

AGENDA ITEM 7b

Report from the Office of the Police and Crime Commissioner

Title:	Precept and Council Tax 2019/20
Meeting:	North Wales Police and Crime Panel, 28 January 2019
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1. Introduction

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

2. Recommendations

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

3. Summary Budget 2019/20

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

4. Statutory Items

4.1 Quality of Information

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

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

5. Background

- 5.1 The Government's Austerity Programme, which began in 2011, has resulted in substantial cuts across the public sector. The original planned cash reduction in Police Budgets over the 4 years (2011-12 to 2014-15) of the CSR2010 was 12%; the actual reduction in grants to the end of 2018-19 will be 22.2%. In real terms (taking inflation into account) this has been independently assessed as a cut of 32.2%.
- 5.2 Council Tax increases have ranged between 2% and 4% over the same period. The Commissioner set a Council Tax increase of 3.58% in 2018-19 following a flat grant settlement (0%) which did not provide any additional resources towards inflationary costs such as pay awards. The overall effect of the funding available and inflationary and other pressures have resulted in £31.104m of cuts being made to budgets over an 8 year period. This is equivalent to a 21% cash reduction in the 2010-11 pre austerity budget of £148.035m. The annual cuts are as shown in the table below:

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

- 5.3 The Home Office provided a flat settlement in 2018-19 and introduced an assumed level of Council Tax increase of £12 that if applied would mean that Forces should not have a cash reduction. Strong indications were given that flat funding would continue in 2019-20.
- 5.4 The Government is conducting a Spending Review in 2019-20 with the intention to '*set long term police budgets and look at how resources are allocated fairly across police forces.*' It is not clear whether this will include a review of the funding formula.

6. The Planning Environment

- 6.1 The attached Medium Term Financial Plan (MTFP) sets out the planning environment. It includes previous years' figures, together with projections for revenue income and expenditure, and plans for capital and reserves.
- 6.2 The process for identifying, agreeing and implementing savings is established as part of normal business. In addition to this the Operational Improvement Programme (OIP) was conducted which was a major review of operational resources focusing on Neighbourhood Policing, Custody, Investigative Resources, Occurrence Management and the allocation of Constables and Sergeants. The overall process is governed by the Strategic Planning Board (SPB). This year the Board considered the saving plan and reinvestment requests, taking into account the reviews that have been undertaken. In addition to this the annual review of pay

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

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

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

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

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

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

7. Funding Allocations

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

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

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

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

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

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

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

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

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

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

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

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

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

8. Budget 2018/19 to 2022/23

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

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

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

This gives an overall position of

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

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

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

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

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

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

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

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

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

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

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

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

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

8.15 The areas agreed for investment are

- **Increase operational proactive capacity and capability**
Aim - Establish a centrally led Task force. Provide additional dynamic capacity to proactively combat criminality and deliver transformational outcomes towards operational priorities.
Benefit – Provision of a dynamic and flexible resource around level 1/level 2 criminality and improvement of skillsets to support proactivity. Capacity to directly and proactively task against specific individuals, premises and locations identifiable through enhanced problem solving initiatives across North Wales

- **Increase serious and organised crime capacity and capability**
Aim - Increase SOC capacity to focus operations to meet the growing sophistication and proliferation of serious crime, drug supply networks and county lines.
Benefit - Increased capability to tackle serious and organised crime. Additional capacity will enable SOCU to improve its overall impact on this force priority and ensure tactics and operations are completed to deliver an enhanced performance.

- **Increase analytical and phone SPOC capacity**
Aim - Improve the capacity for identifying targets and gathering intelligence via communications data.
Benefit – Accurate information and intelligence developed through this mechanism will aid in shortening enquiries and ensure investigations are correctly targeted.

- **Develop and implement a new fugitive team**
Aim - Identify and apprehend persons that are wanted for a wide variety of offences and that are believed to be in the North Wales area.
Benefit – Bring wanted person to justice, the prospect of capture and detention will decrease the likelihood that wanted persons will seek to embed themselves in North Wales communities.

- **Increase Capacity for Digital Forensic Examinations**
Aim - To enable the DFU to maintain the current service level agreements in place across the organisation and continue to support investigators into serious and complex criminality.
- **Benefit** – As DFU provide invaluable support to the Police Online Investigation Team (POLIT) and all investigations, which have seen annual successive increases in demand and an escalation of complex cases linked to safeguarding issues, increased staffing for DFU will ensure there is a reduced likelihood of delays when progressing investigations into offences. It will also reduce the need to outsource and potentially delay important digital forensic work.

- **Increased Number of Domestic Abuse Officers (DAO)**
Aim - To enable DA Officers to meet the increased demand and reduce the vulnerabilities associated with victims of domestic abuse.

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Innovation Fund**

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

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

- **Digital Pump Prime**

Aim – To fund the investment in ICT equipment.

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

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

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

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

8.16 The total investment would be:

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

9.0 Risks

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

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

10. Resilience and Reserves

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

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

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

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

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

Reserve Position

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

Earmarked General Fund Reserves

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

11. Capital

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

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

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

- 11.2 The Force's assets and infrastructure need continued investment in order to ensure efficient and modern working practices. Strategies for the Estates, IT and Fleet have been being updated and will inform a new medium term Capital Programme over the next 12 months. Detail plans have been prepared for the draft 2019-20 Programme and estimated amounts have been included for future developments, these will subject to Business Cases before any approval to progress is given.
- 11.3 The 2019-20 Estates Programme included provision for the development of the Pwllheli Police Station. Future work is being planned as part of the Estates Strategy
- 11.4 Substantial investment is required for IT infrastructure. This is being directed by the Digital Transformation Programme Board. The personal issue of tablets and similar devices to operational officers and staff will enable mobility and the use of the National Enablement Programme in terms of the latest software available. Outline business cases have been provided in each area, the detailed cases and business benefits are due to be finalised over the next few months. The Programme also includes the replacement of Body Worn Video equipment.
- 11.5 The programme is affordable and funded from a combination of grants, reserves, direct revenue contribution and borrowing. The overall strategy is to minimise external borrowing and maximise the amounts budgeted in revenue by use of direct revenue contribution and capital receipts, which in turn minimises interest payments.
- 11.6 Further details are included in the MTFP; the final detailed plan will be formally approved by the PCC as part of the Capital Strategy which incorporates the Treasury Management and Prudential Code Strategies.

11.7 Capital Programme 2019-20 to 2024-25

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

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

12. Consideration of the Options

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

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

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

12.4 The precept for each billing area will be:

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

13. Implications

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

Appendix A

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

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

Additional Future Cost Pressures**a. OIP**

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

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

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

Other Review Areas

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

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

Home Secretary

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

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

13 December 2018

Dear Yvette,

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

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

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

Provisional Settlement for 2019/20

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Rt Hon Sajid Javid MP

Home Secretary

TABLES

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

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

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

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

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

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

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

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

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

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

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

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

Figures may not sum due to rounding

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

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

*In addition to the grants listed above:

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

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

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

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

Figures may not sum due to rounding

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

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

Figures may not sum due to rounding

Table 5: Police capital 2019/20

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

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

PCC	2018/19	2019/20
	£m	£m
Avon & Somerset	1.0	1.0
Bedfordshire	0.4	0.4
Cambridgeshire	0.5	0.5
Cheshire	0.6	0.7
City of London	0.4	0.4
Cleveland	0.5	0.5
Cumbria	0.4	0.4
Derbyshire	0.6	0.6
Devon & Cornwall	1.1	1.1
Dorset	0.4	0.4
Durham	0.5	0.5
Dyfed-Powys	0.3	0.3
Essex	0.9	1.0
Gloucestershire	0.4	0.4
Greater London Authority	12.2	12.4
Greater Manchester	2.3	2.4
Gwent	0.4	0.5
Hampshire	1.2	1.2
Hertfordshire	0.6	0.6
Humberside	0.7	0.7
Kent	1.1	1.1
Lancashire	1.1	1.1
Leicestershire	0.7	0.7
Lincolnshire	0.4	0.4
Merseyside	1.4	1.4
Norfolk	0.5	0.5
North Wales North	0.5	0.5
Yorkshire	0.4	0.4
Northamptonshire	0.4	0.4
Northumbria	1.3	1.3
Nottinghamshire	0.7	0.8
South Wales	1.0	1.0
South Yorkshire	1.1	1.1
Staffordshire	0.7	0.7
Suffolk	0.4	0.4
Surrey	0.6	0.6
Sussex	0.9	0.9
Thames Valley	1.5	1.5
Warwickshire	0.4	0.4
West Mercia	0.7	0.7
West Midlands	2.5	2.5
West Yorkshire	1.8	1.8
Wiltshire	0.4	0.4
Total England & Wales	45.9	46.9

Figures may not sum due to rounding