

BJ Harrington
Chief Constable



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Roger Hirst
Police, Fire and Crime Commissioner
OPFCC
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23rd January 2020

Dear Commissioner,

I set out below my proposition for the Essex Police Force Budget for financial year April 2020 to March 2021. I do this building on existing assumptions within our Medium Term Financial Strategy (MTFS) around savings and central government funding. It makes a clear proposal to ensure we continue to work towards the ambitions within the Essex Police and Crime Plan as well as meeting our legal responsibilities and our national obligations to the Strategic Policing Requirement. This budget allows us to grow in a sustainable way.

As part of this budget setting process I am asking you to raise the policing element of council tax precept for 2020/21 so that we can continue to work together to make Essex even safer. I hope that nothing within this letter is a surprise as we have sought to build this with dialogue and consultation at every stage.

The Government's ambition to recruit an additional 20,000 police officers nationally and improve police visibility along with your published Police and Crime Plan clearly sets out the need to maintain local, visible and accessible community policing, respond to the growth in high harm and emerging crimes as well as investing in long term infrastructure, technology and skills base.

The provisional settlement from the Government is normally received in December each year, however due to the general election being held on 12th December, the announcement of the provisional settlement was severely delayed and was finally issued on 22nd January. I am appreciative of the planning we undertook with regards to modelling various options of how the grant and the allocation of the funding for the 20,000 officers would be distributed, as this has allowed me to be able to respond quickly.

This letter is based on a budget requirement of £318.492m and a 2.94% precept increase (£5.258m). This budget will enable growth of 151 police officers taking the establishment from 3,218 FTEs to 3,369 FTEs. Table A below sets out the year on year comparison.

Table A - Funding Comparison

| Funding Source | 2019/20 | 2020/21 | Increase/ (decrease) |
|------------------------------------|----------------|----------------|---------------------------------|
| | £m | £m | £m |
| HO Core Police Grant | 103.551 | 115.509 | 11.958 |
| HO Formula Grant | 56.231 | 56.231 | - |
| HO Grant for 20,000 Officer Growth | - | 3.777 | 3.777 |
| Council Tax Freeze Grant | 2.133 | 2.133 | - |
| Council Tax Support Grant | 10.992 | 10.992 | - |
| Council Tax Precept | 123.134 | 128.392 | 5.258 |
| Collection Fund Surplus | 1.545 | 1.458 | (0.087) |
| Total | 297.586 | 318.492 | 20.906 |

Pensions

In 2019/20 the funding of police officer pensions changed. The employer contribution rose from 24.2% to 31.0%; the force received a new specific pension grant of £2.892m and £3.286m was added to Home Office grants to support funding the additional cost. This budget recognises the Home Office specific pension grant remains unchanged.

2020/21 budget

The Strategic Board on 9th December only considered the MTFs as before the general election results it was difficult to predict the settlement for the force. However, post the election there has been much work reviewing many options for the settlement and the allocation of the £750m across forces. The budget is based on the following:-

- i) A budget settlement for the 6,000 officer growth (20,000 by March 2023) being equal to a 2.26% share (based on Net Revenue Expenditure) of £700m (£750m less a top slice of £50m);
- ii) The Home Office Core Grant has increased, reflecting 76% of the Essex share of £700m allocated for 6,000 officer growth;

- iii) The Home Office will ringfence 24% of the Essex share of £700m allocated for 6,000 officer growth; this will be claimable quarterly in arrears and will be based on recruiting the additional officers, for Essex this is 135 officers.
- iv) Increase the council tax precept by 2.94% (£5.67 per Band D property);
- v) The current year forecast underspend of £1.7m (Period 8) will be maintained and added to the General Reserve. This underspend is dependent on the Home Office approving a Special Grant applied for in the current financial year for Operation Melrose (death of 39 Vietnamese people in a container lorry in October 2019).

Based on our current assumptions there is a balanced budget and MTFS for 2020/21. However the MTFS is forecasting £2.2m deficit for 2021/22, £3.1m deficit in 2022/23, £2.2m deficit in 2023/24 and £3.1m deficit in 2024/25. Although the budget settlement has enabled investment in the force, we will need to continue to find savings in order to balance the budget.

A summary of the budget proposal is shown in Appendix A and Table B below with a more detailed analysis within supporting document B2.

Table B - Budget Movement

| Budget Proposal Summary | £m |
|------------------------------------------|----------------|
| Opening Budget | 297.586 |
| Recurring Activity Prior 1/4/20 | (0.479) |
| 2020/21 Base Budget 1/4/19 | 297.107 |
| Inflation and Cost Pressures | 9.664 |
| New Investment & Service Demands | 14.228 |
| One-off Investment | 5.193 |
| One-off Activity | (0.100) |
| Funding for One-Off Activity | (2.866) |
| Budget Requirement Before Savings | 323.226 |
| Savings | (4.734) |
| 2020/21 Budget Requirement | 318.492 |

Precept increase

I am now in a position to formally request that you raise the council tax by 2.94%, thereby having a Council Tax Band D of £198.63. This will raise an additional £3.7m, then with the increase in the tax base this equates to £5.258m realising a 2020/21 budget of £318.492m.

It should be noted that the latest inflation information from the Office for National Statistics is that the CPIH (Consumer Price Index including housing costs) was 1.5% over 12 months (to November 2019) and the RPI (Retail Price Index) was 2.2% (to November 2019). Equally in 2019/20 and 2020/21 the MTFS was based on a 2%

pay award for officers and staff, but in September 2019 the pay award was actually 2.5%, this had the impact of an additional cost pressure of £759k in this financial year and an additional cost pressure of £1.301m in this 2020/21 budget proposal.

The budget requirement of £318.492m has only been achievable through good management of the force efficiency and savings plan. This has realised a full year effect cashable saving of £4.734m (£4.832m from the 2020/21 savings programme less £0.097m of undelivered 2019/20 savings). The budget proposal also includes an additional £1.002m of one-off cashable savings in 2020/21 which reduces the financial impact of one-off costs for new investments and brings the total 2020/21 in year cashable savings to £5.833m. In addition to cashable savings there are £2.220m non cashable savings in 2020/21.

As you will see the budget proposal is well balanced, but the growth we propose this coming year will create a cost pressure in the financial year 2021/22. Throughout this budget and in the preceding two years with your support I have delivered growth in policing capability in a sustainable way. The recognition in this year's budget proposal of a rise in precept to take account of inflationary pressures further supports this. In order to allow me to continue to plan and develop the force to further support our shared ambitions to improve the safety of our county over a longer time period, I ask for a commitment for precept increases in line with inflation within the lifetime of the Medium Term Financial Strategy.

There is a high and increasing demand for police services due to both the volume of crime and incidents, their severity and complexity. In 2018/19 crime in Essex increased by 18.3 per cent. This, coupled with the changing crime mix, particularly the disproportionate increase in high harm and more complex crime types, increases the demand the Force faces, which volume alone can mask. Essex Police is a very lean force with the second lowest expenditure per head of population of any force nationally and one of the lowest funded forces in the country (HMICFRS Value for Money Profiles, 2019).

Demand analysis indicates that this trend will continue in terms of both volume and complexity. This has informed decision making for investment in 2020/21 following Home Office announcements in the summer indicating funding for an additional 20,000 police officers nationally.

The 2018/19 and 2019/20 investments made by Essex Police were carefully calculated to ensure that the Force remains local, visible and accessible to communities, responding to the growth in high harm and emerging crimes as well as investing in long term infrastructure, technology and skills.

Essex Police has been assessing the allocation of the additional 45 officers to be recruited in 2019/20 as part of the national ambition of delivering 2,000 officers by March 2020 and planning for a further 90 officers to be provided from Home Office grant in 2020/21.

If agreed, the additional funding from the Home Office Grant will be invested in 135 additional police officers. In addition, through a clear focus on budget management, savings and efficiency we can exceed government plans for investment by a further

16 police officers. Five of these additional officers will be funded from the successful implementation of a new shift pattern in our Local Policing Teams from October 2019, which has reduced the need for sergeant supervision.

Overall, this investment will increase our agreed officer establishment from 3,218 to 3,369 for 2020/21.

In developing prioritised options for investment, we have considered:

- Alignment with PFCC Police & Crime Plan
- Alignment with the Force Plan
- Tackling current and future demand as identified in the Business Planning process and Force Management Statement
- Mitigation of Strategic risks
- Supporting priorities identified in the Control Strategy

In addition, we have also considered whether proposed investment areas assist with addressing areas for improvement (AFIs) identified by HMICFRS.

Table C sets out below how I would invest additional resources for an additional 135 officers, 16 operational policing staff and infrastructure support of 11 police officers and 44.8 staff to service the business needs of the increased workforce.

Table C

| Investment in additional Police Officers and Staff | Officers | Staff |
|---------------------------------------------------------------|-----------------|--------------|
| | FTE | FTE |
| High Harm & Investigations | 54.5 | |
| Custody Command | 12.0 | |
| Specialist Policing - Traffic Collision Investigation | 3.0 | 2.0 |
| Specialist Policing - Firearms | 9.0 | 1.0 |
| Managing Sexual, Violent Offenders and on-line investigations | 11.0 | |
| Serious Crime - Major Crime Team | 7.0 | |
| Local Policing Areas - Briefing & Tasking | 6.0 | |
| Learning and Development - recruitment & training | 15.5 | |
| Financial Investigations and Cyber - Detective Inspector | 1.0 | |
| Serious Crime - Dedicated Source Unit - Inspector | 1.0 | |
| Dedicated Taser Training Team | 6.0 | |
| Data Quality Improvement | 2.0 | |
| Professional Standards - Police Integrity Reforms | 4.0 | 5.0 |
| Serious Crime - Intelligence Support | 3.0 | |
| Resource Management Unit (RMU) | | 5.0 |
| Dangerous Dogs Manager | | 1.0 |
| Gang & County Line Capabilities | | 2.0 |
| Total - Operational Policing | 135.0 | 16.0 |
| Total - Infrastructure Support | 11.0 | 44.8 |
| Total - Reinvestment from shift pattern change | 5.0 | - |
| Total | 151.0 | 60.8 |

It should be noted that 112.5 of the 135 officers (83%) will be allocated into frontline policing and investigation, this includes the additional 5 officers created as a result of shift pattern change (15 sergeants converted to 20 PCs) who will be posted to Community Policing Teams.

The following areas are planned for Operational Policing investment.

- Creation of 20 officer posts in our existing Community Safety Hubs to create a firm focus on increasing community confidence and developing the widest prevention agenda to reduce harm and crime with partners and communities.
- High Harm and Investigations - having made significant investment in uniformed front-line officers in 2018/19 and 2019/20, the priority for the allocation of additional officers is to improve our front-line investigative capacity. As part of the allocation we plan to strengthen pro-active management and prevention work in the Management of Sexual Offenders and Violent Offenders (MOSOVO) and Police On-line Investigations Teams (POLIT). This will increase our capability and capacity in this highest of harm areas, supporting vulnerable people, investigating and tackling violence and abuse and keeping people safe. The last significant investment in this area was in 2015 and the evidence shows that demand in this area continues to grow. This directly supports our shared ambitions as well as keeping pace with referrals from other agencies (NCA/CEOP).
- Dedicated Custody Sergeants – Custody is the gateway to many investigations and especially those that are high harm. Whilst often viewed as ancillary, having an effective and self-sufficient custody is essential to facilitate the investigation of offence and protecting the community. With the on-going and long-term development of the custody estate this investment means we can better bring offenders to justice, discharge our duties of care whilst minimising the impact on officers deployed in communities and across the force.
- Serious Traffic Collision Investigations – the proposed increase will allow for greater investigative capability and capacity to effectively deal with major investigations concerning death on the road which will ensure the county is safer. It will directly support the Police and Crime Plan as well as mitigating impact on personnel. Increased resourcing allows for this with a greater spread of work and therefore reducing officer exposure to traumatic incidents. The two new staff posts will administer the increased volume of road incident reports generated from the public via Single On-line Home and the large amount of Road Collision Records (RCR) requests received from the public.
- Force Support Unit (Firearms) – Tackling serious violence, gangs and organised crime along with providing further capability to deal with the most violent and dangerous offenders in the county in possession of firearms & bladed weapons. This allows us to maintain our armed response vehicle capability in support of keeping the public and officers safe. This investment allows a sustainable solution that is not as heavily reliant on officers working

overtime and is in line with the current Armed Policing Strategic Threat & Risk Assessment [APSTRA] resourcing levels.

- Major Crime Team – Increased capability to deal with serious and organised criminality and to mobilise major incident responses to tackle the most serious crimes quickly and professionally.
- Local Policing – Briefing and Tasking Officers – investment in resources for each Local Policing Area (LPA) to ensure a consistent approach is taken to the briefing and tasking of officers across the LPA in accordance with the Control Strategy for the force.
- Learning and Development - investment in additional officers to support the growing organisation and the need to maintain continuous professional development of an increasingly inexperienced workforce.
- Financial Investigations and Cyber Detective Inspector – To improve the supervision and resilience over Financial Investigations, Cyber Crime, Primary Investigations, Suspicious Activity Reports (SARs), Complex Fraud and Volume Fraud.
- Serious Crime - Dedicated Source Unit (DSU) Inspector - to address increased work pressure and increase resilience, particularly in the controlled use of covert human intelligence sources (CHIS).
- Serious Crime - Intelligence Support Officers – Increase resources to review and action the increasing level of intelligence reports which have been growing since 2015.
- Taser Training Team – Establish a dedicated Taser training team to continue to upskill 320 additional officers to use Taser and continue with requalification/refresher training of Specially Trained Officers (STOs) ensuring audits and records are maintained efficiently. The dedicated Taser training team will ensure that policing objectives are met within the force plan to support officers attending violent incidents, manage the response to OCG (Organised Criminal Groups) and reverse trends in violent crime. This supports the protection of the public and officers as well as the maintenance of the highest standards of training to ensure police legitimacy.
- Data Quality – additional resources to assist with implementing the Essex Police Data Quality Improvement Plan and maintain data quality rectification activities in future years. This reflects the increasing importance of data management around crime fighting and legitimacy as well as changing standards and expectations through GDPR. The activities in the plan focus on data quality improvement, primarily within Athena in support of operational policing functions.
- Professional Standards – Police Integrity Reforms - ensure Professional Standards Department have the capability and capacity to deal with current and future demand in PSD investigations and take responsibility of all

Misconduct and Gross Misconduct investigations and address initial complaint assessment, recording and management. A growing workforce and focus on learning as well as professional conduct, creates greater pressure in Professional Standards Department. This investment is essential in order to ensure that public confidence is maintained.

- Resource Management Unit (RMU) - increase the staffing levels of the RMU by 5 Duties Administrators. This meets the additional requirement to manage a force that will have grown by 18% or 519 officers by the end of this budget cycle.
- Dangerous Dogs Manager - This role is currently being completed by a PC abstracted from his main Essex Dog Section role. The creation of this role will allow for the officer to return to his main dog handling role. This is an evolving role due to changes in legislation and cost implications for the force around kennelling.

In addition, investment is required in infrastructure support resources to enable the recruitment and introduction of the growth in police officer numbers and sustain a larger operational police force which will have grown by 519 over 3 successive years from an agreed officer establishment of 2850 police officers in 2017/18 to 3,369 for 2020/21. The necessary investment will be in the areas of Vetting, IT, HR, Learning & Development, Business Centre, Payroll, Transport and Strategic Change resources.

Appendix B sets out a draft financial plan of recruiting to 3,369 officers by the end of the financial year at an additional cost of £4.174m. The full year effect for 2021/22 is £6.133m.

The Force has an ambitious recruitment campaign and expects to exceed the 2019/20 agreed establishment of 3,218 officers, with the intakes of new recruits of 80 in February 2020 and 53 in March 2020, this means we will be at 3,273.5 police officer strength at the 31st March 2020, 55.5 over establishment for 2019/20.

The final detail of the recruitment and training plan is subject to ongoing review. It will take into account variables such as the ability to attract, select and undertake vetting of suitable candidates as well as the forces capacity to provide the mandatory training.

Savings and efficiency plan

Essex Police is absolutely committed to maximising the benefit out of every penny the force spends in its efforts to continue work that will modernise the service and continue to drive efficiency.

The proposed change to funding will not diminish our commitment to find new, more efficient ways of working for the people and businesses of Essex.

The identified savings and efficiencies for the force in 2020/21 total £5.833m cashable (£4.832m recurring), and include police overtime savings from the

introduction of new shift patterns (£0.5m), savings from non-pay and contractual reviews within Support Services Directorate (£1.910m) an increase in the vacancy factor from 7% to 9% for police staff (£1.303m) in 2020/21 only. Additionally, the force has also identified £2.220m non-cashable savings, predominately from body worn video. The target set for the force by yourself was 2.25% of the MTFs and this was £6.775m; this has been met by combining the cashable and non-cashable savings.

It should however be recognised that following many years of identifying significant cashable savings, it will become increasingly difficult to identify this quantum of cashable savings in future years without negatively impacting on the service provided.

Investment

I have set out below in Table D how the force intends to maximise the benefits derived from a precept rise. This includes the increase in officer and staff establishments, the supporting infrastructure including non-pay costs, investment of staff in the Force Control Room, investment of staff in Media & Communications, capital programme revenue consequences and interest charges, IT investment, service demands e.g. Estate Department restructuring, forensics, and the data quality team.

Table D - Investment

| Proposed Areas of Investment | £m |
|-----------------------------------------------------------------------------------|---------------|
| Increase in establishment (151 officers & 44.8 staff) | 6.523 |
| Full year impact of increase in establishment 2019/20 (215 officers and 50 staff) | 3.950 |
| Service Demand Changes | 1.111 |
| Revenue Consequences of Capital Programme | 0.784 |
| Investment in Force Control Room | 0.621 |
| Media & Communications Strategy | 0.332 |
| Taser Training | 0.278 |
| IT investment | 0.277 |
| Borrowing Requirement Interest Charges | 0.149 |
| Other Local Initiatives | 0.150 |
| Other Budget Adjustments | 0.053 |
| 2020/21 Budget Requirement | 14.228 |

Appendix C sets out the supporting documents that will be forwarded to your Acting Treasurer to support this budget proposal.

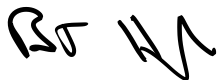
The Future

We continue to have the second lowest spend per head of population in the UK (HMICFRS Value for Money profile 2019). Our proximity to London and diversity of challenges in Essex mean that we face all of the rural pressures alongside the urban demands of increases in violence, county lines drug supply, and serious and organised crime. As you know, in the past two years we have been building a

sustainable model and in some cases rebuilding critical areas that were necessarily rationalised to maintain the operational frontline. It is my ambition for this to be a challenging but sustainable budget for the future of policing in the county of Essex. This budget is not without risk, but these risks are considered and balanced to achieve our shared ambitions for a safer county.

The cost of living in Essex is comparable with London. Officers and staff are competing against London salaries; if we wish to continue to recruit and retain the best talent, we must ensure we are competitive using levers such as the south east allowances and market supplements. These will inevitably impact on the affordability of our pay budget and whilst within this budget these are not a factor these become increasingly essential to retain a skilled workforce over the life of our financial plan.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'BJ Harrington'.

BJ Harrington
Chief Constable

Appendix B

Police Officer Growth Plan 2020/21

| Line Ref | | Mar-20 | Apr-20 | May-20 | Jun-20 | Jul-20 | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | | |
|----------|------------------------------------|--------------|----------------|----------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|---------------|------------------|
| 1 | Previous Month End Strength | 3,237.5 | 3,273.5 | 3,250.5 | 3,227.5 | 3,280.5 | 3,267.5 | 3,324.5 | 3,301.5 | 3,278.5 | 3,344.5 | 3,321.5 | 3,358.5 | 3,335.5 | | |
| 2 | Leavers | (22) | (23.0) | (23.0) | (23.0) | (23.0) | (23.0) | (23.0) | (23.0) | (23.0) | (23.0) | (23.0) | (23.0) | (23.0) | (276.0) | |
| 3 | Joiners - to cover attrition | 2.5 | - | - | 70.0 | - | 40.0 | - | - | 80.0 | - | 29.5 | - | 56.5 | 276.00 | |
| 4 | Joiners - growth | 50.5 | - | - | 6.0 | 10.0 | 40.0 | - | - | 9.0 | - | 30.5 | - | - | 95.50 | |
| 5 | Re-investment of Officers (Note 1) | 5.0 | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| 6 | Joiners - Total (Note 2) | 58.00 | - | - | 76.0 | 10.0 | 80.0 | - | - | 89.0 | - | 60.0 | - | 56.5 | 371.50 | |
| 7 | Strength at end of month | 3,273.5 | 3,250.5 | 3,227.5 | 3,280.5 | 3,267.5 | 3,324.5 | 3,301.5 | 3,278.5 | 3,344.5 | 3,321.5 | 3,358.5 | 3,335.5 | 3,369.0 | 3,305 | Average Strength |
| 8 | Target | 3,218 | 3,369.0 | 3,369.0 | 3,369.0 | 3,369.0 | 3,369.0 | 3,369.0 | 3,369.0 | 3,369.0 | 3,369.0 | 3,369.0 | 3,369.0 | 3,369.0 | | |
| 9 | Variance | 55.5 | (118.5) | (141.5) | (88.5) | (101.5) | (44.5) | (67.5) | (90.5) | (24.5) | (47.5) | (10.5) | (33.5) | 0.0 | | |
| 10 | % Variance | 1.7% | (3.5%) | (4.2%) | (2.6%) | (3.0%) | (1.3%) | (2.0%) | (2.7%) | (0.7%) | (1.4%) | (0.3%) | (1.0%) | 0.0% | | |

Note 1 As a result of the shift pattern change, 15 Sergeants have been converted to 20 PCs, realising a net growth of 5 PCs

This table facilitates a financial profile that has been used for costing purposes. The actual profile of the recruitment of new officers is yet to be determined as the pattern of recruitment is complex and a more detailed analysis is to be completed over the coming weeks. This will take into account variables included but not limited to the ability to attract, select and undertake

Note 2 vetting of suitable candidates as well as the forces capacity to provide the mandatory training.

Supporting Financial Documents

Setting a budget is complex and it is important to provide transparency in relation to the various elements that comprise the budget. I have therefore attached a number of appendices that cover specific aspects of the budget and each one then breaks down the detail financial information. The appendices are:-

- A1 = MTFS Summary
- A2 = MTFS Detail
- B = 2020/21 Budget Overview – Chief Constable’s Proposal
- B2 = 2020/21 Budget Summary – Chief Constable’s Proposal
- C = 2020/21 Pay Budget Breakdown
- D = 2020/21 Contractual and Legal Cost Pressures
- E = 2020/21 Service Demand Changes
- F = 2020/21 New Revenue Investment
- G = 2020/21 Non-Pay Savings and Efficiency
- H = 2020/21 Cashable and Non-cashable Savings
- I = 2020/21 Savings and Efficiency Plan
- J = Reserves Overview
- K = Capital Resources and Expenditure Forecast 2016/17 to 2024/25
- L = Capital Programme - Approved Projects
- M = Capital Programme - Projects Subject to Approval
- N = Capital Programme - Revenue Consequences
- O = 135 Officer Growth
- P = Operational Staff Growth
- Q = Infrastructure Staff and Officers
- R = 2020/21 Budget - Subjective Analysis (to follow)