

Strategic Board Programme 2021/2022

Report to: the Office of the Police, Fire and Crime Commissioner for Essex

Title of Report:	Medium Term Financial Strategy
Agenda Number:	3i
Chief Officer:	DCC Mills
Date Paper was Written:	2nd June 2021
Version Number:	V1.0
Report from:	Corporate Finance
Date of Meeting	10th June 2021
Author on behalf of Chief Officer:	Annette Chan – Chief Accountant
Date of Approval	2nd June 2021 – Chief Officer Group

1.0 Purpose of report

- 1.1. The 2021/22 MTFS was set on 4th February as part of the 2021/22 budget report to the Police, Fire and Crime Panel and subsequently updated with the latest revenue impact of borrowing for the March Strategic Board. This report sets out the latest position, the key assumptions that it is based on and movements since the March board.

2.0 Recommendations

- 2.1. To endorse and approve the current 2021/22 MTFS position and movements since the March Strategic Board as presented in this report.

Corporate Finance

Title: Medium Term Financial Strategy

Date: 10th June 2021

Author: Annette Chan, Chief Accountant

1.0 Current position

1.1. The 2021/22 MTFS was set on 4th February as part of the 2021/22 budget report to the Police, Fire and Crime Panel and subsequently updated with the latest revenue impact of borrowing for the March Strategic Board. This report sets out the latest position, the key assumptions that it is based on and movements since the March board.

2.0 Current position

2.1. The MTFS is a service planning and performance management framework which aims to ensure that resources are directed towards achieving delivery of the vision for the next five years and the Police and Crime Plan.

2.2. A summary of the MTFS approved at the March Strategic Board is shown in Table 1 below. The MTFS shortfall over the five year period of 2022/23 to 2026/27 was £45.3m.

Table 1 – MTFS as at March 2021

Medium Term Financial Strategy 2022/23 - 2026/27 - Precept Increase 2.5% Annually						
	2022/23	2023/24	2024/25	2025/26	2026/27	5 Year Total
	£m	£m	£m	£m	£m	£m
Budget Requirement - before Savings & Efficiencies	340.9	350.2	358.2	365.8	374.5	1,789.6
Savings & Efficiencies Plan (Cashable)	(0.7)	(0.8)	(1.1)	0.0	0.0	(2.6)
Net Budget Requirement	340.2	349.4	357.1	365.8	374.5	1,787.0
Total Funding	(336.1)	(341.9)	(348.3)	(354.8)	(360.6)	(1,741.7)
Annual (Shortfall)/Surplus	(4.1)	(7.5)	(8.8)	(11.0)	(13.9)	(45.3)

The shortfall in 2022/23 of £4.1m includes the following key assumptions:

- 2.5% council tax precept increase;
- Police officers at 3,553 FTEs from the start of the year;
- A 2.5% pay increase for Officers and Staff from September 2022;
- A £2.6m increase in Home Office Government Funding to cover the advancement of 52 Officers from the National Police Uplift Programme being advanced from 2022/23 to 2021/22 (Further new investment and funding is expected for the 2022/23 allocation of the Uplift Programme but this is not reflected at this stage);
- A 0.75% increase in taxbase compared to a 0.29% reduction in 2021/22;

- A £1m deficit on the Collection Fund (Includes a share of the 2021/22 deficit, which local authorities have been able to spread over 3 years, and a further deficit in 2022/23); and
- Recurring cashable Savings and Efficiencies plans of £0.7m reflecting the infancy of the 2022/23 savings programme.

2.3. The high level summary of the latest MTFS is shown below and the full summary and details are at Appendices A and B.

Table 2 – MTFS – June 2021

Medium Term Financial Strategy 2022/23 - 2026/27 - Precept Increase 2.5% Annually						
	2022/23	2023/24	2024/25	2025/26	2026/27	5 Year Total
	£m	£m	£m	£m	£m	£m
Budget Requirement - before Savings & Efficiencies	340.6	350.1	358.3	365.9	374.6	1,789.5
Savings & Efficiencies Plan (Cashable)	(0.7)	(0.8)	(1.1)	0.0	0.0	(2.6)
Net Budget Requirement	339.9	349.3	357.2	365.9	374.6	1,786.9
Total Funding	(336.1)	(341.9)	(348.3)	(354.8)	(360.6)	(1,741.7)
Annual (Shortfall)/Surplus	(3.8)	(7.4)	(8.9)	(11.1)	(14.0)	(45.2)

2.4. The overall movement for 2022/23 since the March Strategic Board is a reduction in the shortfall of £0.3m from £4.1m to £3.8m reflecting movements reported in the 2020/21 Provisional Outturn position on the Capital Programme. Reductions in the level of borrowing to finance capital expenditure in the current financial year (2021/22) from slippage in the investment programme has resulted in a reduction in the Minimum Revenue Provision (MRP) contributions that will be charged to revenue in 2022/23. The impact of this slippage on the funding gap in future years is summarised in the table below. The Chief Officer Group considered some changes to assumptions at a meeting on 2nd June where the decision was taken to defer presentation of different options for consideration until the September strategic board on the basis that more information should be available later in the year regarding government funding, pay rises and the financial cost of national projects such as the Emergency Services Mobile Communications Programme.

Table 3 – MTFS Movement since March 2021

	MTFS MOVEMENTS					
	2022/23	2023/24	2024/25	2025/26	2026/27	5 Year Total
	£m	£m	£m	£m	£m	£m
Overall (Shortfall) / Surplus - 11th March Strategic Board	(4.1)	(7.5)	(8.8)	(11.0)	(13.9)	(45.3)
Total change - increase / (decrease) - since March Strategic Board	(0.3)	(0.1)	0.1	0.1	0.1	(0.1)
Overall (Shortfall) / Surplus - June 10th Strategic Board	(3.8)	(7.4)	(8.9)	(11.1)	(14.0)	(45.2)

3.0 Savings and Efficiencies Plan

There are minimal cashable savings identified for 2022/23 at this time. Work is progressing to develop the savings plans over the coming months.

4.0 Capital Expenditure and Financing

A summary of the latest capital programme and how it will be financed is shown below along with the forecast Capital Financing Requirement (CFR). The CFR represents capital expenditure incurred and forecast to be incurred that has not been financed from cash resources and is therefore an indicator of our underlying need to borrow to fund the investment programme. The CFR is forecast to reach £58.5m with an annual revenue cost of borrowing increasing to £1.8m by 2024/25. Details are shown in Appendix C.

Table 4 – Capital Expenditure and Financing Summary

	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
	£000	£000	£000	£000	£000	£000
Total Forecast Capital Expenditure (approved and proposed)	12,161	23,495	28,708	25,885	16,764	107,013
Financing Source						
Capital receipts	(4,857)	(9,740)	(9,725)	(11,168)	(6,342)	(41,832)
Grants & contributions	(389)	(554)	(277)	(277)	(277)	(1,774)
Revenue funding	(3,383)	0	(2,506)	0	(33)	(5,922)
Borrowing	(3,532)	(13,201)	(16,200)	(14,440)	(10,112)	(57,485)
	(12,161)	(23,495)	(28,708)	(25,885)	(16,764)	(107,013)
Capital Financing Requirement (as at 31st March)	9,097	21,710	36,991	50,107	58,534	
Revenue Cost of Borrowing (MRP & Interest)	500	617	985	1,423	1,805	

5.0 Reserves and Provisions

The current forecast on reserves and provisions is shown in Appendix D and summarised in the table overleaf. By 2025/26, revenue reserves are forecast to be £16.5m (£12m General Reserve at 3.2% of net revenue expenditure and £4.5m earmarked reserves) and £0.5m capital reserves.

As in recent years, the National Police Chiefs Council (NPCC) and Police and Crime Commissioners Treasurers’ Society (PACCTS) have conducted a joint budget survey and this included a reserves survey. The findings of the survey are that general reserves remain relatively stable standing at 3.3% before falling to 2.8% by 2024-25 indicating that the reserve levels for Essex Police are broadly in line with the national picture.

Earmarked reserves are held for specific purposes as detailed in Appendix D. The IT Convergence reserve (line ref 5 in Appendix D) had initially been created to hold funds for the up front cost of the IT Convergence Project. As part of the approved 2021/22 budget £1.2m was set aside in this reserve and a further £1.2m agreed for use in 2022/23 and as such included within the MTFs. Now that the project is not going ahead it is anticipated that the funds can be used for costs to implement the national Emergency Services Mobile Communication Programme (ESMCP). This will be kept under review and considered in more detail for the September board once further information is available on the ESMCP project along with government plans that could impact funding and the position on any potential 2022/23 pay award.

Table 5 – Forecast Reserves and Provisions

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Forecast @ 31/3/21 (£m)	Forecast @ 31/3/22 (£m)	Forecast @ 31/3/23 (£m)	Forecast @ 31/3/24 (£m)	Forecast @ 31/3/25 (£m)	Forecast @ 31/3/26 (£m)
Earmarked Revenue Reserves	12.3	5.4	4.3	4.4	4.5	4.5
General Reserve	13.2	12.0	12.0	12.0	12.0	12.0
GR as % of net revenue expenditure	4.0%	3.5%	3.4%	3.3%	3.3%	3.2%
Total Revenue Reserves	25.5	17.4	16.3	16.4	16.5	16.5
Total Capital Reserves	-	-	-	6.8	0.5	0.5
Grand Total - Revenue & Capital Reserves	25.5	17.4	16.3	23.2	17.0	17.0
Total Provisions	3.2	3.0	3.0	3.0	3.0	3.0

For the September report to this board, the level of reserves and how the general reserve can be utilised for 2022/23 will be considered alongside the Force’s budget allocation within its base budget for recurring one-off budget pressures (£3.3m).

6.0 CIPFA Financial Management Capability Review

Over the course of last year and this year the force and the PFCCs office has engaged in the CIPFA Finance Excellence in Policing programme of work and a force level Financial Management Capability Review (FMCR). The below recommendation was made by CIPFA to improve on the existing MTFS.

- The MTFS would benefit from a more cautious approach to reserves and the affordability of capital plans. Scenario modelling including Best, Worst and Medium level options should be illuminated based on key core assumptions being flexed (sensitivity analysis) and stress tested with clear contingency plans for the worst scenario.

The force have an action plan for addressing this recommendation and work will be undertaken by Corporate Finance over the coming months in conjunction with the PFCCs Section 151 Officer and Strategic Head of Performance and Resources. An initial meeting was held to progress this work on 28th May and the resulting changes will be reflected in the September update to the board.

7.0 Conclusion

The MTFS will be continually reviewed and updated during 2021/22 with updates reported to the Strategic Board.

Medium Term Financial Strategy 2022/23 - 2026/27								Police Fire & Crime Panel 4th February 2021	Comments	Movement Type Ref:	
Line Ref.		2021/22 Budget	2022/23	2023/24	2024/25	2025/26	2026/27	5 Year Total	2022/23	Change (reduction) / increase)	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	
1	Original Budget - Budget Book Net Expenditure (prior year total funding)	314.7	330.3	339.9	349.3	357.2	365.9	1,742.6	330.3	0.0	
2	Adjustment from prior year activity agreed at Budget Setting	(2.5)	0.0	(0.5)	0.0	0.0	0.0	(0.5)	0.0	0.0	
3	Opening Budget Requirement	312.2	330.3	339.4	349.3	357.2	365.9	1,742.1	330.3	0.0	
4	Unavoidable Cost Pressures	11.1	7.6	10.1	8.6	8.6	8.6	43.5	7.6	0.0	
5	New Investment & Service Demand Changes	9.9	2.7	0.6	0.4	0.1	0.1	3.9	3.5	(0.8)	Reduction in Minimum Revenue Provision reflecting the latest Capital Expenditure and Resources Forecast
6	Short Term one-off costs	3.9	2.1	1.3	0.4	0.7	0.7	5.2	2.1	0.0	
7	Transfer to / (from) Reserves - one off costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
8	Short Term one-off costs - to be allocated	0.0	1.2	2.0	2.9	2.6	2.6	11.3	1.2	0.0	The current funding gap in 2022/23 assumes that the £1.2m balance on the One-Off Recurring Budget will be used to fund one-off pressures for 22/23 identified at 2021/22 budget setting.
9	Removal of one-off costs - Short Term budget already in base budget	(3.3)	(3.3)	(3.3)	(3.3)	(3.3)	(3.3)	(16.5)	(3.3)	0.0	
10	Budget Requirement - before Savings & Efficiencies	333.8	340.6	350.1	358.3	365.9	374.6	1,789.5	341.4	(0.8)	
11	Savings & Efficiencies Plan (S&EP) - cashable	(3.5)	(0.7)	(0.8)	(1.1)	0.0	0.0	(2.6)	(0.7)	0.0	
12	Net Budget Requirement	330.3	339.9	349.3	357.2	365.9	374.6	1,786.9	340.7	(0.8)	
13	Government Funding	(195.7)	(198.3)	(198.3)	(198.3)	(198.3)	(198.3)	(991.5)	(198.3)	0.0	
14	Council Tax - Base including taxbase change	(128.0)	(135.4)	(140.5)	(145.8)	(151.3)	(157.0)	(730.0)	(135.4)	0.0	
15	Council Tax - Precept increase	(6.4)	(3.4)	(3.5)	(3.6)	(3.8)	(3.9)	(18.2)	(3.4)	0.0	
16	Council Tax - (Surplus)/Deficit on Collection Fund	(0.2)	1.0	0.4	(0.6)	(1.4)	(1.4)	(2.0)	1.0	0.0	
17	Collection Fund Taxbase adjustment for unconfirmed authorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
18	Total Funding	(330.3)	(336.1)	(341.9)	(348.3)	(354.8)	(360.6)	(1,525.7)	(336.1)	0.0	
19	Annual (Shortfall)/Surplus - Cumulative	0.0	(3.8)	(7.4)	(8.9)	(11.1)	(14.0)	(45.2)	(4.6)	(0.8)	

Funding Changes							
	£m	£m	£m	£m	£m	£m	£m
20	Main Government Cash Funding Increase/(Reduction)	10.9	2.6	0.0	0.0	0.0	2.6
21	Total Government Grant - non specific	10.9	2.6	0.0	0.0	0.0	2.6
22	Council Tax & Collection Fund Cash Funding Increase/(Reduction)	5.9	3.2	5.8	6.4	6.5	27.7
23	Overall Cash Funding Increase/(Reduction)	15.6	5.8	5.8	6.4	6.5	30.3
24	Percentage Funding Increase/(Reduction)	5.0%	1.8%	1.7%	1.9%	1.9%	1.6%

Line Ref.	Key % Assumptions							
	2020/21	2022/23	2023/24	2024/25	2025/26	2026/27		
25	Overall change in Home Office grants	5.6%	1.3%	0.0%	0.0%	0.0%	0.0%	
27	Increase in Council Tax	4.98%	2.50%	2.50%	2.50%	2.50%	2.50%	
28	Change in Taxbase	(0.29%)	0.75%	1.25%	1.25%	1.25%	1.25%	
29	Inflation Recurring - Officers Pay	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	
30	Inflation Recurring - Staff/PSCOs Pay	0.00%	2.50%	2.50%	2.50%	2.50%	2.50%	
<u>Savings & Efficiencies - Cashable only</u>								
		2021/22 Budget £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	5 Year Total £m
31	Savings & Efficiencies Plan (S&EP) - <u>cashable</u>	(3.5)	(0.7)	(0.8)	(1.1)	0.0	0.0	(2.6)
32	Annual (Shortfall)/Surplus after cashable S&EP - to be (found) / invested - <u>cashable</u>	0.0	(3.8)	(7.4)	(8.9)	(11.1)	(14.0)	(45.2)
33	Total S&EP for all <u>cashable</u> savings	(3.5)	(4.5)	(8.2)	(10.0)	(11.1)	(14.0)	(47.8)

Medium Term Financial Strategy 2022/23 - 2026/27								
Line Ref		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
		£m	£m	£m	£m	£m	£m	£m
1	Original Budget - Budget Book Net Expenditure (prior year total fun	314.7	330.3	339.9				
1a	Opening Budget Requirement				349.3	357.2	365.9	1,742.6
2	Adjustment from prior year activity agreed at Budget Setting	(2.5)	0.0	(0.5)	0.0	0.0	0.0	(0.5)
3	Opening Budget Requirement	312.2	330.3	339.4	349.3	357.2	365.9	1,742.1
	Unavoidable Cost Pressures							
4	Pay - Sept Pay Award - prior year (5 months - April to August)	1.7	0.4	1.7	1.7	1.7	1.7	7.2
5	Pay - Sept Pay Award - current year (7 months - Sept to March)	0.6	3.0	3.0	3.0	3.0	3.0	15.0
6	Pay - in year activity e.g. turnover & increments (excluding 2020/21 growth)	2.7	3.4	3.4	3.4	3.4	3.4	17.0
7	LGPS Pension shortfall (Tri-annual Actuarial review)	0.0	0.0	0.9	0.0	0.0	0.0	0.9
8	Auto Enrolment to Pension schemes	0.0	0.0	0.2	0.0	0.0	0.0	0.2
9	Pensions - cost pressure resulting from McCloud judgement	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Contractual Inflation & De-flation	0.5	0.5	0.5	0.5	0.5	0.5	2.5
11	Policing Education Qualifications Framework (PEQF)	0.0	0.0	0.4	0.0	0.0	0.0	0.4
12	Investment approved by COG since 2020/21 budget setting	0.2	0.3	0.0	0.0	0.0	0.0	0.3
13	Operational and Support contractual and legal cost pressures, including Motor insurance	1.6	0.0	0.0	0.0	0.0	0.0	0.0
14	Removal of PUP 20/21 Ring Fenced Grant from base and incorporate into funding.	3.8	0.0	0.0	0.0	0.0	0.0	0.0
15	Total Unavoidable Cost Pressures	11.1	7.6	10.1	8.6	8.6	8.6	43.5
	New Investment & Service Demand Changes							
16	New investment - Recurring	0.1	0.0	0.0	0.0	0.0	0.0	0.0
17	Increase police officers by 135 in 2020/21 - including support and non-pay costs	1.8	0.0	0.0	0.0	0.0	0.0	0.0
18	Increase in Staff (16 FTE) to support the 2020/21 growth - including support and non pay costs	0.1	0.0	0.0	0.0	0.0	0.0	0.0
19	Increase in Officers (11 FTE) - infrastructure - to support the 2020/21 growth - including support and non pay costs	0.1	0.0	0.0	0.0	0.0	0.0	0.0
20	Increase in Staff (44.8 FTE) - infrastructure to support the 2020/21 growth - including support and non pay costs	0.7	0.0	0.0	0.0	0.0	0.0	0.0
21	2021/22 Police Officer Uplift - recurring	4.4	1.9	0.0	0.0	0.0	0.0	1.9
22	Payment of PUP Grant to ROCU	0.4	0.0	0.0	0.0	0.0	0.0	0.0
23	2022/23 Police Uplift - recurring	2.6	0.0	0.0	0.0	0.0	0.0	0.0
24	PUP 2021/22 Ring Fenced Grant (Income)	(2.2)	0.0	0.0	0.0	0.0	0.0	0.0
25	Increases of less than £10k on non-pay budgets	0.0	0.1	0.1	0.1	0.1	0.1	0.5
26	Service demand changes including Estates Services restructure	1.8	0.0	0.0	0.0	0.0	0.0	0.0
27	Borrowing Requirement - interest charges	0.0	0.1	0.0	0.0	0.0	0.0	0.1
28	Borrowing Requirement - Minimum Revenue Requirement (MRP)	0.3	0.1	0.4	0.4	0.0	0.0	0.9
29	Capital Programme (Approved) - Revenue Consequences	(0.3)	0.1	0.0	0.0	0.0	0.0	0.1
30	Capital Programme (Proposed) - Revenue Consequences	0.1	0.4	0.1	(0.1)	0.0	0.0	0.4
31	Total New Investment	9.9	2.7	0.6	0.4	0.1	0.1	3.9

Essex Police

Medium Term Financial Strategy 2022/23 - 2026/27

Line Ref		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
		£m	£m	£m	£m	£m	£m	£m
	One-off Costs							
32	2021/22 Police Officer Uplift - One-off	0.4	0.0	0.0	0.0	0.0	0.0	0.0
33	Capital Programme (Approved) - One-off revenue costs	0.1	0.1	0.0	0.0	0.0	0.0	0.1
34	Capital Programme (Proposed) - One-off revenue costs	0.6	0.7	0.3	0.0	0.0	0.0	1.0
35	Bank Holiday's - one-off	0.5	0.6	0.3	(0.3)	0.0	0.0	0.6
36	Contractual and legal cost pressures - one-off	0.5	0.2	0.2	0.2	0.2	0.2	1.0
37	Service Demand Changes - one-off	0.7	0.5	0.5	0.5	0.5	0.5	2.5
38	New Investment - One-Off	0.4	0.0	0.0	0.0	0.0	0.0	0.0
39	Emergency Services Mobile Communications Programme (ESMCP) - Dual running - one-off	0.0	0.0	0.0	0.0	0.0	0.0	0.0
40	Difference in full year and current year savings	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0
41	Redundancy Costs	0.9	0.0	0.0	0.0	0.0	0.0	0.0
42	One-off Investment approved by COG since 2020/21 Budget Setting	0.8	0.0	0.0	0.0	0.0	0.0	0.0
43	Subtotal of One-off Costs	3.9	2.1	1.3	0.4	0.7	0.7	5.2
44	Appropriations To/(From) Earmarked Reserve							
45	Appropriation to Major Incident Reserve - one off	0.0	0.0	0.0	0.0	0.0	0.0	0.0
46	Appropriation to IT Convergence Reserve - one off	1.2	0.0	0.0	0.0	0.0	0.0	0.0
47	Appropriations To/(From) Earmarked Reserves	1.2	0.0	0.0	0.0	0.0	0.0	0.0
48	Appropriations To/(From) General Reserve							
48	Appropriation (from) /to General Reserve - One Off	(1.2)	0.0	0.0	0.0	0.0	0.0	0.0
49	Appropriation (from) /to General Reserve - Chief Constables Reserve - One Off	0.0	0.0	0.0	0.0	0.0	0.0	0.0
50	Appropriation (from) /to General Reserve for Carryforwards - One Off	0.0	0.0	0.0	0.0	0.0	0.0	0.0
51	Appropriations To/(From) General Reserve	(1.2)	0.0	0.0	0.0	0.0	0.0	0.0
52	Total Appropriations To/(From) Reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0
53	One-off expenditure (reduced)/increased to match funding available for one-off activity	0.0	1.2	2.0	2.9	2.6	2.6	11.3
54	Removal of one-off expenditure up to the short term budget	(3.3)	(3.3)	(3.3)	(3.3)	(3.3)	(3.3)	(16.5)
55	One-off expenditure balance from short term funding	0.6	0.0	0.0	0.0	0.0	0.0	0.0
56	Budget Requirement - before Savings & Efficiencies	333.8	340.6	350.1	358.3	365.9	374.6	1,789.5
57	Savings & Efficiencies Plan (S&EP) - cashable	(3.5)	(0.7)	(0.8)	(1.1)	0.0	0.0	(2.6)
58	Net Budget Requirement	330.3	339.9	349.3	357.2	365.9	374.6	1,786.9

Essex Police

Medium Term Financial Strategy 2022/23 - 2026/27

Line Ref		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	Total
		£m	£m	£m	£m	£m	£m	£m
	Funding							
	<i>Home Office Police Grant</i>							
59	HO Police Grant	(119.3)	(119.3)	(119.3)	(119.3)	(119.3)	(119.3)	(596.5)
60	HO Funding for Police Officer Uplift (2021/22)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(35.0)
61	HO Funding for Police Uplift 2022/23 (52 Officers)		(2.6)	(2.6)	(2.6)	(2.6)	(2.6)	(13.0)
62	Total Home Office Police Grant	(126.3)	(128.9)	(128.9)	(128.9)	(128.9)	(128.9)	(644.5)
	<i>Home Office Formula Grant</i>							
63	HO Formula Grant	(56.3)	(56.3)	(56.3)	(56.3)	(56.3)	(56.3)	(281.5)
64	Total Home Office Formula Grant	(56.3)	(56.3)	(56.3)	(56.3)	(56.3)	(56.3)	(281.5)
	<i>Other Non Specific Grants</i>							
65	Council Tax Freeze Grant 2011/12	(2.1)	(2.1)	(2.1)	(2.1)	(2.1)	(2.1)	(10.5)
66	Council Tax Support Grant	(11.0)	(11.0)	(11.0)	(11.0)	(11.0)	(11.0)	(55.0)
67	Total Specific Grants	(13.1)	(13.1)	(13.1)	(13.1)	(13.1)	(13.1)	(65.5)
68	Government main grants	(195.7)	(198.3)	(198.3)	(198.3)	(198.3)	(198.3)	(991.5)
69	Total Government Funding	(195.7)	(198.3)	(198.3)	(198.3)	(198.3)	(198.3)	(991.5)
	<i>Council Tax Requirement</i>							
70	Council Tax - Base	(128.4)	(134.4)	(138.8)	(144.0)	(149.4)	(155.1)	(721.7)
71	Council Tax - Taxbase change	0.4	(1.0)	(1.7)	(1.8)	(1.9)	(1.9)	(8.3)
72	Council Tax - Precept increase	(6.4)	(3.4)	(3.5)	(3.6)	(3.8)	(3.9)	(18.2)
	Collection Fund Taxbase adjustment for unconfirmed authorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
73	Total Council Tax Requirement	(134.4)	(138.8)	(144.0)	(149.4)	(155.1)	(160.9)	(748.2)
74	Total Resource Funding (Gov. grants and Council Tax)	(330.1)	(337.1)	(342.3)	(347.7)	(353.4)	(359.2)	(1,739.7)
75	Council Tax - (Surplus)/Deficit on Collection Fund	(0.2)	1.0	0.4	(0.6)	(1.4)	(1.4)	(2.0)
76	Total Funding	(330.3)	(336.1)	(341.9)	(348.3)	(354.8)	(360.6)	(1,741.7)
77	Annual (Shortfall)/Surplus - Cumulative	0.0	(3.8)	(7.4)	(8.9)	(11.1)	(14.0)	(45.2)
78	Main Government Cash Funding Increase/(Reduction)	10.9	2.6	0.0	0.0	0.0	0.0	2.6
79	Total Government Grant - non specific	10.9	2.6	0.0	0.0	0.0	0.0	2.6
80	Council Tax Funding Increase/(Reduction)	5.9	4.4	5.2	5.4	5.7	5.8	26.5
81	Collection Fund Increase/(Reduction)	(1.2)	(1.2)	0.6	1.0	0.8	0.0	1.2
82	Overall Cash Funding Increase/(Reduction)	15.6	5.8	5.8	6.4	6.5	5.8	30.3
83	Percentage Funding Increase/(Reduction)	5.0%	1.8%	1.7%	1.9%	1.9%	1.6%	

Note 1: Any Savings Plan shortfall from prior years is to be separately added to the above savings target.

Note 2: The Savings Plan for 2022/23 is still to be developed.

Note 3: Plans for long term borrowing to fund the Investment Programme are included in the MTFs.

Note 4: The Revenue Consequences (Rev Cons) of the Capital programme will be updated as the Capital programme is updated.

A. Key % Assumptions						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
84	Change in Home Office Police Grant	3.2%	0.0%	0.0%	0.0%	0.0%
85	Change in Home Office Formula Grant	0.2%	0.0%	0.0%	0.0%	0.0%
86	Change in Council Tax Support and Freeze grant	0.0%	0.0%	0.0%	0.0%	0.0%
87	Change in Government main grants (Includes PUP)	5.6%	1.3%	0.0%	0.0%	0.0%
88	Change in Home Office Pension Grant	0.0%	0.0%	0.0%	0.0%	0.0%
89	Overall change in Home Office grants	5.6%	1.3%	0.0%	0.0%	0.0%
90	Formula Funding Review	0.00%	0.00%	0.00%	0.00%	0.00%
91	Increase in Council Tax	4.98%	2.50%	2.50%	2.50%	2.50%
92	Change in Taxbase	(0.29%)	0.75%	1.25%	1.25%	1.25%
93	Inflation Recurring - Officers Pay	0.00%	2.50%	2.50%	2.50%	2.50%
94	Inflation Recurring - Staff/PSCOs Pay	0.00%	2.50%	2.50%	2.50%	2.50%
95	Inflation - Non pay - various as only specific contractual inflation is used. There is no general inflation.					

B. Key Assumptions	
96	Police Officer budget from 2021/22 is based on an average of 3553 ftes (3,369 + 126 National Uplift, + 6 ROCU + 52 PUP brought forward from 2022/23).
97	Council Tax increase of 4.98% in 2021/22, and then 2.5% annually
98	Government Grants funding is based on 0% increase from 2022/23, however, 2022/23 includes £2.6m as anticipated PUP Growth grant available in that year to fund the 52 that have been advanced to 2021/22.
99	The Borrowing Requirement is continually under review as the capital program is updated.

C. Key Principles	
100	From 2016/17 one off costs are no longer funded from General Reserves. A recurring budget for short term projects of £3.5m was created. The current level is £3.3m with the balance being utilised for long term projects. When the projects are completed the funding will be returned to the recurring short term budget.
101	Variances in the number of Bank Holiday's in a financial year will be managed within the recurring short term budget.

D. Areas for Future Consideration and Further Reviews	
102	Airwave switch off is delayed to 2024/25. Costs are under review

E. Scenarios						
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m	£m
<u>1% change (+ / -) in:</u>						
103	Council Tax:	1.3	1.4	1.4	1.5	1.5
104	Government Grant:	2.0	2.0	2.0	2.0	2.0
105	Total	3.3	3.4	3.4	3.5	3.6
<u>0.5% change (+ / -) in:</u>						
106	Council Tax:	0.6	0.7	0.7	0.7	0.8
107	Government Grant:	1.0	1.0	1.0	1.0	1.0
108	Total	1.6	1.7	1.7	1.7	1.8

CAPITAL PROGRAMME - 2020/21 PROVISIONAL OUTTURN EXPENDITURE & FINANCING SUMMARY

	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
	£000	£000	£000	£000	£000	£000
Capital Expenditure						
<u>Approved Projects</u>						
ANPR	203	221	35	35	35	529
Estates Business as Usual	578	5,178	460	0	0	6,216
Estates Strategy	4,109	6,495	1,990	39	0	12,633
I.T. Services	4,167	2,821	0	0	0	6,988
OPC	228	0	0	0	0	228
Other	240	411	22	0	33	706
SCD	483	0	0	0	0	483
Transport	2,153	2,748	0	0	0	4,901
	12,161	17,875	2,507	74	68	32,684
<u>Subject to Approval Projects</u>						
ANPR	0	0	110	110	110	330
Estates Business as Usual	0	0	1,000	1,000	1,000	3,000
Estates Strategy	0	2,275	12,750	13,400	9,500	37,925
I.T. Services	0	2,652	9,861	8,738	3,583	24,834
OPC	0	613	25	65	65	768
Other	0	19	238	238	238	733
SCD	0	61	17	30	0	108
Transport	0	0	2,200	2,230	2,200	6,630
	0	5,620	26,201	25,811	16,696	74,328
<u>Total by Department</u>						
ANPR	203	221	145	145	145	859
Estates Business as Usual	578	5,178	1,460	1,000	1,000	9,216
Estates Strategy	4,109	8,770	14,740	13,439	9,500	50,558
I.T. Services	4,167	5,473	9,861	8,738	3,583	31,822
OPC	228	613	25	65	65	996
Other	240	430	260	238	271	1,439
SCD	483	61	17	30	0	591
Transport	2,153	2,748	2,200	2,230	2,200	11,531
	12,161	23,494	28,708	25,885	16,764	107,012
Financing Source						
Capital receipts	(4,857)	(9,740)	(9,725)	(11,168)	(6,342)	(41,832)
Grants & contributions	(389)	(554)	(277)	(277)	(277)	(1,774)
Revenue funding	(3,383)	0	(2,506)	0	(33)	(5,922)
Borrowing	(3,532)	(13,200)	(16,200)	(14,439)	(10,113)	(57,484)
	(12,161)	(23,494)	(28,708)	(25,885)	(16,764)	(107,012)
Total Unfinanced Expenditure	0	0	0	0	0	0

CAPITAL PROGRAMME - 2020/21 Provisional Outturn

CFR & MRP SUMMARY

	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
	£000	£000	£000	£000	£000	£000
Opening CFR	6,065	9,097	21,709	36,990	50,106	6,065
Capital Expenditure						
Approved projects - long-life	4,687	11,673	2,450	39	0	18,849
Approved projects - short-life	7,474	6,202	57	35	68	13,836
Subject to Approval projects - long-life	0	2,275	13,750	14,400	10,500	40,925
Subject to Approval projects - short-life	0	3,345	12,451	11,411	6,196	33,403
	12,161	23,495	28,708	25,885	16,764	107,013
Financing Applied						
Capital receipts	(4,857)	(9,740)	(9,725)	(11,168)	(6,342)	(41,832)
Grants & contributions	(389)	(554)	(277)	(277)	(277)	(1,774)
Revenue funding	(3,383)	0	(2,506)	0	(33)	(5,922)
	(8,629)	(10,294)	(12,508)	(11,445)	(6,652)	(49,528)
Minimum Revenue Provision						
Historic unfinanced borrowing	(500)	(500)	(500)	(500)	(500)	(2,500)
Current projects - long-life	0	(88)	(418)	(823)	(1,184)	(2,513)
Current projects - short-life	0	0	0	0	0	0
	(500)	(588)	(918)	(1,323)	(1,684)	(5,013)
Closing CFR	9,097	21,710	36,991	50,107	58,534	58,534

	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL
	£000	£000	£000	£000	£000	£000
FINANCING COSTS						
Minimum Revenue Provision (MRP)	500	588	918	1,323	1,684	5,013
Borrowing Costs (based on 0.5%)	-	29	67	100	121	317
Total revenue impact of borrowing	500	617	985	1,423	1,805	5,330
Incremental impact to MTFS	500	117	368	438	382	
Cumulative impact to MTFS	0	117	602	1,525	2,830	

CAPITAL PROGRAMME - 2020/21 Provisional Outturn
CAPITAL RESOURCES SUMMARY

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
Capital receipts					
<i>Opening balance</i>	(1,088)	0	0	0	(6,832)
Received	(3,769)	(9,740)	(9,725)	(18,000)	0
Applied for financing	4,857	9,740	9,725	11,168	6,342
Closing balance	0	0	0	(6,832)	(490)
Grants and contributions					
<i>Opening balance</i>	(7)	0	0	0	0
Received	(382)	(554)	(277)	(277)	(277)
Applied for financing	389	554	277	277	277
Closing balance	0	0	0	0	0
Revenue funding					
<i>Opening balance</i>	(2,000)	(606)	(1,606)	(100)	(1,100)
Received	(1,989)	(1,000)	(1,000)	(1,000)	(1,000)
Applied for financing	3,383	0	2,506	0	33
Closing balance	(606)	(1,606)	(100)	(1,100)	(2,067)
Totals					
<i>Opening balance</i>	(3,095)	(606)	(1,606)	(100)	(7,932)
Received	(6,140)	(11,294)	(11,002)	(19,277)	(1,277)
Applied for financing	8,629	10,294	12,508	11,445	6,652
Closing balance	(606)	(1,606)	(100)	(7,932)	(2,557)

Forecast Reserves & Provisions - Overview

	2020/21			2021/22			2022/23			2023/24			2024/25			2025/26		
	Opening @ 1/4/20 (£m)	Appropriations To From (£m) (£m)	Forecast @ 31/3/21 (£m)	Forecast @ 1/4/21 (£m)	Forecast Appropriations To From (£m) (£m)	Forecast @ 31/3/22 (£m)	Forecast @ 1/4/22 (£m)	Forecast Movements (£m)	Forecast @ 31/3/23 (£m)	Forecast @ 1/4/23 (£m)	Forecast Movements (£m)	Forecast @ 31/3/24 (£m)	Forecast @ 1/4/24 (£m)	Forecast Movements (£m)	Forecast @ 31/3/25 (£m)	Forecast @ 1/4/25 (£m)	Forecast Movements (£m)	Forecast @ 31/3/26 (£m)
Earmarked Revenue Reserves																		
<i>Reserves held but managed as third party reserves</i>																		
1	POCA income	2.738	0.153 (0.757)	2.134	2.134	0.178 (1.067)	1.245	1.245	0.711	1.956	1.956	(0.889)	1.067	(0.857)	0.210	0.210	-	0.210
2	Forfeiture Monies Reserve	0.124	0.178 (0.037)	0.265	0.265	0.100 (0.100)	0.265	0.265	-	0.265	0.265	-	0.265	-	0.265	0.265	-	0.265
3	Op Dagenham Maintenance Reserve	-	0.110	0.110	0.110	0.016 (0.016)	0.110	0.110	-	0.110	0.110	-	0.110	-	0.110	0.110	-	0.110
4	Reserves held but managed as third party reserves Total	2.862	0.441 (0.794)	2.509	2.509	0.294 (1.183)	1.620	1.620	0.711	2.331	2.331	(0.889)	1.442	(0.857)	0.585	0.585	-	0.585
Project Reserves																		
5	IT Convergence	-	-	-	-	1.200 (1.200)	-	-	-	-	-	-	-	-	-	-	-	-
6	Project Reserves Total	-	-	-	-	1.200	-	-	-	-	-	-	-	-	-	-	-	-
Ring-fenced Reserves																		
7	Restructuring Reserve	0.231	0.003 -	0.234	0.234	0.900 (0.900)	0.234	0.234	-	0.234	0.234	-	0.234	-	0.234	0.234	-	0.234
8	Operational Transformational Reserve (OTR)	1.055	- (0.224)	0.831	0.831	0.700 (0.700)	0.131	0.131	(0.131)	-	-	-	-	-	-	-	-	-
9	Transformation Reserve	0.453	1.362 (0.051)	1.764	1.764	- (1.764)	-	-	-	-	-	-	-	-	-	-	-	-
10	Data Analytics Reserve	0.228	- (0.171)	0.057	0.057	0.057 (0.057)	-	-	-	-	-	-	-	-	-	-	-	-
11	Legal Reserve	-	0.741	0.741	0.741	0.741 (0.741)	-	-	-	-	-	-	-	-	-	-	-	-
12	PEQF Reserve	0.218	0.073	0.291	0.291	- (0.100)	0.191	0.191	(0.191)	-	-	-	-	-	-	-	-	-
13	Ring-fenced Reserves Total	2.185	2.179 (0.446)	3.918	3.918	0.900 (4.262)	0.556	0.556	(0.322)	0.234	0.234	-	0.234	-	0.234	0.234	-	0.234
Operational Reserves																		
14	Major Operational Reserve	1.500	-	1.500	1.500	-	1.500	1.500	-	1.500	1.500	-	1.500	-	1.500	1.500	-	1.500
15	COVID Roadmap Violence Reduction Reserve	-	1.532	1.532	1.532	1.532 (1.532)	-	-	-	-	-	-	-	-	-	-	-	-
16	Specials Constabulary Reserve	0.145	-	0.145	0.145	-	0.145	0.145	-	0.145	0.145	-	0.145	-	0.145	0.145	-	0.145
17	Future Capital Funding	2.000	1.989 (3.383)	0.606	0.606	1.000 -	1.606	1.606	(1.506)	0.100	0.100	1.000	1.100	0.967	2.067	2.067	-	2.067
19	Carry Forwards Reserve - OPFCC	0.267	0.822	1.089	1.089	- (1.089)	-	-	-	-	-	-	-	-	-	-	-	-
20	Carry Forwards Reserve - Chief Constable	0.500	0.500	1.000	1.000	- (1.000)	-	-	-	-	-	-	-	-	-	-	-	-
18	Operational Reserves Total	4.412	4.843 (3.383)	5.872	5.872	1.000 (3.621)	3.251	3.251	(1.506)	1.745	1.745	1.000	2.745	0.967	3.712	3.712	-	3.712
21	Total Earmarked Revenue Reserves	9.459	7.463 (4.623)	12.299	12.299	3.394 (10.266)	5.427	5.427	(1.117)	4.310	4.310	0.111	4.421	0.110	4.531	4.531	-	4.531
22	General Reserve	9.275	3.887	13.162	13.162	- (1.200)	11.962	11.962	-	11.962	11.962	-	11.962	-	11.962	11.962	-	11.962
23	GR as % of net revenue expenditure			4.0%			3.5%			3.4%		3.3%		3.3%		3.2%		3.2%
24	Total Revenue Reserves	18.734	11.350 (4.623)	25.461	25.461	3.394 (11.466)	17.389	17.389	(1.117)	16.272	16.272	0.111	16.383	0.110	16.493	16.493	-	16.493
Capital Reserves																		
25	Capital Receipts Reserve	1.088	3.769 (4.857)	-	-	9.740 (9.740)	-	-	-	-	6.832	6.832	6.832	(6.342)	0.490	0.490	-	0.490
26	Total Capital Reserves	1.088	3.769 (4.857)	-	-	9.740 (9.740)	-	-	-	-	6.832	6.832	6.832	(6.342)	0.490	0.490	-	0.490
27	Grand Total - Revenue & Capital Reserves	19.822	15.119 (9.480)	25.461	25.461	13.134 (21.206)	17.389	17.389	(1.117)	16.272	16.272	6.943	23.215	(6.232)	16.983	16.983	-	16.983
Provisions																		
27	Insurance (for known outstanding claims)	2.583	0.449	3.032	3.032	-	3.032	3.032	-	3.032	3.032	-	3.032	-	3.032	3.032	-	3.032
28	Severances	0.011	0.140 (0.011)	0.140	0.140	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Legal Claims	0.721	- (0.721)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Total Provisions	3.315	0.589 (0.732)	3.172	3.172	- (0.140)	3.032	3.032	-	3.032	3.032	-	3.032	-	3.032	3.032	-	3.032

Notes (as per line references above)

1	Annual forecast movements on the POCA reserve include funding of financial investigators and estimated net withdrawals of £0.4m annually.
5	An IT Convergence Reserve was created at 2021/22 budget setting to hold £1.2m in 2021/22 and 2022/23 for project costs. This forecast assumes that the £1.2m will be utilised in both years (The 2022/23 position reflects a net zero position i.e. an appropriation in as part of the £1.2m approved at 2021/22 budget setting but then utilised in year)
10	£0.2m reserve created in 2019/20 for Data Analytics to be used in 2020/21 & 2021/22.
11	The Legal Reserve created in 2020/21 is in respect of McCloud v Sargeant judgement and associated legal costs arising.
12	£0.2m transferred into a PEQF reserve in 2019/20 for mobilisation of PEQF Training Programme. An additional £0.073m has been added to the reserve in 2020/21 from unused growth this year due to programme delays which will be utilised in future years.
15	The COVID Roadmap Violence Reduction Reserve has been set up to hold funding from two grants received by the force to support the police response to relaxation of COVID restrictions in 2021/22.
22	2020/21 - Includes an appropriation of £1.527m to reflect Op Melrose Home Office Funding received in relation to 2019/20 expenditure plus the 2020/21 underspend