

Report of the Chief Finance Officer of the PCC to the Police and Crime Commissioner for Cleveland

27th February 2023

Status: For Approval

Long Term Financial Plan (LTFP) 2023/24 to 2026/27 and Capital Plans 2023/24 to 2026/27 including Reserves Strategy

1. Executive Summary

1.1 Purpose of the Report

This report asks the PCC to agree the Budget proposals for 2023/24 and the Long Term Financial Plan (LTFP) for 2023/24 – 2026/27 in line with the legal requirement to set a budget prior to the 1st March each year for the following financial year. It also asks the PCC to agree the funding for the Capital Programme for 2023/24 and the indicative allocations for the period 2024/25 to 2026/27.

2. Recommendations

2.1 The PCC is requested to approve the allocation of the £177,775k of revenue funding, that is forecast to be received by the PCC in 2023/24, in the following areas:

- £1,065k to run the Office of the PCC
- £3,239k to support PCC Initiatives and Victims and Witnesses Services
- £1,176k to support the Violence Reduction Unit and Serious Violence Duty
- £10,730k for Corporate Services
- £160,580k to the Police Force
- £1,565k to the Capital Programme
- This will be supported by £580k from Earmarked Reserves

2.1 The PCC is asked to note that the 2023/24 budget is based on the approved £15 increase in the level of Band D precept for 2023/24.

2.2 The PCC is asked to take cognisance of the Robustness of Estimates and Adequacy of Financial Reserves Report of the PCCs CFO that will be provided to the PCC prior to the formal sign off of the budget.

- 2.3 The PCC is asked to agree that quarterly updates on the 2022/23 budget will be brought to the PCC in 2023/24 to provide updates on performance against the 2023/24 budget.
- 2.4 The PCC is asked to allocate £7,413k of Capital Budgets to the Chief Constable to deliver schemes on behalf of the PCC.
- 2.5 The PCC is asked to approve the detailed allocations for Community Safety and Victims and Witnesses Services of £3,239k, as set out in Appendix A. Noting that any items not specifically on this list will be subject to additional approval from the PCC.

3. Planning and Funding Assumptions

- 3.1 Autumn Statement and subsequent Precept Announcement
- 3.2 On the 17th of November the Chancellor announced at the Autumn Statement that Departmental budgets would be maintained at the levels set out at Spending Review 2021.
- 3.3 After this the Minister of State for Crime, Policing and Fire wrote to PCCs setting out that: *"This government is committed to providing policing with the resources they need, and the Home Office will honour the increases in funding for PCCs announced at Spending Review 2021 to maintain officer numbers."*
- 3.4 And that: *"I recognise the pressures faced by policing and have listened to those PCCs that requested a greater degree of flexibility when setting budgets. **Therefore, I can confirm that the referendum limit for PCCs in England for 2023-24 will be £15 for a typical Band D property** and equivalent, raising up to an additional £349 million from precept income (on top of increases to core grant) using the latest forecasts, should all PCCs utilise the full flexibility. This is an additional £5 precept flexibility over and above the announcement made at Spending Review 2021"*
- 3.5 **Police Funding Settlement 2023/24**
- 3.6 The 2023-24 Provisional Settlement was announced on 14th December in a written statement by the Crime and Policing Minister, Chris Philp with the Final Settlement announced on the 31st January 2023, when the provisional settlement figures were confirmed.
- 3.7 Full details of the Settlement can be found on the Home Office gov.uk pages.
- 3.8 The Government announced that *"Overall funding for policing will rise by up to £287 million compared to the 2022-23 funding settlement, bringing the total up to £17.2 billion for the policing system. Within this, funding to Police and Crime Commissioners (PCCs) will increase by up to an additional £523 million, assuming full take-up of precept flexibility. This would represent an increase to PCC funding in cash terms of 3.6% on top of the 2022-23 police funding settlement"*

- 3.9 *And that "Despite the pressures faced by all public services, we are still increasing funding into 2023-24 by providing forces with an increase to government grants of £174 million, £74 million more than announced at Spending Review 2021 (SR21), reflecting the commitments made earlier this year to support the 2022-23 pay award. By delivering on this promise, we are making sure that the police receive the funding they need to achieve and maintain their overall officer headcount, comprised of their agreed Police Uplift baseline plus their allocation of the 20,000 additional officers."*
- 3.10 Core Funding
- 3.11 Based on the analysis released by the Government Core Funding to PCC's has increased by 3.6% in 2023/24, this however assumes that all PCCs increase their Precept by £15.
- 3.12 **The smallest increases** in core funding were seen in London at 3.0%, with **Cleveland** and Merseyside both at 3.1%. In contrast there are 5 Police Force Areas (Essex, Hertfordshire, Sussex, Thames Valley and Wiltshire) who could see increases in core funding of 4.3%.
- 3.13 The Government calculate the increase in Cleveland (including a £15 increase in Precept) to be 3.1%.
- 3.14 **This is 0.5%, or £785k, lower than the National Average increase of 3.6% and 1.2%, or £1.9m, lower than those 5 Police Force Areas with the highest increases.**
- 3.15 What does the Government expect to be delivered with this additional funding?
- 3.16 The Government have stated that: "... they have provided significant investment into policing over the previous four years, and so now it is only right that we hold forces to account on delivery. We therefore expect policing to approach the 2023-24 financial year with a focus on this Government's key priorities:
- Ensuring overall police officer numbers are maintained at the agreed Police Uplift baseline plus force level allocations of the 20,000 additional officers.
 - Deploying these additional officers to reduce crime and honour this Government's commitment to keep the public safe.
 - Delivering improvements in productivity and driving forward efficiencies, maximising the value of the Government's investment."

3.17 What does this mean for Cleveland in 2023/24 in terms of Funding?

- An increase in of Core Police Grant plus Police Uplift Grant of £2,037k.
- Police Pension Grant remains at £1,324k

3.18 Based on the agreed precept of £290.73 for a Band D property, then the overall impact on the Core funding for the organisation is set to increase by 3.2%, or just over £5.0m, as set out in the table below:

Overall Government and Local Revenue Funding				
	2023/24	2022/23	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
Government Funding				
Police Grant	(56,591)	(56,542)	(48)	0.1%
RSG/National Non Domestic Rate	(46,588)	(46,278)	(310)	0.7%
Police Officer Uplift Grant	(3,298)	(1,619)	(1,679)	103.7%
Council Tax Freeze Grant	(800)	(800)	0	0.0%
Council Tax Support Grant	(6,868)	(6,868)	0	0.0%
Police Pensions Grant	(1,324)	(1,324)	0	0.0%
Total Government Funding	(115,469)	(113,432)	(2,037)	1.8%
Impact of a £15 increase in Band D Precept - 5.44% increase				
Net Deficit on Collection Funds	273	198	75	
Council Tax Requirement	(46,652)	(43,599)	(3,054)	
Total Local Funding	(46,379)	(43,401)	(2,978)	6.9%
Total Government + Local Funding	(161,849)	(156,833)	(5,016)	3.2%

How does Cleveland compare to the National Picture?

- 3.19 If each PCC increased their precept by £15, combined with tax base assumptions, there will be an additional £349m of resources for policing from council tax alone.
- 3.20 Due to historic differences in council tax the proportion that £15 represents can vary significantly between force areas. The £15 increase means that Northumbria's percentage increase is 9.8%, followed by the West Midlands at 8% whereas, £15 represents a 4.7% increase for North Wales and a 4.9% increase for Gwent.
- 3.21 Assuming every force area takes the £15 precept, the weighted average band D police precept in England and Wales would be £265.13. The proportion of funding raised through council tax differs significantly between forces. Northumbria's Council Tax makes up 19.3% of their total funding, followed by West Midlands at 20.7% and Merseyside at 23.4%.
- 3.22 Conversely, Surrey has 55.8% of their funding coming from Council tax, followed by Dyfed Powys at 52.4% and North Wales at 51.3%. On average, 35% of budgets are made up from Council tax, up from 34% last year.
- 3.23 A £15 increase in Cleveland would equate to an increase of 5.44%. This would be the 13th lowest percentage increase in England and Wales, which results from Cleveland having the 13th highest Policing Precept level in England and Wales and a current Precept level that is around 10% higher than the National average.

- 3.24 If each PCC took the £15 precept, the average band D police precept in England and Wales would be £265.13 (in Cleveland this would be £290.73) with an average of 35% of core funding coming from Council Tax (in Cleveland this would be 29%)
- 3.25 Government Funding for 2024/25 and beyond
- 3.26 The Government have indicated that policing will receive an extra £150m in 2024/25. This would equate to an increase of only 1.7%.
- 3.27 This will not be sufficient to keep pace with either pay or non-pay inflation.
- 3.28 It is worth noting that, in the days following the Autumn Statement, whilst addressing the Commons Select Committee, the Levelling Up Secretary Michael Gove announced a review of the council tax system. He and the Chancellor have asked Lee Rowley, Local Government Finance Minister, to review the operation of the council tax system. He is expected to report in the New Year.
- 3.29 In addition to this the new Policing Minister wrote to PCCs stating that "*I heard from PCCs and Chief Constables the need to update the police funding formula. I fully recognise that the current funding formula is outdated, and I am pleased to confirm our continued commitment to continuing the Police Funding Formula Review*"
- 3.30 And that "*I have asked Home Office officials to prepare for a first public consultation in early 2023. This consultation will set out the broad principles of the Review and consult on the purpose, structure and components of a new formula.*"
- 3.31 Top Slices
- 3.32 In 2023-24 the top slices total £1,114m, a £259.7m reduction over last year (£1,373.7m). The biggest changes to funding were an £83.2m decrease in Capital Reallocations and a £80m reduction in Police Technology Programmes.
- 3.33 Pensions Grant
- 3.34 Pensions Grant allocations remain unchanged from those in 2019-20. They have not been updated to reflect the new forecasts nor increased to reflect pay inflation and therefore additional costs and pressures have to be 'absorbed'.
- 3.35 Council Tax Legacy Grant
- 3.36 The Council Tax Legacy Grants relating to Council Tax Freeze grants from 2011-12, 2013-14, 2014-15 and 2015-16 as well as Local Council Tax Support (LCTS) funding remains separately identifiable in 2023-24. These have again remained flat cash settlements and therefore take no account of any changes for inflation or local need since they were awarded and is another area where additional costs are having to be 'absorbed'.
- 3.37 Counter Terrorism
- 3.38 The Minister announced a total of £1,002.2m for Counter Terrorism (CT) policing in 2023-24. PCCs will be notified separately of force-level funding allocations for CT policing, which will not be made public for security reasons.

3.39 Ministry of Justice Grants

3.40 The PCCs has received communications throughout 2022/23 relating to the continuation of funding from the MOJ and the proposed budget includes £1,595k of funding specifically for Victims Services.

How has Funding changed for Policing since 2010/11?

3.43 Using the latest Gross Domestic Product deflation factors from the Treasury and Excluding the Welsh and London Forces, as they have different funding mechanisms, then:

- In cash terms, funding has increased in Policing, on average, by **23.4%** between 2010-11 and 2023-24. However, in Cleveland is it lower than this at **16.6%**, **the difference is the equivalent of about £9.5m of additional funding per year.**
- However, when we account for inflation, then Nationally funding is still 7.8% lower than in 2010/11, in Cleveland the reduction is higher at about 12.9%

3.44 **In Real Terms funding in Cleveland in 2023/24 will be about 12.9% lower than in 2010/11 – this is the equivalent of £17.9m less per year in real terms.**

3.45 The table below provides more detail.

Police Force Area (excluding Wales and London)	Cash Change in GOVERNMENT FORMULA FUNDING between 2010-11 and 2023-24	REAL TERMS cut in GOVERNMENT FORMULA FUNDING between 2010-11 and 2023-24	Cash change in TOTAL FUNDING between 2010-11 and 2023-24	REAL TERMS cut to TOTAL FUNDING between 2010-11 and 2023-24
Northumbria	3.3%	-22.8%	13.3%	-15.4%
Merseyside	5.5%	-21.2%	14.2%	-14.6%
West Midlands	4.0%	-22.2%	14.6%	-14.4%
Cleveland	7.9%	-19.4%	16.6%	-12.9%
Greater Manchester	5.7%	-21.0%	16.7%	-12.8%
Durham	5.8%	-20.9%	17.4%	-12.3%
South Yorkshire	5.4%	-21.2%	18.0%	-11.8%
West Yorkshire	5.2%	-21.3%	19.5%	-10.7%
Lancashire	5.3%	-21.3%	19.5%	-10.6%
Cumbria	6.5%	-20.4%	20.8%	-9.7%
Humberside	8.0%	-19.3%	20.9%	-9.7%
Staffordshire	8.7%	-18.7%	21.6%	-9.1%
Nottinghamshire	7.2%	-19.9%	22.4%	-8.5%
Derbyshire	6.7%	-20.2%	23.7%	-7.5%
West Mercia	8.6%	-18.8%	25.3%	-6.3%
Avon & Somerset	7.8%	-19.4%	25.7%	-6.1%
Leicestershire	7.0%	-20.0%	25.8%	-6.0%
North Yorkshire	9.2%	-18.4%	26.3%	-5.6%
Hertfordshire	7.7%	-19.5%	27.0%	-5.1%
Cheshire	6.0%	-20.8%	27.4%	-4.8%
Hampshire	5.4%	-21.2%	27.6%	-4.6%
Devon & Cornwall	7.6%	-19.6%	27.7%	-4.5%
Kent	6.1%	-20.7%	27.9%	-4.4%
Northamptonshire	7.9%	-19.4%	28.1%	-4.3%
Gloucestershire	8.8%	-18.7%	28.6%	-3.9%
Suffolk	8.6%	-18.8%	28.7%	-3.8%
Sussex	6.8%	-20.2%	28.8%	-3.7%
Essex	6.6%	-20.3%	29.0%	-3.6%
Bedfordshire	5.9%	-20.8%	29.0%	-3.6%
Norfolk	9.6%	-18.1%	29.5%	-3.2%
Dorset	10.6%	-17.4%	29.8%	-3.0%
Lincolnshire	9.3%	-18.3%	30.2%	-2.7%
Cambridgeshire	7.4%	-19.7%	30.3%	-2.6%
Wiltshire	6.5%	-20.4%	30.5%	-2.4%
Thames Valley	6.3%	-20.6%	31.0%	-2.1%
Warwickshire	8.7%	-18.7%	32.3%	-1.1%
Surrey	8.3%	-19.0%	33.4%	-0.3%
Total	6.4%	-20.5%	23.4%	-7.8%

3.46 It is worth noting that Cleveland has seen a Real term reduction in Government Funding of circa 19.4%, which is slightly better than the overall national position of 20.5%.

3.47 Despite increases in precept, across the last 13 years, that will have been in line with all of the other Police Force Areas, the lack of ability to generate funding from the Tax Base in Cleveland is the major contributor to the significant difference between Cleveland, the average position, and many other areas when we look at this from a Total Funding perspective.

- 3.48 From a Cleveland perspective this will need to be a key area of consideration for any future funding and funding formula review.
- 3.49 **Precept**
Just under 30% of the Net Budget Requirement within Cleveland is funded by the local precept and therefore this provides less of a cushion to cuts in government grants, than in most Police Force areas and the ability to generate additional funding locally when Government Funding is constrained.
- 3.50 However in times where Government Funding is growing at a quicker rate than precept Cleveland will tend to benefit more than most Police Force Areas.
- 3.51 The Localism Act 2011 includes powers to introduce arrangements for council tax referendums. The Police Funding Settlement set out that PCC's would be able to increase Band D bills by as much as £15 before a referendum is required in 2023/24.
- 3.52 The PCC undertook a public consultation exercise for six weeks from November 2022 to mid-December 2022, focusing on several themes in relation to police funding:
- Whether people would be willing to pay more towards their police precept
 - How much additional funding people would be prepared to pay
 - Reasons behind people's opinions about funding levels
- 3.53 The consultation included an online survey, which was open from 2nd November 2022 to 12th December 2022, and which was promoted through several channels including:
- OPCC social media
 - Strategic Independent Advisory Group
 - Voluntary Development Agencies
 - Engagement with partner organisations, including:
 - Youth services
 - Groups working with ethnically diverse communities
 - Organisations for disabled people/people with learning difficulties
- 3.54 OPCC staff also held several face-to-face engagement stalls in community locations using a counter-based methodology where members of the public could place a counter to indicate what, if any, level of increased precept they would be willing to support.
- 3.55 In total 737 people completed the survey, and 455 people took part in the counter consultation, meaning that a total of 1,192 people gave their views in the consultation. **This means that the results can be considered to have a margin of error of +/- 3% and a 95% confidence level.**

3.56 Responses were comparable across 3 of the 4 local policing areas with considerably less respondents from the Middlesbrough area, as follows:

- Redcar and Cleveland responses – 30.5%
- Stockton responses – 29%
- Hartlepool responses – 25%
- Middlesbrough responses – 15.5%

A public consultation exercise from took place between September 2021 and January 2022, focusing on a number of themes in relation to police funding:

- Whether people would be willing to pay more towards their police precept
- How much additional funding people would be prepared to pay
- Reasons behind people's opinions about funding levels
- Where people felt any additional funding should be focused

3.57 The consultation included an online survey, which was open from 13th October 2021 to 6th January 2022, and which was promoted through a number of channels including:

- OPCC social media
- Promotion with elected members across the whole Cleveland area
- Strategic and local Independent Advisory Groups
- Community Safety Partnerships
- Police and Crime Panel
- Engagement with partner organisations

3.58 The response to the financial aspects were as follows:

3.59 Would you be willing to pay more towards local policing?

Across the whole consultation, covering both the survey and the counter exercise, 63.5% of respondents indicated that they would be willing to pay more Council Tax towards the cost of local policing

3.60 How much more would you be willing to pay towards local policing?

3.61 Respondents were asked how much more they would be willing to pay per year towards their local policing with options of no increase, £10, £18, £24 and £30.

3.62 Across the whole consultation, covering both the survey and the counter exercise, almost half of respondents (45.4%) chose options of £18 or more.

3.63 For each of the Local Authority areas more than 50% of people who took part in the survey, from each area, supported an increase in the Police Precept of at least £10 per year for a Band D property.

- 3.64 Where would you like to see additional money spent?
- 3.65 Many of those respondents who stated that they would be willing to pay more towards their local policing gave the caveat that additional funding would need to mean additional visible on the street police presence. Respondents from Hartlepool and Redcar and Cleveland felt particularly strongly that policing in their areas needed more investment.
- 3.66 Many respondents felt that local policing needed to be less reactive and focus on core problem solving activity with drugs, violence and antisocial use of motor vehicles all mentioned as key areas the police needed to focus on going forwards.
- 3.67 As a result, a £15, or 5.44%, increase in the Band D precept was proposed to the Police and Crime Panel who unanimously supported this increase.
- 3.68 For the purposes of planning, the plan that is set out within this paper assumes the following:
- 2024/25 – Precept Increase of £10
 - 2025/26 – Precept Increase of £10
 - 2026/27 – Precept Increase of £10
- 3.69 **It is important to recognise that based on current forecasts that the financial plans do not balance from 2025/26 onwards.**
- 3.70 **The projected imbalance of £2m in 2025/26 would require an increase in precept of £22 (7.3%) in that year to balance the budget.**
- 3.71 After the pause in the previous significant increases in the number of calculated Band D properties within Cleveland in 2021/22, due to the pandemic, these increases have returned to more normal levels.
- 3.72 After the 1.29% tax base increase in 2022/23, there is an even larger increase in 2023/24 of 1.48% forecast.
- 3.73 The number of Band D properties within Cleveland increased by 2,345 to 160,466. This tax base growth will add £680k to the overall level of precept income in 2023/24 and beyond.
- 3.74 During 2021/22 the Councils indicated an overall deficit on their Council Tax collection funds, of which £1,182k related to Police.
- 3.75 The Government recognised the challenge of absorbing these deficits in one year and therefore provided the flexibility to all billing and major precepting authorities (including police and fire authorities) to phase the deficit over a fixed period of three years.
- 3.76 The deficit is therefore being phased in three equal and fixed amounts across the financial years 2021-22, 2022-23 and 2023-24.

3.77 2023-24 is the final of these 3 years and therefore a £394k charge is factored into the overall collection fund position, which was a deficit of £273k.

3.78 LTFP Assumptions

3.79 When the 2022/23 budget was set in February 2022 the forecasts were underpinned by the following assumptions:

- Pay Awards:
 - 2022/23 – 3.5% increase
 - 2023/24 – 2.5% increase
 - 2024/25 – 2.0% increase
- Precept: Increases of:
 - 2022/23 - £10, or 3.76%
 - 2023/24 – £10 or 3.63%
 - 2024/25 – £10 or 3.50%
 - 2025/26 - £10 or 3.38%
- Tax Base increases of:
 - 2022/23 - 1.29%
 - 2023/24 – 1.3%
 - 2024/25 – 1.0%
 - 2025/26 – 1.0%
- Government Grants increases of:
 - 2023/24 – 1.2%
 - 2024/25 – 1.7%
 - 2025/26 – 2.0%
- Impact of Funding Formula review – Nil

3.80 Clearly much has changed in the last year and therefore in line with good planning our assumptions remain under review and are updated with the best information available, and it is expected that the MTFP for 2023/24 and beyond will assume the following:

- Pay Awards:
 - 2023/24 – 4.0% increase
 - 2024/25 – 2.0% increase
 - 2025/26 – 2.0% increase
- Precept: Increases of:
 - 2023/24 – £15 or 5.44%
 - 2024/25 – £10 or 3.44%
 - 2025/26 - £10 or 3.33%
 - 2026/27 - £10 or 3.22%
- Tax Base increases of:
 - 2023/24 – 1.48%
 - 2024/25 – 1.2%

- 2025/26 – 1.2%
- 2026/27 – 1.2%
- Government Grants increases of:
 - 2024/25 – 1.7%
 - 2025/26 – 2.0%
 - 2026/27 – 2.0%
- Impact of Funding Formula review – Nil

3.81 Based on these revised assumptions, and the information received and forecast around other areas of funding, then the entire funding expected to be available to the PCC for the next 4 years, in comparison to 2022/23, is as follows

	Actual Budget				
	2022/23	2023/24	2024/25	2025/26	2026/27
Funding	£000s	£000s	£000s	£000s	£000s
Government Grant	(102,820)	(103,179)	(104,957)	(107,056)	(109,197)
Council Tax Precept	(43,401)	(46,379)	(48,892)	(51,119)	(53,452)
Council Tax Freeze Grant	(800)	(800)	(800)	(800)	(800)
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	(6,868)	(6,868)
Funding for Net Budget Requirement	(153,890)	(157,226)	(161,517)	(165,843)	(170,317)
%age Change in Net Budgetary Requirement	4.4%	2.2%	2.7%	2.7%	2.7%
Specific Grants	(7,407)	(10,982)	(10,736)	(9,135)	(8,196)
Witness and Victims Funding	(1,165)	(1,595)	(1,595)	(714)	(714)
Partnership Income/Fees and Charges	(4,094)	(4,847)	(4,907)	(5,028)	(5,123)
Total Core Funding	(166,555)	(174,650)	(178,755)	(180,720)	(184,350)
%age Change in Core Funding	5.0%	4.9%	2.4%	1.1%	2.0%
Special Grant	(2,800)	(3,125)	(2,175)		
Total Overall Funding	(169,355)	(177,775)	(180,930)	(180,720)	(184,350)

- 3.82 2023/24 is the 5th year of significant investment back into Policing. **The level of funding available within Cleveland, at a Net Budget Requirement level, available to the PCC has increased by £31.5m (or 25%) in the past 5 years.**
- 3.83 The position is similar as a **Total Core funding level, with increases of £40m (or nearly 30%) across the same 5-year period.**
- 3.84 As mentioned earlier in this report however it is important to recognise that this is still a reduction in real terms, so after taking into account inflation, of around £18m since 2010/11.
- 3.85 While funding has continued to increase in 2023/24 this does not have the same impact as previous years as the increased for 2023/24 are being more than absorbed by increases in inflation, both in terms of pay increases and non-pay increases.

4. Expenditure Plans

4.1 In setting the budget for 2023-24 the PCC is asked to make decisions on how the overall funding discussed in Section 3 is allocated. The PCC is asked to provide funding/budgets to the areas discussed in the following sections:

4.2 Office of the PCC

4.3 In overall terms a larger than usual increase in the overall budget is required to absorb higher pay and pension costs, of £31k in total.

4.4 In addition to the increases in pay costs there are also increases in non-pay costs of £74k. This is predominantly made up from an expected 150% increase in the External Audit fees as a result of the recently concluded national procurement exercise. This is forecast to increase our costs in this area by £60k.

4.5 Further details are provided below:

2021/22 Budget		2022/23 Budget	Movement to 2023/24 Budget	2023/24 Budget
£	<u>PCC Budget</u>	£	£	£
	<u>Category of Spend</u>			
758,000	Staff Pay and Allowances	807,500	31,000	838,500
5,000	Other Pay and Training	5,000	0	5,000
243,800	Supplies and Services	234,300	71,050	305,350
5,000	Transport	5,000	0	5,000
(91,800)	Miscellaneous Income	(91,800)	2,950	(88,850)
920,000	Total Budget	960,000	105,000	1,065,000

4.6 Community Safety and Victims and Witnesses Commissioning

The role and responsibilities of the PCC is wider than Policing and this has been acknowledged with the addition of responsibilities around Community Safety and Victims and Witnesses services.

4.7 The current assumptions within the financial plans include the expectation that the PCC will receive £880k more than the Ministry of Justice 'core' allocations (of £714k) for both 2023/24 and 2024/25. This provides for the following additional services:

- £508k continues to be provided to Cleveland to invest in the 2 additional Independent Sexual Violence Advisor posts and 10.6 additional Independent Domestic Violence Advisor posts that were the subject of a successful funding bid from the PCC in 2021/22.
- £297k has been provided to continue the increased level of Domestic Abuse and Sexual Violence support services within in Cleveland
- £75k additional funding has been secured as part of a national programme to increase IDVA/ISVAs by 100.

4.8 The OPCC has been successful in bidding Safer Streets Funding in each of the last 3 years. The bid for 2022/23 extended funding into 2023/24, therefore £225k of already agreed funding and expenditure is included within the 2023/24 budget.

4.9 The indicative budget for these areas is set out in the table below:

	Actual Budget				
	2022/23	2023/24	2024/25	2025/26	2026/27
<u>Community Safety/Victims and Witness</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Community Safety Initiatives	1,079	1,346	1,098	1,034	1,039
Victims and Witnesses Services	1,571	1,893	1,934	1,226	1,251
Violence Reduction Unit and Serious Violence Duty	0	1,176	1,143		
Total Planned Expenditure	2,650	4,415	4,175	2,260	2,290

4.10 Further details of all the service/schemes and initiatives included within the £3,239k for 2023/24 are set out in Appendix A.

4.11 Cleveland Unit for Reduction of Violence (CURV) and Serious Violence Duty

4.12 During 2022/23 the Home Office confirmed that the PCC would receive a budget of £3.5m over three years to establish a team to develop long-term strategies to prevent serious violence.

4.13 The budget for 2023/24 includes £1,058k to further develop this Unit, followed by £1,047k in 2024/25.

4.14 Approval of the specific areas of spend for CURV will be agreed through the CURV governance board.

4.15 In addition to this the PCC has been awarded funding for the period 2022/23 to 2024/25 in relation to 'The Serious Violence Duty' which places a duty on police, justice, fire and rescue, health, and local authorities to work together to prevent and reduce serious violence.

4.16 Funding of £118k is included within the 2023/24 budget, with a further £96k in 2024/25 to assist the above authorities with delivering the Serious Violence Duty, including by assisting relevant authorities, and the OPCC itself, with costs incurred as a result of their associated functions relating to the Serious Violence Duty.

4.17 Corporate Services

Corporate Services originally included the costs of the PFI contracts, strategic contract management, asset management costs, treasury management and planning.

4.18 As the work and responsibilities of the PCC has expanded over the last 8 years this area of the budget now includes the costs for a much wider range of services which includes complaints handling.

4.19 The areas of expenditure incorporated in this area and the forecasts for the life of the plan are included in the table below:

	Actual Budget				
	2022/23	2023/24	2024/25	2025/26	2026/27
<u>Corporate Services</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Staff Pay	830	885	905	925	945
Non Pay Expenditure	85	85	85	85	85
PFI Action Stations	5,670	6,025	6,175	6,400	6,935
PFI Urray Nook	2,000	2,160	2,235	2,285	1,410
Asset Management	1,715	1,575	1,770	1,770	1,770
Total Corporate Costs	10,300	10,730	11,170	11,465	11,145

4.20 The asset management costs continue to be reduced, from £2,050k in 2019/20 to £1,575k in 2023/24, as the organisation proactively manages the loans the organisation has and takes the benefit of lower interest rates as appropriate.

4.21 Further savings will be difficult to deliver from this area until the PFI contracts come to an end. The PFI scheme at Urray Nook is due to end in final year of the current life of this plan.

4.22 Both PFI schemes have contractual terms that mean a significant proportion of the contract price increases each year in line with the Retail Price Index. As a result, the costs of the PFIs are expected to increase by over £500k in 2023/24 alone.

5. Police Force

- 5.1 Most of the funding available to the PCC will be provided to the Chief Constable, this provides the budgetary constraints in which the PCC expects the Force to work within, in delivering against the Police and Crime Plan.
- 5.2 The PCC tries to provide a stable financial platform for the Force to work to and within, despite the significant level of unknowns around various areas of future funding. The aim of this approach is to support and enable good strategic planning, decision making and ultimately service delivery by the Force.
- 5.3 Details of the Force's plans are provided on a separate report, which is also on today's agenda however a summary of the finances is included below:

	Actual Budget				
	2022/23	2023/24	2024/25	2025/26	2026/27
Police Force Planned Expenditure	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Pay					
Police Pay	83,253	87,334	89,760	90,094	92,717
Police Overtime	2,172	2,226	2,109	2,232	2,634
Staff Pay	33,268	35,450	36,603	36,358	37,623
Police Community Support Officer Pay	3,830	3,925	4,145	4,290	4,455
Pay Total	122,523	128,935	132,617	132,974	137,429
Non-Pay Budgets					
Other Pay and Training	1,081	1,151	1,396	1,646	1,646
Injury and Medical Police Pensions	3,678	3,958	4,148	4,148	4,148
Premises	4,400	5,048	5,219	5,219	5,219
Supplies and Services	14,509	16,136	16,443	16,711	16,931
Transport	1,668	1,886	1,897	1,897	1,897
External Support	3,838	3,854	3,921	3,921	3,921
Non-Pay Total	29,174	32,032	33,025	33,543	33,763
Savings Required	(382)	(387)	(387)	(387)	(387)
Total Planned Force Expenditure	151,315	160,580	165,255	166,130	170,805
%age Change in Expenditure	4.3%	6.1%	2.9%	0.5%	2.8%

- 5.4 The plans for the first 2 years are in line with the overall funding indications provided by the PCC to the Force and therefore enable the PCC to set a balanced financial plan for the next 2 years, based on the assumptions set out within this report.
- 5.5 Beyond this however there is a need to make significant savings to balance the financial plans for years 3 (£2m) and year 4 (£2.4m).
- 5.6 A further 6.1% (£9.2m) increase in the funding available to the Force in 2023/24 follows on the back of a £6.3m increase in 2022/23. **In 2023/24 the Force will have almost £41m, or 34%, more funding available than it had in 5 years ago in 2018/19.**

5.7 **Areas of Note within the Force's Plans**

- 5.8 **Police Officers** – in a letter dated the 31st January 2023 the PCC was provided with an overview from the Home Secretary and the Minister of State for Crime, Policing and Fire of both the National Policing financial settlement for 2023/24 and the local impact for Cleveland.
- 5.9 Within that letter the Police Officer Uplift Target for Cleveland is stated as 1,465 – with an indication that this is the level of Police Officers to be maintained.
- 5.10 Subsequently to this it has been clarified that the 2023-24 PUP ringfence grant, which for Cleveland is £3.3m, “will be used to ensure that there is a clear incentive on forces to maintain their officer numbers, as the public expects, without imposing conditions that are prohibitive to doing so.”
- 5.11 The Government “recognise that the 2023-24 PUP ringfence grant is larger than in previous years, emphasising the importance of maintaining officer numbers beyond March 2023. We also recognise that forces plan recruitment in advance, and therefore can confirm that the funding will be released on a bi-annual basis, following the publication of police workforce statistics, and will be based on officer headcount in forces as at 30th September and 31st March.”
- 5.12 “Should forces not meet the necessary requirements to claim the funding available at the mid-year point, this funding will not be available to forces at the end of the year.”
- 5.13 It is likely that the level of Uplift Grant that will be withheld should Force’s fail to meet their targets will be punitive, as they are for 2022/23. This will therefore need to be an area closely managed.
- 5.14 The current plans of the Force are that they will be in excess of the Uplift Target by 20 at the end of September and with plans to average over 1,500 Police Officers during 2023/24 then the March 2024 level should also be easily achievable.
- 5.15 It is important to recognise that current assessment of Police Officer resources required to meet demand in Cleveland is significantly above the level set out within the current financial plans.
- 5.16 These additional resources have been set out within a bid to the Home Office – which indicated a need for in excess of 1,600 Police Officers within Cleveland.

- 5.17 **Staff** – To be able to balance the budget for 2023/24 the Force are planning to continue to hold significant level of Police Staff vacancies.
- 5.18 The budget for 2023/24 forecasts that the Force will be a need to hold 95 vacancies across the year which has reduced the staff budget by £3.6m.
- 5.19 This level of vacancies is similar to the budgeted position for 2022/23 and also below the current level of unfilled staff posts within the Force. From a financial perspective therefore this should be deliverable however it will need to be closely managed.
- 5.20 The current financial plans, which don't balance in the final 2 years, do not add back any of these vacancies and therefore it is very unlikely that the Force will ever be able to afford a recurring staff establishment that is currently set at 920 FTEs (excluding the HIU funded posts)
- 5.21 The Force have indicated that a review of Enabling Services will be undertaken which is likely to be of interest to the PCC.
- 5.22 **Given the current financial forecasts it is unlikely that the organisation will be able to afford more than 775 FTE Staff posts on a recurring basis.**

6. Overall Financial Summary

6.1 The table below shows the current projected position of the overall finances available to the PCC, however this is based on a significant number of assumptions, including that the Force can contain costs and deliver the level of services required within the financial constraints that were outlined above.

	Actual Budget				
	2022/23	2023/24	2024/25	2025/26	2026/27
Funding	£000s	£000s	£000s	£000s	£000s
Government Grant	(102,820)	(103,179)	(104,957)	(107,056)	(109,197)
Council Tax Precept	(43,401)	(46,379)	(48,892)	(51,119)	(53,452)
Council Tax Freeze Grant	(800)	(800)	(800)	(800)	(800)
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	(6,868)	(6,868)
Funding for Net Budget Requirement	(153,890)	(157,226)	(161,517)	(165,843)	(170,317)
%age Change in Net Budgetary Requirement	4.4%	2.2%	2.7%	2.7%	2.7%
Specific Grants	(7,407)	(10,982)	(10,736)	(9,135)	(8,196)
Witness and Victims Funding	(1,165)	(1,595)	(1,595)	(714)	(714)
Partnership Income/Fees and Charges	(4,094)	(4,847)	(4,907)	(5,028)	(5,123)
Total Core Funding	(166,555)	(174,650)	(178,755)	(180,720)	(184,350)
%age Change in Core Funding	5.0%	4.9%	2.4%	1.1%	2.0%
Special Grant	(2,800)	(3,125)	(2,175)		
Total Overall Funding	(169,355)	(177,775)	(180,930)	(180,720)	(184,350)
Office of the PCC Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Total Planned Expenditure	960	1,065	1,100	1,135	1,165
Community Safety/Victims and Witness	£000s	£000s	£000s	£000s	£000s
Community Safety Initiatives	1,079	1,115	867	811	816
Victims and Witnesses Services	1,571	2,124	2,165	1,449	1,474
Violence Reduction Unit and Serious Violence Duty	0	1,176	1,143		
Total Planned Expenditure	2,650	4,415	4,175	2,260	2,290
Corporate Services	£000s	£000s	£000s	£000s	£000s
Total Corporate Costs	10,300	10,730	11,170	11,465	11,145
Police Force Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Pay					
Police Pay	83,253	87,334	89,760	90,094	92,717
Police Overtime	2,172	2,226	2,109	2,232	2,634
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Police Community Support Officer Pay	3,830	3,925	4,145	4,290	4,455
Pay Total	122,523	128,935	132,617	132,974	137,429
Non-Pay Budgets					
Other Pay and Training	1,081	1,151	1,396	1,646	1,646
Injury and Medical Police Pensions	3,678	3,958	4,148	4,148	4,148
Premises	4,400	5,048	5,219	5,219	5,219
Supplies and Services	14,509	16,136	16,443	16,711	16,931
Transport	1,668	1,886	1,897	1,897	1,897
External Support	3,838	3,854	3,921	3,921	3,921
Non-Pay Total	29,174	32,032	33,025	33,543	33,763
Savings Required	(382)	(387)	(387)	(387)	(387)
Total Planned Force Expenditure	151,315	160,580	165,255	166,130	170,805
%age Change in Expenditure	4.3%	6.1%	2.9%	0.5%	2.8%
(Surplus)/Deficit	£000s	£000s	£000s	£000s	£000s
	(4,130)	(985)	770	270	1,055
Contribution to Capital Programme	4,420	1,565	470	1,965	1,995
Planned Transfers to/(from) Earmarked Reserves	(290)	(580)	(1,240)	(235)	(650)
Net (Surplus)/Deficit After Reserves	0	0	(0)	2,000	2,400
General Reserves	£000s	£000s	£000s	£000s	£000s
General Fund Balance c/f	5,042	5,042	5,042	5,042	5,042
Employee Numbers (Average per year)	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,442	1,485	1,500	1,500	1,500
Non-Recurring Police Officer Posts	30	28	19	0	0
PCSOs	106	106	106	106	106
Police Staff - Police Force	849	864	849	825	825
Assumptions					
Pay Awards	3.5%	4.0%	2.0%	2.0%	2.0%
Non Pay Inflation	Calculated	Calculated	2.0%	2.0%	2.0%
RPI	7.1%	10.0%	5.0%	3.0%	3.0%
Precept Increases	3.8%	5.4%	3.4%	3.3%	3.2%
Core Government Grant Movements	5.6%	0.3%	1.7%	2.0%	2.0%

- 6.2 From an overall income perspective, the PCC is now expected to receive £7m more income in 2023/24 than was being forecast just 12 months ago, and £8.4m more income than was received in 2022/23.
- 6.3 In any 'normal' year this would be fantastic news and would enable significant investment and growth of the organisation.
- 6.4 However, some of this £8.4m of increased funding is ring-fenced for the following and comes with corresponding additional costs:
- £1.2m has been specifically provided for year 2 of the Violence Reduction Unit
 - £0.6m has been provided for additional victim's services and safer streets
 - £0.5m for serious violence hotspot work
 - £0.3m is an increase in our ring-fenced Special Grant work
- 6.5 The remaining £5.8m needs to cover the following additional costs of £9.8m:
- £4.7m for pay inflation
 - £1.7m to increase Police Officer numbers
 - £3.4m for non-pay inflation
- 6.6 To mitigate the remaining £4m shortfall in 2023/24 the following is proposed:
- £2.9m less is going to be provided to the Capital Programme
 - £0.3m is going to be used from reserves
 - £0.8m of additional staff vacancies are going to be held.
- 6.7 Based on the plans and assumption outlined within this report and some use of reserves, that are discussed later in the report and in more detail in the Robustness of Estimates and Adequacy of Reserves Report, then the organisation can demonstrate a balanced budget for the next 2 years. This will provide time to deliver the necessary savings plans to balance both 2025/26, which has an forecast deficit of £2.0m, and 2026/27 which has a forecast deficit of £2.4m.
- 6.8 It is also important to keep in mind that there will be additional challenges to this plan and there are a number of risks that could impact significantly on the currently forecasted balanced position for the next 2 years and there are undoubtedly many things that the organisation will have to deal with, that are currently unknown.
- 6.9 Therefore, the constant search for savings and efficiencies will need to continue to provide future flexibility from a financial perspective and service delivery plans altered to fit the financial envelope that the organisation will need to work within.

7. Capital Financing and Expenditure

- 7.1 The assets owned by the PCC are a vital platform for the delivery of the Police and Crime Plan, with the overall purpose of the capital plan to provide sufficient funding to renew the asset base of the organisation, informed by condition deficiency surveys, 'fit for purpose' reviews, equipment replacement programmes, business continuity requirements and invest to save expenditure. Plans have been drawn up and are being developed for capital investment which would aid the organisation in delivering against the Police and Crime Plan.
- 7.2 There are a number of areas of significant capital investment factored into the £7.4m 2023/24 capital budget.
- ICT - £3.6m
 - Fleet - £2.1m
 - Estates - £1.2m
 - Other Schemes - £0.6m
- 7.3 The overall capital budget for 2023/24 is similar to the projected spend of £7.3m for 2022/23, however thereafter the Force's current projections for their capital spend needs are significantly lower as follows:
- 2024/25 - £3.2m
 - 2025/26 - £2.7m
 - 2026/27 - £2.2m
- 7.4 If these projections prove to be too low there is currently no significant capacity within the capital plans/resources to be able to fund additional schemes, which will lead to some difficult decisions being required when the 2024/25 budget is being considered.
- 7.5 The current capital plans do not currently factor in any additional borrowing over the next 4 years.
- 7.6 The level of borrowing that the PCC has peaked in 2019/20 at just over £31m and is expected to reduce to around £22m by the end of 2022/23.
- 7.7 It was expected that the level of loans would be £25m by the end of 2022/23 however the current cash position did not require the forecast £3m loan to be taken out.
- 7.8 The capacity to take out this £3m loan is included within 2023/24 along with the repayment of a £2.5m loan that is due in September 2023.
- 7.9 In addition to the £2.5m due for repayment in 2023/24 there is a further £1.52m of loans due to mature over the next 4 years.
- 7.10 These loans will be replaced as needed for cash flow purposes.

- 7.11 The PCC will have sufficient funds available to support the current capital plans of the Police Force over the current year and the next 4 years provided that resources can continue to be provided to the Capital programme from the revenue budget.
- 7.7 The required contributions to the Capital Plan are factored into the revenue position however as referred to elsewhere the Revenue Budget only balances for the first 2 years of the plan.
- 7.8 The current Capital Plans, which will continue to be subject to review, development and refinement over the coming years, are set out below:

	2022/23	2023/24	2024/25	2025/26	2026/27
Future Funding Levels	£000s	£000s	£000s	£000s	£000s
Earmarked Reserve/Funding b/f	8,808	9,872	4,164	1,560	1,013
Contribution to/from Revenue	5,130	1,565	470	1,965	1,995
Capital Receipts (from Vehicle sales)	97	140	145	150	155
Capital Receipts (from Property sales)	3,109	0	0		
Projected In-year funding Available	8,336	1,705	615	2,115	2,150
Digital Strategy	3,341	3,560	1,211	934	760
Estates Strategy	997	1,196	505	475	305
Fleet Replacement Programme	2,495	2,064	1,164	1,007	930
Other Schemes	439	593	339	246	178
Total Capital Programme	7,272	7,413	3,219	2,662	2,173
Earmarked Capital Reserve/Funding c/f	9,872	4,164	1,560	1,013	990

8. Reserves

- 8.1 As at the end of 2021/22 the PCC had Usable Reserves of £21.8m. The main reserves held at that point were for the following reasons:
- General Reserves - £5.0m
 - Funding for projects within the financial plans - £5.8m
 - General contingency and risk Reserves - £3.8m
 - Unapplied Capital Grants and Capital receipts - £6.2m
- 8.2 The PCC has a separate Reserves Strategy, which is in line with the requirements of the Government, which sets out the details of all reserves, what they are held for and how they will be used in the future.
- 8.3 The expected movements on all reserves held by the PCC will be kept under review in line with the development of the LTFFP, current projections are included within the table below:

	Balance at 31 March 2022 £000	Tranfers In 2022/23 £000	Tranfers Out 2022/23 £000	Balance at 31 March 2023 £000	Tranfers In 2023/24 £000	Tranfers Out 2023/24 £000	Balance at 31 March 2024 £000	Tranfers In 2024/25 £000	Tranfers Out 2024/25 £000	Balance at 31 March 2025 £000	Tranfers In 2025/26 £000	Tranfers Out 2025/26 £000	Balance at 31 March 2026 £000	Tranfers In 2026/27 £000	Tranfers Out 2026/27 £000	Balance at 31 March 2027 £000
Funding for projects & programmes over the period of the current MTFP																
Direct Revenue Funding of Capital	(2,645)	(5,130)	7,271	(504)	(1,565)	2,069	0	(470)	470	0	(1,965)	1,965	0	(1,995)	1,995	0
PCC Change Reserve	(129)			(129)			(129)			(129)			(129)			(129)
Airwaves Project	(256)		166	(90)			(90)			(90)			(90)			(90)
CP Change Reserve	(1,332)		340	(992)		160	(832)			(832)			(832)			(832)
EDI Reserve	(50)		50	0			0			0			0			0
Wide Area Network Reserve	(724)		241	(483)		240	(243)		240	(3)			(3)			(3)
Recruitment Reserve	(270)			(270)			(270)			(270)			(270)			(270)
Commissioning Reserves	(259)			(259)		35	(224)		35	(189)		35	(154)		35	(119)
Road Safety Initiatives Fund	(157)		0	(157)			(157)			(157)			(157)			(157)
Sub Total	(5,820)	(5,130)	8,068	(2,882)	(1,565)	2,504	(1,943)	(470)	745	(1,668)	(1,965)	2,000	(1,633)	(1,995)	2,030	(1,598)
Funding for projects & programmes beyond the current MTFP																
PFI Sinking Fund	(163)	(250)		(413)	(75)	30	(458)	(75)		(533)	(75)	115	(493)	(75)	530	(38)
Incentivisation Grant	(589)	(80)		(669)			(669)			(669)			(669)			(669)
Police Property Act Fund	(209)			(209)			(209)			(209)			(209)			(209)
Sub Total	(961)	(330)	0	(1,291)	(75)	30	(1,336)	(75)	0	(1,411)	(75)	115	(1,371)	(75)	530	(916)
General Contingency																
Legal/Insurance Fund	(630)			(630)			(630)			(630)			(630)			(630)
Injury Pension Reserve	(862)			(862)		162	(700)		160	(540)		160	(380)		160	(220)
Uray Nook TTC	(81)			(81)			(81)			(81)			(81)			(81)
NERSOU	(213)			(213)			(213)			(213)			(213)			(213)
Collaboration Reserve	(28)			(28)		28	0			0			0			0
Pay and Price Reserve	(1,000)	(600)		(1,600)			(1,600)		880	(720)			(720)			(720)
Major Incident Reserve	(1,000)			(1,000)			(1,000)			(1,000)			(1,000)			(1,000)
Sub Total	(3,813)	(600)	0	(4,413)	0	190	(4,223)	0	1,040	(3,183)	0	160	(3,023)	0	160	(2,863)
Total Earmarked Reserves	(10,594)	(6,060)	8,068	(8,586)	(1,640)	2,724	(7,502)	(545)	1,785	(6,262)	(2,040)	2,275	(6,027)	(2,070)	2,720	(5,377)
General Reserves	(5,042)	0	0	(5,042)		0	(5,042)		0	(5,042)			(5,042)			(5,042)
Total Usable Reserves	(15,636)			(13,628)			(12,544)			(11,304)			(11,069)			(10,419)
Capital Receipts Reserve	(6,163)	(3,206)		(9,369)	(140)	5,344	(4,165)	(145)	2,749	(1,561)	(150)	697	(1,014)	(140)	163	(990)
Total Reserves	(21,799)			(22,997)			(16,709)			(12,865)			(12,083)			(11,410)

- 8.4 While the level of Total Reserves as at the end of March 2023 is forecast to be almost £23m, it is important to recognise that if everything that is factored into the current plans is delivered as forecast then **the level of reserves will reduce by £10m (44%) over the next 2 years alone.**
- 8.5 This is before we get to the 2 years of the financial plan that currently don't balance.
- 8.6 A full review of adequacy of reserves and the robustness of the assumptions within the LTFP is included within the Robustness of Estimates and Adequacy of Financial Reserves Report and will be provided for the PCC prior to formal sign off of the Budget.

9. Risks

- 9.1 The major risks and unknowns surrounding the figures presented here are:
- Pay Awards are higher than the assumptions within the plan
 - The significant levels of vacancies needed to be held to deliver against both the financial plans of the Force.
 - Any differences between the future years' actual Government Grant settlements and those estimated within the plan
 - Variations in future years between the estimated tax base used and the actual declared tax base.
 - That the public does not support the precept increases that are factored into the current plans
 - Increasing costs of the employers Pension Contribution into the Police Pension Fund.
 - Sensitivity of assumptions, including inflation and borrowing costs.
 - The ability of the Force to manage within its allocated budget
 - The ability and capacity to either absorb growth/cost pressures and/or deliver savings to enable expenditure in essential areas to continue.
 - Ability to deliver the savings included within the plans within the timeframes set and also to the level needed whilst delivering the required levels of service.

10 Conclusions

- 10.1 The Police Settlement for 2023/24 has provided the PCC with almost £115.5m of Government funding for 2023/24, an increase of £2.0m or 1.8% from the year before.
- 10.2 This funding includes a Ring-fenced Grant for maintaining Police Officer numbers of £3.3m.
- 10.3 Considering all projected changes in income, including from the Precept increase, then the overall forecast increase in income is expected to be £8.4m.
- 10.4 Some of this increased funding is ring-fenced for the following and comes with corresponding additional costs:
- £1.2m has been specifically provided for year 2 of the Violence Reduction Unit
 - £0.6m has been provided for additional victim's services and safer streets
 - £0.5m for serious violence hotspot work
 - £0.3m is an increase in our ring-fenced Special Grant work
- 10.5 The remaining £5.8m needs to cover the following additional costs of £9.8m:
- £4.7m for pay inflation
 - £1.7m to increase Police Officer numbers
 - £3.4m for non-pay inflation
- 10.6 To mitigate the remaining £4m shortfall in 2023/24 the following is proposed:
- £2.9m less is going to be provided to the Capital Programme
 - £0.3m is going to be used from reserves
 - £0.8m of additional staff vacancies are going to be held.
- 10.7 Reserves are currently forecast to reduce by over £6m during 2023/24 to support the Capital programme, which in turn means that as much funding as possible is being focussed on the Revenue budget, to focus as much funding on service delivery as possible during 2023/24.
- 10.8 In addition to the use of Reserves, the Force is also planning to hold almost 100 staff vacancies (around 10% of their assessed need) to help balance the financial plans and prioritise the increase in Police Officer numbers from 1,443 FTE Core roles to 1,485 FTEs during 2023/24.
- 10.9 It is important to recognise that while the organisation has a balanced budget for the next 2 financial years it has an imbalance thereafter. This will require a lot of work and consideration over the next 12 months to ensure that this gap can be closed.

Community Safety and Victims and Witnesses Ser	
	2023/24
<u>Community Safety</u>	<u>£000s</u>
Divert Project	210,000
Youth Offending	160,000
ASB Youth Activities	148,000
Adult Protection Contribution	26,700
Local Safeguarding Childrens Board Contribution	131,000
Crimestoppers Contribution	24,260
Show Racism the Red Card	20,000
MFC Kicks	24,000
Safer Streets	224,515
Unallocated	50,580
Community Safety Fund	50,000
Total Community Safety	1,069,055
<u>Victims and Witnesses</u>	<u>£000s</u>
<u>Domestic Abuse</u>	
Eva Womens Aid	66,500
Foundation	95,972
Harbour	392,958
My Sisters Place	212,470
Halo	27,000
<u>Sexual Violence</u>	
Arch Teesside	326,440
A Way Out	30,105
SARC Services	134,000
Restorative Justice - Co-ordinator	36,000
Restorative Justice Services	143,450
Victims Referral Services	480,000
Support for Victims of HBV	76,365
Appropriate Adult Services	70,000
Anti Trafficking Network	5,000
Perpetrator Programme (DV)	50,000
Youth Commission	23,685
Total Victims and Witnesses	2,169,945
Total	3,239,000