

Police and Crime Commissioner

for Hertfordshire

Meeting	Police & Crime Panel (PCP)
Date	4 February 2021
Title	2021/22 budget and precept setting report
Submitted By	The Chief Financial Officer of the Police and Crime Commissioner
Purpose of Report	To notify the Hertfordshire Police and Crime Panel of the Hertfordshire Police and Crime Commissioner's proposed net budget requirement and precept for 2021/22 and to enable the Panel to review the proposed precept.
Recommendation	The Panel is recommended to review and make a report to the Commissioner on the proposed policing precept element of the Council Tax precept for 2021/22. The proposed Council Tax is an increase of £1.25 per month (£15.00 per year) bringing the policing element of Council Tax (Band D equivalent) to £213.00.
Financial Implications	Included in the body of the report
Risk Implications	Failure to apply sound financial management principles over the medium-term may threaten the organisation's financial sustainability.
Legal Implications	Pursuant to Section 17 (6) of the Police Reform and Social Responsibility Act 2011 and Policing Protocol Order 2011; which sets out the high-level financial responsibilities of the PCC and CC and Schedule 5 of Police Reform and Social Responsibility Act 2011; in relation to the Commissioner's issuance of a precept under section 40 of the Local Government Finance Act 1992.
Equalities Impacts	None
Freedom of Information Exemption Section if Applicable	None

1. SUMMARY

This report provides information on the police funding settlement for 2021/22 and then recommends a revenue budget and council tax precept for the Police and Crime Commissioner (PCC) to approve; subject to final notifications on the council tax base and collection fund from local authorities.

Furthermore, under the Police Reform and Social Responsibility Act 2011 and the Police and Crime Panels (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. The Panel must review the proposed precept notified to it by 8 February.

The proposed precept increase of £15.00 and resultant net budget for 2021/22 of £229.9m are aligned with the Government’s commitment to increase resources within the police service, is consistent with the PCC’s current Community Safety and Criminal Justice Plan and maintains the organisation’s financial resilience.

Also, in order to make best use of the new officers, the government has urged PCCs to make use of the flexibility in raising the precept to £15.00 per annum, so as to maximise the additional investment in policing and this is supported by the public. The PCC is therefore proposing to increase the average (Band D) Council Tax by £15.00 per annum to a figure of £213.00. This represents a 7.58% increase on the policing element of the county’s average (Band D) council tax.

The organisation has a legal duty, under Section 44 of the Local Government Finance Act 1992, to set a balanced, realistic and financially sustainable budget each year and furthermore must ensure that it has adequate reserves to remain viable, stable and effective in the medium to long term. The table below shows the calculation for the net budget and precepting requirement for 2021/22.

Table 1

Budget Heading	£m	
Net Budget 2020/21	217.342	
Standstill costs	3.567	See section 5
Savings	(1.508)	See section 6
Investment & Growth	10.499	See section 7
Net Budget 2021/22	229.901	
Less Home Office Settlement Grants	(126.835)	See section 4d.
Less Additional Core Grant	(7.351)	See section 3b.
Plus Collection Fund deficit	0.167	See section 4b.
Council Tax Precept Requirement for 2021/22	95.882	
Estimated number of band D properties (No.)	450,122	See section 4a.
2021/22 Band D Precept requirement £ p.a.	213.00	
Current Band D Precept (2019/20) £ per annum	198.00	
Increase required £ per annum	15.00	
Increase required % per annum	7.58%	

In the last few years, the size of Hertfordshire’s police force has increased from 1,959 officers in 2019 to 2,100 officers at the time of writing. By the end of 2022, if approved, the Commissioner’s proposed increase of an average £15 for a Band D property will see Hertfordshire reach its highest ever police numbers, with 2,267 officers (the previous high was 2,202 in 2007). The policing precept for Hertfordshire would still be in the lowest quartile compared to the rest of England and Wales.

This would see the constabulary increase the number of frontline officers on our streets as well as providing the capacity and resource to implement a bold new Prevention First approach to policing in Hertfordshire. This approach intends to make the constabulary more efficient and effective, prevent unnecessary spend and demand failure, and enhance public confidence with benefits not only to policing, but also to the criminal justice system and wider health, social services and education sectors. This is a once in a generation opportunity for policing to

revitalise and re-energise the workforce in its delivery of policing services and in line with the Commissioner's Community Safety and Criminal Justice Plan to reduce crime and victimisation in our communities. Prevention First will span all parts of the organisation and shape everything the constabulary does, preventing crime, harm, demand, incidents, collisions and ASB. Ensuring the approach is force wide, it will also focus on internal change, preventing unplanned absence, unnecessary spend, waste and inefficiency.

This investment will see the recruitment of 252 new police officers during 2021/22, accounting for natural turnover during the year, with an ambition to be 70 above establishment by the end of the current financial year. This will enable a smooth transition to the new Police Education and Qualifications Framework (PEQF) training programme which will serve to greater professionalise the service and introduce degree recognition.

Should the precept proposal be agreed, the 2021/22 year promises to be a transformative one for Hertfordshire Constabulary, ensuring that the county remains safe and the drivers of crime are addressed at the earliest opportunity.

2. ORGANISATIONAL AND OPERATIONAL CONTEXT

The PCC's key priorities as set out in the 2019-2024 Community Safety and Criminal Justice Plan: Everybody's Business ("the Plan") are based around four key themes:

- Building on Success;
- Putting Victims at the Centre;
- Public Focus; and
- Business Sense.

The Plan sets out the organisational and operational context and the challenges for community safety and criminal justice partners, and how they will address the key challenges. It uses the basis of the annual Force Management Statement (FMS) to outline the current and future demand that the Constabulary expects to face over the months and years ahead.

The budget supports the delivery of the Commissioner's Plan to deliver an effective and efficient police force. This will see a growth in the capacity to fight crime and bring more frontline police officers on the streets, bolstering capacity from 2,100 (at March 2021) to 2,267 by the end of 2021/22, resulting in the largest force that Hertfordshire has ever seen. This is a significant transformation, providing an opportunity for fundamental change and improvement, and responds to continued calls from the public for bigger investment in frontline policing.

These record officer numbers will allow the Constabulary to transform policing across the county to cut crime and reduce victims. Importantly, it will enable the Chief Constable to develop the 'Prevention First' transformational model, embedding it into all parts of the organisation and enabling substantial investment in early intervention measures to reduce demand. The increase will help to support the recruitment of an additional 77 officers, including 30 Prevention First police officers.

While the short-term impact of the Covid-19 pandemic on the reporting of crime had a significant impact on the nature and volume of crime, with reductions in certain categories of recorded crime reducing over the last year, the longer-term trend shows that crime is starting to rise back up to its original levels. In line with the rest of the country, the Constabulary face some operational and organisational challenges. These include, increases in reported cybercrime and economic crime, child sexual exploitation and county line drug dealing. There has also been an increase in the number of victims that need help and support in order to cope and recover from their ordeal. The Beacon Hub has been instrumental in safeguarding these individuals and supporting the preventative and protective nature of the service. While we know that victims are satisfied with the way the Constabulary has treated them and investigated their crimes, they would much rather have never have been a victim of crime in the first place. The prevention

First approach will seek to ensure that we have the right resources in place to bolster support in this area and pave the way for how the Constabulary operates in the years ahead.

Organisationally, the Constabulary face pressures around the need to build their investigative capability and capacity to deal with increasingly complex, hidden and historical crimes. New digital developments have facilitated online cyber-enabled crimes, which require staff to have the right skill sets and technology to meet these 21st Century challenges. In line with this, a total of £1.490m of investment will be made to increase the Constabulary's investigative capability and capacity which includes 5 FTE police staff posts to tackle cybercrime.

3. 2021/22 POLICE FINANCE SETTLEMENT

a. National

The 2021/22 Provisional Settlement was announced on 17 December 2020 and the deadline for responses is 15 January 2021. This settlement follows the one-year spending review (SR20¹) and takes place with a backdrop of severe economic difficulties due to the ongoing Coronavirus Pandemic, as well as uncertainty around Brexit.

Overall funding available to PCCs will increase by up to £703m next year – a 5.4% cash increase on the 2020/21 settlement (if PCCs make full use of their flexibility to increase precept). As confirmed in SR20, PCCs were given the flexibility to increase local funding by setting a £15 precept limit for a typical Band D property, which assuming every force maximises the increase, means an extra £288m for policing in 2021/22.

In addition, the settlement confirmed that there would be an increase of £415m for PCCs to ensure that the progress in the recruitment a further 6,000 police officers² in 2021/22 is maintained. In order to track the use of this investment efficiently, the Government will continue to ring-fence £100m of this additional funding. This ring-fenced grant will be akin to the previous year's settlement grant of £168m and will be split according to funding formula allocation. Part of this funding allocation is to go to the recruitment of Regional Organised Crime Unit (ROCU) officers through the same mechanism.

Furthermore, PCCs will receive a portion of the £670m additional grant funding announced for the local council tax support announced as part of SR20.

The main headlines from the national funding announcement are as follows:

- Core Grant (including the PUP grant) increases from £7.8bn to £8.2bn - an increase of 5.3% for the core funding;
- £15 precept flexibility for all PCCs, or equivalent;
- 75% of council tax losses (due to Covid-19) to be compensated;
- £87.5m (8%) decrease in reallocations from £1.1bn in 2020-21 to 1.03bn in 2021/22;
- Flat cash pension grant allocations compared to 2020-21;
- Capital grant remains cash flat for PCCs at £12.3m; and
- £52.3m capital funding for national priorities and infrastructure.

¹ 25 November 2020 <https://www.gov.uk/government/publications/spending-review-2020-documents>

² Original profile was 8,000 officers for 21-22

The extra £415m of funding is net of £120m of efficiency savings, that are expected to be delivered from across the law enforcement sector, through a combination of improved procurement practises as well as savings in areas such as estates, agile working and shared services. The netting-off has been applied as follows:

- £95m against core grant;
- £8m against CT policing;
- £2.8m from the NCA; and
- £14.2m programmes within reallocations.

The Home Office has requested that high-quality data be collected and utilised to support local delivery, identify efficiencies and support the National Policing Board’s drive to deliver the best possible outcomes within policing.

i. Reallocations

In 2021/22 the top slices/reallocations total £1.033bn (see details in Appendix A), which is £87.5m lower than last year (£1.121bn). Primarily, this difference comes from a £26.1m reduction in special grant, a £51.9m reduction in top ups to NCA and ROCUs (this top up now only applies to ROCUs), a £13.7m reduction in police technology programmes and an £8.3m reduction in National Capability programmes.

ii. Pensions Grant

Pensions Grant allocations remain unchanged from those agreed in 2019/20 i.e. they are worth £153m.

iii. Capital Funding

The total police capital grants are now worth £64.6m (see table below); with only £12.3m being allocated locally, which is cash flat on the previous year.

Table 2

National Capital Allocations	2020/21 £m	2021/22 £m
Police Capital Grant to PCCs	12.3	12.3
Police Live Services	13.1	9.2
National Police Air Service	11.5	11.5
Arm’s Length Bodies	6.4	4.0
Police Technology Programmes	17.6	15.0
Counter Terrorism	1.6	1.6
Serious and Organised Crime Programmes	10	9.0
Football Policing	2.5	2.0
Special Grant Capital	1.0	0.0
TOTAL	76.0	64.6

b. Hertfordshire

As outlined above, of the additional £415m, Hertfordshire will receive a total of £8.877m of Government grant; which comprises two elements, namely £7.351m of Core/General grant and £1.526m (1.526% of the £100m national pot) of specific ring-fenced grant, the latter of which is linked to the recruitment of 90 additional officers and will be claimed quarterly in arrears on achievement of the additional officer recruitment targets. The table provides an overview of the establishment over recent and future years.

Table 3

	2019/20 FTE	2020/21 FTE	2021/22 FTE	2022/23 FTE
PUP Split Ratio	10%	20%	30%	40%
Herts Police Officer uplift target (cumulative)	31	91	181	305
Herts Police Officer uplift target (annual)	31	60	90 ³	124
Herts accelerated PUP police officer recruitment	-	-	77	(77)
Year-end Police Officer establishment	2,040	2,100	2,267	2,314 ⁴

i. Core Grant

The Government's Core Funding (made up of Police Grant, Ex-DCLG grant) settlement provided additional non-ringfenced grant of £7.351m, which will increase the total core grant to £123.958m⁵.

In addition, the settlement also 'baselined' the specific pension grant of which Hertfordshire's share is £2.024m; which is a contribution towards the increased police pension employer contribution rates that arose in 2019/20. It also confirmed that the £10.228m of ring-fenced council tax legacy grant that Hertfordshire currently receives will be retained in 2021/22.

ii. Specific Grant – Uplift Funding

As part of the uplift of officer numbers, grant funding totalling £1.526m is earmarked specifically for the uplift programme. This will allow the Constabulary to increase police officer establishment by 90 by end of March 2022 to achieve its 2,190 FTE⁶ uplift target. In order to achieve the existing officer establishment of 2,100 officers the Constabulary has increased recruitment in the current year and is further increasing recruitment to exceed the projected level of turnover and retirements, enabling a steady increase in officer numbers throughout the year. As a result of this increased level of recruitment there will be a marked increase in Student Officers and during the coming year the Chief Constable will review the deployment of officers, building in a greater emphasis on prevention work, in order to inform the roll-out of the 'uplifted' officer numbers into local policing teams.

iii. Capital Grant

The Hertfordshire allocation for element of funding remains the same as 2020-21 at £0.157m.

iv. Ministry of Justice Grants

PCCs have yet to be notified of their 2021/22 allocations for commissioning victims' services and it is assumed that these will continue to be distributed according to the 2018 population estimates, which equates to £1.384m for Hertfordshire.

³ Comprises 86 local officers plus 4 regional officers

⁴ Based upon original estimated PUP target of 305 and assumes support of Government uplift program

⁵ Excludes Legacy Council Tax Grants of £10.228m

⁶ Does not include accelerated recruitment of additional 77 officers

4. PRECEPT PROPOSAL

In addition to grant funding the Government confirmed precept flexibility of up to £15, before a referendum is required. This will generate additional income of £6.752m, however after factoring in a 0.64% decrease in tax base (2,918 properties) and the negative movement on the collection fund, the total council tax income will increase by £5.206m on the previous year, as illustrated below.

Table 4

	£m
Precept increase	6.752
Tax base decrease	(0.578)
Collection fund reduction ⁷	(0.968)
Total Council Tax increase	5.206

a. Taxbase

The taxbase is calculated by the billing authorities by converting all properties to Band D equivalents and making assumptions about the levels of discounts to be offered and the amount of tax to be collected. The final council tax base and collection fund balance estimates for Council Tax will be provided by the districts in late January. The figures below are based on information provided by districts during the Autumn.

There are a number of variables which impact the net taxbase position used for the calculation of Council Tax receipts, but the main movements in variables are explained below:

- Growth in households – a reduced rate of growth has been achieved in the last 12 months due to the impact of the pandemic; and subsequent lockdown and working restrictions which continue to be in place. For the 12 months to September 2020 there has been an increase of 0.8% in billable properties;
- Increase in claimants of Council Tax Support (CTS) – due to the pandemic, and the impact on the economy and the higher rate of unemployment, more residents are qualifying for CTS in paying their Council Tax bill. By Q2 of 2020/21 working age claimants in Hertfordshire had increased by 8.2% over the 12-month period; and
- Reduced rates of collection – the forecasted collection rate across all billing authorities has fallen by an average 0.75% to 97.85%.

⁷ Movement from £0.801m surplus to £0.167m deficit (include profiling over 3 years).

In total, the provisional estimate of the 2021/22 taxbase for the PCC is 450,122 Band D equivalent properties; this represents an annual decrease of 2,918 properties or 0.64%, as the table below illustrates.

Table 5

Hertfordshire Boroughs & Districts' Taxbase				
Borough/District	Tax Base 2020/21	Tax Base 2021/22	Change	
	No.	No.	No.	%
Broxbourne Borough Council	35,447	34,333	(1,114)	(3.14%)
Dacorum Borough Council	58,567	58,694	127	0.22%
East Herts District Council	61,272	61,734	462	0.75%
Hertsmere Borough Council	41,889	41,887	(2)	(0.00%)
North Herts District Council	49,980	49,397	(583)	(1.17%)
St Albans District Council	62,821	61,607	(1,214)	(1.93%)
Stevenage Borough Council	27,781	27,734	(47)	(0.17%)
Three Rivers District Council	39,213	38,774	(439)	(1.12%)
Watford Borough Council	33,481	32,500	(981)	(2.93%)
Welwyn Hatfield District Council	42,590	43,462	872	2.05%
TOTAL	453,040	450,122	(2,918)	(0.64%)

This will reduce the amount of council tax received by £0.578m (as illustrated below).

Table 6

Taxbase Calculation	Amount
Estimated number of band D properties – 2021/22	450,122
Number of band D properties – 2020/21	453,040
Decrease in tax base properties	(2,918)
Band D council tax rate	£198.00
Reduced tax base income £	(£577,962)

b. Collection fund

The collection fund reflects the year-to-year differences between estimated and actual collection of Council Tax as a result of changes in collection rate and levels of tax base growth. The impact of the pandemic has generated predicted deficits for 2020/21 of which the PCC's element is £0.375m of the total⁸.

Table 7

Final Collection Fund Surplus/(Deficit) relating to the PCC			
District	2020/21 £	2021/22 £	Change £
Broxbourne Borough Council	212,296	(88,992)	(301,288)
Dacorum Borough Council	131,410	4,644	(126,766)
East Herts District Council	81,609	0	(81,609)
Hertsmere Borough Council	175,759	27,648	(148,111)
North Herts District Council	(42,671)	(142,236)	(99,565)
St Albans District Council	152,101	(53,360)*	(205,461)
Stevenage Borough Council	60,055	(21,100)*	(81,155)
Three Rivers District Council	(77,339)	5,832	83,171
Watford Borough Council	108,203	8,532	(99,671)
Welwyn Hatfield District Council	53	(115,668)	(115,721)
TOTAL	801,476	(374,700)	(1,176,176)

* data not provided so pro-rated on basis of 80% returns received

However, as part of the Spending Review (SR20) additional COVID-19 support was made available to partially fund 'exceptional'⁹ collection fund deficits. This will compensate up to 75% for irrecoverable loss of council tax revenues in 2020-21 and also allows deficits to be spread over a three period¹⁰.

The table below shows the dampening effect of the spreading across three years.

Table 8

2021/22 Collection Fund Surplus/(Deficit) relating to the PCC	
	£
Overall deficit	(374,700)
Less 2019/20 deficit brought-forward	63,288
Exceptional deficit ¹¹	(311,412)
1/3 of deficit to be charged to 2021/22	(103,804)
Add back 2019/20 deficit	(63,288)
TOTAL COLLECTION FUND DEFICIT IN 2021/22	(167,092)

As can be seen there will be an estimated deficit of £0.104m to be carried forward into the subsequent two financial years as a result of this treatment.

In addition, the Spending Review also confirmed that the government will compensate local authorities for 75% of irrecoverable losses in council tax income in respect of 2020-21 under its

⁸ The PCC's average share of the District's Council Tax Bill is 10.8%

⁹ Those specifically related to the Covid-19 pandemic i.e. not including any pre-2020/21 deficits b/fwd.

¹⁰ <https://questions-statements.parliament.uk/written-statements/detail/2020-07-02/hcws333>

¹¹ Those specifically related to the Covid-19 pandemic i.e. not including any pre-2020/21 deficits b/fwd.

Local tax income guarantee for 2020-21 scheme. Losses of council tax income in scope of the guarantee will be measured by comparing an authority's council tax requirement for 2020-21 with its share of each relevant billing authority's adjusted 'Net Collectable Debit' for 2020-21.

This means that the guarantee will predominantly cover expected council tax liability at the time of budget setting for 2020-21, which did not materialise. This might be for example due to an increase in local council tax support costs or unachieved council tax base growth. The Government does however expect billing authorities to continue appropriate collection and enforcement action for outstanding council tax debt, in the usual way.

At present no assumption has been made in regard to this as it will be based on data¹² that will not be available at the time of setting the 2021/22 budget and further guidance will be provided by the MCHLG in due course.

The Government has also provided an indicative allocation of £1.441m, in new one-off grant funding, to recognise the potential additional cost of providing Local Council Tax Support (LCTS) in 2021/22, related to elevated unemployment levels as a result of the pandemic, which may either materialise as tax base reductions (leading to less council tax income available in 2021/22) or contribute to collection fund deficits at the end of 2021/22. This income has been offset against the Standstill Costs shown in Table 1 and Section 5.

¹² Based on QRC4 return which will be submitted in Spring/Summer 2021.

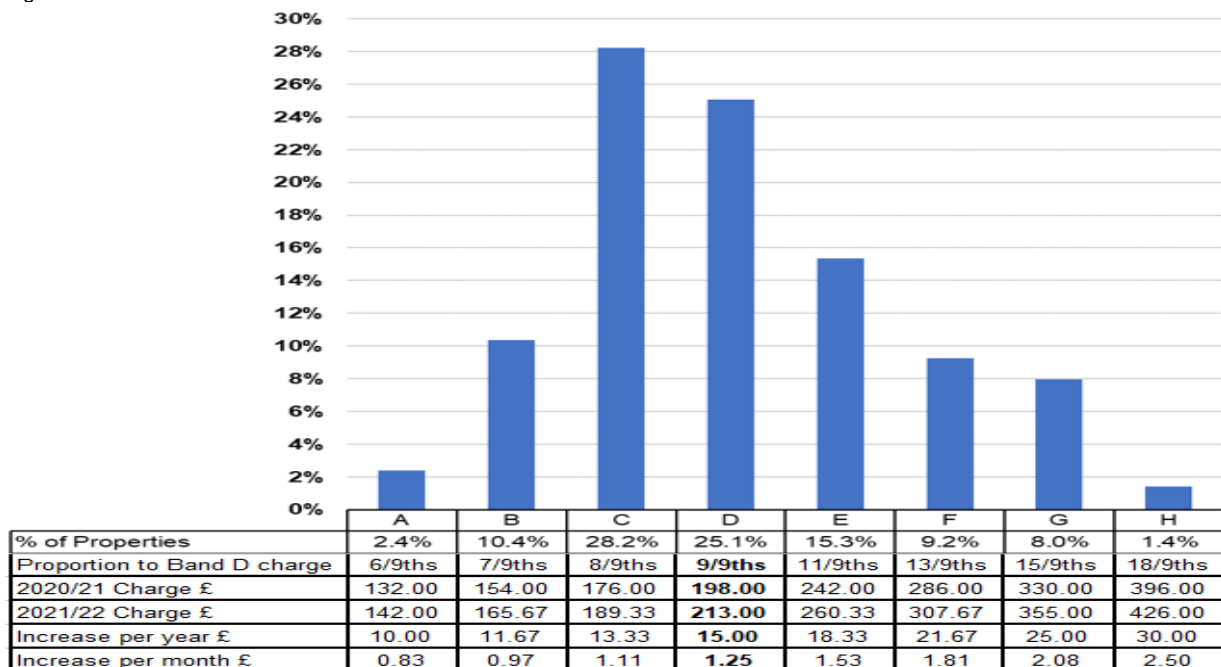
c. Band D Council Tax

The band D council tax policing precept proposed for 2021/22 is £213.00, an increase of £15.00 or 7.58% on the comparable figure for 2020/21.

Hertfordshire's current 2020/21 Band D council tax precept of £198.00 is below the English national average of £223.67¹³ and if all PCCs, across England & Wales, were to also increase by £15.00 then Hertfordshire would be 12.5% below average. Appendices B & C provides comparative precept levels across the various forces.

Based on a Band D precept increase of £15.00 the resultant bandings are illustrated in the table below and the breakdown of the estimated 2021/22 council tax income by Borough/District is shown in Appendix D. As can be seen in Figure 1 below the majority of Hertfordshire's properties (66.1%¹⁴) are in Bands A to D.

Figure 1



d. Funding the 2021/22 Revenue Budget

The table below shows how the net revenue budget for next year will be financed in comparison to the current year.

	2020-21		2021-22	
	£m	%	£m	%
Police Grant	77.58	35.70%	82.89	36.00%
Ex-DCLG formula grant	39.03	17.96%	41.07	17.90%
Legacy council tax grants	10.23	4.71%	10.23	4.40%
Total Government funding	126.84	58.36%	134.19	58.30%
Council tax precept (estimate)	89.70	41.27%	95.88	41.70%
Council tax deficit on collection fund (estimate)	0.80	0.37%	-0.17	0.00%
Total Council Tax	90.50	41.64%	95.72	41.70%
Total financing	217.3	100%	229.9	100%

¹³ England and Wales average for 2020/21 is £228.49

¹⁴ Hertfordshire data as at 5 October 2020. Source: <https://www.gov.uk/government/statistics/council-taxbase-2020-in-england>

5. STANDSTILL COST PRESSURES

Standstill budget pressures are those costs increases that are required to deliver the same level of service as in the current financial year. Despite the Government's announcement of a wide-ranging pay freeze across the public sector¹⁵. The standstill budget requirement for 2021/22 totals £3.567m and comprises the following:

a. Officer pay costs – £1.241m

The costs of inflationary pressures on police officer pay and overtime budgets will total £1.241m for police officers against a base of £119.183m. Whilst the Pay Freeze announced in SR20 means there will be no pay award from 1 September 2021, the full year effect of the 2.5% award from 1 September 2020 remains to be funded. The recruitment of significant levels of new police officers alongside routine staff churn will allow the absorption of incremental drift within these figures.

b. Staff pay costs – £0.866m

The costs associated with inflationary pressures on pay and overtime budgets will total £0.833m for police staff in 2021/22 against a base of £69.439m. Similar to police officer pay the full year effect of the 2.5% award from 1 September 2020 remains to be funded. In addition, SR20 also set-out that public sector workers earning less than £24k p.a. would be awarded a £250 p.a. pay rise, the cost of which is estimated at £0.109m in 2021/22. Furthermore £0.103m is required to establish base budget funding for the payment of market-factor rates to Crime Analysts to address ongoing retention issues.

c. Non-Pay inflation - £1.400m

Although headline inflation is relatively low at present (reducing from 0.7% to 0.3% in November 2020), the basket of goods this is based upon is not representative of the pressure faced by the Constabulary and OPCC, as such a 1% average, equivalent to £0.369m, across all non-pay and fees & charges income budgets has been assumed. This funding will be held centrally and allocated only where pressures develop that cannot be contained by departments during the year. In addition, there are a number of more significant areas of specific inflation that are anticipated in total to result in spend pressure of £0.684m; these consist of £0.100m for estates utility budgets, £0.150m for insurance premiums as markets continue to harden, £0.560m on non-pay ICT budgets and £0.100m on Home Office and nationally provided IT systems. Offsetting these is a forecast £0.255m reduction in charges payable for the National Police Air Service (NPAS) following a revision to the cost allocation methodology.

d. Capital financing - £0.317m

There are a range of cost pressures faced by the PCC in order to fund the growing capital programme; including the redevelopment of the HQ site. In particular, it is forecast that a significant increase in external borrowing will be incurred over the next five years and as a result there will be a proportional increase in the level of interest on borrowing paid, the PCC will be required to make higher levels of Minimum Revenue Provision (MRP) resulting from the funding of the capital programme through the Capital Financing Requirement (CFR), and finally in order to minimise the level of borrowing required, cash balances will be lower leading to a reduction in investment interest received.

¹⁵ Excluding NHS and those earning below £24,000.

e. HQ Redevelopment costs - £0.146m

Costs associated with the redevelopment of the WGC HQ that cannot be capitalised and so must be charged to revenue. Work is currently underway with consultants to review this area and figures will be adjusted for any changes in phasing or scope.

f. Income reduction - £1.038m

Whilst Police Settlement grant funding has increased for 2021/22, to a lesser extent the level of specific Police Uplift Programme grant has been reduced. Last year's grant totalled £2.564m and this has been reduced to £1.526m, resulting in a net £1.038m funding pressure.

g. Local Council Tax Support (LCTS) grant – (£1.441m)

Off-setting the standstill costs listed above is the Government's new grant funding for local council tax support. The funding recognises the additional costs of providing LCTS in 2021/22 related to elevated unemployment levels as a result of the pandemic, which may materialise as taxbase reductions (leading to less council tax income available in 2021/22) or contribute to collection fund deficits at the end of 2021/22. Hertfordshire indicative allocations of this one-off funding is £1.441m and will be paid directly to PCCs as section 31 grants early in 2021/22.

6. EFFICIENCY SAVINGS

The identified savings, totalling £1.508m, are focused in areas that will have the least operational impact and so the following proposals have been developed:

a. Energy Efficiency / Public Sector Decarbonisation - £0.050m

This figure represents a stretch target to achieve efficiencies in utilities costs and reducing our carbon footprint through accessing Public Sector Decarbonisation funding in order to drive up the energy efficiency of the estate.

b. Middle & Back Office Staff Reductions - £0.226m

Savings in this area include the removal of 7 FTE (£0.213m) through a mix of removal of vacant posts and some minor restructuring. Further savings, totalling £0.013m will also be generated from across a range of smaller areas.

c. Non-Pay reductions - £0.061m

Consolidation of a range of corporate contingencies including the Chief Constable's Initiatives Fund, the Development Fund, H&S and Staff Support into a single pot and then a reduction of 50% saving £0.041m on a risk-based basis. A further £0.020m to come from savings within the Finance department.

d. Vacancy Factor - £0.500m

The establishment of a common vacancy factor for police staff across all Herts non-collaborated units. PCSO budgets have been under establishment during 2020/21 as the turnover of officers leaving to join the regulars and the need to focus recruitment and training resources on achieving the government set Police Uplift Programme recruitment targets, have served to suppress numbers. These factors will continue for the next two years and to reflect this a vacancy factor of 4.5% will be introduced to better reflect actual turnover levels in this area.

e. Ways of Working - £0.200m

Since March there has been a significant increase in the number of staff working remotely. This has been supported by investment, a growing adoption and acceptance of applications such as Microsoft Teams with on-line meetings via conference being the default position. Also, the Constabulary has seen a decrease in spend on items such as motor and train travel expenses and subsistence costs. It is anticipated that circa £0.200m can be removed from such budgets for 2021/22 onwards.

f. Procurement savings driven by 7 Force¹⁶ Procurement Function - £0.250m

Following the establishment of the 7F procurement function in October 2019 work has been undertaken by the regional strategic lead to identify the potential to generate efficiency savings through the rationalisation of the procurement pipeline by regional contract letting. The saving of £250k represents the first phase of savings and is expected that further efficiencies will be generated in the coming years.

g. Beds, Cambs, Herts Collaboration - £0.221m

These savings are within HR budgets and represent Herts' share (c.44%) of the release of 2020/21 transformation savings that were held back to fund transition costs following implementation of the HR transformation programme.

¹⁶ Collaboration between Herts, Beds, Cambs, Kent, Essex, Norfolk and Suffolk.

7. INVESTMENT & GROWTH

The PCC and Chief Constable have identified a number of areas where additional resourcing is required and these total £10.499m. These investment proposals have been developed against an assessment of capability and demand as set-out in the Force Management Statement, in the context of the police officer uplift programme and delivery of priorities in the Commissioner's Plan.

As well as meeting the Government's uplift target of 90 additional officers, the focus of this year's investment looks to accelerate the recruitment of 77 additional officers, to deliver the March 2023 uplift target as soon as possible, through the Constabulary's new Prevention First operating model and resulting in Hertfordshire having its highest ever police officer numbers (2,267)¹⁷.

Prevention First is a transformational and ambitious programme which the Constabulary are embarking on. It has the potential to deliver on a wide range of benefits and reductions in demand across policing and also in our criminal justice system and wider health, social services and education. Undoubtedly it provides an opportunity to make the Constabulary more efficient and effective, preventing unnecessary spend and demand failure, and enhancing public confidence.

The uplift of officers as a result of the government investment together with the council tax raised through the precept, provides an opportunity to use those extra resources to do something new - to try some of the things that the Constabulary have wanted to do in the past, but have not had the capacity to attempt. It provides a once in a generation opportunity for policing to revitalise and re-energise the workforce in its delivery of policing services and in line with the Commissioner's Community Safety and Criminal Justice Plan (2019- 2024) make a real difference – less crime and fewer victims. Preventing people from becoming victims has always been preferable to arresting perpetrators afterwards.

Prevention First spans all parts of the organisation and will shape everything that the Constabulary does – preventing crime, victimisation, harm, demand, incidents, collisions and ASB. But also, internally - preventing unplanned absence, unnecessary spend, waste and inefficiency.

a. Student Officers - £7.531m

2021/22 is year 2 of the national Police Uplift Programme (PUP). Whilst the government has reduced this year's target by 25% pushing the balance back one year, the constabulary still faces a target to recruit 86 territorial and 4 regional officers in order to meet its Government set target of 90 additional police officer posts. In addition to PUP officers, the force intends recruit a further 77 officer posts, which will enable the constabulary to continue the momentum toward achieving the Government's challenging recruitment target by the end of 2020/23. Recruiting Hertfordshire's largest ever police force will not only support the ability to address increased levels of demand and complexity that are being seen across the county, but enable the implementation of an ambitious and transformative Prevention First agenda. This approach seeks to change the way that officers think about crime and criminality, looking at ways to prevent crimes from occurring in the first place, with an aim of preventing victimisation, reducing offending and ultimately driving down demand.

Whilst it is anticipated that through proactive recruitment actual police officers for 2020/21 will be circa 70 above establishment at year-end, after factoring in natural turnover during 2021/22, the constabulary is faced with an ambitious recruitment programme of 252 new police officers.

¹⁷ Previous highest was 2,207 - *Police Service Strength (England and Wales)*, 31 March 2007 (second edition) <https://webarchive.nationalarchives.gov.uk/20110218145449/http://rds.homeoffice.gov.uk/rds/hosb2007.html>

2021/22 will also see the transition to the new Police Education & Qualification Framework (PEQF) police officer training regime, which will serve to greater professionalise the service and introduce degree recognition, but will also bring greater abstraction levels as student officers progress through their training. To help facilitate the above, an additional 146.5 student police officer posts (including 4 regional) will be created. Once the peak PUP recruitment is past, student officer posts will be released into operational policing leaving a core level of student posts to meet the recruitment demand associated with turnover going forward.

b. Investigative Support - £1.490m

A total of £1.490m of investment will be made in Investigative Support covering a range of areas as follows:

- Digital Media Investigation Review Team (£0.571m). This dedicated team will sit under the management of the Digital Forensic Investigation Unit (DFIU) and enable early elimination of digital devices in investigations (two thirds of devices contain no useful evidence) and in doing so allow DFIU to focus on their core purpose: the downloading and presenting evidence to the standard required. The Hub will consist of a technical manager and 7 FTE Police Officers, £0.105m of non-pay costs to meet annual accreditation and changing equipment requirements.
- Phone Download Kiosks £0.231m - To provide a dedicated establishment of 7 FTE police staff to resource a rationalised (12) number of kiosks. In addition, the funding will provide for a 2-year rolling upgrade programme and the meeting of annual accreditation requirements.
- Serious Fraud & Cyber Units £0.231m -The Force's Cyber Unit included 5 FTE police staff posts funded by HO Police Transformation Funding that will cease in 2021/22. In 2019, prior to the PTF funding posts being recruited, the HMICFRS highlighted weakness in the Force's capacity and capability to tackle cybercrime during a formal inspection. In order to retain the current size of team in this key area, investment will be made to provide a permanent funding for these resources.
- Director of Intelligence £0.074m. Phase 1 of the Force's Intelligence review looked at governance structures and resourcing profiles for the delivery of intelligence and crime analysis functions across the organisation following a merger of those functions. The review recommended to instate a Superintendent Director of Intelligence role at a net cost of £0.074m, in order to provide the capability to thoroughly assess and understand complex areas of threat, risk and harm through the proactive understanding of complex threats.
- Offender Management Unit (OMU)¹⁸, £0.090m to fund the establishment within the LPC of the OMU through the amalgamation of Choices and Consequences (C2)¹⁹, Public Protection Unit (PPU)²⁰ and OMU into one team and managed by an additional DCI as recommended in the Crime Investigation review.
- Investment of £0.060m to establish a Bail Management Sergeant post in CJ SMT to assist in the strategic oversight in the use and management of pre-charge bail.
- Investment of £0.030m will be made to provide funding for to meet the non-pay costs of the countywide drug test on arrest scheme.

¹⁸ Brings a cross-agency response to the crime and reoffending threats faced by our local communities.

¹⁹ Project that breaks the cycle of re-offending by targeting prolific criminals and offenders who have a genuine desire to break free from a life of crime.

²⁰ Has strategic responsibility for the policy surrounding the management of sexual and other offenders that fall within the Multi-Agency Public Protection Arrangements (MAPPA).

c. Organisational Learning - £0.720m

- Creation of Thinking and Analysis Strategic Hub (£0.125m). A Strategic Hub of 3 FTE police staff to sit within Thinking & Analysis, part of Organisational Learning. The Hub will operate at the heart of the Constabulary, enhancing capacity for planning and developing strategy at an organisational level.
- Creation of a Well-being & Blue Light Programme co-ordination post (£0.059m - 1 Police Officer) sitting alongside the new Strategic Hub. The post will co-ordinate all internal Mental Health and wellbeing activity. The overall aim is for a more resilient workforce, reduced sickness and increased productivity.
- Detective Constable (DC) Accreditation Assessor 2 Police Officers £0.118m. This will ensure sufficient resources to adequately manage existing and intended demand around Diploma and Professionalising Investigation Programme (PIP2) assessments, maintenance of a PIP2 register and Crime Training.
- Probationer Development Unit (PDU) Assessors 2 Police Officers £0.118m. The growth in student officers as the Force recruits to meet its PUP targets and investment in Prevention First, together with the introduction of the Policing Education Qualifications Framework (PEQF), will significantly impact existing resourcing levels and the ability to provide necessary support and tutorship. There is a requirement for 2 additional PDU Assessors to support the development of new recruits and ensure retention rates are optimised.
- Investment of £0.223m to fund a new Diversity, Equality and Inclusion Team. In common with most forces nationally, Hertfordshire Constabulary is currently below both the national average and local demographic for BAME officers (as a % of total workforce). Increasing diversity in the organisation remains a priority and this team will coordinate efforts across the constabulary to ensure continued progress towards being truly representative of the communities of Hertfordshire.
- The Positive Action Team works closely with the Beds, Cambs & Herts (BCH) HR and covers all aspects of Police Officer recruitment: attraction, application form, SEARCH, interview, vetting and medical checks. Investment of £0.077m for the addition of 1.5 FTE Constable posts will enhance service delivery in relation to improved recruitment and positive action work, in particular focusing on the digital recruitment platform and taking a more proactive approach in relation to retention of officers with protected characteristics.

d. Victim Care - £0.258m

Investment in Victim Support consists of £0.234m to create a Beacon Safeguarding HUB within Domestic Abuse Investigation and Safeguarding Unit (DAISU) to provide wrap around care for medium-risk safeguarding victims. In addition, £0.024m will be invested to establish base funding for the Older Persons Liaison Officer. This role which utilises safeguarding pathways both internally and externally (for example Herts Home Security Service (HHSS) and Herts Fire & Rescue Service and Adult Care Services).

e. OPCC - £0.500m

After implementation of the new statutory police complaints regime, when the PCC adopted the provisions to take on initial handling from the constabulary, workloads have increased and more work is done to feedback trends and prevalent complaints to the constabulary. As has been found nationally there is also an increase in reviews from when they were handled by the constabulary. To ensure statutory timescales are met and that the best results of the changes are achieved it is necessary to increase resource to handle this work by about 3.0 FTE (£0.100m). In addition, the Commissioner is providing further funding (£0.400m), through the Community Safety and Criminal Justice Plan Fund, to commission a range of services from

public sector partners, private sector and voluntary & not-for-profit organisations to deliver the priorities detailed in his Community Safety & Criminal Justice Plan.

8. OFFICE OF THE POLICE & CRIME COMMISSIONER (OPCC)

The OPCC's budget for 2021/22 is £2.130m²¹ (£1.964m - 2020/21), which represents 0.93% of Hertfordshire policing's net budget. This is below Government expectations that the running costs and day to day expenditure of PCCs should be less than 1 per cent of the total cost of policing²².

The majority of the budget increase is as a result of the government's new mandated complaints regime (£0.100m²³), which was introduced in 2020/21. The remaining budget increase is due to the nationally determined pay award of 2.5% to September 2021²⁴ and various non-pay inflationary increases (for example subscriptions to various national policing bodies)²⁵.

9. OPCC GRANTS AND COMMISSIONING BUDGETS

In addition to the office budget outlined above, the Commissioner has a number of funds that allow for either the commissioning of services or issuing of grants to deliver commitments set out in the latest Community Safety & Criminal Justice Plan. It is recommended that a budget of £4.509m be allocated for 2021/22 as shown below:

Table 10

Fund Name	Funding Source	2021/22 £m
Commissioner's Community Safety & Criminal Justice Fund ^a	Base Budget	2.200
Commissioner's Action Fund ^b	Base Budget	0.100
Blue-light collaboration project contributions ^c	Base Budget	0.100
Base budget funding sub-total		2.400
Victim Support Services ^d	Ministry of Justice Grant	1.384
Externally funded sub-total		1.384
Road Safety Fund ^e	Road safety reserve	0.725
Road safety reserve sub-total		0.725
Grand Total		4.509

Further details on specific funds are outlined below:

a. Commissioner's Community Safety & Criminal Justice Fund

The 2021/22 financial year will see a change to the way that the OPCC allocates grant funding. The previous Community Safety Grant, Criminal Justice Innovation Fund, and Crime Prevention and Innovation Fund will be amalgamated into a single fund. The fund will seek bids to deliver specific objectives set out in the Commissioner's Community Safety and Criminal Justice Plan,

²¹ Includes £0.187m for the cost of administering the Local Criminal Justice Board and £0.171m for PCC and deputy PCC remuneration, which is determined by the Senior Salaries Review Body (SSRB).

<https://www.gov.uk/government/organisations/review-body-on-senior-salaries>

²² <https://www.gov.uk/government/publications/staff-and-budget-for-police-and-crime-commissioners/staff-and-budget-for-police-and-crime-commissioners>

²³ Included in Section 7 Investment & Growth.

²⁴ Included within Section 5b Police Staff pay.

²⁵ Included within Section 5c. Non-pay inflation.

and bids that support or complement the Constabulary's transformative Prevention First agenda.

The funding criteria will be released in advance of each funding round and each round will be thematically focused on the Plan's priority areas of Building on Success, Putting Victims at the Centre, Public Focus, and Business Sense. Bids will be sought from a wide range of public sector partners, from private and voluntary sector organisations, and weight will be given to those that take a partnership approach to delivery and include an element of match funding. Whilst seeking to have a clear link between funding and fulfilment of the Plan's commitments, innovative and pilot projects, particularly in the areas of criminal justice and crime prevention, will be prioritised.

b. Commissioner's Action Fund

This is administered by the Hertfordshire Community Foundation, for a 10% fee, will be available to applicants for distribution to approved projects during the course of the financial year. This is a well-established fund that is business-as-usual and so has been transferred to the base budget.

c. Blue light collaboration project contributions

In recent years there has been an increased focus on collaboration across Hertfordshire's blue light services, with initiatives such as joint drone procurement and closer working through co-location of operational services, and so there is a need to establish a budget to meet these costs going forward.

d. Victim Support Services

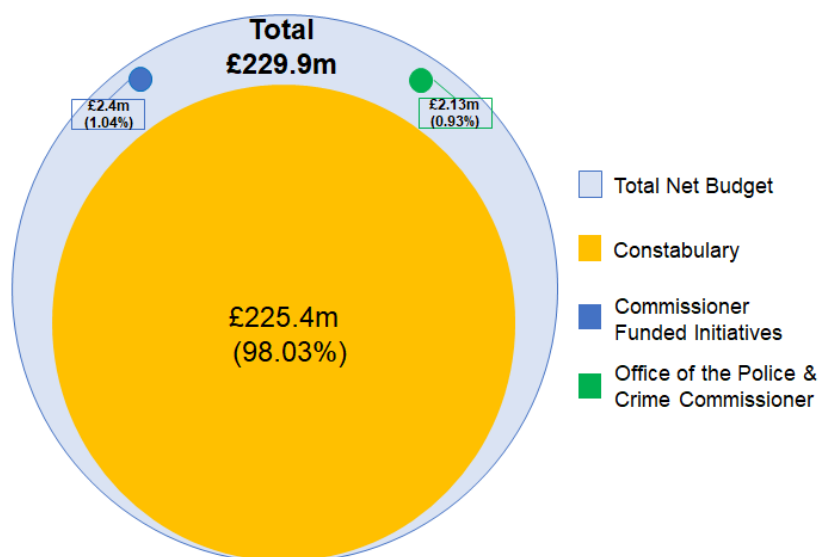
Funded by the Ministry of Justice (MoJ), this fund enables the Commissioner to determine the most appropriate allocation to deliver victim services locally, including the delivery of victim led Restorative Justice. This funding comes from the victim's surcharge levied on offenders at Court.

e. Road Safety Fund (RSF)

The RSF balance as at 31 March 2020 stood at £2.218m (£1.860m – 2019) and is currently funding approximately £0.260m of ongoing revenue costs each year. In addition to these revenue costs it is anticipated that a further £0.465m will be expended on projects during the year; giving a total requirement of £0.725m for 2021/22.

The figure below illustrates the PCC elements of the overall net budget of £229.9m for 2021/22.

Figure 2 – Breakdown of the Hertfordshire policing net budget²⁶



Based on the preceding information the resultant draft budget (gross) is set out below:

Table 11

	Gross Budget 2020/21 £m	Gross Budget 2021/22 £m	Change £m	Change %
Local Policing	118.2	128.1	9.9	8.3%
Protective Services	28.6	28.9	0.3	1.2%
Operational Support	38.6	39.4	0.8	2.0%
Organisational Support	32.9	33.6	0.7	2.2%
Corporate Budgets	10.6	11.1	0.5	4.8%
PCC	6.3	6.7	0.4	6.4%
Total	235.1	247.7	12.6	5.4%

10. 2020-21 OUTTURN

The latest budget monitoring (Q2) showed an overall position of a projected overspend is £0.108m (0.05%) against £217.342m net budget. This is made up of £0.091m Constabulary underspend and a £0.199m overspend on the OPCC budgets.

The Constabulary main variances are an overspend on Police Officer (£0.990m) & Police Staff pay (£0.375m) due to lower than anticipated turnover (Police Officers at 6.6% (Q2) down from 8.3% (Q1)). This is offset by reduction in Covid-19 related costs (£0.831m) due to reimbursement of PPE costs already incurred and the centralised purchasing by DHSC going forward. In addition, the claiming of a proportion of lost income has contributed £0.227m and a further £0.296m from the releasing of provisions (including inflation - £0.166m).

The OPCC's variance has arisen due to the projected loss of income from Cameras, Tickets and Collisions (CTC) that contributes to Road Safety Fund in 2020/21, and this reduced from Q1 due to partial reimbursement by Government under the Income Loss Recovery Scheme.

Analysis of the current year's gross budget of £235.1m is shown in Appendix D.

²⁶ Not to scale

11. RESERVES

The Local Government Finance Act 1992 requires the Police and Crime Commissioner (PCC) to have regard to the level of cash reserves needed for meeting estimated future expenditure when calculating the council tax requirement.

The primary role of reserves is to allow financial uncertainty to be managed, and to support the organisation in meeting its legal obligation to balance its budgets, by providing a resource that cushions the impact of unexpected events. In order to assess the adequacy of unallocated general reserves (otherwise known as either general balances or the Police Fund) when setting the budget, the PCC on the advice of the two chief finance officers, should take account of the strategic, operational and financial risks facing the authority. This assessment of risk should include external risks, such as flooding, as well as internal risks, for example the ability to deliver planned efficiency savings.

As at 31 March 2021 the overall capital and revenues reserves are estimated to be £26.836m and these are expected to reduce to £19.716m by the end of 2021/22, as outlined below.

a. General Reserve

The General Reserve is a statutory contingency reserve to fund unplanned and emergency expenditure, for example to meet exceptional or extraordinary policing operations and major issues such as Covid-19. General balances are required to cover financial risks and uncertainties such as:

- unforeseen emergencies, such as a terrorist incident or major investigation;
- changes in the demand for policing;
- managing the timing of making savings;
- costs of national programmes;
- funding the first 1% of costs for major events in-line with Home Office grant rules²⁷; and
- uneven cashflows

The Chief Financial Officer (CFO) is required under Section 25 of the Local Government Act 2003, to review and report on the adequacy of reserves as part of budget-setting process. The PCC's level of general reserves is currently £7.000m (or 3.2% of the £217m net budget) and having carried out an assessment using currently available information, it is the CFO's professional judgement that a level of £7.715m (or 3.3% of the £231m net budget) should be established for 2021/22, as this is felt to be an appropriate percentage and cash sum. The primary drivers for this increase are the Government's statement that authorities should plan on the basis of no further funding packages to meet COVID-19 costs; the possible impact of the McLeod pension remedy; and the potential cost increase of the national Emergency Services Network (ESN) project.

It should be noted that this reserve level is still significantly below the 5% (£11.495m²⁸) level that requires justification to be provided to the Home Office.

b. Useable reserves

Since their peak, in 2015/16, of £42.482m, these one-off resources have been utilised to protect officer numbers and fund investments. The estimated balance at the 31 March 2021 is expected to be £13.861m; a reduction of 67%. The allocations for the coming financial are shown below:

²⁷ Home Office special grant rules require us to fund the first 1% of net revenue expenditure for each incident before we can submit a claim for financial assistance.

²⁸ Based on 2021/22 net revenue budget of £229.9m

Table 12

	Estimated 31 March 2021 Opening Balance	Planned use in 2021/22	Estimated 31 March 2022 Closing Balance
Base Budget Support Reserve - balance b/fwd.	11.199		
HQ Project Management Office		(0.100)	
Organisation-wide priority-based budgeting exercise*		(0.300)	
Transfer to general reserve (see a. above)		(0.715)	10.084
Victims services fund	0.674	(0.020)	0.654
Road Safety Fund	1.988	(0.725)	1.263
Total Usable Reserves	13.861	(1.860)	12.001

* The priority-based budgeting²⁹ project outlined above, follows on from a pilot zero-based budgeting exercise carried out by the Constabulary in 2020/21. This internally resourced work covered several support functions³⁰, and identified a number of efficiencies; which have been incorporated within Section 6b. It also highlighted the need to source suitably qualified additional external resources to undertake a more wide-ranging holistic review of services across the Constabulary in 2021/22.

c. Capital reserves

There are also accumulated capital grants and reserves totalling £5.260m which will be fully utilised by the end of 2021/22.

12. CAPITAL

The high-level medium-term capital programme is shown below along with the planned sources of funding, 94% of which is expected to come from external borrowing.

Table 13

Capital Programme	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
HQ redevelopment	4.064	15.372	33.033	11.948	64.417
Watford Police Station	1.650	150	-	-	1.800
Estates minor works	410	250	250	250	1.160
Other estates	480	2.650	2.650	150	5.930
ICT	3.039	2.781	2.781	2.781	11.382
Fleet	1.808	1.838	1.869	1.899	7.414
ESN	642	3.413	3.405	960	8.420
Technical and Specialist	574	359	359	359	1.651
Uplift (Estates. fleet. ICT)	300	300	300	300	1.200
Total Capital	12.967	27.113	44.647	18.647	103.374

²⁹ Allocates the service's resources in line with already established priorities.

³⁰ For example, Finance, ICT, Communications and Legal.

The above programme will be financed as follows:

Table 14

Financing	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Capital grant	157	157	157	157	628
Capital receipts*	5.260	0	0	0	5.260
Capital Financing Requirement (Borrowing)	7.550	26.956	44.490	18.490	97.486
Revenue Contribution to Capital Outlay	0	0	0	0	0
Total Financing	12.967	27.113	44.647	18.647	103.374

* Aside from the £5.260m of ring-fenced capital receipts currently held within reserves (which have accumulated from prior year disposals) there are currently no asset disposals identified that would generate capital receipts in the medium-term.

In addition to the programme outlined above there are a number of major projects (that are listed below) which have not been factored into the capital programme at this stage. These are not sufficiently developed to be able to determine the size and timing of any financial commitments. However, subject to any business case approvals, they may incur some enabling costs in the short to medium-term.

Table 15

Potential capital projects
Longfield joint training centre redevelopment
Armed Policing Unit (APU) range facilities
North Herts rebuild/refurbishment
Operational Support Unit (OSU) training site re-provision

13. MEDIUM-TERM FINANCIAL PLAN (MTFP)

The table below provides a high-level summary of the medium-term plan and the following assumptions have been made in its construction.

Table 16

Variable	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Narrative
Taxbase	(0.64%)	0.75%	1.40%	1.40%	Gradual year-on-year growth back to pre-2020 levels
Collection Fund £	(0.167)	0.000	0.100	0.200	Collection fund deficit carried forward of £0.104m ³¹ Move toward surplus after year 2
Grant Increase	5.5%	0.0%	1.0%	2.0%	Cash flat in year 1 of CSR, increasing incrementally in years 2 & 3.
Pay Inflation	0.0%	0.0%	1.0%	2.0%	Linked to core grant assumption. Pay constraint in early years of 3-year CSR.
Non-Pay Inflation	1.0%	1.0%	1.0%	2.0%	CPI expected to gradually rise to 1.9% by 2024 ³²
Precept increase £ p.a.	15.00	5.00	5.00	5.00	Reversion to cap of £5.00 flexibility

³¹ See section 4b.

³² Office for Budget Responsibility (OBR) - *Economic and fiscal outlook – November 2020*
https://obr.uk/docs/ExecSumm_November_2020.pdf

- Full-year effect of funding permanent establishment of 2,190 officers and further uplift on officers above this level is fully funded £ for £ by specific grant;
- Growth and pressures of additional £0.500m per annum;
- No growth assumed beyond 2021/22; and
- Savings applied to all non-police pay costs.

Table 17

MTFP budget elements	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total £m
Core Grant	(7.351)	0.000	(1.342)	(2.711)	(11.404)
Taxbase & Collection fund	1.545	(0.886)	(1.484)	(1.536)	(2.361)
Standstill costs	3.567	3.293	4.986	7.221	19.019
Growth & pressures	10.499	0.500	0.500	0.500	12.047
Precept increase	(6.752)	(2.268)	(2.299)	(2.332)	(13.651)
Savings	(1.508)	(0.639)	(0.361)	(1.142)	(3.650)
Cumulative budget gap	-	-	-	-	-

The Comprehensive Spending Review (CSR) is expected next year, which will cover the period 2022-23 to 2024-25 and will be the opportunity for the government to give the PCC financial certainty to deliver the policy objectives over the next three or four years.

The following may be available, if required, to mitigate the potential budget gap:

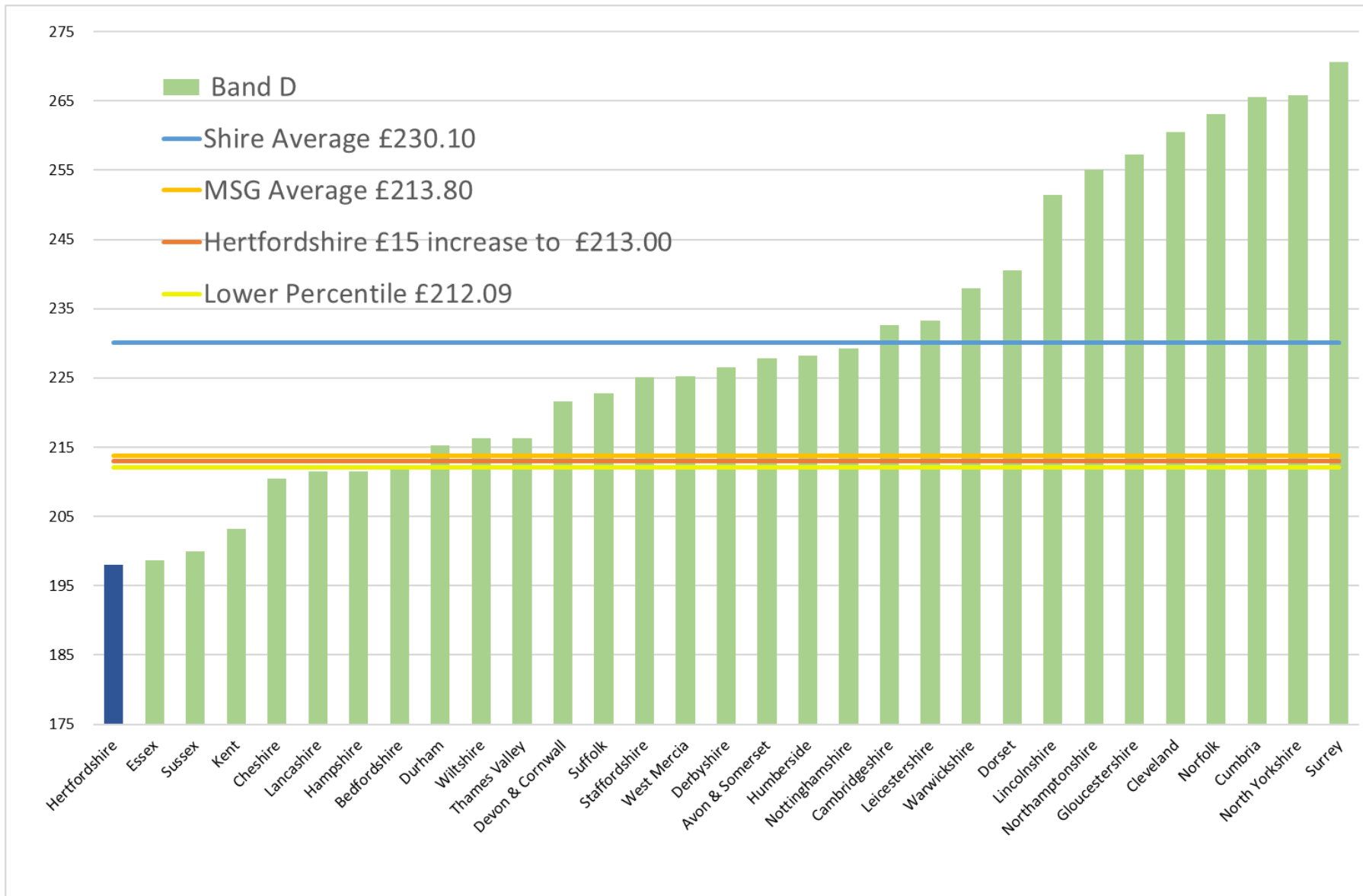
- Hertfordshire has already identified additional savings; albeit they may be more difficult to achieve and more impactful in nature;
- The holistic priority-based-budgeting exercise in 2021/22 will identify efficiencies; and
- Additional savings that will be generated through 7 Force procurement.

APPENDICES

Appendix A – Detailed historical top slices/reallocations

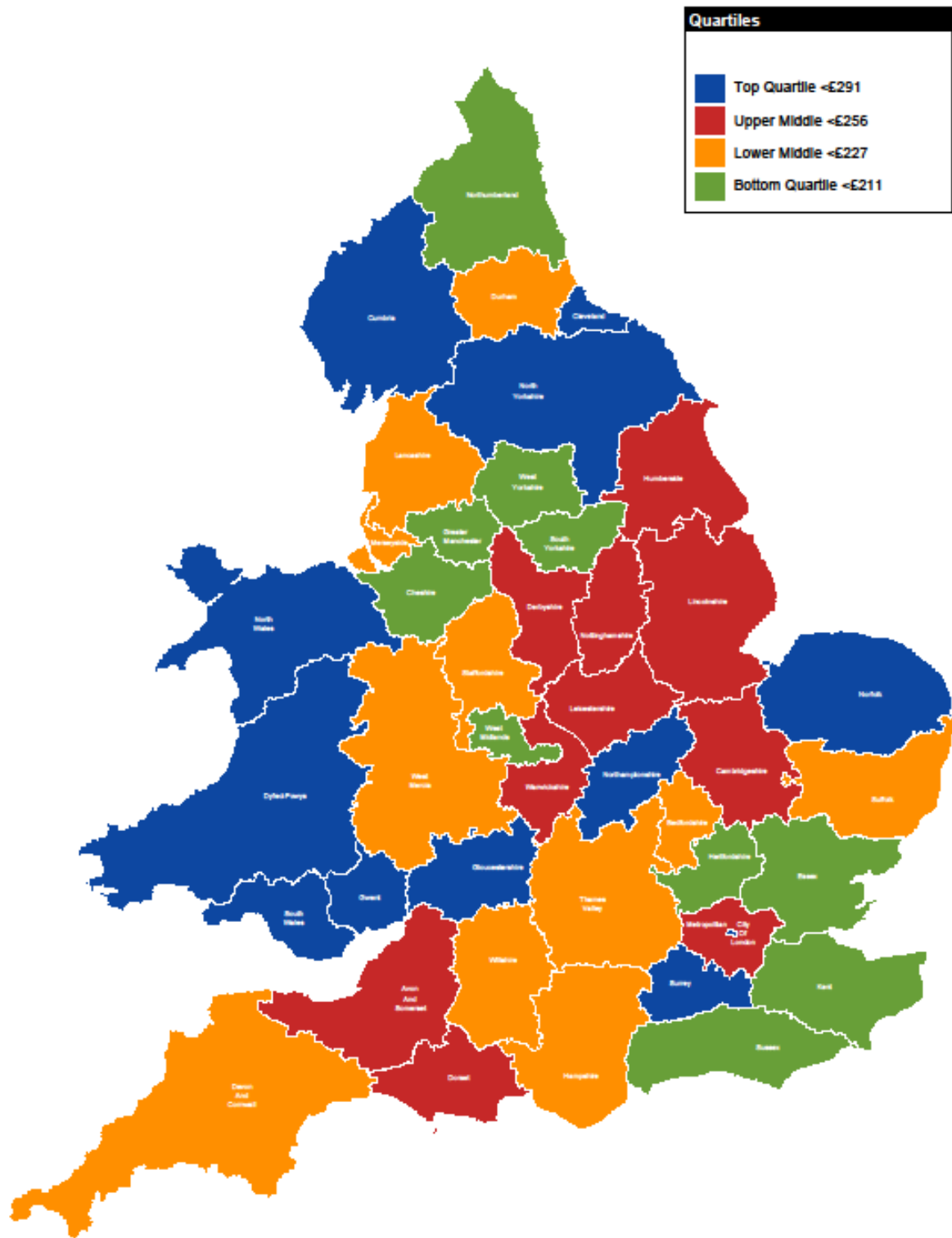
Police Funding Priority	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Increase/ (decrease) on 2020/21 £m
Public Finance Initiatives	73.0	73.0	73.0	72.8	71.6	(1.2)
Police technology programmes	417.0	495.0	495.0	498.4	484.7	(13.7)
Arm's length bodies	54.0	63.0	63.0	73.1	70.5	(2.6)
Police Uplift Programme	-	-	-	16.5	14.5	(2.0)
National Operational Policing Units (including football policing and wildlife crime)	-	-	-	2.9	2.9	0.0
Top-ups to NCA and ROCUs (as of 2021/22. this only applies to ROCUs)	-	-	56.0	56.8	4.9	(51.9)
Strengthening the response to Organised Crime	28.0	42.0	90.0	140.0	146.3	6.3
Counter Terrorism	-	-	-	32.4	32.5	0.1
National Capability Programmes	-	-	-	47.0	38.7	(8.3)
Forensics	-	-	-	28.6	25.6	(3.0)
Special Grant	50.0	93.0	73.0	80.9	54.8	(26.1)
Pre-charge bail	15.0	4.0	4.0	2.0	2.0	0.0
Serious Violence	-	-	-	38.9	38.9	0.0
PRUM (Transition from EU Systems)	-	-	-	1.8	0	(1.8)
HO STAR (Science Technology & Research)	-	-	-	8.0	0	(8.0)
Blue Light Commercial	-	-	-	3.7	5.0	1.3
Police Now	-	-	-	7.0	7.0	0.0
Safer Streets Fund	-	-	-	10.0	20.0	10.0
Science Technology and Research	-	-	-	0	5.2	5.2
International Crime Coordination Centre	-	-	-	0	5.0	5.0
National Policing Capabilities (NPCC)	-	-	-	0	3.2	3.2
Total Reallocations and adjustments (£m)	637.0	770.0	854.0	1,120.8	1,033.3	(87.5)

Appendix B – 2021/22 Precept comparison across shire county police forces assuming all adopt £15 increase



Appendix C – England & Wales 2020-21 precept (by quartiles)

2020/21 Precept Charge E & W Police



Appendix D – 2021/22 estimated precept amounts required from the Borough/District councils³³

District	Tax Base £	Collection Fund £	Total £
Broxbourne Borough Council	7,312,929	(88,992)	7,223,937
Dacorum Borough Council	12,501,758	4,644	12,506,402
East Herts District Council	13,149,427	0	13,149,427
Hertsmere Borough Council	8,921,952	27,648	8,949,600
North Herts District Council	10,521,561	(142,236)	10,379,325
St Albans District Council	13,122,291	(53,360)	13,068,931
Stevenage Borough Council	5,907,299	(21,100)	5,886,199
Three Rivers District Council	8,258,862	5,832	8,264,694
Watford Borough Council	6,922,500	8,532	6,931,032
Welwyn Hatfield District Council	9,257,491	(115,668)	9,141,823
TOTAL	95,876,071	(374,700)	95,501,371

³³ Subject to change on receipt of final data from districts

Appendix D – 2020/21 Gross Budget Analysis

	Gross 2020/21 £m
Local Policing Command (LPC)	87.9
Safeguarding Command	14.7
Protective Services	8.0
Crime Reduction & Community Safety	3.2
Sexual Abuse Referral Centre (SARC)	1.0
Police Uplift Programme (PUP)	3.3
Total Local Policing	118.2
Armed Policing Unit (APU)	3.9
Dogs Unit	1.2
Major Crime Unit (MCU)	3.8
Road Policing (RPU)	5.4
Scientific Services Unit (SSU)	5.0
Professional Standards (PSD)	2.0
National Air Support Unit (NPAS)	1.2
Regional Organised Crime Unit (ROCU)	4.3
Other Protective Services	1.6
Total Protective Services	28.6
Camera Tickets & Collisions (CTC)	2.5
Criminal Justice	3.2
ICT	10.1
Contact Management	16.4
Custody	5.6
Other Operational Support	0.8
Total Operational Support	38.6
Information Assurance	2.2
Human Resources	7.9
Corporate Communications	1.0
Estates & Facilities	9.3
Finance	1.6
Legal Services	0.8
Organisational Learning	6.4
Vehicle Workshop	1.5
Procurement & Uniforms	1.1
Other Organisational Support	1.2
Total Organisational Support	32.9
Capital Financing	1.7
Force Account	5.3
Insurance	1.2
Police Officers Pensions	1.0
Other Corporate Budgets	1.4
Total Corporate Services	10.6
PCC Grants	2.8
Criminal Justice Board	0.3
Victims Services	1.4
OPCC	1.8
Total Commissioner	6.3
Total Gross Budget	235.1