Nottinghamshire
POLICE & CRIME COMMISSIONER

Financial Strategy

2021-2026

January 2021

1. Executive Summary

1.1 This report brings together the Commissioner's business and financial planning. It looks forward over the next 5 years and sets out how it will meet the Commissioners Police and Crime objectives. This is a refreshed and revised report from the one approved in February 2020 and is the final report for February 2021 police & crime Panel meeting.

1.2 The draft Police & Crime Delivery Plan has been refreshed and is included in the reports to the Police & Crime Panel. The key objectives within the plan are:

- Protecting People from Harm
- Helping and Supporting Victims
- Tackling Crime and Anti-Social Behaviour (ASB)
- Transforming Services and providing quality Policing

This financial strategy puts in place the financial commitments in achieving these objectives.

1.3 Linked with this and presented at the same time is the precept report, the revenue budget for 2021-22, the capital strategy, capital five year programme, treasury management strategy and reserves strategy. This Strategy brings together all of these reports and strategies and they should be read in conjunction with one another. This strategy also includes indicative budgets for the next 4 years up to 2025-26 based on information known at the current time.

1.4 For 2021-22 the proposed level of net revenue expenditure after income and specific grants is £233.2m, which is an increase of 6.2% over the current year's financing available (revised) of £219.6m. Setting a balanced budget requires a council tax increase of £14.94 (band D equivalent). This level of council tax increase is possible due to the additional freedoms provided within the Autumn 2020 Spending Review, which allow a council tax increase of up to £15 to cover the increase in cost pressures such as pay awards and inflation not included in core grant. This freedom cannot be assumed in future years particularly given the huge impact of COVID 19 on government borrowing and receipts.

1.5 This level of spend and the resulting amount of council tax precept does not however provide any additional contribution to reserves in 2021-22; but there is an increased contribution to capital expenditure from revenue. The level of General reserves remains midway between minimum and maximum recommended levels. The ambition would be raise this to the maximum level of 5% of Net Revenue Expenditure. It is planned to address the reserve issue in the following 4 years by ensuring that sufficient funds are allocated to increase reserves to a level commensurate with the Force's spend and risk analysis. Further work will be undertaken in 2021 and 2022 to better understand key risks and pinch points together with a more planned approach to medium term financial planning, incorporating a whole organisation approach. This will ensure all aspects are considered, eg workforce requirements, estate, vehicle and ICT plans). For estates the plan needs to cover a period of 15-25 years. This will enable better planning and the ability to maximise resources and demonstrate value for money for the taxpayer.

1.6 Revenue funds are also required to fund capital spending due to the lack of headroom within the Force's capital financing requirement. This means further borrowing is not possible to fund capital spending. Currently direct capital financing from revenue is estimated to be in the region of £4.5m and for 2021-22 it is estimated to be c £4.0m. This point, together with the one above re reserves, means that during the period of this MTFS the Force needs to precept on council taxpayers not just for its operational revenue requirements in any one year but also to fund capital spending and to ensure reserves are kept at an adequate level.

1.7 Notts Police is heavily dependent on government grant funding with almost 70% of its funding coming from grant. In line with all previous assumptions, core Police Grant remains flat but it has now been increased by including the core element of funding relating to Uplift. In 2021-22 this is an additional £9.5m, which takes the total core grant including Uplift funding to £154.7m compared with £146.1m for 2020-21. Despite Covid and the huge impact on the Government's finances the grant settlement was better than expected. However, the issue going forward is that this is unlikely to be able to be maintained and grant is assumed to be static post year 4 of Uplift. Therefore in real terms this represents a cut in spending as in actuality there will be incremental progression as well as inflation to fund.

1.8 The budget includes the latest indicative assumptions from the Governments Spending Review. It does not make any assumption relating to a Funding Formula Review as this has been delayed year on year. As Nottinghamshire Police are one of the losers under the current funding formula it had been hoped that a new formula would provide a greater level of ongoing grant support.

1.9 It should also be noted that the promised 3 year Comprehensive Spending Review (CSR) has in light of the pandemic become a 1 year review and in what the Treasury are deeming to be "very difficult times". This clearly makes longer term planning difficult but it is still necessary to try and ensure that the Force is in a strong position going forward. To help achieve this it is envisaged that the budget process for 22-23 will start earlier in the year and will provide more sensitivity analysis about assumptions and try and model different scenarios to ensure that the Force is properly equipped with the information so that it can react in a timely manner once government funding is known. It is clear that for the foreseeable future the majority of any available increases in funding will go to the NHS, Care Homes and some to Teaching. There will be a need to seriously consider ways of transforming the service to ensure that key objectives can still be met even if there are significant reductions in funding.

1.10 Looking forward, the 5-year medium term financial strategy for 2021 to 2026 currently forecasts a total budget gap of £8.1m.

1.11 Given all of the above, it is imperative that the Force's financial governance is strong and given appropriate priority as it can be a significant driver of change and transformation. Last summer the Force and PCC commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to carry out a review of the Force's Financial Management Capability in order to look for ways to improve. The report has been considered at a high level by the PCC and CC, the CC CFO and the PCC CFO. However, in light of other pressing business, including preparation for the new Financial Management System, major contract works as well as the restructuring of the Finance team and the impact of Covid, it is planned that a formal report and action plan should go to Executive Board in Spring 2021. This will set out the key recommendations and the actions already taken and proposed. Work has been ongoing on a number of fronts in the past 2-3 years, including a restructure of the Finance team in the last year and the appointment of new senior finance staff. In addition, budget monitoring has been improved.

1.12 In the current financial year, work has focused on strengthening the team and improving the capability and capacity of the Finance function, to move the team to operating more as business partners rather than service accountants. This should ensure that the finance team more fully understand the needs of the business and can help budget managers to maximise their resources and consider the best ways to transform their services and provide best value for money. The position of public sector funding post Covid will be extremely pressured and as stated above it is anticipated that grant levels are unlikely to remain at current levels. A reduction in grant given what has been said above about funding, reserves and capital will require the Force to look afresh at the use of its assets as well as considering how it can transform its services to deliver more for less.

2. Financial Context

2.1 National Background

2.1.1 The last 10 years have resulted in many changes to the environment that Policing operates in. The economic downturn which started in 2007-08 has been a key driver for this and has presented the Police & Crime Commissioner with significant challenges for policing in Nottinghamshire, including:

- Reductions and flat cash settlements in grant funding
- Restrictions on Council Tax: relaxed in recent years
- Demand led pressures
- Other external factors
- The UK's withdrawal from the European Union
- The impact of the COVID 19 pandemic

2.1.2 These economic challenges have contributed to uncertainty and this has been reflected in the way in which Commissioners have developed medium term strategies for the delivery of services.

2.2 Public Finances

2.2.1 When setting the budget for 2020-21 the Institute for Fiscal Studies (IFS) was reporting that public sector net borrowing or deficit, which is defined as when total government expenditure exceeds receipts over the period 1997-98 to 2018-19; peaked during the height of the economic downturn, but had improved in recent years. However, the Pandemic which followed in March has had a major impact on the then promising signs for public finances.

2.2.2 The impact of the pandemic has seen government borrowing increase to £1.98 trillion (June 2020) this represents 99.6% of gross domestic product (GDP) and is the highest debt ratio since 1961.

2.2.3 Since 2007 when the first cut to police funding (grant) was made there have been either further cuts or flat cash settlements. This has resulted in cuts being made throughout the organisation in order to balance the budget.

2.2.4 This was compounded further by the limitation on council tax (precept) increases. This has been as low as zero percent and the highest until recent years has been 2%. For 2018-19 the first relaxation in the limitation on precept increases was introduced and policing was allowed to increase precept by up to £12, followed by £24 and £10 on a Band D property in the following two years. And now £15 has been proposed for 2021-22.

2.2.5 In this years negotiations between the Home Office and the Treasury, the Home Office have made strong representation to the Treasury, that failure to fund not just for "Uplift", but the additional pressures (specifically relating to pay, inflation and national IT projects), would result in the number of police officers not increasing in line with the Prime Ministers promise.

2.2.6 At a local level impact of the pandemic has the Local Authorities reporting a significant impact on Council Tax collection rates and forward projections for the council tax base. This is compounded by an increase in the number unemployed (including those receiving benefits) and a reduction in the planned growth of housing. This is estimated to affect the tax base for 2021-22 with the latest range being from +1% to -5% on the previous year.

2.2.7 Austerity has had a significant impact on the number of police officers and therefore the Government has provided "Uplift" funding to increase the total number of officers by 20,000 over the 3 year period 2020-21 to 2022-23. Further cuts in the totality of funding for police would put this ambition at risk.

2.2.8 In providing the freedom to raise council tax precept by £15 in 2021-22 the Minister has stated he would expect any plans for reverse civilianisation to be stopped.

2.2.9 The provisional settlement announced in December 2020 has provided sufficient funding through the council tax freedom and mainstreaming of Uplift to be able to set a balanced budget for 2021-22. This includes the further support to both the collection fund deficit and the reduction in the council tax base, which together would have had a significant impact on the total resources available.

2.3 Spending Review

2.3.1 The Home Office have concluded their work on the Spending Review 2020. This was done over a very short period of time and within a remit from the Treasury that things will be tight.

2.3.2 Where we have had an indication of how this will impact police funding it has been applied to this strategy.

2.3.3 Whilst police funding is being considered by the government it is not the key focus.

2.3.4 A long awaited Funding Formula review is still required. The Police Grant is allocated on a formula which originates and includes data from 2005. And the formula itself was never fully implemented due to the floors mechanism operated.

2.4 Other factors

2.4.1 At a national level factors which will affect local finances include the impact from leaving the European Union, Pension Revaluations, the impact of the pandemic and nationally run projects such as ICT projects. These are all outside of local control, but all will continue to impact significantly on resources made available.

3. External Influences & local impact?

3.1 Background and Budget Setting

3.1.1 Each year the Force commences it budget process in the Autumn. With a draft budget required by 31st October so that only small adjustments are needed as the information from the Autumn Statement and spending review become known. With final adjustments in December once final grant settlement has been announced. From the budget process for 2022-23 it is proposed to start the process earlier.

3.1.2 Both the PCC and PCC CFO attend meetings at a national level to ascertain any possible information from the Home Office that can be obtained and influence the parameters for setting the local budget. The PCC also meets with the Minister and can provide influence to the Ministers thinking. Such as precept relaxation – to what level?

3.1.3 For 2020-21 we had an early indication that the Minister was receptive to relaxing the precept limits for a third consecutive year, but that this was not going to be as high as the £24 permitted in 2019-20. This was confirmed when the results of the Spending Review were announced.

3.1.4 Evidence was supplied to demonstrate that in order to stand still and meet inflation and pay award pressures Nottinghamshire required precept freedoms of at least £5. This was on the understanding that there would be no increase to the core police grant and only the additional grant for "Uplift" would see core funding increase.

3.1.5 When settlement was announced in December 2020 we were provided with precept freedom of £15, flat core grant, Uplift Grant and additional Pension grant.

3.1.6 Therefore the precept and budget reports are produced on this information with future assumptions based on no increase to core grant (except for Uplift), and a return to the 2% maximum increase for precept (plus 0.5-1.0% increase to the Taxbase for growth). This identified gaps between estimated expenditure and possible funding available. This is a worse case forecast for the force to work towards in delivering further efficiencies and reflects the lack of a credible plan for delivering future efficiencies.

3.1.7 The first outline of a budget and funding available was done as part of the reports referred to in 1.2 and on those assumptions. During the year as information becomes available modelling is carried out to see what impact that this and any other scenarios may have.

3.1.8 This strategy is overarching of the reports in 1.2 and identifies what the precept or core grant would need to increase by in order to meet the estimated net expenditure requirement for 2021-22 and beyond.

3.1.9 As part of this process all variables are reviewed such as pay award assumptions, the costs of incremental progression, the impact of the living wage, inflation, demand led increases such as the increase in IT (purchase and revenue running costs).

3.1.10 This revised strategy updates all known variables based upon the latest information.

3.1.11 The Force runs a series of internal events known as the ADA process to identify growth required. This provides very limited contribution towards efficiencies.

3.1.12 **Appendix A** provides an updated high level projection of net revenue expenditure and potential funding. This will continue to be updated as we go through the Spending Review and Budget setting process.

3.1.13 **Appendix B** details the variables that can be applied to the assumptions made in Appendix A.

3.2 Current Knowns and Unknowns

3.2.1 Impact of Brexit

December 2020 should still see the final withdrawal from the European Union. Fortunately, the work to support this produced an agreed exit deal. The ongoing future impact remains an unknown and therefore its impact on public sector funding remains unknown.

3.2.2 Impact of the Pandemic

The impact of the pandemic at a national level on public sector funding is unknown. However, it is clear that the National Health Service will remain the key focus for any funding available.

3.2.3 This is also the second quarter of negative growth in the economy and officially now a recession. If this continues, this will also impact on funding for the public sector.

3.2.4 Early indications are that there could be additional capital grant made available for 2021-22. If this was the case it would significantly assist in reducing the need for revenue contributions towards capital expenditure. This is the only known positive factor at this stage and the total amount that would come to individual forces remains “unknown”.

3.2.5 There is concern on the impact of the pandemic on council tax. Locally, billing authorities are reporting a significant reduction on the amount of council tax collected and this is further compounded by the fact that the courts are not envisaged to be hearing debt collection requests until early in 2021.

The Government has announced that the deficit on collection can be recovered over the next three years, rather than the one year that is usual practice. And there has been an indication that there might be Government assistance in relation to this.

Subsequent announcements as part of the Spending review have confirmed the provision of a Council Tax Support Grant to alleviate the problems of a reduction in the forecasted Taxbase. And the provision of a local Council Tax Income Guarantee Grant to contribute 75% towards the deficit on the Collection Fund from 2020-21.

3.2.6 Added to this is the increase in the number now unemployed and the number receiving benefits; also, the reduction in the amount of new properties likely to be built in 2020-21 will both affect the estimated future precept amounts. The property building is also affected by new working arrangements where social distancing has to be maintained.

3.2.7 Whilst the actual impact on the tax base is currently unknown the impact of a 1% reduction is estimated at a loss in funding of £750,000.

Pension Revaluations

3.2.8 Over the medium term there is a planned revaluation of the Police Pension Fund and the Local Government Pension Fund. The last revaluations saw the employers' contribution for Police pensions rise by 6.8% to 31.0% and the employers contribution for Police staff rise by 3.1% to 16.5%.

3.2.9 Current estimates are that the employers rate for the Police Pensions will rise again, to as much as 40% and the staff LGPS pension employers rate rise from 16.5% to a potential worse case of 25%. So far a 5% increase has been estimated to come into effect in 2023-24.

3.2.10 The full impact of the McCloud case on public sector pensions is still being felt. Currently the Treasury has provided grant to mitigate most of this and the Home Office has also provided a smaller grant for the same purpose.

Uplift Grant –

3.2.11 The Home Office is providing grant funding for all of the costs associated with the recruitment of additional officers (pay, uniform, premises, vehicles, support services). This core funding will be rolled into core police grant moving forward.

3.2.12 In addition to the core Uplift Grant the Home Office is also providing a performance related specific grant. This is paid from the quarter after achieving the recruitment target for the year. The Chief Constable has been very proactive in ensuring that Nottinghamshire achieved its target ahead of the new year for 2020-21 and plans the same proactive recruitment for the 2021-22 recruits.

Efficiencies

3.2.13 In recent workshops for the Spending Review the need to identify savings has become apparent. We countered the proposal from the Home Office requiring £1bn in savings with the argument that Police Officers should be excluded from the calculation as the drive through Uplift funding was to increase the number of officers. A similar argument for staff in support roles was also made.

3.2.14 We suggested that 5% of non-pay related expenditure would be challenging, but more realistic. This equates to £100m for the next 3 years. How this is finally profiled is still to be resolved. We await the Home Office and treasury view of this suggestion.

4. Risks and Robustness

4.1 In general terms the biggest risk is having insufficient funding to meet expenditure requirements. This can lead to perverse/inefficient outcomes, such as Police Officers carrying out staff roles

4.2 Historically, Nottinghamshire has been underfunded from Police Grant. Since the current formula came into place in 2005-06 Nottinghamshire has had significant amounts of funding withheld in a floor mechanism that protected over funded forces from experiencing significant cuts in their funding. The consequence of which is that Nottinghamshire has always had to make do with less, does not have cash rich reserves and was already financially weak when austerity hit.

4.3 Nottinghamshire is approximately 70% funded by police grant and 30% by precept. Which during austerity meant we were hit the hardest financially compared to others who are 30-50% grant funded. These forces were still able to receive increased funding from precepts whilst grant was either cut or static. This Gearing affect continues to be a risk that we have to manage and work within.

4.4 Funding Formula Review. This has been on the agenda since before PCCs were created. Tweaks to the formula, such as the bars per hectare adjustment just resulted in increasing the amount of grant funding be withheld. Within the formula there is some very old data which was arguably not representative. This includes Activity Based Costing, which for a short period of time forces collected ABC data of activity for two weeks during the year and this was incorporated into the formula for allocating grant. This ABC data has not been updated since 2006-07.

4.5 Under this funding formula Nottinghamshire has had at least £10m per annum withheld in grant funding and at one point as high as £18m.

4.6 The continuous deferment of a funding formula review means that Nottinghamshire continues to be underfunded against the Home Offices own criteria for assessing need. This effectively penalises Nottinghamshire.

Reserves and Balances

4.7 The consequence of the underfunding of police grant and the gearing effect of grant to precept has meant that Nottinghamshire has never been “cash rich”. Its level of reserves has always been lower quartile (even amongst the lowest 3 forces for some time).

Despite this when opportunities have arisen we have acted proactively. For example efficiencies delivered ahead of schedule or greater than expected were transferred to reserves to fund transformation, redundancies and revenue overspends. This is an effective use of reserves for one-off funding to reduce the total revenue base budget going forward.

4.8 Nottinghamshire holds a general reserve of £7.075m. The £0.075m relates to a requirement under regional collaboration. The £7.0m has increased from £3m up to 2010 and currently represents 3.2% of our net revenue expenditure (NRE).

The policy is that this reserve should not ever fall below 2% of NRE as the Home Office require a 1% contribution of NRE to any request for specific grant. The Home Office have set a maximum that it expects forces to hold of 5%. To achieve this maximum limit would require and additional contribution of £2.8m in the current year. This will be reviewed in 2021-22.

4.9 Nottinghamshire holds earmarked reserves which have been increasing deliberately over recent years (and therefore the opposite trend to what has been seen nationally). This is because we need to fund some major capital expenditure projects and are very close to our capital financing limit for borrowing. To ensure we do not exceed this we have been setting aside reserves to finance one of our new buildings. This will also have a positive effect on the revenue budget in future years, by reducing the MRP which would have fallen due.

4.10 The government has made it very clear that it does not expect any force or local authority to hold significant levels of reserves. We are demonstrating we only hold increased levels of reserves for very short periods of time for major capital projects.

4.11 Capital receipts are utilised to fund short life assets in the capital programme as this is more beneficial to the future revenue budgets.

4.12 Capital grant has been reducing over recent years and is almost non-existent. We are hearing that more might be made available in the next settlement and this would reduce the need for revenue contribution to capital.

5. Strategy Assumptions

The strategy is built based on a number of assumptions. From the initial build the financial gap is identified – February 2020 budget reports. This is then expressed as efficiencies required, increase in grant funding required or increase in precept required.

1.13 Until the government confirms an increase either in grant or precept freedoms it has to be assumed that the gap will be met from efficiencies within the Force as reserves are already low or earmarked.

1.14 Core Funding

1.14.1 Core grant. It is assumed that there is no increase to core grant funding at this stage. Discussions are ongoing as part of the Spending Review, but the Treasury has already indicated that it will be a very tight settlement this year. We will also show what grant needs to increase by to cover the funding gap.

1.14.2 Precept. It has been assumed for the base position that the former 2% precept increase limit will be in place. But we will show what we would need precept to increase by to cover our financing gap.

1.14.3 In addition to this we identify what a 1% increase on the precept generates and what a 1% reduction of the tax base causes.

1.15 Net Revenue Expenditure

1.15.1 Pay. It has been assumed that police officer pay will increase by 2.5% year on year. The same has been assumed for police staff pay. We are now hearing that it might just be nursing staff that receive any pay award in 2020-21. However, the full year impact of this years 2.5% pay award will need to be met from somewhere.

1.15.2 Pensions. It has been assumed that all new officers and staff will auto enrol to the respective pension schemes. The next triennial valuation for the police pension is due in 2022-23 and a similar date for the police staff pension scheme. It is likely that the employers contribution will change and probably upwards. This has not been factored into the assumptions at this stage. However, a 1% increase has been calculated and shown.

1.15.3 Non-Pay. Inflation is currently running at 0.5%. However, existing commitments (contracts) have higher increases built in. And the risks relating to overspends on national projects show that this is not the additional rate being incurred.

However, we have shown the estimated 5% efficiency that we will be required to deliver.

1.15.4 Uplift Grant. Whilst this is a significant grant in value and which drives specific activity it is not 100% core grant. However, that known to be becoming core grant has been shown. It is assumed that the original notification of how funding would be awarded will be honoured. This includes the assumption in relation to specific grant based upon performance being achieved and maintained.

APPENDIX A(i)

Net Revenue Expenditure (NRE)

Net Revenue Estimate as at January 2021						
	2020-21 £m	**2021-22 £m**	**2022-23 £m**	**2023-24 £m**	**2024-25 £**	**2025-26 £m**
Pay	**174.8**	**184.2**	**192.6**	**198.5**	**202.3**	**205.4**
Pay award	2.5%	0%	0%	1%	1%	1%
Non pay	**75.8**	**69.7**	**70.3**	**69.7**	**70.6**	**71.8**
Non Pay inflation	1% inflation 10% HO IT inflation 3-5% utilities & fuel	1% inflation 10% HO IT inflation 3-5% utilities & fuel	1% inflation 10% HO IT inflation 3-5% utilities & fuel	1% inflation 10% HO IT inflation 3-5% utilities & fuel	1% inflation 10% HO IT inflation 3-5% utilities & fuel	1% inflation 10% HO IT inflation 3-5% utilities & fuel
Income	**(24.8)**	**(15.4)**	**(15.7)**	**(16.1)**	**(16.4)**	**(16.9)**
Specific Grants (incl Uplift)	**(5.1)**	**(5.3)**	**(3.8)**	**(2.5)**	**(2.0)**	**(2.0)**
TOTAL NRE	**220.7**	**233.2**	**243.4**	**249.6**	**254.5**	**258.3**

APPENDIX A(ii)

Core Funding

Core Funding estimate as at February 2020						
	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £	2025-26 £m
Precept	73.5	75.8	78.2	80.1	83.2	
Tax base increase %	1.11%	1.14%	1.14%	1.14%	1.14%	
Collection fund surplus	0.5					
Core Grant	136.4	136.4	136.4	136.4	136.4	
Core for Uplift						
Reserves	(0.5)	(2.0)				
Core Funding available	209.9	210.4	214.8	216.7	219.8	

Core Funding estimate as at January 2021						
	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £	2025-26 £m
Precept 2% increase in future years	73.5	78.5	80.4	82.9	85.4	88.0
Tax base increase %	1.11%	0.25%	0.5%	1.0%	1.0%	1.0%
Collection Fund surplus/(Deficit)	0.5	0.1	(0.3)	(0.3)		
Core Grant	146.1	154.7	154.7	163.3	166.1	166.1
Core for Uplift			8.6	2.8	0	0
Reserves	(0.5)	(0.1)				
Core Funding available	219.6	233.2	243.4	248.7	251.5	254.1

APPENDIX B

Variables to Appendix A

Net Revenue Expenditure

The revised table above as at February 2021 includes makes the following assumptions:

- Pay
    - Full year effect of 2019-20 pay award 2.5% = £4.0 m
    - Half year effect of 2020-21 pay award 2.5% = £2.0 m
    - Pay awards in subsequent years 0% for 2021-22 & 2022-23, 1% 2023-24 to 2025-26
    - Increments due in 2020-21 = £2.5m
    - Employers rate increase to pensions 2023-24 5% = £4.5m
- Non Pay
    - Inflation 1% = £0.3m
    - Home Office IT cost inflation 10% = £0.2m
    - Fuel/Utilities inflation 3-5% = £0.2m
    - Other Commitments = £0.5-£1m
- Income
    - Inflation 1% = £0.2m
    - Specific Grant as agreed nationally

Variables:

Every 1% increase to pay = £1.5m
Every 1% increase to the employers rate to pensions = £0.9m
Every 1% increase to inflation on non-pay = £0.3m
Every 1% increase in income inflation = £0.2m
Every 1% reduction to specific grant income (specifically Uplift and Pensions) = £0.1m

Core Funding

The revised table as at November 2020 makes the following assumptions:

- Core Grant – flat cash
- Precept 2% limit
- Tax Base – increases slowly from 0.5% in 2022-23 to 1%
- Deficit on the collection fund estimated at £3million over 3 years – 75% specific grant funded

Variables

Every 1% increase on Core Grant = £1.3m assuming MHCLG element included. £0.7m if HO element only

Every 1% increase on precept = £0.730m

Every 1% reduction in tax base = £0.750m

Government fund collection fund deficit = £3m

Reserves repaid in 2020-21 from previous overspend. General Reserve level to be reviewed.