



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

# **Medium Term Financial Plan**

2024/25 – 2028/29

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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 this plan covering 2024/25 – 2028/29.

This MTFP reflects the tightened financial constraints within which everyone is now managing. The plan builds on the announcements made in the Governments police funding settlement in December 2023, reflecting the growth in grant funding and the assumption that the policing precept will increase by £10 p.a. for an average band D property in 2024/25. The plan then builds on these assumptions in subsequent years, forecasting that funding will **increase by £49.6m/13.4% by the 2028/29** financial year.

These forecasts are made within the context that policing in Avon and Somerset continues to be **under-funded compared to our need** and to comparable forces around the country. Our funding per head of population is below national average, and below the funding levels seen in those force areas with one of the other core cities in England and Wales. The Government continues to confirm its intention to consult on the formula for the distribution of police funding, however this has not yet started by the time of this report being written. We remain hopeful that the Governments review of the police funding formula will address some of this imbalance.

This plan also recognises growth in our costs. As of the end of March 2023, we have achieved the agreed our **officer target headcount of 3,291** after delivering a net increase of 456 officers as our share of the national police officer uplift. In addition, we achieved recruitment of a further 40 officers to assist with national targets. Through the settlement announcement, £8.7m of grant funding has been ringfenced for uplift and will only be payable to us in arrears upon maintaining officer numbers. A further one-off grant will also be paid in 2024/25 to maintain the surplus 40 officers through until at least March 2025. Delivering and maintaining this growth in police officer headcount has been and will remain a focus for the Constabulary.

This plan also recognises growth in costs resulting from inflationary pressures, including significant increases in the costs of running our police buildings and in running our fleet of police vehicles, as well as the cost increases resulting from pay awards and pensions. This plan forecasts that our costs will increase by **£76.1m/20.4% by the 2028/29** financial year (an average of just over 4% p.a.), reducing to **£58.2m/15.6%** after we have accounted for £17.9m of newly identified savings identified within this plan.

	Current	MTFP Forecast				
	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000
Budget requirement	373,132	397,481	413,329	425,673	438,039	449,215
Less; Total funding	-369,473	-389,257	-395,996	-403,500	-411,198	-419,102
<b>(Surplus)/Deficit before savings</b>	<b>-3,659</b>	<b>8,224</b>	<b>17,333</b>	<b>22,173</b>	<b>26,841</b>	<b>30,113</b>
Less; New savings		-8,224	-17,333	-17,794	-17,875	-17,927
Contribution (from)/to reserves	-3,659	-	-	-	-	-
<b>(Surplus)/Deficit after savings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,379</b>	<b>8,966</b>	<b>12,186</b>

At this stage our plan shows that our 2024/25 and 2025/26 revenue budgets are balanced after accounting for those savings already identified. The identification of new savings from 2025/26 and into the future remains and will require further work. The Constabulary has delivered more than £95m in savings since 2010/11 and has done so against a backdrop of already being underfunded compared to need.

Further productivity and efficiency savings will remain a focus, particularly where they unlock a cashable saving. It is likely that future savings plans will continue to require a reduction in headcount. With protection on police officer numbers this will require us to further review our police staff numbers as part of the considerations for how we will achieve the savings that deliver a sustainable balanced budget for the medium-term.

Our intention will be to minimise the impact the delivery of these savings will have on successfully achieving both the Government's national '**Beating Crime Plan**' and the PCC's '**Police and Crime Plan**' for Avon and Somerset. To achieve this, we will need to review our demand, particularly our non-crime demand, and to reset expectations as to where policing is best placed to respond and where a response is best provided elsewhere. Through this work we will ensure that our focus remains on that demand and those services which the public rightly expect of their police service.

This MTFP reflects a **proposed increase in council tax of £10/3.8% in 2024/25** for average Band D properties. The proposal to increase the precept by £10 is reflective of:

- 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 +3.0%/+£5.6m in 2024/25, +£9.6m, full year effect).
- The need to manage current **inflationary pressures** around energy, fuel, and general inflation which are reflective of the cost-of-living challenges households and organisations continue to see. We are forecasting inflationary cost pressures of +£6.6m in our 2024/25 budget, rising to +£19m by 2028/29.

The key assumptions that follow from this forecast position are.

- Revenue **funding is forecast to grow by £49.6m/13.4%** p.a. by 2028/29, driven by:
  - Increases to **core police grant funding** of £11.8m/6.0% in 2024/25, rising to an increase of £20.3m/10.3% by 2028/29.
  - Increases in **council tax funding** of £8.2m/5.2% in 2024/25, rising to an increase of £29.6m/18.8% by 2028/29, which is achieved through both increases to the precept and tax base (1.70% in 2024/25) in line with forecasts being made across our local authorities.
- Revenue **budget requirement is forecast to increase by £58.2m/15.6%** p.a. by 2028/29, driven by factors such as:
  - Inflationary adjustments to **officer and staff pay**, incorporating the full year effect of the 7% 2023/24 pay award, and provisioning for 3.0% p.a. in 2024/25, 2.5% in 2025/26 and 2026/27 and then annual forecasted increases of 2.0% p.a. thereafter. This is an increase in cost of £20.4m in 2024/25 rising to £53.3m p.a. by 2028/29.
  - 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 – in total an increase in cost of £6.1m in 2024/25, increasing to £7.1m p.a. by 2028/29 is recognised within this plan.
  - Adjustments to **officer and staffing average costs and vacancy factors** to reflect changes in the standard unit cost of officers and staff, as well as assumptions around the rate of

vacancies across the year, resulting in a reduction of £2.8m to budgets in 2024/25, reducing to a reduction of £1.8m by 2028/29.

- Inflationary increases to **non-pay costs** reflective of **specific and acute pressures** adding **+£2.3m** in 2024/25 rising to **+£9.0m** by the end of the plan, including:
  - Increases to IT costs, driven by annual increase of +5.0% p.a. as well as by specific increases to charges for national IT systems – increasing costs by +£1.6m in 2024/25 rising to +£6.4m p.a. by 2028/29
  - Increases to utility costs estimated at +4.0% or +£0.2m in 2024/25, rising to +£0.8m p.a. by 2028/29.
  - Increases to cleaning costs driven by increases to the national living wage – increasing costs by +£0.1m in 2024/25 rising to +£0.4m p.a. by 2028/29.
  - Increases to vehicle fuel costs estimated at 5.0% or £0.1m in 2024/25, rising to +£0.6m p.a. by 2028/29.
  - Increases to Business Rates estimated at 5.0% or £0.3m in 2024/25, rising to +£0.8m p.a. by 2028/29.
- Inflationary increases to **non-pay costs** reflective of **general inflationary pressures**. Inflation rates have fluctuated during the year and is currently tracking at 3.9% p.a., whereas the Bank of England’s inflationary target is 2.0%. Recognising the wider challenges of affordability presented here, an average general inflationary factor of 3.0% in 2024/25 has been applied, decreasing to 2.0% p.a. thereafter – an increase in cost of £0.9m in 2023/24 rising to £3.1m by 2028/29.
- **Temporary growth in police officer costs** of £1.9m in 2024/25 to reflect the cost of maintaining officer numbers at 40 above our long-term target headcount. This is offset by additional grant funding in 2024/25. Beyond 2024/25 we have assumed our officer numbers will reduce to our long-term headcount target of 3,291 and that the grant funding received in 2024/25 ceases.
- **Growth and commitments** in employee costs of £1.8m in 2024/25, growing to £2.3m by 2028/29 – reflecting growth in strategic capabilities such as our Victim Services team, Occupational Health and Vetting, as well as incorporating pay reviews in hard to fill roles. Further growth and commitments of £2.0m in 2024/25, rising to £4.7m by 2028/29 in non-employee costs are also identified. These provisions include growth in premises costs relating to new and refurbished premises in line with our estate plans. This also includes growth in IT costs reflecting the assumption that we will continue to consume more and more cloud services as we move away from on premise solutions.
- Increases in the costs of **partnerships**, recognising increases into these collaborations reflective of pay and inflation assumptions, as well as investment into SWROCU for the full year effect of their allocation of uplift officers, and investment in SW Forensics to support service improvements and increased costs of compliance with accredited standards – a total increase of £3.1m in 2024/25, rising to £6.8m in 2028/29.
- Increase to the **ring-fenced grant funding** of £11.8m in 2024/25, reducing to £9.3m by 2028/29, which reflects an increase of £3.4m to the grant funding for maintain police officer numbers at their medium-term target, as well as £1.9m additional funding in 2024/25 to support maintaining the 40 extra officers until March 2025. In addition, we also recognise £6.4m additional grant funding in 2024/25, reducing to £5.8m by 2028/29, to support the increase in costs associated with police officer pensions (offsetting the cost recognised above).

- Increases to **income** budgets of £2.5m in 2024/25 and returning to £0.7m by 2028/29 after some increases during the middle part of the plan. These include inflationary adjustments to our income budgets where appropriate, as well as an increase of £1.5m in our investment income in 24/25 that is not predicted to continue over the term of the plan as interest rates reduce.
- Specific **contributions from reserves** are planned to be £1.0m in 2024/25, supporting one off or time bound cost pressures associated with the introduction of a Deferred Prosecution Model (£0.4m) and the temporary growth of our Learning department (0.4m) to manage training for our PCDA and DHEP students.
- **Adjustments** to base budgets to recognise changes to our previous plans, reducing budgets by £2.5m from 2024/25. This includes previous adjustments to budgets inflated in 2024/25 (e.g. utilities) where the final costs actually incurred were not as great as previously forecast.
- Realisation of new **revenue savings and adjustments** of £8.2m in 2024/25 rising to £17.9m by 2028/29, reflecting those savings identified and planning to be implemented.
- **Revenue contributions to fund the Capital Programme** are increased by £4.4m in 2024/25, reducing to an increase of £2.3m by 2028/29. This reflects adjustments to budgets for our PFI buildings in line with our accounting model, as well as the increase in costs associated with the borrowing planned for within our capital programme as well as the direct funding of capital in support of our SW forensics collaboration. In addition, it has been possible in 2024/25 and 2025/26 to increase the direct revenue contributions for capital as a result of the release of planned revenue savings as above – this has helped to reduce the forecast deficit in funding against our capital plan.
- Increases in the costs of **OPCC budgets** of £0.2m in 2024/25 rising to £0.5m by 2028/29 reflect the inflationary pressures seen across the Constabulary budgets.

Avon and Somerset's continued transformation also requires capital investment. Investments in **digital transformation**, as well as **across our estate 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, continuing to fund direct revenue contributions to capital, as well as planning for the use of borrowing in support of specific estates projects. These plans present a residual capital funding shortfall of £8.8m at this stage of development, and more work will be undertaken to identify opportunities to close this gap.

Useable **reserve levels** stood at £63.8m at the end of March 2023 and are forecast to decrease to £52.9m by March 2024. By the end of March 2029, the forecast projects that useable reserves will stand at £23.8m, representing the recurring prudent level beyond which they are unlikely to drop much further.

## Introduction

This is the third 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 – enabling the delivery of the PCC’s Police and Crime Plan.

The MTFP is being set in a context of maintaining the police officer uplift growth which replaced officers lost during a decade of austerity. However, while funding is being granted to maintain officer numbers, it is increasingly being managed against a backdrop of severe economic challenge creating cost of living challenges for households and acute inflationary pressures for public and private sector organisations and institutions.

This plan therefore includes provision for inflationary and other cost pressures together with costs to realise the Government and PCC’s ambitions. Savings plans have been discussed throughout 2023/24 and these are incorporated into the MTFP to show a balanced budget for 2024/25 and 2025/26 but following years will require new savings plans to continue to balance the revenue budget.

In March 2023 we reported that we had not only achieved our officer uplift target, but in agreement with the Home Office had temporarily exceeded this with the provision of some temporary funding. This has been no small undertaking. In the four years up to March 2023 we recruited 1,484 new officers into the Constabulary, of which 961 joined us through the Police Constable Degree Apprenticeship (PCDA) entry route and 270 through the Degree Holder Entry Programme (DHEP). Because of the scale and pace of this growth we have a young in-service workforce, and therefore we recognise that continued investment into training and development of them and those who lead them will remain a priority throughout our MTFP.

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, investing in new tools and capabilities that help further improve its efficiency and effectiveness.

In 2024/25, we will continue to see change throughout the Force. This plan commits Avon and Somerset to using the funds available through both government grant and council tax precept growth to:

- **Maintain the +40 extra officers above the base target of 3,291 (i.e., officer numbers of 3,331) throughout 2024/25.** The government is keen to maximise the funding it has invested into the policing services and has set 3 key priorities around maintaining the national 20,000 additional officers by reducing crime, keeping the public safe and delivering operational efficiencies. The Government has confirmed a one-off grant of £1.9m, achievable if the 40 extra officers are maintained to be reported as of September 2024 and March 2025.
- **Fund a reasonable pay award for officers and staff** - A pay award for police officers and staff at 7% from September 2023 was confirmed and in 2023/24, the government provided further grant funding in support of the pressure created by this, which covers the part year costs of this in 2023 but presents a small shortfall in funding from 2024/25 onwards. Beyond this the MTFP reflects continued pressure for pay awards which recognise the wider inflationary pressures faced by our staff, alongside the affordability of such pay awards – particularly if there is no further funding provided to support these costs.
- **Fund inflationary cost pressures**, there is a continuing challenge presented by high levels of inflation and the current cost of living pressures. We expect inflation to remain a key factor through the MTFP and the plan contains provision for general inflationary pressures in the economy which continue to track above the Bank of England’s long-term inflationary target of 2.0% p.a.

- **Fund our new officer and staff development plans** – we believe that to fully achieve the benefits of the growth in officer numbers we need to invest in ensuring they are well led. Leadership is a critical enabler to achieve our ambitions and to deliver on the priorities within the police and crime plan, and therefore investing in our leadership development, particularly for our first-line leaders and middle managers, is a critical component of these plans.
- **Fund increases in the costs of partnerships** – we collaborate with partners in the delivery of policing services in several areas. Each of these are subject to the same pay and inflationary increases we recognise in our own budgets. In addition, there are elements of growth that has been included in these areas, including a share of the officer uplift into the South West Regional Organised Crime Unit (SWROCU) and managing the demand and accreditation pressures in relation to our forensic services. Where possible we have sought to offset these cost increases through savings from collaborations, but net there are increases to these budgets. This plan therefore accounts for our share of increases to these costs.
- **Fund a small number of other growth and commitments**, reflecting existing contractual commitments and investment in areas that support continued efficiency and effectiveness.
- **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

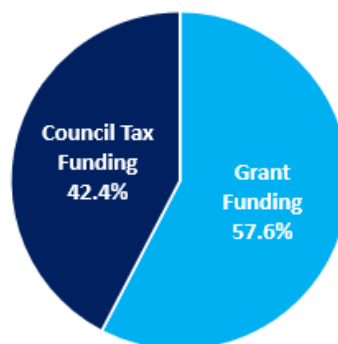
The PCC receives two main sources of funding: -

- Government grant funding; and
- Council tax funding.

Total funding is **forecast to be £389.3m in 2024/25**, the equivalent of £223.13 per head of population. This forecast reflects an increase by £20m/5.4% on prior year.

Over the medium term total funding is forecast to **increase by £49.8m/13.5% by the 2028/29** financial year. This increase occurs in both grant and council tax funding.

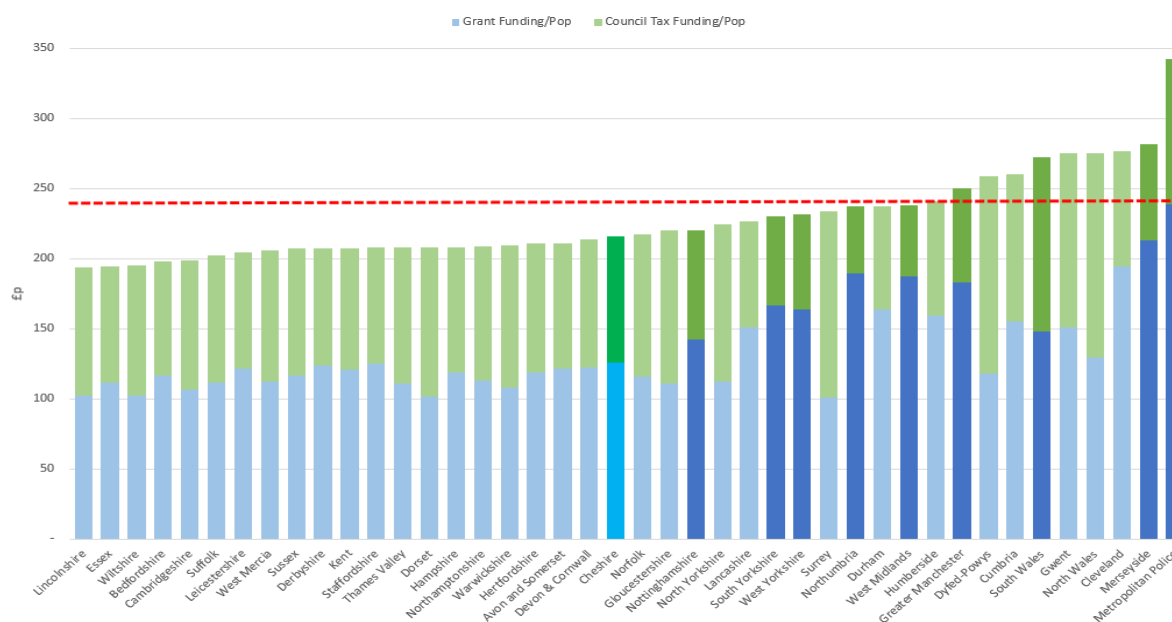
Figure 1 – Ratio of Grant and Council Tax Funding 2024/25



	Current	Forecast				
	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000
Grant funding (for budget requirement) <sup>1</sup>	212,094	223,854	225,946	228,058	230,191	232,346
Council tax funding	157,171	165,402	170,051	175,442	181,006	186,756
<b>TOTAL funding</b>	<b>369,265</b>	<b>389,256</b>	<b>395,996</b>	<b>403,500</b>	<b>411,198</b>	<b>419,102</b>
<i>Increase in funding</i>		<i>+19,991</i>	<i>+26,731</i>	<i>+34,235</i>	<i>+41,933</i>	<i>+49,837</i>

When funding per head of population is compared across England and Wales, it remains the case that Avon and Somerset is under-funded against both the national average and those forces with a core city<sup>1</sup>.

Figure 2: 2023/24 funding per head of population showing grant and council tax breakdown by PCC in England and Wales

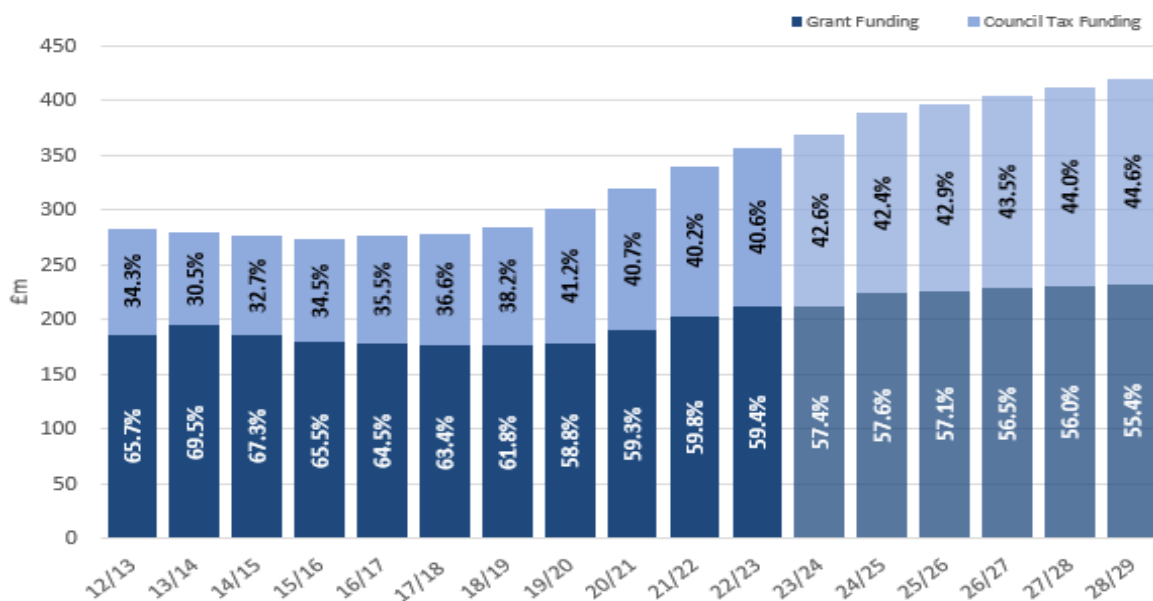


<sup>1</sup> 10 core cities in England and Wales are – London, Birmingham, Manchester, Leeds, Liverpool, Newcastle, Nottingham, Sheffield, Bristol and Cardiff

As the above graph demonstrates our 2023/24 funding is both below the national average (£241.43p per head of population) and the average received by those PCCs with the 9 other core cities within their area (£275.99p in 2023/24). If we received funding at the national average, we would receive £52.9m more in funding p.a. If we received the average funding of those other PCCs with a core city, we would receive £113.2m more in funding p.a.

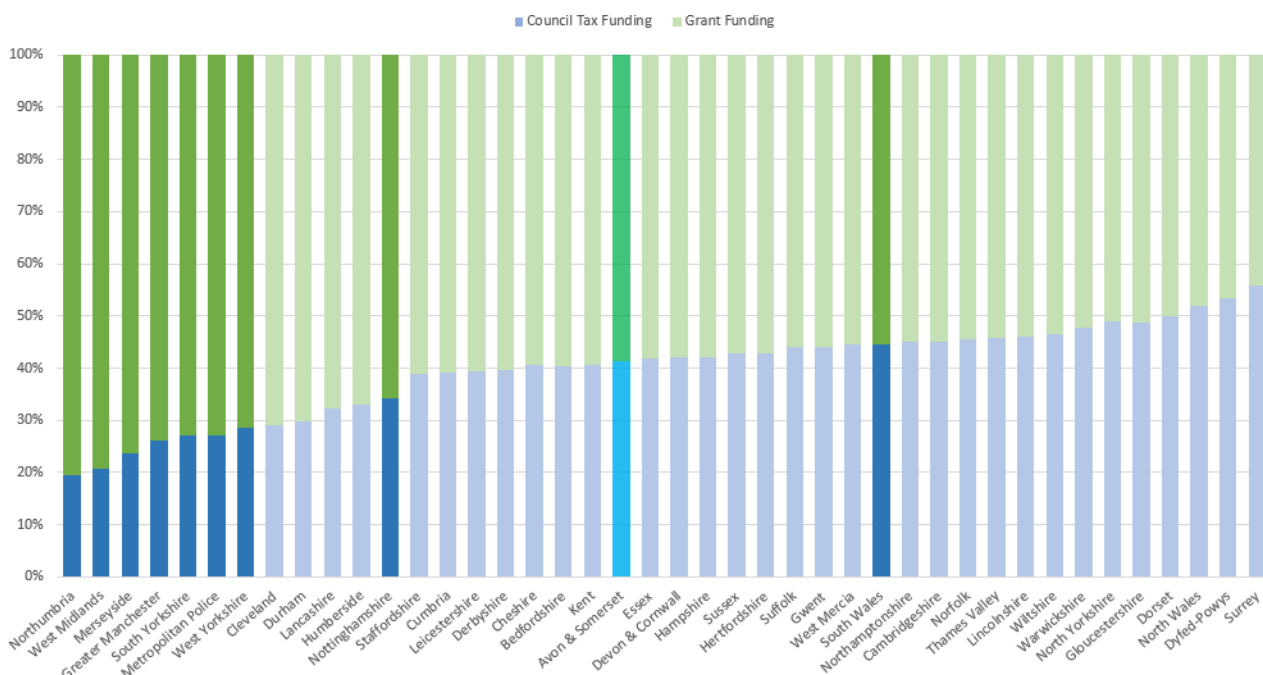
Over the course of this plan the ratio between grant funding and council tax funding is forecast to continue to change. Our forecasts suggest an incremental increase to that ratio of funding which is supported by council tax compared to that which is supported by grant. This reflects a continuation of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

**Figure 3: 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 PCCs, and the local council tax decisions in the context of relative funding levels: -

**Figure 4: 2023/24 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 nine core cities, demonstrating that in most cases they receive significantly more of their funding through grant compared to council tax. The only exception to this is South Wales police, reflecting the different arrangements for council tax which have been in operation under the devolved administration.

## 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.
- MoJ grant funding - Victims Services; DA/SV (Domestic Abuse & Sexual Violence); and ISVA/IDVA (Independent Sexual Violence Advisors and Independent Domestic Violence Advisors).
- 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.

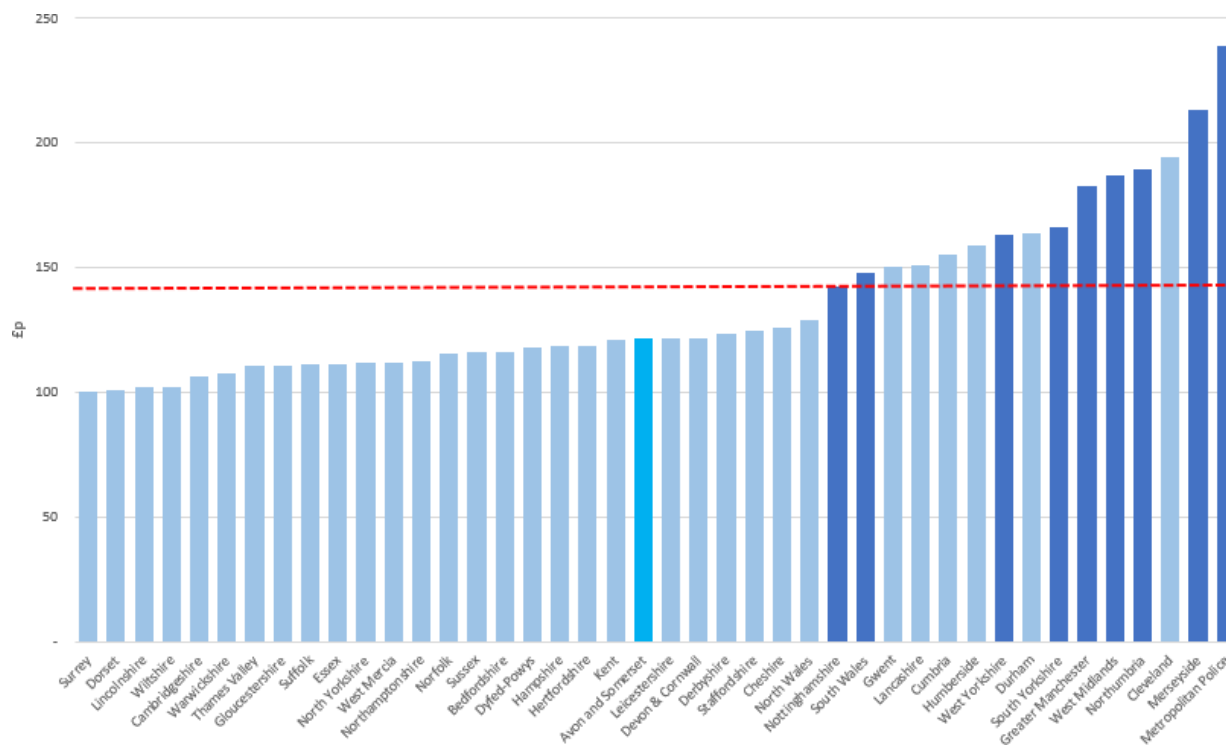
	Current	Forecast				
	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000
Home Office – Pensions grant	2,828	8,667	8,667	8,667	8,667	8,667
Home Office – Pension remedy grant	-	578	-	-	-	-
Home Office – Uplift recurring grant	6,290	9,722	9,722	9,722	9,722	9,722
Home Office – Uplift additional grant	-	1,920	-	-	-	-
MoJ – Victims Services	2,005	2,005	2,005	2,005	2,005	2,005
MoJ – DA/SV	491	491	491	491	491	491
MoJ – ISVA/IDVA	1,417	1,417	1,417	1,417	1,417	1,417
<b>Accounted for within Budget Requirement</b>	<b>13,031</b>	<b>24,799</b>	<b>22,301</b>	<b>22,301</b>	<b>22,301</b>	<b>22,301</b>
Home Office - Core Police grant	197,385	209,145	211,237	213,349	215,483	217,637
Home Office - Legacy council tax grant	14,709	14,709	14,709	14,709	14,709	14,709
<b>Accounted for in funding Budget Requirement</b>	<b>212,094</b>	<b>223,854</b>	<b>225,946</b>	<b>228,058</b>	<b>230,191</b>	<b>232,346</b>
Release of CTax guarantee grant from reserve	208	-	-	-	-	
<b>TOTAL Grant Funding</b>	<b>225,333</b>	<b>248,653</b>	<b>248,247</b>	<b>250,359</b>	<b>252,492</b>	<b>254,647</b>

**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 were identified as being under-funded by circa. £10m p.a. However, because 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 2024/25 settlement.

Avon and Somerset have therefore never seen the increases in grant funding which an application of the current funding formula would have realised. Consequently, Avon and Somerset continue to be relatively under-funded compared to its need, a position which is particularly apparent when compared to those force areas with one of the 10 core cities in England and Wales: -

**Figure 5: 2023/24 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 however the results of the review have yet to be published. This plan does not recognise any change to grant funding value because 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 incorporate additional funding in support of the September 2023 7% pay settlement which was initially provided as a separate grant in 2023/24. The core grant funding will increase in 2024/25 by £11.8m/6.0% and beyond 2024/25 our plan assumes increase to grant funding of +1.0% p.a.

**Officer uplift grant funding** – The funding settlement announcement also confirmed that the recurring officer uplift grant would increase by £3.4m to £9.7m and will be paid as in previous years, upon maintaining officer baseline number of 3,291 throughout 2024/25. We have assumed that the value of this grant remains constant through the rest of the plan.

The Government also announced a further £1.92m of funding for A&S to maintain the 40 surplus officers that were achieved on 31 March 2023, over and above the uplift target. These officers were funded

throughout 2023/24 once confirmation was sent to the Home Office that we had retained this surplus. We have assumed that this is a one-off grant and will not be recurring after 2024/25.

**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 2024/25 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.

**Victims grant funding** – Grant is awarded to PCCs annually from the Ministry of Justice (MoJ) to support the commissioning of victims' services. In addition to this we now have confirmation of further MoJ grant funding for other specific purposes, as outlined below. The total value of these grants in 2024/25 is forecast to be £3.9m. This funding is accounted within the calculation of our budget requirement in the following ways: -

- Commissioning of victims support services – a grant of £2.0m is forecast, and accounted for as follows: -
  - Funding of £0.9m is accounted for against the Constabulary's budget requirement, reflecting the part funding provided through this grant for the victim support services provided by the Constabulary; and
  - Funding of £1.1m is accounted for against the OPCC's commissioning budget requirement, reflecting the funding of victim support services from 3<sup>rd</sup> parties.
- Grant funding of £0.5m is forecast to provide for Domestic Abuse and Sexual Violence (DA/SV) services and is accounted for within the OPCC's commissioning budget requirement reflecting the use of these funds to commission services from 3<sup>rd</sup> parties.
- Grant funding of £1.4m is forecast to provide for Independent Sexual Violence Advisors and Independent Domestic Violence Advisors (ISVA/IDVAs) and is accounted for within the OPCC's commissioning budget requirement reflecting the use of these funds to commissioning services from 3<sup>rd</sup> parties.

**Police Pensions Grant** – this grant 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%). In the December 2023 settlement, the Government confirmed that the grant would increase in 2024/25, following the most recent police officer pension scheme revaluation. The employer's contribution will increase from 31% to 35.3% and as a result the grant will increase to £8.7m (+£5.8m) to fund this cost increase.

A further one-off grant of £0.6m was also announced to cover costs relating to the implementation of the Police Officer Pension Remedy, required to rectify the discrimination found when public sector pensions schemes were reformed in 2015. The remedy period commenced on 1<sup>st</sup> October 2023, and is expected to take 18 months to fully be delivered.

**Council tax income guarantee grant** – This was a one-off grant in response to the short- and medium-term impact of the Covid-19 pandemic. The grant was paid to the PCC at the end of the 2020/21 financial year, with the expectation that this would be released over the following three years to cover 75% of the irrecoverable local council tax losses. The final £0.2m of this grant funding is released this year, in 2023/24.

## 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**.

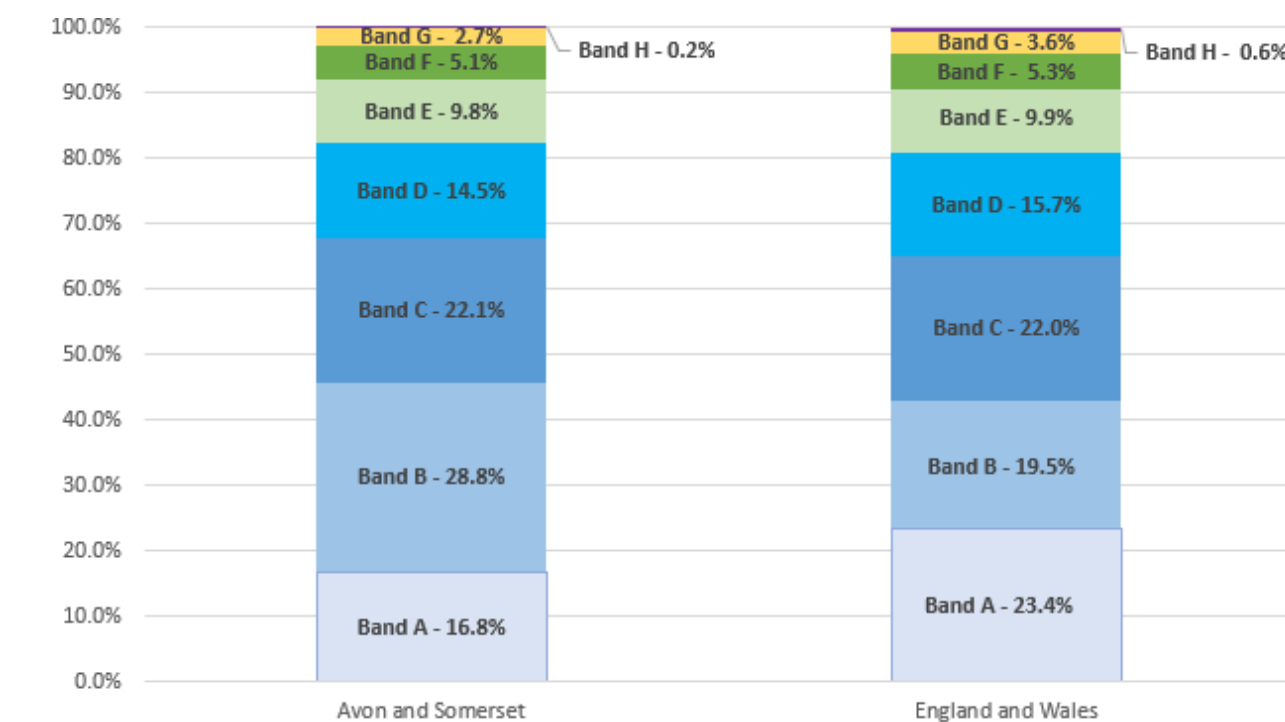
As a result of the assumptions made in this plan across these three factors it is forecast that **council tax funding will increase by £29.6m/18.8% over the next five years**.

	Current	Forecast				
	23/24	24/25	25/26	26/27	27/28	28/29
Precept (£p)	£266.20p	£276.20p	£281.72p	£287.36p	£293.11p	£298.97p
Tax base (No.)	586,648	596,641	603,607	610,533	617,546	624,670
Precept Income (£'000)	156,166	164,792	170,051	175,442	181,006	186,756
Surplus/(Deficit) (£'000)	1,005	610	-	-	-	-
<b>Total Council Tax (£'000)</b>	<b>157,171</b>	<b>165,402</b>	<b>170,051</b>	<b>175,442</b>	<b>181,006</b>	<b>186,756</b>

**Precept** – The value of the precept is defined by the rate applicable to an average band D property. In February 2022 the PCC approved the 2023/24 revenue budget and capital plan, confirming an average band D precept of £266.20, an increase of £15.00/6.0% 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 of April 1991.

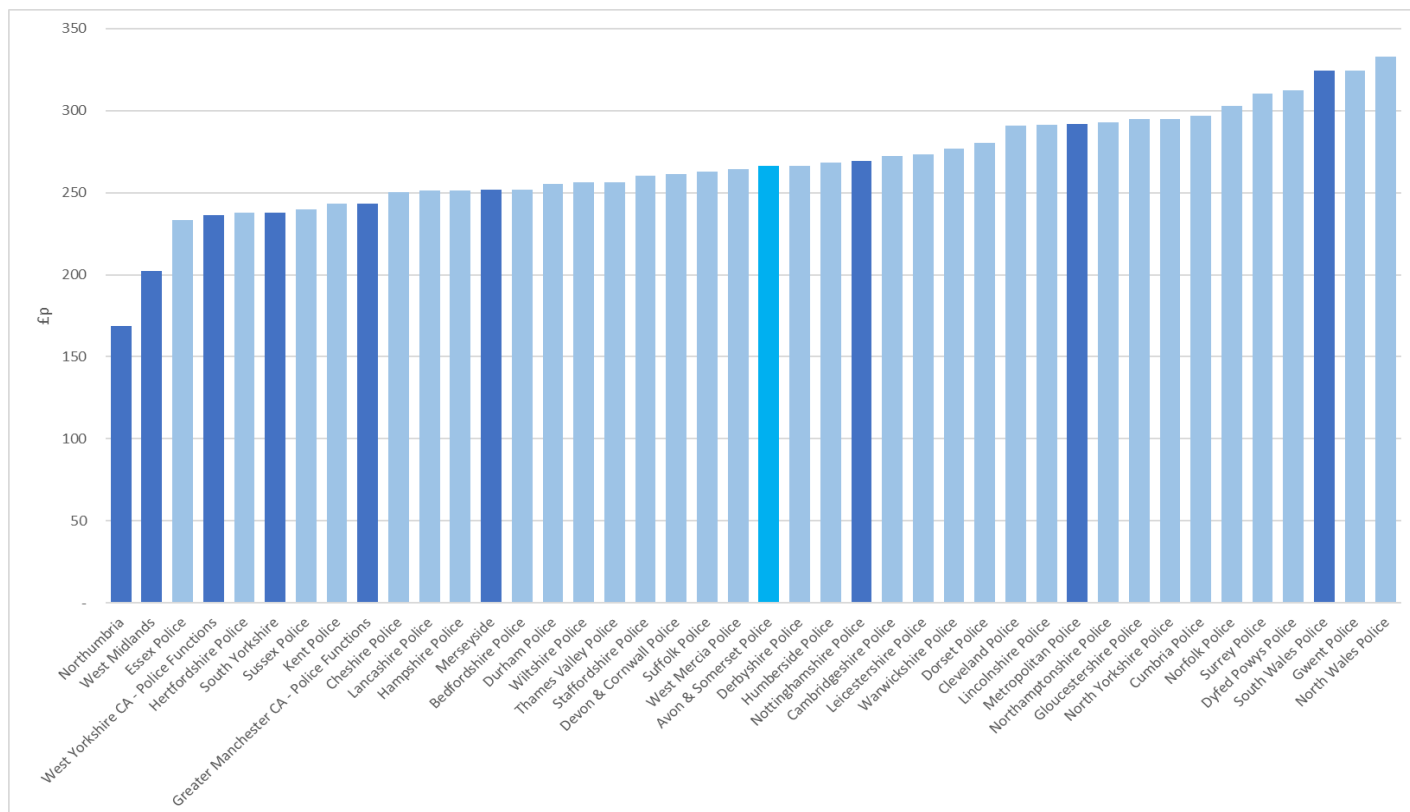
Figure 6: 2023/24 % of properties by band Avon and Somerset compared to England and Wales



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 67.7% of properties in bands A-C, and 32.3% of properties in bands D-H in Avon and Somerset. This compares to 64.9% of properties in bands A-C, and 35.1% of properties in bands D-H nationally. This position means while we express the precept as an average band D, most 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 2023/24 precept, at £266.20 for an average band D property, is the median across England and Wales.

**Figure 7: 2023/24 Average Band D precept value by PCC in England and Wales**



The police funding settlement announcements made by the Government in December 2023 confirmed that PCC’s could increase the precept to a maximum of £13, a further £3 on top of the £10 precept limit agreed in the 2021 Spending Review.

In considering the level of precept to set for 2024/25 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.
- The economic environment and the scale of savings required over the medium term; and
- The expectation of Government that their prior and ongoing investment in policing continues to be matched through ongoing local investment through the precept.

After due consideration, this plan has been drafted on the basis that **the PCC will increase the average Band D policing precept by £10.00p in 2024/25**, thereby not increasing the precept to the full extent permitted by Government. Thereafter the plan assumes that the precept will increase by 2.0% p.a. in each year for the remainder of the plan.

	Current	Forecast				
	23/24 £p	24/25 £p	25/26 £p	26/27 £p	27/28 £p	28/29 £p
Av. Band D Precept	£266.20p	£276.20p	£281.72p	£287.36p	£293.11p	£298.97p
Annual Increase %		+3.8%	+2.0%	+2.0%	+2.0%	+2.0%
Annual Increase £		+£10.00p	+£5.52p	+£5.64p	+£5.75p	+£5.86p

An increase of £10 in an average band D property for 2024/25, generates the following amounts of council tax for the various bands: -

Council Tax Band	£p	% of Properties
A	£184.13	16.8%
B	£214.82	28.8%
C	£245.51	22.1%
D	£276.20	14.5%
E	£337.58	9.8%
F	£398.96	5.1%
G	£460.33	2.7%
H	£552.40	0.2%

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

There are several factors affecting the growth of the tax base figure, with both volume of new house building and entitlement to council tax discount under locally designed schemes being two significant factors.

We have seen growth in the local tax base over recent years which slowed in 2021/22 due to the impact of the Covid-19 pandemic. However, forecasts for 2024/25 are showing a return to increases in all authorities with a confirmed total position of 596,641 which is an increase of 9,993 (1.70%) from 2023/24: -

	23/24 No.	24/25 No.	Change No.	Change %
Bath & North East Somerset	68,610	69,256	646	0.94%
Bristol	129,654	134,752	5,098	3.93%
North Somerset	81,015	81,449	434	0.54%
South Gloucestershire	101,695	102,386	691	0.68%
<b>“Avon” authorities</b>	<b>380,974</b>	<b>387,843</b>	<b>6,869</b>	<b>1.80%</b>



<b>Somerset Council (from 1 April 2023)</b>	<b>205,674</b>	<b>208,798</b>	<b>3,124</b>	<b>1.52%</b>
<b>TOTAL Tax Base</b>	<b>586,648</b>	<b>596,641</b>	<b>9,993</b>	<b>1.70%</b>

As the above table shows, all authorities are showing an increase ranging from a 0.54% increase in North Somerset to a forecasted 3.93% increase from Bristol City Council.

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: -

	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>
Change in tax base	+1.70%	+1.17%	+1.15%	+1.15%	+1.15%

**Collection fund surplus or deficit** – This represents the PCC's share of any surplus or deficit on the collection fund as calculated by our five collecting authorities. Historically, all 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 authorities in 2021/22. The impact of these deficits was mitigated to some extent by the provision of the Council Tax income guarantee grant in 2021/22 to 2023/24.

The final collection fund surplus forecast for 2024/25 is still to be confirmed. Current forecasts from the collecting authorities currently demonstrate a range from one authority showing a deficit of £0.3m to another showing a surplus of £0.9m. Overall, the plan forecasts a **2024/25 surplus of £0.6m** (2022/23 surplus £1.0m).

Predicting with any accuracy the collection fund deficit figures going forward will be particularly difficult given current uncertainties. For the purposes of planning beyond 2024/25 the assumption is **that there will be 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)

	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000
PCC's Office budget requirement	2,437	2,532	2,590	2,641	2,689
PCC's Commissioning budget requirement	2,395	2,395	2,395	2,395	2,395
<b>PCC's TOTAL budget requirement</b>	<b>4,832</b>	<b>4,927</b>	<b>4,985</b>	<b>5,036</b>	<b>5,084</b>
Chief Constables budget requirement	392,649	408,402	420,688	433,003	444,132
<b>TOTAL budget requirement</b>	<b>397,481</b>	<b>413,329</b>	<b>425,673</b>	<b>438,039</b>	<b>449,216</b>

### 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.

	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000
Base budget	2,210	2,210	2,210	2,210	2,210
Pay Award and Adjustments	+184	+270	+307	+348	+386
Growth and Commitments	+43	+62	+73	+83	+93
<b>OPCC Budget Requirement</b>	<b>2,437</b>	<b>2,532</b>	<b>2,590</b>	<b>2,641</b>	<b>2,689</b>

**2024/25 Base Budget** – This budget supports the PCC, and a team of 28.73 FTE (full time equivalent) staff who support the PCC in a range of activities undertaken in the fulfilment of their statutory duties.

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

### PCC's commissioning budget requirement

This budget supports the commissioning of services from external organisations.

	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000
Base budget	2,393	2,393	2,393	2,393	2,393
Adjustments	2	2	2	2	2
<b>Annual budget requirement</b>	<b>2,395</b>	<b>2,395</b>	<b>2,395</b>	<b>2,395</b>	<b>2,395</b>

This budget is presented inclusive of specific ringfenced grant funding from the MoJ (see grant funding section above), and is used by the PCC to commission core services across the following areas:

	<b>2024/25 £'000</b>
Drug and alcohol referral services	553
Victims services (incl. SARC, but excluding those within Constabulary)	3,768
Appropriate adult services	89
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 3rd party work	20
MOJ grant top-slice to support OPCC grants process	50
<b>TOTAL Commissioning Expenditure</b>	<b>5,521</b>
MOJ Grant Funding – Victim Services (share of MoJ grant supporting 3rd party services)	-1,099
MOJ – Domestic Abuse and Serious Violence Services	-491
MOJ – Independent Sexual Violence Advisors/Domestic Violence Advisors Services	-1,417
Other PCC Commissioning Grants	-119
<b>TOTAL Commissioning Net Budget Requirement</b>	<b>2,395</b>

The commissioning budget provisions for victims' services commissioned from organisations other than the Constabulary. The funding provided to the Chief Constable for the provision of the Lighthouse victims services is £906k in 2024/25 and is accounted for within the Chief Constable's budget requirement set out below.

### Chief Constable's budget requirement

This budget reflects most 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.

<b>Budget pre-savings</b>	<b>Base</b>	<b>MTFP</b>				
	<b>23/24 £'000</b>	<b>24/25 £'000</b>	<b>25/26 £'000</b>	<b>26/27 £'000</b>	<b>27/28 £'000</b>	<b>28/29 £'000</b>
Police Officer Costs	191,845	206,983	211,073	216,506	221,244	225,849
PCSO and Staff Pay	121,867	127,033	131,050	134,564	137,716	140,619
Other Pay and Pensions	10,791	10,963	11,269	11,583	11,807	12,035
Non-Pay (incl. partnerships)	82,476	95,482	100,328	103,616	106,779	110,813
Contribution to/(from) reserve	(1,880)	(959)	(1,734)	(2,144)	(2,191)	(2,091)
Capital Financing	15,941	20,370	19,381	18,311	18,233	18,196
Savings Achieved	2,163	2,009	2,009	2,009	2,009	2,009
Less; Income & Specific Grants	(54,674)	(69,232)	(64,974)	(63,758)	(62,593)	(63,298)
<b>Total</b>	<b>368,529</b>	<b>392,649</b>	<b>408,402</b>	<b>420,688</b>	<b>433,003</b>	<b>444,132</b>

This base budget makes provision to increase the establishment, which for 2024/25 will be:-

Budgeted Establishment - FTE	Core Funded	External Funding	Collaboration	TOTAL
Police Officers	2,979	64	155	3,198
Police Community Support Officers	342	3	-	345
Police Staff	2,370	80	391	2,841
<b>TOTAL Budgeted establishment</b>	<b>5,691</b>	<b>147</b>	<b>546</b>	<b>6,384</b>

**Police Officer Costs** – represents the single biggest area of spend for the Force. Before accounting for savings and adjustments the plan forecasts that costs will increase by £37.9m/19.7% over the course of the MTFP. The key movements in this budget forecast are:

- **Growth** – In 2024/25, a cost of £1.9m for the 40 surplus officers recruited at 31 March 2023 is included to match the one-off grant funding promised by the Government. As the funding is one-off, we have assumed that at the end of March 2025, we will revert to a target head count of 3,291 officers.
- **Pay awards** – In 2024/25 the full year effect of the 2023/24 7% pay award that was effective from September 2023 is included and this increases costs by £12.1m. The budget assumes an inflationary pay increase of 3.0% with effect from September 2024, increasing costs by £3.3m in 2024/25. The assumption of 3.0% 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 2025/26 and 2026/27 increases of 2.5% p.a. are forecasted and thereafter the plan assumes a 2.0% pay award, increasing overall costs to £22.0m by 2028/29.
- **Adjustments** – In 2024/25 the budget recognises a further reduction in the average cost of an officer in recognition of the scale of recruitment and therefore the relatively inexperienced workforce currently. These adjustments total £0.8m in 2023/24. As our recruitment plans slow to maintain rather than grow officer numbers, this adjustment reverses and by the end of the MTFP period in 2028/29 an increase is calculated of £0.2m, reflecting a gradual increase in the average cost of a police officer as our workforce becomes more experienced and therefore higher up the police constable pay scales.
- **Allowances and Overtime** – The plan accounts for a small reduction to officer allowances reflecting the further reduction in those officers entitled to historic allowances that have since been removed for newer in-service officers. We have also accounted for an increase to overtime budgets, reflecting the uplift in officer numbers in CID and overtime growth in Major Incidents. These increases are offset against an adjustment for the number of bank holidays in any given financial year.
- **Police Officer Pensions** – The Government announced in December 2023 that employer contributions on police officer pensions would increase from 31% to 35.3%, this adds costs of £5.6m to the plan. Simultaneously the government announced that the pensions grant would increase to assist with this extra cost for Forces and this adds £5.8m of funding as outlined in the grant funding section above.

**PCSO and Staff Pay** – Budgets for PCSO and police staff pay, before savings and adjustments, are forecast to increase by £24.0m/19.7% over the course of the MTFP. The key movements in this budget forecast are:

- **Pay awards** – In 2023/24 we have included the full year effect of 2023/24 pay award; this increases costs by £8.4m. The budget assumes an inflationary pay increase of 3.0% with effect from September 2024, increasing costs by £2.2m in 2024/25. The assumption of 3.0% 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. For 2024/25 an increase of 3.0% is forecasted, a 2.5% increase is forecasted in 2025/26 and 2026/27 and thereafter the plan assumes a 2.0% pay award, increasing overall costs to £21.9m by 2028/29.

- Police Staff Pensions – There are costs relating to the historic deficit recovery on the Local Government Pension Scheme (LGPS) which increases the annual lump sum payment into the LGPS scheme by £0.1m over the life of the plan.
- Growth – the budget recognises approved business case growth in support of adding capacity and resilience to key functions. This includes growth in Lighthouse Safeguarding Unit; Occupational Health; Professional Standards Department and market enhancements to pay in departments facing retention challenges. This increases cost by £1.5m across the life span of the MTFP.

**Other Pay and Pensions** – The budgets here before savings and adjustments are forecast to increase by £1.7m/15.8% over the course of the MTFP. The key movement in this budget forecast are:

- Apprenticeship Levy – The forecast includes an increase to apprenticeship levy payments. This reflects the additional growth in officer numbers through uplift and also any excess funds we are required to top-up the apprenticeship levy provision paid by the Government. This increases costs by £0.1m in 2024/25 and rises to £0.2m by 2028/29.
- Injury pensions – The forecasts include provisions for the cost of new officers retiring on medical grounds with injury awards as well as inflation increases for the existing injury awards. These costs are indexed linked to inflation measures, and therefore recognising the current high level of inflation we forecast this to add £1.3m in costs over the MTFP period.

**Non-Pay** – Budgets for non-pay costs, before adjustments and savings, are forecast to increase by £24.9m/29.5% over the course of the MTFP. The key movements in this budget forecast are:

- Premises – There are specific inflationary pressures including increases to electricity costs estimated at £0.1m and increases to business rates costs estimated at £0.2m in 2024/25. In addition, there are further inflationary pressures for cleaning costs at £0.1m. There are general inflationary rises across all other aspects of premises' costs at £0.5m. Some growth is built into premises costs totalling £0.2m in 2024/25 for running costs of our new property in Bath. By the end of the MTFP we are forecasting an extra £4.1m in costs.
- Transport – Over the course of the MTFP there is forecast growth of £1.0m in transport and travel costs. Inflation is the key driver of these cost increases, with this impacting on the cost of fuel as well as on vehicle repairs and maintenance costs and general increases to travel budgets. By 2028/29 we are estimating fuel inflation cost increases of £0.6m and a further £0.4m of inflation on vehicles repairs and travel budgets.
- Supplies and Services – The plan is forecasting growth in these budgets before savings and adjustments of £11.7m over the course of the MTFP. Of this:
  - £8.5m is a direct consequence of assumptions around inflation across all areas of non-pay budgets by 2028/29, including specific rises to IT costs of £5.4m, national IT systems cost inflation of £0.9m, general inflationary rises of £1.7m and specific rises to insurance costs of £0.4m.
  - £3.3m increases to IT costs, recognising growth and ongoing contractual commitments. £1.4m reflects new licensing and support costs relating to the implementation of the new ERP and GRS systems to replace legacy systems (which will constitute savings when these are switched off). £0.2m reflects increases to Microsoft licencing arrangements, providing for the services which continue to keep us aligned to the National Enabling Programme (NEP) for policing. £1.0m growth is identified in recognition of our gradual shift of services into the cloud and away from on premise solutions. Finally, growth of £0.5m is reflective of our

increased size and therefore increased consumption of licences and support services, as well as investment into specific solutions such as software to support redaction of evidence.

- £0.2m increases relating to small areas of growth across all areas of devolved budget, growth in support of our investment into leadership and race matters training and growth in the costs we're incurring in relation to the kennelling of suspected dangerous dogs while these cases are resolved through the courts.
- **Partnerships** – The MTFP forecasts growth of £6.8m by 2028/29 driven by inflation, linked predominantly to the full year effect of the 7% pay award in 2023/24 and assumptions around future pay awards. This reflects the fact that most of our partnership budgets are for our collaborations (e.g., South West Forensics, Major Crime Investigation, South West Regional Organised Crime Unit) into which our officers and staff are seconded to work alongside those from other forces.

**Capital Financing** – Growth in capital financing costs of £2.3m are included in the forecasts over the course of the MTFP. This reflects adjustments in the minimum revenue provision (MRP) set aside for repaying borrowing (loans) of £1.7m and increased loan interest payments of £0.7m. These increases are as a result of additions to the capital plan and increases to the Bank of England inflation rates.

**Contribution to/from Reserves** – As outlined in last year's plan, we are using reserves to offset short-term budget provisions for DHEP course fees whilst we are working through the implementation of increased detective numbers at £0.5m. A reserve provision for our policing support at Hinkley Point has been included. This reserve, which is directly funded by EDF, is used to offset costs incurred for Hinkley Point policing arrangements. Reserves are also being used to support the introduction of our deferred prosecution model in 2024/25, the investment in our Learning department to train new officers and the inflation rate increase on our PFI model.

As these are short term budget pressures, we are expecting to see a reduction in the use of reserves in the MTFP. In 2024/25 our reserves will reduce by £0.9m to fund these activities.

**Income** – The plan forecasts growth of £14.9m in income budgets in 2024/25 before savings and adjustments. This growth reflects increases to the ring-fenced grant funding to support police officer uplift delivery funding of £3.4m in 2024/25 and thereafter maintained at this level to sustain new officer numbers. The increase also reflects the addition to the pension grant of £5.8m to support the increased employer's contribution rate from 31% to 35.3%, effective April 2024. There are also one-off grants for 2024/25 of £1.9m to fund 40 surplus officers above the uplift target and £0.6m to fund pension remedy implementation costs.

In 2024/25 we have increased our interest receivable income target by £1.5m taking into account current Bank of England inflation rates, however we expect this to reduce over the life of the MTFP. We have increased the Hinkley Point income budget by £0.8m for our policing support on this site. We are also forecasting general inflationary rises across income budgets at £0.2m and an increase due to the forecasted 2024/25 pay award of £0.5m.

## 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				
	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000
Total Funding Forecast	389,257	395,996	403,500	411,198	419,102
Less; PCC's Office budget	-2,437	-2,532	-2,590	-2,641	-2,689
Less; PCC's Commissioning budget	-2,395	-2,395	-2,395	-2,395	-2,395
<b>Funding left to support Chief Constable</b>	<b>384,425</b>	<b>391,069</b>	<b>398,515</b>	<b>406,162</b>	<b>414,018</b>
Less; Chief Constable budget requirement	392,649	408,402	420,688	433,003	444,132
<b>Standstill Deficit</b>	<b>8,224</b>	<b>17,333</b>	<b>22,173</b>	<b>26,841</b>	<b>30,113</b>

### Accounting for identified savings

Against this the Force has identified initial savings. Through these savings we can balance the budget in 2024/25 and 2025/26, however we continue to forecast a deficit budgetary position from 2026/27 onwards:

	Forecast				
	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000
<b>Standstill Deficit</b>	<b>8,224</b>	<b>17,333</b>	<b>22,173</b>	<b>26,841</b>	<b>30,113</b>
Officer Pay and Allowances savings	-110	-113	-115	-120	-141
PCSO Pay and Allowances savings	-3,146	-3,319	-3,319	-3,319	-3,319
Staff Pay and Allowances savings	-3,233	-9,687	-9,687	-9,687	-9,687
Premises cost savings	-410	-582	-1,041	-1,117	-1,148
Supplies and service cost savings	-750	-3,056	-3,056	-3,056	-3,056
Partnership cost savings	-576	-576	-576	-576	-576
<b>Revised Surplus/Deficit</b>	<b>-</b>	<b>-</b>	<b>4,379</b>	<b>8,966</b>	<b>12,186</b>
Planned Contribution (from)/to reserves	-	-	-	-	-
<b>Underlying need for further savings</b>	<b>-</b>	<b>-</b>	<b>4,379</b>	<b>8,966</b>	<b>12,186</b>

The savings identified in 2024/25 include the following:

- Officer pay and allowance savings – We have identified a recurring reduction in Officer Allowances of £110k in 2024/25 rising to £141k in 2028/29. This largely reflects the gradual reduction in historic allowances that have ceased because of changes to terms and conditions and are therefore payable to fewer officers over time.
- PCSO pay and allowance savings – our plans assume a pause in the recruitment of PCSOs until the end of 2024/25, thereby reducing our PCSO numbers by c. 80 across the course of the year. The

decision to reduce PCSO numbers reflects the protection that we have given to these numbers across the last decade, now leaving us in the position where comparative to other forces we are highly invested in the area. In light of this and in consideration of the fact that all other areas of the budget have reduced to achieve savings, we have taken the difficult decision to reduce our numbers here – thereby generating £3.3m in savings by 2025/26.

- Staff pay and allowances savings – Initial savings of £2.0m in 2024/25 are the result of police staff headcount savings made during 2023/24 achieved through a review of vacancies. There is a further £0.2m of headcount savings in 2024/25 rising to £1.6m in 2028/29 from this same exercise. Further savings of £1.0m are identified from 2024/25 rising to £6.1m in 2028/29 in 3 further areas:
  - Police staff investigators – recognising a reduction in the number of these roles in force as we see the investments into our accredited detective numbers begin to take shape.
  - First Point of Contact - where we are reviewing the workforce profile for some small savings from 2025/26.
  - ERP savings – where we are targeting savings from headcount reduction because of the implementation of our new corporate ERP systems.
- Premises savings – Premises budgets have identified £0.4m in savings in 2024/25 rising to £1.1m by 2028/29, reflecting lease savings over several sites as we look to reduce our estate footprint where possible, as well as the savings achieved in Bath and Yeovil to offset the new costs of our planned police stations at these locations.
- Supplies and services savings – Recurring savings of £0.7m in 2024/25 have been identified across all supplies and services budgets, this increases to £3.1m in 2028/29. These savings are expected as we implement our new ERP system and see the cost of our more expensive legacy systems cease.
- Partnership savings – Recurring savings of £0.5m are expected from SW Regional Organised Crime Unit (SWROCU), SW Forensics and Major Crime Investigation Team (MCIT) collaborations in 2024/25.

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

<b>Budget <u>post-savings</u></b>	<b>Base</b>	<b>MTFP</b>				
	<b>23/24 £'000</b>	<b>24/25 £'000</b>	<b>25/26 £'000</b>	<b>26/27 £'000</b>	<b>27/28 £'000</b>	<b>28/29 £'000</b>
Police Officer Pay	191,845	206,873	210,961	216,391	221,124	225,708
PCSO and Staff Pay	121,867	122,663	120,053	123,568	126,720	129,622
Other Pay and Pensions	10,791	10,963	11,269	11,583	11,807	12,035
Non-Pay	82,476	93,747	96,114	98,943	102,029	106,032
Contribution to/(from) reserve	(1,880)	(959)	(1,734)	(2,144)	(2,191)	(2,091)
Capital Financing	15,941	20,370	19,381	18,311	18,233	18,196
Savings Achieved	2,163	-	-	-	-	-
Less; Income & Specific Grants	(54,674)	(69,232)	(64,974)	(63,758)	(62,593)	(63,298)
<b>Total Constabulary Budget</b>	<b>368,529</b>	<b>384,425</b>	<b>391,070</b>	<b>402,894</b>	<b>415,128</b>	<b>426,205</b>
OPCC Commissioning	2,393	2,395	2,395	2,395	2,395	2,395
OPCC Office	2,210	2,437	2,532	2,590	2,641	2,689
<b>TOTAL Budget</b>	<b>373,132</b>	<b>389,257</b>	<b>395,996</b>	<b>407,878</b>	<b>420,163</b>	<b>431,288</b>



## Residual savings requirement

	Forecast				
	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000
<b>Revised Deficit after identified savings</b>	-	-	<b>4,379</b>	<b>8,966</b>	<b>12,186</b>
Planned Contribution (from)/to reserves	-	-	-	-	-
<b>Underlying need for further savings</b>	-	-	<b>4,379</b>	<b>8,966</b>	<b>12,186</b>

Although savings have been identified to balance the revenue budgets in 2024/25 and 2025/26, the need to identify new savings from 2026/27 and future years remains.

Given the profile of our budgets, releasing further savings that will be needed will require reduction in our headcount. With the expectation that having grown our police officer strength we will need to maintain their numbers; we recognise that continuous review of our police staff establishments will therefore be needed to identify savings that help us to deliver a sustainable balanced budget for the medium term.

Identifying new savings will require some difficult choices, particularly for an organisation that has already delivered more than £95m in savings since 2010/11. We remain committed to achieving the promise and vision that the growth in police officer numbers provides, and therefore it is against this ambition that we will need to identify the savings required.

Reductions in headcount, combined with further non-pay savings, will form the basis on which our savings plans will be developed. This will incorporate considerations in the following areas:

- 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.
- Review the **allocation of police officer growth** across the organisation, ensuring that this provides the best means of delivering our ambitions and unlocking savings as part of our overall workforce mix.
- Identify opportunities across our **enabling services** to improve transactional processes and realise the benefits of investments in the new ERP system, expected to go live in 2024/25.
- Continue 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.
- Ongoing review of our **estates footprint** and work to realise energy efficiency savings to improve our energy consumption.

At the heart of this work will be our ongoing focus on creating capacity, thereby ensuring our officers and staff are able to be as productive and effective as possible. This work will require us to continue to innovate and provide focus on how effectively we manage and meet our demand but will also require us to take a fresh look at the demand we're responding to and managing to ensure that this reflects what the public expect of their police service.

We recognise that the scope and role of policing has evolved over time, and increasingly the demands we're facing are reflective of more and more non-crime demand. While in many cases a police response will be required and appropriate, this is not always the case.

To free up capacity to deliver on the ambitions for policing and meet the savings required of us, we will need to consider what service standard we can maintain, and where it is right that our partners and other agencies are better placed to support this demand.

Through this work we hope to further identify improvements in our capacity which enable us to review how we best deploy our resources to:

- Deliver the priorities of the Governments beating crime plan.
- Delivery the priorities of the PCC's Police and Crime Plan; and
- Deliver the savings needed to balance our budgets.

## 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. This 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. 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 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 to be able to support planned expenditure. Forecasting our funding is therefore based on many assumptions and inter-dependencies which are subject to ongoing change both in value and timing.

The delivery of capital plans continues to be hampered by the environment within which we are operating. Current economic pressures and price inflation make planning and forecasting in this area particularly difficult. We do not expect this uncertainty to end any time soon, and therefore we recognise that it will be necessary to continue to refine and reassess our cost projections and funding considerations on a recurring basis.

## 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 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 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 Governance and Scrutiny 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 GSB.

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 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
	23/24	24/25	25/26	26/27	27/28	28/29	
	£'000	£'000	£'000	£'000	£'000	£'000	
Capital Expenditure	20,389	29,823	31,009	23,208	15,535	14,390	134,354
Less; Capital Funding	(20,389)	(29,823)	(31,009)	(23,208)	(13,367)	(7,772)	(125,568)
<b>Deficit</b>	-	-	-	-	<b>2,168</b>	<b>6,618</b>	<b>8,786</b>

## Capital Expenditure

The emerging picture identifies that the current year (2023/24) of capital spend, plus the planned spend over the next five years (through until 2028/29) totals £134.4m. Against this we have identified and forecast funding sources of £125.6m, thereby leaving a residual deficit in capital funding of £8.8m over the next 5-year period.

	Current	MTFP					Total
	23/24	24/25	25/26	26/27	27/28	28/29	
	£'000	£'000	£'000	£'000	£'000	£'000	
Asset replacement	8,468	12,893	8,920	9,753	5,898	7,671	53,603
Capital projects	9,963	15,141	20,609	12,181	8,315	5,647	71,856
Funded projects	1,958	1,788	1,480	1,274	1,322	1,072	8,894
<b>TOTAL</b>	<b>20,389</b>	<b>29,822</b>	<b>31,009</b>	<b>23,208</b>	<b>15,535</b>	<b>14,390</b>	<b>134,353</b>

**Asset replacement** – Our asset replacement plans total £53.6m, accounting for 40% of our capital plan spend. This provides for the ongoing maintenance, replacement and renewal of our existing assets.

	Current	MTFP					Total
	23/24	24/25	25/26	26/27	27/28	28/29	
	£'000	£'000	£'000	£'000	£'000	£'000	
ICT replacement	1,495	3,184	3,352	5,261	1,597	4,119	19,008
Estates replacement	946	2,176	1,213	341	341	341	5,358
Fleet replacement	5,273	5,488	3,684	3,480	3,410	2,861	24,196
Equipment replacement	754	2,045	671	671	551	350	5,042
<b>TOTAL</b>	<b>8,468</b>	<b>12,893</b>	<b>8,920</b>	<b>9,753</b>	<b>5,898</b>	<b>7,671</b>	<b>53,603</b>

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

- End User Devices (£16.4m) – 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 - £9.1m.
  - replacement and new issue of mobile phones - £4.4m.
  - replacement and new issue of body worn video cameras - £2.7m.
- Infrastructure (£2.6m) – over the course of the plan we have made provision for replacement and enhancements to our IT infrastructure, including:
  - Video conferencing capability - £1.0m.

- Airwave handsets - £0.4m.
- Digital Interview Recording Hardware - £1.1m.

Estates replacement – The plans predict £5.4m 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 (£2.3m) – This is informed through building condition surveys as well as the requirements of our wider plans.
- Repairs and maintenance of our buildings (£2.9m) – This includes the chiller replacement within HQ operations building, HQ training school, security and CCTV and the storage of equipment needed to respond to a Chemical, Biological, Radiological and Nuclear (CBRN) incident.

Fleet replacement – The fleet replacement plan reflects the activity required to maintain our current fleet numbers. Our plans predict we will need to spend £24.2m for the replacement of our fleet. This includes the replacement of response fleet (£5.0m); the replacement of road policing and specialist response fleet (£10.8m); and the replacement of neighbourhood fleet (£5.4m). 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) (£1.4m) – over the course of the plan to both maintain and replace the current ANPR asset estate, as well as upgrade certain units with newer technology.
- Taser replacement (£1.4m) – this is the direct replacement of tasers currently used by the Force.
- Carbines (£0.2m) – replacement of these firearms for our armed response officers.
- Body Armour (£1.2m) – replacement of Officer body armour.
- Annual provision for smaller capital assets (£0.5m) – an annual provision of £0.1m is planned to provide for the replacement of many 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 £71.9m, accounting for 53.5% of our total capital plan:

	Current	MTFP					Total £'000
	23/24	24/25	25/26	26/27	27/28	28/29	
	£'000	£'000	£'000	£'000	£'000	£'000	
Digital Projects	508	1,521	2,606	1,625	2,250	2,000	10,510
Revenue Projects	6,018	4,524	1,998	2,976	3,317	3,317	22,150
Estates Projects	3,436	9,097	16,005	7,580	2,748	330	39,196
<b>TOTAL</b>	<b>9,962</b>	<b>15,142</b>	<b>20,609</b>	<b>12,181</b>	<b>8,315</b>	<b>5,647</b>	<b>71,856</b>

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

	Current	MTFP					Total £'000
	23/24	24/25	25/26	26/27	27/28	28/29	
	£'000	£'000	£'000	£'000	£'000	£'000	
Infrastructure Projects	506	971	1,006	575	-	-	3,058
ICT Capital Projects	2	550	1,600	1,050	2,250	2,000	7,452
<b>TOTAL Digital Projects</b>	<b>508</b>	<b>1,521</b>	<b>2,606</b>	<b>1,625</b>	<b>2,250</b>	<b>2,000</b>	<b>10,510</b>

- **Infrastructure Projects** – We forecast that we will need to spend £3.1m enabling the implementation of the plans for our IT infrastructure transformation, covering the improvement of servers, storage and network access refresh.
- **ICT Capital Projects** – We forecast £7.5m for a number of ICT projects, including:
  - Data Platform – £2.3m has been provided for to introduce a new platform as part of the delivery of our data strategy for 2024/25 – 2027/28.
  - Other Projects – £0.9m has been provided to implement the replacement of several different areas, such as our site security systems, our forensic management systems and our digital interview recording systems.
  - Emergency Services Network - £4m has included in the plan for the local costs of implementing this national project to replace our critical radio communications system (Airwave) with a new digital network. This project has been subject of several delays and consequently the timing and value of costs associated with this remain under review. We expect the costs and timing of this project to become clearer the closer we get to implementation, which is expected across the final two years of the current plan period.

### Revenue Projects

	Current	MTFP					Total
	23/24	24/25	25/26	26/27	27/28	28/29	
	£'000	£'000	£'000	£'000	£'000	£'000	
Revenue Projects	6,018	4,524	1,998	2,976	3,317	3,317	<b>22,150</b>

- **ICT Revenue Projects** – These plans predict that we will spend £21.9m as part of our ICT projects which will not result in a specific asset.
  - Enterprise Resource Planning systems – £7.6m is planned to support the costs of bringing these new corporate systems on line, with these costs incurred in 2023/24 and 2024/25.
  - Digital Transformation – £1.9m is forecast for non-capital elements of spend, including professional fees and training costs that enable our ongoing transformation work, supporting our journey towards more cloud services away from on-premises solutions.
  - DEMS - £4.5m has been provided for over the 5 years of the plan for the DEMS review
  - Other projects - £1.9m has been allocated to several smaller projects across the 5 years; Microsoft upgrade, Facial recognition, Digital innovation fund, Soze, IBM redaction. Also included is £6m towards the end of the MTFP for future digital projects.

Estates Projects – our estates projects are categorised as follows: -

	Current	MTFP					Total
	23/24	24/25	25/26	26/27	27/28	28/29	
	£'000	£'000	£'000	£'000	£'000	£'000	
Somerset Projects	652	4,183	5,460	1,034	-	-	11,329
Bristol Projects	892	1,876	486	432	1,297	-	4,982
South Glos Projects	-	-	2,288	-	-	-	2,288
BANES Projects	1,874	2,239	2,239	670	-	-	7,022
Force wide Projects	21	798	5,531	5,444	1,450	330	13,574
<b>TOTAL Estates Projects</b>	<b>3,439</b>	<b>9,096</b>	<b>16,004</b>	<b>7,580</b>	<b>2,747</b>	<b>330</b>	<b>39,196</b>

- Somerset Projects – The capital plan includes £11.3m over the next three years to progress estates projects in Somerset. This supports our work reviewing our estate at several locations, including Yeovil, Somerton, Chard, Crewkerne, Minehead and Frome.
- Bristol Projects – The capital plan includes £5.0m over the next three years to progress estates projects in Bristol relating to our Trinity Road police station (Old Market), which is being sold to a social housing developer for re-development incorporating a new neighbourhood police station, and our Broadbury Road police station (Knowle West) where we plan to redevelop our existing police station site.
- South Glos Projects – The capital plan recognises the need for investment in the redevelopment of our site at Almondsbury, which we would anticipate progressing in 2025/26.
- BANES Projects – The capital plan includes the refurbishment of Plymouth House as our new police station for Bath, as well as the refurbishment of our police station at Radstock.
- Force wide Projects – The capital plan includes £13.6m over the five years for the continued investment in electric car charging infrastructure (£10.3m), our training and learning estate (£2.0m) and Achieving Best Evidence Suites (£1.0m).

## 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
	23/24	24/25	25/26	26/27	27/28	28/29	
	£’000	£’000	£’000	£’000	£’000	£’000	
Specific Purpose Funding	1,958	2,079	1,480	1,274	1,322	1,072	<b>9,185</b>
Revenue Contribution	6,500	9,348	8,925	6,500	6,500	6,500	<b>44,273</b>
General Capital Reserve	8,373	4,179	4,931	7,405	-	-	<b>24,888</b>
Capital Receipts (Estate)	3,220	-	-	6,796	4,580	-	<b>14,596</b>
Capital Receipts (Other)	200	200	200	200	200	200	<b>1,200</b>
ESMCP Reserve	-	-	-	-	765	-	<b>765</b>
Previous Borrowing	138	780	-	-	-	-	<b>918</b>
New Borrowing	-	13,237	15,473	1,034	-	-	<b>29,744</b>
<b>TOTAL</b>	<b>20,389</b>	<b>29,823</b>	<b>31,009</b>	<b>23,209</b>	<b>13,367</b>	<b>7,772</b>	<b>125,569</b>



- Specific Purpose funding – This includes the partnership contributions to fund capital expenditure in relation to those collaborations which are hosted by Avon and Somerset, as well as the of earmarked reserves and ringfenced grant funding.
- Emergency Services Mobile Communications Programme Reserve – This is grant funding received and now ring fenced for the national Emergency Services Network project, which has been delayed with no confirmed completion date.
- Revenue contribution – This reflects the annual recurring general revenue contribution for capital funding which is set aside in our revenue budgets.
- 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 2026/27.
- Capital receipts (Estate) – Over the course of the period covered by the plan it is anticipated we will sell several of our buildings. Over the next 3 years the plan identifies potential future capital receipts of £6.0m, which when combined with previous receipts totals £14.6m to be used in support of this plan. There remains risk over those receipts not yet received both in terms of the value (subject to market factors at the point at which the asset is sold) and the timing (subject to us being able 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

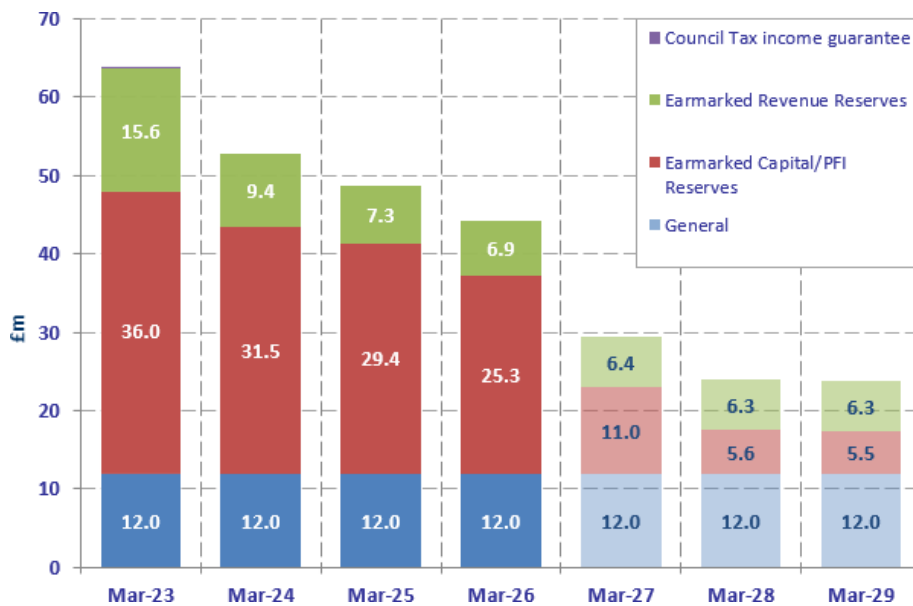
The PCC holds reserves to:-

- 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 2023 the PCC had total usable reserves of £63.8m. This reflected an increase of £3.6m/6% 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 £52.9m by the end of the 2023/24 financial year (a decrease of £10.9m).

The current projections estimate a £4.3m decrease in reserves during the 2024/25 financial year, with further reductions of £4.4m to March 2026. 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 reflecting the planned use of reserves during 2024/25. As the graph demonstrates, from 2027/28 financial year we expect the reserves level to stabilise, with reserves standing at £23.8m by the end of the MTFP period (March 2029). This reflects a projection only at this stage and will therefore be subject to ongoing review and refinement as our plans crystallise.

**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 for the duration of this plan. The risk level, and our appetite for the financial provision needed to assure ourselves, may change over the medium-term requiring change in the level of this reserve. At this stage the proposed general fund balance (£12.0m) represents 3.1% of our planned 24/25 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, 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 2029 it is forecast that our PFI reserves will stand at **£5.5m**. 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** consist 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 utilised the capital financing reserve by the end of 2026/27 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 2026/27 in line with our capital plans.
- The remainder of the reserves have been **earmarked for specific revenue purposes**. The earmarked reserves are expected to decrease by £6.3m between March 2023 and March 2024. 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. Also included are a road safety reserve generated through income received from speed awareness course referrals, and reserves held on behalf of collaborations which are hosted by Avon and Somerset.

## 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
<b>Grant Funding Value</b> – the value of future grant levels is higher or lower than currently forecast owing to decisions made by the Government about the overall funding available to provide to PCCs.	1.0% of total grant funding is £2.2m p.a.	Grant funding is expected to increase in 2024/25 by £11.8m/6.0% incorporating the 2023/24 pay award grant. Beyond 2024/25 we have assumed annual increases to grant funding of 1.0%, however we are unlikely to know the true value of this until the next SR announcements are made. We will therefore continue to track our assumptions against that being made by other forces across the country.
<b>Grant Funding Distribution</b> – the value of future grant levels is higher or lower than current forecast owing to decisions made by the Government about how to distribute overall funding available to PCCs.	1.0% of formula grant funding is £2.1m p.a.	The results of the Home Office consultation on proposals to change the current formula for distribution was expected during 2024 but this is delayed. We will engage with this work and monitor closely.
<b>Council Tax Base</b> – the increase in council tax base currently forecast is higher or lower than current forecast (1.70% growth in 24/25, +1.17% 2025/26, +1.15% 2026/27).	1.0% of council tax income is £1.6m p.a.	Ensure our forecasts for council tax base are adjusted regularly and reflect those forecasts being made by local authorities themselves.
<b>Council Tax Surplus / Deficits</b> – the current forecasts by the local authorities are higher or lower than current forecasts (£0.6m surplus 2024/25 and net zero position thereafter)	10% of surplus is £0.06m p.a.	Continue to update our forecasts in line with local authorities' expectations.
<b>Council Tax Precept</b> – the referendum cap is set at a lower level than that which is planned within our forward projections.	1.0% of council tax income is £1.6m p.a.	The government announcement in December 2023 confirmed the principles for the PCC to set the precept in 2024/25 with a limit of £13 imposed. Beyond this there is no certainty around the referendum cap. We have assumed a £10 increase for 2024/25. 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.
<b>Pay Inflation</b> – the increase in pay is higher or lower than currently forecast (3.0% increase in 2024/25, 2.5% in 2025/26 and 2026/27, thereafter 2.0% increase p.a.).	1.0% of officer and staff pay is £3.3m p.a.	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.

Risk	Potential scale	Mitigation
<p><b>Officer Pensions</b> – the MTFP reflects the increase from the most recent valuation, which saw employer contributions increase to 35.3% with effect from April 2024. The MTFP recognises the extra cost and also the increase in the pensions grant funding to offset this pressure, that the Government confirmed in the December 2023 settlement announcement.</p>	<p>1.0% change in employer contribution is £0.5m p.a.</p>	<p>We do not expect the rate to change until it next comes under review.</p>
<p><b>Staff Pensions</b> – the MTFP reflects the increase from the 2023 valuation exercise - a rise of employer contributions from 16.3% to 18.6% with effect from April 2023. In addition to the secondary lump sum payment of £0.9m for 2024/25 and 2025/26.</p>	<p>Additional 1.0% contribution is £0.2m p.a.</p>	<p>Monitor the ongoing position of actuarial reviews, engaging with this process through representation on the SCC LGPS Scheme Board.</p>
<p><b>Inflation</b> – the UK economic and political position carries a lot of uncertainty and risk at present which could lead to fluctuations in inflation. Our assumptions for non-pay inflationary provisions, might not be appropriate to keep pace with increases in price.</p>	<p>Additional 1.0% on non-pay budgets is £0.6m 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><b>Capital Affordability</b> – Our capital plans set out our ambitions in relation to both local and national projects and plans. They include a share of maintaining and replacing existing capabilities and infrastructure, with enhancements to support the realisation of the vision of providing outstanding policing in Avon and Somerset. However, we recognise the affordability challenges of our current plan in the latter years. 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 £8.8m 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 £6.5m p.a.</p>

## Appendix A – MTFP – Revenue Forecasts

2024/25 - 2028/29 Medium Term Financial Plan - Revenue								
	Current Yr 2023/24 £'000	Subjective Adjustment £'000	Current Year 2023/24 £'000	2024/25 £'000	2025/26 £'000	MTFP Period		
						2026/27 £'000	2027/28 £'000	2028/29 £'000
<b>Constabulary Budgets</b>								
Police officer costs	186,315	5,530	191,845	206,873	210,961	216,391	221,124	225,708
Police community support officer costs	14,208	-	14,208	10,315	10,584	10,985	11,337	11,674
Police staff costs	107,821	162	107,659	112,349	109,469	112,583	115,382	117,949
Other current and former employee costs	10,771	20	10,791	10,963	11,269	11,583	11,807	12,035
Premises costs	17,463	448	17,912	17,468	18,084	18,062	18,720	20,163
Transport costs	5,610	284	5,893	5,886	6,087	6,296	6,476	6,681
Supplies and services costs	37,659	927	38,587	41,357	41,304	43,165	44,768	46,528
Partnership costs	20,411	327	20,084	29,036	30,638	31,420	32,065	32,660
<i>Plus</i>								
Contribution to/(from) reserve	- 1,880	-	1,880	- 959	- 1,734	- 2,144	- 2,191	- 2,091
Capital financing costs	16,052	111	15,941	20,370	19,381	18,311	18,233	18,196
Outstanding savings target	-	2,163	2,163	-	-	-	-	-
<i>Less</i>								
Income (inc Specific Grants)	- 35,878	- 8,772	44,650	- 47,440	- 45,680	- 44,464	- 43,299	- 44,004
<b>Constabulary costs before specific grants</b>	<b>378,553</b>	<b>-</b>	<b>378,553</b>	<b>406,217</b>	<b>410,363</b>	<b>422,188</b>	<b>434,422</b>	<b>445,499</b>
<i>Less</i>								
Home Office - Pensions grant	- 2,828	-	2,828	- 8,667	- 8,667	- 8,667	- 8,667	- 8,667
Home Office - Pensions remedy grant	-	-	-	- 578	-	-	-	-
Home Office - Uplift recurring grant	- 6,290	-	6,290	- 9,722	- 9,722	- 9,722	- 9,722	- 9,722
Home Office - Uplift additional grant	-	-	-	- 1,920	-	-	-	-
Ministry of Justice - Victims commissioning grant	- 906	-	906	- 906	- 906	- 906	- 906	- 906
<b>TOTAL constabulary costs</b>	<b>368,529</b>	<b>-</b>	<b>368,529</b>	<b>384,425</b>	<b>391,069</b>	<b>402,894</b>	<b>415,128</b>	<b>426,205</b>
<b>OPCC Budgets</b>								
PCC commissioning costs	2,393	-	2,393	2,395	2,395	2,395	2,395	2,395
Office of the PCC costs	2,210	-	2,210	2,437	2,532	2,590	2,641	2,689
<b>TOTAL OPCC costs</b>	<b>4,603</b>	<b>-</b>	<b>4,603</b>	<b>4,832</b>	<b>4,927</b>	<b>4,985</b>	<b>5,036</b>	<b>5,084</b>
<b>Net Revenue Expenditure</b>	<b>373,132</b>	<b>-</b>	<b>373,132</b>	<b>389,257</b>	<b>395,996</b>	<b>407,878</b>	<b>420,163</b>	<b>431,288</b>
<i>Funded by:</i>								
Home Office - Core police grant	- 197,385	-	197,385	- 209,145	- 211,237	- 213,349	- 215,483	- 217,637
Home Office - Legacy council tax grant	- 14,709	-	14,709	- 14,709	- 14,709	- 14,709	- 14,709	- 14,709
MHCLG - Council tax support grant	-	-	-	-	-	-	-	-
MHCLG - Council tax income guarantee grant	- 208	-	208	-	-	-	-	-
Council Tax - Precept	- 156,166	-	156,166	- 164,792	- 170,051	- 175,442	- 181,006	- 186,756
Council Tax - (Surplus)/Deficit	- 1,005	-	1,005	- 610	-	-	-	-
<b>TOTAL Revenue Funding</b>	<b>- 369,473</b>	<b>-</b>	<b>369,473</b>	<b>- 389,257</b>	<b>- 395,996</b>	<b>- 403,500</b>	<b>- 411,198</b>	<b>- 419,102</b>
<b>Surplus (-) / Deficit (+) before use of reserves</b>	<b>3,659</b>	<b>-</b>	<b>3,659</b>	<b>-</b>	<b>-</b>	<b>4,379</b>	<b>8,966</b>	<b>12,186</b>
Planned Contribution (from)/to reserves	- 3,659	-	3,659	-	-	-	-	-
<b>Surplus (-) / Deficit (+) after use of reserves</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>4,379</b>	<b>8,966</b>	<b>12,186</b>

## Appendix B – Planned Savings

Savings (By Subjective Area)	2024/25 £'000	2025/26 £'000	2026/26 £'000	2027/28 £'000	2028/29 £'000
Police Officer Pay and Allowances - Savings	- 110	- 113	- 115	- 120	- 141
PCSO Pay and Allowances - Savings	- 3,146	- 3,319	- 3,319	- 3,319	- 3,319
Staff Pay and Allowances - Savings	- 3,233	- 9,687	- 9,687	- 9,687	- 9,687
Other Pay and Pensions Cost - Savings	-	-	-	-	-
Premises Cost - Savings	- 410	- 582	- 1,041	- 1,117	- 1,148
Transport Cost - Savings	-	-	-	-	-
Supplies and Services Cost - Savings	- 750	- 3,056	- 3,056	- 3,056	- 3,056
Partnership Cost - Savings	- 576	- 576	- 576	- 576	- 576
Income - Savings	-	-	-	-	-
<b>TOTAL Savings</b>	<b>- 8,224</b>	<b>- 17,333</b>	<b>- 17,794</b>	<b>- 17,875</b>	<b>- 17,927</b>

## Appendix C – Capital Programme

Summary Capital Programme	Current Yr	MTFP Period					TOTAL
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	
<b>Expenditure</b>							
<b>BAU Replacement Programmes</b>							
- ICT Replacement	1,496	3,184	3,352	5,261	1,597	4,119	19,008
- Estates Replacement	946	2,176	1,213	341	341	341	5,357
- Fleet Replacement	5,273	5,488	3,684	3,480	3,410	2,861	24,197
- Equipment Replacement	754	2,045	671	671	551	350	5,042
<b>Sub-Total Replacement Programme</b>	<b>8,468</b>	<b>12,893</b>	<b>8,920</b>	<b>9,753</b>	<b>5,898</b>	<b>7,671</b>	<b>53,603</b>
<b>Capital Projects</b>							
- Digital Projects	507	1,521	2,606	1,625	2,250	2,000	10,510
- Revenue Projects	6,018	4,524	1,998	2,976	3,317	3,317	22,150
- Estates Projects	3,438	9,097	16,005	7,580	2,748	330	39,196
<b>Sub-Total Capital Projects</b>	<b>9,963</b>	<b>15,141</b>	<b>20,609</b>	<b>12,181</b>	<b>8,315</b>	<b>5,647</b>	<b>71,856</b>
<b>Funded or Part-Funded Projects</b>							
- Expenditure on Funded Projects	1,958	1,788	1,480	1,274	1,322	1,072	8,894
<b>Total Funded or Part-Funded Projects</b>	<b>1,958</b>	<b>1,788</b>	<b>1,480</b>	<b>1,274</b>	<b>1,322</b>	<b>1,072</b>	<b>8,894</b>
<b>TOTAL Capital Expenditure</b>	<b>20,389</b>	<b>29,823</b>	<b>31,009</b>	<b>23,208</b>	<b>15,535</b>	<b>14,389</b>	<b>134,353</b>
<b>Funding</b>							
<b>Specific Purpose Funding</b>							
- A&S Revenue Contributions	0	0	0	0	0	0	0
- Partner Contributions	(1,958)	(1,788)	(1,480)	(1,274)	(1,322)	(1,072)	(8,894)
- Earmarked Reserves	0	(290)	0	0	0	0	(290)
- Grant Funding	0	0	0	0	0	0	0
<b>Total Specific Purpose Funding</b>	<b>(1,958)</b>	<b>(2,078)</b>	<b>(1,480)</b>	<b>(1,274)</b>	<b>(1,322)</b>	<b>(1,072)</b>	<b>(9,184)</b>
<b>General Purpose Funding</b>							
- A&S Revenue Contributions	(6,500)	(9,348)	(8,925)	(6,500)	(6,500)	(6,500)	(44,273)
- Capital Financing Reserve	(8,373)	(4,179)	(4,931)	(7,405)	0	0	(24,888)
- Earmarked Capital Reserves	0	0	0	0	0	0	0
- Capital Receipts	(3,420)	(200)	(200)	(6,996)	(4,780)	(200)	(15,796)
- ESMCP Reserve	0	0	0	0	(765)	0	(765)
- Outstanding Borrowing from 20/21	(138)	(780)	0	0	0	0	(918)
- New External borrowing	0	(13,237)	(15,472)	(1,034)	0	0	(29,743)
<b>Total General Purpose Funding</b>	<b>(18,431)</b>	<b>(27,745)</b>	<b>(29,528)</b>	<b>(21,935)</b>	<b>(12,045)</b>	<b>(6,700)</b>	<b>(116,383)</b>
<b>TOTAL Capital Funding</b>	<b>(20,389)</b>	<b>(29,823)</b>	<b>(31,009)</b>	<b>(23,209)</b>	<b>(13,367)</b>	<b>(7,772)</b>	<b>(125,568)</b>
<b>Surplus (-)/Deficit (+)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>2,168</b>	<b>6,617</b>	<b>8,786</b>



## Appendix D – Reserves Forecast

	ACTUAL	FORECAST					
	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	Bal as at 31st March 2028	Bal as at 31st March 2029
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carry Forwards	159	200	200	200	200	200	200
Operations reserve	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Overtime - liability for new ERP switch on	1,000	1,000	0	0	0	0	0
Buildings and sustainability	290	290	0	0	0	0	0
Budget Support Reserve	2,806	45	0	0	0	0	0
New PCC Fund	930	875	875	875	875	875	875
<b>DISCRETIONARY RESERVES</b>	<b>6,685</b>	<b>3,910</b>	<b>2,575</b>	<b>2,575</b>	<b>2,575</b>	<b>2,575</b>	<b>2,575</b>
SW ROCU (ASP Share)	132	100	100	100	100	100	100
Proceeds of Crime	818	883	948	1,013	1,078	1,143	1,208
DPR Reserves	275	275	275	275	275	275	275
Specific revenue grants	1,982	350	763	21	19	18	18
Hinkley Point	890	733	558	382	233	83	0
Road Safety	1,323	132	132	132	132	132	132
LRF Reserve	89	76	42	7	0	0	0
LRF Projects reserve	248	182	146	104	49	49	49
Victims and Commissioning	2,762	2,456	1,024	1,740	1,740	1,740	1,740
Miscellaneous Reserve	111	66	36	34	34	34	34
Regional Programme Reserve	220	200	200	200	200	200	200
Pension Fund McCloud	88	0	467	352	0	0	0
<b>NON-DISCRETIONARY RESERVES</b>	<b>8,938</b>	<b>5,453</b>	<b>4,691</b>	<b>4,360</b>	<b>3,860</b>	<b>3,774</b>	<b>3,756</b>
Capital Financing reserve	21,002	14,715	12,336	7,405	0	0	0
Capital earmarked reserves	131	0	0	0	0	0	0
PFI Change Reserve	457	457	457	457	457	457	457
PFI Sinking Fund Reserve	5,099	5,191	5,243	5,253	5,218	5,136	5,005
ESMCP Reserve	765	765	765	765	765	0	0
Capital Receipts Reserve	8,546	10,376	10,576	11,376	4,580	0	0
<b>CAPITAL AND PFI RESERVES</b>	<b>36,000</b>	<b>31,504</b>	<b>29,377</b>	<b>25,256</b>	<b>11,020</b>	<b>5,593</b>	<b>5,462</b>
Council Tax income guarantee	208	0	0	0	0	0	0
General Fund	12,000	12,000	12,000	12,000	12,000	12,000	12,000
<b>TOTAL Useable Reserves</b>	<b>63,831</b>	<b>52,867</b>	<b>48,643</b>	<b>44,191</b>	<b>29,455</b>	<b>23,943</b>	<b>23,793</b>