

POLICE AND CRIME PANEL PANEL HEDDLU A THROSEDD



North Wales Police and Crime Panel

Monday, 28 January 2019 at 2.00 pm
Council Chamber - Bodlondeb, Conwy

AGENDA

1. **Apologies for absence**
2. **Declarations of Interest: Code of Local Government Conduct**
Members are reminded that they must declare the **existence** and **nature** of their declared personal interests.
3. **Urgent matters**
Notice of items which, in the opinion of the Chairman, should be considered at the meeting as a matter of urgency.
4. **Announcements by the Chair**
5. **Minutes** (Pages 3 - 16)
To approve and sign as a correct record minutes of the previous meeting.
6. **Standing Agenda Items**
 - a) Update on actions from the previous meeting
 - b) Questions to the Police and Crime Commissioner (Pages 17 - 20)
(Submitted in accordance with the procedure for Questions to the Police and Crime Commissioner)
 - c) Feedback from Member Champions
7. **To consider reports by the North Wales Police and Crime Commissioner:**
 - a) Revisions to the Police and Crime Plan (Pages 21 - 26)
 - b) Precept and Council Tax 2019/20 (Pages 27 - 60)
 - c) Police and Crime Commissioner and Chief Constable for North Wales Police Force: Medium Term Financial Plan (Pages 61 - 93)

8. To consider reports by the Host Authority:

- a) To consider the Forward Work Programme for the North Wales Police and Crime Panel (Pages 94 - 96)

9. Date of Next Meeting:

Tuesday, 5 Tuesday 2019 @ 10.00 am – only if precept is vetoed by the Police and Crime Panel.

Monday, 25 March 2019 @ 2.00 pm

Membership of Panel

Cllr Chris Bithell
Cllr Dana Davies
Cllr Julie Fallon (Chair)
Cllr Alan Hunter
Cllr Eric Jones
Cllr Hugh Irving
Cllr Neville Phillips OBE JP
Cllr Dylan Rees
Cllr Peter Read
Cllr Nigel Williams

Flintshire County Council
Wrexham County Borough Council
Conwy County Borough Council
Conwy County Borough Council
Gwynedd Council
Denbighshire County Council
Flintshire County Council
Isle of Anglesey County Council
Gwynedd Council
Wrexham County Borough Council

Pat Astbury (Vice-Chair)
Matthew Forbes
William John Williams

Co-opted Independent Member
Co-opted Independent Member
Co-opted Independent Member

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NORTH WALES POLICE AND CRIME PANEL

Monday, 3 December 2018 at 2.00 pm
Council Chamber - Bodlondeb, Conwy

- Present: Pat Astbury (Vice-Chair in the Chair)
- Councillors: Chris Bithell, Dana Davies, Alan Hunter, Hugh Irving, Eric Jones, Neville Phillips, and Dylan Rees
- Lay Member/
Co-opted Member Matthew Forbes and John Williams
- Officers: Dawn Hughes (Scrutiny and Committee Services Officer) and Richard Jarvis (Solicitor)
- In Attendance: Ann Griffith (Deputy Police and Crime Commissioner), Stephen Hughes (Chief Executive, Office of the Police and Crime Commissioner (OPCC)), Kate Jackson (Chief Finance Officer), Arfon Jones (Police and Crime Commissioner) and Rhian Rees Roberts (OPCC)
- Also in attendance: Superintendent Nick Evan and Chief Superintendent Alex Goss

38. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Julie Fallon (Conwy County Borough Council), Peter Read (Gwynedd Council) and Nigel Williams (Wrexham County Borough Council).

39. **DECLARATIONS OF INTEREST: CODE OF LOCAL GOVERNMENT CONDUCT**

Councillor Chris Bithell (Flintshire County Council) declared a personal interest, as he is a trustee of the Deeside Domestic Abuse Safety Unit, which benefits from funding from the Police and Crime Commissioner.

40. **ANNOUNCEMENTS BY THE CHAIR**

The Vice-Chair paid tribute to Mr. Ian Roberts, a former councillor at Wrexham County Borough Council and former member of the Police and Crime Panel (PCP), who had recently passed away.

The PCP requested that a letter of condolence be sent to Mr. Roberts' family.

41. **PRESENTATION ON THE RECOMMENDATIONS OF THE OPERATIONAL IMPROVEMENT PROGRAMME (CHIEF SUPERINTENDENT GOSS AND SUPERINTENDENT EVANS)**

The Police and Crime Panel (PCP) received a presentation on proposals from the Operational Improvement Programme (OIP) from Chief Superintendent Alex Goss and Superintendent Nick Evans.

The aim of the OIP was to improve the efficiency and effectiveness of the organisation in keeping people safe and targeting priority crime through the coordinated and complementary delivery of the following interlinked operational change work-streams:

- Investigative Review – Criminal Investigation Department (CID)
- Patrol Constables and Sergeants Review
- Neighbourhood Policing Review
- Custody Review
- Occurrence Management Review
- Savings Required: Over £3m.

The presentation highlighted the following:

- Changing face of demand
- Methodology for undertaking the OIP
- Demand and Capability Unit who looked at the type of resource modelling
- Occurrence Management Review
- Patrol Constable and Sergeants Review
 - Proposals to change shift pattern from a 5 team shift pattern to 4 team shift pattern, with a staggered handover to cover demand.
- Neighbourhood Policing Review – proposed model:
 - Smaller, more focused Neighbourhood Policing Teams (NPT) concentrating on the force objectives.
 - Enhanced training in problem solving and early intervention - pilot whereby 28 PCSOs provided with 8 week investigators course to provide capacity for investigation of crime/vulnerability.
 - Dedicated sustainable supervision.
 - Embedded College of Policing Neighbourhood Policing Guidelines and clear role profiles approved by the College of Policing.
 - Shift patterns to allow for problem solving, partnership working, supporting patrol and to ensure coverage over identified peak hours.
- Investigative Review - to deliver an operating model which ensures the effectiveness of the Force's identification and response to vulnerability that includes the appropriate allocation of investigations to those with the skills and capacity to deal with them.
 - New crime allocation triage process.
 - Introduction of an IT integrated Pathway to guide officers through the completion of relevant forms, to reduce waste and ensure only effective referrals are made.

- Detective resilience: Uplift required of 30 staff in CID, which equated to an increase of 18 detectives and 12 Support Staff.
- PCSO Investigator Pilot.
- Custody Review
 - Tackling overtime and stress.
 - Demand v resources.
 - Proposed solution: Absorb police decision making work in to Custody Unit; increase to 36 Sergeants in flexible roles to cope with peak demand.
 - 4 Team Pattern.

As a result of the proposals above, this would mean changes to resources as follows:

- Upskilling of a cohort of PCSOs to support investigation.
- 18 additional Detectives.
- 6 additional Patrol Constables.
- 6 additional Patrol Sergeants.
- 8 less NPT Constables.
- Reduction in back office PDM function.
- Reduction in back office occurrence management.
- Increase of 1 Custody Sergeant and reduction of 4 CDOs.

The PCP was informed that the proposals would result in financial savings and cost avoidance in the region of £4.014m.

Members thanked the Officers for their informative presentation and discussed the following:

- Increase in the number of Detectives:
 - Officers confirmed that they would advertise the vacancies, however it was probable that the majority of staff would come from within the Force.
- Shift patterns aligned to demand.
- Changes to the NPT and upskilling of 28 PCSOs to support investigative function:
 - Officers advised that due to the changing face of crime, the Force had to respond to the risk, particularly in relation cyber-related crime and emerging crime types such as modern day slavery, organised crime groups and county lines.
 - In the past PCSOs would backfill other functions, however following the reviews of the Patrol Function, PCSOs should not be moved from their current role. The review of the NPT would provide for a more focused and efficient team to respond to demand.
 - The Chief Constable would be able to designate more powers to PCSOs as required.
- Use of civilian staff to undertake investigative duties:
 - Officers advised that there were proposals to provide civilian staff with the equivalent qualification as Detectives (PIP2).

Officers advised that a 3 month consultation would be undertaken with staff on the proposals.

RESOLVED-

That the presentation be noted.

42. **MINUTES**

The minutes of the North Wales Police and Crime Panel held on 10 and 24 September 2018 were submitted for approval.

RESOLVED-

That the minutes of the North Wales Police and Crime Panel held on 10 and 24 September 2018 be approved.

43. **UPDATE ON ACTIONS FROM THE PREVIOUS MEETING**

Feedback on actions from the previous meeting held on 24 September 2018 was provided as follows:

Minutes of the 24 September 2018:

Minute 29: The Police and Crime Panel was advised that the Welsh Government (WG) and Home Office had offered £400k and £600k respectively to Police Forces in Wales to cover costs in relation to the Apprenticeship Levy. Whilst the Levy was paid to WG, policing was not devolved in Wales, therefore Police Forces in Wales were at a distinct disadvantage to the English Forces, as they were unable to access the Levy to provide for police training.

Minute 32 (c): Further to the issue of incorrect statistics being published by the Home Office and the Office of National Statistics, the Police and Crime Commissioner (PCC) confirmed that other crime figures released by North Wales Police to the Home Office were correct.

Minute 32 (d): It was hoped that the PCC would be able to circulate a report to Panel Members on the amount of assets seized prior to the next meeting.

Minute 35 (b): Mr. Richard Jarvis (Lead Officer for the Police and Crime Panel) would speak with the Host Authority in order to devise a suitable Disturbance Policy.

44. **LIST OF DECISIONS TAKEN BY THE POLICE AND CRIME COMMISSIONER**

The Police and Crime Panel was presented with a list of key decisions made by the Police and Crime Commissioner (PCC) between 1 September 2018 and 9 November 2018.

Reference was made to the following decisions:

Stepping Stones and RASASC (13/09/18): It was requested that the requirement for an option analysis for improved collaboration and sustainability by RASASC and Stepping Stones be published (if possible).

Early Intervention Fund (EIF): Whilst the PCC had made available £100k to organisations to fund early intervention projects for the next 3 years to reduce crime and disorder, the EIF was still in its infancy and a list of successful projects would be announced shortly. The PCC also confirmed that the offer of funding which was declined by an organisation would be reallocated accordingly.

The Chief Executive of the Office of the Police and Crime Commissioner advised that service providers welcomed the 3 year commitment as they were able to plan for the longer term.

RESOLVED-

That the report be noted.

45. QUESTIONS TO THE POLICE AND CRIME COMMISSIONER

None.

46. FEEDBACK FROM MEMBER CHAMPIONS

The Police and Crime Panel (PCP) received feedback from Member Champions as follows;

Modern Day Slavery Champion

Pat Astbury (Vice Chair) informed the PCP that she had recently attended an informative Modern Day Slavery Conference.

Domestic Abuse Champion

Councillor Chris Bithell informed the PCP that he had been invited to attend a meeting of the North Wales VAWDASV Strategic Board.

Finance Champion

Councillor Dana Davies advised the PCP of the concerns relating to the budget pressures, particularly in relation to the increases in employer pension contributions with respect to the police pension scheme. Councillor Davies advised that she had raised these concerns with the Chair and the Leader of the Welsh Local Government Association.

The Police and Crime Commissioner had written to Assembly Member and Members of Parliament inviting them to a briefing session on 4 January 2019; the Chair, Vice Chair and the Member Champion had also been invited to attend.

47. **PERIODIC UPDATE BY THE NORTH WALES POLICE AND CRIME COMMISSIONER**

The Police and Crime Commissioner (PCC) presented the Police and Crime Panel (PCP) with his periodic update for the period 1 August to 1 November 2018.

The PCC highlighted the following areas of the report:

Priority 1: Domestic Abuse

- There had been improvements in all areas of this priority; there had been an increase in domestic crime recorded, which was welcomed by the PCC as it was recognised that there had been under reporting of this particular offence type.
- As of the beginning of November 2018, there was a slight decrease in repeat victims (a decrease of 0.5%)
- The Domestic Abuse Victim Confidence and Satisfaction Team had been appointed and were due to start work shortly.

Priority 2: Modern Day Slavery and Human Trafficking

- Two conferences had been held to raise awareness of modern day slavery.

Priority 3: Sexual Abuse including Child Sexual Exploitation (CSE)

- The relationship between Child Criminal Exploitation, County Lines criminality and Modern Day Slavery was becoming more evident.
- North Wales Police had the highest percentage of positive outcomes for rape offences out of all of England and Wales forces between January and June 2018; it was believed that this strong performance was as a result of retaining a dedicated rape unit and having a good working relationships with the Crown Prosecution Service (CPS) and being proactive, by working jointly with partners.
- There was reduction in CSE intelligence submissions during October 2018, which could be a result of the loss of the return home interview services previously provided by Barnardo's. A joint protocol for all Local Authorities to adhere to was currently being drafted with a view to establish a regional agreement, with local delivery of return home interviews.

Priority 4: Organised Crime Groups (OCG)

- There were currently 34 OCG groups active in North Wales.
- The PCC advised the PCP of the Trapped Campaign, which was launched to raise awareness of criminals who were grooming and exploiting children and vulnerable adults to commit crime on their behalf. The links to the video would be circulated to the PCP.

- A recent conference with the Third Sector had highlighted the importance of tackling the increase in County Lines criminality; feedback from the conference would be provided in a future periodic update report by the PCC.

In scrutinising the report, the PCP discussed the following:

- Increase in domestic crime recorded – was crime increasing?
 - The PCC advised that the statistics long term would show how the Force are making a difference and protecting lives.
- Out of Station – as at September 2018, Officers and PCSOs were shown out of station for 41.3% of available hours; the PCP questioned whether more time should be spend out of the station to ensure visibility.
 - The PCC made reference to the proposals within the Operational Improvement Programme, which would see an improvement in the efficiency and effectiveness of the Force.
- The reasons for the loss of the return home interview service previously provided by Barnado's.
 - This service was previously funded by the Police Innovation Fund, however as partners could not agree a funding arrangement, the service was withdrawn.
- Whilst it was encouraging to see an increase in the number of domestic abuse court cases, the PCP questioned the reasons why court cases did fail.
 - The PCC advised that this could be due to the quality of evidence; however with the evidential footage from Body Worn Video this should help matters.
- Male refuge centres in Flintshire
- Correspondence referred to the Professional Standards Department.
 - The Chief Executive of the Office of the Police and Crime Commissioner assured the PCP that this was not a matter of concern.
- Contacting the Police by other means, such as Live Chat.

Reference was also made to the decision to withdraw Police funding for a full time coordinator for the North Wales Bike Safe Scheme. The PCC suggested that the PCP contacts Superintendent Jane Banham to discuss the reasons for this decision.

The Vice-Chair extended her thanks to the OPCC for the glossary of terms, as requested at the last meeting.

RESOLVED-

- (a) That the Police and Crime Commissioner's periodic update be noted.**
- (b) That the links to the Trapped Campaign video be circulated to the Police and Crime Panel.**

(c) That the Police and Crime Panel contacts Superintendent Jane Banham to discuss the reasons for withdrawing funding for a full time co-ordinator for the North Wales Bike Scheme.

48. POLICE AND CRIME COMMISSIONER FOR NORTH WALES - ANNUAL REPORT 2017/18 (DRAFT)

The Police and Crime Commissioner (PCC) presented his Annual Report for 2017/18.

The report was the PCC's second annual report and provided information on the policing priorities set by the PCC.

The report also provided an overview and key achievements of the last year, information on the financial challenges and Mr. Jones' vision for the future as the PCC.

The PCC extended his thanks to the Chief Executive and staff at the Office of the Police and Crime Commissioner for the work they had undertaken in preparing the Annual Report.

The Police and Crime Panel acknowledged the achievements of the last year and in particular welcomed the insight into 'A day in the life of North Wales Police', which summarised the incoming demand faced by the Force on a daily basis. In relation to the number of calls received in any one day, the PCP questioned how many calls related to mental health issues. The PCC agreed to include this information within his report

RESOLVED-

That the North Wales Police and Crime Panel accepts the Police and Crime Commissioner's Annual Report for 2017/18, subject to the inclusion of information, relating to the number of calls, which related to mental health issues, if possible.

49. UPDATE ON THE 2018/19 BUDGET (AS AT 30 SEPTEMBER 2018)

The Chief Finance Officer presented a report, which updated the Police and Crime Panel (PCP) on the policing budget for North Wales as at 30 September 2018.

The PCP was informed that due to increases in gas and electricity prices, and dependent on the winter weather, this could result in a £300k overspend; however this would be covered by the net underspend.

The Chief Finance Officer also advised the PCP of concern relating to increases in employer pension contributions with respect to the police pension scheme, which had arisen due to a reduction in the discount rates; the effects of changes to the discount rate fell entirely on to the employer.

It was stressed that matters were still uncertain, and that further information would probably not be available until after the provisional settlement announcement. Depending on the provisional settlement announcement, the PCC may need to take action locally to mitigate the effect of the change.

Whilst the Chief Finance Officer had been aware that an eventual increase in pension contributions was likely, the implications of this increase had not been fully known. Previously, the discount rate increased and employer contributions should have been reduced in 2015, however a decision was taken by Central Government to keep employer contributions at the previously agreed level. Therefore, it was reasonable to assume that the arrangement would work the other way around if discount rates were to fall. Secondly, the announcement was made only in September, and the amounts involved were significant.

HM Treasury would be expecting to receive an additional £417m per annum from the policing sector as a result of these changes; some help was offered for 2019/20, amounting to £252m, leaving £165m for PCCs to find next year. If no further help was forthcoming, locally this would mean an estimated £1.982m in 2019/20 (equivalent to 50 officers), rising to £3.304m to £5.286m pa thereafter (equivalent to 133 officers). The actual figures would depend on the settlement,, but initial indications were that the grant the PCC would receive would be 'flat cash' compared to the current financial year. For 2020/21 and beyond, the overall grant available to PCCs would be affected by the comprehensive spending review; and the allocation of that grant would be affected by a formula review, which was being planned to follow the comprehensive spending review.

If the grant settlement was flat cash, with such large sums involved (£5.286m was the equivalent of a 7.5% grant cut) there was clearly a need to consider remedial action immediately. To ignore the situation and rely on being able to draw from reserves would result in an illegal budget within three years, therefore, the PCC would have to address the problem. The Force was constantly looking for ways to save money, but with inflation running at about 2.4% a 'flat cash' grant represented a real term cut. In addition, demand for policing was constantly changing; this was highlighted in the OIP presentation as outlined in Minute 41 above. Having identified huge savings of over £31m in the annual budget since 2010, it was becoming increasingly difficult to identify efficiency savings. Just to keep pace with inflation, council tax would need to increase by around 4%, but that took no account of any additional cost for police pensions.

Given that every saving identified was matched by an element of growth, and that the opportunities for efficiency savings were now few and far between; and reserves were not sufficient to fund this, even in the short to medium term, the PCC would have to make a decision whether to make cuts, or increase council tax to avoid cuts. Although a recruitment freeze of 1½ to 2 years would adjust the number of staff and officers to an affordable level, there would be huge implications.

Given the serious effects of a recruitment freeze, and the legal requirement to present a balanced budget, the only logical action, unfortunately, would be to increase council tax. However, there was further work ongoing to try to improve the situation and the PCC had written to AMs and MPs to explain the situation. The NPCC was also planning to take legal action against HM Treasury.

There was a discussion in Parliament on 14 November 2018 and there were reports that PCCs might be given some means to balance their budgets without making such drastic cuts, however, the position was somewhat fluid at the moment, and the effects for North Wales would not be known until after the provisional settlement announcement.

In scrutinising the report, the PCP acknowledged the seriousness of the situation and the effect this could have on communities in North Wales; either a reduction in policing or significant increases in Council Tax.

Reference was also made to the underspend in Forensics, particularly as it would seem that there was an increase in demand as highlighted in the presentation Operational Improvement Programme. The Chief Finance Officer advised that it could be that the original budget was overstated, as there had been significant savings realised due to changes in contractor.

RESOLVED-

That the information be noted.

50. **BREXIT BRIEFING - IMPLICATIONS FOR POLICING AND SECURITY**

The Deputy Police and Crime Commissioner (PCC) provided a briefing on Brexit and the implications for policing and security, when the UK leaves the EU on 29 March 2019.

The following was highlighted by the Deputy PCC:

- Under the Draft Withdrawal Agreement there would then be a transition period up until 31 December 2020; the 'Deal' includes the promise to co-operate on security after transition has ended. However, after 31 December 2020 there was no real certainty as to what would happen.
- There was a very real possibility that on 29 March 2019 present arrangements on security co-operation would end and that there would be nothing in place to replace them.
- The Association of PCCs had appraised latest developments and contingency planning, and revealed that once the Transition period ends, the UK would be locked out of all EU data bases and systems data bases.
- Under the 'Deal', the UK would be able to continue to request access to systems that would provide intelligence on suspects, but only on investigations already underway.
- The European Arrest Warrant would remain available to the UK during the transition period – however under a special caveat nations could refuse to send its nationals to face trial in the UK.

- The APCC warns that policing could see a significant drop in the law enforcement capability which criminals may exploit.
- In response to this increased risk to security, a new International Crime Coordination centre would become operational by December 2018. Its main purpose would be to assist forces to use alternative mechanisms in the management of international criminality following the final agreement.
- But what happens if there is no deal –the National Crime Agency (NCA) and Chief Constables have been given the task of risk assessing the effects of a ‘no deal or hard Brexit’.
- Rt Hon Nick Hurd MP, Minister for Policing expects PCCs to have scrutinised their individual forces on their plans for a ‘no deal Brexit’.
- Recently the PCC for North Wales disclosed that the 41 PCCs had essentially been ‘gagged’ as the information coming from both the APCC and NPCC has been consistently marked ‘Confidential.’ The PCC was of the view that if there was an increase in the risk to security then the PCP and the public should be informed.
- If the UK leaves the EU with no deal and the UK was excluded from the 36 shared services currently used to target criminals across Europe it was anticipated that there would be an increased risk to security.
- The shared services fell into 3 categories
 - Practical co-operation and collaboration i.e. European Arrest Warrants and European Investigatory Order;
 - Exchange of data;
 - Relationships e.g. membership of Europol and Eurojust.
- Giving evidence to the Home Affairs Committee on 30 October 2018, the Deputy Chief Commissioner of the Metropolitan Police and Director General of NCA, announced they had met with their European police chief colleagues and the Head of Europol. All of them see the absolute criticality to both partners of remaining in those relationships.
- The APCC briefing dated 23 November 2018 identified the following risks: Organised, acquisitive, personal crime and hate crime were expected to increase and an increase in protests, civil unrest and public disorder.
- These risks could pose a challenge to the police forces and it was expected that the requirement for mutual aid between forces would increase as well as a requirement for support from non-police agencies.
- It was anticipated there would be a disruption to the transport system and to people crossing borders, as well as a heightened threat to critical national infrastructure sites. There was also the potential for requests for assistance from Gibraltar and Cyprus.
- The Home Secretary would be meeting the PCC Brexit Working Group next week to stress the very serious concerns shared by all 41 PCCs.

The PCC would continue to ask the Chief Constable regarding local arrangements and would continue to engage with MPs on the importance of maintaining policing and security arrangements with the EU.

The PCP thanked the Deputy PCC for the briefing and discussed the importance of having risk assessments in place.

RESOLVED-

That the information be noted.

51. **REVIEW OF THE MEMBER CHAMPION ROLE**

The Lead Officer to the Police and Crime Panel (PCP) presented a report following a review of the Member Champion role after a 12 month trial, as requested by the PCP on 18 September 2017.

Feedback from Panel Members seemed to suggest that they would like the role to continue. In addition, whilst there had been reservations by the Office of the Police and Crime Commissioner in respect of the remit of the role, it would appear that the Member Champion had on occasions been an advocate of the work undertaken by the Police and Crime Commissioner and the Member Champion had been able to provide assurance to the PCP, particularly in relation to matters associated with the budget.

In response to a suggestion that a written report be included on the agenda, due to the resources involved, it was agreed that verbal reports were sufficient.

The Lead Officer also advised the PCP that he had recently facilitated a workshop at a PCP Conference in Warwick on the effective role of the Member Champion in scrutinising and supporting PCC decisions; it was well received by other PCPs, who could see the benefits of the role.

The Lead Officer extended his thanks to the Member Champions for undertaking the role and to the PCC and OPCC for the good working relationship, which had been established.

It was noted that if the PCC was to amend his priorities within the Police and Crime Plan, then a review of the protocol may be required.

RESOLVED-

That the role of Member Champions continues and be reviewed as required.

52. **NORTH WALES PCP - BUDGET MONITORING REPORT FROM 1 APRIL 2018 TO 30 SEPTEMBER 2018**

The Lead Officer to the Police and Crime Panel (PCP) presented the six monthly budget monitoring report on the expenses of the PCP for the period of 1 April 2018 to 30 September 2018.

In order to allow public scrutiny of PCP spending, a transparency requirement had been attached as a condition of the single grant payment and the PCP must publish as a minimum on their website, details of all their expenditure. The PCP was also required to put procedures in place to monitor and track spend against agreed budgets and also highlight how value for money was being achieved.

Administration costs were higher than 50% of the allocation for the reporting period; this was due to the disproportionate amount of Officer time spent on dealing with complaints. Member Costs were also higher than normal, as there had been a requirement to hold a confirmation hearing for the appointment of Chief Constable and a meeting of the Complaints Sub Committee.

In respect of efficiencies, the PCP had evaluated the need to attend external meetings and training events; where possible, meetings were held via Skype or tele-conferences.

It was likely that the grant would be fully utilised and exceeded, due to the amount of Office time required to support the PCP; these costs would need to be absorbed by the Host Authority. Representation had been made to the Home Office in respect of grant, following participation in a Home Office study.

RESOLVED-

(a) That the six monthly monitoring report be noted.

(b) That the Police and Crime Panel acknowledge that Officers monitor and track spend against agreed budgets and to ensure value for money.

53. TO CONSIDER THE FORWARD WORK PROGRAMME FOR THE NORTH WALES POLICE AND CRIME PANEL

The Police and Crime Panel was presented with its Forward Work Programme.

The Senior Support Officer advised that she would be inviting Chief Constable Carl Foulkes to a future meeting. In addition, an invitation would be extended to Flintshire Youth Justice Service to attend a future meeting to give an update on the new approach they were trialling.

The Chief Executive of the Office of the Police and Crime Commissioner also suggested that updates on the following be included on the Forward Work Programme:

- Violence against Women, Domestic Abuse and Sexual Violence Team – December 2019
- Early Intervention Fund – December 2019
- Checkpoint Programme – October 2019

RESOLVED-

That the Forward Work Programme be approved, subject to the inclusion of the suggested topics above.

54. DATE OF NEXT MEETING:

The next meetings of the Police and Crime Panel would be held on Monday, 28 January 2019 @ 2.00 pm and if required, Tuesday, 5 February 2019 @ 10.00 am in case of veto of the precept.

(The meeting ended at 4.30 pm)

QUESTIONS TO POLICE AND CRIME COMMISSIONER

Person submitting question	Date of PCP Meeting	Question	Submitted to PCC
John Williams (Co-opted Independent Member)	28/01/19	<p>Question 1:</p> <p>During recent months some concerns have been raised in both the national and local press regarding two aspects of policing, namely air support and fraud investigation, both of which now appear to be overseen at a National level.</p> <p>The Times (27/12/18) stated that rural police were far less likely to solve fraud and quoted charging rates of 65% in City of London, Hampshire and Durham compared with 6% in Cheshire and Norfolk.</p> <p>In respect of Fraud investigation in North Wales, does the force still retain a Fraud Investigation Branch? and is the Commissioner satisfied with the level of service given to the residents of North Wales in respect of Fraud Investigation.</p> <p>Answer 1.</p> <p>North Wales Police do not have a dedicated full time team focused solely on fraud investigations.</p> <p>In recent years the approach to fraud and financial investigation has evolved both locally and nationally. The national action fraud system now takes significant demand and the larger linked incidents nationwide, this is run by the city of London police and is reflected in their performance. North Wales Police have a fraud forum led by a Det Superintendent that considers local performance in this area.</p>	31/12/18

North Wales Police do have specially trained officers in fraud and financial investigation both sitting centrally and in the local CID offices. This year we are planning 10 further officers to be trained and skilled up in this area. North Wales Police run a triage system whereby frauds are assessed based on complexity and vulnerability. A cyber-crime expert also reviews the crime and determines what support, advice and preventative options can be instigated. We also allocate NPT officers to the victims of some crimes with a prevent agenda being in place to mitigate further exploitation.

North Wales Police has the option to seek additional resource and support from the North West ROCU for complex fraud investigations. The regional organised crime unit – N. West (ROCU) have dedicated resources to target such crimes and there are also regional meetings to disseminate best practise and offer peer support. The asset recovery team within the ROCU are used to recover existing POCA and financial orders against convicted criminals.

We have managed any local large scale fraud in this crime area by drawing together experts to form a dedicated team for a specific job as and when required. This approach has served us well to date. Whilst further resources would always be welcomed, the case for a dedicated fraud squad is not as strong as for other crime and risk areas at this time, this is assessed twice yearly in the force strategic assessment. If the position/situation should change we would look to revisit our approach.

Question 2:

As regards Air Support it was recently stated in a local newspaper that a large number of requests made by North Wales Police for air support had not materialised. Is the Commissioner satisfied with the level of support provided by the National Police air service and furthermore is or should Caernarfon airport be used to a greater degree.

Answer 2:

North Wales Police and the PCC have raised concerns about the availability of air support from the national police air service, as have a number of forces. However in a climate of ongoing financial austerity it is not envisaged that North Wales Police would ever be able to afford to exit the NPAS partnership. It is also recognised that NAS is a difficult and expensive area to run.

The demands that need to be provisioned are both for routine support and for significant wide scale support at the time of a major incident. The future provision for NPAS is being debated at chief constable council in Jan 2019, NWP are engaging with this debate.

There are a number of reasons for the declines in aircraft attendance including the weather; the aircraft is engaged in other tasking based on threat, harm and risk, unavailability of the aircraft due to maintenance, inappropriate requests and the increasing use of drones.

NWP are part of the North West Region which is made up of 6 Forces (GMP, Merseyside, Cheshire, Lancashire, Cumbria and NWP). There are two bases to service the North West demand, one in North Wales and one in Greater Manchester.

However tasking of the aircrafts is borderless and other aircrafts from nearby regions have also been deployed to North Wales, for example, in Gwynedd last summer with the grass fires, the aircraft from the West Midlands was deployed and used Caernarfon as its base. This was an appropriate and proportionate deployment of air assets in the circumstances to support the Fire Service and protect the local community. Caernarfon is not a NPAS base and is unlikely to become one due to the distance involved in getting to the other North West Forces in line with the predicted demand.

Nationally overall requests for the aircraft are declining and NWP are not an outlier in terms of requests for service or requests declined.

The aircraft decline rate for NWP is about right. The aircraft is never going to attend all the requests made by NWP for some of the reasons outlined above and the number of requests for service is always in excess of those actually actioned.

NPAS is tasked to support the strategic policing requirements, crimes in action and local priorities and the focus will always be on high risk events and protecting local communities.



Revision to Police and Crime Plan Priorities

January 2019

Commissioner's Update – January 2019

It is approaching two years since I published my first Police and Crime Plan as the Police and Crime Commissioner for North Wales, and I believe now is a good time to revisit and refresh the priorities within it.

When I launched my original plan in March 2017, I stated I wanted the people of North Wales to have the best police service possible and that our communities feel safe both at home and on our streets. Some significant progress has been made during that time, as I outlined in my most recent annual report which can be found [here \(hyperlink to annual report here\)](#). However, there is of course more to be done and over the next two years I want to see North Wales Police, my office and our partners build on this progress.

A truly effective plan is one that evolves over time, and that is why I want to update my Police and Crime Plan to reflect the challenges I believe North Wales Police need to tackle. I undertake a prescribed and detailed process in order to establish what my police and crime priorities will be. I liaise with the Chief Constable, statutory services, public and private partners, the general public and the voluntary sector.

In 2017 my Police and Crime Plan established 5 policing priorities, namely:

- ***Domestic Abuse,***
- ***Modern Slavery,***
- ***Organised Crime,***
- ***Sexual Violence (including Child Sexual Exploitation), and***
- ***Delivering Safer Neighbourhoods***

It is important for me to constantly understand and reassess the crime experienced in North Wales and regularly evaluate whether the priorities continue to meet the need and the demand for policing services.

As part of this mid-term review I am of course considering the assessment of crime carried out by the Force. This assessment tells me what crimes are predominant. It tells me the type and nature of crimes and how they are impacting the communities of North Wales. It helps me to understand the crimes that have the greatest and most profound impact. This is often not volume crime, i.e. the general and acquisitive crime – theft and burglaries. This is often the types of crime that are insidious in nature and absolute in their impact and profoundly affect those who are most exposed and vulnerable.

In addition to analysing the crimes recorded I also take into account what the public have told me. The crimes and perception of crime that is most impacting on them as individuals and as communities. I consider this feedback together and the view it brings me seems to become increasingly clear. A further key step for me in pulling together this understanding is to speak to the valued members of the third sector.

It is important to look at the causes of crime and understand what fuels it. Matters such as the impact of Adverse Childhood Experiences (ACEs) require wider understanding and more work and funds to tackle them.

One thing I wish to make clear is that based on the assessment and evidence available to me, it is clear that the crime issues themselves have not changed greatly. We are only really just starting to uncover

the modern slavery challenges and the resulting complex investigations, Organised Crime remains a constant challenge for policing, as does domestic violence and sexual abuse. And the need for people to feel safe in their local neighbourhood is absolute. What has changed however is our understanding of how we can better tackle some of these issues.

These revisions are not only based on my opinion but what the communities of North Wales have told me via an online survey, the results of which can be found [here](#).

So I would now like to share with you the changes that I have made to my priorities.

The revised priorities

Reducing Criminal Exploitation of Vulnerable People

Criminal exploitation is seen across all the other 5 policing priorities I list below, therefore reducing criminal exploitation of vulnerable people will become my overarching priority that threads across all of my priorities.

Those of you familiar with my first Police and Crime Plan will be aware that it contains a section on 'Protecting Vulnerable People' which included mental health, hate crime, children, young people and older people, and drugs. However, at that time terms such as County Lines and Cuckooing were relatively unheard of. Yet now I know from the regular updates I receive from the Chief Constable just how much of an issue these offences are for us here in North Wales.

Reducing criminal exploitation of vulnerable people includes all vulnerable people – children, young people, older people. I will ensure a clear focus continues around County Lines crimes, a particularly vicious form of criminality that exploits young vulnerable people into a life of crime which is extremely dangerous and violent and from which there is little escape.

The criminal exploitation of vulnerable people is seen in organised crime models, modern slavery, sexual abuse and in local crime. Preventing and protecting people from criminal exploitation has to be the key focus for policing in North Wales for the next few years.

Domestic Abuse and Sexual Violence

It had been my intention to merge these priorities and bring them in line with the relevant legislation (Violence Against Women and Girls Domestic Abuse and Sexual Violence Wales Act 2015). On 30th November 2018 I held a consultation event with the third sector and the feedback was overwhelming in favour of keeping them as separate priorities.

It is clear that any merger would give rise to concerns that both would become less of a priority and potentially lose out to other crime areas when services were being commissioned. That was never the intention and domestic abuse and sexual violence both remain high priorities for me, I have taken the feedback into account and therefore **domestic abuse and sexual violence will remain as separate priorities.**

Modern Slavery

Modern Slavery remains as a stand-alone priority. Importantly it includes criminal exploitation. There are a number of dedicated resources that have rightfully been invested into modern slavery. The issue of modern slavery has not gone away, on the contrary we have seen the issue develop as we know more and we uncover more about the way in which the criminality which underpins modern slavery is carried out. The more resources we put into this, the bigger the problem that we uncover. Now we have started, we must continue down this path to understand and tackle the full extent of the issue in North Wales.

Organised Crime

Since my first Plan was published, North Wales Police have seen some tremendous success in tackling serious and organised crime. Class A Drug supply is of course inextricably linked to organised crime. Whilst I continue to campaign for a rethink by National Government on dealing with drug and substance misuse this does not mean that there should be less focus on tackling dealers. North Wales Police will continue to relentlessly pursue those who supply drugs and prey on the vulnerable.

Threat, risk and harm assessments have highlighted that Higher Tier Organised Crime and drugs supply bring greatest harm to our communities. There is effective planning in place to tackle Criminal Use of Firearms, Drugs Supply and Possession, Child Sexual Abuse and Exploitation, Terrorism and Domestic Extremism. Tackling Serious and Organised Crime continues to be a high priority for me and the Chief Constable.

Safer Neighbourhoods

Building and developing safer neighbourhoods is not simply about tackling offenders on an individual basis after the fact of the offence. We would be doomed to failure to take this as a strategic approach. On the contrary we need to look at the underlying causes of crime across communities. We need to tackle and remove those factors that lead to criminality and this is why I am so keen to implement diversion into my plan for policing, particularly local policing. This will include dealing with perpetrators or potential perpetrators at an early and appropriate point.

My policing priorities deal with some very serious crime issues and although I know people on the whole understand why I must tackle these issues, they remain concerned for the lower level issues that impact upon local communities. This is the type of crime that whilst not shocking in nature still pervades and destroys community trust and individuals' quality of life and particularly it impacts on the vulnerable people in our communities. By prioritising diversion I hope to make an impact on crime reduction and in turn, demand reduction which will allow officers more time for community engagement and reassurance work.

In October 2019 I will introduce CheckPoint Gogledd Cymru. Checkpoint is a voluntary adult offender diversion scheme which operates in the Durham Constabulary area. It targets low level offenders entering the criminal justice system by providing them an alternative to a criminal prosecution. This alternative is a four month programme which identifies and treats the underlying causes of their offending behaviour. If the offender fails to complete or comply with the four month programme they will return to the criminal justice system and face prosecution.

The Checkpoint programme sees the expansion of tried and tested offender management principles to a much wider adult cohort. It seeks to address offending behaviour at a much earlier stage in an individual's 'offending journey' to try and ensure that their lifestyles never become chaotic; and to ensure that they don't offend to such an extent that they reach the threshold required for acceptance onto the Integrated Offender Management Units (IOMUs).

It is a multi-agency program which will improve awareness of and access to health based services for all persons presenting at Police Custody with an overall aim of improving public health, life chances, and individual and community wellbeing. It will also provide access to services which offer practical support. The programme has the potential to reduce demand on A&E admissions by increasing awareness of and access to health based provisions whilst the subject is in police custody. Research has shown that investing now can save money in the future by reducing demand as more individuals successfully engage, in the current economic climate these are savings that cannot afford to be missed.

My aim is to divert low level offenders away from the Criminal Justice System by addressing their reasons for offending and reduce the number receiving criminal records.

Effective partnership working to reduce harm

Working together in effective partnership to reduce harm, as set out in my first Plan, continues to be a priority and supports the delivery of all of my policing priorities – the issues arising out of cases involving domestic abuse, child sexual exploitation, modern slavery and other serious crimes are often much wider than just policing, an effective response can only be delivered in partnership.

Importantly, working in partnership also reduces demand, thereby increasing the capacity of frontline staff of all responsible authorities. Over the coming 12 months, North Wales Police will increase its focus on problem solving with training being delivered to all staff. I would encourage all of our partners to follow this lead as an effective way of reducing our collective demand.

Undoubtedly the focus on the most serious crimes will continue during my term as Commissioner. As a result more offences will be recorded, more perpetrators will be prosecuted and require monitoring after being through the criminal justice system and of course, more victims will require the best possible care and support.

As North Wales Police increase their focus and invest more resources in these offence types, I will be seeking reassurance from our partners that their response in supporting the police will be equally effective and efficient.

Effective Partnership Working



AGENDA ITEM 7b

Report from the Office of the Police and Crime Commissioner

Title:	Precept and Council Tax 2019/20
Meeting:	North Wales Police and Crime Panel, 28 January 2019
Author:	Kate Jackson, Chief Finance Officer

1. Introduction

- 1.1 The purpose of this report is to review the financial situation of the Police and Crime Commissioner for North Wales and to make recommendations for the 2019/20 precept and council tax.

2. Recommendations

- 2.1 To increase the precept to £81,030,000
- This will increase council tax by 7.74% - this is equivalent to £278.10 per annum, an increase of £19.98 per annum, or 38p per week for a band D property.
 - This is an increase in precept of 8.42% from 2018/19
- 2.2 To note that £2.832m of savings have been identified for 2019/20.
- 2.3 To note that £2.793m of the savings will be reinvested in front line activities.
- 2.4 To note that a further £2.614m will be invested in front line posts from the additional increase in precept.
- 2.5 To note that the higher than expected inflationary increases of £5.223m due to decisions made by the Government regarding public sector pension costs.
- 2.6 To note that the proposed council tax increase is significantly below the Home Office's planning assumption of £24.
- 2.7 To note the Medium Term Financial Plan, which includes the following assumptions:
- That Council Tax will increase by an estimated 7.74% in 2019/20, and 4.32% in 2020/21, 4.14% in to 2021/22 and 3.97% in 2022/23 and 3.82% in 2023/24.
 - That policing grants will be frozen at current levels in 2020/21 onwards.
 - That annual pay awards will be 2% from September 2019.
 - That there will be additional costs relating to the new Police Education Qualification Framework (PEQF) from 2020-21 which will not be funded by the Apprenticeship Levy in Wales.

3. Summary Budget 2019/20

	£m	
Budget 2018/19	<u>146.466</u>	
Inflation requirements	5.223	+3.57%
Savings identified	-2.832	-1.93%
Reinvestment	2.793	+1.91%
Additionality	2.614	+1.78%
Budget requirement 2019/20	<u>154.264</u> +5.32%	
Estimated total funding 2019/20		
Government Grants (funding proportion 47.5%)	73.234	+2.10%
Council Tax	£278.10	+7.74%
Multiplied by tax base	291,370.01	+0.63%
Precept (funding proportion 52.5%)	81.030	+8.42%
Total funding available	<u>154.264</u> +5.32%	

4. Statutory Items

4.1 Quality of Information

4.1.1 The Chief Finance Officer is required under the Local Government Act 2003 (s5) to comment on the suitability of the information to be used as the basis for budgetary decisions. The Chief Finance Officer confirms that the figures in the various reports are the products of procedures that continue to be operated to the highest professional standards. These systems are audited both internally and externally, and external audit has never issued a qualified audit report. Therefore, in the opinion of the Chief Finance Officer this information is fit for purpose.

4.1.2 The same Act also requires the Chief Finance Officer to comment on the adequacy of reserves to be provided in the budget. In the opinion of the Chief Finance Officer the general reserve will continue to be adequate for the day to day operational needs of the Force. The reserves have been reviewed, and further details are provided in section 9. However, the reserves are now approaching the lower end of the acceptable range, and there may be a need to replenish the reserves over the course of the MTFP if they are required to fund unplanned expenditure or for the capital programme.

5. Background

5.1 The Government's Austerity Programme, which began in 2011, has resulted in substantial cuts across the public sector. The original planned cash reduction in Police Budgets over the 4 years (2011-12 to 2014-15) of the CSR2010 was 12%; the actual reduction in grants to the end of 2018-19 will be 22.2%. In real terms (taking inflation into account) this has been independently assessed as a cut of 32.2%.

5.2 Council Tax increases have ranged between 2% and 4% over the same period. The Commissioner set a Council Tax increase of 3.58% in 2018-19 following a flat grant settlement (0%) which did not provide any additional resources towards inflationary costs such as pay awards. The overall effect of the funding available and inflationary and other pressures have resulted in £31.104m of cuts being made to budgets over an 8 year period. This is equivalent to a 21% cash reduction in the 2010-11 pre austerity budget of £148.035m. The annual cuts are as shown in the table below:

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Cuts Made	£4.678m	£6.016m	£4.634m	£4.325m	£4.448m	£2.838m	£2.686m	£1.479m	£31.104m

5.3 The Home Office provided a flat settlement in 2018-19 and introduced an assumed level of Council Tax increase of £12 that if applied would mean that Forces should not have a cash reduction. Strong indications were given that flat funding would continue in 2019-20.

5.4 The Government is conducting a Spending Review in 2019-20 with the intention to '*set long term police budgets and look at how resources are allocated fairly across police forces.*' It is not clear whether this will include a review of the funding formula.

6. The Planning Environment

6.1 The attached Medium Term Financial Plan (MTFP) sets out the planning environment. It includes previous years' figures, together with projections for revenue income and expenditure, and plans for capital and reserves.

6.2 The process for identifying, agreeing and implementing savings is established as part of normal business. In addition to this the Operational Improvement Programme (OIP) was conducted which was a major review of operational resources focusing on Neighbourhood Policing, Custody, Investigative Resources, Occurrence Management and the allocation of Constables and Sergeants. The overall process is governed by the Strategic Planning Board (SPB). This year the Board considered the saving plan and reinvestment requests, taking into account the reviews that have been undertaken. In addition to this the annual review of pay

budgets and a zero based budget exercise was carried out on the IT, Facilities, Fleet and elements of the Supplies and Services budgets to confirm savings in the plan and where possible identify further savings.

6.3 The process was managed through two specific budget meetings that were held in October and November. The OIP had reported its findings back to the Chief Officers in July, before going out to consultation to the areas under review and the Force in August, and reporting back to SPB as part of the budget setting process in October and November.

6.4 In addition to the above, the normal process to develop future budget requirements was undertaken, details of which are shown within the Medium Term Financial Plan (MTFP). In developing this MTFP the following were taken into account:

- Local and National priorities as per the Policing Plan and the Force's Action Plan
- New and developing pressures
- The strategic planning process
- Force Management Statement
- Other Force strategies
- Current economic climate
- Estimates of resources available to fund the Medium Term Financial Plan
- Budget forecasts for the period including pay awards
- The current financial position
- The Capital Programme, Prudential Code and their effect on the Revenue Budget
- Reserves and Balances
- Income generation, trading activities and grants
- Collaboration

6.5 By the second budget meeting held on 19 November 2019 the new Chief Constable, Carl Foulkes had taken up his post. The Chief Constable had been briefed on the OIP review and other elements of the proposals; the budget meeting on the 19 November covered all issues around the budget development, including Value for Money Profiles (VFM profiles), Capital, Reserves and future risks as well as the saving and reinvestment proposals.

6.6 A meeting was held between the Commissioner, the Chief Constable and their representatives on 20 November to discuss the budget proposals. The Government's Grant figures were announced on 13 December 2018. Further proposals following the announcement were discussed on the 21 December at a meeting between the Commissioner and his staff and the Chief Officer Team. The additional proposals were developed and discussed at a further meeting on the 3 January 2019 where the final proposals were agreed.

7. Funding Allocations

- 7.1 No Provisional Government Funding Allocations for 2019-20 were given as part of the 2018-19 settlement. However, the settlement did include the following paragraph setting out a clear intention to provide a flat grant and the ability to raise Council Tax by £12 in 2019-20 - *'Our intention is to maintain a broadly flat police grant in 2019/20 and repeat the same precept flexibility to allow PCCs to raise an additional £1 a month of local precept in 2019/20'*.
- 7.2 This definition of a 'flat settlement' is in reality a real terms cut, it does not cater for inflation or any new or additional demands faced by the Police Service. Not recognising inflation is not sustainable and would result in a continued shrinking of resources available. Pay inflation has been 2% for Officers and Staff over the last two years, and general inflation is running at just over 2%. The inflationary position was made significantly worse in for 2019-20 and 2020-21 when it was initially announced on 7 September 2018, and then confirmed as part of the Budget announcements, that Officer Employer contributions would be increasing by 9.7%. This is detailed below.
- 7.3 As part of the 2016 Pension Valuation HMT have announced Public Sector Pension Valuation 'Directions' which serves to increase the Employer's Contribution rate from 2019-20 for the unfunded Public Sector Pension Schemes, impacting on the Police Pension Scheme. The main change is the reduction to the Discount Rate, which is used to convert future pension payments into present day value. This rate reflects the Office for Budget Responsibility (OBR) view on the current national economic outlook, which in turn reflects a particularly uncertain period prior to Brexit. The discount rate has been reduced from 3.0% to 2.4%, which has resulted in an increase of 9.7% to the Employer Pension Contribution Rate.
- 7.4 The current rate is 24.2%. This rate already included a surcharge of 2.9% above the actuarial valuation following decisions made as part of the previous valuation. The initial expectation was that the new rate would be 33.9%; this would be limited to an equivalent rate of 28% in 2019-20 through a provision of a one year grant, with the full amount being chargeable in 2020-21. Discussions were conducted nationally between the National Police Chiefs Council, PCCs, Home Office and Treasury. As part of the funding announcement on 13 December 2018 a final contribution rate of 31% (the surcharge having been removed) was confirmed.
- 7.5 The additional cost for NWP will be £2.1m in 2019-20 and a further £1.9m in 2020-21. This is summarised in the table below. This is an additional 1.43% inflation on the 2019-20 budget, equivalent to a 2.78% increase in Council Tax.

	Actuarial	Surcharge	Total	Cost	Increase	Cost
	%	%	%	19-20 £'000	19-20 £'000	20-21 £'000
Current Rate	21.3	2.9	24.2	12,833		
Original Est	31.0	2.9	33.9	18,046	5,213	5,574
Revised	31.0	0	31.0	16,503	3,670	4,000
Grant					1,582	0
Net Cost					2,088	4,000

- 7.6 The announcement of 2019-20 funding was made on 13 December 2018. The announcement was not for a flat cash settlement as per the previous year, but for an increase of 2.1%. This is an increase of £1.506m for NWP. This is the first increase in grant since 2010-11.
- 7.7 The settlement also gave additional flexibility to Forces in England to increase their Band D Council Tax by up to £24. This is also higher than the previously announced figure of £12. This would give a range of Council Tax increase of between 9.3% and 21.8% if Police and Crime Commissioners were to increase the Council Tax by the maximum £24. It will be up to individual Police and Crime Commissioners to decide whether to increase the Council Tax by these amounts. In Wales the Welsh Government must define any Council Tax cap, at the time of writing this report, they have not done so. The Home Office have assumed that all Forces would increase the Council Tax by £24 in calculating the potential additional total amount available to Forces from Council Tax Precept of £509m. Further information is shown in Appendix B (Provisional Settlement Letter)
- 7.8 Nationally the Home Office have stated that the increase in grant and increased flexibility in Council Tax will increase funding available by £813m. This was described in their funding letter as follows

'That is why, we will increase funding available to PCCs by up to £813m, if PCCs use their precept flexibility fully. This is the biggest annual increase since 2010. That is within the context of increases in CT police funding and investments in serious and organised crime meaning an increase in total police funding in 2019/20 by c. £970m, again if PCCs use their precept flexibility fully. We are personally committed to ensuring our police have the resources they need.'

7.9 However, the announcement included four priority areas to drive efficiency, productivity and effectiveness, which are as follows

'In 2019/20, we are making an even larger investment in policing. We need your help to ensure it is spent well. This is particularly important when the Government will be making decisions on the Spending Review next year. Therefore, the funding settlement sets out four priority areas to drive efficiency, productivity and effectiveness next year.

1. *On behalf of the taxpayer, the Government will expect to see continued efficiency savings in 2019/20 through collective procurement and shared services. We need to see national approaches to procuring forensics, vehicles and basic equipment such as helmets. In the case of forensics, this is not about financial savings, but working together to maintain an efficient market that supports the needs of policing and the criminal justice system as a whole.*

2. *We will expect major progress to resolve the challenges in investigative resource identified by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, including recruiting more detectives to tackle the shortfall. We will work with the College of Policing and the National Police Chiefs' Council to support forces to make this change by accelerating their action plan on investigations, making full use of the innovation offered by Police Now.*

3. *Improving productivity including smarter use of data, and digital capabilities including mobile working, with an ambition to deliver £50m of productivity gains in 2019/20.*

4. *Furthermore, we expect forces to maintain a SOC response that spans the identification and management of local threats as well as support for national and regional priorities. This response should be built around the disruption of local SOC threats alongside SOC prevention, safeguarding, partnerships and community engagement.'*

7.10 Top slicing of the amount available to Policing continues, with a further increase of £84m in 2019-20. The total top slice now reduces the core grant received by North Wales by £10.6m, only a small proportion of which will be received in additional funding or direct benefit.

7.11 Although this settlement seems to be an improvement on previous years it has to be taken in context of increasing pay and non-pay inflation **plus** the additional Pension inflation. In addition to this there is an expectation of increased investment and resources allocated to detective capabilities, Serious and Organised Crime (SOC) resources and digital and mobile capabilities.

7.12 There is a great deal of uncertainty around future funding, there seems to be an acceptance in the Home Office that Police funding has been cut as much as possible, but economic uncertainties around Brexit make it difficult to predict how much resources will be available. A view has been taken to project a flat level of funding from 2020-21 onwards, this is an improvement of a -1% annual cut projected in the last MTFP.

8. Budget 2018/19 to 2022/23

8.1 The detail of the Budget and changes for 2019-20 and future years are shown in Appendix A.

8.2 The main assumptions as per the previous MTFP are as follows:

- Annual pay inflation 2% applied from September
- General Inflation 2%, specific inflation applied where known
- Council Tax increase of 7.74% in 2019-20 and £12 per annum in the following years which equate to 4.32% in 2020-21, 4.14% 2021-22, 3.97% 2022-23 and 3.82% in 2023-24.
- Grant increase of 2.1% in 2019-20, and a flat settlement of 0% for the following years
- A 0.25% increase in tax base from 2020-21 onwards

This gives an overall position of

	Annual	Annual	Annual	Annual	Annual
	Budget	Budget	Budget	Budget	Budget
	2019-20	2020-21	2021-22	2022-23	2023-24
Baseline	146,466	154,264	157,972	161,696	165,440
Inflation inc Police Pensions	5,223	5,124	3,475	3,781	3,988
Growth from reinvestment	2,793	1,887	656	213	24
Savings	-2,832	-2,628	-407	-250	-250
Additional Perm/Temp Growth	2,614	-675			
Budget Requirement	154,264	157,972	161,696	165,440	169,202
Total Grant	-73,234	-73,234	-73,234	-73,234	-73,234
Precept from Council Tax	-81,030	-84,738	-88,462	-92,206	-95,968
Total	-154,264	-157,972	-161,696	-165,440	-169,202
Balance	0	0	0	0	0
Annual balance	0	0	0	0	0
Council Tax % increase	7.74%	4.32%	4.14%	3.97%	3.82%
£ increase	19.98	12.00	12.00	12.00	12.00

8.3 The budget set is balanced over 5 years; however there are considerable uncertainties from 2020-21 onwards. What is known is that the effect of the Police Officer Pensions increase is over two years. Extensive work has been carried out on identifying efficiencies through the Operational Improvement Programme and other reviews and identifying where best to re-invest these efficiencies to address gaps in the service and the ever changing demand faced within Policing. These changes are planned to be implemented over the next two years. In addition to this the Home Office has an expectation that there will be additional resources to target detective numbers and serious and organised crime. This is detailed below in terms of the overall effect of inflation, the saving plan and reinvestment plan and where additional resources are planned to be deployed. This establishes a firm plan over the next two years that deals with the pension issue as well as addressing the increases in demand in an efficient and effective manner.

8.4 A pay award of 2% has been agreed from September 2018 for Officers and Staff, it is estimated that pay awards will be 2% annually. The overall increase in pay inflation for 2019-20 is estimated at £1.8m. In addition to this the increase of £2m for additional Police Officer Employer Pension contribution needs to be included. General inflation is estimated at the Bank of England target of 2%, however all budget lines are reviewed to assess if this is excessive or sufficient (looking at historical spend and projections). 2019-20 has seen a significant increase in energy charges due to oil prices being at a 4 year high, carbon and coal prices at a 10 year high, a weak pound, network and capacity charges and changes to environmental charges. A summary of the inflationary costs and their effect on Council Tax is shown below.

	£000	Equivalent Council Tax increase £	Equivalent Council Tax increase %	Overall Inflation amount
Pay Inflation	1,823	£ 6.26	2.42%	1.24%
Price Inflation	1,312	£ 4.50	1.74%	0.90%
Police Pension	2,088	£ 7.17	2.78%	1.43%
Total Inflation	5,223	£ 17.93	6.94%	3.57%

8.5 This is significantly higher than recent years. It is also understated as a one year grant of £1.582m has been provided for part of the Pension increase which is equivalent to an additional inflationary increase of 1.1%. Pay inflation will be higher in future years due to the increased pension costs. A Council Tax increase of 6.94% would be needed to cater for inflationary pressures alone if there were no increase in general grant.

- 8.6 Additional increases for the Police Education Qualification Framework (PEQF) and capital funding have been included in estimates from 2020-21 onwards. These are detailed in the MTFP and will be reviewed during the year in preparation for the 2020-21 budget.
- 8.7 Grants have been increased for 2019-20, however, there have been no indications that this will continue in 2020-21. It is assumed that they will remain frozen in future years. An estimated 0.25% increase in the tax base has been included in the figures.
- 8.8 The planning cycle for 2017-18 included service reviews covering 41% of the Force amounting to £50m of staff expenditure. These covered Patrol Resources and the link with the Management Resource Unit (MRU), Investigative Resources, Roads Policing, Forensics, Custody, HR, Projects and Cleaning Services. These reviews were at different stages, the MRU has been implemented while the Investigative Review has reported its initial findings. The operational elements of the on-going reviews, together with additional elements were brought together within the Operational Improvement Programme (OIP) during 2018-19.
- 8.9 The OIP conducted an evidence based review of 47% of the Force; this was led by a team of operational Officers supported by the Demand Capability Unit (DCU), Finance, HR and others. The areas covered were
- **Investigative Review** – The Review focused on the required investigative resources required at local level to deal with the change in demand. The proposal is to increase resources available by 32; these will be a combination of detective resources and Police Community Support Investigators (PCSI). The change in demand has seen an increase from 30% to 50% in the crime that require 100 days or more to investigate.
 - **Neighbourhood Policing (NPT)** – NWP investment in NPT is shown as being higher than other Forces within the HMIC VFM profiles, with NWP being the highest in terms of PCSO numbers per 1000 population. The review concluded that service provision could be maintained with a reduction of 59 PCSOs, 21 PCs and 6 Sergeants over a two year period.
 - **Local Policing Service PC and Sergeant Review** – the review looked at district boundaries, shift patterns and Sergeant to PCs ratios and the best way to deal with change in demand. The conclusion was to remain at the 10 district (as opposed to the option of 8 districts) and change the shift patterns to a 4 team option. This will require an additional 5 additional Sergeants and 4 PCs.
 - **Custody Review** – The review looked at staffing levels and shift patterns and the new role of police decision maker were incorporated. There will be an overall reduction of 3 roles, but the role of the police decision maker has been incorporated into the established numbers.
 - **Occurrence Management Unit** – The review looked at how occurrences are managed, how the upgrades system can be used to reduce demand and to define responsibilities for occurrence management clearly to avoid duplication. Implementation will result in a saving of 12 posts.

8.10 All the above reviews are interlinked; this was taken into account, as well as links with other areas as part of the Programme. Considerable consultation has been conducted with final consultation on shift patterns still taking place. The Programme was initially to be implemented over three years but has now been planned over two years. The results feed into the overall saving plan and reinvestment plans as shown below.

8.11 Other on-going reviews and the annual budget review identified a further £1.095m savings in 2019-20. Future savings will be identified as part of the Demand Capability Unit work with the Digital Projects and the Programme Management Office. The confirmed saving plan for next year and the draft plan for future years are shown in the following table.

Savings	2019-20	2020-21	2021-22	2022-23	2023-24
	£000	£000	£000	£000	£000
OIP/DCU					
Neighbourhood Policing	1,638	1,493	0	0	0
Custody	-73	82	82	0	0
Occurrence Management	172	222	0	0	0
Digital/DCU Reviews	0	500	250	250	250
Other Review Areas					
IT Contracts	0	75	75	0	0
Estates incl PFI/Cleaning	425	175	0	0	0
Forensics	100	0	0	0	0
Procurement	20	80	0	0	0
Budget Review Savings - EL/PL	150	0	0	0	0
AJD - 2 Firearms Licensing	100	0	0	0	0
Budget Review	300	0	0	0	0
Total	2,832	2,628	407	250	250

8.12 During the planning cycle it became clear that digital technology is an area that requires investment, due to national requirements and the ever changing benefits that technology provides. This will involve upgrading current hardware, and also changing the business processes to maximise the benefits, which will in time provide additional efficiencies. Digital development has been split into 3 areas, Mobility and Capability, Managing Demand, and Technology to support Intelligence gathering. In addition to these, projects comprising Workforce Transformation, Collaboration and Partnerships and Operational and Business Development require additional investment to be made in the Programme Management Office (PMO) and the continuation of the Demand Capability Unit (DCU). This requires an overall investment of £1.480m in 2019-20; £0.755m of which is recurring investment in technology based on national agreements and moving to a licencing agreement for Microsoft software (National Enablement Programme (NEP)) and £0.725m in staff for Project Management and Support (2 IT; 5 PMO and 6 DCU).

8.13 Another area of growth to be funded by reinvestment of savings were identified as contributions to Regional and National bodies, which includes new contribution to the All Wales Collaboration Team and contributions and North West Collaboration teams. Additional requirements were also identified within the Custody Medical Provisions, Body Worn Video support and Vetting. The total amounts reinvested are shown in the table below. These additions worth £2.793m are funded from the efficiencies identified of £2.832m.

Growth funded by reinvestment of savings	2019-20	2020-21	2021-22	2022-23	2023-24
	£000	£000	£000	£000	£000
OIP -Response	86	428	0	0	0
OIP - Investigative Review	797	-25	0	0	0
PEQF	21	779	656	213	24
Capital Borrowing	0	400	0	0	0
IT - National Enablement Programme/Digitalisation	877	305	0	0	0
Programme Management Office	338	0	0	0	0
Demand & Capability Unit	265	0	0	0	0
Medical Services Review - Custody/SARC Nurse Provision	123	0	0	0	0
Crime Prevention - Problem Solving	58	0	0	0	0
Contribution to Bodies - All Wales. North West, Firearms Policy etc	170	0	0	0	0
Other - BWV support and Vetting	57	0	0	0	0
Total	2,793	1,887	656	213	24

8.14 **Additionality** - The budget settlement from the home office this year is slightly better than expected, in addition the accompanying letter from the home office strongly supports forces seeking to maximise the monies they receive via the council tax precept. It is suggested that forces seek to increase the council tax precept by up to £24 per annum for a Band D property. It is believed that the vast majority of forces will seek to do so with the support of their PCCs and Police and Crime Panels. It is also recognised that North Wales Police already benefits from strong financial support from the local community. Increasing the Council Tax by £19.98 rather than the £24 will allow for deliverable investments of £2.6m to support the aims of the PCC's objectives and support the Chief Constable's priorities. In reaching these conclusions consideration has been developed from the HMIC VFM profiles, the force's performance data, the understanding of demand and capacity from the OIP, Force Management Statement and from the professional judgment of the service leads and their teams. By committing £0.675m of this to non-recurring expenditure this will also enable the 2020-21 budget to be balanced based on the assumptions above. This will increase the number of Officers by 34 and Staff by 6, which will require the 2019-20 recruitment of new officers to increase to 90 from the planned 54.

8.15 The areas agreed for investment are

- **Increase operational proactive capacity and capability**
Aim - Establish a centrally led Task force. Provide additional dynamic capacity to proactively combat criminality and deliver transformational outcomes towards operational priorities.
Benefit – Provision of a dynamic and flexible resource around level 1/level 2 criminality and improvement of skillsets to support proactivity. Capacity to directly and proactively task against specific individuals, premises and locations identifiable through enhanced problem solving initiatives across North Wales
- **Increase serious and organised crime capacity and capability**
Aim - Increase SOC capacity to focus operations to meet the growing sophistication and proliferation of serious crime, drug supply networks and county lines.
Benefit - Increased capability to tackle serious and organised crime. Additional capacity will enable SOC to improve its overall impact on this force priority and ensure tactics and operations are completed to deliver an enhanced performance.
- **Increase analytical and phone SPOC capacity**
Aim - Improve the capacity for identifying targets and gathering intelligence via communications data.
Benefit – Accurate information and intelligence developed through this mechanism will aid in shortening enquiries and ensure investigations are correctly targeted.
- **Develop and implement a new fugitive team**
Aim - Identify and apprehend persons that are wanted for a wide variety of offences and that are believed to be in the North Wales area.
Benefit – Bring wanted person to justice, the prospect of capture and detention will decrease the likelihood that wanted persons will seek to embed themselves in North Wales communities.
- **Increase Capacity for Digital Forensic Examinations**
Aim - To enable the DFU to maintain the current service level agreements in place across the organisation and continue to support investigators into serious and complex criminality.
- **Benefit** – As DFU provide invaluable support to the Police Online Investigation Team (POLIT) and all investigations, which have seen annual successive increases in demand and an escalation of complex cases linked to safeguarding issues, increased staffing for DFU will ensure there is a reduced likelihood of delays when progressing investigations into offences. It will also reduce the need to outsource and potentially delay important digital forensic work.
- **Increased Number of Domestic Abuse Officers (DAO)**
Aim - To enable DA Officers to meet the increased demand and reduce the vulnerabilities associated with victims of domestic abuse.

Benefit – DAOs provide valuable support, signposting and close cooperation with partner organisations to assist victims of DA. Current data indicates significant increases in domestic related crime with a large proportion of victims requiring direct support from a DAO. NWP are also working to Safer Lives guidelines therefore an increase in DAOs is seen as vital if we are to continue to provide the current service levels.

- **Increased Number of Sex and Violent Offender Unit (SAVOU) Officers**

Aim - To enable SAVOU officers to provide robust management of the existing cohort of offenders and support more preventative problem solving work around those that pose the highest risk to communities.

Benefit – An uplift in SAVOU officers will provide resilience for the increased demand in offender management and the expectation to do more preventative work with those assessed as High and Very High risk.

- **Increase the functionality of Onyx and provide a CCE capability**

Aim - To develop the Onyx unit into a Child Exploitation Unit (CEU) where victims of CSE and CCE (Child Criminal Exploitation) will be identified, engaged with and supported using a multi-agency approach.

Benefit – Developing the unit will provide enhanced support and engagement with victims of CCE which is currently challenging. Increased capacity will professionalise and improve the support provided to some of the most vulnerable children within our communities and will bring together a multi-agency solution to proportionately address the complex issues of CSE and CCE.

- **Multi Agency Tasking and Co-ordination (MATAC) facilitator**

Aim - To provide co-ordination, facilitation and oversight for perpetrator multi agency meetings for Domestic Abuse.

Benefit – A MATAC would determine the most harmful DA perpetrators from police data using the Recency, Frequency and Gravity (RFG) analytical process incorporating partner data and agreed method for targeting each perpetrator. Evidence exists which is supported by HMIC that a multi-agency focus on problem solving.

- **Upgrade of Tasers to latest version and uplift numbers of deployable Officers from 300 to 400**

Aim – To replace end of life equipment and expand the number of trained officers by 100

Benefit – Increase Officer and public safety. Cost based on a 5 year contract which spreads the cost and covers the upgrade and equipment (cartridges etc) over the 5 year expected life.

- **Innovation Fund**

Aim – A fund to promote innovation and promote trialling of new ideas

Benefit -Allowing benefits to be identified quickly and enable rapid develop of new capabilities.

- **Digital Pump Prime**

Aim – To fund the investment in ICT equipment.

Benefits - Investment in devices to targeted operational posts to allow greater flexibility, efficiency and effectiveness.

- **Pump prime ACE through the Commissioner’s Fund**

Aim – To provide funding to partner organisations addressing adverse childhood experiences

Benefits – Encourage and promote collaboration protecting the most vulnerable in our communities.

8.16 The total investment would be:

	Proposals	Officers	Staff	Total Recurring	Total Set Up
		FTE	FTE	£'000	£'000
1	Increased operational proactive capacity and capability	16	1	783	115
2	Increase in serious and organised crime capacity and capability	6		254	8
3	Increase analytical and phone SPOC capacity		3	114	8
4	Develop and implement a new fugitive team	3		132	19
5	Increase Capacity for Digital Forensic Examinations	1	1	84	5
6	Increased Number of Domestic Abuse Officers (DAO)	3		127	4
7	Increased Number of Sex and Violent Offender Unit (SAVOU) Officers	3		127	4
8	Increase the functionality of Onyx and provide a CCE capability	2		84	3
9	Multi Agency Tasking and Co-ordination (MATAC) facilitator		1	38	2
10	Taser Upgrade and enhancement			136	
11	Innovation Fund			60	
12	Pump prime Digital Investment				407
13	Pump prime ACE through Commissioner’s Fund				100
	Total additional investment @ £19.98/7.74% CT increase	34	6	1,939	675

9.0 Risks

9.1 Details of future risks to the budget are included in the MTFP. A summary of the major risks is given below; some of these have already been highlighted within this report:

- Funding uncertainty, including spending review, funding formula, top-slicing, and details being provided late in the planning cycle
- Future changes to the funding formula may be detrimental to North Wales; withdrawal of the floor grant
- Emerging national and local requirements – such as PEQF and the replacement Police Communication System ESN
- Change in the demand for Policing
- Delivering existing savings plans
- Identifying future savings plans
- A worsening of the national economic position requiring additional cuts to be imposed (including the effect of Brexit)
- Increase in pay costs (including pension contributions and national insurance) – pay accounts for approximately 80% of the net budget.

10. Resilience and Reserves

10.1 The Commissioner has a duty to ensure that he holds adequate financial reserves to manage risks. In addition to the funding and forecasting risks detailed above, the Commissioner needs to cater for expenditure risk (spending over budget), and costly major incidents, natural disasters or other unforeseen events. An element of this risk has been managed through the in-year budgets through the contingency budgets. These have been reduced and a greater proportion of that risk being transferred to Reserves.

10.2 The Reserves are reviewed as part of the budget setting process and again as part of producing the Statement of Accounts at the end of the financial year.

10.3 There is a planned reduction in reserves from £25.8m to £16.9m over the next 5 years. Investments from the Management of Change reserve is planned to enable the changes required over the next two years.

10.4 The use of the reserves will depend on the final decisions on capital expenditure and the final revenue outturn in 2018-19, therefore the table below shows the current plan on how the earmarked reserves may be best used to support service provision and reduce the pressure on the revenue budget. Where the use of the Reserve is not known (such as the Major Incident Reserve) no changes are shown. Details of the projected Reserve position at the end of each year are given below the table. The Policing Minister announced new guidelines on transparency of reserves during 2018-20, the MTFP categorises the reserves according to the guidelines and has a full description of each reserve.

10.5 The reserves are approaching the lower end of the acceptable range, taking into account the financial risks that have been transferred to reserves from the annual budgets over recent years. Any significant unplanned expenditure would require the reserves to be replenished in order to manage future risks.

Reserve Position

<i>Usable Reserves at</i>	31.3.19	31.3.20	31.3.21	31.3.22	31.3.23
	Balance	Balance	Balance	Balance	Balance
	£m	£m	£m	£m	£m
Capital Receipts Reserve	1.109	0.866	1.011	0.734	0.884
General Fund Balance	5.189	5.189	5.189	5.189	5.189
Earmarked General Fund Reserves	14.683	11.502	11.333	11.145	10.840
Total Usable Reserves	20.981	17.557	17.533	17.068	16.913

Earmarked General Fund Reserves

Description	31.3.19	31.3.20	31.3.21	31.3.22	31.3.23
	£m	£m	£m	£m	£m
Capital Investment	0.448	0.000	0.000	0.000	0.000
Major Incident	2.197	2.197	2.197	2.197	2.197
Pension III Health Reserve	0.915	0.915	0.915	0.915	0.915
Insurance Reserve	1.173	1.173	1.173	1.173	1.173
PFI Reserve	4.333	4.377	4.306	4.118	3.813
Estates Security and Maintenance	0.834	0.834	0.834	0.834	0.834
Management of Change	3.772	0.995	0.897	0.897	0.897
Partnerships Reserve	0.553	0.553	0.553	0.553	0.553
Commissioner Community Safety Fund	0.226	0.226	0.226	0.226	0.226
OPCC Legal Reserve	0.051	0.051	0.051	0.051	0.051
OPCC Reserve	0.181	0.181	0.181	0.181	0.181
Total	14.683	11.502	11.333	11.145	10.840

11. Capital

11.1 The current Capital Programme, which has been developed since 2013-14 is coming to a conclusion. By the end of 2018-19 the following will have been achieved

- 4 major new facilities in Llangefni, Llandudno and Wrexham (2 builds)
- 20 refurbishments and relocations

- Continuation of the Vehicle replacement Programme
- Upgraded Network, Servers, Desk Tops, Mobile devices and the replacement of the Control Room Technology systems.

11.2 The Force's assets and infrastructure need continued investment in order to ensure efficient and modern working practices. Strategies for the Estates, IT and Fleet have been being updated and will inform a new medium term Capital Programme over the next 12 months. Detail plans have been prepared for the draft 2019-20 Programme and estimated amounts have been included for future developments, these will subject to Business Cases before any approval to progress is given.

11.3 The 2019-20 Estates Programme included provision for the development of the Pwllheli Police Station. Future work is being planned as part of the Estates Strategy

11.4 Substantial investment is required for IT infrastructure. This is being directed by the Digital Transformation Programme Board. The personal issue of tablets and similar devices to operational officers and staff will enable mobility and the use of the National Enablement Programme in terms of the latest software available. Outline business cases have been provided in each area, the detailed cases and business benefits are due to be finalised over the next few months. The Programme also includes the replacement of Body Worn Video equipment.

11.5 The programme is affordable and funded from a combination of grants, reserves, direct revenue contribution and borrowing. The overall strategy is to minimise external borrowing and maximise the amounts budgeted in revenue by use of direct revenue contribution and capital receipts, which in turn minimises interest payments.

11.6 Further details are included in the MTFP; the final detailed plan will be formally approved by the PCC as part of the Capital Strategy which incorporates the Treasury Management and Prudential Code Strategies.

11.7 Capital Programme 2019-20 to 2024-25

	£'000
EXPENDITURE:	TOTAL
Estates Programme	17,129
Vehicles and Other Equipment	8,355
Information Technology and Communications Equipment	<u>7,641</u>
	<u>33,125</u>
FUNDING:	
Home Office General Grant	2,772
Revenue Contributions	6,116
Earmarked Reserves	2,528

Capital Receipts	1,600
Borrowing for Estates	16,004
Borrowing for Replacement Programme	4,105
Total	<u>33,125</u>

12. Consideration of the Options

- 12.1 The Commissioner has considered all of the options available within the resources available and the parameters and requirements set by the Government. Extensive work was carried out by the OIP in order to identify savings and move resources within the organisation. £2.8m savings have been identified for 2019/20; this is needed to address areas where gaps have developed and there is a need to maintain service levels, specifically within investigative resources and digital investment. Pay inflation has increased as the Government ease the public sector pay restrictions, this has been amplified for 2019/20 and 2020/21 by additional pension contributions. A council tax increase of 6.9% would be needed to cover inflation based on a flat grant settlement. This was the initial consideration. The funding announcement did provide some additional funding, but also increased the expected level of service in certain areas and also the flexibility of PCCs to increase the council tax by £24; the Home Office's total figures assumed that PCCs would do this. Following the funding announcement various outline proposals were put to the PCC including increasing the council tax by £24. Over the Christmas period these proposals were examined in more detail and presented a number of deliverable proposals for the targeted areas which would enhance service provision. This would provide 40 additional Officers and Staff. In deciding on the proposed Council Tax increase, a balance must be found between affordability for local tax payers and ensuring the police service has sufficient funds, based on what has happened over the last eight years and predictions for the next five. Additional cuts or inflationary increases will invariably hit front line and officer numbers. Based on this, and the savings the Force has already made, the Commissioner decided not to increase the council tax by the recommended £24, but to propose an increase of £19.98 (7.74%) which will protect the budget while allowing some investment in front line posts.
- 12.2 The Commissioner held discussions with the Chief Constable who confirmed that the council tax increase of 7.74% provides sufficient budget to enable the operational delivery of the policing service in 2019/20. However, due to future uncertainty over the level of grant allocation, pay awards and changes in operational pressures, it is not possible to comment at the stage as to the accuracy of planning assumptions, and it must be understood that a significant reduction in the grant allocation or a higher than expected pay award would result in increased cuts and higher council tax increases in future years.

12.3 Increasing the Council Tax by 7.74% the valuations for each property band are:

Tax Band	A	B	C	D	E	F	G	H	I
Council Tax £	185.40	216.30	247.20	278.10	339.90	401.70	463.50	556.20	648.90

12.4 The precept for each billing area will be:

<u>Billing Authority</u>	2019-20 Tax Base	Precept £
Anglesey County Council	31,571.46	8,780,023
Gwynedd Council	51,926.38	14,440,726
Conwy County Borough Council	50,226.00	13,967,851
Denbighshire County Council	39,908.14	11,098,454
Flintshire County Council	64,317.00	17,886,558
Wrexham County Borough Council	53,421.03	14,856,388
	291,370.01	81,030,000

13. Implications

Diversity	The report's recommendations will affect the Force's employee numbers in future years.
Financial	The purpose of this report is to recommend the Precept and Council Tax for 2019/20, and to explain the factors taken into account in making this recommendation. Although the recommendation is for a single financial year, it is important to consider the medium to long term position in reaching a decision. Adequate financial resources are vital to the delivery of the Police and Crime Plan and to fulfil our legal requirements.
Legal	This report, in conjunction with the Medium Term Financial Plan, provides sufficient information for the Police and Crime Panel to make a decision that could stand future legal challenge.
Risk	The report identifies and evaluates the risks from the recommendations.
Police and Crime	No separate police and crime implications.

Appendix A

	Annual Budget 2018- 19	+Inc -' Redn 2019- 20	Annual Budget 2019- 20	Annual Budget 2020- 21	Annual Budget 2021- 22	Annual Budget 2022- 23	Annual Budget 2023- 24
Expenditure	£000	£000	£000	£000	£000	£000	£000
1 Police Officer Pay Establishment	74,850	5,479	80,328	82,232	84,008	86,056	88,275
2 Police Staff Pay	44,470	1,443	45,913	46,816	47,736	48,675	49,633
3 Police Officer Overtime	2,034	41	2,075	2,116	2,159	2,202	2,246
4 Police Staff Overtime	421	9	430	438	447	456	465
5 Allowances	1,487	-120	1,367	1,357	1,348	1,339	1,330
6 Training	680	44	724	738	753	768	783
7 Other Employee	695	-136	559	571	582	594	605
8 Direct Pension Payments	3,227	78	3,305	3,384	3,465	3,548	3,634
9 Energy Costs	1,049	371	1,420	1,463	1,507	1,552	1,599
10 Building Running Costs	6,720	-277	6,443	6,572	6,703	6,837	6,974
11 Repairs & Maintenance of Vehicles	564	-28	536	546	557	568	580
12 Vehicle Running Costs	1,936	5	1,941	1,991	2,042	2,095	2,150
13 Car & Travelling Allowances	760	0	760	775	790	806	822
14 Air Support Unit	589	0	589	601	613	626	638
15 Equipment	844	156	1,000	1,020	1,040	1,061	1,082
16 Clothing and Uniforms	484	-17	467	477	486	496	506
17 Printing and Stationery	424	0	424	433	441	450	459
18 IT and Communications	9,838	916	10,754	10,969	11,188	11,412	11,640
19 Subsistence	336	15	351	358	365	372	380
20 Other Supplies and Services	2,507	31	2,538	2,572	2,606	2,641	2,676
21 Collaboration and Partnerships	5,140	292	5,432	5,541	5,651	5,764	5,880
22 Forensics	740	0	740	754	769	785	801
23 Debt Charges & Contribution to Capital	1,864	743	2,607	2,032	2,040	2,040	2,040
24 Special Situations Contingency	400	0	400	400	400	400	400
25 Inflation and General Contingency	400	60	460	460	460	460	460
26 Community Safety Fund	1,467	100	1,567	1,467	1,467	1,467	1,467
Gross Expenditure	163,926	9,205	173,130	176,083	179,623	183,470	187,525

	Annual Budget 2018-19 £000	+'Inc -' Redn 2019- 20 £000	Annual Budget 2019-20 £000	Annual Budget 2020-21 £000	Annual Budget 2021-22 £000	Annual Budget 2022-23 £000	Annual Budget 2023-24 £000
Income							
27 Secondments	-5,167	157	-5,010	-5,010	-5,010	-5,010	-5,010
28 Interest on Balances	-150	50	-100	-100	-100	-100	-100
29 Income	-3,270	236	-3,034	-3,034	-3,034	-3,034	-3,034
30 Specific Grants	-8,993	-1,773	-10,766	-9,131	-9,079	-9,026	-8,974
Total Income	-17,580	-1,330	-18,910	-17,275	-17,223	-17,170	-17,118
31 PFI Reserve	121	-77	44	-71	-188	-306	-425
Net Expenditure	146,467	7,798	154,264	158,737	162,212	165,994	169,982
32 Total Grants	-71,728	-1,506	-73,234	-73,234	-73,234	-73,234	-73,234
33 Precept	-74,739	-6,291	-81,030	-84,738	-88,462	-92,206	-95,968
Funding	-146,467	-7,797	-154,264	-157,972	-161,696	-165,440	-169,202
Annual Balance	0	0	0	765	-249	38	225
BASE CASE - Cumulative	0	0	0	765	516	554	780

Additional Future Cost Pressures**a. OIP**

Investigative Review	-25	-25	-25	-25
Response	428	428	428	428
b. PEQF	779	1,435	1,647	1,671
c. Capital funding	400	400	400	400
d. IT -NEP	305	305	305	305
Annual increase	1,887	656	213	24

Cumulative Total	1,887	2,543	2,756	2,779
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Future saving plan**OIP/DCU**

Neighbourhood Policing	1,493	0	0	0
Custody	82	82	0	0
Occurrence Management	222	0	0	0
Digital and DCU Reviews	500	250	250	250

Other Review Areas

IT Contracts	75	75	0	0
Estates	200	0	0	0
Procurement	80	0	0	0
Annual Savings Plan	2,653	407	250	250

Cumulative savings	2,653	3,059	3,309	3,559
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Net Total	0	0	0	0
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Home Office

Home Secretary

2 Marsham Street
London SW1P 4DF
www.gov.uk/home-office

Rt Hon Yvette Cooper MP
House of Commons
London
SW1A 0AA

13 December 2018

Dear Yvette,

I will today place in the Library my provisional proposals for the aggregate amount of grant to local policing bodies in England and Wales for 2019/20. Copies will also be available in the Vote Office.

The Welsh Government is also setting out today its proposals for the allocation of Welsh Government funding in 2019/20 for Police and Crime Commissioners in Wales.

As is usual, these provisional proposals will now be subject to consultation, before final proposals are brought forward for the approval of the House early next year. The Secretary of State for Housing, Communities and Local Government is announcing the council tax referendum principles for all local authorities in England in 2019/20, including those applicable to Police and Crime Commissioners. After considering any representations, he will set out the final principles in a report to the House and seek approval for these in parallel with the final Local Government Finance Report. Council tax in Wales is the responsibility of Welsh Ministers.

Provisional Settlement for 2019/20

The first role of government is to protect the public. We will always ensure that the police have the powers and resources needed to keep our citizens and communities safe.

We know that the police need the right capabilities and resources to respond to the changing nature of crime. This financial year, we provided forces with a £460m increase in overall funding, including increased funding to tackle counter-terrorism and £280m for local policing through the police precept. Most Police and Crime Commissioners set out plans to use this funding to either protect or enhance frontline policing.

Last year, we indicated we would provide a similar funding settlement in 2019/20, if the police made progress in delivering further commercial savings, used mobile digital working and increased financial reserves transparency. The police have delivered on these conditions and are on track to deliver £120m in commercial and

back office savings by 2020/21 and move towards a new commercial operating model. All forces have published reserves strategies using the guidance we published in January.

We have reviewed the demand on the police again. It is clear that demand pressures on the police have risen this year as a result of changing crime. There has been a major increase in the reporting of high harm, previously hidden crimes such as child sexual exploitation and modern slavery. The challenge from serious and organised crime networks is growing. Through the Serious Violence Strategy, we are bearing down on the worst spike in serious violence and knife crime that we have seen in a decade by combining support for more robust and targeted policing with effective long-term investment in prevention and earlier intervention. And we need to recognise the work done by the police to combat the evolving threat from terrorism. The Government is determined to support the police to meet the demand across counter-terrorism, serious and organised crime and local policing.

As the Chancellor announced at the Budget, funding for counter-terrorism policing will increase by £160m compared to the 2015 Spending Review settlement. This is a year on year increase in counter-terrorism police funding of £59m (8%) compared to 2018/19. This increases the counter-terrorism budget to £816m, including £24m for an uplift in armed policing from the Police Transformation Fund. This is a significant additional investment in the vital work of counter-terrorism police officers across the country. PCCs will be notified of force allocations separately. These will not be made public for security reasons.

The Government has prioritised serious and organised crime (SOC) within our funding for national priorities in 2019/20. SOC is a growing international problem. Criminal networks are increasingly resilient and adaptable, exploiting technology and becoming involved in almost every type of crime. The new SOC Strategy, published on 1 November, sets out the Government's approach to tackling the rising threat from SOC. Police forces, alongside the NCA and Regional Organised Crime Units, play an essential role in delivering the strategy by tackling the SOC threats that harm our communities and the individuals who live and work in them. We will invest £90m in much-needed SOC capabilities at national, regional and local levels, with a significant proportion allocated directly to police forces for investment in SOC capabilities. We will step up our efforts against a range of SOC threats including economic crime, child sexual exploitation, fraud and cyber-crime.

We will also help forces to both meet additional demand and manage financial pressures. In total, we will enable an increase in funding for the police system of up to £970m, the biggest increase since 2010. This includes increases in Government grant funding, full use of precept flexibility, funding to support pensions costs, and increased national funding to meet the threats from counter-terrorism and serious and organised crime.

We are increasing the general Government grants to Police and Crime Commissioners by £161m (including £90m additional funding from the Exchequer) to a total of £7.8bn, including a £146m increase in core grant funding. Each PCC will see their Government grant funding protected in real terms. Specific grants to the Metropolitan Police Service and City of London Police will increase by £14m; an

affordable increase that will better reflect the additional costs of policing London, at a time when the Metropolitan Police Service faces specific financial pressures, and the City of London Police does not benefit from additional Council Tax precept flexibility.

Following the announcement at the Budget that the Government would allocate funding from the Reserve to pay part of the costs of increases in public sector pensions contributions in 2019/20, we are allocating a further £153m of specific grant funding to support the policing system with increases in pensions contributions (including additional funding for the counter-terrorism police network and the National Crime Agency). This funding will be distributed according to a methodology developed with police leaders.

We are also proposing to double the precept flexibility for locally accountable PCCs. Last year, we provided an additional £12 precept flexibility. This year, we propose giving PCCs the freedom to ask for an additional £2 a month in 2019/20, to increase their Band D precept by £24 in 2019/20 without the need to call a local referendum.

It will be for locally accountable PCCs to take decisions on local precept and explain to their electorate how this additional investment will help deliver a better police service. We cannot say today how much the additional precept flexibility will raise. Last year, the vast majority of PCCs used their flexibility. If all PCCs use their flexibility in full in 2019/20, based on the latest Office of Budget Responsibility tax base forecasts, it will mean around an additional £509m public investment in our police system.

Taken together, this substantial increase in police funding will enable forces to continue recruiting, fill crucial capability gaps such as in detectives, meet their genuine financial pressures, drive through efficiency programmes, and improve their effectiveness by preventing crime and delivering better outcomes for victims of crime.

In addition to these increases in direct funding, we will also support PCCs and forces through continued investment of £175m in the Police Transformation Fund (PTF) and £495m to improve police technology, as we did last year. Our priorities in the PTF are to support sector led initiatives that will build important national capabilities delivered to forces through the major national police led programmes, which include a Single Online Home (Policing website) to engage more effectively with the public, and new ways of working through productivity and cyber-security tools supporting collaboration. The Home Office technology programmes will, for example, replace and upgrade end of life critical infrastructure such as the Airwave communication system with the 4G Emergency Services Network. The Law Enforcement Data Service will replace the existing Police National Computer and Police National Database with an integrated service to provide intelligence to law enforcement and its partners. I set out in an annex to this letter further information regarding police funding in 2019/20, namely tables illustrating how we propose to allocate the police funding settlement between the different funding streams and between Police and Crime Commissioners for 2019/20.

This investment will support four key pillars of police effectiveness. Firstly, increasing capacity, including investing in Police Now to attract excellent new talent, while

introducing technology that saves time – so officers spend longer on the frontline. Secondly, crime prevention, including funding for innovative new techniques. Thirdly, enhancing the support we offer to hard-working frontline police officers and staff, with the new national welfare service. And finally, through ensuring system leaders provide national direction on performance, including through working more smartly, with the digitally enabled modern tools to police effectively.

This settlement sets out four priority areas to drive efficiency, productivity and effectiveness next year to drive improvements in services to the public.

1. On behalf of the taxpayer, the Government will expect to see continued efficiency savings in 2019/20 through collective procurement and shared services. We need to see national approaches to procuring forensics, vehicles and basic equipment such as helmets, developed over the coming year. And we will be setting an expectation that every force contributes substantially to procurement savings; we will work with the police to agree the right force level objectives for 2019/20 and 2020/21 in the coming months. All forces should also contribute to the development of a new commercial operating model over 2019/20.
2. We will expect major progress to resolve the challenges in investigative resource identified by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, including recruiting more detectives to tackle the shortfall. We will work with the College of Policing and the National Police Chiefs' Council to support forces to make this change by accelerating their action plan on investigations, making full use of the innovation offered by Police Now.
3. Forces will have to continue improving productivity, including through smarter use of data, and digital capabilities including mobile working, with an ambition to deliver £50m of productivity gains in 2019/20.
4. Furthermore, we expect forces to maintain a SOC response that spans the identification and management of local threats as well as support for national and regional priorities. This response should be built around the disruption of local SOC threats alongside SOC prevention, safeguarding, partnerships and community engagement.

This settlement is the last before the next Spending Review, which will set long term police budgets and look at how resources are allocated fairly across police forces. The Home Office is grateful to the police for the good work they are doing to build the evidence base to support that work, and we will also want to see evidence that this year's investment is being well spent. In addition to working together to understand demand, we will be working with the police to present an ambitious plan to drive improved efficiency, productivity and effectiveness through the next Spending Review period.

I have made clear that the Government's priorities are an increasing emphasis on crime prevention, while maintaining a focus on catching the perpetrators of crime; improved outcomes for victims of crime; better support for front line officers; and a

step change in the effectiveness of how data and digital technology are used to build a smarter police system and support a more effective service to the public.

The Government pays tribute to our police forces and police staff around the country for their exceptional attitude, hard work and bravery.

I am arranging for copies of this letter and the attached information to be placed in the libraries of both Houses.

A handwritten signature in black ink, appearing to read 'S. Javid', with a small comma at the end.

Rt Hon Sajid Javid MP

Home Secretary

TABLES

Table 1: Provisional change in total resource funding for England and Wales 2019/20, compared to 2018/19

PCC	Total resource funding including pensions grant in 2019/20*		
	2018/19	2019/20	Cash increase
	£m		
Avon & Somerset	281.7	302.9	21.2
Bedfordshire	104.6	112.7	8.0
Cambridgeshire	134.0	144.5	10.5
Cheshire	177.9	192.0	14.2
City of London	57.0	61.0	4.0
Cleveland	125.4	132.7	7.2
Cumbria	102.9	110.0	7.1
Derbyshire	167.2	179.6	12.4
Devon & Cornwall	291.3	314.1	22.8
Dorset	124.7	135.0	10.4
Durham	115.6	123.1	7.5
Dyfed-Powys	99.1	107.2	8.1
Essex	275.9	298.8	23.0
Gloucestershire	110.3	118.8	8.5
Greater London Authority	2,560.1	2,732.1	172.0
Greater Manchester	556.1	590.8	34.7
Gwent	123.5	132.0	8.5
Hampshire	314.2	339.2	25.0
Hertfordshire	188.9	204.9	16.0
Humberside	175.3	186.8	11.5
Kent	288.8	312.4	23.6
Lancashire	266.8	285.2	18.4
Leicestershire	175.5	188.2	12.7
Lincolnshire	113.9	122.4	8.6
Merseyside	312.6	330.9	18.2
Norfolk	153.6	164.8	11.2
North Wales North	146.5	157.2	10.7
Yorkshire	144.8	155.9	11.1
Northamptonshire	126.0	135.3	9.2
Northumbria	265.3	283.3	18.0
Nottinghamshire	195.1	208.2	13.1
South Wales	271.0	290.1	19.1
South Yorkshire	245.8	261.4	15.6
Staffordshire	182.7	195.9	13.3
Suffolk	116.2	125.3	9.2
Surrey Sussex	217.0	234.6	17.6
Thames Valley	264.9	287.2	22.3
Warwickshire	389.7	422.4	32.7
West Mercia	94.1	101.5	7.4
West Midlands	205.8	221.9	16.2
West Yorkshire	534.3	568.6	34.2
Wiltshire	418.1	446.6	28.5
	109.2	118.3	9.1
Total England & Wales	11,323.4	12,136.0	812.5

* Total resource funding consists of core grant funding, National and International Capital City (NICC) grants, Legacy Council Tax grants, Precept grant, Pensions grant and police precept. Allocations of individual grant streams are set out in tables 3 and 4. 2019/20 precept figures are calculated by assuming that PCCs in England and Wales increase their precept Band D level by £24, and Office for Budget Responsibility forecast tax base increases.

The overall annual increase in total police funding is up to £970m, which includes a £59m increase in counter-terrorism police funding (including firearms uplift), an £89m increase in funding for national priorities excluding firearms uplift (including £90m SOC funding), and £10m of pensions grant funding for counter-terrorism policing and the National Crime Agency. Figures may not sum due to rounding.

Table 2: Police resource funding 2019/20 (excluding specific counter-terrorism funding)

Police funding	2019/20
	£m
Overall police funding (Government funding and precept) (a+d)	13,165
Government funding (a)	9,018
o/w Reallocations and adjustments (b)	1,029
PFI	73
Police technology programmes	495
Arms length bodies	63
Top-ups to NCA and ROCUs	56
Serious and Organised Crime Strategy implementation	90
Police transformation fund	175
Special Grant	73
Pre-charge bail	4
o/w Government funding to PCCs¹ (c=a-b)	7,989
Core grant funding ²	7,108
Cash percentage change in core grant funding from 2018/19	2.1%
Council tax grants ³	548
National and International Capital City (NICC) grants	190
Pensions grant ⁴	143
Precept⁵ (d)	4,147
Total funding to PCCs⁶ (e=c+d)	12,136

¹ Government funding to PCCs consists of core grant funding, National and International Capital City (NICC) grants, Legacy Council Tax grants, Precept grant and Pensions grant.

² Core grant funding consists of Home Office main grant, former DCLG formula funding, Welsh Government funding and Welsh Top-Up grant.

³ Council tax grants consists of Legacy Council Tax grants, including those accessed from the Ministry for Housing, Communities and Local Government (MHCLG), and Precept grant.

⁴ Pensions grant payable to PCCs. Counter-terrorism policing and the National Crime Agency are receiving additional Pensions grants totalling £10m, which are not included in this table.

⁵ 2019/20 precept figures are calculated by assuming that PCCs in England and Wales increase their precept Band D level by £24, and Office for Budget Responsibility forecast tax base increases.

⁶ Total funding to PCCs consists of Government funding to PCCs and precept.

Figures may not sum due to rounding

Table 3: Resource allocations for England and Wales 2019/20*

PCC	2019/20				
	HO Core (incl. Rule 1)	Welsh Top- up	Welsh Government	Ex-DCLG Formula Funding	Legacy Council Tax Grants (total from HO)
	£m				
Avon & Somerset	105.8	-	-	56.8	14.7
Bedfordshire	40.6	-	-	23.5	4.6
Cambridgeshire	48.9	-	-	24.5	6.5
Cheshire	61.9	-	-	45.0	8.3
City of London	18.5	-	-	33.8	0.1
Cleveland	46.5	-	-	38.8	7.7
Cumbria	28.9	-	-	31.0	4.8
Derbyshire	62.6	-	-	37.9	8.7
Devon & Cornwall	103.5	-	-	63.5	15.5
Dorset	41.5	-	-	17.4	7.9
Durham	43.0	-	-	37.2	6.1
Dyfed-Powys	34.2	2.8	13.4	-	-
Essex	103.6	-	-	56.2	13.1
Gloucestershire	34.6	-	-	19.6	6.1
Greater London Authority	867.9	-	-	754.2	119.7
Greater Manchester	228.3	-	-	182.4	25.7
Gwent	41.3	-	31.7	-	-
Hampshire	120.9	-	-	63.5	12.9
Hertfordshire	71.9	-	-	36.6	10.2
Humberside	67.7	-	-	46.8	10.0
Kent	107.1	-	-	67.0	13.3
Lancashire	101.3	-	-	79.6	12.8
Leicestershire	65.8	-	-	39.9	8.9
Lincolnshire	38.7	-	-	20.4	6.8
Merseyside	123.4	-	-	113.5	15.6
Norfolk	50.6	-	-	28.9	9.3
North Wales	49.4	1.3	22.5	-	-
North Yorkshire	42.0	-	-	27.2	7.9
Northamptonshire	43.5	-	-	24.3	6.6
Northumbria	111.0	-	-	108.0	8.2
Nottinghamshire	78.5	-	-	48.4	9.7
South Wales	84.9	-	75.8	-	-
South Yorkshire	101.3	-	-	77.9	10.9
Staffordshire	67.0	-	-	40.2	12.0
Suffolk	41.0	-	-	23.0	6.8
Surrey Sussex	62.6	-	-	29.4	9.2
Thames Valley	98.6	-	-	54.2	13.2
Warwickshire	142.3	-	-	74.3	15.3
West Mercia	31.3	-	-	17.5	5.2
West Midlands	66.8	-	-	43.6	12.0
West Yorkshire	252.7	-	-	181.3	19.0
Wiltshire	172.8	-	-	130.1	16.7
	37.8	-	-	20.8	5.2
Total England & Wales	4,142.7	4.1	143.4	2,818.1	507.4

*In addition to the grants listed above:

- The Greater London Authority (on behalf of the Mayor's Office for Policing and Crime) and the Common Council of the City of London (on behalf of the City of London police) are receiving National and International Capital City (NICC) grants of £185.3m and £4.8m respectively.

- The Common Council of the City of London is receiving a Precept grant of £2.7m.

- The Greater London Authority and the Common Council of the City of London also have access to council tax freeze grant funding from MHCLG.

- All PCCs are also receiving a Pensions grant – see table 4 for allocations.

Figures may not sum due to rounding

Table 4: Pensions grant allocations for England and Wales 2019/20

PCC	2019/20
	£m
Avon & Somerset	2.8
Bedfordshire	1.1
Cambridgeshire	1.4
Cheshire	2.1
City of London	0.8
Cleveland	1.3
Cumbria	1.2
Derbyshire	1.9
Devon & Cornwall	3.3
Dorset	1.4
Durham	1.3
Dyfed-Powys	1.3
Essex	2.9
Gloucestershire	1.2
Greater London Authority - officers	31.5
Great London Authority - staff	14.0
Greater Manchester	6.6
Gwent	1.3
Hampshire	3.0
Hertfordshire	2.0
Humberside	1.9
Kent	3.4
Lancashire	3.1
Leicestershire	1.9
Lincolnshire	1.2
Merseyside	3.6
Norfolk	1.6
North Wales North	1.6
Yorkshire	1.4
Northamptonshire	1.3
Northumbria	3.4
Nottinghamshire	2.0
South Wales	3.1
South Yorkshire	2.6
Staffordshire	1.8
Suffolk	1.2
Surrey Sussex	2.0
Thames Valley	2.7
Warwickshire	4.3
West Mercia	0.9
West Midlands	2.1
West Yorkshire	7.0
Wiltshire	5.1
	1.0
Total England & Wales	142.6
Counter-terrorism policing	9.7
National Crime Agency	0.3
Total	152.6

Figures may not sum due to rounding

Table 5: Police capital 2019/20

Police Capital	2019/20
	£m
Police Capital Grant	46.9
Special Grant Capital	1.0
Police Live Services	13.1
National Police Air Service	11.5
Arms Length Bodies	3.5
Total	76.0

Table 6: Capital grant allocations for England and Wales 2019/20

PCC	2018/19	2010/20
	£m	£m
Avon & Somerset	1.0	1.0
Bedfordshire	0.4	0.4
Cambridgeshire	0.5	0.5
Cheshire	0.6	0.7
City of London	0.4	0.4
Cleveland	0.5	0.5
Cumbria	0.4	0.4
Derbyshire	0.6	0.6
Devon & Cornwall	1.1	1.1
Dorset	0.4	0.4
Durham	0.5	0.5
Dyfed-Powys	0.3	0.3
Essex	0.9	1.0
Gloucestershire	0.4	0.4
Greater London Authority	12.2	12.4
Greater Manchester	2.3	2.4
Gwent	0.4	0.5
Hampshire	1.2	1.2
Hertfordshire	0.6	0.6
Humberside	0.7	0.7
Kent	1.1	1.1
Lancashire	1.1	1.1
Leicestershire	0.7	0.7
Lincolnshire	0.4	0.4
Merseyside	1.4	1.4
Norfolk	0.5	0.5
North Wales North	0.5	0.5
Yorkshire	0.4	0.4
Northamptonshire	0.4	0.4
Northumbria	1.3	1.3
Nottinghamshire	0.7	0.8
South Wales	1.0	1.0
South Yorkshire	1.1	1.1
Staffordshire	0.7	0.7
Suffolk	0.4	0.4
Surrey	0.6	0.6
Sussex	0.9	0.9
Thames Valley	1.5	1.5
Warwickshire	0.4	0.4
West Mercia	0.7	0.7
West Midlands	2.5	2.5
West Yorkshire	1.8	1.8
Wiltshire	0.4	0.4
Total England & Wales	45.9	46.9

Figures may not sum due to rounding

**Police and Crime Commissioner and Chief Constable for
North Wales Police Force**

Medium Term Financial Plan

2019-20 to 2023-24

1. Introduction

- 1.1 The Medium Term Financial Plan (MTFP) links the Police and Crime Plan 2017-2021 and the Policing Priorities agreed by the Police and Crime Commissioner and the Chief Constable with the Financial Strategy (Appendix A) and the Resources available.
- 1.2 This MTFP sets a challenging financial and operational position over the next 5 years. The budget has been balanced while service is maintained over the austerity period giving a sound base budget and reserve position. However, the continued change in demand and new cost pressures will require further efficiencies and investments.
- 1.3 The Operational Improvement Programme (OIP) has reviewed 47% of the Force focusing on Operational Policing and the balance between Neighbourhood Policing, Response and Investigative work. This has enabled the reinvestment of efficiencies to address current requirements due to change in demand within the 2019-20 budgets. Further efficiencies have been identified from the remainder of the Force. There is an unprecedented level of change, especially around digital development, which will require investment in terms of management and delivery. During the year the Force was also notified of a significant increase in Officer Employer Pensions Contributions over the next two years which has had a material effect on the overall inflation within the budget. The Home Office settlement was better than expected and the assumed level of Council Tax increase by the Home Office was increased from £12 to £24, however, these two increases came with conditions of additional requirements on efficiency, productivity and effectiveness to drive improvements in services to the public in four areas. These are: increasing detective resources, addressing serious and organised crime, use of digital and mobile data and collaborative procurement. These priorities are being addressed within the resources available and will be enhanced by further investments detailed in this MTFP.
- 1.4 The PCC has considered all options and recommended a council tax increase which strikes a balance between affordability for local taxpayers and ensuring the police service has sufficient funds. He has proposed a council tax increase of £19.98 which is significantly lower than the Home Office assumption of £24. This proposal balances the budget over the next two years, deals with the additional pension costs and reinvests £2.8m efficiencies to enhance the provision in the priority areas required by the Home Secretary.

1.2 Aim

The aim of this paper is to give details of how the budget has been balanced to date and the plans to maintain a balanced budget in the medium and longer term, whilst maintaining and enhancing performance and ensuring local and national priorities are achieved.

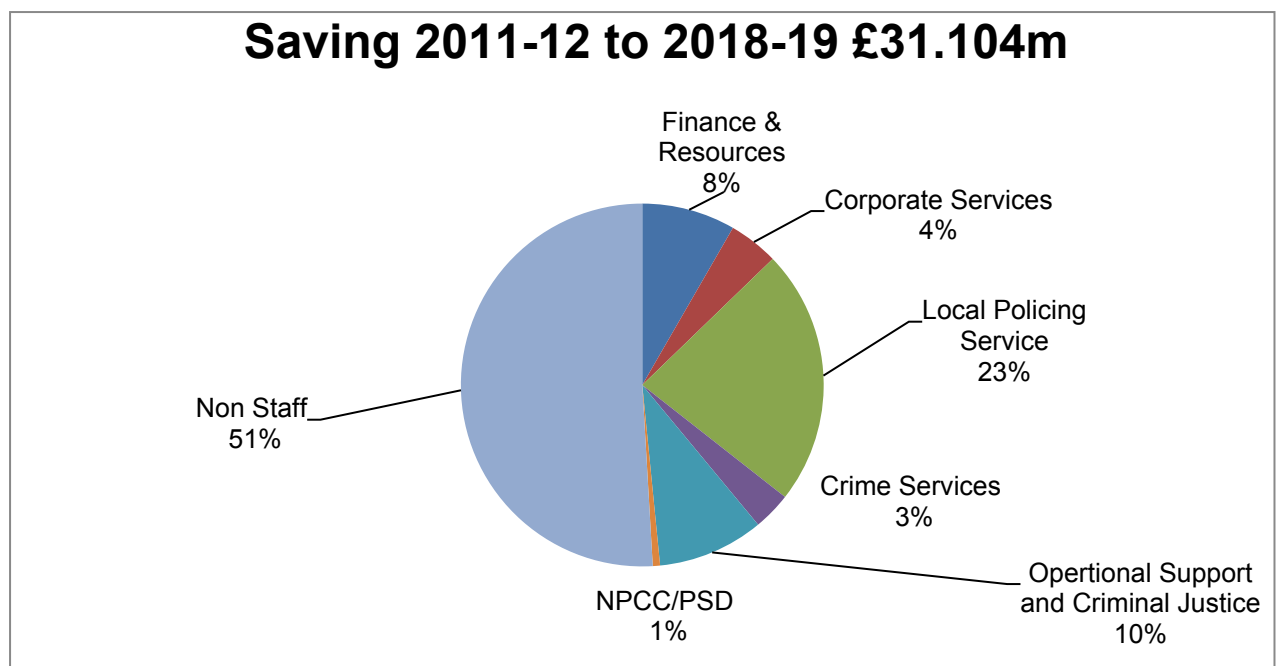
1.3 Background

The Government's Austerity Programme, which began in 2011, has resulted in substantial cuts across the public sector. The original planned cash reduction in Police Budgets over the 4 years (2011-12 to 2014-15) of the CSR2010 was 12%; the actual reduction in grants to the end of 2018-19 will be 22.2%. In real terms (taking inflation into account) this has been independently assessed as a cut of 32.2%.

1.4 Council Tax increases have ranged between 2% and 4% over the same period. . The overall effect of the reduced funding available and inflationary and other pressures resulted in £31.104m of cuts being made to budgets over an 8 year period. This is equivalent to a 21% cash reduction in the 2010-11 pre austerity budget of £148.035m. The annual cuts are as shown in the table below:

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Cuts Made	£4.678m	£6.016m	£4.634m	£4.325m	£4.448m	£2.838m	£2.686m	£1.479m	£31.104m

1.5 The chart below summarised where savings have been taken.



1.6 The Government conducted two major reviews over the summer of 2015 that were intended to determine the level of Government grants for policing for future years. The Spending Review (SR2015) reviewed the budget allocation to all Government Departments including the total available for policing. The outcome of the spending review resulted in the 0.6% cut to Police Forces' grant allocations in 2016-17 with a commitment for future funding to be set so that Police Forces do not face a cash reduction provided that police and crime commissioners increased council tax by an assumed 2%. The expectation was that this would result in a similar level of cut in

2017-18 to that in 2016-17; however the Home Office increased the cuts to Forces grants in 2017-18 to 1.4%, with the additional amounts being kept centrally by the Home Office. The Home Office provided a flat settlement in 2018-19 and revised the assumed level of Council Tax to £12, which if applied would mean that Forces should not have a cash reduction.

- 1.7 A review of the Police Funding Formula was conducted by the Home Office in 2015-16. The formula determines how the Home Office distributes the total funding available to policing between the policing areas. The review of the Police Funding Formula was suspended following issues raised by Forces on the accuracy of the data used in the proposed formula. The Government is conducting a Spending Review in 2019-20 with the intention to *'set long term police budgets and look at how resources are allocated fairly across police forces.'* It is not clear whether this will include a review of the funding formula.

2. Planning Process

- 2.1 The process for identifying, agreeing and implementing savings is established as part of normal business. In addition to this the Operational Improvement Programme (OIP) was conducted which was a major review of operational resources focusing on Neighbourhood Policing, Custody, Investigative Resources, Occurrence Management and the allocation of Constables and Sergeants. The overall process is governed by the Strategic Planning Board (SPB). This year the Board considered the saving plan and reinvestment requests taking into consideration the reviews that have been undertaken. In addition to this there was an annual review of pay budgets; a zero based budget exercise was carried out on the IT, Facilities, Fleet and elements of the Supplies and Services budgets to confirm savings in the plan and if possible identify further savings.
- 2.2 The process was managed through two specific budget meetings that were held in October and November. The OIP had reported its findings back to the Chief Officers in July, before going out to consultation to the areas under review and the Force in August, and reporting back to SPB as part of the budget setting process in October and November.
- 2.3 In addition to the above, the normal process to develop future budget requirements was undertaken, details of which are set out within this Medium Term Financial Plan (MTFP). In developing this MTFP the following were taken into account:
- Local and National priorities as set out in the Policing Plan and the Force's Action Plan
 - New and developing pressures
 - The strategic planning process
 - Force Management Statement
 - Other Force strategies
 - Current economic climate
 - Estimates of resources available to fund the Medium Term Financial Plan
 - Budget forecasts for the period including pay awards

- The current financial position
- The Capital Programme, Prudential Code and their effect on the Revenue Budget
- Reserves and Balances
- Income generation, trading activities and grants
- Collaboration

2.4 The first budget meeting on 22 October focused on the OIP review, reinvestments requests, development of the Digital and Restates Strategy and updating the Police Education Qualification Framework (PEQF) implementation. Additional work was carried out following the October meeting to finalise a draft budget.

2.5 A meeting was held between the Commissioner, the Chief Constable and their representatives on 20 November to discuss the budget proposals. The Government's grant figures were announced on 13 December 2018. Further proposals following the announcement were discussed on 21 December at a meeting between the Commissioner and his staff and the Chief Officer Team. The additional proposals were developed and discussed at a further meeting on 3 January 2019 where the final proposals were agreed.

2.6 The following sections detail all developments since the previous MTFP, giving the updated position for Revenue, Capital and Reserves.

3. 2018-19 Budget

3.1 Government Funding was neither increased nor cut in 2018-19; Council Tax was increased by 3.58%. The total budget of £146.467m was a 2.27% cash increase on the previous year's budget. To balance the 2018-19 budget £1.479m cuts were made. These are on target to be delivered and the current projection is for an under spend against the original budget of £0.557m (0.38% of the budget); this is mainly due to turnover within the staffing budgets. The cuts made are detailed below:

<u>Savings Plan 2018-19</u>	2018-19
	£000
IT Contracts	
Finance and Resources	19
National Police Air Service	450
Communication Futures	71
Forensics	25
Forensics contract	275
Force Medical Provision review	75
Procurements contracts	40
Police Staff Superannuation Lump Sum	70
Budget Review	250

Niche replacement	100
Survey Reduction	34
Oracle Licencing	44
Savings	1,453

3.2 Additional cost pressures have been addressed during the year; there has been a higher than expected increase in energy costs and a higher than budgeted number of ill health retirements, both these have been managed within the annual budget. The call on the Major Incident contingency has been considerably lower than 2017-18.

3.3 Her Majesty’s Inspectorate of Constabularies and Fire and Rescue Services (HMICFRS) and Wales Audit Office (WAO) review annually: the Force’s financial position; planning process; savings already made; and savings yet to be made. The Force was required to produce a Force Management Statement (FMS) for the first time by May 2018 as part of the HMIC process. The FMS sets out expected future demand, identifies potential gaps, this has been used as part of the OIP review and the planning process. The timing of the HMICFRS review has been changed as part of this process and the next inspection is due in April 2019 and as such a full review has not been conducted since the last MTFP.

3.4 HMICFRS’s *Valuing the Police* reviews have been incorporated into their new review programme *PEEL Reviews* (Police Efficiency, Effectiveness and Legitimacy). The overall efficiency question set by the HMIC is ‘How efficient is the force at keeping people safe and reducing crime?’ with the definition of ‘efficiency’ being ‘*an efficient force maximises the outcomes from its available resources*’. The three questions underpinning the assessment being:

1. How well does the force understand its demand?
2. How well does the force use its resources?
3. How well is the force planning for demand in the future?

3.5 The overall opinion given in the 2017 review was; *‘North Wales Police is good at keeping people safe and reducing crime, and it has maintained a stable level of performance since our 2016 effectiveness inspection.’*

The full assessment can be found at <https://www.justiceinspectors.gov.uk/hmicfrs/peel-assessments/peel-2017/north-wales/>

3.6 The WAO made the following comments on their value for money assessment in their annual audit letter published in November 2018;

‘I am satisfied that both the P&CC and CC have appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources’

The annual audit letter can be found at

<https://www.northwales-pcc.gov.uk/Document-Library/Information/Publication-Scheme/What-we-spend/Audit/Annual-Audit-Letter-2017-18.pdf>

- 3.7 Both assessments show that the budgets are being managed and that the Force is performing well in maximizing the outcomes from available resources, however the HMICFRS concurred with the Force's analysis that matching future resources to future projected demand was an area for development which has been addressed as part of this year's planning cycle.

4. Funding Allocations

- 4.1 No Provisional Government Funding Allocations for 2019-20 were given as part of the 2018-19 settlement. However, the settlement did include the following paragraph setting out a clear intention to provide a flat grant and the ability to raise Council Tax by £12 in 2019-20 - '*Our intention is to maintain a broadly flat police grant in 2019/20 and repeat the same precept flexibility to allow PCCs to raise an additional £1 a month of local precept in 2019/20*'. Based on this the 2018 MTFP assumed a flat grant increase and a £12 Council increase in line with the Home Office assumptions. An assumption of a -1% cut in grant has been made for the following years.
- 4.2 This definition of a 'flat settlement' is in reality a real terms cut, as it does not cater for inflation or any new or additional demands faced by the Police Service. Not recognising inflation is not sustainable and would result in a continued shrinking of resources available. Pay inflation has been 2% for Officers and Staff over the last two years, and general inflation is running at just over 2%. The inflationary position was made significantly worse in for 2019-20 and 2020-21 when it was initially announced on the 7 September 2019 and then confirmed as part of the Budget announcements that Officer Employer contributions would be increasing by 9.7%. This is detailed below.
- 4.3 As part of the 2016 Pension Valuation HMT announced Public Sector Pension Valuation 'Directions' which serve to increase the Employer's Contribution rate from 2019-20 for unfunded Public Sector Pension Schemes, impacting on the Police Pension Scheme. The main change is the reduction to the Discount Rate, which is used to convert future pension payments into present day value. This rate reflects the OBR (Office of Budget Responsibility) view on the current national economic outlook, which in turn reflects a particularly uncertain period prior to Brexit. The Discount Rate was reduced from 3.0% to 2.4%, which resulted in an increase of 9.7% to the Employer Pension Contribution Rate.
- 4.4 The current rate is 24.2%, which already includes a surcharge of 2.9% above the actuarial valuation following decisions made as part of the previous valuation. The initial expectation was that the new rate would be 33.9%, which would be limited to an equivalent rate of 28% in 2019-20 through a provision of a one year grant, with the full amount being chargeable in 2020-21. Discussions were conducted nationally

between the National Police Chiefs Council, PCCs, Home Office and Treasury. As part of the funding announcement on the 13 December 2018 a final contribution rate of 31% (the surcharge having been removed) was confirmed.

- 4.5 The additional cost for NWP will be £2.1m in 2019-20 and a further £1.9m in 2020-21. This is summarised in the table below. This is an additional 1.43% inflation on the 2019-20 budget, equivalent to a 2.78% increase in Council Tax.

	Actuarial	Surcharge	Total	Cost	Increase	Cost
	%	%	%	19-20 £'000	19-20 £'000	20-21 £'000
Current Rate	21.3	2.9	24.2	12,833		
Original Est	31.0	2.9	33.9	18,046	5,213	5,574
Revised	31.0	0	31.0	16,503	3,670	4,000
Grant					1,582	0
Net Cost					2,088	4,000

- 4.6 The announcement of 2019-20 funding was made on 13 December 2018. The announcement was not for a flat cash settlement as set out the previous year, but for an increase of 2.1%. This is an increase of £1.506m for NWP. This is the first increase in grant since 2010-11 and although not explicitly stated as such this is clearly a recognition of the severe impact of the rise in pension contributions.
- 4.7 The settlement also gave additional flexibility to Forces in England to increase their Band D Council Tax by up to £24. This is also higher than the previously announced figure of £12. This would give a range of Council Tax increase of between 9.3% and 21.8% if Police and Crime Commissioners were to increase the Council Tax by the maximum £24. It will be up to individual Police and Crime Commissioners to decide whether to increase the Council Tax by these amounts. In Wales the Welsh Government must define any Council Tax cap, at the time of writing this MTFP, they have not done so. The Home Office has assumed that all Forces would increase the Council Tax by £24 in calculating the potential additional amount available to Forces from Council Tax Precept of £509m.

- 4.8 Nationally the Home Office has stated that the increase in grant and increased flexibility in Council Tax will increase funding available by £813m. This was described in their funding letter as follows

*'That is why, **we will increase funding available to PCCs by up to £813m**, if PCCs use their precept flexibility fully. This is the biggest annual increase since 2010. That is within the context of increases in CT police funding and investments in serious and organised crime meaning an **increase in total police funding in 2019/20 by c. £970m**, again if PCCs use their precept flexibility fully. We are personally committed to ensuring our police have the resources they need.'*

- 4.9 However, the announcement set out four priority areas to drive efficiency, productivity and effectiveness, this was set out as follows

'In 2019/20, we are making an even larger investment in policing. We need your help to ensure it is spent well. This is particularly important when the Government will be making decisions on the Spending Review next year. Therefore, the funding settlement sets out four priority areas to drive efficiency, productivity and effectiveness next year.

1. *On behalf of the taxpayer, the Government will expect to see continued efficiency savings in 2019/20 through collective procurement and shared services. We need to see national approaches to procuring forensics, vehicles and basic equipment such as helmets. In the case of forensics, this is not about financial savings, but working together to maintain an efficient market that supports the needs of policing and the criminal justice system as a whole.*

2. *We will expect major progress to resolve the challenges in investigative resource identified by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, including recruiting more detectives to tackle the shortfall. We will work with the College of Policing and the National Police Chiefs' Council to support forces to make this change by accelerating their action plan on investigations, making full use of the innovation offered by Police Now.*

3. *Improving productivity including smarter use of data, and digital capabilities including mobile working, with an ambition to deliver £50m of productivity gains in 2019/20.*

4. *Furthermore, we expect forces to maintain a SOC response that spans the identification and management of local threats as well as support for national and regional priorities. This response should be built around the disruption of local SOC threats alongside SOC prevention, safeguarding, partnerships and community engagement.'*

- 4.10 Top slicing of the amount available to Policing continues, with a further increase of £84m nationally in 2019-20. The breakdown of the amount top sliced is shown

below. This reduces the core grant received by North Wales by £10.6m, only a small proportion of which will be received in additional funding or direct benefit.

Police Funding	2017/18 (£m)	2018/19 (£m)	2019-20 (£m)
o/w Reallocations and adjustments	812	945	1,029
PFI	73	73	73
Police technology programmes	417	495	495
Arm's length bodies	54	63	63
Top-ups to NCA and ROCUs			56
Strengthening the response to Organised Crime	28	42	90
Police transformation fund	175	175	175
Special Grant	50	93	73
Pre-charge bail	15	4	4

- 4.11 Although this settlement seems to be an improvement on previous years it has to be taken in context of increasing pay and non-pay inflation plus the additional pension inflation. In addition, there is an expectation of increased investment and resources allocated to detective capabilities, Serious and Organised Crime (SOC) resources and digital and mobile capabilities.
- 4.12 There was no further mention of future settlements other than to say *“this is the last settlement before the next Spending Review, which will set long term police budgets and look at how resources are allocated fairly across police forces. The Home Office is grateful to the police for the good work they are doing to build the evidence base to support that work, and we will also want to see evidence that this year’s investment is being well spent.”*
- 4.13 There is a great deal of uncertainty around future funding, there seems to be an acceptance in the Home Office that Police funding has been cut as much as possible, but economic uncertainties around Brexit make it difficult to predict the resources that will be available. A view has been taken to project a flat level of funding from 2020-21 onwards, this is an improvement of a -1% cut projected in the last MTFP.
- 4.14 There remain no plans to review the Police Allocation Formula until after the spending review (SR). The Minister did refer to the spending review saying it will “set long term police budgets and look at how resources are allocated fairly across police forces” but this is likely to refer to the ongoing work between the Home Office and the Police Sector to support the submission to the SR. There are work streams investigating funding streams and funding models – i.e. regional/local arrangements but no plans yet to review the current police allocation formula.

5. Council Tax and Precept

- 5.1 There are two main elements to the total net Police Budget: the total of the Police Grants and the Precept. The budget proposal includes a Council Tax increase of

7.74%. The Tax Base for the whole of North Wales has increased by 0.63%, giving an overall increase in Precept of 8.42% and a total net budget of £154.264m for the Police and Crime Commissioner, made up as follows:

	2019-20	
	£m	%
Total Government Grants	73.234	47.5%
Total Precepts	81.030	52.5%
Total Budget Requirement	154.264	

- 5.2 Council Tax is calculated by dividing the total precept requirement by the tax base, the tax base being the number of Band D equivalent properties in each Force area. The Tax Base is provided by the six Local Authorities in North Wales. The tax base for 2017-18 has increased slightly by 0.63%. This means that the percentage increase in the precept can be achieved with a lower percentage increase in the council tax. This caters for the increase in population/households in North Wales.
- 5.3 The rules for limiting the increase in the Council Tax, called the capping rules, are different for England and Wales. In addition, English Police and Crime Commissioners have had continued access to separate grants if they agreed to limit the Council Tax increases in previous years. These were previously paid by the Department of Communities and Local Government (DCLG) but were consolidated into the Home Office Grant and total £507m in 2019-20. North Wales has the highest Council Tax in England and Wales, but if these legacy Council Tax Grants were taken into consideration, North Wales would be the 6th highest.
- 5.4 The capping rules in England have been announced; as described above English Police and Crime Commissioners have the flexibility to increase Council Tax by £24. This would give a range of increases of between 10.1% (Surrey) and 21.8% (Northumbria) depending on the current level of Council Tax. At the time of drafting the MTFP the vast majority of the Policing areas in England are expected to increase their Council Tax by the Home Office assumed amount of £24.
- 5.5 No capping rules have been announced in Wales. In the Welsh Governments Cabinet Secretary for Local Government and Public Services funding letter the following was included:
‘The UK Government’s policy of austerity has imposed significant cash and real terms cuts to police funding over the last 9 years. The overall funding provided for this Settlement does nothing to reverse years of under provision to enable police

forces to maintain current levels of service and will require the Police and Crime Commissioners in Wales to make difficult choices in setting the level of their council tax precept. This will have a disproportionate impact on those council tax payers who will find it increasingly difficult to pay their bills.'

5.6 If Policing areas in Wales were to increase Council Tax by the assumed amount of £24 it would give increases of 9.3% for NWP, 105 Gwent, 10.3% South Wales Police and 10.7% Dyfed Powys.

6. Budget for 2019-20 and Planned Budget for 2020-21 to 2023-24

6.1 The detail of the Budget and changes for 2019-20 and future years are shown in Appendix B.

6.2 The main assumptions as set out in the previous MTFP are as follows:

- Annual pay inflation 2% applied from September
- General Inflation 2%, specific inflation applied where known
- Council Tax increase of 7.74% in 2019-20 and £12 per annum in the following years which equate to 4.32% in 2020-21, 4.14% 2021-22, 3.97% 2022-23 and 3.82% in 2023-24.
- Grant increase of 2.1% in 2019-20, and a flat settlement of 0% for the following years
- A 0.25% increase in tax base from 2020-21 onwards

This gives an overall position of

	Annual Budget 2019-20	Annual Budget 2020-21	Annual Budget 2021-22	Annual Budget 2022-23	Annual Budget 2023-24
Baseline	146,466	154,264	157,972	161,696	165,440
Inflation inc Police Pensions	5,223	5,124	3,475	3,781	3,988
Growth from reinvestment	2,793	1,887	656	213	24
Savings	-2,832	-2,628	-407	-250	-250
Additional Perm/Temp Growth	2,614	-675			
Budget Requirement	154,264	157,972	161,696	165,440	169,202
Total Grant	-73,234	-73,234	-73,234	-73,234	-73,234
Precept from Council Tax	-81,030	-84,738	-88,462	-92,206	-95,968
Total	-154,264	-157,972	-161,696	-165,440	-169,202
Balance	0	0	0	0	0

Annual balance	0	0	0	0	0
Council Tax % increase	7.74%	4.32%	4.14%	3.97%	3.82%
£ increase	19.98	12.00	12.00	12.00	12.00

6.3 The proposed budget set is balanced over 5 years; however there are considerable uncertainties from 2020-21 onwards. What is known is that the effect of the Police Officer Pensions increase is over two years. Extensive work has been carried out on identifying efficiencies through the Operational Improvement Programme and other reviews and identifying where best to re-invest these efficiencies to address gaps in the service and the ever changing demand faced within Policing. These changes are planned to be implemented over the next two years. In addition to this the Home Office have set out an expectation of additional resources to target detective resources and serious and organised crime. This is detailed below in terms of the overall effect of inflation, the saving plan and re-investment plan and where additional resources are planned to be deployed. This sets out a firm plan over the next two years that deals with the Pension issue as well as addressing the increases in demand in an efficient and effective manner.

6.4 Public sector pay increases were capped at 1% for a number of years. The settlement in September 2017 for Police Officers and Staff was for a 1% consolidated pay award and a 1% non-consolidated pay awards. A pay award of 2% was agreed from September 2018 it is now estimated that pay awards will be 2% annually. The overall increase in pay for 2019-20 is estimated at £1.8m. In addition to this the increase of £2m for additional Police Officer Employer Pension contribution needs to be included. General inflation is estimated at the Bank of England target of 2%, however all budget lines are reviewed to assess if this is realistic (looking at historical spend and projections). 2019-20 has seen a significant increase in energy charges due to oil prices being at a 4 year high, carbon and coal prices at a 10 years high, weak pound, Network and capacity charges and withdrawal of environmental charges. A summary of the inflationary costs and their effect on Council Tax is shown below.

	£000	Equivalent Council Tax increase £	Equivalent Council Tax increase %	Overall Inflation amount
Pay Inflation	1,823	£ 6.26	2.42%	1.24%
Price Inflation	1,312	£ 4.50	1.74%	0.90%
Police Pension	2,088	£ 7.17	2.78%	1.43%
Total Inflation	5,223	£ 17.93	6.94%	3.57%

6.5 This is significantly higher than recent years due to the increased pension costs and will be so again in 2020/21 as the full effect is felt. A Council Tax increase of 6.94% would be needed to cater for inflationary pressures alone if there were no increase in general grant.

6.5 Last year’s MTFP identified an area of future risk in the implementation of the Police Education Qualification Framework (PEQF). This framework is intended to result in police being trained to a degree/post graduate standard. In terms of costs there will be additional cost of tuition fees/additional internal trainers, additional abstraction during the first year and additional abstractions during the new 2nd and 3rd years of training. There are 3 method of entry to PEQF, a graduate course of 2 years, a non-graduate course of 3 years leading to a degree both as an employed Police Officer and a 3rd route of a degree in Policing at an education establishment while not employed as Police Officer. Cost and abstractions rates are still being finalised, but the following estimates have been built into the MTFP based on current recruitment rates and estimated additional abstraction fully covered by additional Officers. These are significant future cost but are lower than those estimated in the last MTFP.

Option A - Mixed Cohorts with 50% Apprentices and 50% Graduate Diploma
Additional Costs

Category	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Tuition Fees	£21,250	£162,000	£392,625	£534,375	£558,000	£558,000
30% Abstraction Cost	£0	£47,250	£637,875	£1,063,125	£1,134,000	£1,134,000
Total Costs	£21,250	£209,250	£1,030,500	£1,597,500	£1,692,000	£1,692,000

6.6 The current Capital Programme is nearing completion funded largely from reserves. Future Estates, IT and Fleet strategies are being set out and will lead to new investment requirements. Capital Grants are insufficient to fund a 3rd of the annual Vehicle replacement programme; reserves can only be used once. An estimated £0.4m has been built into estimates from 2020-21 to fund capital investment through borrowing. Final decisions on this will be based on business cases but it is prudent to include an amount in the estimates as there is no other new source of capital funding.

6.7 Grants have been increased for 2019-20, however, there have been no indications that this will continue in 2020-21. It is assumed that they will remain frozen in future years. An estimated 0.25% increase in the tax base has been included in the figures.

6.8 The planning cycle for 2017-18 included service reviews covering 41% of the Force amounting to £50m of staff expenditure. These covered Patrol Resources and the link with the Management Resource Unit (MRU), Investigative Resources, Roads Policing, Forensics, Custody, HR, Projects and Cleaning Services. These reviews were at different stages, the MRU has been implemented while the Investigative Review has reported its initial findings. The operational elements of the on-going reviews,

together with additional elements were brought together within the Operational Improvement Programme (OIP) during 2018-19.

6.9 The OIP conducted an evidence based review of 47% of the Force; this was led by a team of operational Officers supported by the Demand Capability Unit (DCU), Finance, HR and others. The areas covered were

- **Investigative Review** – The Review focused on the required investigative resources required at local level to deal with the change in demand. The proposal is to increase resources available by 32; these will be a combination of detective resources and Police Community Support Investigators (PCSI). The change in demand has seen an increase from 30% to 50% in the crime that require a 100 days or more to investigate.
- **Neighbourhood Policing (NPT)** – NWP investment in NPT is shown as being higher than other Forces within the HMIC VFM profiles, with NWP being the highest in terms of PCSO's numbers per 1000 population. The review concluded that service provision could be maintained with a reduction of 59 PCSOs, 21 PCs and 6 Sergeants over a two year period.
- **Local Policing Service PC and Sergeant Review** – the review looked at district boundaries, shift patterns and Sergeant to PCs ratios and the best way to deal with change in demand. The conclusion was to remain at the 10 district (compared to the option of 8 districts) and change the shift patterns to a 4 team option. This will require an additional 5 additional Sergeants and 4 PC's.
- **Custody Review** – The review looked at staffing levels and shift patterns and the new role of police decision maker were incorporated. There will be an overall reduction of 3 roles, but the role of the police decision maker has been incorporated into the established numbers.
- **Occurrence Management Unit** – The review looked at how occurrences are managed, how the upgrades system can be used to reduce demand and to define responsibilities for occurrence management clearly to avoid duplication. Implementation will result in a saving of 12 posts.

6.10 All the above reviews are interlinked; this was taken account of, as well as links with other areas as part of the Programme. Considerable consultation has been conducted with final consultation of shift patterns still taking place. The Programme was initially to be implemented over three years but has now been set out over two years. The results feed into the overall saving plan and re investment plans as shown below, but in terms of the OIP the table below summarises the saving and re-investment position.

Savings	2019-20	2020-21	2021-22
	£000	£000	£000
OIP Saving			
Neighbourhood Policing	1,638	1,493	0
Custody	-73	82	82
Occurrence Management	172	222	0
Total	1,737	1,798	82
OIP Re investment			
Response	86	428	0
Investigative Review	797	-25	0
Total re invested	884	403	0
Net Saving	853	1,394	82

6.9 Other on-going reviews and the annual budget review identified another £1.095m savings in 2019-20. These included saving on the PFI and cleaning provision with Estates, the implementation of the Forensic Staff review and efficiency savings identified across numerous budget headings. Future savings will be identified as part of the Demand Capability Unit work with the Digital Projects and the Programme Management Office. The confirmed saving plan for next year and the draft plan for future years is shown below.

Savings	2019-20	2020-21	2021-22	2022-23	2023-24
	£000	£000	£000	£000	£000
OIP/DCU					
Neighbourhood Policing	1,638	1,493	0	0	0
Custody	-73	82	82	0	0
Occurrence Management	172	222	0	0	0
Digital/DCU Reviews	0	500	250	250	250
Other Review Areas					
IT Contracts	0	75	75	0	0
Estates inc PFI/Cleaning	425	175	0	0	0
Forensics	100	0	0	0	0
Procurement	20	80	0	0	0
Budget Review Savings - EL/PL	150	0	0	0	0
AJD - 2 Firearms Licensing	100	0	0	0	0
Budget Review	300	0	0	0	0
Total	2,832	2,628	407	250	250

6.10 During the planning cycle it became clear that digital technology is an area that requires investment, due to national requirements and the ever changing benefits that technology provides. This will involve upgrading current hardware, and also changing the business processes to maximise the benefits, which will in time provide

additional efficiencies. Digital development has been split into 3 areas, Mobility and Capability, Managing Demand, and Technology to support Intelligence gathering. In addition to these, projects comprising Workforce Transformation, Collaboration and Partnerships and Operational and Business Development require additional investment to be made in the Programme Management Office (PMO) and the continuation of the Demand Capability Unit (DCU). This requires an overall investment of £1.480m in 2019-20; £0.755m of which is recurring investment in technology based on national agreements and moving to a licencing agreement for Microsoft software (National Enablement Programme (NEP)) and £0.725m in staff for Project Management and Support (2 IT; 5 PMO and 6 DCU).

- 6.11 Other areas of growth were identified as contributions to Regional and National bodies, this includes new contribution to the All Wales Collaboration Team and contributions and North West Collaboration teams. Additional requirements were also identified within the Custody Medical Provisions, Body Worn Video support and Vetting. The total amounts re invested are shown in the table below. These re investments of £2.793m are funded from the efficiencies identified of £2.832m.

Re investment	2019-20	2020-21	2021-22	2022-23	2023-24
	£000	£000	£000	£000	£000
OIP -Response	86	428	0	0	0
OIP - Investigative Review	797	-25	0	0	0
PEQF	21	779	656	213	24
Capital Borrowing	0	400	0	0	0
IT - National Enablement Programme/Digitalisation	877	305	0	0	0
Programme Management Office	338	0	0	0	0
Demand & Capability Unit	265	0	0	0	0
Medical Services Review - Custody/SARC Nurse Provision	123	0	0	0	0
Crime Prevention - Problem Solving	58	0	0	0	0
Contribution to Bodies - All Wales. North West, Firearms Policy etc	170	0	0	0	0
Other - BWV support and Vetting	57	0	0	0	0
Total	2,793	1,887	656	213	24

- 6.12 **Additionality** - The budget settlement from the home office this year is slightly better than expected, in addition the accompanying letter from the home office strongly supports forces seeking to maximise the monies they receive via the council tax precept. It is suggested that forces seek to increase the council tax precept by up to £24 per annum for a Band D property. It is believed that the vast majority of forces will seek to do so with their PCC's and Police and Crime panels support. It is also recognised that North Wales Police already enjoy strong financial support from the local community. Increasing the Council Tax by £19.98 rather than the £24 will allow for deliverable investments of £2.6m to support the aims of the PCC's objectives and support the Chief Constables priorities whilst limiting the increase for taxpayers. In reaching these conclusions consideration has been developed from the HMIC VFM profiles, the force's performance data, the understanding of demand and capacity from the OIP, Force Management Statement and from the professional judgment of the service leads and their teams. By committing £0.675m of this to

non-recurring expenditure this will also enable the 2020-21 budget to be balanced based on the assumptions set out above. This will increase the number of Officers by 34 and Staff by 6. This will require the 2019-20 recruitment of new officers to increase from the planned 54 to 90.

6.13 The areas agreed for investment are

- **Increase operational proactive capacity and capability**
Aim - Establish a centrally led Task force. Provide additional dynamic capacity to proactively combat criminality and deliver transformational outcomes towards operational priorities.
Benefit – Provision of a dynamic and flexible resource around level 1 / level 2 criminality and improvement of skillsets to support proactivity. Capacity to directly and proactively task against specific individuals, premises and locations identifiable through enhanced problem solving initiatives across North Wales
- **Increase serious and organised crime capacity and capability**
Aim - Increase SOC capacity to focus operations to meet the growing sophistication and proliferation of serious crime, drug supply networks and county lines.
Benefits - Increased capability to tackle serious and organised crime. Additional capacity will enable SOCU to improve its overall impact on this force priority and ensure tactics and operations are completed to deliver an enhanced performance.
- **Increase analytical and phone spoc capacity**
Aim - Improve the capacity for identifying targets and gathering intelligence via communications data.
Benefit – Accurate information and intelligence developed through this mechanism will aid in shortening enquiries and ensure investigations are correctly targeted.
- **Develop and implement a new fugitive team**
Aim - Identify and apprehend persons that are wanted for a wide variety of offences and that are believed to be in the North Wales area.
Benefit – Bring wanted person to justice, the prospect of capture and detention will decrease the likelihood that wanted persons will seek to embed themselves in North Wales communities.
- **Increase Capacity for Digital Forensic Examinations**
Aim - To enable the DFU to maintain the current service level agreements in place across the organisation and continue to support investigators into serious and complex criminality.
- **Benefit** – As DFU provide invaluable support to the Police Online Investigation Team (POLIT) and all investigations, which have seen annual successive increases in demand and an escalation of complex cases linked to safeguarding issues, increased staffing for DFU will ensure there is a reduced likelihood of delays when progressing investigations into offences. It will also reduce the need to outsource and potentially delay important digital forensic work.

- **Increased Number of Domestic Abuse Officers (DAO)**
Aim - To enable DA Officers to meet the increased demand and reduce the vulnerabilities associated with victims of domestic abuse.
Benefit – DAOs provide valuable support, signposting and close cooperation with partner organisations to assist victims of DA. Current data indicates significant increases in domestic related crime with a large proportion of victims requiring direct support from a DAO. NWP are also working to Safer Lives guidelines therefore an increase in DAOs is seen as vital if we are to continue to provide the current service levels.
- **Increased Number of Sex and Violent Offender Unit (SAVOU) Officers**
Aim - To enable SAVOU officers to provide robust management of the existing cohort of offenders and support more preventative problem solving work around those that pose the highest risk to communities.
Benefit – An uplift in SAVOU officers will provide resilience for the increased demand in offender management and the expectation to do more preventative work with those assessed as High and Very High risk.
- **Increase the functionality of Onyx and provide a CCE capability**
Aim - To develop the Onyx unit into a Child Exploitation Unit (CEU) where victims of CSE and CCE (Child Criminal Exploitation) will be identified, engaged with and supported using a multi-agency approach.
Benefit – Developing the unit will provide enhanced support and engagement with victims of CCE which is currently challenging. Increased capacity will professionalise and improve the support provided to some of the most vulnerable children within our communities and will bring together a multi-agency solution to proportionately address the complex issues of CSE and CCE.
- **Multi Agency Tasking and Co-ordination (MATAC) facilitator**
Aim - To provide co-ordination, facilitation and oversight for perpetrator multi agency meetings for Domestic Abuse.
Benefit – A MATAC would determine the most harmful DA perpetrators from police data using the Recency, Frequency and Gravity (RFG) analytical process incorporating partner data and agreed method for targeting each perpetrator. Evidence exists which is supported by HMIC that a multi-agency focus on problem solving.
- **Upgrade of Tasers to latest version and uplift numbers of deployable Officers from 300 to 400**
Aim – To replace end of life equipment and expand the number of trained officers by 100
Benefit – Increase Officer and public safety. Cost based on a 5 year contract which spreads the cost and covers the upgrade and equipment (cartridges etc) over the 5 year expected life.
- **Innovation Fund**

Aim – A fund to promote innovation and promote trialling of new ideas

Benefit -Allowing benefits to be identified quickly and enable rapid develop of new capabilities.

- **Digital Pump Prime**

Aim – To fund the investment in ICT equipment.

Benefits - Investment in devices to targeted operational posts to allow greater flexibility, efficiency and effectiveness.

- **Pump prime ACE through the Commissioner’s Fund**

Aim – To provide funding to partner organisations addressing adverse childhood experiences

Benefits – Encourage and promote collaboration protecting the most vulnerable in our communities.

6.13 The total investment would be as set out below.

	Additionality	Officers	Staff	Total Recurring	Total Set Up
		FTE	FTE	£'000	£'000
1	Increased operational proactive capacity and capability	16	1	783	115
2	Increase in serious and organised crime capacity and capability	6		254	8
3	Increase analytical and phone spoc capacity		3	114	8
4	Develop and implement a new fugitive team	3		132	19
5	Increase Capacity for Digital Forensic Examinations	1	1	84	5
6	Increased Number of Domestic Abuse Officers (DAO)	3		127	4
7	Increased Number of Sex and Violent Offender Unit (SAVOU) Officers	3		127	4
8	Increase the functionality of Onyx and provide a CCE capability	2		84	3
9	Multi Agency Tasking and Co-ordination (MATAC) facilitator		1	38	2
10	Taser Upgrade and enhancement			136	
11	Innovation Fund			60	
12	Pump prime Digital Investment				407
13	Pump prime ACE through Commissioner’s Fund				100
	Total investment @ £19.98/7.74% CT increase	34	6	1,939	675

7. Risks

7.1 . The Government will hold a spending review in 2019 to inform 2020-21 funding, this makes funding uncertainty high. The uncertainty around Brexit and the eventual economic affect creates further uncertainty.

7.2 One of the biggest risks over the next few years is the funding formula due to the sensitivity and uncertainty around the new formula. The figures provided by the

Home Office during the 2015-16 review showed North Wales's allocation increasing from 1.03% to 1.06% of the total, this equated to £2m additional funding; estimates then provided by Devon and Cornwall showed North Wales's allocation reducing by £14.5m, which demonstrates the sensitivity of any changes. The Home Office have not set out their intentions in terms of reviewing the formula.

- 7.3 There are new and emerging national and local risks that must be resourced such as Child Sexual Exploitation and Cyber Crime. Additional allocations have been made but these are resource intensive areas and will need to be further assessed in future. Locally the development of the Prison in Wrexham and the Wylfa B Nuclear Power Station will create demand for policing resources. In addition, other public sector agencies are seeing a reduction in their budgets which could also increase the demand on the Police service.
- 7.4 National developments such as PEQF detailed in earlier sections create financial and operational risks. The replacement system for Police Communications (ESN) was intended to deliver savings, but this has not been confirmed and delays have introduced additional costs which are unlikely to be funded centrally.
- 7.5 The plans for the savings in 2018-19 are in place and are being implemented; however the potential savings in 2019-20 and 2020-21 have yet to be delivered. These plans are mature and it is expected that these savings will be achieved within the two year period. Plans beyond 2020-21 are in development. Not all future savings are under the Force's control, for example the collaboration savings will depend on other forces and organisations.
- 7.6 The estimated budgets set out are based on the planning assumptions for increases in Council Tax being agreed. If this were to be reduced each reduction of 1% would mean an additional £0.752m cut in budgets.
- 7.7 The Home Office has top-sliced the amounts allocated to Police areas in recent years to fund national units and initiatives. Top slicing was increased by 26% in over the last 3 years to a total of £1,029m. Any new initiatives may result in further top slicing.
- 7.8 Further cuts could be applied if the economic climate worsens. Each additional 1% cut to the General Grant Funding is a cash reduction of £0.732m.
- 7.9 As 80% of the net budget is spent on pay any small changes in pay increase, pension contribution or National Insurance contributions, Apprenticeship Levy, or any other pay-related expenditure can have a disproportionate effect on the budget. Each 1% pay increases has a full years effect of an additional £1.230m increase in costs. Increases in pension costs as has been seen in 2019-20 can also have a significant effect on budgets. If grants are not increases in line with inflationary costs, the cost of pay inflation either falls on the council tax or has to be funded by cuts. The risk of inflation not being recognised as part of the Government settlement is substantial.

7.10 Inflation has been low in recent years and the budget assumptions reflect this, however this could change especially in areas such as fuel and energy where prices can be very volatile.

7.11 The table below highlights the sensitivity of the main assumptions

Sensitivity main variables	£m
1% change in Council Tax	0.752
1% change in grant	0.732
A 1% change in pay	1.230
1% change in general inflation	0.420

8. Capital

8.1 The current Capital Programme, implemented since 2013-14 is coming to a conclusion. By the end of 2018-19 the following will have been achieved

- 4 major new facilities in Llangefni, Llandudno and Wrexham (2 builds)
- 20 refurbishments and relocations
- Continuation of the Vehicle replacement Programme
- Upgraded Network, Servers, Desk Tops, Mobile devices and the replacement of the Control Room Technology systems.

8.2 The Forces assets and infrastructure need continued investment in order to ensure efficient and modern working practices. Strategies for the Estates, IT and Fleet have been being updated and will inform the new medium term Capital Programme which will be finalised over the next 12 months. Detail plans have been set out for the draft 2019-20 Programme and estimated amounts have been included for future developments, these will subject to Business Cases before any approval to progress is given.

8.3 The 2019-20 Programme will see the completion of the Wrexham Custody, DHQ and in Town facilities; this is the largest project that North Wales Police has ever undertaken. The replacement programmes in Fleet and IT will continue.

8.4 The 2019-20 Estates Programme included provision for the development of the Pwllheli Police Station. Future work is being set out as part of the Estates Strategy.

8.5 Substantial investment is required for IT infrastructure. This is being directed by the Digital Transformation Programme Board. The personal issue of tablets and similar devices to operational officers and staff will enable mobility and the use of the National Enablement Programme in terms of the latest software available. Outline business cases have been provided in each area, the detailed cases and business

benefits are due to be finalised over the next few months. The Programme also includes the replacement of Body Worn Video equipment.

Information Technology and Communications Equipment

Personal issue tablets and similar devices	900
NEP Infrastructure/Sail Point/Internet Links	471
Connectivity Software	85
Wifi upgrades	500
Digital Workplace audio visual	200
Single on line Home	40
EOL (End of Life - various systems)	1,380
Body Worn Video	400

8.6 The programme is affordable and funded from a combination of grants, reserves, direct revenue contribution and borrowing. The overall strategy is to minimise borrowing and maximise the amounts budgeted in revenue by use of direct revenue contribution and capital receipts, which in turn minimises interest payments.

8.7 The capital figures are shown in Appendix C; the final detailed plan will be formally approved as part of the Capital Strategy which incorporates the Treasury Management and Prudential Code Strategies.

8.8 Capital Programme 2019-20 to 2024-25

	£'000
EXPENDITURE:	TOTAL
Estates Programme	17,129
Vehicles and Other Equipment	8,355
Information Technology and Communications Equipment	7,641
	<u>33,125</u>
FUNDING:	
Home Office General Grant	2,772
Revenue Contributions	6,116
Earmarked Reserves	2,528
Capital Receipts	1,600
Borrowing for Estates	16,004
Borrowing for Replacement Programme	4,105
Total	<u>33,125</u>

9. Reserves

- 9.1 The Commissioner has a duty to ensure that he holds adequate financial reserves to manage risks. In addition to the funding and forecasting risks detailed above, the Commissioner needs to cater for expenditure risk (spending over budget), and costly major incidents, natural disasters or other unforeseen events. An element of this risk has been managed through the in-year budgets through the contingency budgets. These have been reduced and a greater proportion of that risk being transferred to Reserves.
- 9.2 The Reserves are reviewed as part of the budget setting process and again as part of producing the Statement of Accounts at the end of the financial year.
- 9.3 There is a planned reduction in reserves from £25.8m to £16.9m over the next 5 years. Investments from the Management of Change reserve is planned to enable the changes required over the next two years. A description of each reserve is given at the end of the section.
- 9.4 The reserves are approaching the lower end of the acceptable range, taking into account the financial risks that have been transferred to reserves from the annual budgets over recent years. Any significant unplanned expenditure would require the reserves to be replenished in order to manage future risks.

Reserve Position

<i>Usable Reserves at</i>	31.3.19	31.3.20	31.3.21	31.3.22	31.3.23
	Balance	Balance	Balance	Balance	Balance
	£m	£m	£m	£m	£m
Capital Receipts Reserve	1.109	0.866	1.011	0.734	0.884
General Fund Balance	5.189	5.189	5.189	5.189	5.189
Earmarked General Fund Reserves	14.683	11.502	11.333	11.145	10.840
Total Usable Reserves	20.981	17.557	17.533	17.068	16.913

Earmarked General Fund Reserves

Description	31.3.19	31.3.20	31.3.21	31.3.22	31.3.23
	£m	£m	£m	£m	£m
Capital Investment	0.448	0.000	0.000	0.000	0.000
Major Incident	2.197	2.197	2.197	2.197	2.197
Pension Ill Health Reserve	0.915	0.915	0.915	0.915	0.915
Insurance Reserve	1.173	1.173	1.173	1.173	1.173
PFI Reserve	4.333	4.377	4.306	4.118	3.813
Estates Security and Maintenance	0.834	0.834	0.834	0.834	0.834
Management of Change	3.772	0.995	0.897	0.897	0.897
Partnerships Reserve	0.553	0.553	0.553	0.553	0.553
Commissioner Community Safety Fund	0.226	0.226	0.226	0.226	0.226
OPCC Legal Reserve	0.051	0.051	0.051	0.051	0.051
OPCC Reserve	0.181	0.181	0.181	0.181	0.181

Total	14.683	11.502	11.333	11.145	10.840
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9.4 The use of the reserves will depend on the final decisions on capital expenditure and the final revenue outturn in 2018-19, therefore the table below shows the current plan on how the earmarked reserves may be best used to support service provision and reduce the pressure on the revenue budget. Where the use of the Reserve is not known (such as the Major Incident Reserve) no changes are shown. Details of the projected Reserve position at the end of each year are given below the table.

9.5 The Policing Minister announced new guidelines on transparency of reserves during 2018-20. The tables below show the reserves as categorised by the guidelines.

Reserves at Year End	31.3.18	31.3.19	31.3.20	31.3.21	31.3.22	31.3.23
General Reserves	5.189	5.189	5.189	5.189	5.189	5.189
Earmarked Revenue Reserves						
of which held to meet budgetary risks	4.755	4.517	4.517	4.517	4.517	4.517
of which held to support the medium term budget	0.226	0.226	0.226	0.226	0.226	0.226
of which held to facilitate change programmes	7.119	4.606	1.829	1.731	1.731	1.731
of which held pending future deficits on PFI contracts	4.212	4.333	4.377	4.306	4.118	3.813
of which committed to future year capital programmes	2.341	0.448	0.000	0.000	0.000	0.000
of which Reserves held on behalf of other organisations	0.553	0.553	0.553	0.553	0.553	0.553
Total Revenue Reserves	24.395	19.872	16.691	16.522	16.334	16.029
Capital Grants and Reserves						
of which capital grants unapplied	0	0	0	0	0	0
of which capital receipts reserve	1.487	1.109	0.866	1.011	0.734	0.884
TOTAL Reserves	25.882	20.981	17.557	17.533	17.068	16.913

Total Revenue Reserves Broken down as follows:						
Funding for projects & programmes over the period of the current MTFP	10.239	5.833	2.608	2.510	2.510	2.510
Funding for projects & programmes beyond the current MTFP	8.967	8.850	8.894	8.823	8.635	8.330
General Contingency	5.189	5.189	5.189	5.189	5.189	5.189
TOTAL REVENUE RESERVES	24.395	19.872	16.691	16.522	16.334	16.029

9.6 Capital Investment Fund (Capital) – To be used to invest in the assets and infrastructure of the Force to improve service provision and reduce revenue expenditure.

Major Incident Reserve (Risk)– To be used in the event of a Major Incident requiring additional resources beyond those available within the annual budget. This reserve has enabled the Major Incident Contingency budget to be reduced.

Pension Ill Health Reserve (Risk) – The Force has to pay a one off sum equivalent to twice an officer’s pay for each Ill Health Retirement. Holding the Reserve addresses the variability year to year of these low volume, high cost items.

Insurance (Risk)- This relates to the Municipal Mutual Insurance Limited scheme of Arrangement, which could result in a final payment of an estimated £0.432m; for unknown emerging claims, and unknown future claims highlighted by the Insurance Broker.

PFI Reserve (Earmarked Revenue) – This is required as the funding for PFI from the Government reduces annually, the fund will eventually reduce over the life of the PFI contract.

Estates Security and Maintenance (Earmarked Revenue) - To fund backlog maintenance and additional security not covered in the revenue or capital budgets.

Management of Change (Earmarked Revenue) - Investment required facilitating change and reducing cost in the longer term.

Partnerships Reserve (Earmarked Revenue) – Balances held for specific Partnerships which will either be used or are held in the event of funding being withdrawn resulting in additional costs.

Community Safety Fund (Earmarked Revenue) - To provide additional resources to the Community Safety Fund

Office of the PCC Reserves (Earmarked Revenue) – OPCC reserve; legal reserve and participatory budget.

10 Summary

10.1 The Medium Term Financial Plan sets out the Commissioner’s and the Chief Constable’s plans for the revenue and capital budgets and the use of reserves over the next 5 years.

10.2 Increased cost pressures from inflation and new requirements have resulted in difficult decisions having to be made during this planning cycle. The notification of an increase in Pensions contributions by £4m over two years so late in the process increased the challenge of balancing the budget and providing the service. These

additional costs follow on from a period of eight years where £31m of savings have been taken from budgets. The emerging demands on operational resources also add to the financial pressure.

- 10.3 There is a great deal of uncertainty over the next five years in terms of resources available and additional demand. All options were considered balancing affordability for the local tax payer ensuring that sufficient resources are available to meet demand. The option to increase council tax by the £24 assumed by the Home Office has not been taken, an increase of £19.98 is proposed which will enable a balanced budget to be set for the next two years with a degree of certainty, while also re allocating resources and providing investments to address the Home Secretary's, PCC's and Chief Constable's priorities. The five year plan sets a sustainable and as far as possible stable budget in the current economic climate.

The Financial Strategy

Financial Strategic Objectives:

- Prioritise resources to align spending plans with the Police and Crime Commissioner's vision and the Chief Constable's strategic objectives as set out in the Policing Plan
- Maintain a balanced budget position and to set a medium term financial plan that supports the service through the period of reduced funding
- Deliver value for money for local taxpayers
- Exercise probity, prudence and strong financial control
- Provide a robust framework to assist the decision making process
- Manage risk, including maintaining reserves at a suitable level whilst only incurring a sustainable level of debt
- Continually review budgets to ensure that resources are targeted on key objectives

To achieve the strategic objectives planning is undertaken in the following areas:

Corporate and Business Planning

- To integrate operational and financial planning to ensure that resources are directed to support the priorities set out in the Strategic Plan and to match resources with corporate objectives
- To produce a financial plan for the next 3 to 5 years which will incorporate the Force's major capital and revenue projects and the IT and Estates strategies and provide sustainable funding over the short and medium term
- To produce a detailed annual revenue and capital budget which supports the most effective deployment of resources

Risk Management - Reserves and Provisions

- To maintain adequate reserves and provisions to ensure that the medium term policy programme is sustainable and can be delivered
- To aim to balance the revenue budget over the medium term without reliance on the use of the General Reserve
- To maintain the 3 levels of resilience by use of reserves and provisions:
 1. Annual Budget Management
 2. Earmarked Reserves including the Major Incident Reserve
 3. A General Reserve at between 3% and 5% of net revenue expenditure

Risk Management - Financial Control Framework

- To maintain a financial control framework which is key to maintaining effective standards of financial administration and stewardship. This will be achieved through the following:

Adherence to Statutory Rules and Regulations

Home Office Financial Management Code of Practice

Code of Corporate Governance

Policies and Procedure notes

Financial Regulations and Standing Orders

Treasury Management Policy and adherence to the Prudential Code

Implementation of Internal and External Audit recommendations

Management of Risk

Codes of Professional Conduct

- To maintain and develop adequate financial systems to record and control resources and move towards full electronic processing
- To align financial responsibility at the operational level with the appropriate management control or influence
- To ensure that accurate, up to date financial information is available to enable users to apply it effectively in decision making.

Revenue Budget 2018-19 to 2023-24

	Annual Budget 2018- 19	+Inc -' Redn 2019- 20	Annual Budget 2019- 20	Annual Budget 2020- 21	Annual Budget 2021- 22	Annual Budget 2022- 23	Annual Budget 2023- 24
Expenditure	£000	£000	£000	£000	£000	£000	£000
1 Police Officer Pay Establishment	74,850	5,479	80,328	82,232	84,008	86,056	88,275
2 Police Staff Pay	44,470	1,443	45,913	46,816	47,736	48,675	49,633
3 Police Officer Overtime	2,034	41	2,075	2,116	2,159	2,202	2,246
4 Police Staff Overtime	421	9	430	438	447	456	465
5 Allowances	1,487	-120	1,367	1,357	1,348	1,339	1,330
6 Training	680	44	724	738	753	768	783
7 Other Employee	695	-136	559	571	582	594	605
8 Direct Pension Payments	3,227	78	3,305	3,384	3,465	3,548	3,634
9 Energy Costs	1,049	371	1,420	1,463	1,507	1,552	1,599
10 Building Running Costs	6,720	-277	6,443	6,572	6,703	6,837	6,974
11 Repairs & Maintenance of Vehicles	564	-28	536	546	557	568	580
12 Vehicle Running Costs	1,936	5	1,941	1,991	2,042	2,095	2,150
13 Car & Travelling Allowances	760	0	760	775	790	806	822
14 Air Support Unit	589	0	589	601	613	626	638
15 Equipment	844	156	1,000	1,020	1,040	1,061	1,082
16 Clothing and Uniforms	484	-17	467	477	486	496	506
17 Printing and Stationery	424	0	424	433	441	450	459
18 IT and Communications	9,838	916	10,754	10,969	11,188	11,412	11,640
19 Subsistence	336	15	351	358	365	372	380
20 Other Supplies and Services	2,507	31	2,538	2,572	2,606	2,641	2,676
21 Collaboration and Partnerships	5,140	292	5,432	5,541	5,651	5,764	5,880
22 Forensics	740	0	740	754	769	785	801
23 Debt Charges & Contribution to Capital	1,864	743	2,607	2,032	2,040	2,040	2,040
24 Special Situations Contingency	400	0	400	400	400	400	400
25 Inflation and General Contingency	400	60	460	460	460	460	460
26 Community Safety Fund	1,467	100	1,567	1,467	1,467	1,467	1,467
Gross Expenditure	163,926	9,205	173,130	176,083	179,623	183,470	187,525

	Annual Budget 2018- 19 £000	+'Inc -' Redn 2019- 20 £000	Annual Budget 2019- 20 £000	Annual Budget 2020- 21 £000	Annual Budget 2021- 22 £000	Annual Budget 2022- 23 £000	Annual Budget 2023- 24 £000
Income							
27 Secondments	-5,167	157	-5,010	-5,010	-5,010	-5,010	-5,010
28 Interest on Balances	-150	50	-100	-100	-100	-100	-100
29 Income	-3,270	236	-3,034	-3,034	-3,034	-3,034	-3,034
30 Specific Grants	-8,993	-1,773	-10,766	-9,131	-9,079	-9,026	-8,974
Total Income	-17,580	-1,330	-18,910	-17,275	-17,223	-17,170	-17,118
31 PFI Reserve	121	-77	44	-71	-188	-306	-425
Net Expenditure	146,467	7,798	154,264	158,737	162,212	165,994	169,982
32 Total Grants	-71,728	-1,506	-73,234	-73,234	-73,234	-73,234	-73,234
33 Precept	-74,739	-6,291	-81,030	-84,738	-88,462	-92,206	-95,968
	-	-	-	-	-	-	-
Funding	146,467	-7,797	154,264	157,972	161,696	165,440	169,202
Annual Balance	0	0	0	765	-249	38	225
BASE CASE - Cumulative	0	0	0	765	516	554	780

Additional Future Cost Pressures

a. OIP

Investigative Review	-25	-25	-25	-25
Response	428	428	428	428
b. PEQF	779	1,435	1,647	1,671
c. Capital funding	400	400	400	400
d. IT -NEP	305	305	305	305
Annual increase	1,887	656	213	24
Cumulative Total	1,887	2,543	2,756	2,779

Future saving plan

OIP/DCU

Neighbourhood Policing	1,493	0	0	0
Custody	82	82	0	0
Occurrence Management	222	0	0	0
Digital and DCU Reviews	500	250	250	250

Other Review Areas

IT Contracts	75	75	0	0
Estates	200	0	0	0
Procurement	80	0	0	0
Annual Savings Plan	2,653	407	250	250
Cumulative savings	2,653	3,059	3,309	3,559

Net Total	0	0	0	0
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Draft Capital Programme 2019-20

	£'000
DETAILED DARFT CAPITAL PROGRAMME	2019-20
Estates Programme	
Sustainability Improvements	100
Estates Review - Pwllheli Police Station	980
Estates Review - Re locate/Co locate / Vacate	435
Vehicles and Other Equipment	
Vehicle Purchase Replacement Programme	1,300
Information Technology and Communications Equipment	
Desk Top replacement	900
NEP Infrastructure/Sail Point/Internet Links	471
Connectivity Software	85
Wifi upgrades	500
Digital Workplace audio visual	200
Single on line Home	40
EOL (End of Life - various systems)	1,380
Body Worn Video	400
Total	<u>6,791</u>
FUNDING:	
Home Office General Grant	462
Revenue Contributions	1,243
Earmarked Reserves	2,528
Capital Receipts	243
Borrowing for Estates	1,415
Borrowing for Replacement Programme	900
Total	<u>6,791</u>

SUMMARY CAPITAL PROGRAMME 2019-20 TO 2024-25

	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	2019-	2020-	2021-	2022-23	2023-24	2024-25	TOTAL
	20	21	22				
EXPENDITURE:							
Estates Programme	1,515	3,216	3,895	3,379	3,791	1,333	17,129
Vehicles and Other Equipment	1,300	1,300	1,855	1,300	1,300	1,300	8,355
Information Technology and Communications Equipment	3,976	460	1,845	300	760	300	7,641
	6,791	4,976	7,595	4,979	5,851	2,933	33,125
FUNDING:							
Home Office General Grant	462	462	462	462	462	462	2,772
Revenue Contributions	1,243	1,243	1,116	838	838	838	6,116
Earmarked Reserves	2,528	0	0	0	0	0	2,528
Capital Receipts	243	55	277	0	650	375	1,600
Borrowing for Estates	1,415	3,216	3,895	3,379	3,141	958	16,004
Borrowing for Replacement Programme	900	0	1,845	300	760	300	4,105
Total	6,791	4,976	7,595	4,979	5,851	2,933	33,125

POLICE AND CRIME PANEL
PANEL HEDDLU A THROSEDD



NORTH WALES POLICE AND CRIME PANEL
FORWARD WORK PROGRAMME

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Date	Subject	Responsible Officer (including e-mail address)
28 Jan 2019 25 Mar 2019	Revisions to Police and Crime Plan for North Wales	Arfon Jones, North Wales Police and Crime Commissioner
28 Jan 2019	Proposed Precept for 2019/20	Arfon Jones, North Wales Police and Crime Commissioner
25 Mar 2019	Proposed Meeting Schedule 2019/20	Dawn Hughes, Scrutiny and Committee Services Officer
25 Mar 2019	Review of the membership of the Police and Crime Panel	Richard Jarvis, Solicitor
25 Mar 2019	Presentation by the Chief Constable Carl Foulkes	Chief Constable Carl Foulkes
FUTURE ITEMS - DATES TO BE CONFIRMED		
June 2019	North Wales Police and Crime Panel Expenses 2018/19	Richard Jarvis, Solicitor
June 2019	Summary of complaints received	Richard Jarvis, Solicitor
September 2019 December 2019	Update on the 2019/20 Budget	Kate Jackson, Chief Finance Office - Office of the Police and Crime Commissioner

Date	Subject	Responsible Officer (including e-mail address)
September 2019	Annual Report from the North Wales Police and Crime Commissioner	Arfon Jones, North Wales Police and Crime Commissioner
September 2019	Update on the Checkpoint Programme	Stephen Hughes, Chief Executive (Office to the Police and Crime Commissioner)
December 2019	Update on the Early Intervention Fund	Stephen Hughes, Chief Executive (Office to the Police and Crime Commissioner)
December 2019	Update on the Violence against Women, Domestic Abuse and Sexual Violence Team	Stephen Hughes, Chief Executive (Office to the Police and Crime Commissioner)
TBC	Review of the Terms of Reference	
TBC	Presentation by Flintshire Youth Service	