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|  <p>Derbyshire Police and Crime Commissioner</p> <p>Protecting Communities, Fighting Crime</p> | | <p>AGENDA ITEM</p> <p>5B</p> |
| <h1>BUDGET SETTING MEETING</h1> | | |

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|---------------------|---|
| REPORT TITLE | BUDGET 2021/22, PRECEPT REPORT AND MEDIUM-TERM FINANCIAL FORECAST 2021/22 – 2024/25 |
| REPORT BY | JOINT REPORT OF THE CHIEF CONSTABLE, DIRECTOR OF FINANCE FOR THE CONSTABULARY AND CHIEF FINANCE OFFICER FOR THE PCC |
| DATE | 1 FEBRUARY 2021 |

PURPOSE OF THE REPORT

This report sets out the budget and precept proposals for the Office of the Police and Crime Commissioner and the Constabulary.

This report provides information on the draft: -

1. Police and Crime Commissioners (PCC's) Revenue Budget for 2021/22.
2. Proposed Precept for 2021/22.
3. Medium Term Financial Forecast 2021/22 – 2024/25.

ATTACHMENTS

List of Annexes

| | |
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| A | Revenue Budget Forecast (Medium Term) 2021/22 – 2024/25 |
| B | Budget for the Office of the Police and Crime Commissioner 2021/22 |
| C | Budget for the Chief Constable 2021/22 |
| D | Anticipated Reserves 2021/22 – 2023/24 |
| E | Summary of precept 2021/22 |

RECOMMENDATIONS:

1. To note and acknowledge the letter from the Chief Constable setting out her professional recommendation to the PCC regarding the budget and precept proposal for 2021/22.
2. In respect of the revenue budget for 2021/22: -
 - a) To note the information and analysis as set out in this report.
 - b) To agree the proposed adjustments to the 2021/22 budget as detailed in both this report and **Annexes A through E**
 - c) To maintain a revenue contribution to capital of at least £3.012m into the base revenue budget (with an additional £0.260m for 2021/22 to support the purchase of mobile phones).
 - d) To approve the revenue budget for 2021/22.
3. In respect of the council tax requirement, the associated police precept and provisional contributions to/(from) reserves: -
 - a) To recommend a £15 precept increase for a Band D Property.
 - b) To note the anticipated movement in reserves during 2021/22 as shown in paragraph 8.2 **and Annex D**.
4. In respect of the Medium-Term Financial Forecast for 2021/22 - 2024/25, discussed within this report but also shown in more detail at **Annex A**: -
 - a) To note the financial forecasts up to 2024/25.
 - b) To note the assumptions inherent in those forecasts, as described in paragraph 5.2 and the scenarios that affect the projected financial position.
 - c) To note that the Medium-Term Financial Forecast (paragraph 6.9 **and Annex A**) indicates reserves will not be sufficient to close a future funding gap.
 - d) To recognise that the Force will need to identify further efficiencies and savings both for reinvestment but also to protect front-line services. (The savings strategy is included in the Medium-Term Financial Strategy)
 - e) To repeat the call to government for a fairer funding settlement for Derbyshire that includes an increase in central funding and does not merely pass the financial burden to local tax-payers through precept increases.

CONTACT FOR ENQUIRIES

Name: Andrew Dale

Tel: 0300 122 6000

Email pccoffice@derbyshire.pnn.police.uk

Preface from the Police and Crime Commissioner

A key responsibility of a Police and Crime Commissioner is agreeing the budget for policing and setting the local Council Tax precept. In doing so there are many factors that I have to take into consideration including the needs of the Chief Constable for enough financial resource to allow them to run the force and the expectations of the public who are paying for the service. This includes the issues that people raise with me when I meet them such as visibility, speeding and anti-social behaviour. I also need to take account of what is going on more broadly, and never has this been more important than now.

It seems like an over-used phrase, but the past twelve months have been unprecedented. The global pandemic has impacted on everyone's lives in many and varied ways. Much of the country has been in some form of restriction or lockdown for large parts of the year. Families have lost loved ones. Many individuals and businesses have seen changes in their financial circumstances. But despite these huge challenges the vast majority of people have pulled together, followed the rules and have played their part in keeping themselves and their communities safe, and my thanks go out to all of them.

Policing has needed to change and adapt too. Officers have been asked to respond to ever changing rules and guidance. They have been asked to face those who have sought to use the threat of Covid-19 as a weapon and have been coughed on and spat at. This is not what they signed up to do, but they have done it none the less because they have wanted to keep people safe and won't allow the actions of a few outweigh their desire to help and protect the vast majority.

It is therefore disappointing that when calculating the funding for policing the Government have, yet again, sought to shift the burden back to council tax payers. Behind the headlines of the funding that is being made available is an assumption that all Police and Crime Commissioner will use the maximum precept flexibility afforded them to get to the headline figures that have been announced.

I have worked closely with the Chief Constable to understand what her needs are in terms of funding and what various levels of funding would mean in terms of supporting those who have worked selflessly to keep communities safe in the face of the pandemic. The budget we have

pulled together is a consolidation budget that builds upon the work we started 3 years ago to rebuild policing after the cuts we had seen over ten years and to get us to a position where we are able to respond to the demands placed upon the service.

The year ahead is full of uncertainty because of the ongoing pandemic, but I didn't want to set a budget that would mean cuts. We have come too far to start going backwards but if the Government's current trajectory of under-funding policing and other public services continues we can't rule out cuts in the medium term and that is something I want to avoid at all costs.

This budget will allow us to progress the work we have already started for policing hubs in the north-east and north-west of the county as outlined in last year's Estate Plan. We will be able to improve the service provided by contact management – often the first point of contact people have with Derbyshire Constabulary. We will continue to develop work on those key priorities raised by those I talk to, namely visibility, speeding and tackling anti-social behaviour.

A handwritten signature in black ink, appearing to read 'Hardyal Dhindsa', with a long horizontal stroke extending to the right.

Hardyal Dhindsa
Police & Crime Commissioner for Derbyshire
January 2021

Letter from the Chief Constable

Our reference: HQ/Exec/SO/Finance/Precept21-22
Date: 25 January 2021

Hardyal Dhindsa
Police and Crime Commissioner for Derbyshire
Butterley Hall
Ripley
Derbyshire
DE5 3RS

Dear Commissioner

Through our ongoing discussions, I know that you are acutely aware of the continued challenges facing the Constabulary. I am extremely grateful that we have a shared commitment to maintain and build upon the Constabulary's achievements over the last few years, to strengthen our capacity to deal with threat and risk, as well as supporting the communities of Derbyshire. The Constabulary has been modelling a range of financial scenarios over the last few months to ensure resilience at a time of great uncertainty, and as you are aware the government have allowed the Constabulary an increase of up to £15 against a Band-D property for the policing element of the council tax precept (hereafter the precept). We have carefully considered the impact of a range of options, and whilst I fully recognise that the communities of Derbyshire are already feeling the incredible financial impact of the Coronavirus pandemic, my primary consideration must now be how I can best deliver policing within the county, even if this means proposing a modest increase of the precept amount to you.

Achievements

We have a proven track record in delivering against the priorities set out in the Policing and Crime Plan, and remain one of the lowest spending forces per head of population in the country, in part due to savings secured through working nationally, regionally, and locally with our partners. I'd like to start by providing you with an update as to what we have achieved as a result of this year's precept increase of £10, the maximum permitted by the government at the time, which was unanimously supported by Derbyshire's Police and Crime Panel.

As a result of the increase in locally delivered funding, the Constabulary has been able to recruit an additional 79 police officers and 52 police community support officers (hereafter PCSOs) this financial year. This increase in the number of people available to deliver, or support the delivery of, policing to the communities of Derbyshire is very welcome and will allow the Constabulary to continue to provide a visible and reassuring policing presence, in other words "more boots on the ground", within the communities of Derbyshire. As well as prioritising the recruitment of extra police officers and PCSOs in advance of government targets, we have continued to invest in our vital estate and technology modernisation programmes to support the frontline.

Looking ahead, we want to sustain this commitment and build upon it. As you are aware, the government has also committed to providing an additional 20,000 police officers nationally

during the next three years, over and above those that would have been recruited throughout the same period. As a result of this uplift, the Constabulary expects to recruit 283 additional police officers, with 39 having been recruited, trained, and out on patrol this financial year, and 50 in the previous financial year. There is no doubt that this news will be well received by you and the communities of Derbyshire, but I must highlight to you that, whilst additional police officers are always welcome, the uplift does not come without certain constraints which are not immediately apparent. The extra government funding for the uplift in police officer numbers is clearly welcomed, but we find ourselves preparing and planning for associated uplift costs without the certainty of any sustainable funding.

Whilst the ringfencing of funding for this uplift will no doubt restrict some of the flexibility we have had in previous years as to how we manage and prioritise our resources, we must remember that the day-to-day business of fighting crime, proactively bringing offenders to justice, and protecting the most vulnerable from harm must go on regardless.

Challenges and Priorities

In order to ensure that we utilise our resources in the most efficient and effective manner, and inform decision making when determining where to place uplift resources, last year I commissioned a reassessment of our strategic operational risks, using the newly launched MoRiLE 2020 model which the Constabulary has helped to develop. As a result of this work, nine key strategic risk areas were identified, namely: child abuse and exploitation, residential burglary, rape and serious sexual offences, domestic abuse, modern slavery and human trafficking, county lines, killed and seriously injured on the roads, fraud and cyber-dependent crime, and organised crime; vulnerability was separately identified as a cross-cutting theme. It is worth noting here that whilst the new strategic risk areas were identified last year, they were done so prior to the extent to which the global Coronavirus pandemic would impact upon policing and the broader public sector was known. It is worth noting that not all of these areas can be tackled simply by more visible policing; many require additional resources and significant investment. The uplift programme will assist in addressing this, as I will be able to reassign resources, with no tangible impact upon the frontline in the immediate years, into these specialist areas. However, as the complexities of modern policing continue to grow, we may need to modify our current policing model in response.

However, this is not to say that this will be easy. Tackling these priority areas would be challenging to deal with in normal times, and I can confidently say that these are not normal times, with the challenge being significantly amplified. We all saw the impact on the Constabulary of the incident at Whaley Bridge in 2019, but this incident now seems somewhat minor (as thankfully a disaster was averted) when taken in the context of the current global Coronavirus pandemic. It is no exaggeration to say that life in Derbyshire, and worldwide, has been turned upside down since the beginning of last year, with the Constabulary being called upon to act in the capacity of enforcing public health restrictions, something which I could never have imagined I would see during my career.

Organisationally, we have had to reinvent how we work, with an increased number of colleagues using existing and new technologies to work remotely from home. This change in the way we work has shown that the traditional eight hour day in an office is no longer necessary in order to maintain the successful and efficient running of the non-frontline functions of the Constabulary. However, whilst an agile and reconfigured organisation may initially sound positive, it has not been possible without significant cost pressures, which are likely to be ongoing and impact upon policing within Derbyshire in the months, and potentially years, ahead.

In order to address all of the priority areas, and those which have not been explicitly identified as a priority but I must stress are important nonetheless, we have continued to invest in our specialist (but less visible) policing functions, the core visible policing presence in our communities, the virtual

frontline in the Contact Management and Resolution Centre (hereafter CMaRC), and through our continuing commitment to improve our vital estate.

Over the last twelve months there has been a significant shift to ensure our Safer Neighbourhood Teams (hereafter SNTs) are maximising the time spent working with Derbyshire's communities and our partner agencies to find longer term solutions to local issues. Technology has enabled the SNTs, through the use of real-time analytical dashboards and personal issue mobile data terminals, the ability to self-brief and deploy quickly, intelligently, and visibly to key areas risk and threat. This has reduced the reliance on the small number of analysts at headquarters for the production of analytical work to inform and direct patrol strategies, and has enabled the SNTs to spend more time "out and about", engaging with the communities in which they are embedded. I really want our communities to know that we focus on long-term problem solving, engaging, listening and responding, and then I want to ensure that we let them know what we've done. This wouldn't have been possible without your support through the precept increases seen during your time as Commissioner

To build upon this, I've instigated Operation Derbyshire, an ongoing policing operation which seeks to ensure that regardless of which community people live or work in, their priorities are taken seriously and visibly addressed. Operation Derbyshire will concentrate upon four key themes that the communities of Derbyshire tell us are important to them, namely tackling speeding, ensuring police visibility, addressing antisocial behaviour and community crime, reassuring our rural communities, and supporting victims.

I know that speeding is an important issue to all of the communities of Derbyshire, and as such we will invest in better speed detection technology for use by our Roads Policing Unit, SNTs and our Rural, Wildlife and Heritage Crime Team. This investment, in combination with an increase in the number of flexibly deployed automatic number plate recognition cameras, will make all of the roads of Derbyshire hostile to travelling criminals and those with little regard for road and community safety.

I want to be able to ensure that my colleagues are visible within our communities, tackling the issues that affect us all every day, as well as supporting the victims of crime and our most vulnerable. We have already invested in additional CCTV cameras that can be flexibly deployed, whenever and wherever they are needed, and I intend to continue to invest in this important technology in the coming year. These cameras are an excellent resource, and widely used by our SNTs to assist with their investigations, as well as acting as a deterrent and providing reassurance. As another highly visible commitment to community policing, I intend to increase the number of neighbourhood investigation officers (hereafter NIOs) by ten in the coming financial year to a total of twenty one. NIOs assist their colleagues on SNTs with investigations, and their presence is highly valued by the communities in which they operate.

I am keen to enable my colleagues do their job to the best of their ability, and one of the highlights of Operation Derbyshire for me is the introduction of a fleet of eBikes to all of the local policing units throughout the county. As you are aware, we have been trialling two eBikes, from a local manufacturer, in the High Peak and Derby City. These have been extremely well received within our communities and by those that have used them, with one my colleagues regularly completing over 100 miles of mobile patrols within his community on a weekly basis! This investment shows a real commitment to our green agenda, but also subtly transitions our SNTs out of their vehicles and into the communities that they serve, enabling a much greater range of opportunities for engagement, the core purpose of Operation Derbyshire.

Earlier, I referred to CMaRC as the virtual frontline, as this is something that I really believe; the vast majority of our demand arrives across their desks after all. We have moved away from simply responding to 999 emergency calls, to now dealing with non-emergency calls either via the telephone, or increasingly through social media or email. In fact, during the Coronavirus pandemic

we have instigated a chat facility on our recently updated website, allowing a real-time conversation to be held with a call handler at Ripley, or even from their home address via secure remote working. The increased use of the internet by the public has meant that we have had to respond accordingly, and we are seeing more and more of our business being conducted through non-traditional means. As you know, we are currently in the process of replacing our entire telephony system, yet another example of the importance of a modern technological solution to ensure the delivery of our day-to-day business. It is important not to underestimate the level of resourcing and implementation costs of such projects, as well as ensuring that the workforce is well trained and able to meet the needs of the ever increasing demands placed upon them.

One thing that I know is very important to our communities is a prompt answer when they make a non-emergency call to the Constabulary. Demand on CMaRC has increased, becoming more complex in nature in order to address threat, harm, risk and vulnerability as well as being coupled with the introduction and requirements for resolution at first point of contact for the recording and investigation of crime. Regrettably, and as a result of this, response times for non-emergency (101) calls have regularly been noted to rise above our desired service level of sixty seconds. I'm sure that our communities understand that we must prioritise those at most risk from harm in the first instance, and as such 999 emergency calls remain generally well serviced and within national guidelines for call response times.

As you are aware, an analysis has been conducted on the time that it takes to answer non-emergency calls, as well as the time taken to conduct enquiries whilst in-call. This analysis has established there are now insufficient resources within CMaRC to meet these ever increasing demands, despite our attempts to push these through alternative, and less resource intensive avenues. It is anticipated that an additional fourteen members of staff within CMaRC are required to improve non-emergency call handling times, in addition to a re-evaluation and remodelling of existing roles and responsibilities, and this is an area that I intend to address in the coming year; this will be monitored closely and continually reassessed.

I referred to vulnerability as a cross-cutting theme earlier, and I think it is fair to say technology is a cross-cutting enabler which is now fundamental to everything that we do within policing. I have already discussed how technology has assisted our response to the Coronavirus pandemic, and how we are using it to deliver our virtual frontline services. However, technology also plays a fundamental role in the provision of our current operational policing response, either through the delivery of TASER to every police officer that wishes to be equipped with one, the expanded use of body worn video cameras to increase confidence in how we police, or the equipping of all frontline police officers and staff with mobile data terminals to ensure a more visible presence within our communities. Going forwards, I intend for the Constabulary to become a centre of excellence for technology innovation, building upon the momentum gained over the last few years. Next year, I will further develop our drone capability to enable all weather flying and underwater search capabilities. This investment will ultimately mean that we are less reliant on the National Police Air Service, and also potentially enable revenue generation as other forces buy in our advanced services. We will also innovate next year to protect the most vulnerable in our society through the use of "off the shelf" products such as so called "doorbell" cameras, and other technologies, for the victims of domestic violence and those whose life may be at risk. Going forwards, through our mobile workplace programme and other innovations, we will see an increased reliance on big data and a move towards cloud based computing. This will be challenging, but it is something that we must do in order to remain agile and responsive to the needs and demands of the 21st century.

I mentioned earlier that I would discuss the costs of policing the Coronavirus pandemic, and I would like to reassure you that during this time the provision of our core services has remained strong, with the Constabulary conducting its functions in an efficient and effective manner. We have been required to report the costs incurred to the Home Office on a monthly basis, and we have maintained diligent and timely oversight of costs incurred through the Constabulary's weekly Coronavirus Gold Command group.

Our estate remains a very real concern for me, especially now that a condition survey has shown the pressing need for significant investment, primarily as a result of years of decline and a lack of maintenance to reduce costs. Unfortunately, without immediate investment, our maintenance costs will continue to increase, whilst the overall estate condition continues to deteriorate. Our communities draw considerable reassurance from seeing police stations, and estate improvements will have the knock-on effect of increasing confidence in the Constabulary.

Plans are in the advanced stages for estate improvements in the north-east and north-west of the county, although this has not yet been widely publicised. Securing funding for the initial phases of these improvements in the coming years will provide a highly visible demonstration of the Constabulary's commitment to policing this important part of the county, ultimately improving visibility and providing a secure basis from which to address future threat and risk.

Precept Recommendation

Commissioner, as I mentioned at the start of this letter, we have some significant financial challenges facing us, but I am also acutely aware of the financial challenges to our communities that the Coronavirus pandemic has brought about. Whilst I know that these will be covered in more detail in the main budget report, including our key core assumptions, I would like to briefly set out their potential impact to you in this letter.

In modelling all of the precept options available to us, anything other than an increase of £15 is likely to yield a significant budget shortfall in 2021/22, or be insufficient to sustain the investments we have made over the last few years to tackle the identified threat and risk priorities. With a very limited increase in core police grant this year, we project subsequent budget shortfalls for the following three financial years. Whilst it may be possible to close some of any projected shortfall in 2021/22 with our reserves, this is inadvisable and would place us in an extremely precarious position for the years ahead.

The option to increase the precept by £15 (equivalent to less than thirty pence per week), will still lead to significant challenges for the 2022/23 financial year and beyond. I have carefully considered this, and I am confident that the areas discussed in this letter for immediate investment in 2021/22 would enable resilience. Increasing the precept by £15 will allow me to continue to deliver visible and responsive policing to the communities of Derbyshire in the coming year, and provides a sound foundation for subsequent leaner years.

The key question when determining the level of precept must be, does it allow for a manageable and sustainable budget in the forthcoming year that delivers some growth against our priorities, whilst protecting the Constabulary for the future? Unfortunately, none of the options available to us are likely to fully meet this test, and it is expected that in subsequent years we will have to make unpalatable decisions as to which services are needed, rather than wanted, by our communities.

I must be realistic and restate that further savings may need to be made in the coming years by reducing the overall number of police officers and staff within the Constabulary, as well as scaling back or delaying our vital estate and technology modernisation programmes. That said, I would like to reassure you that our "Cost of Policing" programme is designed to help us meet future budget shortfalls, enabling the reinvestment of any identified savings where appropriate.

Commissioner, anything other than a precept increase of £15 would not deliver the immediate investment required for the 2021/22 financial year, leaving me with no option but to make this recommendation to you. I make this recommendation in the full knowledge that the Constabulary is yet again asking you to approach the communities of Derbyshire to ask for more funding, which I know will be extremely difficult for many, and impossible for some. As such, I would like to reassure you that I am ever vigilant of the need to pursue all opportunities for efficiencies that do not impact

upon our ability to deliver policing within Derbyshire, and would never seek to ask for more funding than is absolutely necessary for this purpose.

Yours sincerely,



Rachel Swann
Chief Constable

Derbyshire Constabulary, Headquarters, Butterley Hall, Ripley, Derbyshire, DE5 3RS
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1. EXECUTIVE SUMMARY – WHAT THE SETTLEMENT MEANS FOR DERBYSHIRE

Headlines

1.1 In reading this report and the supporting documents, it is useful to keep in mind the following key headlines:

- The government grant settlement and precept flexibility allowed for up to a £15 increase for a Band D property, (a 6.62% increase, or less than 30 pence a week for a Band D property). £15 provides an extra £5.0m of additional income to Derbyshire through council tax, bringing council tax funding to £77.8m.
- The Constabulary has received £8.6m through its Core Grant in 2021/22 to support Derbyshire's share of the extra 20,000 police officers announced by the Government, with a further £1.4m performance related ring-fenced payment linked to achievement of the government's targets. This will fund 83 additional officers in 2021/22 as part of the wider national uplift, that will see 283 officers added to our establishment by 2022/23.
- In addition to the police officer uplift, the policing settlement allows for some modest investment (£1.3m) in key priority areas to strengthen resilience and capacity. The themes of this investment are broadly as follows and are detailed at paragraph 5.6:
 - Tackling speeding
 - Ensuring police visibility
 - Addressing anti-social behaviour and community crime
 - Reassuring our rural communities
 - Supporting victims
- Additional investment of almost £150k also must be made in domestic abuse services in Derby and Derbyshire following a sustained increase in demand. This will see the establishment of the DRIVE perpetrator programme alongside capacity building within a key commissioned service provider. Further details are provided at paragraph 1.12 and 1.13
- Overall funding of £202.630m, based on a £15 precept increase. This sees our funding increase by 6.7% between 2020/21 and 2021/22.
- £1m funding has been provided from the PCC Reserves to cover additional PCSO recruitment for 2 years. This started in December 2020 and £0.590m will be utilised during 2021/22.

- Even with a £15 increase, the absence of a medium to long term government grant settlement makes planning and resourcing for the future difficult and as a result future cuts to services cannot be ruled out.
- Government funding for capital has reduced significantly and the Capital Grant now stands at only £167,712, a reduction of 86% over the last six years.

More detailed assumptions are covered later in the report.

Our Budget Consultation

- 1.2 The Commissioner, whilst welcoming additional specific funding, regrets that much of the burden is still having to be transferred again to the public of Derbyshire. The Commissioner has consulted with the public of Derbyshire concerning his proposal to increase the precept in 2021/22. This consultation ran until 10th January 2021.

In total, there were 1,478 responses which was a small increase on last year. This is both remarkable and humbling considering the challenges people face in their everyday lives, particularly during the pandemic.

Of those 1,478 responses, 67.6% were in favour of a precept increase of £15 or more.

The consultation is discussed in more detail in section 7 of this report.

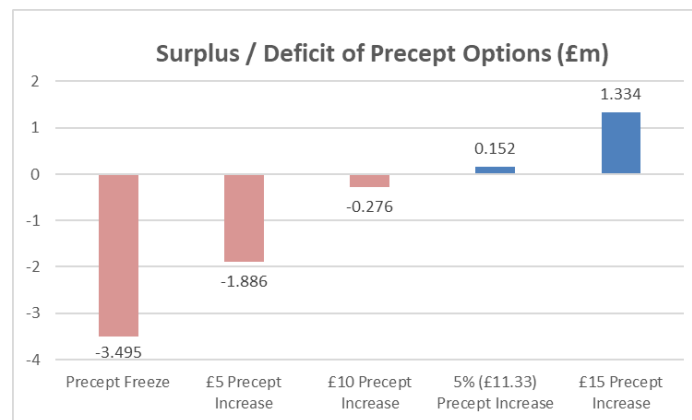
Our Precept Options

- 1.3 With precept flexibility to set Council Tax increases of up to £15 (per Band D Property), scenarios based upon 4 options of a £5, £10, a 5% (£11.33) and £15 and increase have been considered. The following table shows the additional revenue raised from each option.

High level analysis of 2021/22 precept options

| Precept Increase (£ per yr) | Band D 2021/22 (£ per yr.) | Precept Increase (%) | Generates an Additional (£ per year) |
|------------------------------------|-----------------------------------|-----------------------------|---|
| £5.00 | 231.60 | 2.2% | 1,805,676 |
| £10.00 | 236.60 | 4.4% | 3,415,441 |
| £11.33 | 237.93 | 5.0% | 3,843,638 |
| £15.00 | 241.60 | 6.6% | 5,025,204 |

- 1.4 When combined with the Government grants, the options for Precept increases have varying impacts on our overall budget position for 2021/22. A precept freeze would result in a budget deficit of £3.495m, whereas a £15 increase would yield a potential budget surplus of £1.334m.



Our Overall Funding

- 1.5 The provisional police funding settlement, combined with a £15 increase in precept for a Band D property in 2021/22 will provide the Police and Crime Commissioner with available funding of **£202.630m**. This would represent an increase of £12.75m (6.7%). This increased investment will ensure that the force is able to maintain our operational policing capabilities, to build upon the progress made so far to increase the number of police officers and to increase resilience in key priority areas of threat and risk and community safety.
- 1.6 The option to set a precept increase at £15 would yield at most a potential surplus of £1.334m (0.7% of net budget) in 2021/22. Given the need to ensure financial resilience during increasingly uncertain times, as well as being able to account for unexpected increases in expenditure such as those detailed in paragraph 1.12 as well as uncertainty about future council tax receipts, it is prudent that up to £300,000 of this surplus would need to be earmarked to enable this. As such, it is practical to assume that there would at best be approximately £1m available to provide additional investment to secure and enhance previous improvements to our services made over the last three years and to demonstrate the Constabulary's commitment to deliver responsive policing across our communities with a sound and sustainable budget.
- 1.7 A number of options for improved services are being considered by the Chief Constable in consultation with the Police and Crime Commissioner (PCC). These are

highlighted in the prefaces from the Chief Constable and the PCC and it is intended that investment will be focused upon consolidating our current capacities and capabilities with a series of one-off investments, as well as looking to achieve a moderate increase in police staff numbers, to directly address our areas of identified threat and risk and improve out service to the public. In addition, the force has a requirement to comply with the expectations of HMICFRS in its crime recording and this will require additional investment. Whilst it would be desirable to consider increasing Police Constable numbers earlier than required by government, potentially by increasing those brought into the organisation within year three of the uplift programme, it is considered to present an unnecessary risk as future funding for the uplift is not fully guaranteed. Areas of our policing that are being considered for additional investment and an uplift in services include:

- Contact Management & Resolution Centre
- Neighbourhood Investigation Officers
- Automatic Number Plate Recognition
- Flexible Deployment of CCTV
- Rapid Deployment Cameras
- Drones
- E-Bikes
- Speed Enforcement Lasers
- North East & North West Estate Plans

1.8 All of the above must be seen within the current economic and social conditions that our communities find themselves. We must be mindful of addressing some, or all, of the issues that our communities find important, whilst addressing the threat and risk evidenced in the Force Management Statement.

1.9 With a £15 precept increase, we can continue to maintain and equip our neighbourhood teams, rural crime teams, prevention, response policing and our roads policing team and continue to progress our essential investments in technology and analytics to support the force in dealing with risks and threats to the communities of Derbyshire. We will be able to continue to increase our police officer numbers with a further planned increase of 83 officers by March 2022. This follows on from our investment of 58 new officers during 2019/20 and a further 85 officers in 2020/21,

continuing with our commitment to recruit the 283 extra officers by 2022/23 as our share of the 20,000 announced nationally by the government.

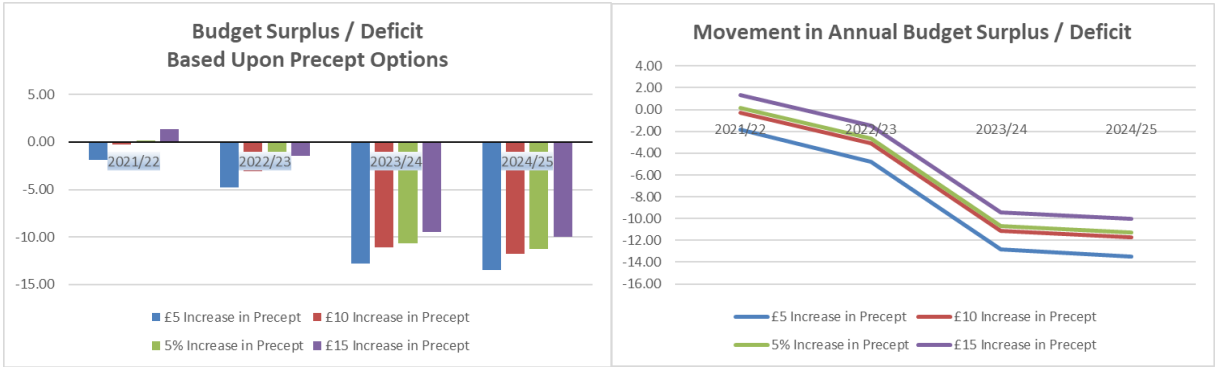
- 1.10 Careful financial management over the last few years has also allowed us to continue our investment in our people and technology, including early adoption of the National Enabling Programme (NEP), which is now demonstrating real benefits to improve our information sharing and productivity to the front line. These proposals build upon our commitment to ensure that investment is directed to priority areas and remains sustainable, but also to provide sufficient investment to meet new legislative requirements and emerging threat and risks.
- 1.11 In addition to maintaining the investments identified by the Force, the Commissioner has identified pressures in his own Commissioning budget as follows:
- 1.12 **Implement the DRIVE (Domestic Abuse) Perpetrator Programme** as lead authority. The partnership group consists of the City Council, County Council, CCG, Derbyshire Constabulary and the PCC. The total cost of the programme in 2021/22 is expected to be £178k which is funded equally by all partners. Therefore, the PCC is investing £36k alongside the Chief Constable's contribution of £36k.
- 1.13 **Increased staffing capacity for Refuge (standard/medium risk Domestic Abuse commissioned service in Derby City).** An increase in demand for Refuge's services from victims of Domestic Abuse in Derby City has led to a shortage of resources to meet that demand. The PCC has therefore invested a further £75k to step-up the available staffing resource within Refuge.
- 1.14 **One additional post within the Commissioning Team in the OPCC.** As the demands on the team continue to expand due to both the expectations from the Ministry of Justice as well as the changing face of partnership working in Derby and Derbyshire, an additional support post has been created within the Commissioning Team. This post will support the team with administrative and coordination duties thereby allowing the specialist posts to focus on renewing existing service contracts together with expanding the victim service provision either in partnership or on behalf of the PCC. The annual cost of the new post is £27k.

Our Challenges in the Medium Term

- 1.15 The extra government funding for officers through the settlement and potential for precept flexibility for 2021/22 are by no means a permanent solution to our funding

challenges, with significant uncertainty remaining over future public spending and sustainable funding from the Government. However, the settlement for 2021/22 provides a stable foundation to continue our commitment to improve policing across Derbyshire. The underlying budget pressures remain, with further costs and uncertainties in relation to pension liabilities, essential investment in the Estates plan and increasing costs associated with national accreditation requirements. The absence of a multi-year funding settlement makes planning and resourcing for the medium to longer term very difficult.

1.16 The Medium-Term Financial Plan (MTFP) forecasts future years budget requirements based upon our funding and spending assumptions. The following charts show the cumulative budget positions for each precept scenario and demonstrates how decisions taken now will affect the level of future funding resources. Whilst a £15 precept increase now will soften the impact on future budget positions, there will still remain significant challenges to address our budget gaps beyond 2022/23.



1.17 Significant cost pressures are forecast from 2023/24 with the inclusion of a 5% (£3.8m) increase in employer pension contributions. It is expected that the on-going cost of higher pension benefits arising from the McCloud case will be built into the scheme valuation process and reflected in the 2023/24 employer and employee contribution rates. The impact of such increases has been submitted to Home Office as part of the Spending Review submission and whilst it is hoped that significant funding would be made available to meet this significant cost it is advisable to recognise the risk of an increase in on-going pension costs within our medium-term financial plans. It is important to highlight that, even with any Government protection to support future pension remedy costs, it will still require a robust savings and efficiency plan to help address significant future budget gaps from 2023/24.

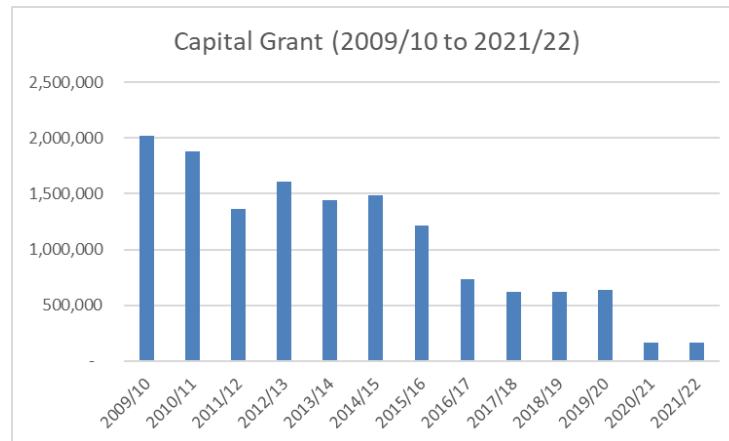
Our Plans to Address Them

- 1.18 In 2020 the Force developed its 'Cost of Policing' savings programme to help define the force's operating model and its costs, whilst considering options for change. The model is designed to align resources against services based upon our understanding of risks and demand. To date, 191 options have been mapped across 16 departments covering in excess of £140m of the budget. An initial review of the findings has identified various options which include a combination of reduced and increased investment across frontline and back-office services.
- 1.19 A number of preferred options are currently being reviewed that could ultimately achieve savings of up to £2m pa, combined with options to enhance services at a cost of £7.7m (including one-off costs and permanent cost increases). A number of alternative options have also been identified that could potentially save up to a further £12m of savings, however these will need to be carefully considered against our priorities and their risks and impact on our services. It is highlighted that even with a £15 precept increase, Cost of Policing savings of the full £12m, many of which would be unpalatable, would only just balance the forecast budget deficit for 2024/25.
- 1.20 The next steps will be to complete a full financial validation of the costs / savings of each option and to appraise the benefits and risks along with alignment to the values and priorities of the force. The appropriate governance and executive approval of each option will take place before seeking authority to proceed. It is intended that the Design Advisory Group (DAG) and the Design Board would initially oversee the implementation requirements for changes arising from the Cost of Policing Programme.
- 1.21 In the shorter term, a more immediate review of vacant and supernumerary posts will take place to identify options for savings and efficiencies.

Funding our Capital Programme

- 1.22 We have maintained a significant contribution to our capital programme for 2021/22 (£3.272m) in the revenue budget. Government funding for Capital has reduced significantly, with Capital Grant now only £167,712 (a reduction of 86% in the last six years). Therefore, the additional contribution from the revenue budget will help to

reduce the amount of borrowing that is required. The Capital Programme (2021/25) will be presented as a separate report to the Board.



Our Case

- 1.23 Derbyshire continues to be a safe County and the investment last year into our priority areas is having a real positive impact. The Force continues to meet the Home Office tests to allow it to increase its precept. Reserves are below the average for Forces nationwide, procurement savings targets set by the Home Office are being met and the Force maintains a low cost per head of population when compared with other Forces.

- 1.24 With the proposed additional investment from a £15 precept being targeted towards the four key themes of Operation Derbyshire the Force has a great opportunity to continue to make Derbyshire Safer.

2. THE NATIONAL PICTURE

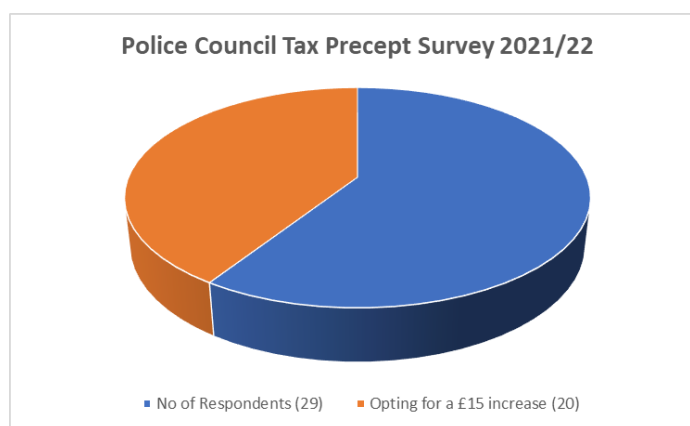
WHAT'S HAPPENED THIS YEAR?

2.1 Unlike for 2020/21, the Home Office opted to do a provisional settlement for 2021/22 in order to obtain feedback from stakeholders. The deadline for submissions to the consultation was set at 15 January 2021. The settlement followed a one-year Spending Review and was against a backdrop of severe economic challenges due to the ongoing Coronavirus Pandemic as well as uncertainty around Brexit. Gross Domestic Product (GDP) for the year was down 11.3%, the largest recession ever recorded.

2.2 The key headlines for 2021/22, announced in the provisional settlement on 17 December 2020, are set out below:

- Core Grant (including the Police Uplift Programme (PUP) grant) increases from £7.8bn to £8.2bn, a difference of £413.6m or 5.3%;
- A further ring-fenced grant of £100m is made available to support year 2 of the PUP (a target to recruit an additional 6,000 officers);
- The uplift of 6,000 additional officers is to include 300 offices to strengthen policing's presence in Regional Organised Crime Units (ROCU's);
- 75% of council tax losses due to Covid-19 to be compensated;
- £15 precept flexibility for all PCC's or equivalent;
- An £87.4m (8%) decrease in reallocations of funding to the centre from £1.1bn in 2020/21 to £1.03bn in 2021/22;
- 'Flat cash' pension grant allocations compared to 2020/21 (leaving an expected shortfall of £2.4m);
- Capital grant funding to PCC's remaining flat at £12.3m; and
- £52.3m capital funding for national priorities and infrastructure.

2.3 The preliminary results on the national survey on police precept increases for 2021/22 reported that from the 29 forces who have so far responded, 20 forces were opting for a £15 (or close to) precept increase, with the average expected precept increase of £13.48 for 2021/22.



WHAT ELSE DO WE THINK WILL IMPACT ON US?

The Impact of COVID 19

- 2.4 The COVID 19 Pandemic has resulted in unprecedented uncertainty on the finances of the Constabulary, both in terms of additional costs and income streams. This uncertainty will continue into 2021/22 and probably beyond but the accurate forecasting of its financial impact will continue to be challenging. The 2021/22 budget proposals have been calculated based upon the best available information with regards to the impact that the pandemic is likely to have on our services and Policing's response to help contain the virus.
- 2.5 Since the outbreak of the Covid pandemic in March 2020, the Force has responded with a commitment to protect the public and to effectively engage, explain, encourage and where appropriate to use enforcement to help defeat the Coronavirus. This has brought about unprecedented challenges for our officers and staff. New working practices have been adapted and implemented to ensure that our workforce has the necessary equipment and support to perform their roles safely, whilst continuing to tackle crime and keeping communities safe.
- 2.6 The main movements in the 2021/22 budget that have been affected as a result of Covid 19 are shown below:
- a) Police Officer Overtime – a reduction of £100,000 from the Special Duty provision to reflect the non-attendance at events (mainly football matches).
 - b) Income Losses – a reduction of £100,500 in football income and a reduction of £100,000 in investment income.
 - c) Travel Costs – a saving of £177,000 in travel costs through reduced travel and a planned increase in remote workings and virtual meetings.

2.7 Consideration of a Covid related Reserve Fund to cover future costs and income losses will be reviewed prior to the end of the current financial year.

2.8 Within the current financial year, the force has already received government financial support in the form of: -

- a) **Surge Funding** to help cover the additional costs of visible policing to ensure that the public is complying with the restrictions.
- b) **Income Loss Recovery Scheme** to cover up to 75% of eligible losses from fees and charges that are Covid related.
- c) **PPE Reimbursement Scheme** to cover the additional costs of protective equipment purchased during the pandemic.
- d) **Collection Fund Deficit** – A commitment to fund up to 75% of irrecoverable council tax losses from 2020/21 and to spread the cost of any Collection Fund deficit arising from Council Tax across three years, as opposed to the standard one-year arrangement.
- e) **Council Tax Support Grant** – to provide compensation for a depleted Council Tax base and to support Covid related cost pressures including the extent of the anticipated Collection Fund deficit until 2023/24.

The likelihood and extent of any further financial support in respect of COVID related costs beyond March 2021 is yet to be confirmed and no provision has been made within the 2021/22 Budget.

Tax Base Assumptions

2.9 The Home Office have updated their tax base assumptions to reflect the latest forecasts from the Office for Budget Responsibility of a 0.16% reduction in England compared to 2020/21.

Reallocations of funding

2.10 In 2021/22 the top-slices/reallocations from total Police Service funding will be £1.034bn, £87m less than last year. This difference comes primarily from a £26m reduction in special grant, a £52m reduction in 'Top-ups' to the National Crime Agency (NCA) and ROCUs, a £14m reduction in Police technology programmes and an £8m reduction in National Capability programmes. The table below shows the allocations for 2021/22:

| Police Funding – National Reallocations | 2021/22 £m |
|--|-----------------------|
| PFI (Private Finance Initiative(s)) | 71.6 |
| Police technology programmes | 484.7 |
| Arm's length bodies | 70.5 |
| Police Uplift Programme | 14.5 |
| Forensics | 25.6 |
| Top-ups to NCA and ROCUs | 4.9 |
| Strengthening the response to Organised Crime | 146.3 |
| National Capability Programmes | 38.7 |
| Serious Violence | 38.9 |
| Special Grant | 54.8 |
| Other | 83.0 |
| Total Reallocations and Adjustments | 1,033.5 |

Council Tax Referendum Principles

- 2.11 The Ministry for Housing, Communities and Local Government published the draft council tax referendum principles for 2021/22 on 17 December 2020. These propose that PCCs will be subject to a referendum if their relevant basic amount of council tax in 2021/22 **is more than £15** above its 2020/21 level.

Grant Allocation

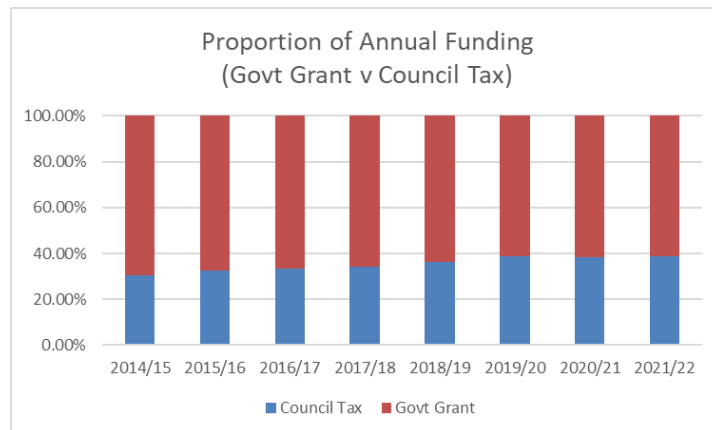
- 2.12 The settlement confirms that the PCC will receive the following grants in 2021/22:

| Derbyshire Allocations | 2020/21 £m | 2021/22 £m | Variation £m |
|---------------------------------------|-----------------------|-----------------------|-------------------------|
| Home Office Police Grant | 67.5 | 72.1 | +4.6 |
| Ex DCLG ¹ Formula Funding | 40.5 | 42.7 | +2.2 |
| Sub-total | 108.0 | 114.8 | +6.8 |
| Council Tax Grants | 8.7 | 10.0 | 1.3 |
| Total – General Funding Grants | 116.7 | 124.8 | +8.1 |
| Pension Support Grant | 1.9 | 1.9 | - |
| Police Uplift Programme Grant | 2.4 | 1.4 | -1.0 |
| Total – All Police Grants | 121.0 | 128.1 | +7.1 |

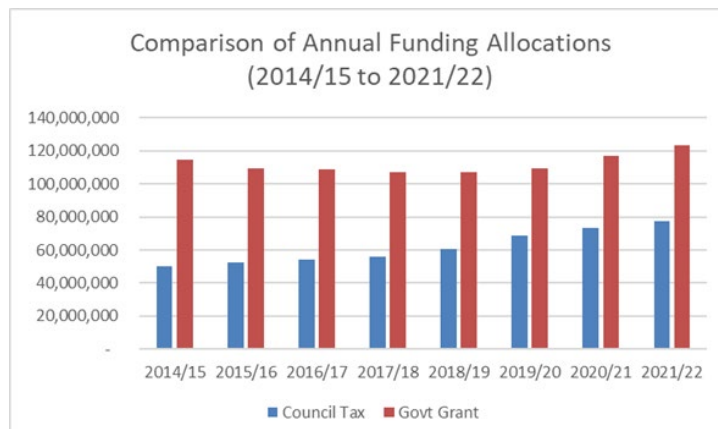
- 2.13 Under accounting rules, the Pension Support grant and the Uplift Programme grant are treated as income within the overall budget requirement. In addition to these funding streams the PCC receives a grant from the Ministry of Justice to fund victim services. For 2021/22 the PCC is due to receive £1.284m (£1.212m in 2020/21).
- 2.14 As part of the provisional Policing Grant Settlement announcements made on 17

December 2020, the Secretary of State announced a new Local Council Tax Support Grant to provide compensation for depleted Council Tax Income. The provisional allocation for the Constabulary is £1,311,401. The funding is un-ringfenced and its impact and how the grant will be utilised is yet to be quantified. Further work will be undertaken in the new financial year to consider the use of this grant but the budget presented in this report assumes that it will be earmarked into a specific reserve to fund future Covid 19 related pressures including the extent of the anticipated Collection Fund deficit until 2023/24.

2.15 The Government Grant allocations continue to be the main source of funding for the Constabulary, with Council Tax precept income meeting the additional running costs for the force. The proportion of Grant to Council Tax has changed significantly during the past seven years, which has resulted in a greater proportion of funding through Council Tax, with now nearly 40% of our budget funded through Council Tax compared to 30% in 2014/15.



2.16 A year on year comparison of our funding sources shows how Government Grant has only increased by 8% since 2014/15, largely as a direct result of grant reductions and freezes during the period of austerity. During the same period, the Net Revenue Budget for the Force has increased by an average of 2.9% per annum from £164.7m to £202.6m.



3. VALUE FOR MONEY

3.1 The Constabulary continues to demonstrate value for money and performs well in national comparators. The most recent procurement data for 2019/20 shows cashable savings of £0.77m for the force, representing 1.9% of the £40.6m total savings reported nationally across all forces. The Constabulary also plays a significant role in supporting the National ICT Company Frameworks which drive VFM.

ANNUALISED CASHABLE SAVINGS BY FORCE
(2019/20)

| Force | 19/20 Q1 (£m) | 19/20 Q2 (£m) | 19/20 Q3 (£m) | 19/20 Q4 (£m) |
|--------------------------------|---------------|---------------|---------------|---------------|
| Avon and Somerset Constabulary | 0.65 | 1.77 | 0.59 | 0.01 |
| Bedfordshire Police | 0.00 | 0.00 | 0.00 | 0.00 |
| Cambridgeshire Constabulary | 0.03 | 0.00 | 0.00 | 0.00 |
| Cheshire Constabulary | 0.13 | 0.03 | 0.00 | 0.04 |
| City of London Police | 0.04 | 0.00 | 0.00 | 0.00 |
| Cleveland Police | 0.04 | 0.02 | 0.01 | 0.01 |
| Cumbria Constabulary | 0.02 | 0.15 | 0.03 | 0.02 |
| Derbyshire Constabulary | 0.01 | 0.18 | 0.00 | 0.58 |
| Devon and Cornwall Police | 0.32 | 0.02 | 0.04 | 0.02 |
| Durham Constabulary | 0.03 | 0.00 | 0.01 | 0.14 |
| Dyfed-Powys Police | 0.04 | 0.00 | 0.05 | 0.11 |
| Dorset Police | 0.06 | 0.00 | 0.21 | 0.00 |
| Essex Police | 0.00 | 0.00 | 0.04 | 0.00 |
| Gloucestershire Constabulary | 0.53 | 0.00 | 0.02 | 0.03 |
| Greater Manchester Police | 0.62 | 0.00 | 0.00 | 0.00 |
| Gwent Police | 0.02 | 0.04 | 0.00 | 0.00 |
| Hampshire Constabulary | 0.00 | 0.00 | 0.00 | 0.00 |
| Hertfordshire Constabulary | 0.04 | 0.00 | 0.00 | 0.00 |
| Humberside Police | 0.13 | 0.01 | 0.00 | 0.02 |
| Kent Police | 0.00 | 0.00 | 0.04 | 0.00 |
| Lancashire Constabulary | 0.06 | 0.06 | 1.03 | 0.13 |
| Leicestershire Constabulary | 0.06 | 0.00 | 0.01 | 0.05 |

| Force | 19/20 Q1 (£m) | 19/20 Q2 (£m) | 19/20 Q3 (£m) | 19/20 Q4 (£m) |
|-----------------------------|---------------|---------------|---------------|---------------|
| Lincolnshire Police | 0.00 | 0.01 | 0.23 | 0.02 |
| Merseyside Police | 1.23 | 0.03 | 0.37 | 0.03 |
| Metropolitan Police Service | 8.71 | 2.26 | 0.53 | 2.08 |
| Norfolk Constabulary | 0.16 | 0.11 | 2.90 | 0.59 |
| Suffolk Constabulary | 0.13 | 0.11 | 2.03 | 0.55 |
| North Yorkshire Police | 0.18 | 0.06 | 0.00 | 0.00 |
| North Wales Police | 0.04 | 0.05 | 0.01 | 0.02 |
| Northamptonshire Police | 0.00 | 0.01 | 0.00 | 0.00 |
| Northumbria Police | 0.34 | 0.07 | 0.04 | 0.00 |
| Nottinghamshire Police | 0.07 | 0.02 | 0.05 | 0.14 |
| South Wales Police | 0.59 | 0.00 | 0.01 | 0.00 |
| Staffordshire Police | 0.07 | 0.34 | 0.08 | 0.13 |
| South Yorkshire Police | 0.11 | 0.00 | 0.00 | 0.03 |
| Surrey Police | 0.00 | 0.00 | 0.01 | 0.00 |
| Sussex Police | 0.00 | 0.12 | 0.06 | 0.00 |
| Thames Valley Police | 0.41 | 0.81 | 0.84 | 0.17 |
| Warwickshire Police | 0.15 | 0.04 | 0.01 | 0.02 |
| West Midlands Police | 0.83 | 1.01 | 0.58 | 0.15 |
| West Mercia Police | 0.31 | 0.23 | 0.02 | 0.01 |
| West Yorkshire Police | 1.13 | 0.02 | 0.35 | 0.11 |
| Wiltshire Police | 0.21 | 0.08 | 0.00 | 0.03 |

Note: Columns may not perfectly sum due to rounding.

Source: Home Office Commercial Directorate

3.2 The collaboration with Derbyshire Fire and Rescue Service continues to demonstrate ongoing benefits and opportunities for savings and closer working and the work through the East Midlands Special Operations Unit (EMSOU) also maximises the resources for specialist policing operations. Collaboration with DFRS continues where opportunities arise including the following areas during the past twelve months:

- Implementation of a joint transport system
- Joint contracts for Treasury Management, banking and travel advice Joint Property team and helpdesk
- Joint Maintenance, Design, Contractor frameworks
- Continuation of co-location projects
- Police procurement support for Fire BA replacement, fleet and HR system replacement

WHAT DOES THE FUTURE HOLD?

The Spending Review

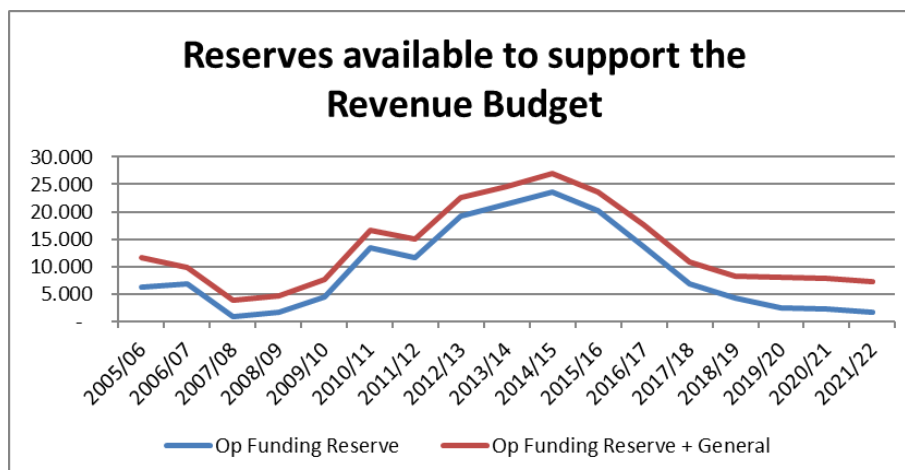
- 3.3 The Association of Police and Crime Commissioners (APCC) and the National Police Chiefs Council (NPCC) continue to work closely with Home Office and wider policing partners on any future spending review submissions. It is hoped that multi-year spending reviews will return for 2022/23 which, whilst still likely to present funding challenges, this should provide greater certainty and allow policing to plan more effectively over the longer term.

Funding Formula

- 3.4 The police funding formula is widely considered to be unfit for purpose and needs replacing. Indeed, the current formula has never been fully implemented. Substantial work was undertaken in 2016/17 to bring forward new proposals but this work was suspended in May 2017. It is considered unlikely that any changes will be made to the existing formula in the short to medium term.

Reserves Position

- 3.5 Our reserves have been falling faster than the national average over the past seven years. During this time, reserves have been used appropriately to support investment and to ensure that any precept increases are justified alongside savings plans and reserves. Whilst our level of reserves are now just below the national average challenges still remain to identify and achieve further ongoing savings to place the budget on a more sustainable footing.



Emergency Services Network (ESN)

- 3.6 The Home Office is leading on a cross government programme to deliver the Emergency Services Network (ESN) critical communications system. Its strategic aim is to transform mobile working and to deliver an improved voice and data service to the emergency services, replacing the reliable but limited and ageing Airwave system.
- 3.7 The transition to ESN continues to be delayed and the level of trust and confidence in the costs is uncertain. Strategically, ESN is still considered as the right thing to do as alternatives are unfeasible and it is still expected to be cheaper than the existing Airwave system. The previously reported date for national shutdown of the Airwave system by December 2022 is now unachievable and the likelihood is that the earliest date will now be 2024.
- 3.8 Concerns have been raised as to the affordability of ESN and the continued costs of keeping Airwave running. The regional team continues to work with force ESN leads and Chief Officers to help refine force specific ESN affordability assessments based on local operational requirements and business needs. In the absence of a national devices' strategy from the Programme, the regional team is supporting forces in making an initial assessment of device requirements for transition onto ESN.
- 3.9 Currently, there is a capital budget of £2.58m set aside for ESN, which is based upon the latest national estimates and will be updated when more accurate figures become available. However, it is highly likely that the costs of the project will be significantly higher than the current estimate.

4. WHAT ARE THE CHALLENGES?

- 4.1 In her letter to the PCC, the Chief Constable has outlined the challenges facing the constabulary and a commitment to invest in priority areas. Operation Derbyshire will focus new investment across four key themes, tackling the issues that affect our communities as well as supporting the victims of crime and the vulnerable. The proposed budget has been developed to ensure that our resources are directed towards priority services whilst still ensuring that we can effectively respond to changing demands in service and crime profiles and to drive out further savings and efficiencies through the Cost of Policing programme.

- 4.2 The public and political expectation that policing should address crimes against the most vulnerable, (domestic abuse, child sexual exploitation, modern slavery, human trafficking, county lines and forced marriage) is resource intensive. Victims require safeguarding. Investigations are often complex and partnership case management is intense.
- 4.3 The demand on policing remains high. This is reflected in additional demand through reports and call volumes but it is also apparent in the evidence being provided to police. The digital footprint in most investigations continues to increase and requires more time to process the work. The force needs to respond to an increasingly digitally capable criminal requiring new technology capabilities and organisation and serious and organised crime is a threat, more widely regarded as a national security issue. This, combined with the uncertainties around future police funding, spending reviews and the economic crisis caused by the Covid pandemic, will make it increasingly more challenging to prepare a balanced and sustainable budget.
- 4.4 The proposed budget and precept increase for 2021/22 will deliver clear benefits in operational policing, with an increase in police officers, supported by a robust investment in our infrastructure and estate. Whilst some risks still remain our Cost of Policing programme is designed to help us direct resources against areas of greatest risk and demand and to identify savings to help meet future budget shortfalls.

5 WHAT ASSUMPTIONS HAVE WE MADE? WHAT COSTS DO WE NEED TO COVER? WHAT INVESTMENT DO WE NEED TO MAKE?

Assumptions

- 5.1 The proposals developed for the budget ensure that resources remain committed towards priority service areas, the delivery of the strategic objectives contained in the Police and Crime Plan and meeting our Strategic Policing Requirement.
- 5.2 In developing and refining the budget and the forecasts the following underlying assumptions have been made:
- A pay freeze will be implemented during 2021/22 except for staff earning less than £24,000 per year, as announced in the Chancellor's spending review. Thereafter, pay increases in the following 3 years are 1.75%, 2.0% and 2.0%

to keep pace with the increase in inflation.

- An increase in council tax precept of £15 per annum in 2021/22 (6.62%), reverting to 2% for subsequent years in line with assumed referendum principles.
- Derbyshire's Council Tax base increases by only 0.3% in 2021/22, in part due to the economic pressures of Covid-19 and then increases by 0.5% in each of the next three years.
- Future increases in police funding grants are limited to inflationary increases (linked to pay award assumptions) and those required to fund the recruitment of the outstanding 8,000 additional officers nationally (115 assumed for Derbyshire).
- The Home Office will continue to provide funding towards the Regional and Organised Crime Units (ROCU's).
- The transfer of Special Branch costs to a specific Counter-Terrorism funding stream is now delayed until April 2022.
- An assumption that there will be some flexibility in managing the increase in police officer numbers with a requirement to have the additional 83 officers in post for no less than 70% of the year.
- Continuing provision will be needed for support and other costs associated with the Police Uplift Programme. £1.0m per annum has been included in the budget for these costs.
- No provision has been made at this stage for any changes to the national Police Funding Formula.
- As advised by the NPCC's lead on pensions, it is recognised that employer pension contribution rates may increase by up to 10% from 2023/24 as a result of higher benefits being payable following the McCloud case. A 5% increase has been allowed for in the budget, with an expectation that government assistance will be made available similar to the Police Officer pension increase.
- The new Direct Cost Charging methodology for recharging the costs of the National Police Air Service (NPAS) is introduced from April 2021, and will be applied to the user requirement agreed by the East Midlands forces.
- The future investment in technology, whether direct capital purchase or revenue service contracts, will need to be funded by revenue given the diminishing reserves and the minimal level of annual capital grant.

Inflation

- 5.3 This additional cost does not relate to any increase in service but is required just to maintain the existing base level of service and pay commitments. The 2021/22 budget assumes significant inflationary cost pressures amounting to £1.068m including provision to cover an expected significant increase in insurance costs arising from the current re-tendering exercise.

Costs We Have to Cover

- 5.4 These are items within the budget which are committed to by means of previous decisions taken, national agreements or statutory payments. The main significant changes that have occurred in this section for 2021/22 include:

| Description | £m |
|--|----------------|
| Pay Awards | 1.600 |
| Specific Price Inflation | 1.068 |
| PUP – Additional Officers / change in specific | 2.975 |
| Other Approved changes in officer / staff costs | 1.982 |
| Changes in Estate and Fleet running costs | 0.486 |
| Changes in costs of Supplies & Services procured from external suppliers | 0.839 |
| Restoration of base level of Revenue Contribution to Capital Outlay | 0.400 |
| Loss of income re Covid-19 pandemic | 0.201 |
| Total unavoidable costs | 9.551 |
| Less Budget reductions: - | |
| Travel savings re Covid-19 pandemic | (0.177) |
| Debt Charges profiling | (0.042) |
| Changes to Fees & Charges | (0.168) |
| Contributions to Regional / National Policing | (0.339) |
| Contributions from Specific Reserves | (0.409) |
| Total Budget Reductions | (1.135) |
| Net Unavoidable Budget increases | 8.416 |

Maintaining, Sustaining and Supporting

- 5.5 A significant part of the 21/22 budget increase relates to costs that are required to both improve and maintain performance, to meet the Commissioner's and Constabulary's priorities and to meet the growing demands on the Constabulary. The significant budget increases are identified below:

| Description | £m |
|---|--------------|
| <i>Maintaining and sustaining investment</i> | |
| Vehicle Maintenance Contract & Excess Insurance costs | 0.370 |
| New Payroll & Other Financial Contracts | 0.222 |
| Renewal of Microsoft Licences | 0.307 |
| National IT Charges | 0.447 |
| Total | 1.346 |

| Description | £m |
|---|--------------|
| <i>Other areas of investment to support the front line and the vulnerable</i> | |
| New accommodation – Ascot Drive | 0.250 |
| 20 Additional PCSO' (Temporary) | 0.590 |
| New Communication & Engagement posts | 0.156 |
| Body Worn Video (Replacement) | 0.202 |
| Additional Crime Scene Investigator (CSI) Posts | 0.199 |
| Appropriate Adult and Witness Intermediary Schemes | 0.112 |
| Sexual Assault Referral Centre – FME Provision | 0.357 |
| Review of Analysts Function | 0.192 |
| Support of Capital Programme | 0.400 |
| Other Investments and Business Cases | 1.000 |
| Total | 3.458 |

These investments and cost-pressures are also shown in **Annex A**.

Our Community Priorities

- 5.6 The projected budget surplus provides an opportunity to direct investment against the four key themes that are part of Operation Derbyshire.

| Operation Derbyshire | Indicative Costs |
|--|-------------------------|
| <i>Theme: Tackling Speeding</i> | |
| Investment in Speed detection technology | £10,100 |
| Increase in the number of flexibly deployed ANPR Cameras | £72,000 to £135,000 |
| <i>Theme: Ensuring Police Visibility</i> | |
| Additional CCTV Cameras (Flexible deployment) | £88,000 to £99,000 |
| Increase in the number of Neighbourhood Investigation Officers | £310,700 |
| Introduction of a fleet of e-bikes | £40,200 |
| <i>Theme: Addressing Anti-Social Behaviour and Community Crime</i> | |
| Increase the number of staff in CmaRC to improve non-emergency call handling times | £628,040 |
| Develop our drone capability to enable all weather flying and underwater search capabilities | £70,000 |
| Introduce Rapid Deployment Cameras | £10,000 |
| <i>Theme: Reassuring our Rural Communities & Supporting Victims</i> | |
| Investment in technology to protect the most vulnerable | £10,000 |
| Total | £1.3m |

Our Estates Plan – North West & North East Division

- 5.7 The force's new model of policing has brought forward the requirement for 'hubs' in the north of the county. £12m is included in the Capital Programme for the North East and £11m is included for the North West Division Accommodation. This would provide a highly visible demonstration to the communities within the North Division of the Constabulary's commitment to policing this important part of the county, ultimately improving visibility and providing a secure basis from which to address future threat and risk. Whilst discussions are in advanced stages in relation to land acquisitions the majority of the associated debt and capital charges do not impact on the budget until 2023/24.

The Workforce Strength

- 5.8 The table below provides a summary of the changes to the funded establishment built into the 2021/22 revenue budget including the uplift from the Governments proposed grant for extra Police Officers:

| FTE's | Police Officers | PCSO'S | Police Staff | Total Staff | Total |
|--|-----------------|------------|----------------|----------------|----------------|
| 2020/21 Funded Posts – Precept Report | 1,835 | 179 | 1,409.3 | 1,578.3 | 3,423.3 |
| Police Officers national uplift | 83* | | | | 83 |
| Additional PCSO's funded by PCC for 2 years | | 20 | | 20 | 20 |
| Comms & Engagement review | | | 2.4 | 2.4 | 2.4 |
| Additional Crime Scene Investigators – national accreditation for Forensics function | | | 4.0 | 4.0 | 4.0 |
| Regional Collaboration posts | | | 3.6 | 3.6 | 3.6 |
| Other Police Staff changes | | | 0.5 | 0.5 | 0.5 |
| Projected 2021/22 Funded Posts – Precept Report | 1,918 | 199 | 1,419.8 | 1,618.8 | 3,536.8 |

- 4 of the 83 uplift posts are required to be allocated to the East Midlands ROCU

6. WHAT IS THE EXPECTED OUTCOME? – 2021/22 DRAFT BUDGET SUMMARY

- 6.1 The tables below provide a summary of the 2021/22 draft revenue budget showing a high-level split of the overall budget between those elements that the PCC is directly responsible for and those under the direction and control of the Chief Constable to manage and operate.
- 6.2 The proposed draft budget for 2021/22 for the **Office of the Police and Crime Commissioner** is summarised in the table below:

| Office of the Police and Crime Commissioner | Approved Budget 2020/21 (£m) | Draft Budget 2021/22 (£m) |
|--|---|--------------------------------------|
| Commissioner's Office | 1.277 | 1.353 |
| Crime Prevention Fund | 0.275 | 0.275 |
| Community Safety Fund | 1.792 | 1.839 |
| Victim and Witness Services | 1.614 | 1.727 |
| Other Partnership Contributions | - | 0.036 |
| Sub-Total | 4.958 | 5.230 |
| Revenue Contributions to Capital | 2.942 | 3.272 |
| Debt Charges | 0.731 | 0.688 |
| Interest Receipts | (0.110) | (0.010) |
| Sub-total | 8.521 | 9.180 |
| Contribution from Reserves | (0.146) | (0.100) |
| Contribution to Reserves | 0.028 | 1.324 |
| Grant from the Ministry of Justice (estimate) | (1.212) | (1.284) |
| Local Authority Contributions | (0.450) | (0.628) |
| Net Budget Requirement | 6.741 | 8.492 |

6.3 The proposed draft budget for the **Chief Constable** is set out in the table below:

| Chief Constable | Approved Budget 2020/21 (£m) | Draft Budget 2021/22 (£m) |
|-----------------------------------|---|--------------------------------------|
| Derbyshire Constabulary | 172.993 | 183.194 |
| East Midlands Collaboration | 9.687 | 9.727 |
| BCU Fund | 0.318 | 0.318 |
| Partnerships | 0.579 | 0.607 |
| Contribution to National Policing | 0.163 | - |
| Sub-total | 183.740 | 193.846 |
| Contributions from Reserves | (0.602) | (1.042) |
| Net Budget Requirement | 183.138 | 192.804 |

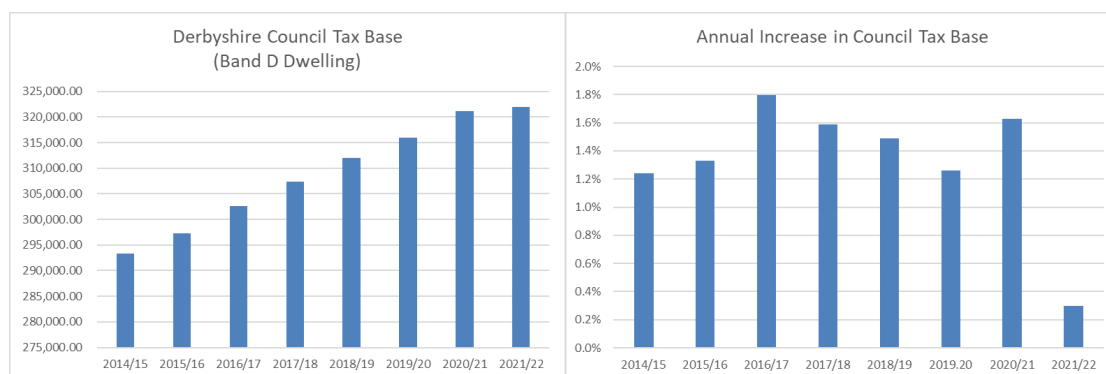
NB. The draft budget above and as broken down at Annex C does not include the £1.334m referred to at para 1.6. This additional amount will be added to appropriate budget headings as and when initiatives are approved.

6.4 The budget for the share of specialist policing within Derbyshire that is being delivered collaboratively with other police forces within the **East Midlands** is summarised in the table below: -

| East Midlands Collaboration | Approved Budget 2020/21 £m | Draft Budget 2021/22 £m |
|---|---------------------------------------|------------------------------------|
| EMSOU Serious and Organised Crime, incl TSU | 4.940 | 5.030 |
| Major Crime | 0.189 | 0.180 |
| Forensics | 1.969 | 1.992 |
| HR Service Centre - Derbyshire / Leicestershire | 0.802 | 0.853 |
| Learning and Development / Occupational Health | 1.074 | 0.916 |
| Legal | 0.397 | 0.415 |
| Contribution to Regional Teams | 0.307 | 0.331 |
| Crimestoppers Regional Manager | 0.009 | 0.010 |
| Total Collaboration | 9.687 | 9.727 |

Council Tax base

6.5 The tax base is calculated by the billing authorities by converting all properties to Band D equivalents and making assumptions about the levels of discounts to be offered and the amount of tax to be collected. The Tax Base has steadily increased since 2014/5, however the rate of increase is reduced for 2021/22 when, largely as a result of the Coronavirus pandemic, a small increase of only 0.3% in the Tax Base is being assumed.



- 6.6 Billing authorities are not required to finalise their tax bases until the end of January. Based on provisional returns, the total tax base for the PCC for 2021/22 is expected to be 321,952.85 and is broken down by authority in **Annex E**.
- 6.7 The Government has committed to fund up to 75% of irrecoverable council tax losses through the Collection Fund and to allow the deficits to be spread across 3 years rather than the usual period of a year. The regulations affect the Council Tax estimated collection fund surpluses and deficits in financial years 2021/22, 2022/23 and 2023/24. Unlike previous years, the PCC's share of billing authorities' collection fund deficits has not been factored into the budget. This is due to the significant uncertainties surrounding the calculation of the position and the government compensation that may offset it. Indeed, some authorities have been unable as yet to provide a figure to us. The Collection Fund deficit for 2021/22 is not expected to exceed more than £300,000. Whilst ordinarily the Collection Fund Surplus/Deficit would be included within the Budget requirement, due to the uncertainty of the final value and confirmation of the subsidy to be received, it is recommended that a charge will be made against the new reserve being created from the receipt of the Council Tax Support Grant, as set out in section 2.15. This will be expected to cover the deficits for up to 2023/24.

Band D Council Tax

- 6.8 Assuming the PCC opts for a £15 increase, the maximum allowed by the Government, the recommended Band D Council Tax proposed for 2021/22 is £241.60, an increase of 6.62% on the comparable figure for 2020/21.

| | Precept Increase £15 |
|-------------------------------------|---------------------------------|
| Net Revenue Budget | £202,630,397 |
| Budget Increase (%) | 6.7% |
| Proposed Council Tax Requirement | £77,783,809 |
| Police Council Tax (Band D) | £241.60 |
| Police Council Tax Increase (£) | £15.00 |
| Police Council Tax Increase (%) | 6.62% |
| Proposed Contribution from reserves | £0m |

MEDIUM-TERM FINANCIAL FORECAST 2021/25

6.9 The impact of the budget proposals for 2021/22 and key assumptions for costs and income streams over the next 4 years is summarised in the table below. All government funding, including all special grants, are shown as external funding, illustrating the full cost and funding of the Derbyshire PCC and Chief Constable. This shows a budget surplus of £1.334m for 2021/22, rising to a potential deficit of £10.016m in 2024/25, based on the broad assumptions. These forecasts are set out in more detail at **Annex A**. Given the uncertainties surrounding future funding for the police service the projected deficits can only be highly provisional at this stage and represent the likely to worse case scenarios, assuming that the Core Policing Grant increases in line with inflation/pay awards and that further funding for Uplift officers continues through ring fenced grant. It also assumes a 2% precept increase in future years and shows the extent of the challenge that remains.

| Medium-Term Forecast 2021/25 | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m |
|--|----------------|----------------|----------------|----------------|
| Previous Year's Gross Expenditure | 189.879 | 201.296 | 206.750 | 219.052 |
| Pay Awards and Inflation increases | 2.667 | 1.918 | 3.418 | 3.759 |
| Other spending pressures/reductions | 6.439 | 3.847 | 7.884 | 0.259 |
| Contribution to Council Tax Support Reserve | 1.311 | (1.311) | | |
| New Business Cases | 1.000 | 1.000 | 1.000 | 1.000 |
| Net Revenue Budget | 201.296 | 206.750 | 219.052 | 224.070 |
| Projected Funding | (202.630) | (205.281) | (209.619) | (214.055) |
| Likely Annual Budget Base (Surplus)/Deficit | (1.334) | 1.469 | 9.433 | 10.016 |
| Contribution (to) / from Reserves / Cost of Policing Programme | - | 1.469 | 9.433 | 10.016 |
| Likely Remaining (Surplus)/Deficit | (1.334) | - | - | - |

- 6.10 It is vital that Derbyshire Police continues to explore opportunities to deliver savings to fund future investment so that our reserve levels can remain healthy and that ongoing enhancements to service levels are self-financed through saving plans.
- 6.11 We continue to model a range of scenarios for the future and the Statement from the Chief Finance Officer for the Chief Constable highlights some of the risks that need to be managed. The Medium-Term Financial Plan projects a reasonable worst case scenario of a budget shortfall of £10.016m by 2024/25. It is unclear what the next spending review will mean for police finance. We will continue to ensure that the MTFP is regularly updated and reflects our best estimate and assumption on future inflation levels, cost pressures, government grants and the ambition of the Constabulary.

7. PUBLIC CONSULTATION AND ENGAGEMENT

- 7.1 The Commissioner conducted a public consultation through both digital (the Commissioner's website) and face-to-face contact (at virtual events due to the ongoing pandemic). The consultation described the Commissioner and Chief Constable's desire to protect policing services in Derbyshire from a budget deficit that, despite the national uplift programme, may lead to cuts if not properly addressed.
- 7.2 The consultation commenced on 23rd December 2020 and closed on 10th January 2021. The Commissioner included options ranging from 0% (a freeze in council tax) up to an increase of more than £15 (which would require a referendum).
- 7.3 The consultation achieved 1,478 responses, all virtual this time due to the restrictions on public engagement that the pandemic has caused. All districts (and the City) were well represented in the consultation responses. The results showed that 67.6% of respondents supported a precept increase of £15 or more.
- 7.4 It was clear from the varied opinions being expressed on social media channels in particular that this year (more so than any other year) has been very difficult and challenging for people financially. The Commissioner has listened to the comments

received and has consistently stated publicly that he wants the Government to properly fund policing in Derbyshire rather than merely pass the problem to local council tax-payers. However, that has not happened again this year and hence the Commissioner is faced with the very difficult decision of whether or not to impose an increase in council tax for policing.

8. RESERVES AND BALANCES

Reserves Position for Derbyshire

8.1 The budget plans accommodate all the known immediate financial risks facing Derbyshire Police. Nevertheless, risks continue to remain over future finance settlements, inflation and the impact of future pay awards, but also:

- The contributions to Regional Organised Crime Units (ROCU) and East Midlands Serious and Organised Crime Unit.
- Future funding to support recruitment and the associated costs.
- National Police Information and Technology charges.
- Employer Pension rates – particularly arising from ‘McCloud’ rectification’.
- Further changes to the funding model for the National Police Air Service (NPAS).
- Forensics (accreditation regimes, investment in digital technology and supplier pressure).
- Introduction of the Emergency Services Network (ESN).
- Impact of Brexit.
- Ongoing impact of the Covid-19 pandemic in terms of the costs of any policing response, reductions in Fees & Charges income and suppression of the local Council Tax base.

8.2 Equally, major and unpredictable new policing operations can also impact heavily on the budget. As it stands, reserves are sufficient to provide a cushion against short term risks. The table below shows the projected level of reserves up to 2024:

| | Balances at 31/03/20 | Estimated Balances at 31/03/21 | Estimated Balances at 31/03/22 | Estimated Balances at 31/03/23 | Estimated Balances at 31/03/24 |
|--|-------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | £m | £m | £m | £m | £m |
| GENERAL RESERVES | 5.500 | 5.500 | 5.500 | 5.500 | 5.500 |
| EARMARKED RESERVES | | | | | |
| Useable:- | | | | | |
| Operational Funding and Investment Reserve | 2.494 | 2.707 | 2.117 | 1.906 | 1.906 |
| Carry-forwards | 1.194 | 0.754 | 0.754 | 0.754 | 0.754 |
| PCC Grants & Commissioning | 0.956 | 0.810 | 0.710 | 0.710 | 0.710 |
| Local Council Tax Support | 0.000 | 0.000 | 1.311 | 0.000 | 0.000 |
| Sub-Total | 4.644 | 4.272 | 4.893 | 3.370 | 3.370 |
| Non-useable:- | | | | | |
| PFI - Ilkeston | 0.999 | 0.917 | 0.832 | 0.739 | 0.634 |
| PFI - Derby | 2.213 | 1.797 | 1.437 | 1.042 | 0.609 |
| Insurance | 0.485 | 0.193 | 0.198 | 0.204 | 0.210 |
| Sub-Total | 3.698 | 2.907 | 2.467 | 1.985 | 1.452 |
| TOTAL EARMARKED RESERVES | 8.342 | 7.179 | 7.361 | 5.355 | 4.822 |
| TOTAL RESERVES | 13.842 | 12.679 | 12.861 | 10.855 | 10.322 |

8.3 Further detail on the level of reserves is set out in **Annex D** and the Reserves Strategy within the Medium-Term Financial Strategy show the modelling of the impact on reserves of risks and key assumptions.

9. IS OUR BORROWING AFFORDABLE?

9.1 Whilst the Prudential Code relates to new capital controls, it does impact on the revenue budget. Any agreed long-term borrowing meeting all the Prudential Code guidelines will have on-going revenue implications over a long period. Separate reports deal with the Capital Programme and also the Prudential Indicators for the Constabulary have been prepared. Borrowing assumptions for currently approved capital schemes are included in this report.

10. ASSURANCE STATEMENT FROM THE S151 OFFICERS' CONSIDERATIONS

10.1 When setting the Budget and Capital Programme for the forthcoming year the Police & Crime Commissioner must be satisfied that adequate consideration has been given to the following: –

- Government policy on police spending, as applied to the Police & Crime Commissioner.
- The CIPFA Prudential Code and the CIPFA Treasury Management Code.
- The impact on the Council Tax and the threat or risk of exceeding the excessiveness principle (previously capping).
- Whether the proposals represent a balanced budget for the year.
- The robustness of estimates and the size and adequacy of general and specific earmarked reserves.
- The medium-term implications of the Budget and Capital Programme (MTFS).

10.2 Section 25 of the Local Government Act 2003 requires the Commissioner's Chief Financial Officer to provide the Commissioner with assurance on the robustness of estimates made for the purposes of the budget calculations and the adequacy of reserves.

10.3 The Act requires that the Commissioner has regard to the report of the Chief Finance Officer in making their budget decision. Where this advice is not accepted, this needs to be formally recorded in the minutes of an appropriate meeting.

ASSURANCE OF THE CHIEF CONSTABLE'S CHIEF FINANCIAL OFFICER

10.4 As the Chief Constable's Chief Financial Officer, I can provide the following assurances: -

- The main assumptions and estimates, for compiling the budget are set out within the report and the figures for the 2021/22 budget have been based on these assumptions.
- The recommendations are consistent with the budget strategy also set out within the report and do not impact on the financial stability of the Constabulary. There is, however, increased pressure on reserves with the operational funding and investment reserve being exhausted in 2022/23 based on current forecasts without any savings and potentially significant savings programme targets for future years.
- Future financial implications up to 2025 have been analysed but can only provide an indication of the potential financial position that the Constabulary and Commissioner will face, particularly with the likely volatility of council tax income and one-off grants that have been provide in support so far. This reflects all known factors that could have an impact on these financial plans up to 2025. The impact of increasing funding through ring fenced grants will also require careful monitoring and the Cost of Policing Programme will be required to deliver savings to sustain the budget in the short and medium term and will be monitored through the Finance Futures Board.
- The figures within the Medium-Term Financial forecasts are based on a number of key assumptions and can only provide an indication of the scale of the challenge that we face at this time. In particular the figures are heavily dependent on future government funding decisions and precept limitations.
- Medium Term implications –. There are a number of scenarios that the Constabulary will need to model with the current MTFP based on the most prudent forecast around funding and precept increases. It does, however, present a significant challenge, accepting it provides the worst or a likely case scenario, based on very limited information at the moment.

ASSURANCE OF THE POLICE AND CRIME COMMISSIONER'S CHIEF FINANCIAL OFFICER

10.5 As the Commissioner's Chief Financial Officer, I can provide the following assurances: -

- Government Policy – The MTFS is produced in line with the latest government policy as applied to Police & Crime Commissioners.
- CIPFA Code – the MTFS is produced in line with the Prudential Code and the CIPFA Treasury Management Code. Details are outlined in the Treasury Management and Capital Programme reports.
- Council Tax – The Government confirmed that legislation through the Localism Act provides communities with the power to veto, through a referendum, council tax increases deemed by the government to be excessive. The level at which council tax is deemed excessive is decided in accordance with a set of principles determined by the Secretary of State for Communities. For 2021/22 the revised Referendum Principle is £15 for Police & Crime Commissioners. This report includes an increase in the Police element of Council Tax at Band D by £15. Increases in council tax secure year on year funding, as being a part of the base revenue budget.
- Balanced budget – a balanced budget is presented.
- Robustness of Estimates – I have reviewed the matters that have been considered in drafting the proposed budget and the consequential budget requirement, and the required level of the police precept. I am satisfied that the procedures adopted by the Director of Finance and his team are sufficiently robust to ensure the financial data is accurate and forms a sound basis for the preparation of the estimates for 2021/22.
- Adequacy of reserves – I consider the level of general reserves (£5.5m) to be adequate for meeting estimated future risks. Specific reserves are reducing (rapidly in some cases) but are at appropriate levels to support future expenditure in the medium term. Given the size of the projected future deficit, however, I will keep this position under regular review.
- Medium Term implications – I consider that the MTFP presents a best estimate of the future financial pressures that the Commissioner will face. It

should be noted that inherent within the MTFP are key assumptions as set out elsewhere in this report. Movement in any of those key assumptions would have significant impact on the available resources to support policing. The Director of Finance and I will continue to monitor national developments carefully to ensure the Commissioner and Chief Constable are sighted on any emerging risks for Derbyshire.

POLICE & CRIME COMMISSIONER FOR DERBSYHIRE
Revenue Budget Projections 2021/22 to 2024/25

| | Notes | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|---|-------------|----------------|----------------|----------------|----------------|
| PROJECTED STAFFING LEVELS | 20/21 | fte's | fte's | fte's | fte's |
| Police Officers | 1758 | 1,918.0 | 2,033.0 | 2,033.0 | 2,033.0 |
| PCSO's | 178 | 199.0 | 179.0 | 179.0 | 179.0 |
| Police Staff | 1358 | 1,419.8 | 1,419.8 | 1,419.8 | 1,419.8 |
| TOTALSTAFFING | 3294 | 3,536.8 | 3,631.8 | 3,631.8 | 3,631.8 |
| | | | | | |
| PROJECTED BUDGET REQUIREMENT | | £m | £m | £m | £m |
| Previous Year's Budget Requirement | | 189.879 | 201.296 | 206.751 | 219.053 |
| Pay & Price Increases | | | | | |
| Full Year Effect of Previous Year's Pay Award:- | | | | | |
| Police Officers | ➤ (1) | 1.050 | 0.000 | 0.812 | 0.984 |
| Police Staff | ➤ (1) | 0.484 | 0.000 | 0.366 | 0.428 |
| Provision for Current Year's Pay Award & Inflation:- | | | | | |
| Police Officers pay award | ➤ (1) | 0.000 | 1.074 | 1.308 | 1.390 |
| Police Staff pay award | ➤ (1) | 0.066 | 0.521 | 0.602 | 0.617 |
| Specific Price Inflation | | 0.871 | 0.128 | 0.133 | 0.138 |
| Collaboration - inflationary increases | | 0.196 | 0.195 | 0.198 | 0.202 |
| Total - Pay & Price Increases | | 2.667 | 1.918 | 3.418 | 3.759 |
| Previous Year's Budget plus Pay & Price increases | | 192.546 | 203.214 | 210.169 | 222.812 |
| Other Ongoing Changes (eg from government / policing service / previous PCC decisions) | | | | | |
| Estimated Uplift Officers | | 2.039 | 3.821 | 1.473 | |
| less: Earmarked Uplift Grant | | 0.937 | (.557) | 2.000 | 0.000 |
| Police Officers - Increments / Turnover | | 0.984 | (.344) | (.334) | (.791) |
| Police Officers - Vacancy Factor | | 0.000 | | | |
| Police Officers - Overtime (no of Bank Holidays) | | 0.241 | 0.000 | (.241) | (.246) |
| Police Officers - Overtime (other changes) | | (.065) | 0.100 | | |
| Police Officers - Rent / Housing Allowance eligibility | | (.063) | (.062) | (.108) | (.144) |
| Police Officers - Other changes in allowances | | 0.141 | | | |
| Police Officers - Pension Scheme revaluation | | | | 3.823 | |
| Police Staff Increments | | 0.477 | 0.477 | 0.486 | 0.495 |
| Police Staff - new Assets structure | | 0.054 | | | |
| Police Staff - changes in Oncosts | | 0.243 | | | |
| Police Staff - other changes | | (.031) | | | |
| Grounds Maintenance Contract | | 0.059 | | | |
| Other Premises costs | | 0.057 | | | |
| Vehicle Maintenance Contract and Insurance Excess costs | | 0.370 | | | |
| Reductions in Travel - Covid | | (.177) | | | |
| Pathologist Fees - increased attendance | | 0.085 | | | |
| New payroll contract / other financial contracts | | 0.222 | (.126) | | |
| NPAS - new regional share | | (.022) | | | |
| Renewal of Microsoft licences | | 0.307 | | | |
| Other IT Licences | | (.105) | | | |
| Mobile Phones rental | | (.140) | | | |
| National IT Charges | | 0.447 | | | |
| Other subscriptions to national policing services | | 0.038 | | | |
| Misc Supplies & Services | | 0.007 | | | |
| Debt Charges - current borrowing | | (.022) | 0.282 | 0.410 | 0.804 |
| Debt Charges - new borrowing | | (.020) | 0.550 | 0.425 | 0.192 |
| Re-instatement of RCCO reduction in 2019/20 | | 0.400 | | | |
| Investment Income | | 0.100 | | | |
| Other Income re Covid-19 | | 0.101 | (.101) | | |
| Other changes in fees and charges | | (.168) | | | |
| Contributions to Regional Policing | | (.176) | | | |
| Contributions to National Policing | | (.163) | | | |
| Changes in specific Reserve contributions | | (.409) | 0.335 | 0.161 | (.051) |
| Total - Other Ongoing Changes | | 5.746 | 4.377 | 8.096 | 0.259 |

Cont'd

| | | | | | |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2019/20 and 2020/21 Precept Decisions - on-going effect | | | | | |
| Taser Uplift | | (.037) | | | |
| IS -Ongoing cost of Analytics | | 0.120 | | | |
| Uplift Set-Up costs - provision reduced to £1m | | (.250) | | | |
| Provision for Op Relentless - 1 year only | | (.250) | | | |
| CMARC - Reinstate 'full' 4% vacancy factor | | (.150) | | | |
| Additional support to Capital Programme - 1 year only | | (.250) | | | |
| Additional support to Self-Insurance Provision - 1 year only | | (.250) | | | |
| Increase in PCC's Commissioning Budget - net of reserves | | | | | |
| 2020/21 Supported Business Cases | | (.007) | | | |
| Provision for new Growth Items | | (.313) | | | |
| Total - 2019/20 and 2020/21 Precept Decisions | | (1.387) | 0.000 | 0.000 | 0.000 |
| Previous Year's Budget plus Pay & Price increases | | 196.905 | 207.592 | 218.265 | 223.071 |
| Items agreed after 2020/21 Precept Meeting | | | | | |
| 20 additional PCSO's - Temporary | | 0.590 | (.378) | (.212) | |
| Police Staff - new Comms & Engagement structure | | 0.156 | | | |
| Ascot Drive / Cotton Lane running costs | | 0.250 | (.100) | | |
| Derby PFI Benchmarking exercise | | 0.066 | | | |
| Body-worn video replacement | | 0.202 | | | |
| Review of Analysts function | | 0.192 | | | |
| Additional CSI posts | | 0.199 | | | |
| Stop Hate post | | 0.029 | | | |
| Other costs re accreditation of forensic evidence | | 0.077 | | | |
| Appropriate Adult and Witness Intermediary schemes | | 0.112 | | | |
| SARC FME contract | | 0.357 | | | |
| Police NOW contract | | (.112) | | | |
| Income from University of Derby | | (.047) | (.051) | | |
| Other OPCC costs | | 0.009 | | | |
| Total - Items agreed / arising after 2020/21 Precept Meeting | | 2.080 | (.529) | (.212) | 0.000 |
| Provision for new Growth Items | | 1.000 | 1.000 | 1.000 | 1.000 |
| Earmarked Local Council Tax Support Grant | | 1.311 | (1.311) | | |
| BUDGET REQUIREMENT FOR YEAR | | 201.296 | 206.751 | 219.053 | 224.071 |
| FUNDING FOR BUDGET REQUIREMENT | notes | 2021/22 £m | 2022/23 £m | 2022/23 £m | 2022/23 £m |
| Central Government Funding | | | | | |
| Formula grant | (4) | (114.835) | (116.845) | (119.182) | (121.565) |
| Council Tax grants | (4) | (10.011) | (8.700) | (8.700) | (8.700) |
| Total - Central Government Funding | | (124.847) | (125.545) | (127.882) | (130.265) |
| Precept Funding | | | | | |
| Previous year Council Tax Funding | | (73.153) | (77.784) | (79.736) | (81.738) |
| Change in tax base - annual growth | (5) | (.196) | (.389) | (.399) | (.409) |
| Change in Band D Council Tax | | (4.829) | (1.563) | (1.603) | (1.643) |
| Change in Collection A/c Surplus / (Deficit) | | 0.394 | 0.000 | 0.000 | 0.000 |
| Total - Precept Funding | | (77.784) | (79.736) | (81.738) | (83.790) |
| TOTAL PROJECTED FUNDING | | (202.630) | (205.281) | (209.620) | (214.055) |
| BUDGET (SURPLUS) / DEFICIT | | (1.334) | 1.471 | 9.434 | 10.017 |
| Contribution from Operational Funding / Investment Reserve | | 0.000 | 0.000 | 0.000 | 0.000 |
| REMAINING (SURPLUS) / DEFICIT NOT FUNDED | | (1.334) | 1.471 | 9.434 | 10.017 |

Office of the PCC - 2020/21 Budget (Detail)

| Account | Account (T) | 2020/21 Base Budget | Full Year Inflation | Increments | Other Changes | 2021/22 PROPOSED BUDGET |
|---|------------------------------------|---------------------|---------------------|--------------|---------------|-------------------------|
| 1100 | Police Staff Pay | 769,000 | 8,100 | 2,500 | 21,000 | 800,600 |
| 1120 | Police Staff Overtime - Plain Time | 1,100 | | | | 1,100 |
| 1140 | Police Staff National Insurance | 81,500 | 800 | 200 | (2,500) | 80,000 |
| 1160 | Police Staff Superannuation | 100,200 | 1,100 | 300 | 10,300 | 111,900 |
| 1501 | Training Courses | 5,000 | | | | 5,000 |
| 1602 | Recruitment Advertising | 1,000 | | | | 1,000 |
| 1603 | Interview Expenses | 500 | | | | 500 |
| 2210 | Hire of Rooms | 1,200 | | | | 1,200 |
| 3200 | Police Vehicle Fuel | 400 | | | | 400 |
| 3300 | Hire of Vehicles | 1,200 | | | | 1,200 |
| 3400 | Other Mileage (PSV) | 11,000 | | | | 11,000 |
| 3403 | Rail Travel | 8,000 | | | | 8,000 |
| 3408 | Car Parking, Taxis, etc | 1,000 | | | | 1,000 |
| 4000 | Equipment - General | 3,000 | | | | 3,000 |
| 4040 | Furniture | 2,500 | | | | 2,500 |
| 4100 | Accommodation / Hotel Expenses | 1,800 | | | | 1,800 |
| 4101 | Subsistence Expenses | 400 | | | | 400 |
| 4291 | Meals / Refreshments | 1,700 | | | | 1,700 |
| 4400 | Printing and Stationery - General | 5,000 | | | | 5,000 |
| 4401 | Publications | 500 | | | | 500 |
| 4505 | Financial Contracts | 48,000 | | | | 48,000 |
| 4520 | Professional Fees | 22,400 | | | | 22,400 |
| 4543 | Professional Fees - Legal | 17,600 | | | | 17,600 |
| 4575 | Media Relations | 46,500 | | | | 46,500 |
| 4635 | Software Purchase | 17,500 | | | | 17,500 |
| 4740 | JARAC Attendance | 7,000 | | | 5,000 | 12,000 |
| 4741 | JARAC Mileage | 1,000 | | | | 1,000 |
| 4805 | Non-Recruitment Advertising | 4,900 | | | | 4,900 |
| 4807 | Conference Expenses | 2,500 | | | | 2,500 |
| 4888 | Bank Charges | 21,800 | | | | 21,800 |
| 4890 | Misc Expenditure | 25,000 | | | | 25,000 |
| 4895 | Subscriptions General | 67,000 | | | 29,000 | 96,000 |
| Office of the PCC - Total Budget | | 1,277,200 | 10,000 | 3,000 | 62,800 | 1,353,000 |

| 2021/22 PROPOSED BUDGET | | | |
|---|------------------------------------|--|------------------------------------|
| <u>Services Commissioned via the Chief Constable</u> | | | |
| | 2020/21 Approved £m | | 2021/22 Proposed £m |
| Police Officers | 101.485 | | 105.552 |
| Community Support Officers | 5.559 | | 7.006 |
| Other Police Staff | 42.043 | | 42.980 |
| Police Pensions | 3.047 | | 3.092 |
| Other Employee Expenses | 0.792 | | 0.711 |
| Premises | 9.761 | | 10.273 |
| Transport | 3.690 | | 3.929 |
| Supplies & Services | 16.778 | | 19.317 |
| Agency & Contracted Services | 0.212 | | 0.212 |
| Pay & Price Contingency | 0.000 | | 0.000 |
| Specific Grants | (6.994) | | (6.054) |
| General Income | (3.380) | | (3.824) |
| Derbyshire Constabulary | 172.993 | | 183.194 |
| Contribution to East Midlands Collaboration | 9.687 | | 9.727 |
| BCU Funding | 0.318 | | 0.318 |
| Partnerships | 0.579 | | 0.607 |
| Contribution to National Policing | 0.163 | | 0.000 |
| | | | |
| PROPOSED GROSS SPENDING | 183.740 | | 193.846 |
| | | | |
| Contribution from reserves | | | |
| - PFI | (.468) | | (.452) |
| - Devolved Carry-Forwards | (.134) | | 0.000 |
| - Other Reserves | - | | (.590) |
| | (.602) | | (1.042) |
| | | | |
| PROPOSED NET SPENDING | 183.138 | | 192.804 |

POLICE & CRIME COMMISSIONER FOR DERBYSHIRE
STATEMENT OF LEVEL OF RESERVES AS AT 31st MARCH 2020 & FORECAST LEVELS TO 31st MARCH 2024

| | 2020 / 21 | | | | 2021 / 22 | | | 2022 / 23 | | | 2023 / 24 | | | |
|--|---------------------|-------------------------------|----------------------------|--------------------------|----------------------|---|------------------------------------|--------------------------------|---|------------------------------------|--------------------------------|---|------------------------------------|--------------------------------|
| | Balances at 1/04/20 | Movements (to) / from Revenue | Transfers Between Reserves | Contributions to Capital | Balances at 31/03/21 | Projected Movements (to) / from Revenue | Projected Contributions to Capital | Estimated Balances at 31/03/22 | Projected Movements (to) / from Revenue | Projected Contributions to Capital | Estimated Balances at 31/03/23 | Projected Movements (to) / from Revenue | Projected Contributions to Capital | Estimated Balances at 31/03/24 |
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| GENERAL RESERVES | 5,500,000 | - | | - | 5,500,000 | - | - | 5,500,000 | - | - | 5,500,000 | - | - | 5,500,000 |
| EARMARKED RESERVES | | | | | | | | | | | | | | |
| Useable:- | | | | | | | | | | | | | | |
| Operational Funding and Investment Reserve | 2,493,585 | 213,800 | | | 2,707,385 | (590,000) | | 2,117,385 | (211,800) | | 1,905,585 | | | 1,905,585 |
| Carry-forwards | 1,194,314 | (440,000) | | | 754,314 | | | 754,314 | | | 754,314 | | | 754,314 |
| PCC Grants & Commissioning | 956,339 | (146,159) | | | 810,180 | (100,000) | | 710,180 | | | 710,180 | | | 710,180 |
| Local Council Tax Support | - | | | | - | 1,311,401 | | 1,311,401 | (1,311,401) | | - | | | - |
| Total Useable:- | 4,644,238 | (372,359) | 0 | 0 | 4,271,879 | 621,401 | 0 | 4,893,280 | (1,523,201) | 0 | 3,370,079 | 0 | 0 | 3,370,079 |
| Non-useable:- | | | | | | | | | | | | | | |
| PFI - Ilkeston | 999,205 | (82,647) | | | 916,558 | (84,117) | | 832,441 | (93,474) | | 738,967 | (105,226) | | 633,741 |
| PFI - Derby | 2,212,941 | (415,667) | | | 1,797,274 | (360,635) | | 1,436,639 | (394,651) | | 1,041,988 | (433,267) | | 608,721 |
| Insurance | 485,365 | (292,365) | | | 193,000 | 5,400 | | 198,400 | 5,500 | | 203,900 | 6,000 | | 209,900 |
| Total Non-useable:- | 3,697,511 | (790,679) | 0 | 0 | 2,906,832 | (439,352) | 0 | 2,467,480 | (482,625) | 0 | 1,984,855 | (532,493) | 0 | 1,452,362 |
| TOTAL EARMARKED RESERVES | 8,341,749 | (1,163,038) | 0 | 0 | 7,178,711 | 182,049 | 0 | 7,360,760 | (2,005,826) | 0 | 5,354,934 | (532,493) | 0 | 4,822,441 |
| TOTAL RESERVES | 13,841,749 | (1,163,038) | 0 | 0 | 12,678,711 | 182,049 | 0 | 12,860,760 | (2,005,826) | 0 | 10,854,934 | (532,493) | 0 | 10,322,441 |

2021/22 PRECEPT PROPOSAL:

A £15 COUNCIL TAX INCREASE ON BAND D PROPERTIES

| Band D £241.60 | Council Tax Base | Total Funding | Collection Fund | | Council Tax | Deficit Payable per year in 2022/23 & 2023/24 |
|--|------------------|---------------|-----------------|-----------|-------------|---|
| | | | Surplus | Deficit | | |
| | 321,952.85 | 77,525,275 | 145,283 | - 403,817 | 77,783,809 | - 204,196 |
| Amber Valley Borough Council | 39,643.45 | 9,500,532 | | - 77,326 | 9,577,858 | - 26,625 |
| Bolsover District Council | 22,026.33 | 5,245,423 | | - 76,138 | 5,321,561 | - 39,036 |
| Chesterfield Borough Council | 29,268.96 | 7,039,247 | | - 32,134 | 7,071,381 | - 27,303 |
| Derby City Council | 69,545.77 | 16,728,880 | | - 73,378 | 16,802,258 | - 30,094 |
| Derbyshire Dales District Council | 29,976.17 | 7,175,406 | | - 66,837 | 7,242,243 | - 7,835 |
| Erewash Borough Council | 33,711.80 | 8,144,771 | | | 8,144,771 | |
| High Peak Borough Council | 30,904.00 | 7,388,402 | | - 78,004 | 7,466,406 | - 26,968 |
| North East Derbyshire District Council | 31,658.37 | 7,649,704 | 1,042 | | 7,648,662 | - 17,848 |
| South Derbyshire District Council | 35,218.00 | 8,652,910 | 144,241 | | 8,508,669 | - 28,487 |

| <u>Gross Revenue Expenditure</u> | |
|----------------------------------|-------------|
| 2020/21 Approved | 189,878,803 |
| 2021/22 Proposed | 202,630,397 |
| Increase in GRE | 6.72% |

| <u>Council Tax Requirement</u> | |
|--------------------------------|------------|
| 2020/21 Approved | 72,758,604 |
| 2021/22 Proposed | 77,783,809 |
| Increase in CTR | 6.91% |

| <u>Council Tax per Banding</u> | | |
|--------------------------------|----------------|----------------|
| <u>BAND</u> | <u>2020/21</u> | <u>2021/22</u> |
| | £ | £ |
| A | 151.07 | 161.07 |
| B | 176.24 | 187.91 |
| C | 201.42 | 214.76 |
| D | 226.60 | 241.60 |
| E | 276.96 | 295.29 |
| F | 327.31 | 348.98 |
| G | 377.67 | 402.67 |
| H | 453.20 | 483.20 |