



SURREY POLICE AND CRIME PANEL

PROPOSED PRECEPT 2022/23 4 February 2022

SUMMARY

1. Following my election in May 2021, this will be the first time that I have had to set the budget and precept for Surrey Police. The impact of the pandemic is still with us and has led to challenges both nationally and locally which the Force has coped with well.
2. Whilst the economy generally has improved over the year, the national finances are still in a precarious position. Last year many public sector workers, including the Police, were asked to accept a pay freeze to assist the national finances, despite them working extremely hard over the pandemic. This was generally accepted as part of the national effort, but this position clearly cannot continue. Recent months have seen inflation and energy costs reach record highs, increasing the pressure on both personal and police budgets.
3. In past years the Chief Constable (CC) has made the case to the PCC that an increased precept would deliver additional officers, staff, and resources to address areas of concern to residents. This year, the state of the finances are such that I am unable to do this. Apart from the additional 98 new officers being recruited to work in Surrey in the year through the Government's uplift programme, the precept will be needed to sustain the services that we already have. Even with the full precept, a further £3m of savings will need to be found to ensure that cost pressures can be covered and the budget balanced. In addition further savings will be needed in future years.
4. I support the Government's initiative to put an additional 20,000 Police on the streets by the end of 2022/23. So far in Surrey, 156 additional Officers have been funded by Government and a further 104 are being recruited this year taking the total to 260. Of these, 249 will work in Surrey and 11 will work regionally on serious and organised crime. Whilst the Government has increased Police funding by £550m for 2022/23 to cover this, there is virtually no additional money being provided for additional pressures such as the Social Care Levy and Pay. The Government has assumed that these will be paid for by increasing the precept and indeed this precept funding, raised by PCCs, has been included in the Government's published total funding for Forces.
5. It is my responsibility to ensure that the Chief Constable has the resources he needs to continue to keep the residents of Surrey as safe as possible and to deliver the requirements of my Police and Crime Plan and the Strategic Policing Requirement. Even with a maximum precept increase there will need to be reductions in Police Staff. These are staff, such as those in Forensics and Contact, that support frontline officers in their work. The Chief Constable has made it clear that a smaller Council Tax increase would

result in even more staff losses, putting at risk the operational gains that have been made in the last year and impact the service to the public. As PCC, I don't believe I was elected to preside over a decline in Surrey Police and hence, given this stark choice, I have no alternative other than to recommend an increase of £10 per year – the maximum permitted without a referendum.

6. I have also carried out a public consultation and this indicated that over 60% of residents who responded were in favour of an increase in the precept of at least £10 a year.
7. As well as setting the budget and precept 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 2024/25. Even with a £10 increase, the Force will still need to make savings. However, the increase does go some way to mitigating, but not eliminating, some of the impact of these challenges in the future.

RECOMMENDATION

8. **I, the Police and Crime Commissioner for Surrey, recommend to the Surrey Police and Crime Panel that they endorse/report on my proposal to increase the Band D Surrey Police and Crime Commissioner Precept by £10 for 2022/23 from £285.57 to £295.57.**

SUPPORTING INFORMATION FOR RECOMMENDATION

WHERE HAVE WE COME FROM

9. In 2016/17, the year my predecessor 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 at the time, 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.
10. To put this into 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 precept investment and Government Uplift funding, we are now on track to have 2,194 by March 2022 and with the last year of Uplift this will increase by a further 98 in 2022/23. This is against a background of Surrey being one of the most poorly funded forces by Government per head in the country meaning that residents bear a greater burden of the cost of policing than in most other areas.
11. Residents have also contributed by funding an additional 36 Officers through the precept in 2020/21 and 2021/22 as shown in the table below:

Police Officers Increase	2020/21	2021/22	2022/23	Total
Op Uplift - Local	78	73	98	249
Op Uplift - Region		5	6	11
Precept	26	10	0	36
Total	104	88	104	296

12. In the last 3 years, because of both Precept and Uplift investment, the Force has increased its resources by 380 people. This has had a real impact in the areas set out below by providing not only more officers on the ground but also the staff to support them in their work.

Commitment	Team	2019/20		2020/21		2021/22		Total	Commitment Total
		Officers	Staff	Officers	Staff	Officers	Staff		
Prevent Crime	Specialist Neighbourhood Teams	33		8	4			45	107
	Intelligence	2				5	13	20	
	Divisional Proactive Teams			27		6		33	
	Problem Solving Team	3	3					6	
	Rural Crime Team					3		3	
Protect Our Communities	Safeguarding Teams	3		37	14	19.5	10	83.5	138.5
	Central Public Protection	1	10	1	2	1	5	20	
	Roads Policing					12		12	
	Operational Dogs			4				4	
	Volunteer Team			2	2			4	
	Contact & Deployment				6	2	4	12	
	Corporate Communications						3	3	
Pursue Offenders	Divisional Investigations	17		21	9	18	18	83	123.5
	Specialist Crime	7			8.5	12	5	32.5	
	Custody & Criminal Justice			1	5	1	1	8	
Organisational Effectiveness	Professional Standards Dept			1			4	5	11
	Corporate Development				3		3	6	

13. These extra officers and staff have been essential in meeting the increased demands on the Force, in particular focussing on violence against women and girls and providing more local policing resources as well as improving its diversity.

WHERE ARE WE NOW

14. The police service has faced extraordinary challenges and pressures over the past two years 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 and other partnership arrangements. While the types of demand from the pandemic have changed over this period, the recent identification of the Omicron variant, and the ensuing increase in cases as a result, has led to the LRF partnership arrangements standing up once more, and the police role in responding to the pandemic is clearly not yet over, almost two years after the start of the crisis. The relationships formed with partners – whether new partnerships forged as a result of Covid, or existing partnership working that has been strengthened and refined – continue to provide significant opportunities and benefits for Surrey Police. In addition, the continuation of Covid has put strain on the Force finances as staff isolating need to be covered through overtime and agency staff.

15. The effect of the pandemic has been to significantly change the balance of demand upon the service. While some changes have been relatively short-lived, others are forecast to continue in the medium to long term. Domestic burglary, for example, reduced significantly during lockdowns and has maintained a relatively low level as more people continue to work from home. Public violence, on the other hand, has returned to pre-Covid levels as lockdowns have eased, and domestic abuse has increased slightly on pre-Covid levels. The pandemic has also led to a significant increase in some emerging crime types such as online fraud.
16. In addition to operational demand, the pandemic has necessitated a range of new ways of working; changing the Force's use of its operational estate and fleet, the continued use of Covid-19 PPE, and increasing the amount of remote working wherever possible. The force has responded to these challenges flexibly as distancing measures have eased and tightened; significantly increasing the pace of development and roll-out of remote working and collaborative technology, and responding to changes in the profile of the pandemic, but this has led to a necessary reprioritisation of workload in departments such as DDAT and Estates.
17. Notwithstanding the particular challenges of the pandemic, 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. Demand continues to increase in areas of digital contact with the public, new communications channels via emerging social media platforms, and analysis of digital data. High profile incidents such as the killing of George Floyd in the US, and the murder of Sarah Everard by a serving MPS officer have had a significant impact on public trust in the police service, which all forces are working hard to rebuild.
18. As public finances are squeezed as a result of the pandemic – affecting not only the police service but also key partners – the service will be faced with difficult decisions concerning where to focus resources and attention; with increasing departure from traditional police activity towards 'hidden' crimes including modern slavery and child sexual exploitation.
19. However, despite everything, victim satisfaction with the Police remains high. Though confidence in the Police has fallen slightly in the last year it is still at 86.1% - far higher than many other Forces. However, it does illustrate that there is no room for complacency, and I have made it a priority for me to meet as many residents as possible so I can understand their concerns and issues. Recorded crime continues to increase and is becoming ever more complex and complicated for which new skills are required. Resources have continued to be tight and so the Force has had to try and balance the public's expectation around traditional police activity against 'hidden' crimes such as modern slavery, cyber, domestic abuse, and child sexual exploitation.
20. In 2020 the Force 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 ensure that they become embedded in a Force fit for the future. These are shown in more detail in Appendix A.

21. In the autumn of 2021, the Government announced a 3-year spending review for the Police. This stated that direct Police Funding would rise by £550m in 2022/23, £650m in 2023/24 and £800m in 2024/25. However, the detailed Force by Force settlement released in December 2021 only included information for 22/23. Hence whilst there is some certainty that funding will increase over the 3 years how this will be shared out has not been provided.
22. The Government has also commenced a review of the Police Funding Formula to more accurately reflect the demands of modern policing. After several years of inactivity, the timescale for this is particularly short with a report for Ministers in the autumn of 2022. A working group is looking at the parameters that should be included in the formula, currently they are considering over 80, to ensure that it reflects resource need. Although no implementation date has been announced it is unlikely that it would be within this spending review period since additional funding would be required, at least for a while, to phase in the adjustments required. Whilst I support an updating of the formula, I recognise that a fundamental redesign could have negative implications for Surrey Police depending on the methodology employed. I will certainly be working hard with local MPs and Ministers to ensure that Surrey is not disadvantaged, given we already have the lowest level of funding per head in the country, when the final formula is revealed and decisions are being made.

CURRENT FUNDING POSITION

23. Following representations from various bodies such as the Association of Police & Crime Commissioners (APACC) and the National Police Chiefs' Council (NPCC) into the Spending Review, the Home Office published its financial settlement for the Police on the 16th December 2021. On its release the Home Secretary Priti Patel said:

"This Government is absolutely committed to keeping the public safe; the police have a critical role to play in this, and in reducing crime. We are determined to strengthen our police service and, by providing a three-year Spending Review settlement, we are giving the police the financial certainty and stability needed for longer-term, strategic reforms"

"This Government has once again set out its commitment to giving the police the resources they need to cut crime and keep the public safe – setting out today how up to an additional £1.1 billion will be invested in the policing system in 2022/23. I would like to pay tribute and express my sincere gratitude to our police officers and police staff for the extraordinary bravery and dedication they display each day, to keep us all safe from harm."

24. Of the £1.1bn which was announced in the settlement, the Home Office announced that PCCs were to receive an additional £796m broken down as follows:

- £550m to fund the recruitment of the last 8,000 of the 20,000 new officers under the Police Uplift Programme (commonly called Boris's Bobbies) of which £135m would be held back contingent on delivery of new officers;
- £246m from Council Taxpayers (and I quote the Home Office) *"assuming all PCCs maximise their precept flexibility"*.

- All other grants, such as the formula grant and pensions, whilst being maintained were not increased.

25. Overall expenditure on the Police was forecast to increase to £16.9bn broken down as follows:

- £9.6bn in grants for PCCs and hence Forces to provide services.
- £4.9bn from Council Taxpayers, assuming a precept increase of £10 by all PCCs.
- £1.0bn on Counter Terrorism
- £0.6bn for Police technology programs.
- £0.2bn for national capital programs such as NPAS, serious crime and technology.
- £0.2bn on National and Regional Crime.
- £0.4bn on Crime prevention, Serious Violence, and several other initiatives

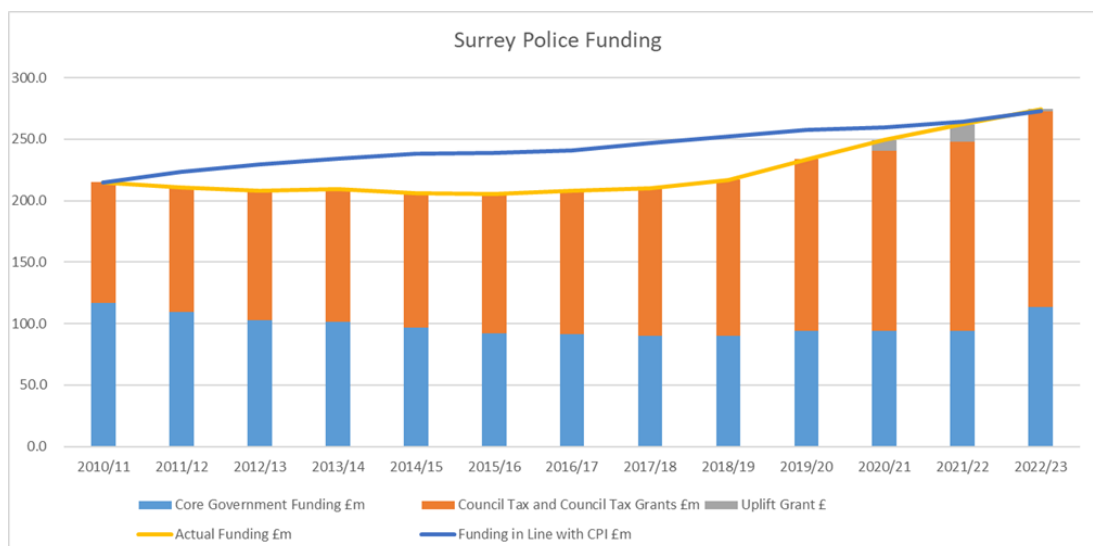
26. In return the Government expects the police to deliver:

- 8,000 further officers on top of the 12,000 already recruited. This equates as 104 officers for Surrey of which 98 will join the Force and 6 will join the regional Serious Organised Crime Unit. The ring-fenced grant of £100m, will be paid to forces in line with their progress in recruitment.
- £100m of cashable efficiency savings delivered from force budgets by 2024-25. For 2022-23, the government is expecting to see £80m of efficiency savings (which has been reflected as part of the settlement). Furthermore, the Government also want to see improvements in productivity through the use of modern technology infrastructure and interoperable systems. Productivity improvements will be measured through the existing Efficiency in Policing Board.
- The Government also expects PCCs to continue to take responsibility for crime outcomes both locally and nationally. An additional £150m of government funding for crime reduction funding over the next three years will be provided to allow the continuation of the existing programmes in each area, as well as some new investments to prevent crime and keep communities safe

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

Funding	2021/22 - Final £m	2022/23 - Provisional £m
Principal Funding	72.2	78.6
Revenue Support Grant	32.9	32.9
Legacy Council Tax Grants	9.2	9.2
Operation Uplift	1.3	1.7
Pension Grants	2.0	2.0
Total	117.6	124.4
Increase		6.8

28. As in previous years, £1.7m of the grant is only paid upon successful delivery of new uplift police officers.



29. The Graph above shows the total funding for Surrey Police broken down between Council Tax and Government Grant and compares this with what funding should be, had it increased in line with CPI since 2010/11. At first sight it looks as though Government Funding has increased substantially this year. However, this is only because of previous grants for uplift now being placed within base funding. This does mean that these new officers will be permanently funded in the base, although no additional funding is provided to cover increased costs as they progress through the Force up the pay scales.
30. This year's total estimated resources (Government Grants and Council Tax with £10 increase) are almost equal to what the Force received in 2010/11 increased for inflation (to Nov 2021) - there has been no actual real terms growth in the whole 12 years. However, in that period the Force has not only had to fund an additional 260 "Boris's Bobbies" but the demands on it and nature of crime have increased and changed substantially. The figures above are also based on the inflation measure for November 2021, however by March 2022 this is likely to be even higher. Finally, the graph also shows that since 2010/11 the burden of funding the Police in Surrey has shifted by some measure from the Government to residents.
31. Unlike last year, no capital funding is being provided to individual Forces. All capital expenditure has to be funded from revenue, asset sales and borrowing. £188.1m has been provided for national programs as follows:

Police Capital	2022/23
	£m
National Police Air Service	12.0
Arm's Length Bodies	4.0
Police Technology Programmes	154.7
Counter Terrorism	1.6
Crime Reduction Programmes and Capabilities	15.8
Total	188.1

CHIEF CONSTABLE'S BUDGET REQUIREMENT FOR 2022/23

32. Following widespread consultation with residents, on 13th December 2021 I launched my Police and Crime Plan for Surrey. This sets out the priorities I wish the Chief Constable to concentrate on from 2021 to 2025 and the full plan is available on the OPCC website or by following this link: [Police-and-Crime-Plan-2021-25-1.pdf \(surrey-pcc.gov.uk\)](https://www.surrey-pcc.gov.uk/Police-and-Crime-Plan-2021-25-1.pdf). The key priorities are:

- Preventing violence against women and girls in Surrey;
- Protecting people from harm in Surrey;
- Working with Surrey Communities so they feel safe;
- Strengthening relationships between Surrey Police and Surrey residents;
- Ensuring safer Surrey roads

33. The Force has an obligation to prepare a Strategic Policing Requirement which sets out the strategic priorities and threats that need to be addressed in the coming year. The Force has also set out its Force Vision which is attached as Appendix A.

34. In preparing the 2022/23 budget for the Force, the Chief Constable has taken account of the priorities within my plan and operational requirements and the resources that are required to deliver them. This is reflected in his budget requirement for 2022/23 and the resulting precept increase this requires.

35. Last year my predecessor approved a total budget of £261.7m for Surrey Police and the OPCC. This year, in order to meet his operational requirements, the Chief Constable has proposed a budget of £279.1m, representing a net increase of £17.4m as follows:

Category	£m	£m
2021/22 Revenue budget		£261.7
Adjustments:		
Pay Inflation - 3%	6.3	
Price Inflation	0.8	
Operation Uplift	5.6	
Pay increments	1.3	
Additional Bank Holiday	0.2	
Increase in NI for social care	1.5	
Capital funding and debt repayment	1.3	
OPCC investment	0.5	
ICT and cost of change revenue costs	1.3	
Police Now detectives and local policing	0.7	
Insurance and Estates	0.8	
Total Cost Increases	20.3	
Less: Savings	(2.9)	
Total growth in budget		17.4
2022/23 Revenue Budget Proposed		£279.1

36. The largest cost increase, after Uplift, relates to pay. Last year Police pay was frozen and the Government has indicated that this year no pay cap will be in place but that any rise must be “affordable”, unhelpfully neglecting to define what “affordable” means. The increase in pay is determined nationally by the Police Pay Review Body and the outcome

of this is binding on all Forces. 3% is thought the most likely outcome and this has therefore been built into the budget. A 1% increase costs around £2.1m or about £4 on the precept hence any increase of 3% would use all the precept increase and more. If the pay negotiations result in a larger pay rise, then the Force would need to find savings to cover this. Most of these savings would come from reducing Police staff since after Police Officers, who cannot be made redundant and whose number are ringfenced as a result of Uplift, they form the largest single cost. This would ultimately result in Police Officers doing more work which could be done by civilians, thereby reducing the number of officers on the street.

37. Information on the OPCC budget, which is included in the figures above, is dealt with in a separate paper on this agenda.

38. It is proposed that the police budget will be funded as follows:

Category	£m
Government Grants	124.4
Use of Reserves	3.7
Collection Fund	0.3
Council Tax	150.7
Total Funding	£279.1

39. This funding (and the budget) is based on the assumption that I take full advantage of the Council tax flexibility given to me by Government.

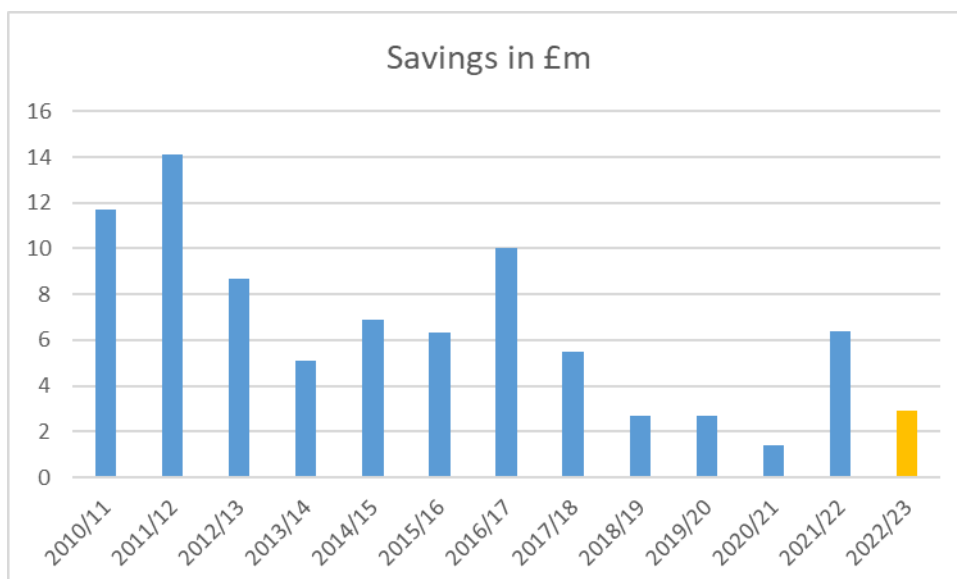
40. In the context of the 2022/23 national policing settlement, my Police and Crime Plan and the Operational requirements of the Force, I believe that the Chief Constable has presented a compelling case for taking advantage of the full precept flexibility i.e. an increase of £10 a year.

41. 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

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

BUDGET SAVINGS AND USE OF RESERVES

43. One of the ways the Force has continued to deliver growth to the front line has been through the delivery of savings and efficiencies. Whilst many efficiencies have been achieved, I believe that there is more that can be done as the Chief and I have a responsibility to ensure that residents' money is spent wisely. Since 2010/11, over £81.5m has been delivered in savings which has been reinvested into police services. This is shown in the graph below



44. The 2022/23 budget includes a further £2.9m of savings even with the maximum precept increase. These are summarised in the table below:

Savings Proposals	£m
Increased Vacancy Management (8% vacancy factor)	0.3
Departmental efficiency savings	2.0
Staffing changes	0.6
TOTAL	2.9

45. The Chief Constable has assured me that these savings are deliverable and hence they have been incorporated into the budget. The achievement of these will be monitored throughout the year in my regular performance meetings with the Chief Constable.
46. In addition to the proposed savings, a further £3.7m is being taken out of reserves. This includes £2m from the “Cost of Change” Reserve to fund the revenue costs of the 22/23 change programme. These Projects are listed in Appendix E. It is anticipated that the underspend on the revenue budget for 21/22, currently predicted to be £1.9m, will replenish this although this is not reflected in the table below. The remaining £1.7m has been taken from a number of other reserves, following a review, in order to give the Force time to deliver more transformational change for the 23/24 budget.

47. The table below shows the movement in reserves as a result of this:

RESERVES	2021/22	Used in 2022/23 Budget	2022/23	2023/24	2024/25	2025/26
estimated	£m	£m*	£m*	£m*	£m*	£m*
General Reserve	8.0		8.5	8.6	8.7	8.7
Total General Reserves	8.0	0.0	8.5	8.6	8.7	8.7
OPCC Operational Reserve	1.2		1.2	1.2	1.2	1.2
PCC Estate Strategy Reserve	3.2	-1.2	2	2	2	0.8
PCC Cost of Change Reserve	2.7	-2.0	0.6	0.6	0.6	0.6
Chief Constable Operational Reserve	1.1		1.1	1.1	1.1	1.1
Covid19 Reserve	1.2	-0.5	0.7	0.3	0.3	0.3
Local Council Tax Scheme Reserve	0.4		0.4	0.4	0.4	0.4
Insurance reserve	1.6		1.6	1.6	1.6	1.6
Police pension reserve	1.1		1.1	1.1	1.1	1.1
Total Earmarked	12.5	-3.7	8.7	8.3	8.3	7.1
TOTAL RESERVES	20.5	-3.7	17.2	16.9	17.0	15.8

48. Reserves are divided between earmarked, which are set aside for a particular purpose, and general which are available for any unforeseen circumstances. It is recommended that Forces have as a minimum general reserves equivalent to 3% of their net budget. Surrey just fulfils this requirement.

IMPACT OF A REDUCED PRECEPT INCREASE

49. As PCC, I have a responsibility to residents as well as the Force when considering an increase in the precept. In my meetings with the Chief Constable I have discussed in detail his requirements over the next year and in particular I have asked him to set out the impact that a reduced precept increase of 1.99% or £5.80 per year would have on the Force. A reduced precept increase of 1.99% would put the Force on par with the increases permitted to Local Councils excluding the additional 1% social care precept.

50. Each £1 on the precept generates approximately £0.5m so if the precept increase is set at 1.99% (or £5.80) this would mean that an additional £2.1m of savings would be required to be found from 1st April 2022. This is in addition to the £2.9m already in the budget and the £3.9m being taken out of reserves. The Force is of the view that all the quick savings have been taken and that only significant transformational change can deliver the savings required.

51. This level of change, such as the wholesale restructuring of departments, will take time and resources to deliver and cannot be in place by 1st April 2022. Indeed if they are rushed this could result in an adverse impact on performance thereby reducing the benefit of the change. It is this level of transformation that is being explored to deliver savings for

2023/24 onwards. It is also worth remembering that even if savings are required, the Force must also continue to recruit additional officers for Op Uplift.

52. Hence the Force is of the view that only short-term measures could be implemented in time for the 2022/23 budget year. Many of these have already been taken and so the only option left is a total recruitment freeze. This would only apply to Police staff, as officer numbers are protected by Uplift, but it would still have a devastating impact on operational delivery.
53. The Director of People Services has undertaken an analysis of staff turnover over the last year to identify those areas with the highest turnover and which are therefore able to deliver savings from a vacancy freeze as quickly as possible. The 6 areas with the highest staff turnover have a combined turnover rate of 21.6% which by the end of the year could realise savings of £4.2m from staff costs. However as this would take all year to realise, this is equivalent to £2.1m in actual savings.
54. Whilst this would balance the budget with a reduced precept, the impact on Operations by the reductions in staffing would be significant. These have been set out by the Force below:

Team	Impact on Operations
Digital Forensics	This team analyses computers, phones, tablets etc to support Criminal investigations. Reducing staff numbers will mean investigations take longer and could fail due to victims withdrawing support
Contact Centre and Control room	This is the Force's initial point of contact with the public for the provision of emergency and other response. Fewer staff will mean far longer waiting times from non-urgent calls as emergency calls are prioritised.
Corporate Communications	This will limit capacity for community engagement and information in respect of crime prevention
Victim and Witness Care Unit	Volume is rising as more trials are delayed and so Victims and Witnesses need support for longer. Fewer resources could mean some Witnesses and Victims withdraw from cases thereby reducing the number of convictions
PCSOs	The officers provide a visible reassurance to the public. Their loss will be missed in communities and engagement would reduce
Investigating Officers	These officers are used to investigate crimes thereby freeing up officers for visible duties. Losing these officers will mean Neighbourhood Policing Teams will need to spend more time investigating incidents and less actually on the streets

55. It is worth stating that even if these savings are delivered in 2022/23 through a vacancy freeze these may become permanent cuts if a more permanent solution cannot be worked out.
56. As a result of the work done on the impact on the Force of a reduced precept, the Chief Constable remains of the view that in order to fulfil his operational requirements, the budget needs to include the benefit of a full precept increase of £10.

57. Having considered the implications of adopting a reduced precept increase of 1.99% I am of the same view that, whilst recognising the impact this has on residents, in order to sustain our operational capability and deliver my Police and Crime Plan the full increase of £10 needs to be applied. This also aligns with the assumptions made by Government in the funding they have announced for Forces across the country.

58. That said, I have made it clear to the Chief Constable that residents do expect to get value for the money from the resources they give the Force. Although savings have already been achieved, I am expecting the Force to continue eliminating waste and driving efficiency in order to put more resources in to the front line. This is something that I will be monitoring during the year in my Performance meetings with the Chief Constable.

THE 2022/23 CAPITAL BUDGET

8

59. Although there is no requirement for me to share the proposed Capital Budget with this Panel, in the interests of completeness and transparency I am including it for your information. Last year the Government provided a small grant of £164k to fund capital expenditure, a reduction on the £626k in 2019/20, however this was removed in the recent financial settlement. This means that all capital expenditure must be funded from a combination of 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 2022/23 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.

60. 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).

Surrey Capital Programme Summary	Year 1	Year 2	Year 3	Year 4	Year 5
DESCRIPTION	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
DDaT Renewals	1.1	1.6	1.6	1.6	1.6
DDaT New Schemes	0.0	1.2	3.2	0.2	0.2
Fleet Replacement and Equipment	3.8	4.7	5.5	5.6	3.6
Estate Strategy	2.1	22.3	33.7	9.1	10.9
Equipment	0.4	0.1	0.1	0.1	0.1
Total	7.4	29.9	44.1	16.6	16.4

61. The main areas of spend proposed for 2022/23 are:

ICT – in accordance with the DDaT Strategy

- Hardware Refresh
- Infrastructure and Networks
- Network Monitoring Tool

Fleet – in accordance with the Fleet Strategy

- Provision of replacement vehicles including adaptation for ANPR and telemetry. This includes some the initial costs of transitioning to net zero vehicles

Specific Capital Schemes – Operations

- SE Regional Organised Crime Unit hub
- Operations Command Equipment
- Drone Replacement
- ANPR

Estate Strategy

- Building the Future programme
- Vehicle maintenance facilities

62. 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. 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.

63. The Force has an ambitious “Change” program which is tasked with delivering operation and financial efficiencies. Based on the bids recommended by the Change Delivery Board additional capital resources of £1.5m would be required. Projects will only be included in the capital program once they have gone through a gateway process and funding has been identified. The Revenue costs associated with these projects have already been reflected in the budget are being paid for with £2m taken from the “Cost of Change” reserve. It is anticipated that this reserve will be replenished with the any underspend arising in 2021/22. A list of projects is attached as Appendix E.

64. Copies of the PCC’s Capital Strategy and Treasury Strategy are available on the OPCC website by following this link [Surrey Police Finances – Office of the Police and Crime Commissioner for Surrey \(surrey-pcc.gov.uk\)](https://www.surrey-pcc.gov.uk/finance)

MEDIUM TERM FINANCIAL PLAN

65. Although not required to be presented to this Panel, I think it is important that Members are aware of the potential financial challenges the force faces over the next 4 years. As I am sure members can appreciate, it continues to be difficult to make any predictions of the future given that although we have a 3-year spending review, detailed figures have only been released for one year. However, based on “best guess” assumptions the

Force will need to find savings of £13.8m on top of the £2.9m planned savings for 2022/23 in the period to 2025/26 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 to maintain the frontline services residents' value.

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

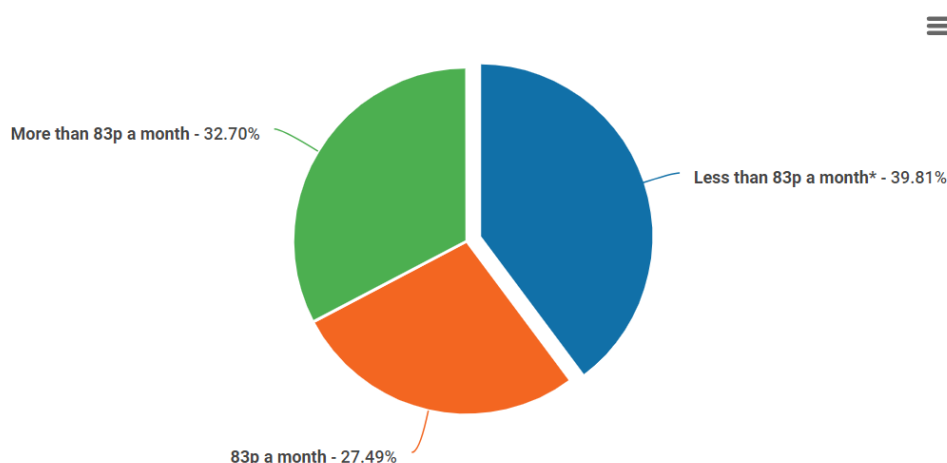
PUBLIC ENGAGEMENT AND PRECEPT CONSULTATION

67. With my office, I began a rolling programme of consultation as soon as I was elected to broaden engagement across the County and to reach different demographic groups. This was assisted by the appointment of a Deputy PCC shortly after the election.

68. Despite Covid restrictions applying for some of the year, various events were held with many interested groups – in particular with regard to the Police and Crime Plan which was published in December 2021.

69. Following the publication of the Plan, I launched my consultation on the Precept. This asked residents the question whether they would support an increase of 83p a month (equivalent to £10 a year for a Band D property) or prefer it to be lower or higher. Residents were also able to leave free text comments of they wished. The survey was promoted as widely as possible through local media such as In the Know, Next Door, Facebook, Twitter, Force and OPCC contacts etc.

70. In all 2,645 responses were received of which 1,420 left comments. The results were as follows:



71. What the survey shows is that a clear majority, 60.19%, were in favour of an increase in the precept of at least £10.

72. In respect of the comments the top five areas mentioned were:

- 19% commented on the lack of visibility of policing;
- 18% supported an increase to increase policing;

- 17% expressed concerns around the affordability of a Council Tax increase in the light of Covid and other pressures
- 10% felt the Police should be more efficient and reduce waste
- 10% did not support any increase

73. I would like to thank those residents that took the time to complete the survey and comment. Both myself and the Chief Constable have read all the individual comments from residents so that we can take their concerns on board over the coming year.

LEGAL CONSIDERATIONS

74. 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 7th February 2022 either accepting the proposed precept, recommending an alternative or rejecting it altogether (for which a 2/3rds majority of the Panel's total membership is required).

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

76. 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 14th February 2022. The Panel has 7 days to report back to me on the proposed precept and indeed a meeting has been scheduled in for 21st February 2022 to enable this to happen. I then need to consider a further response and 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. If the original precept was vetoed because it was too high, the revised precept cannot be higher and if the original precept was vetoed for being too low it cannot be any lower. I can then issue precept notices to the District and Borough Councils in time for the deadline of 1st March 2022. However, even this date will put pressure on Districts and Boroughs to print and issue bills in time for the new financial year hence I would hope that the panel will come to an agreement before that stage.

77. In addition, it should be noted that the Government has set the "Referendum Limit" at £10 for 2022/23 and indeed for the 2 years after that. Any increase above this amount will be subject to a local referendum. The level of precept increase will still be determined annually despite the limit being announced for 3 years. Furthermore it is not permitted to carry forward "unused" precept flexibility from one year to another.

CONCLUSIONS AND PRECEPT PROPOSAL

78. There is no doubt that we are all living through an incredibly difficult time with increased costs and inflation and so asking residents of Surrey to pay more for their Policing over the next year is incredibly difficult. Over the last couple of years 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. They accepted, in the national interest, a pay freeze in 2021/22

and kept supporting the public however in return it is not unreasonable for them to expect a pay increase in 2022/23 – and the precept is needed to provide this.

79. Residents across the county have consistently told me that they really value their police teams and feel reassured seeing them in our communities. Following consultation with residents, I have just approved an ambitious Police and Crime Plan and the Chief Constable is confident that this can be delivered if current services are maintained. My consultation with the public has shown that 60% of respondents are in favour of an increase of at least an 83p a month equivalent to £10 a year.

80. I have asked the Chief Constable what the impact of a 1.99% increase in precept would be on the Force. He has set out clearly the operational impact this would have on the Force, the service provided to residents, the Strategic Policing Requirement and the delivery of my Police and Crime Plan. He remains of the view that only a £10 increase in precept will sustain the services currently provided and that is his recommendation to me.

81. The Force has set out in the Medium Term Financial Forecast the ongoing requirement for Surrey Police to continue to make additional savings. My Treasurer and the Force Chief Financial Officer are both of the view that given these financial challenges it is vital that Council Tax is increased by the maximum permitted this year, however difficult this may be, to enable the Force to remain financially sustainable for the future.

82. Therefore, having considered all of the evidence presented to me I, as PCC, propose to increase the Band D Surrey Police and Crime Commissioner Precept by £10 for 2022/23 from £285.57 to £295.57 and I recommend that the Panel endorses this proposal.

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

Band	2021/22	2022/23
A	190.38	197.05
B	222.11	229.89
C	253.84	262.73
D	285.57	295.57
E	349.03	361.25
F	412.49	426.93
G	475.95	492.62
H	571.14	591.14

RISKS

84. If the precept is not increased to the maximum permitted there is a risk to the delivery of the Police and Crime Plan and Strategic Policing Requirements. Further staffing reductions will be required which will impact the Force operationally and make the challenge in respect of future financial sustainability that much harder.

85. Other risks are set out in Appendix D3

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OFFICIAL

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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.

8

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.

APPENDIX B

SURREY POLICE AND OPCC GROUP BUDGET FOR 2022/23

REVENUE BUDGET 2022/23

	2021/22 £m	2022/23 £m	Variation £m %	
Office Of Police & Crime Commissioner	2.8	3.3	0.5	17%
Police Force				
North Division	28.1	29.8	1.8	6%
East Division	31.7	33.6	1.9	6%
West Division	33.9	36.0	2.1	6%
Specialist Crime	39.7	41.4	1.7	4%
Operations	19.4	20.5	1.0	5%
Contact & Deployment	20.1	20.6	0.5	2%
Criminal Justice	12.8	13.1	0.4	3%
Volunteering	1.4	1.4	0.0	3%
sub total	187.1	196.5	9.4	5%
Chief Officers	1.6	1.8	0.1	9%
DCC	1.3	1.3	0.0	2%
PSD	3.2	3.3	0.1	3%
Corporate Communications	1.5	1.5	0.0	2%
Corporate Development	3.5	3.5	(0.0)	(0%)
Change Delivery	0.8	0.8	0.0	2%
sub total	11.9	12.1	0.3	2%
ICT	18.7	18.0	(0.7)	(4%)
Finance & Services	18.3	19.3	1.1	6%
People Services	12.7	13.6	0.9	7%
*Operation Uplift	0.0	5.6	5.6	0%
*Precept Uplift	0.0	0.0	0.0	0%
Corporate	10.4	13.8	3.4	33%
sub total	60.1	70.3	10.2	17%
Sub-Total Force	259.0	278.9	19.9	8%
*Savings Plan		(2.9)		
GROSS BUDGET	261.7	279.1	17.4	7%
Grants				
Home Office Police Grant	(72.2)	(78.5)	(6.4)	9%
Formula Funding	(32.9)	(32.9)	0.0	0%
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	(1.3)	(1.7)	(0.5)	35%
Total Grants	(117.6)	(124.4)	(6.8)	6%
Use of Reserves	(0.3)	(3.7)	(3.4)	
Local Council Tax Scheme Grant	(1.5)	0.0	1.5	
Collection Fund (Surplus) / Deficit	1.0	(0.3)	(1.3)	
NET PRECEPT REQUIREMENT	143.3	150.8	7.4	5.2%

NB: Some figures are subject to rounding for presentational purposes.

APPENDIX C

CAPITAL BUDGET 2022/23 TO 2026/27 AND FUNDING

Surrey Capital Programme Summary	Year 1	Year 2	Year 3	Year 4	Year 5
DESCRIPTION	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
DDaT Renewals	1.1	1.6	1.6	1.6	1.6
DDaT New Schemes	0.0	1.2	3.2	0.2	0.2
Fleet Replacement and Equipment	3.8	4.7	5.5	5.6	3.6
Estate Strategy	2.1	22.3	33.7	9.1	10.9
Equipment	0.4	0.1	0.1	0.1	0.1
Total	7.4	29.9	44.1	16.6	16.4

Surrey Capital Programme Funding	Year 1	Year 2	Year 3	Year 4	Year 5
DESCRIPTION	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Capital Income Surplus brought forward	-	20.6	1.1	-	-
Central Government Grant Received in-year	-	-	-	-	-
Other Capital Receipts	0.3	0.9	0.4	-	-
Estate Strategy Receipts	21.8	-	-	-	10.0
Estate Strategy Borrowing - BTF	-	-	32.3	7.7	-
Estate Strategy Borrowing - NON BTF	-	1.9	1.0	1.4	1.4
Other Borrowing	2.3	3.0	5.1	2.4	-
Total Capital Resources	24.4	26.4	40.0	11.5	11.4
Capital Resources Applied - BTF	1.2	19.5	32.3	7.7	9.5
Capital Resources Applied - NON BTF	6.2	10.4	11.8	9.0	6.9
Capital Resources Carry Forward - BTF	20.6	1.1	-	-	-
Capital Resources Carry Forward	-	-	-	-	-
Revenue Resources brought forward	-	-	-	-	-
Revenue Contributions Received in-year	3.6	4.6	5.6	6.6	7.6
Other External Grants / Conts Received in-year	-	-	-	-	-
Capital & Investment Reserve	-	-	-	-	-
Total Revenue Resources	3.6	4.6	5.6	6.6	7.6
Revenue Resources Applied to Capital	3.6	4.6	5.6	6.6	5.5
Revenue Resources Applied to Revenue	-	-	-	-	-
Revenue Resources Carry Forward	-	-	-	-	2.1
Total Funding Applied	7.4	29.9	44.1	16.6	16.4

SURREY POLICE GROUP MEDIUM TERM FINANCIAL STRATEGY

Surrey - Medium Term Financial Forecast Q5

Precept £10 for 1yr then 2.0% with a 0% grant increase, pay inflation at 3%, non pay 2%, tax base 1.6% yr 1 nil in yrs 2-4	2021/22	2022/23	2023/24	2024/25	2025/26
REVENUE COST BASE	£m	£m	£m	£m	£m
Base budget	250.0	261.7	279.1	278.2	281.4
Pay Inflation	0.6	6.3	4.4	4.4	4.5
Price Inflation	0.9	0.8	1.0	1.0	1.1
Base Assumptions	4.3	4.0	2.0	2.1	2.1
Unavoidable Costs	1.9	1.4	(0.6)	0.0	-
Cost of Change net	(1.2)	0.5	(0.5)	-	-
Service Growth	2.4	1.0	(0.4)	-	-
Estate Strategy Project Expenditure	-	0.6	(0.4)	(1.0)	1.2
Precept Investment	4.1	-	-	-	-
Operation Uplift	5.1	5.7	-	-	-
Total Cost Increases	18.1	20.3	5.6	6.6	8.8
Gross Budget Requirement	268.1	282.0	284.7	284.8	290.2
Annual Savings Requirement	(6.4)	(2.9)	(6.5)	(3.4)	(4.4)
Total Gross Budget	261.7	279.1	278.2	281.4	285.8
FUNDING	2021/22	2022/23	2023/24	2024/25	2025/26
	£	£	£	£	£
Home Office Grant	72.2	78.5	80.3	80.3	80.3
Revenue Support Grant	32.9	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	1.3	1.7	-	-	-
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)	-	-	-
Specific Reserves -					
Covid19	0.6	0.4	0.4	-	-
Local Council Tax Scheme	(0.4)	-	-	-	-
Estate Strategy	-	1.2	-	-	1.2
Cost of Change	-	2.1	-	-	-
Surplus/(deficit) on Council Tax Collection Fund	(1.0)	0.3	(0.4)	-	-
Base precept	137.0	143.3	150.8	153.8	157.0
Taxbase Improvement	(1.2)	2.3	-	-	-
Precept increase	7.5	5.1	3.0	3.1	3.3
Total Funding	261.7	279.1	278.2	281.4	285.8

SUMMARY OF ASSUMPTIONS FOR THE MEDIUM-TERM FINANCIAL PLAN

Assumption		2022/23	2023/24	2024/25	2025/26
Capital Grant	£m	£0.00	£0.00	£0.00	£0.00
Main Policing Grant change		0.0%	0.0%	0.0%	0.0%
Revenue Support Policing Grant change		0.0%	0.0%	0.0%	0.0%
New Police Pension Grant		0.0%	0.0%	0.0%	0.0%
Council Tax Support Grant		0.0%	0.0%	0.0%	0.0%
Legacy Council Tax Freeze Grants		0.0%	0.0%	0.0%	0.0%
Operation Uplift Grant	£m	£6.8	£ -	£ -	£ -
Precept		£10	2%	2%	2%
Tax base increase		1.6%	0.00%	0.00%	0.00%
Collection Surplus/(Deficit)	£m	-£0.4	-£0.4	£ -	£ -
Police Staff Pension Employer Contribution rate		16.5%	16.5%	16.5%	16.5%
Police Officer Pension Employer Contribution rate		31%	31%	31%	31%
Police Officer pay inflation		3%	2%	2%	2%
Police Staff pay inflation		3%	2%	2%	2%
Salary Increments	£m	£1.20	£1.00	£1.10	£1.10
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 3%</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 DCC Force Organisational Board will monitor all aspects of the financial and human resources including the recruitment progress and report to the PCC.</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	£10 for 22/23. With a planning assumption of 2% for future years.	<p>The ability to increase the precept complimented by Operation Uplift Grant has enabled targeted and affordable investment, along with sustaining current services. Although increases of up to £10 are permitted for the next 2 years after 2022/23 for planning purposes an increase of 2% has been assumed subject to PCC approval.</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>Government funding for Force increased by 5.7% for 2022/23.</p> <p>No Capital grant for 2022/23 and beyond.</p>	<p>The Government announced a 3 year spending review in 2021 with the first year being 2022/23 announced in December. This included an increase which was primarily needed to cover the costs of the last year of Uplift and apparently funding for NI.NHS levy. Although the DEL for the Home Office in the spending review does increase there is no confirmation that this increase will filter down to individual Forces. Hence in the absence of any further information it has been assumed that the grant will not increase in future years, especially as Uplift ends in 2022/23.</p> <p>Capital Grant, which was £0.200m in 2021/22, has been reduced to zero in 2022/23 and directed towards national projects. The assumption is that it will not be reinstated.</p>
Funding Formula Review	Change will be phased in to minimise financial impact	The Government has commenced a review of the Funding Formula which is due to report in the autumn of 2022. The Government has committed to review the formula in this parliament but has not committed to implementing it – although they could. Although Surrey currently has the lowest level of funding per head in the country the review it is uncertain whether the review will result in an increase of a decrease in funding as this depends on the parameters used. It has been assumed that any change will be phased in to minimise financial turbulence but there is a risk it could be implemented directly.

Council Tax	<p>Collection rates advised by individual billing authorities</p> <p>Tax Base – zero growth 22/23 and beyond</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. 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>In 2020/21 due to Covid the Tax Base fell and there appears to have been a recovery in 2021/22. However given the pressures in the economy and Covid it is not certain that this growth will continue and hence zero growth has been assumed for future years.</p> <p>There was support received from Government last year in 2 forms for Covid. The first was specific one off grant of £1.5m to cover reductions in the tax base which may run over several years. £0.4m of this is being used in 2022/23. There was also Collection Fund support which enabled 75% of a deficit (as defined by Government) arising in 2020/21 to be claimed with the ability to spread the remaining loss over 3 years</p>
Pandemic	Costs – not covered by Government in 2022/23 and beyond	<p>The Force incurred significant costs in 2020/21 for Covid which were covered by Government. Although the impact of the pandemic has reduced costs are still being incurred – however it has been assumed that these will not be covered by the Government. The PCC holds reserves to cover unexpected additional costs should the pandemic return to historic levels.</p>
Budget Estimates (Expenditure)	Provision for specific on-going cost pressures	<p>The budget estimates including all identified additional costs for 2022/23, 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 Organisational 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> <p>Third party assurance has been gained from engaging CIPFA to review the financial assumptions in the plan</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 Force Organisational 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>Savings plan £2.9m 2022/23</p> <p>Additional Investment in 2022/23 from Operational Uplift officers</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>Financial monitoring is in place with a rigorous process of monthly review, including close scrutiny by the Chief Constable's Chief Finance Officer, the PCC's Chief Finance Officer and at the monthly DCC chaired Force Organisation Board, at which progress against the investment is reported.</p>

OFFICIAL

	Monthly 'Group' budget monitoring	The PCC regularly receives a Financial Report which is on the agenda at the Chief Constable accountability meeting entitled the PCC Performance Meeting.
Future Savings Plan	MTFS includes £14.6m of savings for 2023/24 to 2025/26	<p>Chief officers have commenced on the transformational change required to deliver these savings.</p> <p>Action plans to deliver savings will be developed and 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 required in the first year of the four year plan are within the reserves available but these 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	Further potential costs related to the national Home Office charges for IT systems being changed from a grant ratio allowance basis to a Force budget ratio may lead to additional costs for Surrey Police. This could also include charges for training and a new National Police College as well as IT. A PCC and Police group has been established to scrutinise these costs before they are agreed.
Levels of Reserves	Adequate to meet future risks over the MTFS term	<p>Currently used to finance the capital and investment programme and major change initiatives.</p> <p>General Reserve is kept at a minimum of 3% of revenue expenditure in order to mitigate the risk of unplanned demand and unexpected costs.</p> <p>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 and are inadequate to cover the future savings requirements.</p>
Interest rates, investment and borrowing	<p>Interest rates assumptions</p> <p>Borrowing at fixed rates.</p>	<p>Forecasts of investment income for 2022/23 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>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 Treasury Management Strategy 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.	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.
Police Pension	Mc Cloud and Sergeant Implementation	<p>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. The assumption is that no further costs will fall on the police fund following the statement below:</p> <p>James Cartlidge MP, Hansard, Second Bill Reading HoC 5 January 2022</p> <p>"The cost of the remedy is estimated to increase pension scheme liabilities by £17 billion, so it is the scheme liabilities that increase. However, that liability will be realised over many decades. It also represents a small</p>

	Pension Scheme valuation – cost neutral	<p>proportion of the total savings of around £400 billion that will arise from the wider reforms to public service pensions. To be absolutely clear, the liability will fall on the Exchequer. I hope that offers clarification.</p> <p>The Police Pension Scheme was last valued in 2016 and resulted in a 10% increase in employer pension contributions to 31.0% from the financial year 2019/20. The additional cost was met by a £2.0m government grant. It is anticipated that the next valuation will result in a reduction in the employer contribution and that any cost reduction up to 10% would be netted off the current grant payment.</p>
LGPS Pension	LGPS reform changes	<p>The recent increase in inflation (CPI) could lead to future actuarial valuations increasing the employer contribution rate.</p> <p>Exit payment restrictions are under consideration by the government to include special severance payments and a £95k cap replacement scheme.</p> <p>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.</p>
Reductions in security grants	Potential reductions in security grants.	MTFP 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 in 2022/23. 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.
Climate Emergency - Carbon Neutral Pledge		The Force has committed to being carbon-neutral by 2030. This could result in additional costs as the plan to achieve this is developed.
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

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	asset by asset basis	project spend within the capital and investment planning process and 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 Force Organisational Board.
Local ICT Programmes	ERP	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 underestimated. 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).
Non-Pay Inflation		Current inflation planning is at 2% but Bank of England is forecasting inflation to soar above 5% in the Spring 2022. The Force will monitor this through the monthly forecasting process.

APPENDIX E

PROPOSED CHANGE PROGRAM FOR 2022/23

Change Projects for Delivery 2022-23				BUDGET REQUIREMENT - 2022/23								
Bid Reference	Name of Initiative	Force	Reporting Area	Sussex			Surrey			Total (One Off)		
				Capital	Revenue	DDaT	Capital	Revenue	DDaT	Capital	Revenue	DDaT
n/a	CHANGE RESERVE	Sussex	Change Delivery / Finance		£500,000			£450,000				
n/a	CHANGE RESERVE	Surrey	Change Delivery / Finance					£450,000				
					£500,000			£450,000				
Obligated												
CS/04/2223	LADS (Law Enforcement)	National	Corporate Services	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
CS/09/2223	Data Retention and System Changes	Joint	Corporate Services	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC	TBC
CS/11/2223	NQDS - DA and Sexual Abuse in Children	Joint	Corporate Services		£5,700			£4,747	£0	£0	£0	£10,448
DDaT/01/2223	P365 Optimisation	Joint	DDaT		£291,405			£242,695	£0	£0	£0	£334,100
DDaT/05/2223	Niche RMS - additional user licences	Sussex	DDaT		£210,000	£37,800				£210,000	£37,800	£0
DDaT/05/2223	Niche RMS - additional user licences	Surrey	DDaT				£132,000	£23,700		£132,000	£23,700	£0
DDaT/16/2223	DDaM - enhance & optimise	Joint	DDaT	£27,280	£18,550	£70,938	£22,720	£15,450	£59,072	£50,000	£34,000	£130,000
DDaT/16/2223	DDaM - enhance & optimise	Surrey	DDaT					£15,000		£0	£15,000	£0
SC/04/2223	Altra Upgrade - DDaT Budget	Joint	Specialist Crime		£5,456	£11,438		£4,544	£9,542	£0	£10,000	£21,000
SC/05/2223	Quality Standards Project	Joint	Specialist Crime	£9,821	£14,856	£93,843	£6,179	£18,144	£78,157	£18,000	£26,000	£172,000
OC/03/2223	PCU ISO Accreditation	Joint	Operations Command	£12,000	£546		£5,726	£9,987	£454	£4,771	£22,000	£10,000
DDaT/03/2223	Windows 10 CEP Forward Deployment continuation	Joint	DDaT			£238,375			£198,527	£0	£0	£436,902
C/09/2223	DCS Upgrade Project (part of ESM CP/ESN)	Sussex	Operations		£105,000					£105,000	£0	£0
C/09/2223	DCS Upgrade Project (part of ESM CP/ESN)	Surrey	Operations				£82,100			£82,100	£0	£0
C/09/2223	DCS Upgrade Project (part of ESM CP/ESN)	Joint	Operations	£21,824	£23,370	£55,699	£18,176	£18,630	£46,388	£40,000	£41,000	£102,087
C/08/2223	ESMCP (Emergency Services Mobile Communication Programme)	Sussex	Operations		£21,000					£0	£21,000	£0
C/08/2223	ESMCP (Emergency Services Mobile Communication Programme)	Surrey	Operations					£161,000		£0	£161,000	£0
				£385,928	£437,578	£773,134	£1,012,072	£356,922	£643,900	£1,398,000	£794,500	£1,417,935
				£385,928	£432,122	£705,978	£1,012,072	£352,378	£587,970	£1,398,000	£784,500	£1,293,948
Operational Necessity												
DDaT/06/2223	Niche RMS - upgrade 2022	Joint	DDaT			£59,935				£49,933	£0	£109,868
DDaT/10/2223	Digital Asset Management System (DAMS)	Joint	TBC			£27,838				£23,376	£0	£51,000
ES/01/2223	Access Consolidation	Sussex	Enabling Services	£34,247		£3,437				£34,247	£0	£3,437
ES/01/2223	Access Consolidation	Surrey	Enabling Services				£22,232			£2,863	£22,232	£2,863
ES/02/2223	Forcewide CCTV Replacement	Sussex	Enabling Services	£100,000	£40,000	£83,200				£300,000	£40,000	£83,200
ES/04/2223	Vehicle Telematics (Project Veritas)	Joint	Enabling Services (ITS)	£13,640		£24,532	£11,360			£20,448	£25,000	£45,000
ES/05/2223	Op Capelin - MTB & Unwired HQ	Sussex	Enabling Services	£250,000		£88,108				£250,000	£0	£88,108
ES/05/2223	Op Capelin - MTB & Unwired HQ	Surrey	Enabling Services				£30,000			£30,000	£0	£73,381
ES/07/2223	Cambridge House Redevelopment	Sussex	Enabling Services	£2,280,000	£100,000	£49,000				£2,380,000	£100,000	£49,000
SC/03/2223	Communications Data - Exploitation and Analysis	Joint	Specialist Crime		£13,126	£48,558		£110,874	£40,442	£0	£244,000	£89,000
SC/01/2223	Digital Forensics (DFT) Programme	Joint	Specialist Crime	£109,120	£25,752	£70,928	£90,880	£214,477	£59,072	£200,000	£472,000	£130,000
SC/02/2223	Prisoner Intelligence Notification Systems (PINS) upgrade - DDaT Budget	Joint	Specialist Crime		£1,819	£2,738		£3,181	£2,272	£0	£7,000	£5,000
SC/07/2223	CDMS - electronic Quality Management System	Joint	Specialist Crime		£1,408	£18,923		£9,542	£15,977	£0	£21,000	£34,500
UP/02/2223	Digital Interview Recording (DIR) Phase 3	Joint	Criminal Justice & Custody	£262,923	£103,628	£107,156	£218,975	£87,972	£89,244	£481,908	£193,600	£196,400
ERP/01/2223	ERP Programme	Joint	ERP		£778,571			£648,429		£0	£1,427,000	£0
OC/04/2223	Taser Asset Cabinets (Chronicle)	Joint	Operations Command	£43,102	£14,186	£20,624	£35,898	£11,814	£17,176	£79,000	£26,000	£37,800
OC/07/2223	Clearstone System Upgrade	Joint	Operations Command	£163,680		£7,906	£136,320			£6,634	£300,000	£0
ES/06/2223	Corporate Finance Management Tool (Planful)	Joint	Commercial & Financial Services		£9,772	£42,670		£8,138	£35,527	£0	£17,910	£78,207
C/04/2223	Joint Smart Storm	Joint	Contact	£70,382	£29,360		£38,618	£215,840		£129,000	£475,000	£0
C/11/2223	Smart Storm - decommissioning	Joint	IT Infrastructure			£7,638				£6,362	£0	£14,000
C/05/2223	Joint Contact & Unified Telephony (JCUT) (Unified Contact)	Joint	DDaT		£66,360	£16,368		£55,640	£13,632	£0	£122,500	£30,000
C/10/2223	Airwave Resilience & Continuity Programme	Sussex	Operations	£1,520,471		£42,606				£1,520,471	£0	£42,666
C/10/2223	Airwave Resilience & Continuity Programme	Surrey	Operations					£345,384		£35,534	£345,384	£0
				£5,047,567	£2,381,603	£722,203	£949,647	£1,866,907	£491,381	£5,997,214	£4,248,510	£1,213,584
				£4,027,860	£774,858	£241,323	£528,454	£562,052	£200,584	£4,556,314	£1,333,910	£442,307
NOTE 1: all totals EXCLUDE Reserves												
				£7,060,475	£3,590,734	£1,860,871	£3,316,739	£2,619,003	£1,447,310	£10,377,214	£6,209,737	£3,308,181
NOTE 2: all subtotals INCLUDE relevant Savings												
				£2,646,686	£1,833,885	£698,238	£1,776,214	£1,538,337	£470,688	£4,422,900	£3,372,222	£1,158,926
				£4,413,788	£1,756,848	£1,172,633	£1,540,526	£1,080,666	£976,621	£5,954,314	£2,887,515	£2,149,255
				£4,413,788	£2,929,482		£1,540,526	£2,057,288		£5,954,314	£4,986,769	