



## **Item No. 7a on Agenda**

### **Report to the Police Fire and Crime Panel – 10<sup>th</sup> February 2020**

#### **Policing Budget Report for 2020/21**

### **Copy of Report for ETAP 5 February 2020**

#### **(Including Medium Term Financial Strategy)**

Report of the Staffordshire Commissioner

## **Introduction**

The purpose of this report is to set out the proposed budget and precept proposals for the Police and Crime element of the Commissioner's portfolio for 2020/21. It is the final report for the Staffordshire Commissioner in his second and final term in office since May 2016 and delivers one of the Commissioner's key responsibilities under the Police Reform and Social Responsibility Act 2011.

The report sets out the following:

- Net policing budget requirement for 2020/21
- Proposed precept for the policing element of the council tax 2020/21
- Proposed Policing Medium Term Financial Strategy (MTFS)
- Outline Policing Capital Budget

The report should be read in conjunction with the accompanying:

- Treasury Management Strategy
- Reserves Strategy
- Capital Strategy

## **Recommendations**

The Police, Fire and Crime Panel is asked to:

- Examine the information presented in this report, including:
  - The Total 2020/21 net revenue budget requirement of £212.402m (**Appendix 1**), including
  - A council tax requirement for 2020/21 of £79.412m before collection fund surplus/deficits are taken into account (**see Appendix 5**)

- Support the proposal to increase the 2020/21 precept for the policing element of the council tax bill by 3.94% or £8.53 per annum which is equivalent to 16.4p per week, increasing the council tax to £225.09 for a Band D Property **(see Appendix 5)**.
- To note that the Council Tax base has increased to 352,801 properties, equivalent to an increase of 1.79% (0.20% higher than the 2019/20 increase) **(see Appendix 4)**. The Council Tax collection fund has also been finalised delivering a surplus of £1.511m **(see Appendix 3)**.
- To note that the Budget and MTFS fully support and include the investment required to deliver the Officer Uplift of 90 by 31 March 2021 in line with the Ring Fenced Grant of £2.532m.
- To note the MTFS summary financials **(Appendix 6)** and MTFS assumptions **(see paragraph 8.2)**
- Support the proposed four year Capital Investment Programme **(see section 11)** and the Capital Strategy and Capital Programme Paper
- Note the outcome of The Staffordshire Commissioner's budget consultation document (see paragraph 3.4) which included a survey regarding the proposed level of precept for 2020/21.

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## **1. Executive Summary**

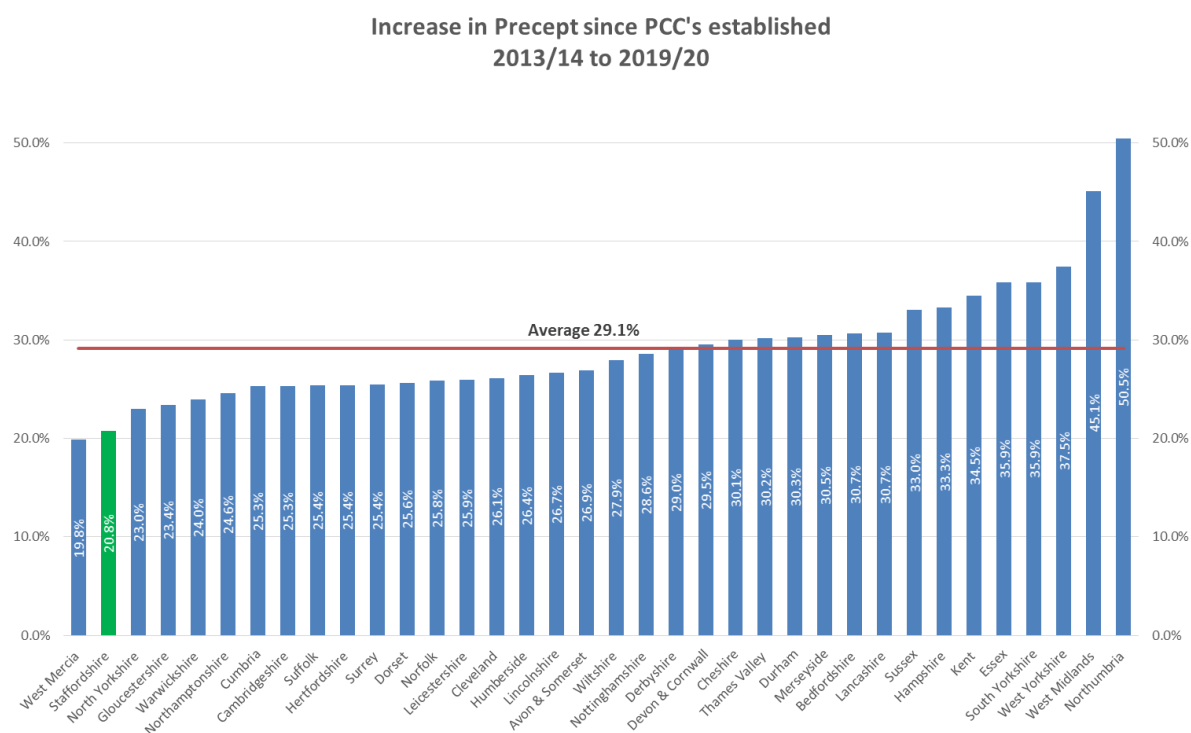
- 1.1 This report, and the Council Tax precept proposal within it, is the result of considerable work by the Staffordshire Commissioner's Office and Staffordshire Police, taking into account public and stakeholder consultation and key government announcements.
- 1.2 Following the announcement of the council tax referendum levels and Police Grant settlement by Government, the Commissioner has considered; current and future funding requirements, together with the factors included within his Police and Crime Plan, the results of the survey with local residents, as well as actual and expected cost pressures and expected efficiency savings available to the Force and to his own office.
- 1.3 The Commissioner has understood the current and emerging operational challenges, both nationally, regionally and locally, with particular reference to those areas included within the Force's Strategic Assessment.
- 1.4 The Commissioner has taken into account the adequacy and level of reserves and the impact of future financial challenges and opportunities in the MTFs. Since coming into office he has maintained a position to keep reserves at a minimum safe level and is constantly reviewing that position. This paper is accompanied by a revised Reserves Strategy.
- 1.5 The Commissioner was the first to call on Government for the flexibility to increase the policing element of the Council Tax bill. He strongly believes that this brings more transparency and accountability on the need for any additional funding and how that will be used.
- 1.6 After careful consideration of all of these aspects the Commissioner is proposing a precept increase of £0.16 per week from April 2020. The proposed precept enables the Commissioner to provide an increase in funding of £4.357m in 2020/21 in order to maintain and safeguard policing and community safety services across Staffordshire and Stoke on Trent, and to make targeted additional investment in his Police and Crime Plan.
- 1.7 The Commissioner and Chief Constable will make new revenue investments totalling £1.719m, above and beyond those provided for by Central Government in:
  - The Special Constabulary
  - Automatic Number Plate Recognition (ANPR)
  - Technology and Digital Capability
  - Technology Modernisation & Innovation
  - Contact Management Systems
  - Investigations & Intelligence

Further detail is contained in section 6.

- 1.8 The Commissioner will continue to support the Chief Constables transformation programme and has committed to ensuring that the scope of the capital

programme and achievement of capital receipts will support this, through new IT platforms and Estate, balanced against the long term sustainability of Police and Crime funding. These include the implementation of a Core Policing IT Platform, with development having already started in the current financial year, investments in fit for purpose estate and new equipment to meet the needs of modern policing. This paper is accompanied by a Capital Strategy and Treasury Management Strategy which explain how this investment will be targeted and afforded. Further detail on the proposed capital investment is contained in section 11.

- 1.9 The consultation with residents, through the resident's online survey, 81% supported increased investment in Policing. In addition Policing and Crime has continued to increase as areas of public concern and in importance for public sector investment over the last 12 months through various national surveys.
- 1.10 The Commissioner recognises that there are still financial challenges faced over the coming years in order to meet the increasing demand for police services and uncertainty as a result of the Comprehensive Spending Review and would welcome a multi-year settlement from government to assist with planning for critical service delivery.
- 1.11 The Commissioner has, over both of his terms of Office, been committed to only increase local taxation through the Policing precept where absolutely necessary. His view had been that efficiencies should be delivered within policing and community safety before he would consider asking council taxpayers for more. This policy impact has resulted in Staffordshire taxpayers seeing the second lowest increase in council tax levels, as a percentage, since the Commissioner took Office in April 2012 (with his first precepting decision for the 2013/14 financial year)



- 1.12 In relation to the efficiency agenda the following has been achieved over the current financial year:

- Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) awarding the Force a 'Good' rating for the use of resources in their most recent inspection.
- Based on Home Office data Staffordshire Police has delivered over £1m of procurement efficiencies over the past 12 months, ranking at number three out of forty three Forces in terms of savings delivered; the Force is the twenty first largest in terms of net revenue budget
- Savings of £816k delivered to date through collaboration with Staffordshire Fire and Rescue Service on shared services and governance changes.
- Further additional savings from those above from the shared estates solution within Tamworth following the opening of the new joint Fire and Police station in December 2019.
- The Financial and Commercial Services team within Staffordshire Police (now a shared service with Staffordshire Fire and Rescue Service) has been shortlisted for a prestigious national Public Finance award

1.13 If the proposals in this document are supported then Policing will have the following funding available in 2020/21.

Table 1 Net Budget Requirement Comparison 2019/20 to 2020/21

Funding Source	2019/20 £'000	2020/21 £'000	Change £'000
Home Office Police Grant	107,139	115,158	8,019
Uplift Grant (ringfenced)	0	2,532	2,532
Police Pension Grant	1,825	1,825	0
Revenue Support Grant	8,423	8,423	0
Council Tax Freeze Grant	3,541	3,541	0
<b>Home Office Funding</b>	<b>120,928</b>	<b>131,479</b>	<b>10,551</b>
Precept	75,056	79,413	4,357
Council Tax Collection Fund Surplus	1,010	1,511	501
<b>Total</b>	<b>196,994</b>	<b>212,402</b>	<b>15,408</b>
Staffordshire Commissioner	9,160	7,938	(1,222)
Staffordshire Police Force	182,342	198,155	15,813
Capital Financing	5,492	4,590	(902)
New Commissioner Precept Enabled Investments	0	1,719	1,719
<b>Total</b>	<b>196,994</b>	<b>212,402</b>	<b>15,408</b>

The detailed budgets are shown in Appendix 1

## **2. The Budget Process**

- 2.1 The 2020/21 budgeting round continues to use a risk-based approach to budget setting which has sought to align the budget process with identified strategic operational priorities and risks, making strategic investments where funding allows in line with the Commissioners Police and Crime Plan coupled with Staffordshire Police's Policing Plan.
- 2.2 The Commissioner and Staffordshire Police have considered key corporate risks when setting the budget. Essentially these risks are operational and organisational around managing people, infrastructure assets, information, commissioning etc.
- 2.3 The Force continues to identify its Strategic Operational Risks as part of the Force Management Statement (a requirement of Her Majesty's Inspectorate of Constabulary, Fire and Rescue Service). This has been used to inform resourcing strategies at both Directorate and Departmental Level.
- 2.4 The latest MTFS and, in particular, the 2020/21 budget contained within this report aligns the Force and Commissioner's financial resources to areas of greatest risk and therefore is fundamental to the performance management of Staffordshire Police and the Staffordshire Commissioners Office.
- 2.5 Both Chief Finance Officers have worked closely with the wider finance team throughout the year during the budget monitoring process and in preparation of the revenue and capital budgets for 2020/21. In respect of the budget, this has included (but was not limited to), the identification and agreement of assumptions and methodology and challenge and scrutiny of the budget workings across both the Staffordshire Commissioners Office (SCO) and Staffordshire Police.
- 2.6 The Commissioner and his management team have held regular discussions with the Chief Constable and his Chief Officers throughout the year and during the budget preparation process and the announcement and interpretation of the settlement. For the 2020/21 budget preparation and MTFS the late announcement of both the funding settlement and having only a one year spending review has introduced a greater degree of planning risk than would be desired.
- 2.7 These discussions have culminated in a number of full and robust discussions of the budget requirement, the right sizing and funding of the capital programme, national and local operational and financial challenges, the precept options available to the Commissioner and a review of the MTFS and associated risks.
- 2.8 Furthermore, there has been a significant degree of scrutiny and challenge undertaken by the Commissioner and his team, prior to, during and post the Strategic Governance Board on the 30<sup>th</sup> January, culminating in final discussions on the policing budget and decision on precept by the Commissioner. The decision around precept is taken by the Commissioner applying his judgement based upon the above budget process.

### 3. Precept Strategy and 2020/21 Proposal

- 3.1 The 2020/21 proposed precept increase is the lowest for three years. For the period 2013/14 to 2016/17, the Commissioner maintained council tax levels at the same level as in 2012/13. His strategy was that efficiencies should be delivered within policing and community safety before increasing the amount paid by council tax payers. The rise was then 1.99% in 2017/18 and 6.29% or £11.40 in 2018/19 followed by £24 for 2019/20.
- 3.2 Following the increase last year the Commissioners increases have been the second lowest nationally. The proposed increase of 3.94% has to be seen in this context.
- 3.3 The Council Tax Referendum Principles for 2020/21 confirm that PCCs can increase the policing element of Council Tax by what they consider necessary, but that the maximum increase before a referendum is required is now £10.
- 3.4 The Commissioner regularly engages with local residents and stakeholders on a wide range of matters. In relation to the precept, the recent consultation showed that 81% of those who responded would support an increase in investment in policing.
- 3.5 The Commissioner has listened to this feedback and has outlined his intention to increase funding in the coming year by £4.357m, which will provide some additional investment to the Chief Constable as well as ensuring that all material cost pressures across the Commissioner's Office and Staffordshire Police are met.
- 3.6 The table below illustrates the financial impact of the policing element of the precept changes on the Council Band D rate and increase in funding for Police and Crime in Staffordshire.

Table 2 – Precept Increase 2019/20 to 2020/21

Council Tax (Police & Crime Element)	2019/20	2020/21
Band D Council Tax Proposed	£ 216.56	£ 225.09
Increase on Prior Year	£ 24.00	£ 8.53
Percentage increase on Prior Year	12.46%	3.94%
Council Tax Increase	£ 8,317,925	£ 4,357,196
Total Precept Levied	£ 75,055,560	£ 79,412,756
Weekly Increase	£ 0.46	£ 0.16

- 3.7 The increase in Council Tax funding also takes into account the actual tax base increases for 2020/21 (1.79%) for Staffordshire and Stoke on Trent when calculating the financial impact of the precept flexibility.
- 3.8 The proposed Council Tax increase by banding is shown in **Appendix 5**

#### **4. National Picture, Grant Settlement and Officer Uplift**

- 4.1 On the 22nd January 2020, the Government announced the final 2020/21 Police Finance Settlement. Unlike previous years no provisional settlement was received prior to this.
- 4.2 In relation to the Police funding formula, there has been no change to this. Any changes to this will take place after the next spending review which is expected to occur before the provisional finance settlement in 2021/22. It is currently unknown if Staffordshire would have any net gain or loss from this review given it has not yet started, and as such can be seen as a risk or an opportunity for future years. The MTFS assumes no impact from any potential changes to the funding formula.
- 4.3 In addition to the change in precept principles, the Minister confirmed an increase for the main Police Grant of £750m. Staffordshire's share is £8.0m, although the Home Office have been clear that this does not cover any inflationary uplift.
- 4.4 In addition to the above core policing grant a ring-fenced grant for Officer Uplift has been introduced. Nationally this is £168m, of which Staffordshire share is £2.532m. The Commissioner and Chief Constable have not yet received the grant determination letter setting out the conditions of use; what is known is that this grant is dependent upon the delivery of the increase in Officer numbers (for Staffordshire this is an additional 90 Officers by the 31<sup>st</sup> March 2021).
- 4.5 The above grant is insufficient on its own to pay for the uplifted Officer numbers. However, it is clear that the uplift in the non-ring-fenced core policing grant is anticipated to provide the additional funding required to deliver the 90. This is welcome given the additional flexibility of non-ring-fenced grant compared to ring-fenced grant.
- 4.6 The Police Pensions grant received in 2019/20 has been confirmed again for 2020/21, in line with the previous MTFS assumptions. Nationally this grant is £153m of which Staffordshire's share is £1.825m. The MTFS assumes this grant is held cash flat over the life of the MTFS, in line with no inflation increase being applied between 2019/20 and 2020/21.
- 4.7 The capital grant paid to Commissioners has been reduced by 75% compared to the 2019/20 budget and MTFS. This has introduced a budget pressure, which has been absorbed within the increase in the core policing grant.
- 4.8 Since 2014/15, Commissioners have received their core policing funding from the Home Office which subsumed the former DCLG grants (including previous funding from Business Rates).
- 4.9 Previous Council Tax freeze grants have been maintained within the funding settlement at a cash flat value and have not been inflated in line with inflation.
- 4.10 National reallocations (top slicing) have increased from the 2019/20 reallocations total £1.029bn to £1.121bn. Additional capabilities are being added at a national level. Whilst these national reallocations reduce the allocations to Police and Crime Commissioners from the overall Home Office settlement, local allocations are not being adversely affected by these reallocations given the overall growth in core grants.



4.11 The national reallocations elements are detailed further as follows:

Table 3 Top Slice from Home Office

Top Slice	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	2020/21 (£m)
PFI	73	73	73	73
Police Technology Programmes	417	495	495	498
Arm's Length Bodies	54	63	63	73
Strengthening the response to Organised Crime	28	42	90	140
Top ups to NCA and ROCUs	0	0	56	57
Police Transformation Fund	175	175	175	0
Special Grant	50	93	73	81
Pre-charge Bail	15	4	4	2
Police Uplift Programme	0	0	0	17
National Operational Policing Units	0	0	0	3
Counter Terrorism	0	0	0	32
National Capability Programmes	0	0	0	47
Forensics	0	0	0	29
Serious Violence	0	0	0	39
PRUM	0	0	0	2
HO STAR	0	0	0	8
Blue Light Commercial	0	0	0	4
Police Now	0	0	0	7
Safer Streets Fund	0	0	0	10
<b>Total</b>	<b>812</b>	<b>945</b>	<b>1,029</b>	<b>1,121</b>

4.12 The key issues in relation to the settlement and top slice elements include the following:

- The majority of Counter Terrorism (CT) funding is negotiated separately to the police settlement, therefore, increases do not impact on the rest of the Police settlement.
- The Police Transformation Fund (PTF) has been disbanded and no allocations made for 2020/21
- The Police Technology Programme has a budget for 2020/21 of £498m, which is a £3m (0.6%) increase on the 2019/20 funding.
- Police Technology Programmes include ESN, existing Airwave System, Home Office Biometrics and the National Law Enforcement Database.
- Arms-Length Bodies include Her Majesty's Inspectorate (HMI), Gangmasters and the Independent Office for Police Conduct, which replaces the Independent Police Complaints Commission (IPCC).

4.13 Whilst the total value of the national reallocations for 2020/21 is known, there does remain a level of uncertainty about the impact on the Police Grant of top slices over the life time of the MTFS (which are anticipated to increase). This presents risks to the future funding, materially in the case of future funding for ROCUs and the ESN (Emergency Services Network) programme.

## **5. Officer Uplift**

- 5.1 The announced uplift in Police Officer numbers is welcomed by both the Commissioner and the Chief Constable. For Staffordshire this uplift in 2020/21 is 90 Officers.
- 5.2 The allocation methodology used by the Home Office is based on the share of core policing grant. Whilst the methodology and final numbers are unknown for years two and three it is likely that representations will be made be areas with higher levels of crime than Staffordshire for a redistribution and change to the methodology.
- 5.3 Whilst the allocations for years two and three of the uplift have yet to be determined, assuming they are on the same allocation methodology as year one, Staffordshire will see an uplift of an additional 120 officer in 2021/22 (in addition to the 90 in 2020/21) followed by an additional 90 in 2022/23. Over the three years the uplift would be c.300 Officers.
- 5.4 This uplift is in addition to the uplift as a result of previous precept increases by the Commissioner in 2018/19 and 2019/20. These Officer numbers are in the Home Officer Baseline and will need to be sustained to access the uplift funding.
- 5.5 The government has been clear in the funding allocated for 2020/21 that the revenue grant contains funding for the capital investment required to enable the uplift to be successful. This funding is one off in nature and any underspend will be carried forward in an earmarked Uplift reserve to be spent as agreed by the Commissioner and Chief Constable.
- 5.6 The Force is planning, in relation to the 90 Officers, to allocate these to the following areas.
  - 24/7 Uniformed Proactive disruptions
  - Offender Management
  - Adult Protection Exploitation Team
  - Child Protection Exploitation Team
  - Tutoring of new constables
  - Roads Policing

The deployment of Officers is legally at the discretion of the Chief Constable and is subject to change based upon operational requirements.

## 6. Local Investments In Policing

- 6.1 The Commissioner, in reaching a decision to increase the Policing precept, has considered the need to balance increases in local taxation against the investments required in local policing to continue building back in capability and capacity, as well as enabling Staffordshire Police to respond to new and emerging threats.
- 6.2 These investments have been designed to balance and complement the investment in Police Officer numbers as a result of the government investment in Policing. The government's focus has been on increasing Officer numbers and the infrastructure directly related to increasing Officer numbers. The government's investment does not focus, at a local level, on increasing technological innovation, specialist Police staff roles, volunteer roles both in relation to revenue spend through pay costs or capital investment in infrastructure. These areas are becoming increasingly important to Policing in terms of meeting future demand.
- 6.3 The increase proposed is lower than the increases proposed by both the County and City Councils. The increase allows for key investments that Staffordshire Police needs to make above and beyond a rise in the precept linked to inflation would allow for. These investments are:
- 6.4 **Investment in the Special Constabulary** - The Force has c.230 volunteer special constables who make a significant contribution to Staffordshire Police. This investment will ensure that all special constables are equipped to the same standard as regulars both in terms of equipment and also digital access, including the full roll out of body worn video on a personal issue basis to all members of the special constabulary. The outcomes expected are:
- Providing IT equipment will negate the requirement for follow up attendance by a police officer, which will also reduce inefficiencies and missed opportunities such as vehicle seizures (due inability to remotely check).
  - Special Constabulary Officers in uniform with the power of search are unable to comply with Force policy around stop and search because they do not have BWV.
  - Improved impact on police legitimacy and reduced potential for complaints.
  - Complete various forms remotely, therefore improving efficiency and visibility.
- 6.5 **ANPR (Automatic Number Plate Recognition)** – ANPR is a key tool in identifying offenders crossing into Staffordshire and also tracking them through the County. ANPR intelligence is used both by Staffordshire Police and also partner agencies such as the National Crime Agency to track offender's movements. This investment is complimentary to, and enhances the impact of, the previous investment in 2019/20 in the creation of a Roads Policing Team and also the growth in this team as a result of the uplift in the number of Officers in 2020/21. The outcomes expected are:
- Provides greater reliability with fewer maintenance requirements and less downtime.

- Newer cameras allow for continual performance testing by remotely accessing the cameras via the web interface rather than via physical roadside access
- Better overall performance levels, allowing for earlier identification and then subsequent action to intercept offenders utilising Staffordshire's road network.

**6.6 Technology & Digital Capability** - The Commissioner has invested significantly in the replacement of end user devices to ensure that Staffordshire Police is benefiting from the latest technologies and making best use of new assets such as Niche and Digital Intelligence. To increase the pace of this investment, and to ensure that the opportunity afforded by this significant investment is maximised, Staffordshire Police will need to maintain access to the most up to date mobile devices. The outcomes expected are:

- The capacity to operate as a technologically enabled force, using modern end user devices which promote mobility and effective working practices and harness the benefits from the underlying force IT systems.
- Greater visibility due to the promotion of mobile working practices
- More reliable access to information regardless of location
- Capitalising on the increasing power and insight brought to Staffordshire Police as a result on significant investments in underlying IT infrastructure and software

**6.7 Technology Modernisation & Innovation Team** – Increasingly the demands placed upon Policing and the Policing response to overall crime is being underpinned by Technology. The requirements to invest significantly into technology underpins both the current Police and Crime Plan and also the current Policing Plan. This investment will ensure that Staffordshire Police continues to both exploit the opportunities presented by technology as well as giving the organisation the ability to keep up with the hanging demands placed on Policing. The outcomes expected are:

- An increased capacity to develop new technology designs, and translate these into solutions which add value to the force's existing technology portfolio.
- To accelerate the innovation and development of technological capabilities across the force, and streamline the implementation of a completely new core infrastructure solution
- An underlying improvement in the capacity and resilience of Staffordshire Police's core infrastructure, thus improving the experience of front line Officers, PCSO's and Staff

**6.8 Contact Management Systems** – this is an investment in IT software that will aid with managing demand and risk within Contact Services, drawing intelligence from a range of other Force systems, allowing for the most efficient and effective use of resources across the County. The outcomes expected are:

- Decision support tool – the Force does not currently have a decision support tool solution to assist with demand management. This solution would allow

the Control Room to draw intelligence from a range of sources in order to risk assess during a call.

- Asset tracking – Operational supervision will also have the ability to view the location of their resources.
- Deployment locations – tool for Force Duty Officer's to be able to track/monitor/move their resources more effectively in Force.
- In addition to the above, the CRM solution would aid the Force in its response to issues around stalking and harassment

6.9 **Investigations and Intelligence** – to complement the increased numbers of Police Officer roles in Investigations and Intelligence as a result of both the national uplift in Office numbers as well as the Commissioners investments during 2019/20 Staffordshire Police will invest in increasing the number of specialist Police Staff roles. Whilst the recruitment of these specialist roles is undertaken, within a competitive recruitment market, Staffordshire Police will be looking to add around 12 roles across the Investigations directorate and the Intelligence service. The expected areas for investment are:

- Adult Safeguarding and Exploitation Team (ASET)
- SAFENET Team - an enhanced capability in our response to online child sex abuse
- Knowledge Hub – data gathering, processing and intelligence
- CID
- ACU
- EDIU – additional capacity to deal with cyber and digital crimes and investigations.

6.10 The commissioner will continue to hold Staffordshire Police to account for the impact on outcomes of these investments. The Commissioner will have particular interest in how the local investment into Policing complements and enhances the national investment in Police Officer numbers.

## 7. The Medium Term Financial Strategy

The Medium Term Financial Strategy has been updated as follows and is shown in detail in Appendix 6:

- 7.1 The MTFS is an important document in the overall financial framework of the Commissioner's and Staffordshire Police's planning. It builds on the budget proposed for 2019/20 and incorporates plans to meet changes in available financing with the need to meet current and future commitments.
- 7.2 It is a requirement that the Police and Crime Plan must cover the period until the end of the financial year of the next Commissioner election in May 2020 however it is prudent to prepare a medium term financial strategy over a longer period than this and therefore the report focusses on a four year timeline.
- 7.3 The MTFS update presented to the Police and Crime Panel in October 2019 identified a funding gap over the MTFS period. Those gaps were:
- £4.658m in 2020/21, growing to;
  - £8.419m in 2021/22, growing to;
  - £11.144m in 2022/23, growing to;
  - £14.826m in 2023/24
- 7.4 The above gaps were predicated on an annual pay award of 2.5%, a cash flat core policing grant, a 1.99% annual precept increase and an assumption that the Officer Uplift would be fully funded.
- 7.5 The latest MTFS position for the period to 2020/21 indicates that this funding gap has been resolved for the coming budget year. The main drivers of this improvement is the combination of the increased precept opportunity, increased core policing grant and additional treasury management savings. There are small future funding gaps; however given the current spending review is for one year only this gap is predicted on cost and income inflation assumptions that will be reviewed once the 2020 Spending Review has concluded. The assumptions used are in line with those used by other Commissioners and Forces.

	2020/21	2021/22	2022/23	2023/24
<b>Previously reported position (October 2019 PFCP)</b>	£4.658m Gap	£8.149m Gap	£11.144m Gap	£14.826m Gap
<b>Revised Position</b>	£1.719m For Investment	£0.510m Gap	£1.684m Gap	£3.328m Gap

- 7.6 The MTFS is based on full delivery of a number of savings relating to the Force Change Programme, as included in detail in last year's budget report. The recent internal audit on the Change Programme controls and governance arrangements provided a 'positive assurance', along with strong focus in both the Commissioner and Force senior management team to ensure timely delivery.
- 7.7 One new saving has been included for delivery from 1<sup>st</sup> April 2020. This is a saving made from Treasury management in relation to the funding of the overall capital

programme. This saving has been delivered by improved cash balances and cash management (leading to lower external borrowing and interest costs), additional capital receipts from the disposal of surplus assets and slippage within the capital programme.

7.8 Three savings in the 2019/20 MTFS have been re-profiled or removed from the 2020/21 MTFS. These relate to savings from collaboration with Staffordshire Fire and Rescue Service, fleet and control room numbers. In relation to control room numbers the Force and Commissioner have agreed to remove this saving from the 2020/21 MTFS given the demand on the service and the Commissioners commitment to public contact.

7.9 The base budget allows for the impact of the decision to terminate the current IT contract with Boeing Defence UK. This is covered under decision note number 6 on the agenda for the Police Fire and Crime Panel meeting on the 10<sup>th</sup> February 2020.

7.10 The MTFS includes a number of key assumptions covering likely funding levels, inflationary increases and expenditure items. These include the following:

- That the core policing grant would stay cash flat for the first three years of the MTFS, with additional funding for uplift officers only. By year four the MTFS assumes all officers are in post and the core policing grant will increase by inflation from this point by 2% per annum.
- That the council tax base (and therefore, the precept) grows at 1.5% per annum (based on the local position over the last five years). Previously this had been set at 1.3%
- Pay Increases are assumed at 2.5% for the life of the MTFS. In relation to risk pay increases have for the previous decade been a relatively low risk item. Increases of 2.5% are below those seen in the wider economy and as such the risk of increases above 2.5% is increasing compared to the recent historic risk level.
- Non staff inflation are based upon the rates for the Consumer Price Index (CPI), as projected by the Office for Budget Responsibility (OBR) or where known the contract or specific inflation sum. For CPI we have assumed 1.5% from 2020/21 onwards.

7.11 It is expected that there will be more clarity provided by the Home Office for the years after 2020/21 in terms of funding arrangements once a multiyear spending review has been concluded in the Autumn of 2020.

## 8. Assumptions

- 8.1 All assumptions in the MTFS are subject to change however they are useful in establishing the general size of the underlying pressures in the budget.
- 8.2 The updated MTFS presented in this report has been constructed using the following assumptions:

Table 4: Assumptions

Description	2020/21 Budget	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
<b><u>Police Officers</u></b>				
2019/20 Pay Award Shortfall	0.5%	0.0%	0.0%	0.0%
Pay Award	2.5%	2.5%	2.5%	2.5%
Incremental uplift	1.0%	1.0%	1.0%	1.0%
Pension Contribution	31.0%	31.0%	31.0%	31.0%
<b><u>Police Staff</u></b>				
2019/20 Pay Award Shortfall	0.5%	0.0%	0.0%	0.0%
Pay Award	2.5%	2.5%	2.5%	2.5%
Incremental uplift	1.0%	1.0%	1.0%	1.0%
Pension Contribution	15.5%	15.5%	15.5%	15.5%
<b><u>Non Staff Inflation</u></b>				
General (Including Rates)	1.5%	1.5%	1.5%	1.5%
Utilities - Gas/Electric	1.5%	1.5%	1.5%	1.5%
Fuel	1.5%	1.5%	1.5%	1.5%
Estates Contract	1.5%	1.5%	1.5%	1.5%
Insurances	1.5%	1.5%	1.5%	1.5%
<b><u>Funding</u></b>				
Government Funding	9.8%	6.2%	2.3%	2.0%
Council Tax Base Increase	1.79%	1.50%	1.50%	1.50%
Variable Income Charges	2.0%	2.0%	2.0%	2.0%
Council Tax Precept Increase	3.94%	2.99%	2.99%	2.99%
Collection Fund Surplus £000	1,511	886	886	886

- 8.3 This does not commit the Commissioner to any course of action however these assumptions must be viewed as being more likely than any others which is why they have been selected.
- 8.4 We have cross referenced our assumptions on inflation with other Policing organisation and believe they are consistent.
- 8.5 The taxbase forecasts are a prudent average of the past 5 years although the current and future level of housebuilding may make a significant impact in terms of the total council tax collected.



## 9. Risks and Sensitivity Analysis

- 9.1 In reflecting on where and whether investments are appropriate in 2020/21 the Commissioner will also reflect on the development of risks within the environment and respond to the monitoring of those risks.
- 9.2 Whilst the uplift in funding for Policing is welcome the Commissioner is cognisant of the ongoing pressures on other local partners and national agencies. These pressures will have an impact on the performance of local policing and crime services.

Table 5: Sensitivity Analysis on Assumptions

Cost Area	Change	£'000
Police Pay	1%	1,002
PCSO/Police Staff	1%	582
Utilities	1%	44
Vehicle costs	1%	33
Supplies & Services	1%	104
Police Pension Contribution	1%	198
Police Core Grant Funding	1%	1,177
Precept	£1	353
Council Taxbase	1%	794

## 10. Reserves Position

- 10.1 The MTFS includes proposals to replace and strengthen the reserves position alongside investing in service delivery. The reserves strategy is being presented alongside the MTFS.
- 10.2 If the proposals in this report are adopted then the reserves position will be as shown in **Appendix 2**

## **11. Capital Programme 2019/20 to 2023/24**

- 11.1 The Capital Programme is set out in Table 6 below. The revenue consequences of the proposed programme have been taken into account in the development of the revenue budget and the required prudential indicators are set out in the accompanying Treasury Management Strategy.
- 11.2 The core Capital Programme was considered by both the Commissioner and the Force at the Strategic Governance Board meeting in January 2020. The Programme includes investment on operational areas of premises, IT and vehicle fleet, together with assumptions for Capital Receipts and timings of work. The Commissioner provided scrutiny and oversight given the size of the expected spend.
- 11.3 Over recent years the Force has seen significant investment through the capital programme into both Digital Technology as well as estate. The capital programme for 2020/21 to 2023/24 will continue to focus investment on the shared priority of Digital Technology, with an increased focus on maximising the opportunities for sharing estate both with Staffordshire Fire and Rescue service as well as other public sector partners to drive value for the taxpayer and allow for the prioritisation of investment in Digital Technology.
- 11.4 The capital programme will see debt as a percentage of the net revenue budget fall throughout the period of the MTFS. On this metric the affordability of the capital programme will continue to improve over the MTFS period. This strikes a fair balance between the need for investment and the burden left to future taxpayers to service these investments.
- 11.5 The Commissioner has been able to increase the capital programme compared to the programme in the 2019/20 MTFS due to a number of factors. These include; increased capital receipts, direct revenue financing of the capital programme, a stronger internal cash position as well as improving confidence in the Force's ability and approach to managing capital spend and planning. The following investments are proposed as part of the 4 year capital programme.
- 11.6 Digital Technology investment is proposed to maintain the significant improvements in capability seen due to previous investments, to improve core infrastructure and for improvements in digital capabilities to be leveraged. The main proposed investments in the four year programme are:
- £6.0m for the completion of the Forces new records management system, replacing 13 systems with one (Niche). A number of these legacy systems are over 20 years old.
  - £1.7m for improvements and upgrades to the Forces control room (an additional £1.5m is provisioned for in 2021/22). This work is required to both improve resilience as well as enable the Force to operate with the Emergency Service Network (ESN). The ESN business case is awaiting sign off by the Home Office

- £0.6m for the completion of the roll out of Samsung note 9 devices to all Officers and PCSO's. This device allows for Officers to be truly mobile, work from and access data from any location across the county, leveraging the significant investment in Niche.
- £10m for the upgrade and replacement of systems and infrastructure across areas as broad as Forensics, Origin (ERP system) and to fund the third phase of the national enabling programme.

11.7 The vehicle replacement programme does not see an increase in the number of vehicles the Force operates. An investment of £1.8m will allow for the replacement of 80 vehicles, with the vehicles proposed for replacement being on average 7 years old.

11.8 An additional amount of £0.4m has been added to the capital programme for the costs of the uplift in Officer Numbers. This is to be funded via revenue contributions from the ring-fenced uplift grant

11.9 The estates programme focusses on the costs of maintaining the current estate. Whilst a joint Estates strategy is being developed with Staffordshire Fire and Rescue Service, it is envisaged that this strategy will see a number of projects within this maintenance programme not being undertaken due to Staffordshire Police taking advantage of the modern PFI facilities offered by the Fire service under this joint estates strategy. However, for prudence whilst the strategy is being developed provision has been made for these projects.

11.10 Alongside the ability to work and operate from modern facilities contained within the estate operated by the Fire Service is the ability to generate capital receipts and ongoing revenue savings from the disposal of surplus estate. These receipts have been reinvested back into the capital programme and the revenue savings are used to support the revenue budget. The main proposed investments in the four year programme are:

- £0.6m for the provision of the creation of a joint Fire and Police Station in Hanley. This is the site currently operated as Hanley Community Fire Station. Talks are ongoing with the Home Office with a view that this funding will not be required to be found locally and instead can be invested back into other priority areas
- A rolling refurbishment programme on the current Police Estate including provision of £0.5m for the refurbishment of Longton Police Station in 2020/21.
- A provision on £8.5m for a new fire arms training range, scheduled for 2021/22. This is subject to a business case to be considered by the Commissioner elected in May 2020 and is included for planning purposes only.

11.11 The table below details the Capital Programme Projects and spend over the MTFS period with the expected funding of the programme.

Table 6: Capital Programme Spending

Capital Investment Area	2020/21 Budget £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
IT	10,932	4,000	2,500	2,500
Estates	3,065	11,250	1,250	1,050
Vehicles	1,820	1,150	1,150	1,150
Vehicles - Uplift	400	400	400	400
Operational Equipment	150	150	150	150
OPCC	0	0	0	0
<b>Capital Programme</b>	<b>16,367</b>	<b>16,950</b>	<b>5,450</b>	<b>5,250</b>

<b>Funding</b>				
Capital Receipts	(2,667)	(3,354)	(1,020)	0
Capital Grants	(174)	(174)	(174)	(174)
Capital Specific Grants	0	0	(331)	0
Revenue Contribution to Capital	(1,673)	(1,673)	(1,673)	(1,673)
Revenue Contribution to Capital - Uplift	(400)	(400)	(400)	(400)
NPAS (deferred capital receipt)	(99)	(99)	(59)	(20)
Capital Receipts Reserve	(774)	0	0	0
Earmarked Reserves	(473)	0	(471)	0
Borrowing Requirement	(10,107)	(11,250)	(1,322)	(2,983)
<b>Total Funding</b>	<b>(16,367)</b>	<b>(16,950)</b>	<b>(5,450)</b>	<b>(5,250)</b>

## **12. Statement of the Commissioner CFO on the robustness of the Budget and adequacy of the proposed financial reserves**

- 12.1 The Local Government Act 2003, Part 2, Section 25, as amended by the Police Reform and Social Responsibility Act 2013, requires the Commissioner's CFO to report on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves. The Commissioner is required to have regard to the report of the CFO and the report must be given to the Police and Crime Panel.

I conclude, therefore, that the budget for 2020/21:

- Has been prepared on a robust basis,
- Is accompanied by a Capital, Treasury Management and Reserves Strategy
- Includes the funding for the required uplift in Officer numbers

**David Greensmith**

**Director of Finance / S151 Officer for the Staffordshire Commissioner's Office**

## Revenue Budget 2020/21

	Budget 2019/20	Budget Proposal 2020/21	Year on Year Change
	£'000	£'000	£'000
<b>Pay</b>			
Police Officer Pay Costs	94,865	100,241	5,377
Pcso Pay Costs	8,214	8,483	269
Police Staff Pay Costs	46,825	49,687	2,862
Other Employee Costs	4,986	7,300	2,315
Police Officer Pensions	5,028	5,028	0
<b>Total Pay</b>	<b>159,918</b>	<b>170,740</b>	<b>10,822</b>
<b>Non Pay</b>			
Repairs & Maintenance	50	51	1
Other Premises Costs	3,932	4,389	457
Vehicle Costs	2,881	3,260	379
Other Travel Costs	479	491	12
Operational Supplies & Service	6,626	6,660	34
Communications & Computers	5,382	6,426	1,044
Administration	1,990	2,256	266
Other Supplies & Services	468	1,484	1,017
<b>Total Non Pay</b>	<b>21,807</b>	<b>25,016</b>	<b>3,209</b>
<b>Contracted</b>			
Third Party Payments	22,527	25,857	3,330
<b>Total Contracted</b>	<b>22,527</b>	<b>25,857</b>	<b>3,330</b>
<b>Capital Financing Cost</b>			
Capital Financing Costs	5,837	4,590	(1,247)
Revenue Contribution to Capital	0	2,073	2,073
<b>Total Capital Financing Cost</b>	<b>5,837</b>	<b>6,663</b>	<b>826</b>
<b>Reserve Transfers</b>			
Reserve Transfers	1,300		(1,300)
<b>Total Reserve Transfers</b>	<b>1,300</b>	<b>0</b>	<b>(1,300)</b>
<b>Income</b>			
Grants & Contributions	(9,249)	(9,380)	(131)
Reimbursements	(3,325)	(4,861)	(1,536)
Sales, Fees & Charges	(1,034)	(1,034)	0
Other Income	(41)	(60)	(19)
<b>Total Other Income</b>	<b>(13,648)</b>	<b>(15,335)</b>	<b>(1,686)</b>
<b>Unallocated Savings</b>			
Unallocated Savings	(747)	(2,258)	(1,511)
<b>Total Unallocated Savings</b>	<b>(747)</b>	<b>(2,258)</b>	<b>(1,511)</b>
New Commissioner Precept Enabled Investments		1,719	1,719
<b>Total Revenue Budget</b>	<b>196,994</b>	<b>212,402</b>	<b>15,409</b>
<b>Financed By:</b>			
Home Office Funding	120,928	131,479	10,551
Council Tax Funding	76,066	80,923	4,857
<b>Total Financing</b>	<b>196,994</b>	<b>212,402</b>	<b>15,408</b>

## Useable Reserves Statement

<b>Actual</b> <b>31-Mar-19</b>	<b>Transfer</b> <b>Out</b>	<b>Transfer</b> <b>In</b>	<b>Forecast</b> <b>31-Mar-20</b>
£000	£000	£000	£000
<b>4,564 General Fund</b>	0	1,346	<b>5,910</b>
<b><u>Earmarked Reserves</u></b>			
15 Reshaping the Future	0	371	386
0 Capital Reserve	0	1,582	1,582
0 Redundancy Reserve	0	150	150
202 Aris (POCA)	(171)	0	31
294 Insurance Reserve	(240)	175	229
0 Pension Reserve	0	500	500
395 Operational Budget Reserve	(35)	316	676
<b>906 Total Earmarked Reserve</b>	<b>(446)</b>	<b>3,094</b>	<b>3,554</b>
<b>5,470 Useable Reserves</b>	<b>(446)</b>	<b>4,440</b>	<b>9,464</b>

## Useable Reserves Forecast

	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024
	Estimate	Budget	Budget	Budget	Budget
	£'000	£'000	£'000	£'000	£'000
<b>General Reserves</b>	<b>5,910</b>	<b>5,910</b>	<b>5,910</b>	<b>5,910</b>	<b>5,910</b>
<b><u>Earmarked Reserves</u></b>					
Reshaping the Future	386	386	386	386	386
Aris (POCA)	31	31	31	31	31
Insurance Reserve	229	229	229	229	229
Redundancy Reserve	150	150	150	150	150
Pension Reserve	500	500	500	500	500
Crash Course	189	189	189	189	189
Early Adopter Income	14	14	14	14	14
Bikesafe	0	0	0	0	0
Seized Vehicle Fund	393	0	80	160	240
MDA Forfeiture Fund	80	80	80	80	80
ESN Reserve	486	486	486	15	15
Capital Reserve	1,096	1,096	1,096	1,096	1,096
<b>Total Earmarked Reserve</b>	<b>3,554</b>	<b>3,161</b>	<b>3,241</b>	<b>2,850</b>	<b>2,930</b>
<b>TOTAL RESERVES</b>	<b>9,464</b>	<b>9,071</b>	<b>9,151</b>	<b>8,760</b>	<b>8,840</b>

## Appendix 3

### Council Tax Report 2020/21

#### Council Tax Surplus / Deficit by Authority

	2019/20	2020/21	Variation
	£	£	£
Cannock Chase	52,589	135,088	82,499
East Staffordshire	88,361	86,675	(1,686)
Lichfield	26,190	186,700	160,510
Newcastle	231,000	(66,087)	(297,087)
South Staffordshire	107,983	214,365	106,382
Stafford		288,409	288,409
Staffordshire Moorlands	71,140	37,060	(34,080)
Tamworth	70,091	94,683	24,592
Stoke	363,034	533,728	170,694
Budget Adjustment			
<b>Total (per budget paper)</b>	<b>1,010,388</b>	<b>1,510,621</b>	<b>500,233</b>



## Appendix 4

### Council Tax Report 2020/21

#### Council Taxbase by Billing Authority

	2019/20	2020/21	Variation	%
Cannock Chase	28,874	29,243	368	1.3%
East Staffordshire	37,278	38,389	1,110	3.0%
Lichfield	38,011	39,032	1,022	2.7%
Newcastle	37,117	37,387	270	0.7%
South Staffordshire	38,090	38,356	266	0.7%
Stafford	47,492	48,261	769	1.6%
Staffordshire Moorlands	33,089	33,225	136	0.4%
Stoke	64,868	66,542	1,674	2.6%
Tamworth	21,761	22,367	606	2.8%
<b>Total</b>	<b>346,580</b>	<b>352,801</b>	<b>6,220</b>	<b>1.79%</b>

## Appendix 5

### Council Tax Report 2020/21

#### Council Bands for Each Band and District Precepts

#### Based upon a Band D Increase of 3.94%

##### Council Tax Band Figures

	2019/20	2020/21	Increase	Per Week
Band	£	£	£	Pence
A	144.37	150.06	5.69	10.9
B	168.44	175.07	6.63	12.8
C	192.50	200.08	7.58	14.6
<b>D</b>	<b>216.56</b>	<b>225.09</b>	<b>8.53</b>	<b>16.4</b>
E	264.68	275.11	10.43	20.1
F	312.81	325.13	12.32	23.7
G	360.93	375.15	14.22	27.3
H	433.12	450.18	17.06	32.8

##### Precept Payable

	2019/20	2020/21	Variation	
	£	£	£	%
Cannock Chase	6,253,053	6,582,194	329,141	5.26%
East Staffordshire	8,072,967	8,640,867	567,900	7.03%
Lichfield	8,231,619	8,785,780	554,162	6.73%
Newcastle	8,038,058	8,415,440	377,382	4.69%
South Staffordshire	8,248,799	8,633,530	384,731	4.66%
Stafford	10,284,768	10,863,001	578,233	5.62%
Staffordshire Moorlands	7,165,754	7,478,615	312,861	4.37%
Stoke	14,047,836	14,977,871	930,036	6.62%
Tamworth	4,712,562	5,034,588	322,026	6.83%
<b>Total</b>	<b>75,055,415</b>	<b>79,411,887</b>	<b>4,356,472</b>	<b>5.80%</b>

## Appendix 6

### MTFS Summary Financials to 2023/24

	Budget 2020/21 £'000	Budget 2021/22 £'000	Budget 2022/23 £'000	Budget 2023/24 £'000
<b>Pay</b>				
Police Officer Pay Costs	100,241	107,399	113,712	116,932
Pcso Pay Costs	8,483	8,798	9,118	9,443
Police Staff Pay Costs	49,687	49,907	50,352	50,866
Other Employee Costs	6,300	7,422	7,038	7,135
Police Officer Pensions	5,028	5,028	5,028	5,028
<b>Total Pay</b>	<b>169,740</b>	<b>178,554</b>	<b>185,248</b>	<b>189,404</b>
<b>Non Pay</b>				
Repairs & Maintenance	51	52	52	53
Other Premises Costs	4,389	4,448	4,509	4,571
Vehicle Costs	3,260	3,304	3,348	3,394
Other Travel Costs	491	498	506	513
Operational Supplies & Service	6,660	6,761	6,863	6,967
Communications & Computers	6,426	6,508	6,591	6,675
Administration	2,256	2,286	2,317	2,348
Other Supplies & Services	1,484	1,491	1,499	1,506
<b>Total Non Pay</b>	<b>25,016</b>	<b>25,348</b>	<b>25,685</b>	<b>26,027</b>
<b>Contracted</b>				
Third Party Payments	25,857	26,636	26,995	27,701
<b>Total Contracted</b>	<b>25,957</b>	<b>26,636</b>	<b>26,995</b>	<b>27,701</b>
<b>Capital Financing Cost</b>				
Capital Financing Costs	4,590	7,120	7,088	7,374
Revenue Contribution to Capital	2,073	2,073	2,073	3,073
<b>Total Capital Financing Cost</b>	<b>4,590</b>	<b>7,120</b>	<b>7,088</b>	<b>7,374</b>
<b>Reserve Transfers</b>				
Reserve Transfers	0	0	0	0
<b>Total Reserve Transfers</b>	<b>3,073</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Income</b>				
Grants & Contributions	(9,380)	(9,380)	(9,380)	(9,380)
Reimbursements	(4,861)	(4,894)	(4,894)	(4,894)
Sales, Fees & Charges	(1,034)	(1,034)	(1,034)	(1,034)
Other Income	(60)	(60)	(60)	(60)
<b>Total Other Income</b>	<b>(15,435)</b>	<b>(15,368)</b>	<b>(15,368)</b>	<b>(15,368)</b>
<b>Unallocated Savings</b>				
Unallocated Savings	(2,258)	(2,431)	(2,431)	(2,431)
<b>Total Unallocated Savings</b>	<b>(2,258)</b>	<b>(2,431)</b>	<b>(2,431)</b>	<b>(2,431)</b>
New Commissioner Precept Enabled Investments	<b>1,719</b>	<b>1,719</b>	<b>1,719</b>	<b>1,719</b>
Budget Gap (future savings to be identified)	0	(510)	(1,684)	(3,328)
<b>Total Revenue Budget</b>	<b>212,402</b>	<b>221,069</b>	<b>227,253</b>	<b>231,099</b>

<b>Financed By:</b>				
<b>Settlement Funding</b>				
Home Office Police Grant (inc. Uplift Ringfenced Grant)	117,690	124,953	127,872	127,783
Police Pension Grant	1,825	1,825	1,825	1,825
Revenue Support Grant	8,423	8,423	8,423	8,423
Council Tax Freeze Grant	3,541	3,541	3,541	3,541
<b>Total Settlement Funding</b>	<b>131,479</b>	<b>138,742</b>	<b>141,661</b>	<b>141,572</b>
Council Tax	80,923	83,900	87,665	91,600
<b>Total Financing</b>	<b>212,402</b>	<b>222,642</b>	<b>229,326</b>	<b>233,172</b>