

Report title: 2021/22 PFCC Budget Update	
Report to: Essex Police, Fire and Crime Panel	
Report author: The Police, Fire and Crime Commissioner for Essex	
Date: 10 December 2020	For: Noting and comment
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County Divisions affected: All Essex	

1. Purpose of Report

- 1.1. To provide an update on current progress against the medium term financial strategy (MTFS) and the setting of the 2021/22 budget.

2. Recommendations

- 2.1. That members of the Police, Fire and Crime Panel note the progress and background issues on setting the budget.

3. Context

- 3.1. The 2021/22 budget is being set against the backdrop of the ongoing Coronavirus pandemic, and officers have factored in the impact this has on the underlying assumptions in the budget.
- 3.2. The forecast position of the PFCC over the next five-year period (2021/22 to 2025/26) is under construction, taking account of the following factors:
 - i. Force growth
 - ii. Cashable savings
 - iii. Revenue pressures
 - iv. Revenue consequences of the capital programme
 - v. Council taxbase estimates

4. Force Growth

- 4.1. In total, 26 bids from across the force were submitted to be considered for growth posts in 2021/22, totalling 235 full time equivalents. Of these posts, 185 are front line roles. Further work will need to be undertaken to determine which of these bids are progressed as the grant funding for the uplift programme in 2021/22 will not be sufficient to cover this number of roles. The medium term financial strategy (MTFS) assumes that additional roles will be fully funded by the uplift grant.

5. Cashable Savings

5.1. Work has progressed throughout the year to develop the 2021/22 Efficiency and Savings Plan. The MTFS reflects the plan to deliver £4.3m of savings in 2021/22, which include the following savings:

- £1.1m arising from a one-off increase to the force wide vacancy factor;
- £0.6m reduction in motor insurance premiums following a revision of the allocation of costs between forces;
- £0.7m on IT software and hardware;
- £0.3m in the Management of Sexual Offenders and Violent Offenders (MOSOVO) through increased productivity of the unit;
- £0.3m across a range of staff roles, including reducing the budgeted FTE where appropriate;
- £0.8m non pay savings arising from a line by line review of spend, and
- £0.5m other savings.

5.2. Work continues on a small number of proposals to establish the deliverability and value of any 2021/22 saving.

6. Revenue Bids

6.1. As part of the budget setting process, Finance Business Partners and Management Accountants have worked with budget holders to identify where there are confirmed contractual, legal or service demand pressures. Table 1 below shows a summary of these bids.

Table 1 – Summary of revenue bids identified

	Investment (£)			
	2021/22		2022/23	
Bid Type	One off	Recurring	One off	Recurring
Contractual & Legal	463,205	1,712,720	346,002	1,799,220
Service Demand	619,741	1,468,530	190,287	1,597,847
New Revenue Investment	3,841,254	3,233,517	662,000	3,441,135
Sub Total - Bids Submitted	4,924,200	6,414,767	1,198,289	6,838,202
Bids Previously Approved by COG	876,468	201,927	15,834	263,602
Total Revenue Bids	5,800,668	6,616,694	1,214,123	7,101,804

6.2. These bids have been reviewed by Essex Police's Chief Officer Group (COG) and have been scrutinised by the PFCC alongside the Chief Constable. These continue to be challenged and reviewed as part of the ongoing budget setting process.

6.3. Unavoidable non pay inflation and other contractual obligations are reflected in the contractual and legal bids.

6.4. Increases to service demand include expenditure such as toxicology testing,

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where the ongoing roads policing strategy relating to drug and drink driving has resulted in an increased demand for toxicology testing

- 6.5. New revenue investment proposals for 2021/22 include £3.5m one-off costs relating to the four force ICT convergence project which is an invest to save plan.

7. Capital Programme

- 7.1. Capital bids have been completed and submitted by budget holders for consideration by Essex Police's Chief Officer Group. The output of this can be seen in Table 2 below.

Table 2 – Draft Capital Programme

	2020/21 Forecast £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	TOTAL PAYMENTS £000
APPROVED PROJECTS							
ANPR	275	145	35	35	35	-	525
ESTATES BAU	1,264	3,010	-	-	-	-	4,274
ESTATES STRATEGY	8,661	481	-	-	-	-	9,142
IT	5,024	438	-	-	-	-	5,462
OPC	211	-	-	-	-	-	211
SCD	400	-	-	-	-	-	400
OTHER	308	351	22	-	-	-	681
TRANSPORT	2,498	293	-	-	-	-	2,791
APPROVED SUB TOTAL	18,640	4,718	57	35	35		23,485
STAGE 1 BIDS SUMMARY							
ANPR	-	50	110	110	110	110	490
ESTATES BAU	1,000	1,000	1,000	1,000	1,000	1,000	6,000
ESTATES STRATEGY	-	3,495	13,250	13,500	9,500	-	39,745
IT	-	9,565	9,860	3,209	3,583	79	26,296
OPC	-	535	280	333	356	240	1,744
SCD	-	134	-	30	-	-	164
OTHER	173	-	-	-	-	250	423
TRANSPORT	-	2,200	2,200	2,200	2,200	2,200	11,000
SUBJECT TO APPROVAL SUB TOTAL	1,173	16,978	26,700	20,381	16,749	3,879	85,861
TOTAL	19,813	21,697	26,757	20,416	16,784	3,879	109,347
TOTAL PRESENTED TO FEB 20 PANEL	22,948	21,582	20,851	19,205	7,149	-	91,735

- 7.2. Including Stage 1 bids which are subject to further approval, for 2021/22 the programme is anticipated to be £16.978m, with planned spend over the six years forecast at £109.347m.

- 7.3. The majority of the proposed programme centres around the Estates Strategy and the work being undertaken at Police Headquarters.

- 7.4. Both the revenue consequences of the above capital programme and the revenue costs of the programme (including Minimum Revenue Provision (MRP) and interest costs) arising from the need to borrow to finance the programme are factored into the revenue budget.

8. Council Taxbase Estimates

- 8.1. Information from the billing authorities across Essex has confirmed the previous assumptions of a flat taxbase.
- 8.2. Whilst there has been an underlying increase in the number of properties across the county as new developments have been completed, the taxbase estimates have remained in line with 2020/21 levels. This is due to the increase in unemployment giving rise to an increase in discounts through the Local Council Tax Support Schemes which have the impact of reducing the taxbase.

9. Medium Term Financial Strategy (MTFS)

- 9.1. As at mid-November, based on the information detailed above, the MTFS reflected a £2.2m shortfall in 2021/22 before the revenue bids / pressures referenced in section 6 were factored in. If these were added in their entirety, this would create a £13.5m budget shortfall in 2021/22.

Table 3 Latest Medium Term Financial Strategy

	2021/22	2022/23	2023/24	2024/25	2025/26	5 Year Total
	£m	£m	£m	£m	£m	£m
Previously reported Annual (Shortfall)/Surplus	(4.8)	(6.9)	(7.5)	(5.7)	(5.4)	(30.3)
Budget Requirement - before Savings & Efficiencies	322.0	324.4	327.9	332.6	337.3	1644.2
Strategic Change Savings & Efficiencies Plan (S&EP) - cashable	(4.3)	(3.9)	(0.8)	(1.1)	0.0	(10.1)
Net Budget Requirement	317.7	320.5	327.1	331.5	337.3	1634.1
Total Funding	(315.5)	(319.2)	(324.9)	(331.3)	(337.6)	(1,628.5)
Annual (Shortfall)/Surplus	(2.2)	(1.3)	(2.2)	(0.2)	0.3	(5.6)
Value of revenue bids (being presented to COG 21/10/20)	11.3	0.4				
Potential shortfall if all revenue bids approved	(13.5)	(1.7)	(2.2)	(0.2)	0.3	(5.6)

- 9.2. Proposals to achieve a balanced budget continue to be progressed by the PFCC and the Chief Constable. A range of options are being considered in conjunction with the impact of the Chancellor's 2020 Spending Review.

10. Precept

- 10.1. Of the 37 English forces, for 2020/21, Essex has the sixth lowest precept at £198.63.
- 10.2. The Spending Review outlined on 25th November states that the police funding settlement expected in December will give Police and Crime Commissioners the flexibility to increase funding in 2021/22 with a £15 (this equates to a 7.5% increase) Council Tax referendum limit on a Band D property.
- 10.3. The current MTFS assumes that the precept will rise by 2%, which would result in a Band D precept of £202.59, a £3.96 increase to the annual bill.

11. Reserves

- 11.1. The forecast General Reserve at 31st March 2021 is £12.514m (3.98% of net

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revenue expenditure). The PFCC's revenue reserves (general plus earmarked) as a percentage of funding are among the lowest of all forces in England and Wales.

12. Government Grants

- 12.1. The level of Government Grant for 2021/22 is anticipated to be confirmed in December, along with confirmation of the uplift grant.

13. Next steps

Following the financial settlement and confirmation of the grant levels, a revised budget will be presented to the Panel in January 2021.