



Avon & Somerset Police & Crime Commissioner

Medium Term Financial Plan

2022/23 – 2026/27

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Executive Summary

The Medium Term Financial Plan (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 priorities and ensure financial sustainability and resilience. The MTFP needs to be responsive to changing national and local conditions and is therefore a living document subject to annual review, with the next period covering 2022/23 – 2026/27.

The Chancellor of the Exchequer announced the outcome of the Spending Review in October 2021. This announcement provided a high level, three year horizon, for police funding in which we will see estimated cumulative increases to government grant of £550m in 2022/23, £650m in 2023/24, and £800m in 2024/25. It was also announced that PCCs would have the flexibility to increase the policing element of local council tax by £10 p.a. for an average band D property, in each of the next three years. These two announcements provide police forces with the means to recruit the full 20,000 officer uplift by March 2023 and to maintain this new officer establishment for the duration of the spending review.

	Forecast				
	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
Budget requirement	358,707	371,427	383,739	396,434	407,831
Less; Total funding	-355,707	-365,479	-377,006	-383,978	-390,925
(Surplus)/Deficit before savings	3,000	5,948	6,733	12,456	16,906
Less; Savings	-3,000	-3,179	-3,245	-3,312	-3,379
Planned use of reserves	-	-	-	-	-
(Surplus)/Deficit after savings	-	2,769	3,487	9,144	13,527

The funding increases enable Avon and Somerset to plan for the final phase of the ambitious uplift programme, embedding this investment into the Force to increase operational capacity. Through this investment the Chief Constable and her team are **building a force fit for the future**, capable of successfully delivering both the Government's national '**Beating Crime Plan**' and the PCC's '**Police and Crime Plan**' for Avon and Somerset. Once planned savings of £3.0m have been accounted for, a balanced budget position is achieved in 2022/23. The forecasts show continued need to identify and deliver further savings, with a target of £2.8m in 2023/24, rising to £13.5m by 2026/27, required to balance the revenue budget over the medium term.

The final officer uplift target for delivery in 2022/23 was confirmed in December 2021. The national officer uplift target to be achieved by March 2023 is 20,000, which is an additional 8,000 officers to be delivered during 2022/23. Locally this equates to a further 183 officers, which when added to previous allocations, is a cumulative uplift target of 456, increasing target officer headcount to 3,291 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	273	456

A&S Targeted Officer Headcount	2,972	3,108	3,291
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This MTFP reflects a **proposed increase in council tax of £10/4.1% in 2022/23** for average Band D properties. The proposal to increase the precept by £10 is reflective of:-

- The need to complete the delivery of the officer uplift programme which will see Avon and Somerset achieve the target of **3,291 officers by March 2023**;
- The need to sustainably **maintain the increase in police officers** for the medium term, recognising the incremental increase in costs of doing this as pay progression, pay inflation and pensions changes gradually move officer costs upwards;
- The need to provision for a reasonable **pay award to officers and staff** (proposed +3.5%/+£5.2m in 2022/23, +£8.9m full year effect).

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

- Revenue **funding is forecast to grow by £51.0m/15.0%** p.a. by 2026/27, driven by:-
 - Increases to **core police grant funding** of £11.7m/6.2% in 2022/23 to support the further delivery of uplift, rising to £21.7m/11.5% by 2026/27 to maintain uplift and support forecast inflationary increases to pay;
 - Removal of the one-off **council tax support and income guarantee funding** of £2.4m, provided in 2021/22 to offset the losses in council tax funding seen as result of the global Covid-19 pandemic;
 - Increases in **council tax funding** £7.4m/5.4% in 2022/23 rising to an increase of £32.8m/24.0% by 2026/27, which is achieved through both increases to the precept and tax base (1.0% in 2022/23) in line with forecasts being made across our local authorities.
- Revenue **budget requirement is forecast to increase by £63.6m/18.6%** p.a. by 2026/27, driven by factors such as:-
 - Inflationary adjustments to **officer and staff pay** of 3.5% in 2022/23 and annual increases of 2.0% p.a. thereafter – an increase in cost of £5.2m in 2022/23 rising to £30.5m p.a. by 2026/27;
 - Increases to budgets in support of **delivering and sustaining the uplift in officer numbers** in line with the target headcount of 3,291 to be achieved by March 2023 – generating budget growth of £7.8m in 2022/23, increasing to £11.5m by 2026/27;
 - Increases to **pensions costs** to provide for current and anticipated future deficits in staff and officer pension schemes, as well as inflationary increases for injury pensions – an increase in cost of £0.2m in 2022/23, increasing to £6.5m by 2026/27;
 - Increases to **national insurance** costs to provide for the uplift in employer national insurance rates with effect from April 2022 in support of the Government’s social care levy – an increase in cost of £1.9m in each year of the MTFP;
- Inflationary increases to **non-pay costs** reflective of **specific and acute pressures** including:-
 - Increases to electricity costs estimated at 26.1% or +£0.7m in 2022/23;
 - Increases to gas costs estimated at 24.1% or £0.2m in 2022/23;
 - Increases to fuel costs estimated at 9.8% or £0.3m in 2022/23;
 - Provision for increases to custody healthcare costs of 45% or £0.3m in 2022/23 (£0.6m full year effect from 2023/24);
 - Provision for increases to forensic services costs of 20% or £0.3m in 2022/23;

- Inflationary increases to **non-pay costs** reflective of **general inflationary pressures**. Inflation is currently running ahead of the Government's target of 2.0% p.a. Recognising the wider challenges of affordability presented here, a general inflationary factor of 1.5% in 2022/23 has been applied rising to 1.75% in 2023/24 and 2.0% p.a. thereafter – an increase in cost of £0.6m in 2022/23 rising to £3.4m by 2026/27;
- **Growth and commitments** of £2.6m in 2022/23 rising to £3.4m by 2026/27 – largely reflecting continued investment in IT tools to support frontline officer efficiency and effectiveness;
- Increases in the costs of **partnerships**, recognising increases into these collaborations reflective of pay and inflation assumptions outlined by directly managed budgets as well as enabling investment into SWROCU in line with their uplift allocations – an increase of £1.5m in 2022/23, rising to £10.1m in 2026/27;
- Increase to the **ring-fenced grant funding** to support police officer uplift delivery funding of £0.8m/35.0% in 2022/23 and thereafter maintained at this level to sustain new officer numbers;
- Realisation of new **revenue savings** of £3.0m in 2022/23 rising to £3.4m by 2026/27. These reflect savings achieved through non-pay budgets, including savings from premises budgets (rent and business rates), savings in fleet budgets (fleet reductions and travel reductions), stationery and postage savings and numerous procurement savings arising through collaboration with south west police forces for procurement services. There are savings in relation to partnership costs, reflecting adjustments to regional contributions. There are also some pay savings included here, which are reflective of adjustments to allowances for officers and staff, overtime reductions, and some small headcount reductions arising from restructures within enabling services functions;
- **Adjustments** to budgets are also included and these have the effect of reducing the budget by £3.1m in 2022/23 and £2.6m by 2026/27. These adjustments reflect the removal of budgets for Special Branch which as of April 2022 will be transferred into the management of Counter-Terrorism policing. The adjustments also reflect the lower average cost of police officers over the next few years in recognition of the age and experience profile of the workforce after the period of intensive recruitment to deliver officer uplift. Towards the end of this MTFP period, and into future years this adjustment is expected to reverse as the workforce becomes more experienced, and incrementally more expensive to maintain.

The forecast position presents challenges. Over five years these projections suggest that increases in costs will outstrip funding growth, requiring further savings from 2023/24 onwards. In total, based on the assumptions made, it is forecast at this stage that new, recurring savings of £13.5m will be required by 2026/27.

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 profiles, Avon and Somerset would notionally account for approximately £2.3m of these savings, a target that has already been exceeded within these current plans in 2022/23. However, it is recognised 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 Avon and Somerset's change initiatives and investment plans.

The delivery of an uplift in officer numbers is a key focus of Avon and Somerset's recruitment activity, but it is not the end of these plans. Ensuring best use is made of these new officers, delivering the visible improvements expected by the communities across Avon and Somerset, remains a key focus. In 22/23, the Chief Constable and her team intend to focus on:-

- Instilling a **relentless focus on the perpetrators of crime**, including investment into Investigations as part of Operation Bluestone and Operation Ruby, investment into the Internet Child Abuse Team (ICAT), investment into proactive and tactical support capabilities, and collaborative investment into the SW Regional Organised Crime Unit (SWROCU). Through these investments the Force will:-
 - Tackle high harm crime through increases in county line and organised crime group disruptions;
 - Target burglary and knife crime offenders;
 - Deliver high quality, timely and successful investigations for Rape and Serious Sexual Offences (RASSO), cyber-crime and financial crime.
- Increasing the focus on **crime prevention**, including investments into Integrated Offender Management, violence reduction and early intervention, rural affairs, as well as growing and refocussing existing proactive capabilities, embedding this capability within local policing teams. Through these investments the Constabulary will:-
 - Establish and utilise effective diversions and interventions for emerging offenders;
 - Improve the monitoring, management and rehabilitation of high-harm offenders, in conjunction with partners;
 - Prevent and reduce neighbourhood crime, ASB and rural crime – protecting the most isolated and vulnerable communities, making them feel safer;
- Grasping the **organisational opportunities** brought about by the growth in officer numbers and through the post pandemic resetting work, ensuring that the Force remains efficient and effective, it is well led with a culture that commands the trust and confidence of all of the communities it serves and is able to secure the growth in specialist capabilities that will deliver a force fit for the future.
- Realising the existing **savings** plans and continue to identify new opportunities for delivering services more efficiently, enabling future budgets to be balanced and supporting the investment in those services which the communities in Avon and Somerset rely upon.

Avon and Somerset’s continued transformation also requires capital investment. Investments in **digital transformation**, as well as **across the estates and fleet**, require funding to implement. Capital funding is increasingly under pressure to provide for this ambition, at the same time as maintaining and replacing existing asset base. These plans therefore make forward provision for capital funding, maintaining the increased direct revenue contributions budgeted for in recent years, as well as planning for the use of borrowing in support of specific estates projects. These plans present a residual capital funding shortfall of £4.3m at this stage of development, and more work will be undertaken to identify opportunities to close this gap.

Useable **reserve levels** stood at £57.1m at the end of March 2021, and are forecast to decrease to £51.9m by March 2022. By the end of March 2027 the forecast projects that useable reserves will stand at £23.1m, representing the recurring prudent level beyond which they are unlikely to drop much further.

Introduction

This is the first MTFP set by this PCC since his election in May 2021. It has been developed in collaboration between the Office of the PCC and the Constabulary, and is underpinned by the principles that it is progressive, modernising and financially sustainable. The MTFP is being set in a context of growth for policing. In Avon and Somerset we are due to deliver 456 (2.3%) extra officers as part of Avon and Somerset's share of the 20,000 national target, by March 2023. To enable this net growth the Force will have recruited nearly 1,300 new officers into the service in just four years.

This growth in officer numbers drives wider cost increases for the Force as officers are provided with the training, tools and infrastructure that enable them to perform their roles. Alongside this the Force continues to innovate, building on its ground breaking data insight capabilities and investing in new tools and capabilities that help further improve its efficiency and effectiveness.

In 2022/23 we will continue to see significant change. This plan commits Avon and Somerset to using the funds available through both government grant and council tax precept growth to:-

- Fund the final delivery of uplift in officer numbers (+183 additional officers in 2022/23 taking the cumulative total to +456 by March 2023), sustaining these increases throughout the duration of the Spending Review;
- Fund a reasonable pay award for officers and staff, following a year in which pay was frozen for all but the lowest earners. This plan assumes +3.5% from September 2022, in line with emerging national position. This increase to pay is not only important for the retention and morale of existing staff, but also to ensure policing remains attractive to new entrants as uplift targets are delivered and maintained;
- Fund increases to national insurance costs to provide for the uplift in employer national insurance rates with effect from April 2022 in support of the Government's social care levy – an increase in cost of £1.9m in each year of the MTFP;
- Fund inflationary cost pressures, including a number of specific and acute pressures driven by market conditions (e.g. utilities, forensics, custody healthcare) and provision for general inflationary pressures in the economy;
- Fund increases in the costs of partnerships, accounting for their growth brought about by pay and general inflation, as well as enabling investment into SWROCU in line with their officer uplift allocations;
- Fund a small number of other growth and commitments, reflecting existing contractual commitments and investment in areas that support continued efficiency and effectiveness;
- Support the adjustments required to transfer Special Branch into the management of Counter-Terrorism policing as of April 2022;
- Deliver the existing savings plans, and commence planning for further savings across the medium term that will not only enable the balancing of the revenue budget, but also support further re-investment into priority areas;
- Fund the ongoing replacement of existing assets as they reach the end of their useful lives, as well as support new investment in both national and local IT projects, and in the police estate across Avon and Somerset.

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

Revenue Funding

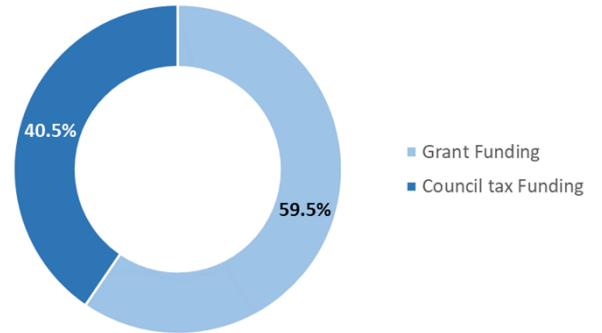
The PCC receives two main sources of funding:-

- Government grant funding; and
- Council tax funding.

Currently the profile of funding is that 59.5% of total funds are received through grant and 40.5% is received through council tax.

Over the medium term total funding is forecast to **increase by £51.0m/15.0% by the 2026/27** financial year. This increase occurs in both grant and council tax funding.

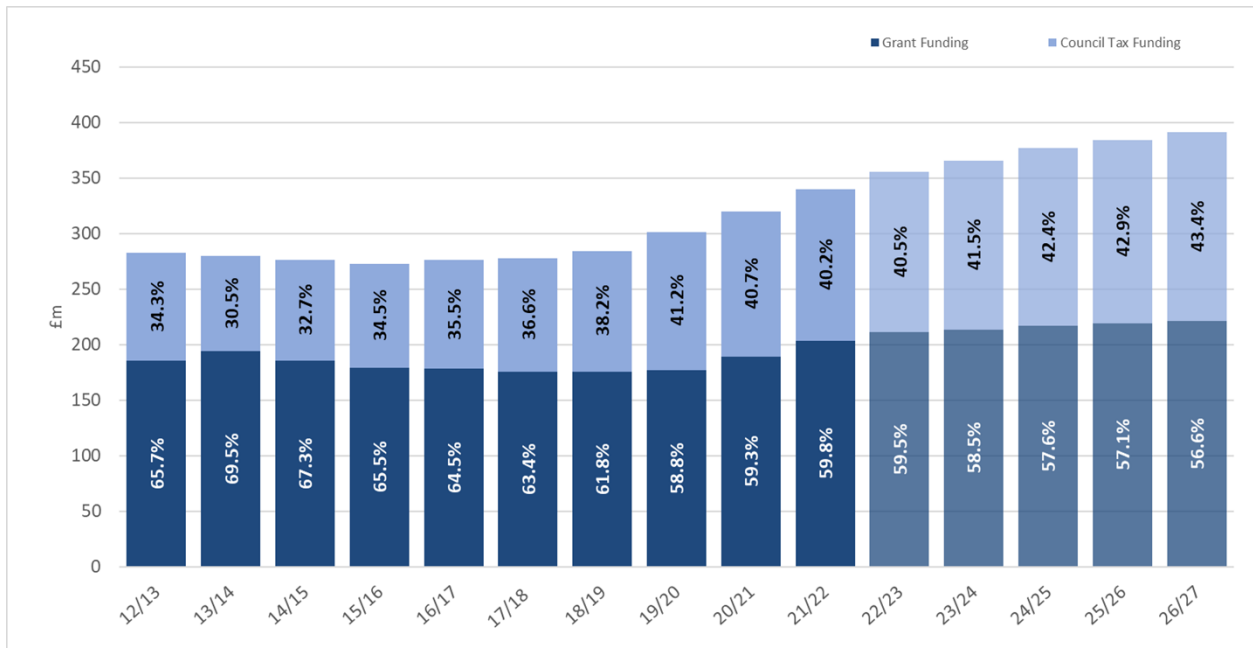
Figure 1: 22/23 Profile of funding



	Current	Forecast				
	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
Grant funding (for budget requirement)	203,145	211,619	213,972	217,293	219,319	221,365
Council tax funding	136,734	144,089	151,507	159,713	164,659	169,560
TOTAL funding	339,879	355,708	365,479	377,006	383,978	390,925

Over the course of this plan the ratio between grant funding and council tax funding is forecast to continue to change, with incremental increases to that ratio of funding which is supported by council tax compared to that which is supported by grant. This reflects a continuation of the long-term trend of more and more of police funding being generated through council tax and not from grant funding.

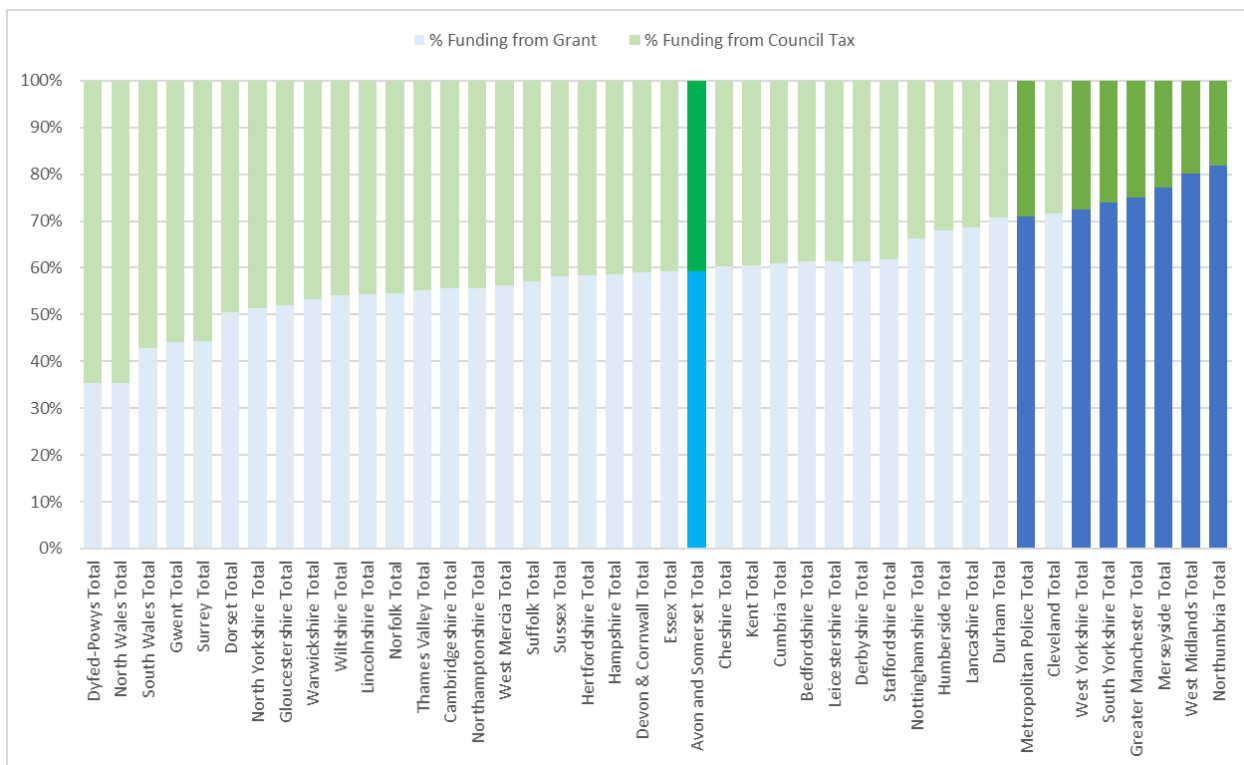
Figure 2: Avon and Somerset actual and forecast profile of total funding



The ratio of grant funding to council tax funding differs significantly across the country. The reasons for these differences are historic, reflecting the underlying variation in the way in which grant funding is

distributed to police forces across the country, and the local council tax decisions in the context of relative funding levels:-

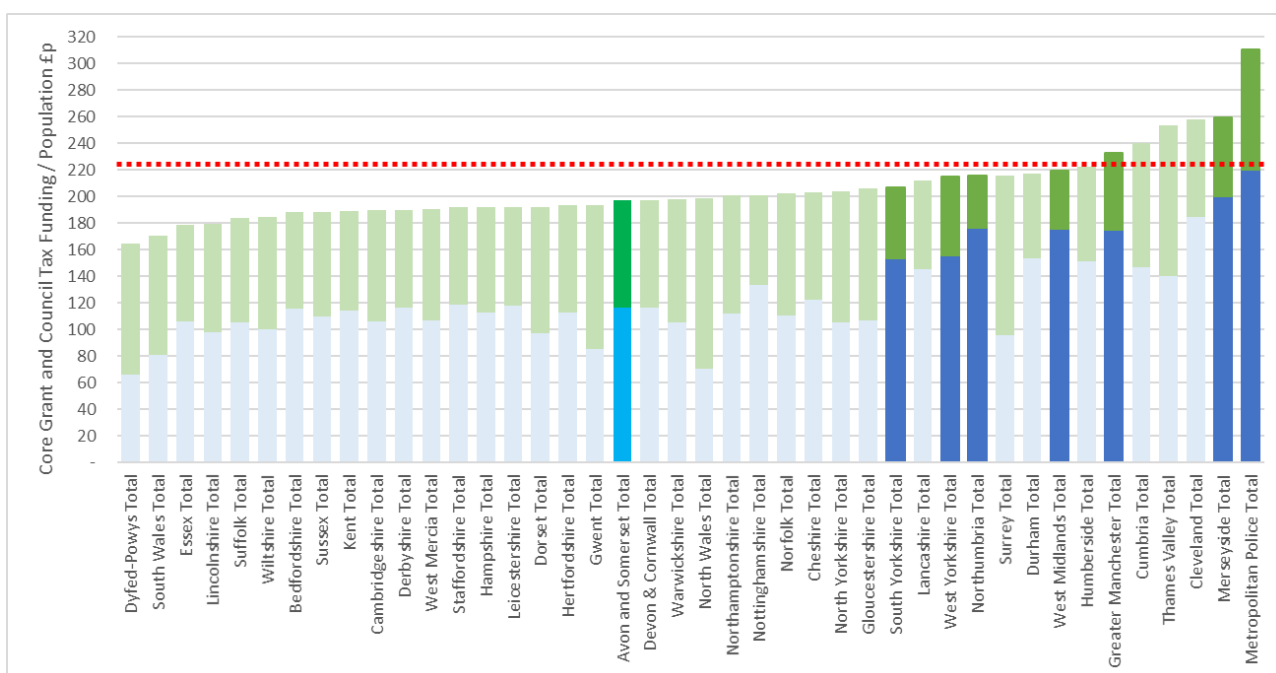
Figure 3: 2021/22 ratio of grant to council tax funding for PCCs in England and Wales



As the above graph shows, the funding ratio position in Avon and Somerset reflects an average position when compared to forces nationally. However, highlighted in darker colours are those other forces who have one of the eight largest cities, demonstrating that in all cases they receive significantly more of their funding through grant compared to council tax.

On a funding per head of population across the country, it remains the case that Avon and Somerset is under-funded both against the national average and those forces with the larger cities.

Figure 4: 2021/22 funding per head of population showing grant and council tax breakdown by PCC in England and Wales



Grant Funding

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

- Core 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.

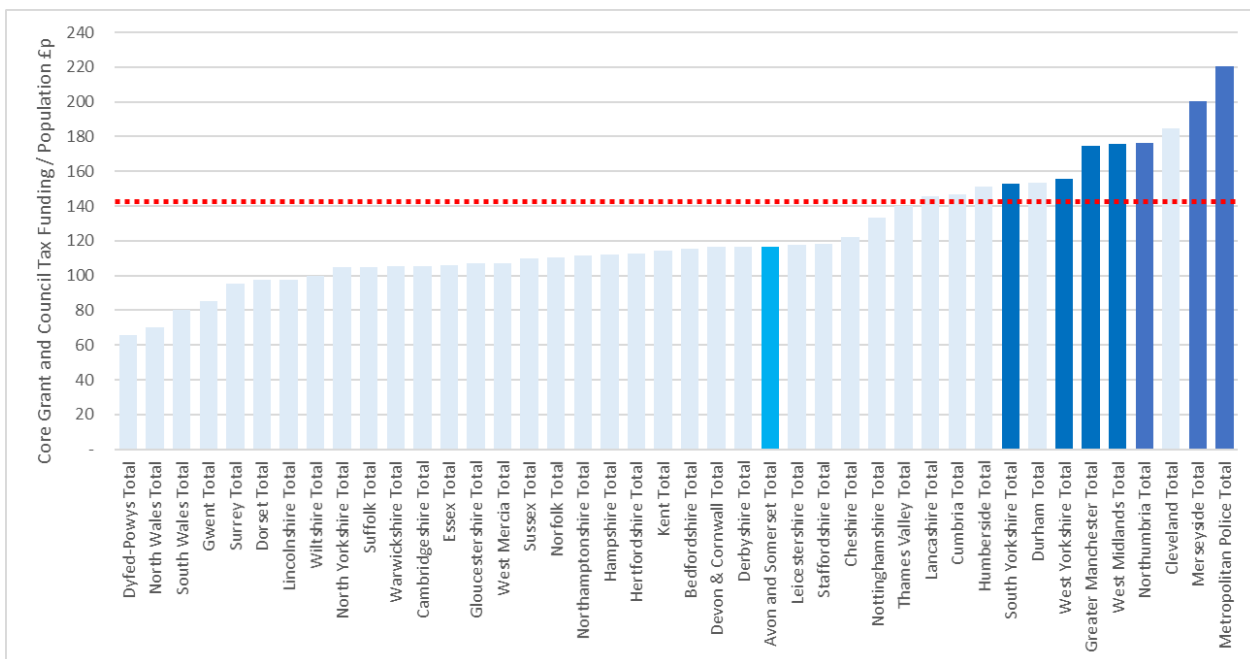
	Current	Forecast				
	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
Home Office – Pensions grant	2,828	2,828	2,828	2,828	2,828	2,828
Home Office – Uplift grant	2,287	3,088	3,088	3,088	3,088	3,088
MoJ – Victims commissioning grant	2,001	2,001	2,001	2,001	2,001	2,001
Accounted for within Budget Requirement	7,116	7,916	7,916	7,916	7,916	7,916
Home Office - Core Police grant	185,784	196,702	199,055	202,584	204,610	206,656
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	-	-	-
Accounted for in funding to Budget Requirement	203,145	211,619	213,972	217,293	219,319	221,365
TOTAL Grant Funding	210,261	219,535	221,888	225,209	227,235	229,281

Core police grant funding – Core police grant funding is the term used to describe the combined value of the Home Office police main grant, and the formula grant element which was historically distributed by the Department for Communities and Local Government but is now controlled by the Home Office.

The distribution of this grant funding to individual PCCs is the result of a historic formula. Under the changes to this formula proposed many years ago, Avon and Somerset was identified as being underfunded by circa. £10m p.a. However, as a result of transitional arrangements (also known as “damping”) this revised formula was never implemented. Since 2010/11 the distribution of this funding to PCCs has been done on the same ratios, in effect locking in the 2009/10 funding distribution. This remains in place for the 2022/23 settlement.

Avon and Somerset has therefore never seen the increases in grant funding which an application of the funding formula would have realised. Consequently Avon and Somerset continues to be relatively underfunded compared to its need, a position which is particularly apparent when compared to those forces with the eight largest cities in England and Wales:-

Figure 5: 2021/22 grant funding per head of population by PCC in England and Wales



The Government has reconfirmed its commitment to review the funding formula for the distribution of police grant. It is expected that this will begin to report later in 2022 for Ministerial consideration. This plan does not recognise any change to grant funding value as a consequence of this review as it remains too difficult to predict what this might conclude at this stage.

The funding settlement confirmed that core grant funding will increase in 2022/23 by £10.9m/5.9%. The announcements that accompanied this settlement confirmed that this growth in grant funding, alongside local council tax funding growth, was expected to be used to:-

- Deliver police officer uplift;
- Fund a reasonable pay award;
- Absorb the cost of the national insurance increase.

Beyond 2022/23 the plan assumes grant funding will continue to grow, initially until 2024/25 in line with the Spending Review headlines for policing, and thereafter at +1.0% p.a.

Officer uplift grant funding – The funding settlement announcements also confirmed the amount that would be ring-fenced and paid in arrears upon delivery of officer uplift in 2022/23 is £3.1m, an increase of £0.8m on this funding in 2021/22. The plan assumes the same value of grant to be retained as ring-fenced funding for each year thereafter, as an incentive to sustain officer numbers at this new level over the course of the plan;

Legacy council tax grant funding – This grant funding, which is included in the annual police grant report, but which is analysed separately from the main grant funding, is the combination of:-

- Funding that is paid in recognition of historic council tax freezes (therefore only payable to those PCCs 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 2022/23 value of this funding is £14.7m, reflecting a continued freeze at historic levels. We have assumed this continues to remain frozen for the duration of the MTFP.

Council tax support grant – This grant funding, received in 2021/22, was a one-off grant to support the loss of council tax funding as a consequence of the Covid-19 pandemic. The funding has been removed, and therefore does not feature across these forward plans;

Council tax income guarantee grant – This was 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 plan identifies a third of this funding will be released in each of the next two years in line with Government’s expectations;

Victims grant funding – This grant is awarded to PCCs annually from the Ministry of Justice to support the commissioning of victims services, including a pass through of some of these funds to the Chief Constable to partially support the Lighthouse Safeguarding Unit, with the remainder retained by the PCC to support the commissioning of wider victims’ services. The plan forecasts that this will remain frozen and will continue across the MTFP period;

Police Pensions Grant - this was introduced in 2019/20 to help forces manage the large increase in employer contributions for police pensions resulting from the 2018 valuation exercise (24% to 31%). The continuation of this grant funding was confirmed in the 2022/23 settlement, and we have assumed this will continue for the duration of the MTFP, frozen at its historic value.

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 a **surplus or deficit on the collection fund**.

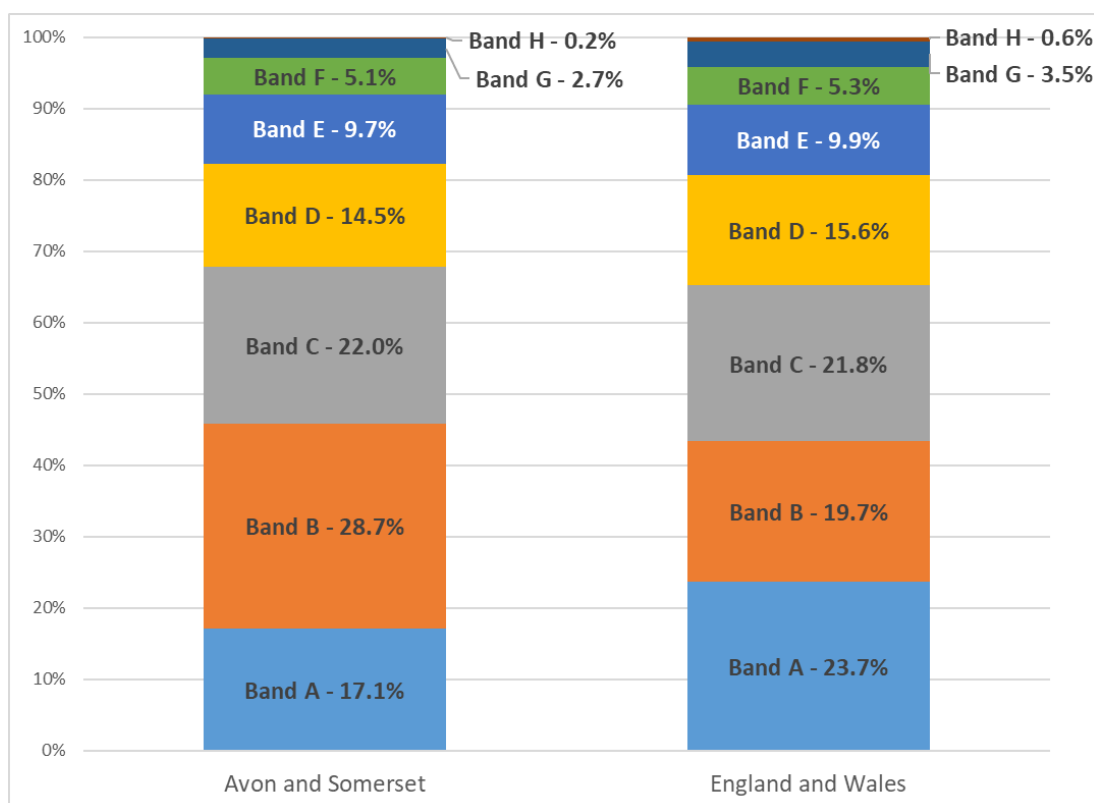
As a result of the assumptions made in this plan across these three factors it is forecast that **council tax funding will increase by £32.8m/24% over the next five years**.

	Current	Forecast				
	21/22	22/23	23/24	24/25	25/26	26/27
Precept (£p)	£241.20p	£251.20p	£261.20p	£271.20p	£276.60p	£282.10p
Tax base (No.)	570,875	576,588	582,588	588,914	595,303	601,062
Precept Income (£'000)	137,695	144,839	152,172	159,714	164,659	169,560
Surplus/(Deficit) (£'000)	(962)	(750)	(665)	-	-	-
Total Council Tax (£'000)	136,733	144,089	151,507	159,714	164,659	169,560

Precept – The value of the precept is defined by the rate applicable to an average band D property. In February 2021 the then PCC approved the 2021/22 revenue budget and capital plan, confirming an average band D precept of £241.20, an increase of £13.39/5.9% per household on the previous year.

The precept is expressed at the value for a band D equivalent property. There are 8 council tax bands in total (A – H), and each property is placed into a band based on the value of the property as at April 1991.

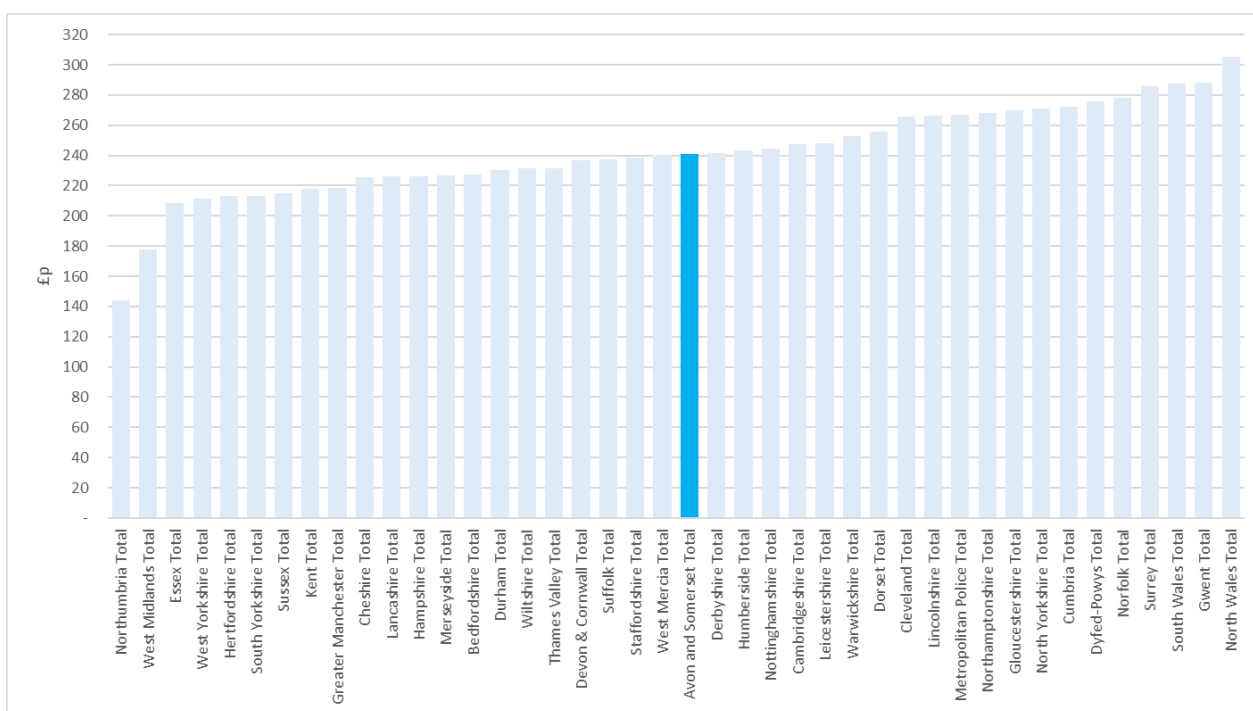
Figure 6: 2021/22 % of properties by band Avon and Somerset compared to England and Wales



Overall there are more properties weighted towards the lower council tax bands in Avon and Somerset than compared to the national position. In total there are 67.8% of properties in bands A-C, and 32.2% of properties in bands D-H in Avon and Somerset. This compares to 65.2% of properties in bands A-C, and 34.9% of properties in bands D-H nationally. This position means while we express the precept as an average band D, the majority of properties in our area are in lower bandings than this. This is why many of our local authorities now express their council tax position as band B in their budget discussions as that is often the most common banding for properties in Avon and Somerset.

Avon and Somerset’s 2021/22 precept is the median across England and Wales.

Figure 7: 2021/22 Average Band D precept value by PCC in England and Wales



The funding settlement announcements made by the Government confirmed the referendum principles for consideration when setting the precept in 2022/23.

“Police and Crime Commissioners in England will retain the flexibility to increase their precept income by £10 annually. Based on current forecasts, if all PCCs in England and Wales utilised this flexibility in full an additional £774m would be raised in 2024/25. This means that, over the three years of this Spending Review, police forces will have up to an additional £1.6bn by 2024/25 should all PCCs utilise their full precept flexibility.”

In considering the level of precept to set for 2022/23 the PCC has made consideration of:-

- The views of the public, as expressed through a range of ongoing public engagement activity;
- The views and opinions of the Chief Constable, set out in writing to the PCC;
- The national context which continues to see Avon and Somerset underfunded compared to relative need; and
- The expectation of Government that their investment in policing continues to be matched through ongoing local investment through the precept.

After due consideration, this plan has been drafted on basis that **the PCC will increase the average Band D policing precept by £10.00p in 2022/23** and the following two years, thereafter we have assumed annual increases of 2.0%.

	Current	Forecast				
	21/22 £p	22/23 £p	23/24 £p	24/25 £p	25/26 £p	26/27 £p
Av. Band D Precept	£241.20p	£251.20p	£261.20p	£271.20p	£276.60p	£282.10p
Annual Increase %		+4.1%	+4.0%	+3.8%	+2.0%	+2.0%
Annual Increase £		+£10.00p	+£10.00p	+£10.00p	+£5.40p	+£5.50p

An increase of £10 in an average band D property, generates the following amounts of council tax for the various bands:-

Council Tax Band	£p	% of Properties
A	£167.47	17.1%
B	£195.38	28.7%
C	£223.29	22.0%
D	£251.20	14.5%
E	£307.02	9.7%
F	£362.84	5.1%
G	£418.67	2.7%
H	£502.40	0.2%

The precept increases assumed for future years remain a planning assumption at this stage. They will continue to be subject to ongoing consideration and consultation, and an annual decision making process including the presentation of a proposal to the Police and Crime Panel will be required.

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 Avon and Somerset we have eight billing authorities, with our tax base being the aggregate value of 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 the local tax base over recent years, the impact of the Covid-19 pandemic temporarily halted this progress. However, forecasts for 2022/23 are showing a return to increases in tax base across six of the eight authorities with a confirmed total position of 576,588 which is a 5,713 (1.0%) increase from 2021/22:-

	21/22 No.	22/23 No.	Change No.	Change %
Bath & North East Somerset	66,712	67,854	+1,142	+1.7%
Bristol	127,950	127,917	-33	-0.0%
North Somerset	78,739	79,927	+1,188	+1.5%
South Gloucestershire	98,044	100,143	+2,099	+2.1%
Unitary ("Avon") authorities	371,445	375,841	+4,396	+1.18%

Mendip DC	41,338	41,544	+206	+0.5%
Sedgemoor DC	40,991	41,910	+919	+2.2%
South Somerset DC	61,153	60,644	-509	-0.8%
West Somerset & Taunton	55,948	56,649	+701	+1.3%
District ("Somerset") authorities	199,430	200,747	+1,317	+0.7%
TOTAL Tax Base	570,875	576,588	+5,713	1.0%

As the above table shows, the forecast shows some variation in tax bases across our billing authorities. The forecast position estimates a 2.2% increase in Sedgemoor DC, compared with a 0.8% decrease in South Somerset DC.

The MTFP forecasts changes to the tax base across the plan are based on our local authorities own estimates where these have been supplied. Where they have not been provided we have used an average of those received as an assumption at this stage. This has resulted in the following forecasts of tax base growth across the period of the plan:-

	22/23	23/24	24/25	25/26	26/27
Change in tax base	+1.00%	+1.04%	+1.09%	+1.08%	+1.00%

Collection fund surplus or deficit – This represents the PCC's share of any surplus or deficit on the collection fund as calculated by our eight collecting authorities. Historically, all of the 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, resulted in deficits from all 8 authorities in 2021/22. Under rules implemented by the government in 2020/21, the recovery of any deficit relating to the 2020/21 financial year can be spread over a three year period.

The impact of these deficits are mitigated to some extent by the provision of the Council Tax income guarantee grant in 2021/22. This grant was payable where loss of council tax was deemed by our collecting authorities to be irrecoverable (i.e. it is as a consequence of lost tax base growth or as a result of greater eligibility to local discount schemes). The MTFP releases a third of this funding in each of the next two years to help offset the pressure created by this deficit.

The final collection fund surpluses or deficits forecast for 2022/23 will be confirmed very shortly, however, current forecasts from the collecting authorities demonstrates a range from one authority showing a deficit of £1.1m to another showing a surplus of £287k. Overall, the plan forecasts a **2022/23 deficit of £750k** after adjusting for the spread over three years (2021/22 deficit £962k).

Predicting with any accuracy the collection fund deficit figures going forward will be particularly difficult given current uncertainties. For the purposes of planning beyond 2022/23 the assumption is **that there will continue to be a deficit in 2023/24 of £665k and thereafter 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)

	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
PCC's Office budget requirement	1,906	1,964	2,024	2,083	2,143
PCC's Commissioning budget requirement	3,507	3,507	3,507	3,507	3,507
PCC's MOJ – Victims Commissioning Grant	(2,001)	(2,001)	(2,001)	(2,001)	(2,001)
Chief Constables budget requirement	355,295	367,957	380,209	392,845	404,182
TOTAL budget requirement	358,707	371,427	383,739	396,434	407,831

PCC's Office budget requirement

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

	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
Base budget	1,791	1,791	1,791	1,791	1,791
Pay Award and Adjustments	+32	+90	+150	+209	+269
Growth and Commitments	+83	+83	+83	+83	+83
OPCC Budget Requirement	1,906	1,964	2,024	2,083	2,143

2022/23 Base Budget – This budget supports the PCC, and a team of 25 FTE (full time equivalent) staff who support the PCC in a range of activities undertaken in the fulfilment of their statutory duties. The PCC's budget has consistently operated below the average national level.

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.

Growth – The budget includes growth recognising the potential consequences of the planned OPCC office review and an increase in the training budget to better reflect the size of the team.

PCC's commissioning budget requirement

This budget supports the commissioning of services from external organisations.

	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
Base budget	3,529	3,529	3,529	3,529	3,529
Adjustments	-22	-22	-22	-22	-22
Annual budget requirement	3,507	3,507	3,507	3,507	3,507

We have assumed no change in the Commissioning budgets after the minimal 2022/23 adjustments.

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

	2022/23 £'000
Drug and alcohol referral services	553
Victims services (inc SARC, but excluding those within Constabulary)	1,755
MOJ grant top-slice to support OPCC grants process	50
Appropriate adult services	63
Appropriate adult services reallocation	25
Mental health triage service in A&S call centre	122
Restorative justice services	179
Police & Crime Grants (community safety & YOT)	740
Police and crime grants for community safety and other 3 rd party work	20
TOTAL	3,507

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 - 2022/23), is accounted for within the Chief Constable's 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 Force in the provision of policing to the communities of Avon and Somerset.

Budget <u>pre-savings</u>	Base	MTFP				
	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
Police Officer Costs	169,467	178,097	183,009	189,318	194,632	200,830
PCSO and Staff Pay	107,624	111,268	114,075	116,127	118,537	120,959
Other Pay and Pensions	10,239	9,730	11,515	11,893	12,261	12,639
Non-Pay (inc partnerships)	67,758	75,053	78,615	81,804	85,232	88,743
Contribution to/(from) reserve	138	213	85	85	85	85
Capital Financing	17,317	16,448	16,452	16,838	17,418	17,314
Outstanding Savings	509	509	509	509	509	509
Less; Income and Specific Grants	-35,494	-36,024	-36,304	-36,366	-35,830	-36,897
Total	337,559	355,295	367,957	380,209	392,845	404,182

This base budget makes provision to increase the establishment, which at end of March 2023 will be:-

Budgeted Establishment	Core Funded FTE	External Funding FTE	Collaboration FTE	TOTAL FTE
Police Officers	3,011	29	162	3,202
Police Community Support Officers	342	3	-	345
Police Staff	2,704	57	323	3,084

TOTAL Budgeted establishment	6,057	89	485	6,631
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Police Officer Costs – represents the single biggest area of spend for the Force. In the final year of the government’s officer uplift target, pay will continue to increase in both value and relative size of budget. Before accounting for savings and adjustments the plan forecasts that costs will increase by £31.4m/18.5% over the course of the MTFP. The key movements in this budget forecast are:-

- Growth (national uplift delivery) – The plan provides for £6.9m 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 2022/23 financial year. Thereafter the plan forecasts that these costs will continue to rise, with £10.2m of growth in costs by 2026/27. This will enable the Force to achieve the target head count of 3,291 officers by March 2023;
- Pay awards – The budget assumes an inflationary pay increase of a 3.5% with effect from September 2022, increasing costs by £3.5m in 2022/23. The assumption of 3.5% mirrors the emerging national consensus on pay, albeit this will only be confirmed by Government decision following a recommendation made by the independent pay review board. In each year thereafter the plan assumes a 2% pay award, increasing costs to £18.8m by 2026/27.
- National Insurance – The plan also accounts for increases to national insurance costs with effect from April 2022, in line with the Government’s social care levy. This is an increase in cost of +£1.2m for police officers in each year of the MTFP;
- Adjustments – The budget reflects adjustments to Police Officer costs both to remove the budgets for Special Branch Officers (as they transfer into counter terrorism policing with effect from April 2022), and in recognition of reduction in the average cost of an officer in recognition of the scale of recruitment and therefore the relatively inexperienced workforce at this time. These adjustments total £3.3m in 2022/23, but will reduce to £2.7m by 2026/27 in recognition that the average cost will have started to increase by this time in our plans;
- Allowances and Overtime – The plan accounts for increases to officer allowances (e.g. unsocial hours allowance and 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 £0.4m growth across the MTFP period.
- Police Officer Pensions – The MTFP includes an increase of £3.5m in expectation of additional officer pension costs. This represents an estimate of the potential increases to costs resulting from the valuation exercise that will set employer contribution rates with effect from April 2024. We expect that these costs will increase as a result of increases to employer contribution rates, however this will not actually be confirmed until much closer to its implementation.

PCSO and Staff Pay – Budgets for PCSO and police staff pay are forecast to increase by £13.3m/12.2% over the course of the MTFP. The key movements in this budget forecast are:-

- Growth and commitments – There is £0.6m in growth and commitments over the course of the MTFP. This includes small increases in support of delivering and sustaining the uplift in officer numbers, as well as an introduction of market factor changes to the pay for Intelligence Analysts in light of recent retention challenges and benchmarking of regional pay;
- Pay awards – The increase of 3.5% with effect from September 2022 increases costs by £1.7m in 2022/23. Thereafter the plan provisions for a 2% pay award p.a., increasing costs by £11.7m across the MTFP period.

- Adjustments – The budget reflects adjustments that recognise the increase in average cost of staff and particularly PCSOs as we forecast more of these incrementally moving up the pay scale. Costs are forecast to increase by £0.6m in 2022/23, but this is expected to reduce to £0.3m by the end of the MTFP;
- National Insurance – The plan includes increases to national insurance costs in support of the Government’s social care levy, which add £0.7m in costs across the MTFP period.

Other Pay and Pensions – The budgets here are forecast to increase by £2.4m/23.4% over the course of the MTFP. The key movement in this budget forecast are:-

- Injury pensions – The forecasts include provisions for the costs of new officers retiring on medical grounds with injury awards as well as inflation increases for the existing injury awards. Over the course of the MTFP we forecast this to add £0.8m in costs;
- LGPS Pensions and inflation – The valuation of the Somerset County Council Pension fund is expected to complete during 2022. This will set employer rates with effect from April 2023. In light of fund performance and wider economic challenges the plan reflects an expected increase in employer contributions of £1.6m with effect from 2023/24.

Non-Pay – Budgets for non-pay costs, before adjustments for savings, are forecast to increase by £20.9m/31.0% over the course of the MTFP. The key movements in this budget forecast are:-

- Premises – There are specific and acute inflationary pressures including increases to electricity costs estimated at £0.7m/26.1% and increases to gas costs estimated at £0.2m/24.1% in 2022/23. In addition to this there is further inflationary pressure for business rates, and inflationary across all other aspects of premises costs. By the end of the MTFP forecast an extra £2.9m is accounted for here before savings;
- Transport – Over the course of the MTFP there is forecast growth of £1.0m in transport and travel costs. The key factor in this growth is the inflationary factors assumed for both fuel and travel costs, as well as inflation for vehicle repairs and maintenance costs. In 2022/23 we are estimating fuel costs increases of £0.3m/9.8%, reflecting the increases in prices already being experienced. In addition there is also some growth in budgets to support the increase in the fleet in recognition of those extra vehicles required for the uplift in officer numbers;
- Supplies and Services – The plan is forecasting growth in these budgets of £6.9m over the course of the MTFP. Of this:-
 - £4.0m is as a direct consequence of assumptions around inflation across all areas of non-pay budgets, with particular pressures recognised around insurance, national IT systems and custody health care provision;
 - £1.6m increases to IT costs, recognising some growth and ongoing contractual commitments. Some of this is reflective of our increased size and therefore increased consumption of licences and services. There is also provision for some growth here in support of new services to further enhance frontline effectiveness and efficiency – including further digitalisation of historic evidence and increasing our use of robotic process automation to release capacity across the organisation;
 - £0.8m increase to support the direct and ongoing delivery of uplift. This includes additional fees (£0.6m) for the Degree Holder Entry Programme (DHEP) enabling the delivery of new officers on a fast track into detective roles, as well as uplifts to equipment and training budgets;

- £0.3m for firearms and surveillance asset tracking. Following a series of national reviews and recommendations, work has been progressed nationally to identify new capabilities to support the tactical deployment of firearms and surveillance officers;
- £0.2m increase relating to small areas of growth across all areas of devolved budget.
- Partnerships – The MTFP forecasts growth of £10.2m by 2026/27 driven by inflation, linked predominantly to assumptions around pay awards. This reflects the fact that the majority of our partnership budgets support our collaborations (e.g. South West Forensics, Major Crime Investigation, South West Regional Organised Crime Unit) into which are officers and staff are seconded to work alongside those from other forces.

Capital Financing – Growth in capital financing costs of £0.1m are included in the forecasts over the course of the MTFP. This reflects adjustments in accordance with our PFI financing model;

Income – The plan forecasts growth of £0.6m in income budgets over the course of the MTFP, reflecting inflationary adjustments where appropriate, which are offset by forecast reductions in some funding, the most significant of which is a forecast reduction of £0.4m in relation to the policing provision at Hinkley Point as this construction project nears completion.

Revenue savings requirement and plans

Savings requirement

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

	Forecast				
	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
Total Funding Forecast	355,707	365,479	377,006	383,978	390,925
Less; PCC's Office budget	-1,906	-1,964	-2,024	-2,083	-2,143
Less; PCC's Commissioning budget	-3,507	-3,507	-3,507	-3,507	-3,507
Plus: MoJ – Victims commissioning grant	+2,001	+2,001	+2,001	+2,001	+2,001
Funding left to support Chief Constable	352,295	362,009	373,476	380,389	387,276
Less; Chief Constable budget requirement	355,295	367,957	380,209	392,845	404,182
Standstill Deficit	3,000	5,948	6,733	12,456	16,906

Accounting for identified savings

Against this the Force has identified initial savings, however even with the inclusions of these savings/adjustments we continue to forecast a deficit budgetary position in 2023/24 and onwards:

	Forecast				
	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
Standstill Deficit	3,000	5,948	6,733	12,456	16,906
Officer Pay and Allowances savings	-235	-301	-368	-434	-500
Staff Pay and Allowances savings	-282	-282	-282	-282	-282
Premises cost savings	-553	-553	-553	-553	-553
Transport cost savings	-311	-311	-311	-311	-311
Supplies and service cost savings	-234	-234	-234	-234	-234
Partnership cost savings	-120	-229	-229	-229	-229
Income	-757	-757	-757	-757	-757
Central savings	-508	-512	-512	-512	-513
Revised Deficit	-	2,769	3,487	9,144	13,527

As the above demonstrates, the identified savings enable a balanced budget to be set for 2022/23. Thereafter there is a forecasted **deficit of circa. £2.8m in 2023/24 and rising to circa. £13.5m in 2026/27.**

These savings identified include the following:-

- Officer pay and allowance savings – Recurring savings of £0.2m in 2022/23 rising to £0.5m by the end of this plan, largely reflecting the gradual reduction in historic allowances that have ceased as a

consequence of changes to terms and conditions and are therefore increasingly payable to fewer and fewer officers over time;

- Staff pay and allowances savings – Recurring savings of £0.3m identified through adjustments to staff headcount in a small number of enabling services, as well as reductions to overtime budgets across numerous areas of the budget;
- Premises savings – Premises budgets have identified £0.5m in recurring savings, reflecting increases in the sharing of costs with partners, savings on business rates following successful reviews, as well as reductions to our estate footprint and ongoing work to realise energy efficiency savings as a consequence of our work to improve our energy consumption;
- Transport savings – Savings of £0.3m have been identified in transport and travel budgets across the Force. These include savings in central fuel budgets as a consequence of planned reductions to our fleet, as well as the benefits of more fuel efficient vehicles. Also included are procurement savings in our contract for tyres. There have also been reductions to devolved travel and transport budgets reflective of new ways of working not requiring as much travel as previously;
- Supplies and services savings – Savings of £0.2m have been identified across all our supplies and services budgets throughout the Force, of which half are from enabling services budgets and half are from operational budgets.
- Income savings – Savings of £0.8m generated through additional income have also been identified, including income received through court cost recovery procedures, rental income from partners in our property and enhancing our cost recovery under special policing arrangements;
- Central cost savings – we have identified £0.6m of savings which we have adjusted for throughout 2021/22 and which we can release permanently from budget in 2022/23. These savings have occurred through adjustments in numerous areas of the budget, including savings realised through some reduction in staff headcount in enabling services, and further estates savings and a saving against national IT charges.

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

Budget <u>post-savings</u>	Base	MTFP				
	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000
Police Officer Pay	163,173	177,862	182,708	188,951	194,198	200,330
PCSO and Staff Pay	105,459	110,987	113,794	115,845	118,256	120,677
Other Pay and Pensions	10,312	9,730	11,515	11,893	12,261	12,639
Non-Pay	71,086	73,835	77,288	80,477	83,905	87,416
Contribution to/(from) reserve	384	213	85	85	85	85
Capital Financing	17,817	16,448	16,452	16,837	17,417	17,313
Outstanding Savings	-	-	-	-	-	-
Less; Income and Specific Grants	(30,636)	(36,781)	(37,063)	(37,125)	(36,590)	(37,658)
Total	337,595	352,294	364,779	376,963	389,532	400,802

Residual savings requirement

In 2023/24 and 2024/25 the savings required to balance the budget remain at a level where it is hoped they can be achieved without significantly impacting on frontline service delivery. However, the savings required in the final two years of the plan are substantially more significant, and it is unlikely that savings of that magnitude could be achieved without having some impact on the servicing of public demand for policing services.

Beyond the immediate savings plans it is recognised that there will be further opportunities to improve productivity, efficiency and realise savings, providing potential to close the residual budget gap. Options are being progressed across the following areas:-

- Opportunities arising from the Force's **re-setting** for a post Covid-19 pandemic working environment, which are expected 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 channels for **public contact** to continue to ensure that the Force 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 transactional processes, our integrated planning and realise the opportunities and benefits of investments in new corporate systems;
- Continuing to **benchmark** budgets and areas of spend against other police forces to consider opportunities this presents to learn from others;
- Consider opportunities across current **collaborations**, as well as identifying opportunities for new collaborations with supporting and like-minded partners;
- Ongoing **procurement savings** which may enable avoidance of some of the forecast uplift in costs through commercial or collaborative deals struck.

Some of the above will release savings which can be used support the balancing of our budget and to enable wider financial capacity to support prioritised investment. Equally some areas will enable productivity gains that provide capacity within the Force to focus more on servicing policing demand more effectively.

Capital Programme and Funding

The 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 these 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 existing assets and infrastructure, as well as to invest in new transformative initiatives which will help to realise improvements in operational efficiency and effectiveness.

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 support to implement locally.

The capital 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 the capital plan during 2021/22. For example the fleet plans have been impacted by the lead times for vehicle manufacture and delivery, a situation reflective of global challenges within the supply chain. 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 the Capital Programme

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:-

- 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 the estate management and planning in order to fulfil this role. The day to day management of the estate is undertaken by the Force's estates department, within the Finance and Business Services directorate;
- Information and communication technology – all ICT assets are managed and maintained through the Force's 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;
- Fleet – all vehicles are maintained through the Force's transport services department within the Finance and Business Services directorate. All fleet assets are maintained and managed through

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

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

The 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 all assets, and where necessary, ensuring that plans provision for the replacement of them;
- New initiatives and projects – recognising new investments in order to realise the priorities of the Police and Crime Plan and meet the objectives of the Force.

The programme is developed jointly between the PCC and the Force, 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 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 Finance and Assets Committee, to the Constabulary Management Board and to the Police and Crime Board. The quarterly finance performance paper, which includes the reporting of performance against our capital plan, is published on the PCC's website once it has been reviewed at PCB.

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
	21/22	22/23	23/24	24/25	25/26	26/27	
	£'000	£'000	£'000	£'000	£'000	£'000	
Capital Expenditure	11,163	15,913	24,770	24,900	15,802	6,912	99,459
Less; Capital Funding	(11,163)	(15,913)	(24,770)	(24,900)	(9,903)	(6,912)	(95,134)
Deficit	-	-	-	-	4,286	-	4,286

Capital Expenditure

The emerging picture identifies that the current year (2021/22) of capital spend, plus the planned spend over the next five years (through until 2026/27) totals £99.5m. Against this we have identified and forecast funding sources of £95.1m, thereby leaving a residual deficit in capital funding of £4.3m over the next 5 year period.

	Current	MTFP					Total
	21/22	22/23	23/24	24/25	25/26	26/27	
	£'000	£'000	£'000	£'000	£'000	£'000	
Asset replacement	8,681	9,473	9,403	11,007	8,760	5,964	53,286
Capital projects	1,578	6,440	15,368	13,892	7,042	948	45,268
TOTAL	11,163	15,913	24,770	24,900	15,802	6,912	99,459

Asset replacement – Our asset replacement plans total £53.3m, accounting for 54% of our capital plan spend. This provides for the ongoing maintenance, replacement and renewal of our existing assets:-

	Current	MTFP					Total
	21/22	22/23	23/24	24/25	25/26	26/27	
	£'000	£'000	£'000	£'000	£'000	£'000	
ICT replacement	5,366	5,422	3,259	6,554	5,189	2,758	28,547
Estates replacement	717	853	957	498	495	128	3,648
Fleet replacement	2,280	2,693	2,584	3,088	2,808	2,809	16,262
Equipment replacement	318	505	2,603	868	268	268	4,829
TOTAL	8,681	9,473	9,403	11,007	8,760	5,964	53,286

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

- End User Devices (£13.3m) – 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 - £8.4m;
 - replacement and new issue of mobile phones - £2.6m;
 - replacement and new issue of body worn video cameras - £1.8m.
- Infrastructure (£9.9m) – over the course of the plan we have made provision for replacement and enhancements to our IT infrastructure, including:-
 - Storage and back-up requirements - £1.5m;
 - Servers and networks - £7.8m;

- Video conferencing capability - £0.5m.

Estates replacement – The plans predict £2.9m will need to be spent on the replacement and repair of our estate, including the following areas of activity:-

- Electrical, fire and central heating systems (£1.4m) – This is informed through building condition surveys as well as the requirements of our wider plans;
- Repairs and maintenance of our buildings (£1.5m) – This includes chiller and lift replacement within HQ operation building, Staple Hill roof repair and LED lighting replacement;

Fleet replacement – The 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 £14m on the replacement of our fleet. This includes the replacement of response fleet (£3.1m); the replacement of road policing and specialist response fleet (£7.5m); the replacement of neighbourhood fleet (£3.0m); and the replacement of bikes, drones and telematics (£0.4m). The total expenditure will remain dependent upon the ongoing review of our fleet to further rationalise and identify savings where appropriate.

Equipment replacement – The plan for the replacement of capital equipment is as follows:-

- Automatic Number Plate Recognition (ANPR) (£0.8m) – over the course of the plan to both maintain and replace the current ANPR asset estate;
- Taser replacement in 23/24 (£2.3m) – this is the direct replacement of tasers currently used by the Force;
- Carbines (£0.6m) – replacement due in 24/25 once we have agreed on a common model in the region;
- Provision (£0.5m) – 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 - The planned capital projects total £45.3m, accounting for 46% of our total capital plan spend:-

	Current	MTFP					Total
	21/22	22/23	23/24	24/25	25/26	26/27	
	£'000	£'000	£'000	£'000	£'000	£'000	
Digital Projects	925	5,209	6,733	5,027	6,971	876	25,741
Estates Projects	653	1,231	8,634	8,865	71	72	19,527
TOTAL	1,578	6,440	15,368	13,892	7,042	948	45,268

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

	Current	MTFP					Total
	21/22	22/23	23/24	24/25	25/26	26/27	
	£'000	£'000	£'000	£'000	£'000	£'000	
National Projects	611	1,105	1,100	3,000	6,700	600	13,116
Regional Projects	0	51	52	53	54	55	265
Local Projects	314	4,053	5,581	1,974	216	221	12,359
TOTAL Digital Projects	925	5,209	6,733	5,027	6,971	876	25,741

- **National Projects** – These plans predict that we will need to spend £12.5m enabling the implementation of national programmes locally within Avon and Somerset. This relates to two national projects:-
 - Emergency Services Network Programme (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 £11.5m 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 the end of 2024, but the final business case for the national programme remains under review and is yet to receive ministerial approval. These projected costs are based on local modelling to interpret the national business case, but will need to be subject to further refinement as the national position crystallises;
 - 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 £1m over the next year.
- **Regional Projects** – The provision of £0.3m within the capital plan for regional projects reflects the ongoing work around niche system:-
 - Crime, Case, Custody and Intelligence records management system (Niche) – Work is continuing 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 £0.3m has been identified to support this the continuation of this work;
- **Local Projects** – These plans predict that the implementation of local projects over the course of the plan will require £12m of investment. This includes:-
 - Corporate Systems – The plans are developing for the improvement of our corporate HR, finance and operational capabilities, enabling continued improvements in many of our key corporate processes. An Outline Business Case for this work was approved by the PCC in November, and we are now progressing towards the presentation of a Full Business Case later in 2022. At this stage the capital plan includes £10.9m in support of this over the next three years;

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	0	0	5,669	2,529	0	0	8,197
Bristol Projects	100	812	2,275	0	0	0	3,187
BANES Projects	321	77	624	6,268	0	0	7,290
Other	233	342	66	69	71	72	853
TOTAL Estates Projects	653	1,231	8,634	8,865	71	72	19,527

- **Somerset Projects** – The capital plan includes £8.2m over the next three years to progress estates projects in Somerset. This supports:-

- South Somerset - £7.3m has been included to progress our estates plans in south Somerset, which are predicted to fall in the 23/24 and 24/25 financial years at this stage;
- Frome police station - £0.5m 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 two years to progress two 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 throughout 2021. We have now sold the site to a social housing developer subject to planning permission, with the intention of securing a neighbourhood base on the ground floor of the redeveloped site. £1.5m 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 both an enhanced neighbourhood and enquiry office presence in the city centre (£0.1m), as well as the longer-term development of a new response base (£6.9m).

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
	21/22	22/23	23/24	24/25	25/26	26/27	
	£’000	£’000	£’000	£’000	£’000	£’000	
Home Office Grant	269	0	0	0	0	0	269
ESN Grant Funding	0	100	768		0	0	868
Revenue Contribution	7,000	7,000	7,000	7,000	7,000	7,000	42,000
General Capital Reserve	2,594	7,513	8,102	650	0	-288	18,571
Capital Receipts (Estate)	0	0	0	9,350	4,316	0	13,666
Capital Receipts (Other)	200	200	200	200	200	200	1,267
Previous Borrowing	49	0	1,046	0	0	0	1,095
New Borrowing	0	1,100	7,654	7,700	0	0	16,454
TOTAL	11,163	15,913	24,770	24,900	11,516	6,912	95,174

- Home Office capital grant funding – The value of this grant is £0.3m in 2021/22. However, it was confirmed in the police settlement announcements in December 2021 that this funding would cease in future years. The plan therefore reflects no further capital grant funding will be received;
- 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 – Over the course of the last few years our revenue contributions to support capital have been increased. The reason for doing this was in recognition of:-
 - Reductions to other sources of capital funding;
 - Increasing volume of personal issue assets (e.g. laptops, mobile phones, body worn video cameras etc...) which would need replacing on a regular life-cycle;
 - Gradual transition of our IT services into the cloud will see a transition from capital to revenue funding, thereby creating some capacity for us to manage this through reallocation of capital funding rather than creating an unsustainable pressure on revenue budgets.

The revenue contribution is maintained at £7m p.a. across the duration of this plan at this stage;

- 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 2024/25;
- Capital receipts (Estate) – Over the course of the period covered by the plan it is anticipated we will sell a number of our buildings. Over the next 4 years the plan identifies a potential capital receipt of £8.1m. 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 will continue to be monitored;
- Capital receipts (Other) – Over the course of the plan it is assumed some receipts will be generated from the sale of vehicles and other assets that have reached the end of their useful life. On average we expect to generate £0.2m p.a.;
- New borrowing – this reflects the current assumed profile of borrowing which will be taken in support of capital expenditure. The final value and profile of our borrowing will be subject to consideration and approval by the PCC. The timing of when borrowing is taken will be managed as part of wider treasury management considerations.

The general principle applied when allocating funding in support of the capital plan is that for shorter-life assets, sources of funding other than borrowing will be used. Borrowing is planned to be used only against 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 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

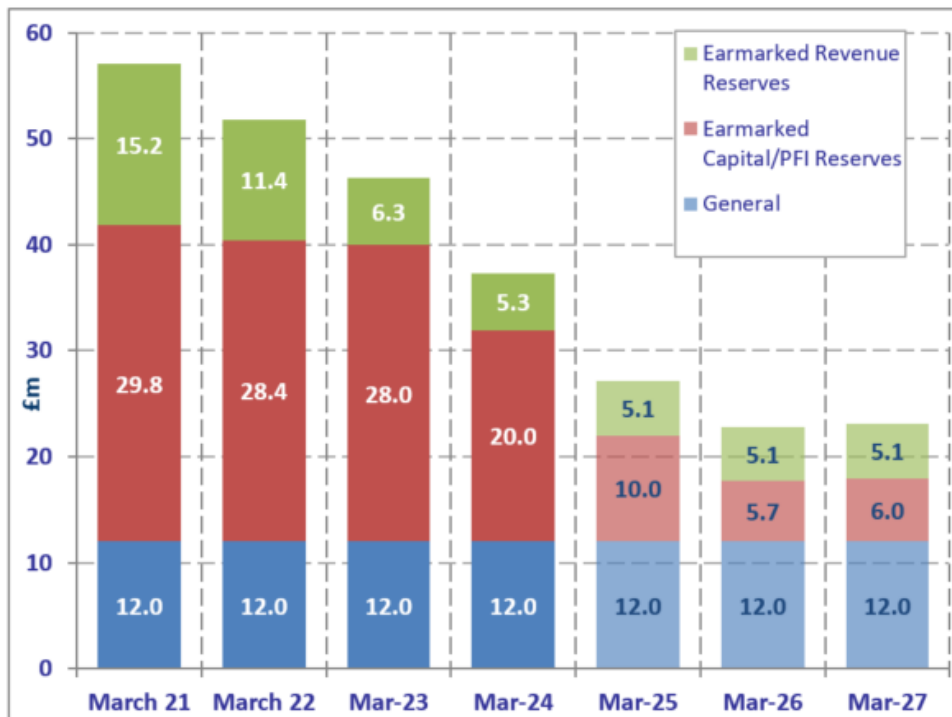
The PCC holds reserves in order to:-

- 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 the financial statements at the end of March 2021 the PCC had total usable reserves of £57.1m. This reflected an increase of £8.1m/16.5% compared to the balance held 12 months previously, mainly due to increases in our capital reserves and discretionary reserves. Our useable reserve levels are forecast to stand at £51.9m by the end of the 2021/22 financial year (a decrease of £5.2m).

The current projections estimate a £5.6m decrease in reserves during the 2022/23 financial year, with further reductions of £9.0m 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 2025/26 financial year we expect the reserves level to stabilise, with reserves standing at £23.0m by the end of the MTFP period (March 2027). This reflects a projection only at this stage, and will therefore be subject to ongoing review and refinement as our plans crystalize.

Figure 8: Useable reserve projections over the life of the MTFP



The reserves largely fall into the following categories:-

- The **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 and the Force. We are proposing to keep the fund at £12m. 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, it is prudent to maintain a reasonable provision here and **the proposed general fund balance (£12.0m) represents only 3.4% of 22/23 Net Revenue budget;**

- The **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 the 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 the financial impact on the revenue budget is smoothed over the life of these assets. By March 2027 it is forecast that our PFI reserves will stand at **£5.7m**. Our financial model forecasts that 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;
- The **capital reserves** consists of both the capital financing reserve and the capital receipts reserve. The general capital reserve represents historic and ongoing funds which have been set aside to support general capital investment. It is expected that we will have fully utilise the capital financing reserve by the end of 2024/25 in line with our capital plans. The capital receipts reserve holds receipts from the sale of assets, mainly buildings. It is expected we will fully exhaust this reserve by the end of 2025/26 in line with our capital plans;
- The remainder of the reserves have been earmarked for specific purposes. The earmarked reserves are expected to decrease by £5.0m between March 2022 and March 2023. 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 these forecasts and plans. The table below highlights some of the key risks identified:-

Risk	Potential scale	Mitigation
Grant Funding Value – 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 PCCs.	1.0% of total grant funding is £2.2m p.a.	Grant funding is expected to increase each year for 3 years in line with the headline announcements made under the Spending Review (SR). As such we have a high degree of confidence as to the value of future grant funding. Beyond the SR period we have made an assumption of annual increases to grant funding of 1.0%, however we are unlikely to know the true value of this until the Autumn of 2024, when we would expect the next SR announcements to be made. We will therefore continue to track our assumptions against that being made by other forces across the country.
Grant Funding Distribution – 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 PCCs.	1.0% of formula grant funding is £2.0m 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.
Council Tax Base – the increase in council tax base currently forecast is higher or lower than current forecast (1.00% growth in 22/23, +1.04% 2023/24, +1.09% 2024/25).	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.
Council Tax Deficits – the current forecasts by the local authority are higher or lower than current forecast (£0.75m deficit 2022/23, £0.7m 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.
Council Tax Precept – 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.	The SR announcements confirmed the 3 year principles for PCC precept setting, and therefore we have a high degree of certainty around this for the foreseeable future. Thereafter our assumption brings precept growth back in line with the Bank of England's long-term projection for inflation at 2.0%. We will continue to monitor this closely, and seek intelligence through the PCC as to any potential changes to the principles within which the policing precept will be expected to be considered.

Risk	Potential scale	Mitigation
<p>Pay Inflation – the increase in pay is higher or lower than currently forecast (3.5% increase in 2022/23 and thereafter 2.0% increase p.a.).</p>	<p>1.0% of officer and staff pay is £2.9m p.a.</p>	<p>Benchmarking of our assumptions for future pay awards against other forces to ensure that we are not an outlier. Monitor Government, and emerging sector statements regarding future public sector pay.</p>
<p>Officer Pensions – 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 and a provision for £3.5m has been included from 2024/25 as an estimate of growth in employer contribution rate at next valuation date (April 2024). However, there is a high level of uncertainty and any increase would need a sector wide response in consultation with the Government.</p>	<p>1.0% change in employer contribution is £2.2m 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>Staff Pensions – the MTFP reflects the increase from the 2019 valuation exercise, which is a rise of employer contributions to 16.3% with effect from April 2020. The MTFP recognises the ongoing risk, and includes further provision of £1.5m from 23/24 (movement from 16.3% to 18.3%), to coincide with the timing of the next planned pension valuation.</p>	<p>Additional 1.0% contribution is £0.9m p.a. for Staff pay.</p>	<p>Monitor the ongoing position of actuarial reviews, engaging with this process through representation of the SCC LGPS Scheme Board.</p>
<p>Inflation – 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 £0.6m 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>Capital Affordability – 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 £4.3m 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

APPENDIX 1 - 2022/23 - 2026/27 Medium Term Financial Plan - Revenue						
	Current Yr 2021/22 £'000	MTFP Period				
		2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Constabulary Budgets						
Police officer costs	169,467	177,862	182,708	188,951	194,198	200,330
Police community support officer costs	12,258	12,956	13,354	13,419	13,713	14,009
Polices staff costs	95,366	98,030	100,439	102,426	104,542	106,668
Other current and former employee costs	10,239	9,730	11,515	11,893	12,261	12,639
Premises costs	14,201	15,139	15,467	15,821	16,180	16,551
Transport costs	5,283	5,447	5,553	5,674	5,788	5,922
Supplies and services costs	32,704	36,140	37,187	37,778	38,566	39,363
Partnership costs	15,571	17,108	19,080	21,204	23,371	25,580
<i>Plus</i>						
Contribution to/(from) reserve	138	213	85	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	- 30,865	- 31,147	- 31,209	- 30,674	- 31,743
Constabulary costs before specific grants	342,674	358,209	370,695	382,879	395,448	406,718
<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	- 3,088	- 3,088	- 3,088	- 3,088	- 3,088
TOTAL constabulary costs	337,559	352,294	364,779	376,963	389,532	400,802
OPCC Budgets						
PCC commissioning costs	3,529	3,507	3,507	3,507	3,507	3,507
Office of the PCC costs	1,791	1,906	1,964	2,024	2,083	2,143
<i>Less</i>						
Ministry of Justice - Victims commissioning grant	- 2,001	- 2,001	- 2,001	- 2,001	- 2,001	- 2,001
TOTAL OPCC costs	3,320	3,412	3,470	3,530	3,590	3,650
Net Revenue Expenditure	340,879	355,707	368,248	380,494	393,122	404,452
<i>Funded by:</i>						
Home Office - Core police grant	- 185,784	- 196,702	- 199,055	- 202,584	- 204,610	- 206,656
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	- 144,839	- 152,172	- 159,714	- 164,659	- 169,560
Council Tax - (Surplus)/Deficit	962	750	665	-	-	-
TOTAL Revenue Funding	- 339,879	- 355,707	- 365,479	- 377,006	- 383,978	- 390,925
Surplus (-) / Deficit (+) before use of reserves	1,000	-	2,769	3,487	9,144	13,527
Planned Use of Reserves for general funding	- 1,000	-	-	-	-	-
Surplus (-) / Deficit (+) after use of reserves	-	-	2,769	3,487	9,144	13,527

Appendix B – Planned Savings

PLANNED SAVINGS	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
<i>Police Officer Pay and Allowances - Savings</i>	- 235	- 301	- 368	- 434	- 500
<i>PCSO Pay and Allowances - Savings</i>	-	-	-	-	-
<i>Staff Pay and Allowances - Savings</i>	- 282	- 282	- 282	- 282	- 282
<i>Other Pay and Pensions - Savings</i>	-	-	-	-	-
<i>Premises - Savings</i>	- 553	- 553	- 553	- 553	- 553
<i>Transport - Savings</i>	- 311	- 311	- 311	- 311	- 311
<i>Supplies and Services - Savings</i>	- 234	- 234	- 234	- 234	- 234
<i>Partnership Cost - Savings</i>	- 120	- 229	- 229	- 229	- 229
<i>Income - Savings</i>	- 757	- 757	- 757	- 757	- 757
<i>Central Cost - Savings</i>	- 508	- 512	- 512	- 512	- 513
TOTAL Savings	- 3,000	- 3,179	- 3,246	- 3,312	- 3,379

Appendix C – Capital Programme

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	5,366	5,422	3,259	6,554	5,189	2,758	28,547
Estates	717	853	957	498	495	128	3,648
Fleet	2,280	2,693	2,584	3,088	2,808	2,809	16,262
Equipment	318	505	2,603	868	268	268	4,829
TOTAL Maintenance and Replacement	8,681	9,473	9,403	11,007	8,760	5,964	53,286
National Projects	611	1,105	1,110	3,000	6,700	600	13,126
Regional Projects	-	51	52	53	54	55	265
Local Projects	314	4,053	5,571	1,974	216	221	12,350
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Somerset Projects	-	-	5,669	2,529	-	-	8,198
Bristol Projects	100	812	2,275	-	-	-	3,187
BANES Projects	321	77	624	6,268	-	-	7,290
Other Projects	233	342	66	69	71	72	853
Estates Projects	653	1,231	8,635	8,865	71	72	19,528
Funded projects	904						904
TOTAL Capital Plan	11,163	15,913	24,770	24,900	15,802	6,912	99,460

CAPITAL PLAN FUNDING							
Partner contributions	- 887						- 887
General Capital Grant Funding	- 269	-	-	-	-	-	- 269
Specific Capital Grant Funding	- 164	- 100	- 768	-	-	-	- 1,032
Direct Revenue Funding	- 7,000	- 7,000	- 7,000	- 7,000	- 7,000	- 7,000	- 42,000
Capital Reserves	- 2,594	- 7,513	- 8,102	- 650	-	288	- 18,571
Capital Receipts	- 200	- 200	- 200	- 9,550	- 4,516	- 200	- 14,866
Borrowing	- 49	- 1,100	- 8,700	- 7,700	-	-	- 17,549
TOTAL Grant Funding	- 11,163	- 15,913	- 24,770	- 24,901	- 11,516	- 6,912	- 95,174

Appendix D – Reserves Forecast

	ACTUAL		FORECAST				
	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	Bal as at 31st March 2027
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carry Forwards	1,172	500	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	290	290	249	0	0	0	0
Transformation reserve	194	194	0	0	0	0	0
Covid Enforcement Reserve	1,327	622	0	0	0	0	0
Budget Support Reserve	1,000	1,000	0	0	0	0	0
New PCC Fund	1,000	1,000	0	0	0	0	0
DISCRETIONARY RESERVES	7,483	6,106	2,249	2,000	2,000	2,000	2,000
SW ROCU (ASP Share)	352	104	104	104	104	104	104
Proceeds of Crime	938	938	938	938	938	938	938
DPR Reserves	385	357	357	357	357	357	357
Specific revenue grants	621	423	300	17	18	19	0
Council Tax income guarantee	414	208	208	0	0	0	0
Hinkley Point	521	530	357	204	0	0	0
Road Safety	1,004	1,004	1,004	1,004	1,004	1,004	1,004
LRF Reserve	290	316	57	13	0	0	0
Victims and Commissioning	2,091	992	666	610	610	610	610
Miscellaneous Reserve	149	99	88	92	96	100	104
Regional Programme Reserve	991	287	0	0	0	0	0
NON-DISCRETIONARY RESERVES	7,756	5,258	4,079	3,339	3,127	3,132	3,117
Capital Financing reserve	18,859	16,265	8,752	650	0	0	288
Capital earmarked reserves	96	0	0	0	0	0	0
PFI Change Reserve	457	457	457	457	457	457	457
PFI Interest Smoothing Account	0	0	0	0	0	0	0
PFI Sinking Fund Reserve	4,804	4,969	5,099	5,191	5,243	5,253	5,218
Capital Receipts Reserve	5,602	6,738	13,666	13,666	4,316	0	0
CAPITAL AND PFI RESERVES	29,818	28,429	27,974	19,964	10,016	5,710	5,963
Pension Fund McCloud	0	88	0	0	0	0	0
General Fund	12,000	12,000	12,000	12,000	12,000	12,000	12,000
TOTAL Useable Reserves	57,057	51,881	46,302	37,303	27,143	22,842	23,080