

## REPORT OF THE POLICE AND CRIME COMMISSIONER FOR BEDFORDSHIRE

<b>Date</b>	2 February 2021	<b>Agenda item</b>	<b>6</b>
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### Report: Budget and Precept Report

#### 1. Purpose of report

- 1.1 To notify the Bedfordshire Police & Crime Panel of the proposed budget and precept for the Bedfordshire Police and Crime Commissioner for 2021/22 and to enable the Panel to review the proposed precept.

#### 2. Background

- 2.1 Under the Police Reform and Social Responsibility Act 2011 and the Police & Crime Panel's (Precepts and Chief Constable Appointments) Regulations 2012, the Commissioner must notify the Panel of the precept which the Commissioner is proposing to issue for the financial year by 1 February 2021 and the Panel must review the proposed precept notified to it by 8 February 2021.

#### 3. General Considerations

- 3.1 The Commissioner supports the Chief Constable of Bedfordshire Police by ensuring the Force has the necessary resources to maintain and enhance effective policing across Bedfordshire. The Commissioner's Police and Crime Plan incorporates priorities that will enable her to build better policing for Bedfordshire.
- 3.2 The 2021/22 revenue budget has been built around the Commissioner's Police and Crime Plan and has been considered by the Commissioner and Chief Constable both in the short and longer term. It has been developed to ensure that;

- It demonstrates the strongest possible management of available finances
- While savings plans need to be developed further it will deliver a balanced budget to 2024/25.
- Is able to protect and enhance front line officer numbers and local policing capability.

3.3 The proposed budget the Commissioner is presenting to the Panel for 2021/22, equates to a budget requirement of **£127.430M**. This includes a contribution to general reserves of **£0.843M** to maintain the 3% level of reserves to net budget position. This would result in the policing element of an average Council Tax at Band D of **£227.09**, an increase of **£15** or **7.08%** (which equates to a rise of £1.25 per month )compared to 2020/21. The full report at Appendix A explains how this was arrived at, the growth and savings plan of the Force and the medium term financial projections.

3.4 The 2020 Comprehensive Spending Review (CSR) was expected to provide three year funding certainty. However due to the pandemic, last year's CSR led to a one year settlement, with a three year CSR expected during 2021, for the financial years 2022/23 to 2024/25.

#### **4. Contribution to the Police and Crime Plan**

4.1 The recommendations arising from this report and the subsequent report from the Police and Crime Panel, will determine the budget available to continue the delivery of the Commissioner's Police & Crime Plan for Bedfordshire.

#### **5. Appendices or enclosures**

5.1 Appendix 1 – Revenue Budget Report 2021/22 (PCC for Bedfordshire, 21 Jan 2021)

5.2 Appendix A Growth

5.3 Appendix B Savings

5.4 Appendix C Forecast

5.5 Appendix D – Summary of the public survey

**6. Background papers**

6.1 Home Office Provisional Grant Report, December 2020

**7. Recommendations**

7.1 The Panel is recommended to review and make a report to the Commissioner on the proposed precept for 2021/22.

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<b>Report Author</b>	Gavin Chambers
<b>Date of report</b>	January 2021





## DRAFT BUDGET

### Kathryn Holloway – PCC for Bedfordshire – 21 January 2021

<b>Report Title:</b>	<b>Draft Revenue Budget 2021/22</b>
<b>Author:</b>	<b>Stuart Goodwin, Senior Accountant</b>
<b>Report for:</b>	<b>PCC/CC</b>
<b>Document reader status:</b>	<b><del>RESTRICTED / OFFICIAL / PUBLIC</del> Delete as necessary and insert watermark</b>
<b>Mandatory Question:</b>	<b>Is any 'Restricted' information within this report or appendices? YES / NO If yes, state reason for restriction:</b>

#### Executive Summary

- 1.1 The 2021/22 draft revenue budget continues to follow the strategic direction of the Commissioner's Police and Crime Plan and has been considered by the Commissioner and Chief Constable both in the short and longer term. Although it is recognised the Police and Crime Panel accepted completion of the Police and Crime Plan at the end of the Commissioner's fourth year, the delay to the PCC elections of a full year to May 2021 means that this budget still aligns with that plan's instruction.
- 1.2 The provisional Policing Settlement for all forces in England and Wales was announced on 17 December, building on the guidance provided by the Spending Review in November. This has provided us with far more accurate data to build our understanding of the way the budget will be funded. However, until the final settlement is announced, there is always a possibility that funding will change especially around the Collection Fund figures that are subject to new legislation that is still being interpreted.
- 1.3 During the past few months, a number of medium-term financial plan scenarios have been tested and these have been revised during December and January following the Spending Review and provisional settlement. While an array of options has been tested, for planning purposes it has been assumed that the Commissioner will increase Council Tax by the maximum amount allowed without invoking a referendum: the guidance has indicated this will be £15 for Bedfordshire or £1.25 per month for a home assessed at the Band D average.

- 1.4 At the time of the budget briefing paper in December, we estimated that we would see a budget shortfall before savings of £2.3M in 2021/22 with similar shortfalls over the following three years. Following the provisional settlement this position has improved and we now estimate the shortfall before savings to be £2.0M.
- 1.5 The changes in funding and the reduction in inflationary pressures at the time of the Spending Review gave us the ability to review the level of savings that we access as part of the budget setting process and provides us with the opportunity to permanently fund some posts that had previously been funded on a temporary basis.
- 1.6 While the provisional settlement was better than we had anticipated, we have suffered a significant loss of funding because of a reduction in the tax base in Bedfordshire: this represents the number of households that pay council tax. The reduction of 0.55% equates to £0.768M less funding than anticipated at the time of the budget briefing when we estimated an **increase** of 1%. At the same time the net collection fund deficit has also increased by £0.378M further reducing our funding position. While there have been suggestions that Collection Fund shortfall grants will be awarded to offset this deficit, it is not clear in what form these will take and the Unitary Authorities have, therefore, not factored these into their calculations.
- 1.7 We did see an increase in the main police grant of **£4.3M**, £2.7M of this has been attributed to the cost of the officers formally funded by uplift grant in 2019/20 and 2020/21. These can now be built into the base budget. Bedfordshire has then been awarded £0.9M uplift grant in 2021/22 to fund the recruitment of 53 officers during the financial year.
- 1.8 A number of assumptions have to be made in order to present a budget at this stage and these will be subject to further scrutiny and, ultimately, decisions by the PCC. Based on the information known these are as follows;
- The level of council tax set by the PCC will increase by £15 for a band D resident. This is the maximum increase possible without invoking a referendum
  - The number of band D council tax properties within Bedfordshire will reduce by 0.55% compared to the previous year
  - The year-end balance of the police's share of the collection fund deficit from each Unitary Authority will total £808,000, of this £318,000 will be carried forward to future years
  - The amount of Police Grant awarded to Bedfordshire will be £73.229M
  - The amount of legacy council tax grants awarded to Bedfordshire will be £4.637M

- A one-off local council tax subsidy grant of £0.843M to offset the reduction in the tax base will be paid into general reserves to meet the minimum level regarded as prudent within the public sector at 3% of revenue.
- The level of growth included in the draft budget is £6.427M
- The level of savings included in the draft budget is £1.969M

1.9 Following the provisional settlement and subject to the final settlement, decisions by the force and decisions by the OPCC a draft budget equating to **£129.399M** is presented including a contribution to reserves of **£0.843M**. This is before any savings are taken or use of reserves considered. The savings presented in this report equate to **£1.969M** resulting in a net budget requirement of **£127.430M**. Based on current assumptions described above including a council tax increase of £15 the funding available to the Force is also **£127.430M** resulting in a balanced budget. These are best estimates as this stage that are now unlikely to substantially change. Following review on 21 January 2021 by the OPCC Strategic Board, a precept report will be prepared by the OPCC to be presented to the Police and Crime Panel on 2 February 2021.

## **2. Purpose of report**

2.1 To review the draft revenue budget for 2021/22 following the announcement of the provisional settlement prior to review and approval by the OPCC Strategic Board subject to any changes they might request.

## **3. Background/Supporting papers/Implications**

- 2021/22 Budget Briefing Paper – Feb (Dec 2020)
- 2020/21 Revenue Budget Monitoring Report – PCC Exec Board (July 2020 & Oct 2020)
- 2019/20 to 2022/23 Medium Term Plan – PCC Exec Board (Oct 2020)

## **4. Contribution to the Police and Crime Plan**

4.1 The recommendations arising from this report and the subsequent report to the Police and Crime Commissioner and the Police and Crime Panel, will determine the budget available to continue the direction of the Commissioner's Police and Crime Plan for Bedfordshire although it is recognised the plan is recorded as having been completed by the Police and Crime Panel.

## 5. Recommendation

5.1 Subject to any variations agree that;

- I. The net revenue budget (budget requirement) for 2021/22 is set at £127.430M, providing the Force with the finances to increase their officer numbers by 53.
- II £0.843M is placed into General Reserves
- III The proposed savings plan at Appendix B is implemented.
- IV The band D council tax is set at **£227.09**
- V This report is presented to the Police & Crime Panel on 2 February 2021 as an appendix to an accompanying report requesting that the Panel review and report back to the Commissioner on the proposed precept.

## 6. Appendices or enclosures

- Appendix A – Proposed Growth.
- Appendix B – Proposed Savings Plan
- Appendix C – Reserves Forecast

## 7. Introduction

- 7.1 This is the formal budget report to initially be considered by the PCC and subsequently reviewed by the Police and Crime Panel on 2 February 2021. It contains the appropriate information to determine the budget requirement for 2021/22 along with the Band D equivalent Council Tax and Precept.
- 7.2 This report has been written after the provisional financial settlement for Bedfordshire has been announced but before the final settlement is confirmed. A significant level of work has been undertaken by both the Commissioner and Chief Constable to provide an estimated budget position for 2021/22, initially based on the Spending Review and refined to take account of the provisional settlement. The provisional settlement has positive budgetary implications including council tax flexibility, an increase in the police grant, the continuation of the Uplift grant and the introduction of tax base subsidy grant. This is offset against a council tax collection fund deficit, a reducing tax base and the discontinuation of the surge fund. Significant savings need to be found in the medium term and this is made difficult while there is a national drive to increase officer numbers.
- 7.3 While the ongoing Priority Based Budgeting (PBB) process has created the opportunity to prioritise our services it has also highlighted areas that require more investment. It has looked at many areas across the force and decisions regarding growth and savings should be made prior to the final budget report being presented.

The “draw the line exercise” that brings the planning stage to an end for PBB has been done at a level where there will be a zero cost to the Force, any growth requirements will be offset by identified savings.

- 7.4 The funding for the 2021/22 budget as presented in this report is based on the provisional settlement and while we do not expect any significant change it is subject to the final settlement being announced and confirmation of tax base and collection funds figures from each of the three Unitary Authorities.
- 7.5 The budget as presented today is based upon a Police Grant of **£73.229M**, an increase of £4.3M, £2.7M of which is attributed to the cost of the officers formally funded by uplift grant which can now be built into the base budget. Bedfordshire has been awarded **£0.9M** uplift grant in 2021/22 to fund the recruitment of 53 officers during the financial year as part of the Government’s drive to recruit 20,000 officers nationally. We will see the continuation of the pension grant of **£1.117M** and legacy council tax grants of **£4.637M** along with the introduction of a new Tax Base Reduction grant of **£0.843M**, at this stage the assumption is that this will be a one-off grant to compensate for the reduction in households paying Council Tax. The budget reflects the 2.5% pay award granted in September 2020 and the announcement of a pay freeze in September 2021 apart from small awards for those staff earning under £24,000.
- 7.6 The recent announcement allows for the Commissioner to increase Council Tax by up to £15 without invoking a referendum. While this is welcome it means that inflationary pressures, reduction in collection fund and pay awards, as examples, are being funded from an increase in Council Tax. This increased Council Tax flexibility means that the Commissioner now has to balance the requirement to make savings along with the desire to support the increase in officer numbers as well as providing funding for areas of the budget that require further investment as highlighted in the PBB process.
- 7.7 We have seen a reduction in the number of people who pay council tax, this decrease of 0.55% equates to £0.768M less funding than anticipated at the time of the budget briefing which was based on an estimated an increase of 1%. At the same time the net collection fund deficit has also increased by £0.378M further reducing our funding position. While there have been suggestions that Collection Fund shortfall grants will be awarded to offset these deficits, it is not clear in what form these will take and the Unitary Authorities have therefore not factored these into their calculations.
- 7.8 These factors will be considered by the Commissioner and Chief Constable prior to submitting a more formal budget paper to the Strategic Board on 21 January and onwards to the Police and Crime Panel on 5 February 2021.

## **8. General Considerations**

- 8.1 This will be the fifth budget set by Police and Crime Commissioner Kathryn Holloway who was elected in 2016. In each of these years she has increased the budgeted establishment of officers employed within the Force. While preparing the 2021/22 budget a number of factors have been considered and these are highlighted throughout the report.
- 8.2 The Commissioner published her Police and Crime Plan for Bedfordshire in May 2016, which represents the strategic direction she wished the force to follow over the four years of her term of office. The plan was shaped around the communities of Bedfordshire and can be found on the website of the Police and Crime Commissioner. Due to the impact of the Covid-19 Pandemic the planned OPCC elections in May 2020 were postponed and the Commissioner agreed to extend her tenure by a further year. In these exceptional circumstances the Commissioner has reviewed her plan and determined that it continues to remain effective and fit for purpose.
- 8.3 In considering the 2021/22 budget the Commissioner has ensured that the budget she is setting utilises the maximum amount of funding she can generate and that this is used efficiently to provide the force the greatest opportunity to finalise the delivery of her own plan and provides sufficient funding for the next four years.

## **9. Provisional Settlement – 2021/22 for Bedfordshire**

- 9.1 This report has been based upon the provisional funding settlement for the police announced on 17 December 2020. The table below compares the central element of the Commissioner's funding between 2020/21 and 2021/22; we have also shown the major ring-fenced grants for clarity. This shows that central funding has increased by £4.5M (5.9%) compared to 2020/21 levels.

2020/21		2021/22	Change	
£'M		£'M	£'M	%
68.9	Police Grant	73.2	4.3	6.2
4.6	Legacy Council Tax Grants	4.6	0.0	0.0
0.0	Tax Base Reduction Grant	0.8	0.8	n/a
<b>73.5</b>		<b>78.6</b>	<b>5.1</b>	<b>6.9</b>
1.1	Pension Grant	1.1	0.0	0.0
1.5	Uplift Grant	0.9	(0.6)	(40.0)
<b>76.1</b>		<b>80.6</b>	<b>4.5</b>	<b>5.9</b>

## 10. Draft Budget 2021/22

10.1 The proposed budget of **£127.430M** can be summarised as;

	£'000
Draft Budget (November 2020 prices);	
Force	123,072
PCC (Inc. CSF)	1,870
Contingency	1,645
Contribution to Reserves	843
<b>Draft Budget</b>	<b>127,430</b>

10.2 There is a need to make an allowance, by way of a contingency provision for pay increases that will arise between November 2020 and March 2022. This has been set at **£1.645M** which is made up of the 2.5% pay award for officers and staff in September 2020. This had been anticipated at 2.0% when the previous year's budget was set and 1% for non-pay inflationary pressures.

10.3 By far the largest growth item included in the draft budget is the investment in police pay at £3.253M. The majority of this (£2.7M) relates to the Uplift Officers recruited at the end of 2019/20 and 2020/21. These 54 officers that were formally funded via the Uplift grant have now be built into the base budget and this has been made possible by the increase in the police main grant. An uplift grant of £0.9M will be claimed during 2021/22 but this will relate to officers recruited during that financial year. Police pay has also been increased by incremental drift that allows for progression through the pay grades. As a result of the significant recruitment the force has made over the past two years and is committed to continuing in 2021/22 a much larger percentage of the workforce

are still progressing through their pay grade and receiving well deserved increments. The pressure is not as severe for staff but this budget has been increased to fund the file quality team. For the purpose of this report it has been assumed that any growth required as a result of the PBB process will be funded by savings from the same exercise.

10.4 The growth of £1.435M contained within this report that relates to collaborated units is mainly offset by a savings that reduce the investment required to £0.179M.

10.5 The capital investment that the Force is making including HQ redevelopment project has a knock-on effect to the revenue budget supporting the financing of extra borrowing that this essential investment requires. The staff pension scheme has tri-annual valuations and as a result of the most recent one, further investment is required over the next three years in an effort to reduce the deficit that the scheme currently has.

10.6 There are a number of other budget pressures that we have no choice but to include, such as the increasing cost of insurance premiums, the accumulating number of national projects that forces across the Country invest in and reduced investment income as a result of the Bank of England base interest rate being at an all-time low. The force is also investing in initiatives such as “100 little things” and is committed to rebuilding the Force Tasking budget.

10.7 On the assumption that the PCC decides to increase Council Tax by the maximum allowed, she will be able to support the additional officers to be recruited via the uplift grant and fund the growth listed above and shown at Appendix A. The total cost of standstill, mandatory and growth pressures built into the draft budget equates to **£6.427M**.

10.8 The budget has been set net of the following larger grants equating to £2.8M. This means that we have budgeted for expenditure at the same level as anticipated income made up as follows;

<b>Grant</b>	<b>£'000</b>
Uplift	910
Pension	1,117
MoJ (PCC)	767
<b>Total</b>	<b>2,794</b>

10.9 The funding for an additional 53 officers in 2021/22 is via the Uplift grant while those recruited prior to the 2021/22 financial year are now built into the base budget.

10.10 At this stage it is highly unlikely that the surge funding of £0.908M received in 2020/21 and £1.38M in 2019/20, will continue, which will create a significant pressure to continue the work funded by this grant. Whilst not confirmed it is anticipated VERU funding will continue into 2021/22 at the same level of 2020/21 of £0.880M.

## 11 Budget Reductions 2021/22

11.1 The planned minimum budget reductions are shown at Appendix B, totalling **£1.969M**, of these £1.256M relate to collaboration projects offsetting a similar amount of growth.

11.2 By reviewing spending trends, we are able to present some savings by the process of a budget challenge. These equate to £0.310M. These consist of reducing police pay average for officers as we see a higher proportion of new recruits, the reduced cost for Bedfordshire of the national police air service agreement and a sustained reduction in the amount spent on witness expenses.

11.3 During the past three years, Bedfordshire Police has received Special Grants won by the PCC from the Home Office to fund the work done in relation to gun, gang and knife crime. This work is on-going as is the commitment from the Home Office and for that reason we now feel it is appropriate to recognise some of this income in the base budget at £0.403M.

11.4 The PBB process has revisited many of the areas that were looked at in 2018/19 and 2019/20 and while no decisions have been made to date, we have assumed that any savings made via this process will be reinvested via the same process.

11.5 Based on the assumptions within this report it is anticipated that overall officer and staffing levels increase by 62, an net increase of 9 staff posts along with **an increase of 53 Police Officers**. The officer increases represent our quota of the Uplift grant while the remaining changes, still to be finalised, are as a result of the PBB proposals from both Bedfordshire and our share of collaborated units. These proposed changes are shown in the table on the next page;

	2020/21 restated	Savings	Growth	2021/22
<b>Police Officers</b>				
Force	1,050		53	1,103
Collaboration	184			184
ERSOU	64			64
<b>Police Officer Total</b>	<b>1,298</b>		<b>53</b>	<b>1,351</b>
<b>Police Staff</b>				
Force	563		5	568
Collaboration	289	(2)		287
ERSOU	260		6	266
<b>Police Staff Total</b>	<b>1,112</b>	<b>(2)</b>	<b>11</b>	<b>1,121</b>
<b>PCSO's</b>	<b>53</b>			<b>53</b>
<b>Total</b>	<b>2,463</b>	<b>(2)</b>	<b>64</b>	<b>2,525</b>

11.6 The figures for 2020/21 have been restated as posts have been appointed during the year, from the use of funding that had not be allocated at the time of setting the budget. The officer numbers quoted are based on the current policing model, our share of collaborated units and some externally funded posts. We have also separated out those staff employed by Bedfordshire Police on behalf of the Eastern Region Special Operations unit, made up of both the Counter Terrorism and Regional Organised Crime units; officers seconded into these areas have been excluded. Of the 266 staff employed by Bedfordshire we estimate that 229 are on behalf of forces within the region. These figures are our best estimate at the time of setting the budget and reflect our budgeted establishment. These figures are subject to verification once formal notifications of regional funding has been provided.

## 12 Council Tax

12.1 Following the Spending Review, the OPCC have been given flexibility to increase by a maximum of £15 per band D property without invoking a local referendum. This would equate to a 7.08% increase for residents of Bedfordshire. The increase in police grant will pay for the increase in officer numbers. But the standstill position of the pension grant and legacy council tax grants along with the deficit on the Collection Fund, effectively means that the Commissioner is being asked to fund inflationary pressures and the associated cost pressures of an increasing officer base from the Council Tax. As a result the percentage of budget funded by Council Tax continues to rise.

12.2 Should the Commissioner decide to increase Council Tax by £15 this would increase the Band D Council Tax for Bedfordshire Police from £212.09 to **£227.09**. The Commissioner must decide at what level to set the Council Tax and in doing so consider the potential to support the increase in officer numbers, reduce the reliance on the budget reserve and strengthen the medium-term financial planning for the force. Various options have been considered to date and the OPCC has

sought public opinion. Based on these discussions the draft reported is presented on the basis that the maximum council tax increase will be applied.

12.3 The total amount raised via Council Tax by the police is also influenced by the number of taxpayers within the county. This figure is set by the local authorities in January each year. This has been rising steadily at 2.00% per annum and initially our medium-term plan was based on this increase. However, one of the impacts of Covid-19 is a rise in the number of people claiming council tax benefit. This, in turn, impacts on the size of the tax base. The provisional figures received from our Unitary Authorities indicates that this will reduce by 0.55% equating to £0.768M less funding than anticipated at the time of the budget briefing when we had reduced our estimate to a rise of 1%. At the same time the net collection fund deficit has also increased by £0.378M further reducing our funding position. While there have been suggestions that Collection Fund shortfall grants will be awarded to offset these deficits, it is not clear in what form these will take and the Unitary Authorities have therefore not factored these into their calculations.

12.4 While clarity is sought about how Unitary Authorities will account for collection fund shortfall grants, the draft budget is based on the funding available to the Police and Crime Commissioner as shown in the table below.

<b>Funding Stream</b>	<b>Draft Funding</b>
	<b>£'000</b>
Police Grant	73,229
Legacy CT Grants	4,637
Council Tax	49,211
Collection Fund shortfall	-808
Collection Fund deficit c/f	318
Tax Base Reduction Grant	843
	<b>127,430</b>

### **13 Forecast Revenue Outturn for 2020/21**

13.1 The latest estimate of spend against budget for 2020/21 is that a break-even position will be achieved. This is achieved despite receiving Special Grant in the year, which further highlights the level of financial pressure faced by the force, particularly in relation the national Operation Venetic (Op Costello in Bedfordshire), the ongoing work being undertaken by the Boson team and ongoing legal costs. On that basis the Commissioner will be submitting Special Grant bids in 2021/22 for Boson and Operation Costello.

13.2 The year end position will continue to be monitored. If during the remainder of the year any underspend is generated, its allocated will be reviewed. In doing so the following points will be considered.

- The borrowing requirements of the PCC
- The investment required for collaboration
- The future reliance on the budget reserve built into the medium-term financial plan
- The ability to fund one-off, non-recurring expenditure from year-end underspends
- The future impacts of Covid-19
- The cost of on-going legal cases

## 14 Medium Term Financial Strategy

14.1 Based on the provisional financial settlement the estimated medium-term plan position is shown in the table below. This shows increased budget and funding when compared to the briefing paper presented in December, that was prepared following the Spending Review. The reason for this is the increase in the police main grant to fund officers formally funded by Uplift grant. Despite the reduction in tax base the settlement was better than we had anticipated resulting in no reliance on reserves in the first two years of the plan. Assuming no changes to our funding position we estimate that we can produce a balanced budget to the 2024/25 financial year. This does rely on use of reserves of £1.594M in years three and four of the plan, so further work will be undertaken to address this.

	2021/22 indicative	2022/23 estimated	2023/24 estimated	2024/25 estimated
	£'000	£'000	£'000	£'000
Estimated draft budget (a)	129,399	130,400	133,215	135,605
Estimated funding (b)	127,430	128,900	130,961	133,265
<b>Shortfall (a-b)</b>	<b>1,969</b>	<b>1,500</b>	<b>2,254</b>	<b>2,340</b>
Savings	1,969	1,500	1,500	1,500
Use of Budget Reserve			754	840

## 15. Reserves

15.1 It is widely acknowledged that the use of reserves to fill long term funding gaps is not a sustainable approach to balancing budgets, but can be used to smooth the reductions over a longer period or to provide a buffer in a particular financial year. The maintenance of this budget reserve is critical in our medium-term planning scenarios.

15.2 The Commissioner must hold a minimum level of general reserves, although neither the Audit Commission nor CIPFA feel it appropriate to stipulate what a minimum

level should be and, therefore, it is for the Chief Finance Officer to give advice. Based on previous advice that the level of general reserves should reflect the level of anticipated risk for exceptional expenditure arising from exceptional circumstances (i.e. the likelihood of terrorist type activity, disturbances etc.) that cannot be funded from within the Commissioner's and Force's agreed revenue budgets and capital programme, the Commissioner has been advised to hold a general reserve of at least 3.0% of the net revenue budget and has always strived to follow that advice. To adhere to this, the one off council tax grant of £0.843m to proposed to be allocated to the general reserves, to maintain this 3% level.

15.3 A forecast of the reserve position is presented at Appendix C, assuming the recommendations within this report are accepted, this will see the budget reserve peak in 2023 and have sufficient funding to support the revenue budget throughout the life of the medium-term financial plan. The Capital Reserve and the Capital Receipts reserve will be reviewed at the time of setting the Capital programme. It should be noted that these reserves are dependent upon the amount of borrowing agreed to support the capital programme and the funding received through the sale of capital assets.

## **16. Robustness of Estimates**

16.1 Under Section 25 of the Local Government Act 2003 the Chief Financial Officer of the Police and Crime Commissioner is required to report on the robustness of the estimates included in the proposals above.

16.2 The estimates included within this report have been compiled by qualified financial staff in consultation with budget managers, the Force Executive, the Continuous Improvement Team and have been overseen by the Chief Finance Officer.

16.3 The work on the 2021/22 budget and subsequent medium-term plans began in September 2020 and has been informed by settlement and grant announcements detailed earlier in this report. Scenario testing helped to prepare for different budget strategies informed initially by our best assumptions, then based on the Spending Review and finally on the provisional settlement announcement. The force has had input and has been regularly briefed and updated on the budget preparation and medium-term plan. This is achieved through regular dialogue between the Police and Crime Commissioner and her Chief Finance Officer and, more formally, via reports to the Police and Crime Commissioner's Strategic Board. The Joint Audit Committee has received internal audit reports on numerous aspects of financial management which have provided the Police and Crime Commissioner with assurances that the necessary controls are in place. The findings of the external auditors also support the assurances provided by the internal auditors.

## 17. Referendum Principles

17.1 Under the provisions of the Localism Act 2011 the Secretary of State defines a set of principles to determine if the level of Council Tax raised by a Police and Crime Commissioner (PCC) is deemed to be excessive. Based on these principles the level of Council Tax presented within this report is not considered excessive by the Secretary of State.

17.2 Any PCC proposing an excessive increase in council tax must hold a local referendum and obtain a “yes” vote before implementing the increase. They must also make substitute calculations, based on a non-excessive council tax level. This will take effect if the excessive increase is rejected in the referendum. The current proposals do not invoke referendum principles.

## 18 Tax Base, Precept and Council Tax

18.1 The Council Tax is primarily a tax on the relative market value of property in an area based on eight valuation bands (A to H). The Council Tax base is defined in terms of the number of Band D equivalents (the “average” band). The Unitary Councils have confirmed the final number of Band D equivalents for 2021/22 and the budget report is based on the following numbers:

Unitary Council	Band D Equivalents
Bedford Borough	58,919
Luton Borough	51,087
Central Bedfordshire	106,698
	<b>216,704</b>

18.2 This represents a decrease in the tax base of 1,202 band D equivalent homes (-0.55%) compared to the previous year. This reduction in tax base is as a direct result of Covid-19 as the number of tax payers receiving benefit has dramatically increased. Many households have seen their ability to pay council tax reduce as the impact of Covid-19 has placed many people in the furlough scheme or in a redundancy situation. This reduction is in complete contrast to the steady increase we have seen in recent years and has resulted in a **lower Council Tax income of £1.3M** had we seen a 2% increase in line with previous years. This outcome had been planned for within our scenario testing but the impact should not be understated.

18.3 The reduction in tax base has been offset to a certain degree by the announcement of a “Tax Base Reduction Grant” estimated at £0.843M for Bedfordshire Police. At the time of writing we do not know how this grant will be administered, so we have assumed that this will be a one-year grant that will cease at year end. With this in mind it is prudent to ensure these funds are not used for anything that will commit the force to expenditure beyond the 2021/22 financial year. Our recommendation is to place these one-off funds into the General reserve to maintain the 3% general reserves against net budget.

18.4 The arrangements for financing the police service provide for the Commissioner to receive specific police grant and formula funding via the Home Office along with legacy council tax grants. The amounts are fixed and do not vary with expenditure. The following table shows the level of the precept based on a budget requirement of **£127.430M** and a Council Tax increase of £15. The apportionment to each of the Unitary Councils is also shown.

	<b>£'M</b>
<b>Budget Requirement</b>	<b>127.430)</b>
Police Grant	(73.229)
Legacy Council Tax Grants	(4.637)
	<b>49.564)</b>
Shortfall on the 2019/20 Council	0.490)
Tax collection fund after c/f	
Tax Base Reduction Grants	(0.843)
<b>Precept</b>	<b>49.211)</b>
Apportionment between Unitary Councils	
Bedford Borough	13.380
Luton Borough	11.601
Central Bedfordshire	24.230
<b>Precept</b>	<b>49.211</b>

18.5 Using the tax base data supplied by the Unitary Councils, a budget requirement of **£127.430M** would result in an average Council Tax at band D of **£227.09**. This compares to a Council Tax at band D of £212.09 in 2020/21, a rise of £15 per annum (£1.25p per month) or 7.08%, the maximum allowed without invoking a referendum.

18.6 The following table shows the Council Tax for all bands based on a budget requirement of **£127.430M**.

Valuation Band	Tax payable compared to band D (expressed in fractions)	Council tax for Band £
A	6/9	151.39
B	7/9	176.63
C	8/9	201.86
D	1	227.09
E	1 & 2/9	277.55
F	1 & 4/9	328.02
G	1 & 6/9	378.48
H	2	454.18

## Growth 2021/22 Budget

Area	£'000	Detail
Officer Pay	3,253	Full year effect of 2020/21 officer growth including pre 2021/22 uplift plus incremental drift
Staff Pay	766	Full year effect of 2020/21 staff growth plus incremental drift
Staff Pension Scheme	315	Additional Contributions (deficit recovery)
Revenue cost of Capital	163	Interest and MRP payments as a result of increased borrowing
Force Initiatives & Budget Pressures	220	Insurance premiums, FTTCG, 100 Little Things, Reduced Investment Income
OPCC	40	Compliance Officer
Collaborative Units	1,435	Offset by £1.256M savings
Full year effect	145	ISVA's & SARV
National Projects	90	Increased cost of National projects
	<b>6,427</b>	

**Note**, the anticipated growth of 53 Officers funded via Uplift grant in 2021/22 this has been netted off against the anticipated appropriate grant.



## Savings Plan 2021/22 Budget

Area	£'000	£'000	Detail
<b>Budget Challenge</b>			
Police Pay Averages	150		Reducing Police Pay Averages as new recruits join on revised terms & conditions (National)
Witness expenses	40		Reduction in area of spend
National Police Air Service	120		Reduction in Flying hours
Grant Income	403		Accounting for element of 2021/22 Special Grant
		<b>713</b>	
<b>Collaboration</b>			
Payroll Service	58		Full year effect of 2020/21 collaboration
Joint Protective Services	433		Output from PBB process including reduction in some posts plus vacancy factor adjustments
Operational Support	458		ICT Pressure including licensing costs
Organisational Support	307		Full year effect of HR Reorganisation and removal transformation costs
		<b>1,256</b>	
		<b>1,969</b>	



## Reserve Position at at 31st March 2020 and estimated movements (Jan 2021)

	Year end 31st March 2020 (actual)	Year end 31st March 2021 (forecast)	Year end 31st March 2022 (forecast)	Year end 31st March 2023 (forecast)	Year end 31st March 2024 (forecast)	Year end 31st March 2025 (forecast)
	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Reserves</b>						
Police Fund	3,000	3,000	3,843	3,843	3,843	3,843
<b>Earmarked Reserves</b>						
Budget Reserve	3,252	3,252	3,252	3,252	2,498	1,659
Road Safety Reserve	863	781	581	381	181	0
Force Earmarked Reserves	17	0	0	0	0	0
Insurance Reserve	1,132	1,132	1,132	1,132	1,132	1,132
Capital Expenditure Reserve	935	935	929	926	926	926
Capital Receipts Unapplied	0	0	328	0	6,435	6,435
<b>Total</b>	<b>9,199</b>	<b>9,100</b>	<b>10,065</b>	<b>9,534</b>	<b>15,015</b>	<b>13,995</b>

**Notes & Assumptions**

Forecast assumes that the tax base reduction grant will equate to £0.843M and will be placed into the general reserve

Road Safety Reserve will be consumed at £200K per annum from 2021/22

Earmarked reserves will be fully spent in year

Capital Reserve and Capital Receipts Unapplied balances will be impacted by the level of capital receipts

Capital Reserve and Capital Receipts Unapplied forecasts as at Oct 2020, forecasts for 2024/25 have not been attempted at the time of this report

# REPORT OF THE POLICE AND CRIME COMMISSIONER FOR BEDFORDSHIRE FOR THE POLICE AND CRIME PANEL

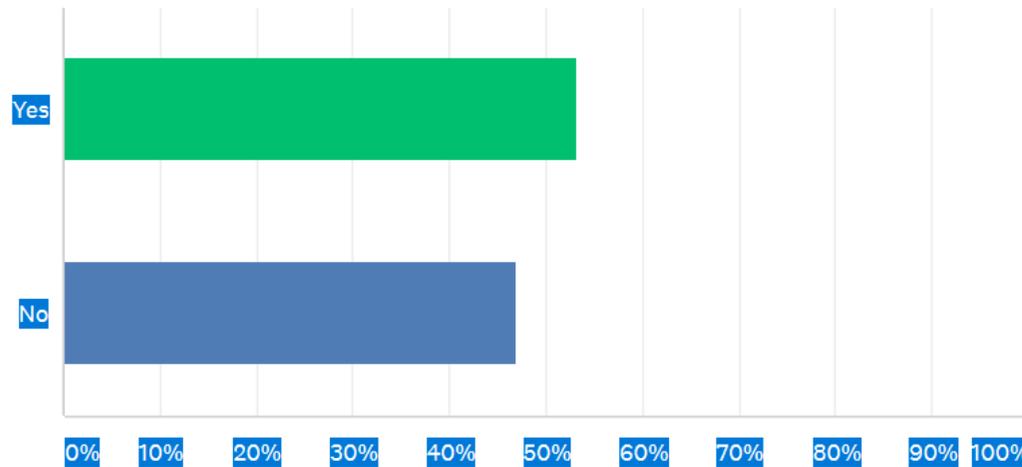
Date of Panel meeting	2 February 2021	Agenda item	Appendix D
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Report: Survey
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## Public Survey

The Police and Crime Commissioner for Bedfordshire launched a public survey on 15 December 2020 and this closed on the 20 January 2021 at 5pm.

I can inform you that 505 residents within Bedfordshire completed the survey.



ANSWER CHOICES	RESPONSES
Yes	53.07% 268
No	46.93% 237

### **Votes supporting the increase**

268 53%

### **Votes against the increase**

237 46.9%

Therefore, the result presented to the Police and Crime Panel is that this is a supported increase although appreciated it is a close vote.

We offered voters the chance to offer comments alongside their vote, the below is a summary of repeated points.

*‘£1.25 seems a trivial amount of money. Even though you are putting your lives at risk every day, you all deserve so much more.’*

*‘Our policing is underfunded and although the issue is a central government one, we as a community need to pull together to keep the police force on the job. Our police are already working with tools and resources that are behind the times. We cannot afford to force policing into becoming an undesirable profession where everyone is scraping and scrimping yet held accountable as though they have blanche carte on resources and tools needed to do a proper job.’*

*‘Excellent service given by Bedfordshire police but sadly not enough of them available on a day to day purpose.’*

*‘Bedfordshire have been under funded for a long time. Even so our Police have done a great job given their limited resources. It’s about time we funded them properly. I think a bigger rise is in order.’*

*‘You are doing a fantastic job for Bedfordshire. Still think Luton should have its own force/funding then police can work across the county instead of being stretched because of the complexity and volume of work/crime in the highly populated area of Luton.’*

*‘Think it’s great that the local police force is getting more money as they have struggled for far too long watching other forces have lots more too.’*

*‘A little bit extra could go very far. Luton and Bedfordshire are becoming increasingly urbanised like London, but needs to be funded accordingly.’*

*'I think an increase of £1.50 per month would be acceptable. Central Government funding for Bedfordshire Police needs to be urgently reviewed and amended upwards. Bedfordshire - the Little County with Big issues, still being funded like a sleepy County Force, which is unacceptable. Alternatively, 'gift' Luton to the Met, or Herts!'*

*'Covid is financially affecting everyone. Many people are facing extreme financial difficulties and therefore it is not a good time to ask people to pay more.'*

*'Here in Leighton Buzzard you have upped our taxes year on year, whilst knocking down our police station and leaving us vulnerable. We now have a huge problem with crime and still no talk of help. I would support this claim if I saw police back firmly in Leighton Buzzard and not just PCSOs on a part time basis.'*

#### **Themes that arose in the comment section when the vote was in support of the increase:**

The collated data showed that there were more people in support with the increase, with some believing that the increase should be more than originally stated.

There were several responses from specific areas of Bedfordshire such as Leighton Buzzard, requesting more visible policing.

#### **Themes that arose in the comment section when the vote was not in support of the increase:**

Once the data was collated, it was evident that there were a few areas of concern which have been raised in the survey.

The most prevalent concern was raised by people who have been affected by C-19 regarding the financial stretch the pandemic has created. As anticipated, they felt it would be unfair to pay even £1.25 per month more. In response to this, the PCC acknowledges these concerns fully and highlights that the survey apologised for the need to ask for any additional funds at a time of such economic uncertainty. However, achieving the core central grant from Government in its entirety is dependant on a maximum rise in the council tax precept. In other words, a reduction in the precept request would also impact on the amount Bedfordshire Police realises from central Government funding. In addition, the Government has put in place an extensive series of furlough and business support measures designed specifically to help those facing financial hardship. Bedfordshire Police remains one of the most overstretched and vulnerable police forces of the 43 forces of England and Wales and the PCC was at pains, within the survey, to detail the specific services which would have to be cut if raising less through the precept; resulting in a demonstrable fall in the level of service to the public countywide.

**Comments that were made not directly linked to the vote will be taken by the OPCC as part of their wider engagements.**

Some comments were added that were not directly linked with the vote, but could be looked into and considered

1. *'Stop the hooligan pavement cyclists in Bedford.'*
2. *'Could routine admin be done by suitably vetted volunteers?'*
3. *'You need to improve cyber & fraud capabilities'*
4. *'I think money shouldn't always be spent on community teams and distracting projects. Just more response officers attending 999 calls 24/7. Only ones that work past 22:00... the world of crime doesn't stop after 22:00.. more response officers the more proactive they can all be.'*

*These comments will be fed into the OPCC engagement work and will not be lost.*

#### **Public Access to Information**

Information in this report is subject to publication under the Freedom of Information Act 2000 and other legislation. Any information that should not be made publically available should be included in an appendix to this report and the reason for restriction given.

Is any 'restricted' information appended to this report? No  
If 'yes' please advise reason for restriction.

<b>Report Author</b>	Office of the Police and Crime Commissioner
<b>Date of report</b>	January 2021

<b>Appendices</b>	
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