

**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 28th January 2022  
Report of the Police and Crime Commissioner

**Proposed Precept, Budget and Medium Term  
Financial Strategy (MTFS)  
2022/23 - 2025/26**

**1. Summary**

- 1.1. This report considers the future four-year financial position for the Police and Crime Commissioner (the Commissioner) and Chief Constable and presents the Commissioner's council tax precept recommendation for 2022/23 for consideration by the Police and Crime Panel.
- 1.2. My proposal is for a total precept increase of £10 this year which equates to a council tax Band D of £246.56. This represents an increase of 4.23% in the Band D equivalent for the police element of the council tax for the 2022/23 financial year. It is my intention to increase the available resources to policing and this will allow for investment in 2022/23. Currently Band D households pay £23.66 a month over 10 months (if they pay monthly) this will rise to £24.66.
- 1.3. Items for the Police and Crime Panel to note:
  - The Commissioning Intentions Plan attached as Appendix 3.
  - The Reserves Strategy, Treasury Management Strategy and the Capital Strategy are published online to enhance transparency
- 1.4. The increase in funding that I intend to make available to the Chief Constable through the precept (as outlined in the MTFS) is specifically to fund the ongoing police officer uplift



programme and enable it to be sustained for the long term. This will enable Devon and Cornwall Police to strengthen, stabilise and sustain their current position and utilise the opportunity given with this precept flexibility to fulfil the recruitment trajectory already underway which enables the continued delivery of a progressive policing service. I know from the public feedback I receive that the visibility of policing and public confidence in policing is vitally important and this budget proposal will keep police officer numbers high. The letter from the Chief Constable attached at Appendix 2 sets out this proposal and shows where other internal management processes will allow for changes in investment in services including public contact.

- 1.5. The Police and Crime Plan is a requirement of the Police Reform and Social Responsibility Act 2011 (PRSR). The strategy used to produce this MTFS is my Police and Crime Plan for 2021-2025 which provides continuity from my previous approach 'Safe, resilient and connected communities'. The Plan has four priority areas: anti-social behaviour, drugs, road safety and preventing serious violence and was considered by this Panel in September and November 2021.
- 1.6. 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 and do not exercise a veto.

# EXECUTIVE OVERVIEW BY THE POLICE AND CRIME COMMISSIONER

## 3. Introduction

- 3.1. This is the first budget of my new term of office. I am fortunate that despite the challenges of the continuing pandemic, the Government has recognised the need to maintain investment in policing and for the first time given policing a three year indicative budget settlement. Within this settlement is the continuation of the investment in the uplift of police officers, but to make this affordable in future years it recognises that additional council tax investment is required from local areas. The government has given Police and Crime Commissioners the flexibility to raise their council tax precept by a maximum of £10 per year (on a Band D property) to be able to achieve this and accommodate the challenges of inflation, staffing costs and overall supply chain challenges which are essential to maintain the basic fabric of the service.
- 3.2. In order to deliver my new Police and Crime Plan 2021-25 I have consolidated my priorities into four main priority areas: Anti-social behaviour, drugs, road safety and violence. These areas of focus were developed following extensive public engagement. I am already actively working with the Chief Constable on developing approaches to these areas over the coming months and years. Likewise, I am pleased to be working in partnership with the other four Police and Crime Commissioners in the South West and their respective Chief Constables as we improve the coordination of our approach to disrupt drug supply.
- 3.3. We continue to live and work in extraordinary times. We are yet to fully re-emerge from the global pandemic, and yet we have achieved some extraordinary things this year. However, the climate of public confidence in policing has never been more challenged with national and international events continuing to impact on local policing.
- 3.4. COVID enforcement remains with the police. The national restrictions moved policing into a position where it has stepped in for health protection purposes and away from its original intention. The continual updates of what the rules are for the public has in many ways confused them about the role and remit of the police. National events affecting policing have further called into question the legitimacy of the police and level of public confidence. The police and its partners have been reassessing their approach to Violence Against Women and Girls, and the Government themselves apologised to the victims of rape and sexual assault following the end to end rape review published in the summer which demonstrated that victims of rape were being let down by the criminal justice system.
- 3.5. In June 2021 the whole world was watching as Cornwall hosted the G7 summit, supported by mutual aid officers from across the UK policing family. This was policed in an exceptional way, with very limited disorder associated with the entire event. My thanks to the Chief Constable, Shaun Sawyer and in particular the event commander ACC Glen Mayhew for their leadership and resilience in delivering this world class event. Volunteers who support my office and in particular the Independent Custody Visitors played a crucial role in preparing for this event in the assurance of detainees welfare.

- 3.6. Sadly, in August 2021 Devon and Cornwall was again in the public eye when five individuals were tragically shot dead in Plymouth and two others injured. Again, the response from the Force and partners across the public, private and community and voluntary sector was exceptional. Whilst the families and community in Plymouth continue to heal, we will be alongside them.
- 3.7. My thanks also to Deputy Chief Constable Paul Netherton OBE who retired from Devon and Cornwall Police in April 2021, and for the positive legacy he leaves across UK policing particularly in the field of civil contingencies and national emergency preparedness.
- 3.8. We continue to live in unprecedented times. There remain uncertainties about how we will emerge from the pandemic; the impact that this will have had on our young people; the length of time it will take to reduce the backlogs within the criminal justice system; and the impact that this will have on victims and witnesses. I am seeking to ensure that the resources available to the Chief Constable remain appropriate for the challenges ahead and allow us to collectively help keep our communities safe and improve public confidence.
- 3.9. My OPCC Team have likewise continued to work extremely hard throughout the year. They have increased the funding coming into Devon and Cornwall for safer streets by £1.5 Million; provided an outstanding response to support the recovery processes as a result of the tragedies in Plymouth; developed a new strategic partnership with Victim Support; created opportunities for youth support and additional street marshal capacity during the summer months; as well as maintaining business as usual throughout the year whilst working through a very challenging environment.
- 3.10. I have been at the centre of the debate around the future role of Commissioners as part of the Governments review of Police and Crime Commissioners through my national role with the Association of Police and Crime Commissioners. Commissioners have already made lasting changes in their local communities in cutting crime, supporting victims, and mobilising local partnerships to keep people safe. Commissioners have built on the long traditions of British policing 'by consent' and established their role as 'the people's voice' in policing in the past decade, with a mandate to speak up for their communities and ensure that the public have a direct voice on policing priorities. Commissioners now have a strong track record of delivering innovation and building partnerships and with further levers and powers and greater accountability, Commissioners can deliver a step change for criminal justice, alongside policing and community safety. I look forward to sharing the outcomes of the review once the government makes them available.
- 3.11. The Chief Constable and I remain concerned about the levels of violence and its impact on our communities. Our work on gaining deeper understanding of this issue and beginning to commission a range of services to directly support communities and prevent violence at an early stage is gaining momentum. We are working with partners from across Devon and Cornwall as they rise to the challenge of implementing the new national serious violence duty, with strong foundations delivered by the programme of work to date from which to build.

- 3.12. The 2022/23 Police Finance Settlement was announced on 16th December 2021. I have run an online budget engagement process on the totality of the budget from 22<sup>nd</sup> December 2021 to 9th January 2022, and for the first time this year also sought qualitative feedback in the form of focus groups, one in Devon and one in Cornwall, and I am one of the only Commissioners in the country to take this approach. In addition, I invited all Police and Crime Panel members to an informal briefing on the totality of the budget settlement in January.
- 3.13. In summary, there were 5,316 responses to the on-line survey. What is clear from the results is that confidence and visibility are the two key areas which concern the public. This was echoed in the focus group sessions. The full results of this budget engagement are shown in appendix 5 to this report.
- 3.14. The government settlement will enable Devon and Cornwall's Police strength to continue its planned trajectory to increase by a further 188 sworn officers in the next financial year, taking total officer numbers to 3,610. That is 686 more than were in force when I set by first budget in 2017.
- 3.15. I have agreed a robust budget with the Chief Constable which provides a realignment of the budget into key areas of policing to accommodate the delivery of the Police and Crime Plan during 2022.
- 3.16. The threats to our safety have changed dramatically in recent years. Those living in rural areas are particularly at risk from crimes like drug dealing. Neighbourhood policing provides vital intelligence to disrupt this activity, protecting those vulnerable to exploitation and providing community reassurance.
- 3.17. The public have supported me, through council tax, to fund 216 extra officers over my period in office, and the national uplift announced by the Government will add many more officers to their ranks. By the end of March 2023, Devon and Cornwall Police will have recruited the additional 188 uplift in officers announced by the Government.
- 3.18. Police officer numbers are only part of the solution. As a large rural, urban and coastal force we do have significant challenges. We police a force area of which just 10% lies within six miles of another force area, we police six inhabited islands, a coastline of 730 miles and a rural road network that would stretch from London to Sydney. We are second only to London for the number of visitors we get to our area, putting a massive strain on resources between April and September.
- 3.19. With the support of the Police and Crime Panel I have actively pursued opportunities to address our summer challenge through funding solutions. Until these are resolved my office and Devon and Cornwall Police have focussed on innovative solutions to these challenges. We were the first force to have a drone team, Incident Resolution Centres were set up to increase the chances of successful prosecutions and we have created the first Community Responders – firefighters with full police powers - in the country. We pioneered COVID marshals in twenty-one areas in the summer 2020 and continued this support into priority areas during summer 2021 as part of wider partnership activity in local areas.
- 3.20. Any increase in council tax is not a step I take lightly. For a Band D property, the policing element of the Council Tax is approximately 12%. When added to the

funding that UK policing receives from central government this allows me to support the Chief Constable to operate a 24/7, 365 day service to protect the public. This year the government have given policing an indicative 3 year settlement, which means that we have a high degree of certainty about what our budget envelope will be until the end of 2024/25. I do not wish to allow policing and public safety to slip backwards, so I am again asking the public to invest in the areas which they have already told me are their priorities. I have listened to these and incorporated them into my Police and Crime Plan. With the public's continued support I can ensure that the Chief Constable has sufficient resources to maintain Devon and Cornwall Polices position.

## **4. Overall position**

- 4.1. In November 2021 the ONS data confirmed that Devon and Cornwall continues to be one of the safest places in the country.
- 4.2. Total crime recorded between July 2020 and June 2021 decreased by 0.6% from the previous year based on the quarterly release of the annual crime figures by the Office of National Statistics. Police recorded crime data also shows a decrease of 3.1% for victim-based crime recorded between July 2020 and June 2021. One of the categories with the largest reduction is 'all burglary', which fell by 26.1%. This category is made up of 'residential burglary' which saw a decrease of 22.7% and 'non-residential burglary' which saw a decrease of 28.9%. This is likely due to restrictions posed by the pandemic which meant that more people were in their homes.
- 4.3. The statistics show some increases in recorded crime for the year. Public order offences increased by 15.7%, which is likely due to the easing of restrictions from 2020 with the reopening of the night-time economy (NTE).
- 4.4. There was an increase of 5.9% in 'violence against a person' and an increase of 11.4% for sexual offences in the police force area. There was also an increase in drug offences between 2020 and 2021 of 13.7%. Possession of weapons also saw a recorded increase of 15.4%. These increases reflect an increase in proactive policing and new requirements to record offences identified by the Border Force.
- 4.5. This expected rise in some reports of crime is likely due to the easing of restrictions after the Coronavirus pandemic during 2020 which saw the country in lockdown.
- 4.6. While I am reassured to see that the force area is one of the safest in the country it is vital that we do not shy away from potential rises in recorded crime that are the result of proactive operations and campaigns such as those that encourage the reporting of sexual abuse and violence. If we are to truly become the safest force area in England and Wales it is vital that our residents and visitors report crime, and we have a true picture of offending and harm in society.
- 4.7. This year new national performance measures for policing have been developed. These National Crime and Policing Measures will help focus effort on key national priorities, allow performance to be measured and help to demonstrate value for money in policing. Alongside the performance metrics that I have included in my Police and Crime Plan there will be a greater level of transparency on police performance than ever before.

## **5. Investments**

- 5.1. As I have discussed with the Panel previously, crime only accounts for 16% of the incidents reported to police and in Devon and Cornwall. Officers deal with more missing

people and people suffering mental illness than most other force areas, and it is important that we recognise that.

- 5.2. This has been reinforced by the public feedback in the 101 non-emergency telephone service which resulted in my instigation of a formal scrutiny in this area of work in Autumn 2020. It is clear that the Force have not been able to keep pace with the public expectation of this service and although substantial investments have been in this contact service the anticipated improvements have not been realised quickly enough. The public need the police, and their calls for service are not reducing. The Police took 22% more 999 calls in the last year three years.
- 5.3. I am supporting a structured financial approach with the Force to facilitate additional resources to the Chief Constable in the coming year to provide additional capacity into the contact centre.

## **6. Funding**

- 6.1. The Government's funding settlement, assuming that Police and Crime Commissioners take advantage of the precept flexibility, will increase the funding available to policing through central grant and the local council tax. 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.
- 6.2. I remain frustrated that the increased demands placed on Devon and Cornwall Police by our summer surge have yet to be formally recognised and funded by the government but am hopeful that the Government's levelling up agenda will go some way to giving our peninsula this recognition.

## **7. National Officer Uplift**

- 7.1. Despite the COVID restrictions police officer recruitment in Devon and Cornwall has remained strong and in line with the requirements of the additional funding. We now deliver a blended approach to police officer training with innovations in delivery on-line alongside face to face training and testing, we are still actively passing out new officers.
- 7.2. The national budget settlement provides for the recruitment of 8,000 officers by the end of March 2023. This is an uplift to core grant with part (£135m) being ring-fenced and paid to Forces quarterly in arrears subject to progress on the officer uplift. In addition, funding has been made available for Forces to make the relevant infrastructure improvements needed to facilitate the uplift. This element of the funding has been provided in this settlement so that infrastructure changes can be made prior to the recruitment of the officers.
- 7.3. Op Uplift and the increase in officers is a significant change to policing. It is not just about recruiting some more officers. Brand new recruitment regimes have needed to be developed to deliver the new degree apprenticeship, degree holder entry programmes and direct entry detectives. These have had to be further refined to cope with the continuing limitations arising from COVID. Additional officers also mean additional specialist technical support, for example, additional custody capacity, additional legal capacity, additional HR capacity, additional radio capacity, to name but a few. All this takes time and appropriate sequencing so that once officers have completed their training they can integrate into systems, shift patterns and protocols easily.

- 7.4. The effectiveness of policing cannot be solely judged on the number of police officers employed. Policing has a wide range of specialist civilian roles which are essential to deliver high quality policing services. From specialist problem solvers, PCSOs, building surveyors, solicitors and accountants, policing is a business and the success on the front line relies heavily on professional services from across the organisation to tackle crime effectively.

## 8. Investments to date

- 8.1. In the report I prepared for the Police and Crime Panel last year I highlighted my key areas for investment. The progress on these is detailed below, and more detail is provided about the activities undertaken against the overall Police and Crime Plan within the update report and performance report elsewhere on this agenda.
- 8.2. With the support of the community, I have been able to make resources available for an extra 216 officers during my time as the Police and Crime Commissioner. This has now been enhanced with the national uplift in officer numbers which will increase this figure to 3,610 by end March 2023. Our community continue to request increased visibility from policing and this uplift will start to have a visible affect as the new officers complete their training and start operational work.
- 8.3. The migration of staff to the new Exeter Police Station is now complete. This £29m project has been delivered on time and on budget by my office and is one of the most environmentally sustainable buildings completed in England. The building includes a new 40 cell custody centre which is fully operational.
- 8.4. Community engagement and wider connectivity remains at the heart of the policing approach. Despite the challenges of not being able to meet face to face, my team has found alternative ways to engage the public and hear their views on policing and crime. I have been interacting with the public using Facebook Live events, we have recruited a significant number of new Councillor Advocates across the geography and the numbers are now in excess of 370 and we have recommenced face to face engagement where possible. In order to ensure that the public were kept well informed about all the changes during COVID my team also collaborated on a free newspaper with Devon partners which was delivered to all households in Devon. This Devon Together community-focussed publication contained information on local services and people during Covid. It was jointly commissioned by NHS Devon Clinical Commissioning Group, Devon County Council and my office and won the Chartered Institute of Public Relations' Pride Awards for the South of England.
- 8.5 This year my commissioning intentions plan (2022/23) details the range of commissioning undertaken to support the delivery of the new Police and Crime Plan and associated statutory duties. The five priorities of this commissioning intentions plan are as follows:
- Violence
  - Anti-social behaviour
  - Drugs
  - Road Safety
  - Victim Services
- 8.6 For the financial year 2022/23, the total commissioning budget across the Office of the Police and Crime Commissioner is £7,985,039 which works on the assumption that the Ministry of Justice Grant for Victim Services (not released at the time of writing) is the same as the current year. The budget is made up of a £4,140,000 commissioning grant allocated directly by the Commissioner for the purpose of commissioning services for the benefit of



Devon, Cornwall and the Isles of Scilly, £2,845,039 from the Ministry of Justice Victim Services Grant, which includes the Childhood Sexual Abuse (CSA) and Childhood Sexual Exploitation (CSE) Grant, additional funding for Independent Sexual Violence Advisors (ISVAs), Critical Support Fund for Victims and Keyham Victim Support funding and the continuation of £1,000,000 for the Serious Violence Prevention Programme which was announced in February 2020 by the Chief Constable and I. A full breakdown of the commissioning intentions is shown in appendix 3.

- 8.5. This year we have moved more tangibly into strategic commissioning, with the development of a ten-year strategic partnership with Victim Support. This arrangement ensures the stability of services to victims and the opportunity to partner with specialist services in a way which we could not previously achieve.
- 8.6. Through the support of my office and in partnership with the NHS we have three Sexual Assault Referral Centres – in Exeter, Plymouth and Truro as well as a service to provide victims of sexual assault, both adults and children with the support that they need through the Independent Sexual Violence Advisors.
- 8.7. Those in police custody are also supported through the Independent Custody Visitors Scheme coordinated by the OPCC. Their support remains an invaluable insight into detainees welfare, and the volunteers were an integral part of the business contingency planning for G7 should the custody requirements have exceeded normal business as usual. The evolving picture on risk this year has meant that the scheme has been kept under constant review and during periods where it was not within government guidelines to continue, alternative methods of scrutiny, such as on-line meetings with custody centres have been successfully deployed. I wish to formally record my thanks to the volunteers who undertake the visits for their perseverance and resilience to all the changes that have been put in place during this very challenging year.
- 8.8. When looking at the budget and MTFs for 2022/23 to 2025/26 it is easy to forget what has already been achieved in previous years. The detail about all this work is set out in my Annual Report.
- 8.9. Reserves have reduced over my time in office from £63m to an estimated balance at the end of 2022/23 of £39.7m. It was, and remains, my conscious decision to use those reserves to maximise funding to policing. Full details of the reserves are contained in Appendix 1.
- 8.10. I am keen to only use borrowing where financially appropriate and will continue my structured use of reserves. The choice of funding (i.e. reserves or borrowing) will be made at the point of need taking into account the cost of borrowing and the availability of other funding streams. Despite the discontinuation of the capital grant received by policing I will continue to support the capital programme at the current levels.
- 8.11. I have focused the detail of this four-year budget presentation on 2022/23 although the MTFs has been produced covering a four year period to provide assurance that my proposals are robust and sustainable. In order to limit the amount of technical detail within this report, the appendices contain more information on the budget requirement; the proposed savings to be made; the reserves; and detailed council tax changes within bands.
- 8.12. The Chief Constable's letter is clear that these proposals are essential investment in policing and has stated that this increase will give a budget that allows the force to sustain its strong position and meet the challenges over the next three years.

**Alison Hernandez**  
**Police and Crime Commissioner**  
**January 2022**

# MEDIUM TERM FINANCIAL STRATEGY (MTFS) AND PRECEPT PROPOSALS

## 1. Introduction

- 1.1. This report will cover the revenue and capital budgets for 2022/23 together with the projections for 2023/24 to 2025/26. 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.

## 2. National Context

21. On 27th October 2021 the Chancellor of the Exchequer announced the Autumn Budget and Spending Review 2021. The Spending Review 2021 (SR21) covers a three year period, 2022/23 to 2024/25.
22. The provisional Police Settlement was published on the 16<sup>th</sup> December 2021. 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 settlement was 14<sup>th</sup> January 2022. This settlement takes place with a backdrop of severe economic difficulties and volatilities due to the ongoing Coronavirus Pandemic.
23. The ministerial statement outlines the national priorities to be supported by the provisional settlement:
- Maintaining focus on cutting crime to make communities safer.
  - Transparency, governance and accountability in building public confidence in the criminal Justice system.
  - Serious and organised crime.
  - Major law enforcement programmes and other critical national police and law enforcement IT capabilities.
24. The overall funding package provides additional funding to increase investment in the policing system by up to £795m in 2022/23. This level of investment assumes that all Commissioners will maximise council tax flexibility. The provisional settlement headline data includes the following:

- A £550 million increase in core grant funding to Commissioners. This additional funding will support the final year of the Police Uplift Programme and is net of an £80m efficiency target.
- £135 million of this funding will be ringfenced and allocated according to funding formula shares. In line with the process in 2021/22 this will be paid according to progress on recruitment targets.
- Up to £246 million additional funding from council tax precept if all Commissioners maximise their precept flexibility. Commissioners have been given the flexibility to increase the precept by up to £10 for a Band D equivalent property.
- A reinstatement of pay awards affecting Police Officers and Police Staff.

25. The settlement also includes the following:

- Confirmation of the continuation of the pension fund grant agreed in 2019/20 of £143m.
- An increase and realignment of the funding of national priorities (see table below on the top-slice)
- Confirmation that capital grant will cease for 2022/23.

26. The settlement represents an average cash increase in total funding for England and Wales of 5.3% between 2021/22 and 2022/23. However, this increase includes funding to cover the increased growth expected as part of the uplift programme.

27. The Capital Grant for Devon and Cornwall will now cease which reduces funding by £296k for 2022/23.

28. 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 8,000 officers by the end of March 2023 (some of these officers are expected to go into Counter Terrorism Policing, Regional Organised Crime Units (ROCU) and the National Fraud Intelligence Bureau).
- £80m 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. These efficiency savings have already been taken from the grant to be received.

29. As in previous years the overall funding available to the police has been top sliced for central initiatives. The funding level of the top slice has increased by £340.2m (33%) from 2021/22. The effects of top slicing at a national level are shown in the following table:

**Table 1: Overall changes in the national top-slice**

National Top Slice	2021/22 £m	2022/23 £m	Increase/ (Decrease) £m	% Variation
PFI	71.6	71.6	-	0%
Police Technology Programme	484.7	606.5	121.8	25%
Arm's Length bodies	70.5	68.7	- 1.8	-3%
Police Uplift Programme	14.5	12.0	- 2.5	-17%
National Operational Policing Unit	2.9	2.9	-	0%
Regional Organised Crime Units	4.9	33.2	28.3	578%
Counter Terrorism	32.5	32.5	-	0%
National Policing Capabilities (NPCC)	38.7	65.0	26.3	68%
NPCC Programmes	3.2	10.6	7.4	231%
Special Grant	54.8	62.4	7.6	14%
Forsensics	25.6	25.6	-	0%
Police Now	7.0	7.0	-	0%
Serious Violence	38.9	50.1	11.2	29%
Police & CJS performance		13.0	13.0	
Crime Reduction Programmes		45.8	45.8	
Crime Reduction Capabilities		13.5	13.5	
Fraud		23.1	23.1	
Rape Review		12.0	12.0	
Drugs/County Lines		30.0	30.0	
Capital Reallocations		188.1	188.1	
Safer Streets Fund	20.0		- 20.0	-100%
Bluelight Commercial Organisation	5.0		- 5.0	-100%
Serious Organised Crime Strategy	146.3		- 146.3	-100%
International Crime Coordination Centre	5.0		- 5.0	-100%
Science, Technology and Research	5.2		- 5.2	-100%
Pre charge Bail	2.0		- 2.0	-100%
<b>Total</b>	<b>1,033.3</b>	<b>1,373.6</b>	<b>340.3</b>	<b>33%</b>

210. As the top slice has increased it is expected that additional costs and charges will arise because of some of these central initiatives. Changes may also be required to ICT systems to ensure these projects can be used locally.
211. Planning for beyond 2022/23 is challenging. There is significant activity which will impact on this planning:
- The economic impact of the continuation of the COVID-19 pandemic.
  - The anticipated review of the funding formula. Work has commenced as part of a senior sector group.
  - The long-term funding plans for the uplift in police officers as they progress through incremental scale.
  - Centrally driven ICT programmes such as the replacement of Airwave and the Police National Computer.

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

- The impact of the significant increases in inflation currently being experienced.
- The interest earned on the reserves which is linked to the bank base rate. These income levels have been further reduced for 2022/23.
- 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.

### 3. Local and Regional Context and Funding Levels

31. 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.

<b>Summary</b>	<b>2021/22 £m</b>	<b>2022/23 £m</b>	<b>Variation £m</b>	<b>Variation %</b>
Core Grant	119.2	126.2	7.0	
DCLG Formula	71.5	75.7	4.2	
Legacy C/Tax Grants	15.5	15.5	-	
<b>Grant</b>	<b>206.2</b>	<b>217.4</b>	<b>11.2</b>	<b>5.4%</b>
Council Tax	143.6	153.2	9.6	
Council Tax Surplus/ -Deficit	- 0.1	1.0	1.1	
<b>Total Council Tax</b>	<b>143.5</b>	<b>154.2</b>	<b>10.7</b>	<b>7.5%</b>
<b>Funding Available</b>	<b>349.7</b>	<b>371.6</b>	<b>21.9</b>	<b>6.3%</b>

32. The core grant funding has increased by £11.2m. This additional funding, along with the increase in council tax revenue of £10.7m, is required to cover the uplift in officers, the pay award, inflation and other pressures.

33. The council tax funding for 2022/23 has continued to be complex due to the impact of the pandemic on the economy. During the budget setting process for 2021/22 collecting authorities were cautious around their assumptions on collection rates, increases to the council tax base and the level of council tax payers requiring support. At that point there was uncertainty around the continuation of government measures in place to support the economy during the pandemic and also uncertainty on how the pandemic would impact on national and international economies. These assumptions can now be assessed against the actual impact based on draft assessments from the collecting authorities:

- The payments received for the 2021/22 council tax bills have been higher than anticipated. It was estimated there would be a net deficit of £113,000 to be charged for 2022/23. However, it is anticipated that this will now be a surplus of £1.055m, a positive movement of £942,000.
- The increase in the council tax base was estimated to be 1% and it now anticipated to be 2.34% providing a positive movement of £3.2m. The increase in the council tax base is a combination of increased properties and less council

tax payers requiring support will their bills.

34. The proposed increase to the Band D precept by £10.00 equates to an increase of 4.23% on the council tax. This increase generates funding of £6.1m but when combined with the changes to the council tax base and overall surplus/deficit it is anticipated to increase this funding to £10.7m.
35. At the time of writing this report the allocations to individual Commissioners 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.
36. The pay award is the most significant inflationary pressure on the budget with the overall pay budgets being 84% of total expenditure for 2022/23. During 2021/22 pay awards were paused. As part of the three year Spending Review covering 2022/23 to 2024/25 it was announced that the pay award pause would be lifted. An assumption of 2.5% has been included across the MTFs. Appropriate estimates have been made for pay, and scenario modelling has been undertaken on this key variable.
37. 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
38. The overall level of funding is set to increase by 6.3%. Table 3 below shows a summary of the main increases in expenditure of 2020/21

Summary	2022/23	
	£m	£m
Additional Funding (see table 2 above)		<b>21.9</b>
<b>Increases</b>		
National Police Officer Uplift	6.0	
Local Police Officer Uplift		6.0
<b>Unavoidable Changes</b>		
Pay Inflation	6.2	
Increase in National Insurance Contributions	2.4	
Inflation	3.9	
Non Pay Costs	1.7	
Commitments	0.7	
Capital Funding	1.2	16.1
<b>Investment</b>		0.7
<b>Change in the use of Reserves</b>		1.4
<b>Savings</b>		- 2.3
		<b>21.9</b>

39. 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 41% of the overall income for 2022/23 which is a 1% increase compared with 2021/22.

## 4. Setting the Council Tax

- 4.1. Government guidelines have set the maximum amount that the council tax can be increased, without triggering a referendum, at £10 (4.23%). The proposed increase from the Commissioner is to utilise the full flexibility. 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.

**Table 4: Council Tax Bands**

Valuation Band	2021/22 £	2022/23 £	Increase £	Increase %	Increase per day £	Increase per week £	Increase per month £
A	157.71	164.37	6.67	4.23%	0.02	0.13	0.56
B	183.99	191.77	7.78	4.23%	0.02	0.15	0.65
C	210.28	219.16	8.89	4.23%	0.02	0.17	0.74
<b>D</b>	<b>236.56</b>	<b>246.56</b>	<b>10.00</b>	<b>4.23%</b>	<b>0.03</b>	<b>0.19</b>	<b>0.83</b>
E	289.13	301.35	12.22	4.23%	0.03	0.24	1.02
F	341.70	356.14	14.44	4.23%	0.04	0.28	1.20
G	394.27	410.93	16.67	4.23%	0.05	0.32	1.39
H	473.12	493.12	20.00	4.23%	0.05	0.38	1.67

## 5. Detailed Total Budget Requirement

- 5.1. The overall revenue position for 2021/22 indicates an underspend position. A review of 2021/22 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

52. 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
53. **General Inflation** – Inflation has only been applied to budgets that are subject to inflationary pressures. Actual CPI for November 2021 was 5.1%, compared to 0.3% in November 2020. Electricity and Gas contracts are expected to increase by 31% and 95% respectively, with Fuel 28.5%. Future years increases have been assumed at 5%.
54. **Pay Awards** – As announced by Government in the autumn spending review the current pause in the pay awards will cease. The MTFS assumes a 2.5% pay award across the MTFS.
55. **Council Tax Base** - The council tax base which consists of the total value of properties by band D has increase by 2.34% for 2022/23. From 2023/24 an increase of 1.5% has been assumed.
56. **Staff Pension Contributions** – The Police Office pension's contribution rates are set by central government and equate to 31% in 2022/23., A notional £500,000 has been



added to the MTFS from 2024/25 when the results of the next actuarial valuation are 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 2022/23. A revaluation of both pension schemes is due during the period of this MTFS

## **6. The Overall Budget Preparation**

6.1. The budget process for 2022/23 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**

6.2. Over the next four years we will continue to seek savings and efficiencies in order to reallocate resources. Although the Comprehensive Spending Review (CSR) has provided indicative levels for 2022/23 to 2024/25 further cash savings may need to be made and will be impacted upon by the overall government grant and future referendum limits.

6.3. Where possible non-staff savings are maximised to protect public services. These include further reductions in estate costs, transport costs and ICT running costs.

6.4. 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 future years. In order to optimise procurement savings, the BlueLight Commercial Company funded by the Home Office is working to provide collaborative procurement solutions to forces. This along with the agreement to expand 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**

6.5. 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**

6.6. 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 2022/23 Chief Constable's budget is £364.6m. The detailed allocations are shown in Appendix 1. A letter from the Chief Constable is attached as Appendix 2 to this report which covers, in more detail, the operational impact, risks and opportunities within this MTFS.

6.7. 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.

68. 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 MTFS 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.
69. This year (2022/23) will see the final phase of the Government's commitment to increasing police officers by 20,000 for England and Wales over a three-year period. The final phase, which runs to March 2023, will include a further uplift of 8,000 officers of which 188 will be recruited in Devon and Cornwall. This recruitment will include a small allocation of officers to be seconded to regional and national capabilities. The changes in the workforce for 2022/23 and beyond are shown in Appendix 1.
610. The change in workforce numbers arises due to:
- Additional investment from the Government to achieve an uplift of 8,000 officers across England and Wales.
  - Additional investment in front line police staff.
611. The budget includes investment as part of the Police and Crime Plan priorities. The main focus of the increase in expenditure relates to the uplift in officers along with pressures arising from the following items
- Pay awards
  - Inflationary pressures
  - Investment in connectivity
  - Contractual commitments

#### **OPCC Office Budget and Commissioning Budget**

612. The Office of the Police and Crime Commissioner (OPCC) budget is split into two parts. The cost of administering the OPCC and funds that are used for commissioning purposes.
613. The OPCC office costs budget is proposed to be set at £2.1m for 2022/23. A commissioning budget of £4.9m which includes the serious violence programme budget of £1m. Producing a total net budget of £7m.
614. Funding of £2.9m is anticipated from the Ministry of Justice (MoJ) to support victims and witnesses along with a contribution from the Commissioners reserve of £200k to support the perpetrators programme. Which brings the overall commissioning budget to £8m.
615. The office budget is now £2.1m which represents 0.57% of the net revenue budget. This is an increase of £103k which includes assumptions for pay award and increased costs associated with the new legislative requirements 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
- 6.16. The commissioning budget increases by £397k to cover increases to ongoing contractual arrangements. The Commissioning Intentions Plan for 2022/23 is attached as Appendix 3 to this report. The plan includes support for the following areas:
- Violence
  - Anti-social behaviour
  - Drugs
  - Road Safety
  - Victim Services

### **The Capital Budget**

- 6.17. The Commissioner is required to publish a capital strategy. This has been published and can be found on the OPCC website.
- 6.18. The Capital Programme indicates a total spend of £70m 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:
- A new police station for Exmouth.
  - A large corporate support facility in Plymouth.
  - An allocation to explore optimising the South Devon Estate
  - 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.
  - Replacement Contact Centre System
  - The replacement Emergency Services Network (ESN)
  - A comprehensive programme of ICT work across the organisation.
- 6.19. The annual revenue costs associated with this programme are contained within the budget. The level of capital financing costs equate to £4m and as a percentage of net revenue expenditure is 1.08% 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 2022/23 to £4.8m 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.
- 6.20. The Home Office have announced the cessation of the capital grant allocation as part

of the settlement. The impact is a loss of annual funding of £296k. Funding via s106 planning obligations and Community Infrastructure Level (CIL) are now actively being pursued with local planning authorities. 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 will now only be available for specific or ad hoc projects.
- Revenue Contributions to Capital – which have been increased.
- Borrowing – which needs to be affordable in the longer term.

## **7. Reserves**

- 7.1. The Reserves Strategy is published annually and can 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.
- 7.2. The Commissioner's Reserve Strategy has the following key principles:
- The reserves policy will be seeking 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.
- 7.3. The current level of general balances predicted at the end of 2021/22 indicate that they will stand at 4.1% of the net revenue budget. This is compliant with the Reserves Strategy which is in line with best practice.
- 7.4. As of 31st March 2021 the total amount of reserves held were £46.1m. This is forecast to reduce to £25m by the end of 2025/26. The Commissioner considers the level of reserves and their planned reduction when considering the proposals for the level of council tax increases each year. During 2021/22 the Commissioner agreed to take on the Treasury function for the Vision Zero South West (VZSW) partnership and therefore reserves levels have increased during 2021/22 by £4.1m.
- 7.5. The planned use of the reserves is in line with the Home Office drive to reduce the level of reserves being held by Commissioners.

## **8. Conclusion for the Police and Crime Panel**

81. In considering the increase of £10.00 (per Band D equivalent) in council tax funding, the Commissioner has considered 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 in line with the Government's commitment to an uplift in officer numbers. The budget is looking to strengthen, stabilise and sustain the investments made in previous years to ensure a robust and sustainable MTFS.
82. There are new and different demands being placed upon policing and resources need to be freed up to address these. As the pandemic continues the full impact has yet to be fully realised and assessed. The indicative funding levels provided as part of the three year CSR provide valuable information to inform future years budgets. 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**

83. A risk register is attached as Appendix 4. The implementation of the amended funding formula remains a significant future risk. Work has already started nationally to take forward this review. The new funding formula allocation could remove annual funding. If required, it is planned to use a proportion of the current reserves which would support a smooth transition to new base levels of expenditure.
84. The Commissioner has also consulted the Chief Constable about the 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 2022/23 to 2025/26  
Appendix 2 – Letter from the Chief Constable  
Appendix 3 – Commissioning Intentions Plan 2022/23  
Appendix 4 – Risk Assessment  
Appendix 5 – Annual Policing Quantitative and Qualitative Survey  
Appendix 6 – Glossary of Terms