

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

**Medium Term Financial Plan**

**2018-19 to 2022-23**

## 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. Reserves have been targeted at enabling further transformation and prioritisation of the workforce to address the change in demand, while reinvestment of efficiencies address current requirements within the 2018-19 budgets. The PCC has considered all options and struck a balance between affordability for local taxpayers and ensuring the police service has sufficient funds and has proposed a council tax increase of £8.91 which is lower than that assumed by the Home Office of £12 but does provide some additional front line resources.

### 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 performance and ensuring local and national priorities are achieved.

### 1.3 Background

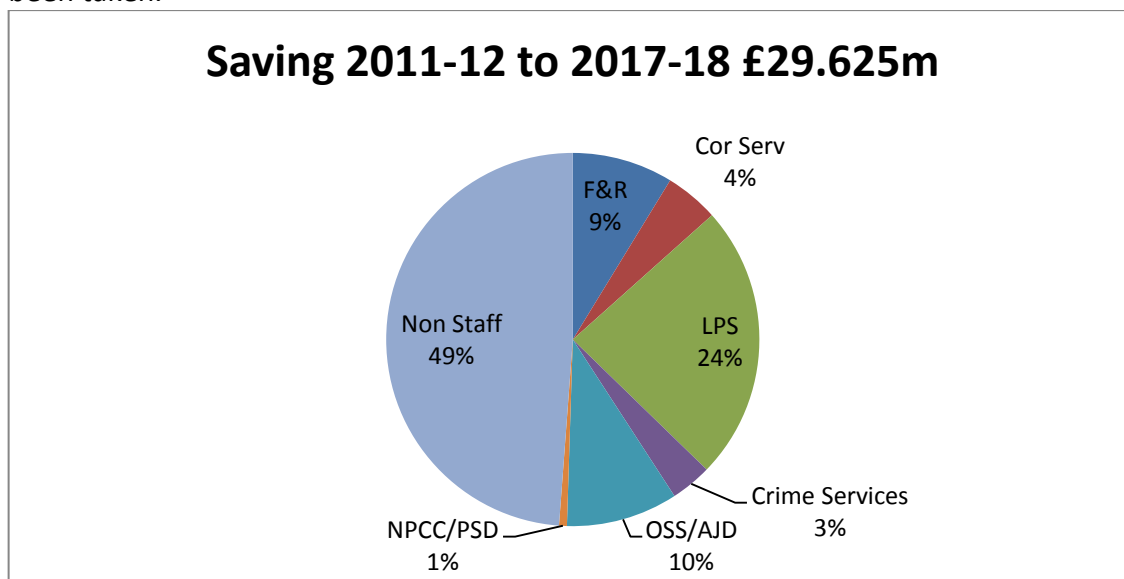
The Government's Austerity Programme, which began in 2011, has resulted in substantial cuts across the public sector. The original planned cash reduction in Police Budgets over the 4 years (2011-12 to 2014-15) of the CSR2010 was 12%; the actual reduction in grants to the end of 2017-18 will be 21.51%. The annual reduction in grants is shown in the table below:

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Annual Grant Reduction	5.14%	6.70%	1.60%	3.12%	5.11%	0.57%	1.40%
Cumulative Effect	5.14%	11.50%	12.91%	15.63%	19.94%	20.40%	21.51%

1.4 Council Tax increases have ranged between 2% and 4% over the same period. The Commissioner set a Council Tax increase of 3.79% in 2017-18 following a cut of 1.4% in the grant provided. The overall effect of the funding available and inflationary and other pressures have resulted in £29.625m of cuts being made to budgets over a 7 year period. This is equivalent to a 20% reduction in the 2010-11 pre austerity budgets. 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	Total
Cuts Made	£4.678m	£6.016m	£4.634m	£4.325m	£4.448m	£2.838m	£2.686m	£29.625m

1.5 Cuts of £29.625m will have been achieved by the end of 2017-18, with £4.5m being invested in front line posts. This has resulted in a 21% real term reduction in the total budget over a 7 year period. 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 allocation 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 in Forces grants in 2017-18 to 1.4%, with the additional amounts being kept centrally by the Home Office.

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 review has been re commenced with the intention to implement a new formula in 2018-19. It became apparent during 2017-18 that a new funding formula would not be applied in 2018-19. The expectation now is that the formula will be revised as part of the Spending Review in 2020.

## **2. Planning Process**

2.1 The process for identifying, agreeing and implementing savings is established as part of normal business. This is governed by the Strategic Planning Board. This year the Board considered the saving plan, growth request and while also linking and taking into account a number of service area 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 if possible identify further savings.

2.2 The process was managed through three Extraordinary Strategic Planning Board (ESPB) meetings that were held, the first meeting on the 4 of August 2017 set out the principles and objectives for the planning cycle which are:

- Focus on re-balancing and re-allocating resources
- Any case for growth needs to be evidenced and justified
- Understand the combined impact of current reviews
- Capture the outcome of investment from 2017/18 growth bids
- Set context for risk and uncertainty
- Decide/Guide which proposals to develop further and submit as a growth request for main budget setting

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 draft Action Plan 2018-2019
- New and developing pressures
- The strategic planning process
- 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 ESPB met three times. The second meeting on 22 September focused on specific reviews, savings and recruitment. Additional work was carried out to score and peer review investment requests before a final ESPB on 27 November 2017 to bring everything together to formulate the budget proposal.

- 2.5 The above process was completed by the end of November 2017. The proposals were discussed by the Commissioner's and Chief Constable's Chief Finance Officers on 4 December 2017. A meeting was held between the Commissioner, the Chief Constable and their representatives on 5 December to discuss the budget proposals. The Government's Grant figures were announced on 19 December 2017. The final proposals were agreed on 20 December at a meeting between the Commissioner and his staff and the Chief Officer Team.
- 2.6 The following sections detail all developments since the previous MTFP, giving the updated position for Revenue, Capital and Reserves.

### 3. 2017-18 Budget

- 3.1 Government Funding was cut by 1.4% in 2017-18; Council Tax was increased by 3.79%. The total budget of £143.217m was a 1.52% cash increase on the previous year's budget. To balance the 2017-18 budget £2.686m cuts were made. These are on target to be delivered and the current projection is for an under spend against the original budget of £0.427m; this is due to some savings planned for 2017-18 being achieved early. The cuts made are detailed below:

Savings taken in 2017-18	£'000
IT Budget	550
Finance and Resources Review	534
Corporate Service Review	26
Operational Futures LPS	81
Operational Futures PCSO's	546
Estates	78
Vehicles and Transport	240
National Police Air Service	196
Communication Futures	25
Procurement	25
School Liaison Officers (Grant reduction)	68
Additional savings from 2015-16 voluntary redundancies exercise	317
<b>Total</b>	<b>2,686</b>

- 3.2 Additional cost pressures have been addressed during the year; there was an increase in major incidents locally and nationally in the first half of 2017-18. This put additional pressure on resources and funding in areas such as overtime. The pay settlement for Police Officers resulted in an additional 1% un-consolidated pay increase for 1 year, with a similar settlement expected for staff. The additional cost of the pay award amounts to £0.945m. These pressures and the re alignment of budgets have been included in the current projection.
- 3.3 Her Majesty's Inspectorate of Constabularies (HMIC) and Wales Audit Office (WAO) review annually: the Force's financial position; planning process; savings already

made; and savings yet to be made. A summary of the reviews and audits undertaken is given below.

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 Forces are graded as being '*outstanding*', '*good*', '*requires improvement*', or '*inadequate*'. The overall grading has not been published at the time of drafting this MTFP. The Efficiency question has been graded as requiring improvement, the areas identified for improvement related to matching the resources available to the current and future demand, with future demand being the area identified as requiring improvement by the HMICFRS. This had been identified as an area for development by the Force; a number of reviews are ongoing across services areas. This is being further developed with the work of the Demand Capability Unit. This was addressed as part of the planning process and will be continually addressed as part of normal business. The HMICFRS did note that '*the force is good at continuing to make savings, which means that it is able to invest well in infrastructure to make additional savings in the future.*'

The full assessment can be found at

<https://www.justiceinspectors.gov.uk/hmicfrs/peel-assessments/peel-2017/north-wales/efficiency/>

3.6 The WAO made the following comments on their value for money assessment in their annual audit letter published in November 2017;

*'I am satisfied that the Commissioner and Chief Constable had appropriate arrangements in place in the year to secure economy, efficiency and effectiveness in their use of resources'*

The annual audit letter can be found at

<http://www.northwales-pcc.gov.uk/en/Information/What-we-spend-and-How-we-spend-it.aspx>

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 Forces analysis that matching future resources to future projected demand is an area for development.

#### 4. Funding Allocations

- 4.1 No Provisional Government Funding Allocations for 2018-19 were given as part of the 2017-18 settlement. However, it was indicated that as in 2017-18 a 'flat settlement' would be made in 2018-19. The definition of a flat settlement being that there would not be an overall cash reduction provided that PCCs increased Council Tax within the allowed amounts (in England) – the original test described this as *“taking into account the scope that you have (PCC’s) to raise local council tax, this means a flat real settlement for policing as a whole.”* Based on this an estimate of a 1% cut was included in the January 2017 MTFP which was in line with calculations made by the national Police Treasurer’s advisors.
- 4.2 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. Since the 2017-18 Chief Constables and Police and Crime Commissioner have put forward a case to the Home Office for additional funding.
- 4.3 The announcement of 2018-19 funding was made on 19 December 2017. The announcement was for a flat **cash** settlement that is Forces will receive the same amount of core grants in 2018-19 as they did in 2017-18. This is the first time in 8 years that grants have not been cut, although in real terms it is still a reduction as the settlement does not reflect inflation.
- 4.4 The settlement also gave additional flexibility to Forces in England to increase their Band D Council Tax by up to £12. This would give a range of Council Tax increase of between 4.8% and 12.2% if Police and Crime Commissioners were to increase the Council Tax by maximum £12, with the majority of increases being over 6%. 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 have assumed that all Forces would increase the Council Tax by £12 in calculating the potential additional amount available to Forces of £450m.
- 4.5 The total Police funding within the Home Office budget has increased by 1.58%, however due to some funding being protected and a 16% increase in amounts top sliced to fund Home Office Police initiatives the amount allocated to Forces has been frozen. Details of the total national Police funding are shown in the table below.

	2018-19	Var
	£m	%
Central Government Funding	8,631	1.58%
Transformation Fund and other Reallocations	946	16.38%
Direct Funding	7,685	0.00%
of which NICC (Capital city funding)	178	0.00%
of which Formula Funding	6,962	0.00%
of which Legacy Council Tax Grants	545	0.00%
<b>Total Central Funding</b>	<b>8,631</b>	<b>1.58%</b>
HO Precept assumption	3,627	9.65%
<b>TOTAL (Direct Funding plus Precept)</b>	<b>11,312</b>	<b>2.91%</b>

- 4.6 The breakdown of the amount top sliced is shown below. This reduces the core grant received by North Wales by £9.5m, only a small proportion of which will be received in additional funding or direct benefit.

Police Funding	2017/18 (£m)	2018/19 (£m)
<b>o/w Reallocations and adjustments (b)</b>	<b>812</b>	<b>945</b>
PFI	73	73
Police technology programmes	417	495
Arm's length bodies	54	63
Strengthening the response to Organised Crime	28	42
Police transformation fund	175	175
Special Grant	50	93
Pre-charge bail	15	4

- 4.7 This is an improvement on previous years and what was expected as a settlement for 2018-19, however the whole of the additional money available to the Home Office for Policing has been retained centrally by the Home Office (£134m). The assumed additional amount available to Forces (£320m) is based on Council Tax being increased by £12 in every Force area. The outcome of the funding announcement for North Wales Police is detailed below:



- A flat cash settlement for all policing areas. This means a North Wales will get the same total grant as 2017-18 of £71.728m
- Overall 'top slicing' has increased from £812m to £945m.
- Capital Grant was cut from £0.541m to £0.462m in 2017-18, a reduction of £0.079m, following a reduction of £0.360m in the previous year. It is expected that the figure will be frozen at £0.462m for 2018-19.
- English forces to continue to receive legacy council tax funding of £545m
- The Policing Minister has indicated that the 2019-20 settlement will be similar to the 2018-19 settlement.
- The funding formula will be revisited at the next spending review which is due in 2020.

4.8 Based on this year's announcement it is estimated that the grants will be frozen in 2019-20, however based on overall requirements to make savings in public spending an estimated further cut of 1% to grants in each year from 2020-21 is included in the plan.

4.9 The Police Funding Formula is to be looked at as part of the next spending review in 2020. This means continued uncertainty in terms of level of funding for North Wales Police until a final decision is made on a revised funding formula. The proposal will include transition proposals of how to move from the current allocation to a revised one. This is still one of the biggest risks to the budget; if the current formula were imposed it would mean a reduction of £9.6m in grant which is currently paid as a 'floor grant'.

## 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 3.58%. The Tax Base for the whole of North Wales has increased by 0.94%, giving an overall increase in Precept of 4.55% and a total net budget of £146.467m for the Police and Crime Commissioner, made up as follows:

	2018-19	
	£m	%
Total Government Grants	71.728	49%
Total Precepts	74.739	51%
Total Budget Requirement	146.467	

- 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 0.94%. This means that the percentage increase in the precept is slightly higher than the percentage increase in the council tax.
- 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 have now been consolidated into the Home Office Grant and total £545m in 2017-18. 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 4<sup>th</sup> 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 £12. This would give a range of increases of between 5.34% (Surrey) and 12.2% (Northumbria) depending on the current level of Council Tax.
- 5.5 No capping rules have been announced in Wales. In previous years, Welsh Government has not challenged increases below 5%. No Council Tax Reduction Grant is available in Wales.
- 5.6 The Home Office has assumed that all policing areas would raise their council tax by £12 and that the tax base would increase by 1.34% for England and 0.8% for Wales in order to give the additional total amount potentially available of £450m announced as part Police budget settlement. If this were to be fully applied it would be a further shift in funding nationally from national grants to local taxpayers.

## 6. Budget for 2018-19 and Planned Budget for 2019-20 to 2022-23

6.1 A summary of the Budget and changes for 2018-19 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 1% applied from September
- General Inflation 2%, specific inflation applied where known
- Council Tax increase of 3.8% in 2017-18 and 2.5% 2018-19 to 2021-22
- Grant reductions of 1.4% 2017-18, and a reduction of 1% for the following years
- A 0.25% increase in tax base from 2018-19 onwards
- Giving an overall position of

	2017-18	2018-19	2019-20	2020-21	2021-22
	£'000	£'000	£'000	£'000	£'000
<b>Gross Expenditure</b>	159,673	161,342	163,586	165,449	167,438
<b>Income and Reserves</b>	-16,456	-16,461	-16,486	-16,512	-16,595
<b>Net Expenditure</b>	143,217	144,881	147,100	148,937	150,843
<b>Grant</b>	-71,728	-71,011	-70,301	-69,598	-68,902
<b>Precept</b>	-71,489	-73,460	-75,484	-77,565	-79,703
<b>Total Funding</b>	-143,217	-144,471	-145,785	-147,163	-148,605
<b>Deficit before corrective action</b>	0	410	1,315	1,774	2,238
<b>Underlying annual deficit</b>		<b>410</b>	<b>905</b>	<b>459</b>	<b>464</b>

6.3 All of these assumptions have been reviewed and amended to reflect up to date information. A detailed review of budget figures has been conducted. Inflation for 2017-18 has been set at the Government target of 2%. Inflation was assessed in each area resulting in an overall increase of £0.166m from the original estimate due to additional increases in insurances and increments.

6.4 Public sector pay increases has been capped at 1% for a number of years. The settlement in September 2017 for Police Officers, with a similar proposal on the table for Staff, was for a 1% consolidated pay award and a 1% non-consolidated pay awards to be paid for 12 months. All indications are that future pay wards will be higher than the current 1% estimated. From September 2018 it is now estimated that pay awards will be 2% annually. The estimated cost of the additional 1% is shown in the table below, and for illustrative purposes the equivalent Council Tax

increase to pay for this is shown. The full annual effect of an additional 15 pay ward is £1.2m, equivalent to 1.5% Council Tax or a 1.7% increase in Grant.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Annual amount</b>	0	679	1,188	1,221	1,259	1,259
<b>Cumulative amounts</b>	0	679	1,867	3,088	4,347	5,641
<b>Equivalent CT increase</b>		0.94%	1.59%	1.57%	1.55%	1.53%

6.5 The assumptions for future years have been stated in previous sections, and section 8 will document future risk. One area of future risk is the Police Education Qualification Framework (PEQF). This framework is intended to result in Policing Qualifications being at 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 2<sup>nd</sup> and 3<sup>rd</sup> 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 3<sup>rd</sup> 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 best on current recruitment rates and estimated additional abstraction fully covered by additional Officers.

	2018-19	2019-20	2020-21	2021-22	2021-22
	£'000	£'000	£'000	£'000	£'000
<b>Year 1 Probationers</b>	0	576	576	576	576
<b>Tuition Fees</b>	0	0	324	972	1,458
<b>30% Abstraction cover</b>	0	0	378	945	1,134
<b>Total</b>		576	1,278	2,493	3,168
<b>Equivalent CT increase</b>		0.77%	0.90%	1.50%	0.80%

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 3<sup>rd</sup> 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 frozen for 2018-19 and it is assumed (based on the announcement by the Policing Minister) that they will remain frozen in 2019-20. A reduction of 1% has been built into future years due to the overall uncertainty in the economy and

the Governments stated goal of balancing the annual public sector deficit. An estimated 0.25% increase in the tax base has been included in the figures.

- 6.8 **Investment and Reviews-** The planning cycle for 2017-18 include 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 are at different stages, the MRU has been implemented while the Investigative Review has reported its initial findings. The reviews and further evidence based research will assist the Force to identify efficiencies and where investments are required.
- 6.9 The growth investment set out for 2018-19 makes a first step towards the additional investigative requirements identified as well as setting out the infrastructure to enable further evidence based transformation to meet future projected change in demand. Investment is being made, initially on a temporary basis of two years, in enhancing the corporate planning function infrastructure and developing evidence based approach to the allocation of resources. This will be fundamental to future planning in order for the Force to recognise change in demand as soon as possible, but also is able to identify savings where demand has fallen or efficiencies have been identified and if necessary re allocate to other areas if demand is increasing.
- 6.10 The Response and MRU reviews were linked in that the MRU would be partially funded by reducing response officers as demand was reduced. However, due to the grant settlement being better than expected it was not necessary to reduce the number of response officers as expected. The additional grant will be used to fund 15 Officers within the MRU rather than reducing the response officer's number to fund the MRU. The overall allocation of Officers to different areas will be central to the evidence based reviews being undertaken during 2018-19.
- 6.11 Summary of the permanent and temporary growth is shown in the table below. Of this, £0.762m will be funded by raising the council tax above the 2.5% increase assumed in the previous MTFP, with the remainder funded from the reallocation of resources released through delivering the saving plan. 62 growth bids were analysed, scored and peer reviewed amounting to an original submission of £2.384m recurring and £4.098m temporary/capital; these were reduced substantially to the figures shown in the table below.

Summary Bid Table	Proposed Approval Recurrent funding	Proposed Approval Non-Recurrent funding	Total
Investigative Resources	£838,899	£247,856	£1,086,755
Digital & technology development	£58,501	£874,811	£933,312
Evidence Based Policing	£121,090	£597,446	£718,536
Infrastructure & Enabling Services	£98,369	£311,605	£409,974
Supporting our Workforce	£104,603	£215,118	£319,721
PCC Commitments	£258,000	£0	£258,000
<b>Total</b>	<b>£1,479,462</b>	<b>£2,246,836</b>	<b>£3,726,298</b>

- **Investigative Resources** - The additional Investigative Resources will provide additional Officer and Staff investigators as Intelligence Analysts. This is as a result of the changing demand and the requirements highlighted by the Investigative Review and will give an additional 20 investigative resources. This is partially funded by the additional increase agreed in the precept from the previous MTFP.
- **Digital and Technology development** – This will provide additional mobile technology for front line staff and the applications to link them to the operational systems.
- **Evidence Based Policing** – This will provide the infrastructure and staff to further develop the evidence based reviews that have been conducted, review other areas and link the reviews.
- **Infrastructure and Enabling Services** – This area cover additional requirements that have been identified in the Professional Standards Department and a Risk Management and Project system.
- **Supporting the Workforce** – This investment provides the training and support to enable the increases elsewhere.
- **PCC commitments** - This is an increase of £0.2m in the Community Safety Fund to be targeted at the Women’s Pathfinder Project with an additional 1.5 Commissioning posts within the PCC’s Office.

**6.12 Savings** – The saving plan in the previous MTFP amounted to £5.3m over the period of 5 years from 2017-18. Of this £2.686m was cut from the budget in 2017-18. The plan included £1.025m savings in 2018-19. The increase in financial pressure due to additional pay inflation, PEQF and new requirements has required the saving plan to be re set. The total planned for the next 5 years is £8.885m (2018-19 to 2022-23)

**6.13** As in previous year’s year 1 and 2 of the plan are well developed. The savings taken out of the 2018-19 budget amounts to £1.453m which has enabled some re investment as described above. The plan for 2019-20 is a combination of the previous plan and additional amounts to be identified to be re invested in further investigative resources (£1m). The additional amounts identified from 2020-21 onwards will be based on work to be carried out by the Demand and Capability Unit and Corporate Development building on the work already carried out. Details of the five year plan are shown below.

<u>Savings Plan 2017-18 to 2022-23</u>	2018-19	2019-20	2020-21	2021-22	2022-23	5 Yr Total
	£000	£000	£000	£000	£000	£000
IT Contracts			75	75		150
Finance and Resources	19					19
Cleaning Services		75				75
Operational Futures PCSO's		557				557
Estates Review		125	125			250
National Police Air Service	450					450
Communication Futures	71					71
Forensics	25	100				125
Forensics contract	275					275
Force Medical Provision review	75	125				200
Procurements contracts	40	100				140
PFI		300				300
Police Staff Superannuation Lump Sum	70					70
Demand Capability Unit (Digital/Workforce modernisation) and Reviews		150	1,375	1,550	1,700	4,775
Reallocation to fund Investigative Review		1,000				1,000
Budget Review	250					250
Niche replacement	100					100
Survey Reduction	34					34
Oracle Licencing	44					44
<b>Proposed Savings</b>	<b>1,453</b>	<b>2,532</b>	<b>1,575</b>	<b>1,625</b>	<b>1,700</b>	<b>8,885</b>

6.14 The overall effect of savings taken, inflation and investments made and new requirements is a budget increase of 2.27% for 2018-19. This is summarised in the table below.

	2017-18	2018-19	% Change
	£'000	£'000	
Gross Expenditure	160,303	163,644	2.16%
Income and Reserves	-17,086	-17,177	-2.05%
Net Expenditure	143,217	146,467	2.27%
Grant	-71,728	-71,728	-0.00%
Precept	-71,489	-74,739	4.55%
Total Funding	<b>-143,217</b>	<b>-146,467</b>	<b>2.27%</b>

6.15 The overall change in the budget is summarised in the table below.

	£'000
Net Budget 2017-18	<b>143.217</b>
Pay Inflation	1.883
Non Pay Inflation	0.645
Investigative resources funded by precept	0.762
Re distributed for growth	0.717
MRU/Response funded by Grant	0.696
Savings taken	-1.453
Net Budget 2017-18	<b>146.467</b>

6.16 Further work has been carried out on projected budgets from 2019-20 to 2022-23 based on the assumptions set out above. The revised projected budgets for the period 2017-18 to 2021-22 are given below. A challenging saving plan of £7.4m has been set for the period 2019-20 to 2022-23. In normal circumstances this would be enough to balance the budget and allow for some re investment, but due to the expectation of higher pay awards not funded by increased grants, potential PEQF and capital costs council tax increases of between 3.44% and 4.19% would be required. These projections will be refined as more detailed information is available. A summary is given in the table below with the details in Appendix B.



	2019-20	2020-21	2021-22	2022-23
	£'000	£'000	£'000	£'000
Gross Expenditure	167,388	170,572	173,828	177,107
Income and Reserves	-17,201	-17,228	-17,258	-17,205
Gross base expenditure	<b>150,187</b>	<b>153,344</b>	<b>156,570</b>	<b>159,902</b>
Grant	-71,728	-71,010	-70,300	-69,597
Precept @ 2.5% CT increase	-76,799	-78,916	-81,091	-83,326
Total estimated funding	-148,527	-149,926	-151,391	-152,923
Deficit before corrective action	<b>1,660</b>	<b>3,418</b>	<b>5,179</b>	<b>6,979</b>
Underlying annual deficit	<b>1,660</b>	<b>1,758</b>	<b>1,761</b>	<b>1,800</b>
Potential additional annual increases				
Investigative Review	1,000	20	20	21
PEQF	576	702	1,215	675
Capital		400	0	0
Revised deficit before corrective action	3,236	2,880	2,996	2,614
Annual Saving Plan	-2,532	-1,575	-1,625	-1,700
Balance to fund from Precept	<b>704</b>	<b>1,305</b>	<b>1,371</b>	<b>914</b>
CT increase required	<b>3.44%</b>	<b>4.18%</b>	<b>4.19%</b>	<b>3.44%</b>
Band D CT increase	£8.88	£11.16	£11.65	£9.97
Of which				
Additional 1% pay	<b>1.59%</b>	<b>1.56%</b>	<b>1.54%</b>	<b>1.51%</b>
PEQF and Capital Provision	<b>0.77%</b>	<b>0.90%</b>	<b>1.48%</b>	<b>0.79%</b>

## 7. Risks

- 7.1 The level of uncertainty in setting 2018-19 budgets reduced from previous years, and although no quantitative detail had been given on the 2018-19 settlement a similar process to the previous year had been indicated. However the provisional settlement was better than expected in that the grant was frozen rather than cut. This was announced as part of the grant announcement on 19 December 2017. The announcement also indicated a frozen grant for 2019-20, but as has been seen over recent years this can change up to final announcement normally in December each year. This brings uncertainty into the process.
- 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 now indicated that the formula will be reviewed as part of the next spending review in 2020.
- 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 in in recent years 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 may or may not be funded centrally.
- 7.5 The plans for the savings in 2017-18 are in place and are being implemented; however the potential savings in 2018-19 have yet to be delivered. These plans are mature and it is expected that these savings will be achieved within the year. Plans beyond 2018-19 are in development. Not all the savings are under the Force's control, for example the collaboration savings will depend on other forces and organisations.
- 7.6 The estimated cuts required 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 £0.721m 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 16% in 2018-19. 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 £0.717m.
- 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. As documented in earlier sections a 1% pay increases has a full years effect of an additional £1.2m increase in costs. As grants are either cut or as is currently the case frozen, 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. Inflation is built into the Home Office figures but these have been top sliced to fund central costs in 2018-19.
- 7.10 Inflation has been low in recent years and the budget assumptions have been changed to 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	0.721
1% change in grant	0.717
A 1% change in pay	1.221
1% change in general inflation	0.420
1% reduction in income and specific grants	0.170

## 8. Reserves

- 8.1 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.
- 8.2 The Reserves are reviewed as part of the budget setting process and again as part of producing the Statement of Accounts. Reserves were re allocated as part of the last MTFP and no re allocation has been made as part of this MTFP. The reserves will be reviewed again at the end of the financial year.
- 8.3 There is a planned reduction in reserves from £38.1m to £19.1m over the next 5 years. The majority of this reduction will happen in 2017-18 as the Capital Reserve is used to fund the Wrexham and Llandudno estates investments. Further 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.
- 8.4 As part of the budget settlement the Policing Minister stated that new guidelines on transparency of reserves will be announced. It is expected that the details contained below, which has always been included in the MTFP and the Statement of Accounts, will meet these requirements. The Joint Audit Committee has also reviewed the reserves and the associated plan.
- 8.5 The use of the reserves will depend on the final decisions on capital expenditure and the final revenue settlements, 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.

<u>Reserve Position</u>						
	<b>31.3.17</b>	<b>31.3.18</b>	<b>31.3.19</b>	<b>31.3.20</b>	<b>31.3.21</b>	<b>31.3.22</b>
<i>Usable Reserves at</i>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Capital Receipts Reserve</b>	3.663	1.829	2.068	1.494	1.217	1.217
<b>General Fund Balance</b>	5.189	5.189	5.189	5.189	5.189	5.189
<b>Earmarked General Fund Reserves (Details below)</b>	29.256	16.526	13.609	12.853	12.818	12.700
<b>Total Usable Reserves</b>	<b>38.108</b>	<b>23.544</b>	<b>20.866</b>	<b>19.536</b>	<b>19.224</b>	<b>19.106</b>

<b>Earmarked General Fund Reserves</b>						
Description	31.3.17	31.3.18	31.3.19	31.3.20	31.3.21	31.3.22
	£m	£m	£m	£m	£m	£m
Capital Investment	12.090	0.448	0.448	0.000	0.000	0.000
Major Incident	2.435	2.197	2.197	2.197	2.197	2.197
Pension III Health Reserve	0.915	0.915	0.915	0.915	0.915	0.915
Insurance Reserve	1.173	1.173	1.173	1.173	1.173	1.173
PFI Reserve	3.987	4.212	4.333	4.377	4.342	4.224
Estates Security and Maintenance	1.659	0.962	0.962	0.962	0.962	0.962
Management of Change	5.921	5.543	2.505	2.153	2.153	2.153
Partnerships Reserve	0.500	0.500	0.500	0.500	0.500	0.500
Commissioner Community Safety Fund	0.276	0.276	0.276	0.276	0.276	0.276
OPCC Legal Reserve	0.041	0.041	0.041	0.041	0.041	0.041
OPCC Participatory Budget	0.002	0.002	0.002	0.002	0.002	0.002
OPCC Reserve	0.257	0.257	0.257	0.257	0.257	0.257
<b>Total</b>	<b>29.256</b>	<b>16.526</b>	<b>13.609</b>	<b>12.853</b>	<b>12.818</b>	<b>12.700</b>

**8.6 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 III 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 has reduced the need for the budget in revenue.

**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.

## 9. Capital

9.1 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.

9.2 The Forces assets and infrastructure need continued investment in order to ensure efficient and modern working practices. Strategies for the Estates, IT and Fleet are being updated and will inform the development of a new Capital Programme over the next 12 months. Estimates amounts have been included for future developments, these will subject to Business Cases before any approval to progress is given.

9.3 The 2018-19 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 and as part of the budget setting process the following investments were agreed as part of the process of enabling change.

Description	Budget Setting 27.11.17 Non-Recurrent funding	Category linked to Corporate Strategy
Mobile Device Phase 2	£256,000	Digital & technology development
Intranet	£120,000	Digital & technology development
Cloud Storage	£79,000	Digital & technology development
Mobile Responder App	£268,000	Digital & technology development
EIS/ BO replacement	£327,433	Evidence Based Policing
Governance Software	£30,000	Infrastructure & Enabling Services
Custody CCTV	£75,000	Infrastructure & Enabling Services
<b>Total</b>	<b>£1,155,433</b>	

9.4 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.

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

## 9.6 Capital Programme 2017-18 to 2022-23

<b>Expenditure</b>	<b>£m</b>
Estates	27.033
Vehicles and Equipment	9.099
Information Technology and Communication	<u>8.681</u>
<b>Total</b>	<b><u>44.813</u></b>
<b>Funding</b>	
Grants	2.772
Revenue Contribution	7.795
Reserves	13.882
Capital Receipts	6.505
Borrowing – Estates	9.607
Borrowing – IT Replacement Programme	<u>4.252</u>
<b>Total</b>	<b><u>44.813</u></b>

## 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. It is expected that there will be further cuts in grants, but that the cuts are likely to be less than in the initial period of the Austerity Programme.
- 10.2 Increased cost pressures from inflation and new requirements result in a larger deficit than the previous MTFP. These follow from on from a period of seven years where £29.6m savings have been made in budgets. The emerging demands on operational resources also add to the financial pressure.
- 10.3 The next four years will be very challenging financially and will require a balance between prioritisation of demand, savings, investments in some areas and reasonable increases in Council Tax. 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 £12 assumed by the Home Office has not been taken. A balanced approach has been taken, reserves have been invested in the infrastructure to identify efficiencies that can be taken as saving or re invested in the service, while also setting 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 2017-18 to 2022-23**

	Annual	+Inc	Annual	+Inc	Annual	+Inc	Annual	+Inc	Annual	+Inc	Annual
	Budget	'- Redn	Budget	'- Redn	Budget	'- Redn	Budget	'- Redn	Budget	'- Redn	Budget
	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Expenditure</b>											
<b>1 Police Officer Pay</b>	73,921	1,150	75,071	2,248	77,319	1,566	78,885	1,597	80,482	1,620	82,102
<b>2.1 Police Staff Pay</b>	34,847	2,375	37,222	798	38,020	814	38,834	831	39,665	849	40,514
<b>2.2 PCSO's</b>	6,775	118	6,893	69	6,962	70	7,032	70	7,102	71	7,173
<b>3.1 Police Officer Overtime</b>	1,989	24	2,013	20	2,033	20	2,053	21	2,074	21	2,095
<b>4 Police Staff Overtime</b>	400	8	408	4	412	4	416	4	420	4	424
<b>5 Allowances</b>	1,713	-223	1,490	-23	1,467	-20	1,447	-21	1,426	-20	1,406
<b>6 Training</b>	676	13	689	14	703	14	717	15	732	14	746
<b>7 Other Employee</b>	694	14	708	15	723	14	737	15	752	15	767
<b>8 Direct Pension Payments</b>	3,164	63	3,227	65	3,292	66	3,358	67	3,425	68	3,493
<b>9 Energy Costs</b>	1,116	-67	1,049	32	1,081	32	1,113	33	1,146	35	1,181
<b>10 Building Running Costs</b>	6,602	132	6,734	135	6,869	138	7,007	140	7,147	143	7,290
<b>11 Vehicle Maintenance</b>	607	-20	587	11	598	12	610	12	622	13	635
<b>12 Vehicle Running Costs</b>	1,839	90	1,929	50	1,979	51	2,030	53	2,083	54	2,137
<b>13 Car &amp; Travelling Allowances</b>	745	15	760	15	775	16	791	15	806	17	823
<b>14 Air Support Unit</b>	1,039	-450	589	0	589	0	589	0	589	0	589
<b>15 Equipment</b>	803	36	839	16	855	18	873	17	890	18	908
<b>16 Clothing and Uniforms</b>	474	10	484	10	494	10	504	10	514	10	524
<b>17 Printing and Stationery</b>	414	8	422	8	430	9	439	9	448	9	457
<b>18 IT and Communications</b>	9,701	105	9,806	120	9,926	208	10,134	213	10,347	219	10,566
<b>19 Subsistence</b>	326	7	333	6	339	6	345	6	351	7	358
<b>20 Other Supplies and Services</b>	7,507	13	7,520	117	7,637	121	7,758	125	7,883	96	7,979
<b>21 Forensics</b>	1,025	-285	740	14	754	15	769	16	785	16	801
<b>22 Capital Provision</b>	1,864	0	1,864	0	1,864	0	1,864	8	1,872	0	1,872
<b>23 Special Situations Contingency</b>	400	0	400	0	400	0	400	0	400	0	400
<b>24 Inflation and Contingency</b>	400	0	400	0	400	0	400	0	400	0	400
<b>25 Community Safety Fund</b>	1,262	205	1,467	0	1,467	0	1,467	0	1,467	0	1,467
<b>Gross Expenditure</b>	<b>160,303</b>	<b>3,341</b>	<b>163,644</b>	<b>3,744</b>	<b>167,388</b>	<b>3,184</b>	<b>170,572</b>	<b>3,256</b>	<b>173,828</b>	<b>3,279</b>	<b>177,107</b>

	Annual	+ 'Inc	Annual	+ 'Inc	Annual	+ 'Inc	Annual	+ 'Inc	Annual	+ 'Inc	Annual	+ 'Inc
	Budget	- ' Redn	Budget	- ' Redn	Budget	- ' Redn	Budget	- ' Redn	Budget	- ' Redn	Budget	- ' Redn
	2017-18	2018-19	2018-19	2019-20	2019-20	2020-21	2020-21	2021-22	2021-22	2022-23	2022-23	2022-23
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Income</b>												
<b>26 Secondments</b>	-4,748	-353	-5,101	0	-5,101	0	-5,101	0	-5,101	0	-5,101	0
<b>27 Interest on Balances</b>	-196	46	-150	0	-150	0	-150	0	-150	0	-150	0
<b>28 Income</b>	-3,120	-133	-3,253	0	-3,253	0	-3,253	0	-3,253	0	-3,253	0
<b>29 Specific Grants</b>	-9,247	453	-8,794	53	-8,741	52	-8,689	53	-8,636	53	-8,583	53
<b>Total Income</b>	<b>-17,311</b>	<b>13</b>	<b>-17,298</b>	<b>53</b>	<b>-17,245</b>	<b>52</b>	<b>-17,193</b>	<b>53</b>	<b>-17,140</b>	<b>53</b>	<b>-17,087</b>	<b>53</b>
<b>30 PFI Reserve</b>	225	-104	121	-77	44	-79	-35	-83	-118	0	-118	0
<b>31 Speed Awareness Reserve</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>32 Additional from Reserves</b>	0	0	0	0	0	0	0	0	0	0	0	0
<b>Net Expenditure</b>	<b>143,217</b>	<b>3,250</b>	<b>146,467</b>	<b>3,720</b>	<b>150,187</b>	<b>3,157</b>	<b>153,344</b>	<b>3,226</b>	<b>156,570</b>	<b>3,332</b>	<b>159,902</b>	<b>3,332</b>
<b>33 Total Grants</b>	-71,728	0	-71,728	0	-71,728	718	-71,010	710	-70,300	703	-69,597	697
<b>34 Precept</b>	-71,489	-3,250	-74,739	-2,060	-76,799	-2,117	-78,916	-2,175	-81,091	-2,235	-83,326	-2,235
<b>Funding</b>	<b>-143,217</b>	<b>-3,250</b>	<b>-146,467</b>	<b>-2,060</b>	<b>-148,527</b>	<b>-1,399</b>	<b>-149,926</b>	<b>-1,465</b>	<b>-151,391</b>	<b>-1,532</b>	<b>-152,923</b>	<b>-1,532</b>
<b>Net Budget</b>	<b>143,217</b>		<b>146,467</b>		<b>150,187</b>		<b>153,344</b>		<b>156,570</b>		<b>159,902</b>	
Underlying annual deficit	0	0	0	1,660	1,660	1,758	1,758	1,761	1,761	1,800	1,800	1,800
Deficit before corrective action	0		0		1,660		3,418		5,179		6,979	

Additional costs					2019-20		2020-21		2021-22		2022-23
					£000		£000		£000		£000
Additional Cost Pressures											
PEQF					576		1,278		2,493		3,168
Growth - Investigative review					1,000		1,020		1,040		1,061
Capital borrowing to fund IT/Estates/Fleet strategy					0		400		400		400
<b>Total additional requirements</b>					<b>1,576</b>		<b>2,698</b>		<b>3,933</b>		<b>4,629</b>
Cumulative balance					3,236		6,116		9,112		11,608
Annual increase					3,236		2,880		2,996		2,496
Annual Savings Plan					2,532		1,575		1,625		1,700
Cumulative savings					2,532		4,107		5,732		7,432
<b>Total Cumulative Balance (Precept Required)</b>					<b>704</b>		<b>2,009</b>		<b>3,380</b>		<b>4,176</b>
Additional Precept					0		705		2,010		3,382
Annual amount to fund from precept					704		1,304		1,370		794
Council Tax increase included in base %			3.58		2.50		2.50		2.50		2.50
Additional annual Council Tax increase %			0.00		0.94		1.68		1.69		0.94
<b>Total Council Tax increase %</b>			<b>3.58</b>		<b>3.44</b>		<b>4.18</b>		<b>4.19</b>		<b>3.44</b>

## Appendix C

### Capital Programme 2016-17 to 2021-22

			2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2017-23	2013-20
		Prev								
Ref	Description	years	Rev	Est	Est	Est	Est	Est	Total	Project
		spend	Jan-18	Jan-18	Jan-18	Jan-18	Jan-18	Jan-18	Budget	Total
		live	with							
		proj	c/f							
		only								
		£000	£000	£000	£000	£000	£000	£000	£000	£000
	<b><u>Estate Programme</u></b>									
1	Retentions, Consultancy and QS	0	25	5	5	0	0	0	35	35
2	Sustainability Improvements	499	129	100	100	0	0	0	329	828
3	Menai Bridge Offices	0	0	100	0	0	0	0	100	100
4	Wrexham new Custody and DHQ	4,810	13,613	2,877	0	0	0	0	16,490	21,300
5	Wrexham in town facility	70	1,798	0	0	0	0	0	1,798	1,868
6	Saltney Relocation	0	50	0	0	0	0	0	50	50
7	Buckley Relocation	1	55	0	0	0	0	0	55	56
8	Llandudno New Build	1,500	1,250	0	0	0	0	0	1,250	2,750
9	Conwy Relocation	2	0	345	0	0	0	0	345	347
10	Holyhead Port	190	30	0	0	0	0	0	30	220
11	Canteen Refurbishment	0	0	134	0	0	0	0	134	134
12	OHU Relocation	187	41	0		0	0	0	41	228
13	Estate Review 2	0	0	0	1,175	1,609	1,897	1,620	6,301	6,301
14	Custody CCTV	0	0	75	0	0	0	0	75	75
	<b>Total Building Works</b>	<b>7,259</b>	<b>16,991</b>	<b>3,636</b>	<b>1,280</b>	<b>1,609</b>	<b>1,897</b>	<b>1,620</b>	<b>27,033</b>	<b>34,292</b>

			2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2017-23	2013-20
Ref	Description	Prev years spend live with proj only	Rev Jan-18	Est Jan-18	Est Jan-18	Est Jan-18	Est Jan-18	Est Jan-18	Total Budget	Project Total
			£000	£000	£000	£000	£000	£000	£000	£000
	<b><u>Vehicles and Other Equipment</u></b>									
15	Vehicle Purchase Replacement Programme	6,420	1,661	1,573	1,300	1,300	1,300	1,300	8,434	14,854
16	PSU Vehicles (Replacement programme)	555	0	0	0	0	555	0	555	1,110
17	Ports CCTV and ANPR and equipment	119	110	0	0	0	0	0	110	229
	<b>Total Vehicles and Other Equipment</b>	<b>7,094</b>	<b>1,771</b>	<b>1,573</b>	<b>1,300</b>	<b>1,300</b>	<b>1,855</b>	<b>1,300</b>	<b>9,099</b>	<b>16,193</b>
	<b><u>Information Technology and Communication Equipment</u></b>									
18	Desk Top Replacement	791	460	300	300	300	300	300	1,960	2,751
19	Control Room Technology Replacement	667	2,044	0	0	0	0	0	2,044	2,711
20	Server Replacement	672	0	0	0	0	700	0	700	1,372
21	Business Systems Servers	135	0	0	0	0	145	0	145	280
22	Criminal Justice Digital Project	590	250	0	0	0	0	0	250	840
23	Mobile data devices	529	271	256	460	0	0	460	1,447	1,976
24	Airwave replacement ESN	62	0	0	1,000	0	0	0	1,000	1,062
25	Wrexham Prison IT and Connection	73	42	0	0	0	0	0	42	115
26	DFU Server replacement	0	268	0	0	0	0	0	268	268
27	Intranet	0	0	120	0	0	0	0	120	120
28	Cloud Storage	0	0	79	0	0	0	0	79	79
29	Mobile Responder App	0	0	268	0	0	0	0	268	268
30	EIS Replacement	0	328	0	0	0	0	0	328	328
31	Governance Software	0	0	30	0	0	0	0	30	30
	<b>Total IT and Communication</b>	<b>3,519</b>	<b>3,663</b>	<b>1,053</b>	<b>1,760</b>	<b>300</b>	<b>1,145</b>	<b>760</b>	<b>8,681</b>	<b>12,200</b>
	<b>Total Capital Expenditure</b>	<b>17,872</b>	<b>22,425</b>	<b>6,262</b>	<b>4,340</b>	<b>3,209</b>	<b>4,897</b>	<b>3,680</b>	<b>44,813</b>	<b>62,685</b>

		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2017-23	2013-20
Ref	Description	Rev	Est	Est	Est	Est	Est	Total	
		Jan-18	Jan-18	Jan-18	Jan-18	Jan-18	Jan-18	Budget	
		with							
		c/f							
		£000	£000	£000	£000	£000	£000	£000	
	<b><u>Funding of Capital Programme</u></b>								
32	Home Office General Capital Grants	462	462	462	462	462	462	2,772	
33	Revenue Contribution	1,502	1,212	1,243	1,272	1,283	1,283	7,795	
33	Earmarked Reserves	12,433	1,001	448	0	0	0	13,882	
34	Capital Receipts	3,133	2,843	252	0	277	0	6,505	
35	Borrowing for Estates	4,164	188	1,175	1,175	1,730	1,175	9,607	
36	Borrowing for Replacement Programmes	731	556	760	300	1,145	760	4,252	
	<b>Total Funding</b>	<b>22,425</b>	<b>6,262</b>	<b>4,340</b>	<b>3,209</b>	<b>4,897</b>	<b>3,680</b>	<b>44,813</b>	