax for Sussex was the fifth lowest of policing bodies during 2018/19 at £165.91 per annum for Band D properties. The table shows the range of precepts by policing body.



10.7.2 Nationally the proportion of funding from formula grant and specific Home Office grants has reduced whilst the proportion from council tax has increased.

10.7.3 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
2019/20	£189.91
2018/19	£165.91
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

10.8 Precept Capping – Limiting Increases

10.8.1 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.

10.8.2 For 2019/20 all PCCs were able to increase their precept by up to £24 without having to hold a referendum. This represented increases of between 10.1% for Surrey the highest precept and 21.8% for Northumbria the lowest precept. Sussex equated to 14.5%. Previously those increases were restricted to no more than £12 for all PCCs.

10.9 Precept Requirement

10.9.1 The Local Authorities in Sussex also advised of surpluses on collection funds equating to £0.594m for 2019/20 which are reflected in the MTFS. This is a one-off sum. Further surplus or deficit on collection funds are assumed at £0.750m for the rest of the MTFS period.

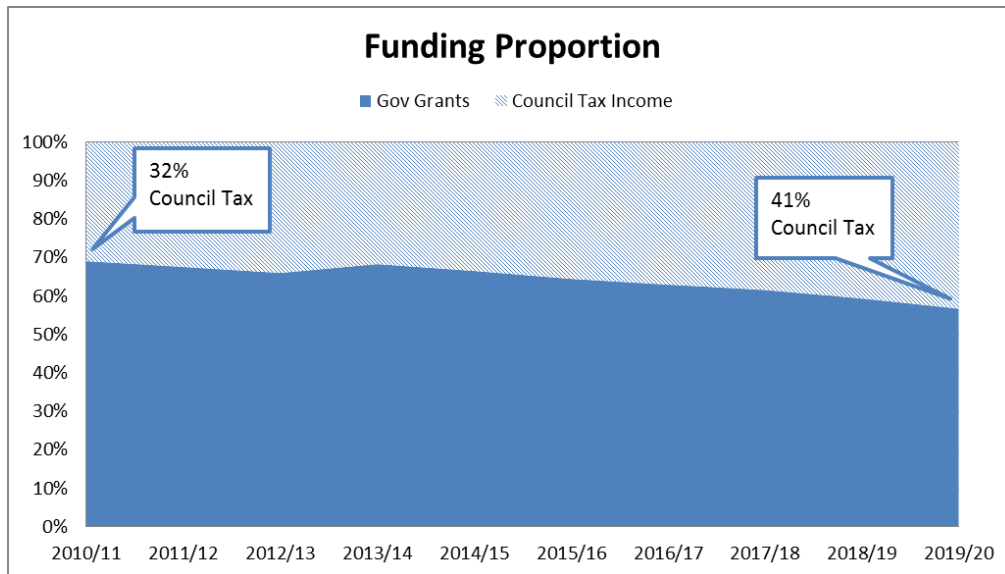
10.9.2 The precept of £189.91 multiplied by the tax base of 622,971 will produce receipts of £118.308m.

10.9.3 The council tax requirement for 2019/20 is shown in the following table:

2018/19 £m	2018/19 Proportion %		2019/20 £m	2019/20 £m	Proportion %
273.268		Total Revenue		293.041	
7.280		Expenditure		5.501	
265.988		Less Appropriations from Reserves		287.540	
		Net Budget Requirement			
		Less			
		Main Policing Grant	98.560		
		Revenue Support Policing Grant	54.180		
		Council Tax Legacy Freeze Grant	3.062		
		Council Tax Local Support Grant	10.140		
		Pensions Grant	2.696		
162.800	61%	Total Policing Grant		168.638	59%
103.188		Balance to be raised locally		118.902	
1.084		Less net surplus on collection funds		0.594	
102.104	38%	Council Tax Requirement		118.308	41%

10.9.4 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 £24 for 2019/20 then £5 per year until 2022/23. 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.

10.9.5 The Government has made it clear that an increasing proportion of funding will come from local taxpayers via the council tax precept. The graph below shows how the proportion has changed.



10.10 Major Grant Funded Projects under the Police Reform and Transformation Fund

10.10.1 The value of the Police Reform and Transformation Fund will remain the same, in cash terms, as 2018/19 at £175m. This funding stream aims to promote innovation, collaboration and enhance efficiency, effectiveness and commitment.

10.10.2 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 with an additional amount of £1.607m awarded during 2018/19 (giving a total of £5.815m in 2018/19) and £3.495m in 2019/20.

10.10.3 The 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.

10.10.4 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.

10.10.5 The PCC is also managing the grant resources on behalf of the Digital Policing Programme funding for which is included in 2019/20 budget.

10.11 **Other Income**

- 10.11.1 The PCC will continue to seek additional sources of external funding for policing and to maximise its income, for example through 'developers' contributions such as the Community Infrastructure Levy and/or Section 106 monies, as well as developing a 'trading mind-set' for some of its more commercially aligned services.
- 10.11.2 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.
- 10.11.3 The Police Reform and Social Responsibility Act 2011 (PRSRA) gives a PCC the power to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of the functions of the PCC. This is different to the powers that local authorities have under the Localism Act 2011 that gives them the power to do anything that individuals may do, apart from that which is specifically prohibited and Fire and Rescue Authorities that have a functional power to do anything they consider appropriate to the carrying out of those fire functions
- 10.11.4 This situation restricts opportunities for commercial or income generation particularly in relation to the opportunities relating to the estate.
- 10.11.5 The Home Office is currently consulting on the feasibility of an extension of a General Power of Competence (GPC) to local policing bodies with a decision expected to be included within the spending review 2019.

11 2018/19 Budget and Forecast Outturn

- 11.1 Throughout the year, the PCC closely scrutinises the spending of the precept, delivery of the policing investment and performance set out in the [Transformation Strategy 18/22](#). Scrutiny has been through a variety of public facing Performance and Accountability meetings, monthly Local Policing Boards, financial monitoring and other monitoring within my scheme of governance.
- 11.2 The PCC reviews and publishes the overall police fund revenue and capital budget monitoring during the year and approves revisions to those budgets in line with the Financial Regulations, these reviews and decisions are then noted as key decisions on the PCC's website.
- 11.3 The Revenue and Capital Monitoring Update 2018/19 for the 8 months to 30 November 2018 show forecast outturn within manageable tolerances.

The revenue monitoring forecast as at 30 November 2018 is as follows:

Revenue Monitoring period 8, 2018/19	Nov-18 Forecast 2018/19 £m	Revised Budget 2018/19 £m	Forecast Variance 2018/19	
			£m	%
Chief Constable	260.390	261.377	(0.987)	0%
Office of PCC Budget	1.336	1.286	0.050	4%
Community Safety Grants	1.808	1.808	0.000	0%
Victim Support & Restorative Justice	2.134	2.134	0.000	0%
Drive Project expenditure	0.000	0.000	0.000	0%
Victim Support & Restorative Grant Income	(2.134)	(2.134)	0.000	0%
Drive Project Grant Income	(0.180)	0.000	(0.180)	- 100%
Total PCC Income & Expenditure	2.964	3.094	(0.130)	-4%
Financial Provisions	2.712	3.091	(0.379)	-12%
Transfers to/from Reserves	(0.209)	(1.574)	1.365	-87%
Total Provisions & Reserves	2.503	1.517	0.986	65%
Total PCC Controlled Budgets	5.467	4.611	0.856	19%
Net Expenditure	265.857	265.988	(0.131)	0%
Central Government Grant Income	162.800	162.800	0.000	0%
Council Tax Precept Income	103.188	103.188	0.000	0%
Central Grant and Precept Total	265.988	265.988	0.000	0%
Overspend/(underspend) to be met by or transferred to Reserves	(0.131)	0.000	(0.131)	0%

The Capital Monitoring forecast as at 30 June 2018 is as follows:

Capital Monitoring period 8, 2018/19	Nov-18 Forecast 2018/19 £m	Revised Budget 2018/19 £m	Forecast Variance 2018/19	
			£m	%
Capital Programme 1 April to 20 November	29.816	34.035	(4.219)	-12%

- 11.4 In the event of a revenue 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 would then be available to support the ongoing transformation and change programme.

12 Financial Budget Pressures

12.1 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

12.2 Future Levels of Grant and Precept Funding

12.2.1 The 2019/20 police funding settlement was expected to be the last in the current spending period as set by HM Treasury, with planning for next spending review pencilled in by government to begin during Summer 2019. The earliest possible timing for the formula review is now expected to be autumn 2019 involving joint working groups with the Home Office. A full consultation is expected during 2020 prior to implementation in 2021/22. Significant work has already been undertaken by PCCs and police to provide the body of evidence that will be required to convince HM Treasury of the financial requirements for policing bodies.

12.2.2 For planning purposes we have assumed precept increases of £24, £5, £5 and £5 over the four year MTFS period.

12.2.3 A result of this significant assumption has been that the financial settlement for 2019/20 increased total core funding from government for Sussex to £168.6m compared with £162.8m in the previous year.

12.2.4 This government increase of £5.8m was made up of two elements of funding, £3.1m (2.1%) on the Home Office core police grants (now £165.9m) plus an additional pension grant from HM Treasury of £2.7m.

12.2.5 The increased grant income meets the majority of additional cost pressure of approximately £5.9m arising from an increase to police pension scheme employer contribution costs.

12.2.6 It has been assumed that the core police grants from the Home Office of £165.9m and the new pension grant from HM Treasury of £2.7m will be maintained at this new flat cash level for the next four years in the MTFS up to and including 2022/23.

12.3 Pay and Price Inflation

12.3.1 The indicative budget forecasts for 2019/20 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 for both staff and police officers.

12.4 **Revenue Implications of the Capital and Investment Programme**

12.4.1 The four year capital and investment programme is summarised in Section 16. The implications of this programme are fully reflected in the MTFS.

12.5 **Other Cost Pressures**

12.5.1 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 and we expect to see a return towards the end of 2019/20 onwards. As the level of this return is still uncertain the MTFS prudently does not yet include any recovery from the levy. This will be reviewed during the year by the Establishment Board.

12.5.2 Emergency Services Network – The programme to replace the current operational communication system has been delayed and the Programme has been reset. A full Business Case was carried out by the government alongside the programme re-set during the year. The new focus is on getting the products and services that emergency services customers want, when they need them. This means key elements of ESN can be tested, adopted and being to be used as they become available, rather than having to wait until every element of the network is finished. The strategic aim of the Emergency Services Mobile Communications Programme (ESMCP) is to deliver a much better voice and data service to the emergency services and it will replace the reliable but limited and ageing 'Airwave' system. Capital budget set aside in 2018/19 to meet the costs of implementation and new equipment has been carried forward to 2019/20 following the national project delay.

12.5.3 BREXIT – A risk assessment of the impacts of BREXIT has been undertaken but the financial impacts are unclear at this time. The position will be monitored closely.

12.5.4 Vehicle Insurance – A recent tendering exercise has resulted in a significant increase in premiums that will be built into budget forecasts.

12.5.5 Police Pensions – A revaluation of the police pension scheme led to further costs to be met by forces. Recent changes to the way in which police pensions are calculated means that the police, will see a sharp increase in costs from 2019/20 onwards. These costs, for the Police, are now estimated to be approximately £330m for all forces of which £5.95m relates to Sussex Police. In 2019/20 the Treasury are providing forces with an additional pension grant as well as the increase to the core police grants. For Sussex, the pension grant of £2.7m plus the additional core grant of £3.14 provides £5.84m of funding towards this additional expense for the year 2019/20, leaving approximately £0.11m to be met by Sussex Police in 2019/20. In future years this funding is less certain and we await further confirmation from the Home Office.

13 Savings Plans

13.1 The multi-year change programme continued to deliver complex transformation across the force and savings of at least £11.954m in 2018/19 to support investment and change programmes.

13.2 The table shows the planned savings for the period of the MTFS.

2018/19	Savings Plans	2019/20	2020/21	2021/22	2022/23	MTFS 4 Year Total
711	Policing Together Portfolio	581	60	-	-	641
2,047	Enablement Portfolio	654	1,030	500	497	2,681
9,196	Sussex Transformation Portfolio	274	75	-	-	349
11,954	Total	1,509	1,165	500	497	3,671

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

- Local Policing Programme (LPP) including elements of prevention, response policing and completion of neighbourhood policing projects. This programme was completed in 2017/18 with full year effects in 2018/19 based on a scalable model. [The Sussex Police Transformation Strategy 2018/22](#) 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 (in collaboration with Surrey Police) continues to develop the commitment to joint working and deliver effective services across Sussex and Surrey. Collaborated services are now extensive and include; Operational policing, Specialist Crime capability, Professional Standards (HR), Finance & Services, Health & Safety, ICT Digital Enablement Programme, IT, Insurance, Procurement, Transport, Force improvement, ACPO and Change Programme;
- Joint Transport Service (JTS) introduced electric vehicles during the year to reduce costs and cut the carbon footprint via a more energy efficient fleet of vehicles, which were purchased at a large discount (no longer available).
- Estates and Facilities strategic transformation is making better use of the operational estate, including collaborative opportunities. Innovative projects are realizing financial and environmental benefits, including installation of solar panels on major sites across Sussex, which utilise sustainable forms of energy and will reduce electricity costs.
- Staff costs represent a significant element of our core cost base and therefore we will continue to make changes to workforce numbers and structures throughout the MTFS;
- Maximising income generation for areas of service provision (particularly in the back office) that have the potential to be more commercially aligned; and

- Regional collaborations involving Sussex, Surrey, Thames Valley, Hampshire and Kent forces provide further innovative opportunities to improve policing outcomes and deliver cost efficiencies across the forces e.g. procurement initiatives, South East Region Integrated Policing (SERIP), counter terrorism policing and Enterprise Resource Planning (ERP) systems.

13.4 Internal governance arrangements are in place to track achievement of savings and new investments, to 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 and the Strategic Change Board.

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

14 Medium Term Investment Plans

2018/19 – 2021/22

14.1 The 2018/19 to 2021/22 MTFS, aligned with [the Sussex Police 2018/22 Transformation Strategy](#), provided resources to recruit an additional 200 officers and replace 600 officers over the 4 years of the plan. The MTFS achieved the majority of the resources for this through planned precept increases of £12 for 2018/19, £12 in 2019/20, £5 in 2020/21 and £5 in 2021/22.

14.2 The additional resources were directed to three key Sussex Police priority areas, which are also clearly aligned to the Police and Crime Plan, namely:

- Strengthening Local Policing
- Public Contact
- Modernising Policing

14.3 The additional posts are allocated as follows:

Service Area	Additional Posts (FTE)
Prevention	42
Roads Policing	14
Response Officers	58
Public Protection	13
Local Investigations	55
Public contact - control room sergeants	5
Internal Investigators/assurance	5
People Services - training for new officers/staff	8
Total	200

14.4 A significant recruitment plan is in place to uplift officer numbers to fill the additional posts. By the end of this financial year Sussex Police will have recruited 270 police officers including 50 transferees. The target for 2019/2020 is 168.

- 14.5 Alongside the additional investment enabled by the precept, Sussex Police will continue to maintain a strong focus on improving the efficiency of its operations. The Force will continue to review the deployment of its resources to meet the changing nature and complexity of crime. It will also continue to maintain its transformational programme of change and collaboration, making best use of technology to create efficiencies, and selling redundant or unsuitable property.
- 14.6 Making efficiencies, transforming activities using technology, cutting waste and selling redundant or unsuitable property will all still be continuously reviewed to ensure effectiveness, efficiency and value for money, maintaining the transformational programme of change and continuing to explore collaboration and alignment. All of this will take place alongside the forces continual review and redeployment of its resources to meet the changing nature and complexity of crime, demands and threats.

2019/20 – 2022/23

- 14.7 The previous MTFS showed a net savings requirement for the 2018/19 to 2021/22 plan of £3.0m whereas the new 2022/23 MTFS indicates a net potential investment position for the MTFS period on the assumption that maximum precept income is achieved in 2019/20.
- 14.8 Rolling the financial plans forward by a further year therefore adds a year of potential investment of £5.4m in 2022/23. Similarly, the investment target from 2018/19 is removed from the future plan. This along with the additional funding from the grant settlement and proposed precept uplift results in a net investment potential for the MTFS period to 2022/23 of £32.5m. These changes are illustrated in the following table:

Medium Term Investment/(Savings) Required	£m
Total (Savings) Requirement 2018/19 to 2021/22 previously quoted in the MTFS	(3.0)
Plus 2022/23 year added to the MTFS period	5.4
Less 2018/19 year no longer in this MTFS period	(2.5)
Plus proposed precept uplifts, revised grant assumptions	32.6
Less net growth and inflationary increases	
Revised Cumulative Investment Requirement for the MTFS period from 2019/20 to 2022/23 MTFS	32.5

- 14.9 The table below shows the investment profile available in each financial year.

MTFS Precept Investment	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Precept Investment Proposed	7.589	7.900	8.287	8.691	32.467
Phasing to and (from) reserves to maintain a balanced budget	1.152	3.022	(0.835)	(3.339)	(0.000)
Proposed Investment Requirement	8.741	10.922	7.452	5.352	32.467

14.10 The investment will be allocated as follows:

Additional proposed investment as a result of the 2019/20 precept proposals

14.11 The changes to funding levels within the MTFs, primarily as a result of the proposed increase in the precept, provide the opportunity to further increase investment in the priority areas detailed in the Force's [Transformation Strategy 2018/22](#). The overall aim will be to use the additional funding as effectively as possible, to ensure that we have the right people, with the right technology and skills, in the right place at the right time, delivering the right services to the public.

14.12 The Force has built its proposals for precept growth around the three key priorities of Strengthening Local Policing, Public Contact and Modernising Policing, in consultation with the PCC. In doing so, the force has recognised and utilised the feedback received as part of wider public engagement and has taken this into consideration.

14.13 The investment, in summary, will see an increase in 100 PCSOs, 50 Police Officers and 50 Police Staff Investigators in addition to existing plans. This means, that by 2023, there will be up to 250 more officers, 50 more specialist staff and 100 more PCSOs than there were in 2017 a total increase of 400.

14.14 The additional investment is detailed in the following paragraphs.

14.15 Strengthening Local Policing

14.16 The ability to sustain local policing and help meet ever changing demand levels in local policing will be further supported by the precept uplifts. The local policing model, whilst implemented at a time of severe financial constraint, was meticulously designed to be scalable, has allowed the force to respond to changes in the nature and volume of demand. It has transformed how the force polices, with new technology increasing the workforce's mobility and freeing up time. With enhanced skills, the specialist teams focus where they can be most effective in preventing and tackling crime, investigating the crimes that cause the most harm and on offences that affect the most vulnerable.

14.17 The proposed additional investment in the Local Policing Model, will provide:

14.18 100 more Police Community Support Officers (PCSOs)

- To prevent and respond to crime, including more named PCSO's to ensure a consistent point of contact for local communities.
- Increasing these resources in Local Policing will provide more capacity to respond to incidents, and will also increase investigative capacity to address crimes such as theft and burglary. The core of the PCSO role is the provision of focused problem solving activity to prevent crime and anti-social behaviour and keep communities safe. PCSOs maintain strong and effective links with communities and provide a more visible policing presence in high harm communities.
- Developing the force's capacity, by increasing PCSO numbers will

enable the Force to:

- Embed a very strong culture of problem-solving
- Build our neighbourhood teams to spend most of their time in communities they serve
- Provide Prevention teams with increased capacity to work effectively with local partners and tackle more issues at the community level thus preventing demand downstream

14.19 **With 50 more police officers and 50 more specialist staff deployed as follows.**

14.20 **Roads Policing**

14.21 Further investment is also proposed to tackle criminality on our roads, through recruiting additional roads policing officers and collision investigators.

14.22 **Improving Public Contact**

14.23 Improving the approach to public contact and to support the non-emergency 101 service is another one of the Transformation Strategy 2018/22 strands.

14.24 Investing in more Contact Centre and social media engagement staff will help the force improve and transform its first point of contact with the public and improve customer service for both 101 and 999 calls, as well as online engagement to achieve the goal to improve the first point of contact with the public.

14.25 Providing dedicated mental health triage nurse support, to more effectively direct officers to support people with mental health needs, ensuring that they are in contact with the right partner agency to help them

14.26 Upgrading of the force's existing systems for public contact, including a new functionality on the force's website – the 'Single Online Home' web site will vastly improve the experience and available services to the increasing numbers of people who want to contact the police online, providing a common platform that allows the public to report, transact and get self-help by using the public domain: police.uk

14.27 **Modernising Policing**

14.28 It is vital that work continues to modernise Sussex Police so that it can keep pace with, and meet the significant changing demands on the service. These change programmes will be based on a robust analysis of how and when people need the force the most, always using the principles of threat, harm risk, and resourcing those programmes based on demand.

14.29 Additional investment is proposed in Specialist Police Investigators for Public Protection, Serious violence, High Harm crime and Digital crime.

14.30 Some of the greatest areas of growth in demand are rape and serious sexual offences, child exploitation, domestic abuse and stalking. Providing more police and staff investigators will free up capacity in the local investigations teams to deal with other crime types as well as ensuring the right people with

the right skills are dealing with the right things.

14.31 **Enabling Services**

14.32 To support the proposals above, non-recurring precept investments in IT and Learning/Development will also be made, to equip the additional posts and support their development and training.

15 **Capital & Investment Estimates and Financing**

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

2018/19 Revised £m	Capital & Investment Plans	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
4.341	Information Technology	5.073	0.500	0.500	1.000	7.073
5.914	Fleet	4.199	3.582	3.451	3.372	14.604
9.008	Estates Strategy	5.298	3.535	2.585	2.000	13.418
0.000	Emergency Services Network	-	0.965	0.965	-	1.930
0.867	Video Enabled Justice	-	-	-	-	-
9.134	Digital Policing	-	-	-	-	-
2.080	Enterprise Resource Planning	2.100	-	-	-	2.100
2.691	Operational Investments	2.665	0.788	0.498	0.273	4.224
34.035	Total MTFS Capital & Investment Programme	19.335	9.370	7.999	6.645	43.349

15.2 Key areas to note in the proposed programme are:

- **Information Technology** (Computers 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. Projects as wide ranging as Moving to Microsoft 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;
- **Fleet** (Vehicles and Equipment) – The provision of an efficient, cost effective and sustainable fleet is essential to delivery of policing activities across the county. 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. Incorporating evolving technologies such as vehicle ANPR, in-car telematics and CCTV technologies add a further level of cost and complexity to ensuring vehicles are fit for purpose. This helps the force identify and match resources effectively against demand and reduce overall costs for vehicles (including fuel and maintenance). In a proactive initiative to meet the requirement for “cleaner and more environmentally

friendly” vehicles, hybrid and electric vehicles are being purchased 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.

- **Estates Strategy** (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. The 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;
- **Emergency Services Network** – This is a national programme to replace the current operational communication system. The strategic aim is to deliver a much better voice and data service to the emergency services and it will replace the reliable but limited and ageing ‘Airwave’ system. Capital budget set aside in 2018/19 to meet the costs of implementation and new equipment has been carried forward to 2019/20 following the national project delay
- **Enterprise Resource Planning (ERP)** – EQUIP is the name for this new ERP system. It will be launched in Autumn 2019 and will replace the current systems in each force, SAP in Sussex. EQUIP will deliver streamlined ways of working for officers and staff, freeing up managers and colleagues’ time, making day-to-day activities more efficient. It is simple, intuitive, modern and timesaving. EQUIP benefits include better integration, better reporting and better management of information. EQUIP is a tri-force programme (Sussex Police, Surrey Police and Thames Valley Police) driving efficiency for the forces and the public, generating cashable savings that can be invested into front line policing. The EQUIP system is not just a ‘new IT programme’, it will ultimately transform most of the core business support processes improving business day to day for colleagues, managers and the public. The Microsoft product at the center of it will be running our core system and will be integrated with other applications to allow ‘talking’ between systems and facilitate the flow of information to users.
- **Operational Investments** – This includes a range of operational investments: Digital Forensic Technology (DFT) Hub within the Specialist Crime Unit. Investment within the Operations Department includes Automatic Number Plate Recognition (ANPR) investments supporting strategic roads infrastructure along with other Operations Command Equipment and Drones. Other investment in Communications includes Command and Control system updates, CCTV and communications technology. Investment in the Mobile Policing devices support digital transformation within the Digital Policing Programme.

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

2018/19 Revised £m	Funding	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
0.906	Home Office Capital Grant	0.925	0.925	0.925	0.925	3.700
2.063	Revenue Contribution	3.220	3.700	3.000	3.700	13.620
6.883	Capital Receipts	4.825	2.300	4.000	0	11.125
10.136	External Funding	-	-	-	-	-
14.047	Reserves	10.365	2.445	0.074	2.020	14.904
34.035	Total Capital and Investment Programme	19.335	9.370	7.999	6.645	43.349

15.4 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. This will be captured in the Annual Capital Strategy which is a new regulatory requirement within the CIPFA Prudential Code.

15.5 **Developer Contributions**

15.6 The MTFS recognises the impact that the creation 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.

15.7 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.

15.8 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.

15.9 At the present time the PCC has agreements totalling £991,398 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.

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

16 Reserves

16.1 Background Information on Reserves

- 16.1.1 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.
- 16.1.2 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.
- 16.1.3 [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.
- 16.1.4 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.
- 16.1.5 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.
- 16.1.6 In assessing the appropriate level of reserves, a well-managed PCC will ensure that the reserves are not only adequate but are also necessary.

16.1.7 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.

16.1.8 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.

16.2 **Review of Reserves**

16.2.1 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 2017/18 external audit had no matters to report about our arrangements to secure economy efficiency and effectiveness in our use of resources.

16.2.2 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."

16.2.3 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.

16.2.4 In accordance with good practice, the Chief Finance Officer for the PCC in association with the Director of Finance have undertaken a review of the reserves during the closure of the 2017/18 accounts and as part of planning for this new MTFS.

16.3 **Sussex Reserves**

16.3.1 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.

16.3.2 The PCC plans to maintain general and risk reserves and use £21.13m 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 shown in the following tables.

16.3.3 The following summary table illustrates the total reserves across the statutory headings set by the Home Office.

2017/18 Actual £m	2018/19 Forecast £m	Reserves	2019/20 Forecast £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
35.734	21.679	Funding for planned expenditure on projects and programmes over the period of the current MTFS	6.534	5.120	4.914	0.131
3.427	3.142	Funding for specific projects and programmes beyond the current planning period	2.536	2.286	2.156	2.156
15.096	14.929	As a general contingency or resources to meet other expenditure needs held in accordance with sound principles of good financial management	15.790	15.979	16.155	16.330
54.257	39.750	Total	24.860	23.385	23.225	18.617

16.3.4 The following table illustrates how the individual reserves are categorised across the statutory headings set by the Home Office.

2017/18 Actual £m	2018/19 Forecast £m	Reserves	2019/20 Forecast £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
Funding for planned expenditure on projects and programmes over the period of the current MTFS:						
9.440	0.000	Capital & Investment	0.000	0.000	1.575	0.131
6.800	5.578	DBHR	2.579	0.946	0.000	0.000
0	0	Capital Receipts	0	0	0	0
17.000	10.007	Local Policing Transition	3.955	4.174	3.339	0.000
2.494	6.094	PFI	0	0	0	0
35.734	21.679	Total planned expenditure reserves	6.534	5.120	4.914	0.131
Funding for specific projects and programmes beyond the current MTFS planning period:						
0.573	0.573	Asset Seizure	0.396	0.396	0.396	0.396
2.854	2.569	SSRP	2.140	1.890	1.760	1.760
3.427	3.142	Total specific project reserves	2.536	2.286	2.156	2.156
General contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management:						
10.807	10.640	General Reserve	11.501	11.690	11.866	12.041
4.289	4.289	Insurance	4.289	4.289	4.289	4.289
15.096	14.929	Total contingency reserves	15.790	15.979	16.155	16.330
54.257	39.750	Total Reserves	24.860	23.385	23.225	18.617
21%	15%	% of Net Revenue Budget	9%	8%	8%	6%

- 16.4 Funding for planned expenditure on projects and programmes over the period of the current MTFS:**
- 16.4.1 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 17: Capital & Investment Estimates and Financing.
- 16.4.2 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.
- 16.4.3 The Capital Grants & Contributions Reserve is used to hold unused elements of grant and external funding in line with accounting regulations.
- 16.4.4 The Local Policing Transition Support Reserve was created to support a longer phasing of reductions in local policing police officer posts.
- 16.4.5 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.
- 16.4.6 This reserve is being used to manage a balanced budget over the next four years.
- 16.4.7 The Chief Constable will manage the use of this resource to support local policing under the governance of the DCC Enabling Board.
- 16.4.8 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 2019/20.
- 16.5 Funding for specific projects and programmes beyond the current MTFS planning period:**
- 16.5.1 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.
- 16.5.2 The reserve is reviewed on an annual basis but is currently expected to remain at £0.4m for the period of the MTFS.

- 16.5.3 The Delegated Budget Holder Reserve holds a proportion of balances that have arisen from underspend on the annual revenue budget.
- 16.5.4 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 2018 was £6.8m and is expected to be fully utilised during the MTFs period.
- 16.5.5 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.
- 16.5.6 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.
- 16.5.7 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.
- 16.5.8 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.
- 16.5.9 This reserve is reviewed regularly by the SSRP Board who approve movement to and from the reserve. It is also reviewed annually by Sussex Police to ensure it is maintained appropriately and in line with SSRP governance arrangements.
- 16.6 **General contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management:**
- 16.6.1 The General Reserves 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.
- 16.6.2 The General Reserve at 1 April 2018 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 2023 is estimated to be £12.0m which is 4% of the net revenue budget.

- 16.6.3 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.
- 16.6.4 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.
- 16.6.5 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 2018 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?
- 16.6.6 The review concluded that the balance of the reserve of £4.29m along with a separate provision for £3.15m on the balance sheet is adequate.
- 16.6.7 A further risk assessment review of the Insurance Reserve will be undertaken during 2019/20 with a view to ensuring the reserve and provision levels are appropriate and based on the latest estimates.

17 Indicative Budget Forecasts 2019/20 to 2022/23

- 17.1 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 2019/20.
- 17.2 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 has been calculated based on an increase to Band D of £24 for the 2019/20 year and £5 per year from 2020/21 to 2022/23.
- 17.3 The actual precept decision will still be determined by the PCC on an annual basis taking into account all the factors.
- 17.4 The key medium term financial forecast planning assumptions are summarised in the following table:

Assumption	2019/20	2020/21	2021/22	2022/23
Capital Grant	£0.925m	£0.925m	£0.925m	£0.925m
Main Policing Grant change	2.1%	No Change	No Change	No Change
Revenue Support Policing Grant change	2.1%	No Change	No Change	No Change
New Police Pension Grant	£2.7m	£2.7m	£2.7m	£2.7m
Council Tax Support Grant	No Change	No Change	No Change	No Change
Legacy Council Tax Freeze Grants	No Change	No Change	No Change	No Change
Tax base increase	1.2%	1.2%	1.0%	0.9%
Collection Surplus/(Deficit)	£0.593m	£0.750m	£0.750m	£0.750m
Police Staff Pension Employer Contribution rate	23.9%	24.9%	25.9%	26.9%
Police Officer Pension Employer Contribution rate	31.0%	31.0%	31.0%	31.0%
Police Officer pay inflation	2%	2%	2%	2%
Police Staff pay inflation	2%	2%	2%	2%
Precept (£24 per year increase)	14.47%	-	-	-
Precept (£5 per year increase)	-	2.63%	2.57%	2.50%
General Price inflation	2%	2%	2%	2%
Investment Interest Returns	0.40%	0.40%	0.40%	0.40%
Income - Fees & Charges *1	No Change	No Change	No Change	No Change
Income - Specific Grants *2	No Change	No Change	No Change	No Change
General Reserve	4% NBR minimum	4% NBR minimum	4% NBR minimum	4% NBR minimum

*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 [Transformation Strategy 2018/22](#) as outlined in section 8.

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

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

2018/19 £m	Group Budget Forecast	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
256.966	Base Budget	265.988	287.540	292.255	296.656
	Budget pressures				
3.911	Employee pay related increases	18.828	4.058	7.379	7.611
9.904	Growth & inflation cost pressures, income increases, contract & savings plans and one-off reserve changes	(0.516)	(8.212)	(11.180)	(9.357)
13.815	Total Budget Changes	18.312	(4.154)	(3.801)	(1.746)
2.482	Investment Requirement	8.741	10.922	7.452	5.352
273.263	Total Budget	293.041	294.308	295.906	300.262
	Income				
(96.461)	Home Office Grant Income	(98.560)	(98.560)	(98.560)	(98.560)
(53.137)	Home Office Revenue Income	(54.180)	(54.180)	(54.180)	(54.180)
-	HM Treasury Pension Grant	(2.697)	(2.697)	(2.697)	(2.697)
(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)
(93.216)	Council Tax Income	(102.104)	(118.308)	(122.866)	(127.267)
(8.888)	Council Tax Precept increase	(16.204)	(4.558)	(4.401)	(4.356)
(1.084)	Council Tax Collection Fund	(0.593)	(0.750)	(0.750)	(0.750)
(265.988)	Total Income	(287.540)	(292.255)	(296.656)	(301.012)
7.275	Funding gap/(surplus) before reserves	5.501	2.053	(0.750)	(0.750)
	Planned use of reserves				
(7.275)	Transfers (from)/to Reserves	(5.501)	(2.053)	0.750	0.750
0.000	Funding gap/(surplus) after reserves	0.000	0.000	0.000	0.000

17.6 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.

17.7 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 as stated earlier in the document in line with Police & Crime Plan and Operational Delivery Plan priorities.

17.8 The proposed 2019/20 revenue budget is set out in the table below.

Revenue Budget Summary 2019/20	Gross £m	Grants £m	Income £m	Net £m
Chief Constable's Operational Delivery Budget	341.904	(6.584)	(49.254)	286.066
Office of The Police and Crime Commissioner	1.334			1.334
Community Safety	1.635			1.635
Victim Support Services and Restorative Justice	2.034	(1.955)		0.079
Financial Provisions	4.226			4.226
Treasury Management Interest	0.201		(0.500)	(0.299)
Transfers to/(from) Earmarked Reserves	0.593		(6.094)	(5.501)
Total Net Budget Requirement 2019/20	351.927	(8.539)	(55.848)	287.540

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

Chief Constable's Operational Delivery Net Revenue Budget

2018/19 P8 Revised £m	Chief Constable	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
	Employees				
121.817	Police Officer Pay	123.544	126.502	129.666	132.915
22.327	Police Pension Employer Contributions	27.466	28.323	29.202	30.106
144.144	Total Police Pay	151.010	154.825	158.868	163.021
72.406	Police Staff Pay	78.711	79.315	82.291	85.377
7.334	PCSO Pay	7.585	7.879	8.183	8.499
83.740	Total Police Staff Pay	86.296	87.194	90.474	93.876
6.568	Other Employee costs	6.286	5.630	5.686	5.742
234.452	Total Pay Costs	243.592	247.649	255.028	262.639
15.745	Buildings & Premises	11.581	11.475	11.419	11.162
4.000	Transport Costs	8.453	8.601	8.773	8.949
48.997	Supplies & Services	51.957	39.126	39.409	39.705
11.671	Third Party Payments	17.580	6.531	4.825	2.882
80.413	Total Non-Pay Costs	89.571	65.733	64.426	62.698
314.865	Gross Operational Delivery Budget	333.163	313.382	319.454	325.337
(46.568)	Income	(49.254)	(30.804)	(31.420)	(32.048)
(6.920)	Specific Grants	(6.584)	(6.584)	(6.584)	(6.584)
(53.488)	Total Income and Grants	(55.838)	(37.388)	(38.004)	(38.632)
	Precept Investment Proposed	7.589	7.900	8.287	8.691
	Phasing to and (from) reserves to maintain a balanced budget	1.152	3.022	(0.835)	(3.339)
0.000		8.741	10.922	7.452	5.352
261.377	Net Operational Delivery Budget	286.066	286.916	288.902	292.057

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

Police & Crime Commissioner Net Revenue Budgets

2018/19 P8 Revised £m	Office of the PCC	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
1.286	Office of the PCC	1.334	1.380	1.428	1.478
1.808	Community Safety	1.635	1.635	1.635	1.635
2.134	Victims Services	2.034	2.034	2.034	2.034
(2.134)	Grant Income (Victims)	(1.955)	(1.955)	(1.955)	(1.955)
(0.299)	Treasury Management Interest	(0.299)	(0.299)	(0.299)	(0.299)
2.795	Total Income & Expenditure	2.749	2.795	2.843	2.893
3.390	Financial Provisions	4.226	4.597	4.161	5.312
(1.574)	Transfers to/(from) Earmarked Reserves	(5.501)	(2.053)	0.750	0.750
1.816	Total Provisions & Reserves	(1.275)	2.544	4.911	6.062
4.611	Total PCC Controlled Budgets	1.474	5.339	7.754	8.955
265.988	TOTAL POLICE FUND	287.540	292.255	296.656	301.012

- 17.11 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 internal and external audit, banking and treasury management for example
- 17.12 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. HMIC no longer collects and compares that information.
- 17.13 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](#).
- 17.14 **Community Safety**
- 17.15 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.
- 17.16 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.
- 17.17 **Victim Services and Restorative Justice**
- 17.18 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 £1.955m has been allocated to Sussex in respect of Victims Services and Restorative Justice for 2019/20.
- 17.19 We make the assumptions that future grant settlements will continue and not impact on the precept decision.
- 17.20 **Home Office's Early Intervention Youth Fund (EIYF)**
- 17.21 The Sussex PCC was one of nineteen to be successful in being awarded additional funding from the Home Office's Early Intervention Youth Fund (EIYF). The Home Office EIYF totalling £22M originated from one of the sixty commitments outlined in the Serious Violence Strategy (SVS) which was launched in April 2018.
- 17.22 The Sussex PCC has been awarded in 2018/19 £133,950 and for 2019/20 £756,666.
- 17.23 The Sussex application detailed an approach based around three distinct projects; firstly to bolster existing youth services by providing funds to Community Safety Partnerships (CSPs) in the highest risk areas, secondly to provide a consistent approach in policing to young people at risk of exploitation and thirdly to commission a youth outreach service Pan-Sussex.

17.24 A dedicated programme manager will managing a detailed work plan through existing governance structures; working closely with partners across Sussex and the Home Office Serious Violence Unit.

17.25 **Provisions, Treasury and Reserves**

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

17.27 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.

17.28 The PCC is responsible for the management of all reserves and the reserves strategy has been explained elsewhere in this MTFS (see Section 17).

18 Risk Assessment

18.1 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.

18.2 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.

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

18.4 **Risk Assessment and Adequacy of Reserves**

18.4.1 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 2019/20.

18.4.2 The CFO has applied the same principles used to undertake the assessment of the 2019/20 budget to the following three years of the MTFS.

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

- The general financial standing of the PCC;
- The underlying budget assumptions, including an assessment of the major estimates including pay and price increases;
- The future budget pressures identified including changes to pension scheme contributions;
- A risk assessment of expenditure and income estimates including adequacy of budget monitoring and financial reporting arrangements

(See Appendix B);

- The impact of the police grant settlement and of changes in 2020 resulting from the 2019 spending review including any change to the allocation method;
- The precept and planned increases;
- The adequacy of the budget monitoring and financial reporting arrangements;
- The adequacy of the PCC'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 PCC; and

18.5 At 31 March 2018, the PCC's General Reserve was £10.807m (4.2% 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 2023 to be £12.041m.

18.6 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 PCC.

19 Public Consultation

- 19.1 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.
- 19.2 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.
- 19.3 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.
- 19.4 **Sussex PCC Public Consultation on the Police Precept 2019/20**
- 19.5 The 2018/19 survey was not deemed consultation in the same way as last year's questionnaire about the precept: in all publicity over past months it has been referred to as a funding survey.
- 19.6 The question was phrased that the 2019/20 precept would rise by an average of £12 p.a. (for a Band D property) and asking if people would be willing to pay more than this amount if the cap on the precept was lifted.
- 19.7 The survey was mainly publicised online, through the PCC website as well as to members of Sussex Neighbourhood Watch. Participants at the engagement events were asked to answer the survey by hand if they hadn't already done so online.
- 19.8 As at the closing date, 04/01/2019: -
- 19.9 2,694 responses had been received, of which 61% said they would be willing to pay more than the proposed £12 p.a. increase. 39% said no.
- 19.10 In addition, an engagement programme was completed. The first period of the engagement programme ran from 30 October–15 January, including the funding survey which ended on 4 January.
- 19.11 Three Meet Your PCC events have been held: one public meeting in East Grinstead as well as smaller groups held in Hailsham (a drop-in event for young parents) and Battle (by invitation only, a round-table discussion focusing specifically on rural crime).
- 19.12 Eleven focus groups were organised across the county: five in West Sussex (Midhurst, Crawley, Arundel, Burgess Hill, Horsham); four in East Sussex (Ticehurst, Uckfield, Eastbourne, Newhaven); and one focus group in Hove plus a meeting with the committee of a disability forum in St Leonards.
- 19.13 Contacts within the LGBT community in Brighton & Hove have been approached about participating in a similar discussion event.
- 19.14 The aim of these meetings has been to draw out public perceptions and confidence levels about Sussex Police while understanding specific concerns about issues in the local community.

- 19.15 At all events, the topics brought up by participants have been inevitably the same ones:
- 19.16 Specific issues of concern – these issues were mentioned (without prompting) on a frequent basis at the various events:
- Inability to report a crime – it's too difficult to get through either via 101 or online (many complaints that the online system doesn't work properly)
 - Lack of confidence that crimes will be investigated – suspicion that the police's systems will probably screen out the reported crime and they will not investigate
 - Perception that the police are no longer interested in investigating thefts or burglaries – there are 'more important' new issues like hate crime or modern slavery
 - No feedback if a crime is reported – there's a sense that information is passed to police and then disappears into a black hole
 - No local contact point – there's nobody or nowhere for local people to turn to for help, especially now that designated, recognisable PCSOs have disappeared from communities
 - Public lack of motivation/willingness to get involved – people are now more cynical about the police and less willing to help them
 - ASB – drug dealing; intimidating behaviour from groups of young people; alarming cycling on pavements which endangers the safety of pedestrians
 - Speeding in country lanes – this is a major issue: where can people turn to for help?
 - Travellers – Sussex Police seem to turn a blind eye to crimes committed by travellers
- 19.17 Without exception, the participants were grateful that the PCC was interested in hearing their concerns. By the end of each event, people's initial hostility had died down and they were expressing appreciation and relief that they had a forum in which to express their thoughts about policing, having been assured that all information would be fed back to the PCC. Most said they would be willing to pay more for policing so long as they saw tangible results in the areas where they sought improvements: namely a better service on 101 and more visible policing.

20 Conclusions

- 20.1 The resources allocated through the four year 2018/22 MTFS have enabled the Chief Constable to plan the resource requirements for Sussex Police more effectively through the [Transformation Strategy 2018/22](#), and the Operational Delivery Plan 2018; demonstrating how the force would further transform its services by recruiting 200 additional officers, whilst continuing to deliver existing change, modernise services, make efficiencies and improve vital areas.
- 20.2 This 2019/23 MTFS extends the opportunity to make further investments, building on the three key priority areas of Strengthening Local Policing Improving Public Contact and Modernising Policing - with proposed investments outlined in each of these areas, as detailed in section 14.5, including an additional 100 PCSO's – the recruitment process for which to be commenced immediately.
- 20.3 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 £12m 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.
- 20.4 The MTFS does indicate that a sustainable financial position can be achieved over the period 2019/20 to 2022/23 subject to the risks identified 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)

Reserve	Level or Target
Funding for planned expenditure on projects and programmes over the period of the current MTFS:	
Capital and Investment Reserve	<p>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.</p> <p>In line with investment and replacement plans included within MTFF and dependant on financing requirements of the Capital Strategy.</p> <p>Funded from: approved in year revenue budget surplus; transfers from other reserves; specific approved contributions.</p>
Delegated Budget Holder Reserve	<p>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.</p> <p>Agreed annually by the PCC as part of the final outturn.</p>
Capital Receipts Reserve	<p>This reserve holds the proceeds from the sale of assets, and can only be used for financing capital expenditure in accordance with regulations.</p> <p>Receipts from the sale of assets are taken to this reserve.</p>
Local Policing Transition Support Reserve	<p>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. This reserve will be used to manage a balanced budget over the next four years.</p> <p>Specific reserve set up during 2017/18 to be released over the period to April 2020.</p>
PFI Reserve	<p>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.</p> <p>The remaining PFI balance is to be used until the review project is completed or reserve exhausted.</p> <p>This reserve will be discontinued once exhausted.</p>
Funding for specific projects and programmes beyond the current MTFS planning period:	
Asset Seizure Reserve	<p>Balance of Proceeds of Crime Act (POCA) income received but not spent during the year to be used in accordance with Home Office guidance.</p> <p>Target level of 12 months costs of financial investigators.</p>
Sussex Safer Road Partnership (SSRP)	<p>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.</p> <p>Transfer of any SSRP under-spend at the end of the year to reserves.</p>

APPENDIX A (continued)

General contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management:		
<p>General Reserve</p>	<p>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.</p> <p>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.</p>	<p>4% of Net Revenue Expenditure Budget as at 31 March each year.</p>
<p>Insurance Reserve</p>	<p>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.</p> <p>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.</p>	<p>Assessed as part of the annual insurance actuarial review.</p>

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	<p>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.</p> <p>The PCC has made available further one-off resources released from reserves to assist Operational Policing over the period of the MTFS and has approved year on year increases to the policing precept.</p> <p>The higher precept can provide additional resources to meet further demand and meet inflationary requirements.</p>
Pay and price budgets and establishment control	<p>Provision for national pay awards of 2%.</p> <p>Staff turnover and increments based on detailed analysis of current staff profile and trends.</p> <p>General price inflation of 2%</p>	<p>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.</p> <p>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 an 18/22 accountability meeting to review all aspects of the Transformation Strategy including the recruitment progress.</p> <p>Pay and price contingency is available to meet unexpected increases in year.</p> <p>The risk that prices may rise is mitigated by budget monitoring arrangements, reserves and actively managing spend pressures.</p>
Limits to Precept Increases	Future precept planning assumption of a £24 increase.	<p>The ability to increase the precept by £24 for 2019/20 has enabled inflationary commitments to be met and further resources to recruit more police officers, PCSO and staff posts.</p> <p>The Localism Act 2011 gives a statutory obligation for council tax referendums to be held should a precept higher than prescribed be approved by the PCC. The Secretary of State for Communities and Local Government set the level above which a referendum would be required at over £24 for all PCCs for 2019/20.</p> <p>An increase in excess of the referendum level would result in the requirement to hold a referendum and the costs met by the OPCC.</p>

Issue	Assumption	Comment
Grant Levels / Spending Review 2019	<p>Main police revenue grant increased by 2.1% for 2019/20.</p> <p>HM Treasury Pensions Grant of £2.697m issued in 2019/20.</p> <p>Capital grant increased slightly for 2019/20.</p>	<p>2019/20 was a one year only settlement. Future reductions in funding including unfavourable review of the funding formula is possible within the MTFS period starting in 2020/21, this will be monitored regularly with proactive input to the Spending Review any funding formula reviews or consultations arising.</p> <p>Assumption that flat cash grant will continue in remaining 3 years of the MTFS but there is a risk of further cuts in future years. 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.</p> <p>2.1% increase to the Home Office police grant amounted to £3.142m for 2019/20. This together with the additional pensions grant covers most of the additional police pension employer contributions to be incurred following an increase in the contributions rate from 2019/20 onwards.</p> <p>Capital Grant increased to £0.925m in 2019/20 from £0.906m in 2018/19. These sum could change following the Spending Review 2019.</p>
Council Tax	<p>Collection rates advised by individual billing authorities</p> <p>Tax Base</p>	<p>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.</p> <p>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.</p>
Budget Estimates (Expenditure)	<p>Provision for specific on-going cost pressures</p>	<p>The budget estimates including all identified additional costs for 2019/20, supported by input and review by the Chief Financial Officers.</p> <p>Risks of budget overspend are mitigated by the monthly budget monitoring process and formal monitoring reports to the PCC.</p>
Budget and financial reporting	<p>Investment potential of £7.6m in 2019/20 giving cumulative investment impact of £32.5m to 2022/23.</p> <p>Monthly 'Group' budget monitoring</p>	<p>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.</p> <p>The achievement of savings to date was heavily dependent 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.</p> <p>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.</p>
National IT Systems	<p>Move to full cost charging without transfer of funding from Home Office.</p>	<p>Further potential costs related to the national changes to training and the creation of the national police college could continue in 2019/20 and beyond.</p>
Levels of Reserves	<p>Forecast to reduce over the term of the MTFS</p>	<p>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.</p> <p>To mitigate this risk, the General Reserve is kept at a minimum of 4% of revenue expenditure.</p> <p>An annual review of all reserves is undertaken at budget setting along with a post year-end review and update to the MTFS.</p>

Issue	Assumption	Comment
Interest rates, investment and borrowing	Interest rates assumptions of 0.40% Borrowing at fixed rates.	Forecasts of investment income for 2019/20 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 2019/20 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.
Policing of Gatwick Airport	Funding of £13.9m in 2019/20.	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 2019/20. 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.

Issue	Assumption	Comment
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)

The Sussex Police Local Policing Model document can be viewed through the following link:

https://sussex.police.uk/media/7475/14768-sussex-police-lpp_web.pdf

APPENDIX D (SUSSEX POLICE TRANSFORMATION STRATEGY 2018/22)

The Sussex Police Transformation Strategy 2018/22 can be accessed via the following link:

https://sussex.police.uk/media/8394/sussex-police-transformation-strategy_7-rev-web.pdf