

Report from the Office of the Police and Crime Commissioner

Title:	Precept and Council Tax 2022/23
Meeting:	North Wales Police and Crime Panel, 31 January 2022
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1. Introduction

- 1.1 The purpose of this report is to review the financial position of the Police and Crime Commissioner for North Wales and to make recommendations for the 2022/23 precept and council tax.

2. Recommendations

- 2.1 To increase the precept to £93,861,247
- This will increase council tax by 3.68% - this is equivalent to £316.80 per annum, an increase of £11.25 per annum, or 22p per week for a band D property.
 - To note that this increase matches the Home Office assumed increase of £10 plus £1.25 to fund 10 additional PCSOs.
 - To note that the Tax Base has increased by 0.94%
 - This is an increase in precept of 4.65% from 2021/22
- 2.2 To note that £0.755m of savings have been identified for 2022/23.
- 2.3 To note that there will be a further increase of 82 Police Officers, of which 78 are a result of North Wales Police's allocation of the Government programme to increase police officer numbers (Operation Uplift). In addition, 4 ROCU (Regional Organised Crime Unit) Officers from North Wales are to be funded from Operation Uplift in 2022/23.
- 2.4 To note the Medium Term Financial Plan (MTFP), which includes the following assumptions:
- That Council Tax will increase by an estimated 3.68% in 2022/23, 3.79% in 2023/24, 3.65% in 2024/25, 3.52% in 2025/26 and 3.40% in 2026/27.
 - That policing grants are estimated to increase by 1.13% in 2023/24; 1.68% in 2024/25 and 1% for the following two years.
 - That annual pay awards will be 3% to be applied in September 2022 and 2.5% to be applied each subsequent September.
 - To note that the increase in grant has been awarded in support of Operation Uplift (recurring and set up costs), which has been earmarked for these purposes; and these commitments have been included in the budget.

3. Summary Budget 2021/22

	£m	
Budget 2021/22	<u>173.365</u>	
Inflation requirements	4.865	2.81%
Savings identified	-0.755	-0.44%
Reinvestment and Growth	1.660	0.96%
Uplift costs	4.076	2.35%
Additional Specific Grants	-1.314	-0.76%
Additional 10 PCSO's	0.371	0.21%
Budget requirement 2022/23	<u>182.268</u>	5.14%
Estimated total funding 2022/23		
Government Grants	88.407	5.65%
Council Tax	£316.80	3.68%
Multiplied by tax base	296,279.19	0.94%
Precept (funding proportion 51.73%)	93.861	4.65%
Total funding available	<u>182.268</u>	5.14%

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 in order to maintain the General Reserve at 3% planned additional amounts have been included in this MTFP. In order to prevent the reserves being depleted to below prudent levels, and to reduce the impact of borrowing in future years, the Chief Finance Officer considers it necessary to increase reserves now to mitigate the impact of this significant future expenditure; this is explained in more detail in the MTFP.

5. Background

5.1 The Government's Austerity Programme, which began in 2011, has resulted in substantial cuts across the public sector. Government funding has been reduced by -21.4% in real terms (taking inflation into account) by 2022-23. The overall effect of the reduced funding available and inflationary and other pressures has resulted in £38.291m of savings being made to budgets over an 11 year period. This is equivalent to a 25.8% reduction in the 2010-11 pre austerity budgets of £148.035m. North Wales Police has a good record of delivering planned savings, with a strategy of fully scrutinising planned savings prior to the year of delivery. The annual cuts are as shown in the table below:

	2011-16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Planned Cashable Savings	24.101	2.838	2.686	1.479	1.927	2.358	2.902	38.291
Savings Achieved	24.101	2.838	2.686	1.479	1.927	2.358	2.902	38.291
% of savings achieved	100%	100%	100%	100%	100%	100%	100%	100%

5.2 Prior to the 2020-21 settlement being announced the Government had in place a policy to increase Police Officer numbers by 20,000 (Operation Uplift) over a period of 3 years. The 2020-21 and 2021-22 announcements allocated 12,000 of these additional officers among Forces, with North Wales Police being apportioned 124. The funding announcement for 2022-23 distributed the remaining 8,000 additional officers with North Wales Police receiving a further 82, making a total of 206 (including 7 allocated to the Regional Serious and Organised Crime Unit). In addition to these, a further 30 officers were funded from precept in 2020-21, giving an overall increase of 236 over 3 years.

5.3 Increases in funding since 2020/21 have been focused on Operation Uplift. Additional grant has been received in order to increase officer numbers; however the underlying base grant has remained materially at the same cash level (a real-terms reduction) leading to budgetary pressure in other areas. The final allocation of numbers and funding has informed the plan going forward in terms of how much budget needs to be allocated to fund the pay costs of officers going forward, and how much can be allocated to support costs.

5.4 Since early 2020 the UK has been in the grip of the global COVID pandemic. This context made the basis for financial planning for 2022-23 onwards very uncertain. Prior to the COVID pandemic, a 3-year spending review had been expected, and an early announcement of future Operation Uplift numbers. However, last year's settlement was for one year only, and the Operation Uplift announcements were made at the same time, and only for the same shorter timeframe. The announcement for 2022-23 included indicative figures for three years as well as the final Uplift numbers and funding. These were received late in December 2021, and while they might change, they do help in future planning. There remain a number of

uncertainties in terms of future assumptions, especially around pay awards and inflation. Prudent assumptions have been made based on the information available in December 2021.

6. The Planning Process

- 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 overall purpose of the planning process is to prioritise resources to align spending plans with the Police and Crime Commissioner's priorities and the Chief Constable's vision and as set out in the Financial Strategy (Appendix A of the MTFP). The priorities are set out below and are detailed in the [Police and Crime Plan 2021 \(northwales-pcc.gov.uk\)](https://www.northwales-pcc.gov.uk/pcc/pcc-plan-2021).

Police and Crime Plan Priorities

- Delivering Safer Neighbourhoods
 - Tackle and prevent rural and wildlife crime
 - Improve the efficiency and effectiveness of police officers and police staff
 - Improve road safety
- Supporting Victims and Communities
 - Tackle and prevent domestic abuse and sexual violence
 - Safeguarding vulnerable people including children
 - Tackle and prevent cybercrime
 - Establish a victims panel
 - Tackle and prevent hate crime
- Fair and Effective Criminal Justice System
 - Introduce a North Wales Female Offender Strategy
 - Increase the use of restorative justice
 - Support and protect children and young people and divert them away from the Criminal Justice System
 - Address the root causes of offending and support the rehabilitation of people who have offended

The Chief Constable's vision is

Making north Wales the safest place in the UK; by Preventing Crime, Protecting Communities and Pursuing offenders.

- 6.3 The planning process for 2022-23 was reviewed by the Strategic Planning Unit, Finance, Senior leaders and the Chief Officers. A number of risks were assessed, including the unavailability of key individuals due to COVID; the effect of COVID itself; the recovery plan for the organisation post COVID; and the requirement to review demands and set the budget. The process for 2021-22 was based on Business Plans for all Service and Functional leads (as the current budget holders) with additional Business Cases being required, targeted towards

demand, and agreed as supplementary areas to consider at the start of the process. This approach worked well for the 2021-22 budget, and similar process was followed. The Corporate approach with early peer scrutiny resulted in a fully supported plan that will be implemented over the next 12 to 18 months.

6.4 The Business plans for each area were set out in a template with the following headings being addressed, with each section having a set of structured questions:

- Performance against objectives
- Finance against budgets
- Demand and projected demand
- Capacity and Capability
- Wellbeing
- Service Area Response
- Residual Demand
- Interdependencies
- Savings

6.5 Other area that were specifically considered are as follows:

- Facilities and IT linking to agile working
- Fleet Review
- Digital Programme
- Officer/Staff mix
- Corporate Budgets review

6.6 There were also practical issues to deal with in term of conducting meetings, which needed to be carried out online due to Covid-19. The process commenced early, in May 2021. By establishing the parameters early in the process, and having regular Organisational Planning Meetings throughout (weekly or fortnightly as required) it was possible to follow the planned schedule and well-developed proposals were presented to the Chief Constable and PCC in November and December 2021

6.7 Incorporated in the above, the normal process to develop future budget requirements was undertaken, details of which are included within the Medium Term Financial Plan (MTFP). In developing the submissions by managers, the following were considered:

- Local and National priorities, as set out in the Police and Crime Plan and the Force's Vision
- 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 Strategy and Capital Programme, Prudential Code and their effect on the Revenue Budget
- Reserves and Balances
- Income generation, trading activities and grants
- Collaboration
- COVID Recovery Plan

6.8 Two meetings were held with the Chief Officer team to finalise the outcome from the planning process. This allowed known available resources to be applied to priorities, and informed the allocation of the additional Uplift Officers from the third phase of Operation Uplift. The outcome was then discussed at the annual Budget Setting meeting with Service Leads and others, bringing together the recommendation from the Organisational Planning Group, including Savings Plans and all other elements, to build this MTFP. This then formed the proposal put forward to the PCC and his team.

6.9 A meeting was held between the Commissioner, the Chief Constable and their representatives on 7 December 2021 to discuss the budget proposals. A final meeting was held on 11 December after the Government funding announcement had been made.

7. Funding Allocations

7.1 No Provisional Government Funding Allocations for 2022-23 were given as part of the 2021-22 settlement. Announcements were made during 2021-22 to confirm the Government's commitment to Operation Uplift and increasing Police Officers numbers by 20,000 nationally. However, neither the numbers allocated to Forces nor the associated funding were known until the funding announcement in December 2021.

7.2 On 27 October 2021, Chancellor of the Exchequer, Rishi Sunak MP announced the outcome of the 2021 comprehensive spending review (SR2021). Sometimes referred to as the 'Spending Round' or the 'SR', the SR2021 sets out public spending totals for the financial year 2022-23 to 2024-25. The announcement gave Government Departmental spending totals, but not Force allocations. In the Autumn Statement it was also announced that annual inflationary pay increase for Police Officer and Police Staff would re commence in 2022-23. The announcement committed again to the increase in Uplift Officer with associated additional funding (not at Force level) as well as showing a modest increase in Home Office funding in 2023-24 and 2024-25. The available information from the announcement was fed into the final phases of the planning programme with an estimated 62 Uplift Officers and £4.125m funding being estimated for North Wales Police as a working assumption.

7.3 The 2021-22 Provisional Settlement was announced on 16 December in a written statement by the Policing Minister, Kit Malthouse. Prior to the publication of settlement, the sector was expecting a continuation of additional Uplift funding for the recruitment of 8,000 officers (towards the 20,000 total). In a follow up meeting to the SR, Kit Malthouse had confirmed that policing would receive an extra £550m in 2022-23, £650m in 2023-24 and £800m by 2024-25. At the time of SR, how this money was to be distributed was unknown, however, it was

suggested that as well as Uplift funding this would also give forces enough resource to fund a pay rise, in line with the end of the public sector pay freeze as well as the additional costs of the new Health and Social Care levy (£1m+ for NWP).

7.4 An element of the Uplift funding was retained as specific grant based on additional recruitment of officers. The Ministerial Statement stated that in total PCCs would be able to raise an additional £774m assuming that the full precept flexibility is taken. It was confirmed that the council tax referendum limit will be £10 per PCC in England, the rules in Wales are different and no capping limit has been announced. The specific Pension Grant has been continued for another year as a specific grant.

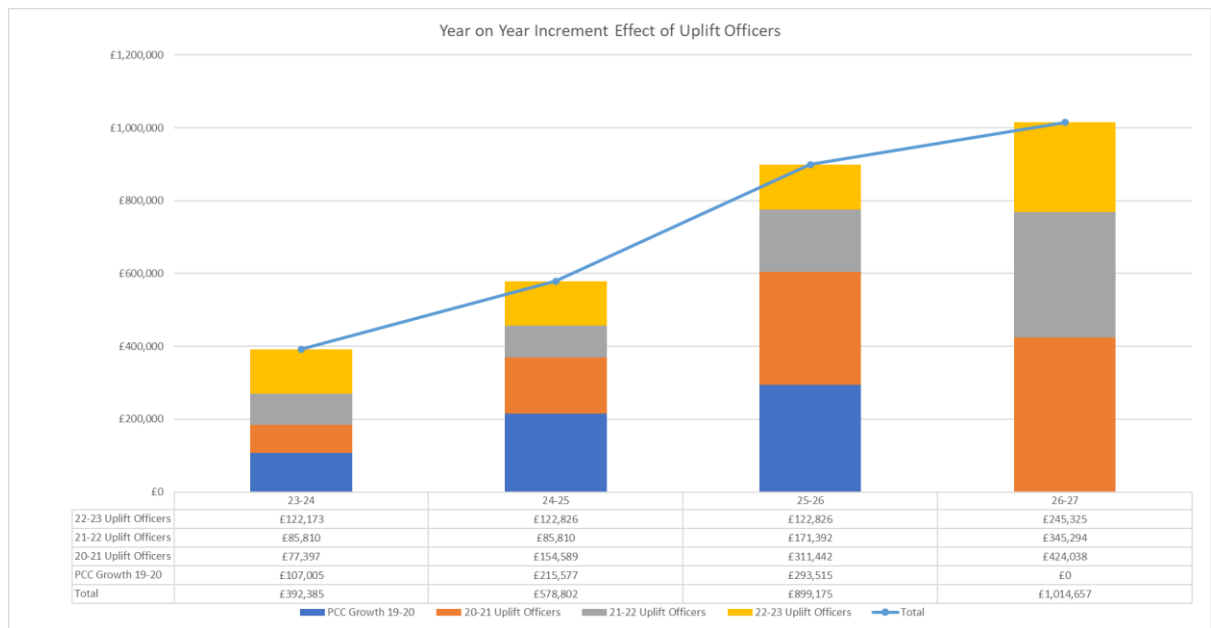
7.5 The points below summarise the expectation following the Autumn Statement and the final announcement. The settlement exceeded expectations in so far as the allocation of Operational Uplift was higher than expected (due to lower than expected national allocations) and funding in 2022-2023 was higher. However, the additional officers come with additional costs, and these increase over future years as the officers' pay increases with increments and annual pay awards. The funding provided is intended to cover all costs including the Health and Social Care Levy, Uplift set up and future costs, as well as well as pay and non-pay inflation. Any deficit needs to be funded from savings or precept increases.

- Core funding including Uplift increased by £5.092m (+5.9%) (compared to £4.125m estimated)
- Additional Apprentice Grant funding of £0.287m
- Uplift numbers changed from estimated 54 NWP + 8 ROCU to 78 NWP + 4 ROCU total 82 - resulting in additional cost.
- Funding of Health and Social Care Levy (£1m) included in the core funding
- No Capital Grant included, £0.123m estimated based on 21-22, need to increased revenue contribution to make up the reduction
- Pay awards to be re-instated in 2022-23
- Based on figures assumed 1.1% (£1m) 23-24 and 1.6% (£1.5m) grant increases, this does not cover inflation and increments

7.6 Top slicing, that is the amount the Home Office retain for central Police related expenditure rather than distributing to Forces, increased from £1,034m in 2021-22 to £1,374m in 2022-23, an increase of £0.340m. The increase is in the Police Technology Programmes and new programmes including Police and CJS Performance, Crime Reduction Programmes, Crime Reduction Capabilities, Rape Review, Drugs / County Lines, Capital Reallocations and Fraud. If all of this were to be allocated to NWP based on the funding formula it would be equivalent to an additional £13.75m.

7.7 The increase in the allocation of Uplift officers will mean that the allocation to NWP (including the regional element) totals 206 over 3 years. Funding increases provided over the period 2020-21 to 2022-23 is sufficient to cover the current cost of the additional officers with a significant contribution towards support costs. Funding set aside in years 1 and 2 can also fund set up costs. However, the cost of each officer increases by £23k per annum over 6 years and this must be built into future costs. When deciding how to use the current funding received, it is necessary to find a balance between what can be spent now to support increases in staff and non-staff support cost for the additional officers, and how much must be held back for future costs.

7.8 The graph below shows the annual increase in the Uplift officers pay costs due to increments. The cumulative effect is £2.8m, which is a significant proportion of the savings required in 2025-26 and 2026-27.



8. Budget for 2022-23 and Planned Budget for 2023-24 to 2026-27

8.1 The detail of the Budget and changes for 2022-27 and future years are shown in Appendix A.

8.2 The main assumptions are as follows:

- Annual pay inflation 3% to be applied from September 2022 to August 2023, with a 2.5% annual increase from September 2023 onwards
- General Inflation 2%, specific inflation applied where necessary. For 2022-23 this includes Energy, Fuel, Insurance and direct Pension charges.
- Council Tax increase of 3.68% in 2022-23 (£11.25) and £12 per annum in the following years which equates to 3.79% in 2023-24, 3.65% 2024-25, 3.52% 2025-26 and 3.40% in 2026-27
- General Government Grants increase of 5.65% in 2022-23, 1.13% in 2023-24; 1.68% in 2024-25 and 1% for the following two years
- That the base grant contributes towards Uplift and all other increases (that is, there will be no additional funding for Health and Social Care levy or pay inflation)
- That the Capital Grant (£0.123m 2021-22) has been withdrawn, the deficit in the capital funding must be funded from the general grant
- A 0.25% increase in tax base from 2023-24 onwards
- Annual cost of £1.329m included for Emergency Service Network (ESN) from 2023-24 with a reserve being built up in preceding years. Based on current estimates and implementation dates ESN is now funded within the plan.
- Contributions to General Reserve to ensure the balance does not fall below the minimum of 3% of Net Budget value.
- Additional specific grants are included for PCSOs, PEQF, and costs relating to national security.

This gives a position of:

	Annual	Annual	Annual	Annual	Annual
	Budget	Budget	Budget	Budget	Budget
	2022-23	2023-24	2024-25	2025-26	2026-27
	£'000	£'000	£'000	£'000	£'000
Baseline	173,365	182,268	187,067	192,384	198,500
Inflation	1,475	4,432	4,732	5,010	5,045
Stand still structural	2,315	126	133	140	146
Health & Social Care Levy	1,075	27	28	29	29
Uplift	4,076	214	424	937	1,062
Growth	1,660	0	0	0	0
Efficiency Savings	-755	0	0	0	0
Specific Grants additional funding	-1,314	0	0	0	0
Additional PCSO growth	371	0	0	0	0
Budget Requirement	182,268	187,067	192,384	198,500	204,782
Total Grant	-88,407	-89,407	-90,907	-91,816	-92,735
Precept from Council Tax	-93,861	-97,660	-101,477	-105,313	-109,168
Total	-182,268	-187,067	-192,384	-197,129	-201,903
Annual Balance	0	0	0	1,371	1,508
Cumulative balance	0	0	0	1,371	2,879
Council Tax % increase	3.68%	3.79%	3.65%	3.52%	3.40%
Council Tax £ increase	11.25	12	12	12	12

8.3 The planning cycle focused on aligning resources to priorities while setting a balanced budget and providing value for money to local taxpayers over the medium term as set out in the Financial Strategy. Based on the assumptions set out the outputs and specific issues dealt with as part of the cycle were

- Inflation and unavoidable stand still structural increases 2022-23 and future estimates
- Inclusion of Health and Social Care Levy
- Allocation of 82 Uplift Officers for 2022-23 and estimate of future costs
- Efficiency and savings available in 2022-23
- Priority areas that require investment in 2022-23
- Estimate future costs and funding
- Estimate future Capital Requirements including ESN
- Estimate and make best use of Reserves to support the MTFP

8.4 There have been several inflationary and other unavoidable costs (which are in essence inflation costs) that have been dealt with as part of the planning process. An estimated 3% pay award has been included from September 2023 which is in line with the most recent national discussions. A 2% general inflation has been included but all areas were reviewed to assess whether this was sufficient. Additional amounts have been included for Estates and Energy costs, Fuel, Insurance and Injury Pensions taking into account the current year budget position. IT costs are increasing at above the 2% base inflation, but also the number of licences required for general use software and storage costs due to volume have increased. The additional cost of ESN was included last year and is consolidated into the base. The withdrawal of the Capital Grant has been compensated with an increase in revenue contribution. And finally, the Health and Social Care levy is an additional employer tax. A breakdown is given below:

Standstill Structural Costs	£'000	Explanation
Inflation	1,475	Pay and non-pay basic inflation based on 3% pay from September 2023 and 2% General inflation
Additional specific inflation for Estate/Energy, Fuel, Insurance, and Injury Pensions	440	Above base-inflationary increases expected in 2022-23 which emerged during the planning process
ICT increases	787	Reflecting higher than base-inflationary figures, plus increased volume due to Uplift and other growth over last 3 years
National and Regional Collaborations	251	New, and increases in cost of existing collaborations
ESN	714	Included as part of last year's MTFP and consolidated in the budget
Capital Contribution to makes up reduction of Capital Grant	123	Capital Grant withdrawn. If the revenue contribution had not been increased, this would have reduced the 5-year programme funding by 5 x £123k = £615k.
Health & Social Care Levy	1,075	The Chancellor introduced an additional employer tax as part of the Autumn Statement, this is the cost to NWP
Total stand still cost	4,865	

- 8.5 Based on announcements made, North Wales Police had expected a total allocation of 186 additional Officers through Operation Uplift. 124 of these were allocated in the previous two planning processes, with the expectation of another 62 for 2022-23. There was always a possibility that the figure would differ, depending on how many were allocated directly to national or regional units.
- 8.6 The recruitment plan had been prepared using a higher figure of 78 for 2022-23 as it would be easier to scale down than up. The announcement in December 2021 allocated 78 to NWP and also 4 as NWP's contribution to regional units. Recruitment will be challenging but it is expected that the Uplift target will have been met by January 2023, and there is an additional recruitment round planned for March 2023. There is a time lag between recruiting new officers and when they are available to replace experienced officers being appointed into the new posts. This is minimised as far as possible but cannot be eliminated entirely. There is also pressure on the tutor units with the number of officers being tutored higher than ever and additional resources are being included to support this. Once the number of year 1 probationers returns to the normal level (54 at any one time, rather than the current figure of around 100) the 17 temporary posts allocated to response can be reallocated as part of next year's planning process. In the meantime, all the additional probationers and tutors will be on the streets of North Wales supporting the Response Officers. A summary of the allocations follows:

Service Area	Allocation	Explanation
Local Policing Service	57	28 Front Line Response 11 Tutors 1 Western Detective Inspector 17 Temp Response to support recruitment and training to be reallocated once enough have gone through 1 st year training
Crime Service	16	10 Protecting Vulnerable People Unit 6 Specialist investigation Units
Operational Support	2	2 Drones Constables
Corporate Service	1	HMICFRS Inspection Support
Professional Standards	2	To promote and manage standards
Regional Contribution	4	NWP contribution to regional cross-border investigations
Total	82	

8.7 An Uplift reserve has been in existence over the last two years, pending final confirmation of funding. It is expected that around £3m of this will still be available at the end of next year. This will be used to overshoot the Uplift target to expediate the deployment into the planned posts; it will also allow for an unforeseen reduction in numbers recruited, or additional leavers.

8.8 To support the implementation of the additional Uplift Officers, and meet demand, 41 new staff posts have been agreed. The total staff and non-staff cost is £1.660m, which includes an additional £20k for Roadside drug testing kits and £56k for the OPCC (mainly towards the national contributions). The additional posts are detailed below:

Service Area	Allocation	Explanation
Crime Service	9	PVPU and support of specialist posts
Operational Support	21	10 Digital Desk 10 Justice Services 1 Road Policing Researcher
Corporate Service	9	4 Business Intelligence 4 Training and Recruitment 1 Support officer
Professional Standards	1	Learning and Prevention Officer
Finance and Resources	1	Finance Support
Total	41	

8.9 As part of the process, efficiency savings were assessed. Having taken and delivered £2.9m of savings in 2021-22, and £35.4m in the previous 10 years, it was anticipated that additional efficiencies would be difficult to deliver and would be need to be judged to assess whether they would diminish the service provided and against proposed reinvestment. All areas were asked to put forward proposals to deliver £1.7m for re-investment, and a further £1.7m contingency to cater for an unexpected reduction in funding. Proposals amounting to these values were received and scrutinised. It was necessary to pursue the contingency savings this year. The reinvestment savings were assessed and £0.755m were assessed as genuine efficiencies and deliverable in the year, which are detailed below. Some of the plans not pursued for 2022-23 are longer-term and will be developed over the next year.

Category	Savings Identified
	£'000
Central savings from projects	483
Staff Posts (vacant and not to be filled)	80
Non staff savings Service areas	192
Grand Total	755

- 8.10 During the year the Welsh Government announced additional funding towards 20 additional PCSOs, which are being recruited during 2021-22; these are included in the base figures. In discussion with the Chief Constable, the PCC decided to fund a further 10 PCSO from additional Council Tax so that there will be an increase of 30. This will restore some of the reduction from the austerity period. This proposal requires an additional £1.25 increase in the Council Tax
- 8.11 The plan summarised above sets the cornerstone for future years: full implementation of the Uplift officer increases; the support required to support an additional 200+ officers; and also investments in digital and other non-staff costs. Prudent budgeting and delivered savings in past years have resulted in a balanced budget being planned for the next 3 years, with a saving requirement of £2.879m (equivalent to 1.6% of the 2022-23 net budget) in the last 2 years of the MTFP. Efficiency savings will be pursued for re investment over the next planning cycle. The charts below show the investment to be made aligning to the PCC's priorities:

Delivering Safer Neighbourhoods









Visibility and Public Engagement	Investigations and Intelligence	Efficiency & Effectiveness	Road Safety
<ul style="list-style-type: none"> • 28 Constables into Patrol to maintain operational response levels. • 11 Tutor Constables to enhance development of new officers. • Dedicated Digital Public Contact Team to broaden the range of available contact methods. • 17 Constables into Patrol on a Temp basis to assist with tutoring pressures • 10 additional PCSO 	<ul style="list-style-type: none"> • 3 x Domestic Abuse Perpetrator Constables (Adapt project) and support staff to reduce re-offending. • 2 x PSD Constables to support the drive for the highest organisational standards. • 1 x DCI Intelligence to maximise cross border opportunities to tackle organised crime. • 2 x Intelligence Staff to exploit frontline intelligence gathering. • 1 x Detective Inspector in Western CID to ensure effective management of local crime investigations. 	<ul style="list-style-type: none"> • Investment in Business Intelligence to Improve Performance, Demand and Efficiency insights. • 2 x Drone Constables to ensure efficient provision of this capability over the whole force area. • Finance Posts to drive the efficiency agenda and support value for money decision making. • Increased capacity to train the frontline in specialist skills. • Audit Officer to ensure best practice is identified and shared. 	<ul style="list-style-type: none"> • 1 x RPU Intelligence staff to develop targets for enforcement. • 2 x Collision Investigation staff to ensure timely support to fatal road collisions. • Increased use of road side drug testing kits due to the increase in drug related driving.

Supporting Victims & Communities







Tackling Serious Offenders	Tackling Cyber Crime	Meeting the highest standards for victims and communities
<ul style="list-style-type: none"> • 3 x Constables to manage sexual and violent offenders in PVPVU. • Civilian Investigators aligned to CID shift pattern to bolster local investigative resources. 	<ul style="list-style-type: none"> • 3 x Officers into Economic Crime Unit to manage increasing fraud and online demand. • 2 x Modern Apprentice roles to bolster Financial Abuse Safeguarding and cyber device examination. 	<ul style="list-style-type: none"> • Deputy Quality Manager in Scientific support to ensure highest forensic standards are met. • Crime Data Integrity Supervisor to ensure crimes are correctly recorded and resourced.

Fair and Effective Criminal Justice System



9. Resilience and 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 allow for expenditure risk (spending over budget), as well as unforeseen events such as costly major incidents, natural disasters or other unforeseen events. An element of this risk is through the in-year budgets, by the use of the contingency budgets. However, these contingency budgets are being reduced, with 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 when the final position is known.
- 9.3 There is a planned reduction in reserves from £32.931m to £20.899m over 10 years. A description of each reserve is given in paragraph 9.6.
- 9.4 It is considered prudent to maintain General Reserves at between 3% and 5% of Net Revenue Expenditure (NRE). As there are earmarked reserve to mitigate risk, the General Reserve has been maintained at just above 3%. However, as the NRE increases it is necessary to increase

the General Reserve to maintain the balance at 3%, this has been included into future plans and is reflected in the summary below:

<u>Reserve Position</u>	Balance 31.3.21 Balance £m	Balance 31.3.22 Balance £m	Balance 31.3.23 Balance £m	Balance 31.3.24 Balance £m	Balance 31.3.25 Balance £m	Balance 31.3.26 Balance £m	Balance 31.3.27 Balance £m	Balance 31.3.28 Balance £m	Balance 31.3.29 Balance £m	Balance 31.3.30 Balance £m
<i>Usable Reserves at</i>										
General Fund Balance	5.417	5.531	5.645	5.759	5.873	5.987	6.105	6.225	6.347	6.469
Earmarked General Fund Reserves	25.461	24.488	18.376	15.641	14.238	13.190	12.667	12.163	11.620	11.620
Capital Receipts Reserve	2.084	3.423	3.607	3.737	3.362	3.262	3.162	3.062	2.962	2.862
Total Usable Reserves	32.961	33.442	27.628	25.137	23.473	22.439	21.934	21.450	20.929	20.951

9.5 Details of each earmarked reserve are to be found in the MTFP together with their projected use.

10. Capital

10.1 The PCC's assets and infrastructure need continual investment in order to ensure an efficient and modern working environment. Strategies for the Estates, IT and Fleet were developed during 2019-20 and a new Capital Programme agreed in 2020-21. The implementation of Operation Uplift; reviewing the requirements as part of the planning cycle; and the COVID recovery plan; have resulted in revisions to the planned Programme. COVID has resulted in some re-phasing of the Programme due to unavoidable delays. Major projects such as ESN and the Command and Control System upgrade have also been under review. The draft Capital Programme 2021-22 to 2026-27 is an update of last year's Programme, reflecting changes in time and/or costs.

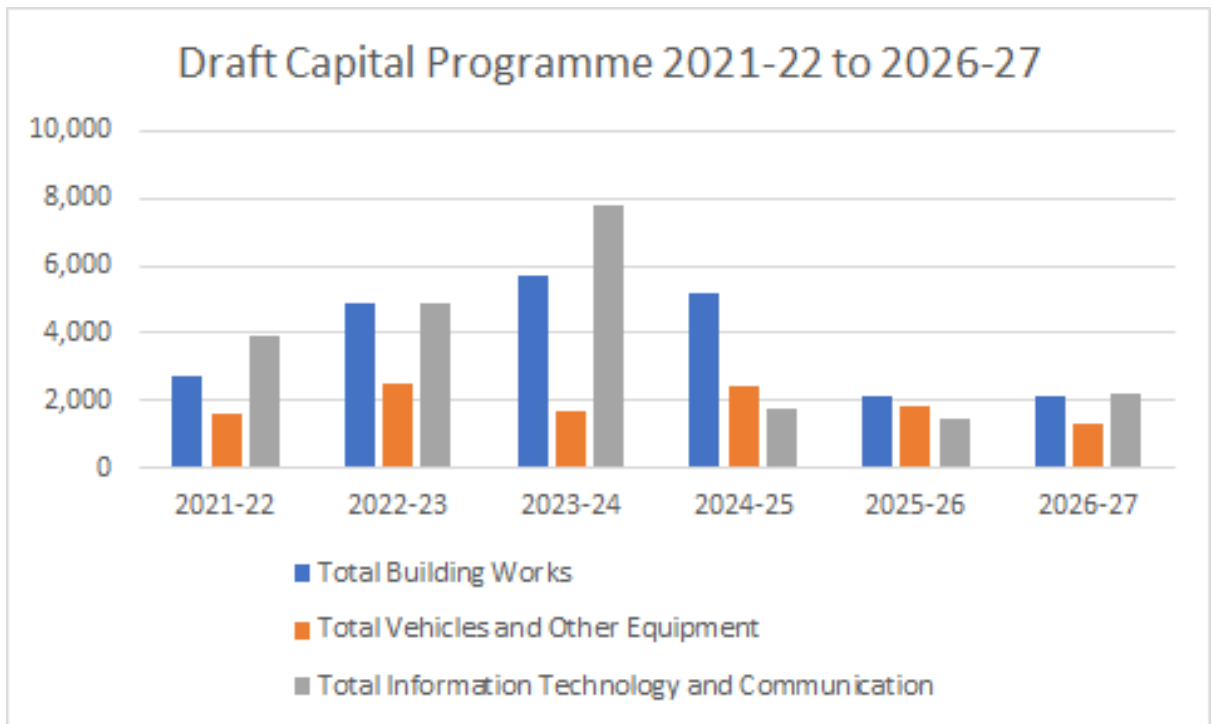
10.2 **Estates** – The refurbishment of Pwllheli Police Station has been completed and the Firearms Base upgrades will be completed in 2021-22. The cost of building works has generally increased since the original estimates were prepared, and this situation has accelerated during 2021-22, requiring existing future projects to be reviewed in terms of cost. These will all be subject to final Business Cases, tendering process etc. before implementation. The changes to the Programme are summarised below:

- Vehicle Commission Centre cost increased by £0.236m, funded by Capital Receipts
- Estates Review: projects at Holyhead and Dolgellau increased by 10% +£0.534m
- Flintshire project (now shown as two projects: north and south) £1.1m increase
- £2m included for additional works in 2025-26
- £2m estimated for Firearms Base refurbishment in 2026-27, subject to scoping and Business Case.

10.3 **Fleet** – A detailed review of Fleet requirement was been made using the Telematics management information data, resulting in a reduction of £0.341m in the annual cost per last

year's MTFP (reduction in number of vehicles). Since then several issues have arisen affecting the cost and delivery of vehicles. The reasons for supply issues include the shortage of microchips, COVID and Brexit. A national tendering process was carried out by Blue Light Commercial with the final figures not being available until August/September 2021. This resulted in an increase of £4k to £6k in the cost of each vehicle. The Fleet Department have re-profiled and re-costed the replacement Programme, resulting in an increase of £0.953m over 5 years (reducing the previous saving over the same period from £1.7m to £0.77m).

- 10.4 **IT and Communication** - Substantial investment is being made in IT. This is being directed by the Digital Transformation Programme Board. The personal issue of internet-enabled devices to operational officers and staff enables agile working – this project was accelerated as a result of COVID and all devices will be able to utilise the National Enablement Programme (in terms of the latest software available) by the end of 2021-22. A significant upgrade in the Command and Control system is being progressed. ESN has been included but has been put back a year, this assists in term of funding as the reserve built up will have an additional year of contribution. Mobile Phones will be replaced March/April 2022 and the Mobile App will be implemented early in 2022-23. Replacement for IT equipment has been built into future years, including an additional year 2026-27.
- 10.5 The major issue with the Programme has been the phasing, this has been looked at a number of times during 2021-22. Unfortunately, due to several uncertainties outside of project managers' control, a number of projects have been put back despite the will to progress them sooner. The Capital Expenditure environment is still challenging, with increased variability in cost (which leads to delay in order to provide the appropriate governance and scrutiny for increases) as well as internal and external resources to deliver the projects. The Programme is still skewed towards the early years as shown below and the phasing and delivery will be monitored on a regular basis at project and programme level.



10.6 The re-phasing has assisted with funding. With borrowing delayed, the budget set aside to repay loans (Revenue Provision) can be used to pay for capital directly, thus reducing future borrowing, or creating headroom for increased costs. The Programme is affordable based on current estimates of expenditure and funding available. The capital figures are shown in Appendix C; the final detailed plan will be formally approved by the PCC before the end of March 2022, as part of the Capital Strategy. This is a statutory requirement and incorporates the Treasury Management and Prudential Code Strategies. Details of the Programme are contained in the MTFP; a summary of the Programme and funding is given below.

Description	2021-22 Revised Estimate 2021-22	2022-23 Est	2023-24 Est	2024-25 Est	2025-26 Est	2026-27 Est
	£000	£000	£000	£000	£000	£000
Total Building Works	2,700	4,872	5,684	5,168	2,100	2,100
Total Vehicles and Other Equipment	1,635	2,480	1,667	2,441	1,797	1,341
Total Information Technology and Communication	3,900	4,858	7,823	1,794	1,444	2,185
Total Capital Expenditure	8,235	12,210	15,174	9,403	5,341	5,626

Description	2021-22 Revised Estimate	2022-23 Est	2023-24 Est	2024-25 Est	2025-26 Est	2026-27 Est
	£000	£000	£000	£000	£000	£000
Home Office Grant	171	0	0	0	0	0
Revenue Contribution	2,208	2,177	3,353	2,411	2,097	2,731
Earmarked Reserves	2,959	2,352	1,384	0	0	0
Capital Receipts	271	336	370	750	100	100
Borrowing for Estates	2,071	4,503	5,584	4,418	2,000	2,000
Borrowing for replacement programme	555	2,842	4,483	1,824	1,144	795
Total Funding	8,235	12,210	15,174	9,403	5,341	5,626
External Resources	171	0	0	0	0	0
Own resources	5,438	4,864	5,107	3,161	2,197	2,8318
Debt	2,626	7,345	10,067	6,242	3,144	2,795
TOTAL	8,235	12,210	15,174	9,403	5,341	5,626

11. Consideration of Options

- 11.1 The Commissioner has considered all of the options available within the resources available. Extensive work was carried out by the Organisational Planning Process to identify savings and move resources within the organisation. The planning process also enabled the informed allocation of 82 Operation Uplift officers based on priorities. A council tax increase of £11.25 or 3.68% has been proposed. This covers the cost of inflation and stand-still increases, Uplift implementation and supporting growth plus an additional 10 PCSOs. Additional resources have become available by the announcement of additional officers; however this increase is required to cover the current cost of officers, the set up and training costs and then also the future increase in cost as their salaries increase with annual increments.
- 11.2 The Commissioner held discussions with the Chief Constable who confirmed that the council tax increase of 3.68% provides sufficient budget to enable the operational delivery of the policing service in 2022/23, and allows for prudent contributions to reserves to help meet the future costs of ESN. Also, 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 for later financial years, and it must be understood that a significant reduction in the grant allocation or a higher than expected pay award would necessitate increased cuts and/or higher council tax increases in future years. However, the assumptions made are prudent and in line with those made within the Policing sector.
- 11.3 Increasing the Council Tax by 3.68% the valuations for each property band are:

Tax Band	A	B	C	D	E	F	G	H	I
Council Tax £	211.20	246.40	281.60	316.80	387.20	457.60	528.00	633.60	739.20

11.4 The precept for each billing area will be:

<u>Billing Authority</u>	2022-23 Tax Base	Precept £
Anglesey County Council	32,042.00	10,150,906
Gwynedd Council	53,715.10	17,016,944
Conwy County Borough Council	51,020.98	16,163,446
Denbighshire County Council	40,642.10	12,875,417
Flintshire County Council	65,194.00	20,653,459
Wrexham County Borough Council	53,665.01	17,001,075
	<hr/> 296,279.19	<hr/> 93,861,247

12. Implications

Diversity	The report's recommendations will affect the Force's employee numbers in future years.
Financial	<p>The purpose of this report is to recommend the Precept and Council Tax for 2022/23, 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.</p> <p>Adequate financial resources are vital to the delivery of the Police and Crime Plan and to fulfil our legal requirements.</p>
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

Ref	Description <u>Budget 2021-22 to 2026-27</u>	Annual	+'Inc	Annual	Annual	Annual	Annual	Annual
		Budget	-'	Budget	Budget	Budget	Budget	Budget
		2021-	2022-	2022-	2023-	2024-	2025-	2026-
		22	23	23	24	25	26	27
	Expenditure	£000	£000	£000	£000	£000	£000	£000
1.1	Police Officer Pay Establishment	90,304	6,051	96,355	98,896	101,922	105,226	108,859
2.1	Police Staff Pay	42,517	3,096	45,613	46,888	48,068	49,276	50,516
2.2	PCSOs	6,104	1,130	7,234	7,429	7,615	7,806	8,001
3.1	Police Officer Overtime	2,233	104	2,337	2,395	2,455	2,516	2,579
4	Police Staff Overtime	597	45	642	658	675	692	709
5	Allowances	1,299	35	1,334	1,333	1,332	1,332	1,332
6	Training	1,407	357	1,764	1,800	1,762	1,797	1,833
7	Other Employee	726	72	798	814	830	846	863
8	Direct Pension Payments	3,281	146	3,427	3,509	3,594	3,680	3,768
9	Energy Costs	1,467	137	1,604	1,652	1,702	1,753	1,805
10	Building Running Costs	6,562	183	6,745	6,880	7,018	7,158	7,301
11	Repairs & Maintenance of Vehicles	596	15	611	623	635	648	661
12	Vehicle Running Costs	1,853	171	2,024	2,076	2,129	2,184	2,240
13	Car & Travelling Allowances	463	-49	414	423	431	440	449
14	Air Support Unit	604	-100	504	517	530	543	557
15	Equipment	1,091	120	1,211	1,236	1,260	1,286	1,311
16	Clothing and Uniforms	530	44	574	558	569	580	592
17	Printing and Stationery	284	4	288	294	300	306	312
18	IT and Communications	12,628	1,036	13,664	13,940	14,309	14,689	15,081
19	Subsistence	266	-12	254	259	264	269	275
20	Other Supplies and Services	2,626	77	2,703	2,756	2,810	2,864	2,920
21	Collaboration and Partnerships	6,547	931	7,478	7,665	7,856	8,052	8,254
22	Forensics	919	15	934	953	972	991	1,011
23	Debt Charges & Contribution to Capital	4,354	153	4,507	5,716	5,670	5,898	5,898
24	Special Situations Contingency	400	0	400	400	400	400	400
25	Inflation and General Contingency	3,361	-2,595	766	666	550	550	550
26	Community Safety Fund	3,429	116	3,545	3,615	3,688	3,762	3,837
	Gross Expenditure	196,448	11,282	207,730	213,951	219,346	225,544	231,914

	Annual Budget 2021- 22	+'Inc -' Redn 2022- 23	Annual Budget 2022- 23	Annual Budget 2023- 24	Annual Budget 2024- 25	Annual Budget 2025- 26	Annual Budget 2026- 27
	£000	£000	£000	£000	£000	£000	£000
Income							
27 Secondments	-6,637	-905	-7,542	-7,729	-7,921	-8,117	-8,319
28 Interest on Balances	-100	0	-100	-100	-100	-100	-100
29 Income	-2,599	-10	-2,609	-2,609	-2,609	-2,609	-2,609
30 Specific Grants	-14,309	-2,125	-16,434	-16,381	-16,328	-16,276	-16,223
Total Income	-23,645	-3,040	-26,685	-26,819	-26,958	-27,102	-27,251
31 PFI Reserve	-188	-53	-241	-293	-346	-398	-451
32 Contribution to ESN Reserve	750	600	1,350	0	0	0	0
33 Contribution to General Reserve	0	114	114	228	342	456	570
Net Expenditure	173,365	8,903	182,268	187,067	192,384	198,500	204,782
34 Total Grants	-83,677	-4,730	-88,407	-89,407	-90,907	-91,816	-92,735
35 Precept	-89,688	-4,173	-93,861	-97,660	-101,477	-105,313	-109,168
Funding	-173,365	-8,903	-182,268	-187,067	-192,384	-197,129	-201,903
Growth/saving	0	0	0	0	0	0	0
Revised Net with growth	173,365		182,268	187,067	192,384	198,500	204,782
Annual Balance	0	0	0	0	0	1,371	2,879
BASE CASE - Cumulative	0		0	0	0	1,371	2,879