



**NOTTINGHAMSHIRE
POLICE & CRIME
COMMISSIONER**

Draft

Financial Strategy
& Medium-Term Financial Plan
2023-2028



NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE

1. **Executive Summary**

- 1.1 This strategy brings together the Commissioner's business and financial planning. It looks forward over the next 5 years and sets out how it will meet the Commissioner's Police and Crime Plan objectives.
- 1.2 The Police & Crime Delivery Plan was refreshed in 2022 and it is assumed that these key aims remain throughout the strategy period. The key objectives within the plan are:
- Preventing Crime and Protecting People from Harm
 - Responding efficiently and effectively to Community Needs
 - Supporting Victims and Survivors, Witnesses, and Community

This financial strategy puts in place the financial commitments in achieving these objectives.

This strategy also links with other financial reports and strategies that have been reviewed as part of the 2023-24 budget setting process namely:

- the precept report
 - the revenue budget for 2023-24
 - the capital strategy
 - capital five-year programme
 - treasury management strategy and
 - reserves strategy.
- 1.3 This strategy brings together all these reports and strategies and they should be read in conjunction with one another. This strategy also includes indicative budgets for the next 4 years up to 2027-28 based on information known at the current time.
- 1.4 For 2023-24 the proposed level of net revenue expenditure after income and specific grants is £261.7m which is an increase of 5.7% over the 2022-23 amount of £247.7m. Setting a balanced budget requires a council tax increase of £14.94 (band D equivalent).
- 1.5 This level of council tax increase is possible due to the additional freedoms provided within the December Provisional Grant Report, which allow a council tax increase of up to £15 to cover the increase in cost pressures such as pay awards and inflation not included in core grant. This freedom is assumed to revert to £10 for the last year of the 3 year the funding settlement which covers a 3-year period for Policing from 2022-23 to 2024-25.
- 1.6 There is expectation that both specific reserves (used to smooth more volatile expenditure over the medium term i.e., the IT Investment Reserve) and planned use of other general reserves will be used to support expenditure and balance the budget in the future.

- 1.7 The level of General Reserves remains between minimum and maximum recommended levels. The level of reserves are reviewed each year considering the Organisation's spend and risk analysis, as shown in the Reserves Strategy. The Force now has a more planned approach to medium term financial planning, incorporating a whole organisation approach. This ensures all aspects are considered, e.g., workforce requirements, estate, vehicle, and ICT plans). The estates plan covers a period in excess of the medium-term planning period.
- 1.8 Revenue funds are also being made available to fund capital spending again in 2023-24 this is estimated to be in the region of £0.6m, although financial pressures are now such that further such contributions in future years are now unlikely. As capital funding from government grants ceases and the sale of assets reduces, the PCC becomes more reliant on funding Capital expenditure wholly via revenue either through direct revenue financing (reducing borrowing) or providing for the repayment of Loans (increasing borrowing).
- 1.9 Nottinghamshire Police is heavily dependent on government grant funding, with 2/3rds of its funding coming from grant. Core police resources are assumed to increase in line with inflation, although this is wholly driven by increases in Council Tax with no corresponding increase in Core Government Grants, subject to the outcome of the formula funding review.
- 1.10 In 2023-24 an additional £4.9m, in respect of uplift and pay award has been provided, and this whole amount is subject to delivering uplift police officer numbers, although this amount is therefore inherently riskier, the early delivery of uplift numbers by the Force gives Nottinghamshire far more certainty of achievement than other Forces. However, this increase, even including the maximum threshold Council Tax increase is insufficient to cover actual pay award and inflation amounts.
- 1.11 These changes take the total core grant including Uplift funding to £170.6m compared with £167.6m for 2022-23. The issue going forward in the medium to long term is that core grant and Council Tax increases are unlikely to cover all spending pressures, maintaining the requirement for the organisation to continue its delivery of efficiencies.
- 1.12 The budget includes the latest indicative assumptions from the Government's Settlement announcement and in the medium term makes some positive assumptions relating to a Funding Formula Review as, although the timing of a new formula is unknown, there does seem to be more certainty that this will be progressed during the current Parliament. As Nottinghamshire Police are one of the losers under the current funding formula it had been hoped that a new formula would provide a greater level of ongoing grant support in the longer term.
- 1.13 Looking forward, the 5-year medium term financial strategy for 2023-2028 currently forecasts a total remaining budget gap of £0.3m, with deficits first arising in 2024-25, earlier than previously forecast. The modest overall deficit is only achieved if efficiency targets are realised. See section 7 for more details.

- 1.14 Given all the above, it is imperative that financial governance is strong and given appropriate priority to delivering on the efficiency agenda and driving transformation. Good practice in this regard is demonstrated by the introduction of a new Financial Management System (which went live April 2022), major contract works being completed on time and within budget, as well as the restructuring of the Office of the Police and Crime Commissioner with greater resources being allocated to Commissioning, Governance and Community Engagement.
- 1.15 Work has been ongoing on a number of fronts in the past year, including a restructure of the Finance Team, the appointment of new senior finance staff, improved budget monitoring and the embedding of business partnering within the Force approach to business management, all which leads to improved confidence in overall financial sustainability.

2. Financial Context

National Background

- 2.1 The last 10 years have resulted in many changes to the environment that Policing operates in. The economic downturn which started in 2007-08 was initially seen as a key driver for austerity and increased efficiency requirements. This need has continued with the Pandemic impact, and inflationary pressures caused by various global and national circumstances which has presented the Police & Crime Commissioner with significant challenges for policing in Nottinghamshire, including:
- Reductions and flat cash settlements in grant funding
 - Restrictions on Council Tax: relaxed in recent years
 - Demand led pressures
 - Other external factors
 - Delivery of the Uplift target
- 2.2 These economic challenges have contributed to uncertainty, and this has been reflected in the way in which Commissioners have developed medium term strategies for the delivery of services.

Spending Review

- 2.3 The Home Office have concluded their work on the Spending Review 2021. This was done over a very short period of time and within a remit from the Treasury that funding will be tight, where we have had an indication of how this impacts police funding it has been applied to this strategy.
- 2.4 A long-awaited Funding Formula review is still required and is currently in the planning stage, with consultation expected during this financial year. The Police Grant is allocated on a formula which originates and includes data from 2005, and the formula

itself was never fully implemented due to the floors mechanism operated, resulting in underfunding for Nottinghamshire and others. Where future funding formula gains are assumed in this plan, their value has been scaled back as it is also assumed that any gains will be subject to a reducing 'floors and ceilings' mechanism.

Other factors

- 2.5 At a national level the factors which will affect local finances include: the ongoing impact from leaving the European Union, Pension Revaluations, the impact of the pandemic, and nationally run projects such as ICT projects. These are all outside of local control, but all will continue to impact significantly on resources made available.

3. External Influences & Local Impact?

Background and Budget Setting

- 3.1 Each year the Force commences its budget process in late Summer, with a draft budget required by 30th November. Only small adjustments are then needed as the information from the Autumn Statement and grant settlement become known. Final adjustments are made in February once final grant settlement has been announced, and local tax base and collection fund positions are confirmed.
- 3.2 Both the PCC and PCC CFO's attend meetings at a regional and national level to ascertain any possible information from the Home Office that can be obtained and influence the parameters for setting the local budget.
- 3.3 When the settlement was announced in December 2022, it provided PCCs with precept freedom of £15 and a core grant increase that is wholly linked to performance. The settlement period is the second of a three-year period. The precept and budget reports are produced on this information with future assumptions based on increased core grant for uplift only, a £14.94 increase in Council Tax for 2023-24, £10 further increase per year in precept in 2024-25, plus expected tax base growth.
- 3.4 As part of this process all variables are reviewed such as pay award assumptions, the costs of incremental progression, the impact of the living wage, inflation, demand led increases such as the increase in IT (purchase and revenue running costs), efficiencies and savings.
- 3.5 This revised strategy updates all known variables based upon the latest information.
- 3.6 The Force runs a series of internal events known as the ADA process to identify growth required. This also provides the initial contribution towards on-going efficiencies.
- 3.7 Section 6 provides an updated high-level projection of net revenue expenditure and potential funding. This will continue to be updated as we go through the Budget Setting process and Spending Review period.

Current Knowns and Unknowns

Impact of Brexit

- 3.8 As impacts are on-going regarding the implementation of the exit deal with the European Union, its longer-term impact on public sector funding remains unknown, however current plans reflect the impact this has had on national settlement figures and locally borne inflation changes.

Impact of the Pandemic

- 3.9 The impact of the pandemic at a national level on public sector funding is still emerging, although economic recovery has been more positive than first expected the impact both short and long term is likely to be focused on the recovery of the National Health Service for any further additional funding being made available. The longer-term national borrowing position is already likely to restrict public funding in the next CSR.
- 3.10 There remains concern on the impact of the pandemic on council tax. Locally, billing authorities are concerned about any reduction on the amount of council tax collected, although many have a collection fund surplus declared in 2023-24 and tax base increases have returned to the normal range.
- 3.11 Subsequent announcements as part of the previous spending review have confirmed the provision of a Council Tax Support Grant to alleviate the problems of a reduction in the forecasted tax base. And the provision of a local Council Tax Income Guarantee Grant to contribute 75% towards the deficit on the CollectionFund from 2021-22 for three years.
- 3.12 The actual impact of a 1% reduction in Tax Base is estimated at a loss in funding of £850,000.

Pension Revaluations

- 3.13 Over the medium term there is a planned revaluation of the Police Pension Fund and the Local Government Pension Fund. The last revaluations saw the employers' contribution for Police pensions rise by 6.8% to 31.0%. The revaluation of the Staff LGPS scheme has been announced and although core contributions have risen to 18.2% from 16.5%, the fund is now in surplus so past funding contribution amounts have been removed. Overall, the impact therefore has been minimal.
- 3.14 Current estimates are that the employers rate for the police pensions may rise again, to as much as 40%, a net 3.5% increase in police pensions in 2025-26 has been assumed.
- 3.15 The full impact of the McCloud case on public sector pensions is still being implemented, however the Treasury has provided assurance that the full cost of this will be met by Government.

Uplift Grant

- 3.16 The Home Office is providing grant funding for all of the costs associated with the recruitment of additional officers (pay, uniform, premises, vehicles, support services). This core funding which has previously been rolled into core police grant has for this year

been classified as performance related (and includes elements for the police pay award), it has been assumed that this Force will achieve the drawdown of this amount (£4.9m) in full.

- 3.17 A punitive performance claw back system has been put in place, meaning that not achieving the uplift target by a single post will result in a 10% reduction in grant. The Chief Constable has been very proactive in ensuring that Nottinghamshire continues to achieve its target and the Force is in fact expected to be above this target in every month of the financial year. In addition to this advanced recruitment of 50 Officers (with financial support from Government), to replace leavers in 2023-24 has taken place in 2022-23 to support the national achievement of the 20,000 target. This additionality will reduce during the financial year but does remove any uncertainty about the uplift income amount, now that this is fully performance driven.

Efficiencies

- 3.18 The CSR assumes £100m p.a. in efficiency savings for the service. This means that the Force needs to identify and deliver savings on an ongoing basis. The Annual Budget report details the organisations achievement in this respect; currently the trend is that achievement is well above the apportionment of the national target set by government, and this continues to be the expectation in the medium term.

4. Risks and Robustness

- 4.1 In general terms the biggest risk is having insufficient funding to meet expenditure requirements. This can lead to perverse/inefficient outcomes, such as Police Officers carrying out staff roles.
- 4.2 Historically, Nottinghamshire has been underfunded from Police Grant. Since the current formula came into place in 2005-06 Nottinghamshire has had significant amounts of funding withheld in a floor mechanism that protected overfunded forces from experiencing significant cuts in their funding. The consequence of which is that Nottinghamshire has always had to make do with less, does not have cash rich reserves and was already financially stretched when austerity hit.
- 4.3 Nottinghamshire is approximately 2/3rd funded by police grant and 1/3rd by precept. Which during austerity meant we were hit the hardest financially compared to others who are 30-50% grant funded. These forces were still able to receive increased funding from precepts whilst grant was either cut or static. This ratio continues to be a risk that we must manage and work within.
- 4.4 The Funding Formula Review is now being reviewed by the Home Office, although the precise outcome for Notts and any implementation date is unknown, modest assumptions about the impact of this in Nottinghamshire have been made, but this only affects the last 3 years of this 5-year strategy period. Under this current funding formula Nottinghamshire has had at least £10m per annum withheld in grant funding and at one point as high as £18m.

Reserves and Balances

- 4.5 The consequence of the underfunding of police grant has meant that Nottinghamshire has never been “cash rich”. Its level of reserves has always been lower quartile.

Despite this, when opportunities have arisen, we have acted proactively. For example, efficiencies delivered ahead of schedule or greater than expected were transferred to reserves to fund transformation, redundancies, and revenue budget pressures. This is an effective use of reserves for one-off funding to reduce the total revenue base budget going forward.

- 4.6 Nottinghamshire holds a general reserve of £8.6m. Of this £0.075m relates to a requirement under regional collaboration. The £8.6m has increased from £7m with the increase being funded by the previous year’s underspend, and currently represents 3.3% of our net revenue expenditure (NRE), well within the expected 2% to 5% range, this is set out in more detail in the Reserves Strategy.
- 4.7 Nottinghamshire holds other earmarked reserves for specific reasons, the likely to be worsening settlement, along with demand and other changes (like the removal of the nighttime levy in the City) as well as the planned use of these to support expenditure during the period of this strategy, is likely to result in some earmarked reserves being reduced. This will be reviewed by the CFOs as part of the closure of accounts each year and in refreshing the reserves strategy each year.
- 4.8 The Government has made it very clear that it does not expect any force or local authority to hold significant levels of reserves and any capital receipts (which themselves are expected to reduce significantly as the estates rationalisation works comes to fruition) are utilised to fund short life assets in the capital programme, as this is more beneficial to the future revenue budgets. It should be noted Capital grant has now ceased from 2022-23 so all capital funding will require to be funded locally, unless specific grants are made available, none are assumed in this strategy.

5. Strategy Assumptions

- 5.1 The strategy is built based on a number of assumptions as detailed below:

Core Funding

- **Core grant.** It is assumed that there is no increase to core grant funding in line with recent Government Policy until the assumed introduction of the formula funding review .
- **Precept.** It has been assumed for the base position that precept will increase by £15, with this additional freedom for an additional £5 increase being notified as part of the settlement information for 2023-24. This then reverts to £10 year in

line with the previous 3-year CSR. A 3% per annum increase is assumed thereafter.

- **Tax Base.** An addition of 1.5% per annum as a result of new builds and changes to any council tax benefits rules, the actual tax base in each year is determined by the respective billing authorities in the County.

Net Revenue Expenditure

- **Pay.** It has been assumed that both police officer and staff pay will increase in September by 2.0% in 2023-24, and 2.5% thereafter.
- **Pensions.** It has been assumed that all new officers and staff will remain in the schemes following their auto enroll into the respective pension schemes. At the next triennial valuation for the police pension a net increase of 3.5% is assumed. The impact of the recent LGPS revaluation of the staff pension scheme has been factored into the projections.
- **Efficiencies.** A core annual achievement of £2m per annum is assumed in all future years in line with expected national targets. For 2023-24 we have again over achieved (£4.7m) against the theoretical local allocation (£1.8m) of the national efficiency target (£100m). This has helped off-set the higher-than-expected inflation position in the year, which has not been funded in the settlement amounts.
- **Non-Pay.** Inflation is currently running at over 10% and is expected to persist over the short term. Individually there are assessments for specific items of this type of expenditure namely for Gas, Electric, Fuel, Water Rates, General Rates, and Insurance, where specific market data is available. In addition, where contract terms dictate an inflation rate then this has been used. For all other non-pay inflation an amount of 2% has been assumed, although for 2023-24 some adjustment has been made given the exceptional levels of inflation the UK is currently experiencing.
- In addition, because of the level of uncertainty, a further provision of £1.8m has been made for pay and prices inflation volatility

6. High level medium term financial summary

- 6.1 The following identifies a balanced budget for 2023-24, however there is a stretched efficiency requirement, i.e., above the £2.0m amount expected, in each of the following years of the plan. This is a worsening position and indicates that maintenance of current service standards will become increasingly challenged as time progresses.

Medium Term Financial Plan - as at January 2023

Revenue	2023-24	2024-25	2025-26	2026-27	2027-28	Assumptions
Expenditure	£m	£m	£m	£m	£m	
Pay	208.1	215.2	220.5	226.0	231.2	2% in 23-24, then 2.5%
Non-Pay	79.4	81.5	83.3	85.2	87.0	Blended*, 5.5%, 2.7% then 2.2% p.a.
Income	-24.8	-25.4	-25.9	-26.4	-27.0	2% p.a.
Use of Asset Reserve	-1.6	0.3	1.7	-1.9	-0.3	Planned use to smooth replacement cost
Total Net Revenue	261.1	271.6	279.6	282.8	291.0	
Expenditure (NRE)						
Funding Analysis						
Core Police Grant	154.0	159.8	161.0	161.0	161.0	23-24 PUP grant added to core. Assumed
PUP grant	4.9	0.0	0.0	0.0	0.0	flat cash amounts
C.Tax Legacy	9.7	9.7	9.7	9.7	9.7	Fixed amount
Funding Formula Review	0.0	0.0	2.0	4.0	5.0	Gains phased – floors & Ceilings
Pension Top-up Grant	2.0	2.0	2.0	2.0	2.0	Fixed Amount
Precept	89.6	94.3	98.6	103.0	107.7	£15, £10, then 3% increases
Core Funding Available	260.2	265.8	273.3	279.7	285.4	
Balance Sheet Funding						
Use of Reserves	1.5	0.4	0.4	0.5	0.5	Planned use to fund general expenditure
Total Funding Available	261.7	266.2	273.7	280.2	285.9	
DRF	0.6					Funding of capital expenditure
Net Surplus/(deficit)	0.0	(5.4)	(5.9)	(2.6)	(5.1)	
Core Efficiency requirement (BAU)	£4.6m of efficiencies have been removed from NRE above	1.5	0.8	0.4	0.3	This is the level of efficiencies/reductions expected each year as part of normal business
Stretch Efficiency Target		3.9	5.1	2.2	4.8	Additional efficiencies required to balance the budget
Total Efficiency requirements – Balanced Budget	0.0	5.4	5.9	2.6	5.1	The efficiency total required (non-cumulative impact)
Cumulative Deficit	0.0	5.4	11.3	13.9	19.0	Cumulative deficit if efficiencies are not achieved.

7. Efficiency strategy

- 7.1 The settlement this year is challenging, especially in respect of the management of inflation which at a national level is significantly above target. In respect of uplift funding is now heavily weighted to performance, and this is a trend that might be employed by Government in the future to core funding. In any case it is clear to see that greater focus on how forces are planning for, and delivering, efficiencies in their operation is likely to happen.

- 7.2 The force also has pressure to deliver efficiencies to invest in new buildings technologies, in office-based technology, and vehicles for both operational need as well as to support government in the delivery of its environmental targets, both the short, medium, and long term. There will therefore be an on-going need to achieve efficiencies as the Force continues to maintain a financially sustainable position over the long term.
- 7.3 The Chief Constable continues to drive efficiency challenges within Force and the current years budget has a reduction in costs of £4.6m, these are required to support a balanced annual budget and are detailed in the Annual Budget Report.
- 7.4 There are risks associated should the efficiencies and savings identified not be achieved in the year that they are required, but these are much less than in previous years. The substantially improved link between financial management and recruitment means that mechanisms for managing both operational and financial performance, and thus risk mitigation, are now well developed.
- 7.5 However, although efficiencies delivered over the last 4 years exceed those identified in the previous Medium Term Operational Plan, these still haven't been sufficient to deliver a sustainable medium to long term financial position, as external global and national factors, and other supply chain issues has led to a global recession and high inflation rates.
- 7.6 The Commissioner is of the view that continually achieving efficiencies is necessary however challenging. Although current indications at the time of producing this report is that the Force will achieve its efficiency targets for the 2022-23 budget, and that overall outturn will be below budget. As in the previous year if budget and efficiency targets are not met then the Commissioner will require the force to provide alternative in-year savings plans.

Future Efficiency Targets

- 7.7 The budgeted summary financial position above shows current year and future efficiency requirements:

Revenue Expenditure	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	Assumptions
Total Efficiency requirements – Balanced Budget	0.0	5.4	5.9	2.6	5.1	The efficiency total required (non-cumulative impact)
Cumulative Deficit	0.0	5.4	11.3	13.9	19.0	Cumulative deficit if efficiencies are not achieved.

Business as Usual.

- 7.7 In the normal running of a business, it would be expected some form of on-going efficiency savings or budget reductions would become the norm. At the Force we do expect a continuous challenge by the Force Executive Board, Budget Managers and from the Finance Team to ensure this is delivered.
- 7.8 In the medium-term efficiency strategy work expectations are as follows:

Core Efficiencies – Business as Usual expectations

	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	
Core Efficiency requirement (BAU)					This is the level of efficiencies/reductions expected each year as part of normal business
Procurement Activity	0.350	0.050	0.050	0.050	On-going activity
Estates (sustainability investment/rationalisation)	0.150	0.100	0.050	0.050	Net impact of sustainability business cases
IT (obsolete systems/licenses)	0.250	0.200	0.100		On-going programme
Flexible working	0.100	0.100			Part reduction in hours/smaller estate
New Income generation	0.250	0.100			Safer Roads, abnormal loads etc.
Ad Hoc staffing reviews	0.100				Normal business practice
Budget Build challenges	0.300	0.250	0.200	0.200	Part of annual budget gatekeeping
Total BAU (cumulative)	1.500	0.800	0.400	0.300	
Cumulative Total	1.500	2.300	2.700	3.000	

Stretch Efficiency Target

- 7.9 However, given both the annual and cumulative savings identified in the MTFP this alone would not be sufficient to deliver a balanced budget. The Force therefore needs to identify further stretch efficiencies or reductions to balance the budget.
- 7.10 This is on-going work with business cases and operating models being constantly reviewed, the ADA approach we take to identifying developments in service also assist in targeting areas for future efficiencies. The following table gives examples of current expectations that could be achieved:

Stretch Efficiencies – Areas for delivery in the medium term

	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	
Stretch Efficiency Target					Additional efficiencies required to balance the budget
Custody Suite Staffing review	0.250				In line with business case requirements
Riverside Sub-lets	0.150				PFI exit strategy
Reduced Graduate Investigator posts	0.300	0.150			Reduced to 12 per annum 24-25, and 6 per annum 25-26
Reduced PSI posts	0.350	0.350	0.400		Reduce 10 per year, in line with strategy
Vacancy rate up 1.0%	0.350				
MRP/CFR review	0.100	0.100			
Increase in income fees	0.100		0.100		Locally set income only
Total Stretch Efficiency	1.600	0.600	0.500	0.000	
Cumulative Total	1.600	2.200	2.700	2.700	

- 7.11 If these efficiencies were to be delivered in the timeframes expected, then this would

have the following impact on the MTPF

Medium Term Financial Plan with efficiencies embedded

	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	
Total NRE before efficiencies	271.6	279.6	282.8	291.0	
New in-year NRE (after efficiencies applied)		276.5	278.3	285.6	Net increases in expenditure are £8.0m, £3.2m, £8.2m in 25-26, 26-27 and 27-28 respectively
Core Efficiency Target (BAU)	1.500	0.800	0.400	0.300	This is the level of efficiencies/reductions expected each year as part of normal business
Stretch Efficiency Target	1.600	0.600	0.500	0.000	Additional efficiencies required to balance the budget
Total in year Efficiencies	3.100	1.400	0.900	0.300	
New NRE (after efficiencies applied)	268.5	275.1	277.4	285.3	
Total Funding Available	266.2	273.7	280.2	285.9	
In year deficit/(surplus)	2.3	1.4	(2.8)	(0.6)	The efficiency total required as part of the Forces efficiency strategy
Cumulative Deficit	2.3	3.7	0.9	0.3	Cumulative deficit after efficiencies are achieved.

8. CFO Conclusion

- 8.1 Work continues towards achieving and refining the required savings plans in order to deliver on the Commissioners Police and Crime Plan, it is however clear that on-going savings will be required in order to achieve this. The full implementation of pay and other non-pay efficiencies, along with the Annual Departmental Assessments and Departmental Reviews will leave the Force well placed to deliver the required efficiencies required during this planning period, and thereafter achieve a sustainable financial position.
- 8.2 There is more clarity in relation to future Home Office funding levels, and the relaxing of Council Tax referendum rules with a £15 in year increase does provide for more certainty and opportunity in the future. The investment in the Uplift programme will enable the Force to meet its operational demand, which has seen additional resources being mainly directed to front line delivery in neighborhoods. Force performance remains good and plans to maintain PC numbers as well as provide for the maintenance and replacement of operational equipment and buildings beyond the planning period are in place.
- 8.3 The drive for efficiency in support costs, either corporate or policing related will continue. The aim is to ensure our costs in respect of these activities are amongst the most efficient

when compared to other police forces. However, following on from Op Regain further savings in these areas may be limited.

- 8.4 Sufficient on-going review and risk management is in place such that if funding levels anticipated are not forthcoming then delivery of the standard policing model is achievable in a time frame that does not jeopardise the minimum sustainable policing level. The current efficiency strategy does begin to realise some of these reductions as we reduce the number of temporary staff investigation roles as core PC roles become more experienced and can be directed towards this activity.
- 8.5 During the period of the plan to 2027-28, if the efficiency gains are achieved as identified, a minor deficit of £0.3m is expected. This is a sufficiently small enough number to consider, given the large number of planning assumptions made, that the financial plan is balanced. The Force has a track record of over-achieving its targets, and if this is the case then these will be used to increase the reserves of the OPCC.
- 8.6 This strategy shows that the delivery of the MTFP and achieving the Forces operational need is reliant on both maintaining current real term spending as well as the delivery of on-going efficiencies. Neither of these is certain and the level of risk in the assumptions are such that this position could be in jeopardy if government grants are reduced and if inflation, especially in respect of pay, are greater than estimated, or if the Commissioner does not use the maximum of freedoms given in the setting of Council Tax.
- 8.7 In conclusion there are robust plans in place to deliver savings in the short, medium, and long term. The risks associated with the annual efficiency target of are significantly reduced in the current year as these have already been included in core budgets.
- 8.8 As a consequence of the improved budgeting performance, the introduction of the Annual Departmental Assessment reviews, more certainty of Central Government funding, and greater discretion in the setting of local taxation levels, the finance and Operating Model of Nottinghamshire Police Force is considered to be above the minimum standards and is sufficiently robust to be **affordable**.

9 Opinion

- 9.1 The Commissioner and Chief Constable are of the view that achieving the levels of efficiencies shown above, although challenging, are certainly achievable. There is monthly monitoring of performance, spend and recruitment against the financial targets, and in year adjustments, when necessary, continue to be proactively made. Above all a **prudent** approach to both the operational and financial management of the organisation is in place
- 9.2 However there is no room for complacency and consideration is being given on the best ways to retain the thoroughness of delivering on-going efficiencies. We are also mindful of the risks associated in these plans, especially those affecting the national economy, the upcoming review of the police funding formula, and the level of uncertainty in the base assumptions that a forecast of this nature relies upon.
- 9.3 The Annual Budget, Operational Models, and this Medium-Term plan are sufficiently robust to ascertain that policing in Nottinghamshire is above the levels required to provide

an adequate police service and that the Force is sufficiently resourced to ensure this on a **sustainable** basis.

Risk Review

- 9.4 Although with the achievement of efficiencies the plan does give a positive financial position, the level of risk in the assumptions are such that this position could be compromised. The main risks being if government grants are reduced and if inflation, especially in respect of pay, is greater than estimated or that there is a significant and unplanned uplift in demand. In these situations, modelling has shown that a move to the minimum policing model is sustainable, although performance would be reduced.
- 9.5 Furthermore modelling does show that the OPCC will have sufficient funding in the Reserves to allow for a minimum of two years achieving any required change. Two years is more than sufficient for recruitment to be curtailed, but not stopped, for the force to scale down to a revised employee number by the natural attrition rate for officers and staff.

C Henry
Police and Crime Commissioner

K Meynell
Chief Constable

S Caddell
Chief Executive to the PCC

S Cooper
Deputy Chief Constable

G Holder
Chief Finance Officer to the PCC

M Kimberley
Chief Finance Officer to the CC

January 2023