



# **Avon & Somerset Police & Crime Commissioner**

# **Medium Term Financial Plan**

2021/22 – 2025/26

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## Executive Summary

The Medium Term Financial Plan (MTFP) provides important context for the PCC and the Constabulary in its forward strategic planning. It is prepared following discussions and consultation with budget holders, in conjunction with service and workforce planning and through ongoing conversations between the PCC and Chief Constable and their respective teams.

Funding levels are set to increase which reflect the continuing ambitions to uplift police officer numbers announced by the Government in 2019. However the global Covid-19 pandemic has introduced both short and medium term pressures and uncertainty. The impact of the pandemic will have consequences for wider public finances and will require long-term plans to recover. As a result the Comprehensive Spending Review (CSR) announced in December focused only on a 1 year settlement rather than the 3 year period previously planned. We remain hopeful that multi-year settlements will be provided in future, but at present the forecast beyond the 2021/22 financial year reflects our best estimate at this stage in the process.

	Forecast				
	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
Budget requirement	348,041	358,952	372,507	382,451	393,312
Less; Total funding	(340,780)	(351,258)	(362,016)	(371,341)	(380,093)
<b>(Surplus)/Deficit before savings</b>	<b>7,261</b>	<b>7,694</b>	<b>10,491</b>	<b>11,110</b>	<b>13,219</b>
Savings	(7,261)	(7,694)	(8,606)	(7,756)	(5,761)
<b>(Surplus)/Deficit after savings</b>	<b>-</b>	<b>-</b>	<b>1,885</b>	<b>3,354</b>	<b>7,458</b>

The funding increases enable us to plan for the delivery of the ambitious uplift programme, and support local investments to increase capacity. Once our planned savings have been accounted for, we are able to present a plan which is balanced in 2021/22 and 2022/23. Thereafter we have continued our plan for savings, and recognised the need to identify a further savings target of £1.9m in 2023/24 rising to £3.4m in 2024/25 and £7.5m in 2025/26 to balance the revenue budget in each of those years.

The targets for delivery of officer uplift in 2021/22 were confirmed in December, with a slowing down of this from those previously assumed across the police service. The national officer uplift target to be achieved by March 2022 is 12,000, with an additional 6,000 officers to be delivered during the 21/22 financial year. For Avon and Somerset this equates to a further 134 officers, which when added to our previous allocations, is a cumulative uplift target of 271 – increasing our target officer headcount to 3,106 by March 2022, with an assumed cumulative target of 450 (total officers of 3,285) by March 2023.

Officer Uplift	Forecast		
	By March 2021	By March 2022	By March 2023
National Officer Uplift Target	6,000	12,000	20,000
A&S Officer Uplift Target	137	271	450
<b>A&amp;S Targeted Officer Headcount</b>	<b>2,972</b>	<b>3,106</b>	<b>3,285</b>

With the proposed precept increase of £15 for an average Band D household in 2021/22, we plan to maintain our current officer recruitment plans, enabling the early realisation of the three year uplift target. Our current workforce plans assume the recruitment of an additional 284 officers during 2021/22. When

offset by forecast leavers this results in a forecast headcount of 3,221 by March 2022, which is 115 ahead of the national target. We then plan to recruit 270 officers in 2022/23, which when offset by forecast leavers would see a net increase of 99 officers – thereby enabling us to achieve the total officer uplift target by September 2022, 6 months ahead of target.

The key assumptions that follow from this forecast position are:-

- Our **funding is forecast to grow by £60.3m/18.9%** p.a. by 2025/26, driven by:-
  - Increases to our main police grant funding of **£11.0m/6.3%** in 21/22 to support the further delivery of uplift, rising to **£33.9m/17.9%** by 25/26 to maintain uplift and support forecast inflationary increases to pay;
  - Reduction to the police officer uplift funding grant (accounted for within our budget requirement) of **-£1.6m/41.1%** in 21/22 to new level of **£2.3m** in 21/22 and 22/23, where after it will be discontinued and main grant funding will be expected to maintain new officer numbers;
  - Introduction of two **new one-off grants in 2021/22 only**, from the Ministry for Communities, Housing and Local Government (MHCLG) with a combined value of **£2.6m** designed to compensate for losses in council tax funding brought about as a consequence of the Covid-19 pandemic;
  - Council Tax funding increasing by **£26.4m/20.3%** p.a. by 25/26, after initial stagnation of tax base in 21/22 (decrease of 0.01%) and the recovery of our share of a collection fund deficit of £2.3m over the first three years of the plan, combined with the precept increase of £15/6.6% in 21/22 and thereafter at 1.99% p.a.
- Our **budget requirement is forecast to increase by £66.3m/20.5%** p.a. by 25/26, driven by factors such as:-
  - Inflationary and incremental adjustments to **officer and staff pay** including a pay freeze (or £250 if earning less than £24k) in 21/22, and thereafter assuming an increase of 2.5% p.a. – an increase in cost of **£4.5m** in 21/22 rising to **£33.2m** p.a. by 25/26;
  - Increases to our pensions costs to provide for current and anticipated future deficits in our staff and officer pension schemes, as well as inflationary increases for injury pensions – an increase in cost of **£0.5m** in 21/22, increasing to **£3.4m** by 25/26;
  - Inflationary increases to **non-pay costs** of 2.0% in 21/22 (3.0% for utilities, freeze for fuel costs, and 3.9% for NNDR), remaining constant at 2.0% (3.0% for utilities, 1.0% rising to 2.5% for fuel, and 3.9% for NNDR) thereafter - an increase in cost of **£1.6m** in 21/22 rising to **£6.5m** p.a. by 25/26;
  - Increases in our **cost of capital** investments, recognising both growth in direct revenue funding of capital spend as well as increased costs associated with future planned borrowing – an increase of **£0.4m** in 21/22 rising to **£0.6m** p.a. by 25/26;
  - **Investment and growth** across the Constabulary, predominantly focussed on realising the planned uplift in officer numbers as detailed above. Our total planned investments are forecast to cost **£15.7m** in 21/22 rising to **£24.0m** p.a. by 25/26;
  - Realisation of new **revenue savings and adjustments** of **-£7.3m** p.a. in 2021/22, with further movements in these expected over the course of the MTFP period.

The forecast position is not however without its challenges. Over five years our projections suggest that increases in our costs will outstrip our funding growth, requiring us to identify and realise further savings

from 23/24 onwards. In total, we forecast at this stage that new savings of £7.5m will be required by 2025/26.

The settlement from Government, which assumes the full £15 uplift in precept, comes with heightened expectations of the police service that it is able to demonstrate an ongoing commitment to transform itself. The delivery of an uplift in officer numbers is a key focus of our recruitment activity, but it is not the end of our plans. Ensuring we make best use of these new officers, delivering the visible improvements expected by our communities, alongside other continued investment remains a key focus. In 21/22 we will amongst other things:-

- Use the accelerated increase in officer numbers to begin to invest in areas where we know further capacity will make a difference, including:-
  - investing in our **investigative capacity**;
  - building dedicated **proactive 'remedy' teams** across each of our 5 local authority areas;
  - strengthening our **Integrated Offender Management** capacity;
- Continuing to realise the opportunities and benefits from our investment in **Robotic Process Automation and wider digital capabilities**;
- Realising our existing **savings** plans and continue to identify new opportunities for delivering our services more efficiently to enable us to continue to balance our budgets and support the investment in those services which our communities rely upon.

Our continued transformation also requires capital investment. Investments in our **digital transformation**, as well as **across our estates and fleet**, require funding to implement. Capital funding is increasingly under pressure to provide for our ambition, at the same time as maintaining and replacing our existing asset base. These plans therefore make forward provision for uplift to capital funding, both in terms of direct revenue contributions and in the form of planned borrowing. Our plans present a residual capital funding shortfall of £0.4m at this stage of development, reflecting the work we have done to close our capital funding gap in the last few months.

Our useable **reserve levels** stood at £49.0m at the end of March 2020, and are forecast to temporarily increase to £54.0m by March 2021 mainly due to an increase in our capital reserves to fund our capital programme and to manage the uncertainty and risk presented by the Covid-19 pandemic. By the end of March 2026 we forecast useable reserves will stand at £22.1m, representing the recurring prudent level beyond which we are unlikely to drop much further.

## Introduction

The context within which this MTFP has been prepared is one of renewed uncertainty for the financial outlook of policing and the wider public sector within the UK. The additional funds, which are forecast within this plan, are being made at a time of increased uncertainty as result of a global pandemic and when facing increasingly complex challenges to keep communities, vulnerable victims and individuals safe, and tackle criminality, the impact of globalisation and extremism.

The opportunity to therefore support additional investment into policing, both in fulfilment of the Governments ambition to uplift officer numbers, and in support of our more local priorities, is a very welcome development after **10 years of austerity during which time we have realised £83m/27.9% in savings**. The financial challenges laying ahead of us remain capricious and intricate and therefore the outlook will be an evolving picture in the medium term as focus turns towards economic recovery.

2021/22 will continue to see significant change within Avon & Somerset, supported through the £15 increase in precept, and we will commit to using the funds available through both government grant and council tax precept growth to:-

- Maintain our current officer recruitment plans, rather than slow these down in line with national targets, thereby delivering a forecast 3,221 police officers by March 2022, being **115 officers more than national target** by this time;
- Introducing a new **Police Community Support (PCSO) Supervisors role** from within our existing PCSO numbers, building a more sustainable supervisory capacity across our neighbourhood policing teams and providing career progression opportunities for our existing PCSOs;
- Extending the temporary capacity that supports our **Operation Remedy team** for a further 12 months, building on their existing successes and allowing us the time to use our uplift plans to sustainably embed new and dedicated **proactive 'remedy' teams across each of our 5 local authority areas**, providing greater capacity to 'pursue' offenders allied to neighbourhood, offender management and the violence reduction units;
- Use our officer uplift to invest in our **investigative capacity**, building on an evidence base established through our **Operations Bluestone, Ruby and Topaz**, to improve outcomes for victims of the most traumatic and life changing crimes of rape and sexual offences, child abuse and child exploitation;
- Strengthen our capacity to manage those persistent and repeat offenders who commit the greatest proportion of crime in our communities by using our officer uplift plans to invest in the establishment of an **Integrated Offender Management** hub in each of our local authority areas, thereby increasing the cohort of offenders receiving intensive, multi-agency, 360 degree management to the optimum level for maximum impact in crime and harm reduction;
- Introduce the police officer **Degree Holder Entry Programme (DHEP)** in conjunction with our partners at the University of the West of England enabling us to accelerate our plans to sustain and grow detective numbers;
- Continual development of opportunities presented by **Robotic Process Automation (RPA)**, building on the 21 processes automated to date which have seen us complete 220,000 transactions and save nearly 9,000 staff hours;
- Deliver a wide range of **digital capabilities** such as full roll out of the Microsoft Office 365 suite of capabilities and our planned new mobile policing application, to support effective and efficient ways of working;
- Deliver a number of **estates projects** to provide modern, efficient and flexible buildings, including:-

- New police stations at Wincanton, Williton and Wells as well as a new city centre location for our Bath neighbourhood team;
- Progression of the new Yeovil police station project, as well as our plans for Bristol Trinity Road and Bristol Broadbury Road police stations.
- Continue our **investment in enhancing our leadership capabilities** including the introduction of a new Leadership Academy, improving staff health and **wellbeing**, and furthering our ambition to increase the **diversity** of our workforce.

It is in this national and local context that this MTFP has been prepared.

## Revenue Funding

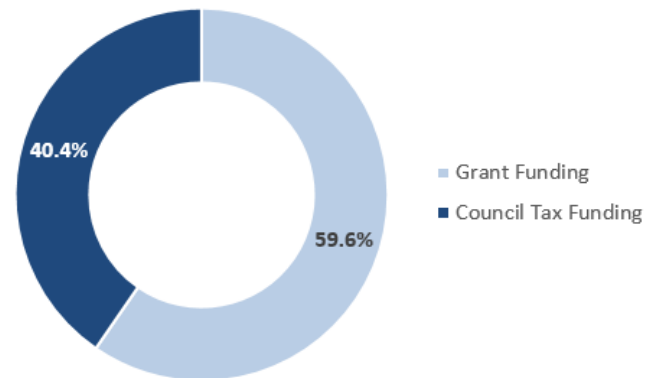
The PCC receives two main sources of funding:-

- Government grant funding; and
- Council tax funding.

Over the medium term we expect our total funding to see an **increase of £60.3m/18.9% by the 2025/26** financial year.

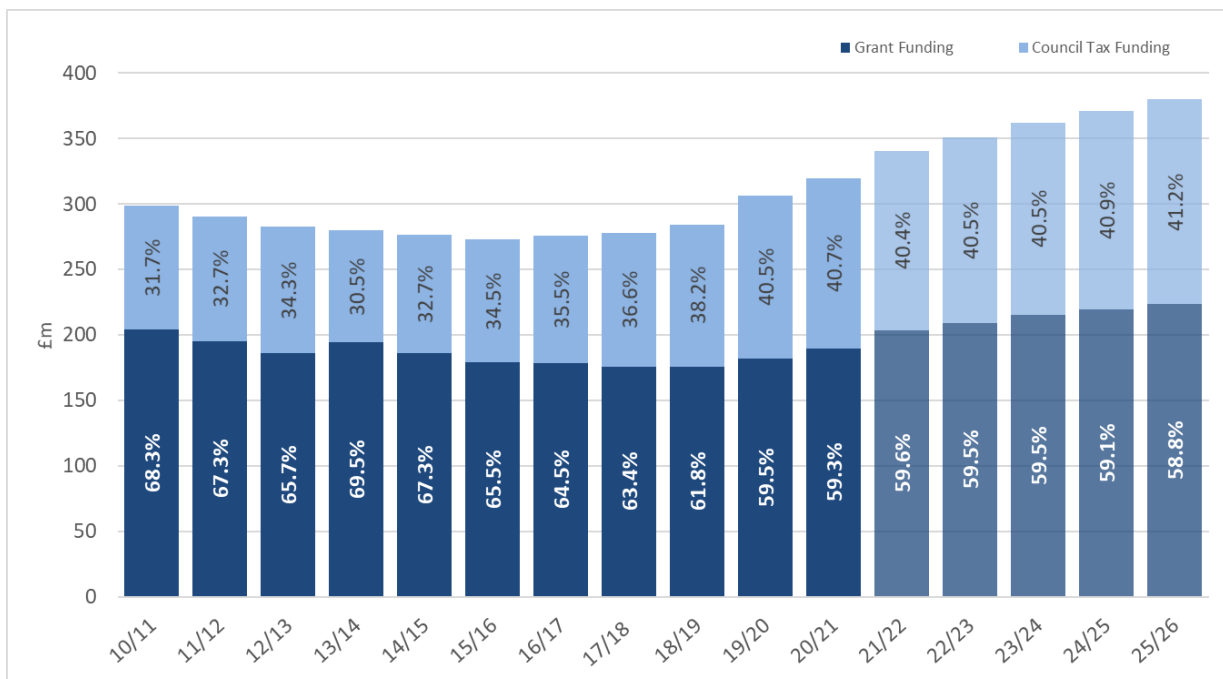
The profile of our funding between grant and council tax is forecast to gradually move towards council tax being a higher overall share of our total funding.

Figure 1: 21/22 Profile of funding



	Actual	Forecast				
	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
Grant funding (for budget requirement)	189,477	203,127	209,069	215,298	219,310	223,402
Council tax funding	130,303	137,653	142,189	146,719	152,031	156,691
<b>TOTAL funding</b>	<b>319,780</b>	<b>340,780</b>	<b>351,258</b>	<b>362,017</b>	<b>371,341</b>	<b>380,093</b>

Figure 2: Actual and forecast profile of total funding



## Grant Funding

The forecasts for our future grant funding focus on these areas:-

- Main grant funding;
- Officer uplift grant funding;
- Legacy council tax grant funding;



- Council Tax support grant:
- Council Tax income guarantee grant;
- Victims grant funding; and
- Pensions Grant.

There are other sources of grant funding (e.g. Counter Terrorism grant funding) but these are all passed straight through to the Chief Constable to support specific activity within the Constabulary.

	Actual	Forecast				
	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
Home Office – Pensions grant	2,828	2,828	2,828	2,828	2,828	2,828
Home Office – Uplift grant	3,843	2,264	2,264	-	-	-
MoJ – Victims commissioning grant	2,001	2,001	2,001	2,001	2,001	2,001
<b>Accounted for within Budget Requirement</b>	<b>8,672</b>	<b>7,093</b>	<b>7,093</b>	<b>4,829</b>	<b>4,829</b>	<b>4,829</b>
Home Office - Main Police grant	174,768	185,784	194,361	200,590	204,601	208,693
Home Office - Legacy council tax grant	14,709	14,709	14,709	14,709	14,709	14,709
MHCLG - Council tax support grant	-	2,265	-	-	-	-
MHCLG - Council tax income guarantee grant	-	369	-	-	-	-
<b>Accounted for in funding to Budget Requirement</b>	<b>189,477</b>	<b>203,127</b>	<b>209,070</b>	<b>215,299</b>	<b>219,310</b>	<b>223,402</b>
<b>TOTAL Grant Funding</b>	<b>198,149</b>	<b>210,220</b>	<b>216,163</b>	<b>220,128</b>	<b>224,139</b>	<b>228,231</b>

- **Main grant funding** – The funding settlement announcements confirmed that this will increase in 21/22 by £11.0m/6.3% as part of the funding made available by the government to deliver their officer uplift target. This growth in funding assumes no new funding for anything other than uplift delivery (i.e. no inflationary provision), and importantly this does not reflect the full forecast cost of officer uplift in 21/22. We have assumed that increases in funding after 2021/22 are as a result of:-
  - Inflationary adjustments – We have assumed an annual increase to grant funding of 2%, reflecting the ongoing need for inflationary increases in this funding to keep pace as much as possible with increases to officer and staff pay. Our assumptions on pay (covered elsewhere) are an inflationary uplift of 2.5% p.a. from 2021/22;
  - Consolidation of the Uplift grant – We have assumed that, as we achieve annual targets given to us by the Home Office for delivering our share of the national uplift, the ring-fenced in year grant will be consolidated into main grant funding, thereby enabling main grant funding to sustainably support our officer numbers from 2023/24 onwards after delivering the planned uplift;
- **Officer uplift grant funding** – By the end of 2020/21 we anticipate having received a total of £3.8m for officer uplift funding which will have funded an increase of 201 new officers to bring our headcount establishment to 3,085 which is 113 officers ahead of the national target at March 2021. The 2021/22 uplift grant has been reduced to the smaller sum of £2.3m, which will be paid upon achievement of the extra 134 officers we are expected to introduce in 2021/22 (taking our cumulative part of the national target to +271 officers). Our recruitment plans assume this target

will be achieved during Q1 of the new financial year, well ahead of target, and as such we are confident in forecasting receipt of this full grant value. We expect the same value of grant to be retained in 2022/23 to be paid on delivery of the targeted uplift of 450 officers by March 2023 and once we have fully achieved this uplift we expect all of this grant to be consolidated into main grant funding;

- **Legacy council tax grant funding** – This grant funding is analysed separately from the main grant funding, and is the combination of:-
  - funding that is paid in recognition of historic council tax freezes (therefore only payable to those PCC's who froze council tax in relevant years); and
  - funding which reflects the abolition of council tax benefit and the replacement of this with local council tax discount schemes (payable to all PCCs to replace funds previously paid through as council tax income).

The confirmed 2021/22 value of this funding is £14.7m, reflecting a continued freeze of this funding at historic levels. We have assumed this continues to remain frozen for the duration of the MTFP.

- **Council tax support grant (£2.3m)** – This is a one-off grant for 2021/22 from the Ministry for Communities, Housing and Local Government (MHCLG) in support of the impact that the Covid-19 pandemic has had on council tax receipts. This grant is not ring-fenced and can be used to respond to local pressures and priorities;
- **Council tax income guarantee grant (£0.4m)** – This is also a one-off grant for 2021/22 from MHCLG in response to the short & medium term impact of the Covid-19 pandemic. This grant will cover 75% of 2020/21 irrecoverable local tax losses which will be adjusted for over a three year period. The final value and calculation of this grant remains subject of ongoing clarification and therefore we recognise that the value of this grant could still change;
- **Victims grant funding (£2.0m)** – This grant is awarded to PCCs annually from the Ministry of Justice to support the commissioning of victims services, including a pass through of funds to the Chief Constable to support the Lighthouse Safeguarding Unit, with the remainder retained by the PCC to support the commissioning of wider victims' services. We have forecasted that this will remain frozen and will continue across the MTFP period;
- **Police Pensions Grant (£2.8m)** - this was introduced in 19/20 to help forces manage the large increase in employer contributions for police pensions resulting from the 2018 valuation exercise. The continuation of this grant funding was confirmed in the 2021/22 settlement, and is now forecast to continue for the duration of the MTFP as a separate grant frozen at 19/20 values.

## Council Tax Funding

The value of council tax income received in any one year is determined by three key factors:-

- The value of the **precept** set by the Police and Crime Commissioner;
- The **tax base** (no. and profile of properties) from which council tax will be collected;
- Effectiveness of collection in previous year generating **surplus or deficit on the collection fund**.

	Actual	Forecast				
	20/21	21/22	22/23	23/24	24/25	25/26
Precept (£p)	£227.81p	£242.81p	£247.64p	£252.57p	£257.60p	£262.72p
Tax base (No.)	<b>570,952</b>	<b>570,875</b>	<b>576,856</b>	<b>583,536</b>	<b>590,190</b>	<b>596,412</b>
<b>Precept Income (£'000)</b>	<b>130,068</b>	<b>138,614</b>	<b>142,854</b>	<b>147,384</b>	<b>152,031</b>	<b>156,691</b>
Surplus/(Deficit) (£'000)	235	(962)	(665)	(665)	-	-
<b>Total Council Tax (£'000)</b>	<b>130,303</b>	<b>137,652</b>	<b>142,189</b>	<b>146,719</b>	<b>152,031</b>	<b>156,691</b>

As a result of the assumptions, we are making across these three factors we forecast that our **council tax funding will increase by £26.4m/20.3% over the next five years.**

**Precept** – The value of the precept is defined by the rate applicable to an average Band D property. Currently Avon & Somerset have an average Band D precept value compared to all PCCs across England and Wales - £227.81.

In 20/21, the PCC approved average annual increases to the precept of £10/4.6% per household from the previous year. This enabled investment in new police staff investigators and provided permanent funding for PCSOs previously funded by time limited specific grant funding.

In considering the level of precept to set for 2021/22 the PCC has made consideration of:-

- The views of the public, as expressed to her through a range of ongoing public engagement activity;
- The views of the Chief Constable, who has expressed his opinion in writing to the PCC;
- The views of the Police and Crime Panel, who have a power of veto over the precept proposal; and
- The Governments council tax referendum principles, which establish the level above which a local referendum must be held in order to approve a proposed increase to the value of the precept.

The funding settlement announcements made by the Government confirmed the referendum principles for consideration when setting the precept in 2021/22.

*“As set out as part of the spending review 2020, PCCs will also be able to raise further funding through precept flexibility, subject to confirmation at the final local government finance settlement. PCCs will be empowered to increase their band D precept by up to £15 in 2021-22, without the need to call a local referendum. If all PCCs decide to maximise their flexibility, this would result in up to an additional £288 million of funding for local policing next year. It is for locally accountable PCCs to take decisions on local precept.”<sup>1</sup>*

<sup>1</sup> <https://hansard.parliament.uk/Commons/2020-12-17/debates/20121728000033/ProvisionalPoliceGrantReportEnglandAndWales2021-22>

After due consideration this plan has been drafted on basis that **the PCC will make full use of the flexibility afforded to her by the Government, with an increase of £15 to the average Band D policing precept in 2021/22 (Band A, £10)**. The PCC was mindful of the financial pressures on precept payers and that the increase is above inflation, driven largely by the zero inflation uplift on government grant. In considering the impact of the increase, it was acknowledged that the rise is small in gross terms across the year, particularly when weighed against the community benefits of the investments it delivers, and is mitigated for our most financially vulnerable through the Council Tax Support schemes. In subsequent years we have reverted to annual increases of 1.99%.

	Current	Forecast				
	20/21 £p	21/22 £p	22/23 £p	23/24 £p	24/25 £p	25/26 £p
Av. Band D Precept	£227.81p	£242.81p	£247.64p	£252.57p	£257.60p	£262.72p
Annual Increase %		+6.58%	+1.99%	+1.99%	+1.99%	+1.99%
Annual Increase £		+£15.00	+£4.83	+£4.93	+£5.03	+£5.12

**Tax base** – This is the number of properties against which tax can be collected, expressed as a weighted average at Band D, and adjusted for a collection rate. In our area we have eight billing authorities and we have to collate this information from them all. There are a number of factors which can affect the growth of this figure, with both volume of new house building and entitlement to council tax discount under locally designed schemes being two significant factors.

Although we have seen growth in our local tax base over recent years, the impact of the Covid-19 pandemic has halted this progress. In 2020/21 our tax base stood at 570,951, after growth of 1.0% compared to the previous year. Whilst there are still increases in three of our authorities forecast over the coming year, the other five authorities are forecasting reductions in their tax base compared to last year – recognising the effect of Covid-19. The confirmed tax base for 2021/22 is a decrease of 0.01%:-

	20/21 No.	21/22 No.	Change No.	Change %
Bath & North East Somerset	66,880	66,712	-168	-0.3%
Bristol	128,566	127,950	-616	-0.5%
North Somerset	79,185	78,739	-446	-0.6%
South Gloucestershire	96,745	98,044	+1,299	+1.3%
<b>Unitary (“Avon”) authorities</b>	<b>371,376</b>	<b>371,445</b>	<b>+69</b>	<b>+0.02%</b>
Mendip DC	40,979	41,338	+359	+0.9%
Sedgemoor DC	41,436	40,991	-445	-1.1%
South Somerset DC	60,711	61,153	+442	+0.7%
West Somerset & Taunton	56,450	55,948	-502	-0.9%
<b>District (“Somerset”) authorities</b>	<b>199,575</b>	<b>199,430</b>	<b>-146</b>	<b>-0.1%</b>
<b>TOTAL Tax Base</b>	<b>570,951</b>	<b>570,875</b>	<b>-76</b>	<b>-0.01%</b>

As the above table shows, we are forecasting to see some variation in tax bases across our billing authorities. The forecasted position estimates a 1.3% increase in South Gloucestershire, compared with a

1.1% decrease in Sedgemoor DC. We anticipate that there will be a return to tax base growth in the next few years as the effect of Covid-19 diminishes, but this return will vary across different billing authorities. We have based the MTFP forecast on estimates supplied by the billing authorities where they have been provided and made assumptions in other cases. This has resulted in the following forecasts of tax base growth:-

	21/22	22/23	23/24	24/25	25/26
Change in tax base	-0.01%	+1.05%	+1.16%	+1.31%	+0.88%

**Collection fund surplus or deficit** – This represents our share of any surplus or deficit on the collection fund as calculated by our eight collecting authorities. Historically, all of our local collecting authorities have largely generated surpluses, however, the economic impact of the Covid-19 pandemic and as a result the non-recovery of council tax has resulted in forecasts of estimated deficits from all 8 authorities.

Under new rules implemented by the government, the recovery of any deficit relating to the 2020/21 financial year will be spread over a three year period.

The impact of these deficits will be mitigated to some extent by the provision of the Council Tax income guarantee grant where loss of council tax is deemed to be irrecoverable (i.e. it is as a consequence of loss tax base growth or as a result of greater eligibility to local discount schemes). Where this is the case we will account for the grant funding over the same three year period so as to match against the deficit share.

The final collection fund surpluses or deficits will not be confirmed until February 2021 however, current forecasts from our authorities demonstrates a range of deficits from £0.6m to £106k. Overall, we expect the final **2021/22 position to total a deficit of £962k** after adjusting for the spread over three years (2020/21 surplus £235k).

Predicting with any accuracy the collection fund deficit figures going forward will be particularly difficult given current uncertainties. For the purposes of planning beyond 2021/22 we are assuming **that there will continue to be total deficits in 2022/23 of £665k and 2023/24 of £665k, and for 2024/25 and 2025/26 a net zero surplus/deficit position.**

## The Revenue budget requirement

The budget requirement accounts for how the PCC will commit expenditure that enables the provision of policing and community safety across Avon & Somerset.

### Budget Requirement (before savings)

	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
PCC's Office budget requirement	1,805	1,949	2,002	2,057	2,112
PCC's Commissioning budget requirement	3,529	3,529	3,529	3,529	3,529
PCC's MOJ – Victims Commissioning Grant	(2,001)	(2,001)	(2,001)	(2,001)	(2,001)
Chief Constables budget requirement	344,707	355,475	368,977	378,866	389,672
<b>TOTAL budget requirement</b>	<b>348,040</b>	<b>358,952</b>	<b>372,507</b>	<b>382,451</b>	<b>393,312</b>

### PCC's Office budget requirement

This budget reflects the costs of the PCC and her immediate office that enables and supports the fulfilment of the full range of duties of the Police and Crime Commissioner.

	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
Base budget	1,552	1,552	1,552	1,552	1,552
Pay Award and Adjustments	-	+103	+156	+211	+266
Growth	+253	+294	+294	+294	+294
<b>OPCC Budget Requirement</b>	<b>1,805</b>	<b>1,949</b>	<b>2,002</b>	<b>2,057</b>	<b>2,112</b>

**21/22 Base Budget** – This budget supports the PCC, and a team of 26.41 FTE (Full Time Equivalent) staff who support the PCC in a range of activities undertaken in the fulfilment of their statutory duties. The £253k growth covers some regrading of roles and 4 additional staff. The growth includes 2 new Senior Commissioning & Policy Officer focused on criminal justice and reducing reoffending, a Commissioning Support Officer and VRU analysts.

**Pay and inflationary adjustments** – Applying the same assumptions to the OPCC budgets as those used for the Chief Constables budgets (see below for more detail) identifies an inflationary pressure over the MTFP period. This predominantly relates to increased costs for both pay and non-pay items.

### PCC's commissioning budget requirement

This budget supports the commissioning of services from external organisations.

	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
Base budget	3,488	3,448	3,448	3,448	3,448
Growth	+41	+41	+41	+41	+41
<b>Annual budget requirement</b>	<b>3,529</b>	<b>3,529</b>	<b>3,529</b>	<b>3,529</b>	<b>3,529</b>

We have assumed no change in the Commissioning budgets after the minimal 21/22 uplift.

This budget is used by the PCC to commission core services across the following areas:-

	<b>2021/22 £'000</b>
Drug and alcohol referral services	553
Victims services (inc SARC, but excl those within Constabulary)	1,777
Appropriate adult services	89
Mental health triage service in A&S call centre	122
MOJ grant top-slice to support OPCC grants process	50
Restorative justice services	179
Police & Crime Grants (community safety & YOT)	740
Police and crime grants for community safety and other 3 <sup>rd</sup> party work	20
<b>TOTAL</b>	<b>3,529</b>

The commissioning budget provisions for victims' services commissioned from organisations other than the Constabulary. The funding provided to the Chief Constable for the provision of the Lighthouse victims services (£906k - 2021/22), is accounted for within the Chief Constables budget requirement set out below.

### Chief Constable's budget requirement

This budget reflects the majority of the overall budget requirement, providing funds to support the Chief Constable and the Constabulary in the provision of policing to the communities of Avon & Somerset.

<b>Budget <u>pre-savings</u></b>	<b>Base</b>	<b>MTFP</b>				
	<b>20/21 £'000</b>	<b>21/22 £'000</b>	<b>22/23 £'000</b>	<b>23/24 £'000</b>	<b>24/25 £'000</b>	<b>25/26 £'000</b>
Police Officer Pay	152,926	166,674	174,871	179,892	185,276	191,316
PCSO and Staff Pay	101,235	106,555	108,271	112,309	115,088	118,190
Other Pay and Pensions	9,840	10,469	10,809	11,009	11,209	11,409
Non-Pay	67,367	72,632	74,518	77,200	77,010	79,522
Contribution to/(from) reserve	678	890	562	599	722	722
Capital Financing	17,277	17,758	17,527	17,008	18,825	18,004
Outstanding Savings	214	(10)	(10)	(10)	(10)	(10)
Less; Income and Specific Grants	(32,795)	(30,261)	(31,076)	(29,031)	(29,254)	(29,482)
<b>Total</b>	<b>316,741</b>	<b>344,707</b>	<b>355,474</b>	<b>368,976</b>	<b>378,866</b>	<b>389,671</b>

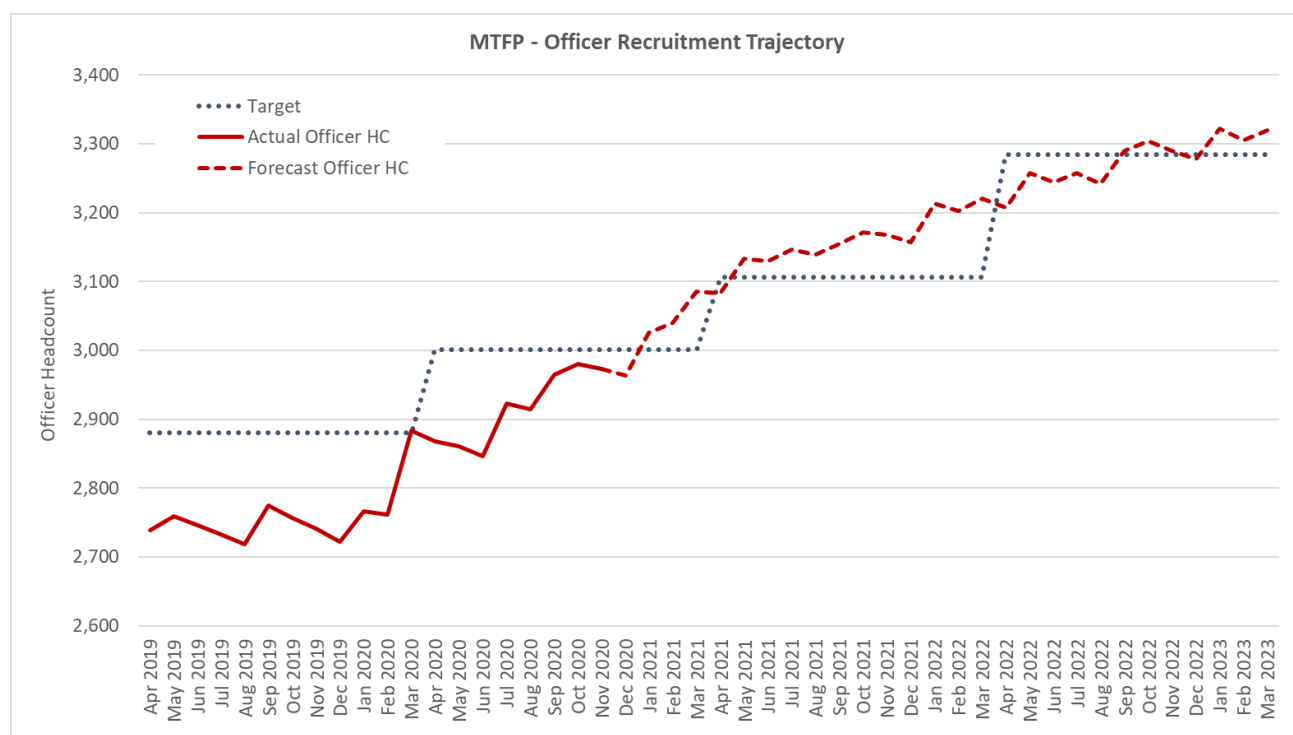
**Police Officer Pay** – As should be expected this represents the single biggest area of spend for the Constabulary, and as we deliver the government's officer uplift targets this is only set to increase in both value and relative size of budget. Before accounting for savings and adjustments we forecast that our costs here will increase by £38.4m/25.1% over the course of the MTFP. The key movements in this budget forecast are:-

- **Growth (uplift delivery)** – we're budgeting for £10.8m growth in officer salary costs to reflect the increases to officer numbers both delivered (the full-year effect of these costs) and expected to be

delivered throughout 2021/22 financial year. Thereafter we expect these costs to continue to rise, with £18.2m of growth in costs by 2025/26.

These projections support our current recruitment plans for the delivery of uplift. In line with the PCC's decision to recommend a precept increase of £15/6.6% these maintain the existing plans we made when we assumed the national target for March 2022 would be higher than was actually confirmed. This will therefore see us plan to recruit 284 new officers in 2021/22, which when offset by forecast leavers, will result in total officers of 3,221 at March 2022 – 115 officers above the national uplift target.

This recruitment plan enables us to realise the 21/22 officer uplift earlier, as well as supporting us to more sustainably deliver the full uplift anticipated. Under this plan we forecast to recruit 270 officers in 2022/23, which when offset by forecast leavers would enable us to achieve the total officer uplift target by September 2022, 6 months ahead of target, enabling us to accelerate the transformation that these extra officers will enable.



- **Pay awards** – despite the freeze in public sector pay announced, we are still budgeting for the full-year effect of the September 2020 2.5% pay award, and for the £250 pay for those entry level PC roles which will not be frozen in 2021/22. We are budgeting for an increase of £1.1m in 2021/22, with the assumption of 2.5% pay awards every year across the MTFP thereafter raising this growth to £18.7m by 2025/26;
- **Allowances and Overtime** – we’re making provision for increases to officer allowances (e.g. unsocial hours allowance, standby allowances) and overtime budgets (both general overtime and bank holiday overtime) reflecting both the uplift in officer numbers as well as other factors (e.g. changes in number of bank holidays dependent on when Christmas and Easter fall). These costs account for £1.5m growth across the MTFP period.

**PCSO and Staff Pay** – Our budgets for PCSO and police staff pay is forecast to increase by £17.5m/17.3% over the course of the MTFP. The key movements in this budget forecast are:-

- **Growth** – we’re budgeting for £2.0m in growth over the course of the MTFP reflecting approved investment into our Information Technology team, Detective training and development capacity,



information management and compliance capability and our ASCEND team who manage out of court disposals;

- Pay awards - despite the freeze in public sector pay announced, we are still budgeting for the full-year effect of the September 2020 2.5% pay award, and for the £250 pay for those roles under £24,000 which will not be frozen in 2021/22. We are budgeting for an increase of £1.4m in 2021/22, with the assumption of 2.5% pay awards every year across the MTFP thereafter raising this growth to £11.1m across the MTFP period;
- Allowances and Overtime – in line with inflationary increases we're forecasting £0.2m in growth of these costs over the course of the MTFP;
- LGPS Pensions – across the MTFP we are estimating an increase of £1.9m over the course of the next 5 years as we include provision for further uplifts in expectation that the further valuation planned in 2023/24 will again result in an increase to our costs (16.3% - 18.0%).

**Other Pay and Pensions** – Our budgets here are forecast to increase by £1.6m/15.9% over the course of the MTFP. The key movement in this budget forecast are:-

- Injury pensions – our forecasts include provisions for increases in both the number of officers retiring on medical grounds with injury awards as well as inflation increases for the injury awards. Over the course of the MTFP we forecast this to add £1.2m in costs;
- Apprenticeship levy – as our payroll grows to account for officer uplift, the value of our apprenticeship levy to central government also increases. Over the course of the MTFP we forecast this to add £0.3m in costs over the course of the MTFP.

**Non-Pay** – Our budgets for non-pay, before adjustments for savings, are forecast to increase by £12.2m/18.0% over the course of the MTFP. The key movements in this budget forecast are:-

- Premises – we have adjusted for inflationary measures in our premises costs, including forecast increases in both business rates and utilities costs, as well as known growth to support investment in a new Bath city centre location. Over the course of the MTFP we forecast an extra £2.0m here before savings;
- Transport – over the course of the MTFP we're forecasting growth of £0.5m in our transport and travel costs. The key factor in this growth is forecast inflation in relation to both fuel (which we predict will be suppressed initially but will grow towards the end of the MTFP period) and inflation relating to travel costs and our vehicle repairs and maintenance costs;
- Supplies and Services – we're forecasting growth in these budgets of £7.3m over the course of the MTFP. Of this:-
  - £3.4m is as a direct consequence of our assumptions around inflation across all areas of non-pay budgets, with particular pressures recognised around insurance and forensics costs;
  - £1.2m is assessed to directly relate to increased costs associated with the uplift in officer numbers (e.g. cost of our DHEP course, equipment and training budget growth);
  - £1.6m is assessed to be as a result of increases to IT costs, including £1.0m in increased costs from the Home Office for the cost of national IT systems, as well as growth in costs associated with our planned new mobile policing application;
  - £0.6m is assessed to be the cost increase for the National Police Air Service (NPAS) reflecting both a planned change to the national charging model for this service, as well as in recognition of increased costs associated with replacing the aging helicopter fleet;

- £0.4m relates to small areas of growth across all areas of devolved budget;
- Partnerships – over the course of the MTFP we’re forecasting growth of £2.4m driven by inflation, linked predominantly to assumptions around pay awards as the majority of our partnership costs reflect the collaborative delivery model through which certain of our functions (e.g. forensics, major crime investigation, regional organised crime unit) are delivered through our staff working alongside those from other Forces and agencies;

**Capital Financing** – growth in capital financing costs of £0.7m is included in our forecasts over the course of the MTFP. This reflects adjustments for our Minimum Revenue Provision (MRP – this provisions for the repayment of borrowing), interest payable and growth to our revenue funding of capital plans;

**Income** – we’re forecasting growth of £0.5m in income budget over the course of the MTFP, reflecting inflationary adjustments upwards where appropriate, offset by forecast reductions in funding, the most significant of which is a forecast reduction of £0.3m in interest receivable income as a consequence of performance of interest rates more generally.

## Revenue savings requirement and plans

### Savings requirement

After having made all of the assumptions around both funding and pay outlined above, we can establish the following overall position:-

	Forecast				
	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
Total Funding Forecast	340,780	351,258	362,016	371,341	380,093
<i>Less; PCC's Office budget</i>	-1,805	-1,949	-2,002	-2,057	-2,112
<i>Less; PCC's Commissioning budget</i>	-3,529	-3,529	-3,529	-3,529	-3,529
<i>Plus: MoJ – Victims commissioning grant</i>	+2,001	+2,001	+2,001	+2,001	+2,001
<b>Funding left to support Chief Constable</b>	<b>337,447</b>	<b>347,781</b>	<b>358,486</b>	<b>367,756</b>	<b>376,453</b>
<i>Less; Chief Constable budget requirement</i>	-344,708	-355,475	-368,977	-378,866	-389,672
<b>Standstill Deficit</b>	<b>-7,261</b>	<b>-7,694</b>	<b>-10,491</b>	<b>-11,110</b>	<b>-13,219</b>

Against this the Constabulary has identified initial savings and adjustments to our budgets that enable us to balance the budget in 2021/22 and 2022/23:-

	Forecast				
	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
<b>Standstill Deficit</b>	<b>7,261</b>	<b>7,694</b>	<b>10,491</b>	<b>11,110</b>	<b>13,219</b>
Officer & staff standard unit cost savings	(2,760)	(4,685)	(5,610)	(4,610)	(2,610)
Staff vacancy factor savings	(1,212)	-	-	-	-
Officer & staff allowance savings	(624)	(508)	(581)	(693)	(698)
Other employee cost savings	(156)	(156)	(156)	(156)	(156)
Premises cost savings	(446)	(446)	(446)	(446)	(446)
Transport cost savings	(215)	(215)	(215)	(215)	(215)
Supplies and service cost savings	(805)	(805)	(805)	(805)	(805)
Partnership cost savings	(79)	(79)	(79)	(79)	(79)
Income	(351)	(188)	(102)	(140)	(140)
Central cost savings	(611)	(611)	(611)	(611)	(611)
<b>Revised Deficit</b>	<b>-</b>	<b>-</b>	<b>1,885</b>	<b>3,354</b>	<b>7,458</b>

As the above demonstrates those planned savings enable us to balance our revenue budget for the next two years. Thereafter there is a forecast **deficit of c. £1.9m in 2023/24 rising to c. £7.5m in 2025/26.**

These plans include the following key areas:-

- Officer and Staff standard unit cost savings - we have reviewed the current profile of officers and staff against the budgeted pay cost (adjusting for bottom of scale where there are vacancies), and in so doing we recognise that in many areas the actual unit cost per officer/staff is less than in the budget. This is the consequence of the turnover of officers and staff, and reflects the profile of individuals within the pay scales. This issue is especially relevant in officer pay budgets where student officers at the bottom of the pay scales are replacing longer serving officers towards the top end of their pay scales. The result of this analysis is that we are able to reduce our unit cost further in most areas of our pay, resulting in a reduction to our pay budgets in 21/22 of £2.8m. We anticipate that this situation will continue across the MTFP, with a further £2.9m reduction to pay budgets by 2023/24. In the MTFP it is forecasted that this position will start to reverse in 2024/25 as the recruitment of officers slows and we move into a period of maintaining our officer establishment at its new increased level;
- Staff vacancy factor savings – our normal practice is to budget a vacancy factor against staff and budgets of 3.2% to reflect the time it can take between a vacancy arising and it being filled through a recruitment process. In order to assist with budget planning for 2021/22 we have made a temporary increase to this assumption, increasing this factor to 5% for the majority of our staff budgets. This reflects the reality of our current performance here, and provides us with time to recover to a more sustainable position in time for the factor to return to historic levels with effect from 2022/23 financial year;

- Officer and staff allowance savings – we have identified recurring savings relating to adjustments for allowances for officers and staff, largely reflecting the gradual reduction in historic allowances that are increasingly payable to fewer and fewer officers over time;
- Premises savings – our review of premises budgets identified £0.4m in recurring savings, reflecting the ongoing work to realise reductions in our built estate, and to realise energy efficiency savings as a consequence of our work to improve our energy consumption;
- Transport savings – we have identified £0.2m in savings from our fleet management budgets (fuel and tyre budgets) as well as from devolved travel budgets as we expect our staff to increasingly take advantage of video calling capabilities proven during the Covid-19 pandemic rather than travel to attend face to face meetings;
- Supplies and services savings – we have identified £0.8m in recurring savings across our supplies and services budgets throughout the Constabulary. This includes reductions to both postage and stationery budgets (£0.14m) experienced during our Covid-19 response which we aim to retain as we recover from the current working restrictions;
- Income savings – we have adjusted our income budgets to reflect existing and ongoing arrangements to support the policing of the Hinkley Point power station site in Somerset, as well as recognising increases to income budgets to reflect new arrangements;
- Central cost savings – we have removed savings identified during the course of 2020/21.

The application of these savings against our budgets results in the following:-

Budget <u>post-savings</u>	Base	MTFP				
	20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
Police Officer Pay	152,926	163,173	169,646	173,593	179,865	187,901
PCSO and Staff Pay	101,235	105,459	108,304	112,417	115,196	118,297
Other Pay and Pensions	9,840	10,312	10,653	10,853	11,053	11,253
Non-Pay	67,367	71,086	72,972	75,655	75,464	77,977
Contribution to/(from) reserve	678	384	57	93	216	215
Capital Financing	17,277	17,644	17,413	16,894	18,711	17,889
Outstanding Savings	214	-	-	-	-	-
Less; Income and Specific Grants	(32,795)	(30,612)	(31,264)	(29,133)	(29,395)	(29,622)
<b>Total</b>	<b>316,741</b>	<b>337,446</b>	<b>347,780</b>	<b>360,371</b>	<b>371,110</b>	<b>383,910</b>

Beyond our immediate savings plans we recognise that there will be further opportunities to improve productivity, efficiency and realise savings, providing potential for us to close this gap. We are progressing options across the following areas:-

- Opportunities arising from our **re-setting** for a post Covid-19 pandemic working environment, which we expect to include estates and fleet considerations as well as wider ways of working;
- Introducing further **automation** and digitalisation across both operational and corporate processes and ways of operating to realise efficiencies and opportunities for savings;
- Review our channels for **public contact** interaction to continue to ensure that we are providing the right means and capabilities for this contact to happen in the most efficient and effective way;

- Opportunities across our **enabling services** to improve our transactional processes, our integrated planning and realise the opportunities and benefits of investments in new corporate systems;
- Continuing to **benchmark** our budgets and areas of spend against other police forces to consider opportunities this presents for us to continue to learn from others;
- Consider opportunities across our current **collaborations**, as well as identifying opportunities for new collaborations with supporting and like minded partners;
- Ongoing **procurement savings** which may enable us to avoid some of the forecast uplift in costs through commercial or collaborative deals struck.

Some of the above will represent savings which we would want to deliver to support the balancing of our budget and to enable wider financial capacity to support prioritised investment. Equally some areas will enable productivity gains that we would initially look to generate improvements in our performance.

## Capital Programme and Funding

Our Medium Term Financial Plan recognises the importance and complexity of capital planning, and how integral this is in the context of our wider financial planning. The section sets out the context and framework within which our capital plans have been prepared, and in so doing fulfils the requirements of a capital strategy as introduced in the revised CIPFA Prudential code.

Our assets are essential to the provision of an effective policing service. In order to sustain this service, and meet the objectives and ambitions set out in the Police and Crime Plan it is important that we set out how we intend to maintain and develop our assets, identifying investments we plan to make. These are required to both support the refresh of our existing assets and infrastructure, as well as to invest in new transformative initiatives which will help us to realise improvements in our operational efficiency and effectiveness.

Our capital plans are, by their nature, complex and require detailed planning and forecasting. This requires support and understanding of colleagues across the organisation. It also requires a large degree of wider environmental scanning in order to assess the impact of national projects and initiatives which will require our support to implement locally.

Our funding position is also complicated, relying on multiple sources of funding in order to be able to support planned expenditure. Forecasting our funding is therefore based on a large number of assumptions and inter-dependencies which are subject to ongoing change both in value and timing.

The COVID-19 pandemic has had implications in the delivery of our capital plan during 20/21. Our estates plans have seen some slowing down of delivery because of wider restrictions within the construction sector. Our fleet plans have been impacted by the lead times for vehicle manufacture and delivery, a situation we hope to have recovered by the end of the financial year. We expect the uncertainty caused by the COVID-19 pandemic to continue in the short term and we will continue to work to refine our cost projections and funding considerations over the coming months.

## Developing our Capital Programme

Our assets are integral to the delivery of efficient policing services. Maintaining the optimum use of resources whilst securing best value in relation to both cost and quality are key considerations. This is done by following best practice in relation to procurement, sales and construction, taking external legal and professional advice where required.

Our assets fall into four broad categories:-

- Our buildings – all buildings are owned by the PCC, and the PCC's office retain responsibility for key decisions around the purchase and disposal of buildings, maintaining close oversight of our estate management and planning in order to fulfil this role. The day to day management of the estate is undertaken by the Constabulary's estates department, within our Finance and Business Services directorate;
- Our information and communication technology – all ICT assets are managed and maintained through our IT Directorate. Forward planning of these assets is informed by considerations of longevity and optimum replacement cycle. This enables effective planning of renewal and replacement activity to be considered alongside new transformative initiatives and projects, either local or national, that may see the type and nature of our assets continue to change;
- Our fleet – all vehicles are maintained through our transport services department within our Finance and Business Services directorate. All fleet assets are maintained and managed through

our fleet management system, which provides information that enables effective optimisation of the usage of our fleet as well as planning around replacement activity;

- Our capital equipment – This will include equipment in use across the organisation, where the responsibility for its management and maintenance rests with the responsible department of the Constabulary.

Our capital programme is developed to consider all requirements for maintenance and investment across these categories of assets. The programme produced therefore is reflective of a mixture of:-

- Asset replacement and renewal – recognising the optimum operating life for our assets, and where necessary, ensuring our plans provision for the replacement of them;
- New initiatives and projects – recognising our new investments in order to realise the priorities of the Police and Crime Plan and meet the objectives of the Constabulary.

The programme is developed jointly between the PCC and the Constabulary, and is realised through wide stakeholder engagement. The finalised programme reflects a list of anticipated and recommended projects that enables high level planning across a medium term horizon. The programme, and the approval of it through the medium term financial plan, reflects approval for the next 12 months replacement and renewal activity, but recognises individual business cases are still required to progress new initiatives and projects.

These business cases, all of which will be approved in accordance with the PCC's scheme of governance, will be delivered using a prescribed format, and will cover:-

- Clear definition of the objectives of the proposal;
- Baseline assessment of the "as is" position, and how this compares with user specifications and force standards;
- Consideration, assessment and appraisal of possible options – including alternative ways of procuring assets (e.g. leasing, partnership arrangements) where these are viable options;
- Financial appraisal of the options, to include identification of capital funding source and consideration of whole life costs and ongoing impact on revenue budgets;
- Risk appraisal, enabling decision makers to reach a decision informed by a clear understanding of the risk and allowing these to be clearly included on risk registers for management as appropriate;

The delivery of capital projects will be overseen either by the department responsible, or in the case of larger projects, through our change programme boards. In monitoring the delivery of our capital projects particular focus is placed on:-

- Delivery is on time and achievement of the intended outcome/s;
- The overall use of capital and revenue funding is as close as possible to original plans; and
- When the above factors are not achieved, variations are reported appropriately.

Progress against the capital programme, including considerations of capital financing, is reported quarterly to our Constabulary Management Board and the Police and Crime Board.

Upon completion of a capital project, consideration will be given to the use of a Post Implementation Review (PIR). This review will provide a check against the performance compared to the original proposal. It will focus on the outcomes achieved, the extent to which the benefits claimed are being realised, and the actual costs both revenue and capital. Through the use of these types of review we would look to capture learning that can inform our future projects and programmes for the better.

The table below summarises the current capital forecast and our forward 5 year capital plan:-

	Current	MTFP					Total
	20/21	21/22	22/23	23/24	24/25	25/26	
	£'000	£'000	£'000	£'000	£'000	£'000	
Capital Expenditure	9,319	21,263	20,772	21,605	12,512	7,960	<b>93,431</b>
Less; Capital Funding	9,319	21,263	20,772	21,187	12,512	7,960	<b>93,013</b>
<b>Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>418</b>	<b>0</b>	<b>0</b>	<b>418</b>

## Capital Expenditure

The emerging picture identifies that the current year (20/21) of capital spend, plus the planned spend over the next five years (through until 25/26) totals £93.4m. Against this we have identified and forecast funding sources of £93.0m, thereby leaving a residual deficit in capital funding of £0.4m over the next 5 year period.

	Current	MTFP					Total
	20/21	21/22	22/23	23/24	24/25	25/26	
	£'000	£'000	£'000	£'000	£'000	£'000	
Asset replacement	6,747	12,635	8,236	8,265	5,926	6,910	<b>48,720</b>
Capital projects	2,573	8,628	12,536	13,339	6,586	1,050	<b>44,711</b>
<b>TOTAL</b>	<b>9,319</b>	<b>21,263</b>	<b>20,772</b>	<b>21,605</b>	<b>12,512</b>	<b>7,960</b>	<b>93,431</b>

**Asset replacement** – Our asset replacement plans total £48.7m, accounting for 52% of our capital plan spend. This provides for the ongoing maintenance, replacement and renewal of our existing assets:-

	Current	MTFP					Total
	20/21	21/22	22/23	23/24	24/25	25/26	
	£'000	£'000	£'000	£'000	£'000	£'000	
ICT replacement	3,105	7,843	4,598	4,798	2,489	2,591	<b>25,424</b>
Estates replacement	1,065	861	689	497	311	1,281	<b>4,703</b>
Fleet replacement	2,032	3,523	2,681	2,703	2,859	2,770	<b>16,568</b>
Equipment replacement	545	408	268	268	268	268	<b>2,025</b>
<b>TOTAL</b>	<b>6,747</b>	<b>12,635</b>	<b>8,236</b>	<b>8,265</b>	<b>5,926</b>	<b>6,910</b>	<b>48,720</b>

**ICT replacement** – The plan assumes the following renewal and replacement activity:-

- End User Devices (£12.7m) – the number of end user devices has increased in recent years, and we would expect all devices to need at least one replacement during the life of this plan. The plan includes:-
  - replacement and new issue of laptop devices and monitors - £7.4m;
  - replacement and new issue of mobile phones - £1.9m;
  - replacement and new issue of body worn video cameras - £2.4m.
- Infrastructure (£12.8m) – over the course of the plan we have made provision for replacement and enhancements to our IT infrastructure, including:-
  - Storage and back-up requirements - £1.4m;
  - Servers and networks - £8.6m;
  - Data centre consolidation - £1.3m;
  - Video conferencing capability - £0.3m.



**Estates replacement** – our plans predict we will need to spend £4.7m on the replacement and repair of our estate, including the following areas of activity:-

- Electrical, fire and central heating systems (£1.8m) – This is informed through building condition surveys as well as the requirements of our wider plans;
- Repairs and maintenance of the fabric of our buildings (£1.3m) – Annual provision set aside, pending the refinement of our plans once the ongoing fabric condition services have been completed;
- Provision to incrementally introduce electric charging infrastructure across our estate (£0.3m), thereby enabling us to progress the introduction of electric vehicles where there is a sound reason for doing so.

**Fleet replacement** – our fleet replacement plan currently reflects the activity required to both maintain our current fleet numbers as well as supporting the anticipated uplift of officer numbers. Our plans predict we will need to spend £16.6m on the replacement of our fleet. This includes the replacement of response and patrol fleet (£3.2m); the replacement of road policing and specialist response fleet (£6.1m); and the replacement of neighbourhood fleet (£3.0m). The total expenditure will remain dependent upon the ongoing review of our fleet to further rationalise and identify savings where appropriate.

**Equipment replacement** – our plan for the replacement of our capital equipment falls into two distinct areas as follows:-

- Automatic Number Plate Recognition (ANPR) (£1.3m) – over the course of the plan to both maintain and replace our current ANPR asset estate;
- Provision (£0.7m) – an annual provision is included in the plan to provide for the rolling replacement of a large number of smaller value assets which when purchased in aggregate are more suitable to be funded through capital than through our revenue equipment budgets.

**Capital projects** - Our planned capital projects total £44.7m, accounting for 48% of our total capital plan spend:-

	Current	MTFP					Total
	20/21	21/22	22/23	23/24	24/25	25/26	
	£'000	£'000	£'000	£'000	£'000	£'000	
Digital Projects	356	3,881	9,058	10,532	1,336	300	<b>25,464</b>
Estates Projects	2,217	4,746	3,477	2,807	5,250	750	<b>19,247</b>
<b>TOTAL</b>	<b>2,573</b>	<b>8,628</b>	<b>12,536</b>	<b>13,339</b>	<b>6,586</b>	<b>1,050</b>	<b>44,711</b>

**Digital Projects** – our digital projects largely fall into three categories as follows:-

	Current	MTFP					Total
	20/21	21/22	22/23	23/24	24/25	25/26	
	£'000	£'000	£'000	£'000	£'000	£'000	
National Projects	102	2,019	6,468	5,232	438	0	<b>14,260</b>
Regional Projects	0	100	390	100	100	100	<b>790</b>
Local Projects	254	1,762	2,200	5,200	798	200	<b>10,414</b>
<b>TOTAL Digital Projects</b>	<b>356</b>	<b>3,881</b>	<b>9,058</b>	<b>10,532</b>	<b>1,336</b>	<b>300</b>	<b>25,464</b>

- **National Projects** – our plans predict that we will need to spend £14.3m enabling the implementation of national programmes locally within Avon and Somerset. This relates to two national projects:-
  - Emergency Services Mobile Communication Programme (ESMCP) will see all emergency services replace the existing airwave radio system with a new digital solution using 5G technology. It is currently forecast to cost us £12.2m over the next four years. This national project continues to prove difficult to predict with accuracy. National airwave contracts require emergency services to have transitioned to the new solution by end of 2024, but the final business case for the national programme remains under review and is yet to receive ministerial approval. Our costs are based on some modelling done locally to interpret the national business case, but will need to be subject to further refinement as and when the national position becomes clearer;
  - National Enabling Programme (NEP), which will see all police forces and agencies introduce the latest cloud based productivity tools (Microsoft O365), increasing effectiveness and improving service delivery by enhancing communications and facilitating interaction with other forces, partner organisations and the public. Improved identity access management into policing systems and networks and national infrastructure and asset information security monitoring services will also be delivered. The cost of implementing this within Avon and Somerset will be £2.1m over the next two years.
- **Regional Projects** – the provision of £0.8m within our capital plan for regional projects reflects the ongoing work around two systems:-
  - Crime, Case, Custody and Intelligence records management system (Niche) – we continue to work with four of our regional neighbours in the shared development of our separate instances of the same Niche system. Over the course of the next 5 years £0.5m has been identified to support this at this stage;
  - Forensic Management System (Socrates) – our plans include £0.3m in 22/23 to upgrade or replace our regional forensic management system in conjunction with regional partners.
- **Local Projects** – our plans predict that we will spend £10.4m on the implementation of local projects over the course of the plan. This includes:-
  - Corporate Systems – we are currently developing our plans for the improvement of our corporate HR, finance and operational capabilities, enabling continued improvements in many of our key corporate processes. We have yet to set out clear plans here as the development work remains ongoing, but at this stage our capital plans include £8.0m in support of this over the next four years;
  - Mobile platform – during 2020 we have reviewed and reset our plan for the key policing application that will be used by frontline officers and staff through their smart phones. Our capital plan includes £0.5m in 21/22 to support the necessary work to take this forward.

**Estates Projects** – our estates projects largely fall into three categories as follows:-

	Current	MTFP					Total
	20/21	21/22	22/23	23/24	24/25	25/26	
	£'000	£'000	£'000	£'000	£'000	£'000	
Somerset Projects	1,240	4,139	2,047	500	0	0	7,926
Bristol Projects	934	408	1,430	807	0	0	3,579
BANES Projects	43	200	0	1,500	5,250	750	7,743
<b>TOTAL Estates Projects</b>	<b>2,217</b>	<b>4,746</b>	<b>3,477</b>	<b>2,807</b>	<b>5,250</b>	<b>750</b>	<b>19,247</b>

- Somerset Projects – our capital plan includes £7.9m over the next four years to progress estates projects in Somerset. This supports:-
  - Yeovil police station - £6.2m is included within the plan for the current year and the next two years to complete the demotion and rebuild of our Yeovil police station on our existing police station site;
  - Frome police station - £0.5m is included within our plan for 23/24 to develop our police station in Frome;
  - Minehead - £0.5m is included within our plan for 22/23 to develop a new plan for our future police station in west Somerset;
  - Wells and Williton police stations – our plans for the new police stations in both these locations are expected to be substantially progressed by the end of the current financial year, however our forward plan identifies £0.2m in 21/22 to complete these projects in the spring of 2021.
- Bristol Projects – our capital plan includes £2.6m over the next three years to progress two estates projects in Bristol (in addition to the £0.9m spent in the current year on Kenneth Steele House). This supports:-
  - Trinity Road police station (Old Market) – the work to progress the redevelopment of our current Trinity Road police station site has continued throughout 2020. We have now sold the site (subject to planning permission) to a social housing developer, with the intention of securing a neighbourhood base on the ground floor of the redeveloped site. £1.6m over the next three years has been included in the plan to support this;
  - Broadbury Road police station (Knowle West) – our plans include £1.0m over the next two years for the redevelopment of our existing police station site.
- Bath and North East Somerset Projects – our capital plan includes £7.7m over the next five years in support of both an enhanced neighbourhood and enquiry office presence in the city centre (£0.2m), as well as the longer-term development of a new response base (£7.5m).

## Capital Funding

Under the provisions of the Prudential Code, the PCC can invest in a capital programme so long as its capital spending plans are “affordable, prudent and sustainable”.

The capital programme is reflected in the PCC’s Treasury Management Strategy, which is presented annually to the Police and Crime Board, and regularly reviewed by the PCC’s Chief Finance Officer. This sets out the prudential indicators, which determine the limits set against the requirements of affordability, prudence and sustainability.

The PCC, in consultation with the Chief Constable, will identify available sources of funding in support of the capital programme. This will include the identification of potential capital receipts from the disposal of property.

The sources of capital funding available are detailed below.

	Current	MTFP					Total
	20/21	21/22	22/23	23/24	24/25	25/26	
	£'000	£'000	£'000	£'000	£'000	£'000	
Home Office Grant	269	269	269	269	269	269	<b>1,615</b>
ESN Grant Funding	-	260	86	48	48	-	<b>442</b>
Revenue Contribution	7,168	7,000	7,000	7,000	7,000	7,000	<b>42,168</b>
General Capital Reserve	-98	9,633	10,205	0	-155	-159	<b>19,427</b>
Capital Receipts (Estate)	0	0	1,311	12,269	0	0	<b>13,580</b>
Capital Receipts (Other)	171	100	100	100	100	100	<b>671</b>
Salix Loans	140	0	0	0	0	0	<b>140</b>
Previous Borrowing	368	0	0	0	0	0	<b>368</b>
New Borrowing	1,300	4,000	1,800	1,500	5,250	750	<b>14,600</b>
<b>TOTAL</b>	<b>9,319</b>	<b>21,263</b>	<b>20,772</b>	<b>21,187</b>	<b>12,512</b>	<b>7,960</b>	<b>93,013</b>

- Home Office capital grant funding – The current value of this grant is just £0.27m, a reduction of £0.76m/74% from the 19/20 value. We have assumed that the value of this grant will remain frozen at this new level for the remainder of our 5 year plan;
- ESN Grant Funding – this reflects the funding made available to us to support the necessary upgrades to our control room infrastructure to enable the transition away from Airwave radio devices to this new capability;
- Revenue contribution – In light of the reduction of Home Office capital grant funding, and wider uncertainties of national programmes, we have assumed that revenue contributions will remain at a high level. The revenue contribution for 20/21 is £7.2m and we are planning £7.0m p.a. from 21/22 onwards;
- General capital reserve – this represents historic and ongoing funds which have been set aside to support general capital investment. The above plan shows we intend to fully exhaust these by the end of 2022/23;
- Capital receipts (Estate) – over the course of the period covered by the plan we anticipate selling a number of our buildings. The combined value of receipts already received (£4.0m), and those we are expecting to receive over the next 5 years to 25/26 (£9.6m) totals £13.6m over the course of the plan. There remains risk over those receipts not yet received both in terms of the value (subject to market factors at the point at which the asset is sold) and the timing (subject to us being in a position to release the asset from operational use) which we will continue to monitor;
- Capital receipts (Other) – over the course of the plan we are assuming some receipts generated from the sale of our vehicles and other assets that have reached the end of their useful life to us. On average we expect to generate £0.1m p.a.
- New borrowing – this reflects the current assumed profile of borrowing which will be undertaken in support of capital expenditure. The final value and profile of our borrowing will be subject to ongoing discussion and dialogue with the PCC, and depending on timing of capital expenditure may be delayed from that which is currently shown (thereby releasing a small revenue saving also).

Our funding principle generally assumes that for shorter-life assets, sources of funding other than borrowing will be used. Borrowing is planned to be used only against those longer-life assets, where the revenue provision needed to set aside for the repayment of the borrowing (known as the “Minimum

Revenue Provision” or “MRP”) can be taken over a longer timeframe, thereby reducing the annual cost to our revenue budgets. All borrowing undertaken can only be done so with the approval of the PCC, and must be prudent, affordable and sustainable.

All of the revenue implications of the capital programme, including those costs which are either as a consequence of the direct funding or in order to service our borrowing (both interest and MRP) have been fully reflected in our revenue budget plans as set out earlier in our MTFP.

## Reserves and Risk

### Reserves

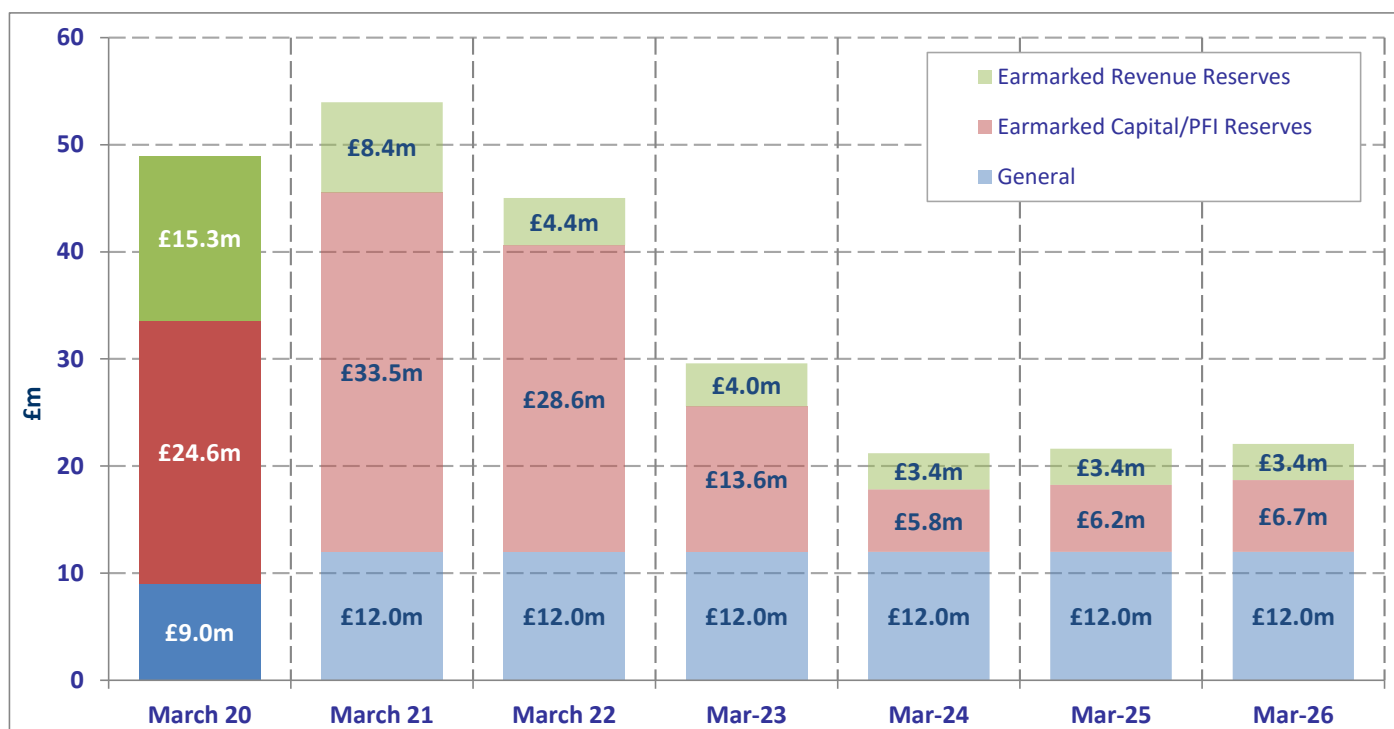
The PCC holds reserves in order to:-

- Support capital and revenue investment to continue our further transformation and change;
- Manage uncertainty and risk in our future; and
- Comply with accounting practice and convention.

As reported in our financial statements at the end of March 2020 the PCC had total usable reserves of £49.0m. This reflected an increase of £10.3m/26.5% compared to the balance held 12 months previously, mainly due to increases in our capital reserves. Our useable reserve levels are forecast to stand at £54.0m by the end of the 2020/21 financial year (a further increase of £5.0m).

The current projections estimate a £8.9m decrease in reserves during the 2021/22 financial year, with further reductions of £23.8m to March 2024. The main reasons for the reduction over this period are the consumption of our capital reserves in line with our capital plans, and the reduction in our discretionary earmarked reserves. As the graph demonstrates, from 2023/24 financial year we expect the reserves level to stabilise, with reserves standing at £22.1m by the end of the MTFP period (March 2026). This reflects a projection only at this stage, and will therefore be subject to ongoing review and refinement as our plans crystalize.

Figure 4: Useable reserve projections over the life of the MTFP



Our reserves largely fall into the following categories:-

- Our **general fund** is set annually by the PCC's Chief Finance Officer in consultation with the Chief Constable's Chief Finance Officer, and after a consideration of all risks facing the PCC. We are proposing to increase the general fund from £9m to £12m at March 2021 to manage the risk arising from the potential economic disruption caused by COVID-19. The risk level, and our appetite for the financial provision needed to assure ourselves, may change over the medium term enabling some reductions in this reserve – however, we will need to maintain some provision here and **the proposed general fund balance (£12.0m) represents only 3.4% of 20/21 Net Revenue budget;**
- Our **PFI reserves** are used to equalise the phasing of our income (in the form of PFI credits) to our forecast expenditure. In the early years of the contract we generate a surplus which our accounting model requires us to put into reserves, in order to be released against the annual deficit in funding forecast in the later years of the contract. By so doing we are able to smooth the financial impact on the revenue budget over the life of these assets. By March 2026 we forecast that our PFI reserves will stand at **£6.4m**. Our financial model forecasts that this will be the peak level of these reserves, and that from this point onwards the reserves will begin to gradually reduce as we use the funds to help top-up our revenue budgets. Our modelling identifies that this reserve will not fully unwind until the 2038/39 financial year which will coincide with the end of our PFI contracts;
- Our **capital reserves** consists of our capital financing reserve and our capital receipts reserve. The general capital reserve represents historic and ongoing funds which have been set aside to support general capital investment. We expect to fully utilise these reserves by the end of 2022/23 in line with our capital plans, with a small residual allocation back to reserves in the final two years of our plan. The capital receipts reserve holds receipts from the sale of assets, mainly buildings. We intend to fully exhaust these reserves by the end of 2023/24 in line with our capital plans;
- The remainder of our reserves have been earmarked for specific purposes, and include the creation of a **new reserve of £1m in support of a new PCC in their first year in office**. Our earmarked reserves are expected to decrease by £4.0m between March 2021 and March 2022. The remaining reserves reflect lots of smaller annual amounts projected to be held at any given year-end which relate to ring-fenced activity. This includes the value on our non-returnable detained property fund, specific grants and ring-fenced receipts of funding unspent at any given year-end, as well as an ongoing road safety reserve generated through income received from speed awareness course referrals.

## Risk

Given the extent of the modelling and assumptions required across the development of our MTFP, it is important that we have consideration of risks and the potential impact these could have on our forecasts and plans. The table below highlights some of the key risks identified:-

Risk	Potential scale	Mitigation
<b>Grant Funding Value</b> – the value of future grant levels is higher or lower than currently forecast owing to decisions made by the Government about the overall funding available to provide to PCC's.	1.0% of total grant funding is £2.1m p.a.	Grant funding is expected to increase each year for 3 years to fund the extra officers promised by the Government, inclusive of an increase for inflation to support the ongoing costs the Force will face during this period of uplift. Continued engagement with national programme of work to inform the 2021 Spending Review, and with colleagues in other forces to check suitability of assumptions being made.
<b>Grant Funding Distribution</b> – the value of future grant levels is higher or lower than current forecast owing to decisions made by the Government about how to distribute overall funding available to PCC's.	1.0% of formula grant funding is £1.9m p.a.	Engage with and monitor the work of the Home Office as they consult on proposals to change the current formula for distribution expected as part of Spending Review work.
<b>Council Tax Base</b> – the increase in council tax base currently forecast is higher or lower than currently forecast (0.01% growth in 21/22, +1.05% 2022/23, +1.16% 2023/24).	1.0% of council tax income is £1.4m p.a.	Ensure our forecasts for council tax base are adjusted regularly and reflect those forecasts being made by local authorities themselves.
<b>Council Tax Deficits</b> – the current forecasts by the local authority are higher or lower than currently forecast (£1.1m deficit 2021/22, £868k deficit 2022/23, £868k deficit 2023/24 and net zero position thereafter)	10% of deficit is £0.1m p.a.	Forward plan from local authorities assumes a certain level of council tax recovery following the Covid-19 pandemic. Continue to update our forecasts in line with local authorities' expectations.
<b>Council Tax Precept</b> – the referendum cap is set at a lower level than that which is planned within our forward projections.	1.0% of council tax income is £1.4m p.a.	Forward plan assumes 1.99% annual increases, which to date has not been above the referendum cap set by the Government. Continue to seek confirmation from PCC about appropriateness of this assumption, and monitor Government information about referendum capping principles.
<b>Pay Inflation</b> – the increase in pay is higher or lower than currently forecast (2.5% increase p.a.).	1.0% of officer and staff pay is £2.7m p.a.	Benchmarking of our assumptions for future pay awards against other forces to ensure not outlier. Monitor Government, and emerging sector statements regarding future public sector pay.

Risk	Potential scale	Mitigation
<p><b>Officer Pensions</b> – the MTFP reflects the increase from the last valuation, which saw employer contributions increase to 31% with effect from April 2019. The MTFP recognises the ongoing risk, but at this stage does not include any provision for growth in employer rate at next valuation date (April 2023). This reflects the uncertainty of what value to use and the reality that any increase would need a sector wide response in consultation with the Government.</p>	<p>1.0% change in employer contribution is £1.1m p.a.</p>	<p>We do not expect the rate to change until it next comes under review. Experience of the 2018 valuation has meant service and Home Office have agreed to work more closely on monitoring arrangements – thereby ensuring any potential swings in future rates are forecast in a more timely manner.</p> <p>The risk will be recognised in CSR 2021 submissions and remains an ongoing topic of conversation between the service nationally and the Home Office.</p>
<p><b>Staff Pensions</b> – the MTFP reflects the increase from the 2019 valuation exercise, which will see our employer contributions rise to 16.3% with effect from April 2020. The MTFP recognises the ongoing risk, and includes further provision of £1.6m from 23/24, to coincide with the timing of the next planned valuation.</p>	<p>Additional 1.0% contribution is:- Staff = £0.8m p.a.</p>	<p>Monitor the ongoing position of actuarial reviews, engaging with this process through representation of the SCC LGPS Scheme Board.</p>
<p><b>Inflation</b> – the UK economic and political position carries a lot of uncertainty and risk at present which could lead to fluctuations in inflation. Our assumptions for non-pay inflationary provisions, might not be appropriate to keep pace with increases in price.</p>	<p>Additional 1.0% on non-pay budgets is £0.45m p.a.</p>	<p>Continue to monitor emerging picture and determine if any adjustment needs to assumptions already factored in across the MTFP.</p>
<p><b>Capital Affordability</b> – Our capital plans set out our ambitions in relation to both local and national projects and plans. They include a share of maintaining and replacing existing capabilities and infrastructure, with enhancements to support the realisation of the vision of providing outstanding policing in Avon and Somerset. However, we recognise the affordability challenges of our current plan in the latter years, particularly exacerbated by the forecast cost of the ESN and ERP projects. Failure to close this gap will lead to us having to reduce the scope of our plans and/or identify alternative funding sources with resultant impacts on our revenue budgets.</p>	<p>Currently the deficit in our capital plan stands at £0.4m over the next five years.</p>	<p>Continue to review and refine plans, ensuring scrutiny of business cases as they are brought forward for consideration.</p> <p>Take opportunistic approach to ring-fencing revenue underspends to bolster capital funding options.</p> <p>Look to identify alternative sources of funding wherever possible to support our projects and plans (e.g. use of Salix loans, specific purpose grant funding).</p> <p>Consider further increases to the recurring revenue contributions to capital, raising this beyond the current £7.0m p.a.</p>



## Appendix A – MTFP

	Current Yr 2020/21 £'000	MTFP Period				
		2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
<b>Constabulary Budgets</b>						
Police officer costs	152,926	163,173	169,646	173,593	179,865	187,901
Police community support officer costs	12,251	12,410	12,794	13,193	13,524	13,864
Polices staff costs	88,984	93,049	95,510	99,224	101,671	104,433
Other current and former employee costs	9,840	10,312	10,653	10,853	11,053	11,253
Premises costs	13,966	13,942	14,334	15,647	14,209	15,523
Transport costs	5,150	5,058	5,135	5,213	5,322	5,434
Supplies and services costs	34,339	37,248	38,401	39,371	40,111	40,790
Partnership costs	13,912	14,839	15,102	15,424	15,822	16,230
<i>Plus</i>		-	-	-	-	-
Contribution to/(from) reserve	678	384	57	93	216	215
Capital financing costs	17,277	17,644	17,413	16,894	18,711	17,889
Outstanding savings target	214	-	-	-	-	-
<i>Less</i>						
Income (inc PFI Grants)	- 26,124	- 25,521	- 26,173	- 26,306	- 26,567	- 26,794
<b>Constabulary costs before specific grants</b>	<b>323,411</b>	<b>342,537</b>	<b>352,871</b>	<b>363,198</b>	<b>373,937</b>	<b>386,738</b>
<i>Less</i>						
Home Office - Pensions grant	- 2,828	- 2,828	- 2,828	- 2,828	- 2,828	- 2,828
Home Office - Uplift grant	- 3,843	- 2,264	- 2,264	-	-	-
<b>TOTAL constabulary costs</b>	<b>316,741</b>	<b>337,446</b>	<b>347,780</b>	<b>360,371</b>	<b>371,110</b>	<b>383,910</b>
<b>OPCC Budgets</b>						
PCC commissioning costs	3,488	3,529	3,529	3,529	3,529	3,529
Office of the PCC costs	1,552	1,805	1,949	2,002	2,057	2,112
<i>Less</i>						
Ministry of Justice - Victims commissioning grant	- 2,001	- 2,001	- 2,001	- 2,001	- 2,001	- 2,001
<b>TOTAL OPCC costs</b>	<b>3,039</b>	<b>3,334</b>	<b>3,478</b>	<b>3,531</b>	<b>3,585</b>	<b>3,641</b>
<b>Net Revenue Expenditure</b>	<b>319,780</b>	<b>340,780</b>	<b>351,258</b>	<b>363,902</b>	<b>374,695</b>	<b>387,551</b>
<i>Funded by:</i>						
Home Office - Main police grant	- 174,768	- 185,784	- 194,361	- 200,590	- 204,601	- 208,693
Home Office - Legacy council tax grant	- 14,709	- 14,709	- 14,709	- 14,709	- 14,709	- 14,709
MHCLG - Council tax support grant	-	- 2,265	-	-	-	-
MHCLG - Council tax income guarantee grant	-	- 369	-	-	-	-
Council Tax - Precept	- 130,068	- 138,614	- 142,854	- 147,384	- 152,031	- 156,691
Council Tax - (Surplus)/Deficit	- 235	962	665	665	-	-
<b>TOTAL Revenue Funding</b>	<b>- 319,780</b>	<b>- 340,780</b>	<b>- 351,258</b>	<b>- 362,017</b>	<b>- 371,341</b>	<b>- 380,093</b>
<b>Surplus (-) / Deficit (+)</b>	<b>-</b>	<b>-</b>	<b>1,885</b>	<b>3,354</b>	<b>7,458</b>	

## Appendix B – Revenue Funding Forecasts

	MTFP Period					
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
<b>GRANT FUNDING</b>						
Main Grant Funding	174,768	185,784	194,361	200,590	204,601	208,693
Legacy Council Tax Funding	14,709	14,709	14,709	14,709	14,709	14,709
Uplift Grant Funding	3,843	2,264	2,264	-	-	-
Council Tax Support Grant	-	2,265	-	-	-	-
Council Tax Income Guarantee Grant	-	369	-	-	-	-
Pensions Grant Funding	2,828	2,828	2,828	2,828	2,828	2,828
Vicitims Commissioning Grant Funding	2,001	2,001	2,001	2,001	2,001	2,001
<b>TOTAL GRANT FUNDING</b>	<b>198,148</b>	<b>210,220</b>	<b>216,162</b>	<b>220,127</b>	<b>224,139</b>	<b>228,231</b>
<b>COUNCIL TAX FUNDING</b>						
<i>% movement in precept</i>	4.6%	6.6%	2.0%	2.0%	2.0%	2.0%
<i>Av. Band D (£p)</i>	227.81	242.81	247.64	252.57	257.60	262.72
<i>Tax Base (No.)</i>	570,952	570,875	576,856	583,536	590,190	596,412
<b>Precept Funding</b>	<b>130,069</b>	<b>138,614</b>	<b>142,854</b>	<b>147,384</b>	<b>152,031</b>	<b>156,691</b>
Collection Fund Surplus / (Deficit)	235	- 962	- 665	- 665	-	-
<b>TOTAL COUNCIL TAX FUNDING</b>	<b>130,304</b>	<b>137,653</b>	<b>142,189</b>	<b>146,719</b>	<b>152,031</b>	<b>156,691</b>
<b>TOTAL FUNDING</b>	<b>328,453</b>	<b>347,872</b>	<b>358,351</b>	<b>366,846</b>	<b>376,170</b>	<b>384,922</b>

## Appendix C – Capital Programme

Summary Capital Programme	Current Yr		MTFP Period				TOTAL £'000
	Forecast 2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Expenditure</b>							
<b>BAU Replacement Programmes</b>							
- ICT Replacement	3,105	7,843	4,598	4,798	2,489	2,591	25,424
- Estates Replacement	1,065	861	689	497	311	1,281	4,703
- Fleet Replacement	2,032	3,523	2,681	2,703	2,859	2,770	16,568
- Equipment Replacement	545	408	268	268	268	268	2,025
<b>Sub-Total Replacement Programme</b>	<b>6,747</b>	<b>12,635</b>	<b>8,236</b>	<b>8,265</b>	<b>5,926</b>	<b>6,910</b>	<b>48,720</b>
<b>Capital Projects</b>							
- Digital Projects	356	3,881	9,058	10,532	1,336	300	25,464
- Estates Projects	2,217	4,746	3,477	2,807	5,250	750	19,247
<b>Sub-Total Capital Projects</b>	<b>2,573</b>	<b>8,628</b>	<b>12,536</b>	<b>13,339</b>	<b>6,586</b>	<b>1,050</b>	<b>44,711</b>
<b>TOTAL Capital Expenditure</b>	<b>9,319</b>	<b>21,263</b>	<b>20,772</b>	<b>21,605</b>	<b>12,512</b>	<b>7,960</b>	<b>93,431</b>
<b>Funding</b>							
<b>General Purpose Funding</b>							
- Home Office Capital Grant Funding	(269)	(269)	(269)	(269)	(269)	(269)	(1,615)
- A&S Revenue Contributions	(7,168)	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)	(42,168)
- A&S Rev Cont to move to Cap Fin Res	0	0	0	0	0	0	0
- General Capital Reserve	98	(9,633)	(10,205)	0	155	159	(19,427)
- ESN Grant Funding	0	(260)	(86)	(48)	(48)	0	(442)
- Capital Receipts	0	0	(1,311)	(12,269)	0	0	(13,580)
- Vehicle Sales & other	(171)	(100)	(100)	(100)	(100)	(100)	(671)
- Salix Loans	(140)	0	0	0	0	0	(140)
- Outstanding Borrowing from 19/20	(368)	0	0	0	0	0	(368)
- New Borrowing	(1,300)	(4,000)	(1,800)	(1,500)	(5,250)	(750)	(14,600)
<b>Total General Purpose Funding</b>	<b>(9,319)</b>	<b>(21,263)</b>	<b>(20,772)</b>	<b>(21,187)</b>	<b>(12,512)</b>	<b>(7,960)</b>	<b>(93,013)</b>
<b>TOTAL Capital Funding</b>	<b>(9,319)</b>	<b>(21,263)</b>	<b>(20,772)</b>	<b>(21,187)</b>	<b>(12,512)</b>	<b>(7,960)</b>	<b>(93,013)</b>
<b>Surplus (-)/Deficit (+)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>418</b>	<b>0</b>	<b>0</b>	<b>419</b>

## Appendix D – Reserves Forecast

	ACTUAL		FORECAST				
	Bal as at 31st March 2020	Bal as at 31st March 2021	Bal as at 31st March 2022	Bal as at 31st March 2023	Bal as at 31st March 2024	Bal as at 31st March 2025	Bal as at 31st March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carry Forwards	1,826	700	500	500	500	500	500
Operations reserve	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Overtime - liability for AURORA Switch on	1,000	1,000	0	0	0	0	0
Buildings and sustainability	749	291	0	0	0	0	0
Transformation reserve	472	195	0	0	0	0	0
Operation Remedy reserve	1,344	0	0	0	0	0	0
Covid 19 Recovery Fund	1,000	0	0	0	0	0	0
New PCC Fund	0	1,000	0	0	0	0	0
<b>DISCRETIONARY RESERVES</b>	<b>7,891</b>	<b>4,686</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
SW ROCU	1,625	104	104	104	104	104	104
Proceeds of Crime	574	574	0	0	0	0	0
DPR Reserves	378	309	300	300	300	300	300
Specific revenue grants	577	559	357	288	25	25	25
Council Tax income guarantee	0	0	246	123	0	0	0
Hinkley Point	881	496	344	190	0	0	0
Road Safety	1,103	1,103	500	500	500	500	500
LRF Reserve	128	141	100	57	13	0	0
Victims and Commissioning	1,584	299	299	299	299	299	299
Miscellaneous Reserve	216	156	156	148	148	148	148
Regional Programme Reserve	385	0	0	0	0	0	0
<b>NON-DISCRETIONARY RESERVES</b>	<b>7,451</b>	<b>3,741</b>	<b>2,406</b>	<b>2,009</b>	<b>1,389</b>	<b>1,376</b>	<b>1,376</b>
Capital Financing reserve	15,441	19,839	10,205	0	0	155	314
Capital earmarked reserves	103	0	0	0	0	0	0
PFI Change Reserve	477	457	457	457	457	457	457
PFI Interest Smoothing Account	0	0	0	0	0	0	0
PFI Sinking Fund Reserve	4,605	4,634	4,970	5,143	5,362	5,624	5,931
Capital Receipts Reserve	3,982	8,606	12,980	7,969	0	0	0
<b>CAPITAL AND PFI RESERVES</b>	<b>24,608</b>	<b>33,536</b>	<b>28,612</b>	<b>13,569</b>	<b>5,819</b>	<b>6,236</b>	<b>6,702</b>
General Fund	9,000	12,000	12,000	12,000	12,000	12,000	12,000
<b>TOTAL Useable Reserves</b>	<b>48,950</b>	<b>53,963</b>	<b>45,018</b>	<b>29,578</b>	<b>21,208</b>	<b>21,612</b>	<b>22,078</b>