

Keeping People Safe



# **POLICE SERVICE OF NORTHERN IRELAND**

## **MEDIUM TERM RESOURCE PLAN – 2015/16**

# **FINAL DRAFT<sub>v7</sub>**

**9 February 2015**

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## EXECUTIVE SUMMARY

**The purpose of this paper is to provide details of proposals to achieve a balanced budget for 2015/16** (based on a one year funding settlement) and project forward illustrative resource requirements for the next 3 years i.e. to 2018/19. Given the dynamic nature of policing, these plans will be subject to periodic review.

**This continues to be a very challenging period for public services and, in particular, policing.**

Events over the past year, including attacks on Police Officers, the need for a continued policing presence at interface areas and commitment to large scale events such as Giro d'Italia, against a backdrop of reducing police numbers, only emphasise the ongoing security threat and associated demands on police resources.

**Policing in Northern Ireland is both exceptional and unique.** Therefore, what would be considered 'critical' in any other UK policing jurisdiction is both normal and ongoing business for the PSNI and the context against which all policing activity and relationships are delivered. The 'SEVERE' threat has significant resource and financial consequences for policing, not least in terms of protective infrastructure, investigative and intelligence capability, but also in terms of the enhanced operational profile necessary to deliver 'normal' policing.

This enhanced security profile is exacerbated by the need to maintain a significant public order presence at many community interface sites across Northern Ireland over protracted periods. For example, the Police Service has had to significantly enhance its public order presence and capability across Belfast since June 2012. This is no longer a requirement specific to the 'marching season'; it is now a year round requirement and is having a

significant impact on the long term resilience of an increasingly ageing workforce.

**Looking forward, there are a range of operational challenges with a series of anniversaries. It is therefore critical that the organisation is operationally prepared.**

While the Service strives to keep people safe, meet increasing expectations and embed a Policing with the Community ethos, **the financial pressures on policing within the current budget settlement and beyond 2015/16 are very real and almost certain to increase.**

**In 2014/15, PSNI was asked to deliver significant budget cuts.** Initially, PSNI had £11.0m (or 1.5%) deducted from the opening 2014/15 budget as well as £4.3m removed for Winsor savings. In addition, the DoJ imposed a further £36.1m budget cut during the year resulting in a total budget reduction of £51.4m (or 7.0%) for 2014/15. This cut was subsequently offset by an allocation of £13.0m from the last monitoring round, followed by a further £3.5m cut, which resulted in a net in year cut of £41.9m (or 5.7%).

To identify and address the impact of these cuts, three key principles were developed to guide resourcing allocation:

- **Principle 1:** The PSNI is committed to keeping people safe today, whilst acknowledging statutory responsibilities to investigate the past.
- **Principle 2:** The PSNI is committed to maintain operational capacity and capability, with officer numbers (6,963) reflecting findings of the Resilience Review.
- **Principle 3:** The PSNI is committed to delivering a sustained reduction in baseline spending by continuing to invest in enabling technology and processes.

**The level of cut in 2014/15 has caused PSNI to review the delivery of policing and as further cuts are anticipated beyond 2015/16, this will**

**fundamentally change how and where policing is delivered in Northern Ireland.**

**It has only been possible to deliver a balanced budget in 2015/16 due to an additional £20.0m non baseline funding from the NI Executive to reduce the overall cut in funding for policing and based on sub optimal recruitment of 156 officers next year.** If recruitment levels were progressed towards a target establishment of 6,963 police officers and 2,601 police staff, consistent with the recommendations from Review of Resilience and Capability, the funding gap would be significantly greater (in excess of £70.0m per annum). **Plans also include estimated savings from the NICS Voluntary Exit Scheme which is anticipated to commence early in 2015/16.**

**Beyond 2015/16 the gap rises significantly,** although the resource requirement does not yet factor in any sustainable savings identified during the Resource Assurance and Challenge sessions, for example. It is clear however, that based on a flat budget allocation, the shortfall in funding is significant even with sub optimal recruitment which makes planning for recruitment extremely difficult, with the potential negative impact of a start/stop approach. **A Change Programme is already underway to establish a new operating model with reduced headcount and reduced cost.**

In preparing these financial estimates, **it has been necessary to make a number of key underlying assumptions** to reflect a number of uncertainties. These assumptions will be kept under review, but include:

- The recommendations of the Review of Resilience and Capability are accepted by all stakeholders;
- Continued access to functional and sustainable Mutual Aid arrangements in exceptional circumstances, although funding is not provided for in this plan;
- There are no further budget cuts in 2015/16;

- There is no provision for any deterioration of the security or public order situation;
- No provision has been made for any increase in POPT costs in future years, following settlement of the Working Time Directive case in 2014/15. Given the short time remaining, the risk of not settling this case in 2014/15 is rising;
- Any new legacy structures and costs will be separately funded; and
- The savings anticipated from the Voluntary Exit Scheme are realised.

**Overall, the current proposals for 2015/16 represent a balanced approach to addressing operational demands, delivering against the reduced budget and meeting expectations in a way which retains the ability of the Service to respond to the unexpected.**

**The outlook for future years is uncertain and will be the focus of attention later in the year.**

## 1. PURPOSE

**The purpose of this paper is to provide details of proposals to achieve a balanced budget for 2015/16** (based on a one year funding settlement) and project forward illustrative resource requirements for the next 3 years i.e. to 2018/19. The proposals build on last years Medium Term Resource Plan, reflect the impact of in-year budget cuts imposed by the Department of Justice of £41.9m in 2014/15, include the ServiceFirst Programme and are based on an updated People Plan, reflecting sub optimal recruitment below the recommended levels in the Review of Resilience & Capability. Given the dynamic nature of policing, these plans will be subject to periodic review.

## 2. CONTEXT

**This continues to be a very challenging period for public services and, in particular, policing.** While the Service strives to keep people safe, meet increasing expectations and embed a Policing with the Community ethos, the financial pressures on policing within the current budget settlement and beyond 2015/16 are very real and almost certain to increase. **Events over the past year, including attacks on Police Officers, the need for a continued policing presence at interface areas and commitment to large scale events such as Giro d'Italia, against a backdrop of reducing police numbers as a result of the previous funding settlement, only emphasise the ongoing security threat and associated demands on police resources.**

**In 2014/15, PSNI was asked to deliver significant in-year budget cuts.** Initially PSNI had £11.0m (or 1.5%) deducted from the opening 2014/15 budget as well as £4.3m removed for Winsor savings. In addition, the DoJ imposed a further £36.1m budget cut during the year resulting in a total budget reduction of £51.4m (or 7.0%) for 2014/15. This cut was subsequently offset

by an allocation of £13.0m from the last monitoring round, followed by a further £3.5m cut, which resulted in a net in year cut of £41.9m (or 5.7%).

To identify and address the impact of these cuts, three key principles were developed to guide resourcing allocation:

- **Principle 1:** The PSNI is committed to keeping people safe today, whilst acknowledging statutory responsibilities to investigate the past.
- **Principle 2:** The PSNI is committed to maintain operational capacity and capability, with officer numbers (6,963) reflecting findings of the Resilience Review.
- **Principle 3:** The PSNI is committed to delivering a sustained reduction in baseline spending by continuing to invest in enabling technology and processes.

Using these key principles, together with recognising that cuts were imposed during the year therefore limiting the options open to PSNI to achieve reductions, several areas were targeted to deliver savings. These included general support budgets, police overtime, staff substitution, police officer and staff recruitment, managed service and transport services.

**The level of cut in 2014/15 has caused PSNI to review the delivery of policing and as further cuts are anticipated beyond 2015/16, this will fundamentally change how and where policing is delivered in Northern Ireland.**

**It is important to note that PSNI is committed to maintaining operational capacity and capability (as outlined in Principle 2 above), with officer numbers of 6,963 reflecting the operational need recommended in the Review of Resilience of Capability. However, as a result of the anticipated funding from Government, it has been necessary to plan on the basis of sub optimal recruitment, with the associated impact.**

**This paper outlines the estimated resources required for PSNI in 2015/16 (a one year settlement period) and, for illustration, the next three year financial planning period. The plans for future years, i.e. 2016/17 and beyond, will be reviewed in light of operational environmental circumstances.**

### **3. PROCESS**

**The primary purpose of the Integrated Planning process is to align the available resources under the Budget 2015-16 settlement to the strategic priorities of the Service and to project the resource requirements into the future.** The planning exercise this year focussed on allocating resources to achieve a balanced budget in 2015/16, a one year settlement period. In addition, indicative plans have been provided for the next anticipated Spending Review period 2016/17 to 2018/19.

Proposed spending plans were received from Districts and Departments in September 2014. However, Districts and Departments were asked to reconsider their plans after DoJ requested PSNI to consider options to make significant savings in 2015/16, using 10% and 15% as a guide. Subsequently a draft budget allocation received in December 2014 confirmed a lesser reduction of £60.4m (or 8.6%).

During November and December the Finance Delivery Group and a series of supporting working groups, reviewed submissions and identified scope for further savings. In addition, this year the Chief Constable instigated a number of Resource Assurance and Challenge Sessions which scrutinised the details of budgets under each Senior Officer. As a result, PSNI identified significant savings which could be delivered in 2015/16, guided by the three principles outlined above for resource allocation.

**Despite this, it has only been possible to deliver a balanced budget in 2015/16 due to an additional £20.0m non baseline funding from the NI Executive to reduce the overall cut in funding for policing and based on reduced police and staff recruitment below the levels outlined in the Review of Resilience and Capability, as well as the inclusion of estimated savings from the NICS Voluntary Exit Scheme.**

**This paper summarises our current spending proposals. The paper has been considered by the ServiceFirst Board on 21 January and approved by the Service Executive Board on the 9 February. The paper has been forwarded to the Policing Board Resources Committee for consideration in February and for endorsement by the full Board in advance of the end of March 2015.**

#### **4. AVAILABLE FUNDING**

The draft budget allocation for the one year settlement period 2015/16 is summarised at Appendix A.

**For illustration, a flat budget is assumed for Main Grant into 2016/17 and through to 2018/19 (excluding the additional £20.m non baseline funding for 2015/16). This is a key assumption in how the figures are presented. A formal funding bid for any period beyond 2015/16 is yet to be commissioned by Government.**

The current funding arrangements for the Police Service in Northern Ireland are restrictive and less flexible than those in place in England and Wales. The Police Service would advocate a fundamental review of the funding arrangements for any new settlement, as recommended by CJI(NI) in their report 'Finding the Balance' (March 2013). This review might consider issues such as carry forward, strategic reserves, classification of security funding etc.

## 5. RESOURCE

### 5.1 Resource Funding

Draft total unringfenced Resource DEL funding for 2015/16 is **£661.5m** (excluding additional security funding and ring fenced items but including the additional £20.0m non baseline funding) as shown in Appendix A. For illustration only, a flat budget allocation is projected for 2016/17 to 2018/19 (excluding the £20.0m non baseline funding for 2015/16 only).

### 5.2 Resource Estimates

Table 1 summarises the projected pressure between anticipated resource requirement and available funding with optimum staffing levels by April 2016. Table 2 summarises a balanced budget between anticipated resource requirement and available funding with sub optimal recruitment.

**Table 1**

<b>RESOURCE (excludes Security Funding/ringfenced Resource DEL)</b>	<b>Indicative Funding 2015/16 £m</b>	<b>Indicative Funding 2016/17 £m</b>	<b>Indicative Funding 2017/18 £m</b>	<b>Indicative Funding 2018/19 £m</b>
Indicative Funding (2015/16 - 2018/19)	661.5	641.5	641.5	641.5
Resource Requirement	666.5	714.7	719.9	723.1
<b>Surplus/(Shortfall)</b>	<b>(5.0)</b>	<b>(73.2)</b>	<b>(78.4)</b>	<b>(81.6)</b>

**Table 2**

<b>RESOURCE (excludes Security Funding/ringfenced Resource DEL)</b>	<b>Indicative Funding 2015/16 £m</b>	<b>Indicative Funding 2016/17 £m</b>	<b>Indicative Funding 2017/18 £m</b>	<b>Indicative Funding 2018/19 £m</b>
Indicative Funding (2015/16 - 2018/19)	661.5	641.5	641.5	641.5
Resource Requirement	661.5	695.2	689.8	680.8
<b>Surplus/(Shortfall)</b>	<b>(0.0)</b>	<b>(53.7)</b>	<b>(48.3)</b>	<b>(39.3)</b>

The total resource requirement for Table 2 i.e. sub optimal recruitment (excluding additional Security Funding), is outlined in Appendix C.

The Additional Security Funding is accounted for separately and details of the allocation are provided in Appendix D, along with requirements for 2015/16. The resource requirement for 2015/16 has been estimated at £52.0m. The projected requirement from 2016/17 forward is estimated at £50.0m pa, widening the financial gap yet further.

**It has only been possible to deliver a balanced budget in 2015/16 due to the additional £20.0m non baseline funding from the NI Executive and based on sub optimal recruitment of 156. As a result, projected headcount numbers continue to fall, with leavers exceeding recruitment.** If recruitment levels were progressed towards a target establishment of 6,963 police officers and 2,601 police staff, consistent with the recommendations from Review of Resilience and Capability, the funding gap would be significantly greater (in excess of £70.0m per annum).

The resource requirement for 2015/16 includes significant reductions in general support costs, police and staff overtime and rephrasing of projects. **There is no provision for any costs emerging from the settlement of the POPT Working Time Directive which is assumed will be settled in**

**2014/15. Given the short time remaining, the risk of not settling this case in 2014/15 is rising.**

**Beyond 2015/16 the gap rises significantly (in excess of £70.0m per annum),** although the resource requirement does not yet factor in any sustainable savings identified during the Resource Assurance and Challenge sessions, for example. It is clear however, that based on a flat budget allocation, the shortfall in funding is significant even with sub optimal recruitment which makes planning for recruitment extremely difficult, with the potential negative impact of a start/stop approach. **PSNI is committed to driving out further sustainable efficiencies, reviewing best practice and employing new techniques such as Priority Based Budgeting.**

**Going forward, there is a range of operational challenges, not least a series of anniversaries, and it is critical that the organisation is operationally prepared.**

Operational pressures continue to grow due to a range of issues including the prevailing security and public order environment, significantly increasing legacy costs and forthcoming anniversaries. These circumstances have led to a review of operational numbers and the ongoing need to recruit more police officers. **The future funding beyond 2016 is clearly uncertain for both Main Grant and the Additional Security Funding.**

### **5.3 Payroll costs**

The key Human Resource assumptions used in preparing these estimates are included at Appendix B. **Importantly, these estimates are based on the recommendations arising from the Review of Resilience and Capability about the required level of resourcing, namely 6,953 Police Officers (excluding externally funded posts) supported by the commensurate level of Police Staff.** However, as affordability constraints limited the recruitment of staff and officers in 2014/15, actual numbers in post continue to be below target, which required resources to be diverted to overtime and has

impacted on the capability of PSNI. In addition, potential wastage rates are difficult to predict with more than 1,000 officers approaching a stage when they are eligible to retire from service. The main assumptions underpinning the current resource requirement are outlined below:

### **5.3.1 Police Staff**

The staff pay projections are based on the average full time equivalent posts as outlined in Appendix B. Pay rises and contractual incremental increases have been estimated across the period based on statistical data supplied by NISRA as follows: 1.98% in 2015/16, 1.66% in 2016/17, 1.66% in 2017/18 and 1.66% in 2018/19.

A number of additional posts (101) have been identified as being critical in the current security environment. The cost of these additional staff is included in the additional Security Funding allocation up to March 2016. **Importantly, funding has not yet been confirmed to sustain these posts beyond 2015/16.**

**Plans are currently being developed by the NICS for a Voluntary Exit Scheme. Estimated savings for potential leavers from this scheme are included in this plan.**

### **5.3.2 Police Officers (Regular)**

The police pay projections are based on the average full time equivalent posts as outlined in Appendix B. These resourcing levels are supported by the recommendations from the Review of Resilience and Capability i.e. a total of 6,953 police officers (plus 10 separately funded posts). However, as affordability constraints limited the police recruitment in 2014/15, actual numbers in post continue to be below target. Pay rises and contractual incremental increases have been estimated across the period as follows: 2.0% in 2015/16, in 2.16% in 2016/17 2.13% in 2017/18 and 1.48% in 2018/19.

A number of additional posts (260) have been identified as being critical in the current security environment. These officers undertake a range of duties including guarding, close protection and surveillance. The cost of these additional officers is included in additional Security Funding allocation up to March 2016. **Importantly, funding has not yet been confirmed to sustain these posts beyond 2015/16.**

### 5.3.3 Police Officers Part Time (POPT)

Costs are based on an average strength of 453 Police Officers Part Time, and have been calculated on the basis of a maximum of 12 hours per officer per month. **POPT pay rates have not been adjusted to reflect the outcome of an ongoing legal challenge.**

### 5.3.4 Police Overtime

There has been a sustained rise in core police overtime costs over recent years, in large part due to operational challenges. **However, going forward there is a recognised requirement to manage these costs downwards.** As a result, the projected core police overtime budgets in 2015/16 have been reduced by £6.2m on projected spend in 2014/15. This will be a significant challenge as police numbers are below the operational target outlined in the Resilience Review and will impact front line crime fighting with reduced proactive operational activity against local and serious crime. **A core police overtime resource budget of £19.4m has been provided for the 2015/16 financial year.**

### 5.3.5 Managed Service

The costs of managed services (including Security Guards, CCTV Operators, Custody Detention Officers, Station Enquiry Assistants, Call Handlers, & Property Management, etc.) is separately identified in Appendix C as this represents an **increasingly important element of the Workforce Modernisation agenda**, with the requirement of approximately £15.8m in 2015/16 rising up to £17.9m into 2018/19. **The Managed Services estimates are consistent with, and in support of, the HR People Plan at Appendix B i.e. capacity is delivered via a combination of police officers, staff and**

**managed services, although as a result of budget cuts the investment in Managed Service is much reduced requiring redeployment of officers and staff to cover critical roles.**

#### **5.4 Non Staff costs**

The estimates for other non staff costs include transport costs, accommodation services, telecommunication & technology, travel & subsistence, supplies, catering & publications and general support expenses. In the past, other non staff costs have been the major focus for efficiencies and savings and have continued to be scrutinised for further savings during the Resource Allocation and Assurance Sessions. It is recognised that **there is an ongoing need to continue to drive out further savings and these estimates include reductions of £31.0m in 2015/16 compared to previous estimates for that year.** While these reductions can be made short term, there will be medium and long term consequences of reduced investment in support costs as outdated fleet, estate and IT systems become more costly to maintain.

#### **5.5 Efficiencies**

To date, the Service has successfully delivered against the £135m efficiency target set in Budget 2011-15 and in addition delivered net budget cuts of £41.9m in 2014/15.

Going forward, the organisational wide 'ServiceFirst' initiative is the change program and approach that will be used by the organisation to make significant changes as a result of budget constraints and the implementation of the Review of Public Administration. The ServiceFirst program aims to manage demand more effectively, for streamline core policing functions, consolidate roles and make efficiencies where possible. It will re-design the organisation based on its purpose of keeping people safe, ethos of Policing with the Community, available budget and anticipated demand.

**PSNI is committed to driving out further sustainable efficiencies, reviewing best practice and employing new techniques such as Priority Based Budgeting.**

## **5.6 Legacy Investigation Branch**

HET closed on 31 December 2014 and a Legacy Investigations Branch within Crime Operations Department commenced on 1 January 2015 which looks at Reviews and Investigations and assumed the responsibility of HET. This is currently staffed by existing officers and police staff.

The Stormont House Agreement proposes a Historical Investigations Unit which would consider all HET cases which have not yet completed. As the arrangements are not yet in place for the new body, this plan assumes the continuation of the Legacy Investigation Branch. **PSNI will be submitting a business case for some of the additional funding earmarked by government.**

## **5.7 Receipts**

Resource receipts include income from fees and charges, other sources etc. that can be used to offset costs.

## **5.8 Cash Payment of Provisions**

Details of the cash payment of provisions are provided in Appendix C and include payments for compensation and injury awards (which are rising), severance, Hearing Loss and the POPT Working Time Directive case.

Previously, any **Hearing loss costs** in excess of £12.0m per annum have been met through access to Treasury Reserve funding. DoJ have indicated that this arrangement ceases on 31 March 2015. As a result, all Hearing Loss costs must be funded by PSNI. It is assumed that the new arrangement will continue into the next spending review period.

The **POPT Working Time Directive** case is edging towards completion. It is assumed that this will be settled in 2014/15 and there is therefore no provision for any additional cases or costs in 2015/16. **Any slippage will therefore give rise to a potentially significant unfunded pressure in future years. Given the short time frame remaining, the risk of not settling this case in 2014/15 is rising.**

## 5.9 Ring fenced costs

The budgets in relation to Depreciation and Impairment charges are Non Cash items and ring fenced. **Any easements in these areas cannot be used to fund pressures elsewhere.**

## 6. SECURITY FUNDING

Due to the current security threat, PSNI continue to require additional funding from HM Treasury and NI Executive. In support of the Budget 2011-15 settlement, PSNI received a budget allocation for Security Funding from Treasury of £199.3m and a contribution from the NI Executive of £45.0m.

A Bid was submitted for 2015/16 and accepted by both parties which provides additional funding for employment of additional police officers and staff, additional police overtime, together with the maintenance and running costs of specific security infrastructure.

Details of the allocations are provided in Appendix D.

The resource requirement for 2015/16 is £52.0m (split £29.5m HM Treasury and £22.5m NI Executive).

## 7. AME FORECAST

**PSNI do not carry significant risks in relation to AME costs**, as these are funded centrally by HM Treasury. AME budgets still need to be managed closely to account for any fluctuations.

The total estimated requirement for Pensions costs is £362.9m in 2015/16 financial year. This figure is based on the new CPI (Consumer Price Index) and may be subject to change.

Other non Pension AME costs are projected at £2.0m for 2015/16. (see Appendix E).

## 8. CAPITAL

### 8.1 Capital Funding

The total available capital funding in 2015/16 is **£16.0m (net of receipts)**, as shown in Appendix A. In addition, ring fenced funding is available for the NI Community Safety College at Desertcreat and costs of approximately £1.0m are currently planned to be incurred in 2015/16.

### 8.2 Capital Estimates

An initial projected gap between funding and estimated capital requirement was addressed through the Capital Working Group in November 2014. **This has resulted in a balanced capital programme for 2015/16, but does indicate some significant pressures in future years, based on a flat budget.**

A summary of capital funding and requirement is provided in Table 3 below.

**Table 3**

<b>CAPITAL - GENERAL</b>	<b>2015/16 £m</b>	<b>Indicative Requirement 2016/17 £m</b>	<b>Indicative Requirement 2017/18 £m</b>	<b>Indicative Requirement 2018/19 £m</b>
Available Funding (Gross)	17.0			
Revised Bid (Gross)	17.0	39.4	36.0	31.4
<b>Surplus/(Shortfall)</b>	<b>0.0</b>	<b>(39.4)</b>	<b>(36.0)</b>	<b>(31.4)</b>
<b>Sale of Assets:</b>				
Disposals target	(1.0)			
Revised Plan	(1.0)	(0.7)	(1.0)	(1.2)
<b>Sale of Assets Revised (Surplus)/ Shortfall</b>	<b>(0.0)</b>	<b>(0.7)</b>	<b>(1.0)</b>	<b>(1.2)</b>
<b>Net Capital Revised Surplus/(Shortfall)</b>	<b>0.0</b>	<b>(38.7)</b>	<b>(35.0)</b>	<b>(30.2)</b>

A summary of capital projects can be found in Appendix F and details of individual projects are included in Appendix G.

## **9. NET CASH REQUIREMENT**

The Net Cash Requirement for 2015/16 is **£798.7m** and details are provided at Appendix H.

## **10. CONCLUSION**

**It has only been possible to deliver a balanced budget in 2015/16 due to an additional £20.0m non baseline funding from the NI Executive to reduce the overall cut in funding for policing and based on sub optimal recruitment of 156 officers. As a result, projected headcount numbers continue to fall with leavers exceeding recruitment. If recruitment levels**

were progressed towards a target establishment of 6,963 police officers and 2,601 police staff, consistent with the recommendations from Review of Resilience and Capability, the funding gap would be significantly greater (in excess of £70.0m per annum). **A Change Programme is already underway to establish a new operating model with reduced headcount and reduced cost.**

The resource requirement for 2015/16 includes significant reductions in general support costs, police and staff overtime and rephrasing of some projects. **There is no provision for any costs emerging from the settlement of the POPT Working Time Directive, which is assumed will be settled in 2014/15, although this is now at risk.**

**Beyond 2015/16 the gap rises significantly** (£53.7m in 2016/17), although the resource requirement does not yet factor in any sustainable savings identified during the Resource Assurance and Challenge sessions, for example. It is clear however, that based on a flat budget allocation (excluding the additional £20.0m non baseline funding), the shortfall in funding is significant even with sub optimal recruitment which makes planning for recruitment extremely difficult, with the potential negative impact of a start/stop approach.

**Going forward, there is a range of operational challenges, not least a series of anniversaries, and it is critical that the organisation is operationally prepared.**

Some of the **key underlying assumptions** include:

- The recommendations of the Review of Resilience and Capability are accepted by all stakeholders;
- Continued access to Mutual Aid arrangements in exceptional circumstances, although there is no funding provision in this plan;
- The recruitment of Police officers and staff as outlined in Appendix B is implemented in full;

- The HM Treasury funding arrangements for Hearing Loss cease on 31 March 2015;
- There is no provision for any deterioration of the security or public order situation;
- Any new legacy structures or costs or other significant work will be separately funded;
- There are no further budget cuts in 2015/16;
- No provision has been made for any increase in POPT costs in future years, following settlement of the Working Time Directive case in 2014/15. Given the short time remaining, the risk of not settling this case in 2014/15 is rising;
- The savings anticipated from the Voluntary Exit Scheme are realised.
- All inflationary pressures are to be absorbed.

Operational pressures continue to grow due to a range of issues including the prevailing security and public order environment, significantly increasing legacy costs and forthcoming anniversaries. These circumstances led to a review of operational numbers and the ongoing need to recruit more police officers. The future funding beyond 2016 is clearly uncertain for both Main Grant and the Additional Security Funding.

Overall, these proposals are aimed at delivering against the required savings in a way which minimises the operational impact, while still retaining the ability of the Service to respond to the unexpected. The capability to be responsive is particularly important given our geographic location and current threat level.

## 11. NEXT STEPS

**This paper has been considered by the ServiceFirst Board on 21 January and approved by the Service Executive Board on 9 February.** The paper has been forwarded to the Policing Board Resources Committee for consideration in February 2015 and for endorsement by the full Board in advance of the end of March 2015.

## AVAILABLE FUNDING

## 2015-16 BUDGET ALLOCATIONS

## RESOURCE DEL (excludes Security Funding / ringfenced Resource DEL)

	2014/15 Baseline £m	2015/16 8.6% budget reduction £m	2015/16 additional budget allocated £m	2015/16 revised opening budget £m
Unringfenced Resource DEL	701.9	-60.4	20.0	661.5

## CAPITAL (excluding Security Funding)

	2015/16 budget allocation £m
Capital DEL	17.0
Disposals	-1.0
Net Capital	16.0

## CAPITAL - NICSC

	2015/16 Estimates £m
Training College	1.0
Capital Disposals	0.0
Net Capital - NICSC	1.0

## Note:

NICSC funding for 2015/16 still to be confirmed.

## HR ASSUMPTIONS

Integrated Planning 2014				
HR Assumptions 2015/16 - 2018/19				
	2015/16	2016/17	2017/18	2018/19
<b>POLICE POSTS</b>				
<b>MAIN GRANT FUNDED POSTS</b>				
Police Officers - (Full Time Equivalent - target figure)	6,693	6,693	6,693	6,693
Police Officers - (Full Time Equivalent - average figure)	6,606	6,407	6,223	6,031
Police Officers - (Full Time Equivalent - closing figure)	6,503	6,325	6,137	5,942
<i>Police Recruits (includes transfers/appointments at all ranks)</i>	156	100	100	100
<i>Police Leavers</i>	263	278	288	295
<b>SECURITY FUNDED POSTS</b>				
Police Officers - (Full Time Equivalent - end of financial year)	260	260	260	260
<b>EXTERNALLY FUNDED POSTS</b>				
Police Officers - (Full Time Equivalent - end of financial year)	10	10	10	10
<b>Total Police Posts</b>	<b>6,773</b>	<b>6,595</b>	<b>6,407</b>	<b>6,212</b>
Police Officers Part Time - POPT average strength	453	424	395	368
<b>STAFF POSTS</b>				
<b>MAIN GRANT FUNDED POSTS</b>				
Police Staff - (Full Time Equivalent - target figure)	2,445	2,445	2,445	2,445
Police Staff - (Full Time Equivalent - average figure)	2,141	2,024	1,959	1,867
Police Staff - (Full Time Equivalent - closing figure)	2,059	1,994	1,929	1,814
<i>Police Staff Recruits</i>	85	85	85	85
<i>Police Staff Voluntary exit scheme</i>	150	100	100	150
<i>Police Staff Leavers</i>	45	50	50	50
<b>SECURITY FUNDED POSTS</b>				
Police Staff (Full Time Equivalent - end of financial year)	101	101	101	101
<b>EXTERNALLY FUNDED POSTS</b>				
Police Staff - (Full Time Equivalent - end of financial year)	55	55	55	55
<b>Total Police Staff Posts</b>	<b>2,215</b>	<b>2,150</b>	<b>2,085</b>	<b>1,970</b>
<b>PAY INFLATION</b>				
<b>Police Officers</b>				
Incremental Progression	1.00%	1.16%	1.13%	0.48%
Pay Award	1.00%	1.00%	1.00%	1.00%
<b>Total Uplift</b>	<b>2.00%</b>	<b>2.16%</b>	<b>2.13%</b>	<b>1.48%</b>
<b>Police Staff</b>				
Incremental Progression	0.98%	0.66%	0.66%	0.66%
Pay Award	1.00%	1.00%	1.00%	1.00%
<b>Total Uplift</b>	<b>1.98%</b>	<b>1.66%</b>	<b>1.66%</b>	<b>1.66%</b>

## RESOURCE ESTIMATES 2015/16 - 2018/19

Excludes Security Funding					
	PROJECTION	ESTIMATES		ESTIMATES	
	2014/15 (Dec 14 RBM) £k	2015/16 £k	2016/17 £k	2017/18 £k	2018/19 £k
<b>Staff</b>					
Admin & Industrial Staff	78,100	75,276	73,800	72,428	69,807
Staff Overtime	3,868	3,026	3,786	3,781	3,781
Regular Officers	364,276	375,075	385,663	381,383	374,724
Part-Time Reserve	1,772	1,210	1,143	1,076	1,011
Police Overtime	25,589	19,406	25,227	24,977	24,977
	<b>473,605</b>	<b>473,993</b>	<b>489,620</b>	<b>483,645</b>	<b>474,300</b>
<b>Other Staff Costs</b>					
Employee Benefits	0	0	0	0	0
Staff Substitution	5,243	0	0	0	0
Managed Service	16,483	15,759	17,439	17,652	17,912
	<b>21,726</b>	<b>15,759</b>	<b>17,439</b>	<b>17,652</b>	<b>17,912</b>
<b>Staff Costs Total</b>	<b>495,331</b>	<b>489,752</b>	<b>507,059</b>	<b>501,297</b>	<b>492,212</b>
<b>Non-Staff Costs</b>					
Consultancy Costs (Internal)	0	0	0	0	0
Consultancy Costs (External)	0	0	0	0	0
Transport Costs	11,755	11,389	12,421	12,421	12,421
Accommodation Services	39,157	39,966	45,358	44,575	43,436
Telecommunications & Technology	34,137	32,632	34,107	34,971	35,758
Travel & Subsistence	5,857	5,495	6,017	6,009	6,009
Supplies, Catering & Publications	9,106	8,702	9,628	9,628	9,613
Incidental Expenses	37,164	31,439	39,014	39,007	39,011
Grants to Voluntary Bodies	555	364	364	364	364
HET	2,558	0	0	0	0
	<b>140,288</b>	<b>129,987</b>	<b>146,909</b>	<b>146,975</b>	<b>146,612</b>
<b>Receipts</b>					
Profit / loss on disposal	(399)	0	0	0	0
Resource Receipts	(8,767)	(5,541)	(4,541)	(4,541)	(4,541)
	<b>(9,167)</b>	<b>(5,541)</b>	<b>(4,541)</b>	<b>(4,541)</b>	<b>(4,541)</b>
<b>Cash Payment of Provisions</b>					
Voluntary Severance	95	270	270	0	0
Compensation & Other Provisions	4,444	6,979	4,979	4,979	4,979
Injury Awards	25,519	26,106	26,654	27,187	27,731
Compulsory Severance	232	162	103	70	25
Hearing Loss	12,760	13,800	13,800	13,800	13,800
POPT Equal Treatment	8,000	0	0	0	0
	<b>51,050</b>	<b>47,317</b>	<b>45,806</b>	<b>46,036</b>	<b>46,535</b>
<b>Cash Payment Provisions</b>					
Pension Curtailments	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Resource DEL unringfenced</b>	<b>677,502</b>	<b>661,515</b>	<b>695,233</b>	<b>689,766</b>	<b>680,818</b>
<b>Ringfenced</b>					
Depreciation	34,390	37,000	37,000	37,000	37,000
Impairments	2,000	2,000	2,000	2,000	2,000
	<b>36,390</b>	<b>39,000</b>	<b>39,000</b>	<b>39,000</b>	<b>39,000</b>
<b>Total Resource DEL</b>	<b>713,892</b>	<b>700,515</b>	<b>734,233</b>	<b>728,766</b>	<b>719,818</b>

**Note:**

Police Federation Officials - Pay costs of approximately £300k are included in the Regular Officers estimates in respect of those officers seconded to the Police Federation Office roles of Chairman, Secretary, Assistant Secretary and Treasurer.

## SECURITY FUNDING

Summary of Additional Security Allocation					
RESOURCE	2014/15	Resource Requirement 2015/16	2015/16 Allocation (HMT)	2015/16 Allocation (NIE)	Total
	£m	£m	£m	£m	
Operational Capability	19.2	23.5	21.8	1.7	23.5
Close Protection	9.0	7.6		7.6	7.6
Station Security	8.5	9.7		9.7	9.7
Surveillance officers and Infrastructure	2.3	1.9	1.9		1.9
Terrorist Investigation	4.9	5.2	3.7	1.5	5.2
Technical Support	2.6	4.1	2.1	2	4.1
<b>Total Resource Requirement</b>	<b>46.5</b>	<b>52.0</b>	<b>29.5</b>	<b>22.5</b>	<b>52.0</b>
<b>Available Funding</b>			<b>29.5</b>	<b>22.5</b>	<b>52.0</b>

CAPITAL	2014/15	Capital Requirement 2015/16	2015/16 Allocation (HMT)	2015/16 Allocation (NIE)	Total
	£m	£m	£m	£m	
<b>Operational Capability:</b>					
Vehicles	9.1	7.5	0.0	7.5	7.5
<b>Sub-total</b>	<b>9.1</b>	<b>7.5</b>	<b>0.0</b>	<b>7.5</b>	<b>7.5</b>
<b>Technical Support:</b>					
Technical Support	0.6	1.5	1.5		1.5
Surveillance Infrastructure	0.5				
<b>Sub-total</b>	<b>1.1</b>	<b>1.5</b>	<b>1.5</b>	<b>0.0</b>	<b>1.5</b>
<b>Total Capital Requirement</b>	<b>10.2</b>	<b>9.0</b>			
<b>Available Funding</b>			<b>1.5</b>	<b>7.5</b>	<b>9.0</b>
<b>GRAND TOTAL</b>	<b>56.7</b>	<b>61.0</b>	<b>31.0</b>	<b>30.0</b>	<b>61.0</b>

**Note:**

Vehicles – Capital requirement of £7.5m in 2015/16 relates to the purchase of approximately 50 armoured cars & 24 ALR's.

## AME FORECAST

RESOURCE AME FORECAST				
	FORECAST	FORECAST	FORECAST	
	2015/16 £k	2016/17 £k	2017/18	2018/19 £k
<b>Non Pension</b>				
Revaluations	0	0	0	0
Impairments	1,979	0	0	0
	<b>1,979</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Creation of Provisions</b>				
Voluntary Severance	(20)	(11)	(2)	0
Compensation & Other Provisions	7,510	7,510	7,510	7,510
Injury Awards	24,320	24,320	24,320	24,320
Compulsory Severance	0	0	0	0
Hearing Loss	13,770	13,770	13,770	13,770
POPT Equal Treatment	0	0	0	0
	<b>45,580</b>	<b>45,589</b>	<b>45,598</b>	<b>45,600</b>
<b>Release of Provisions</b>				
Voluntary Severance	(270)	(270)	0	0
Compensation & Other Provisions	(6,979)	(4,979)	(4,979)	(4,979)
Injury Awards	(26,106)	(26,654)	(27,187)	(27,731)
Compulsory Severance	(162)	(103)	(70)	(25)
Hearing Loss	(12,000)	(12,000)	(12,000)	(12,000)
POPT Equal Treatment	0	0	0	0
	<b>(45,517)</b>	<b>(44,006)</b>	<b>(44,236)</b>	<b>(44,735)</b>
<b>Non Pension AME Total</b>	<b>2,042</b>	<b>1,583</b>	<b>1,362</b>	<b>865</b>
<b>Pension</b>				
Interest on Pension Schemes	280,234	289,360	298,667	308,122
Current Service Cost	181,263	179,064	178,330	179,101
Cost of Enhanced Pension	0	0	0	0
Transfer In Liabilities	800	800	800	800
Pension Payments (Use of Provision)	219,773	223,645	228,448	233,666
Release of Provisions Pensions credit	(219,773)	(223,645)	(228,448)	(233,666)
Lump Sum Payments	0	0	0	0
Dependant Payments	0	0	0	0
Employer Contributions	(64,257)	(63,536)	(63,187)	(63,625)
Employee Contributions	(34,308)	(33,840)	(33,604)	(33,563)
Enhanced Contributions	0	0	0	0
Transfer In Income	(800)	(800)	(800)	(800)
	<b>362,932</b>	<b>371,048</b>	<b>380,206</b>	<b>390,035</b>
<b>Pension AME Total</b>	<b>362,932</b>	<b>371,048</b>	<b>380,206</b>	<b>390,035</b>
<b>Total Resource AME</b>	<b>364,974</b>	<b>372,631</b>	<b>381,568</b>	<b>390,900</b>

## CAPITAL REQUIREMENT

CAPITAL PROJECTS				
CAPITAL - GENERAL	ESTIMATES 2015/16 £k	ESTIMATES 2016/17 £k	ESTIMATES 2017/18 £k	ESTIMATES 2018/19 £k
Transport	1,600	3,305	3,150	3,150
Telecomms & Technology	6,300	13,600	9,799	9,844
Land	0	-	-	-
New Works	8,400	22,125	22,650	18,000
Miscellaneous	700	388	388	388
<b>TOTAL GROSS CAPITAL</b>	<b>17,000</b>	<b>39,418</b>	<b>35,987</b>	<b>31,382</b>
<b>Capital Receipts</b>				
Sale of Assets	(1,000)	(700)	(950)	(1,150)
<b>TOTAL NET CAPITAL</b>	<b>16,000</b>	<b>38,718</b>	<b>35,037</b>	<b>30,232</b>
<b>Net Capital Allocation 2015/16</b>	<b>16,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(PRESSURE) / EASEMENT</b>	<b>0</b>	<b>(38,718)</b>	<b>(35,037)</b>	<b>(30,232)</b>
CAPITAL - NICSC	ESTIMATES 2015/16 £k	ESTIMATES 2016/17 £k	ESTIMATES 2017/18 £k	ESTIMATES 2018/19 £k
Training College	1,000	2,420	11,280	35,750
Training College Consultancy Costs	-	-	-	-
Capital Disposals	-	-	-	-
<b>TOTAL NET CAPITAL - NICSC</b>	<b>1,000</b>	<b>2,420</b>	<b>11,280</b>	<b>35,750</b>

**Note:**

NICSC requirements are based on estimates at this point in time, and are subject to change.

## Capital Projects – ESBU

PROJECT NAME	CAPITAL PROJECTS 2015/16 £k
<b>Contractually Committed Projects</b>	
Downpatrick Area Command Unit new build	2,300
Lislea Drive - [E-Crime provision - closure of Knocknagoney].	1,000
Seapark - Accommodation for Scientific Support - Management team and Photography and Mapping.	500
<b>Sub-total</b>	<b>3,800</b>
<b>Statutory/ Legislative Committed Projects</b>	
Custody - Purchase of 'Integrated Technology System' Equipment. [Computer system co-ordinating single management of CCTV, door access, fire safety, panic alarms, water supply etc. Rollout across various suites as upgrades or new in line with Home Office & PSNI SID policy and subject to the Custody Estate Strategy by SID].	550
Various - lift installations (DDA compliance, eg Strabane)	250
<b>Sub-total</b>	<b>800</b>
<b>Inescapable Projects</b>	
Closures - Relocation of Communication Masts	200
Antrim Custody refurb and upgrade (Custody Strategy)	1,850
Various - Demolitions to support site closures in 15/16	150
<b>Sub-total</b>	<b>2,200</b>
<b>Essential Projects</b>	
Waterside - Custody New Build endorsed by Custody Strategic Working Group. Start 2nd half of 2015.	1,100
Various - 2 Fuel Installations (Enniskillen/Dungannon). Statutory compliance	500
<b>Sub-total</b>	<b>1,600</b>
<b>TOTAL</b>	<b>8,400</b>

## Capital Projects – ICS

PROJECT NAME	REVISED CAPITAL REQUIREMENT 2015/16 £k
<b>Contractually Committed Projects</b>	
Nil	
<b>Subtotal</b>	0
<b>Statutory Requirement</b>	
Digital Custody Recording to comply with National Standards and PACE	193
Government Protective Marking Scheme (GPMS - GSC)	150
Fixed Pen processing Replacement	250
Pensions Admin System - new	500
Biometrics	890
<b>Subtotal</b>	<b>1,983</b>
<b>Inescapable Projects</b>	
Causeway iHub - replace end of life software system	400
M Project System Replacement (included as part of Agelast Project)	100
<b>Subtotal</b>	<b>500</b>
<b>Essential Projects</b>	
Expansion of Virtualised Wintel and Non-Virtualised Wintel (e.g. SAP IHUB)	100
Secure Networks Hardware (end of life replacement)	50
POLNI Domain PSNI network device (end of life replacement)	100
Data Network Hardware (end of life replacement)	100
Barracuda Hardware (end of life replacement for 15 year old equipment) - hi pri	477
Firearm Training Records	390
Cyber Crime	150
Policenet	300
Body Worn Video - Full Roll out	400
Faster Fairer Justice	150
Fixed ANPR Refresh	300
Mobile Data, PUMA 2 & BES refresh (MDM)	100
Digital Asset Management (excluding SAN) ?	150
E Project IMN Refresh (end of life replacement)	100
E System Refresh (end of life replacement)	800
Ecrime Storage Area Network expansion	50
Alternative to Microsoft Enterprise Agreement (Software Licence)	100
Response to emergency operational requests	0
<b>Subtotal</b>	<b>3,817</b>
<b>TOTAL</b>	<b>6,300</b>

## Capital Projects – Transport Services

PROJECT NAME	CAPITAL PROJECTS 2015/16 £k
<b>Contractually Committed Projects</b>	
Nil	0
<b>Sub-total</b>	<b>0</b>
<b>Statutorially/ Legislatively Committed Projects</b>	
Nil	0
<b>Sub-total</b>	<b>0</b>
<b>Inescapable Projects</b>	
Fleet refresh/ workshop equipment	1,600
<b>Sub-total</b>	<b>1,600</b>
<b>Essential Projects</b>	
Nil	0
<b>Sub-total</b>	<b>0</b>
<b>TOTAL</b>	<b>1,600</b>

**Note:**

Fleet refresh – Capital requirement of £1.6m in 2015/16 relates to the purchase of 4 boats and approximately 80 softskin vehicles.

## Capital Projects – Miscellaneous

PROJECT NAME	CAPITAL PROJECTS 2015/16 £k
<b>Contractually Committed Projects</b>	
<b>Sub-total</b>	0
<b>Statutory/ Legislative Committed Projects</b>	
<b>Sub-total</b>	0
<b>Inescapable Projects</b>	
<b>Sub-total</b>	0
<b>Essential Projects</b>	
Crime Operations - C6 Photography/ e-Crime	100
Crime Operations - C4 Specialist Equipment	200
HR Department - Kardex machines for OHW	50
FSSD - Catering Equipment	50
Ops Support Department - nightsight equipment	50
Ops Support Department - breathtest equipment	250
<b>Sub-total</b>	<b>700</b>
<b>TOTAL</b>	<b>700</b>

**NET CASH REQUIREMENT – 2014/15** (excludes Security Funding & NICSC)

	<b>2015/16</b>
	<b>£k</b>
<b><u>Main Grant</u></b>	
Total Resource DEL	<b>700,515</b>
	<b>700,515</b>
<b><u>Non-Cash</u></b>	
Depreciation	(37,000)
Impairment	(2,000)
Pension Settlements & Curtailments	0
	<b>(39,000)</b>
<b><u>Capital</u></b>	
Capital Receipts (-)	(1,000)
Capital payments (+)	17,000
	<b>16,000</b>
<b><u>Other</u></b>	
<b>Movement in working capital</b>	<b>0</b>
<b>Grant-in-aid</b>	<b>677,515</b>
<b><u>Pension Grant AME</u></b>	
<b>Pension receipts</b>	<b>(98,565)</b>
<b>Use of provisions</b>	
Pension current service cost	219,773
<b>Grant-in-aid (Pension)</b>	<b>121,208</b>
<b>Total Net Cash Requirement</b> (excl Security Funding & NICSC)	<b>798,723</b>