

AVON AND SOMERSET POLICE AND CRIME PANEL

9th DECEMBER 2021

REPORT OF THE POLICE AND CRIME COMMISSIONER

2022/23 FINANCIAL PLANNING - BUDGET PROCESS UPDATE

1. EXECUTIVE SUMMARY

This report provides an update on the ongoing process that will lead to the setting of the 2022/23 revenue budget, council tax precept and capital programme in February 2022. It sets out our current planning assumptions and areas of continued uncertainty at time of writing. At this stage of the process, the Panel are not being asked to consider a draft budget or financial plan, only to note the current assumptions and illustrative examples of their implications.

This report is prepared on the best information currently available to us. Given the timing of this report it has been necessary to make a number of assumptions and projections about future events. It will be necessary to continue to review these in light of a number of areas, most notably:-

- The detail of the police funding settlement – expected later in December;
- Confirmation of the final officer uplift target to be achieved by March 2023 as our share of the Government’s promised 20,000 increase in police officer numbers – expected later in December;
- The projections and forecasts of our local collection authorities for both council tax base and any share of deficit or surplus resulting from collection fund performance;
- Discussions at a national level in respect of anticipated pay awards.

Our key planning assumption at this stage in relation to the policing precept is that this will increase by an average of £10 p.a. in each of the next 3 years (in line with the maximum permitted of PCCs) and thereafter will increase by 2.0% p.a.

	<i>Current</i>	MTFP Period				
	<i>21/22</i>	<i>22/23</i>	<i>23/24</i>	<i>24/25</i>	<i>25/26</i>	<i>26/27</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Av. Band D Police Precept	<i>£242.20p</i>	<i>£251.20p</i>	<i>£261.20p</i>	<i>£271.20p</i>	<i>£276.60p</i>	<i>£282.10p</i>
<i>Annual increase</i>	<i>+£13.39p</i>	<i>+£10.00p</i>	<i>+£10.00p</i>	<i>+£10.00p</i>	<i>+£5.40p</i>	<i>+£5.50p</i>
<i>Annual increase (%)</i>	<i>+5.9%</i>	<i>+4.1%</i>	<i>+4.0%</i>	<i>+3.8%</i>	<i>+2.0%</i>	<i>+2.0%</i>

This remains a planning assumption at this stage, and we would welcome the panel’s views on this. The final decision on proposed precept will be made on consideration of the panel’s feedback, on conclusion of our public consultation and in the context of the increased certainty post funding settlement.

The revenue plan headline forecasts at this stage of our planning are:

Revenue Plan	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000
Budget requirement	359,584	369,625	382,096	394,073	404,838
Less; Identified Savings	-3,002	-3,177	-3,243	-3,310	-3,376
Less; General funding	-356,582	-366,448	-378,075	-385,014	-392,033
(Surplus)/Deficit	-	-	778	5,749	9,429

There is a forecasted deficit of £0.8m in the revenue plan from 2024/25, which rises to £5.7m by 2025/26 which then rises to £9.4m by 2026/27. The deficit is compounded by pressures to support future pay inflation; increases to pension costs; investment and inflation in IT services; and specific non-pay inflation, with acute challenges around inflationary increases in utilities costs and in forensic services and custody healthcare.

The capital plan headline forecasts at this stage of our planning are:-

Capital Plan	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000
Capital Plan Expenditure	16,265	24,993	23,694	15,789	7,469
Less; Capital Plan Funding	-16,265	-24,993	-23,694	-9,845	-7,469
Deficit	-	-	-	5,944	-

There remains a deficit in our capital plans, reflective of cuts to capital grant funding and of the requirements of national digital and IT programmes alongside our local plans. We will continue to refine our forecasts for both capital expenditure and funding further by the time our final MTFP is presented and approved.

2. BACKGROUND

The approval of an annual budget occurs within the framework of our Medium Term Financial Plan (MTFP). This sets out our strategic approach to the management of our finances and provides the framework within which the delivery of the Government's Beating Crime Plan and the PCC's priorities will be progressed.

The Government's [Beating Crime Plan](#) establishes [national priorities for policing](#), which are:-

- Reduce murder and other homicide;
- Reduce serious violence;
- Disrupt drugs supply and county lines;
- Reduce neighbourhood crime;
- Tackle cyber-crime; and
- Improve victim satisfaction, with particular focus on victims of domestic abuse.

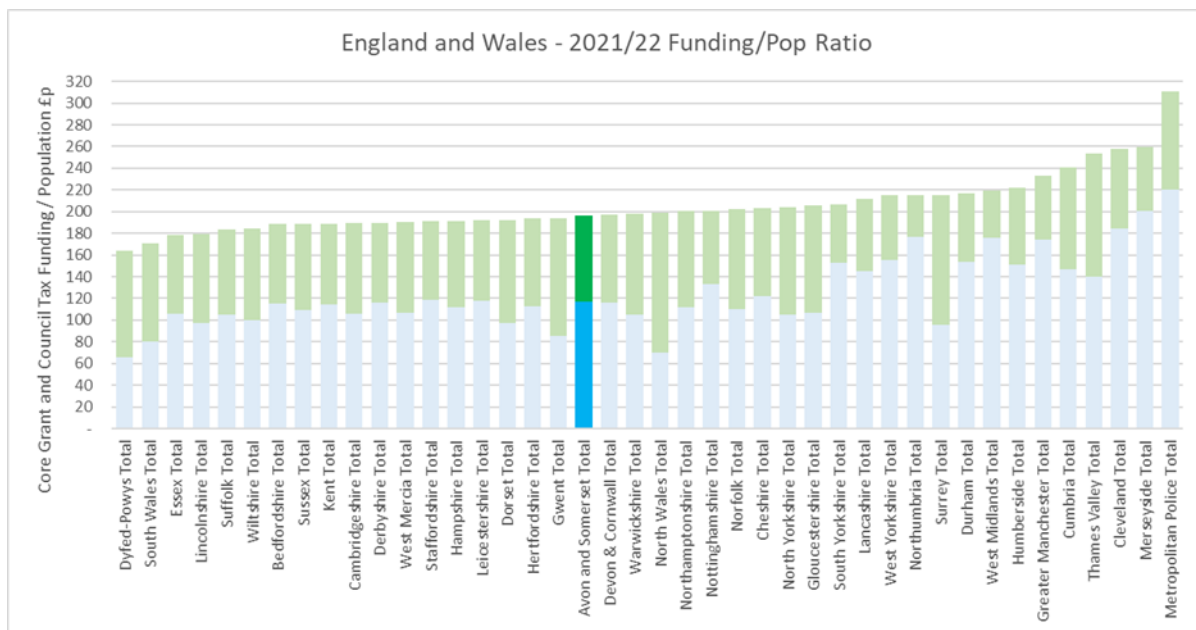
The PCC has published his draft [Police and Crime Plan](#) which includes these four overarching priorities:-

- Preventing and fighting crime;
- Engaging, supporting and working with communities, victims and partner organisations;
- Leading the police to be efficient and effective;
- Increasing the legitimacy of, and public confidence in, the police and criminal justice system.

The MTFP provides the financial outlook, context and resourcing principles for the annual budget setting process. It outlines, in broad terms, the specific service and funding issues over the 5-year period and how the PCC will, within these financial constraints, fund our priorities and ensure financial sustainability and resilience can be achieved. The MTFP needs to be responsive to changing national and local conditions and risks and is therefore a living document subject to annual review, with the next period covering 2022/23 – 2026/27.

In February 2021 the PCC approved the 21/22 revenue budget and capital plan, confirming an average band D precept of £241.20, an increase of £13.39/5.9% on the previous year. The increase in local precept in 21/22 allowed us to maintain our current accelerated officer recruitment plans.

When combined with main government grant funding, the total revenue funding received by the PCC in 21/22 equates to £196.73 per head of population, £25.90 below the national average (£8.76 below if London removed) for PCCs across England and Wales.

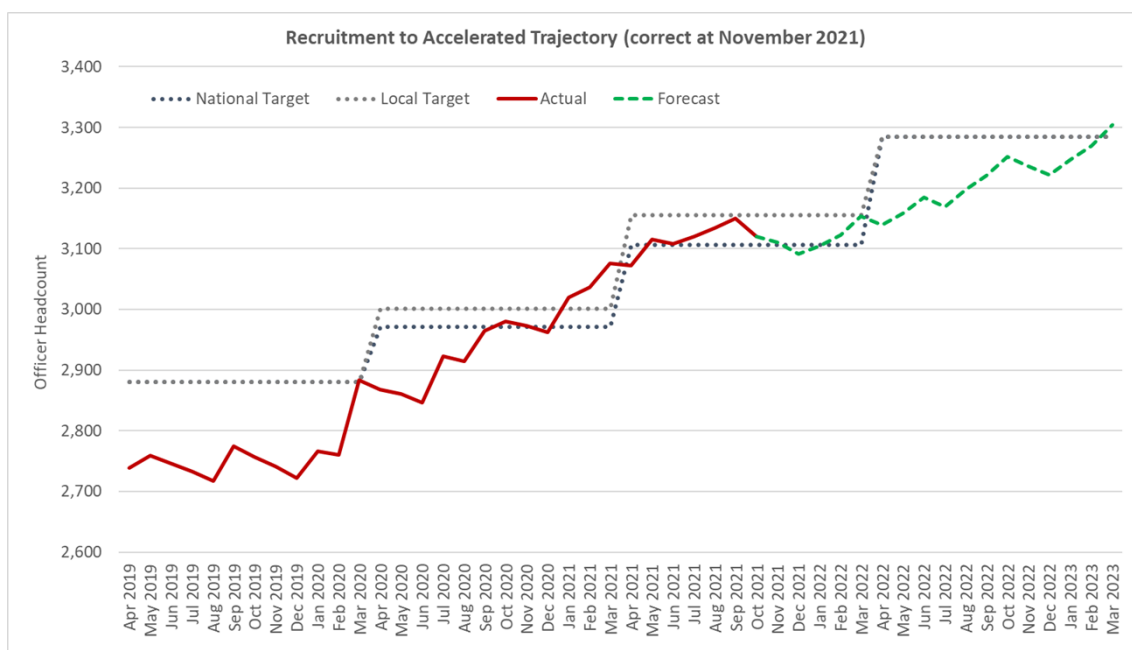


During the summer of 2019, the Government announced its intention to increase the number of police officers in England and Wales by 20,000. The target date for the achievement of this objective is by the end of March 2023, with incremental targets every year to ensure that this can be achieved. So far, the Government has confirmed targets for each force area to achieve by 31st March 2022. The announcement of the final target to be delivered during 2022/23 is expected to be provided alongside the police funding settlement expected in mid-December.

In the absence of confirmed targets beyond March 2022 at this stage, the Constabulary is planning towards the delivery of 450 extra officers by 31 March 2023 compared to a baseline

headcount of 2,835 as at 1st April 2019. This represents 2.3% of the national uplift target, which equates to the Avon and Somerset % share of uplift target to date.

As at November 2021 the Constabulary is on track to achieve this target, as is shown in the graph below. Between November 2021 and March 2023 it is projected a minimum of a further 474 new officers will be recruited to achieve this growth and offset forecast leavers numbers. Upon confirmation of future targets, we will review this plan and flex accordingly.



The police service in England and Wales have engaged with the Home Office in its submission as part of the spending review. In doing so the case has successfully been made for the funding to assure the delivery of the uplift in officers as well as to manage ongoing inflationary pressures arising from future pay awards, pension increases and other factors. However, it remains to be seen as to the extent that these will be fully funded.

Within these submissions the service has recognised the need to offer further savings and efficiencies. Examples of this work include supporting the work of our [Bluelight Commercial Organisation](#), to drive forward further opportunities to release procurement savings, as well as realising productivity and efficiency gains through national technology programmes (e.g. [National Enabling Programme](#)).

The need for savings and efficiencies alongside delivering officer uplift has been reinforced by the Policing Minister. He has set out to both PCCs and CCs an expectation of cashable savings of £100m p.a. for each of the next 3 years being delivered across policing in England and Wales. Based on current funding profile, Avon and Somerset would notionally account for c.£2.3m of these savings, a target we have already exceeded with our current plans in 2022/23. However, we recognise more will need to be done not just in releasing cashable savings, but also in the delivery of non-cashable efficiencies which help to create capacity to meet current and future demand pressures. This remains a priority area for our change initiatives and investment plans.

3. REVENUE FUNDING

The main revenue funding received by the PCC comes from two sources:-

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- Core grant funding – consisting of Home Office policing grants and legacy council tax grants; and
- Council tax funding – determined by the policing precept multiplied by the local council tax base and adjusted for our share of surplus or deficits on collection fund.

In addition grant funding is also received for specific purposes, and these grants include:-

- Uplift grant funding – this reflects the funding provided to deliver and sustain the officer uplift. We have assumed this is frozen in cash terms for the duration of the MTFP;
- Pensions grant funding – this grant funding was introduced in 2019/20 to provide support for the increased cost of police officer pensions following an actuarial assessment that increased the employer contribution rate from 24% to 31%. We have assumed this is frozen in cash terms for the duration of the MTFP;
- Victims commissioning grant funding – this grant funding is provided to the PCC from the Ministry of Justice in support of the commissioning of victims services. We have assumed this is frozen in cash terms for the duration of the MTFP.

The value of funding is dependent on a number of variables which at the time of presenting this report remain uncertain. It has therefore been necessary to make a number of assumptions, and (in the case of council tax) rely on the forecasts of local authorities which are yet to be formally confirmed.

Council tax funding – The previous MTFP, approved in February 2021, assumed future growth in council tax revenue. We have started to receive some draft estimates of tax base and collection fund estimates and we expect to receive firmer confirmation of both of these amounts in time to finalise our budget proposal for presentation to panel in February 2022.

The current average household in Avon and Somerset pays £241.20p towards local policing costs in 2021/22. This remains the median council tax of all forces in England and Wales, as well within the south west:-

	21/22 Precept £	Difference £	Difference %	Value £m
Gloucestershire PCC	£270.08	+£28.88	+12.0%	+£16.5m
Dorset PCC	£255.58	+£14.38	+6.0%	+£8.2m
Avon and Somerset PCC	£241.20			
Devon and Cornwall PCC	£236.56	-£4.64	-1.9%	-£2.6m
Wiltshire PCC	£231.27	-£9.93	-4.1%	-£5.7m

Our working assumption at present is that the precept will be increased by £10 for each of the next 3 years and thereafter at 1.99% over the remaining period covered by the MTFP. This level has been assumed at this stage in our planning:-

	<i>Current</i>	MTFP Period				
	<i>21/22</i>	<i>22/23</i>	<i>23/24</i>	<i>24/25</i>	<i>25/26</i>	<i>26/27</i>
	£	£	£	£	£	£
Av. Band D Police Precept	£242.20	£251.20	£261.20	£271.20	£276.60	£282.10
<i>Annual increase</i>	<i>+£13.39</i>	<i>+£10.00</i>	<i>+£10.00</i>	<i>+£10.00</i>	<i>+£5.40</i>	<i>+£5.50</i>
<i>Annual increase (%)</i>	<i>+5.9%</i>	<i>+4.1%</i>	<i>+4.0%</i>	<i>+3.8%</i>	<i>+2.0%</i>	<i>+2.0%</i>

The PCC is undertaking a public consultation to seek views on precept levels and the attitude to any potential increase. The consultation will be online, by telephone and by mailshot to elicit the widest possible response. Once the results have been received they will be shared as part of the 21/22 budget and precept proposal.

The value of council tax funding is not determined by only the precept level, but also by the change to the council tax base, and the distribution of any surplus or deficit on local collection funds.

- **Tax Base** - The MTFP approved in February saw the aggregate tax base decrease of 0.01% p.a. across our eight local collecting authorities. At the time of writing this report, we have received early estimates from 6 of our 8 local authorities with the exception of South Gloucestershire and Sedgemoor. Using an estimate based on the worst-case position presented by our other local authorities, we project an aggregate **increase in the tax base of 1.05% for 2022/23** financial year. Thereafter we are prudently forecasting 1.16% growth in 23/24, 1.14% for 24/25, 1.05% for 25/26 and 1.0% growth in 26/27. We will review our assumptions here in light of final confirmed tax base estimates once received;
- **Collection Fund** – This represents our share of any surplus or deficit on the collection fund as calculated by our eight collecting authorities. As a result of the economic effect of the Covid-19 pandemic and as a result the non-recovery of council tax, deficits were forecasted by the authorities. The MTFP approved in February assumed our aggregate share of collection fund deficits would be £962k in 2021/22, after adjusting for the recovery of any deficits over three years as granted by the government under new rules.

Our **projected share of the deficit** from our local authorities **is estimated to be £0.7m in 2022/23** and £0.7m in 2023/24 thereafter a zero surplus/deficit is assumed for the remaining period of the MTFP. We will review our assumptions here in light of the final confirmed collection fund deficit or surplus once received in January;

Core grant Funding – The final values of our grant funding will not be known until the announcement of the police settlement, which is not expected until mid-December. However, the Chancellor’s autumn budget statement provided some indications for this funding over the course of the three year Spending Review (SR) period. These have been further clarified through Policing Minister briefings to all PCCs and CCs, which present the following picture:-

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	2022/23 £m	2023/24 £m	2024/25 £m
Cumulative increase to Police Grant	+£550m	+£650m	+£800m

Accompanying this high level funding announcement was the precept flexibility outlined above. Within the total funding envelope provided by both core grant funding and precept flexibility, the government expects that:-

- PCCs and CCs will deliver and sustain officer uplift;
- PCCs and CCs will absorb the increased costs of national insurance resulting from the social care levy (see section on social care levy below);
- The service will implement a reasonable pay award for officers and staff (following consideration and recommendation by the respective pay bodies); and
- The service will transition special branch policing under the oversight and funding of Counter Terrorism policing with effect from 1st April 2022 (with corresponding transfer of grant funding and costs).

We will not know for certain how this funding will be distributed until the police grant settlement is published in mid-December. However, we can make an assumption based on current distribution of total core grant funding. Therefore at this stage we have assumed the following movement in our core grant funding:-

	Current	MTFP Period				
	21/22 £000	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000
Core Grant	185,784	198,726	201,079	204,608	206,641	208,695
Legacy Council Tax	14,709	14,709	14,709	14,709	14,709	14,709
Total Core Grant Funding	200,493	213,435	215,788	219,317	221,350	223,404
<i>Movement</i>		+12,942 +6.5%	+15,295 +7.6%	+18,824 +9.4%	+20,857 +10.4%	+22,911 +11.4%
Less; Special Branch	-	-1,302	-1,302	-1,302	-1,302	-1,302
Total Core Grant Funding		212,133	214,486	218,015	220,048	222,102

4. REVENUE EXPENDITURE

Our planning remains under development, but at the point of writing this report the following table summarises the modelling for revenue expenditure over the next 5 years:-

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Expenditure net of planned savings	Current	MTFP				
	21/22 £000	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000
Constabulary	337,595	353,207	363,032	375,393	387,268	397,391
<i>Movement</i>		+15,612	+25,437	+37,798	+49,673	+59,796
OPCC	3,284	3,374	3,417	3,460	3,495	3,531
<i>Movement</i>		+90	+133	+176	+211	+247
TOTAL Expenditure	340,879	356,582	366,448	378,852	390,763	401,461
<i>Movement</i>		+15,703	+25,570	+37,973	+49,884	+60,582

The key assumptions that shape the future changes to our costs are:

	22/23	23/24	24/25	25/26	26/27
Officer Pay Award	+2.5%	+2.5%	+2.5%	+2.0%	+2.0%
<i>Impact (£m)</i>	+£2.5m	+£6.9m	+£11.5m	+£15.2m	+£19.0m
Staff Pay Award	+2.5%	+2.5%	+2.5%	+2.0%	+2.0%
<i>Impact (£m)</i>	+£1.1m	+£4.7m	+£8.4m	+£11.5m	+£14.8m
General Inflation	+1.5%	+1.75%	+2.0%	+2.0%	+2.0%
<i>Impact (£m)</i>	+£0.8m	+£1.5m	+£2.4m	+£3.3m	+£4.3m
Officer Pension	31.0%	31.0%	31.0% ¹	31.0% ¹	31.0% ¹
<i>Impact (£m)</i>	Nil	Nil	+£3.5m	+£3.5m	+£3.5m
Staff Pension	16.3%	16.3% ²	18.3% ²	18.3% ²	18.3% ²
<i>Impact (£m)</i>	-	+£1.5m	+£1.5m	+£1.5m	+£1.6m

In addition to these general assumptions there are a number of areas of specific increases to our costs, including:-

- **Police Officer Uplift** – As outlined above we are working towards a targeted increase of 450 extra officers by March 2023 compared to baseline as at April 2019. While some of the cost of these extra officers has already been included within our base budgets, budgeting for the full year effect of those as well as the delivery of further officers towards this target will cost **£9.9m in officer costs by 26/27**, which has been included within these forward plans. For uplift costs relating to 22/23 we have applied a 60% recruitment factor against full year effect at this stage in our planning to take account of recruitment timing throughout 2022/23;

¹ Officer pensions will be subject to actuarial valuation confirming employer contribution rates with effect from April 2024. There is a strong likelihood that the employer contribution rate will increase again, potentially significantly. At the last valuation the rate increased by 7%. The impact of which was c. £6m p.a. which was partially offset by pensions grant funding. At this stage in our plans we have assumed a £3.5m increase in costs here reflecting a partial impact in expectation that further grant funding would be provided to limit the impact of a further increase here.

² Staff pensions will also be subject to actuarial valuation that will confirm the employer contribution rates with effect from April 2023. At this stage we're assuming a further increase to 18.3%.

- **Police Staff** – There has been approved growth in staff numbers to both sustain the increase officer numbers, as well as to target specific investment into our Performance and Insight Hub. In addition, as a result of focussed retention issues, we have approved growth to provide targeted market supplement payments to ensure that we offer competitive market benefits. In total our growth in police staff costs will be **£0.6m by 26/27**;
- **National Insurance** – The government’s announcements of increases to national insurance as part of the social care levy impact both employee and employer contributions, increasing these rates by 1.25%. This new rate will be effective from 1st April 2022 and is estimated to add **£1.9m in costs by 26/27**;
- **Injury Pensions** – Our forecasts include both inflation and annual increases in the number of retired officers in receipt of an injury pension and capital-equivalent charge payments (ill-health retirement), with this increasing our costs by **£0.8m by 26/27**;
- **Specific inflation** – There are some acute pressures as the UK energy sector goes through a turbulent period with suppliers going out of business due to increasing wholesale costs. We have based our assumptions on the latest Crown Commercial Services forecasts. For 2022/23 we are assuming an increase of +27% in relation to electricity and +38% in relation to gas. In addition we continue to see high fuel prices – our assumptions for 2022/23 are for an increase of +10%. In total we have added further **£1.6m by 26/27**;
- **IT costs** – Our IT costs continue to increase, reflecting contractual inflationary increases, increases in licences (in line with uplift growth), investments in new capabilities and the costs of gradually adopting more and more cloud services in line with both national and local digital strategies. This is forecast to add a further **£1.8m in costs by 26/27**;
- **Custody Healthcare provision** – the proposal for the renewal of the custody healthcare contract has been developed regionally, with a doctor-led embedded model favoured by regional representatives. It is assessed that this model is likely to be more expensive than alternative options and therefore we forecast to add a further **£0.7m by 26/27**;
- **Forensic External Submissions** – Following a period where we have seen reductions in the costs of forensic services we now expect these costs to begin to increase as the market place looks to stabilise. In anticipation of contract renewals we are forecasting to add a further **£0.3m by 26/27**;
- **Firearms and Surveillance Asset tracking** – work has been progressed nationally to identify an asset tracking capability for firearms and surveillance assets to be used by all police forces. The purpose of this is to better enable interoperability in support of cross force deployment. A solution has been identified and we forecast to add a further **£0.3m by 26/27**;
- **Degree Holder Entry Programme (DHEP)** – Following the introduction of the Police Constable Degree Apprenticeship (PCDA) programme in 2019, the Constabulary has developed our degree holder entry route in partnership with the University of the West of England. Through this model we are able to enhance our recruitment plans,

and offer an accelerated route into more specialist roles such as becoming a detective. Unlike PCDA, the course costs for this do not attract apprenticeship levy funding, and therefore in line with our recruitment plans our budget supports additional growth in DHEP costs of **£0.4m by 26/27**;

- **Regional Collaborations** - We have budgeted for inflationary increases to our share of regional collaborations, including the South West Regional Organised Crime Unit (SWROCU), South West Forensics, Counter Terrorism Support Unit (CTSFO), Tri-Force Firearms training and Tri-Force Major Crime Investigations Team. As the majority of costs within these budgets is pay, the key assumption driving these costs increases is the annual pay award assumed at 2.5% p.a. in common with regional counterparts. The cost of this is forecast to be **£3.7m by 26/27**;
- **Capital Financing** – In line with the current plans for borrowing (see section on capital below) we are forecasting an **increase of £0.8m in capital financing costs by 26/27**, driven by increases to interest payable and our provision for the repayment of new loans;
- **OPCC Budgets** – The PCC has approved growth in budget to reflect the approved pay award and the increased demands on the OPCC Office and commissioning activity.

Our work to build our forward revenue budgets remains under review at this stage, and therefore will be subject to further changes over the coming weeks as we refine our planning assumptions.

5. BALANCING THE REVENUE BUDGET

As we have developed our plans we have sought to continue to identify savings where possible. Much of this has been achieved through the ongoing challenge and scrutiny of budget holders in their own budgets. However, it has also been possible to release savings as a consequence of our “re-setting work” as we embrace the technological advances and ways of working we have implemented during the pandemic on a more permanent basis. This includes assumptions about the size of our fleet, and about our travel, printing and stationery budgets for example.

Through these savings we have sought as much as possible to protect staff headcount at this stage. Pay related savings are therefore largely reflective of reductions to allowances and overtime where it has been possible to make these reductions.

Our plans include savings and adjustments which have been reflected in the above numbers.

Revenue Savings	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000
Police Officer Pay and Allowances	-235	-301	-368	-434	-500
Police Staff Pay and Allowances	-282	-282	-282	-282	-282
Non-Pay Costs	-1,728	-1,837	-1,837	-1,837	-1,837
Income	-757	-757	-757	-757	-757
TOTAL Savings	-3,002	-3,177	-3,243	-3,310	-3,376

In addition to these savings we recognise at this stage in our planning that further savings will be required to balance our revenue budget over the medium term. We have already started for formulate these plans.

6. CAPITAL PLANS

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 that will help us to realise improvements in our operational efficiency and effectiveness.

The COVID-19 pandemic has continued to have implications in the delivery of our capital plan during 21/22. Our fleet plans have been impacted by the lead times for vehicle manufacture and delivery, a situation we had hoped to have recovered during this financial year, however supply continues to be delayed.

At time of writing our capital plans remain under review. The emerging picture suggests continued investments in support of both local and national change programmes. A number of assumptions have been needed to be made to inform this plan, which is reflected in the fact that at present we are showing as having a deficit in capital funding of £5.9m over the next 5 year plan. Refining the assumptions that drive cost here (where possible), as well as our funding considerations will be part of our work over the coming weeks and months.

	22/23	23/24	24/25	25/26	26/27
	£000	£000	£000	£000	£000
Asset replacement	9,647	9,674	11,007	8,760	5,964
Digital Projects	5,209	5,723	5,027	6,971	1,445
Estates Projects	1,409	9,596	7,660	58	60
TOTAL Capital Plan	16,265	24,993	23,694	15,789	7,469
Capital Grants	-308	-527	-269	-269	-269
Direct revenue funding	-7,000	-7,000	-7,000	-7,000	-7,000
Capital reserve funding	-7,657	-5,801	-	-	-
Capital receipts	-200	-2,965	-8,725	-2,576	-200
Borrowing	-1,100	-8,700	-7,700	-	-
TOTAL Capital Funding	-16,265	-24,993	-23,694	-9,845	-7,469
Deficit	-	-	-	5,945	-

Asset replacement – the breakdown of our asset replacement plan is as follows:-

	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000
ICT	5,655	3,530	6,554	5,189	2,758
Estates	794	957	498	495	128
Fleet	2,693	2,584	3,088	2,808	2,809
Equipment	505	2,603	868	268	268
TOTAL Replacement	9,647	9,674	11,007	8,760	5,964

- ICT replacement – our plans predict we will need to spend £23.7m on the replacement of ICT infrastructure. This includes the replacement of laptops (£6.4m) and monitors (£1.6m); the replacement of personal issue mobile smartphones (£2.6m); the replacement of body worn video cameras (£1.8m); and the replacement and upgrade of storage, servers and networks (£7.5m).
- Estates replacement – our plans predict we will need to spend £2.9m on the replacement and repair of our estate. This is informed through building condition surveying as well as the delivery of our wider plans, and includes the replacement of heating, ventilation, air conditioning, mechanical and electrical systems (£1.4m); and the repairs and maintenance of items within HQ buildings (£1.0m);
- Fleet replacement – our plans predict we will need to spend £14.0m on the replacement of our fleet over the next 5 years. This includes the replacement of response and tactical support fleet (£3.0m); the replacement of road policing and specialist response fleet (£4.5m); and the replacement of neighbourhood fleet (£3.0m).
- Equipment replacement – our plans predict a £2.3m spend on the replacement of current number of Tasers in 23/24, there is also £1m over the next 5 years to replace our Automatic Number Plate Recognition (ANPR) hardware.

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

	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000
National Projects	1,105	100	3,000	6,700	600
Regional Projects	51	52	53	54	55
Local Projects	4,053	5,571	1,974	216	790
TOTAL Digital Projects	5,209	5,723	5,027	6,970	1,445

- National Projects – our plans predict that we will need to spend £11.5m enabling the implementation of national programmes locally within Avon and Somerset. This relates to two national projects:-
 - Emergency Services Network (ESN) 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 £10.5m over the next five 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 2026;

- National Enabling Programme (NEP), which will see all police forces and agencies introduce the latest cloud based productivity tools, 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 £1.0m next year.
- Regional Projects – the provision of £0.3m within our capital plan for regional projects reflects the ongoing work around one system:-
 - Crime, Case, Custody and Intelligence records management system (Niche) – we continue to work with 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;
- Local Projects – our plans predict that we will spend £12.6m on the implementation of local projects over the next five years. 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. A business case has recently been prepared that outlines the most suitable options to fit the Forces requirements for the future. Our capital plans include £10.4m in support of this over the next three years;

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

	22/23 £000	23/24 £000	24/25 £000	25/26 £000	26/27 £000
Somerset Projects	-	5,669	2,529	-	-
Bristol Projects	812	2,316	-	-	-
BANES Projects	329	1,572	5,075	-	-
Other Projects	268	39	56	59	60
TOTAL Estates Projects	1,409	9,596	7,660	59	60

- Somerset Projects – our capital plan includes £8.2m over the next three years to progress estates projects in Somerset. This supports:-
 - South Somerset - £7.3m over the next three years is included within the plan to review properties requiring development within South Somerset; this includes the station at Yeovil.
 - Frome police station - £0.6m is included within our plan for 23/24 to develop our police station in Frome;

- Minehead - £0.3m is included within our plan for 23/24 to develop a new plan for our future police station in west Somerset;
- Bristol Projects – our capital plan includes £3.1m over the next three years to progress estates projects in Bristol. This supports:-
 - Trinity Road police station (Old Market) – the work to progress the redevelopment of our current Trinity Road police station site has continued. 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 two years has been included in the plan to support this;
 - Broadbury Road police station (Knowle West) – our plans include £1.5m over the next two years for the redevelopment of our existing police station site.
- Bath and North East Somerset Projects – our capital plan includes £7.0m over the next three years in support of collaborative opportunities to provide for a new response base.

7. NEXT STEPS AND TIMETABLE

We expect to further develop and finalise our plans and our precept proposal in time to present a final recommended proposal for consideration by the Police and Crime Panel at their meeting in early February. We are reliant on the following in order to achieve this timetable:-

- Confirmation of approved 2022/23 tax base across our 8 local authorities – expected in December/early January;
- Confirmation of the government’s main police grant funding for 2022/23 – expected in mid-December;
- Confirmation of the future targets and funding for officer growth to be delivered in Avon and Somerset – expected at the same time the grant funding is announced;
- Confirmation of our share of any surplus or deficit on the collection fund across our 8 local authorities – expected mid-January.

In addition to the above external confirmations we will continue internally to progress our development of the MTFP and budget and associated savings and efficiency plans, refining these where appropriate.

Members of the Police and Crime Panel are asked to discuss this report.

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APPENDIX 1 - 2022/23 - 2026/27 Medium Term Financial Plan - Revenue

	Current Yr 2021/22 £'000	MTFP Period				
		2022/23 £'000	2022/23 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Constabulary Budgets						
Police officer costs	169,467	176,565	181,268	188,515	193,878	200,126
Police community support officer costs	12,258	12,894	13,298	13,507	13,878	14,252
Polices staff costs	95,378	97,517	100,429	103,674	106,570	109,494
Other current and former employee costs	10,239	9,730	11,515	11,893	12,261	12,639
Premises costs	14,201	15,167	15,467	15,821	16,180	16,551
Transport costs	5,286	5,457	5,557	5,677	5,791	5,925
Supplies and services costs	32,725	36,091	37,045	37,767	38,459	39,255
Partnership costs	15,571	16,834	17,304	17,941	18,538	19,147
<i>Plus</i>						
Contribution to/(from) reserve	138	2,610	959	85	85	85
Capital financing costs	17,317	16,448	16,452	16,837	17,417	17,313
Outstanding savings target	509	-	-	-	-	-
<i>Less</i>						
Income (inc Specific Grants)	- 30,379	- 30,992	- 31,147	- 31,209	- 30,674	- 31,743
Constabulary costs before specific grants	342,710	358,322	368,147	380,508	392,383	403,046
<i>Less</i>						
Home Office - Pensions grant	- 2,828	- 2,828	- 2,828	- 2,828	- 2,828	- 2,828
Home Office - Uplift grant	- 2,287	- 2,287	- 2,287	- 2,287	- 2,287	- 2,287
TOTAL constabulary costs	337,595	353,207	363,032	375,393	387,268	397,931
OPCC Budgets						
PCC commissioning costs	3,529	3,507	3,507	3,507	3,507	3,507
Office of the PCC costs	1,755	1,868	1,910	1,953	1,989	2,024
<i>Less</i>						
Ministry of Justice - Victims commissioning grant	- 2,001	- 2,001	- 2,001	- 2,001	- 2,001	- 2,001
TOTAL OPCC costs	3,284	3,374	3,417	3,460	3,495	3,531
Net Revenue Expenditure	340,879	356,582	366,448	378,852	390,763	401,461
<i>Funded by:</i>						
Home Office - Core police grant	- 185,784	- 197,424	- 199,777	- 203,306	- 205,339	- 207,393
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	- 387	- 208	- 208	-	-	-
Council Tax - Precept	- 137,695	- 144,906	- 152,420	- 160,060	- 164,966	- 169,931
Council Tax - (Surplus)/Deficit	962	665	665	-	-	-
TOTAL Revenue Funding	- 339,879	- 356,582	- 366,448	- 378,075	- 385,014	- 392,033
Surplus (-) / Deficit (+) before use of reserves	1,000	-	-	778	5,749	9,429
Planned Use of Reserves for general funding	- 1,000	-	-	-	-	-
Surplus (-) / Deficit (+) after use of reserves	-	-	-	778	5,749	9,429

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Appendix B Capital Plan	Current Yr	MTFP Period					5 Yr Plan
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000

CAPITAL PLAN EXPENDITURE							
Information and Communication Technology	8,678	5,655	3,530	6,554	5,189	2,758	23,686
Estates	136	794	957	498	495	128	2,872
Fleet	2,762	2,693	2,584	3,088	2,808	2,809	13,982
Equipment	265	505	2,603	868	268	268	4,512
TOTAL Maintenance and Replacement	11,841	9,647	9,674	11,007	8,760	5,964	45,051
National Projects	794	1,105	100	3,000	6,700	600	11,505
Regional Projects	-	51	52	53	54	55	265
Local Projects	406	4,053	5,571	1,974	216	790	12,604
Digital Projects	1,200	5,209	5,723	5,027	6,971	1,445	24,375
Somerset Projects	-	-	5,669	2,529	-	-	8,198
Bristol Projects	192	812	2,316	-	-	-	3,128
BANES Projects	381	329	1,572	5,075	-	-	6,976
Other Projects	37	268	39	56	59	60	482
Estates Projects	610	1,409	9,596	7,660	59	60	18,784
TOTAL Capital Plan	13,651	16,265	24,993	23,694	15,789	7,469	88,211

CAPITAL PLAN FUNDING							
General Capital Grant Funding	- 269	- 269	- 269	- 269	- 269	- 269	- 1,346
Specific Capital Grant Funding	- 645	- 38	- 257	-	-	-	- 296
Direct Revenue Funding	- 7,000	- 7,000	- 7,000	- 7,000	- 7,000	- 7,000	- 35,000
Capital Reserves	- 5,401	- 7,657	- 5,801	-	-	-	- 13,458
Capital Receipts	- 267	- 200	- 2,965	- 8,725	- 2,576	- 200	- 14,666
Borrowing	- 69	- 1,100	- 8,700	- 7,700	-	-	- 17,500
TOTAL Grant Funding	- 13,651	- 16,265	- 24,993	- 23,694	- 9,845	- 7,469	- 82,266

Deficit	- 0	0	0	0	5,944	-	5,944
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Capital Reserve						
B/Fwd	- 18,859	- 13,458	- 5,801	-	-	-
Additions	-	-	-	-	-	-
Use of	5,401	7,657	5,801	-	-	-
C/Fwd	- 13,458	- 5,801	-	-	-	-

Capital Receipts Reserve						
B/Fwd	- 5,602	- 6,738	- 13,666	- 10,901	- 2,376	-
Additions	- 1,136	- 6,928	-	-	-	-
Use of	-	-	2,765	8,525	2,376	-
C/Fwd	- 6,738	- 13,666	- 10,901	- 2,376	-	-