

## The Decision of the Panel

Following consideration of the information provided, the Panel:

- a) supported the PCC's proposal to increase the precept by £14.94 (6.71%) per annum in 2021-22 (9 votes in favour and 3 against) but, in doing so, formally raised its concerns regarding the PCC's 'Reserve Strategy', specifically the principal of increasing the precept whilst continuing to build up the level of reserves - particularly in 2021-22.

Reserves are being held to mitigate the real risk of failing to secure sufficient savings to balance the Constabulary's budgets in years 2 to 4 of the MTFP, alleviate cost pressures and potential future funding shortfalls and fund the Constabulary's future investment requirements.

The decision to retain reserves rather than use them to fund the Constabulary's 2021-22 running costs is consistent with the PCC's reserves' strategy. The relevant extract from the strategy is provided below:

F.4 In order to assess the adequacy of reserves when setting the budget, the PCC, on the advice of the CFO, should take account of the **strategic, operational and financial risks** facing the organisation. This assessment of risk should include external risks, as well as internal risks, for example the ability to deliver planned efficiency savings.

Source: Medium Term Financial Plan 2021-22 to 2024-25, Appendix F

An assessment of the strategic, operational and financial risks was performed as part of the financial strategy and planning process. The results are provided below:

The MTFP shows a balanced budget in 2021-22. This is not the case for the remaining three financial years, which show the following deficits:

	Budget	Forecast	Forecast	Forecast
	2021-22	2022-23	2023-24	2024-25
	£000	£000	£000	£000
Deficit before planned savings	3,158	4,652	6,558	8,134
Planned savings	(3,158)	(3,366)	(3,418)	(3,447)
<b>Deficit after planned savings</b>	-	<b>(1,286)</b>	<b>(3,140)</b>	<b>(4,687)</b>

Source: extracted from Medium Term Financial Plan 2021-22 to 2024-25, p10.

### Budget reserve

The budget reserve is being held to mitigate the risks posed by inflationary cost pressures and future funding shortfalls:

#### Inflationary cost pressures

- Pay awards cost the Constabulary £1m for every 1% increase. There is no guarantee that the government will fund future pay awards and may, as in previous years, expect Forces to fund them from existing budgets or through savings.

#### Future funding shortfalls

- Build back in tax base** – increased unemployment levels as a result of the coronavirus pandemic has reduced the tax base by 1.05% for 2021-22, which leads to reduced council tax

funding. The MTFP has assumed that the tax base will be back at pre-COVID levels by 2024-25), but this will depend on the local economy.

- **Contraction in the tax base and collection fund deficit** – the government has recently announced plans to fund a proportion of these funding shortfalls in 2021-22 through the local government settlement. It is uncertain if this funding will continue beyond 2021-22.
- **Precept referendum limits** – there is no indication what future limits will be. A 2% increase covers inflation for prior years' precept investments only i.e. it allows the Constabulary to 'stand still' but does not provide any additional funding for investment in operational capability.

### **Change reserve**

There is a significant risk that the Constabulary is unable to find sufficient savings to eliminate the forecast deficits, or that the timing of savings is later than the budgeted expenditure. This risk is based on the following assessment:

- The Constabulary faced a challenging savings target for 2021-22. The savings gap was closed due to the government's decision to introduce a 1-year 'pay pause' across the public sector. This may be lifted after 12 months.
- There is little scope to deliver additional savings across the Constabulary's revenue budget. Undelivered savings would likely translate to budget cuts, which would reduce the Constabulary's operational capacity and operational impact.

The change reserve is being built up to provide funding to support transformational change programmes and invest-to-save initiatives to deliver the significant savings that the Constabulary requires over years 2 to 4 of the MTFP to balance its budget.

### **Capital and efficiency reserve**

The capital and efficiency reserve is being increased to support the following significant future investment:

- The Constabulary is planning to replace its operational communications during the life of the MTFP panning period. This is part of a national programme for all emergency services to switch from Airwave communications to the Emergency Services Network.
- A Home Office-provided model estimates the Constabulary's capital costs at £4.4m over 3 years. The estimated costs of ESN are included within the capital programme of the MTFP, and the capital and efficiency reserve is being built up to fund this investment.

These risks have increased due to a one-year funding settlement from government for 2021-22. A three-year settlement and multi-year pay agreement would increase planning certainty and support the PCC and Chief Constable in making longer-term financial decisions.

**b) made the following recommendations:**

- (i) that the PCC provides to the Panel clear evidence of the deliverables arising from the increased precept at regular intervals throughout the year;**

The PCC will (together with the Chief Constable) publish a document in each quarter of 2021/22 to provide an update on how the precept is being used to improve policing in Suffolk. This will be a public document available via the PCC's website.

- (ii) that the PCC provides to the Panel clear criteria which measures the extra activity arising from the precept funding at regular intervals throughout the year e.g., Key Performance Indicators (KPIs), how the additional precept funds have been spent and the outcomes for local communities;**

The document at (i) above will include an overview of broad policing outcomes and the operational benefits across Suffolk. This will be a continuation of what the PCC and the Chief Constable delivered in similar publications in the previous two years.

- (iii) that the PCC and Constabulary considers strengthening its approach to responding to incidents of Anti-Social Behaviour (ASB) and domestic abuse and considers further actions aimed at improving victim support and satisfaction in these areas;**

The Police and Crime Plan prioritises tackling domestic abuse and supporting victims. The PCC has commissioned services across the county, to meet the needs of and support victims of domestic abuse. The PCC will continue to monitor the policing response to domestic abuse, including victim satisfaction, at his Accountability and Performance Panel.

The PCC has statutory power to commission services which contribute to reducing crime and disorder. In relation to Anti-Social Behaviour, local authorities, registered social landlords and the Constabulary, as statutorily responsible named authorities, can all use their powers to take action and support communities.

Although the Panel's recommendations are not for the Constabulary to answer, the Chief Constable has nonetheless advised that these issues are included in policing priorities set out in the Suffolk Constabulary strategic plan. The Chief Constable will work with the PCC to ensure these areas are balanced with other policing priorities and challenges.

- (iv) that the PCC and Constabulary consider enhancing its approach to visible rural policing, with reporting to the Panel on how this could be achieved and measured;**

The PCC has already made significant investment in the rural crime team through previous precept investments by providing additional equipment, vehicles and Police Officers. The PCC recognises the impact of crime can often be greater on victims in the countryside due to their

rural or isolated locations. The Constabulary has produced a rural crime strategy and will continue to work with the PCC to ensure it is delivered effectively in 2021/22.

- (v) that the PCC provides clarity around the more 'commercially focused' approach to maintaining and building income generation, as referred to in the Medium-Term Financial Plan (MTFP).**

The PCC intends to use some of the precept investment to exploit income generation opportunities to mitigate against ongoing financial challenges, focus on sustainability to protect the environment, make better use of scarce natural resources and reduce business costs. Options will be discussed with the Chief Constable and further information will be provided through the aforementioned publications informing the public how the precept money is being invested.