

**THE OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR
DEVON, CORNWALL AND THE ISLES OF SCILLY**

FOI Open

**SAFE, RESILIENT AND CONNECTED
COMMUNITIES**

Police and Crime Panel Meeting
Friday 5th February 2021
Report of the Police and Crime Commissioner

**Proposed Precept, Budget and Medium Term Financial Strategy
(MTFS)
2021/22 - 2024/25**

1. Summary

- 1.1. This report considers the future four-year financial position for the Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly (the Commissioner) and Chief Constable and presents the Commissioner's council tax precept recommendation for 2021/22 for consideration by the Police and Crime Panel.
- 1.2. The Commissioner's proposal is for a total precept of £143,625,914 which equates to a council tax Band D of £236.56. This represents an increase of £14.92 (6.73%) in the Band D equivalent for the police element of the council tax for the 2021/22 financial year. It is the intention to increase the available resources to policing which will allow for investment in 2021/22.
- 1.3. Items for the Police and Crime Panel to note:
 - The Commissioning Intentions Plan attached as Appendix 3.
 - That the Reserves Strategy, Treasury Management Strategy and the Capital Strategy will be published online to enhance transparency.
 - Police Officers and Police Staff have received an overall 2.5% increase in pay for the year to August 2021, in accordance with government pay settlements. However, as part of the Spending Review announced in

November 2020 the indicative pay award from September 2021 has been set at 0%.

- That Devon and Cornwall will receive an uplift of 141 officers from the 6,000 additional officers allocated by the government for 2021/22 under Operation Uplift.

1.4. With the increase in funding that I intend to make available to the Chief Constable through the precept (as outlined in the MTFs) we have identified a number of areas for priority investment. This will deliver a progressive policing service which connects to protect our people, prevent crime, reduce violence and create jobs at a time of job insecurity. The letter from the Chief Constable attached at Appendix 2 sets out these areas but the key developments are:

- £626k for improved customer service in contact centres – increasing the staff numbers by 22 in the contact centres to have a positive impact on waiting times.
- £300k on Police Technology relating to drones – to improve public safety and provide a more responsive service for searches, public order events and evidence gathering.
- £1.15m on Crime Investigation – to fund 29 police staff investigators to resolve crimes more quickly and have a positive impact on violent and sexual crime offenders and victims. This will also provide improvements for investigations that relate to proactive pursuits and serious and organised crime.
- £316k on Professional Standards – to provide additional resources to the teams that deal with the relatively new Conduct and Complaint Regulations 2020. This will improve the timeliness and frequency of hearings and appeals.
- £850k on enhancing data reliability, accuracy and security – to improve the quality of the information held to drive crime prevention and public safety.
- £150k on Blue Light collaboration – to further enhance opportunities to collaborate with other emergency services to include coastal and maritime settings.
- £80k on Special Constabulary – to further innovate and support the role and activities of the Special Constabulary which could include further benefits following the enhanced allowance pilot scheme.
- £551k on increase Police Officer numbers – to further increase the number of officers recruited to Devon and Cornwall. This would see a further 40 officers recruited over and above the national uplift target of 141 announced by the Home Office.

1.5. When coupled with the national uplift in officers of 141 this will see 232 additional front line posts.

1.6. The Police and Crime Plan is a requirement of the Police Reform and Social Responsibility Act 2011 (PRSR). The strategy used to produce this MTF5 is my published Police and Crime Plan for 2017-2020 'Safe, resilient and connected communities' which is focused on the following five key objectives:

- Connecting our communities and the police – through a new Local Policing Promise to ensure policing in the local area is 'Accessible, Responsive, Informative and Supportive'.
- Preventing and deterring crime – so we can stop people becoming victims of crime and help them move on with their lives.
- Protecting people at risk of abuse and those who are vulnerable – safeguarding the vulnerable and keeping them safe from harm.
- Providing high quality and timely support to victims of crime to help them recover and to get justice by improving the criminal justice system.
- Getting the best out of the police – making best use of our resources, supporting and developing our workforce and working well in partnership with others.

1.7. This report has been produced in consultation with the Chief Constable.

2. Recommendation

2.1. That the Police and Crime Panel accept the council tax precept proposal of an additional £14.92 (6.73%) per Band D equivalent.

EXECUTIVE OVERVIEW BY THE POLICE AND CRIME COMMISSIONER

3. Introduction

- 3.1. Owing to the delay in the Police and Crime Commissioner (PCC) Elections 2020 due to the COVID-19 pandemic this is my fifth budget since taking office which builds upon the same principles that underpinned my first i.e. that it is progressive, modernising, sustainable and financially stable. In what has been an extraordinary year for the whole world I must pay tribute to the Chief Constable, Shaun Sawyer, and his team for the leadership they have shown across the public sector and with the whole host of community and voluntary sector organisations who have joined in our peninsula-wide efforts to protect our communities. I would also like to recognise the national role in civil contingencies which Deputy Chief Constable Paul Netherton has led for UK Policing. The collective leadership of policing with health colleagues and with the consent and active participation of our communities has enabled residents in Devon, Cornwall and the Isles of Scilly to be resilient against this terrible virus. Whilst the development of a vaccine represents light at the end of the tunnel, I do not underestimate the long term personal and economic impacts which the legacy of the virus will leave in the peninsula. With the remaining uncertainties I am seeking to ensure that the resources available to the Chief Constable remain appropriate for the challenges ahead. They must allow us to collectively help keep our communities safe and be sufficient to improve public confidence while successfully tackling 21st Century crime.
- 3.2. We have had a very successful year despite the global circumstances. In the early part of the year Office for National Statistics (ONS) crime data showed that Devon and Cornwall was the safest place in the country to live. More recent updates have shown that the force has slipped one place to being second, but this is a remarkable achievement given current demands and the summer surge in demand which central government is aware of thanks to our campaign. The force has continued to deliver the objectives I set in my Police and Crime Plan and despite multiple resource challenges has delivered in every area.
- 3.3. The OPCC team have likewise continued to work extremely hard throughout the year. Despite largely working from home, they have delivered business as usual, to very high standards and supported our communities to navigate significant complexity in funding opportunities and new legislation throughout. I am very proud of the fact that my team have secured over £2m additional resources over the last year which has directly benefited the most vulnerable in our communities. The full details of all this activity is detailed in the COVID update reports which have been previously submitted to the Police and Crime Panel.

4. Funding

- 4.1. The Government has increased the funding available to policing this year. However, the settlement for policing is still only for a one-year period, which makes long-term financial planning a significant challenge. It has made it clear that a combination of additional central grant and local council tax increase are available to increase police officer numbers over the next two years. However, the profile of these officers has changed to 6,000 in 2021/22 and 8,000 in 2022/23. The government has also given police and crime commissioners additional flexibilities in their council tax precept for 2021/22 by up to £15 (6.77%) for a Band D property.
- 4.2. Despite the COVID restrictions police officer recruitment in Devon and Cornwall has remained strong and in line with the requirements of the additional funding and with the increase in police officers funded by precept increases.
- 4.3. As in previous years the settlement comes with very specific conditions which must be met. These include the Police Uplift Programme, an ongoing commitment to drive efficiency, productivity and effectiveness through joint procurement, enhanced productivity using technological solutions and achieving best value on police technology.

5. Public Engagement Survey results

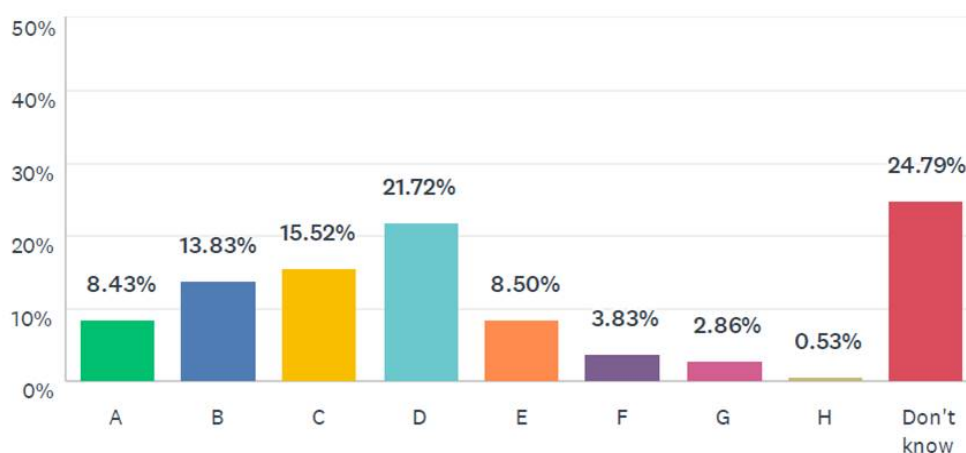
- 5.1. As part of my commitment to actively engage with the communities of Devon, Cornwall and the Isles of Scilly I launched the annual policing survey on November 6, 2020.
- 5.2. The aim of the exercise was to survey a representative sample of residents on their views and experiences of policing in their communities. Collecting information in this way will inform the next Police and Crime Plan and assist with decision making related to the 2021/22 policing and commissioning budgets.
- 5.3. Due to the Covid-19 pandemic face-to-face engagement used to promote surveys and polls of previous years was not possible so there was a greater reliance on using traditional media, social media, virtual meetings and email newsletters to engage participants.
- 5.4. The quantitative survey was designed to seek significant levels of engagement on questions around policing and investment priorities before the 2021/22 budget proposals were finalised. It was supplemented with a series of qualitative telephone interviews with members of the public that took place once budget proposals were finalised to gain a more in-depth understanding of policing priorities.
- 5.5. The digital survey ran from November 6, 2020 to January 3, 2021. Telephone interviews were carried out between January 20, 2021 and January 28, 2021.
- 5.6. The main points of the survey undertaken from November 6, 2020, to January 3, 2021, were:

- The survey was completed by 4,130 people, making it statistically significant.
- Most of those (52%) who had contact with the police in the 12 months prior to taking the survey were either **very satisfied** or **satisfied** with their chosen method.
- In relation to policing priorities Question 6, **Where do you perceive that policing needs greater investment? Preventing crime** remained the most popular choice (as it was in 2019/20, when the same question was posed in our annual survey). **On our Roads** was second most popular choice and **On the Streets Where I Live** was in third place. These were third and second place respectively in the previous year's survey.
- **Antisocial behaviour, drug dealing** and **road traffic offences** were the offence types that participants felt most need dealing with in their communities.
- In terms of national policing priorities **reducing neighbourhood crime** was participants' highest priority, with **disrupting drug supply** in second place and **reducing serious violence** in third (of six priority areas).
- Most participants (64%) were not aware that 24-hour victim care services were available for residents of Devon, Cornwall and the Isles of Scilly.

5.7. The breakdown of the respondents over council tax band's is shown in the table below. This shows that 59.5% of those that responded stated they resided in a household that was a Band D or below.

Q3 What council tax band is your household?

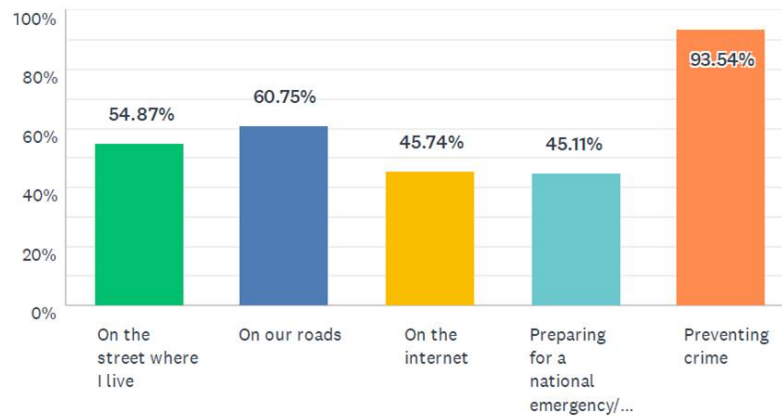
Answered: 4,130 Skipped: 0



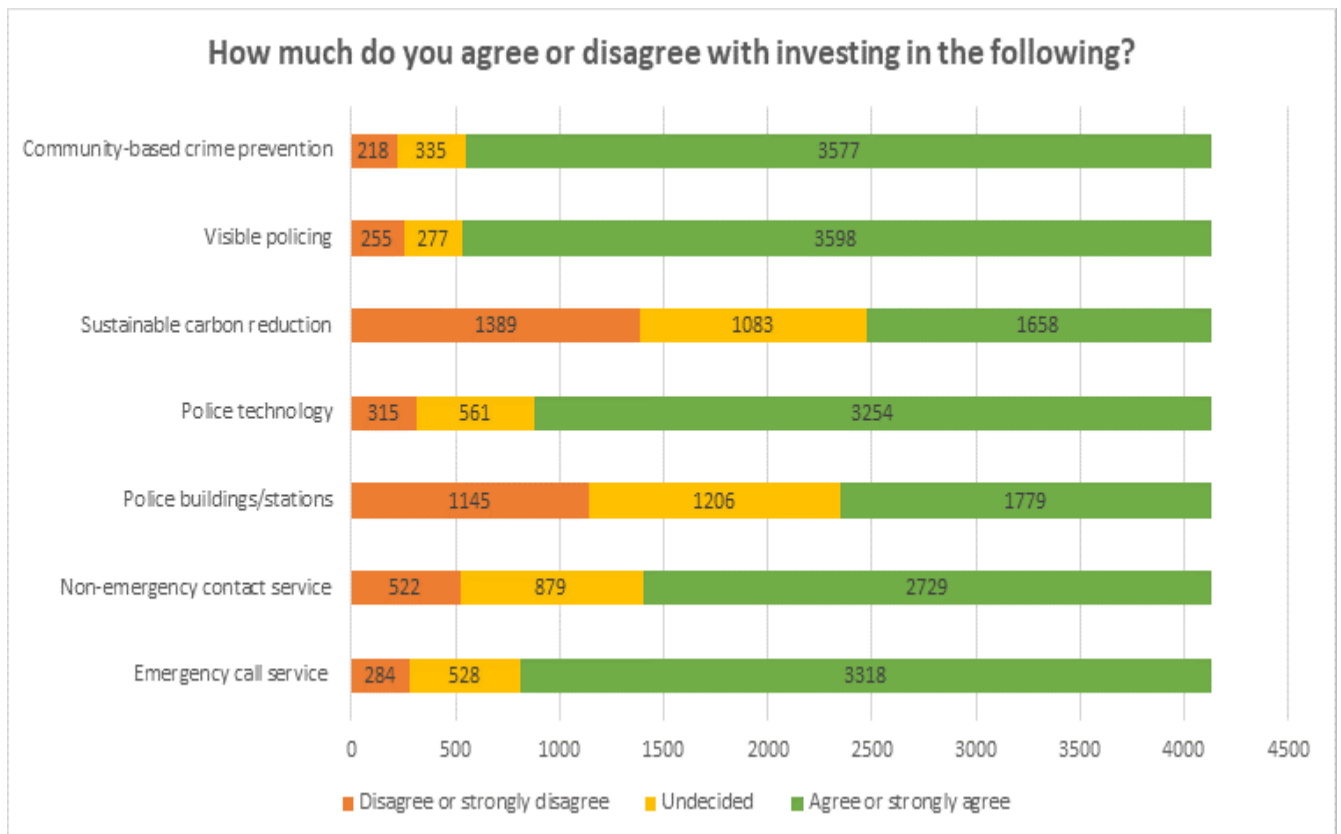
5.8. Below is a bar chart showing the levels of support for the policing priorities.

Q6 Where do you perceive that policing needs greater investment? Please select three from the following options:

Answered: 4,130 Skipped: 0



5.9. The community were also asked about their views of some preferred options when asked a series of statements.



5.10. The final report on the full survey is attached in Appendix 5.

5.11. An independent review of the budget consultation was commissioned and undertaken by the South West Audit Partnership (SWAP). This was assessed against the guidance issued by the Association of Police and Crime Commissioner Chief Executives (APACE) in June 2020. The report concluded:

“Overall, the ‘Have your say on the funding of policing in Devon, Cornwall and the Isles of Scilly’ was a broad and comprehensive consultation with the public,

seeking a range of views on policing priorities, as well as other topics that will provide insight to the OPCC”.

6. Future Changes

- 6.1. In summer 2020 the Home Secretary Priti Patel announced a national review of Police and Crime Commissioners in two phases. The first phase was undertaken in the Autumn of 2020 and sought feedback on governance issues such as the role of PCCs in Fire Governance, Police and Crime Panels and community engagement activity and the results are awaited. A second phase is planned for after the 2021 PCC elections and is anticipated to cover a broader range of areas associated with the role of PCCs in the wider criminal justice arena.

Alison Hernandez
Police and Crime Commissioner
February 2021

MEDIUM TERM FINANCIAL STRATEGY (MTFS) AND PRECEPT PROPOSALS

7. Introduction

7.1. This report will cover the revenue and capital budgets for 2021/22 together with the projections for 2022/23 to 2024/25. The specific areas that will be covered are the:

- National context.
- Local and regional context and funding levels.
- Council tax levels and assumptions.
- Revenue expenditure.
- Capital programme.
- Reserves.
- Risks.

8. National Context

8.1. On 25th November 2020 the Chancellor of the Exchequer announced the outcome of the one-year Spending Review 2020. Originally, it was expected that the government would undertake a three-year spending review. However, the impact of Covid-19 has created significant uncertainty and therefore the government moved to a one-year settlement. This set out the public spending totals for the financial year 2020/21.

8.2. The provisional Police Settlement was published on the 17th December 2020. The Home Office opted for a provisional settlement rather than proceeding straight to final settlement in order to obtain feedback from stakeholders. The deadline for submissions to the provisional was 15th January 2021. This settlement takes place with a backdrop of severe economic difficulties due to the ongoing Coronavirus Pandemic as well as uncertainty around Brexit. GDP for the year was down 11.3%, the largest recession recorded.

8.3. The Home Secretary reinforced her determination to strengthen the police service and tackle the level of crime, particularly violent crime, across the country.

8.4. The overall funding package provides additional funding to increase investment in the police system by up to £703m in 2021/22. This level of investment assumes that all PCCs will maximise council tax flexibility. The provisional settlement headline data includes the following:

- A £415 million increase in core grant funding to PCCs. This additional funding will support year two of the Police Uplift Programme and is net of the £120m efficiency target.
- £100 million of this funding will be ringfenced and allocated according to funding formula shares. In line with the process in 2020/21 this will be paid in line with progress on recruitment targets.
- Up to £288 million additional funding from council tax precept, if all PCCs maximise their precept flexibility. PCCs have been given the flexibility to increase the precept by up to £15 for a Band D equivalent property.
- PCCs will receive a portion of the £670 million additional grant funding announced for local council tax support.
- 75% of council tax losses (due to Covid-19) to be compensated.
- A pause in pay awards affecting Police Officers and Police Staff.

8.5. The settlement also includes the following:

- Confirmation of the continuation of the pension fund agreed in 2019/20 of £153m.
- A reduction and realignment of the funding of national priorities (see table below on the top-slice)
- Confirmation that the capital grant will remain cash flat at £12.3m.

8.6. The settlement represents an average cash increase in total funding for England and Wales of 5.4% between 2020/21 and 2021/22. However, this increase includes funding to cover the increased growth expected as part of the uplift programme.

8.7. The Capital Grant for Devon and Cornwall remains at £296k for 2021/22.

8.8. The Government expects the police to continue to build on the progress that has been made in terms of efficiency and productivity. The expectations from this settlement are:

- Forces to recruit another 6,000 officers by the end of March 2022 (some of these officers are expected to go into Counter Terrorism Policing, Regional Organised Crime Units (ROCU) and the National Fraud Intelligence Bureau).
- £120m efficiency savings from across the law enforcement sector. These are expected to be delivered through a combination of improved procurement practises as well as savings in areas such as estates, agile working and shared services.
- High quality data should be collected and used to support local delivery, identify efficiencies and support the National Policing Board's drive to deliver the best possible outcomes within policing.

8.9. As in previous years the overall funding available to the police has been top sliced for central initiatives. The level funding of the top slice has reduced by £87.5m (8%) from 2020/21. The effects of top slicing at a national level are shown in the following table:

National Top Slice	2020/21 £m	2021/22 £m	Increase/ (Decrease) £m	% Variation
PFI	72.8	71.6	- 1.2	-2%
Police Technology Programme	498.4	484.7	- 13.7	-3%
Arm's Length bodies	73.1	70.5	- 2.6	-4%
Top ups to NCA and ROCU's	56.8	4.9	- 51.9	-91%
Serious Organised Crime Strategy	140.0	146.3	6.3	5%
National Policing Capabilities (NPCC)	-	3.2	3.2	n/a
Special Grant	80.9	54.8	- 26.1	-32%
Police Uplift Programme	16.5	14.5	- 2.0	-12%
National Operational Policing Unit	2.9	2.9	-	0%
Bluelight Commercial Organisation	3.7	5.0	1.3	35%
National Capability Programmes	47.0	38.7	- 8.3	-18%
Forsensics	28.6	25.6	- 3.0	-10%
Police Now	7.0	7.0	-	0%
Serious Violence Strategy	38.9	38.9	-	0%
Safe Streets Fund	10.0	20.0	10.0	100%
Counter Terrorism	32.4	32.5	0.1	0%
International Crime Coordinations Centre	-	5.0	5.0	n/a
Prum	1.8	-	- 1.8	-100%
Science, Technology and Research	8.0	5.2	- 2.8	-35%
Pre charge Bail	2.0	2.0	-	0%
Total	1,120.8	1,033.3	- 87.5	-8%

8.10. Although the top slice has reduced it is expected that additional costs and charges will arise as a result of some of these central initiatives. Changes may also be required to ICT systems in order to ensure these projects can be used locally.

8.11. Planning for beyond 2021/22 is very challenging. There is significant activity which will impact on this planning:

- The impact of the continuation of the COVID-19 pandemic.
- The delayed multi-year CSR now due to be completed in time for the next settlement.
- The anticipated review of the funding formula.
- The delayed PCC elections, now due May 2021.
- The long-term funding plans for the uplift in police officers due to one-year budgeting.

- Centrally driven ICT programmes such as the replacement of Airwave and the Police National Computer.

8.12. There are a number of areas, outside the level of central government grant, in this MTFs that are sensitive to changes in the wider economy. These are:

- The interest earned on the reserves which is linked to the bank base rate. These income levels have been significantly reduced for 2021/22.
- The fall in the value of sterling against the Euro and the Dollar can lead to some additional inflationary costs. As nearly 84% of the MTFs budget costs are employment related these costs are relatively protected from this variable. The most significant impact is likely to be on fuel and computer products.
- The impact of Brexit which has been hard to predict, and which is still not readily visible.

9. Local and Regional Context and Funding Levels

9.1. The local impact of the provisional settlement will provide increased funding for Devon and Cornwall. The overall effect of the funding announced within the provisional settlement is shown in the table below.

Summary	2020/21 £m	2021/22 £m	Variation £m	Variation %
Core Grant	116.0	119.2	3.2	
DCLG Formula	63.5	71.5	8.0	
Legacy C/Tax Grants	15.5	15.5	-	
Grant	195.0	206.2	11.2	5.7%
Council Tax	136.0	143.6	7.6	
Council Tax Surplus/ -Deficit	1.4	- 0.1	- 1.5	
Total Council Tax	137.4	143.5	6.1	4.4%
Council Tax - Support for CTR	-	0.8	0.8	
Council Tax - Support for Deficit	-	0.1	0.1	
Funding Available	332.4	350.6	18.2	5.5%

9.2. The core grant funding has increased by £11.2m. This additional funding is required to cover the uplift in officers, along with the pay award, inflation and other pressures.

9.3. The council tax funding for 2021/22 has been particularly complex due to the impact of the economic crisis on council tax payers. The impact has been seen in a number of areas:

- The payments due for the 2020/21 council tax bills have seen an increase in the level of delayed or non-payment due to the volatile employment

market. This has seen the predicted surplus move to a deficit. In order to provide support to preceptors the government has stated that the deficit relating to the impact of COVID will be repaid over three years and indicated that 75% of the irrecoverable deficit to be funded by grant. It is estimated that this will equate to £300,000 for Devon and Cornwall spread equally over three years.

- It is predicted that there will be a significant increase in those council tax payers requiring support via the council tax reduction scheme. This reduces the overall council tax base for preceptors. In order to provide support the government has announced a fund of £670m. This equates to £2.49m for Devon and Cornwall and has been spread equally over three years. This has been done to ensure that the impact on the reduced council tax base is smoothed to give time for the council tax base to recover.
- The level of house building has been impacted upon by the pandemic which has reduced the overall council tax base for preceptors.

- 9.4. The proposed increase to the Band D precept by £14.92 equates to an increase of 6.73% on the council tax to be paid for Devon and Cornwall. This increase generates funding of £7.6m but when combined with the changes to the overall surplus/deficit is anticipated to reduce this increase in funding to £6.1m.
- 9.5. At the time of writing this report the allocations to individual PCCs for the funding for counter-terrorism policing have not been announced. However, based on previous years we are not anticipating there will be any increased funding for Devon and Cornwall.
- 9.6. The pay award is the most significant inflationary pressure on the budget with the overall pay budgets being 83% of total expenditure for 2021/22. During 2020/21 pay awards of 2.5% were agreed for both police officers and police staff to cover the year 1st September 2020 to 31st August 2021. However, as part of the Spending Review in November the Chancellor announced a pause on pay awards for 2021/22.
- 9.7. Unless significant, any changes to the revenue generated from the final declared council tax surpluses or council tax base changes will be dealt with by way of a transfer either to or from general balances.
- 9.8. The overall level of funding is set to increase by 5.5%. With the majority of this increase (5.7%) falling on the grant funding. Table 3 below shows a summary of the main increases in expenditure of 2020/21.

Summary	2021/22	
	£m	£m
Additional Funding (see table 2 above)		18.2
Increases		
National Police Officer Uplift	4.2	
Local Police Officer Uplift	0.6	4.8
Unavoidable Changes		
Pay Inflation	4.3	
Non Pay Costs	2.2	
Commitments	3.6	
Transfer of National Commitments	0.8	
Capital Funding	- 0.2	10.7
Investment		3.5
Change in the use of Reserves		1.1
Savings		- 1.9
		18.2

9.9. The key financial information relating to the four-year budget requirement and the precept increase is shown in Appendix 1. The level of council tax funding equates to 40% of the overall income for 2020/21 which is the same as 2021/22.

10. Setting the Council Tax

10.1. Government guidelines have set the maximum amount that the council tax can be increased, without triggering a referendum, at £15 (6.77%). The proposed increase from the Commissioner is £14.92 (6.73%). The budget forecasts contained in this report are based on this assumption. The impact on the Band D council tax is shown in table 4 below.

Valuation Band	2020/21 £	2021/22 £	Increase £	Increase %	Increase per day £	Increase per week £	Increase per month £
A	147.76	157.71	9.95	6.73%	0.03	0.19	0.83
B	172.39	183.99	11.60	6.73%	0.03	0.22	0.97
C	197.01	210.28	13.27	6.73%	0.04	0.26	1.11
D	221.64	236.56	14.92	6.73%	0.04	0.29	1.24
E	270.89	289.13	18.24	6.73%	0.05	0.35	1.52
F	320.15	341.70	21.55	6.73%	0.06	0.41	1.80
G	369.40	394.27	24.87	6.73%	0.07	0.48	2.07
H	443.28	473.12	29.84	6.73%	0.08	0.57	2.49

11. Detailed Total Budget Requirement

11.1. The overall revenue position for 2020/21 indicates a small underspend position. A review of 2020/21 expenditure has been undertaken in preparing the budget to ensure that any underlying pressures have been appropriately reflected in future years' budget assumptions.

Financial Planning Assumptions

11.2. A list of budget assumptions is attached in Appendix 1. Key assumptions are covered below:

- General inflation.
- Pay awards.
- The capital programme and force investment (which affects revenue costs and new borrowing – this is covered in section 7).
- The Council Tax base.
- Staff Pension Contributions

11.3. **General Inflation** – Inflation has only been applied to budgets that are subject to inflationary pressures. CPI for November 2020 was 0.3%

11.4. **Pay Awards** – A 2.5% pay award was agreed for police officers and police staff from September 2020. As announced by Government in the autumn spending review no pay award has been assumed from 1st Sept 2021. The MTFS assumes that a 2% pay award will be applied on 1st September 2022, 1st September 2023, and 1st September 2024 for police officers and police staff.

11.5. **Council Tax Base** - The council tax base which consists of the total value of properties by band has decreased by 1.03% for 2021/22 due to the impact of the COVID 19 pandemic. As stated previously in this report, some support has been provided by central government to compensate for this decrease. It is anticipated that growth will be seen in 2022/23 and beyond.

11.6. **Staff Pension Contributions** – The Police Office pension's contribution rates are set by central government and equate to 31% in 2021/22. A notional £1m has been added to the MTFS from 2023/24 when the results of the next actuarial valuation is expected. The police staff pension contributions rates are set by the pension provider (Peninsula Pensions hosted by Devon County Council) and are set at 16.5% from 2021/22.

12. The Overall Budget Preparation

12.1. The budget process for 2021/22 has been undertaken on a similar basis to that of the previous year. This is shown in Appendix 1 and includes the identification of:

- Unavoidable changes in costs arising from the budget assumptions and other factors for example changes to external income and specific grants.

- Priority spending areas that are essential to delivery of the Police and Crime Plan and to improving the long-term efficiency of the service.
- Savings required.

Savings Plans

- 12.2. Over the next four years we will continue to seek savings and efficiencies in order to reallocate resources. The cash savings that may need to be made will be impacted upon by the overall government Comprehensive Spending Review, which will determine government grant and future referendum limits.
- 12.3. Where possible non-staff savings are maximised in order to protect public services. These include further reductions in estate costs, transport costs and ICT running costs.
- 12.4. In order to continue to further drive productivity and value for money, the Chief Constable will continue to challenge costs of operational business areas across the force, to seek financial and time savings not only for this coming year but also the for future years. In order to optimise procurement savings the BlueLight Commercial Company funded by the Home Office has been set up to provide collaborative procurement solutions to forces. This along with the expansion of the regional procurement collaboration, to include Avon and Somerset and cover all five forces in the region, will achieve greater efficiencies for the whole region.

The Main Budget Components

- 12.5. The total budget requirement is built up of three main areas:

- The Chief Constable's Budget.
- The OPCC Office Budget and Commissioning Budget.
- The Capital Budget.

The Chief Constable's Budget

- 12.6. The Commissioner owns the overall budget and is responsible for all income and sets the overall expenditure envelope. During the financial year the Commissioner delegates financial control of the Chief Constable's Budget to the Chief Constable who monitors and manages its day-to-day spending. The overall level of the 2021/22 Chief Constable's budget is £344m. The detailed allocations are shown in Appendix 1. A letter from the Chief Constable is attached as Appendix 3 to this report which covers, in more detail, the operational impact, risks and opportunities within this MTFS.
- 12.7. The Chief Constable is operationally independent under law and is responsible for the deployment of police officers and staff to keep the public safe and deliver policing in Devon and Cornwall.
- 12.8. Delivering the Police and Crime Plan and the force mission relies on longer term planning than a single year. As in previous years the Chief Constable's

Budget is presented in the context of the future four-year MTF5 to ensure that any potential funding risks can be mitigated by operational savings within the timescale required. This ensures that proposals are sustainable longer term. The respective Chief Finance Officers have worked together and agree on the inflation and other assumptions built into the budget proposals.

12.9. This year (2021/22) will see the second phase of the Government's commitment to increasing police officers by 20,000 for England and Wales over a three-year period. The second phase, which runs to March 2022, will include a further uplift of 6,000 officers of which 141 will be recruited in Devon and Cornwall. This recruitment will include a small allocation of officers to be seconded to regional and national capabilities.

12.10. The changes in the workforce for 2021/22 and beyond are shown in Appendix 1. This shows that there are projected to be 181 additional officers recruited by the end of 2021/22.

12.11. The change in workforce numbers arises due to:

- Additional investment in operational strength achieved through the increase in precept.
- Additional investment from the Government to achieve an uplift of 6,000 officers across England and Wales.
- Additional investment in front line police staff.

12.12. In summary the budget includes investment as part of the Police and Crime Plan priorities:

- £626k for improved customer service in contact centres – increasing the staff numbers by 22 in the contact centres to have a positive impact on waiting times.
- £300k on Police Technology relating to drones – to improve public safety and provide a more responsive service for searches, public order events and evidence gathering.
- £1.15m on Crime Investigation – to fund 29 police staff investigators to resolve crimes more quickly and have a positive impact on violent and sexual crime offenders and victims. This will also provide improvements for investigations that relate to proactive pursuits and serious and organised crime.
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- £850k on enhancing data reliability, accuracy and security – to improve the quality of the information held to drive crime prevention and public safety.

- £150k on Blue Light collaboration – to further enhance opportunities to collaborate with other emergency services to include coastal and maritime settings.
- £80k on Special Constabulary – to further innovate and support the role and activities of the Special Constabulary which could include further benefits following the enhanced allowance pilot scheme.
- £551k on increase Police Officer numbers – to further increase the number of officers recruited to Devon and Cornwall. This would see a further 40 officers recruited over and above the national uplift target of 141 announced by the Home Office.

OPCC Office Budget and Commissioning Budget

12.13. The Office of the Police and Crime Commissioner (OPCC) budget is under the control of the Commissioner in addition to the funds that she controls for commissioning purposes.

12.14. The OPCC office costs budget is proposed to be set at £2m for 2021/22 with a commissioning budget of £3.7m producing a total budget of £5.7m.

12.15. The office budget has increased by £110k which includes the pay increase to cover the pay award up to August 2021 and increased costs associated with the new legislation on complaint reviews. The office costs also cover the following items:-

- The Independent Audit Committee
- Legally Qualified Chairs for Police misconduct panels
- The Complaint Review process
- External and Internal Audit Fees
- Independent Custody Visiting scheme

12.16. The commissioning budget increases by £100k to cover inflation where appropriate on contracts. The Commissioning Intentions Plan for 2021/22 of the Commissioner is attached as Appendix 3 to this report. The plan includes support for the following areas:

- Services to support victims and witnesses and helping them to get justice.
- Placed based services for victims and offenders to address local priorities.
- Early intervention and prevention activity to deliver the priorities in the Police and Crime Plan.
- Early interventions and preventative activity to prevent and deter crime.
- Services to protect people at risk of abuse and those who are vulnerable.
- Getting the best out of the Police.

The Capital Budget

12.17. The Commissioner is required to publish a capital strategy. This will be published and found on the OPCC website.

12.18. The Capital Programme indicates a total spend of £68.5m over the four years. The detail of the capital programme is attached in Appendix 1. The most significant new projects within the capital programme are:

- The inclusion of a large corporate support facility in Plymouth.
- A project to rebuild the Sports Centre on Middlemoor following significant structural issues with the existing facility.
- The replacement of the records management system (RMS) for crime reporting.
- A comprehensive programme of ICT work across the organisation.

12.19. The annual revenue costs associated with this programme are contained within the budget. The level of capital financing costs equate to £3.6m and as a percentage of net revenue expenditure is 1.04% which compares with the average for all 43 forces. The funding policy of the Commissioner is to ensure that short life assets are funded by capital grant/receipts or revenue contributions. The revenue contribution to capital outlay (RCCO) has been increased by £1m for 2021/22 in order to support the programme of technology enhancements. The financing plan aims to make the maximum use of temporary internal borrowing from revenue reserves until they are used in the budget plan.

12.20. The capital grant announced as part of the settlement has remained static at £296k. The main sources of funding for the capital programme are:

- Reserves – which are planned to reduce over this MTFS.
- Capital Receipts – which have a finite level.
- Capital Grant – which has been significantly reduced over the last two years.
- Revenue Contributions to Capital – which has been increased.
- Borrowing – which needs to be affordable in the longer term.

13. Reserves

13.1. The Reserves Strategy is published annually and will be found on the OPCC website. The Strategy is reviewed annually and includes a risk assessment of the general balance. The Strategy is taken to the Independent Audit Committee for review and comment prior to approval by the Commissioner.

13.2. The Commissioner's Reserve Strategy has the following key principles:

- The reserves policy for Devon and Cornwall will be looking to maintain general balances at no more than 5% and no less than 3% of overall funding levels each year.

- The requirement for the reserves will be reviewed at least annually. Those reserves no longer required for their intended purpose will be identified and made available for other defined priorities.
 - Reserves will be assessed annually to ensure adequacy.
 - Risk assumptions used when assessing reserves will be reviewed annually.
 - A long-term view will be used when assessing the use of reserves to ensure all assets that support policing are maintained.
 - General balances cover the general financial risks. This will include unexpected or unavoidable additional costs, such as a major operations, uninsured liabilities, or treasury management risks.
- 13.3. The current level of general balances predicted at the end of 2021/22 indicate that they will stand at 3.3% of overall funding levels. This is compliant with the Reserves Strategy which is in line with best practice.
- 13.4. As at 31st March 2020 the total amount of reserves held were £43.9m. This is forecast to reduce to £34.1m by the end of March 2021 and then to further fall to £13.4m by the end of 2024/25. The Commissioner considers the level of reserves and their planned reduction when considering the proposals for the level of council tax increases each year.
- 13.5. The planned use of the reserves is in line with the Home Office drive to reduce the level of reserves being held by PCCs.

14. Conclusion for the Police and Crime Panel

- 14.1. In considering the increase of £14.92 (per Band D equivalent) in council tax funding, the Commissioner has taken into account this year's funding settlement and seeks to ensure that funding for the force keeps pace with inflation at current levels. The increase in precept along with continued delivery of financial savings means that the MTFs can allow for growth along with the Government's commitment to an uplift in officer numbers. The opportunity for growth is being targeted at the areas that the Chief Constable has identified to support delivery of a high-quality policing service that meets the changing nature and complexity of demand placed upon them.
- 14.2. There are new and different demands being placed upon policing and resources need to be freed up to address these. The full impact of the COVID-19 pandemic has yet to be fully identified and assessed. The early indication of the pay award significantly reduces the risk to the budget for 2021/22. Many of the new areas of policing require investment in new technology before any operational savings can be generated or operational benefits fully realised. Increases in the council tax will allow these investments to be made and still provide opportunity for a further increase in police officer numbers and co-funded blue light officers.

These proposals are not without risk

- 14.3. The police funding announced is for one year only. It is assumed that this will increase by inflation over this MTFS based upon the minister's statements in the settlement being fulfilled. It is also assumed that the full cost of the officer uplift for future years will be provided within the grant funding. These statements are far from certain and subject to more risk than normal due to the impending delayed CSR. A risk register is attached as Appendix 4.
- 14.4. Although it is indicated that the implementation of the amended funding formula will be deferred until after the next CSR, this remains a significant future risk. The new funding formula allocation could remove annual funding. If required, it is planned to use a proportion of the current reserves which can be used to support a smooth transition to new base levels of expenditure.
- 14.5. The Commissioner has also consulted the Chief Constable about her proposal to increase the council tax and the Chief Constable has confirmed that these proposals will ensure a robust and sustainable budget to deliver operational policing and have due regard to the Police and Crime Plan.

Alison Hernandez
Police and Crime Commissioner

Nicola Allen
Treasurer

Attached:-

- Appendix 1 – Medium Term Financial Strategy 2021/22 to 2024/25
- Appendix 2 – Letter from the Chief Constable
- Appendix 3 – Commissioning Intentions Plan 2021/22
- Appendix 4 – Risk Assessment
- Appendix 5 – Annual Policing Quantitative Survey
- Appendix 6 – Glossary of Terms