



Devon & Cornwall
POLICE

Chief Constable Will Kerr OBE KPM

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📞 101 Non-urgent

📞 999 in an emergency

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PCC Alison Hernandez
The Office of the Police and Crime Commissioner for
Devon, Cornwall and the Isles of Scilly
Alderson Drive
Exeter

EX2 7RP

17th January 2023

CC/SG/SDB

Dear Commissioner

BUDGET PROPOSAL 2023/2024

1. Introduction

This is my first letter to you outlining the Chief Constable's operational budget requirement for the following four years. This follows the Government funding settlement announcements in December, and has regard to the Police and Crime Plan. The budget calculation has been undertaken in full liaison with your Chief Financial Officer. This letter outlines the robustness of the budget calculation, looks back on financial investments since last year's letter, and provides illustrations of on-going service development and investments.

The overall budget settlement is discussed in more detail below but, in summary Government funding is now insufficient to meet unavoidable pay, pensions and inflation costs. Much has been done within the budget to mitigate those additional costs (outlined in (3) below). The Government has permitted a maximum council tax increase of £15 within its overall funding announcement, but even with this additional funding a gap remains. Difficult actions will be needed to fill that funding gap. Given that 2023/2024 appears to be the first in a series of difficult budgets, I want to present a longer term, strategic approach to the workforce to protect and enhance our service delivery and, critically, to maintain and enhance public confidence in policing.

As well as the dramatic change in prices this year which have unbalanced previous financial plans, there is a further challenge in producing this letter. I will only have been in post for a few days when I write this letter and will have only been able to have initial discussions with my team and yourself about the long-term strategic approach needed. The letter provides assurance the budget can be balanced but does not provide full details of the actions needed to close the remaining 1% funding

gap. It does, however, set out a clear set of strategic themes that will inform and guide investments over the next few years.

This letter also outlines the investments and developments we have made with the financial support you gave for the 2022/2023 financial year. Prudent budget management in that year has allowed both one-off investments at grass roots level and planned financial support for the medium-term budget.

We know the public sector as a whole is facing challenges – emerging from COVID, funding shortfalls, staffing issues and demand increases as the public face their own similar challenges. I believe, however, that Devon and Cornwall Police are in a strong starting position as funding again starts to fall away. We have, with your support, a history of strong financial planning and delivering investments within balanced budgets and reserves are sufficient to support an achievable medium-term financial plan. I will be using next year's budget to build on the work already under way and invest in new activity to deliver my priorities and your Police and Crime Plan.

Given the challenges set out above, and the continued growth of demand from other sectors into policing, it is increasingly important that policing maintains a strong focus on its core role. To that end, and within a few days of starting as Chief Constable, I wrote to every member of the Force setting out three simple areas of priority focus for 2023.

These are:

- Improving our access to, and visibility with, our communities (particularly around improving how we deal with calls, and enhancing neighbourhood numbers).
- Looking after our people (investing in their wellbeing, but also stripping away unnecessary bureaucracy and incentivizing innovation and delegation).
- Getting our investigative and behavioural standards right (in particular, ensuring we can robustly tackle anti-social behaviour, violence, drugs and road safety, and, critically, making respect and civility an unambiguous requirement both internally and with the public).

These basic enablers of good policing, and the public confidence so necessary for policing to be effective, have been reflected in the two strategic investment themes set out below.

2. Service Activities and Investment

I thought it would be helpful to lay out some of the detail of my base budget proposals under two broad themes for on-going strategic investment over the next few years. These two themes directly reflect my early priorities for the Force as set out above. They support your Police and Crime Plan priorities of road safety, anti-social behaviour, violence and drugs. They are purposefully simple and reflect my articulated vision for Devon and Cornwall Police upon which you appointed me. More importantly, they reflect the consistently stated needs of local communities for a highly visible, neighbourhood based and prevention focused, approach to policing.

These core elements of good policing were articulated very clearly and consistently to me at my Confirmation Hearing with the Police and Crime Panel.

2.1 Public Access to Services and Community Visibility

Over the last 12 months the Force has invested heavily in this area. Recognising the need to increase local leadership and presence at a time when so many officers are short in service and local patrol inspector numbers have been doubled to 40.

The medium-term Capital Budget proposal includes funding for significant building works in Exmouth and Camborne. The rebuild and repair of these buildings, open to the public and in the heart of their communities, will be a key improvement in local service provision and much welcomed by my officers and staff.

Active financial management in the current year has enabled local officers to invest one-off expenditure in local priorities, from guides to help people access our stations by public transport to the roll out of e-bikes for officers (following a successful pilot in Plymouth).

I have included additional funding for firearms licensing in the budget proposal, following the investment of five additional police officer posts in 2022/2023. This budget proposal maintains those additional police officer numbers and gives on-going funding for additional police staff resources also put into the unit during the current year. This reflects the need to clear backlogs, address recommendations and legislative changes, and improve the service to certificate holders. I have not included any assumption about an increase in charges for firearms and shotgun certificates at this stage, although I am aware of discussions at Government level about decreasing the gap between the cost of issuing a licence and the statutory charge for it.

The Force is focussing strongly on the causes for concern highlighted by HMICFRS as part of their Engage process. Call handling and contact is the most challenging of these areas. We invested 20 officers into this area last year, to improve performance and reduce the time it takes to resolve crimes. My budget includes continuing funding for technology change which will provide a platform for multiple improvements within this area. A new Force intelligence system is currently being implemented, and the national single online home website will be in place by April, giving easier on-line access to the public. Scoping will also start on automating some webchat and email activity.

Work will also be done on upgrading the command and control system, better integrating CCTV into the control room and the development of video contact with victims of crime.

Recommendations from external bodies and Forces on the working practices of the contact centre are actively being considered. There is nothing in the budget proposal, however, for increases in staff whilst we focus on structural and technological changes. In order to remain agile, contingencies are available should further crucial investment be identified during the year.

Six new front offices will be open by the end of January 2023 across the Force, including at Tiverton, Newton Abbot and Penzance. My budget includes additional funding for a further six offices to open next year and a further two each year thereafter. I know you are currently consulting on where these will be. We are already hearing positive reactions from victims of crime and members of local communities, and I look forward to developing these services further. The technological changes in society mean these desks should become multi-functional – allowing people to choose to access local police services face to face, or by electronic means including video. I am very much looking forwards to developing this expanding service, putting contact with our neighbourhood officers at the heart of Devon and Cornwall's policing style.

2.2 Strengthen Public Protection through Effective Investigation

The second theme is investing in highly effective investigations and strong prevention collaborations with partners. An extra 48 posts, including inspectors and sergeants have been allocated specifically to domestic abuse investigations. In addition, the Force is fully engaged with the national Operation Soteria to improve the way the police and the CPS investigate and prosecute rape offences.

A current focus in this area is managing our most serious sexual and violent offenders (MOSOVO) and improving crime data standards. This work is of course being closely managed as part of the HMICFRS response. This year we have invested seven additional officers, and additional infrastructure, into MOSOVO to reduce workload and improve services. In crime standards the introduction of NICHE has temporarily delayed the full implementation of additional training around crime data standards but will in itself provide better checks and balances in this area.

Public confidence in the police's ability to effectively seek out corruption amongst its people is key – we invested three additional posts in counter corruption last year.

In recent months the Force and your office have worked together to deliver additional capability and improve roads policing. More officers were put into the 'No Excuses' active roads policing team. The Vision Zero South West (VZSW) roads policing project continues to develop and support road safety initiatives. My budget proposal assumes financial support from the project for six geographically based road safety officers, liaising with local people and their representatives, (although there has not yet been formal liaison with VZSW).

One-off funds from 2022/2023 have or will be used to support investigations. Drug testing equipment has been purchased for all custody areas, improving prisoner processing, and extra ANPR cameras have been purchased to fill gaps in the west of the county. Technical enhancements to surveillance operations have been funded. One-off funding has also been made available for equipment that allows officers to directly download witness and victim phone based evidence. Some temporary agency roles have been retained to meet investigative capacity gaps.

2.3 Enabling Support

Underlying activity and investment within the medium-term financial plan includes implementation of national systems such as the national digital case file system and the replacement for the antiquated police national computer (PNC). A project to deliver robotic process automation is already giving improvements and will lead to further efficiencies and improved data quality in the medium-term.

Last year's investment in finance has now officially satisfied external audit concerns.

The budget proposal includes assumed savings in fuel costs arising from improved energy management. Start-up funding for sustainability investment is available, subject to individual business cases, to enable these financial (and carbon) savings.

Effective day to day deployment of officers enables efficient service delivery. My proposal includes an additional investment of staff in the unit that oversees officer deployment.

It also includes an additional investment in forensic and organised crime regional teams. Extra digital forensic staff will be employed to meet required quality standards in this specialist area. Overdue changes in forensics IT have been agreed to release specialist time for investigation.

There is currently a backlog in the examination of electronic devices, and this is directly impacting on victims and the time taken to investigate crime. I anticipate that one-off funds will be available to significantly reduce this backlog.

3. Budget Calculation Risks

The full details of my budget proposal are included in the medium-term financial plan attached. I wanted to take this opportunity to assure you of the robustness of my base budget proposal. In summary, because of huge pay and inflation cost increases, the budget proposal can only be balanced through a combination of significant reductions in costs, increased financial risk, and the full use of the council tax flexibility.

The budget proposal assumes an increase in council tax of £15, the maximum announced by the Home Office as part of its settlement. Obviously, the decision on council tax levels remains entirely one for you and I know you are acutely aware of the impact of tax increases on the public, especially at the current time. However, even a combination of the full £15 with the changes in Government grant are not sufficient to meet the unavoidable inflation and pay changes. The £15 increase allows us to avoid further reductions as outlined in (4) below.

The budget process has, wherever possible, removed funding from the base and includes £6.2m of planned and new cost reductions. These include significant anticipated savings arising from the new custody health care contract, reductions in charges for the national police aircraft service, and savings from rate revaluations and rental savings. Temporarily funded posts totalling £1.5m have also been

removed from the base budget as planned. Extra income from mutual aid provision has been included.

The increase in interest rates has actually decreased costs (by £1.4m) because of an improved return and current balances means there is no need for external borrowing in 2023/2024.

Net changes as a result of higher than expected pay, pensions, inflation and interest changes total £7.3m. Pay awards in 2022/2023 were roughly twice that budgeted for and only partly offset by an in year additional grant from the Government. Inflation has risen across the board and added more than £6m to the budget.

The most recent revaluation of the police staff Local Government Pension Scheme has seen costs unexpectedly increase by £1.8m. The police pension scheme is being revalued in 2024/2025, but nothing is included in the medium-term budget for an increase. On previous occasions the Government has provided additional funding when employers contributions have increased.

As officers and staff make up the majority of costs, under budgeted pay awards are a key risk. This year it is especially difficult to budget, especially for future years. The estimates included for 2023/2024 are in line with other Forces and guidance given to police pay award bodies; but are well below the rate of inflation. It is assumed pay awards fall further in future years, in line with Government future estimates of inflation.

The budget assumes that uplift numbers are met but does not account for any additional grant that may arise from uplift + funding. The proposal also assumes that Government restrictions on maintaining officer uplift numbers remain.

My budget proposes using £3.0m of reserves over the four year strategy, of which £2.6m is used in the first year. This gives time to deliver the required cost savings, and has been funded through proactive management of the 2022/2023 budget. Both s.151 officers advise using reserves in this way is sustainable and will not create a financial 'cliff edge' when reserves use ends, as long as savings targets are achieved. Further calls on reserves will be needed if planned cost reductions are delayed.

The budget proposal therefore reflects increased risks around inflation, pay awards and reductions to be achieved. It also includes higher levels of risk around assumed spending during the year. The budget will need to be monitored more closely during the year to ensure any changes to the assumptions are identified and mitigated quickly. If the mitigations are not adequate to cover any changes reserves may be needed to fill the gap.

Whilst the Force has delivered the savings already built into the base budget and added further, carried increased financial risk and used significant reserves, a gap of £2.4m remains in 2023/2024 and more in future years.

4. A Balanced Budget

It is clear Devon and Cornwall must embark on a rolling programme of cost reductions and we will need to think differently about how we approach our business decisions. I am acutely aware we need to have a balanced budget in order to demonstrate value for money to HMICFRS.

I believe this is now a timely opportunity to think differently about the Force's strategic priorities and how we meet them. I have outlined above some activities we are undertaking next year to address my priority themes of public access and public protection through effective investigation. I want to be sure we can maintain these priorities, and ensure we do not unintentionally make changes now that will undermine them.

We have three main ways to reduce spend through changes in our workforce mix.

- We can review police staff numbers, holding vacancies or seeking efficiencies in areas where technology or other changes mean we can do so without significant service detriment.
- We can use police officers to fill vacant police staff posts where this enhances service delivery to the public, improves resilience, or fills gaps we cannot fill with police staff.
- We are able to reduce our officer recruit numbers in 2023/2024 and still meet our uplift target.

The Force is immediately putting in place enhanced processes to review vacant posts, following liaison with our Trades Unions and Staff Associations colleagues. The process will be exploring cost reductions in the context of service delivery and operational flexibility.

These three, if balanced correctly, can give a workforce mix where an optimal officer to staff balance can deliver our priorities. My Chief Financial Officer has confirmed these tools can ensure a robust and sustainable budget. Modelling has been done to show that filling the gap is entirely achievable, but I cannot yet be specific about where changes will be made until I have opportunity to consider in more detail. I will also want to explore how we can move to a more efficient and integrated organisation.

Like public services across the board, we need to protect and enhance services by thinking differently, taking every opportunity to make our processes more efficient, and our service provision more effective. The Force is already engaging with the national productivity team in order to help us work and think differently. I will also be looking for support to work with partners to resolve the fact we are stepping into service failures from other public services – not least with regards to mental health. I want to take this into account as I design my workforce mix to focus on the core policing functions of public visibility and effective investigation.

I propose therefore that, unusually, I do not present the details for how the £2.4m gap is filled at this time beyond acknowledging it will reduce people numbers in the

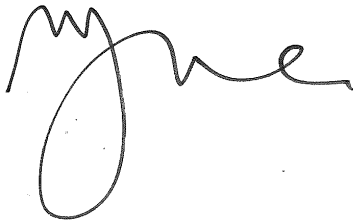
organisation. I will, in discussion with yourself and your office, produce detailed plans for cost reductions by the start of the new financial year.

5. Conclusion

There will no doubt be operational challenges in the year ahead. We are aware, for example, that industrial action elsewhere in the public service may mean us stepping even further from our core policing requirements. Despite the financial changes, I am confident we will be able to meet those challenges and there is much to be optimistic about. The overall budget includes the highest number of police officers we have ever had. As uplift recruitment comes to an end we can concentrate on developing officers we have rather than meeting challenging recruitment and training targets – our new recruits are increasingly operational and available for deployment. And although the implementation of major ICT systems is difficult now, it will soon be delivering benefits.

I look forwards to developing how budgeted resources are used to deliver my priorities, your Police and Crime Plan, and Devon and Cornwall Police's service to the public. I know we can build on the strong foundations of Devon, Cornwall and the Isles of Scilly – the exceptional community support for policing, the strong collaborations with communities and partners, and the active citizen investment in their communities.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Will Kerr', with a large loop at the end.

Will Kerr OBE KPM
Chief Constable

Analysis of Changes	22/23 MTFS Plan £000's	23/24 MTFS Plan £000's	24/25 MTFS Plan £000's	25/26 MTFS Plan £000's
2022/23 Budget	371,612	371,612	371,612	371,612
Savings				
Efficiencies/Savings	(4,612)	(5,260)	(5,699)	(5,889)
Planned Budget Reductions	(1,539)	(1,539)	(1,539)	(1,539)
Pay and Inflation				
Pay Award	15,313	24,249	31,635	37,684
Police Officer Pay Changes	1,954	2,710	4,723	6,246
NI Change	(2,448)	(2,448)	(2,448)	(2,448)
Increments (non officer)	576	826	958	994
Other Pay Changes	3,550	3,770	4,176	4,221
Pension Growth	1,800	1,800	1,800	1,800
Apprenticeship Levy	422	428	422	422
Uplift				
Uplift Costs	(1,942)	(1,942)	(1,942)	(1,942)
Ringfenced Uplift Grant	(3,288)	(3,288)	(3,288)	(3,288)
Inflationary Increases				
Inflation	4,618	7,478	8,793	10,012
Other unavoidable Non Pay Changes	3,887	1,821	1,943	2,726
Regional Budgets	1,787	2,304	2,618	2,893
Income				
Investment Interest	(1,406)	(1,002)	(411)	(78)
Changes to Income	(738)	(825)	(973)	(866)
Capital Financing				
RCCO	(280)	417	1,476	2,510
MRP	101	622	1,035	1,339
Interest Paid	(43)	(3)	99	883
Transfer to/from reserves	(2,520)	(594)	204	348
Growth Bids	1,836	2,590	3,327	3,465
Forensic one off - funded by reserve	722	722	112	0
Mitigations				
Savings Programme	(2,403)	(6,256)	(8,551)	(10,698)
Use of reserves	(2,579)	(1,244)	(748)	1,605
Total 23/24 MTFS	384,380	396,948	409,337	422,013