



Police Service
of Northern Ireland

COMMITTEE FOR JUSTICE

10 February 2022

Briefing Paper

DRAFT BUDGET

**we care
we listen
we act**

      psni.police.uk

Report online. Call 101. In an emergency call 999

PURPOSE

1. The purpose of this paper is to provide the Committee for Justice with an overview of the draft budget allocation for 2022-25 for the Police Service and highlight the potential implications.

BACKGROUND

2. The Northern Ireland Executive published the draft budget for 2022-2025 for consultation on 13 December 2021. Subsequently, on 17 December 2022, the Department of Justice advised the Police Service of a draft budget allocation for 2022-2025 of £760m for each of the next 3 years (see **Annex A**).
3. This initial allocation is primarily for Non-ring-fenced Resource Departmental Expenditure Limit (DEL) (or running costs), with draft budgets for some ringfenced items, capital and annually managed expenditure yet to be advised.
4. The figure of £760m is based on the opening baseline allocation in 2021-22 less a 2% reduction, with a specific ring-fenced allocation of £14.6m for staffing that is flat across all three years. Whilst the specific ring-fenced allocations are welcome, this does not result in any additionality, as it is countered by the 2% cut of £14.8m.

IMMEDIATE CHALLENGE

5. The proposed baseline of £760m is **less than the equivalent budget for the current year** which was initially £772m and then supplemented by the various Monitoring allocations.
6. In total, across the 3 year period, the draft budget proposals create pressures of some £226m, just to stand still.

7. Simply to maintain headcount at the previously planned level, of 7,100 officers and 2,580 staff, introduces significant financial pay pressures going forward i.e. £37m in 2022-23, £50m in 2023-24 and £66m in 2024-25. This is primarily due to historical underfunding of the baseline together with future pay inflation.
8. The maximum savings that can be generated from pay, including the extreme option of an immediate freeze on all recruitment from March 2022 (i.e. £13m in 2022-23, £33m in 2023-24 and £53m in 2024-25) do not fully offset future payroll pressures.
9. The estimated non-pay pressures are also substantial, at £22m in 2022-23, £25m in 2023-24 and £26m in 2024-25, and although there is room to either absorb or defer some of these pressures, they only add to the overall burden.
10. **In short, although the draft allocation to Policing might be described as a ‘flat budget’ - it should not be understood as a ‘standstill budget’. In our assessment, the draft budget is unrealistic and not deliverable, especially in the short term when many costs are effectively fixed.**

SUMMARY OF BUDGET GAP

11. To illustrate the scale of the gap resulting from the proposed budget allocation, the following table outlines pressures in both pay and non-pay budgets over the three year period, 2022-2025.

Financials	22-23 £m	23-24 £m	24-25 £m
Opening baseline	719	719	719
less 2% reduction	(14)	(14)	(14)
plus PSNI Staffing ring fenced funding	14	14	14
EU Exit funding	10	10	10
Security funding	31	31	31
Proposed draft baseline	760	760	760

<i>Pay pressures – to maintain headcount</i>	37	50	66
<i>Non-Pay pressures</i>	22	25	26
Total pressures	59	75	92

STRUCTURAL FUNDING ISSUES

12. The reality is that the substantive police budget underpinning the current officer and staff numbers is made up of a variety of separate funding streams which include non-recurring funding and often supplemented by in-year allocations. **This is not a sustainable way to fund policing or plan the delivery of policing services.**

13. The major funding streams supporting current headcount are highlighted below:

Funding streams	Officers 21-22 FTE	Staff 21-22 FTE
Main Grant	6,402	2,439
Security funding	340	32
EU Exit funding	295	13
Fresh Start of Paramilitary Crime Task Force (PCTF)	55	3
Externally funded	8	93
Total	7,100	2,580

OFFICER AND STAFF NUMBERS

14. A freeze on recruitment would result in headcount falling to 6,027 officers and 2,227 staff in a three year period. This represents **a reduction of over 1,000 police officers and 350 members of police staff**, as outlined in the table below.

Headcount (with no recruitment)	22-23 FTE	23-24 FTE	24-25 FTE
Officers	6,688	6,359	6,027
Staff	2,484	2,358	2,227
Total	9,536	8,717	8,254

15. As an immediate step to mitigate further financial pressure in 2022-23, **we have just recently taken the decision to defer the planned student officer recruitment intake for March 2022.**

16. Whilst the intake of 85 student officers in March would have achieved the previously planned headcount of 7,100 officers, it would also equate to committed additional costs of circa £4-5m in the 2022-23 financial year. Until such times as we receive certainty on the agreed budget settlement for policing, it is considered prudent, as a precautionary measure, not to incur an unsustainable recurring financial commitment of that scale.

17. It is, however, important to reinforce that, in the event of easement or remedy under the final budget settlement, measures are in place to ensure we are in a position to accelerate recruitment intakes to maintain operational capability.

SCENARIO PLANNING

18. We are currently working through scenarios on the potential reduction of headcount for the period 2022–2025, as an outworking of the pay pressures within the budget. This includes options of freezing or reducing recruitment. It is, however, our clear preference to retain some level of recruitment, to manage key operational risks and increase diversity and representativeness.

19. On the basis that payroll savings will be insufficient to address the funding gap, the impact will undoubtedly be felt on much needed infrastructure and support services affecting investment in IT systems, fleet, estates and training. It is worth noting that spend in these Non-Pay areas has reduced by 10% over the last 10 years, despite rising prices and increasing demand year on year. As a result, reductions will be both difficult to deliver and impactful.

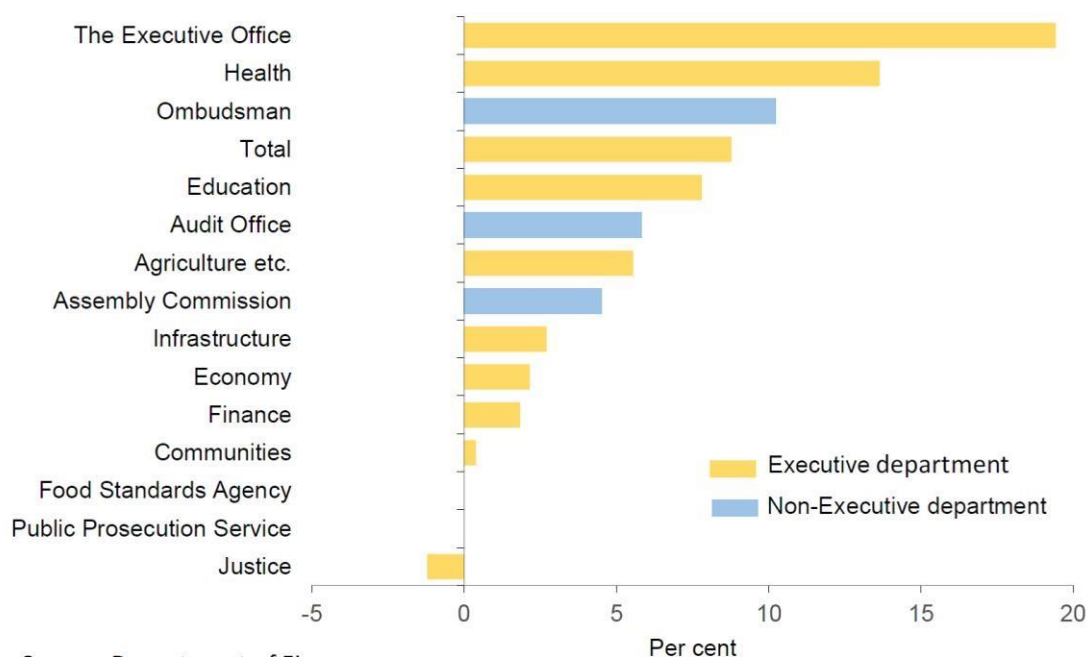
COMPARISON TO E&W SETTLEMENT

20. Policing in England and Wales has been allocated a significant uplift of £2 billion across the 3 year budget period, including funding to grow officer numbers by 20,000, while maintaining staff numbers.
21. This position contrasts markedly to the reduction in funding for policing here and the inevitable reduction in both headcount and services to communities.
22. Based on the draft budget, there can be **no growth towards the New Decade, New Approach (NDNA) stated commitment of 7,500 officers** across the 3 year period. Rather, **police officer numbers will fall dramatically by 15 %**.

OVERALL IMPACT ASSESSMENT

23. The Police Service is acutely aware of political and public consensus on the requirement to prioritise health in public spending. It is in this context that we have been engaging stakeholders on a realistic and pragmatic budget settlement for policing which maintains capacity at 7,100 officers, with a longer term strategic intention to grow police officer numbers to 7,500 as outlined under the NDNA Agreement.
24. Whilst respecting that the allocation of public finances is a matter for elected representatives through the democratic process, to protect local communities and maintain confidence in policing, it is a matter of public duty that we are transparent and honest in our assessment of the impact of budgetary decision-making to prepare the Executive and the public for inevitable reductions in policing service provision.
25. The Northern Ireland Fiscal Council's report 'The NI Executive's 2022-25 Draft Budget: an assessment' published in January 2022, provides useful clarification on the average impact of the 2% baseline cuts as a percentage of the baseline for each Department. This is particularly relevant in explaining the particular pressures that are faced in the context of a Justice budget, where policing accounts for three quarters of the total budget allocation.

Chart 1.3 – Change in funding from 2% cut and general allocations



Source: Department of Finance

[Extract: The NI Executive's 2022-25 Draft Budget: an assessment, Northern Ireland Fiscal Council, January 2022, Executive Summary Page 9]

26. Work is well under way to assess the options and potential impact of delivering within the draft allocations but the support of the Policing Board, Department and others will be critical in securing a settlement which is more sustainable and delivers for communities.

27. The stark reality is that the proposed draft budget allocation falls significantly short of the funding necessary simply to maintain current numbers or service levels. Year 1 effects will be gradual but whilst we will need to innovatively explore how to improve officer and staff productivity by 2023, policing will look and feel different. If the proposed budget remains unchanged, it will lead to a smaller Police Service, providing more limited services and less able to keep people safe. It will not be possible to find adequate savings without significant reductions in staffing, with up to 1,000 fewer police officers in communities by 2025 and attendant reduction in police staff.

28. A number of difficult decisions will be required to achieve a balanced budget.

SUMMARY OF HIGH LEVEL IMPACT

29. Our assessment of high level impacts can be summarised as follows:

- A **smaller and unrecognisable Police Service by 2025**.
- The Police Service will, by necessity, be **less visible, less accessible and less responsive**, affecting confidence in and support for policing and overall levels of community safety.
- Key services to **communities will be impacted**, with difficult decisions to be made on the prioritisation of demand in line with available resource and risk assessment. Likely areas of impact include historic offending, response to noncrime incidents, serious crime investigations and proactive operations.
- Over the same period, it is anticipated that there will be a growth in **crime impacting the most vulnerable**, e.g. child sexual exploitation, cybercrime and domestic offending.
- Our ability to keep pace with the evolving scale and complexity of both cybercrime investigations and digital forensic obligations will be severely impacted. **Current service delivery models could not be sustained**.
- Policing currently supplements core **health and mental health services**. Our ability to sustain this support will inevitably be affected.
- An immediate impact on **organisational resilience** and our plans for much needed **modernisation**.

ANNEX A

EXTRACT FROM DOJ 2022-25 DRAFT BUDGET ALLOCATION LETTER

Police Service Northern Ireland

2022-25 Non ring-fenced Resource Departmental Expenditure Limit (DEL)

	2021-22 opening budget £k	2022-23 draft opening budget £k	2023-24 draft opening budget £k	2024-25 draft opening budget £k
Non-ringfenced Resource DEL	718,856	718,856	718,856	718,856
2% Reduction		(14,377)	(14,377)	(14,377)
Revised Resource DEL Baseline		704,479	704,479	704,479
EU Exit	9,780	9,780	9,780	9,780
2% Reduction		(196)	(196)	(196)
Revised EU Exit Baseline		9,584	9,584	9,584
Security Funding		31,200	31,200	31,200
Police Service Northern Ireland Staffing (Ring-fenced)		14,800	14,800	14,800

Notes:

Gillen and Legacy Inquests budgets are being held centrally by DoJ.

Funding relating to Tackling Paramilitary Activity is currently held centrally by DoF.