

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

24th February 2022

Status: For Information

Long Term Financial Plan (LTFP) 2022/23 to 2025/26 and Capital Plans 2022/23 to 2025/26 including Reserves Strategy

1. Executive Summary

1.1 Purpose of the Report

This report asks the PCC to agree the Budget proposals for 2022/23 and the Long Term Financial Plan (LTFP) for 2022/23 – 2025/26 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 2022/23 and the indicative allocations for the period 2023/24 to 2025/26.

2. Recommendations

2.1 The PCC is requested to approve the allocation of the £169,375k of revenue funding, that is forecast to be received by the PCC in 2022/23, in the following areas:

- £960k to run the Office of the PCC
- £2,650k to support PCC Initiatives and Victims and Witnesses Services
- £10,300k for Corporate Services
- £151,315k to the Police Force
- £4,420k to the Capital Programme
- This will be supported by £290k from Earmarked Reserves

2.1 The PCC is asked to note that the 2022/23 budget is based on the approved £10 increase in the level of Band D precept for 2022/23.

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 2022/23 to provide updates on performance against the 2022/23 budget.
- 2.4 The PCC is asked to allocate £6,076k 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 £2,650k, as set out in Appendix A. Noting that any items not specifically on this list will be subject to additional approval from the PCC.
- 2.6 The PCC is asked to agree that additional borrowing totalling £824k can be taken out during 2022/23, if needed, to support the delivery of the Capital Programme.

3. Planning and Funding Assumptions

3.1 Police Funding Settlement 2022/23

- 3.2 The 2022-23 Provisional Settlement was announced on 16 December in a written statement by the Crime and Policing Minister, Kit Malthouse. with the Final Settlement announced on the 2nd February 2022, when the provisional settlement figures were confirmed.
- 3.3 Full details of the Settlement can be found on the Home Office gov.uk pages.
- 3.4 This settlement follows the first three-year Spending Review for several years. Despite the economic landscape improving, there are still significant difficulties within the economy. Inflation is of particular concern with the Bank of England's prediction of a CPI figure of over 5% in 2022 coming to fruition.
- 3.5 Prior to the publication of the settlement, the sector was expecting a continuation of additional Police Uplift Programme funding for the recruitment of 8,000 officers (towards the 20,000 total).
- 3.6 In a follow up meeting, Kit Malthouse confirmed that policing would receive an extra £550m in 2022-23, £650m in 2023-24 and £800m by 2024-25. It has been clarified that this means £100m extra in 2023/24 and then £150m extra in 2024/25.
- 3.7 At the time of the Spending Review, how this money was to be distributed was unknown, however, it was suggested that as well as Uplift funding this would also give forces enough resource to fund a pay rise, in line with the end of the public sector pay freeze.
- 3.8 The settlement also provided Police and Crime Commissioners (PCCs) in England with the flexibility to increase funding in each year of the Spending Review period with a £10 council tax referendum limit. According to the Spending Review, if all PCCs in England and Wales were to take full advantage of this flexibility, this would raise up to an additional £774m by 2024-25 based on current Home Office forecasts.

3.9 Spending Review 2021 Headlines

- £10 Precept Flexibility for PCCs over the 3 years of the Spending Review.
- The Home Office settlement provides £4.2 billion over the Parliament, increasing from £12.3bn in 2019-20, (14.6bn in 2021-22) to £16.5bn in 2024-25
- Public Sector Pay Freeze to end in 2022.

3.10 Core Funding

- 3.11 Based on the analysis released by the Government Core Funding to PCC's has increased by 5.8% in 2022/23, this however assumes that all PCCs increase their Precept by £10 and also does not take into account the loss of the additional Local Council Tax Support Grant that PCCs received in 2021/22.
- 3.12 The smallest increases in core funding were seen in City of London at 4.7%, with Dorset and Gloucestershire at 4.8%. In contrast Northumbria is shown to have the largest increase at 6.3%, followed by West Midlands at 6%.
- 3.13 The Government calculate the increase in Cleveland (including a £10 increase in Precept and excluding the loss of £1,395k for additional Council Tax Support Grant) to be 5.2%.
- 3.14 When the transfer of Special Branch out of force budgets is included, the additional money for all forces amounts to an increase of £549m. It has been confirmed that the funding that was promised to cover employer NI contributions increase of 1.25% is included within this funding.
- 3.15 What does the Government expect to be delivered with this additional funding?
- 3.16 The Government has written to PCC's setting out that:
- 3.17 One of our top priorities will be to complete the recruitment of the 20,000 additional officers by March 2023. All forces have continued to deliver through year two of the programme and, working in partnership with you, we have already recruited 11,053 additional officers. We expect the pace of delivery to continue.
- 3.18 For the final year of the Police Uplift Programme, the 8,000 additional officers to be recruited will be allocated based on the forces' share of the core grant under the police funding formula.
- 3.19 The allocation of 8,000 officers will support the growth of 425 officers into Regional Organised Crime Units to confront serious and organised crime. This continues our investment in to the regional tier of policing. This investment will support the delivery of our strategic commitments as set out in the Beating Crime Plan, as well as tackling drug supply, fraud, and online harms. These officers will also allow us to do more to stop the exploitation and abuse of the most vulnerable in our communities.

3.20 The Government expects PCCs to continue to take responsibility for crime outcomes both locally and nationally, and we will support PCCs and forces to deliver well-evidenced crime interventions as part of their core business. The Spending Review has provided £150m of Government funding for specific crime reduction programmes, designed to prevent crime and keep our communities safe, in each of the next three years. This funding will be available on a 'matched funding' basis.

3.21 Within this Spending Review settlement, we expect to see over £100m of cashable efficiency savings per annum delivered from police force budgets by 2024/25 against the 2020/21 baseline. Following positive engagement across the sector, we have identified three key areas for efficiencies: corporate functions ("back office" including shared services), commercial and procurement, and modern working practices including estates (taking advantage for new technology and innovation). The delivery of efficiencies will be supported and monitored by the Home Office and the Efficiency in Policing Board.

3.22 What does this mean for Cleveland in 2022/23 in terms of Funding?

- An increase in of Core Police Grant plus Police Uplift Grant of £5,830k.
- This includes up to £1,619k from the ring-fenced grant for the officer uplift – linked to the recruitment of 96 additional Police Officers by the end of March 2023 (which includes 5 to be allocated to the Regional Organised Crime Unit)
- Police Pension Grant remains at £1,324k
- Capital Grant has been abolished. In 2021/22 it was £138k
- The one-off increase in Council Tax Support Grant of £1,395k has not continued.
- A challenge to deliver £1,200k of savings and efficiencies towards the £100m of savings that have been factored into the National Core Grant allocations, with £960k required to be delivered in 2022/23

3.23 Based on the agreed precept, of £275.73 for a Band D property, then the overall impact on the Core funding for the organisation is set to increase by 4.6%, or just under £6.9m, as set out in the table below:

3.24

Overall Government and Local Revenue Funding				
	2022/23	2021/22	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
Government Funding				
Police Grant	(56,542)	(53,582)	(2,961)	5.5%
RSG/National Non Domestic Rate	(46,278)	(43,828)	(2,450)	5.6%
Police Officer Uplift Grant	(1,619)	(1,199)	(420)	35.0%
Council Tax Freeze Grant	(800)	(800)	0	0.0%
Council Tax Support Grant	(6,868)	(8,263)	1,395	-16.9%
Police Pensions Grant	(1,324)	(1,324)	0	0.0%
Total Government Funding	(113,432)	(108,996)	(4,436)	4.1%
Impact of a £10 increase in Band D Precept - 3.76% increase				
Net Deficit on Collection Funds	198	536	(339)	
Council Tax Requirement	(43,599)	(41,483)	(2,116)	
Total Local Funding	(43,401)	(40,947)	(2,454)	6.0%
Total Government + Local Funding	(156,833)	(149,943)	(6,890)	4.6%

- 3.25 How does Cleveland compare to the National Picture?
- 3.26 Of the £550m increase in Government Grant, which equates to a 6.1% increase nationally, Cleveland has only received a 5.4% increase.
- 3.27 The 0.7% difference is the equivalent of £690k (this is the equivalent to a £4.35 (1.6%) increase in the Band D precept)
- 3.28 If each PCC increased their precept by £10, combined with tax base assumptions, there will be an additional £246m of resources for policing from council tax alone. Due to historic differences in council tax, increases for individual PCCs range from 3.3% in North Wales to 6.95% in Northumbria. The unweighted average for all PCCs is 4.2%.
- 3.29 A £10 increase in Cleveland would equate to an increase of 3.76%. This would be the 12th lowest percentage increase in England and Wales, which results from Cleveland having the 12th highest Policing Precept level in England and Wales and a current Precept level that is around 11% higher than the National average.
- 3.30 If each PCC took the £10 precept, the average band D police precept in England and Wales would be £249.42 (in Cleveland this would be £275.73) with an average of 41% of total funding coming from Council Tax (in Cleveland this would be 26%)
- 3.31 Government Funding for 2023/24 and beyond
- 3.32 The Government have indicated that policing would receive an extra £100m extra in 2023/24 and then £150m extra in 2024/25.
- 3.33 A £100m increase equates to an increase of only 1.2% in 2023/24. Whereas an increase of £150m equates to an increase of only 1.7% in 2024/25.
- 3.34 Neither of these increases will be sufficient to keep pace with either pay or non-pay inflation.
- 3.35 In 2022-23 the top slices/reallocations total £1,373.7m, a £340.2m increase over last year (£1,033.5m). Primarily, this difference comes from an increase in Police Technology Programmes at £121.8m, with an additional £325m going to new programmes including Police and CJS Performance, Crime Reduction Programmes, Crime Reduction Capabilities, Rape Review, Drugs / County Lines, Capital Reallocations and Fraud.
- 3.36 Pensions Grant
- 3.37 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'.

3.38 Council Tax Legacy Grant

3.39 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 2022-23. 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'.

3.40 Capital Funding

3.41 Capital Funding has been moved under the umbrella of reallocations and adjustments. Total Police Capital Funding is now worth £188.1m. Capital funding grant in its previous form no longer exists.

3.42 As such no Government funding is provided specifically for Policing in Cleveland. This is a reduction from £138k in 2021/22. When this is compared to a Capital Programme of around £4.5m to £6m per year it means there is a significant need to use Revenue Funding to fund the Capital Programme.

3.43 Counter Terrorism

3.44 The Minister announced a total of £1,022.9m for Counter Terrorism (CT) policing in 2022-23. The top slice amounts to a total of £978.9m, an increase of £65m. However, this year the policing minister stated that there would be a £44m transfer from the Special Branch from core PCC budgets to the CT policing grant, which pushes the total to over £1bn.

3.45 Ministry of Justice Grants

3.46 PCCs have recently been notified of their 2022-23 allocations for commissioning of victims' services. These allocations are unfortunately based on population and as such they do not consider the level of victims in a Police Force Area. Given that the population in Cleveland is not increasing as quickly as other areas of the country then the allocation for 2022/23 has reduced, by just over £7k, in comparison to 2021/22 to £657k

3.47 In addition to the above it has been confirmed that £508k has been awarded to Cleveland to continue 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.

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 **18.6%** between 2010-11 and 2022-23. However, in Cleveland is it lower than this at **13.0%**, **the difference is the equivalent of about £8.8m of additional funding per year.**
- However, when we account for inflation, then Nationally funding is still 5.1% lower than in 2010/11, in Cleveland the reduction is higher at about 9.6%

3.44 **In Real Terms funding in Cleveland in 2022/23 will be about 9.6% lower than in 2010/11 – this is the equivalent of £15m.**

3.45 The table below provides more detail.

Police Force Area (excl Wales and London)	Cash Change in GOVERNMENT FORMULA FUNDING between 2010-11 and 2022-23	REAL TERMS cut in GOVERNMENT FORMULA FUNDING between 2010-11 and 2022-23	Cash change in TOTAL FUNDING between 2010-11 and 2022-23	REAL TERMS cut to TOTAL FUNDING between 2010-11 and 2022-23
Northumbria	1.4%	-18.9%	9.4%	-12.5%
Merseyside	3.6%	-17.1%	10.7%	-11.4%
West Midlands	2.1%	-18.3%	10.8%	-11.3%
Greater Manchester	3.8%	-17.0%	12.5%	-10.0%
Cleveland	6.0%	-15.2%	13.0%	-9.6%
Durham	3.9%	-16.9%	13.3%	-9.3%
South Yorkshire	3.5%	-17.2%	13.7%	-9.0%
West Yorkshire	3.3%	-17.3%	15.1%	-7.9%
Lancashire	3.4%	-17.2%	15.3%	-7.8%
Humberside	6.1%	-15.1%	16.2%	-7.0%
Cumbria	4.6%	-16.3%	16.7%	-6.6%
Staffordshire	6.8%	-14.5%	16.8%	-6.5%
Nottinghamshire	5.3%	-15.7%	17.9%	-5.7%
Derbyshire	4.8%	-16.1%	19.0%	-4.8%
West Mercia	6.7%	-14.6%	20.1%	-3.9%
Avon & Somerset	5.9%	-15.3%	21.0%	-3.2%
Leicestershire	5.1%	-15.9%	21.0%	-3.2%
North Yorkshire	7.3%	-14.2%	21.2%	-3.0%
Hertfordshire	5.9%	-15.3%	21.5%	-2.8%
Cheshire	4.1%	-16.7%	22.2%	-2.2%
Kent	4.2%	-16.6%	22.2%	-2.2%
Devon & Cornwall	5.7%	-15.4%	22.3%	-2.2%
Hampshire	3.5%	-17.2%	22.4%	-2.1%
Suffolk	6.8%	-14.6%	22.7%	-1.8%
Bedfordshire	4.0%	-16.8%	23.0%	-1.6%
Northamptonshire	6.0%	-15.2%	23.2%	-1.4%
Essex	4.7%	-16.2%	23.4%	-1.3%
Sussex	4.9%	-16.1%	23.4%	-1.3%
Gloucestershire	6.9%	-14.5%	23.6%	-1.1%
Dorset	8.7%	-13.0%	24.0%	-0.8%
Norfolk	7.7%	-13.8%	24.6%	-0.3%
Lincolnshire	7.4%	-14.1%	24.7%	-0.2%
Cambridgeshire	5.5%	-15.6%	24.9%	-0.1%
Wiltshire	4.6%	-16.3%	25.1%	0.1%
Thames Valley	4.4%	-16.5%	25.2%	0.2%
Warwickshire	6.8%	-14.5%	26.5%	1.2%
Surrey	6.4%	-14.8%	27.7%	2.1%
Total	4.5%	-16.4%	18.6%	-5.1%

- 3.46 It is worth noting that Cleveland has seen a Real term reduction in Government Funding of circa 15.2%, which is slightly better than the overall national position of 16.4%.
- 3.47 Despite increases in precept, across the last 12 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 review.
- 3.49 **Precept**
Around 28% 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 £10 before a referendum is required in 2022/23.
- 3.52 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
- 3.53 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

- 3.54 Staff also attended a number of community events across the whole Cleveland area, engaging through paper-based versions of the survey and also with counters where members of the public could place a counter to indicate what, if any, level of increased precept they would be willing to support. Roadshows took place at the following locations:
- Bark in the Park – Stewarts Park
 - Festival of Thrift – Kirkleatham Museum
 - Diwali event – Middlesbrough Town Hall
 - Parkway shopping centre
 - Tesco's, Ingleby Barwick
 - Castlegate shopping centre
 - Middleton Grange shopping centre
- 3.55 In total 448 people completed the survey, and 795 people took part in the counter consultation, meaning that a total of 1,243 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 Hartlepool area, as follows:
- Redcar and Cleveland responses – 29.3%
 - Middlesbrough responses – 25.7%
 - Stockton responses – 24.3%
 - Hartlepool responses – 8.8%
 - Unspecified responses – 11.8%
- 3.57 A detailed report on the consultation is provided at Appendix D to this report however the response to the financial aspects are as follows:
- 3.58 Would you be willing to pay more towards local policing?
- 3.59 Across the whole consultation, covering both the survey and the counter exercise, 71.3% 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?
- 3.61 Respondents who stated that they would be willing to pay more towards their local policing were asked how much more per month they would be willing to pay with options of £1, £1.50, £2 and £2.50.
- 3.62 Across the whole consultation, covering both the survey and the counter exercise, over three quarters of respondents (76%) chose the highest option of £2.50 extra per month.
- 3.63 Where would you like to see additional money spent?
- 3.64 Respondents to the survey were asked where they would like to see any additional funding focused. By far the most popular choice was on local policing (77.6%) followed by public protection (44.8%) and investigations (32.3%). Operational support and control room/front desk were seen as less of a priority, with 17.5% and 13.3% respectively.

- 3.65 Combined results (online and in-person) from the consultation show the majority (71%) support an increase of at least £1 per month (or £12 per year) which is higher than the £10 annual increase in precept that was the limit set by the Government.
- 3.66 As a result, a £10, or 3.76%, increase in the Band D precept was proposed to the Police and Crime Panel who also supported this increase.
- 3.67 For the purposes of planning, the balanced plan that is set out within this paper assumes the following:
- 2023/24 – Precept Increase of £10
 - 2024/25 – Precept Increase of £10
 - 2025/26 – Precept Increase of £10
- 3.68 In the 4 years prior to 2021/22 there had been significant increases in the number of calculated Band D properties within Cleveland which the PCC has benefited from. This came to an abrupt halt in 2021/22 however 2022/23 has returned to a more 'normal' pattern with the Tax Base increasing by 1.29%.
- 3.69 The number of Band D properties within Cleveland increased by 2,011 to 158,121.
- 3.70 During 2021/22 the Councils indicated an overall deficit on their Council Tax collection funds, of which £1,182k related to Police.
- 3.71 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.
- 3.72 The deficit is therefore being phased in three equal and fixed amounts across the financial years 2021-22, 2022-23 and 2023-24.
- 3.73 2022-23 is the second of these 3 years and therefore a £394k charge is factored into the overall collection fund position, which was a deficit of £198k.
- 3.74 LTFP Assumptions
When the 2020/21 budget was set in February 2020 the forecasts were underpinned by the following assumptions:
- Pay Awards:
 - 2021/22 - Freeze
 - 2022/23 - 1.0% increase
 - 2023/24 – 1.5% increase
 - 2024/25 – 2% increase
 - Precept: Increases of:
 - 2021/22 - 1.99%
 - 2022/23 - 1.99%
 - 2023/24 – 1.99%
 - 2024/25 – 1.99%

- Tax Base increases of:
 - 2021/22 - 1.5%
 - 2022/23 - 1.25%
 - 2023/24 – 1.25%
 - 2024/25 – 1.0%
- Government Grants: Frozen for next 2 years
- Impact of Funding Formula review – Nil

3.75 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 LTFP for 2022/23 and beyond will assume the following:

- Pay Awards:
 - 2022/23 – 3.5% increase
 - 2023/24 – 2.5% increase
 - 2024/25 – 2% increase
 - 2025/26 – 2% increase
- Precept: Increases of:
 - 2022/23 - £10
 - 2023/24 – £10
 - 2024/25 – £10
 - 2025/26 - £10
- Tax Base increases of:
 - 2022/23 - 1.29%
 - 2023/24 – 1.3%
 - 2024/25 – 1.0%
 - 2025/26 – 1%
- Government Grants:
 - 2023/24 – 1.2%
 - 2024/25 – 1.7%
 - 2025/26 – 2.0%
- Impact of Funding Formula review – Nil

3.76 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 2021/22, is as follows

	Actual Budget				
	2021/22	2022/23	2023/24	2024/25	2025/26
Funding	£000s	£000s	£000s	£000s	£000s
Government Grant	(97,410)	(102,820)	(104,015)	(105,807)	(107,924)
Council Tax Precept	(40,947)	(43,401)	(45,572)	(48,040)	(50,199)
Council Tax Freeze Grant	(800)	(800)	(800)	(800)	(800)
Council Tax Support Grant	(8,263)	(6,868)	(6,868)	(6,868)	(6,868)
Funding for Net Budget Requirement	(147,420)	(153,890)	(157,255)	(161,516)	(165,791)
%age Change in Net Budgetary Requirement	5.2%	4.4%	2.2%	2.7%	2.6%
Specific Grants	(7,037)	(7,407)	(7,407)	(7,407)	(7,407)
Witness and Victims Funding	(993)	(1,165)	(657)	(657)	(657)
Partnership Income/Fees and Charges	(3,175)	(4,094)	(4,126)	(4,241)	(4,341)
Total Core Funding	(158,625)	(166,555)	(169,445)	(173,820)	(178,195)
%age Change in Core Funding	4.4%	5.0%	1.7%	2.6%	2.5%
Special Grant	(3,500)	(2,800)	(1,300)	0	
Total Overall Funding	(162,125)	(169,355)	(170,745)	(173,820)	(178,195)

3.77 2022/23 is the 4th 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 £28m (or 22%) in the past 4 years.**

3.78 The position is similar as a **Total Core funding level, with increases of £32m (or nearly 24%) across the same 4 year period.**

3.79 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 £15m since 2010/11.

3.80 The 2022/23 settlement continues to provide a significant opportunity to invest in Policing and Crime services within Cleveland.

4. Expenditure Plans

4.1 In setting the budget for 2022-23 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 small increase in the overall budget is required to absorb higher pay and National insurance costs, of £50k in total.

4.4 This is partly offset by savings within supplies and services, resulting in an overall increase of £40k, which is 4.3%. This is below the overall increase in funding available to the PCC, which has increased by 5% from 2021/22.

4.5 Further details are provided below:

2020/21 Budget	PCC Budget	2021/22 Budget	Movement to 2022/23 Budget	2022/23 Budget
£	Category of Spend	£	£	£
815,500	Staff Pay and Allowances	758,000	49,500	807,500
5,100	Other Pay and Training	5,000	0	5,000
229,400	Supplies and Services	243,800	(9,500)	234,300
10,000	Transport	5,000	0	5,000
(160,000)	Miscellaneous Income	(91,800)	0	(91,800)
900,000	Total Budget	920,000	40,000	960,000

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 Ministry of Justice have confirmed the level of the Victims and Witnesses Grant for 2022/23, core allocations are £657k in 2022/23, which is £7k lower than 2021/22.

4.8 In addition to the above it has been confirmed that £508k has been awarded to Cleveland to continue 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

4.9 The OPCC has been successful in bidding Safer Streets Funding in both 2020/21 and 2021/22. There will be an opportunity for the PCC to bid into a similar fund for the next 3 years with £50m per year available nationally. The Funds overarching proposals were signed off in the government's Levelling Up paper which confirms the Fund has expanded its primary objectives to encompass the prevention of:

- neighbourhood crimes like burglary, robbery and vehicle theft
- anti-social behaviour (new area of focus)
- violence against women and girls (e.g. harassment, rape, sexual assault and stalking)

4.10 This means bidders in England and Wales can submit bids on one, all or a selection of these crime areas based on local needs. Bidders will be able to identify secondary benefits too.

4.11 Other opportunities may become available during the year however having the resources available to pursue these opportunities is likely to be a challenge and will need to be considered as part of any future bids.

4.12 The indicative budget for these areas are set out in the table below:

	Actual Budget				
	2021/22	2022/23	2023/24	2024/25	2025/26
Community Safety/Victims and Witness	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Community Safety Initiatives	1,015	1,079	1,068	1,070	1,061
Victims and Witnesses Services	1,715	1,571	1,087	1,110	1,134
Total Planned Expenditure	2,730	2,650	2,155	2,180	2,195

4.13 Further details of all the service/schemes and initiatives included within the £2,650k for 2022/23 are set out in Appendix A.

4.14 Corporate Services

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

4.15 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.

4.16 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				
	2021/22	2022/23	2023/24	2024/25	2025/26
Corporate Services	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Staff Pay	800	830	845	860	875
Non Pay Expenditure	130	85	85	85	85
PFI Action Stations	5,755	5,670	5,815	6,005	6,510
PFI Urday Nook	1,865	2,000	2,070	2,135	2,190
Asset Management	1,875	1,715	1,715	1,715	1,715
Total Corporate Costs	10,425	10,300	10,530	10,800	11,375

4.17 The asset management costs continue to be reduced, from £2,050k in 2019/20 to £1,715k in 2022/23, as the organisation proactively manages the loans the organisation has and takes the benefit of lower interest rates as appropriate.

4.18 Further savings will be difficult to deliver from this area until the PFI contracts come to an end however neither of the PFI schemes are due to end within the current life of this plan.

5. Police Force

5.1 The vast majority 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 are included below:

	Actual Budget				
	2021/22	2022/23	2023/24	2024/25	2025/26
Police Force Planned Expenditure	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Pay					
Police Pay	80,214	83,253	87,427	89,752	93,315
Police Overtime	2,103	2,172	1,956	1,904	1,983
Staff Pay	31,433	33,268	35,008	34,694	35,683
Police Community Support Officer Pay	3,897	3,830	3,988	4,126	4,224
Pay Total	117,647	122,523	128,379	130,474	135,205
Non-Pay Budgets					
Other Pay and Training	947	1,081	1,091	1,101	1,101
Injury and Medical Police Pensions	3,278	3,678	3,778	3,878	3,878
Premises	3,998	4,400	4,455	4,596	4,596
Supplies and Services	14,249	14,509	14,627	14,600	14,859
Transport	1,663	1,668	1,704	1,740	1,740
External Support	3,262	3,838	3,863	3,888	3,888
Non-Pay Total	27,398	29,174	29,518	29,803	30,062
Savings Required		(382)	(382)	(382)	(382)
Total Planned Force Expenditure	145,045	151,315	157,515	159,895	164,885
%age Change in Expenditure	5.3%	4.3%	4.1%	1.5%	3.1%

- 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 and 4.
- 5.6 A further 4.3% (£6.3m) increase in the funding available to the Force in 2021/22 followed on the back of a £9.6m increase in 2020/21. **In 2021/22 the Force will therefore have just over £31.5m, or 26%, more funding available than it had in 2018/19.**
- 5.7 **Areas of Note within the Force's Plans**
- 5.8 **Police Officers** – the PCC provided funding to accelerate the recruitment of Police Officers, beyond those expected and funded by the Government, in 2019/20, 2020/21 and 2021/22.
- 5.9 The Force have responded with plans that expect to deliver 1,462 FTE Officers by the end of 2022/23. This is 27 higher than the recurring Police Officer Uplift Target once the Historical Investigation Unit (HIU) resources are removed from the analysis.
- 5.10 Taking account of the resources needed for the HIU and the wider Force need the Force has set a budget based on delivering 1,472 FTE Police Officers during 2022/23. The starting point for 2022/23 would suggest that this should be achievable.
- 5.11 It is important to recognise that current assessment of Police Officer resources required to meet demand in Cleveland is above the level set out within the financial plans
- 5.12 Prior to the 2022/23 financial year the Force had set out a need for 1,474 FTE Police Officers to meet their assessment of demand. This has reduced by 7 through making those roles deliverable by a member of Police Staff. Work through the Force Management Statement (FMS) and the Serious Violence bid identified a need for a further 73 Police Officer posts, 47 of which were recurring as part of the FMS assessment and 26 that were set out within the Grant bid for only 3 years.
- 5.13 The PCC may want to enquire as to how the Force intend to manage/mitigate the difference between their assessment of need and the resources within the plans, including the risks that this brings.
- 5.14 The PCC may also be interested that Cleveland has the second highest number of Police Officers for each 1,000 people of the area that it polices, at 2.54 per 1000. (based on the 2021/22 HMICFRS Value for Money indicators)
- 5.15 The highest in the Country is Merseyside at 2.83 per 1,000.

- 5.16 If Cleveland had the same number of Police Officers per 1,000 population as Merseyside do, then Cleveland would have around 160 additional Police Officers, which would be more than sufficient to meet the requirements that the Force have calculated that they need to meet demand.
- 5.17 It is also perhaps worthy of note that Cleveland has £2 more per head of population to spend on Policing than Merseyside has to spend on their population. (per the 2021/22 HMICFRS Value for Money indicators) This would suggest it is then about resource allocation, as opposed to affordability, however there could be other factors to take into account. It is however an area that the PCC may want to explore further with the Force.
- 5.18 Given both the clear priority within the Police and Crime Plan about 'More Police on Our Streets' and the continued public support for this, as evidenced by the recent precept consultation, this area will therefore need to be an area of significant focus for the Force and one that is recommended that the PCC continues to incorporate into their scrutiny programme on a regular basis.
- 5.19 **Staff** – There continues to be both significant development and change within this area. With a projected Police Force Staff Establishment of 937 FTEs indicated for 2022/23. This is 57 FTEs (6.5%) higher than 2021/22.
- 5.20 Since 2019/20, once the impact of the TUPE transfer of the Force Control Room staff and wider outsourced staff are removed, there has been growth of 150 FTE staff posts within the Force's Staff Establishment. This equates to an increase of 19% over 3 years.
- 5.21 Despite this significant level of growth both the FMS work and Serious Violence work identified the need for almost another 150 FTE roles to meet current and future demand.
- 5.22 It is perhaps worth reflecting that, per the 2021/22 HMICFRS Value for Money indicators, Cleveland had the 4th highest number of Police Staff per 1000 people in their Police Force area. The increase in 2022/23 is likely to take them further up this list. If there was sufficient funding to afford the additional 150 roles identified as part of the FMS and Serious Violence work, then Cleveland would be top of this analysis by some considerable way.
- 5.23 When this is combined with the observations on Police Officer numbers it starts to raise some questions in relation to resource allocation that might be worth exploring.
- 5.24 On top of the plans to continue to recruit Police Officers in 2022/23 and a need to recruit PCSOs to maintain the establishment in this area too, there were only 763 FTE Police Staff employed by the Force at the end of December 2021 (interestingly this is only 5 FTE Police Staff higher than were employed by the Force at the end of December 2020)

- 5.25 At 763 FTEs, this is 174 FTEs lower than the proposed 2022/23 Staff establishment of 937 FTEs.
- 5.26 While the financial plans expect the recruitment to be phased, and have factored in a 10% vacancy rate for 2022/23 across most areas (which equates to 88 FTEs), the challenges to deliver this level of recruitment, as has been evident during 2021/22, in the first place and then the knock-on impact across the Force will be a significant challenge and one that if it isn't successfully delivered will continue to have a significant impact on the ability of the Force to deliver the vital improvements that are required.

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				
	2021/22	2022/23	2023/24	2024/25	2025/26
Funding	£000s	£000s	£000s	£000s	£000s
Government Grant	(97,410)	(102,820)	(104,015)	(105,807)	(107,924)
Council Tax Precept	(40,947)	(43,401)	(45,572)	(48,040)	(50,199)
Council Tax Freeze Grant	(800)	(800)	(800)	(800)	(800)
Council Tax Support Grant	(8,263)	(6,868)	(6,868)	(6,868)	(6,868)
Funding for Net Budget Requirement	(147,420)	(153,890)	(157,255)	(161,516)	(165,791)
%age Change in Net Budgetary Requirement	5.2%	4.4%	2.2%	2.7%	2.6%
Specific Grants	(7,037)	(7,407)	(7,407)	(7,407)	(7,407)
Witness and Victims Funding	(993)	(1,165)	(657)	(657)	(657)
Partnership Income/Fees and Charges	(3,175)	(4,094)	(4,126)	(4,241)	(4,341)
Total Core Funding	(158,625)	(166,555)	(169,445)	(173,820)	(178,195)
%age Change in Core Funding	4.4%	5.0%	1.7%	2.6%	2.5%
Special Grant	(3,500)	(2,800)	(1,300)	0	
Total Overall Funding	(162,125)	(169,355)	(170,745)	(173,820)	(178,195)
Office of the PCC Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Total Planned Expenditure	920	960	980	1,000	1,020
Community Safety/Victims and Witness	£000s	£000s	£000s	£000s	£000s
Community Safety Initiatives	1,015	1,089	1,078	1,081	1,072
Victims and Witnesses Services	1,715	1,561	1,077	1,099	1,123
Total Planned Expenditure	2,730	2,650	2,155	2,180	2,195
Corporate Services	£000s	£000s	£000s	£000s	£000s
Staff Pay	800	830	845	860	875
Non Pay Expenditure	130	85	85	85	85
PFI Action Stations	5,755	5,670	5,815	6,005	6,510
PFI Urlay Nook	1,865	2,000	2,070	2,135	2,190
Asset Management	1,875	1,715	1,715	1,715	1,715
Total Corporate Costs	10,425	10,300	10,530	10,800	11,375
Police Force Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Pay					
Police Pay	80,214	83,253	87,427	89,752	93,315
Police Overtime	2,103	2,172	1,956	1,904	1,983
Staff Pay	31,433	33,268	35,008	34,694	35,683
Police Community Support Officer Pay	3,897	3,830	3,988	4,126	4,224
Pay Total	117,647	122,523	128,379	130,474	135,205
Non-Pay Budgets					
Other Pay and Training	947	1,081	1,091	1,101	1,101
Injury and Medical Police Pensions	3,278	3,678	3,778	3,878	3,878
Premises	3,998	4,400	4,455	4,596	4,596
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External Support	3,262	3,838	3,863	3,888	3,888
Non-Pay Total	27,398	29,174	29,518	29,803	30,062
Savings Required	(382)	(382)	(382)	(382)	(382)
Total Planned Force Expenditure	145,045	151,315	157,515	159,895	164,885
%age Change in Expenditure	5.3%	4.3%	4.1%	1.5%	3.1%
(Surplus)/ Deficit	£000s	£000s	£000s	£000s	£000s
(3,005)	(4,130)	435	55	1,280	
Contribution to Capital Programme	3,585	4,420	1,170	2,485	2,375
Planned Transfers to/(from) Earmarked Reserves	(580)	(290)	(1,605)	(340)	(455)
Net (Surplus)/Deficit After Reserves	0	0	0	2,200	3,200
General Reserves	£000s	£000s	£000s	£000s	£000s
General Fund Balance b/f	5,042	5,042	5,042	5,042	5,042
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	1,403	1,442	1,467	1,467	1,467
Non-Recurring Police Officer Posts	50	30	15	0	0
PCSOs	106	106	106	106	106
Police Staff - Police Force	880	937	931	900	900
OPCC Staff	13	13	13	13	13
Corporate/Commissioning Staff	16	17	17	17	17
Assumptions					
Pay Awards	0.0%	3.5%	2.5%	2.0%	2.0%
Non Pay Inflation	2.0%	Calculated	2.0%	2.0%	2.0%
RPI	1.5%	7.1%	3.5%	3.0%	2.5%
Precept Increases	2.0%	3.8%	3.6%	3.5%	3.4%
Core Government Grant Movements	7.2%	5.6%	1.2%	1.7%	2.0%

- 6.2 In many ways the financial plans for 2022/23 are slightly better than expected and forecast which means that the Force will be able to recruit more Police Officers and staff in 2022/23 than it had planned a year ago.
- 6.3 Thereafter however the financial plans of the organisation get much worse than expected. The indications that Government Funding will only increase nationally for Policing by £100m in 2022/23 and £150m in 2023/24 will be a significant challenge in Cleveland and will require significant levels of savings and reductions if these materialise.
- 6.4 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 2023/24, which has an forecast deficit of £2.2m, and 2024/25 which has a forecast deficit of £3.2m.
- 6.5 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.
- 6.6 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 The most significant area of development and work over the planning period will be delivery against the Digital Strategy. This will inform a significant area of work from a local perspective but also linking into the significant work that is on-going on a National basis in this area.
- 7.3 The current plans factor in £2,289k of borrowing which has been aligned to the proposed investment in Estates across the next 4 years.
- 7.4 The level of borrowing that the PCC has peaked in 2019/20 at just over £31m and is expected to reduce to around £25m by the end of 2022/23 and remain at this level.
- 7.5 While there is just over £7m of loans due to mature over the next 4 years these will be replaced with new loans at much lower interest rates which will help lower the asset management costs and release savings to support services elsewhere.
- 7.6 The PCC will have sufficient funds available to support the current 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:

	2021/22	2022/23	2023/24	2024/25	2025/26
Future Funding Levels	£000s	£000s	£000s	£000s	£000s
Earmarked Reserve/Funding b/f	5,419	5,447	7,821	6,037	3,673
Capital Grant	138	0	0	0	0
Contribution from Revenue	3,639	4,420	1,170	2,485	2,375
Contribution from Other Reserves	991				
Capital Receipts (from Vehicle sales)	101	97	97	97	102
Capital Receipts (from Property sales)	2,988	3,109	0	0	
Internal Borrowing	723	824	555	490	420
Projected In-year funding Available	8,580	8,450	1,822	3,072	2,897
Digital Strategy	6,064	3,366	1,464	3,901	4,350
Estates Strategy	802	824	555	490	420
Fleet Replacement Programme	1,424	1,498	967	865	802
Other Schemes	262	388	620	180	200
Total Capital Programme	8,552	6,076	3,606	5,436	5,772
Earmarked Capital Reserve/Funding c/f	5,447	7,821	6,037	3,673	798

8. Reserves

8.1 As at the end of 2020/21 the PCC had Usable Reserves of £17.6m. The main reserves held at that point were for the following reasons:

- General Reserves - £5.0m
- Funding for projects within the financial plans - £3.6m
- General contingency and risk Reserves - £3.1m
- Unapplied Capital Grants and Capital receipts - £4.5m

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 LTFP, current projections are included within the table below:

	Balance at 31 March 2021 £000	Tranfers In 2021/22 £000	Tranfers Out 2021/22 £000	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
Funding for projects & programmes over the period of the current MTFP																
Direct Revenue Funding of Capital	(881)	(4,630)	4,770	(741)	(4,800)	5,535	(6)	(1,170)	1,176	0	(2,485)	2,485	0	(2,375)	2,375	0
Community Safety Initiatives Fund	(24)		24	0			0		0	0			0			0
COVID reserve	(300)		300	0			0			0			0			0
PCC Change Reserve	(129)			(129)			(129)			(129)			(129)			(129)
Digital Forensics	(245)		245	0			0			0			0			0
Airwaves Project	(422)		166	(256)		166	(90)			(90)			(90)			(90)
CP Change Reserve	(832)	(500)		(1,332)		340	(992)		650	(342)		300	(42)			(42)
Commissioning Reserves	(259)		144	(114)			(114)			(114)			(114)			(114)
Road Safety Initiatives Fund	(537)		380	(157)		25	(132)			(132)			(132)			(132)
Sub Total	(3,627)	(5,130)	6,029	(2,728)	(4,800)	6,066	(1,462)	(1,170)	1,826	(806)	(2,485)	2,785	(506)	(2,375)	2,375	(506)
Funding for projects & programmes beyond the current MTFP																
PFI Sinking Fund	(413)	(75)	325	(163)	(75)		(238)	(75)	30	(283)	(75)	115	(243)	(75)	115	(203)
Incentivisation Grant	(677)	(80)	120	(637)	(80)		(717)	(80)		(797)	(80)		(877)	(80)		(957)
Police Property Act Fund	(160)			(160)			(160)			(160)			(160)			(160)
Sub Total	(1,250)	(155)	445	(960)	(155)	0	(1,115)	(155)	30	(1,240)	(155)	115	(1,280)	(155)	115	(1,320)
General Contingency																
Legal/Insurance Fund	(506)	(124)		(630)			(630)			(630)			(630)			(630)
Injury Pension Reserve	(162)	(700)		(862)			(862)			(862)			(862)			(862)
Uray Nook TTC	(81)			(81)			(81)			(81)			(81)			(81)
NERSOU	(160)			(160)			(160)			(160)			(160)			(160)
Collaboration Reserve	(118)		90	(28)			(28)			(28)			(28)			(28)
Pay Reserve	(1,000)			(1,000)			(1,000)		1,000	(0)			(0)			(0)
Major Incident Reserve	(1,000)		165	(835)			(835)			(835)			(835)			(835)
Revenue Grants Unapplied	(100)		100	(0)			(0)			(0)			(0)			(0)
Sub Total	(3,127)	(824)	355	(3,596)	0	0	(3,596)	0	1,000	(2,596)	0	0	(2,596)	0	0	(2,596)
Total Earmarked Reserves	(8,005)	(6,109)	6,829	(7,284)	(4,955)	6,066	(6,173)	(1,325)	2,856	(4,642)	(2,640)	2,900	(4,382)	(2,530)	2,490	(4,422)
General Reserves	(5,042)		0	(5,042)		0	(5,042)		0	(5,042)		0	(5,042)		(4)	(5,046)
Unapplied Capital Grants	(1,399)	(138)	1,537	(0)	0	0	(0)	0	0	(0)	0	0	(0)	0	0	(0)
Total Usable Reserves	(14,446)			(12,326)			(11,215)			(9,684)			(9,424)			(9,468)
Capital Receipts Reserve	(3,139)	(2,988)	1,421	(4,706)	(3,109)		(7,815)	0	1,778	(6,037)	0	2,364	(3,673)	0	2,875	(798)

8.4 A full review of adequacy of reserves and the robustness of the assumptions within the LTFFP 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 recruitment needed to deliver against both the financial and operational 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.

	2022/23
<u>Community Safety</u>	£000s
Divert Project	205,000
Youth Offending	160,000
ASB Youth Activities	148,000
Domestic Violence	140,000
Adult Protection Contribution	24,000
Local Safeguarding Childrens Board Contribution	131,000
Retail Crime Contribution	7,000
Crimestoppers Contribution	21,660
Local Criminal Justice Board Resourcing	25,640
Show Racism the Red Card	20,000
MFC Kicks	24,000
MFC Foundation	10,000
Unallocated	112,940
Community Safety Fund	50,000
Total Community Safety	1,079,240
<u>Victims and Witnesses</u>	£000s
Domestic Abuse Support Uplift	376,500
Sexual Violence Support Uplift	64,930
ISVA Services	197,265
SARC Services	120,190
Restorative Justice - Co-ordinator	35,000
Restorative Justice Services	140,000
Victims Referral Services	466,000
Support for Victims of HBV	30,000
Appropriate Adult Services	35,000
Anti Trafficking Network	5,000
Perpetrator Programme (DV)	76,875
Youth Commission	24,000
Total Victims and Witnesses	1,570,760
Total	2,650,000