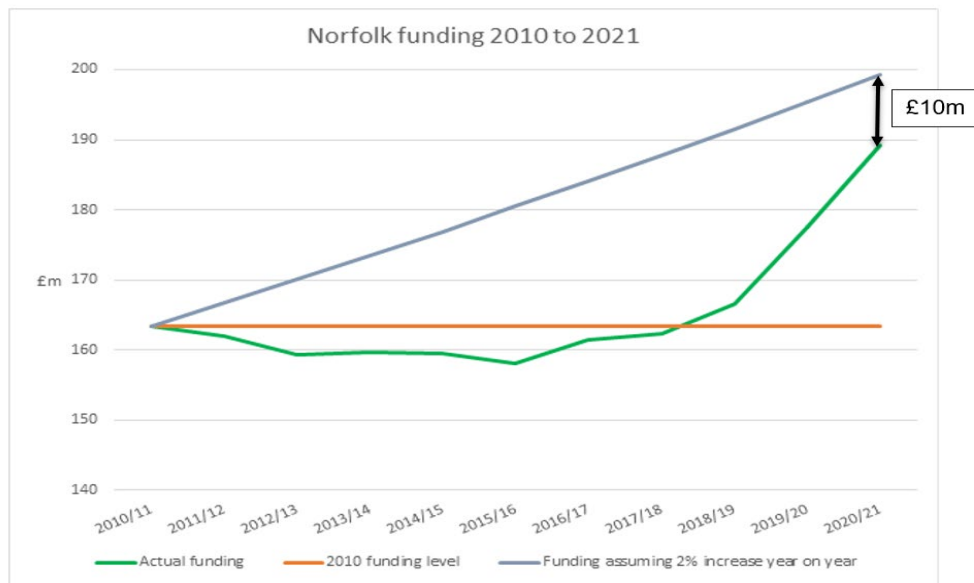


**Impact of inflation:**

The police service has already been through 10 years of austerity. The table below shows the amount of cash received by Norfolk Constabulary from the main Home Office grant, precept from households in Norfolk, plus all specific grants. Cash levels only exceeded those of 2010/11 for the first time in 2018/19. The blue line represents the amount of money the force would have received if their grants and precept had risen broadly in line with approximate inflation of 2% each year.

Table 1: Funding for Norfolk 2010 to 2021



This shows that, despite recent increases in government funding and precept, the force has absorbed significant amounts of inflation over that time and still has c.£10m less than 2010 in real terms.

**Other unavoidable pressures:**

Other statutory and legislative changes have increased costs to the organisation (e.g increases to National Insurance, Pensions, reduction in the capital grant). The constabulary has had to absorb additional cost pressures of at least £9.5m per year on top of inflationary pressures as per table 2.

Table 2:

Significant Unavoidable costs 2013/14 - 2020/21	Annual impact £m
Local Govt Pension Scheme	1.6
Pension auto-enrolment	0.3
National introduction of the Single Tier Pension that resulted in an increase in National Insurance Contributions	2.0
Officer pension costs picked up locally due to change in approach by HMT	4.0
Loss of capital grant (therefore hit on revenue)	1.0
Bear Scotland legal case (national)	0.2
Apprenticeship Levy*	0.4
<b>Impact on annual budget</b>	<b>9.5</b>
* Constabulary will draw down on the Levy to fund training for the Police Education Qualification Framework (PEQF)	

Note: HMT = Her Majesty's Treasury

### **Rising demand and complexity of crime:**

On top of this, over the same period, whilst Norfolk remains a very safe county, the Constabulary has dealt with continuing increases in reports of domestic abuse, rape and serious sexual offences, adult and child abuse and allegations of cyber enabled fraud. These are some of the most complex, costly and demanding investigations the service has to undertake and they require a highly skilled workforce. In the period 1<sup>st</sup> December 2019 to 30<sup>th</sup> November 2020, Norfolk, as with most Forces, has seen continued increases in serious sexual offences (5%), drugs supply offences (10%) and domestic abuse crimes (33%). The number of serious violent crimes has increased again (18.2% increase in GBH and 10% increase in knife crime).

As part of the 2021/22 budget setting process an additional £2.8m of cost pressures has been identified. Many of these relate to national initiatives such as the introduction of the Police Education Qualification Framework (PEQF), national ICT programmes, and service demand pressures identified in the Force Management Statement (FMS) (e.g. Bail Management Act, Victim and Witness support, Intelligence, Digital Forensics, Cyber Security and Data Protection).

### **Future pressures:**

There are also a number of key developments coming through national police ICT programmes (known as the National Enabling Programme). These include required investments in Office 365 / Windows 10; National Law Enforcement Data Service; Home Office Biometrics and others. The most significant is the Emergency Services Network (ESN) which will replace the current ageing Airwave communications system used by officers. This is forecast to cost Norfolk in the region of £6m.

In addition, the need to keep the force fit-for-purpose, using modern enabling technology and tackling more cyber related crime, has required increased investment in short-life assets. These assets (e.g. body worn video, mobile devices and automatic number plate recognition (ANPR), and vehicles to name but a few) then need replacing every 3 to 5 years. The refresh programme alone is in the region of £4m per year.

## 2021/22 Settlement:

### Funding from Central Government:

The government funding for Uplift for 2021/22 (approx. £4.6m) must be spent on the costs of recruiting officers, plus the additional costs that supports recruitment, training, uniform provision, vehicles and the other back office functions that makes the recruitment and retention of officers possible. This does not then help fund many of the additional pressures outlined in the paragraph above.

Central funding for Uplift is for three years and officer numbers cannot be frozen or cut during this period as £1.1m of funding is linked to achieving the Uplift targets. Other government funding has generally been cash-flat in recent years (i.e. inflationary pressures have to be absorbed).

A 3-year CSR is expected. The economic situation as a result of the pandemic is known to be extremely challenging. Central borrowing is forecast to peak at £393.5bn, 19% of GDP. The government will need to reduce funding government departments, including the Home Office, and / or raise taxes. Therefore, government funding is not guaranteed to be stable over the medium-term.

### Precept:

As per the consultation a precept increase, equal to 22 pence per week for a Band B property or 29 pence per week at Band D (providing approx £4.5m in total), will allow the constabulary to maintain current levels of service and tackle the new challenges that are being faced. In addition, it would allow the constabulary to establish a team dedicated to dealing with the most dangerous domestic abusers across the county. Additional neighbourhood police officers will be increasing visibility and targeting those offenders who cause the most harm to our communities. There would also be further investment in staff with the expertise to tackle the growing volume of offences with a digital footprint such as fraud.

In comparison to government funding, the precept is a more consistent source of funding, and therefore is a critical part of the financial planning when considering the medium-term financial plan (and beyond).

### Medium-Term Financial Plan:

The draft MTFP shows a growing deficit in later years (due to forecast “cash-flat at best” funding, inflation, demand growth and service pressures), even if the full precept available to the PCC for 2021/22 is approved.

During the period of Uplift, savings cannot be found from officer numbers and can only be found from staff or non-pay. To put that into perspective the current 2020/21 gross budget is £196m, the staff and non-pay budget in-scope is £50m of which £31m is joint budget with Suffolk.

	<b>Budget 2021/22</b>	<b>Forecast 2022/23</b>	<b>Forecast 2023/24</b>	<b>Forecast 2024/25</b>
	£m	£m	£m	£m
Deficit if 0% all years	1.8	4.2	8.2	11.2
Deficit if 5.68% precept 21/22 & 0% precept rise thereafter	0.0	1.3	4.9	7.8