

AGENDA ITEM 7a

Report from the Office of the Police and Crime Commissioner

Title:	Precept and Council Tax 2020/21
Meeting:	North Wales Police and Crime Panel, 31 January 2020
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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 2020/21 precept and council tax.

2. Recommendations

- 2.1 To increase the precept to £84,990,106
- This will increase council tax by 4.50% - this is equivalent to £290.61 per annum, an increase of £12.51 per annum, or 24p per week for a band D property.
 - This is an increase in precept of 4.89% from 2020/21
- 2.2 To note that £2.358m of savings have been identified for 2020/21.
- 2.3 To note that £2.358m of the savings will be reinvested in front line activities.
- 2.4 To note that a further 62 Police Officers will be funded by the Government (Operation Uplift).
- 2.5 To note the Medium Term Financial Plan, which includes the following assumptions:
- That Council Tax will increase by an estimated 4.50% in 2020/21, and 4.13% in 2021/22, 3.97% in to 2022/23 and 3.81% in 2023/24 and 3.67% in 2024/25.
 - That policing grants are estimated be frozen at current levels in 2020/21 onwards.
 - That annual pay awards will be 2.5% from September in each year.
 - To note that at the time of writing this report, there had been no settlement announcement relating to police funding. This was due to the general election held on 12 December 2019.
- 2.6 To note that at the time of writing this report, there had been no settlement announcement relating to police funding. This delay is due to the general election, held on 12 December 2019.

3. Summary Budget 2020/21

	£m	
Budget 2019/20	<u>154.264</u>	
Inflation requirements	3.960	2.57%
Savings identified	-2.358	-1.53%
Reinvestment	2.358	1.53%
Budget requirement 2020/21	<u>158.224</u> 2.57%	
Estimated total funding 2019/20		
Government Grants (Estimate)	73.234	0.00%
Council Tax	£290.61	4.50%
Multiplied by tax base	292,454.17	0.37%
Precept (funding proportion 53.71%)	84.990	4.89%
Total funding available	<u>158.224</u> 2.57%	

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 should they be 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. Government funding was reduced by 20.8% in cash terms, which is the equivalent of a real terms reduction of 31.7% (taking inflation into account) by

2019-20. In addition to this Police Officer Employer Pension contributions increased from 24.2% to 31% in 2019-20, and although some additional funding was provided, this still produced a net increase of over £2m in costs. This resulted in a Council Tax increase of 7.74% in 2019-20, compared to Council Tax increases between 1.91% and 3.98% during the period 2011-12 to 2018-19.

- 5.2 The overall effect of the reduced funding available and inflationary and other pressures resulted in £33.031m of cuts being made to budgets over a 9 year period. This is equivalent to a 22.3% cash reduction in the 2010-11 pre austerity budgets 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	2019-20
Cuts Made	£4.678m	£6.016m	£4.634m	£4.325m	£4.448m	£2.838m	£2.686m	£1.479m	£1.927m

- 5.3 On 4 September 2019, the newly appointed Chancellor of the Exchequer, the Rt Hon Sajid Javid MP announced the outcome of the Spending Round 2019 (SR2019), sometimes referred to as the 'Spending Review'. The SR2019 set out public spending totals for the financial year 2020-21. This was prior to the General Election being announced. The run up to, and the nature of, the SR2019 was significantly affected by Brexit. With Prime Minister Boris Johnson set on ensuring that the United Kingdom left the European Union at that time by 31 October 'Deal or No Deal', the SR2019 was set against the backdrop of much political and economic uncertainty. SR2019 is unusual, though not unique (SR2013), in that it covers spending only for a single year; spending reviews generally cover multiple years. It is expected that a comprehensive multi-year spending review (CSR) will occur in 2020; whilst the previous Chancellor alluded to a three-year CSR, the length of CSR2020 is unconfirmed
- 5.4 The SR2019 did announce funding for the additional 20,000 officers over 3 years, however this was not detailed in any form, and until the announcement is made it will be unclear whether current inflationary costs and costs associated with increasing officer number will be funded. The additional grant towards the Officer Employer Pension at the same cash level (no inflationary increase) was included. Once the General Election was announced no further information was provided. In order to ensure that PCCs maintained real-terms funding despite no increase in central grant funding, the Home Office in recent years assumed a council tax increase of £12 in 2018-19; and to accommodate the additional police officer pension contributions and increased demand, this was increased to £24 in 2019-20. Welsh Government has not set a fixed capping limit for council tax.

6. The Planning Process

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

6.2 The overall purpose of the planning process is to prioritise resources to align spending plans with the Police and Crime Commissioner's priorities and the Chief Constable's vision. The priorities are set out below

Police and Crime Plan Priorities

- Reducing Criminal Exploitation of Vulnerable People
- Domestic Abuse
- Sexual Violence
- Modern Slavery
- Organised Crime
- Safer Neighbourhoods

The Chief Constable's vision is

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

6.3 The budget planning process for 2020-21 involved the implementation of the Operational Improvement Programme carried out during 2018-19 which covered 47% of the Force budgets and the review of the remaining areas. 40% of the budgets were subject to a Priority Resource Planning (PRP) process where managers set out various service levels. The remaining 13% of the budgets were reviewed outside of these processes.

6.4 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 the submissions by managers and this MTFP, the following were taken into account:

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

6.5 The Force Management Statement (FMS) is in its second year. The FMS analysed future demand against the capacity and capability of our teams. It used data analysis and interviews with subject matter experts. All departments were risk assessed considering the

demand trend and resources available, to rank them according to risk and resources needed. Statistical forecasts were used to project resource requirements and inform PRP bids.

- 6.6 The main process used during the 2019-20 planning cycle was the Priority Resource Planning (PRP). This is a structured approach where managers set out various service levels and the resources required to deliver them. The process involved managers presenting their plans to a Panel at three stages. The PRP Panel comprised the Deputy Chief Constable (Chair), the Assistant Chief Constable and the Director of Finance and Resources. The Panel was supported by the Chief Finance Officer, representatives from the Police Federation and Union, and the PRP Team, who were able to observe the process, and offer technical advice and support.
- 6.7 Two meetings were held with the Chief Officer team to finalise the outcome from the PRP process. This allowed estimated available resources to be applied to priorities and informed the allocation of the 62 additional Officers from Operation Uplift. The outcome was then discussed at the annual Budget Setting meeting with Service Leads and others which brought together the results of PRP, OIP implementation, Savings Plans and all other elements of this MTFP. This then formed the proposal put forward to the PCC and his team.
- 6.8 A meeting was held on 18 December 2019 between the Commissioner, the Chief Constable and their representatives on to discuss the budget proposals. As the funding announcements had not been made at that time assumptions were reviewed and it was agreed to progress the setting of the budget for 2020-21 by the statutory dates.

7. Funding Allocations

- 7.1 The 2019-20 settlement was for one year only, no indicative allocation for 2020-21 was announced at that time whereas in previous years grant settlements have been announced in December preceding the financial year, due to the General Election, Brexit legislation and a new Government (being in place) the announcement has not been made.
- 7.2 On 4 September 2019, the newly appointed Chancellor of the Exchequer, Rt Hon Sajid Javid MP announced the outcome of the Spending Round 2019 (SR2019), sometimes referred to as the 'Spending Review'. The SR2019 set out public spending totals for the financial year 2020-21. It is expected that the SR2019 will be the basis of funding allocations for 2020-21. The SR2019 did not give force area allocations but did announce an increase in officer numbers by 20,000 in England and Wales. Subsequently North Wales Police has been informed that it is to receive an allocation of 62 as the first phase of the uplift, which covers an increase of 6,000 by March 2021 in England and Wales. No financial details have been confirmed yet. The estimated annual cost of the 62 at 2020-21 prices, including equipment and training, is £3.050m. Once the allocation of the further 14,000 officers is known, the cost of the additional allocation and probable infrastructure costs will need to be reassessed. For the purpose of this plan it is assumed that the costs in 2020-21 will be fully covered by additional grant.

- 7.3 The specific Pension Grant (£1.5m) awarded in 2019-20, to contribute towards the cost of the increased Police Officer employer contributions, has been continued initially for one year but with the expectation that it will be recurring. No indication has been given on the general grant and therefore the assumption of flat funding (no increase, no decrease) has been made as per the previous MTFP and is consistent with the majority of other Forces. Officer and Staff pay awards were agreed at 2.5% in September 2019; this was higher than the estimated 2% increase. The 2.5% increase has been assumed for future years.
- 7.4 It is anticipated that a 3 year spending review will be conducted over the summer in preparation for the 2021-22 settlements.
- 7.5 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.
- 7.6 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 2021-22 onwards.

8. Budget 2020-21 to 2024-25

- 8.1 The detail of the Budget and changes for 2020-25 and future years are shown in Appendix A.
- 8.2 The main assumptions are as follows:
- Annual pay inflation 2.5% applied from September (increased from 2%)
 - General Inflation 2%, specific inflation applied where known
 - Council Tax increase of 4.5% in 2020-21 (£12.51) and £12 per annum in the following years which equate to 4.13% in 2021-22, 3.97% 2022-23, 3.81% 2023-24 and 3.67% in 2024-25
 - Grant increase of 0% in 2020-21, and a flat settlement of 0% for the following years
 - A 0.25% increase in tax base from 2021-22 onwards

This gives a position of

	Annual	Annual	Annual	Annual	Annual
	Budget	Budget	Budget	Budget	Budget
	2020-21	2021-22	2022-23	2023-24	2024-25
Baseline	154,264	158,224	161,955	165,706	169,471
Inflation	3,960	4,662	4,559	4,802	4,621
IT and PEQF growth	0	1,156	213	24	0
Savings	0	-126	0	0	0
Budget Requirement	158,224	163,916	166,727	170,532	174,092
Total Grant	-73,234	-73,234	-73,234	-73,234	-73,234
Precept from Council Tax	-84,990	-88,721	-92,472	-96,237	-100,022
Total	-158,224	-161,955	-165,706	-169,471	-173,256
Annual Balance	0	1,961	1,021	1,061	836
Cumulative balance	0	1,961	2,982	4,042	4,878
Council Tax % increase	4.50%	4.13%	3.97%	3.81%	3.67%
£ increase	12.51	12.00	12.00	12.00	12.00

- 8.3 Based on the assumptions above, savings of £4.878m will need to be made from 2021-22 to 2024-25 in order to balance the budget. However there is a very high level of uncertainty regarding Government funding as, at the time of writing, no announcements have been made. Once announcements have been made the Plan will need to be reviewed and updated with the final figures. Total inflation of £3.960m for pay and non-staff equates to 2.57% for 2020-21; this is equivalent to an increase in Council Tax of £13.54 / 4.7% on its own. It would be expected that grants would increase in line with inflation; however this has not been the case over the last 10 years. As a measure of sensitivity, if grant were to be increased by 1% (which would still be a real terms cut) over the period of the MTFP the overall position would reduce the saving required to £1.144m. Potentially this would generate a surplus in 2020-21, however this would be offset by the costs for the uplift in officers that will need to be funded in 2020-21.

8.4 The budget has been balanced and re investment made due to the savings identified from the OIP, PRP and normal budget review process. A summary of the savings is shown below:

Savings	20-21
	£k
Operational Improvement Programme	1,376
Estates	50
Procurement	80
Contingency Budgets	60
Priority Resource Planning	
Method/Volume Changes	278
Service Level Reductions	514
Total	2,358

8.5 Last year's MTFP identified an area of future risk in the implementation of the Police Education Qualification Framework (PEQF). This framework is intended to result in all police officers having a level 6 qualification by the end of their training. In terms of costs there will be the additional cost of tuition fees and additional internal trainers; additional abstraction during the first year and further additional abstractions during the new second and third years of training. There are three methods of entry to PEQF: graduates holding a non-relevant degree complete a post-graduate course of two years; those entering without a degree complete a course of three years leading to a degree; both as an employed Police Officer. A third route is to gain a degree in Policing at an education establishment before becoming employed as a Police Officer; these candidates will complete practical training only, as the education requirement will already be fulfilled. Cost and abstractions rates have been built into the MTFP based on current recruitment rates and estimated additional abstractions fully covered by additional Officers. These costs are funded from a combination of additional budget and allocation of operation Uplift officers.

8.6 The current Capital Programme is nearing completion funded largely from reserves. Future Estates, IT and Fleet strategies are being prepared to reflect current requirements and the effects of Operation Uplift, and will lead to new investment requirements. Capital Grants are insufficient to fund a third of the annual Vehicle replacement programme; reserves can be used only once. An annual sum of £0.4m has been built into estimates from 2020-21 to fund capital investment. 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.

8.7 Based on these assumptions and savings identified a total re investment of £2.358m will be made in 2020-21. This is summarised below and includes the re investment of £0.278m method changes (efficiencies) identified by the PRP process. In addition to this the 62 additional officers (Operation Uplift) were allocated as part of the PRP process. Details of the growth are given below:

Growth	20-21
	£k
PEQF Tuition Costs	160
Capital Funding	400
Priority Resource Planning	
Chief Constable - Staff and Non Staff	1,642
PCC - Staff and Non Staff	156
Total	2,358

8.8 Officer uplift allocation of the 62 Officers

Crime Services – 34 officers

- Protecting Vulnerable People Unit (PVPU) Local and Strategic - 19 officers

Sexual exploitation of vulnerable individuals has been an area of increasing demand over recent years, both in terms of number of incidents and on line criminality. Investigations take time and have to be resourced, and follow-up monitoring of known previous offenders needs to be undertaken. The PRP process highlighted the need for additional resources in PVPU to deal with the increased volume of work. The officers are assigned to: Local Teams 10; Corporate Amethyst Team (Investigating Sexual Assaults) 8; and Paedophile Online Investigation Team 1.

- Economic Crime Unit - 5 officers

This is another area of increasing demand highlighted by the PRP process. This includes Detective Inspector to strategically lead the Unit, and additional investigative resources. This will also give additional support to the Serious and Organised Crime Team

- Major Crime Team - 10 officers

Detection and disruption of Organised Crime Groups (OCGs) is a local and national priority. This work takes time and resources and the Force has been successful in pursuing and dismantling OCGs from both within and outside the Force area. Additional resources will enhance the work carried out by the teams.

Local Policing – 23 officers

- Response 16 officers

An allocation of 16 front line officers to the Response Teams will strengthen the teams, which will allow for additional officers to cover training abstraction with the implementation of the Police Education Qualification Framework (PEQF). PEQF will give new recruits a degree at the end of their training, but this does mean that there is additional abstraction in their second and third years as Officers.

- Community Safety 5 officers

These include 3 additional officers in the Rural Crime Team and an Inspector to work with partner organisations and an additional Officer for the Integrated Offender Management Unit.

- Assessors 2 officers

Additional Probationary Assessor Officer are required to deal with the increased Officer recruitment.

Others – 5 officers

- Covering Workforce Representation, Health & Wellbeing, Anti-Corruption Unit (PSD), Programme Management Office, NPCC.
These are other areas identified from the priorities, Force Management Statement and PRP process.

8.9 Staff changes from PRP volume and method changes and enhancements - 22.62 posts:

Crime Services – 6.3 fte

- Intelligence – County Lines and Firearms Packages
- Central Referral Unit

These are analyst posts to support the additional officers in Crime Services and to service additional demand on intelligence management.

Operational Support Services – 3 fte

- Firearms Licensing

The number of licence renewals varies significantly from year to year, as a result of the renewal cycle, which creates a peak in demand for two years in every five year period.

Corporate Services – 10.32fte

- Training – Crime Academy (increased detective numbers), ICT, Driver Training, Taser uplift
- Health & Wellbeing
- HR and SSF Restructure

Officer and Staff health and wellbeing and training was highlighted as an area needing investment within the FMS; Operation Uplift and other initiatives such as additional Taser deployment has result in further demand. A high proportion of the new Officer roles are detectives in line with the pattern of recent years, this requires an increase in the number of new detectives being trained.

Finance & Resources – 2fte

- Business Support Officers

These are essential roles to ensure that the level of change being experienced is managed and that day to day business is carried out efficiently.

- **OPCC – 1 FTE**

An increase of 1 Policy and Scrutiny Officer to reflect the level of development and change currently ongoing.

8.10 Non staff changes are set out below

Information Technology £0.745m – There are significant developments within IT, including the National Enablement Programme, Body Worn Video and personal issue 2 in 1 devices. This will lead to front line officers having the improved technology and software available to them at any time.

PEQF tuition fees £0.160m as included in previous MTFP

Capital Funding – annual increase of £0.400m (included as a one-off item in the previous MTFP) this is required as the capital grant from the government is minimal, and the reserves are becoming depleted.

Other Supplies & Services £0.103m in the main formalising Community Safety Fund additionality for the Early Intervention Fund (£0.100m) which was temporary in 2019-20.

- 8.11 In addition temporary growth funded from Management of Change reserve to enable projects and developments to be implemented as below

OSS – 15 posts

- Single Online Homes (Digital Desk)
- Command & Control Upgrade

Crime Services – 2 posts

- ANPR project
- Intelligence Officer for Intelligence Enquiries subject to outcome of Brexit

People and Organisational Development – 6.4fte

- Business Systems Unit
- PEQF
- Digital Transformation

- 8.12 The reinvestment of £2.358m, together with the additional 62 uplift officers, will enable significant investment to be made, but this in turn puts pressure on other budget to support this investment. This has been addressed to a certain degree but until the funding figures for the uplift officers and the grant for 2020-21 have been announced it will not be clear if there are further gaps.

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 and IT developments
- 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 allow for expenditure risk (spending over budget), as well as unforeseen events such as costly major incidents, natural disasters or other unforeseen events. An element of this risk has been managed through the in-year budgets through the contingency budgets. These have been reduced, with 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 £23.643m to £15.665m over the next 5 years. Investments from the Management of Change reserve are planned to enable the changes required over the next two years. Planned use of the PFI reserve will commence in 2020-21, this reserve has been re set following a negotiated reduction in the cost of the PFI contract. A transfer of £1.2m is planned from the PFI reserve to the Estates Maintenance Reserve at the end of 2019-20. Estimated use of the Estates Maintenance Reserve has been included in the projections. A description of each reserve is given in paragraph 9.6 of the MTFP.
- 10.4 The use of the reserves will depend on the final decisions on capital expenditure and the final revenue outturn in 2019-20, therefore the table below shows the current estimates of 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 2018-19, the MTFP categorises the reserves according to those guidelines in paragraph 9.5 and has a full description of each reserve in paragraph 9.6.
- 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	31.3.24	31.3.25
	Balance						
	£m						
Capital Receipts Reserve	0.009	1.960	2.505	2.128	2.178	1.258	1.158
General Fund Balance	4.392	5.189	5.189	5.189	5.189	5.189	5.189
Earmarked General Fund Reserves	19.251	14.374	11.861	11.373	10.768	10.043	9.318
Total Usable Reserves	23.652	21.523	19.555	18.690	18.135	16.490	15.665

Earmarked General Fund Reserves

Description	31.3.19	31.3.20	31.3.21	31.3.22	31.3.23	31.3.24	31.3.25
	£m	£m	£m	£m	£m	£m	£m
Capital Investment	2.059	1.243	0.633	0.633	0.633	0.633	0.633
Major Incident	2.435	2.310	2.310	2.310	2.310	2.310	2.310
Pension Ill Health Reserve	0.915	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	1.173
PFI Reserve	4.333	3.177	3.106	2.918	2.613	2.188	1.763
Estates Security and Maintenance	1.033	1.816	1.516	1.216	0.916	0.616	0.316
Management of Change	5.950	2.387	0.855	0.855	0.855	0.855	0.855
Partnerships Reserve	0.654	0.654	0.654	0.654	0.654	0.654	0.654
Commissioner Community Safety Fund	0.500	0.500	0.500	0.500	0.500	0.500	0.500
OPCC Legal Reserve	0.056	0.056	0.056	0.056	0.056	0.056	0.056
OPCC Reserve	0.143	0.143	0.143	0.143	0.143	0.143	0.143
Total	19.251	14.374	11.861	11.373	10.768	10.043	9.318

11. Capital

11.1 The Capital Programme implemented since 2013-14 has come to its conclusion. By the end of 2019-20 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 PCC'Ss assets and infrastructure need continued investment in order to ensure efficient and modern working practices. Strategies for the Estates, IT and Fleet were developed last

year and a new Capital Programme agreed. However, since the Programme was prepared, the announcement of the uplift in officer numbers was made. The initial allocation is for an additional 62, but this could increase to around 200, plus support staff. This will mean that the Estates programme will need to be revised once the full requirements are known.

- 11.3 The refurbishment of Pwllheli is due to start this financial year and finish next year. The re location of the Force’s Vehicle Workshop (currently rented) is due to start next year subject to final Business Case. Other work in the HQ complex and the Firearms base are planned for 2020-21.
- 11.4 Substantial investment is required for IT infrastructure. This is being directed by the Digital Transformation Programme Board. The personal issue of internet-enabled devices to operational officers and staff will enable agile working, and all devices will be able to utilise 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 being developed. The Programme also includes the replacement of Body Worn Video equipment. Additional investment of £4.056m has been estimated for the period 2019-20 to 2024-25, as detailed below:

Capital Programme 2019-20 to 2024-25	Increase
Project	£'m
2 in 1's, Laptops and desktops	2,841
Lockers for charging and storage	200
Mobile app / Life X Deployment	471
NEP Infrastructure/Sail Point/Internet Links	208
Digital Intelligence & Investigation	211
Digital Evidence Management	125
Total Information Technology and Communication	4,056

- 11.5 The programme is affordable, being funded from a combination of grants, reserves, direct revenue contribution and borrowing. The overall strategy is to minimise borrowing and maximise the amounts funded fully in the year of purchase by use of direct revenue contribution and capital receipts, which in turn minimises interest and capital repayments in subsequent years.
- 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. Once the full implications of operation uplift are known, including the allocation of additional officers in 201-22 and 2022-23, the Capital Programme will need to be reviewed.

11.7 Capital Programme 2019-20 to 2024-25

Ref	Description	2019-20 Revised Budget £000	2020-21 Est £000	2021-22 Est £000	2022-23 Est £000	2023-24 Est £000	2024-25 Est £000
	Total Building Works	1,371	4,529	3,995	3,479	3,891	1,433
	Total Vehicles and Other Equipment	2,342	1,800	1,300	1,855	1,300	1,300
	Total Information Technology and Communication	5,463	3,146	2,145	750	1,880	750
	Total	9,176	9,475	7,440	6,084	7,071	3,483
	Funding						
46	Home Office Grant	462	462	462	462	462	462
47	Revenue Contribution	2,269	1,643	1,516	1,238	1,238	1,238
48	Earmarked Reserves	3,536	1,608	0	0	0	0
49	Capital Receipts	475	155	377	100	1,420	475
50	Borrowing for Estates	774	4,141	3,895	3,379	3,141	958
51	Borrowing for replacement programme	1,660	1,466	1,190	905	810	350
	Total Funding	9,176	9,475	7,440	6,084	7,071	3,483
52	External sources	462	462	462	462	462	462
53	Own resources	6,280	3,406	1,893	1,338	2,658	1,713
54	Debt	2,434	5,607	5,085	4,284	3,951	1,308
	TOTAL	9,176	9,475	7,440	6,084	7,071	3,483

12. Consideration of Options

12.1 The Commissioner has considered all of the options available within the resources available. Extensive work was carried out by the PRP process in order to identify savings and allocate resources in line with priorities within the organisation. The PRP process also enabled the intelligent allocation of 62 Operation Uplift officers, based on priorities. Pay inflation has increased as the Government eased the public sector pay restrictions. A council tax increase of 4.7% would be needed to cover inflation assuming a flat cash grant settlement. Additional resources have become available by the announcement of additional officers; however it is unclear whether the full cost of the additional officers, including support and infrastructure, will be funded. Taking all these factors into consideration a council tax increase of £12.51 (4.5%) is proposed. This is the lowest prudent council tax/precept increase, given that general funding, phase 1 Operation Uplift funding, and the allocation of phase 2 Operation Uplift have not been announced.

12.2 The Commissioner held discussions with the Chief Constable who confirmed that the council tax increase of 4.5% provides sufficient budget to enable the operational delivery of the policing service in 2020/21. This is dependent on receiving sufficient funding from the Government to implement the increase in officer numbers. Also, due to future uncertainty over the level of grant allocation, pay awards and changes in operational pressures, it is not possible to comment at the stage as to the accuracy of planning assumptions, 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 4.50% the valuations for each property band are:

Tax Band	A	B	C	D	E	F	G	H	I
Council Tax £	193.74	226.03	258.32	290.61	355.19	419.77	484.35	581.22	678.09

12.4 The precept for each billing area will be:

<u>Billing Authority</u>	2020-21 Tax Base	Precept £
Anglesey County Council	31,532.53	9,163,669
Gwynedd Council	51,917.91	15,087,864
Conwy County Borough Council	50,701.04	14,734,229
Denbighshire County Council	40,273.66	11,703,928
Flintshire County Council	64,554.00	18,760,038
Wrexham County Borough Council	53,475.03	15,540,378
	<hr/> 292,454.17 <hr/>	<hr/> 84,990,106 <hr/>

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 2020/21, 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

Ref Description

Budget 2019-20 to 2024-25

	Annual Budget 2019-20	+'Inc -' Redn (net budget) 2020-21	Annual Budget 2020-21	Annual Budget 2021-22	Annual Budget 2022-23	Annual Budget 2023-24	Annual Budget 2024-25
Expenditure	£000	£000	£000	£000	£000	£000	£000
1.1 Police Officer Pay Establishment	80,352	1,994	82,346	84,980	87,471	90,154	92,542
2.1 Police Staff Pay	39,488	670	40,158	41,196	42,262	43,354	44,473
2.2 PCSO's	6,586	131	6,717	6,852	6,989	7,128	7,271
3 Police Officer Overtime	2,114	93	2,207	2,262	2,319	2,377	2,436

4	Police Staff Overtime	602	15	617	633	648	665	681
5	Allowances	1,365	-24	1,341	1,337	1,333	1,330	1,328
6	Training	724	209	933	952	971	990	1,010
7	Other Employee	559	12	571	582	594	605	618
8	Direct Pension Payments	3,305	79	3,384	3,465	3,548	3,634	3,721
9	Energy Costs	1,420	0	1,420	1,463	1,506	1,552	1,598
10	Building Running Costs	6,409	91	6,500	6,630	6,763	6,898	7,036
11	Repairs & Maintenance of Vehicles	535	10	545	556	567	579	590
12	Vehicle Running Costs	1,876	48	1,924	1,973	2,024	2,076	2,130
13	Car & Travelling Allowances	716	14	730	745	760	775	791
14	Air Support Unit	589	15	604	619	635	651	667
15	Equipment	1,009	20	1,029	1,050	1,071	1,092	1,113
16	Clothing and Uniforms	467	10	477	486	496	506	516
17	Printing and Stationery	359	7	366	373	381	389	396
18	IT and Communications	10,744	959	11,703	11,938	12,176	12,420	12,668
19	Subsistence	282	6	288	294	300	306	312
20	Other Supplies and Services	2,572	-51	2,521	2,555	2,589	2,625	2,660
21	Collaboration and Partnerships	5,552	161	5,713	5,856	6,002	6,152	6,306
22	Forensics	740	14	754	769	785	801	817
23	Debt Charges & Contribution to Capital	2,607	-175	2,432	2,440	2,440	2,440	2,440
24	Special Situations Contingency	400	0	400	400	400	400	400
25	Inflation and General Contingency	460	-60	400	400	400	400	400
26	Community Safety Fund	1,567	-1	1,566	1,566	1,566	1,566	1,566
	Gross Expenditure	173,399	4,247	177,646	182,372	186,996	191,865	196,486
		Annual Budget	+ 'Inc - ' Redn (net budget)	Annual Budget				
		2019-20	2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
	Income	£000	£000	£000	£000	£000	£000	£000
27	Secondments	-6,017	-106	-6,123	-6,123	-6,123	-6,123	-6,123
28	Interest on Balances	-100	0	-100	-100	-100	-100	-100
29	Income	-2,280	-85	-2,365	-2,365	-2,365	-2,365	-2,365
30	Specific Grants	-10,782	19	-10,763	-10,710	-10,657	-10,605	-10,605
	Total Income	-19,179	-172	-19,351	-19,298	-19,245	-19,193	-19,193
31	PFI Reserve	44	-115	-71	-188	-306	-425	-425
32	Speed Awareness Reserve	0	0	0	0	0	0	0
33	Additional from Reserves	0	0	0	0	0	0	0
	Net Expenditure	154,264	3,960	158,224	162,886	167,445	172,247	176,868

34	Total Grants	-73,234	0	-73,234	-73,234	-73,234	-73,234	-73,234
35	Precept	-81,030	-3,960	-84,990	-88,721	-92,472	-96,237	-100,022
	Funding	-154,264	-3,960	-158,224	-161,955	-165,706	-169,471	-173,256
	Annual Balance	0	0	0	931	808	1,037	836
	BASE CASE - Cumulative	0		0	931	1,739	2,776	3,611
	Other Growth and Savings (IT and PEQF)				1,030	213	24	0
	Annual Balance				1,961	1,021	1,061	836
	Cumulative Balance				1,961	2,982	4,043	4,878
	Operation Uplift Phase 1							
	Expenditure			3,050	3,127	3,205	3,285	3,367
	Assumed Grant			-3,050	-3,127	-3,205	-3,285	-3,367