

SURREY POLICE AND CRIME PANEL

SURREY POLICE AND CRIME COMMISSIONER'S PROPOSED PRECEPT 2021/22

5 February 2021

RECOMMENDATION

I, the Police and Crime Commissioner for Surrey, recommend to the Surrey Police and Crime Panel that they endorse my proposal to increase the Band D Surrey Police and Crime Commissioner Precept by £15 for 2021/22 from £270.57 to £285.57.

INTRODUCTION

1. This year, the decision I am required to make with regard to the precept has been one of the most difficult in my years as PCC. The pandemic has led to unprecedented challenges both nationally and locally. I believe that the Force has coped well supporting the response to the pandemic with minimal additional resources but I also am conscious of the very real difficulties some residents are facing through no fault of their own.

Over my time as PCC I have worked hard to ensure that the Chief Constable provides the service that residents want and to do that I have enabled him to have, from residents, the resources he needs. Although the Force has come a long way, it is clear that there is still work to be done, particularly in areas such as rural crime and roads, to build on the investment already made.

The Government has provided no additional funding for the Police, apart from “Boris’ Bobbies”, and has specifically given PCCs the ability to increase their precept to fill this gap. Although the responsibility for setting the budget sits with me, I have worked closely with the Chief Constable and his senior team to submit to you what is in effect a joint proposal for the resourcing of Surrey Police in 2021/22. In May 2020 I asked the Chief Constable to give particular attention to the following three areas as part of my Police and Crime Plan. These were:

- a. **More Police Officers and Frontline Staff** – to have a continued focus on recruitment to ensure there are more officers on the streets and in communities both rural and urban
- a) **Better Crime Prevention** – through providing dedicated neighbourhood officers to prevent local crime, problem solving and preventing fraud and cyber-crime
- b) **More Crimes Solved** – to improve the rate as too many criminals currently aren’t being caught and held to account

My proposal I believe builds on the decisions I have made in previous years to supporting the objectives of my Police and Crime Plan in 3 crucial areas:

- a) by providing more police on the ground to prevent crime;
 - b) by providing more operational staff to improve the detection and solving of crime and free up police to be out on the streets;
 - c) by providing support for those who are the victims of crime.
2. As well as the budget for the coming year I also have a responsibility to ensure that the force is financially sustainable and resilient for the future despite the uncertain times that we live in. The Medium Term Financial Strategy (MTFS) – Appendix C– sets out the financial challenges the Force faces over the period to 2023/24. I believe that my proposals will not only deliver the investment that the Chief Constable has requested and the Force needs but also mitigate, but not eliminate, some of the impact of the challenges in the future.

WHERE HAVE WE COME FROM

3. In 2016/17, the year I was elected, the Force published its Medium Term Financial Strategy for the 4 years to 2020/21. This showed that in those next 5 years total savings of £24.7m would be required and that the gross budget at the end of 2021/22 would be to £216m. Officer numbers fell in 2016/17 and 2017/18 as a result of cuts in funding however following intensive lobbying by PCCs, including myself the Government allowed PCCs to increase the Band D precept above inflation in 2018/19, 2019/20 and 2020/21 and so the situation began to be reversed. This, coupled with the delivery of savings enabled the budget to rise to £250m and for there to be real investment in officers and staff. To put this in to perspective in March 2017 there were 1,944 officers on the establishment however by March 2019 this had fallen to 1,874. As a result of the investment I have made and Uplift funding we are now on track to have 2,022 by March 2021 and I am keen to see this increase still further. However whilst I welcome this rise in numbers I am also conscious that as a result of Surrey being one of the most poorly funded forces by Government in the country, residents bear a greater burden of the cost of policing than in most other areas.
4. In 2020/21, through the precept investment you approved last year, Uplift Funding and the £1.4m savings delivered I have:
- Enabled the Force to invest heavily in a preventative policing approach by recruiting an additional 105 Police officers and 87 specialist staff.
 - Secured a site for our new headquarters, with plans now underway to design and deliver a modern, purpose built facility which will enable greater productivity whilst at the same time delivering cost savings associated with maintenance and utilities and reducing significantly our Carbon Footprint.
 - Commenced the replacement of the command and control system with a new product, Smart STORM, which will allow greater collaboration and interoperability with Sussex police in terms of resilience and resource deployment.
5. The Force has also had to cope with the financial implications of Covid be that the cost of PPE and staff overtime as well as lost income from events and training. Whilst the

Government has reimbursed a significant proportion of these costs, around £2.9m so far, costs still fell on the Force budget which has had to be absorbed and these costs look set to continue.

WHERE ARE WE NOW

6. There is no doubt that the police service has faced extraordinary challenges and pressures in 2020 as a result of the Covid-19 pandemic; together with the majority of its partners. Surrey Police has worked closely with other forces and a range of local partners in response to the pandemic; with Sussex Police in a collaborated police response, and with local authority and health partners via the Local Resilience Forum. Indeed my own office has worked closely with partners delivering services to victims impacted by Covid. The relationships formed with partners – whether new partnerships forged as a result of Covid, or existing partnership working that has been strengthened and refined – provide significant opportunities for Surrey Police to collaborate in the future.
7. The effect of the pandemic has been to significantly change the balance of demand upon the service; reducing demand in some areas in the past year such as domestic burglary and serious violence, while increasing demand in others such as domestic abuse, and the police's response to Covid-19 legislation. In addition to operational demand, the pandemic has necessitated a range of new ways of working; changing the use of our operational estate and fleet, using Covid-19 PPE, and increasing the amount of remote working wherever possible. The force has responded to these challenges, significantly increasing the pace of development and roll-out of remote working and collaborative technology, but this has led to a necessary reprioritisation of workload.
8. Notwithstanding the particular challenges of 2020, the issues Surrey Police and the rest of the service have to overcome in future years will continue to involve increases in demand and complexity across almost every area of our business. As public finances are squeezed as a result of the pandemic – affecting not only the police service but also our key partners – the service will be faced with difficult decisions concerning where to focus resource and attention; with increasing departure from traditional police activity towards 'hidden' crimes including modern slavery, domestic abuse and child sexual exploitation.
9. In order to address these issues, in 2020 Surrey Police launched "Our Commitments", which sets out the force's strategy to 2025 around 3 themes:
 - Commitments to our communities
 - Commitments to our force
 - Commitments to our people

I fully endorse these commitments, which complement my Police & Crime Plan priorities, and am working with the Chief Constable to make them a reality to build a force fit for the future. These are shown in more detail in Appendix A.

10. I was anticipating that a 3 year spending review would be announced this year which would have given some certainty for the Force to plan accordingly. However due to Covid the Chancellor took the decision to move to a single year settlement with the expectation that a 2 year settlement will follow next year.

11. Members will also be aware that I have been lobbying for a number of years for a review of the Police Funding Formula to more accurately reflect the demands of modern policing. Although both the National Audit Office and the Public Accounts Committee have criticised the Home Office for their lack of understanding of police demand and hence the inability of the formula to reflect policing needs no review has been undertaken. However whilst I support an updating of the formula I recognise that a fundamental redesign of the formula could have negative implications for Surrey Police depending on the methodology employed. At the moment there is no indication as to when this work may be done let alone started.

CURRENT FUNDING POSITION

12. Following representations from various bodies such as the Association of Police & Crime Commissioners (APACC), the National Police Chiefs' Council (NPCC) and I in to the Spending Review the Home Office published its financial settlement for the Police on the 17th December 2020. On its release the Home Secretary Priti Patel said:

"We have asked more of the police than ever before during the coronavirus pandemic – the British people and I are extremely grateful for their dedication. I am absolutely committed to giving the police the resources they need – this funding package delivers on that. It will allow us to continue to put more police on the streets, and reduce crime as we build back safer from the pandemic."

13. In the settlement the Home Office announced that PCCs were to receive an additional £703m broken down as follows:

- £415m to fund the recruitment of the next 6,000 of the 20,000 new officers under the Police Uplift Program (commonly called Boris' Bobbies) of which £100m would be held back contingent on delivery of new officers;
- £288m from Council Tax Payers provided (and I quote the Home Office) *"if PCCs make full use of their flexibility to increase precept."* to the £15 maximum.
- All other grants, such as the formula grant and pensions, whilst being maintained were not increased.

14. In addition nationally the settlement also included:

- £1.1 billion for national priorities, resource and capital funding, including funding the fight against serious and organised crime including drug trafficking and child sexual exploitation and abuse, which will protect National Crime Agency funding to ensure cohesive national, regional and local law enforcement response.
- Funding for counter-terrorism policing will total up to £914 million in 2021/22, as well as an additional £32 million for a new CT Operations Centre.

15. In return the Government expects the police to deliver:

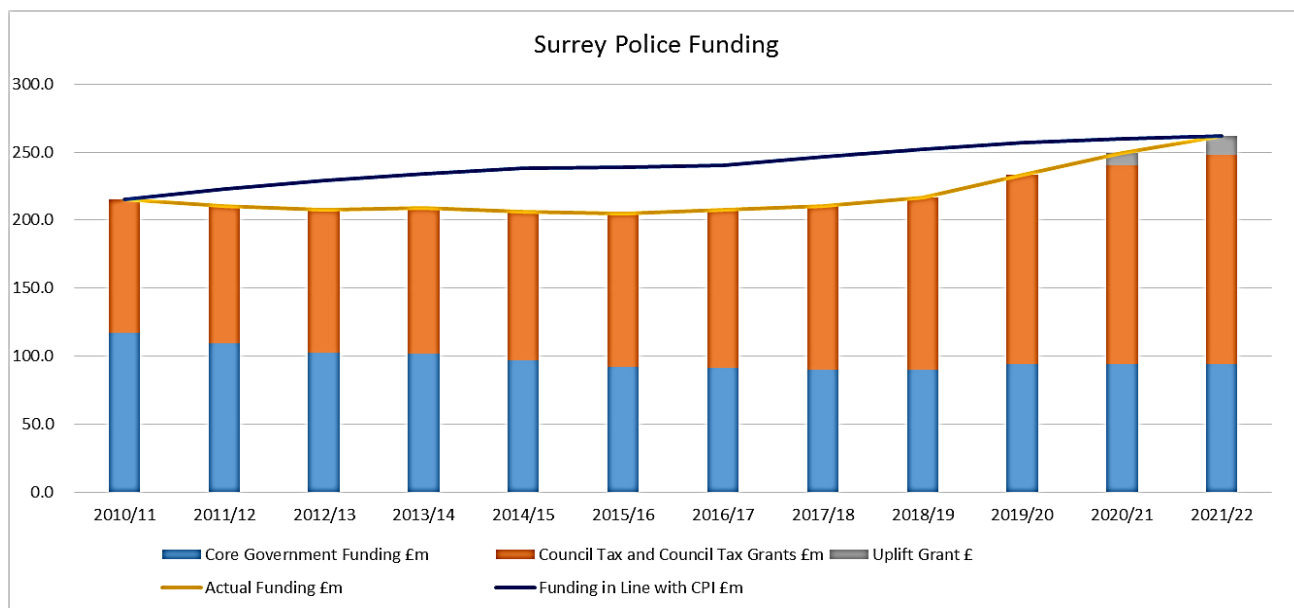
- 6,000 further officers – on top of the first tranche of 6,000 to be recruited in 2020/21 – recruited by the end of March 2022 – this equates as 73 officers for Surrey. The ring fenced grant of £100m, will be paid to forces in line with their progress in recruitment.

- £120m of efficiency savings from across the law enforcement sector – which are reflected in the funding set out as part of the settlement – delivered in 2021/22. These to be delivered through a combination of improved procurement practices (including the delivery of £20m of savings through BlueLight Commercial) as well as savings in areas such as estates, agile working and shared/enabling services. The policing sector to work with the Home Office in setting up and supporting a new Efficiency in Policing Board.
- High quality data to be utilised effectively to support local delivery, identify efficiencies and support the National Policing Board's drive to deliver the best possible policing outcomes for the public. The Home Office & National Police Chiefs' Council will bring together in one document their strategies, plans and initiatives for improving data collection and use across the sector and with key delivery partners such as criminal justice agencies.

16. For Surrey the actual settlement is shown in the table below:

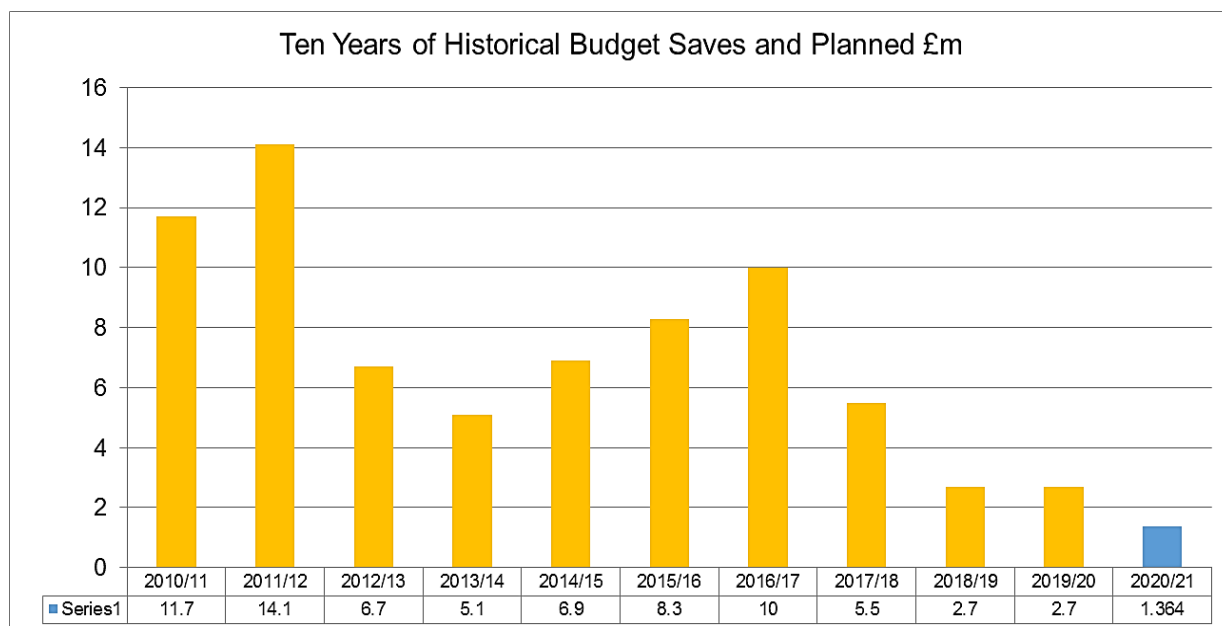
Funding	2021/22 Final £m	2021/22 Provisional £m
Principal Funding	69.5	72.2
Revenue Support Grant	29.4	32.9
Legacy Council Tax Grants	9.2	9.2
Operation Uplift	2.2	1.3
Specific Grants	2.0	2.0
Total	112.2	117.6
Increase		5.4

17. As per the Government announcement the £5.4m is all related to operational uplift although some of it has been incorporated in to other grants for the settlement. The £1.3m element of the grant is only paid upon successful delivery of new police officers.
18. It is interesting to note that even with the current increase in funding and the maximum precept flexibility total funding for Surrey Police will only be the equivalent in real terms to what it was ten year ago in 2010/11. However during that period as a result of Government Policy the burden for funding for the Police has shifted from Government to residents. This is illustrated in the graph below:



BUDGET SAVINGS

19. Over the years I have stressed to the Force the importance of continuing efficiency and the delivery of savings. Since 2010/11 over £75m has been delivered in savings which has been reinvested in to police services. This is shown in the graph below:



20. It is important to note that large savings were achieved in the years that the Force went through significant change i.e. PiYN and that to achieve that level of savings in the future further radical change will be required.

21. For 2021/22 in order to assist with identifying new savings the Force engaged CIPFA and from this work savings of £6.4m have been identified and incorporated in to the budget.

These are as follows:

Savings Proposals	£m
Reduce the level of revenue transferred to fund capital	2.60
Departmental efficiency savings	1.74
Absorb inflation	0.45
Reduction in agency and consultancy	0.34
Tighter control of vacancies	1.25
TOTAL	6.38

22. The Force have assured me that these savings are deliverable and they have been incorporated in to the budget. The delivery of these will be monitored by me closely throughout the year.

COVID-19 SPECIFIC SUPPORT FOR COUNCIL TAX

Covid 19 has not only created additional costs for the Force but has also impacted Council Tax receipts through an increase in the number of residents claiming Council Tax support as well as a fall in collections. This has resulted in the tax base falling by 0.8% - equivalent to about £1.1m – and there being a deficit on the collection fund of £1.4m. To put this in to context last year the tax base increased by 1% and there was almost an £800k surplus. In order to recognise this the Government are providing 2 levels of support, which whilst not covering the whole costs, goes some way to making up for these shortfalls. These are as follows:

Local tax income guarantee for 2020/21

23. The Government will pay 75% of irrecoverable losses in council tax income for 2020/21. This guarantee will cover council tax income anticipated in 2020/21 budgets for which no-one became liable, for example due to an increase in local council tax support costs or unachieved council tax base growth but not any actual or potential bad debts. As it is unclear what support can be expected no income has been included in the budget and instead the shortfall on the collection fund for 2020/21 is being partly charged to reserves.

Local Council Tax Support 2021/22

24. At the Spending Review £670 million of funding was given to compensate preceptors for the loss in Council Tax due to an increase in the number of claimants for Local Council Tax Support. The funding is un-ring-fenced and the PCC will receive £1.5m which will be used to cover the 0.8% reduction in the tax base as informed to the PCC by billing authorities. If the tax base does not recover during 21/22 this will be a pressure going forward.

Collection Fund Deficit Phasing

25. Shortfalls in anticipated tax receipts will generally lead to a deficit on the collection fund, which billing and major precepting authorities must usually meet their share of during the following financial year. In July 2020, MHCLG announced that the repayment of collection fund deficits arising in 2020/21 will be spread over the next three financial years rather

than the usual period of a year. This does not of course cover the loss but does allow the impact to be phased.

IMPLICATIONS FOR THE 2021/22 BUDGET

26. The Force has identified cost pressures of £8.9m and with the Uplift growth of £5.1m this comes to £14m. Against this savings of £6.4m have been identified leaving £7.6m to fund. Additional grants total £5.4m leaving a shortfall of £2.4m before considering any precept increase. In addition the fall in the tax base and the Collection fund deficit increases this shortfall to £3.4m
27. As stated earlier in this paper the Government has given PCCs the ability to increase their precept up to £15 and indeed have assumed as much in the funding allocations they have published. However this is not mandated and will depend on local circumstances. Given £1 on the precept generates about £0.5m an increase of £7 or 2.6% would balance the budget. However if the precept were increased by the maximum amount of £15 this would deliver a potential additional investment of £4.1m in Policing for the county.

CHIEF CONSTABLE'S INVESTMENT REQUIREMENT

28. In the context of the 2021/22 national policing settlement and the £15 precept increase, the Chief Constable has presented a compelling investment case for this additional £4.1m that will allow Surrey Police to meet more demand and accelerate their recruitment plans.
29. In my meetings with the Chief Constable I have discussed in detail his requirements over the next year to complement and support those officers and staff we've already recruited, using the precept increase from last year, and those who will be joining during 2021/22. In particular we have focussed on how this investment can support the delivery of my 3 priorities for Surrey Police that I believe meet residents' needs over the coming year. These are:
- a) More police officers and frontline staff
 - b) Better crime prevention
 - c) More crimes solved
30. To help meet these priorities, the Chief Constable has proposed a number of areas for investment if the precept can be increased to the maximum permitted. This investment would pay for an additional 10 police officers (above the 73 paid for by the Government) and 67 operational staff and allow the Force to invest in a number of areas set out below. These have been identified following a comprehensive process whereby business leads and subject matter experts proposed areas for investment in staffing, which were assessed by the Force's Strategic Planning Department against legislative requirements, demand profiles, savings, and fit with my priorities and the Force's Commitments, before being prioritised by the Chief Officer Group, and would not be possible without the proposed £15 precept increase.

a) A new team of officers focused on reducing the most serious accidents on our roads

One of the most common complaints I get from residents is to do with speeding, particularly in rural areas. I believe that this issue needs to be taken much more seriously and I am pleased that the Chief Constable has taken this on board.

In the 2020 HMICFRS inspection of roads policing (Roads Policing Not Optional) HMICFRS identified a clear need for police forces to improve. In 2018, 23,931 people in England and Wales suffered serious injury in traffic collisions. Often these injuries are life-changing and have profound implications for the people involved and their families. Since 2013, the number of deaths caused by road traffic collisions in England and Wales has gradually increased, rising from 1,541 fatalities in 2013 to 1,624 fatalities in 2018.

The “Fatal 5” team will be a dedicated enforcement team delivering additional intelligence-led policing through overt and covert activity on a daily basis with the primary aim of reducing collision casualties and associated anti-social behaviour through changing driver behaviour. Supported by a researcher, the team will target key road user groups and behaviours at identified times, locations and routes using problem solving methodology to resolve entrenched chronic and repeat issues. A communication strategy involving mass publicity and advertising will raise educational awareness and additional enforcement capability will positively influence attitudes and behaviour, raising the perception of the likelihood of being caught if committing motoring offences and anti-social use of the roads. The Fatal 5 team will work in close partnership, both with other Surrey Police teams including the problem solving team, existing Drive Smart partnerships and external partners, to implement road safety strategies to maximum effect.

I believe that this investment will mean that the Force can deploy more resources to prevent speeding which in turn should reduce accidents and distress for local residents.

b) A dedicated rural crime team to tackle and prevent issues in the county’s rural communities

Rural communities have particular concerns that impact them such as isolated premises, theft of machinery and livestock, fly tipping etc. and this new team will be looking to work with our local communities to address these and other specific rural concerns

Surrey Police currently has two PCs in unfunded posts as a rural crime team. Prior to the creation of this team, the cost of rural crime in Surrey had increased 101.7% (NFU reported cost of rural crime report 2018), but this only equated to a 44.7% increase in rural crime reported in Surrey (Niche flagged rural crime).

Since the current unfunded team has been in place, the Force has seen an increase in reporting, better flagging of crimes allowing more targeted response, and increased satisfaction (year-end figures 2019/20: 63.5% CSAT score). Solved outcomes rates also stabilised and have remained consistent since ranging from 17-22%. This investment will enable this team to be funded and set up permanently and hence carry on with this important work.

- c) More police staff focused on assisting local investigations, such as interviewing suspects, to allow police officers to stay out visible in communities

When I speak to residents they always say that they want to see more uniformed officers in their communities. Whilst I am increasing numbers I believe it is also important to make sure that the officers we do have are able to spend as much time “on the beat” rather than being “in the station”. This investment in staff to fulfil roles that do not require the skills of a fully warranted officer will free up officer time to enable them to be “out on the street” where they need to be.

Neighbourhood Policing Team (NPT) resourcing has remained stable since the implementation of the “Policing in your neighbourhood” (PiYN) model in 2016 while demand has increased. The Investigation Improvement Project (IIP) includes the Volume Crime Improvement Plan 2 which has the objective -

“To significantly improve the quality of volume crime investigations in order to bring offenders to justice in a timelier manner and secure the most appropriate outcome for victims.”

The purpose of the Neighbourhood Policing Investigation Team (NPIT) is to deliver daily investigative capacity providing a dedicated resource that responds to divisional volume crime. It will deliver fast time prisoner handling, allowing NPT rota staff to better plan and progress their investigations.

NPT shift patterns can inhibit the progression of priority investigations with 4 days off following 2 night shifts. The NPIT will work 7 days a week covering early and late shifts which will allow priority investigative actions to be progressed even while the “Officer in Charge (OIC)” is on nights or rest days. This delivers speedier investigations providing better service to victims.

The NPIT will also assist “Degree Holder Entry Program” (DHEP) Detective entrants, Police Now candidates, standard DHEP entrants as well as new Investigative Officers to develop their core investigative skills.

NPITs will link in with the newly formed IRT team, which was established as part of the 2020/21 precept investment, to take enquiries that require some investigative action on the Borough Command Unit. This will further reduce the demand on NPT officers.

- d) Trained intelligence gathering and research analysts to gather information on criminal gangs operating in Surrey and help target those causing the most harm in our communities

Like most communities a large proportion of crime in Surrey is committed by a relatively small minority of people. Organised gangs of criminals, often drug related, can blight many of our communities. This investment will increase the intelligence we can gather on the membership and operation of these gangs thereby enabling the Force to intervene sooner, get them off our streets and protect our residents.

Increases in demand for information is putting pressure on intelligence teams. Examples are:

- Increased proactivity of the Force, including investment in Divisional Proactive Teams.

- Increased size of the Force (Op Uplift etc.) leads to increase in intelligence submissions to be processed and analysed.
- Use of digital devices in crimes requiring additional analysis
- Responsibility for protest intelligence moved from Counter Terrorism without movement of resource
- Data capture requirements from the National Crime Agency (NCA) and other agencies

In order to meet these requests, specialist roles are required that fall outside the expertise of a usual warranted officer. These are:

Senior Analyst

To improve the quality assurance of products, working practices and development of staff directly in the 24/7 team and indirectly in the other teams due to freeing up capacity. It will also aid in furthering the 3-year strategic plan for analysis and research.

Intelligence Analysts

Force Intelligence Bureau - These provide holistic analysis of organised crime group data, county lines and Serious Organised Crime through big data analysis and improving our understanding of the threat, risk and harm posed by them and develop tactical options to bring about positive outcomes.

Divisional analysts – These are intended to increase the volume of operations which receive analytical support, reduce bottlenecks created by analyst capacity, and broaden our relationships with partnership agencies. It will also strengthen our understanding and progress with the control strategy areas.

Intelligence Researcher

This provides the necessary resilience and support which is afforded to the other divisions and in line with the demand experienced.

e) More police staff focused on engaging with the public and making it easier to contact Surrey Police

One of the areas I have been particularly concerned about and have discussed in detail with the Chief Constable at our Performance Meetings is the time it takes the Force to respond to the public, particularly the 101 service. We have both agreed that at times the service is just not good enough and so this investment will enable more resource to be deployed to improve on this as well as allowing other channels of communications, such as on line, to be expanded.

In order to provide more channels of communication for residents, the Digital 101 went live in Surrey on 22nd June 2020. This provides a full 101 service on digital platforms, facebook, twitter and live chat, and negates the need for any telephony. This has led to extra demand rather than channel shift as the force has engaged with people who would never have rung 101 – this recently included a sexual offence. This investment will also fund a drive to promote digital as a means to contact the police to try and reduce some of the 101 demand we are currently seeing and hence improve performance.

- f) Funding to provide key support for victims of crime - in particular services to prevent domestic violence, stalking and child abuse.

Whilst our main focus has to be on preventing crime and catching criminals I am keen that we do not lose sight of the impact crime has on victims, the importance of supporting witnesses and crime prevention. This investment will support a number of initiatives to reduce repeat domestic abuse offending, identify earlier those at risk of domestic abuse through working with GPs, support those suffering from Domestic Abuse through the justice system, work to prevent vulnerable children and adults being drawn in to crime and finally to support those who have been the target of stalkers. My own office has a statutory responsibility to provide services to support victims of crime and now has well-established processes to ensure funding is spent to the best effect. This element of the precept increase would be administered by my own office to bolster the services we already have in place and is fully supported by the Chief Constable. More details on this are included in the OPCC budget paper.

31. A split of the Chief Constable's proposed precept investment is shown in the table below:

Investment Area	Numbers	Cost £m
Officers	10	0.627
Police Staff (frontline or supporting frontline)	67	2.829
Commissioned Services for Victims		0.644
Total		4.100

32. I have made it clear to the Chief Constable that if this investment is agreed, I and residents will be expecting to see results. I intend to monitor this through regular reports at our joint Performance meetings which will demonstrate the impact that this investment has had.

THE 2021/22 REVENUE BUDGET WITH THE PRECEPT INVESTMENT

Last year this panel approved a total budget of £250m. This year the budget I intend to approve will have increased to £261.7m. However once the precept investment of £4.1m and the Uplift investment of £4.8m are removed the actual growth is £2.8m or just over 1%.

Category	£m
Pay Inflation and increments	1.8
Price Inflation	0.9
Capital Funding	1.0
Debt repayments	1.6
ICT investment	2.3
NPAS, SEROCU and Police Now detectives	0.6
Estates	1.7
Less: Savings	(6.4)

Less :Prior year transfer to Cost of change reserve	(0.8)
Total growth in budget	£2.7

33. A summary of the entire budget including the proposed precept investment is shown in Appendix B.

34. Although not required for the purposes of this report the Chief Financial Officer will be required to report on the robustness of the budget and precept calculations before I approve the budget and precept in accordance with section 25 of the Local Government Act 2003. I can report that my Chief Finance Officer has given me an assurance that the estimates used are robust as they are based on the same methodology used successfully in previous years when consistently expenditure has been kept within budget. A schedule of projected reserves is included as Appendix E.

THE 2021/22 CAPITAL BUDGET

35. Although there is no requirement for me to share the proposed Capital Budget with this Committee, in the interests of completeness and transparency I am including it for your information. The Government only provide a grant of £164k to fund capital expenditure – this is a reduction from £626k in 2019/20 - and so the remainder has to come from capital receipts, revenue contributions and borrowing. The force does not hold any Capital Receipts in reserves. Because capital schemes are managed over a longer period than one year, the capital budget for 2021/22 is set out within the context of a five year planning period, which governs the overall management of the capital programme and influences the construction of each individual year's capital budget.

36. The table below outlines the proposed capital budget for next year (and an estimate of the 4 years beyond with totals given for each of the areas in which capital investments will be made:

2020/21 (including b/fwd)	Surrey Capital & Investment Programme	2021/22	2022/23	2023/24	2024/25	2025/26	Total
£m		£m	£m	£m	£m	£m	£m
4.8	Information Technology	2.0	2.0	2.0	2.0	2.0	10.1
0.5	Business Led IT Projects	0.7	0.6	-	-	-	1.3
3.9	Fleet Replacement and Equipment	3.7	3.7	3.9	4.3	3.9	19.5
4.6	Estate Strategy	12.6	2.7	1.4	-	-	16.7
1.5	Operational Equipment	0.3	-	-	-	-	0.3
15.3	Total	19.3	9.0	7.3	6.4	6.0	47.8

The main areas of spend are:

- ICT – Firewall renewal, new hardware and Niche records system
- Fleet – vehicles and associated equipment
- Estates - Initial stages of the Building the Future project, which provides for the development of a new state of the art Surrey Police Headquarters, together with a new Dog School and Firing range. It should be noted that the full cost of the BTF project over the 5 year period is not included as this will only be finalised once RIBA stage 2 is complete.
- Equipment – Includes Tasers and drones used by the Force

37. It is clear that the funding of capital will be a challenge in the future given the pressures on the revenue budget and the lack of any Government support (in 2021/22 the Government is providing £176,000 for capital expenditure by way of grant). More schemes will need to be funded by borrowing, but only if they generate sufficient returns to enable the borrowing to be financed, or from transfer from revenue. This will put significant pressure on the delivery of the capital program as outlined in future years. More details are shown in Appendix C.

MEDIUM TERM FINANCIAL PLAN

38. Although not required to be presented to this Committee, I think it is important that the Committee be aware of the potential financial challenges the force faces over the next 4 years. As I am sure members can appreciate it has been particularly difficult to make any predictions of the future given only 1 year of the settlement was released and we are in very uncertain times. However based on “best guess” assumptions the Force will need to find savings of £17.2m on top of the £6.4m planned savings for 2021/22 in the period to 2024/25 financial year. Whilst the exact figure may be difficult to predict with any certainty, what is clear is that the Force, and probably most of the public sector, are entering a period where savings will be the main driver rather than growth. I will be working closely with the Chief Constable to continue to drive savings and efficiencies so as to maintain the frontline services residents’ value. However given the Force has already made significant efficiency savings in the past this may not be enough by itself to plug any gap. Thus it is important that Council Tax is increased by the maximum permitted, however difficult this may be, if the Force is to remain financially sustainable and services preserved for the future.

39. A summary of the MTFP, risks and associated assumptions is shown in Appendix D

PUBLIC ENGAGEMENT AND CONSULTATION IN 2020/21

40. The PCC began a rolling programme of consultation from the start of the 2020-21 financial year to broaden engagement across the county and across different demographic groups.
41. This was particularly challenging given the Covid restrictions but included amongst other things online meetings with residents and partners and a programme of eleven engagement events during January and February 2021 - one for each borough and district in Surrey. A paper on my engagement with the public over the last year is included elsewhere on this agenda.
42. On the 12 January 2021 I launched my consultation on the Precept and the Chief Constables Investment plans. I consulted on my proposal for a £15 increase in the police precept and at the time of writing this paper the survey was still ongoing. The survey was kept open until the 4th February to allow those who attended engagement events to complete the survey and I will update the panel on the final result at the meeting. The survey was promoted through local media, In the Know, Next Door, Facebook and Twitter.

43. Once again, timescales for the precept consultation were challenging this year, with the Government announcements on the grant for Surrey Police and the rules around precept increases for PCCs being made in late December.

44. What was clear from these events and surveys is that residents support what have become the priorities I have put in place for the force. Namely:

- More police officers and frontline staff
- Better crime prevention
- More crimes solved

LEGAL CONSIDERATIONS

45. The Police Reform and Social Responsibility Act 2011 requires the Police & Crime Commissioner (PCC) to notify the Police & Crime Panel of the proposed precept for the coming financial year and it is this which is being done at this meeting. The Panel is required to respond with a report to the PCC by the 8th February 2021 either accepting the proposed precept, recommending an alternative or rejecting it altogether (for which a 2/3rds majority is required).

46. If the Panel accept my proposal or put forward an alternative I have to respond to their report and can then decide to issue a precept notice for my original proposal or the alternative recommended by the Committee.

47. If however the Panel has used its veto to reject my original precept proposal then I must advise the panel of my revised precept by 15th February 2021. The Panel has 7 days to report back to me on the proposed precept and then I need to consider a response. If the Panel does not accept the revised precept, I can still issue it despite the Panel recommendations, or I can issue a different precept, taking into account the Panel recommendations, provided that if the original precept was vetoed because it was considered to be too high, the revised precept is not higher and vice versa if the original precept was vetoed for being too low. I can only issue precept notices to the District and Borough Councils before 1st March 2021 if the Police & Crime Panel has completed its scrutiny process.

48. In addition it should be noted that the Government has set the “Referendum Limit” at £15 for 2021/22. Any increase in excess of this amount will be subject to a local referendum.

PRECEPT PROPOSAL

49. There is no doubt that we are all living through an incredibly difficult time so deciding what I think the public should pay for their policing in Surrey over the next year is one of the hardest tasks I have faced as Police and Crime Commissioner. Over the last year our police officers and staff have faced unprecedented challenges in dealing with the Covid-19 pandemic and I believe the role they play in our communities during these uncertain days is more important now than ever.

50. Residents across the county have consistently told me that they really value their police teams and would like to see more of them in our communities. This remains a key priority for me and after years of government cuts to our police service, we have a real opportunity

to continue the significant strides we have made in the last few years in recruiting those badly needed extra numbers to the Surrey Police frontline. By increasing the precept by £15 a year, the equivalent of £1.25 a month, would enable the Chief Constable to bolster officer and staff numbers in those crucial roles that are needed to increase visibility, improve our public contact and provide that essential operational support to our frontline officers.

51. Therefore, as PCC, I propose to increase the Band D Surrey Police and Crime Commissioner Precept by £15 for 2021/22 from £270.57 to £285.57 and I recommend that the Panel endorses this proposal.

52. The table below shows the effect of the proposed precept by Council tax band:

Band	2019/20	2020/21
	£	£
A	180.38	190.38
B	210.44	222.11
C	240.51	253.84
D	270.57	285.57
E	330.70	349.03
F	390.82	412.49
G	450.95	475.95
H	541.14	571.14

RECOMMENDATION:

That the Police and Crime Panel:

- i) Review the precept proposal; and**
- ii) Report to the Commissioner on the proposed precept**

Contact: Kelvin Menon - OPCC Treasurer & Chief Finance Officer

Telephone Number: 01483 630 200

E-mail: kelvin.menon@surrey.pnn.police.uk



Force Vision 2020/25

Be safe, feel safe.

To ensure Surrey is a county
that is safe, and feels safe.

Our Force



Prevention

- ✓ We will proactively tackle the causes of crime and disorder.
- ✓ We will spot problems early; acting promptly to make a difference, and avoiding quick fixes that don't last.
- ✓ All of our staff will use the same problem solving approach.

Partnership

- ✓ We will work with everyone who can help make our communities safer.
- ✓ We will continue to invest in the strength of our partnerships with Sussex Police and the region.
- ✓ Through trusted relationships, we will solve the problems that cause people most harm, and be judged on our outcomes.

Potential

- ✓ We will become a more diverse organisation in order to be better at what we do.
- ✓ We will invest in technology to get the very best out of our information.
- ✓ We will all take responsibility to protect the environment for future generations.

Our communities



Prevent crime

- ✓ We will be proactive in dealing with local issues.
- ✓ We will ensure every community has local officers tackling local problems.
- ✓ We will help communities protect themselves from harm.

Protect our communities

- ✓ We will work with others to help the vulnerable.
- ✓ We will respond effectively to help people in crisis.
- ✓ We will protect communities from crimes & incidents that cause the most harm.

Pursue offenders

- ✓ We will target serious, harmful and persistent offenders; particularly those who prey on the vulnerable.
- ✓ We will minimise the number of known offenders at large in our communities.
- ✓ We will put victims first, and complete high quality investigations.

Our people



Professional

- ✓ We will trust each other to do the right thing to give outstanding service.
- ✓ We will expect high standards and ethical behaviour.
- ✓ We will challenge each other to innovate, learn and improve.

Proud

- ✓ We will take pride in our service to the public.
- ✓ We will work as a team, making the most of people's talents.
- ✓ We will celebrate our achievements.

Inclusive

- ✓ We will be friendly, kind, inclusive, and support our police families.
- ✓ We will reflect the communities we serve.
- ✓ We will value different perspectives and experiences.

SURREY POLICE AND OPCC GROUP BUDGET FOR 2021/22

REVENUE BUDGET 2021/22

5

	2020/21 £m	2021/22 £m	Variation £m %	
Office Of Police & Crime Commissioner	2.1	2.1	0.0	0%

	2020/21 £m	2021/22 £m	Variation £m %	
Police Force				
North Division	26.5	27.0	0.6	2%
East Division	30.0	30.5	0.5	2%
West Division	32.8	33.4	0.7	2%
Specialist Crime	26.0	26.1	0.1	0%
Operations	19.2	19.7	0.5	3%
Public Protection	12.4	12.6	0.2	2%
Contact & Deployment	19.2	19.5	0.3	2%
Criminal Justice	12.3	12.5	0.2	2%
Volunteering	0.3	0.4	0.0	9%
sub total	178.5	181.7	3.2	2%
Chief Officers	1.3	1.0	(0.3)	(20%)
DCC	1.6	1.6	0.0	1%
PSD	2.9	3.1	0.2	7%
Corporate Communications	1.5	1.5	0.0	2%
Service Quality	2.5	2.5	0.0	1%
Change Programme	0.7	0.7	0.0	1%
sub total	10.4	10.4	0.0	0%
ICT	16.2	18.5	2.3	14%
Finance & Services	16.6	18.5	1.9	11%
People Services	12.5	12.1	(0.5)	(4%)
Operation Uplift	0.0	4.8	4.8	0%
Precept Uplift	0.0	4.1	4.1	0%
Corporate	13.7	16.1	2.4	17%
sub total	59.0	74.0	15.0	25%
Sub-Total Force	248.0	266.1	18.2	7%
Savings Plan		(6.4)		
GROSS BUDGET	250.0	261.7	11.7	5%

Grants				
Home Office Police Grant	(69.5)	(72.2)	(2.7)	4%
Formula Funding	(29.4)	(32.9)	(3.6)	12%
Legacy Council Tax Grant	(2.5)	(2.5)	0.0	0%
Council Tax Support Grant	(6.8)	(6.8)	0.0	0%
Police Officer Pension Grant	(2.0)	(2.0)	0.0	0%
Operation Uplift Performance Grant	(2.2)	(1.3)	0.9	0%
Total Grants	(112.2)	(117.6)	(5.4)	5%

Use of Reserves	0.0	0.0	0.0	
Local Council Tax Scheme Grant		(1.1)		
Collection Fund Surplus / Deficit	(0.8)	0.4	1.2	

NET PRECEPT REQUIREMENT	137.0	143.4	6.4	4.7%
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* where figures are rounded to 1 decimal place they may not cast correctly

NB: The proposed Precept investment of £4.1m is all shown as one figure in the table above. It will be allocated amongst budgets, including £644k for the OPCC commissioned services, in due course.

CAPITAL BUDGET 2021/22 TO 2025/26 AND FUNDING

Surrey Capital Programme Expenditure	Year 1	Year 2	Year 3	Year 4	Year 5
DESCRIPTION	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000's	£'000's	£'000's	£'000's	£'000's
ICT Renewals	682	1,570	1,570	1,570	1,570
ICT New Schemes	1,330	450	450	450	450
Business Led IT Projects	692	600	-	-	-
Fleet Replacement and Equipment	3,651	3,651	3,897	4,340	3,936
Estate Strategy	12,627	2,700	1,350	-	-
Equipment	295	-	-	-	-
Total	19,277	8,971	7,267	6,360	5,956

Capital Programme Funding	Year 1	Year 2	Year 3	Year 4	Year 5
DESCRIPTION	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000's	£'000's	£'000's	£'000's	£'000's
Capital Income Surplus brought forward	-	-	-	-	-
Central Government Grant Received in-year	164	164	164	164	164
Other Capital Receipts	1,018	300	850	400	-
Estate Strategy Receipts	7,250	-	4,700	39,400	-
Estate Strategy Borrowing	8,027	2,700	(3,350)	(39,400)	-
Other Borrowing	-	-	-	-	-
Total Capital Resources	16,459	3,164	2,364	564	164
Capital Resources Applied	19,277	8,971	7,267	6,360	5,956
Capital Resources Carry Forward	(2,818)	(5,807)	(4,903)	(5,796)	(5,792)
Revenue Resources brought forward	218	-	-	-	-
Revenue Contributions Received in-year	2,600	3,600	4,600	5,600	6,600
Other External Grants / Conts Received in-year	-	-	-	-	-
Capital Grants & Contributions Unapplied	-	-	-	-	-
Total Revenue Resources	2,818	3,600	4,600	5,600	6,600
Revenue Resources Applied to Capital	2,818	5,807	4,903	5,796	5,792
Revenue Resources Applied to Revenue	-	-	-	-	-
Revenue Resources Carry Forward	(0)	(2,207)	(303)	(196)	808
Total Funding Applied	19,277	8,971	7,267	6,360	5,956

SURREY POLICE GROUP MEDIUM TERM FINANCIAL STRATEGY

5

Surrey - Medium Term Financial Forecast Q3		January -2021			
£15 Precept, pay freeze, non pay 2% inflation	2020/21	2021/22	2022/23	2023/24	2024/25
REVENUE COST BASE	£m	£m	£m	£m	£m
Base budget	235.1	250.0	261.7	270.5	276.3
Pay Inflation	4.5	0.6	4.1	4.3	4.4
Price Inflation	0.8	0.9	1.1	1.1	1.1
Base Assumptions	2.5	4.3	2.3	1.9	2.1
Unavoidable Costs	0.4	1.9	0.0	(0.0)	0.0
Cost of Change net	(2.4)	(1.2)	(0.1)	(0.6)	0.0
Service Growth	0.5	2.4	0.1	0.0	0.0
Estate Strategy Net Impact	0.4	0.0	0.1	4.2	(0.8)
Precept Investment	3.8	4.1	0.0	0.0	0.0
Operation Uplift	5.7	5.1	6.9	0.0	0.0
Total Cost Increases	16.3	18.1	14.6	10.9	6.7
Gross Budget Requirement	251.4	268.1	276.3	281.4	283.0
Annual Savings Requirement	(1.4)	(6.4)	(5.9)	(5.1)	(6.4)
Total Gross Budget	250.0	261.7	270.5	276.3	276.6
FUNDING	2020/21	2021/22	2022/23	2023/24	2024/25
£m	£m	£m	£m	£m	£m
Home Office Grant	69.5	72.2	79.1	79.1	79.1
Revenue Support Grant	29.4	32.9	32.9	32.9	32.9
Council Tax Support Grant	9.2	9.2	9.2	9.2	9.2
Operation Uplift Performance	2.2	1.3	1.3	1.3	1.3
Specific Grant	2.0	2.0	2.0	2.0	2.0
Local Council Tax Scheme Grant		1.5			
General Reserves	0.0	0.0	0.0	0.0	0.0
Specific Reserves - Covid19		0.4			
Local Council Tax Scheme		(0.4)			
Estate Strategy	0.0	0.0	0.1	3.0	0.0
Cost of Change	0.0	0.0	0.0	0.0	0.0
Surplus/(deficit) on Council Tax Collection Fund	0.8	(0.8)	(0.4)	(0.4)	0.0
Base precept	130.5	137.0	143.4	146.3	149.2
Taxbase Improvement	1.4	(1.1)	0.0	0.0	0.0
Precept increase	5.1	7.5	2.9	2.9	3.0
Total Funding	250.0	261.7	270.5	276.3	276.6
Financial Indicators					
Funding Change	14.9	11.7	8.7	5.8	0.4
Cost Increase as % of base	6.9%	7.2%	5.6%	4.0%	2.4%
Total Budget Change	14.9	11.7	8.7	5.8	0.4
Total Budget Change	6.3%	4.7%	3.3%	2.2%	0.1%
Band D £	270.57	285.57	291.28	297.11	303.05
Band D Net precept increase %	3.84%	5.54%	2.00%	2.00%	2.00%
Precept Funding increase %	4.9%	4.7%	2.0%	2.0%	2.0%
Total Precept Receipt	137.0	143.4	146.3	149.2	152.2
Precept as % of Net Budget Requirement	55%	55%	54%	55%	55%
Grant as % of budget	45%	45%	46%	45%	45%
Net Budget Requirement	250.0	261.31	270.4	273.7	276.6
Net budget requirement movement %	6.8%	4.5%	3.5%	1.2%	1.1%
Efficiency Savings Plan	2020/21	2021/22	2022/23	2023/24	2024/25
£m	£m	£m	£m	£m	£m
Strategic Change Programmes:					
CIPFA Savings Proposals					
Red		0.0	0.0	0.0	
Amber		(2.1)	0.0	0.0	
Green		(4.3)	(0.1)	(0.1)	
Specialist Crime	(0.2)				
ICT	(0.5)				
Force	(0.7)				
Total of Strategic Change Programme Savings:	(1.4)	(6.4)	(0.1)	(0.1)	0.0
Annual Savings Requirement	(1.4)	(6.4)	(5.9)	(5.1)	(6.4)
In Year Surplus/Deficit	0.0	0.00	(5.8)	(5.0)	(6.4)
Cumulative Surplus/Deficit	0.0	0.0	(5.8)	(10.8)	(17.2)

APPENDIX D2

SUMMARY OF ASSUMPTIONS FOR THE MEDIUM TERM FINANCIAL PLAN

Assumption		2021/22	2022/23	2023/24	2024/25
Capital Grant	£m	£0.20	£0.20	£0.20	£0.20
Main Policing Grant change		0.00%	0.00%	0.00%	0.00%
Revenue Support Policing Grant change		0.00%	0.00%	0.00%	0.00%
New Police Pension Grant		0.00%	0.00%	0.00%	0.00%
Council Tax Support Grant		0.00%	0.00%	0.00%	0.00%
Legacy Council Tax Freeze Grants		0.00%	0.00%	0.00%	0.00%
Operation Uplift Grant	£m	£5.10	£6.90	£	£
Precept (£15 one year increase)		5.54%			
Precept		5.00%			
Precept		2.00%	2.00%	2.00%	2.00%
Tax base increase		0.00%	0.00%	0.50%	0.50%
Local Council Tax Scheme	£m	£1.50			
Collection Surplus/(Deficit)	£m	-£0.40	-£0.40	-£0.40	£
Police Staff Pension Employer Contribution rate		16.50%	16.50%	16.50%	16.50%
Police Officer Pension Employer Contribution rate		31.00%	31.00%	31.00%	31.00%
Police Officer pay inflation		0%	2%	2%	2%
Police Staff pay inflation		0%	2%	2%	2%
Salary Increments	£m	£1.20	£1.20	£1.00	£1.10
South East Allowance	£m	£5.60			
General Price inflation		2%	2%	2%	2%
Investment Interest Returns		0.10%	0.10%	0.10%	0.10%
Income - Fees & Charges *1		No Change	No Change	No Change	No Change
Income - Specific Grants *2		No Change	No Change	No Change	No Change
General Reserve		3% NBR minimum	3% NBR minimum	3% NBR minimum	3% NBR minimum

RISKS WITH BUDGET AND MEDIUM TERM FINANCIAL PLAN

Issue	Assumption	Comment
Maintaining & improving service performance levels	Resources sufficient to meet targets and priorities in the Police and Crime Plan and Chief Constable Commitments	<p>The Chief Constable believes that there are sufficient resources to deliver future Police & Crime Plan priorities, Chief Constable Commitments and Strategic Policing Requirement. However there remains risk from the cost of major operations including counter-terrorism, major incidents including pandemics, particularly if these are not fully funded nationally.</p> <p>The PCC has resources available for any one-off cost pressures in the form of reserves to assist Operational Policing and has approved year on year increases to the policing precept.</p>
Pay and price budgets and establishment control	<p>Provision for national pay awards of 0% apart from employees on £24k or less.</p> <p>Staff turnover and increments based on detailed analysis of current staff profile and trends.</p> <p>General price inflation of 2%</p>	<p>Whilst the number of police officer leavers is difficult to predict, recruitment and promotions are managed during the year across Surrey Police to match staffing need and resources to budget.</p> <p>Detailed analysis of employee costs is carried out in setting the budget with close corporate monitoring of the overall budget and management action to maintain financial discipline is particularly important to ensure resources are deployed to achieve the most effective and efficient service delivery, as well as the PCC's approved investment in Police & Crime Plan and Surrey Police Commitments. The Force Organisation Board will monitor all aspects of the financial and human resources including the recruitment progress and report to the PCC.</p> <p>Pay and price contingency is available to meet unexpected increases in year.</p> <p>The risk that prices may rise is mitigated by budget monitoring arrangements, reserves and actively managing spend pressures.</p>
Limits to Precept Increases	£15 in 2021/22. Future precept planning assumption of a 2% increase.	<p>The ability to increase the precept complemented by Operation Uplift grant has enabled targeted and affordable investment in future years are planned at Band D increases of 2% subject to government policy and PCC annual decision.</p> <p>The Localism Act 2011 gives a statutory obligation for council tax referendums to be held should a precept higher than prescribed be approved by the PCC. The Secretary of State for Communities and Local Government set the level above which a referendum would be required.</p> <p>An increase in excess of the referendum level or precept 'cap' would result in the requirement to hold a referendum and the costs met by the OPCC.</p>
Grant Levels / Spending Review 2021	<p>Main police revenue grant increased by 4.8% for 2021/22.</p> <p>Capital grant flat cash for 2021/22.</p>	<p>The last 3 settlements have been one year only settlements. Future reductions in funding including unfavourable review of the funding formula is possible within the MTFs period starting in 2022/23, this will be monitored regularly with proactive input to the Spending Review and any funding formula reviews or consultations arising. The future assumption is that grant will be flat cash apart from the increase in police officers under the Operation Uplift, which will end in 2022/23.</p> <p>Capital Grant reduced to £0.200m in 2020/21 from £0.600m in 2019/20 and remains at £0.200m for 2021/22. This sum could reduce again in a future Spending Review.</p>
Council Tax	<p>Collection rates advised by individual billing authorities</p> <p>Tax Base</p>	<p>The risk of council tax collection rates being lower than expected could impact on the collection fund balances and any surpluses payable to the PCC as demonstrated with 2020/21 forecasts. Billing authorities' factor in prudent collection rates to mitigate this risk. The PCC works closely with billing authorities to monitor their key collection rates and contributes financially towards the costs of reviews of discounts, including the single person discount, and exemptions.</p>

		<p>The tax base is normally expected to increase during the MTFS period but the assumptions could be impacted by changes to the mix of dwellings, discounts and the impact of unemployment numbers within billing Authorities council tax reduction schemes.</p> <p>As a result of the COVID19 pandemic this risk has increased substantially and future estimates will be reduced and guided by the billing authority's data returns.</p> <p>There is support from government in 2 forms; reductions experienced from the tax base via the Local Council Tax Scheme grant amounts to £1.5m, a one off grant, which will be required to cover future years.</p> <p>Collection fund support in the form of a claim up to 75% of deficit and required to spread over 3 years.</p>
Pandemic	Risks	<p>The Force maintained a specific risk register in response to this public health emergency including the financial risks, which comprised of staffing, cash flow, in year direct financial costs to respond and the longer term economic impact. These risks are mitigated by the control measures the specific areas within this risk analysis document as the pandemic is ongoing risk into the new financial year.</p>
EU Exit	Risks	<p>As above the Force maintained a stand-alone risk register and even though the exit deal and the subsequent trade deal have lowered the risks, there are potential financial consequences that have not materialised as yet, price rises due to the additional burden from imports, currency weakness or supply issues. Pay and price contingency is available to meet unexpected increases in year.</p>
Budget Estimates (Expenditure)	Provision for specific on-going cost pressures	<p>The budget estimates including all identified additional costs for 2021/22, supported by input and review by the Chief Financial Officers.</p> <p>All cost pressures are scrutinised internally by the Chief Finance Officers and also the DCC chaired Force Organisation Board before inclusion in the financial plan.</p> <p>Third party assurance has been gained from engaging CIPFA to review the financial assumptions in the plan.</p> <p>Risks of budget overspend are mitigated by the monthly budget monitoring process and formal monitoring reports to the PCC.</p>
Budget Estimates (Expenditure)	Provision for Operation Uplift enablement costs	<p>The Operation Uplift increase in police officers apart from the salaries require additional vehicles plus running costs, IT equipment, uniform and kit. There are also costs in relation to estate provision plus running costs, recruitment, training costs, Occupational Health and associated costs of having more people in the organisation such as insurance, IT licences and other overheads. The budget estimates include the expected costs from this growth however there remains a risk that unidentified financial consequences were not catered for within the budget.</p> <p>All cost these pressures are scrutinised internally by the Chief Finance Officers and also the DCC Strategic Planning Board before inclusion in the financial plan.</p> <p>Risks of budget overspend are mitigated by the monthly budget monitoring process and formal monitoring reports to the PCC.</p>
Budget and financial reporting	<p>Additional Investment potential in 2021/22 from Operation Uplift Officers (73) and precept new investment of £4.1m.</p> <p>Savings plan £6m 2021/22</p>	<p>Action plans to deliver savings continue to be reviewed by Chief Officers and regular monitoring will be undertaken to track achievement of savings and ensure any additional action required is undertaken during the year.</p> <p>The achievement of savings developed with support from CIPFA have been scrutinised by Chief Officers as to the acceptability and achievability of the proposed savings.</p> <p>Financial monitoring is in place with a rigorous process of monthly review, including close scrutiny by the Chief Constable's Chief Finance Officer, the</p>

	Monthly 'Group' budget monitoring	<p>PCC's Chief Finance Officer and at the monthly DCC chaired Force Organisation Board, at which progress against the investment is reported.</p> <p>The PCC regularly receives a Financial Report which is on the agenda at the Chief Constable accountability meeting entitled the PCC Performance Meeting.</p>
Savings Plan	Budget includes £6m of savings	<p>The achievement of savings developed with support from CIPFA have been scrutinised by Chief Officers as to the acceptability and achievability of the proposed savings.</p> <p>Action plans to deliver savings continue to be reviewed by Chief Officers and regular monitoring will be undertaken to track achievement of savings and ensure any additional action required is undertaken during the year.</p> <p>The savings planned in the first year of the four year plan are within the reserves available but would be exceeded in subsequent years if not delivered.</p>
National IT Systems	Move to full cost charging without transfer of funding from Home Office.	<p>Further potential costs related to the national Home Office charges for IT systems from a grant ratio allocation basis to a Force budget ratio which may lead to additional costs for Surrey Police including changes to training and the creation of the national police college could continue in 2021/22 and beyond. A PCC and Police group has been established to scrutinise these cost before they are agreed.</p>
Levels of Reserves	Forecast to reduce over the term of the MTFS	<p>Currently used to finance the capital and investment programme and major change initiatives. It remains a risk that the level of reserves is adequate to meet unplanned demand and unexpected costs.</p> <p>To mitigate this risk, the General Reserve is kept at a minimum of 3% of revenue expenditure.</p> <p>An annual review of all reserves is undertaken at budget setting along with a post year-end review and update to the MTFS. Now that our budget is increasing further contributions are required to reserves in order to meet the stated limits over the period of the MTFS. Specific reserves are being employed to reduce the pressure on the revenue budget in the form of an Estate Strategy Reserve and a Cost of Change Reserve. A reserve by its nature can only be employed as a one off cash injection, the savings planned in the first year of the four year plan are within the reserves available but would be exceeded in subsequent years if not delivered.</p>
Interest rates, investment and borrowing	<p>Interest rates assumptions</p> <p>Borrowing at fixed rates.</p>	<p>Forecasts of investment income for 2021/22 onwards are based on estimated cash balances and interest rate forecasts as set out in the treasury management strategy. A prudent position has been adopted with regard to anticipating future increases in interest rates, to address the risk of interest rates being lower than expected, from a very low base.</p> <p>As economic activity has slowed markedly and interest rates reduced, in year and over the planning period estimates have been revised downwards.</p> <p>The risk of investment fund loss due to collapse of the financial institution with whom the deposit is placed, is limited by controls within the <u>Treasury Management Strategy</u> which focus on security rather than returns. Potential impact is mitigated by a diverse portfolio with top credit rated institutions.</p> <p>As part of the borrowing strategy in support of financing long term assets the ability to employ internal and external borrowing has been established which will be instigated by the Chief Finance Officer for the PCC. The Building the Future project is planned to be financed from borrowing.</p>
Income Assumptions	Income budgets reduced for specific items.	<p>Some risk of achieving on-going level of income targets included in Divisional and Department budgets. This will be monitored during the year and appropriate action or mitigation agreed as necessary. Additional income may be received in-year due to unforeseen events, additional grants from Home Office or other third parties. Budget adjustments will be requested where appropriate.</p>

Police Pension	Ruling from McCloud and Sergeant appeal	Police pensions along with many public sector pensions was reviewed to ensure a fairer balance between public purse and pensioners. The scheme was changed to a Career Average Revalued Earnings (CARE) scheme which included transitional arrangements. These arrangements were challenged and accepted by the tribunal. There is a possible risk that future employer contributions will have to increase as the cost of the scheme is expected to be higher. The risk is whether this higher employer contribution is met from government funding or rests with Forces.
LGPS Pension	LGPS reform changes	HMT Restriction of Public Sector Exit Payments Regulations 2020 restrict public sector bodies from making exit payments above £95,000 in connection with a person over the age of 55 leaving employment or vacating office. MHCLG proposes further limitations to LGPS and compensation regulations within a wider exit payment reform which includes pension strain costs and discretionary compensation amounts. There is also a risk of legal challenge to force payment decisions as LGPS regulations are not yet consistent with HMT regulations. Other challenges to LGPS funds and administration include the impacts of McCloud underpin implementation, SAB and HMT cost sharing schemes, Goodwin (survivor payment equality) remedy and the alignment of LGPS valuation cycles with other government schemes e.g. police officer schemes.
Reductions in security grants	Potential reductions in Airport and other security grants.	MTFS assumes that grants will continue at current level. If subsequently reduced, savings will be made to cover the reduction outside of core savings targets.
Public Order	Additional cost of overtime and associated costs	Whilst action will be taken to mitigate the overtime and other additional costs relating to policing public order operations, significant costs may be incurred on anticipated events in 2021/22. The Force is following nationally agreed guidelines on the policing of events. It is proposed that any in-year over-achieved savings will be used as a first source for funding, otherwise other revenue budget and operational reserve provides potential sources of funding if necessary.
Operational Demands	Public protection	Key operational pressures include continuing demand and complexity of public protection cases (domestic abuse and vulnerable children/adults) plus changes in nature/type of evidence collection, with a growing range of digital devices having to be examined requiring additional forensic time/resource and cost to process. The Forensic Capability Network a national group are overseeing developments in the Forensic market including digital forensics. https://recruitment-dcp-dp.org/dorset-police-staff/forensic-capability-network/
Capital Programme	Latest plans	There is a risk of the capital programme being understated, or that over spending occurs, resulting in insufficient funding being available as planned. Slippage may also impact on operational demands. The capital plan is reliant of several sources of funding including capital receipts which are at risk of not being achieved either in quantum or timing. These risks are mitigated by regular review of all major projects including the Estates Strategy and ICT projects, focus on key priorities agreed in advance, together with monthly budget monitoring and regular monitoring reports to the PCC.
Building the Future – New Headquarters	Major capital project	The scale of this project carries a number of risks including potential financial risks which are managed through a Building the Future Steering Group chaired by the Deputy Chief Constable which makes recommendations to the Building the Future Board chaired by the Police and Crime Commissioner for any decisions.
Capital Financing	MRP is calculated on an	This Capital Financing risk is of charges being greater than budgeted. This is mitigated by considering revenue and capital implications of major project spend within the capital and investment planning process and

	asset by asset basis	inclusion within the MTFF. The MRP debt repayment provision is calculated on individual assets and 100% of borrowing has fixed term rates, thus will not be impacted by changes in interest rates. Borrowing is planned to finance the capital programme within this MTFS.
Regional Partners	Investment plans	The risk is that all regional partners are not aware of each partner's investment plans, estate strategy etc. which can lead to un-planned expenditure within the year. A regional Police lead for SERIP has improved the communication to minimise this possibility, within their scope.
National ICT Programmes	Latest plans	There is a risk that delays to the implementation of national ICT schemes including ESMCP, NLEDS & HOB present significant risk. These risks will be managed by regular review of all these major projects at both the Strategic Change Board and the DCC Strategic Planning Board.
Local ICT Programmes	Project transition	Following the delays experienced by the ERP project it has now entered a transition phase to assess the direction the Force wishes to take to further develop the asset taking into account their priorities, risk appetite and affordability. There is a risk due the nature of it being a major IT project that costs maybe under estimated. The associated risk is the cost of maintaining legacy systems to ensure they remain fully operational.
Risk Management		Financial consequences could result if all major risks have not been identified when the budget has been set. This is mitigated by robust risk management arrangements in place with formal reporting to the Joint Audit Committee, Organisational Reassurance Board chaired by the Deputy Chief Constable; comprehensive insurance arrangements in place; and an adequate reserves policy and reserves (including the insurance and general reserve balances).
Climate Emergency - Carbon Neutral Pledge		Following Surrey County Council declaring a climate emergency the PCC and Chief Constable fully back the move and a strategy is now being developed through the joint Surrey and Sussex Environmental Board with the aim of making the organisation carbon-neutral by 2030. As the strategy is developed the financial implications will become apparent.

PROJECTED RESERVES

RESERVES	2020/21 £m*	2021/22 £m*	2022/23 £m*	2023/24 £m*	2024/25 £m*
*estimated					
General Reserves	8.6	8.9	9.2	9.3	9.4
Earmarked Reserves					
PCC Estate Strategy Reserve	3.1	3.1	3.0	-	-
PCC Cost of Change Reserve	0.9	0.7	0.7	0.7	0.7
Covid19 Reserve	1.0	0.6	0.6	0.6	0.6
Local Council Tax Scheme Reserve		0.4			
Insurance reserve	3.4	3.4	3.4	3.4	3.4
Police pension reserve	1.4	1.4	1.4	1.4	1.4
Total Earmarked	9.8	9.6	9.1	6.1	6.1
TOTAL RESERVES	18.4	18.5	18.3	15.4	15.5