

**Medium Term Financial Plan  
(2021/22 to 2024/25)  
Including the Budget for 2021/22**

**Report of the Police and Crime Commissioner (PCC)**

**1. Purpose of report**

- 1.1. To present the Police and Crime Commissioner's Revenue and Capital Budgets for 2021/22.
- 1.2. To present the Medium Term Financial Plan (MTFP) for the four year period to 2024/25

**2. Proposals**

- 2.1. To set a revenue budget for 2021/22 of £132,410,716 and a precept on each District Council collection fund as set out in **Section 18** of this paper.
- 2.2. To set a capital programme as outlined in **Annex F**.

### 3. Background

#### 3.1. Grant Funding

The core grant represents most of the grant funding from the Home Office. The core grant received for Gloucestershire represents 0.76% of the total funding provided to police forces in England and Wales. This proportion has remained the same for many years.

3.2. The core grant per head of population received for Gloucestershire for 2020/21 is £91.58. This represents 68% of the national average and is nearly half the amount received by some forces.

3.3. The core grant received by Gloucestershire reduced from £67.9m in 2010 to £53.2m in 2017, an actual cash reduction of £14.7m.

3.4. Gloucestershire also receives the following grants from the Home Office:

- Legacy Council Tax Grants
- Pensions Grant
- Ring-fenced Uplift Grant

3.5. Government grant funding now represents 52% of the total funding for Gloucestershire, compared to 66% in 2010.

#### 3.6. Council Tax Funding

Local council tax provides the remaining funding for Gloucestershire. The level of council tax is set each year by the PCC, taking into account the referendum limit set by the government. Over the last ten years this funding has increased from one third of total funding to nearly half.

3.7. In the five years from 2013/14 to 2017/18 the Band D precept increased by £11.15, an overall increase of 5.4%. Increases each year were 2% or less. During this time inflation (cpi) increased by 5.6%.

3.8. Over the last three years the Home Office has increased the flexibility for PCCs to increase the level of precept. PCCs could increase the precept up to the following amounts:

- 2018/19           £12   (5.6% increase)
- 2019/20           £24   (10.6% increase)
- 2020/21           £10   (4% increase)

3.9. In 2018/19 and 2019/20 council tax was increased by the maximum amount which allowed for £5.8m additional investment. For 2020/21 the PCC did not increase council tax by the maximum allowed amount. The increase was £6.76 (2.7%) which allowed for £1m investment in Every Crime Matters/Every Contact Counts.

#### 3.10. Precept increases

The increased precept for 2018/19 and 2019/20 funded additional investment in key areas of policing such as:

- Initial contact with the police
- Neighbourhood policing
- Response to emergency calls

- Safeguarding vulnerable children and adults
- Disrupting serious and organised crime
- Policing the roads in the county
- Investigating and prosecuting offenders

This investment increased police officer numbers by 74 and police staff numbers by 37.

### 3.11. Every Contact Counts/Every Crime Matters

The council tax increase last year allowed the PCC to establish a fund for £1m to support work towards the priorities of Every Contact Counts and Every Crime Matters. This funding has allowed investment in a Customer Relationship Management for the Force Control Rooms and a Public Contact Campaign in 2020/21 and in 28 additional police staff posts in 2021/22.

### 3.12. Police Officer uplift – 20,000 additional officers

In July 2019 the Prime Minister promised 20,000 extra police officers, recruited over the next three years. In 2020/21 6,000 additional officers were announced and Gloucestershire were allocated 46 additional officers. These officers have been recruited. Uplift costs for 2020/21 were £2.4m. The government provided a ring fenced grant for £1.3m, and the remaining funding for £1.1m was from the increase in the core grant.

### 3.13. Police Officer Training

From 1<sup>st</sup> January 2020 the recruitment and training of police officers has changed. New recruits are now either graduates or apprentices and have a longer period of training. The additional training costs for apprentices will be funded from the Apprentice Levy. The additional training costs for graduates are included within the Budget and the MTFP.

### 3.14. Officer and Staff Establishment

Nearly 80% of budgeted expenditure is for the cost of officers and staff. The numbers of officers and staff for 2010 and for 2017 are shown on the next page. The officer numbers for 2010 include 63 officers funded by the County Council. This funding ceased in 2013/14.

	2010	2017	Reduction	Reduction
	fte	fte	fte	%
Officers	1,309	1,060	249	19%
Staff	729	650	79	11%
PCSOs	148	116	32	22%
Total	2,186	1,826	360	16%

3.15. The number of officers and staff have increased over recent years due to the precept increases over the last three years and the national uplift funding. The projected establishment at 31<sup>st</sup> March 2022 is 2,150fte:

- Officers 1,196fte
- PCSOs 116fte
- Staff 838fte

### 3.16. Additional Covid-19 Costs

In the period from March to June 2020 the Constabulary incurred £1.3m additional costs for the Covid-19 pandemic. The Home Office have reimbursed £47k for personal protective equipment (PPE). The PCC released £1.3m from the General Reserve to the Chief Constable to meet the costs of the pandemic.

## 4. Value for Money

4.1. In their most recent assessment HMICFRS rated Gloucestershire Constabulary as good for efficiency, effectiveness and legitimacy and judged the Constabulary good at using resources and good at planning for the future.

4.2. In their Audit Findings report for the year ended 31<sup>st</sup> March 2020 the external auditors, Grant Thornton, stated that “we are satisfied that both the PCC and the Chief Constable have proper arrangements for securing economy, efficiency and effectiveness in their use of resources. They concluded that the PCC and Chief Constable each has “proper arrangements for informed decision making and sustainable resource development.”

4.3. Gloucestershire is part of a regional collaboration on procurement, the South West Police Procurement Department (SWPPD). In recent years the following procurement savings for Gloucestershire have been reported to the Home Office. These are savings over the period of the contract and include one off savings:

- 2018/19 £612k
- 2019/20 £982k
- 2020/21 (to November) £360k

4.4. For 2020/21 the cost of policing per head of population for Gloucestershire is £196, compared to the national average of £210.

## 5. Grant Announcement – 17<sup>th</sup> December 2020

5.1. The Home Secretary laid the Police Grant Report 2020/21 before the House of Commons on 17<sup>th</sup> December 2020.

5.2. The report stated that overall funding for policing for 2021/22 will total up to £15.8 billion, a £636m increase on the previous year’s settlement. Within this available funding to PCCs will increase by up to an additional £703m, assuming full take-up of precept flexibility.

5.3. The additional funding for PCCs is made up of two parts:

- An increase of £415m to government grants for the recruitment of a further 6,000 additional police officers by the end of March 2022.
- PCC’s will also be able to raise further funding through precept flexibility. PCC’s will be empowered to increase their Band D precept by up to £15 in 2021/22 without the need to call for a local referendum.

If all PCC's decide to maximise their flexibility, this would result in up to an additional £288m of funding for local policing next year.

5.4. The report states that "it is for locally accountable PCC's to take decisions on local precept."

5.5. The report also stated that PCCs will receive a portion of the £670m of additional grant funding for local council tax support. This funding is to help local authorities to continue reducing council tax bills for those least able to pay, including households financially hard-hit by the pandemic.

5.6. This funding is administered by the Ministry of Housing, Communities and Local Government (MHCLG) and consists of Local Council Tax Support Grant and Local Council Tax Income Guarantee Grant.

5.7. In return for the significant increase in investment in policing, the Home Office expects the police to continue to build on the progress made on improving efficiency and productivity. The Government expects to see:

- 6,000 further officers recruited by the end of March 2022.
- £120m of efficiency savings from across the law enforcement sector, which are reflected in the funding set out in the 2021/22 settlement.
- Policing improving data collection and use across the sector and with key delivery partners such as the criminal justice agencies.

#### 5.8. National Funding

Total Home Office Grant funding for the Police Service nationally for 2021/22 (excluding specific counter-terrorism funding) is £10,138m. This is an increase of 3.3% compared to 2020/21 (£9,810m).

- £8,122m of this funding (80%) is core grant allocated to Police Forces. This is an increase of 6.3% compared to 2020/21 (£7,640m).
- The majority of this increase relates to the additional £415m funding for the recruitment of a further 6,000 additional officers by the end of March 2022.
- The total funding of £10,138m includes specific funding for pension costs (£143m).
- The Home Office has made reallocations of £1,033m within the police grant settlement to support national policing priorities. These reallocations include the following funding:
  - £485m for the Police Technology Programme including funding for the Emergency Services Network (ESN), which will replace the existing Airwave radio system.
  - £146m to implement the Serious and Organised Crime Strategy.
  - £70m for arms-length bodies including the Independent Office for Police Conduct (IOPC) and HMICFRS, and the College of Policing direct entry schemes.

- £55m for Police Special Grant contingency funding to support police forces significant and exceptional events.
- £39m for the National Capability Programmes.
- £39m for the Serious Violence Strategy.
- The settlement provides PCCs with £12.3m funding for capital expenditure, which is 19% of the total capital allocation of £64.6m. The additional £52.3m capital funding will be spent on national priorities and infrastructure including police technology programmes, National Police Air Service and Serious and Organised Crime programmes.

#### 5.9. Funding for Gloucestershire

The Main Grant for Gloucestershire for 2021/22 is £69.305m, an increase of £3.678m, which is made up as follows:

	2021/22	2020/21	%
	£m	£m	Increase
Police Core Settlement	39.926	37.367	6.8%
DCLG Formula Funding	22.099	20.980	5.3%
<b>Core Funding</b>	<b>62.025</b>	<b>58.347</b>	<b>6.3%</b>
Pension Grant Allocation	1.198	1.198	0.0%
Legacy Council Tax Grants	6.082	6.082	0.0%
<b>Total</b>	<b>69.305</b>	<b>65.627</b>	<b>6.3%</b>

The total increase in government funding, net of the reduction in the ring fenced uplift grant is £3.195m (Section 5.10).

- Core funding has increased by £3.678m (6.3%) to £62.025m. this increase relates to funding for the additional uplift officers (see Section 5.10). Excluding the uplift funding there has been a flat cash settlement.
- Specific funding for additional pensions costs of £1.198m was received in 2019/20, to provide for cost increases announced in the Budget for 2018. This amount has been allocated for 2021/22.
- The Legacy Council Tax Grants are the Council Tax Freeze Grants for 2011/12 and 2015/16 (£1.604m) and the Local Council Tax Support Grant (£4.478m). Gloucestershire receives 1.2% of the total payments for Legacy Council Tax grants nationally. The proportion of core funding received is 0.76%. If Legacy Council Tax grants were moved into core funding and allocated on those proportions Gloucestershire would receive £3.856m, £2.226m less than is currently received.
- Council Tax Referendum Principles  
For 2021/22 PCCs will be provided with the flexibility to increase their Band D precept by up to £15 without the need to call a local referendum. For Gloucestershire this would be an increase of 5.8%.

- The Capital Grant for 2021/22 remains at £99k, the same as last year. The grant will be allocated by the PCC and the Chief Constable for projects to improve the wellbeing of officers and staff.
- The Grant Report shows that the maximum cash increase for Gloucestershire is £6.6m. This assumes that the PCC increases the precept Band D level by £15. The maximum increase is split between core grant and council tax:

	2020/21	2021/22	Increase
	£m	£m	£m
Government Funding	66.9	70.1	3.2
Council Tax	59.9	63.3	3.4
<b>Total</b>	<b>126.8</b>	<b>133.4</b>	<b>6.6</b>

#### 5.10. Funding for the Uplift in Officer numbers

The Government announced an increase of £415m to government grants for the recruitment of a further 6,000 additional officers by the end of March 2022. Gloucestershire receives 0.76% of the total national core funding, so Gloucestershire's share of the increase is £3.2m. Gloucestershire has received this increase by:

- Increase in Core Grant £3.678m
- Reduction in Ring Fenced Grant -£0.483m
- Net total £3.195m

#### 5.11. Ring Fenced Uplift Grant

Part of the funding for the increase in officer numbers is ring fenced so that the Government can ensure that progress in recruitment is maintained and to track the use of this investment efficiently. For the current year (2020/21) the ring fenced funding was £168m nationally and Gloucestershire received £1.283m. For 2021/22 £100m of the additional funding has been ring fenced and Gloucestershire will receive £0.800m as it progresses against the recruitment targets.

5.12. Gloucestershire has been allocated 43 additional officers in 2021/22 for territorial policing. The funding also includes an allocation for two officers to be provided for the Regional and Organised Crime Unit.

5.13. The funding provided in 2021/22 for the uplift in officers includes an element of funding for the costs incurred in 2020/21. The additional costs for the Constabulary for the uplift officers is £2.4m in 2020/21 and £2.24m in 2021/22 – total £4.64m. The additional funding provided by the Government for these officers is:

- Core Grant 2020/21 £1.1m
- Core Grant 2021/22 £3.7m
- Ring Fenced Grant 2021/22 £0.8m
- Total £5.6m

#### 5.14. Grants from MHCLG

There are two new grants for 2021/22 that will be paid directly by the MHCLG. These are both to provide council tax support.

**5.15. Local Council Tax Support Grant**

This is a one off grant provided to reflect the difference between the pre-Covid forecast for council tax income (based on the projected increase in the tax base) and the current forecast. Gloucestershire has been allocated £905k. This funding is not ring fenced.

**5.16. Local Tax Income Guarantee**

The Treasury are providing £762m to help fund 75% of the forecast deficits on collection funds in 2020/21. MHCLG guidance states that 100% of the deficit arising in 2020/21 can be spread over the next three years. The grant will be paid to both precepting and billing authorities in 2021/22. The amount of grant has not yet been announced, as it is based upon returns from District Councils to MHCLG.

**5.17. Funding for 2022/23**

No indication has been provided in the settlement in respect of either grant funding or the council tax referendum principles for 2022/23 and following years. Funding for 2022/23 onwards will be covered by the Spending Review in 2021 which will set out long term police budgets and will look at how resources are allocated across police forces.

**6. Budget Consultation**

6.1. The grant settlement states that PCCs will be empowered to increase their Band D precept by up to £15 in 2021/22 without the need to call a local referendum. This is a significant increase (5.8%) and the PCC is asking people for their views on how much they feel that he should increase council tax.

6.2. Public consultation started on Wednesday 6<sup>th</sup> January and the consultation asks two questions:

- Are you willing to pay more in council tax for policing services?
- Are you able to pay more, considering your financial circumstances?

6.3. The consultation closes on Friday 6<sup>th</sup> February. The PCC has taken into account the findings of the consultation to date in making his recommendation. He will update the meeting if there is material change when the consultation closes.

**7. Council Tax Increase**

7.1. The PCC has had to consider what level of increase to set for Council Tax in 2021/22. The current Band D Council tax is £257.25. PCCs have the flexibility to increase Council Tax by up to £15. This would give a Band D Council Tax of £272.75 (5.8% increase).

7.2. A number of options are shown below for funding for 2021/22, based on various levels of Council Tax increase. Each 1% increase in Council Tax adds £2.57 to the Council Tax for a Band D property and provides an additional £600k in funding.

### 7.3. Options for Funding

	Option 1	Option 2	Option 3	Option 4	Option 5
	0%	2%	3%	4%	£15
	£m	£m	£m	£m	£m
Core Grant	62.025	62.025	62.025	62.025	62.025
Pension Grant	1.198	1.198	1.198	1.198	1.198
Legacy Council Tax Grants	6.082	6.082	6.082	6.082	6.082
Council Tax Support Grants	0.157	0.157	0.157	0.157	0.157
Precept	60.107	61.309	61.910	62.511	63.612
Collection Fund	-0.156	-0.156	-0.156	-0.156	-0.156
Available Funding	129.413	130.615	131.216	131.817	132.918
Increase	3.314	4.516	5.117	5.718	6.819
% of Funding from Council Tax	46%	47%	47%	47%	48%

7.4. Although many across the county would be willing to pay an additional £15 per year for policing in Gloucestershire, there are many households, facing significant financial hardships due to the pandemic, who would find such an increase unreasonable.

7.5. Taking this into account, and the results of the budget consultation to date, the PCC has decided to increase the council tax precept by 4.99%, £12.83 for a Band D taxpayer. This increase is below the referendum limit set by the Government for £15, which would represent a 5.8% increase in Gloucestershire.

## 8. Available Funding

8.1. Total government funding for 2021/22 is £69.305m (section 5.9).

8.2. The tax base has increased by 0.3% for 2021/22. The previous MTFP had assumed an increase of 1.5%, providing increased funding for £719k in 2021/22. The actual increase in funding for the year is £168k.

8.3. The previous MTFP assumed a Collection Fund Surplus of £500k each year. The Collection Fund Surplus in 2020/21 was £532k.

8.4. Due to the pandemic there has been a significant reduction in the amounts of council tax and business rates collected by local authorities in 2020/21. The government has allowed local authorities to spread the collection fund deficit arising in 2020/21 over three years. Allowing for this there is an overall collection fund deficit of 156k – an overall reduction of £688k.

	2021/22	2020/21
	£	£
Cheltenham	-27,273	85,400
Cotswolds	-79,749	60,257
Forest	13,800	65,600
Gloucester	-64,088	215,175
Stroud	-33,090	-9,713
Tewkesbury	34,520	114,800
	-155,880	531,519

8.5. It is proposed that the deficit is funded initially from the Local Tax Income Guarantee. The amount of Local Tax Income Guarantee to be allocated to local authorities has not been announced. It is estimated that the PCC will receive £70k and this amount has been included in the funding figures.

8.6. The PCC has been allocated £905k Local Council Tax Support Grant. It is proposed to use £87k in 2021/22 to cover the Collection Fund deficit and the reduced increase in the tax base. The balance of the grant will be held to provide resilience while the Constabulary proposes its efficiency plans.

8.7. For 2021/22 the PCC has decided to increase the council tax precept by 4.99%, £12.83 for a Band D taxpayer.

8.8. The available funding for 2021/22 is:

	£m
Core Grant	62.025
Pension Grant	1.198
Legacy Council Tax Grants	6.082
Local Council Tax Support Grants	0.157
Precept	63.105
Collection Fund	-0.156
Available Funding	132.411
Increase	6.312
% of Funding from Council Tax	48%

8.9. The increased funding in 2021/22, net of the reduction in the ring fenced grant for uplift is £5.829m:

	£m
Increase in Core Grant	6.312
Reduction in Ring Fenced Uplift Grant	-0.483
Net Increase for 2021/22	5.829

8.10. The net increase in the year of £5.829m is analysed as follows:

	£m	£m
Increase in Government Grant (for uplift)		
Core Grant	3.677	
Ring Fenced Grant	-0.483	
		3.194
Increase in Council Tax (4.99%)		2.998
Increase in Tax Base	0.168	
Reduction in Collection Fund	-0.688	
Local Council Tax Support	0.157	
		-0.363
<b>Total Net Increase for 2021/22</b>		<b>5.829</b>

8.11. For 2021/22 the organisation will be funded by:

- Government Grant 52%
- Local Council Tax 48%

## 9. Budget Requirement

9.1. The budget requirement for 2021/22 is £132.711m. This is a 5.0% increase on the previous year's budget.

9.2. The budget requirement for 2021/22 is as follows:

	£m
<b>Base Budget</b>	<b>126.099</b>
Pay Inflation & Increments	1.540
Price Inflation	0.341
Adjustment Capital Charges	-0.041
<b>Continuation Budget</b>	<b>127.939</b>
Uplift Costs	2.240
Other Additional Costs	2.728
Reduction in Ring Fenced Uplift Grant	0.483
Reduction in Capital Grant	0.297
Additional MRP	0.200
Bamfurlong Capital Costs	0.000
Commissioners Fund	0.039
Investment Income	0.000
Grant Increase	-0.095
<b>Savings Requirement</b>	<b>-1.420</b>
<b>Contribution from Reserves</b>	<b>0.000</b>
<b>Budget Requirement</b>	<b>132.411</b>
<b>Budget Increase %</b>	<b>5.0%</b>

A detailed analysis is shown in **Annex D**.

9.3. Pay rises and inflation account for a 1.5% increase in the budget.

9.4. The budget includes £2.240m additional costs to fund the uplift in police officer numbers (1.8% increase in the budget).

9.5. The budget includes 2.728m additional costs for compliance, infrastructure and organisational development (2.2% increase in the budget). These costs include national cost increases above inflation and cost pressures from national developments. More details are provided in Annex D. The compliance costs are covered by the Council Tax increase. The savings requirement below is required to fund infrastructure and organisational development costs.

9.6. The Ring Fenced Uplift Grant for 2020/21 was £1.288m. The grant would be expected to increase to fund the 2021/22 costs. The ring fenced grant has reduced in 2021/22 to £0.800m.

9.7. The budget requirement includes a savings requirement for £1.420m – 1.1% of the budget for the year. The Constabulary is setting up an Efficiency Programme to identify savings for 2021/22 and for the MTFP period. The Constabulary has a good record of identifying savings.

9.8. As a condition of the council tax increase the PCC has agreed with the Chief Constable that the Constabulary Efficiency Plan for 2021/22 will be presented to the Finance Panel in April 2021.

## **10. Medium Term Financial Plan (MTFP)**

10.1. In order to develop the MTFP it is necessary to make a number of assumptions regarding funding and costs for 2022/23, 2023/24 and 2024/25. In the current circumstances it is very difficult to make assumptions about the future. The assumptions below are very likely to change and will be kept under constant review.

10.2. The assumptions for the MTFP are shown in Annex C and are:

- There will be a pay freeze for officers and staff in September 2021.
- Pay increases for September 2022, 2023 and 2024 will be 1%.
- Inflation assumptions are based upon the rates for the Consumer Price Index (cpi) projected by the Office for Budget Responsibility (OBR).
- Grant funding will be flat cash settlement, except for funding for additional uplift officers.
- It is assumed that the tax base will increase by 0.5% per year for the next three years. For 2021/22 the tax base has increased by 0.3%.
- The MTFP assumes that there is no Collection Fund for the MTFP period – no surplus and no deficit.
- The level of Council Tax increase each year is set by the PCC, bearing in mind the referendum limit set for that year. For the purposes of the MTFP it has been assumed that council tax will increase at the same rate as inflation (2%) for 2022/23, 2023/24 and 2024/25.

- 10.3. The government only provides grant funding figures for one year.
- 10.4. Due to the one year settlements the Home Office is unable to confirm the number of additional uplift officers that will be allocated in 2022/23, and the funding for this. The MTFP assumes that 8,000 additional officers will be recruited in 2022/23 and that Gloucestershire will be allocated 60 additional officers.
- 10.5. The projected funding to 2024/25 is:

	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Core Grant	62.025	65.155	66.415	66.745
Pension Grant	1.198	1.198	1.198	1.198
Legacy Council Tax Grants	6.082	6.082	6.082	6.082
Local Council Tax Support Grants	0.157	0.000	0.000	0.000
Precept	63.105	64.683	66.300	67.957
Collection Fund	-0.156	0.000	0.000	0.000
Available Funding	132.411	137.118	139.995	141.982
Increase	6.312	4.707	2.877	1.987
% of Funding from Council Tax	48%	47%	47%	48%

- 10.6. The increase in funding during the MTFP period is analysed as follows:

	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
Core Grant increase (uplift costs)	3.677	3.130	1.260	0.330
Council Tax - Tax Base increase	0.168	0.316	0.323	0.331
Council Tax - Precept Increase	2.998	1.262	1.294	1.326
Local Council Tax Support Grants	0.157	-0.157	0.000	0.000
Collection Fund	-0.688	0.156	0.000	0.000
Total increase	6.312	4.707	2.877	1.987

10.7. Based on the above assumptions the budget requirement for the MTFP period, including savings requirements, would be as follows:

	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
<b>Base Budget</b>	<b>126.099</b>	<b>132.411</b>	<b>137.118</b>	<b>139.995</b>
Pay Inflation & Increments	1.540	2.159	2.668	2.716
Price Inflation	0.341	0.508	0.556	0.594
Adjustment Capital Charges	-0.041	-0.050	-0.016	-0.017
<b>Continuation Budget</b>	<b>127.939</b>	<b>135.028</b>	<b>140.326</b>	<b>143.288</b>
Uplift Costs	2.240	3.130	1.260	0.330
Other Additional Costs	2.728	1.300	1.300	1.300
Reduction in Ring Fenced Uplift Grant	0.483	0.000	0.000	0.000
Reduction in Capital Grant	0.297	0.000	0.000	0.000
Additional MRP	0.200	0.000	0.000	0.000
Bamfurlong Capital Costs	0.000	0.040	0.300	0.000
Commissioners Fund	0.039	0.059	0.028	0.020
Investment Income	0.000	0.100	0.100	0.000
Grant Increase	-0.095	-0.031	-0.031	-0.031
<b>Savings Requirement</b>	<b>-1.420</b>	<b>-2.508</b>	<b>-3.288</b>	<b>-2.925</b>
<b>Contribution from Reserves</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Budget Requirement</b>	<b>132.411</b>	<b>137.118</b>	<b>139.995</b>	<b>141.982</b>
<b>Budget Increase %</b>	<b>5.0%</b>	<b>3.6%</b>	<b>2.1%</b>	<b>1.4%</b>

10.8. A detailed analysis of the MTFP is provided in Annex D.

10.9. The MTFP includes £1.3m per year for additional costs for compliance, infrastructure and organisational development. This represents around 1% of the total budget for the year.

10.10. The MTFP includes £6.84m additional costs over the next four years for the uplift in police officer numbers. 43 additional officers will be recruited in 2021/22 and the MTFP assumes 60 additional officers in 2022/23.

10.11. Savings for £1.420m will be made in 2021/22 to balance the budget, and savings for £8.721m will be required over the remaining MTFP period. These savings are required because the MTFP assumes on going additional costs each year, and assumes that the government grant does not cover the cost of pay rises and inflation.

10.12. Because of the uncertainty regarding future funding the Constabulary is establishing an Efficiency Programme to look at all areas of the organisation to identify annual on-going revenue savings for the MTFP period. The initial Efficiency Plan will be presented to Finance in April and there will be a recurring requirement to report to Finance Panel to monitor the plan during the MTFP period.

## 11. Capital

- 11.1. The proposed capital programme is attached at **Annex F**. The programme for 2021/22 is currently for £12.047m and consists of:
- the replacement programmes in relation to vehicles and IT equipment - £1.651m
  - on-going commitments for previously agreed schemes - £1.596m
  - redevelopment of Bamfurlong - £8.800m
- 11.2. The funding of the capital programme is provided from:
- Contribution from the Revenue Budget in year - £1.651m
  - Capital grants brought forward from previous years to fund deferred expenditure - £0.376m
  - Revenue contributions brought forward from previous years to fund deferred expenditure - £0.000m
  - Contribution from Capital Reserves - £1.220m
  - Borrowing - £8.800m
- 11.3. The Prudential Code for Capital Finance in Local Authorities (2017) requires that authorities (including PCCs) should have in place a capital strategy that sets out the long term context in which capital expenditure and investment decisions are made. The capital strategy, published on the OPCC website, provides a high level overview of capital expenditure and capital financing.
- 11.4. Sabrina Training Centre  
The new Sabrina Training Centre was opened in May 2020. The budget for the purchase and refurbishment of the building was £6.85m. The final cost of the project was £6.6m. This has been funded by using an existing loan (£5m) and from capital receipts (1.6m).
- 11.5. Transformation Programme  
The Constabulary has a number of end of life legacy IT systems that are limiting productivity and efficiency. A Transformation Programme has been agreed with the PCC and built into the Constabulary's Corporate Strategy. Delivery of the programme will be monitored and reported to the PCC and a benefits realisation plan will quantify productivity and efficiency gains.
- 11.6. The programme will include investment in the following areas:
- Records Management System (RMS)
  - HR System and Duty Management System (DMS)
  - Digital Evidence Management Systems (DEMS)
  - The next stage of the mobile frontline working project
  - Increase the provision of laptops for mobile working
- 11.7. A budget for £11.43m has been set aside to fund the projects within the programme. This will be funded from the Reserves (£5.43m) and from capital receipts (£6.00m). As a condition of the precept increase this funding will be further scrutinised at the April Finance Panel.

11.8. Redevelopment of the Operations Centre at Bamfurlong

A Business Case to redevelop the Operations Centre at Bamfurlong has been approved for £12.8m. This will be funded from borrowing (£12.0m) and Reserves (£0.8m). The borrowing will be taken out when required. The cost of £12.8m is significantly less than the original provisional budget for £18m.

**12. Reserves**

12.1. The PCC's Reserves Strategy is published on the OPCC website, and is updated on a regular basis. Details of the reserves held to provide for future liabilities and unforeseen events are shown in the Reserves Strategy.

12.2. The Strategy is reviewed regularly to ensure that reserves are set at a prudent level having regard to identified risks and the overall financial environment. In the current financial climate, it is crucial that the organisation has healthy reserves.

**13. Comments by the Chief Finance Officer for the PCC in respect of Reserves**

13.1. Under the Local Government Act 2003 the PCC has a responsibility to ensure that Reserves are adequate and in doing so should take advice from his Chief Finance Officer.

13.2. In order to assess the adequacy of unallocated general reserves when setting the budget the Chief Finance Officer should take account of the strategic, operational and financial risks facing the PCC, including internal and external risks. CIPFA guidance on reserves recommends that the following factors are taken into account in assessing the level of reserves:

- The treatment of inflation and interest rates
- Estimates of the level and timing of capital receipts
- The treatment of demand led pressures
- The treatment of planned efficiency savings and productivity gains
- The financial risks inherent in significant new funding partnerships, major outsourcing arrangements or major capital developments.
- The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.
- The general financial climate.

13.3. General Reserve

The strategy of the PCC has been to maintain a minimum level of General Reserve at 5% of net revenue expenditure for the MTFP period. The level of balances on the General Reserve should reflect the risks the PCC and the Chief Constable are facing including the robustness of the budgets, external factors, inflation and interest rates and the adequacy of budgetary control. Best practice is to hold general reserves between 3% and 5% of budget.

13.4. General Reserves are set up to fund costs arising from unexpected, external factors. During 2020/21 the PCC allocated £1.3m from the General Reserve to the Chief Constable to fund costs arising from Covid-19. This has reduced the reserve to £4.7m, which represents around 3.6% of the budget for 2021/22. This level of General Reserve is considered adequate in the current circumstances.

13.5. Earmarked Reserves

The PCC has also allocated reserves to fund specific items. Details of the projected Earmarked Reserves are shown in the Reserves Strategy. The projected total Earmarked Reserves for the MTFP period are:

○ 31 <sup>st</sup> March 2021	£10.97m
○ 31 <sup>st</sup> March 2022	£9.18m
○ 31 <sup>st</sup> March 2023	£5.36m
○ 31 <sup>st</sup> March 2024	£3.66m
○ 31 <sup>st</sup> March 2025	£3.66m

13.6. The PCC considers that reserves should not be used to fund budget deficits and the Medium Term Financial Plan does not assume the use of reserves for this purpose.

13.7. On this basis, the Chief Finance Officer's advice is that:

- The current level of reserves is adequate.
- General Reserves should be maintained, over the medium term, at a minimum of 3% of net revenue budget.
- The overall level of reserves should be reviewed annually and adjusted in accordance with known risks facing the PCC and the Chief Constable.
- The financial standing of the PCC and the Chief Constable is sound.
- The proposed budget is robust and achievable.

## 14. Risks

14.1. Grant Funding

The PCC has received no indication of funding for 2022/23 and for subsequent years. The funding for the following year for the Home Office will be determined as part of the Comprehensive Spending Review in 2021. Hopefully the Spending Review will cover more than one year and provide indicative funding figures for the MTFP.

14.2. Because of the global pandemic and the costs incurred, there are significant pressures on national finances and these will probably be reflected in the Spending Review. There will be pressures to reduce public spending in some areas to pay for the costs of Covid-19, and there is a risk that police funding may reduce.

14.3. The MTFP is based on the risk that government funding will only increase to cover uplift costs; in effect a flat cash settlement. The grant assumptions do not take account of any changes in funding due to the implementation of a new distribution formula.

14.4. Legacy Council Tax Grants

Gloucestershire receives £6.082m for Legacy Council Tax Grants. These grants are determined by local circumstances and Gloucestershire receives 1.2% of the total payments for these grants nationally.

14.5. The proportion of core grant funding received by Gloucestershire is 0.76%. If Legacy Council Tax Grants were moved into core funding and allocated in these proportions Gloucestershire would receive £3.856m, £2.226m less than is currently received.

14.6. Funding for the Police Uplift Programme

The Home Office has allocated 89 additional police officers to Gloucestershire in 2020/21 and 2021/22 and has provided funding for these officers. The Spending Review 2020 only announced funding for one year (2021/22), so the Treasury has only agreed the funding for the Home Office for that year. The Home Office therefore cannot confirm the numbers to be allocated for 2022/23 or the funding for future years. The Home Office is committed to 8,000 additional officers in 2022/23 and the MTFP assumes that Gloucestershire will be allocated 60 of these.

14.7. The costs for the uplift officers will increase for a period of ten years, as the new recruits move up the scales within the Constable rank. There is a risk that the Home Office will not be able to provide funding for additional officers in future years, when future Spending Reviews are announced. However the Government has shown that it is committed to providing 20,000 additional police officers nationally so this risk is currently considered to be low.

14.8. Pay award

The pay award for officers and staff for September 2020 was 2.5%. The MTFP assumes a pay freeze for September 2021, and then increases of 1% in subsequent years. There may be pressures for higher increases in future years. The full year effect of a 1% change in the pay award for officers and staff is equivalent to around £1m.

## **15. Police and Crime Plan**

15.1. The Police and Crime Plan is the PCC's commitment to make Gloucestershire a safe place to live, work and visit. As the election due in May 2020 was delayed, the PCC published an interim Police and Crime Plan 2020-22 with emphasis on Every Contact Counts and Every Crime Matters.

15.2. The six priorities in the revised Plan are:

- Every crime matters, every contact counts
- Safe and social roads
- Older but not overlooked
- Young people becoming adults
- Safe days and nights
- A green and pleasant county (a compassionate approach)

- 15.3. The Plan was refreshed to reflect the concerns that the public have expressed to the PCC, and the Constabulary was asked to work towards the priorities for Every Contact Counts and Every Crime Matters. These priorities include:
- A Constabulary that is accessible and accountable to the public
  - Recognition that every crime begins and ends in a neighbourhood.
  - Reduced victimisation, exploitation and criminalisation by protecting the most vulnerable in society.
  - A compassionate approach to how victims are supported across the organisation and the development of a central hub to coordinate this approach.
  - A commitment to partnership working to reduce domestic abuse and sexual violence and to support the victims.
  - A clear understanding of what is meant by a “reasonable level of service” and a commitment to deliver this.
- 15.4. The Budget for 2021/22 provides the resources to deliver the Police and Crime Plan.
- 15.5. The Budget includes investment in 28 additional police staff posts in the priority areas for Every Contact Counts and Every Crime Matters.
- 15.6. The Plan states that 1% of the total policing budget will be set aside for the Commissioners Fund, to finance projects and programmes that support the delivery of Police and Crime Plan priorities. For 2021/22 £1.3m has been set aside to support police and community projects and programmes.
- 15.7. The Budget for 2021/22 provides funding for 2,150 officers, staff and PCSOs, many of whom are front-line resources. Both the PCC and Chief Constable are agreed that this level of resources can deliver the Police and Crime Plan.
- 15.8. The Plan states that the PCC will provide sufficient funding to increase police officer numbers, subject to Government Grants. The Budget for 2020/21 provides funding for 1,153 officers as at 31<sup>st</sup> March 2021. This includes 74 additional officers funded from the increase in precept over the last two years, and 46 additional officers funded by the national uplift programme. The budget for 2017/18 provided funding for 1,060 police officers.
- 15.9. As part of the commitment to a green and pleasant county in the Plan the organisation has invested in electric vehicles. There has been a significant investment in electric vehicles and these vehicles now make up 21% of the total fleet of vehicles. The Constabulary is accredited under ISO 14001 and is seeking further opportunities to reduce waste and pollution. To this end the organisation has committed to fund a budget of £60k per year to invest in energy saving opportunities.

15.10. The Plan also includes a commitment to develop the Bamfurlong Operations Centre on the M5 and a Business Case has been approved for £12.8m investment to redevelop Bamfurlong. The organisation will borrow £12m to fund this development.

## **16. Chief Constable's Recommendations**

16.1. The Chief Constable, advised by his Chief Finance Officer, has confirmed the soundness of the budget for 2021/22 in relation to the Constabulary, and that the Constabulary will be able to deliver the priorities within the Police and Crime Plan and the Strategic Policing Requirement with the resources provided, after the identification of necessary savings.

16.2. Recent precept rises allowed for substantial investment in the Constabulary. In 2018/19 £1.7m of extra precept funding was allocated and a further £4.1m extra in 2019/20. These additional funds were ring fenced specifically to enhance the way we deal with contact from the public and resulted in an increase of 73 police officers over the two-year period. A further increase of £1m was approved in 2020/21 to meet the aims of the Every Crime Counts, Every Contact Matters (ECC/ECM) programme.

16.3. The Chief Constable supports the Government's commitment to increasing the number of police officers nationally by 20,000. Gloucestershire Constabulary was allocated 46 additional officers in 2020/21 and has been allocated 43 additional police officers in 2021/22 through £3.2m funding. By the 31st March 2022, as a result of a combination of the uplift funding and precept increases, there will be around 1,200 police officers working in Gloucestershire. This compares to 1,309 police officers in 2010.

16.4. The Chief Constable was disappointed that the central government funding for 2021/22, once uplift funding is removed, is flat cash albeit understands the challenging financial circumstances the Government finds itself in. The Chief Constable appreciates that in such circumstances, the settlement could have been worse and will adjust accordingly.

16.5. The Chief Constable also recognises the uncertainty generated by the one year Spending Review, and acknowledges the difficulty of medium term planning without this certainty of funding.

16.6. The grant announcement allows PCCs to increase the precept by £15 in 2021/22, a 5.8% increase in Gloucestershire. The Chief Constable notes that the PCC is concerned about the level of increase for local tax payers and is proposing to increase the precept for 2021/22 by 4.99%.

16.7. This increase will require the Constabulary to identify around £1.4m savings to balance the budget for the year. The freeze in central government funding, combined with inflation and other cost pressures means that there will be a deficit in the 2021/22 budget.

- 16.8. To bridge this gap the Constabulary will introduce a rolling programme to identify and deliver efficiency savings. The Chief Constable will work with colleagues to bring forward a series of in year budget reductions and set up Constabulary Efficiency Programme to identify annual savings over the next four years. The Efficiency Plan will be presented to the PCC at Finance Panel in April 2021. The Constabulary has a good track record of delivering savings.
- 16.9. A 4.99% increase in council tax will also mean that the investment over the last three years can be consolidated and that the Constabulary can continue to invest in people and infrastructure.
- 16.10. Previous prudent financial management means that the Constabulary has emerged from years of austerity with sufficient reserves to fund the cost of the Sabrina Training Centre and set aside £11.4m for our much needed organisational Transformation Programme. We have also agreed to borrow £12m to fund the urgent improvements needed for our Operations Centre at Bamfurlong. These funds are necessary to address the austerity driven underinvestment in people and infrastructure that are affecting our ability to deliver the quality of service to which we aspire.
- 16.11. Covid-19 has created an undeniably difficult year for everyone but it is crucial that the Constabulary does all it can to deliver on it's investment in people, infrastructure, organisational development and regulatory compliance. The cost of not doing so will be greater in future if we do not deliver on these investments now.
- 16.12. That said it is appropriate that the funding decisions for 2021/22 are taken in the context of the anticipated tough financial times to come and are guided by the public consultation process.
- 16.13. The Chief Constable supports the budget set for 2021/22 and will work with colleagues to bring forward a series of in year budget reductions to provide a balanced budget for the year.

## **17. Conclusion**

- 17.1. This report presents the budget for 2021/22 and the financial plans for the four years to 2024/25.
- 17.2. Providing sufficient resources for the Constabulary is an important part of my job. The Constabulary has managed its finances well through years of cuts, and I have been able to approve significant investment in the last few years in additional officers and staff and in infrastructure.
- 17.3. The way in which Gloucestershire Constabulary is funded has changed, with a shift away from central Government funding in favour of local council tax. Over the past ten years, the proportion of funding for policing in Gloucestershire from central Government has fallen from 64% in 2010 to just 52% today.

- 17.4. Gloucestershire receives a low level of core grant funding from the Home Office. For 2020/21, our grant per head of population was only 68% of the national average and nearly half of some forces in England and Wales. The Government has been clear there are no immediate plans to change that.
- 17.5. Since 2018, the Government has allowed Police and Crime Commissioners more flexibility to begin to make up the shortfall by increasing local council tax by rates above that of inflation. The decision to do this has always been difficult; I try hard to balance public expectations of the Constabulary and the ability of the public to pay with the needs outlined by the Chief Constable to be able to deliver a quality service.
- 17.6. The Home Office has announced a maximum £6.6 million cash increase for policing in Gloucestershire next year. They will provide £3.2 million funding to help recruit an additional 43 Gloucestershire police officers, to put back some of the 249 officers that were lost during the period of austerity. In parallel though, the Home Office has frozen our core grant with an expectation that I will increase the police element of your council tax by 5.8% (£15 per year for a Band D property) to make up a £3.4 million shortfall. That means, any additional funding for Gloucestershire Constabulary can only come from local taxation.
- 17.7. To help me make my decision I have consulted with the public, asking whether they are willing to pay more council tax for policing services, and whether they are able to pay more. The consultation closes on Friday 5<sup>th</sup> February.
- 17.8. I am aware that during the years of austerity, the police did not have the resources they needed to provide the services the public should reasonably expect, and we cannot return to that. The strength and effectiveness of a police service is often spoken of in terms of the number of officers it has, but in the same way as the cost of a hospital bed isn't the full cost of the health service, a police constable doesn't represent the full cost of the many services the police provide. It's clear to me that as well as recruiting new officers, the Force now must upgrade critical IT, infrastructure and communication systems, some which are mandated by the Government, if it is to meet the challenge I set the Constabulary in my Police and Crime Plan of 'Every crime matters, every contact counts.'
- 17.9. In order to ensure that there is continued investment in policing in Gloucestershire I have decided to increase the council tax precept by 4.99% (£12.83 for a Band D taxpayer). This is below the referendum limit. Whilst many across the county would have been willing to pay the extra, when I take into account other financial pressures facing many households, such an increase would be unreasonable. I have taken account of the budget consultation to date and balanced the hardship some are facing from the pandemic with the desire of others to support policing in Gloucestershire. I will update the Police and Crime Panel meeting on 8<sup>th</sup> February if there is a material change when the budget consultation closes.

- 17.10. A condition of the council tax increase is that the Chief Constable will present an Efficiency Plan to Finance Panel in April and also at that meeting we will scrutinise the funding of the Transformation Programme.
- 17.11. The Reserves Strategy, providing details of reserves and commitments is published on the OPCC website. My Chief Finance Officer has commented upon the level of these reserves.
- 17.12. Funding for 2022/23 onwards will be determined as part of the Spending Review in 2021, which will look at how resources are allocated across government departments. Hopefully, following the Spending Review, PCCs will be given indicative funding figures for a number of years, rather than just one year.
- 17.13. The current Medium Term Financial Plan increases the number of frontline officers and staff, and maintains PCSO numbers, and I am confident that it will provide the resources to implement my Police and Crime Plan.

## 18. Precept

18.1. Funding for the proposed **£132.411m** revenue budget (see Annex A) will require a police related Band D Council Tax element of **£270.08**. This represent an increase of 4.99% in the police related Band D Council Tax or £12.83 for the year.

18.2. In order to present a balanced budget for 2021/22 the PCC proposes to issue a precept on each District Council Collection Fund as set out below:

		<b>£</b>		<b>£</b>
	Budget Requirement			132,410,716
	Less:			
	Home Office Police Grant	39,926,014		
	Ex DCLG Formula Funding	22,099,169		
	Legacy Council Tax Grants	6,082,168		
	Pensions Grant	1,198,406		
	Local Tax Income Guarantee (estimated)	70,000		
	Local Council Tax Support Grant	85,880		
				-69,461,637
	Collection Fund Deficit			155,880
	Total Projected Precept 2021/22			<u>63,104,959</u>
	<b>Precept on each District Council</b>			
	<b>District</b>		<b>Tax Base</b>	<b>Precept £</b>
	Cheltenham		42,970.60	11,605,500
	Cotswold		41,848.15	11,302,348
	Forest of Dean		29,737.73	8,031,566
	Gloucester City		38,119.80	10,295,395
	Stroud		45,573.54	12,308,502
	Tewkesbury		35,403.02	9,561,648
	Total		<u>233,652.84</u>	<u>63,104,959</u>
	<b>Police related element of the Council Tax</b>			
		Council Tax Band	Tax at Band	
			£:p	
		A	180.05	
		B	210.06	
		C	240.07	
		D	270.08	
		E	330.10	
		F	390.12	
		G	450.13	
		H	540.16	

## Annex A

### Required Revenue Budget 2021/22

	Note	2020/21 £k	2021/22 £k	Increase %
<b>Constabulary</b>				
Staff Costs				
Police Officers	1	68,891	71,296	3.5%
PCSOs		4,189	4,252	1.5%
Police Staff	2	29,389	32,429	10.3%
Total Staff Costs		102,469	107,977	5.4%
Training	3	561	699	24.6%
Other Employee Expenses	4	904	990	9.5%
		103,934	109,666	5.5%
Premises		7,528	7,684	2.1%
Transport		2,234	2,245	0.5%
Supplies and Services	5	17,341	16,497	-4.9%
Third Party Payments		1,222	1,252	2.5%
Capital Financing		2,000	2,691	34.6%
<b>Gross Revenue Expenditure</b>		<b>134,259</b>	<b>140,035</b>	<b>4.3%</b>
Other Income		-3,846	-3,833	-0.3%
Interest Received		-200	-200	0.0%
		130,213	136,002	4.4%
Less: Specific Grants	6	-6,533	-6,145	-5.9%
<b>Constabulary Budget Requirement</b>		<b>123,680</b>	<b>129,857</b>	<b>5.0%</b>
<b>Office of Police and Crime Commissioner</b>				
Employees		1,067	1,101	
Transport		12	13	
Supplies & Services		68	75	
Audit Fees		57	65	
Income		-46	0	
<b>OPCC Budget Requirement</b>	7	<b>1,158</b>	<b>1,254</b>	<b>8.3%</b>
<b>Commissioning Fund Expenditure</b>	8	<b>1,261</b>	<b>1,300</b>	
<b>Total Budget Requirement before Reserves</b>		<b>126,099</b>	<b>132,411</b>	<b>5.0%</b>
<b>Contribution to Reserves</b>		<b>0</b>	<b>0</b>	
<b>Total Budget Requirement</b>		<b>126,099</b>	<b>132,411</b>	<b>5.0%</b>

### **Note 1 – Police Officer Costs £71.296m**

The budget for Police Officers reflects the projected officer establishment at 1<sup>st</sup> April 2021 of 1,153fte. This includes the 46 additional uplift officers recruited in 2020/21.

The budget includes additional uplift costs in 2021/22 to fund the full year effect of the 2020/21 officers and to fund 43 additional officers recruited in 2021/22.

### **Note 2 – Police Staff Costs £32.429m**

The cost increase includes:

- |   |         |
|---|---------|
| • Uplift costs                              | £0.420m |
| • Additional staff for ECM/ECC (Note 5)     | £0.960m |
| • Custody Detention Officers (Note 5)       | £1.000m |
| • Cost of additional posts approved in year | £0.793m |

The budget also includes one off savings in 2021/22 for £0.710m to balance the budget.

### **Note 3 – Training £0.699m**

The budget increase is due to the additional training costs for graduate student officers - £130 in year, £200k in total.

### **Note 4 – Other Employee Costs £0.990m**

The budget increase reflects the increased recruitment costs for the uplift in officer numbers.

### **Note 5 – Supplies and Services £16.497m**

The budget for 2021/22 includes approved growth in year for £1.792m – Annex D. The budget also includes:

- |  |         |
|--|---------|
| • Reduction in Custody Detention costs             | £1.000m |
| • Transfer of the costs for ECM/ECC to Staff Costs | £1.000m |

The contract for the provision of Custody Detention Officers (CDOs) ends in March 2021, and it has been decided to bring the function in house and employ the CDOs. The budget for their costs has been transferred to the staff salaries budget.

The £1m set aside for ECM/ECC was allocated to Supplies and Services in the budget for 2020/21. The majority of this budget has been allocated in 2021/22 for police staff salaries.

The budget also includes one off savings in 2021/22 for £0.710m to balance the budget.

### **Note 6 – Specific Grants £6.145m**

The reduction in the budget relates to the reduction in the ring fenced grant for the police uplift programme – from £1.283m to £0.800m.

**Note 7 – Costs of the OPCC £1.254m – see Annex E**

**Note 8 – Commissioners Funds £1.300m**

The total cost of £1.300m is split as follows:

- |  |          |
|--|----------|
| • Cost of providing Victims support        | £0.726m  |
| • Funded by grant from Ministry of Justice | -£0.726m |
| • Commissioners Fund (1% of total budget)  | £1.300m  |

The grant from the Ministry of Justice has not been finalised. The figure of £0.726m is the anticipated allocation.

## Annex B

### Budget Assumptions

	Note	2021/22	2022/23	2023/24	2024/25
Pay increase (September)	1	0.0%	1.0%	1.0%	1.0%
Pay increase (in year)	1	1.3%	0.6%	1.0%	1.0%
Increments	2	0.3%	0.3%	0.3%	0.3%
Inflation	3	2.0%	2.0%	2.0%	2.0%
Government Grant (excluding uplift funding)	4	0.0%	0.0%	0.0%	0.0%
Council Tax Increase	5		2.0%	2.0%	2.0%
Council Tax Base	6	0.3%	0.5%	0.5%	0.5%

#### 1. Pay Increase

The pay award for September 2020 for officers and staff was for 2.5%. In the Spending Review announced in November 2020 the Chancellor stated that pay rises in 2021 will be paused for public sector workers (except for NHS workers). It has therefore been assumed that there will be no pay increase for officers and staff in September 2021.

For the remaining MTFP period it has been assumed that pay increases will be 1% per year.

The pay awards for Police Officers and Police Staff are made in September. The pay increase in year therefore reflects five months of the previous year's agreement and seven months of the current year's agreement.

#### 2. Increments

In addition to the annual pay award it is also necessary to budget for the additional pay costs arising from the annual cost of increments as officers and staff progress through their relative pay scales. It is estimated that this will add a further 0.3% to the annual pay costs.

### **3. Inflation**

The rate of inflation affects around 20% of the Constabulary's expenditure. For all non-pay budgets from 2020/21 onwards a rate of inflation of 2% has been assumed. This broadly follows the projections for the consumer price index (CPI) made by the Office of Budget Responsibility (OBR).

### **4. Government Grant**

The MTFP assumes that the government grant will only increase to cover the costs of the uplift in officer numbers. The grant will not cover the cost of pay rises and inflation and additional cost pressures – flat cash settlement.

### **5. Council Tax Increase**

The level of Council Tax increase each year is set by the PCC, bearing in mind the referendum limit set for that year.

The PCC has not decided on the Council Tax increase for 2021/22. In order to provide illustrative figures the MTFP assumes an increase of 3% for 2021/22. The MTFP will be amended when a decision is made on the Council Tax increase for the year.

A precept increase of 2% has been projected for 2022/23, 2023/24 and 2024/25. It is assumed that this level of increase will be within the referendum limit.

### **6. Council Tax Base**

The previous MTFP assumed that the Council Tax base (number of properties on which council tax is levied) will increase by 1.2% per year for the MTFP.

Due to the pandemic the increase for 2021/22 was 0.3%. It has been assumed that council tax increases for 2022/23, 2023/24 and 2024/25 by 0.5%.

### **7. Council Tax Collection Fund Surplus**

It has been assumed that the Collection Fund will be nil (no surplus and no deficit) for the MTFP period.

## Annex C

### Officers and Staff

The Budget for 2021/22 projects that, as at 31<sup>st</sup> March 2022, the organisation will have 2,150 officers and staff, split between:

- Constabulary 2,129 fte
- OPCC 21 fte

The budgeted establishments, based upon full time equivalent (fte) numbers is:

	<b>Police Officers FTE</b>	<b>PCSOs FTE</b>	<b>Police Staff FTE</b>	<b>Total FTE</b>
As at 31/03/20	1,107	116	765	1,988
<b>As at 31/03/21</b>	<b>1,153</b>	<b>116</b>	<b>838</b>	<b>2,107</b>
Uplift Numbers 2021/22	43	0	0	43
<b>Projected as at 31/03/22</b>	<b>1,196</b>	<b>116</b>	<b>838</b>	<b>2,150</b>
Uplift Numbers 2022/23	60	0	0	60
<b>Projected as at 31/03/23</b>	<b>1,256</b>	<b>116</b>	<b>838</b>	<b>2,210</b>

#### **Police Officers**

The budgeted establishment for police officers as at 31<sup>st</sup> March 2021 is 1,153 fte:

Gloucestershire has been allocated an additional 43 officers for local policing as part of the Police Uplift Programme. It has been assumed that 60 officers will leave during the year and recruitment is planned to replace these officers and increase the establishment by 43 officers to 1,196 fte. The majority of the officers recruited will be student officers on the new apprentice scheme and the new graduate scheme.

The budgeted establishment excludes officers on secondment, career breaks and maternity leave.

#### **PCSOs**

The PCSO establishment will be maintained at the current level of 116 fte during the MTFP period.

## **Police Staff**

The budget for 2021/22 assumes 838 police staff. The increase on police staff is due to:

						<b>FTE</b>	
Budgeted establishment as at 31st March 2020						742	
Additional Uplift posts						27	
Additional Posts for Every Crime Matters/Every Contact Counts						27	
Custody Detention Officers						29	
Additional Posts in year						13	
Budget Establishment as at 31st March 2021						838	

No additional posts have been included in the MTFP period.

## Annex D

### Budget Requirement

The budget requirement for the four year MTFP period is as follows:

	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m
<b>Base Budget</b>	<b>126.099</b>	<b>132.411</b>	<b>137.118</b>	<b>139.995</b>
Pay Inflation & Increments	1.540	2.159	2.668	2.716
Price Inflation	0.341	0.508	0.556	0.594
Adjustments				
Capital Charges	-0.041	-0.050	-0.016	-0.017
<b>Continuation Budget</b>	<b>127.939</b>	<b>135.028</b>	<b>140.326</b>	<b>143.288</b>
Uplift Costs	2.240	3.130	1.260	0.330
Additional Costs				
Compliance Costs	1.205	0.500	0.500	0.500
Infrastructure Costs	0.596	0.400	0.400	0.400
Organisational Development Costs	0.927	0.400	0.400	0.400
Reduction in Ring Fenced Uplift Grant	0.483	0.000	0.000	0.000
Reduction in Capital Grant	0.297	0.000	0.000	0.000
Bamfurlong Capital Costs	0.000	0.040	0.300	0.000
Additional MRP	0.200	0.000	0.000	0.000
Commissioners Fund	0.039	0.059	0.028	0.020
Investment Income	0.000	0.100	0.100	0.000
Grant Increase	-0.095	-0.031	-0.031	-0.031
<b>Savings Requirement</b>	<b>-1.420</b>	<b>-2.508</b>	<b>-3.288</b>	<b>-2.925</b>
<b>Contribution from Reserves</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Budget Requirement</b>	<b>132.411</b>	<b>137.118</b>	<b>139.995</b>	<b>141.982</b>
<b>Budget Increase (Decrease) %</b>	<b>5.0%</b>	<b>3.6%</b>	<b>2.1%</b>	<b>1.4%</b>

## Uplift costs

The Constabulary has recruited 46 additional officers in 2020/21 and has been allocated 43 officers for territorial policing in 2021/22. It has been assumed that 60 additional officers will be allocated in 2022/23.

The costs for these additional officers were £2.400 in 2020/21 and are projected to be £7.040m for the MTFP period – total £9.240m.

	No. of Officers	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Police Officer Salaries							
Year 1	46	1.150	0.550	0.070	0.095	0.120	1.985
Year 2	43	0.000	0.750	0.770	0.085	0.090	1.695
Year 3	60	0.000	0.000	1.060	1.080	0.120	2.260
	149	1.150	1.300	1.900	1.260	0.330	5.940
Police Staff Salaries		0.650	0.420	0.630	0.000	0.000	1.700
Other Costs		0.600	0.500	0.500	0.000	0.000	1.600
<b>Total</b>		<b>2.400</b>	<b>2.220</b>	<b>3.030</b>	<b>1.260</b>	<b>0.330</b>	<b>9.240</b>

As officers will be recruited during the year, half of the cost of their salaries is included in their first year and the whole cost in the second year. The increase in costs continues for ten years as the new recruits move up the scales within the Constable rank. The estimated total cost for the increase of 149 officers will be £13m over ten years:

	£m
Costs to 2024/25	9.240
2025/26	0.500
2026/27	0.730
2027/28	0.920
2028/29	0.955
2029/30	0.655
<b>Total</b>	<b>13.000</b>

## Additional costs for 2021/22

There are additional costs in the Budget Requirement for 2021/22 for £2.780m. These costs have been categorised as:

- Compliance Costs £1.205m

	£k
National Police Air Service (NPAS)	80
Blackrock Firearms Training Centre	172
Additional Training Costs	130
National ICT Costs	181
National Enabling Programme/Office 365	360
Pension Remedy Costs	200
Additional Staff Costs	82
<b>Total Compliance Costs</b>	<b>1,205</b>

These costs cannot be avoided by the organisation. The NPAS charges and the allocation of National ICT costs are set nationally. The additional training costs for student officers and the additional firearms training costs are to meet standards set by the national College of Policing. The additional Office 365 costs relate to a police contract set nationally, which avoided a larger increase in costs. The Pension Remedy costs relate to additional work arising from the McCloud Sergeant court case.

○ Infrastructure Costs £0.596m

	£k
ICT - Pronto Software	280
ICT - Additional Laptops	95
HR System	138
Drones	55
Other Costs	28
<b>Total Infrastructure Costs</b>	<b>596</b>

During the years of austerity there was underinvestment in people and infrastructure that is affecting the ability of the Constabulary to deliver the quality of service to which it aspires. The Constabulary needs to invest in new systems (such as the HR system), improving mobile and agile working (Pronto and increased use of laptops) and new technology (drones).

○ Organisational Development Costs £0.927m

	£k
Wellbeing and Supportive Leadership Programmes	120
Better Together Programme	60
Child Leadership Programme	148
Custody Detention Officers - additional costs	84
Additional Staff Costs	503
Other Costs	12
<b>Total Organisational Development Costs</b>	<b>927</b>

Policing is delivered by people and the Constabulary believes that putting staff at the heart of all that they do is the best way to ensure that it is able to deliver a great service to communities in Gloucestershire. There is a commitment to staff to make Wellbeing and Supportive Leadership central to everything that the Constabulary does. The Constabulary is investing in building a specialist Better Together team to work across communities and workforce to improve attraction, recruitment, retention and progression and ensure that the Constabulary is well positioned to represent the communities it serves.

The Child Leadership programme supports the aims of Child Friendly Gloucestershire and equips young people with the essential life skills they need to deal with challenges today and in the future.

### **Additional Minimum Revenue Provision (MRP)**

An internal loan for £5m has been reallocated to fund the new Sabrina Training Centre which was completed in May 2020. The repayment provisions on this loan start in 2021/22 and have been included in the budget for that year. The loan will be repaid over 25 years and the MRP will be £200k per year.

### **Bamfurlong Capital Costs**

Borrowing has been approved for £12m to fund the Bamfurlong redevelopment. The maximum costs for the repayments (MRP) and interest for £340k have been included in the MTFP from 2022/23.

### **Investment Income**

The borrowing for Bamfurlong will only be taken out when required. This will result in a reduction in the funds available for investment and a reduction in investment income. This reduction is included in the MTFP. The rationale for the borrowing for Bamfurlong is explained in the Capital Strategy.

### **Commissioner's Fund**

The Commissioner's fund represents 1% of the total budget. These adjustments increase the allocation each year so that the contribution to the fund represents 1% of the budget.

### **Additional costs for the period to 2024/25**

The Constabulary will incur additional costs during the MTFP for compliance, infrastructure and organisational development. The MTFP includes £1.3m additional costs each year, which represents around 1% of the total budget. An efficiency and savings programme will identify the savings to cover these additional costs.

### **Savings Identified for 2021/22**

The Budget Requirement shows that savings for £1.420m are required to balance the budget.

The Constabulary is establishing an Efficiency Programme to look at all areas of the organisation to identify annual on-going revenue savings for 2021/22 and for the MTFP period. For 2021/22 one off savings will be identified to balance the budget. The Efficiency Plan for 2021/22 will be presented to Finance Panel in April 2021.

### **Savings for the MTFP Period**

The Budget Requirement shows that savings will be required for each year during the MTFP period. This is because £1.3m additional costs have been built into the MTFP for each year and because government grant (excluding uplift funding) is assumed to be on a flat cash settlement basis. The projected savings for the MTFP period are:

- 2022/23                      £2.508m
- 2023/24                      £3.288m
- 2024/25                      £2.925m
- **Total**                        **£8.721m**

Because of the uncertainty regarding future funding the Constabulary is preparing an Efficiency Plan for the MTFP period. The Constabulary has a good track record of identifying savings. The Transformation Programme should provide savings and each area of the business will be examined to identify efficiency savings.

## Annex E

### Budget for OPCC

The Budget for the OPCC for 2021/22 is £1.254m, an increase of 8.3% compared to the previous year.

	2020/21	2021/22	
	£k	£k	
Employees	1,067	1,101	
Transport	12	13	
Supplies & Services	68	75	
Audit Fees	57	65	
Income	-46	0	
<b>Total Budget</b>	<b>1,158</b>	<b>1,254</b>	<b>8.3%</b>

The main reason for the increase in the budget is the reduction in the income for £46k. In 2020/21 this represented funding from the County Council for the Road Safety Co-ordinator. This funding ceased during 2020/21.

## Annex F

### Capital Programme

	2020/21	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m	MTFP
						£m
<b>ANNUAL SCHEMES</b>						
Vehicle Replacement	1.706	1.925	1.301	1.301	1.301	5.828
ICT Replacement	0.328	0.350	0.350	0.350	0.350	1.400
<b>ESTATES DEVELOPMENT</b>						
Sabrina Centre - Berkeley	1.409					0.000
Bamfurlong - Development	2.000	8.800	2.000			10.800
Bamfurlong - Decant	0.635					0.000
Data Centre Relocation	0.450					0.000
<b>TRANSFORMATION PROGRAMME</b>						
BOTS	0.045					0.000
Mobile Phone Downloads	0.000	0.087				0.087
Replacement HR & Duty Management Systems	0.280	0.470				0.470
Mobile Device Management (MDM)	0.071					0.000
Replacement of Mobile Devices	0.910					0.000
Laptop Replacement	0.600					0.000
Other Transformation Projects	0.000					0.000
<b>OTHER PROJECTS</b>						
Audio Visual Equipment	0.033	0.030				0.030
Replacement of Radios	0.450					0.000
<b>GRANT FUNDED</b>						
Charter	0.107					0.000
Emergency Services Network (ESN)	0.013	0.385				0.385
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>9.037</b>	<b>12.047</b>	<b>3.651</b>	<b>1.651</b>	<b>1.651</b>	<b>19.000</b>
<b>FUNDED BY:</b>						
Capital Grant	0.206	0.475	0.000	0.000	0.000	0.475
Capital Receipts	1.409					0.000
Revenue Contribution	1.759	1.552	1.651	1.651	1.651	6.505
Reserves	4.463	1.220				1.220
Borrowing	1.200	8.800	2.000			10.800
<b>TOTAL CAPITAL FUNDING</b>	<b>9.037</b>	<b>12.047</b>	<b>3.651</b>	<b>1.651</b>	<b>1.651</b>	<b>19.000</b>

### Replacement Programmes

There are annual replacement programmes for vehicles and ICT equipment:

- It has been assumed that the current fleet of vehicles will be replaced over a five year period. Expenditure varies from year to year, and this is “smoothed” using the Vehicle Replacement Reserve.
  - The IT replacement budget is for desktops, laptops, servers and storage.
- The replacement programmes are funded from the Revenue Budget.

### Approved Projects

The actual deferred expenditure into 2021/22 may vary from the plan, based on actual expenditure on the capital programme projects up to 31<sup>st</sup> March 2021.

### **Capital Strategy**

The Prudential Code for Capital Finance in Local Authorities (2017) requires that authorities (including PCCs) should have in place a capital strategy that sets out the long term context in which capital expenditure and investment decisions are made. The capital strategy, published on the OPCC website, provides a high level overview of capital expenditure and capital financing. The capital strategy includes the capital programme and significant capital projects under development.

### **Sabrina Training Centre**

The new Sabrina Training Centre was opened in May 2020. The budget for the purchase and refurbishment of the building was £6.85m. The final cost of the project was £6.6m. This has been funded by using an existing loan (£5m) and from capital receipts (1.6m).

### **Transformation Programme**

The PCC and the Constabulary have agreed a Transformation Programme for four years, which includes investment in a number of key ICT systems including the Records Management System (RMS), the HR and Duty Management Systems and a Digital Evidence Management System.

A budget for £11.43m has been set aside to fund the projects, funded from Reserves (£5.43m) and from capital receipts ((£6.00m).

### **Redevelopment of Operations Centre at Bamfurlong**

The PCC made a commitment in the Police and Crime Plan to develop the Bamfurlong Operations Centre on the M5. A Business Case to redevelop the site has been approved for £12.8m. This will be funded from borrowing (£12.0) and Reserves (£0.8m). The borrowing will be taken out when required. The cost of £12.8m is significantly less than the original provisional budget for £18m.

### **Capital Grant**

The capital grant received from the Home Office has reduced significantly over recent years and for 2021/22 is £99k. The capital grant will be allocated for projects to improve the wellbeing of officers and staff.