Item 2.2

Excerpt from South Wales Police Medium Term Financial Strategy 2013-17

Operational Context

South Wales Police provides a policing service to 1.3 million people covering 42% of the total welsh population with around 47% of the total crime in Wales. The Force area includes 63 of the 100 most deprived communities in Wales (and indeed Europe). The policing area is diverse with urban and rural policing challenges including two of the largest cities in Wales, Cardiff and Swansea. The Capital City of Wales presents some additional policing challenges which receive no special recognition within the funding formula. The scale and complexity of incidents routinely dealt with by South Wales Police make it unique within Wales with demand for policing services being the 6th highest across the 43 police forces in Wales and England.

South Wales Police is also recognised as the lead regional force on Serious and Organised Crime and receives specific ring fenced funding for an all Wales Extremism and Counter Terrorism Unit, a Regional Intelligence Unit, a Regional Asset Recovery Team and has established through collaborative funding a Regional Task Force to tackle cross border issues with other police forces in Wales and England.

In this context of local and regional policing requirements, the impact of the largest reduction in police funding in a generation presents significant challenges in maintaining an effective police service and improve performance.

National Economic Context

The present Government was elected in 2010 and made a revised assessment of the national economic circumstance. The outcome of the assessment was the Comprehensive Spending Review 2010 (CSR2010) which is a four year plan to address the national structural budget deficit of £149B with a specific aim over the CSR2010 to reduce public expenditure by £81B. The impact of this on South Wales Police was a reduction in resources of 20% in real terms with 85% of the reductions falling within the first two years of the CSR2010.

The Chancellor’s autumn statement announced on the 5th December 2013 has revised some of the national projections on economic growth and budget deficit and made further reductions on Departmental Expenditure Limits of 1% in 2013/14 and a further 2% in 2014/15. The Home Office has absorbed the further 1% reduction without reducing the police settlement but is unlikely to absorb the further 2% for 2014/15. Consequently the South Wales Police budget deficit has been revised upwards for 2014 to 2017 to reflect the Chancellor’s latest announcements.

Looking ahead, the current indications from the Office of Budget Responsibility are that the national structural budget deficit is unlikely to be met before 2018. Therefore given the record of economic projections to date it is highly likely that austerity measures will continue to 2020. Whilst this extends beyond the period of this MTFS the planning assumptions need to reflect the longer term contraction in central government funding for policing.
Local Economic Context

The funding for South Wales Police is a combination of central grants and local police precept however the proportion of funding from precept varies across England and Wales from less than 20% to over 50% of the total police budget. South Wales Police has the lowest police precept in Wales and is the 20th lowest amongst the 43 police forces.

South Wales Police does not get the level of funding that it should if the funding formula was allowed to be applied as intended. The amount of funding that South Wales Police loses through non-application of the formula has increased in 2013/14 by £0.8m to annual loss of £9M (equivalent to 176 Police Officer or more than 300 Police Community Support Officer posts).

The Home Secretary has confirmed that the current damping mechanism will continue to apply, as such, the loss in funding to date of £37M will increase to £46M by the end of 2014/15. This formula damping mechanism has now been in place since 2006 and given the proposed introduction of a new funding formula in 2015/16 it is likely that some form of damping will continue through to the end of next CSR in 2020.

The full impact of the CSR2010 on South Wales Police was assessed to be a budget deficit of £47M to March 2015. The subsequent settlements for 2011-12, 2012-13 and now 2013-14 have been in line with force projections and £25M of cash reductions have now been realised over the three years.

It is important to note that as funding has been reduced, inflation has increased, which adds to the upward pressure on expenditure requirements. The projections for 2013/14 were a cumulative budget gap of £39M rising to £47M for 2014/15. The updated budget requirement for 2013/14 confirms the cumulative gap at £39M in line with original projections made in 2010/11.

The updated MTFS shows a budget deficit for the period 2016/17 of £72M which, if the precept strategy is maintained, still leaves a value for money savings requirement of £46M of which £24M has been achieved to date and is shown below:

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</thead>
<tbody>
<tr>
<td>Net Revenue Expenditure (Pre VFM)</td>
<td>£272</td>
<td>£273</td>
<td>£285</td>
<td>£290</td>
<td>£299</td>
<td>£309</td>
</tr>
<tr>
<td>Total Resources</td>
<td>(£254)</td>
<td>(£242)</td>
<td>(£246)</td>
<td>(£240)</td>
<td>(£240)</td>
<td>(£236)</td>
</tr>
<tr>
<td>Cumulative Unfunded Expenditure</td>
<td>£18</td>
<td>£31</td>
<td>£39</td>
<td>£50</td>
<td>£59</td>
<td>£72</td>
</tr>
<tr>
<td>Precept increase 7% 13/14 (5% thereafter)</td>
<td>(£4)</td>
<td>(£7)</td>
<td>(£13)</td>
<td>(£17)</td>
<td>(£21)</td>
<td>(£26)</td>
</tr>
<tr>
<td>Value For Money Plan Savings Required</td>
<td>£15</td>
<td>£24</td>
<td>£27</td>
<td>£34</td>
<td>£38</td>
<td>£46</td>
</tr>
<tr>
<td>Current Value For Money Plan</td>
<td>£19</td>
<td>£24</td>
<td>£27</td>
<td>£33</td>
<td>£38</td>
<td>£38</td>
</tr>
<tr>
<td>Net VFM Plan Surplus/Deficit</td>
<td>(£4)</td>
<td>(0)</td>
<td>(1)</td>
<td>0</td>
<td>(0)</td>
<td>8</td>
</tr>
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The South Wales Police Reform, Collaboration and Efficiency Programme.

Reform- The force’s Reform Programme was launched in support of the Chief Constable’s ambition to design South Wales Police from afresh; driving out waste whilst putting our victims, witnesses and the public at the heart of everything we do. The Programme has realised savings of £24 million to date and a summary of some of the work undertaken to transform our services and infrastructure can be seen below.

The creation of a single Public Service Centre has enabled the rationalisation of 7 sites into one and has saved £5 million per annum or £50 million over ten years which is substantially more than some outsourcing companies offered. To achieve this, the force examined the ways our victims, witnesses and members of the public contact us and how we could configure our service delivery to better suit their needs. In response to this the Force has transformed the way in which we manage our call handling and resource deployment function, enquiry offices and mobile access points. The Public Service Centre is staffed by highly trained multi-skilled individuals that are able to access the latest technology (Siemens, XC mapping and Ir3+) to enable more effective deployment and improved customer experience.

Ir3+ - is our new resource and demand management tool that helps ensure that we have the right people in the right place at the right time. This technology has contributed £3 million of cash releasing efficiency savings and increased PCSO visibility from around 49% to 80% on a consistent basis. The technology is integral our new policing model and used extensively to support our Neighbourhood Policing Model and address PACT priorities. The Public Service Centre ensures that information about the priorities is used to inform deployment decisions.

Mobile data – has been developed and used substantially within the force allowing officers to access more information and have the ability to update Niche whilst on patrol and improve visibility and timeliness of intelligence updates.

Niche – has taken the information from our silo based databases and merged them into a single system; with all occurrences being linked - fully integrated with POLE activity/data. This system provides the force with the capability to understand an incident from its inception right through to its conclusion. The force is a recognised leader in the use and development of Niche and is currently embarking on a collaborative opportunity with a Gwent Police and sharing operational data.

Enquiry Officers and mobile access points – We examined in detail the footfall through our stations and confirmed what our communities were telling us that they want to access our services in other ways. In response to this the force realigned front counter services to match demand which included the closure of some counters and a transfer of investment in two mobile police stations that will travel the remote areas within our communities and be staffed by our PCSOs; providing the localised service that our communities have told us they want.

The force is also looking at new ways in which our communities can access our services, through the developments in social media. As these developments mean that South Wales Police is able to tailor the way in which we provide our services to our communities based on their needs.

The Reform programme has also looked at how information flows through the Force and to our partners with specific work being undertaken to look at the disclosure process, public protection function and communities and partnerships function.

Disclosure - process was complex and undertaken by nineteen disparate areas across the Force, following the review process a single multi-functional unit was implemented with a holistic system approach to manage force information. Staff within the have been up-skilled to take charge of the whole disclosure process, as opposed to just ‘their bit’.
This change has also created the blueprint of an integrated Data Management and Disclosure Unit for forces. Not only can waste be removed and the time it takes to process information shortened but also the level of accuracy of the data on our systems enhanced. This area of business is widely regarded as a high risk area following Soham, but with this unit, the Force is now able to manage these risks for our communities. These changes have also facilitated savings for the Force of around £500,000 with further savings anticipated as the processes are embedded and productivity increases.

Public Protection – this review focused on the risks to our communities and how our services can be enhanced to more appropriately manage these. The outcome of this review has seen the Force invest in this area whilst streamlining processes.

Communities and Partnerships - specifically those of neighbourhood policing, youth offending, minority support, Princes’ Trust. In doing so the Force has implemented a new policing model, which not only enables a greater community presence, but also ensures that professional investigative support is provided to our neighbourhood teams; providing them with the information they need to tackle the issues of concern to our communities. These changes have also resulted in savings of around £600,000 for the Force.

The Force has also undertaken a number of reviews to look at how we support our frontline officers/staff and partners. Including a review of our criminal justice administrative support, business administrative support and analytical functions.

Criminal Justice Administrative Support - a review of the five units from across the Force culminated in the creation of three functional units.

These changes have allowed the Force to introduce standard operating procedures and a consistency in decision making. The changes have also enhanced the way in which the Force passes information to our partners, again being able to streamline processes, introduce consistency and share information far quicker. To date these changes have seen the Force save around £400,000.

Financial Administration - The Force has also reviewed its financial administrative support functions including procurement and estates in order to provide a more cost effective service to our BCUs and departments by recognising the duplication of effort that existed. To date savings in excess of £1 million have been realised from this work.

Analytical Functions – The Analysis function has been brought together into a single hub of excellence with a reduction in the number of intelligence products improvement in communication of information to frontline officers. These changes have resulted in a saving of around £300,000 for the Force.

Specialist Operations-Territorial Policing - South Wales Police Specialist Operations Department in partnership with Territorial Policing have delivered over £2 million in efficiencies. The majority of these savings have been accrued by streamlining posts especially at Chief Superintendent, Superintendent and Inspector level. We have also streamlined the planning function from three units to one. Centralisation of Tasking and Co-ordinating has expedited the information and intelligence flows together with the proactive policing response.