



**SURREY
POLICE**

MEDIUM TERM FINANCIAL PLAN

2021/22 – 2024/25

February 2021

Achieving Financial Excellence | Finance Department

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1. Summary

This financial plan supports the Police and Crime Commissioners Police and Crime Plan, the Force Commitments and is based on all the financial and business assumptions stated in this document and also paying attention to the Force Business Plan and Force Management Statement priorities. The document includes financial scenario planning but the narrative will refer to the base scenario unless otherwise stated.



Our Commitments 2020/25

Be safe, feel safe.

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

Our Force



- Prevention
- Partnership
- Potential

Our communities



- Prevent Crime
- Protect Our Communities
- Pursue Offenders

Our people



- Professional
- Proud
- Inclusive

- **The funding settlement for 2021/22 and forward outlook;**

The provisional financial settlement for 2021/22 was announced on 16th December 2020.

The key elements of the national settlement are;

- Nationally the financial settlement provides a total of up to £15.8 billion for policing in 2021/22, an increase of £636 million on the 2020/21 funding settlement.
- Available funding to Police and Crime Commissioners (PCCs) will increase by up to an additional £703 million in 2021/22, including local flexibility to increase council tax precept by £15 on band D.

This increase is broken down as follows:

- A £415 million increase in Government grant funding to PCCs. This additional funding will support year 2 of the Police Uplift Programme. £100 million of this funding will be ring-fenced and allocated according to funding formula shares, and will be paid in line with progress on recruitment.
- Operation Uplift is 6,000 police officers, of which 300 officer allocated to ROCU's and 80 for Counter Terrorism Policing.
- Up to £288 million additional funding from council tax precept, if all PCCs maximise their precept flexibility. PCCs given ability to increase precept by up to £15 for a Band D equivalent property.
- PCCs will receive a portion of the £670 million of additional grant funding announced for local council tax support as part of the Spending Review 2020, details to follow.

Also included in this settlement are:

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

The Government expects the police to continue to build on the progress made on improving efficiency and productivity in return for the significant increase in investment. The Government expects to see:

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

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

The police funding formula review was not mentioned in the settlement announcement but is expected to be revisited within the next spending review.

The investment opportunities;

The positive funding settlement has provided the Force with the opportunity to prioritise investment based upon the previous work carried out to scope a Force Fit for the Future.

Utilising the Operation Uplift and precept flexibility afforded to PCC's will enable the Force to invest further in Prevention & Deterrence, Protecting Vulnerable People and Investigations.

The efficiency savings requirement;

The savings plan developed by the Force will assist it to meet the continued challenges facing policing, meeting financial constraints, improve efficiency and maintain the capacity to meet the new crime threats in public protection; which includes domestic abuse, child sexual exploitation and vulnerable adults. Investment will also enable opportunities within the digital ways of working, and also the threat from the exponential growth in digital crime.

For the planning period 2021/22 to 2024/25 this is currently £23.7m based on the assumptions included in the financial model.

The efficiency plan;

Over the future four year period the planned efficiency savings are £6.6m.

The Force recognised early that the financial position would alter drastically after what was the best financial settlement in the last ten years as public finances have been strained in support of the pandemic. To assist in the development of a robust achievable saving plan for 2021/22 CIPFA Associates were engaged who worked with the Force and budget holders to identify savings that amount to £6.4m. It is recognised that these savings are mainly tactical in nature

and that the Force must continue the momentum and commence more fundamental reviews of its service delivery to build a sustainable financial position over the medium term.

Based on the financial settlement and future expectations the efficiency savings planned are sufficient to meet the desired investments, and to balance the budget in the first year. The future savings requirement over the four year plan is £17.1m which is why it vital to begin the work to be able to achieve savings of this magnitude.

The Force continues to review its future organisational design in conjunction with its preferred collaborative partner to establish the functions which need protecting or areas for divestment. Plans also consider the level of regional collaboration. The regional direction is not expected to deliver savings for a few years so in Force efficiency savings will have to be considered to meet any short or medium term need. Chief Officers developed a model to deliver the current saving plans included in the MTFP and are continuing this work to deliver efficiency savings for future years.

The reserves plan;

This plan has no draw on general reserves in 2021/22 to support the budget however the specific Covid19 reserve was employed to mitigate against the collection fund deficit pending clarification on the level of support to be provided by government. Conversely the Force received a grant to support the reduction in tax base as Local Authorities put in place council tax support schemes for their residents, the surplus has been placed in a reserve for future years. Looking ahead the Estate Strategy reserve will be employed to mitigate the increase in costs for the year of transition along with the cost of change reserve to meet future cost pressures that will enable change without impacting service delivery. The PCC Cost of Change Reserve was established to meet anticipated future costs. Without this financial intervention the Force would have had to cut further only then to rebuild later, the use of reserves ameliorates the position and allows the Force to meet the associated costs with transforming the service, particularly with regional opportunities which are not funded in the core budget and enable the smooth transition of the Estate Strategy. The strategy for general reserves is to maintain the level at 3% of the annual budget.

- **The capital plan;**

Based upon the Fleet, Estate and ICT Strategies a multi-year capital plan has been developed. The Estate Strategy is dependent on certain elements occurring during the year and on that basis this plan will be kept under continual review. The same applies to the ICT Strategy that has national and regional dependencies beyond the Force's control.

2. Context

The police service has faced extraordinary challenges and pressures in 2020 as a result of the Covid-19 pandemic; together with the majority of its partners. Surrey Police has worked closely with other forces and a range of local partners in response to the pandemic; with Sussex Police in a collaborated police response, and with local authority and health partners via the Local

Resilience Forum and other partnership arrangements. The relationships formed with partners – whether new partnerships forged as a result of Covid, or existing partnership working that has been strengthened and refined – provide significant opportunities for Surrey Police to develop in the future.

The effect of the pandemic has been to significantly change the balance of demand upon the service; reducing demand in some areas such as domestic burglary and serious violence, while increasing demand in others such as domestic abuse, and the police's response to Covid-19 legislation. In addition to operational demand, the pandemic has necessitated a range of new ways of working; changing the use of our operational estate and fleet, using Covid-19 PPE, and increasing the amount of remote working wherever possible. The force has responded to these challenges, significantly increasing the pace of development and roll-out of remote working and collaborative technology, but this has led to a necessary reprioritisation of workload.

Notwithstanding the particular challenges of 2020, the issues Surrey Police and the rest of the service have to overcome in future years will continue to involve increases in demand and complexity across almost every area of our business.

As public finances are squeezed as a result of the pandemic – affecting not only the police service but also our key partners – the service will be faced with difficult decisions concerning where to focus our resource and attention; with increasing departure from traditional police activity towards 'hidden' crimes including modern slavery and child sexual exploitation.

Earlier in 2020, Surrey Police introduced "Our Commitments", setting out the force's strategy as commitments to our communities, our force and our people, and the force will use this framework to focus activity over the next five years:

- Our Communities
 - Prevent crime
 - Protect our communities
 - Pursue offenders
- Our Force
 - Prevention
 - Partnership
 - Potential
- Our People
 - Professional
 - Proud
 - Inclusive

Investment - we have a number of programmes underway designed to ensure we are prepared for the challenges ahead. Notably, for the financial years 2021/22, through the precept increase of £4.1m, we will be investing heavily in our preventative policing approach and recruiting

additional 10 police officers and 67 specialist staff. Estate Strategy programme named 'Building The Future' the team have secured a site for our new headquarters, with plans now underway to design and deliver a modern, purpose built facility which will enable greater productivity whilst at the same time delivering cost savings associated with maintenance and utilities.

Our command and control system is being replaced with a new product, STORM, which will allow greater collaboration and interoperability with Sussex police in terms of resilience and resource deployment. Finally, as part of the digital policing there are two projects to improve the service delivery, the Digital Interview Recording which is a move to a networked system and within the Contact Centre a new Unified Communication Platform that will provide an improved interface between Surrey police and the residents of the county.

Surrey Police has made significant efficiencies and continues to innovate and review its service delivery in the face of the growing demand and real terms reduction in funding.

The next three year spending review was planned for 2020 which would have been positive as it would have provided some certainty to allow the Force plan accordingly. However due to the level of uncertainty with the economy due to the pandemic the Chancellor took the decision to move to a single year settlement.

Allied to this risk is the prospect of a funding formula review and having had pressure from the National Audit Office and recently the Public Accounts Committee that both criticised the Home Office for their lack of understanding of police demand nor a funding formula that reflects the policing needs. Previous funding reviews even though not followed through have indicated a reduction of funding to Surrey.

3. Introduction

This paper provides the latest projections on the financial position for the period to 2024/25, and how we forecast it will be phased in each component year. It goes on to summarise progress with the Force's strategic efficiency saves programmes and the likely effect on employee numbers throughout the period.

This is a development from the previous version and incorporates unavoidable costs including delay costs from 2020/21, pay inflation and other unavoidable cost pressures. The Operation Uplift year two investment and the extra investment from the precept have been included with assumptions for future grant and precept changes. The Estate Strategy investment is included and produces an uneven expenditure profile that can be planned for and smoothed out over the period through the use of the Estate Strategy Reserve. The financial impact of the Equip Programme which is a period of transition and has limited funding within the budget plan will require further examination and a potential draw on the cost of change reserve. The impact of the ICT strategy undergoes an annual update due to the fluid nature of the projects, allocations have been established for each strategy strand which will be refined as the associated projects are planned.

A phased capital programme has been included in this document with the recognition that regular review is required on the timing of planned expenditure. The Capital grant has reduced over the past few years, from £1.2m in 2015/16 to £0.164m for 2021/22. The estate strategy has generated significant capital receipts however this period is nearing the end and capital resources are forecast to be depleted during 2020 dependent on investment decisions leading to borrowing and revenue budget support.

4. Funding

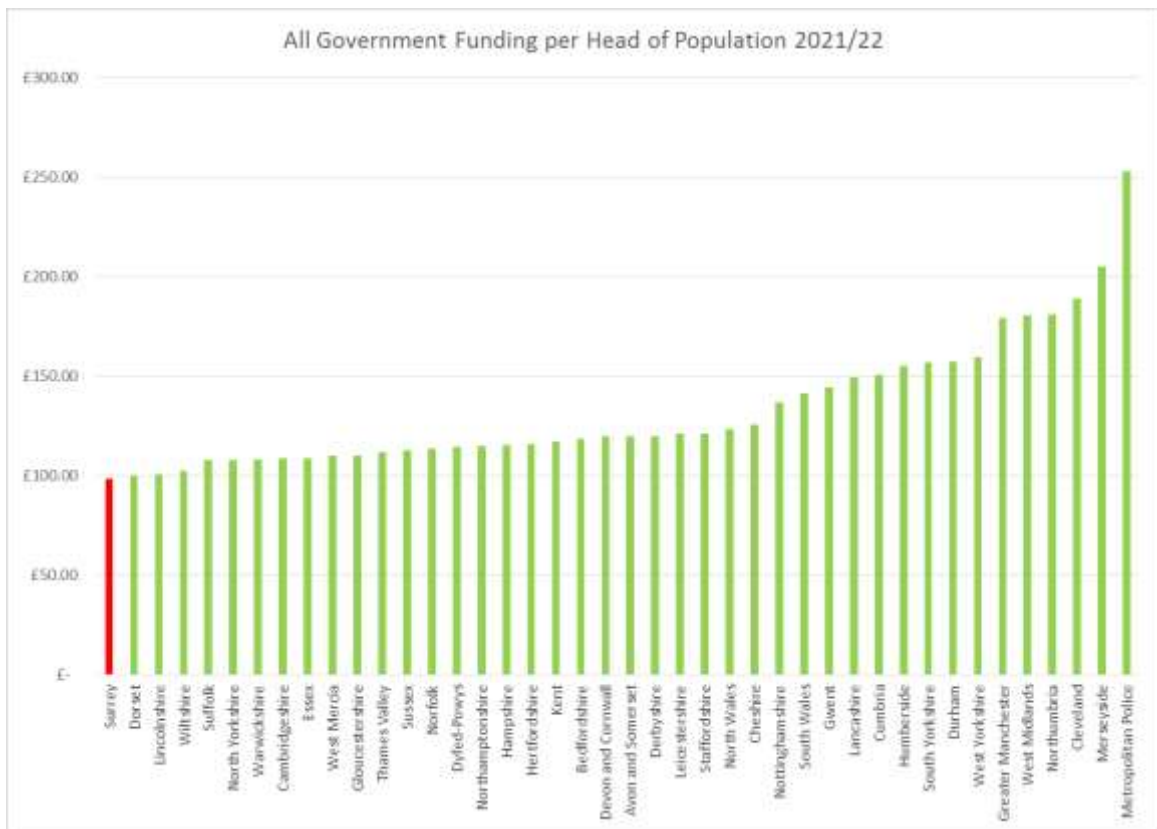
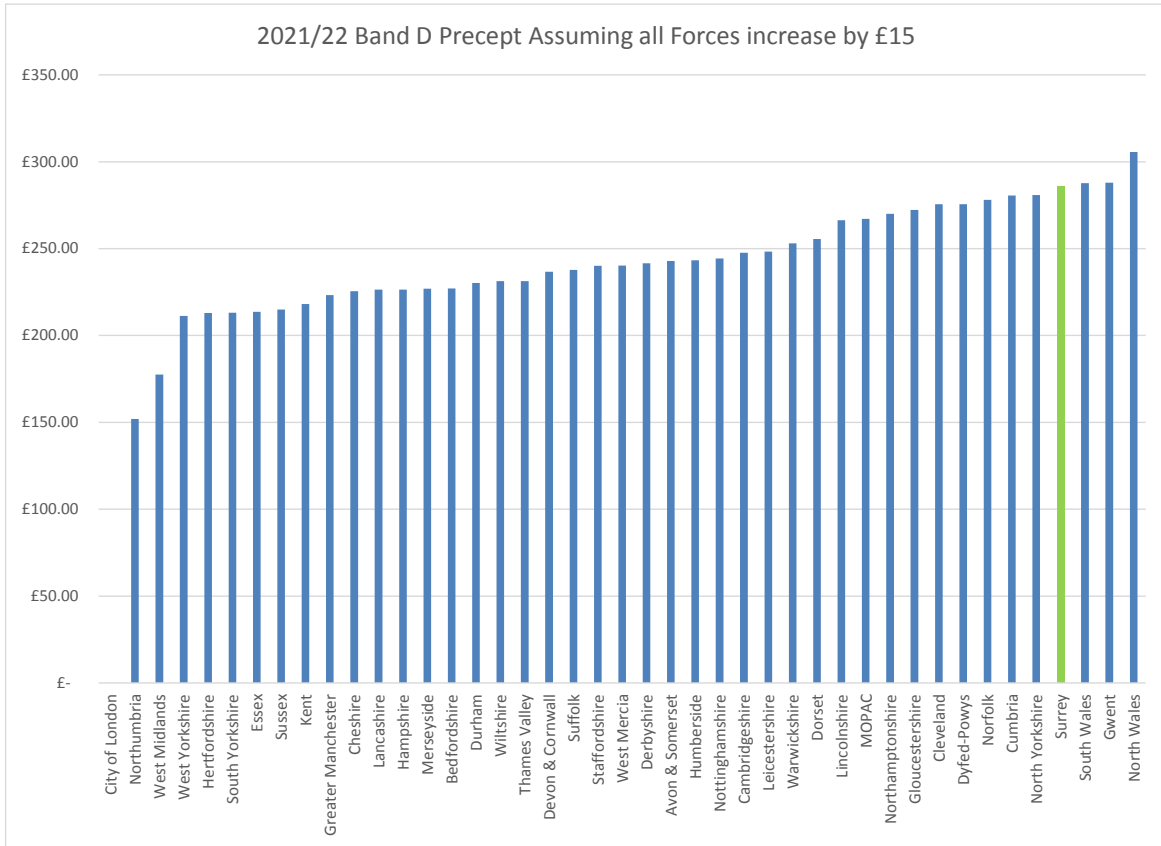
The Medium Term Financial Plan (MTFP) contains a number of key assumptions, one of which is the increase in the level of precept expected, this is funding raised from Surrey council tax payers for policing. For 2021/22 the Police and Crime Commissioner after consulting with Surrey residents, supported an increase in the precept by the maximum amount of £15 on Band D properties without triggering a local referendum. The Police & Crime Panel subsequently did not veto the PCC's decision on 5th February 2021. Future years have been planned assuming a 2.0% precept increase. Other scenario's that included differing increases in the precept were developed during the budget process however this document refers to the above assumption.

Authority	Tax Base	Collection Fund Surplus/ Deficit £	Precept £
Elmbridge	64,518	(175,658)	18,424,405
Epsom and Ewell	33,150	(8,239)	9,466,540
Guildford	57,159	39,122	16,323,010
Mole Valley	40,759	(78,056)	11,639,548
Reigate & Banstead	60,720	(60,975)	17,339,810
Runnymede	33,404	(70,611)	9,539,180
Spelthorne	39,016	(243,986)	11,141,885
Surrey Heath	38,811	(215,606)	11,083,132
Tandridge	38,454	(34,929)	10,981,309
Waverley	55,613	(105,220)	15,881,347
Woking	40,343	(26,626)	11,520,751
Total	501,947	(980,785)	143,340,916

The proportion of funds raised from the precept for Surrey equates to 55% of core funding (Precept, main policing grant, revenue support grant) for 2021/22. The Band D precept multiplied by the tax base calculates the total receipts that each billing authority will collect on behalf of the PCC in 2021/22 as shown in the table above plus the collection fund deficit.

Surrey is more dependent on precept than other forces and accordingly has one of the highest Band D rates (£285.57 for 2021/22) for police forces. The table below illustrates this for the potential 2021/22 if all Forces increased by £15 their Band D rate. The level of funding from government is the lowest in the country per head of population and Surrey receives £98.31 per head of population (of all government funding). If Surrey were to receive the average in the country (excluding the Metropolitan areas) this would provide the Force with over an additional £25m, even though this magnitude is not expected it does illustrate the inequitable position of

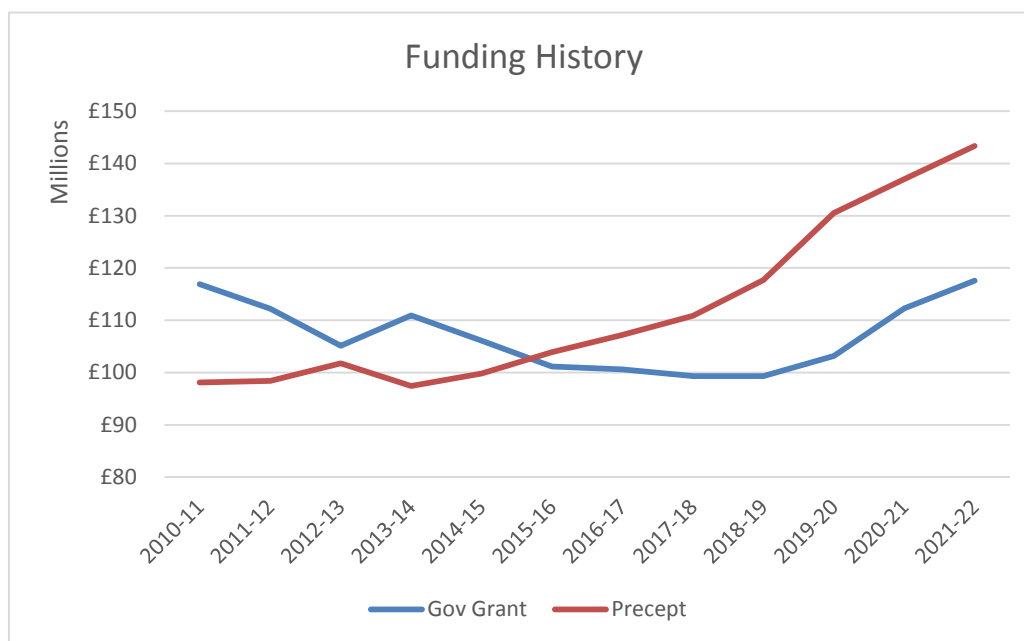
police funding and if a fairer funding position was achieved this could see police officer numbers increase or reduce the tax increases for Surrey residents.



The anticipated review of the police funding formula was consulted upon and ultimately deferred with an expectation it will be addressed as part of any future comprehensive spending review. Due to the uncertainty and range of possible outcomes no assumptions regarding a change to the funding formula have been included in the MTFP.

- **Real Terms Funding Reduction;**

Surrey Police had experienced a real terms funding reduction of 5.9% over the previous 9 years (2010/11 to 2019/20) which the Force has catered for with its savings plans that have as a priority maintained front line service delivery. The chart below demonstrates the reduction in government grant until recently and the compensating effect of the precept increases over the latter years, whereby the precept makes up 55% of the Forces funding.



Financial Settlement 2021/22

This MTFP incorporates the final police grant settlement for 2021/22 as announced in February 2021. The grant settlement from the Home Office nationally increases the grant by £415m with a maximum £15 increase in precept level permitted by each PCC without triggering a referendum. The pension grant introduced in 2019/20 has been continued which mitigates the police officer pension contribution cost increase.

The financial settlement is for one year with the expectation that a spending review will lead to a future 3 year settlement.

The composition of the Home Office funding is shown in table 1 with table 2 projecting the funding position over the four years. The assumption for 2021/22 was that the grant to remain static for the remainder of the MTFP period plus specific funding for the Operation Uplift. There remains a risk that the grant could be reduced to cater for an increase in top slicing in future years.

The headlines of the national financial settlement are provided in section 1 with the local position set out below which is a positive signal to policing;

- PCC precept flexibility to increase Band D by £15, this would yield £7.5m gross and net amount of £6.7m after council tax collection fund deficit of £0.8m.
- The tax base reduction experienced this year has been supported by a Local Council Tax Scheme Grant, £1.1m.
- Home Office grants are static apart from the funding for the Uplift Officers.
- The Operation Uplift Grant allocated in 2020/21 has been included in the base grant, with the new grant allocation for 2021/22 being split over principal funding and a ring fenced Operation Uplift grant.
- Operation Uplift police officers increase is local 73 and ROCU 3. The Force has received the funding for all of the officers. As ROCU functions require more experienced officers, forces will release existing officers to ROCUs and replace them with the additional officers recruited via the Performance Uplift Programme to ensure overall workforce growth.
- Funding for the recruitment of officers in counter-terrorism policing will be paid to forces through dedicated counter-terrorism policing grants.
- Capital grant has remained static at £0.164m.

Table 1

2020/21	2020/21		2021/22	2021/22
£m	Proportion %		£m	Proportion %
250.0		Total Revenue Expenditure	261.7	
-		Less Appropriations (to) / from Reserves	0.2	
250.0		Net Budget Requirement	261.5	
		Less		
69.5		Main Policing Grant	72.2	
29.4		Revenue Support Policing Grant	32.9	
2.5		Council Tax Legacy Freeze Grant	2.5	
6.8		Council Tax Local Support Grant	6.8	
2.2		Operation Uplift Performance Grant	1.3	
2.0		Pensions Grant	2.0	
112.2	45%	Total Policing Grant	117.6	45%
		Local Council tax Scheme Grant	1.5	
137.8		Balance to be raised locally	142.4	
0.8		Less net surplus on collection funds	-1.0	
137.0	55%	Council Tax Requirement	143.3	55%

Table 2 -

Grants	2020/21 £m	2021/22 £m*	2022/23 £m*	2023/24 £m*	2024/25 £m*
Home Office Police Grant	98.9	105.1	113.3	113.3	113.3
Op Uplift Performance Grant*	2.2	1.3	-	-	-
Total core government grants	101.1	106.4	113.3	113.3	113.3
Other Specific Grants					
Legacy Council Tax Grants	9.2	9.2	9.2	9.2	9.2
Local Council Tax Scheme Grant		1.5			
Police Officer Pension Grant	2.0	2.0	2.0	2.0	2.0
Total Funding from Government	112.3	119.1	124.5	124.5	124.5
Local Funding					
Precept	137.0	143.3	146.3	149.2	152.2
Collection Fund	0.8	(1.0)	(0.4)	(0.4)	-
Reserves	-	0.2	0.1	3.0	-
Total Budget Funding	250.0	261.7	270.4	276.2	276.6

*The Op Uplift performance grant is claimed on a quarterly basis evidencing the expenditure.

The introduction of top slicing in 2014/15 at £84.7m has been extended in each year since and was announced in the provisional settlement at £1,033m for 2021/22. Table 3 below sets out the areas the top slicing funding is directed towards.

Table 3

Top Slicing / Reallocations	2020-21 £m	2021-22 £m
PFI	73	72
Police Technology Programmes	498	485
Arms Length Bodies	73	71
Top-Ups to NCA and ROCU's	57	5
Strengthening the Response to Organised Crime	140	146
Police Special Grant	81	55
Pre Charge Bail	2	2
Police Uplift Programme	16	15
National operational policing units	3	3
Police Commercial Organisation	4	5
National Capabilities Programme	47	39
Forensics	29	26
Police Now	7	7
Serious Violence Strategy	39	39
Safe Streets Fund	10	20
Counter Terrorism	32	33
Prum	2	-
Science, Technology and Research	8	5
International Crime Co-Ordinating Centre		5
National Policing Capabilities		3
Total	1,121	1,033

The Police Technology Programmes caters for Airwave, the new Emergency Services Network which will provide 4G access to officers that will bring productivity and operational benefits, Home Office Biometrics and National Law Enforcement Police database.

Arms Lengths Bodies includes the Independent Office for Police Conduct, the HMICFRS PEEL Inspections, the College of Policing Direct Entry scheme and the Gang Masters Labour and Abuse Authority.

Strengthening the response to Organised Crime and Top Ups to NCA and ROCU's - this is funding for the National Crime Agency and Regional Organised Crime Units.

The Police Special grant caters for national events or incidents that require additional police support.

There are a number of smaller initiatives, some from the Transformation Fund work and also government support for activity such as the Serious Violence Strategy and Safer Streets, in respect of the latter Surrey Police have submitted a bid with partners previously.

5. High level budget planning and strategy

Planning work has been continuing throughout the year for the future years of the MTFP period, with some assumptions being made, (shown at Appendix C), to enable this document to be prepared. The savings target is shown at Appendix A & B, which shows a savings requirement of £23.7m before the savings plan (base scenario) over the future four year period, this is based on the future assumptions that government grant will be flat cash apart from the Op Uplift growth for police officers and future precept increases of 2% and is also in conjunction with known investment and cost pressures. The Force Fit for the Future set out the ambition of the Force to meet demands and priorities identified in the Force Management Statement and a step towards that ambition has been made possible from the Operation Uplift and the precept funding. Current planned efficiency savings total £6.6m, this level of saving, if all are delivered, leaves a budget gap of £17.1m over the four year period. The Force will continue to seek out efficiencies to redirect resource into the priority areas and will have to consider further wide ranging cashable efficiencies to bring about a sustainable financial position. The Force is expected to meet its saving target in 2020/21, however if there is any slippage this will transfer the requirement into 2021/22 or worse still if the savings are not achievable then a gap will open up (see section 7 Savings Programme for more detail).

The Estate Strategy programme has 2023/24 as the potential year to transition from the old HQ to a new site which is subject to many variables and will require a significant uplift in funding to meet the one off costs to make the transition.

An integral part of the financial plan is the capital plan and the sources of funding, the healthy level of capital receipts has diminished with a greater level of revenue funding required in future years. Long term borrowing is the option employed to fund the Estate Strategy move to a new headquarters in Leatherhead (Building the Future) and will only be used for long term assets.

The approved £15 precept increase for 2021/22 provided further opportunity to invest in priority areas identified by the Force through the HMICFRS Force Management Statement, and earlier in 2020, Surrey Police introduced “Our Commitments”, setting out the force’s strategy as commitments to our communities, our force and our people, and the force will use this framework to focus activity over the next five years:

- Our Communities
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Planning to exceed savings targets will provide the flexibility and opportunity to allow further funding to be directed to the priority areas. The Force also needs further capacity to fund changes and transformational programmes that will generate savings and efficiencies.

The Force has a short term savings plan and is developing a medium term savings strategy with the expert assistance of CIPFA Associates.

The HMICFRS Value for Money Profiles have been employed to focus on specific functions to benchmark with an aim of being mid or lower quartile for cost, examples are Finance & Services, Human Resources and police overtime.

The Chief Officer Group will as part of the development of the business and financial plan routinely meet with the PCC to discuss the areas of significant operational and service delivery risk which include but not exclusively are Child Sexual Exploitation, Cyber Crime and Domestic Abuse.

Budget Gap

As it is not possible to give a definitive position it is appropriate to consider different scenarios to see a range of future possibilities. Three scenarios have been developed that calculate the efficiency savings target or surplus for each period (after taking into account planned savings) and in total over the four years which are all based on the assumptions shown at Appendix C with any variation highlighted in the scenario as follows and a summary provided below showing the budget gap or surplus. Note the current understanding regarding Operation Uplift is that all the funding will be invested and that future funding for the uplift is inflated accordingly.

Surrey - Summary of MTFF Scenarios		2021/22	2022/23	2023/24	2024/25	Total
Budget Surplus / Deficit		£m	£m	£m	£m	£m
1	Future years precept & grant increase of 2.0%, inflation at 2%	-	(3.5)	(2.7)	(4.0)	(10.2)
2	Future years precept at 2% increase & grant increase of 0%, inflation at 2%	-	(5.8)	(5.0)	(6.3)	(17.1)
3	Future years precept & grant increase of 0%, inflation at 2%	-	(8.6)	(7.9)	(9.3)	(25.8)

1. Optimistic Scenario: This represents the financial plan with the £15 increase on band D (5.75%) allied with the financial settlement for 2021/22 and future years Band D precept increases by 2.0% each year and a grant increase of 2% with 2% inflation.
2. Realistic Scenario: This the same above with future years flat grant increase.
3. Pessimistic Scenario: This highlights the reliance on precept and the impact of having a nil precept increase in future years.

These scenarios over the planning period produce a range from a deficit of £10.2m through to a deficit of £25.8m derived from the movement in three factors noting there are many others that could alter the future financial position which are covered in the risks section of this plan. If any of these factors arose, to balance the budget over the planning period would require a concerted effort to firm up efficiency savings plans and identify other efficiency savings. It is clear that inflation is a significant factor and risk to the financial plan and that the police grant element is becoming less of a factor, although the timing of the formula funding review is forecast to impact during the planning period.

In summary the annual impact is;

- Each 1% precept increase provides £1.4m funding
- Each 1% of police grant is worth £1.0m funding
- Each 1% on inflation increases costs by £2.6m

6. Precept and Operation Uplift Investment

The approved £15 Band D precept increase provides an opportunity to invest in additional service delivery and compliment the Operation Uplift investment from government.

The government has announced a 20,000 increase in police officers nationally over three years. The current allocation basis being used is the share in core government grant (Surrey 1.3%) which equates to 260 officers. The first tranche up to April 2021 of 6,000 officers nationally provided Surrey with an allocation of 78 police officers, the second year up to April 2022 is an allocation of 73 (with an additional 3 for the ROCU).

The Force have approached the potential investment applying a three step approach;

- 1) Strategic – agree strategic priorities
- 2) Tactical – agree key investments to meet priorities
- 3) Operational – agree scale of investment

Our workforce plan for the future provides the Strategy and how we will meet demand, and Operation Uplift Demand analysis provides the Operational Plan and where resources will go within priority teams.

A Summary of the proposed investment during 2021/22 for the 73 Police Officers from Operation Uplift and precept funded police officers and precept funded police staff are set out in the tables below;

Business Area	Team	Police & Crime Plan	Officers
SCC	RIPCOM	Crimes solved	3 PC
Contact	FCR FIM	Crimes solved / Prevention	2 Insp
SCC	Intel IDOs	Crimes solved / More PCs	4 PC
SCC	Inv OET - Historic Enquiries	Crimes solved	2 DC
Local Policing	Div Proactive Teams	Crimes solved / Prevention	6 PC
SCC	Intel SV	Crimes solved	1 PS
Ops	Fatal 5 No Excuses	Prevention / More PCs	2 PS, 10 PC
People Services	Hate crime officer	Prevention	0.5 PC
Local Policing	ISR/LDC Pot	Crimes solved / More PCs	19 DC
SCC	Inv Op Centurion - County Lines	Crimes solved	0.45 DS, 1 DC, 1 PC
CJ	Custody Training Team	Crimes solved	1 PS
Local Policing	NPIT	Crimes solved	9 DS, 9 PC
SCC	Inv Digital Investigation & Intel	Crimes solved	0.45 DI, 1 DS, 3 PC
Public Protection	PSPA	Prevention	1 PS
Public Protection	DA Portfolio HHPU	Prevention	3 PC
Local Policing	Rural Crime Team	Crimes solved / More PCs	3 PC*
TOTAL OFFICERS			82.40

Business Area	Team	Police & Crime Plan	Police Staff
SCC – Inv	Op Centurion - County Lines	Crimes Solved	1 x E
CJ	Custody Training Team	Crimes solved	1 x F
Local Policing	NPIT	Crimes solved / More frontline staff	18 x G
SCC – Inv	Digital Investigation & Intel	Crimes solved	3 x G
ACPO	CDD	Making every pound count	1 x B1, 1 x H, 1 x D
ACPO	PSD	Confident communities	3 x H, 1 x C
SCC – Inv	Exhibits & Disclosure	Crimes solved	1 x G
ACPO	Corp Comms	Crimes solved / Prevention	1 x B2, 2 x G
Contact	Digital 101	Crimes solved / Prevention	4 x E
Public Protection	Mental Health Force Advisor	Prevention / More frontline staff	1 x H
SCC – Intel	IPAs	Crimes solved / Prevention	3 x D
Local Policing	County Lines Coordinator	Prevention	1 x B2
Public Protection	ViSOR Coordinator	Prevention	1 x G
SCC – Intel	Analysis	Crimes solved / Prevention	2 x B2, 5 x H, 1 x E, 1 x D
Public Protection	PSPA	Prevention	3 x G
Public Protection	DA Portfolio HHPU	Prevention	1 x F
People Services	L&PD DC Coaches	Crimes solved / More frontline staff	10 x G
TOTAL STAFF			67.00

There is an expectation that the funding will meet not only the increase in police officers and police staff but also all the costs associated with an increase of this size, such as vehicles,

equipment and technology.

Further 2021/22 investments include the Digital Interview Recording system which will provide the ability to network the recordings and move away from physical magnetic storage and a Unified Communications Platform, a cloud based telephony and electronic communication system that will improve the functionality and accessibility to Surrey Police. To address the maintenance backlog investment has been provided for the improvement in properties that are to be retained for the foreseeable future. To mitigate the ongoing national shortage of detectives the Force has invested in Police Now Detectives an accelerated training route to increase capacity.

Over the planning period the following have been incorporated;

- The Building the Future Estate Strategy has partially been included in this financial plan as the investment appraisal undergoes a review, on completion the medium term financial plan will be updated with any approvals made by the Police & Crime Commissioner.
- The ICT Strategy has been developed and due to the number of external dependencies will be revisited periodically.
- The Fleet Strategy which is predominantly the capital investment for replacements and future enhancements to vehicles such as telematics and cameras.
- The move to a new Command & Control platform which is a modernised system to the one Surrey has had for many years and will allow increased resilience across the region.
- The replacement for the Airwaves radios that are reaching end of life prior to the change-over to ESN system being led by the Home Office. The future finances to move to ESN require further refinement and will be included at that point.

There are some commitments or unavoidable costs that the Force has provided for, with the new police constable pay scales there has been an expectation for a cost pressure from incremental salary growth and an amount is included to mitigate this risk. Looking ahead there is a continual revenue funding of capital and the expected increase in funding for the police staff pension fund following the next triennial revaluation exercise noting the McCloud remedy impact on the future employer rate.

The Force in developing its business plan will have to consider the priorities highlighted in the production of the Force Management Statement, this could lead to re-engineering or moving resources to some of these priorities and conversely decide where to shrink

7. Force Fit for the Future

The Force has developed a future desired state for Surrey Police, this predates the Home Office's announcement of their intention to recruit an additional 20,000 officers in England &

Wales, and goes beyond just the single focus of police officer numbers noting there are overlaps and interdependencies.

The future desired state includes a mix of both officers and police staff; recognising that changes in policing demand mean that increasing numbers of investigative staff in developing areas such as cyber and economic crime will not require warranted powers. The force recognises that the increased central government funding is primarily for officers, and that any funding for increases in police staff associated with the increase in officers is likely to be limited. Any central government funding for police staff roles is likely to be consumed in roles that can be considered to be strictly enabling of the officer increase (e.g. recruitment and training) and so any broader increases in police staff roles (e.g. investigating officers) are highly likely to have to be funded outside of central government funding. The actual implementation of the proposals are therefore dependent upon securing appropriate funding streams, and the ideal police officer / staff mix set out below, which would provide the most efficient and effective use of resources, will be challenging.

These proposals for the future desired state are a first step and will require further refinement taking into account prioritisation and sequencing to match business need and also to achieve the greater benefits for the longer term.

Vulnerability; *identified as a priority area in the PCC's Police and Crime Plan, Plan on a Page and 2019 FMS.*

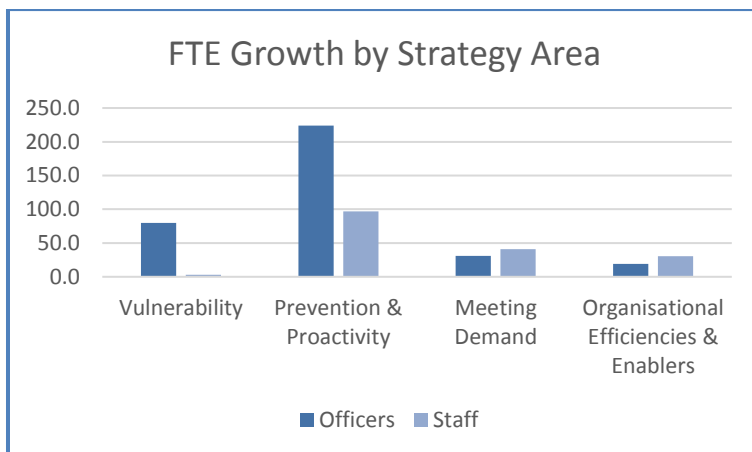
Prevention and proactivity; *identified as the strategic approach of Surrey Police in achieving its vision, and recognising the intrinsic importance of proactive activity in preventing crime.*

Understanding and meeting demand; *identified as a priority area in the 2019 FMS and an area for improvement in the 2019 PEEL Inspection.*

Organisational efficiencies and enablers; *recognised as crucial in managing the significant increase in force establishment while concurrently realising savings from the existing budget.*

The proposals represent a significant investment for Surrey Police, totalling over 520 officers and staff:

FTE Growth by Strategy	Officers	Staff	Total
Vulnerability	80.0	3.0	83.0
Prevention & Proactivity	224.0	97.0	321.0
Meeting Demand	31.0	41.0	72.0
Organisational Efficiencies & Enablers	19.0	30.5	49.5
Total	354.0	171.5	525.5



Using standard assumptions regarding pay points at each rank or grade, and associated costs, the cost of the investment by strategy area is given below:

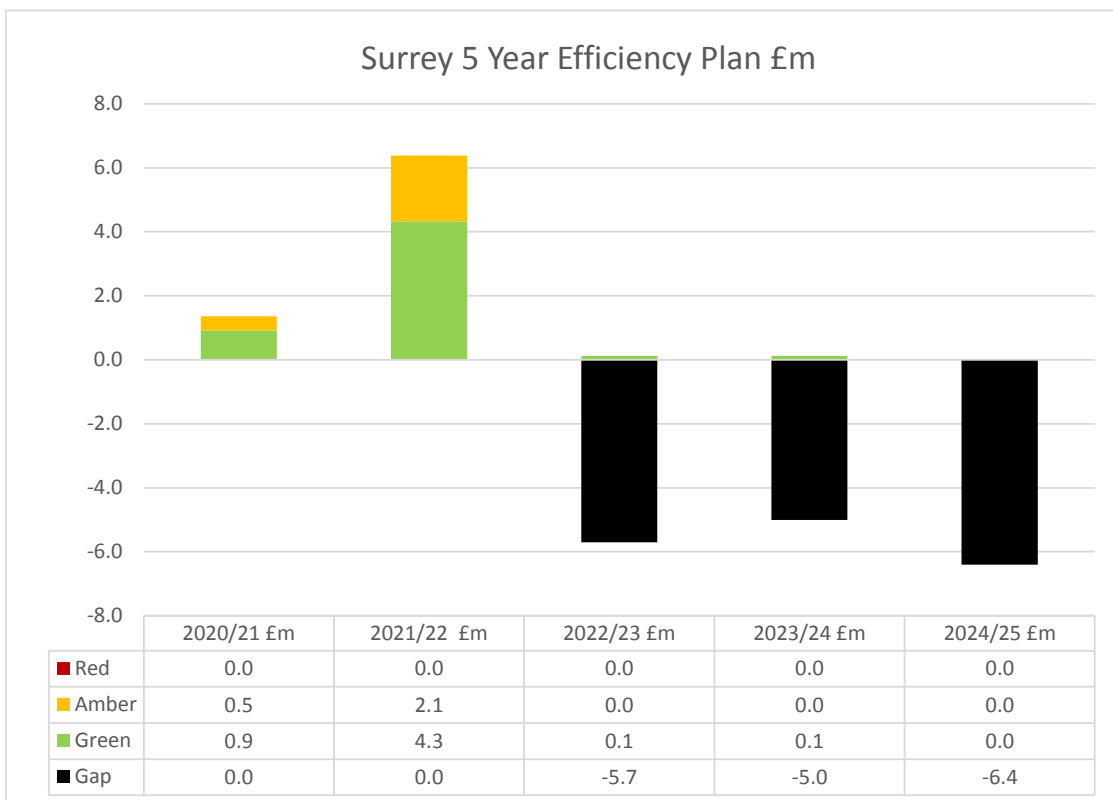
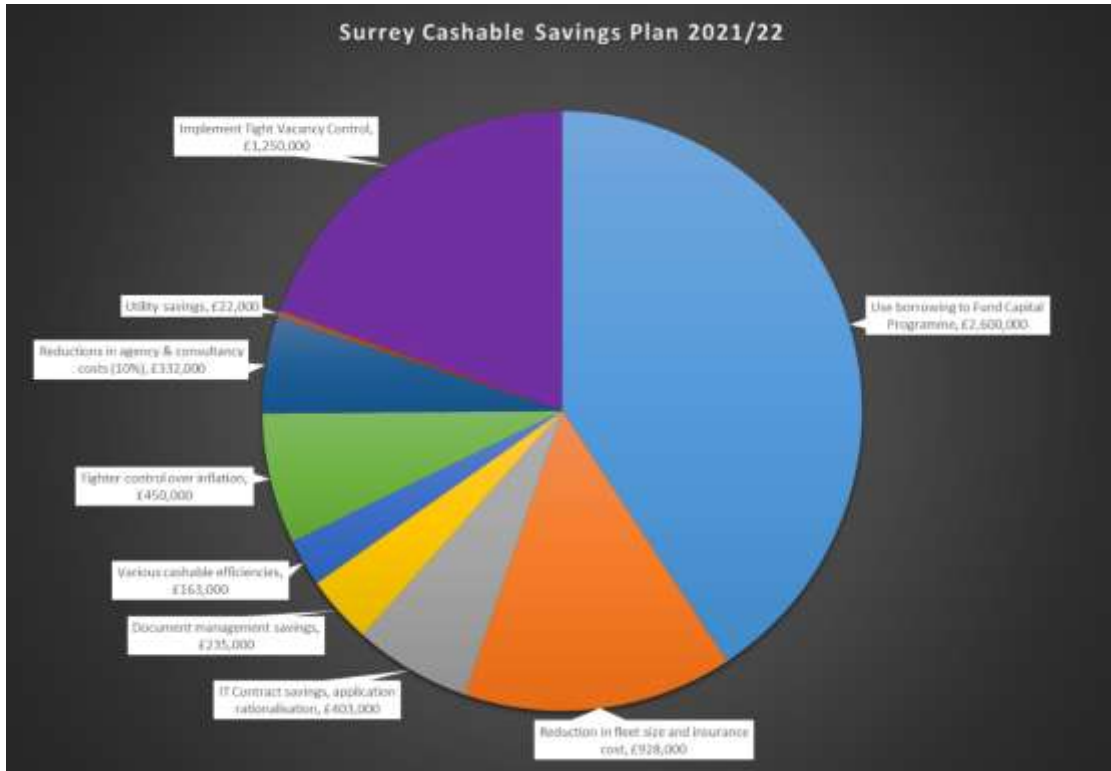
Cost by Strategy Area (£m)	Officers	Staff	Total
Vulnerability	4.6	0.1	4.8
Prevention & Proactivity	12.2	3.4	15.6
Meeting Demand	1.7	1.6	3.3
Organisational Efficiencies & Enablers	1.0	1.2	2.2
Total	19.5	6.4	25.9



8. Efficiency Savings Programme

The Force recognised early in the year that the pandemic would have a significant impact on public finances and that future funding assumptions would need to be adjusted. To assist with developing the savings plan to close any funding gap CIPFA Associates were engaged who initially tested the financial assumptions in the MTFP and subsequently worked with the Force budget holders to understand where savings opportunities existed. This culminated in a range of options for the Force to consider which were graded Red, amber and Green depending on the ease of delivery and impact on service delivery.

Efficiency save schemes, as shown in Appendix B, are categorised into the red, amber & green risk headings, the chart below sets out the savings plan for 2021/22 that total £6.4m and the plan is expected to deliver to target however any under achievement will have detrimental impact on the following year, further detail is provided at Appendix B.

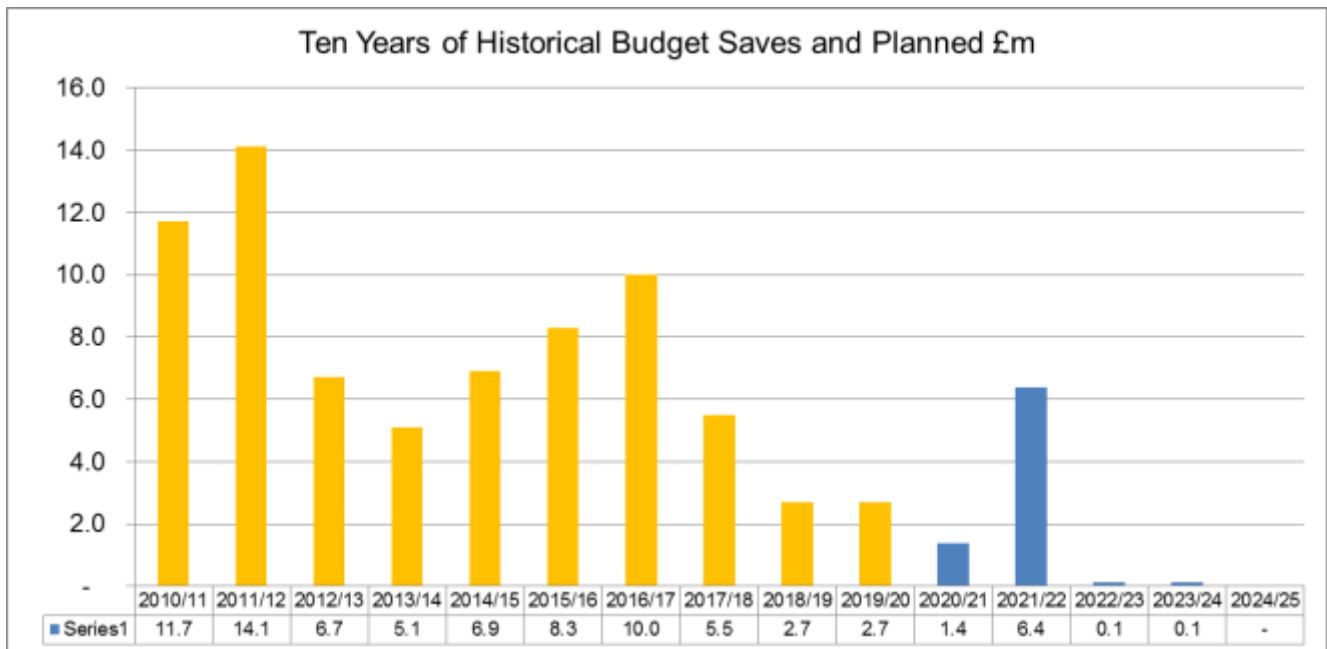


The future efficiency savings plan requires further development as it is estimated that £17.1m of additional savings will be required.

The savings developed for 2021/22 are considered mainly tactical as the lead time to deliver in year was short which requires a concerted effort to move into medium term sustainable cashable efficiency plan.

The Force will continue to identify efficiency savings, both cashable and non-cashable in order to invest into the priorities and improve service to the Surrey residents. The regional direction is not expected to deliver efficiency savings for a couple of years so in Force savings will have to be considered to meet any short and medium term need.

The chart below shows the savings achieved during previous years of £75.1m (2010/11 to 2020/21) with the projection up to 2023/24. Note some savings made are not as a result of funding reductions and maybe where the force has used the saving to reinvest in a priority activity.



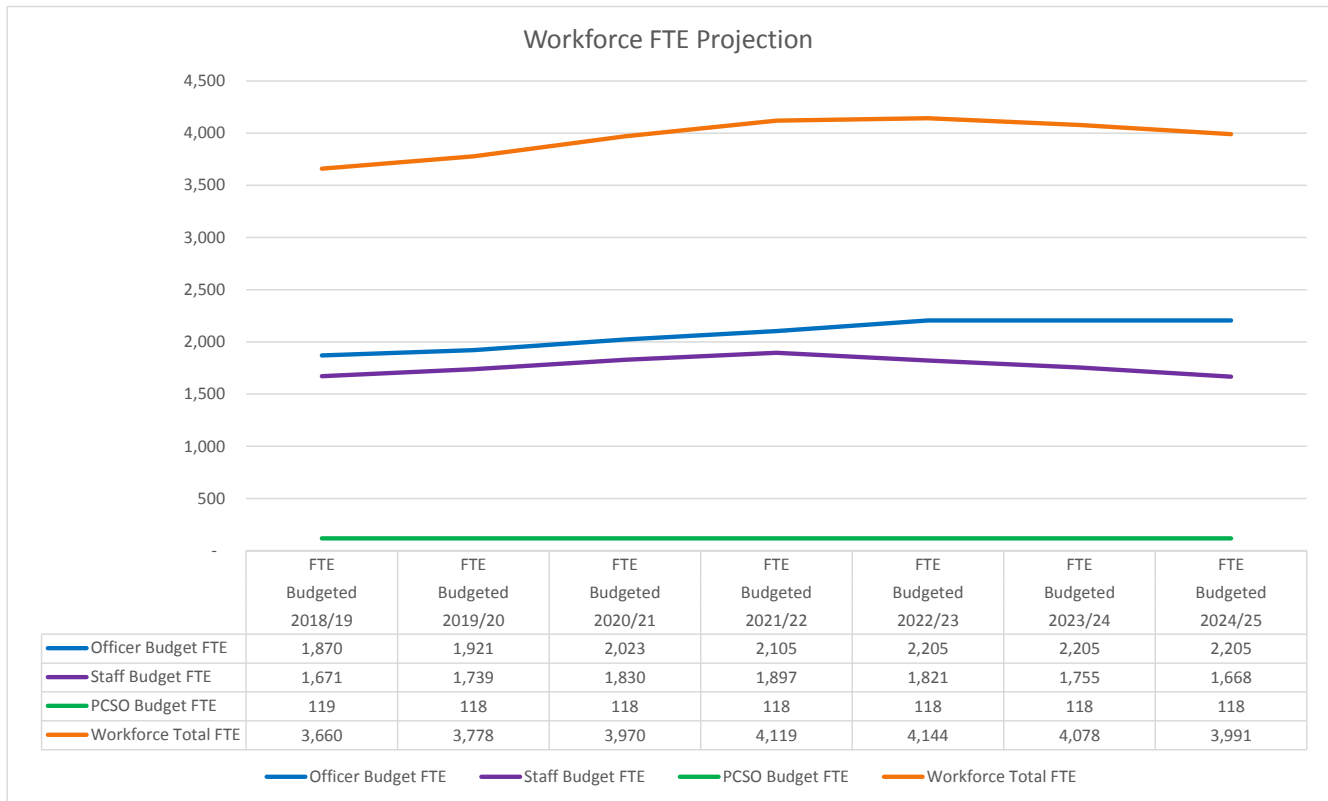
9. Headcount Impact

We have projected the likely impact on headcount over the four year planning period.

At this stage in the development of the four year plan a broad approach has been taken which is to take the total savings required (assume half the savings will be staff posts) and estimate post reductions using the average rates. This is due with the introduction of the government pledge to increase police officer numbers all reductions are modelled against police staff, noting that savings will also come from non-employee costs such as through contract reductions so this modelling has to be viewed as worse case.

The headcount impact for the MTFP reported in this document includes the grant increase announced in the 2021/22 Grant Settlement with a 0% grant increase in each remaining year

along with the £15 precept increase for 2021/22 and 2.0% increases in future years and the Operation Uplift impact, if Surrey receive the full allocation which has not been confirmed, on police officer numbers this is demonstrated in the chart below.



10. Capital Strategy

The capital programme will be developed through the set governance route of approval at the Change Board, CFO Approval Board and Chief Officers. The major areas of Fleet, ICT and Estate strategy have been incorporated.

The programme is supported by the respective strategies for the Estate, Fleet, ICT and the business led requirements. The Estate Strategy has been developed and the revenue impact has been incorporated into this plan along with the capital profile by year.

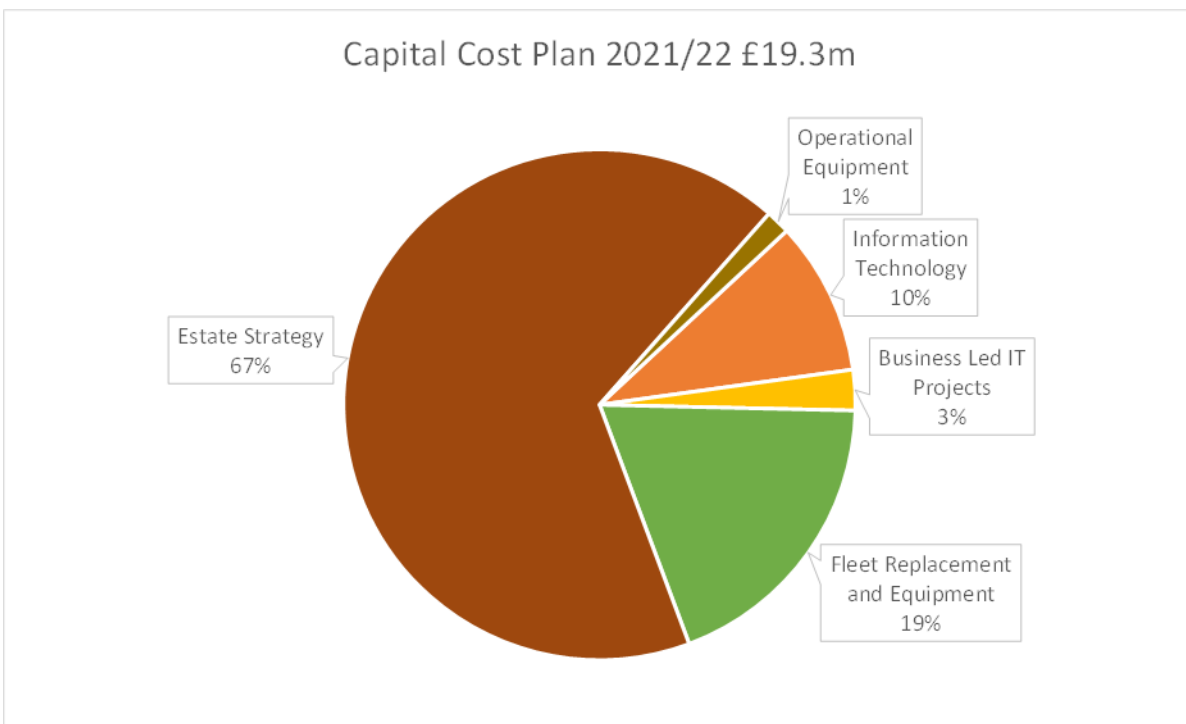
Due to the decreasing level of capital receipts and grant there is a greater reliance on revenue funding or borrowing, internal or external, which also puts pressure on the revenue budget, a capital limit has been applied to minimise borrowing which will only be used for long term assets such as the Estate Strategy major scheme called Building the Future. The monitoring of expenditure and funding streams will be monitored closely during the year. It is vital for the delivery of services that capital expenditure on ICT, Fleet, Equipment and Premises are maintained and an appropriate balance maintained with the operational delivery budget. The expenditure requirement and profile for the Estate Strategy will be firmed up once the RIBA Stage 2 has been completed and will be incorporated once available.

The revenue impact of these proposals will be included in the medium term financial planning model where the revenue account, if necessary, is charged with corresponding interest payable and “minimum revenue provision” costs when borrowing is required.

Surrey Capital & Investment Programme	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m	£m
Information Technology	1.9	2.0	2.0	2.0	2.0	10.0
Business Led IT Projects	0.5	0.2	-	-	-	0.6
Fleet Replacement and Equipment	3.7	3.7	3.9	4.3	3.9	19.5
Estate Strategy	13.0	3.2	1.4	-	-	17.5
Operational Equipment	0.3	-	-	-	-	0.3
Total	19.3	9.0	7.3	6.4	6.0	47.8

The new capital allocation for 2021/22 is £19.3m that incorporates the affordable requirements for the year, some schemes have been reduced to meet the funding available. At the 2020/21 year end there is expected to be a few schemes that will request for slippage which will be added to this new-year allocation if approved. During the 2020/21 financial year a new capital & investment gateway to proceed process was introduced for existing planned schemes and this will be continued into 2021/22. This step firms up on the proposals put forward during the budget build, provides a planned expenditure profile and also allows the funding position to be checked prior to giving the go ahead, any changes to the capital plan require PCC approval.

Following the same methodology further work will take place to ascertain which year the new allocation will be expended to provide a more realistic view of the timing of the expenditure and retain the flexibility to bring forward schemes if others experience delays.



Capital Funding Summary	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m	£m
Government Grant	0.2	0.2	0.2	0.2	0.2	0.8
Capital Receipts	8.3	0.3	5.6	39.8	-	53.9
Borrowing	8.0	2.7	(3.4)	(39.4)	-	(32.0)
Revenue Contribution	2.8	3.6	4.6	5.6	6.6	23.2
Total	19.3	6.8	7.0	6.2	6.8	45.9

The Home Office capital grant allocation is after providing funding support to the National Police Air Support Service, the grant received by the Force has seen a significant reduction from £1.2m in 2015/16 to £0.6m in 2017/18 and remained at this level up to 2019/20 and has taken a further reduction in 2020/21 down to £0.164m, which has been projected at that level over the planning period.

Capital receipts from the sale of Police buildings designated as surplus to requirements along with other sales of police houses and land are forecast at £8.3m in 2021/22, further receipts are anticipated over the planning period, including those associated with the move to the new Headquarters in Leatherhead and due to the uncertainty of timing and quantum are only estimates at this point.



Capital expenditure can be financed from capital grant, capital receipts, borrowing and revenue funding, the chart above providing the split for 2021/22.

Receipts in future years reduce significantly as the remaining police buildings are sold. This combined with the receipts generated from house sales will not be adequate funding for the proposed capital programme as shown above.

The Estate Strategy has an estimated cost of circa £80m with anticipated receipts from property disposals of £45m leaving an ongoing borrowing of £35m over the life of the assets.

The forecast receipts signal the capital resources will need to be supplemented in the future either by borrowing and/or revenue funding for the rest of the capital plan; in 2021/22 up to £8.0m of borrowing is required dependent on investment decisions with further borrowing in future years. The financial plan has included a year on year allocation from revenue to fund capital investments for shorter life assets such as fleet renewal and technology expenditure.

There are a number of Home Office technology programmes in progress which will also play into the capital funding sphere, such as Emergency Services Network (replacement of Airwaves), NLEDS, Biometrics and National ANPR Service, some of which are included in the plan where information is available.

11. Assumptions

Assumptions regarding the financial model are disclosed in Appendix C. Some of the key assumptions are detailed below;

- The Local Government Finance Settlement: The final settlement for 2021/22 announced in February 2021 was to increase the core government grant by £415m to fund the Operation Uplift police officers, the overall effect is a flat cash settlement. This was a one year and therefore there was no indication of future settlements. Subsequent years have been assumed a 0% increase each year.
- The funding formula review has been on the agenda for a few years and is expected to be forthcoming during the next spending review period. Any assumptions included in the consultation will be included in future plans when available.
- The Force savings plan is as described in section 7.
- A precept increase of £15 in 2021/22 and future 2.0% increase on Band D in each year. Any surplus on the Collection Fund is directed towards a specific reserve to cater for one off costs. The tax base from which the precept is derived has an estimated growth rate of 0% per year.
- Inflation: In this MTFP Staff and Officer Pay is afforded an inflation increase each future year, with the public sector pay freeze (apart from employees on £24,000 or less) in 2021/22, following which 2.0% increase each year for police officers and staff.
- Non pay inflation is referenced to the Bank of England target of 2%. Note one of the financial interventions used in the past was to suppress the budget increase for inflation growth to budget holders unless there was a contractual commitment in place, this option has been used for 2021/22.

- Localisation of Council tax Support: Due to government legislation around council tax support, which has been passed to Borough Councils with a 10% cut in funding, our tax base was cut by 30k band D properties in 2013/14 reducing our precept by £6.4m, this has been compensated by a £6.8m government grant which combined with previous precept compensation grant of £2.4m is now called Council Tax legacy grant and has been assumed to remain at the same level throughout the MTFP.
- Local Government Pension Scheme: The police staff pension scheme is a funded scheme and is relying on underlying assets to support future liabilities. Any deterioration in the asset base will lead to a position where there becomes a funding gap which currently employers have to make up over 20 years. The last actuarial valuation in 2019 had no change in the employer's contribution rate. The PCC had, in previous years, injected £8m into the pension fund to help offset part of the deficit.
- Police Officer Pension Fund: The police officer pension is a pay as you go and is not funded or backed with assets. The fund following a valuation process the employers' contribution rate increased to 31% for 2019/20. This was a significant change from the previous rate costing an additional £4.3m, a specific Police Officer Pension Grant totalling £2.0 funds part of the additional cost. The additional cost and grant have been included in the MTFP with the assumption that the grant and employers contributions will remain at the same level.
- Reserves Strategy: the plan is built on the basis that the reserves strategy of maintaining general reserves at no lower than 3% of budget is in place for the planning period.
- The Building the Future Estate Strategy estimates have been incorporated and will be subject to review as the two elements are progressed, Agile Working and the provision of a new headquarters, both of which have a capital and revenue impact.
- The ICT Strategy is to be reviewed to ascertain the level of funding required over the planning period, currently all estimates in the plan and will be periodically reviewed as external dependencies will have an impact.
- Victims Services – Restorative Justice: A grant is allocated by the Ministry of Justice to the Surrey PCC as part of victims services. This has seen a significant growth for the PCC and is assumed will continue. This service was transferred into the Force during 2019/20.

12. Risks

The MTFP is built on the above assumptions. The possibility of other factors affecting the plan also need to be reviewed and the following are the risks to our financial position in the near future and over the planning period.

- The government have over the last few years employed top slicing to fund national initiatives or growth in national functions. It remains a distinct possibility that this

approach may result in further reduction on the level of funding to police forces. The Emergency Services Network is due to be implemented during the planning period and the funding required to implement to new service is being drawn from the national police allocation.

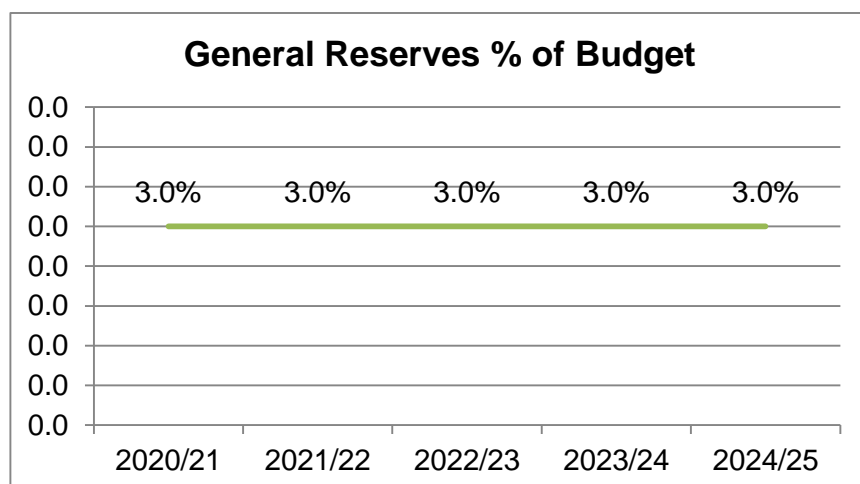
- The decision to leave the European Union has had a detrimental impact on the currency exchange rates and they remain weak and volatile which in turn could see suppliers seeking price increases where they are impacted by the currency fluctuation, although this may also move in the other direction as the market adjusts to the new arrangement.
- Inflation is seen as a key risk if the exit process impacts on the economy as it has a significant impact on the costs base.
- As Surrey is more dependent on local funding than most Forces we could face a higher percentage funding impact if there were any changes to reduce the referendum trigger.
- Employee retention remains a risk for the Force and funding has been included in the base budget to mitigate this.
- The move to NHS Commissioning of health services in custody had been identified as a risk but this function will remain with Forces. Medical costs however increase faster than general inflation so it remains a risk.
- The Force, as have many in the country, has been experiencing a diversion of resources to meet the demands of historical cases, this plan continues to fund such activity and there is a risk that unknown cases may come to light or cases previously dealt with come to the fore again requiring significant funding not included in the budget plan and may require a call on reserves e.g. Op Igitil & Op Symphony.
- The increasing demand on policing with the changing nature of crime is stretching resources and will require clarity of purpose to ensure the funding of the service is maintained at a level that provides a quality service to the residents of Surrey.
- The introduction of national systems and infrastructure changes are a prevailing risk as a mandated cost increase to the Force.
- The assumption of the level of government funding in future years may be superseded by future announcements increasing the reduction as seen in previous Spending Reviews particularly from the proposed funding formula review.
- Climate Change - Following Surrey County Council declaring a climate emergency the PCC and Chief Constable fully back the move and a strategy is now being developed through the joint Surrey and Sussex Environmental Board with the aim of making the organisation carbon-neutral by 2030. As the strategy is developed the financial implications will become apparent.

A full financial risk analysis schedule is provided at appendix which is reviewed and maintained during the year.

13. Reserves

The general reserves strategy is to maintain the level at 3% of annual revenue budget.

The chart below shows the general reserve level is forecast to be at 3.0% in April 2021 and over the planning period, there is no use of general reserve to support the funding position however specific reserves are in place to manage future financial risks. The PCC has approved the general reserve strategy will be maintained plus specific reserves have also been created to assist the financial plan over the next few years. The full reserves strategy is published in a statement on the PCC website.



Specific reserves are in place to mitigate future financial risks as shown at Appendix E, the most significant one is the Estate Strategy reserve to minimise the impact on the core budget.

RESERVES	2020/21	2021/22	2022/23	2023/24	2024/25
estimated	£m	£m*	£m*	£m*	£m*
General Reserves	8.6	8.9	9.2	9.3	9.4
Earmarked Reserves					
PCC Estate Strategy Reserve	3.1	3.1	3.0	0.0	0.0
PCC Cost of Change Reserve	0.9	0.9	0.9	0.9	0.9
Covid19 Reserve	1.0	0.4	0.4	0.4	0.4
Local Council Tax Scheme Reserve		0.4			
Insurance reserve	3.4	3.4	3.4	3.4	3.4
Police pension reserve	1.4	1.4	1.4	1.4	1.4
Total Earmarked	9.8	9.6	9.1	6.1	6.1
TOTAL RESERVES	18.4	18.5	18.4	15.5	15.6

- The PCC Cost of Change Reserve is to meet the future change activity costs so that the operational delivery budget is protected from any in year requirements.
- The Covid19 reserve was created to meet additional costs from the pandemic and has been employed to lessen the impact on the collection fund deficit experienced during 2020/21 and impacts in 2021/22. The government have established a support mechanism and the funds derived from this will be directed to replenish this reserve.

- Local Council Tax Scheme Reserve is the balance from a government grant that allowed local authorities to provide additional support to residents to meet their council tax bills, the impact for Surrey Police is seen in a reduction to the tax base, lowering the precept amount raised.
- Insurance reserve is maintained to meet future claims and is assessed annually by an actuary.
- Police Pension Reserve is to meet future Ill Health retirement charges, as an officer is retired in ill health the Force is required to make a capital charge to the police pension fund.

14. Appendices - Appendix A

Base Scenario Medium Term Revenue Financial Forecast

Surrey - Medium Term Financial Forecast Q4		January-2021			
£15 Precept, pay freeze, non pay 2% inflation	2020/21	2021/22	2022/23	2023/24	2024/25
REVENUE COST BASE	£m	£m	£m	£m	£m
Base budget	235.1	250.0	261.7	270.4	276.2
Pay Inflation	4.5	0.6	4.1	4.3	4.4
Price Inflation	0.8	0.9	1.1	1.1	1.1
Base Assumptions	2.5	4.3	2.3	1.9	2.1
Unavoidable Costs	0.4	1.9	0.0	(0.0)	0.0
Cost of Change net	(2.4)	(1.2)	(0.1)	(0.6)	0.0
Service Growth	0.5	2.4	0.1	0.0	0.0
Estate Strategy	0.4	0.0	0.1	4.2	(0.8)
Precept Increase	3.8	4.1	0.0	0.0	0.0
Operation Uplift	5.7	5.1	6.9	0.0	0.0
Total Cost Increase	16.3	18.1	14.6	10.9	6.7
Gross Budget Requirement	251.4	268.1	276.3	281.3	283.0
Annual Savings Requirement	(1.4)	(6.4)	(5.9)	(5.1)	(6.3)
Total Gross Budget	250.0	261.7	270.4	276.2	276.6
FUNDING	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Home Office Grant	69.5	72.2	80.4	80.4	80.4
Revenue Support Grant	29.4	32.9	32.9	32.9	32.9
Council Tax Support Grant	9.2	9.2	9.2	9.2	9.2
Operation Uplift Performance	2.2	1.3	0.0	0.0	0.0
Specific Grant	2.0	2.0	2.0	2.0	2.0
Local Council Tax Scheme Grant		1.5			
General Reserves	0.0	0.0	0.0	0.0	0.0
Specific Reserves -					
Covid19		0.6			
Local Council Tax Scheme		(0.4)			
Estate Strategy	0.0	0.0	0.1	3.0	0.0
Cost of Change	0.0	0.0	0.0	0.0	0.0
Surplus/(deficit) on Council Tax Collection Fund	0.8	(1.0)	(0.4)	(0.4)	0.0
Base precept	130.5	137.0	143.3	146.3	149.2
Taxbase Improvement	1.4	(1.2)	0.1	0.0	0.0
Precept increase	5.1	7.5	2.9	2.9	3.0
Total Funding	250.0	261.7	270.4	276.2	276.6
Financial Indicators					
Funding Change	14.9	11.7	8.7	5.8	0.4
Cost Increase as % of base	6.9%	7.2%	5.6%	4.0%	2.4%
Total Budget Change	14.9	11.7	8.7	5.8	0.4
Total Budget Change	6.3%	4.7%	3.3%	2.2%	0.2%
Band D £	270.57	285.57	291.28	297.11	303.05
Band D Net precept increase %	3.84%	5.54%	2.00%	2.00%	2.00%
Precept Funding increase %	4.9%	4.6%	2.0%	2.0%	2.0%
Total Precept Receipt	137.0	143.3	146.3	149.2	152.2
Precept as % of Net Budget Requirement	55%	55%	54%	55%	55%
Grant as % of budget	45%	45%	46%	45%	45%
Net Budget Requirement	250.0	261.5	270.3	273.7	276.6
Net budget requirement movement %	6.8%	4.6%	3.4%	1.2%	1.1%
Efficiency Savings Plan	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m
Strategic Change Programmes:					
Savings Achieved Ahead of Schedule					
CIPFA Savings Proposals					
Red		0.0	0.0	0.0	
Amber		(2.1)	0.0	0.0	
Green		(4.3)	(0.1)	(0.1)	
Total of Strategic Change Programme Savings:	(1.4)	(6.4)	(0.1)	(0.1)	0.0
Annual Savings Requirement	(1.4)	(6.4)	(5.9)	(5.1)	(6.3)
In Year Surplus/Deficit	0.0	0.0	(5.8)	(5.0)	(6.3)
Cumulative Surplus/Deficit	0.0	0.0	(5.8)	(10.8)	(17.1)

Appendix B - Efficiency Savings Plan

Savings Proposals 2021/22	£'000
Use borrowing to Fund Capital Programme	2,600
Reduction in Fleet Size - reduction in servicing costs	111
Reduction in Force Insurance Contract	817
IS Procurement Savings	158
Review ICT Systems	200
Remove Landlines to reduce telephony costs	45
Review Police Property Act Income	16
Reduction in Storage Costs	235
Reduction in Property Claims from Warrants	20
Coroners Office gradual transfer of financial cost to SCC	127
Total Lower Risk Decisions	4,329
Tighter control over inflation	450
Reductions in agency costs (10%)	63
Reductions in consultancy costs (10%)	269
Reduction in overtime (5%)	-
Utility savings	22
Implement Tight Vacancy Control	1,250
Adjust police officer recruitment profile	-
Total Medium Risk Decisions	2,054
Total Higher Risk Decisions	-
All Savings Identified	6,383

Appendix C – Financial Assumptions

Assumption		2021/22	2022/23	2023/24	2024/25
Capital Grant	£m	£0.20	£0.20	£0.20	£0.20
Main Policing Grant change		0.00%	0.00%	0.00%	0.00%
Revenue Support Policing Grant change		0.00%	0.00%	0.00%	0.00%
New Police Pension Grant		0.00%	0.00%	0.00%	0.00%
Council Tax Support Grant		0.00%	0.00%	0.00%	0.00%
Legacy Council Tax Freeze Grants		0.00%	0.00%	0.00%	0.00%
Operation Uplift Grant	£m	£5.10	£6.90	£ -	£ -
Precept (£15 one year increase)		5.54%			
Precept			2.00%	2.00%	2.00%
Tax base increase		-0.90%	0.00%	0.00%	0.00%
Local Council Tax Scheme	£m	£1.50			
Collection Surplus/(Deficit)	£m	-£1.00	-£0.40	-£0.40	£ -
Police Staff Pension Employer Contribution rate		16.50%	16.50%	16.50%	16.50%
Police Officer Pension Employer Contribution rate		31.00%	31.00%	31.00%	31.00%
Police Officer pay inflation		0%	2%	2%	2%
Police Staff pay inflation		0%	2%	2%	2%
Salary Increments	£m	£1.20	£1.20	£1.00	£1.10
South East Allowance	£m	£5.60			
General Price inflation		2%	2%	2%	2%
Investment Interest Returns		0.10%	0.10%	0.10%	0.10%
Income - Fees & Charges *1		No Change	No Change	No Change	No Change
Income – Specific Grants *2		No Change	No Change	No Change	No Change
General Reserve		3% NBR minimum	3% NBR minimum	3% NBR minimum	3% NBR minimum

Appendix D – Capital Programme (Funding)

Surrey Capital Programme Funding	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m	£m
Capital Resources Brought Forward	-	-	-	-	-	-
Central Government Grant	0.2	0.2	0.2	0.2	0.2	0.8
Other Capital Receipts	1.0	0.3	0.9	0.4	-	2.6
Estate Strategy Receipts	7.3	-	4.7	39.4	-	51.4
Estate Strategy Borrowing	8.0	2.7	(3.4)	(39.4)	-	(32.0)
Other Borrowing	-	-	-	-	-	-
Total Capital Resources	16.5	3.2	2.4	0.6	0.2	22.7
Capital Resources Applied	19.3	9.0	7.3	6.4	6.0	47.8
Capital Resources Carry Forward	(2.8)	(5.8)	(4.9)	(5.8)	(5.8)	(25.1)
Revenue Resources brought forward	0.2	-	-	-	-	0.2
Revenue Contributions Received in-year	2.6	3.6	4.6	5.6	6.6	23.0
Other External Grants / Conts	-	-	-	-	-	-
Capital & Investment Reserve	-	-	-	-	-	-
Total Revenue Resources	2.8	3.6	4.6	5.6	6.6	23.2
Revenue Resources Applied to Capital	2.8	5.8	4.9	5.8	5.8	25.1
Revenue Resources Applied to Revenue	-	-	-	-	-	-
Revenue Resources Carry Forward	(0.0)	(2.2)	(0.3)	(0.2)	0.8	(1.9)
Total Funding Applied	19.3	9.0	7.3	6.4	6.0	47.8

Appendix D – Capital Programme (Expenditure)

Surrey Capital Programme Expenditure	Year 1	Year 2	Year 3	Year 4	Year 5
DESCRIPTION	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000's	£'000's	£'000's	£'000's	£'000's
End User Devices				Provisional	
Hardware Refresh (includes server refresh)	c 682	c 625	c 625	c 625	c 625
Infrastructure					
Infrastructure & Networks	c	c 945	c 945	c 945	c 945
Firewall Refresh/upgrade & consolidation	c 432				
Niche	c 259				
EMM Replacement	c 159				
Process					
Network Monitoring Tool	c 41	c 225	c 225	c 225	c 225
Digital					
Mobile Data Terminals - Refresh	c	c 225	c 225	c 225	c 225
Other ICT					
DFT Refresh	c 91				
vRealise Operations Manager	c 32				
Service Management Platform	c 182				
Unified Comms (Contact Centre)	c 135				
ICT Sub Total	2,012	2,020	2,020	2,020	2,020
Fleet Strategy				Asset Management Plan	
Vehicle Replacement	c 3,229	c 3,229	c 3,565	c 4,008	c 3,587
Fleet Equipment	c 109	c 109	c 109	c 109	c 111
Vehicle Telemetry	c 54	c 54	c 54	c 54	c 54
Automatic Number Plate Recognition	c 259	c 259	c 169	c 169	c 184
Fleet Sub Total	3,651	3,651	3,897	4,340	3,936
				Provisional	
Specific Capital Schemes - Specialist Crime					
POLIT FWS	c 61				
SEROCU	c 331	c 450			
Specialist Crime Sub Total	392	450	-	-	-
Specific Capital Schemes - Operations					
Automatic Number Plate Recognition (ANPR)	c 300	c 150			
Taser Replacement	c 35				
- Drone Replacement	c 35				
- Operations Command Equipment	c 225				
Operations Sub Total	595	150	-	-	-
Capital Programme Sub Total	6,650	6,271	5,917	6,360	5,956
Specific Capital Schemes - Estate Strategy					
Building the Future	c	c tba	c tba	c tba	c
BTF - HQ	c 7,834				
BTF - Dog School	c 1,780				
BTF - Cost of disposals	c 780				
BTF - Agile Working	r -				
Housing Strategy	c 100				
50m Firing Range	c 1,350	c 2,700	c 1,350		
Caterham Roof Replacement	c 783				
Estate Strategy Sub Total	12,627	2,700	1,350	-	-
Total Proposed Programme	19,277	8,971	7,267	6,360	5,956

Appendix E Surrey Financial Risk Analysis – January 2021

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

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

	<p>Operation Uplift Officers (73) and precept new investment of £4.1m.</p> <p>Savings plan £6m 2021/22</p> <p>Monthly 'Group' budget monitoring</p>	<p>The achievement of savings developed with support from CIPFA have been scrutinised by Chief Officers as to the acceptability and achievability of the proposed savings.</p> <p>Financial monitoring is in place with a rigorous process of monthly review, including close scrutiny by the Chief Constable's Chief Finance Officer, the PCC's Chief Finance Officer and at the monthly DCC chaired Force Organisation Board, at which progress against the investment is reported.</p> <p>The PCC regularly receives a Financial Report which is on the agenda at the Chief Constable accountability meeting entitled the PCC Performance Meeting.</p>
Savings Plan	Budget includes £6m of savings	<p>The achievement of savings developed with support from CIPFA have been scrutinised by Chief Officers as to the acceptability and achievability of the proposed savings.</p> <p>Action plans to deliver savings continue to be reviewed by Chief Officers and regular monitoring will be undertaken to track achievement of savings and ensure any additional action required is undertaken during the year.</p> <p>The savings planned in the first year of the four year plan are within the reserves available but would be exceeded in subsequent years if not delivered.</p>
National IT Systems	Move to full cost charging without transfer of funding from Home Office.	Further potential costs related to the national Home Office charges for IT systems from a grant ratio allocation basis to a Force budget ratio which may lead to additional costs for Surrey Police including changes to training and the creation of the national police college could continue in 2021/22 and beyond. A PCC and Police group has been established to scrutinise these cost before they are agreed.
Levels of Reserves	Forecast to reduce over the term of the MTFS	<p>Currently used to finance the capital and investment programme and major change initiatives. It remains a risk that the level of reserves is adequate to meet unplanned demand and unexpected costs.</p> <p>To mitigate this risk, the General Reserve is kept at a minimum of 3% of revenue expenditure.</p> <p>An annual review of all reserves is undertaken at budget setting along with a post year-end review and update to the MTFS. Now that our budget is increasing further contributions are required to reserves in order to meet the stated limits over the period of the MTFS. Specific reserves are being employed to reduce the pressure on the revenue budget in the form of an Estate Strategy Reserve and a Cost of Change Reserve. A reserve by its nature can only be employed as a one off cash injection, the savings planned in the first year of the four year plan are within the reserves available but would be exceeded in subsequent years if not delivered.</p>
Interest rates, investment and borrowing	<p>Interest rates assumptions</p> <p>Borrowing at fixed rates.</p>	<p>Forecasts of investment income for 2021/22 onwards are based on estimated cash balances and interest rate forecasts as set out in the treasury management strategy. A prudent position has been adopted with regard to anticipating future increases in interest rates, to address the risk of interest rates being lower than expected, from a very low base.</p> <p>As economic activity has slowed markedly and interest rates reduced, in year and over the planning period estimates have been revised downwards.</p> <p>The risk of investment fund loss due to collapse of the financial institution with whom the deposit is placed, is limited by controls within the Treasury Management Strategy which focus on security rather than returns. Potential impact is mitigated by a diverse portfolio</p>

		<p>with top credit rated institutions.</p> <p>As part of the borrowing strategy in support of financing long term assets the ability to employ internal and external borrowing has been established which will be instigated by the Chief Finance Officer for the PCC. The Building the Future project is planned to be financed from borrowing.</p>
Income Assumptions	Income budgets reduced for specific items.	Some risk of achieving on-going level of income targets included in Divisional and Department budgets. This will be monitored during the year and appropriate action or mitigation agreed as necessary. Additional income may be received in-year due to unforeseen events, additional grants from Home Office or other third parties. Budget adjustments will be requested where appropriate.
Police Pension	Ruling from McCloud and Sergeant appeal	Police pensions along with many public sector pensions was reviewed to ensure a fairer balance between public purse and pensioners. The scheme was changed to a Career Average Revalued Earnings (CARE) scheme which included transitional arrangements. These arrangements were challenged and accepted by the tribunal. There is a possible risk that future employer contributions will have to increase as the cost of the scheme is expected to be higher. The risk is whether this higher employer contribution is met from government funding or rests with Forces.
LGPS Pension	LGPS reform changes	<p>HMT Restriction of Public Sector Exit Payments Regulations 2020 restrict public sector bodies from making exit payments above £95,000 in connection with a person over the age of 55 leaving employment or vacating office.</p> <p>MHCLG proposes further limitations to LGPS and compensation regulations within a wider exit payment reform which includes pension strain costs and discretionary compensation amounts. There is also a risk of legal challenge to force payment decisions as LGPS regulations are not yet consistent with HMT regulations.</p> <p>Other challenges to LGPS funds and administration include the impacts of McCloud underpin implementation, SAB and HMT cost sharing schemes, Goodwin (survivor payment equality) remedy and the alignment of LGPS valuation cycles with other government schemes e.g. police officer schemes.</p>
Reductions in security grants	Potential reductions in Airport and other security grants.	MTFS assumes that grants will continue at current level. If subsequently reduced, savings will be made to cover the reduction outside of core savings targets.
Public Order	Additional cost of overtime and associated costs	Whilst action will be taken to mitigate the overtime and other additional costs relating to policing public order operations, significant costs may be incurred on anticipated events in 2021/22. The Force is following nationally agreed guidelines on the policing of events. It is proposed that any in-year over-achieved savings will be used as a first source for funding, otherwise other revenue budget and operational reserve provides potential sources of funding if necessary.
Operational Demands	Public protection	<p>Key operational pressures include continuing demand and complexity of public protection cases (domestic abuse and vulnerable children/adults) plus changes in nature/type of evidence collection, with a growing range of digital devices having to be examined requiring additional forensic time/resource and cost to process. The Forensic Capability Network a national group are overseeing developments in the Forensic market including digital forensics.</p> <p>https://recruitment-dcp-dp.org/dorset-police-staff/forensic-capability-network/</p>

Capital Programme	Latest plans	There is a risk of the capital programme being understated, or that over spending occurs, resulting in insufficient funding being available as planned. Slippage may also impact on operational demands. The capital plan is reliant of several sources of funding including capital receipts which are at risk of not being achieved either in quantum or timing. These risks are mitigated by regular review of all major projects including the Estates Strategy and ICT projects, focus on key priorities agreed in advance, together with monthly budget monitoring and regular monitoring reports to the PCC.
Building the Future – New Headquarters	Major capital project	The scale of this project carries a number of risks including potential financial risks which are managed through a Building the Future Steering Group chaired by the Deputy Chief Constable which makes recommendations to the Building the Future Board chaired by the Police and Crime Commissioner for any decisions.
Climate Emergency - Carbon Neutral Pledge		Following Surrey County Council declaring a climate emergency the PCC and Chief Constable fully back the move and a strategy is now being developed through the joint Surrey and Sussex Environmental Board with the aim of making the organisation carbon-neutral by 2030. As the strategy is developed the financial implications will become apparent.
Capital Financing	MRP is calculated on an asset by asset basis	This Capital Financing risk is of charges being greater than budgeted. This is mitigated by considering revenue and capital implications of major project spend within the capital and investment planning process and inclusion within the MTFF. The MRP debt repayment provision is calculated on individual assets and 100% of borrowing has fixed term rates, thus will not be impacted by changes in interest rates. Borrowing is planned to finance the capital programme within this MTFS.
Regional Partners	Investment plans	The risk is that all regional partners are not aware of each partner's investment plans, estate strategy etc. which can lead to un-planned expenditure within the year. A regional Police lead for SERIP has improved the communication to minimise this possibility, within their scope.
National ICT Programmes	Latest plans	There is a risk that delays to the implementation of national ICT schemes including ESMCP, NLEDS & HOB present significant risk. These risks will be managed by regular review of all these major projects at both the Strategic Change Board and the DCC Strategic Planning Board.
Local ICT Programmes	Project transition	Following the delays experienced by the ERP project it has now entered a transition phase to assess the direction the Force wishes to take to further develop the asset taking into account their priorities, risk appetite and affordability. There is a risk due the nature of it being a major IT project that costs maybe under estimated. The associated risk is the cost of maintaining legacy systems to ensure they remain fully operational.
Risk Management		Financial consequences could result if all major risks have not been identified when the budget has been set. This is mitigated by robust risk management arrangements in place with formal reporting to the Joint Audit Committee, Organisational Reassurance Board chaired by the Deputy Chief Constable; comprehensive insurance arrangements in place; and an adequate reserves policy and reserves (including the insurance and general reserve balances).

15. Glossary

PCC – Police and Crime Commissioner

ICT – Information Communication Technology

HMICFRS – Her Majesty's Inspectorate of Constabulary & Fire and Rescue Services

ANPR – Automatic Number Plate Recognition

SOCU – Serious Organised Crime Unit

FTE – Full Time Equivalent

ERP – Enterprise Resource Planning

FMS - Force Management Statement

MTFP – Medium Term Financial Plan

PEEL – Police Efficiency, Effectiveness & Legitimacy

NCA – National Crime Agency

ROCU – Regional Organised Crime Unit

CPS – Crown Prosecution Service

CCTV – Close Circuit TV

ESN – Emergency Services Network

ESMCP – Emergency Services Mobile Communication Programme

NPCC – National Police Chiefs Council

NLEDS – National Law Enforcement Data Service

CT – Counter Terrorism

RIBA – Royal Institute of British Architects

PPE – Personal Protective Equipment

CIPFA – Chartered Institute Public Finance Accountants