

POLICE AND CRIME PANEL
PANEL HEDDLU A THROSEDD



NORTH WALES POLICE AND CRIME PANEL

REPORT ON THE COMMISSIONER'S PROPOSED PRECEPT FOR 2023/2024

Background

This report is made in accordance with the Police and Crime Panel's (PCP) statutory duty contained in Paragraph 3(2), Schedule 5 of the Police Reform and Social Responsibility Act 2011 (Act).

Review of Proposed Precept

The North Wales PCP was notified of the Police and Crime Commissioner's (PCC) proposed precept for 2023/2024 on 12 January 2023, in accordance with Paragraph 2, Schedule 5 of the Act.

The PCP considered the PCC's report outlining the proposed precept and budget for 2023/2024, together with the Medium Term Financial Plan at its meeting held on Monday, 30 January 2023, in Bodlondeb, Conwy.

The PCC proposed to increase the precept to £100,244,287 (an increase of 6.80% from the 2022/2023 precept), which would increase Council Tax by 5.14% (equivalent to £333.09 per annum, an increase of £16.29 per annum, or 31p per week for a Band D property).

The PCP also received a presentation from the Chief Finance Officer (Office of the Police and Crime Commissioner - OPCC), which highlighted the following:

- The proposed precept
- Changes in funding allocations between 2022/2023 and 2023/2024
- Central Allocations (top slicing)
- Changes to North Wales Police Grants
- Comparison of budget versus recruitment profile
- Inflation and Structural Growth
- Identified Savings
- Growth

- Council Tax Proposal
- Surveys
- Risks
- Proposed Budget for 2023/2024

In scrutinising the proposed precept, the PCP sought assurance that the level of reserves held in the policing budget (£42m) were appropriate. Whilst this seemed a healthy level of reserves, the Chief Finance Officer (OPCC) advised that the Commissioner had a duty to hold adequate reserves to manage risk. It was considered prudent to hold between 3% and 5% of net revenue expenditure; the General Reserve was being maintained at just above 3%, with further earmarked reserves being held to mitigate risks. It was acknowledged that a detailed review was carried out as part of the planning process to assess how the reserves and projected underspend in 2022/2023 (£6m) could be used to manage expenditure and risk to enable a balanced budget and support continuation of service.

The Member Champion for Finance acknowledged that the savings identified of £3.753m should not affect service delivery as they related to a delay in the upgrading of the Emergency Service Network, turnover/vacancy factor, ICT sourcing contract, income and a reduction in police staff pension contributions. However, due to a strong balance sheet, any risk to the budget could be mitigated using reserves.

In addition, the Member Champion questioned the bids totalling £7m, which were submitted for growth, however, when these were prioritised they were reduced to £1.236m. The Finance Director for North Wales Police advised that critical only bids were included; however, it was acknowledged that some bids could pose a risk if not funded temporarily, therefore, they were being reviewed to mitigate any risks.

A number of issues were also raised as follows:

- The reduction in funding allocations meant that the precept accounted for over 53% of the policing budget.
- Retention of Officers.
- The impact of Central Allocation (top slicing) on the funding allocation.
- The impact of the withdrawal of the Capital Grant.
- Risks associated with the new funding formula; future funding and the delivery of savings in future years.

The PCP acknowledged that the higher than expected inflationary pressures would have increased Council Tax by 11+%, however, due to the savings identified, temporary funding, higher increases in the tax base and essential only growth being considered by the Force, the PCC was able to propose a Council Tax increase of 5.14%.

Therefore, taking these factors into account, the PCP felt they could support the proposed increase, in order to provide a sufficient budget to enable the operational delivery of the policing service in North Wales for 2023/2024.

RECOMMENDATIONS:

- (a) That the precept be increased for 2023/2024 to £100,244,287.
- This will increase Council Tax by 5.14% - equivalent to £333.09 per annum, an increase of £16.29 per annum, or 31p per week for a Band D property.
 - This increases the Tax Base by 1.58%.
 - This is an increase in precept of 6.80% from 2022/2023.
- (b) That it be noted that the base Government Grant increased by 0.35%/£0.3m.
- (c) That it be noted that the total inflationary pressure is 7.1% or £13m.
- (d) That it be noted that £2.362m temporary funding is included and that the Uplift Specific Grant has been increased by £1.442m, subject to maintaining Officer numbers.
- (e) That it be noted that £1.236m of unavoidable growth is included.
- (f) That it be noted that £3.753m of savings have been identified for 2023/2024.
- (g) That the Medium Term Financial Plan (MTFP) be noted, which includes the following assumptions:
- That Council Tax will increase by an estimated 4.5% (£15) in 2024/2025, and £12 per annum in the following years, which equates to 3.45% in 2025/2026, 3.33% in 2026/2027 and 3.22% in 2027/2028.
 - That policing grants are estimated to increase by 1.68% in 2024/2025 and 1% for the following years.
 - That the annual pay award will be 2.5% to be applied in September 2023, with an additional 0.5% being earmarked in reserves for 2023/2024 and 2.5% to be applied each subsequent September.
 - To note that the increase in grant has been awarded in support of Operation Uplift (recurring and set up costs), which has been earmarked for these purposes; and these commitments have been included in the budget.