

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

Report and appendices - FOI Open

**SAFE, RESILIENT AND CONNECTED
COMMUNITIES**

Police and Crime Panel Meeting
Friday 27th January 2023
Report of the Police and Crime Commissioner

**Proposed Precept, Budget and Medium Term Financial
Strategy (MTFS)
2023/24 - 2026/27**

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 2023/24 for consideration by the Police and Crime Panel.
- 1.2. My proposal is for a total precept increase of £15 for this year which equates to a council tax Band D of £261.56. This represents an increase of 6.08% in the Band D equivalent for the police element of the council tax for the 2023/24 financial year. Currently Band D households pay £24.66 a month over 10 months (if paid monthly) this will rise to £26.16.
- 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 ensure transparency.
 - The Chief Constable's resources summary letter detailing his operational policing requirements for the coming year.
- 1.4. The national economic picture, particularly around inflation and nationally agreed pay awards, is impacting on policing with significant increases in areas such as pay, energy and fuel. This has been recognised by the government who have given all Police and Crime

Commissioners the flexibility to increase the council tax precept by up to a maximum of £15 for the coming year. 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 protect policing services and the police officer uplift programme and enable it to be sustained for the long term. 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 focus on this element. The letter from the Chief Constable (attached as Appendix 2) sets his proposals for the coming year.

- 1.5. I have not requested the full amount of the council tax increase every year. Since my first budget in 2017/18, and including my current proposals, I have maximised the increase five out of seven times. I welcome the additional Council Tax Support Fund being provided by Department for Levelling Up, Housing and Communities of £100m to support the most vulnerable households in England. As a major preceptor, when approached by billing authorities, I was also happy to agree the change proposed to the support provided to working families. The changes mean that, depending on individual circumstances, working families will be able to claim up to 100% support for the council tax liability rather than current cap of 80%.
- 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 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.
- 1.7. 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 and do not exercise a veto.

EXECUTIVE OVERVIEW BY THE POLICE AND CRIME COMMISSIONER

3. Introduction

- 3.1. This is the second budget of my new term of office. This builds on previous successes and sustains the uplift of police officers to 3,610, which is more police officers than Devon and Cornwall have ever employed. Last year's three year indicative budget settlement has been sustained by the government. However, with inflation levels currently running at above 10% and the rising costs of energy, the police will not be able to maintain services at their current level without an increase in the council tax or a dramatic cut to police officers or police staff. The government has given Police and Crime Commissioners the flexibility to raise their council tax precept by a maximum of £15 per year (on a Band D property) to be able to mitigate this.
- 3.2. Any increase in council tax is not a step I take lightly. For a Band D property, the policing element of the Council Tax bill 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. Having made such strides to embed the new levels of police officers, which the community consistently tell me that they want, I do not wish to allow policing and public safety to slip backwards. So, I am asking the public to commit to the ongoing investment in the areas which they have already told me are their priorities. With the public's continued support, I can ensure that the Chief Constable has sufficient resources and flexibility to maintain a sustainable position in Devon and Cornwall Police.
- 3.3. Given the challenges set out above, and the continued growth of calls for service from other sectors into policing, it is increasingly important that policing maintains a strong focus on its core role. To that end, the new Chief Constable has articulated three simple areas of priority focus for 2023. These are:
 - Improving our access to, and visibility with, our communities (particularly around improving how we deal with calls, and enhancing neighbourhood numbers)
 - Looking after our people (investing in their wellbeing, but also stripping away unnecessary bureaucracy and incentivising innovation and delegation)
 - Getting our investigative and behavioural standards right (in particular, ensuring that we can robustly tackle anti-social behaviour, violence, drugs and road safety, and, critically, making respect and civility an unambiguous requirement both internally and with the public)

These basic enablers of good policing, and the public confidence so necessary for policing to be effective, have been reflected in his correspondence to the Commissioner and to the whole officer and staff cohorts of Devon and Cornwall Police.

- 3.4. There is no doubt that we continue to live and work in extra challenging times. COVID remains a continual presence, public confidence in policing nationally is challenging, our communities are challenged with the cost of living and inflation, and national and international events continue to impact on local policing.
- 3.5. Although Devon and Cornwall and the Isles of Scilly remains one of the safest places in the country to live, Devon and Cornwall Police are within an "engage" phase with HMICFRS. This process has enabled a welcome higher degree of focus on three specific issues, namely, Crime Data Recording specifically against vulnerable victims, particularly violent or behavioural crimes and anti-social behaviour, Management of

Sexual Offenders in the community and the performance of the 999 and 101 service. Clear improvement plans have been developed and agreed with HMICFRS and tangible improvements are starting to be seen in all service areas affected. The overall performance of 999 and 101 will take some time to fully transform but there is a clear road map to achieve this.

- 3.6. Part of this transformation includes my determination to reopen front desks. The first additional 6 front desks in Newton Abbot, Tiverton, Penzance, Truro, Bude and Falmouth opened during the Autumn/Winter 2022 with a further 6 planned as part of this budget proposal based on the community feedback I have received. This will provide vital additional capacity to the two contact centres we have in Devon and Cornwall and reintroduce the ability for the public to connect in their communities with policing.
- 3.7. Over the last year my office has worked alongside Torbay Council, Cornwall Council and North Devon District Council to develop and secure much needed funding for Torquay, Truro and Barnstaple under the Safer Streets Programme. The funding is prioritised to reduce violence against women and girls, antisocial behaviour and to improve feelings of safety in public spaces. This also seeks benefits for a number of secondary crime types, including wider violence against the person, public order, criminal damage, theft and robbery. The total value of this funding is just over £1.76m.
- 3.8. There has also been invaluable additional investment and support for the community of Keyham, Plymouth, with enhanced community policing and ongoing support for victims and wider community development. The Home Office have continued this funding into 2023.
- 3.9. The year has been dominated by the commitment to reduce Violence Against Women and Girls. I am grateful to Plymouth and its partners for developing a Commission specifically looking at this issue and the helpful recommendations produced which are now being collectively taken forward. I was privileged to be able to sponsor the West Country Women's Awards in Plymouth in November 2022, specifically to recognise those working to reduce violence against women and girls where those working to support victims were honoured and recognised for the vital work they undertake across the public sector, charities and health.
- 3.10. A quiet revolution is happening in the investigation of rape cases nationally. Op Soteria is a collaboration between criminal justice practitioners to develop a new operating model for the investigation and prosecution of rape cases with the ultimate aim of improving outcomes. The programme operates through extensive work in pathfinder areas with the support of academic evaluation. The key elements of Op Soteria are:
 - A suspect focused investigation.
 - Disrupting and challenging repeat offenders.
 - Using procedural justice to underpin victim engagement.
 - Placing investigators knowledge, learning and wellbeing at the heart of improvements.
 - Systematic use, analysis, and exploitation of the data.

There were originally four areas piloting this approach and these have been expanded into an additional fourteen of which Devon and Cornwall is one such area. Plymouth is the geographic area piloting this approach which will inform both the national programme and local improvements to better support victims of rape and bring perpetrators to justice.

- 3.11. At a regional level we continue to be challenged by the investments needed to support Forensic Services to ensure that victims get good and timely levels of service. New requirements on International Organisation for Standardisation (ISO) accreditation and the complexity of digital footprints in over 80% of all crimes are a few but not the only pressures in this scientific element of policing.
- 3.12. Working at a regional level has also driven collective change and increased visibility of policing. The work I have been sharing with the Panel around the development of Operation Scorpion, a regional approach to disrupting drug dealers continues to go from strength to strength. During 2022 drugs worth an estimated £797,000 were seized, 391 arrests made, £363,000 of cash seized and weapons including knives, tasers and machetes seized and destroyed as a direct consequence of this approach. In addition, Devon and Cornwall Police hosted the Liverpool Drugs disruption team known as Op Medusa. The successes of this have been widely reported and I am enhancing our ties with Merseyside Police locally through additional analytical support, the first time that a Police and Crime Commissioner has directly done his to enable closer working with operations.
- 3.13. All my commissioning intentions have been delivered this year. This includes the new service for victims of anti-social behaviour and a brand new service for victims of road safety incidents, in partnership with Vision Zero South West. However, I recognise that we need to build in inflationary pressures into my Commissioning Intentions Plan to help sustain our valuable community and voluntary sector.
- 3.14. The 2023/24 Provisional Police Finance Settlement was announced on 14th December 2022. I have run an online budget engagement process on the totality of the budget from 7th December 2022 to 9th January 2023, and again this year I also sought qualitative feedback in the form of focus groups. In addition, I invited all Police and Crime Panel members to an informal briefing on the totality of the budget settlement, hosted by my offices' Treasurer and Chief Executive in January 2023.
- 3.15. In summary, there were 2,617 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.
- 3.16. 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 continues to add many more officers to their ranks. By the end of March 2023, Devon and Cornwall Police will have exceeded the additional 470 uplift in officers announced by the Government and have a complement of 3,610 officers.
- 3.17. This year marked ten years since Police and Crime Commissioners (Commissioners) were first democratically elected to give the public a stronger voice in policing and criminal justice. Ten years on, Commissioners continue to deliver with impact and make a real difference to keeping their communities safe; how they get the best out of policing for the public, criminal justice agencies and partner organisations to prevent and cut crime, protect victims and reduce re-offending. However, there is still work to do to help our communities understand the role and how I can help them.
- 3.18. The role of the Commissioner is to be the voice of the people and hold the Chief Constable to account. We are responsible for the totality of policing. Commissioners ensure community needs are met as effectively as possible and improving local relationships through building confidence and restoring trust. They work in partnership across a range of agencies at local and national level to ensure there is a unified approach to preventing

and reducing crime. We are proud of our partnerships that help keep our communities safe.

- 3.19. The overall funding formula for policing remains a challenge for Devon and Cornwall Police and is still under review by central government. As part of this funding formula work all Commissioners were asked to submit evidence and data on the cost of sparsity and seasonality. A comprehensive response has been made for Devon, Cornwall and the Isles of Scilly which built upon the special grant application made in 2019.
- 3.20. In November 2022 the ONS data confirmed that Devon and Cornwall continue to be one of the safest places in the country and Panel members receive a regular performance report against agreed performance indicators.

4. Estate Management

- 4.1. As Police and Crime Commissioner I own the police estate in Devon, Cornwall and the Isles of Scilly and this wide and varied portfolio of property is led by my office. Since I was elected, I have sought to support a programme of innovation and modernisation with the aim of producing an estate that is fit for 21st Century Policing, while being cost effective for the taxpayer. I am one of only a few Commissioners who directly manages their police estate. I am responsible for 146 buildings accommodating more than 5,200 police officers and staff and have 16 shared arrangements with partners right across Devon, Cornwall and the Isles of Scilly. I pay business rates in excess of £3.1m annually and the annual costs of maintaining these buildings are £16.2m (revenue) and £11.2m (capital), for which I do not receive any funding from central government.
- 4.2. The estate portfolio is geographically spread, extensive, complex, and ageing, which despite improvements remains a significant legacy issue for both organisations. After officer and staff salaries, this is our highest area of expenditure. Our new Estates Strategy (2022-2030) seeks to maximise the visibility of policing in communities but also generate efficiencies and savings for the public purse.
- 4.3. Some of our recent activities include:
 - Barnstaple Northwalk demolition and site disposal.
 - Re-provision of a force wide evidential and property information store (Plymouth).
 - Completion of a new sports hall in Exeter to facilitate officer training.
 - Refurbishment of Camborne Police station.
 - Disposal of Heavitree Road Police station site.
 - Co-location with the Fire Service in St Ives.
 - Review of the South Devon Estate and exploring improvement options.
- 4.4. I would like to explore greater alignment with the force on the responsibility of the maintenance of the estate over the coming year.

5. Investments

- 5.1. As I have discussed with the Panel previously, crime only accounts for 16% of the incidents reported to police 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. However, there are specific essential investments required during 2023/24:

- Firearms and Explosive Licensing Unit

Devon and Cornwall Police has the highest number of legally held firearms in Great Britain and recent changes to statutory guidance has significantly increased the assessment requirement for both new application and renewals for firearms license, as well as ongoing assessment standards. During 2022 temporary investment was allocated to Firearms Licensing and this budget is necessary to maintain the current staffing profile. This will allow a consistent and high quality service to the public applying for certificates. With a focus on stabilising and modernising the service with public safety and service at its heart. The level of additional scrutiny on this service remains high from IOPC, HMICFRS, Home Office and the OPCC with significant expectations on full service recovery to expected service standards which are transparent to the public.

- Resource Management Unit (RMU)

Police officer numbers are at their highest level ever in Devon and Cornwall Police. Those officers' police a wide range of incidents and demands which have to be prioritised on a daily basis with the additional - and very significant - seasonal pressures during the summer when 11 million people visit the Force area. To ensure maximum visibility and availability to the public, a flexible and prioritised response to variable demand and ensure that nationally mandated and growing training standards are met, additional investment is required in the central co-ordination and planning team who manage all these competing priorities (the Resource Management Unit). Effective resource management is a key enabler of police effectiveness and public confidence in our ability to have the right number of the most appropriately trained officers in the areas where communities in Devon, Cornwall and the Isles of Scilly need them.

- Digital Forensic Services

There has been a significant growth in how much of our lives are conducted on-line and the threats and risks that accompany this lifestyle shift. As over 90% of all crime now has a digital footprint, the pressure on digital forensics is significant and growing (by 32% over the past two years). This issue goes to the heart of public confidence and victim satisfaction, in the ability of the police to investigate crime effectively and quickly. The growing scale of the challenge is exacerbated by the rising complexity of digital forensics, in significant part due to better encryption and security on devices. We need to modernise IT systems used in this important work, ensure that the work meets high standards and deal with a growing caseload. This directly affects the level of service provided to the public and the public's confidence in policing. Where digital devices are removed from the public as part of investigations there is an expectation that these will be returned promptly so that the member of the public as either victim, witness or suspect is inconvenienced for the shortest about of time practicable. At the same time the standards required of digital evidence to be admissible in court have increased due to national guidance and more front line officer time is needed to ensure compliance with the new standards than ever before.

5.2. However, investments in the police service are only part of the overall picture and there is continued focus on improving efficiency, effectiveness, and productivity across the totality of the budget. The specific details of these will be developed by the new Chief Constable and his team over the coming months in order to ensure that resources are optimised and

that we can meet the constraints of the budget envelope that I have set. Whilst I am proposing to take the full flexibility it will be a difficult few years going forward to sustain the officer numbers. The Chief Constable's letter appended to this report highlights some of the areas already under discussion. In addition, I have requested a detailed action plan to deliver efficiencies and service changes for this budget by the end of March 2023. Prudent financial planning over the past years will enable flexibility in these changes to maintain police officer numbers at record levels and focus attention on areas of identified under-performance.

6. Funding

- 6.1. The Government's funding settlement assumed that Police and Crime Commissioners will take advantage of the precept flexibility, which will increase the funding available to policing through central grant and the local council tax. With the national changes around inflation and supply chain issues it is clear this year that I am unable to offer the public enhanced services in all areas but the increase I am proposing is to maintain and sustain services at levels which I have already made a commitment to the public to achieve. These include ongoing delivery of the Police Uplift Programme, sustained commitment to drive efficiency, productivity and effectiveness, enhanced productivity using technological solutions and achieving best value with police technology.
- 6.2. I remain frustrated that the increased demands placed on Devon and Cornwall Police by our summer surge and our sparsity have yet to be formally recognised and funded by the government. This is a matter which the government must address, and I will continue to make representations to them on behalf of our communities.

7. National Officer Uplift

- 7.1. By the end of March 2023 there will be 3,610 police officers in Devon and Cornwall. This is the highest rate that there has ever been. A proportion of these officers are still in training and are yet to achieve independent patrol status. This year we are recruiting at record levels with new cohorts of police officer recruits commencing their training every two weeks.
- 7.2. The effectiveness of policing cannot be solely judged on the number of police officers employed. Policing has a wide range of specialist staffing roles which are essential to deliver high quality policing services. From contact officers, 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. 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.
- 8.2. As life has settled down somewhat since the pandemic, I am relieved that I have been able to meet more of the public and undertake face to face engagement. However, COVID is still with us and remains a challenge within policing due to absences.

- 8.3. This year my commissioning intentions plan (2023/24) 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
- 8.4. For the financial year 2023/24, the total commissioning budget across the Office of the Police and Crime Commissioner is £9,158,264 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 assumed. The budget includes
- £4,263,500 commissioning grant allocated directly by the Commissioner for the purpose of commissioning services for the benefit of Devon, Cornwall and the Isles of Scilly.
 - £3,635,657 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
 - £1,159,107 for the continuation of the Serious Violence Prevention Programme which includes the funding from the Home Office for the Serious Violence Duty.
 - £100,000 funding from Vision Zero South West to deliver a service to support people affected by a bereavement or serious injury on the road.
- 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. An integral part of my scrutiny of Devon and Cornwall Police is the scrutiny provided through my Independent Custody Visitors Scheme. Their support remains an invaluable insight into detainees' welfare, and I wish to formally record my thanks to the volunteers who continue to undertake this valuable work across Devon and Cornwall.
- 8.8. When looking at the budget and MTFs for 2023/24 to 2026/27 it is easy to forget what has already been achieved in previous years and the cumulative impact of a relentless focus on priorities. The detail about all this work is set out in my Annual Report which can be accessed here

[https://devonandcornwall.s3.amazonaws.com/Documents/Our%20information/Key%20document/14658%20PCC%20\(Annual%20Report%202022\)%20LR_v6.pdf](https://devonandcornwall.s3.amazonaws.com/Documents/Our%20information/Key%20document/14658%20PCC%20(Annual%20Report%202022)%20LR_v6.pdf).

- 8.9. Earmarked reserves have reduced over my time in office from £54.1m to an estimated balance at the end of 2022/23 of £33.4m (excluding the partnership reserve for Vision Zero South West). It was, and remains, my conscious decision to use those reserves to maximise funding to policing. For this MTFS we will be using reserves to smooth the phasing of the savings required to maintain a balanced budget. Full details of the reserves are contained in Appendix 1.
- 8.10. 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.
- 8.11. The Chief Constable's letter is clear that these proposals are essential to maintain policing services to our public.

Alison Hernandez
Police and Crime Commissioner
Devon, Cornwall and the Isles of Scilly
January 2023

MEDIUM TERM FINANCIAL STRATEGY (MTFS) AND PRECEPT PROPOSALS

1. Introduction

- 1.1. This report will cover the revenue and capital budgets for 2023/24 together with the projections for 2024/25 to 2026/27. 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

- 2.1. On 17th November 2022 the Chancellor of the Exchequer announced the Autumn Statement 2022. This was an important statement due to the current economic climate with inflation (at that time) running at a 41 year high of 11.1%. Since that date inflation has dropped slightly to 10.5%. The Autumn Statement indicated that inflation is expected to fall to 9.1% in 2022, 7.4% in 2023 and 0.6% in 2024.
- 2.2. The Bank of England base rate is currently 3.5% and is predicted to rise further during 2023 before falling in later years.
- 2.3. The Autumn Statement 2022 reinforced the commitment to the CSR announced in October 2021 covering 2022/23 to 2024/25 but did not provide any specific details on police budgets
- 2.4. The provisional Police Settlement was published on the 14th December 2022. The Home Office opted for a provisional settlement rather than proceeding straight to final settlement to obtain feedback from stakeholders. The deadline for submissions to the provisional settlement was 13th January 2023 and for this year it included the requirement for a statement from Commissioners outlining the detail on how they will prioritise the budget, deliver efficiencies and drive productivity improvements.
- 2.5. The ministerial statement outlined the national priorities to be supported by the provisional settlement. The funding is provided to support the strategic vision outlined in the Beating Crime Plan to cut crime, increase confidence in the criminal justice system, and put victims first.
- Ensuring overall police officer numbers are maintained at the agreed Police Uplift baseline plus force level allocations of the 20,000 additional officers.

- Deploying these additional officers to reduce crime and honour the Government's commitment to keep the public safe.
 - Delivering improvements in productivity and driving forward efficiencies, maximising the value of the Government's investment.
- 2.6. The overall funding package provides additional national funding by up to £523m in 2023/24. This level of investment assumes that all Commissioners will maximise their council tax flexibility. The provisional settlement headline data includes the following:
- A £174m increase in grant funding to Commissioners. This additional funding will support the police uplift programme and a commitment made earlier this year to partially support the 2022/23 pay award.
 - Up to £349m 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 £15 for a Band D equivalent property.
 - £275m of this funding will be ringfenced and allocated according to funding formula shares. In line with previous years this will be paid according to progress on the police uplift programme targets.
- 2.7. The settlement also includes the following:
- Confirmation of the continuation of the pension fund grant agreed in 2019/20 of £143m.
 - A decrease and realignment of the funding of national priorities (see table below on the top-slice).
- 2.8. The settlement represents an average cash increase in total funding for England and Wales of 3.6% between 2022/23 and 2023/24. However, this increase includes funding to maintain the increased growth expected as part of the uplift programme.
- 2.9. 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 £100m efficiency savings, announced as part of the Spending Review in 2021. These are expected to be delivered through a combination of working with BlueLight Commercial to improve procurement practices as well as savings in corporate functions. These efficiency savings have already been taken from the grant to be received.
- 2.10. The Home Office have also commissioned the National Police Chiefs' Council to conduct a review of operational productivity in policing. The review is expected to deliver clear, practical and deliverable recommendations to improve productivity in policing during 2023/24.
- 2.11. 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 decreased by £259.6m (19%) from 2022/23. As part of our response to the consultation of the provisional settlement we have asked for clarity on what this means for policing and local areas. The breakdown of the top slicing at a national level are shown in the following table:

Table 1: Overall changes in the national top-slice

National Top Slice	2022/23 £m	2023/24 £m	Increase/ (Decrease) £m	% Variation
PFI	71.6	71.6	-	0%
Police Technology Programme	606.5	526.4	- 80.1	-13%
Arm's Length bodies	68.7	74.7	6.0	9%
Regional Organised Crime Units	33.2	39.5	6.3	19%
National Policing Capabilities (NPCC)	65.0	69.3	4.3	7%
NPCC Programmes	10.6	9.5	- 1.1	-10%
Special Grant	62.4	50.0	- 12.4	-20%
Forensics	25.6	20.6	- 5.0	-20%
Serious Violence	50.1	45.6	- 4.5	-9%
Crime Reduction Capabilities	13.5	18.4	4.9	36%
Fraud	23.1	18.1	- 5.0	-22%
Drugs/County Lines	30.0	30.0	-	0%
Capital Reallocations	188.1	104.9	- 83.2	-44%
Cyber Crime		14.1	14.1	New
Tackling Exploitation and Abuse		21.3	21.3	New
Police Uplift Programme	12.0		- 12.0	-100%
National Operational Policing Unit (inc F	2.9		- 2.9	-100%
Counter Terrorism	32.5		- 32.5	-100%
Police Now	7.0		- 7.0	-100%
Police & CJS performance	13.0		- 13.0	-100%
Crime Reduction Programmes	45.8		- 45.8	-100%
Rape Review	12.0		- 12.0	-100%
Total	1,373.6	1,114.0	- 259.6	-19%

2.12. Planning for beyond 2023/24 is challenging. There is significant activity which will impact on this planning:

- The economic impact of the significant increase in inflation and energy costs.
- The anticipated review of the funding formula. Work continues as part of a senior sector group with the first phase of consultation due in 2023.
- 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.

2.13. 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 especially with regard to pay related costs.
- The impact of supply chain problems and delays.
- The interest earned on the reserves which is linked to the bank base rate. These income levels have been increased for 2023/24 for Devon and Cornwall to reflect the increased investment interest to be earned on the balances and reserves.

- The fall in the value of sterling against the Euro and the Dollar can lead to some additional inflationary costs. As nearly 85% 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

- 3.1. The local impact of the provisional settlement will provide increased funding for Devon and Cornwall. The effect of the total grant funding is shown in the table below. This shows that overall, the level of funding has increased by 1.8%. However, the majority of the increase falls within the specific grant element relating to the ringfenced grant targeted at the maintenance of the uplift in officers which has more than doubled. As part of the response to the consultation on the provisional settlement clarification has been requested to understand the rationale for increasing this ringfenced grant as it appears that the additional funding of £140m provided for the 2022/23 pay award has been added to this grant. This increases the overall risk profile for future years as specific grants are awarded on a year by year basis.

Summary	2022/23 £m	2023/24 £m	Variation £m	Variation %
Core Grant	126.2	126.6	0.4	
DCLG Formula	75.7	76.0	0.3	
Legacy C/Tax Grants	15.5	15.5	-	
Core Grant	217.4	218.1	0.7	0.3%
Pensions Grant	3.3	3.3	-	0.0%
Uplift Grant Ringfenced	3.2	6.5	3.3	103.1%
Specific Grants	6.5	9.8	3.3	50.8%
Gross Funding Available	223.9	227.9	4.0	1.8%

- 3.2. The level of funding to support the net revenue budget is shown in the table below. This covers the core grant and amount generated by council tax.

Summary	2022/23 £m	2023/24 £m	Variation £m	Variation %
Core Grant	126.2	126.6	0.4	
DCLG Formula	75.7	76.0	0.3	
Legacy C/Tax Grants	15.5	15.5	-	
Grant	217.4	218.1	0.7	0.3%
Council Tax	153.2	164.7	11.5	
Council Tax Surplus/ -Deficit	1.0	1.6	0.6	
Total Council Tax	154.2	166.3	12.1	7.8%
Net Funding Available	371.6	384.4	12.8	3.4%

- 3.3. There are various aspects of the council tax funding that impact on the revenue available to the Commissioner.
- The Council Tax Base – this covers the number of chargeable Band D equivalent properties. The increase in the council tax base is 1.36% which is lower than the

estimated 1.5%. The impact of the lower increase is a reduction of £175k on the estimate for 2023/24. The change in the council tax base is a combination of increased properties and a change in the number of council tax payers requiring support will their bills. Collecting authorities consulted all major preceptors regarding a change to the council tax support being provided to working families. The changes mean that working families will be able to claim up to 100% support for the council tax liability rather than the current cap of 80%. The level of support will depend on the individual circumstances of the working family. The Commissioner confirmed support for the change.

- The payments received for the 2022/23 council tax bills have been higher than anticipated. It was estimated there would be a net surplus of £337k to be returned to the Commissioner for 2022/23. However, it is anticipated that this will now be a surplus of £1.586m, a positive movement of £1.249m. The surplus or deficit for each council area is calculated and set by the individual collecting authorities.
 - The proposed increase to the Band D precept by £15.00 equates to an increase of 6.08% on the council tax. This increase generates funding of £9.3m and when combined with the changes to the council tax base and overall surplus/deficit it is anticipated to increase council tax funding for policing to £12.1m.
- 3.4. 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.
- 3.5. The pay award is the most significant inflationary pressure on the budget with the overall pay budgets being 85% of total expenditure for 2023/24. The pay award is nationally agreed and for 2022/23 saw an average increase of 5%, this was significantly higher than the estimate of 2.5%. Additional funding was provided from the Home Office to partially cover the gap between local estimates and the nationally agreed pay award. However, the remainder of the increase has an ongoing effect in the base budget for 2023/24. An assumption of 2% has been included for 2023/24 which is comparable across the policing sector.
- 3.6. 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 reserves.
- 3.7. The overall level of funding, including increases to specific grants, is set to increase by 4.3%. Table 4 below shows a summary of the main increases in expenditure for 2023/24.

Table 4: summary of the Use of Additional Funding		
Summary	2023/24	
	£m	£m
Additional Funding		
Core Grant and Council Tax	12.8	
Specific Grant	3.3	16.1
Increases		
Growth	1.8	
Regional Growth	1.8	
Forensics	0.7	4.3
Unavoidable Changes		
Pay Inflation	15.7	
Other Pay Changes	3.6	
Inflation	4.6	
Non Pay Costs	3.9	
Capital Funding	- 0.2	27.6
Investment		
Change in the use of Reserves		- 5.1
Investment Interest		- 1.4
Increased Income		- 0.7
Savings		- 8.6
		- 0.0

3.8. 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 43.2% of the net revenue budget for 2023/24 which is a 1.7% increase compared with 2022/23 figure of 41.5%.

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 £15 (6.08%). This is an additional £5 above the level previously announced in the Spending Review 21. 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 the table below.

Valuation Band	2022/23 £	2023/24 £	Increase £	Increase %	Increase per day £	Increase per week £	Increase per month £	Increase per month (10 months) £
A	164.37	174.37	10.00	6.08%	0.03	0.19	0.83	1.00
B	191.77	203.44	11.67	6.08%	0.03	0.22	0.97	1.17
C	219.16	232.50	13.33	6.08%	0.04	0.26	1.11	1.33
D	246.56	261.56	15.00	6.08%	0.04	0.29	1.25	1.50
E	301.35	319.68	18.33	6.08%	0.05	0.35	1.53	1.83
F	356.14	377.81	21.67	6.08%	0.06	0.42	1.81	2.17
G	410.93	435.93	25.00	6.08%	0.07	0.48	2.08	2.50
H	493.12	523.12	30.00	6.08%	0.08	0.58	2.50	3.00

5. Detailed Total Budget Requirement

5.1. The overall revenue position for 2022/23 indicates a planned underspend position. A review of 2022/23 expenditure has been undertaken in preparing the budget to ensure that any underlying pressures or savings have been appropriately reflected in future years' budget assumptions.

Financial Planning Assumptions

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

5.3. 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

5.4. General Inflation – Actual CPI for January 2023 was 10.5%, compared to 5.1% in November 2021. Inflation has only been applied to budgets that are subject to inflationary pressures. Electricity and Gas contracts are based on market energy prices and are expected to increase by 103% and 129% respectively. Future years increases have been assumed in line with treasury predictions.

5.5. Pay Awards – The MTFS assumes that a 2% pay award will be applied on 1st September 2023, 3% 1st September 2024 and 2% from 1st September each year thereafter for police officers and police staff.

5.6. Council Tax Base - The council tax base which consists of the total value of properties by band D has increase by 1.36% for 2023/24. From 2024/25 an increase of 1.5% has been assumed.

5.7. Staff Pension Contributions – The Police Office pension contribution rates are set by central government and equate to 31% in 2023/24. The police staff pension contributions rates are set by the pension provider (Peninsula Pensions hosted by Devon County Council) and have been subject to a revaluation. The employer contribution rate has increased from 16.3% to 18.9%.

6. The Overall Budget Preparation

6.1. The budget process for 2023/24 has been undertaken on a similar basis to that of the previous year. This is shown in Appendix 1 and includes consideration of the following areas:

- 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 policing.
- Savings and efficiencies required.
- Effective management of risk.

Savings Plans

6.2. A combination of a grant increase below the level of increases being experienced coupled with significant increases due to inflation means that ongoing efficiency savings will be essential to balancing the budget over the next four years.

6.3. 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.

Management of Risk

6.4. These proposals are not without risk. A risk register is attached as Appendix 4. Due to the difficult and volatile economic climate there is increased risk compared to previous years due to:

- The increase in the grant funding 1.8% when inflation is currently 10.5%.
- The increase in the level of ringfenced grant from £6.5m in 2022/23 to £9.8m in 2023/24. This increase is specific to the ringfenced grant relating to the maintenance of the national uplift in police officer numbers. The payment of this grant is subject to the maintenance of this increase. Specific grants are subject to approval each year and are not guaranteed.
- The increase in the proportion of the total funding from council tax payers.
- The pay award assumptions which are nationally agreed. The proportion of the total budget which is attributable to pay is 85%. This makes the budget particularly volatile to changes in the assumed pay award.
- Inflation specifically relating to gas and electricity which is increased by over 100% in 2023/24.
- The implementation of the amended funding formula remains a significant future risk. Work has already started nationally to take forward this review.

6.5. Financial resilience is extremely important during periods of economic volatility. The last five years has seen a number of local government bodies in financial difficulty with some of those bodies issuing section 114 notices. A section 114 notice is issued by the Chief Financial Officer when it appears that expenditure of the authority incurred in a financial

year is likely to exceed the resources available. The resources available would be a combination of ongoing funding and reserves.

The Main Budget Components

6.6. 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

6.7. The Commissioner owns the overall police 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 2023/24 Chief Constable's budget is £377.3m. 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.

6.8. 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.

6.9. 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.

6.10. This year (2023/24) will be the first year with the full complement of the Government's commitment to increasing police officers by 20,000 for England and Wales. The uplift grant which has been ringfenced and is dependent on the maintenance of the uplift numbers has increased to £6.5m. This increases risk in the budget should the overall numbers dip below the agreed target. The estimate of officer numbers takes into account the anticipated leavers and the recruitment needed to maintain numbers. Although, the recruitment of officers can be flexed any increase in leavers above planning assumptions could prove challenging.

6.11. The budget includes investment as part of the Police and Crime Plan priorities. The main focus of the increase in expenditure relates to the pressures arising from the following items

- Pay awards
- Inflationary pressures

OPCC Office Budget and Commissioning Budget

6.12. The Office of the Police and Crime Commissioner (OPCC) budget is split into two parts. The cost of delivering the duties of the OPCC and funds that are used for commissioning services for the public.

- 6.13. The OPCC office costs budget is proposed to be set at £2.2m for 2023/24. A commissioning budget of £4.9m which includes the serious violence programme budget of £800k. Producing a total net budget of £7.1m.
- 6.14. Income in the form of grant funding of £3.6m is anticipated from the Ministry of Justice (MoJ) to support services for victims and witnesses. A contribution from the Commissioners reserve of £200k will also support a domestic abuse perpetrators programme. With additional funding for the serious violence duty and road safety this brings the overall commissioning budget to £9.2m. The table below outlines the total spend.

Table 7: Commissioning Spend

	2022/23 £000's	2023/24 £000's	Variation	
			£000's	%
Police and Crime Commissioner Allocation	4,140	4,263	123	3%
MoJ - Victims and Witness Grant	2,845	3,636	791	28%
Serious Violence Programme	1,000	800	- 200	-20%
Home Office Serious Violence Duty Funding	-	359	359	n/a
Vision Zero South West Funding	-	100	100	n/a
	7,985	9,158	1,173	15%

- 6.15. The OPCC budget is £2.2m which represents 0.57% of the net revenue budget for Devon and Cornwall Police. This is an increase of £84k which includes assumptions for pay award and increases to the external audit services fee (which affects the whole Force). The OPCC 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 £1,173k which is a combination of new funding and a small allocation to provide inflation for existing contracts. The Commissioning Intentions Plan for 2023/24 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

- 6.17. As part of the Commissioning Spend there are two areas which the Commissioner identifies a theme for the spend.

- Community Grants Scheme (£200k). These grants are available to the communities across Devon, Cornwall and the Isles of Scilly via the Devon Community Foundation

and the Cornwall Community Foundation respectively. The theme for 2023/24 will be the prevention or reduction of serious violence.

- Property Act Funding. This funding envelope varies and is generated from the sale of goods seized or not claimed as part of police investigations. The theme for 2023/24 will be sustainability funding (i.e. to support existing costs incurred) for charitable organisations undertaking activities supporting the outcomes of the Police and Crime Plan.

The Capital Budget

- 6.18. The Commissioner is also required to publish a capital strategy via her website.
- 6.19. The Capital Programme indicates a total spend of £71.1m 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.
 - An extensive refurbishment of Camborne Police Station.
 - An allocation to provide efficiency changes with the buildings and install charging facilities for vehicles.
 - An allocation to find a permanent solution to the North Devon Custody provision.
 - An allocation to relocate a training site to cover public order training.
 - A comprehensive programme of ICT work across the organisation.
- 6.20. The annual revenue costs associated with this programme are contained within the budget. The level of capital financing cost equates to £3.6m and as a percentage of net revenue expenditure is 0.94%. Based on the outturn data for 2021/22 the national average is 1.2% so this level compares favourably with the average for all 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) is £4.6m to support the programme of technology enhancements. The RCCO will increase across the life of the MTFS to ensure the capital programme is robust and sustainable in the longer term. The financing plan aims to make the maximum use of temporary internal borrowing from revenue reserves until they are used in the budget plan.
- 6.21. 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 – there is no longer a capital allocation from the Home Office so this is now only available via bidding processes for specific projects.
 - Revenue Contributions to Capital – which are being increased.
 - Borrowing – which needs to be affordable in the longer term.
- 6.22. In addition, funding via s106 planning obligations and Community Infrastructure Level (CIL) is now actively being pursued with local planning authorities.

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 2022/23 indicate that they will stand at 4.06% 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 2022, the total amount of reserves held were £57.7m (earmarked reserves of £41.8m and general reserves of £15.9m). This is forecast to reduce to £35.6m by the end of 2026/27. The Commissioner considers the level of reserves and their planned reduction when considering the proposals for the level of council tax increases each year. The reserves include £4.7m relating to Vision Zero South West which is a partnership fund with Cornwall Council, Devon County Council, Plymouth City Council and Torbay Council.
- 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

- 8.1. In considering the increase of £15.00 (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. The budget is looking to strengthen, stabilise and sustain the investments made in previous years to ensure a robust and sustainable MTFs.
- 8.2. There are always new and different demands being placed upon policing and resources need to reflect these. 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.

- 8.3. The Commissioner has 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 2023/24 to 2026/27
- Appendix 2 – Letter from the Chief Constable
- Appendix 3 – Commissioning Intentions Plan 2023/24
- Appendix 4 – Risk Assessment
- Appendix 5 – Annual Policing Quantitative and Qualitative Engagement
- Appendix 6 – Glossary of Terms