



Nottinghamshire

POLICE & CRIME COMMISSIONER

Medium Term Financial Strategy

2020-21 to 2024-25

Jan 2020

Commissioners

Medium Term Financial Strategy

Introduction

This document is part of the overall financial framework of the Police and Crime Commissioner. It builds on the budget proposed for 2020-21 and incorporates plans to meet changes in available financing with the need to meet current and future commitments.

The Government announced the Police settlement in January 2020. This increased the total funding envelope available to Policing by £915m for 2020-21. The majority of the increase related to additional funding for an additional 6,000 Police Officers (the first tranche of the 20,000 promised over the next 3 years).

The additional funding for the Uplift in officers comes in two parts: an increase in core grant and a specific grant payable in arrears upon achieving the required number of officers recruitment.

As part of the increase in total funding £248m will come from all forces if they chose to accept the further year of precept freedoms, by raising council tax Band D by £10. There is no additional funding to cover pay awards, inflation and increments and therefore these costs will have to be met from the increase in Council Tax.

The additional Treasury grant provided last year for the changes in the police pension valuations continues for a further year.

Nationally, the PTF funding is being phased out and only continues for those multiyear projects that were already underway. An additional £90m has been provided for counter terrorism and £516m to fund ESN and other national IT projects.

The current CSR period has been extended with a one year CSR. A new CSR is planned to be announced in the Autumn. This will cover the police core grants, additional grant and operational pressures. The long awaited Funding Formula Review is also expected with the Home Office currently thinking this will be complete on time for the funding announcement for 2021-22.

Under the existing funding formula, put into effect in 2005-06, Nottinghamshire continues to lose over £10m per year. The formula itself has never been fully implemented and therefore, in total this now amounts to over £150m+ that the Home Office formula calculates should have come to Nottinghamshire, but which has been withheld; instead providing protection to those that would lose significantly as they are over-funded.

The Commissioner continues to make the case for a new formula at a national level, one that can be fully implemented over a relatively short period of time.

It may be the case that the CSR itself will not identify any additional funding for policing. And the Treasury have already indicated that next year's settlement is expected to be very difficult.

The Police & Crime Commissioner has produced a Police & Crime Plan, which has been refreshed to include the feedback and comments made by stakeholders, partners and the public over the last 12 months. The Police & Crime Plan is built upon the following 4 strategic priorities:

- Protecting people from harm.
- Helping and supporting victims.
- Tackling crime and anti-social behaviour.
- Transforming services and delivering quality policing.

Funding

As part of the budget for 2019-20 the Commissioner made funds available to recruit an additional 40 officers during the year (above the attrition that takes place and is being replaced each year). Under the Uplift being funded by additional grant Nottinghamshire will recruit a further 107 officers. These are expected to have been recruited by the end of March 2020 well in advance of the March 2021 target set by Government. In total over the next 3 years Uplift is expected to provide a total of 357 officers for Nottinghamshire.

1. The amount of core grant funding is to increase for Operation Uplift
2. An additional Pension Grant of £2.0m continues for one further year. No guarantee beyond this.
3. The Referendum assumptions allow for £10 precept increase in 2020-21.
4. The estimated tax base increase is 1.11% for 2020-21 and 1% in the following years.
5. The cost pressures that we are budgeting for have a negative impact (i.e. pay wards of 2%, inflation).
6. The longer term impact of incremental progression relating to the 300+ new police officers (since 2018) will continue to create pressures in the medium term plan.
7. The level of reserves is such that there are necessary plans to replenish the reserves used in recent years. This will be phased in over the medium to long term. Current repayment is expected by 2022-23.

The estimated funding for the Police & Crime Commissioner over the next five years (and compared with this year) is as follows:

Table 1a Funding Available Most Likely Scenario	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Core Police Grant	126.9	126.9	126.9	126.9	126.9	126.9
Uplift Grant		9.5	17.6	22.4	22.1	22.1
Total Core Police Grant	126.9	136.4	144.5	149.3	149.0	149.0
Council Tax Legacy Grant	9.7	9.7	9.7	9.7	9.7	9.7
Pension grant	2.0	2.0	2.0	2.0	2.0	2.0
Precept	69.5	73.5	75.0	76.5	78.0	79.6
Specific Grant (Uplift)		3.0	1.0	1.0		
Collection fund surplus/(deficit)	0.2*	0.5				
Transfer to reserves **	(2.0)	(0.5)				
TOTAL	206.3	224.6	234.7	245.7	253.1	260.0

* The surplus to be received in 2020-21 will be transferred to reserves less an adjustment for the difference between estimated and actual tax base figures.

** The transfer to reserves shown is part of the reserves strategy.

Investment

This Medium Term Financial Strategy allows the Commissioner to continue investing further in Neighbourhood Policing. This has been supported by the national drive to increase officers by 20,000 over the next three years. For Nottinghamshire this equates to a further 357 officers over the planned establishment. The Commissioner is also continuing to ensure 185 PCSO's are provided to support the front line. The current settlement also enables further investment in priorities such as Knife Crime, Violent Crime, Robbery, Victims and Rural Crime; with the success of dedicated teams being replicated in the City and County.

The Police & Crime Commissioner has continued to support investment in many collaborative projects which should deliver significant savings or improve and change the way in which the policing service is provided. At a local level this includes collaboration with the Fire Service and other Local Authorities.

Nottinghamshire is a significant partner in all regional collaborations and some collaborations which go outside of the region. This will ensure an on-going visible presence in neighbourhood policing and provide the training and equipment to meet the needs for all cyber related crime detection.

Key to many of the changes has been the need for significant investment in technology. Investment continues to be made at a regional level and collaboration is well established within the East Midlands. Many specialist policing services such as major crime and serious and organised crime are provided through regional teams.

The Commissioner has reduced the size of the police estate and invested in IT to ensure officers are out within our communities for longer.

Under the Commissioners wider remit of "and Crime" and Victims Services the Commissioner is investing in new ways of service delivery and crime prevention.

Savings and efficiencies

The table below summarises the savings plans currently in place for the next financial year:

<u>Table 2</u> <u>Efficiencies</u>	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Total Efficiencies	2.0*	1.0	2.3	1.9	1.3

- Efficiencies in 2020-21 are already allocated across the relevant budgets in 2020-21 (ie shown net)

The Commissioner is mindful that should there be some slippage in implementing these efficiencies then further savings will need to be identified and delivered in year.

Risks in the Medium Term

Collaboration and Transformation

As a region we have been collaborating for a numbers of years. This has provided resilience to teams so small it becomes difficult to deliver an effective service and in later years has delivered significant savings. As we continue to collaborate, savings will continue to be generated. The budgeted figures include the total cost of collaboration.

Funding Formula Review

As mentioned previously the current funding formula review has been delayed again. The Home office intention is that the new formula will be in place for April 2021, but the delays until post CSR put this date at risk.

Ministry of Justice Funding

The allocation of funding for Victims for 2019-20 is £1.592m and this is slightly more than the previous year.

Emergency Services Network

The Emergency Services Network has been progressing slowly and is significantly behind the original implementation plan. Further delays are anticipated. All delays will inevitably result in increased costs. We continue to monitor this closely at Force, Regional and National levels.

Capital Grant

Capital Grant allocations have reduced significantly from £0.7m for 2019-20 to £0.2m for 2020-21. This grant is gradually being phased out.

Expenditure

The expenditure requirements of the Force and the Office of the Police and Crime Commissioner are continuously reviewed and monitored to ensure value for money. The role and responsibility of the Commissioner is to set a balanced budget assured that the force has robust systems in place for producing a full budget.

Officers, staff and PCSO's account for almost 80% of budgeted net expenditure and as such are a major asset for the organisation. The pace at which police officers, PCSO's and staff leave the organisation can fluctuate year on year, but this is budgeted for.

The improved financial management linked with an improved workforce plan has resulted in a revised workforce plan being created by the Chief Constable and supported by the Commissioner. This has seen an increase in Police Officer numbers and sustainability of PCSO numbers.

Inflation and pay awards provide a significant cost pressure. This is constantly reviewed for accuracy.

Table 3 Expenditure Budget	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
Employee	177.3	189.4	200.7	207.7	212.9
Non-Pay costs	51.4	52.4	53.4	54.5	55.6
Income	(12.2)	(12.3)	(12.4)	(12.6)	(12.7)
Sub-total Force Expenditure	216.5	229.5	241.7	249.6	255.8
OPCC	5.1	5.2	5.3	5.4	5.5
Total Expenditure	221.6	234.7	247.0	255.0	261.3

Summary

The summary below is based upon no further precept freedoms from 2021-22 onwards. The Home Office have stated that freedoms relating to inflation will be provided in the precept as Police Grant will remain flat (with the exception of Uplift).

<u>Most Likely Scenario</u>	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m
<u>Policing</u>					
Net Expenditure **	219.5	229.5	241.7	249.6	255.8
<u>OPCC</u>					
Net Expenditure *	5.1	5.2	5.3	5.4	5.5
Total net expenditure	224.6	234.7	247.0	255.0	261.3
Total Funding Available	224.6	234.7	245.7	253.1	260.0
Savings required			1.3	1.9	1.3

* The OPCC has made efficiencies in the absorption of pay award and inflationary increases. These have been incorporated into the net budget figure.

*** specific grant expenditure has been included