

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

**Medium Term Financial Plan**

**2024-25 to 2028-29**

## 1. Introduction

- 1.1 The Medium Term Financial Plan (MTFP) is a critical document that links the Police and Crime Commissioner's (PCC) [Police and Crime Plan 2021 \(northwales-pcc.gov.uk\)](https://www.northwales-pcc.gov.uk), which was prepared following the election of the PCC; and the Policing Priorities agreed by the Police and Crime Commissioner and the Chief Constable; with the Financial Strategy (Appendix A) of the Force and the resources available.
- 1.2 It is reviewed and updated each year with the MTFP produced a year ago in January 2023 showing a balanced budget for 2023-24 and 2024-25, based on a reasonable set of assumptions made at the time. Since then, several global and national issues have had a bearing on actual events meaning that this current iteration has changed in several ways.
- 1.3 As it does each year, the organisation has now undertaken its annual planning process, which has culminated in the production of detailed financial plans for FY2024-25 and further medium-term proposals that form the foundation of this MTFP. This work has involved a number of key elements that are expanded upon briefly below.
- 1.4 2023-24 was the first year of the full implementation of the Government's Police Officer Uplift Programme with the Uplift target being achieved by the Force in March 23. Having achieved that target the maintenance of officer numbers at that target level of 1,696 Officers has been a key consideration since (with both operational and financial consequences) and this has been set against a backdrop of attrition that, whilst still being relatively low compared to other forces, has been higher than the historical levels seen by the Force. Officer recruitment has been maintained at the same level of 132 per year (compared to the pre-Uplift level of 72 per year) and this remains the medium-term outlook. Whilst active steps are being taken to manage this attrition, its short-term implication is that it limits the possibility of increasing the number of officers.
- 1.5 Given the constraint on Officer numbers a key focus of the planning cycle has been on ensuring that the Officers available to the force are used in the most productive way, prioritising their allocation to the most impactful areas. The Chief Constable had already commenced a force wide Optimisation Review, which looked to drive Officer availability through the removal of barriers and then allocate them to critical areas. This review dovetailed into the Organisational Planning Process which enabled the informed allocation of officers based on priorities and other requirements to ensure the ever-changing demand and support needs for officers (such as set-up, training and recruitment costs) were being met. Training of new officers recruited continues into the new financial year.
- 1.6 High Inflation has been another feature of the planning round. Pay awards of 7% were agreed in September 2023 and were applied to Police Officers and Police Staff, and high non-pay pay inflation has also fed into 2024-25. Whilst the pay award was partially funded the force has needed to agilely develop its plans to ensure a balanced budget can be achieved. Higher inflation rates have also led to increases in interest

rates and the Force has considered any additional investment income that might result when setting its plans.

- 1.7 Whilst funding is always a critical consideration in the planning cycle, it has been an especially prominent feature in the later stages of the planning process, with reductions in specific grants requiring an unambiguous focus and other areas, such as the increase in Employer Pension Contributions for officers and the associated funding, needing to be worked through. Whilst uncertainty remains – partially driven by the political context – the MTFP has been compiled using the best available information making reasonable assumptions where appropriate.
- 1.8 An emphasis on VFM and Productivity has also been a particular area of focus. The Optimisation Review particularly focussed on Productivity through the best use of resources whilst Force Efficiency savings have also been an essential feature in achieving a balanced budget. Extensive work has been carried out as part of the Organisational Planning Process to identify savings and re-allocate resources within the organisation. A council tax increase of 13.22% would have been needed to cover inflation, displaced demand from reduction in specific grants and all other unavoidable structural growth which is significantly higher than the original assumption of 4.5% and so steps have been taken to mitigate this gap. The planning process looked at service level and corporate level savings, use of the strong balance sheet to fund any temporary increase in costs, robustly challenged growth requests and only approved growth for those additional items needed to meet unavoidable demand requirements. The process also gave due consideration to the Force's position against wider benchmarking resources drawing from HMICFRS PEEL Inspections; HMICFRS VFM assessments; CIPFA AFEP III Data & Analytics analysis (including its Financial Resilience Index) and other benchmarking analysis to help inform where the resources of the Force could be best utilised and a budget could be set at the appropriate level.
- 1.9 The Commissioner has needed to consider all these aspects and the associated options when determining the resources available and the best use of them.
- 1.10 Taking all these factors into consideration a council tax increase for 2024-25 of £16.56 (4.97%) is proposed. The Home Office's assumed increase for 2024-25 is £13; however, due to a reduction in specific grants, a higher amount is needed to support front line officers and PCSOs and meet the requirement to set a balanced and sustainable budget. This is a prudent council tax/precept increase, given that future pressures in terms of pay awards and pay increments need to be funded, as well as pressure on non-staff costs due to current inflation rates. Based on the assumptions set out in the MTFP, including a £13/3.7% council tax increase, there is a gap of £1.272m (0.6% of Net Budget) in 2025-2026 with the gap growing to £7.591m by 2028-29 unless recurring savings are identified each year. This includes additional funding required from 2026-27 for PCSOs of £1.1m. However, as has been seen in recent years, there are major uncertainties and risks going into 2024-2025 and an assumption that seem reasonable now can change, as seen over the last 12 months.

## 2. Aim

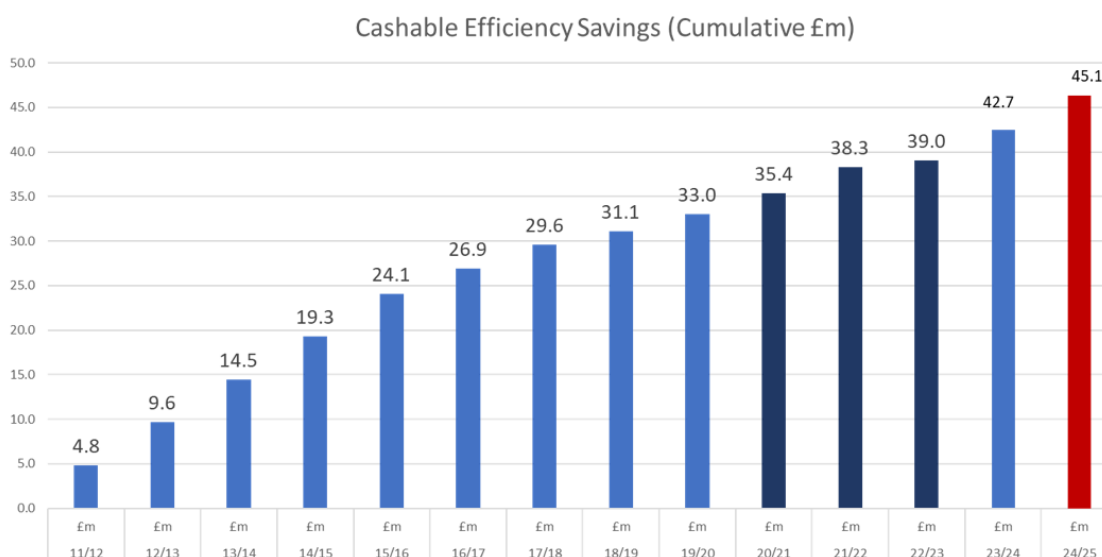
- 2.1 The aim of this paper is to provide the necessary details as to how the budget has been balanced to date, and the plans to maintain a balanced, stable and sustainable budget over the medium and longer term, whilst still maintaining and enhancing performance and ensuring local and national priorities are achieved.

## 3. Background

- 3.1 Since 2010-11 (which is generally considered the pre-austerity base) there was a prolonged period of austerity. This was then followed by a period of targeted growth of Police Officers from 2021-22 to 2023-24 (the 20,000 additional Officers funded through “Operation Uplift”). Prior to the growth Government funding had been reduced by -25% in real terms (taking inflation into account) by 2021-22. The additional funding provided since was intended to be a new post-austerity, post-Uplift base, but the situation has been complicated by record highs in inflation and the need to continue to recruit and maintain officer numbers at the higher level.

- 3.2 During this period many demand changes to Policing has also occurred with a general acknowledgement that complexity and demand from partner agencies (facing their own financial challenges) increasing.

- 3.3 The overall effect of the reduced funding available and inflationary and other pressures has resulted in the need for £45m of savings being made to budgets over a 14-year period. North Wales Police has an excellent record of delivering planned savings, with a strategy of fully scrutinising planned savings prior to the year of delivery. Even during Uplift (the dark blue bars in the schedule below) the Force has continued to strive for cashable savings so that it can minimise the impact on the local taxpayer and invest in the areas that maintain its efficiency and effectiveness into the future. The cumulative savings are shown in the graph below:



- 3.4 Prior to the 2020-21 settlement being announced the Government had in place a policy to increase Police Officer numbers by 20,000 (Operation Uplift) over a period of 3 years. The 2020-21 and 2021-22 announcements allocated 12,000 of these additional officers among Forces with North Wales Police being apportioned 124. The funding announcement for 2022-23 distributed the remaining 8,000 additional officers, with North Wales Police receiving a further 82 making a total of 206 (including 8 allocated to Regional Serious and Organised Crime Unit). In addition to these, a further 30 officers were funded from precept in 2020-21, giving an overall increase of 236 over 3 years. These officers were fully recruited by March 2023, although this has been more challenging than expected due to a higher number of officers leaving the service. Recruitment plans have been set for 2024-25 to ensure that the new base of 1,696 officers can be maintained, considering the higher rates of attrition currently being seen.
- 3.5 Increases in funding since 2020/21 have been focussed on Operation Uplift. Additional grant has been received in order to increase officer numbers; however, the base grant has remained materially at the same level in cash terms (a real-terms reduction) leading to budgetary pressure in other areas, including the additional costs of supporting an increased number of officers. The final allocation of numbers and funding has informed the plan going forward in terms of how much budget needs to be allocated to fund the pay costs of officers in the future, and how much can be allocated to support costs. A pay award of 7% was agreed for Officers and Staff from September 2023, with the Government allocating additional funding toward the increased costs partially offsetting them. The Police Officer Pension Employer contribution rate was also expected to increase from April 2023, with the Home Office indicating strongly that the additional cost of this increase would also be funded.
- 3.6 The January 2023 MTFP had a balanced budget for 2023-24 and 2024-25, however since then several Geopolitical factors have affected the overall economic environment, the main events being:
- Continued War in Ukraine
  - The Israel Palestine conflict
  - Volatile Oil/Energy markets
  - A Global Climate Crisis
  - Implementation of the UK's EU Exit
  - Global Supply Issues
  - High Inflation rates leading to high interest rates
  - Higher pay awards than budgeted
  - Political uncertainty and change at a national, regional and local level causing financial uncertainties

These events happened as the UK was emerging from the COVID pandemic. The pandemic resulted in many challenges but also in opportunities as working practices changed and the infrastructure to support this was put in place. This context made the basis for financial planning for 2024-25 onwards unusually uncertain. The biggest inflationary pressures felt were from pay awards which were 7%, significantly higher than the 2.5% which had been budgeted. Because officer and staff costs account for circa 80% of total costs, this creates a significant increase in expenditure as a proportion of the overall budget. Prudent assumptions have been made for future years, based on information available at the time of preparing this MTFP, but uncertainty remains high.

#### **4. Planning Process**

- 4.1 The overall purpose of the planning process is to prioritise resources and align spending plans with the Police and Crime Commissioner's priorities and the Chief Constable's vision as set out in the Financial Strategy (Appendix A).
- 4.2 The Police and Crime Commissioner (PCC) Andy Dunbobbin was elected in May 2021. The PCC revised the Police and Crime Plan and set the priorities as summarised below. The full plan is available on the PCC's website [Police and Crime Plan 2021 \(northwales-pcc.gov.uk\)](https://www.pcc.gov.uk).

#### **What is the Police and Crime Plan?**

The Police and Crime Plan focuses on the key areas the force will be expected to deliver on – issues that matter to local people, alongside other national policing requirements.

# SHAPING THE PLAN

## MY PLAN

My plan sets out my vision for North Wales and how I expect the vision to be achieved. It is informed by public consultation and

## MY VISION

North Wales communities are safe, victims and vulnerable people feel supported, crime and reoffending are low, and people have confidence in policing and the criminal justice system

## MY PRIORITIES

### DELIVERING SAFER NEIGHBOURHOODS

- Tackle and prevent rural and wildlife crime
- Improve the efficiency and effectiveness of police officers and police staff
- Improve Road safety

### SUPPORTING VICTIMS AND COMMUNITIES

- Tackle and prevent domestic abuse and sexual violence
- Safeguard vulnerable people including children
- Tackle and prevent cybercrime
- Establish a victims panel
- Tackle and prevent Hate Crime

### FAIR AND EFFECTIVE CRIMINAL JUSTICE SYSTEM

- Introduce a North Wales Female Offender Strategy
- Increase the use of Restorative Justice
- Support and protect children and young people and divert them away from the Criminal Justice System
- Address the root causes of offending and support the rehabilitation of people who have offended

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## Key National Priorities for Policing

An explanation will be provided of the Force's contribution and performance to achieving improvements against the key national policing priorities.

## The national policing priorities are:

- Reduce murder and other homicides
- Reduce serious violence
- Disrupt drugs supply and county lines

- Reduce neighbourhood crime
- Tackle cyber crime
- Improve satisfaction among victims with a particular focus on victims of domestic abuse

4.3 In addition to the Police & Crime Plan the Force will also lay out its broader vision and plan to underpin it. North Wales Chief Constable Amanda Blakeman was appointed on 1 November 2022 and reviewed and revised the Force strategy incorporating it to a North Wales Police Force Strategic Plan 2023 – 2026. The Force vision – articulated in its plan on a page is outlined below:



4.4 To ensure resources were being best utilised to deliver the Force’s vision and priorities, CC Blakeman commissioned the Optimisation Programme which commenced its work in January 2023, looking at specific operational areas and how the resources available could be best used. These included specific reviews of response policing, custody, file preparation looking at the process and the resource



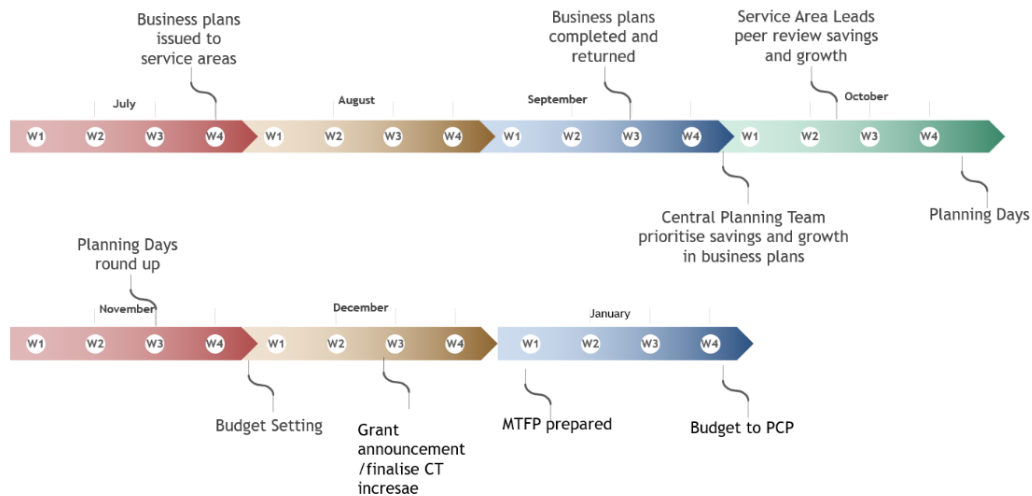
levels in those areas. The Programme was fully integrated into the planning process and resulted in extensive scrutiny being applied to its use of its largest resource, its Police Officers.

- 4.5 The planning process for 2024-25 was reviewed by the Strategic Planning Unit, Finance Department, senior leaders, and the chief officers. Each Service and Functional area was asked to review the resources available, consider the Optimisation Review, identify savings and any gaps in resources identified within the Force Management Statement. Thematic Reviews were also commissioned as required to further consider specific areas.



- 4.6 Specific Governance was put in place for the planning process led by the Chief Superintendent Corporate Services. As described below, the process commenced in July 2023 with Business Plans being prepared over the summer, this was followed by peer review of submissions before plans were presented to Chief Officers and ultimately the PCC. The corporate approach with early peer scrutiny resulted in a fully supported plan that will be implemented over the next 12 to 18 months. In addition to this, as events unfolded during the year, additional work was carried out by the Strategic Planning Unit and Corporate Finance Team to examine the additional cost pressures and consider opportunities to utilise the strong balance sheet and re-purpose revenue budgets.

## Organisational Planning



4.7 A number of issues came to light during the planning process which were out of the Forces' control, but needed to be considered as part of the plans. The main ones being:

- Pay awards being set at 7% from Sept23 (and associated partial funding)
- Increase in Police Officer employer pension contribution (and associated funding)
- Limitation of Police Officer numbers due to increases in resignations and attrition.
- Displaced demand from partner agencies, third sector and other sectors.
- Potential reduction in Welsh Government and other partner (e.g. PCSO) funding
- Reduction in School Liaison Officer funding

4.8 To help manage the events above, this planning process initially set savings targets of £0.920m for Service areas and £0.760m for Functional areas of 1% with a stretch target of 2% savings. These were indicative, and additional savings were considered where available along with any risks associated with taking a particular saving.

4.9 As part of the above, the normal process to develop future budget requirements was undertaken, details of which are set out within this MTFP. In developing the submissions by managers and this MTFP, the following were considered:

- Local and National priorities as detailed in the Police and Crime Plan and the Force's Vision
- New and emerging pressures and savings
- The strategic planning process
- The 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 including any potential underspend against budget
- The Capital Strategy and Capital Programme, Prudential Code and their effect on the Revenue Budget
- Reserves and Balances
- Income generation, trading activities and grants
- Collaboration initiatives locally, regionally and nationally
- Efficiencies from investments
- The findings and recommendations of the Optimisation review
- VFM benchmarking and analysis including HMICFRS PEEL Inspections; HMICFRS VFM assessments and CIPFA AFEP III Data & Analytics analysis (including its Financial Resilience Index)
- The Financial Risk Appetite of the Force and the historical trend to underspend seen in recent financial years.

4.10 The Force Management Statement (FMS) is published annually. The FMS analyses future demand against the capacity and capability of our teams. It uses data analysis, interviews with subject matter experts and MORILE risk assessments. Previous FMSs have informed the planning process, and the planning process will, in turn, inform the next FMS.

4.11 The process to formulate the FMS involved the forecasting of future demand, horizon scanning, and input from operational experts. The process also scored each area based on

- Current demand
- An understanding of future demand
- Estimate of future demand
- Current capacity: Assets
- Security of supply
- Capability: People
- Capability: Equipment
- Health and wellbeing of officers and staff
- Condition: Equipment
- Current Performance
- Assets: Future demand
- Residual demand gap
- Risk of harm to the public
- Risk of harm to the organisation

This identified areas in most need of investment which, with limited investment availability, enables an informed prioritisation process.

4.12 The Business plans for each area were collated and scrutinised by the Strategic Planning Unit and Corporate Finance.

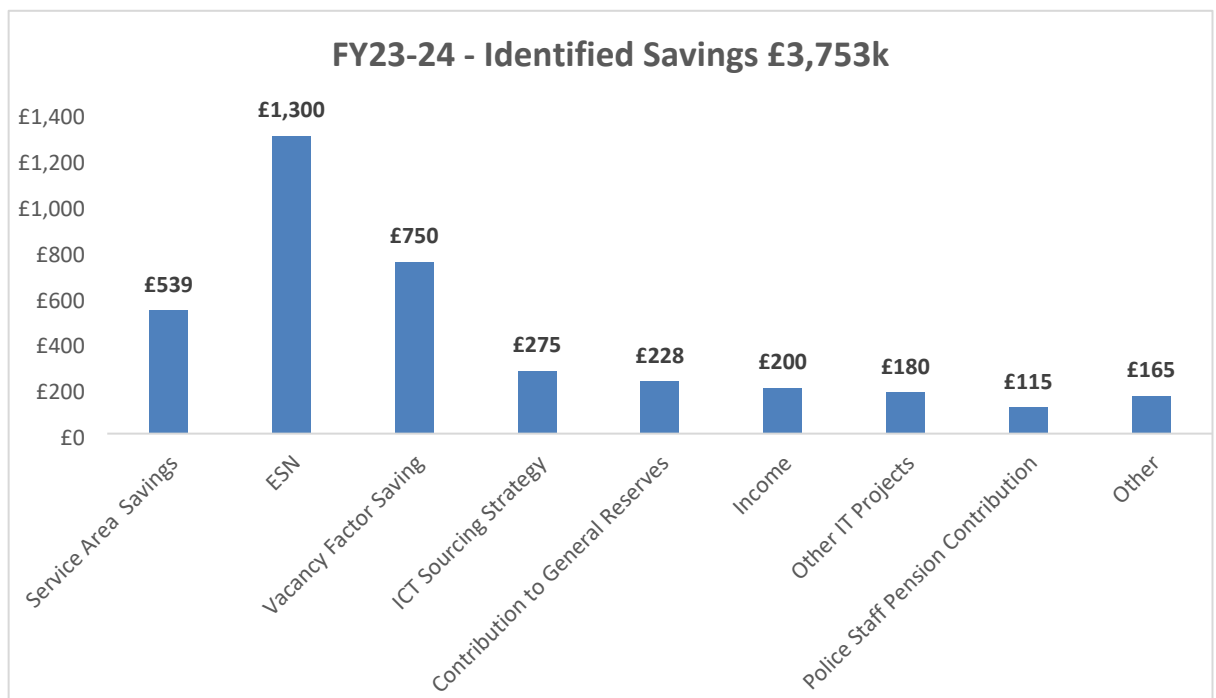
- 4.13 The process – especially the interdependencies – was managed through the Organisational Planning Group chaired by the Chief Superintendent Corporate Services and attended by Service and Functional Leads. This enables a corporate strategy to be developed collaboratively for consideration by the Chief Officers rather than a competitive process.
- 4.14 Other areas that were specifically considered are:
- Facilities and IT, linking to agile working and other developments
  - Energy costs
  - Sustainability
  - Capital Funding
  - Limited availability of independent additional officers from Uplift following initial training
  - Corporate Budgets review
- 4.15 Two meetings were held with the Chief Officer team to finalise the outcome from the planning process. This allowed known available resources to be applied to priorities and informed the allocation of available Officers from the final phase of Operation Uplift and other efficiencies. The outcome was then discussed at the annual Budget Setting meeting with Service Leads and others, bringing together the recommendations from the Organisational Planning Group, including Savings Plans and all other elements, to build this MTFP. This then formed the proposal put forward to the PCC and his team.
- 4.16 A meeting was held between the Commissioner, the Chief Constable, and their representatives on 8 December 2023 to discuss the budget proposals, with final meetings held on 19 and 20 December 2023 after the Government funding and Welsh Government funding announcements had been made.
- 4.17 The following sections detail all developments since the previous MTFP, giving the updated position for Revenue, Capital and Reserves.

## **5. 2023-24 Budget (Current FY)**

- 5.1 The budget for 2023-2024 increased by 3.68%, the majority of this increase being required to fund inflationary requirements of over 7%. Savings of over 2% of the budget and prudent use of the strong balance sheet reduced the pressure of the high inflation figures. General Home Office funding increased by 0.35%, while the introduction of second home premiums in some local authority areas resulted in an increase of 6.8% in total precepts. The increase in Council Tax bills was 5.14%. Growth and additional requirements were funded by a combination of savings and additional income streams and the Force considered its risk appetite in a number of areas when setting the budget such as in relation to its staff turnover. The changes are summarised below.

	<b>£m</b>	
<b>Budget 2022/23</b>	<b><u>182.268</u></b>	
Pay and non-pay Inflation	13.012	7.13%
Savings identified	-3.753	-2.06%
Temporary funding	-2.362	-1.30%
Additional Specific Grants	-1.442	-0.79%
Growth	1.236	0.68%
 <b>Budget requirement 2023/24</b>	 <b><u>188.959</u></b> 3.68%	
 <b>Estimated total funding 2023/24</b>		
Government Grants	88.715	0.35%
Council Tax	£333.09	5.14%
Multiplied by tax base	300,952.56	1.58%
Precept (funding proportion 53.05%)	100.244	6.80%
<b>Total funding available</b>	<b><u>188.959</u></b> <b>3.68%</b>	

5.2 Total savings of £3.753m were identified and these are on course to be delivered in the 2023-24 financial year. The savings are summarised below:



5.3 Total new investments of £1.236m were identified based on careful prioritisation to be implemented in 2023-24. These are on course to be fully implemented in 2023-24 and are summarised below:

 <p><b>Delivering Safer Neighbourhoods</b></p> <ul style="list-style-type: none"> <li>•ISO Accredited Wet Forensic Software</li> <li>•Scientific Support ISO Quality Officers x2</li> <li>•Telecommunications SPOC</li> </ul>	 <p><b>Fair &amp; Effective Criminal Justice System</b></p> <ul style="list-style-type: none"> <li>•Custody Detention Officers x 2</li> <li>•Vetting Staff in PSD x 2</li> <li>•Crime Data Integrity Staff x2</li> <li>•Coroner’s Office x3</li> <li>•Communications Officer x1</li> </ul>
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5.4 2022-23 was the third and final year of Officer Uplift increases (the Government Programme to increase Police Officer numbers by 20,000 Nationally). The total allocated to North Wales Police over the 3 years was 206, which increased the established posts to 1,696 FTEs. The additional posts were carefully allocated through the planning process over the last 3 years.

The recruitment target for the Force was reached by 31 March 2023, with a proportion of Officers still going through training during 2023-24. The final allocation of the additional Officers going into the 2024-25 planning is shown in the table below.

Service Area	Supt	C.I.	Insp	Sergeant	Constable	Total
Local Police Service LPS	0	2	1	3	92	98
Operational Police Support OSS	0	1	1	2	6	10
Crime Services CS	0	1	3	9	46	59
Corporate Services/F&R	1	1	4	2	3	11
Professional Standards Department	0	0	0	0	3	3
Regional Policing NWROCU	0	0	0	0	11	11
Training/Unallocated	0	0	1	2	11	14
<b>Total Officers</b>	<b>1</b>	<b>5</b>	<b>10</b>	<b>18</b>	<b>172</b>	<b>206</b>

5.5 Posts were allocated to meet demand as identified in the planning process below (this was then further considered and revisited as part of the Optimisation programme of the Force as outlined later in the report):

- LPS
  - 50 FTE Response
  - 20 FTE Prevention Team
  - 11 FTE Probationer Development Unit
  - 10 FTE Proactive Team
  - 7 FTE Other including Rural Crime/Assessors/We Don’t Buy any Crime
- OSS
  - 7 FTE Drone Unit
  - 3 FTE Others including Intercept Team, RMU and AJD
- Crime Services
  - 21 FTE Protecting Vulnerable People
  - 9 FTE Fraud/Financial Investigation

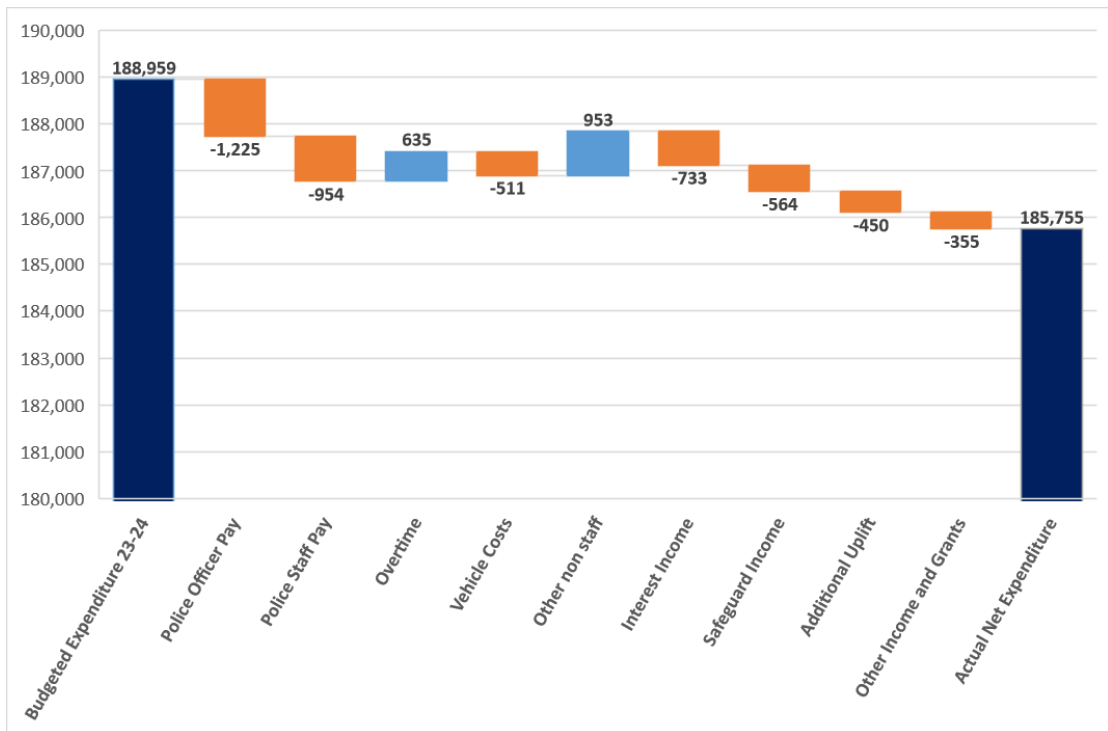
- 7 FTE Amethyst
- 6 FTE SOCU
- 4 FTE Surveillance
- 4 FTE DMI
- 8 FTE Others
- Corporate Services/F&R
  - 2 FTE Staff Officer
  - 5 FTE Temporary time-bound such as Workforce Representation, HMICFRS Sergeant, C.I. Diversity and Citizens in Policing
  - 4 FTE Others
- PSD 3 FTE
- NWROCU 11 FTE
- 14 FTEs to be allocated.

5.6 Although the Uplift Target was reached in March 2023, in order to maintain officer numbers at the required levels recruitment needs to be maintained at the same level as the last 3 years, which at 133 is nearly twice the pre-Uplift level. North Wales Police has one of the lowest attrition rates in UK Policing, however this has increased over the Uplift period from an average of less than 2 a month to around 4 a month.

5.7 The current full year projection is for an underspend of £3.2m for 2023-24. This equates to a 1.7% underspend against the total budget. The underspend is driven by Police Pay due to the increased number of resignations and turnover, and Staff Pay due to recruitment lag for support staff. Some of this underspend has been used on overtime to bolster available resources in the short term with the overall underspend on pay projected at £1.544m being 0.93% of the pay budget (which accounts for 73% of expenditure budgets overall).

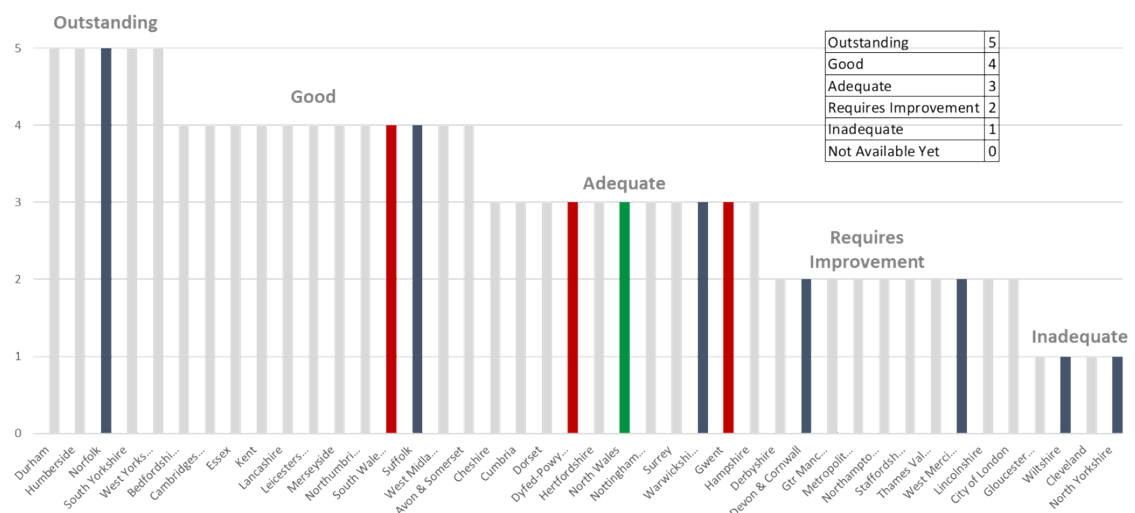
5.8 The balance of the underspend is due to additional income generated or received during the year mainly from higher interest rates, national Safeguard Operation with Border Security, and additional Uplift Grant for being 10 over our Uplift Officer target at the end of September 2023 and March 2024.

5.9 The projected end of year variances are shown in the graph below and the main drivers of the underspend have been considered further when setting the 2024/25 Budget:



5.10 In Feb23 the Force received its PEEL (Police Efficiency, Effectiveness and Legitimacy) Assessment report from HMICFRS *PEEL Reviews*. The Force was assessed as 'Adequate' in its use of resources. The high-level question asked 'How good is the force at leading and managing its services to make sure they are efficient, effective and sustainable?'

The two areas for improvement highlighted were the understanding of its capability and capacity to ensure it uses resources more efficiently – this is being addressed by the Optimisation Programme specifically, and the planning process in general, and the second being the communication of financial plans and challenges faced – plans were already reported at executive and board levels, but further steps have been taken to update on a wider basis, including Chief Office video blogs, this AFI has now been recognised as complete by HMICFRS. A summary of NWP's position in comparison with other Forces is shown below with Welsh Forces and Most Similar Forces highlighted on the schedule:





- 5.11 At the time of preparing this document, Audit Wales has not published the annual audit letter which would normally have been published in November 2023. This is due to delays in Local Authorities' audits, with all the audit letters being published at the same time. The latest set of accounts have been signed off by Audit Wales. Audit Wales made the following comments on their value for money assessment in their annual audit letter published in October 2022:

*'The financial statements prepared by the Commissioner and Chief Constable present a true and fair view of their financial position and transactions*

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

The latest annual audit letter can be found at: [Annual Audit Letter 2021-22](#)

- 5.12 The assessments show that the budgets are being managed effectively and that the Force is performing well in maximizing the outcomes from its available resources, which is also reflected in Internal Audit's opinions. The gaps identified are around increasing understanding and maximizing the use of available resources, and communication of financial plans, both of which have seen steps taken to address them.

## **6. Funding Allocations and assumptions**

- 6.1 No Provisional Government Funding Allocations for 2024-25 were given at Force level as part of the 2023-24 settlement. However, from the indicative increases in the Home Office budgets for 2024-25, an increase of 1.68% (£1.5m) could be reasonably expected. Announcements were made during 2023-24 to confirm the Government's continued commitment to Operation Uplift and increasing Police Officers numbers by 20,000 nationally, and also maintaining that increase going forward. Pay awards of 7% were given to Police Officers and Police Staff from September 2023, and the Home Office announced an additional £515m funding towards the pay award, which equated to £5.3m for North Wales Police. It was also announced that Police Officer Employer Pension Rates would increase by 4.4% and that this increase would be funded by the Treasury/Home Office, although no figures had been announced.
- 6.2 The 2024-25 Provisional Settlement was announced on 14th December 2023 in a written ministerial statement by the Minister of State for Crime, Policing and Fire, Chris Philp MP. Past inflation has had an impact on policing spending power. In 2023-24, the PACCTS Budget Survey showed that inflationary pressures amounted to a £639m increase in budgets. This was larger than the £454m increase in total funding given to Forces last year. If other growth pressures were included, then forces faced an almost £1bn increase in costs compared with the year before. Pay inflation was recognised by the Government and an additional £330m in 2023/24 was provided.
- 6.3 **Police Uplift Grant (PUP)** - Prior to the publication of the provisional settlement, the sector was expecting a continuation of additional PUP funding for the recruitment of

the final officers (towards the 20,000 total). The Ministerial Statement confirms ongoing funding of £425m to maintain officer numbers at (148,433 nationwide). Within this funding £67.2m is “additional recruitment top-up grant” for forces that have agreed to recruit additional officers. The remaining £357.8m is ringfenced, allocated via formula funding shares and PCCs will be able to access this funding, as in previous years, by demonstrating that they have maintained their officer numbers. The total PUP ringfence grant of £425m has increased by £150m, which was promised in the spending review, and therefore provides an even stronger incentive for officer numbers to be maintained. The actual terms of the grant will be released early next year.

- 6.4 **Pay Award £515m** - Pay funding has been added to core funding for pay. The ministerial statement highlights that £330m of this was given in-year in 2023-24 with a further £185m awarded for 2024-25. Any comparisons to last year’s data in the Home Office figures now include the additional £330m that was distributed in 2023-24. This indicates that this funding is in the baseline for future spending reviews. In practice it means that some of the increase expected for pay award has been included in the PUP specific grant, this builds in some element of risk of meeting the PUP terms and the specific grant being withdrawn in future.
- 6.5 **Pensions Grant** - There is also additional funding for Police Pensions to mitigate the impact of increased employer pension contributions. Until the latest settlement, pension grants had remained unchanged, standing at a total of £142.6m. However, the Minister confirmed that an additional £259m would be added to this grant, as well as a one-off £26.8m admin grant (for implementation pressures relating the McCloud judgement), taking the total funding to £428.3m. Individual PCC allocations of Pensions Grant have changed slightly in the Provisional Settlement. This is due to the Home Office using average staffing numbers to distribute the funding rather than the funding formula allocations.
- 6.6 **Reallocations** - In 2024-25, reallocations (also referred to as ‘top slices’) total £1,038.1m, a £76m reduction from 2023-24 (£1,114.0m). Reallocations were also reduced by £259.7m between 2022-23 and 2023-24. This year, the biggest reductions to funding were a £25.6m decrease in police technology programmes, followed by a £19.5m reduction in national policing capabilities and a £16m reduction in special grant. Crime reduction capabilities were dropped completely, saving £18.4m. Conversely, there was a significant rise in capital reallocations, increasing by £23.8m, a breakdown of which can be found later in the briefing. The table below shows the difference between reallocations between years.

Top Slice	2023-24 (£'m)	2024-25 (£'m)	Change
Special Grant	50.0	34.0	-16.0
PFI	71.6	71.2	-0.4
Arm's Length Bodies	74.7	65.7	-9.0
Police Technology Programmes	526.4	500.9	-25.6
National Policing Capabilities	69.3	49.8	-19.5
Forensics	20.6	13.0	-7.6
Crime Reduction Capabilities	18.4	0	-18.4
Fraud	18.1	18.1	0.0
Regional and Organised Crime Units	39.5	31.6	-7.9
Serious Violence	45.6	45.6	0.0
Drugs / County Lines	30.0	30.0	0.0
NPCC Programmes	9.5	7.7	-1.8
Capital Reallocations	104.9	128.7	23.8
Cyber Crime*	14.1	13.1	-1.0
Tackling Exploitation and Abuse	21.3	17.6	-3.7
Police Productivity and Innovation		11.0	11.0
<b>Total Reallocations and adjustments</b>	<b>1,114.0</b>	<b>1,038.1</b>	<b>-76.0</b>

6.7 The overall announcement was for an increase of 5.97% in Home Office base grant funding. In addition to this the PUP Grant has been increased by £1.545m which at some point should be consolidated into the main grant, taking both amounts together this is an increase of 7.5% in Home Office funding which reflects the 7% pay award from September 2023. A further increase of £3.173m has been made in the Specific Police Pension Grant, this reflects the increase in costs due to the increase in the Police Pension employer rate. Overall, the expected recurring funding increased by 10.75%. The overall total was £0.290m than assumed in the final planning figures. These grants are summarised below:

	MTFP January 2023	MTFP January 2023 plus expected increases	HO Announcement December 2023	Increase from 2023-24	Difference from expected
	2023-24	2024-25	2024-25	2024-25	2024-25
<b>Grant</b>	£88,714,919	£95,520,705	£94,011,691	£5,296,772	<b>-£1,509,014</b>
<b>Uplift</b>	£2,833,187	£2,833,187	£4,378,561	£1,545,374	£1,545,374
<b>Pension Grant</b>	£1,582,031	£4,502,051	£4,755,540	£3,173,509	£253,489
<b>Total</b>	<b>£93,130,137</b>	<b>£102,855,943</b>	<b>£103,145,792</b>	<b>£10,015,655</b>	<b>£289,849</b>

6.8 As part of the announcement other non-recurring funding was also announced. These are summarised below:

#### **Pensions Funding**

£0.318m towards the implementation of changes required due to the McCloud judgement mainly relating to Pensions IT systems that require updating to reflect the requirement to provide figures relating to current and historic Pension schemes.

### **Anti Social Behaviour (ASB) Funding**

ASB hotspot money has been trialled in 10 forces and it has been considered to be successful in:

- Improving Public confidence
- Significantly reduced ASB
- Overlap with areas of ASB & Violence

North Wales Police is expected to receive £1m funding for this purpose in 2024-25. Details are yet to be announced.

### **Safe Streets Funding**

The Safer Streets scheme has been running for a number of years. The announcement referenced Safer Streets 5 in the letter as follows:

*“...We have also now finalised Safer Streets Round Five allocations for the 2024-25 financial year. The available budget will be £15 million for the 2024-25 financial year. As a result, each police force area will receive around £350,000 for the 2024-25 financial year. Accompanying guidance will be issued for Safer Streets imminently, highlighting where we have introduced increased flexibility to Grant Agreement requirements to support all forces.”*

The details of these specific grants and others that have not been announced at Force level and are being assessed.

- 6.9 Policing policy is not devolved to the Welsh Government and funding for the four Welsh police forces is delivered through a three-way arrangement involving the Home Office, the Welsh Government and council tax. Although part of the main grant is paid by the Welsh Government this is a pass-through amount with the total amount being set by the Home Office formula which means that the Policing areas in England and Wales receive the same increase in base grant. However, the Welsh Government have provided specific grants for Police Community Safety Officers (PCSOs) and School Liaison Officers. Discussions have been on-going for a number of months on the PCSO funding with a significant reduction expected. It was also confirmed that the School Liaison Officer funding will cease in 2024-25 which will be a reduction of £0.388m funding for North Wales Police.
- 6.10 There is a high level of uncertainty around future funding with a general election likely to be held during 2024.
- 6.11 There is no specific mention of the review of the Police Allocation Formula in the announcement; however, the Home Office have set up groups to review the formula, and work is on-going. The current floor grant is £23.3m which simply put means that if the current formula were fully applied, the funding for North Wales Police would be £23.3m lower. The current formula has never been fully applied and the review would

be expected to put forward a new formula. This will be kept under review as the impact for North Wales Police could be significant.

- 6.12 The assumptions around base funding used during the planning held firm with the final funding being slightly higher than expected. However, this was offset by the reduction in specific grants from the Welsh Government which were announced late in the planning cycle.

## 7. Council Tax and Precept

- 7.1 There are two main elements to the total net Police Budget: the total of the Police Grants and the Precept. The budget proposal includes a Council Tax increase of 4.97%, or £16.56 on a Band D Council Tax. The Tax Base for the whole of North Wales has increased by 0.99%, giving an overall increase in Precept of 6.0% and a total net budget of £200.281m, an overall increase of 6%, for the Police and Crime Commissioner, made up as follows:

	2024-25	
<b>Total Base Government Grants</b>	£m	%
	94.012	46.94%
<b>Total Precepts</b>	106.269	53.06%
<b>Total Budget Requirement</b>	200.281	

- 7.2 Council Tax is calculated by dividing the total precept requirement by the tax base, the tax base being the number of Band D equivalent properties in each Force area. The Tax Base is provided by the six Local Authorities in North Wales. The tax base for 2024-25 has increased by 0.99%. This is higher than the estimated 0.25% primarily due to three authorities increasing the premium on empty and second homes. This means that the percentage increase in the precept can be achieved with a lower percentage increase in the council tax. A portion of the increase also reflects the increase in households in North Wales. The total increase due to increase in tax base is circa £1m.
- 7.3 The rules for limiting the increase in the Council Tax, called the capping rules, are different for England and Wales. In addition, English Police and Crime Commissioners have had continued access to separate grants if, in previous years, they agreed to limit the Council Tax increases. These were previously paid by the Department of Communities and Local Government (DCLG) but were consolidated into the Home Office Grant and total £507m in 2024-25. This grant reduces Council Tax by an average of £27 for English PCCs. North Wales has the highest Council Tax in England and Wales,

but if these legacy Council Tax Grants were taken into consideration, North Wales would be the 4<sup>th</sup> highest).

7.4 No capping rules or assumed increase were announced by the Welsh Government; this is in line with previous years.

## **8. Budget for 2024-25 and Planned Budget for 2025-26 to 2028-29**

8.1 The detail of the Budget and changes for 2024-25 and future years are shown in Appendix B.

8.2 The main assumptions and changes from January 2023 MTFP are as follows:

- Annual pay inflation of 7% applied from September 2023 to August 2024, previous assumption was 2.5%
- Pay award of 2.5% per annum increase from September 2024 onwards, with equivalent of 0.5% earmarked in reserves to mitigate risk of higher award in September 2024
- Higher increment increases included as Uplift Officers progress through the grades, this has reduced in 2024-25 to reflect increased resignations.
- General Inflation calculated line by line for 2024-25, the overall average is around 5.5%, a rate of 7% used if there is no specific figure. Assumed a 2% increase in 2025-26 onwards where amount not known.
- Energy increases looked at over a 3-year period to deal with variability. Amount funded by reserve removed from budget, but reserve still in place. Budget based on estimated cost calculated with energy consultants.
- Council Tax increase of 4.97% in 2024-25 (£16.56) and £13 per annum in the following years which equate to 3.72% in 2025-26, 3.58% in 2026-27, 3.46% in 2027-28 and 3.35% in 2028-29. Increased from £12 in January 2023 MTFP due to cost pressures.
- General Government Grants increase of 5.97% in 2024-25, and 1% for the following years.
- That the base grant incorporates Uplift and all other increases (that is there will be no additional funding for future Uplift Officers increment increases).
- Police Officer Employer Rate increased by 4.3% and funded by additional specific grant.

- That the Capital Grant has been withdrawn, capital investment will have to be funded from a combination of direct funding, reserves and borrowing, all of which originate from the revenue budget.
- Increase of 0.99% in the tax base for 2024-25. A 0.25% increase in tax base from 2025-26 onwards. There may be further increases in second home premium but there may also be a reduction in the number of second homes which would reduce the base.
- The Emergency Service Network (ESN) will now not be implemented during the period covered by this MTFP, and therefore has been removed from the revenue estimates. The reserve remains in place.
- Contributions to General Reserve to ensure the balance does not fall below the minimum of 3% of Net Revenue Budget value. £0.125m is included in the budget from 2027-28.
- Specific grants for School Liaison Officers will be withdrawn, grant for PCSOs will be reduced.

This gives an overall position as shown below:

	Annual	Annual	Annual	Annual	Annual
	Budget	Budget	Budget	Budget	Budget
	2024-25	2025-26	2026-27	2027-28	2028-29
	£'000	£'000	£'000	£'000	£'000
Baseline	188,959	200,281	206,720	214,611	221,667
Inflation Pay	11,154	5,237	6,595	5,632	5,821
Police Officer Employer increase in rate	2,880				
Inflation Non pay	2,236	1,202	1,296	1,424	1,231
Uplift Specific Grant increase	-1,545				
Pension Grant increase	-3,174				
Savings	-3,171				
Structural Growth	927				
Growth	1,239				
Loss of PCSO and SLO grants	776				
<b>Budget Requirement</b>	<b>200,281</b>	<b>206,720</b>	<b>214,611</b>	<b>221,667</b>	<b>228,719</b>
Total Grant	-94,012	-94,952	-95,901	-96,860	-97,829
Precept from Council Tax	-106,269	-110,496	-114,743	-119,011	-123,299
<b>Total</b>	<b>-200,281</b>	<b>-205,448</b>	<b>-210,644</b>	<b>-215,871</b>	<b>-221,128</b>
<b>Budget Gap</b>	<b>0</b>	<b>1,272</b>	<b>3,967</b>	<b>5,796</b>	<b>7,591</b>
<b>Savings to be found in year (not yet identified)</b>	<b>0</b>	<b>1,272</b>	<b>2,695</b>	<b>1,829</b>	<b>1,795</b>
<b>Council Tax % increase</b>	<b>4.97%</b>	<b>3.72%</b>	<b>3.58%</b>	<b>3.46%</b>	<b>3.35%</b>
<b>Council Tax £ increase</b>	<b>16.56</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>

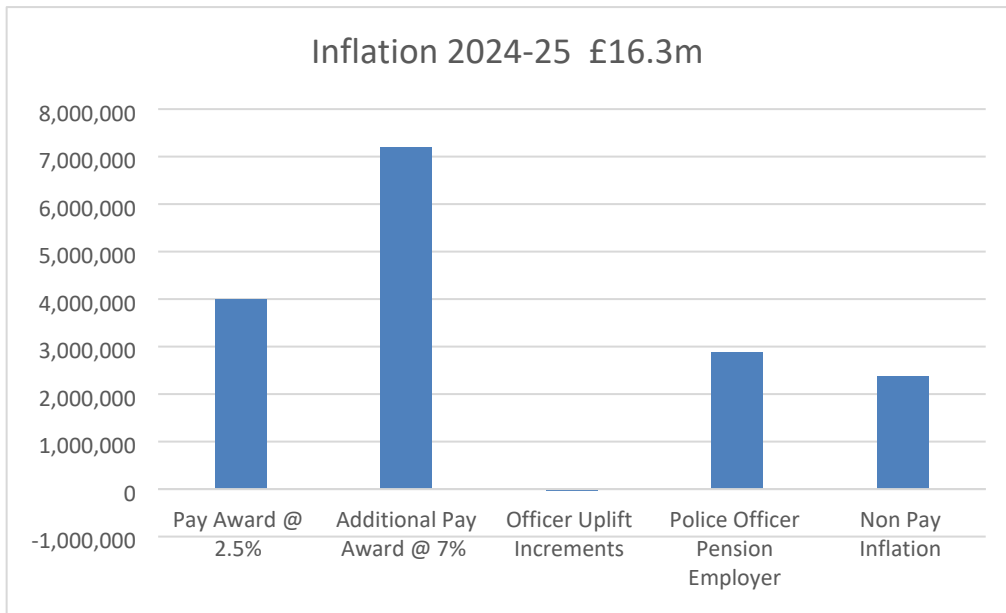
8.3 The planning cycle focused on aligning resources to priorities while setting a balanced budget and providing value for money to local taxpayers over the medium term as set out in the Financial Strategy. Based on the assumptions set out the outputs and specific issues dealt with as part of the cycle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

- The Strategic alignment of expenditure towards the force priorities.
- Inflation –
  - high pay inflation
  - high non-pay inflation
  - increase in Police Officer Pension Employer rate
- Savings -
  - Service area savings
  - Functional and Corporate savings
- Growth -
  - Police Officer reprioritisation
  - Optimisation Programme
  - Structural Growth
  - Demand and priority growth
  - Displaced demand
- A strong Balance Sheet and the recent trend for financial underspend when considering key assumptions and the Force’s financial risk appetite.

8.4 **Inflation** – One of the biggest issues that became apparent and developed over the planning period was the additional costs of pay inflation. This together with high non pay inflation resulted in an increase of £16.4m due to inflation. This is explained further in the sections below:

Category	£
Pay Award @ 2.5%	3,988,535
Additional Pay Award @ 7%	7,197,774
Officer Uplift Increments	-31,200
Police Officer Pension Employer	2,878,616
Non-Pay Inflation	2,236,340
<b>Total inflationary increases</b>	<b>16,270,065</b>
Additional Grant toward 7% increase in base	-3,796,772
Additional Grant toward 7% increase in Uplift	-1,545,374
Additional Grant towards Pension increase	-3,171,000
Total additional funding	-8,513,146
Net inflation	<b>7,756,919</b>





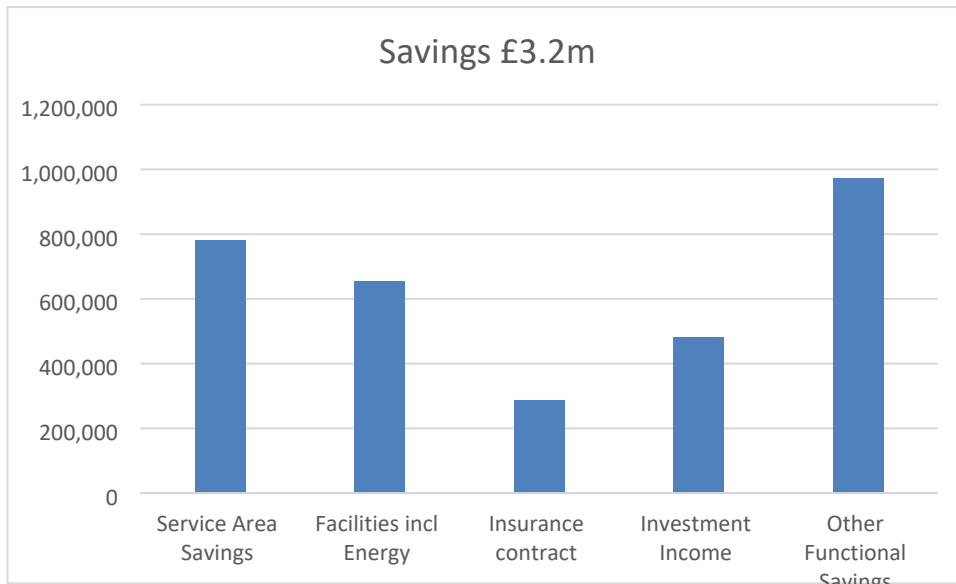
- 8.5 **Pay award** - The January 2023 MTFP included an assumption of a 2.5% increase in Officer and Staff pay awards from September 2023. The final award was for a 7% increase. This increased the pay inflation by £7.198m to a total of £11.186m. The Home Office announced that they would provide additional grant towards the unexpectedly high pay award. A total of £5.342m additional grant was announced, with £3.797m of this is the base grant and £1.545m included in the Uplift Specific grant. This resulted in an unbudgeted funding gap of £1.856m.
- 8.6 **Increments** – Additional increment costs of £0.569m were expected as additional Officers from Uplift work their way through the pay points, however due to the increase in resignations this was not required in the updated pay budget with a small reduction of £0.031m included. Future increments costs have been included as the costs increase from year 5 onwards.
- 8.7 **Police Officer Employer Rate** – The Home Office and the Government Actuary Department announced that the Police Pension Employer rate would increase from 31% to 35.3% from April 2024. This results in an increase of £2.878m. The Police Pension Scheme is an unfunded scheme which is underwritten by the Treasury, additional funding of £3.171m was allocated to North Wales Police.
- 8.8 **Non-Pay Inflation** – the overall increase of £2.236m is circa 3.6% of the non-staff budget of £62.5m. However, this includes some reductions in areas such as energy where although costs are much higher than two years ago, they are lower than the expectation this time last year. The budget lines were reviewed line by line and specific inflation used where available. We have some contracts with an annual CPI-based increase being applied at a point in time, resulting in the 2023 high inflation rates feeding into 2024-25 costs.
- **General non pay inflation MTFP** – This is the base inflation at 7% included in the January 2023 MTFP.

- **Injury Pensions** – This is the only element of Police Pensions that remain in the Revenue Budget. Increases are based on September 2023 inflation figures, which resulted in a 7% overall increase.
- **Insurance** – Insurance cost for Police Forces have increased over recent years, partially due to the limited number of companies in the market and partially due to the costs of settlements. Inflationary increase of 7% included. However, contract negotiations resulted in savings overall.
- **Energy** – Energy prices, gas and electricity, have been volatile over the last two years. NWP have moved to a variable pricing contract where gas and electricity are purchased on a quarterly basis, in the medium term this will enable gas and electricity to be bought at lower prices. The 2023-24 budget included £1.3m which was to be funded from reserves, this has been removed and the base budget has been set at £2.7m based on estimates from the Energy consultants. Energy costs are still volatile with the risk being managed through the purchasing strategy and the earmarked reserve.
- **Estate costs** – Overall inflation at 4%
- **Fuel** – as with energy, fuel prices have been highly volatile, which has been the case for a few years. However as with energy costs, fuel increases are lower than expected in the 2023MTFP. A fuel reserve is already in place and if the higher prices transpire, they will be offset by use of the reserve.
- **Fleet** – other Fleet costs reviewed for additional expected inflation.
- **ICT** – IT software and maintenance contracts normally have an annual increase linked to inflation; Inflation is around 7% but some overall savings taken from the new sourcing contract.
- **Other** – this relates to other contracts that have annual increases linked to inflation, such as Officer Pensions, various medical provisions, various Collaborations and other smaller contracts.

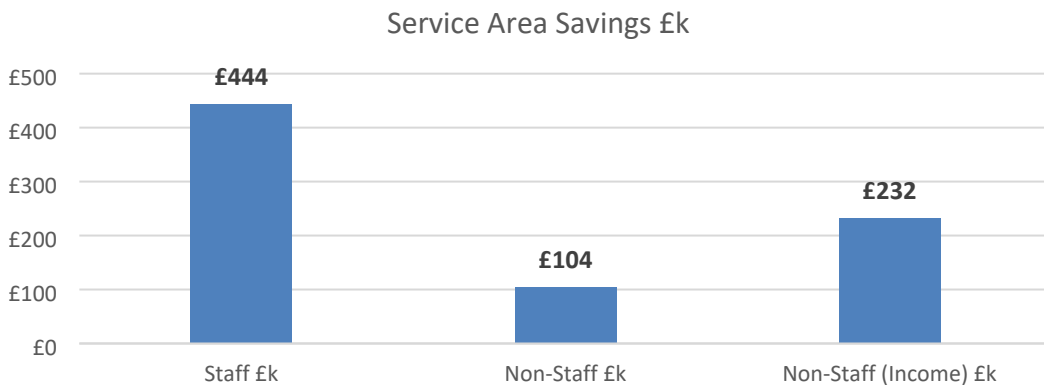
## 8.9 Savings, Productivity & Efficiency

North Wales Police has an excellent track record of identifying and delivering savings with over £6.1m of these being delivered over the last 2 years through the planning process. However, the efficiency savings identified by service areas become harder to identify over time. Due to the current circumstances other corporate level savings and opportunities were identified, with the strong balance sheet enabling some of these additional savings. A summary is shown in the table and graph below with further details below:

Category	£
Service Area Savings	-780,516
Facilities including Energy	-653,559
Insurance contract	-286,125
Investment Income	-480,669
Other Functional Savings	-970,969
	<b>-3,171,837</b>



- Service Area Savings** – Service Areas were asked to look at savings totalling £0.960m, with proposals amounting to the total submitted. Following further scrutiny the final amount taken was £0.761m. These were a combination of staff, non-staff and additional income. The impact of the savings, their deliverability and whether they conflicted with the priorities were assessed. These are summarised below:



**Functional Area and Corporate savings**

- Facilities including Energy)** – Energy costs were assessed as part of the 2023 MTFP with significant increases projected in 2023-24 and in 2025-26. The energy markets have settled since last year, and the benefits of the new purchasing strategy are being seen. Based on forecast at the beginning of the year it was estimated that £0.596m can be taken from the energy budget in 2025-26. The risks of further increases are mitigated by an earmarked reserve. The balance of the saving was due to increased income.

		Base Budget	Projection April 23	Variance
FY24-25	Electricity	£2,513,466	£2,117,150	-£396,316
	Gas	£762,098	£562,122	-£199,976
	<b>Total</b>	<b>£3,275,564</b>	<b>£2,679,272</b>	<b>-£596,292</b>
FY25-26	Electricity	£2,685,790	£1,999,383	-£686,407
	Gas	£715,041	£505,058	-£209,983
	<b>Total</b>	<b>£3,400,831</b>	<b>£2,504,441</b>	<b>-£896,390</b>

- Insurance Contract** – The insurance contract was expected to increase by 25% as part of the 2023 MTFP. Work by the Procurement Department eventually resulted in a change of supplier and the costs being reduced. The saving taken takes account of expected inflation of around 15% going into 2024-25. The saving for 2024-25 was £0.286m.
- Investment Income** – Interest rates have increased over the last 12 months; however they are projected to decrease over the next two years. A projection has been made based on cash flow forecasts and interest rate projections provided by the Treasury Management advisors. The amount to be built into budget on a permanent basis is based on risk appetite where an overly aggressive approach could lead to a need for cuts in future years, but an overly cautious approach would lead to cuts elsewhere this financial year. The formal approach of the Financial Strategy is to be Cautious, with the treasury management strategy to be risk averse when it comes to investment decisions. The amount of investment income budgeted needs to be sustainable. An increase of £0.481m has been included in the revenue budget on a permanent basis, meaning that over the next two years an estimated one-off amount of £1.5m and £1m will also be allocated to Capital funding from additional interest income.
- Other functional savings** – this includes an amount built in as part of the 2023 MTFP of £0.454m from the IT sourcing contract and £0.157m other savings. Additional savings of £0.159m from the IT budget, NPAS reduction of £0.077m with the balance of £0.123m coming from smaller savings from Fleet, Legal, Training and HR.

The total savings identified (£3.172m) is a significant amount - the equivalent of a £10.43 reduction in Band D Council Tax. Some of the savings increase the risk within the annual budget but this is mitigated using the strong balance sheet.

### **Productivity & Efficiency (P&E)**

The force has a P&E forum which seeks to identify the opportunities for Productivity and Efficiency stemming from the various Corporate Change initiatives taking place within the force and on the back of its Feb23 PEEL inspection and the Adequate grading in relation to use of resources the Force has strived to strengthen this area.

Examples of the efficiency and productivity areas considered when compiling the financial plans are outlined below:

- Detailed benchmarking analysis considered the HMICFRS VFM tables giving consideration to NWP's position compared to similar Forces.
- Analysis of the HMICFRS PEEL inspections relating to the Use of Resources focussing on good practices identified by the Forces graded "Outstanding" and taking account of the PEEL findings.
- Utilisation of CIPFA AFEP III Data & Analytics which provides a further financial benchmarking tool for the Force.
- Considering leveraging the Force's balance sheet by considering the Financial Resilience Index and other National benchmarking exercises.
- Leading on the development of an All-Wales Benefit Realisation methodology with a view to applying it to All Wales Programmes as well as local projects and programmes of work.
- Engaging with the National Police Productivity Review, and considering its findings and recommendations as part of the Optimisation review taking place within Force.
- Continuing to explore the potential rationalisation of estate where the strategy allows it without compromising service delivery.
- Continuing to leverage technology investment associated with the Force's digital transformation programme including the potential impact of the Force's Data Warehouse and Mobile App as they reach maturity.
- Continuing to develop the force's performance management agenda as we look to ensure our people have the information that they need to work as efficiently and effectively as they can.
- Continuing to progress the sustainability and decarbonisation agenda.
- Continuing to pursue cost effective delivery models through collaboration, in particular leveraging the regional arrangements across Wales and with the North West in particular.
- Driving commercial savings where possible through either local or collaborative activity. The force has developed a capital strategy to invest in areas that drive Productivity and VFM but this is against the context where capital funding has been removed from the policing settlement.

The areas above are regularly reported through the Force Governance forums including reports into the Joint Audit Committee who provide further independent scrutiny. A brief summary of some of the Productivity drivers considered as part of the planning are included in the diagrams below:

## Financial Context – Productivity - Optimisation

Renewed focus on Briefing & Tasking	Re-allocation of District Structures & Responsibilities "Central Pilot"	Optimal use of Restricted Duty Officers
Optimal allocation of the 1696 Officer baseline	Right Care, Right Person	Prioritisation of Officer Allocation (Organisational Planning)
Optimal allocation of the 206 PCSOs	Home Office Crime Recording Rules	Crime Services Review
Domestic Abuse Case Build Team	Onerous Criminal Justice Processes	OSS Review
MI Data Warehouse Sgt Briefing Tool	Mobile App roll out to "Central Pilot"	Police Entry Route & Police Development Unit

## Financial Context – Productivity – Fit for the Future

Digital Transformation	Thematic Reviews	Other Key Strands
Mobile App	Fleet – Vehicle Allocation & Electric Vehicles	Technology TOM Transition to BAU
MI Data Warehouse	Estates – Full Capital Programme	FHQ / Estate Rationalisation
Digital Interview Recorders	Training TOM	ICT Asset Replacement Programme
NEP Phase 2	Recruitment TOM	Fleet Replacement & Availability
Artificial Intelligence Robotic Process Automation	Sustainability	Enabling BAU Services incl. Process & Policy

### 8.10 Growth

Growth and Investment to meet changing and new demand has been fairly complex this year. It can be split into 4 categories as below, with details of each one following:

- **Police Officers** – maximising the available officers mainly through Optimisation, limitation on savings due to Uplift requirements and growth due to recruitments being maximised. No additional cost.
- **Structural Growth** – Items identified where there are no other viable options. £0.927m
- Growth identified through the **planning process**. £1.239m

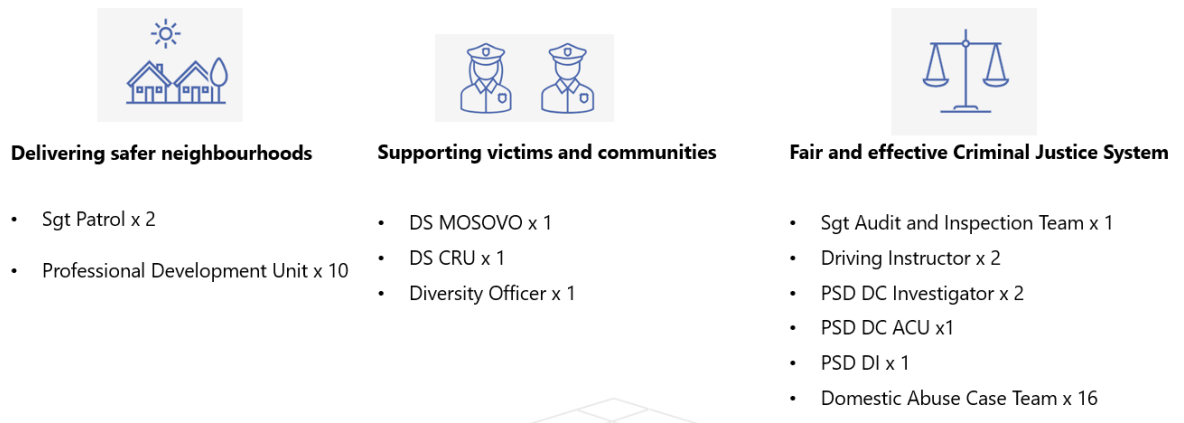
- **Displaced demand** – included in this figure is £0.776m specifically to fund **PCSOs** and **School Liaison Officers**.

8.11 **Police Officer allocation** – The increase in officer numbers from 206 Uplift and the 30 funded from Precept pre-Uplift has resulted in an establishment of 1696 full time equivalents. This is therefore the number of budgeted posts which must include the Probationer officers in their first year non-deployable period.

- There has been a significant increase in **attrition** during the last 2 years, due to increased resignations of short service officers. Increased from 1-2 per month to 3-4 per month.
- This has resulted in the need to continue with a high level of **recruitment** (4 intakes of 33 per year, rather than 4 intakes of 18).
- There are now 99 non-deployable recruits in training at any given point, 45 more than the previously planned 54, and this will be the case for at least 2 years.
- No capacity to increase recruitment.
- Therefore, the number available of operational posts is 1597.

8.12 **The Optimisation Programme** had done considerable work in optimising officer roles and had also identified where it would be more efficient to do things differently and where some growth was required. Some further growth was identified during the planning process. An exercise was also carried out by Service areas to identify posts that could be reallocated, this resulted in 26 posts being identified in addition to the 12 Uplift posts which were available (equivalent to a saving of £1.430m). This resulted in 38 new Officer posts as shown below:

### Officer Growth



8.13 **Structural Growth** – These are costs that have either been identified as part of normal business or through the planning process where there are no other viable options. Options considered with the costs originally estimated to be £1.6m but reduced to £0.927m by identifying other funding, mitigating through the balance sheet, or reducing the costs. Details are shown below:

Description	Agreed Funding	Comment
Wrexham FC OT - PSU and NPT	£150,000	Increased overtime costs
OHU Medical	£150,000	Costs relating to maintaining high recruitment
SARC - children and young people services	£140,000	BCUHB given notice on contract
Control Room Solutions - Agreed April 24	£112,470	Data storage requirements
National/Regional Collaboration	£67,824	Increase in both existing together with new
NW Armed Policing Collaboration	£62,766	Due to GMP withdrawal
Other Contractual Price Increases	£49,356	Various other Contractual Price Increases
Mobile Phone Costs	£44,613	Increase data requirements
Dog Kennelling	£40,069	Increased demand
ICT Azure Costs	£40,000	Linked to data storage requirements
Microsoft Licenses Year 3 costs	£38,491	Contractual
On Call Public Order Public Safety Advisor	£16,900	Overtime increase
NWP Technology Call Out	£15,000	NWP Technology Call Out
	<b>£927,489</b>	

8.14 **Growth from the planning round** – As set out in section 2, a thorough process was followed as part of the planning process with growth request scrutinised against the FMS, available data and matched against priorities. Further scrutiny was applied through peer review before presenting to Chief Officers. The original revenue bids amounted to £2m staff and £0.760m non staff. This was matched to available potential available resources prior to the funding announcements on 14 December. The final agreement amounted to 18 Staff Posts at £0.873m and £0.283m non-staff growth. These are summarised under the priority categories below:



## Permanent Growth



### Delivering safer neighbourhoods

- SOCU Analyst x 1
- WBDC Analyst x 1
- WDCC Consumables
- Force Mapping System
- Firearms Licensing
- AI Platform (via Innovation Fund)



### Supporting victims and communities

- 5.6 x Cold Case Team Staff
- 1 x MARAC Administrator
- 1 x Assistant Solicitor



### Fair and effective Criminal Justice System

- Pronto Administrator x 1
- Vetting Staff PSD x 2
- Complaints Manager PSD x 1
- Recruitment Manager x 1
- HR Officer (HRTSO) x 1
- IT Trainer x 1
- Systems Administrator (BSU) x 1
- Resource Management Administrator x 1
- HR Case Management System

18.1 FTE Staff

£873k Staff

£283k Non-Staff

Total Growth = £1,156k

**OPCC growth** – the planning process also identified £0.083m of growth in the OPCC budgets. This mainly reflects increases and new contributions to national and regional partners in the areas of road victim support; Violence Against Women and Girls, Domestic Abuse and Sexual Violence; Regional Anti-Racism Board; Community Safety and other bodies.

### 8.15 Displaced Demand

A feature of this year's planning round has been a landscape of partners withdrawing partially or fully from funding arrangements as budgets are cut within the public sector, and well as an increase in general demand. This includes withdrawal of funding from all local areas of the public sector including Coroner's Office, LA funded PCSOs, SARC funding from Health Board, and collaboration agreements with policing bodies as well as increased demand such as for policing football matches. These are reflected within the growth above. Two areas that have had to be considered specifically, late in the planning cycle, are the reduction in PCSO funding and the total withdrawal of School Liaison Officer funding.

**8.16 PCSOs** – The number of PCSOs funded from the Welsh Government has been discussed through the year. The 2023MTFP included an aspirational target of 222 PCSOs with 121 of these being funded by the Welsh Government, although the actual number was projected to be between 175 and 200 based on two recruitments a year (a number of PCSOs are recruited as Police Officers annually, making turnover high). During the year it was indicated that a planning assumption of 81 Welsh Government PCSOs should be assumed. Based on previous work and a review as part of the planning process it was assessed that 104 PCSOs are required. A plan was put in place to increase precepts to fund 5 PCSOs, and to support this from the earmarked reserve as needed. As part of the funding announcements in December it became clear that

the Welsh Government figure was more likely to be 61, the funding plan was further reviewed, with an additional 5 PCSOs being funded from precepts. The figures are summarised below.

	2023 MTFP	2024 Modelling	2024 Final
WG Original Funded	101	81	61
WG Additional	20	0	0
Wrexham BC	4	0	0
NWP base budget	86	91	91
2024-25 Growth	0	5	10
Reserves or other grants	11	17	32
<b>Total</b>	<b>222</b>	<b>194</b>	<b>194</b>

The funding is based on the assumption of 61 being agreed by Welsh Government (still to be confirmed). The original assumption was that North Wales Police was to fund 81 PCSOs from base budget; however, in 2022/23 the PCC agreed to fund an additional 10 PCSOs, bringing the starting position for 2024/25 to 91 PCSOs in the base budget. Adding a further 10 to the base budget in 2024/25 leaves 32 to be funded by other means. The likely number of PCSOs in 2024/25 is in the range of 180-190, so it is unlikely that funding will be needed for all of the PCSOs during this financial year. Additional funding will be found from the reserve (£1.3m available) or potential new grants. It will be necessary to look at more sustainable funding arrangements during the next planning round.

The additional 10 PCSOs funded from precept amounts to £0.388m and which is a £1.28 annual increase on the Council Tax.

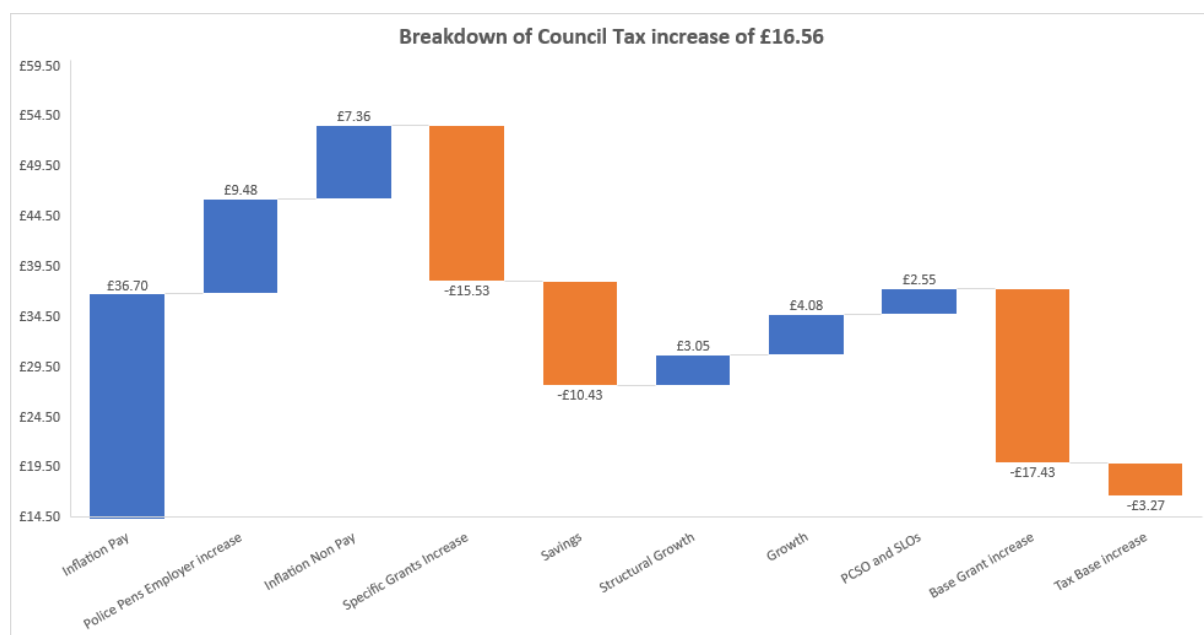
8.17 **School Liaison Officers** – The All Wales School Liaison Programme has been running since 2004-05. The Programme currently has 16 Police School Liaison Officers and 1 Police Staff Coordinator, the Welsh Government provide funding of £0.388m which was expected to continue in 2024-25. This equates to 6 Police School Liaison Officers with the balance with the remaining officers and staff being funded in the base budget. As part of the funding announcements in December the budget which funds the Programme was withdrawn by the Welsh Government. Following discussions between the PCC and CC it was agreed that the Programme was supported locally and the £0.388m would be funded from the base budget. This is an equivalent additional increase of a further £1.28 on the Council Tax. Due to Uplift constraints the Officer would need to be funded regardless, in these or other roles, unless agreement from the Home Office were obtained to reduce the Uplift Officer target.

8.18 The plan summarised above sets a new base for future years: full implementation of the Uplift officer increases; the support required to support the additional officers and staff; and investments in the capital programme and equipment. Additional

challenges were presented late in the cycle, while other announcements were helpful (for example slightly better overall Home Office funding than expected). Savings of £3.171m were identified which were £1.448m higher than the original target set of £1.723m and equate to 1.7% of the 2023-24 budget. The Optimisation Review and Planning Process re-prioritised police officer posts with a further equivalent non-cashable saving of £1.4m. This allowed for resources to be prioritised and to protect the PCSOs and SLOs with the PCC’s support and set a sustainable, balanced budget.

8.19 The increases required on the new 2023-24 base is based on assumptions set out above. These are reasonable, based on information available and in line with national Policing assumptions. However, as has been seen during 2023-24 the level of uncertainty is still high especially with 2024 being an election year.

8.20 The budget proposal results in a Council Tax increase of £16.56 or 32 per week on a Band D Council Tax of £349.65 which is a 4.97% increase and results in an overall precept of £106.269m. A £15 increase was the planning assumption from the 2023MTFP, the Council Tax could have been set at £14 Band D increase but to protect PCSO numbers and SLO posts an additional £2.56 increase is required. The effect of the increases and reductions on the Council Tax are shown in the chart below.



8.21 Based on the assumptions set out in 6.2 with a £13 increase in Council Tax, 1% increase in grants and 2.5% increase in pay there is a projected gap of £7.591m over the MTFP period. This works out at less than 1% per year. There is an increase in 2026-27 due to the reserve funding for PCSOs being fully utilised. The amounts are within normal expectations that continuous improvements should provide efficiencies.

	2024-25	2025-26	2026-27	2027-28	2028-29
<b>Budget Gap cumulative</b>	0	1,272	3,967	5,796	7,591
<b>As a % of Net Budget</b>	0	0.62%	1.88%	2.68%	3.43%
<b>Savings to be found in year</b>	0	1,272	2,695	1,829	1,795
<b>As a % of Net Budget</b>	0	0.62%	1.28%	0.85%	0.81%

## 9. Risks

- 9.1 **Funding** for 2025-26 onwards has not been announced at Force level and could be insufficient to fund the Plan, depending on other variables. An assumption of 1% has been made, but there is likely to be a spending review following a general election in 2024.
- 9.2 One of the biggest risks over the next few years is the **funding formula** due to the sensitivity and current lack of information around the new formula. The figures provided by the Home Office during the 2015-16 review showed North Wales's allocation increasing from 1.03% to 1.06% of the total, this equated to £2m additional funding; estimates later provided by Devon and Cornwall showed North Wales 's allocation reducing by £14.5m, demonstrating the sensitivity of such changes. Currently floor funding is circa £23.8m, which shows how much the grant could potentially change because of changes to the formula. The Home Office has set up working groups to look at options, but no definitive time scales for implementation or figures have been provided to date.
- 9.3 **New and emerging** national and local risks that must be resourced, such as County Lines, Child Sexual Exploitation and Cyber Crime, have been addressed within the budget. However, new risks continually develop and the increase in volume and complexity of crimes is a risk.
- 9.4 **National developments** such as Operation Uplift detailed in earlier sections create financial and operational risks, especially if they are funded through specific grants with strict conditions attached. The additional cost of providing the latest IT, regardless of whether these are mandatory national systems, and the transition in purchasing model from capital purchase to annual subscription is an additional risk.
- 9.5 **PCSO** – Welsh Government have historically funded 101 PCSOs, and were committed to a further 20. The final figures are to be confirmed but based on latest assumptions up to 32 PCSOs will be funded from reserves and other new grants. This is sustainable for 2 years after which other sources of funding, savings elsewhere or reductions would be required.
- 9.6 **Planned savings in 2024-25** have yet to be delivered. These plans are mature, and it is expected that these savings will be achieved. Plans beyond 2024-25 are in development. Cashable efficiencies are harder to deliver with the requirements of Operation Uplift, meaning that officer numbers must be maintained.

- 9.7 The estimated budgets set out are based on the planning assumptions for increases in **Council Tax** being agreed. If this were to be reduced each reduction of 1% would mean an additional £1.012m cut in budgets, a £1 reduction would result in a £0.3m cut in budget.
- 9.8 The Home Office **top-slices the amounts** allocated to Police areas in order to fund specific projects. Top slicing was increased by 70% over the period 2017-18 to 2022-23 to a total of £1,374m. The top slides amount has reduced to £1.038m over the last two years with the reduction of £0.336m being allocated directly to Forces. There is a risk that these reductions are reversed, or other new projects are funded and that the top slicing increases again, the risk is likely to increase following a general election.
- 9.9 A reduction in **future grants** could be applied if the economic climate worsens. Each additional 1% cut to the General Grant Funding is a cash reduction of £0.940m.
- 9.10 As 80% of the net budget is spent on **pay and related costs** any small changes in pay increase, pension contribution or National Insurance contributions, Apprenticeship Levy, or any other pay-related expenditure can have a disproportionate effect on the budget. Each 1% pay increase has a full year effect of an additional £1.740m increase in costs. If grants are not increased in line with inflationary costs, the cost of pay inflation either falls on the council tax or must be funded by cuts. The risk of inflation not being recognised as part of the Government settlement is substantial.
- 9.11 Increases in officer **pension employer contributions** costs are due in 2024-25. These have been funded by an increase in the Pension Grant. As this is a specific grant there is a risk that it is not inflated, and some point reduced. There is also a risk of further increases in the Police Officer and Police Staff employer pension contributions in the future.
- 9.12 The MTFP reflects the current cost of the **National Police Air Services (NPAS)**. However, the operating model has been under review for some time and the definitive position still unclear and the host Force has indicated that they no longer want to host NPAS. There is a risk of increased costs in this MTFP.
- 9.13 **Inflation** which had been low for several years but spiked during 2022 and 2023, is a major risk to the budget as seen in the planning for 2023-24 and 2024-25. This is also true for Capital projects, with Estates projects seeing significant increases which results in projects having to be re-evaluated and additional funding being identified if they are to continue. If inflation on expenditure is higher than the increases in grants and precepts it results in cuts being required.
- 9.14 **Some specialist** posts are becoming hard to fill, this could result in higher salary costs having to be paid but also higher non-staff cost in areas such as Information Technology and Estates as our suppliers face the same supply and demand issues.
- 9.15 A number of **scientific and forensic** functions now need accreditation with increased costs due to implementing changes and also maintaining the accredited services.

9.16 **Climate Crisis and Sustainability** remains a financial risk for the Force as it seeks to meet its Sustainability obligations into the future.

9.17 The table below highlights the **sensitivity** of the main assumptions.

Sensitivity main variables	£m
<b>1% change in Council Tax</b>	1.012
<b>1% change in grant</b>	0.940
<b>1% change in pay</b>	1.740
<b>1% change in Employer Pensions Contributions</b>	1.247
<b>1% change in general inflation</b>	0.640

## 10. Capital

2.1 The PCC's assets and infrastructure need continual investment to ensure an efficient and modern working environment. The Capital Programme as a whole needs to be affordable, provide value for money, be deliverable, and reflect the overall strategy of having an infrastructure that is fit for the future. The Capital Programme reflects the implementation of the Estates, IT and Fleet Strategies. As part of the planning process for 2024-25 new requirements have been highlighted, the current programme has been reviewed highlighting some slippage into 2024-25 and the future Programme has been reviewed in light of the new requirements and slippage. Overall affordability has been assessed and the Programme is affordable within the resources currently allocated to capital investment. A summary of the Programme and funding is given below with details in Appendix C.

Description	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Revised Est Q2	Revised Est Q3	Est	Est	Est	Est	Est
	£000	£000	£000	£000	£000	£000	£000
<b>Total Building Works</b>	<b>2,209</b>	<b>2,209</b>	<b>8,588</b>	<b>5,787</b>	<b>4,530</b>	<b>2,480</b>	<b>2,180</b>
<b>Total Vehicles and Other Equipment</b>	<b>2,467</b>	<b>2,467</b>	<b>3,071</b>	<b>1,797</b>	<b>1,341</b>	<b>1,883</b>	<b>1,580</b>
<b>Total Information Technology and Communication</b>	<b>4,960</b>	<b>2,980</b>	<b>5,635</b>	<b>1,736</b>	<b>1,699</b>	<b>1,520</b>	<b>6,450</b>
<b>Total Capital Expenditure</b>	<b>9,636</b>	<b>7,656</b>	<b>17,294</b>	<b>9,320</b>	<b>7,570</b>	<b>5,883</b>	<b>10,210</b>
<b>Funding</b>	<b>2023-24 Q2 Est</b>	<b>2023-24 Q3 Est</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Home Office Grant	620	620	0	0	0	0	0
Revenue Contribution	3,327	3,447	4,507	3,447	2,786	2,480	2,710
Earmarked Reserves	2,791	1,791	2,615	1,180	180	180	2,350
Capital Receipts	200	200	2,700	0	650	0	0
Borrowing for Estates	1,366	1,366	4,063	3,505	3,700	2,300	2,000
Borrowing for replacement programme	1,332	232	3,409	1,188	254	923	3,150
<b>Total Funding</b>	<b>9,636</b>	<b>7,656</b>	<b>17,294</b>	<b>9,320</b>	<b>7,570</b>	<b>5,883</b>	<b>10,210</b>
External sources	620	620	0	0	0	0	0
Own resources	6,318	5,438	9,822	4,627	3,616	2,660	5,060
Debt	<b>2,698</b>	1,598	7,472	4,693	3,954	3,223	5,150
<b>TOTAL</b>	<b>9,636</b>	<b>7,656</b>	<b>17,294</b>	<b>9,320</b>	<b>7,570</b>	<b>5,883</b>	<b>10,210</b>

2.2 There have been a number of issues such as supply chain delays, planning consent delays and increased costs due to higher inflation which have slowed progress and made implementing the capital programme challenging. The effect of these issues and any new projects are detailed below with a detailed review looking at affordability, deliverability and value for money being conducted during the planning cycle.

2.3 **Estates** – The Estates strategy was last formally reviewed at the Strategic Finance & Resources board in 2022. Whilst there is a need to revisit the Strategy in light of the Fit for the Future vision, the core strands of the strategy of considering the public’s needs; creating efficient & effective working environments; being agile & flexible through the use of IT; ensuring a streamlined estate; collaborating where beneficial

and being environmentally aware in our decisions have continued to inform the work undertaken in 2023-24 and our future programme.

2.4 Hence, there are no significant changes to the 2023-24 Estates Programme. The largest projects, the Caernarfon Refurbishment and SARC Refurbishment, are on track to be completed in 2023-24. The next large development is the new facility in Holyhead, the Business Case has been agreed, the next step is the return of tender before agreeing contracts. The majority of the work in Holyhead is expected to take place in 2024-25. The changes to the Programme are summarised below:

- Prestatyn - refurbishment of a town centre facility included at £0.4m subject to design, costing and planning.
- Abergele - initial estimate from 2018 was £0.391m, current costed plan is £0.813m. The increase has been included subject to the final Business Case being agreed, this is progressing through the governance process having been agreed at the Estates Board.
- Firearms Welfare Facilities– agreed from the planning round to ensure that the appropriate welfare facilities are available at the Firearms Range at £0.275m. Subject to agreeing final plan.
- Archive Store– This was set at £0.750m in the original Capital Programme. It has now become part of the overall Estate development. The current proposal would involve the purchase of a property in 2024-25 with refurbishment in 2025-26 at an estimated £1.5m in 2024-25 and £1m in 2025-26. This is subject to a detailed Business Case being agreed.
- The proposed development in Flintshire North and South have been moved back a year to 2025-26 and 2026-27; as has the Dolgellau Refurbishment to 2026-27.

10.5 The additional amounts have been funded from underspend in 2023-24 and additional interest income in 2024-25 (£1m) and 2025-26 (£0.5m) which have not been committed to support the revenue budget as they are not sustainable at the current higher levels.

10.6 **Fleet** – The Fleet strategy was also reviewed at the Strategic Finance & Resources board in 2022 with the aim to provide a fit for purpose, safe, reliable, and cost-effective vehicle fleet that can support the force’s needs of flexibility, agility and for transition to a lower carbon emission fleet model.

10.7 No changes have been made to the Fleet capital section of the programme as part of this current review. The current Fleet replacement is progressing well with orders made for 2024-25. The future programme will be a combination of electric, petrol and diesel cars moving towards a higher proportion of electric over time. Within the



Sustainability line in the Estates section an additional £0.080m is allocated annually for new vehicle charging points. Work is ongoing to ensure that the Fleet strategy is aligned to the Fit for the Future strand of the Force vision.

10.8 **IT and Communication** - The Technology strategy for the Force is currently under review as part of the Fit for the Future strategy reviews. The new Technology target operating model (TOM) structure and contractual arrangements were put in place from April 2023 and the transition period is nearing completion. The new arrangements have created greater capacity and capability within the technology team but supporting all of the change events at Force, Regional and National level remains challenging for the team. The Digital Strategy for the Force was also reviewed earlier in 2023 with the need to ensure alignment to the Fit for the Future strategy. Progress in a number of areas has been made in 2023-24 although not all instances have been capital intensive as digital and software costs increasingly follow a revenue-intensive spend profile.

- Digital Forensics Unit (DFU) Servers– This has been increased from £0.270m to £0.390. The £0.270m was based on previous replacement cost. The current figures have been subject to scrutiny by Technology and DFU and is a significant reduction from two previous estimates given. This is subject to a final planning paper being agreed.
- Command and Control – the project is now expected to be completed in 2024-25 and £1m of the budget has been deferred to 2024-25.
- Body Worn Video Replacement– the Business Case for the replacement needs further development, the proposed full replacement and upgrade has been planned for 2024-25. In the meantime, an extended support and maintenance for the BWV which are out of warranty has been agreed (around half the BWV estate).
- The replacement of the Airwave Units is due to be completed in 2024-25.

10.9 The Capital Expenditure environment is still challenging, with increased variability in cost (which leads to delay in order to provide the appropriate governance and scrutiny for increases and assure VFM) as well as internal and external resources to deliver the projects. The Programme is still skewed towards the early years as shown below and the phasing and delivery will be monitored on a regular basis at project and programme level.

10.10 Funding has been reviewed and additional funding included for new projects and increased costs. The Programme is affordable based on current estimated and funding available. The final detailed plan will be formally approved by the PCC as part of the

Capital Strategy before the end of March 2024. This is a statutory requirement and incorporates the Treasury Management and Prudential Code Strategies.

## **11. Reserves**

- 11.1 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 unexpected events. An element of this risk is managed through the in-year budgets through the contingency budgets. However, with a strong balance sheet a greater proportion of that risk can be transferred to Reserves.
- 11.2 The Reserves are reviewed as part of the budget setting process and again as part of producing the Statement of Accounts at the end of the financial year when the final position is known.
- 11.3 A detailed review was carried out as part of the planning process to assess how the reserves and the projected underspend of circa £3m could be used to manage expenditure and risk to enable a balanced budget and support the continuation of service. The main changes were:
- Allocate from the projected underspend £3m to the Capita Reserve (£2m) and Management of Change (£1m).
  - Other earmarked commitments reviewed.
  - £0.750m earmarked in Management of Change for Temporary costs stemming from the planning process
  - £0.750m earmarked in Management of Change to mitigate potential additional 0.5% pay increase in 2024-25
  - Capital Receipts reserve used to fund increase costs in Estates Projects
  - No additional amount to be contributed to General Reserve until 2026-27 as it was increased to the required amount at the end of 2022-23
- 11.4 There is a planned reduction in reserves from £51.189m to £26.913m between 31 March 2023 and 31 March 2032. A description of each reserve is given in paragraph 9.7.
- 11.5 It is considered prudent to maintain General Reserves at between 3% and 5% of Net Revenue Expenditure (NRE). As there are earmarked reserves to mitigate risk the General Reserve has been maintained at just above 3%. However, as the NRE increases it is necessary to increase the General Reserve to maintain a 3% balance, this has been included into future plans and is reflected in the summary below.

Reserve Position	Balance	plan	Balance	plan	Balance	plan	Balance	plan	Balance	plan	Balance	plan	Balance	plan	Balance	plan	Balance	plan	Balance
Usable Reserves at	31.3.23		31.3.24		31.3.25		31.3.26		31.3.27		31.3.28		31.3.29		31.3.30		31.3.31		31.3.32
	Balance	Plan	Balance	Plan	Balance	Plan	Balance	Plan	Balance	Plan	Balance	Plan	Balance	Plan	Balance	Plan	Balance	Plan	Balance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
General Fund Balance	6.120	0.000	6.120	0.000	6.120	0.000	6.120	0.123	6.243	0.126	6.369	0.127	6.496	0.128	6.624	0.129	6.753	0.130	6.883
Earmarked General Fund Reserves	41.493	-2.667	38.826	-7.632	31.194	-1.902	29.292	-1.750	27.542	-1.128	26.414	-0.543	25.871	-5.577	19.232	0.000	19.232	0.000	19.232
Capital Receipts Reserve	3.576	-0.080	3.496	-2.523	0.973	-0.750	0.223	0.575	0.798	0.000	0.798	0.000	0.798	0.000	0.798	0.000	0.798	0.000	0.798
<b>Total Usable Reserves</b>	<b>51.189</b>	<b>-2.747</b>	<b>48.442</b>	<b>-10.155</b>	<b>38.287</b>	<b>-2.652</b>	<b>35.635</b>	<b>-1.052</b>	<b>34.583</b>	<b>-1.002</b>	<b>33.581</b>	<b>-0.416</b>	<b>33.165</b>	<b>-5.449</b>	<b>26.654</b>	<b>0.129</b>	<b>26.783</b>	<b>0.130</b>	<b>26.913</b>

11.6 The use of the reserves will depend on the final decisions on capital expenditure and the final revenue outturn in 2023-24, therefore the table below shows the current estimate 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 and a description of each reserve and its purpose is set out below the table.

Description	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance
	31.3.23	31.3.24	31.3.25	31.3.26	31.3.27	31.3.28	31.3.29	31.3.30	31.3.31	31.3.32	
	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	Balance	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Capital Reserve	3.300	3.425	2.965	2.965	2.965	2.965	2.965	2.965	2.965	2.965	
Major Incident	2.435	2.435	2.435	2.435	2.435	2.435	2.435	2.435	2.435	2.435	
Pension III Health Reserve	0.975	0.975	0.975	0.975	0.975	0.975	0.975	0.975	0.975	0.975	
Insurance Reserve	1.561	1.561	1.561	1.561	1.561	1.561	1.561	1.561	1.561	1.561	
Training Reserve	0.650	0.456	0.456	0.456	0.456	0.456	0.456	0.456	0.456	0.456	
PFI Reserve	2.677	2.384	2.039	1.641	1.191	0.687	0.144	0.144	0.144	0.144	
Uplift Reserve	3.475	3.475	2.475	1.475	0.475	0.151	0.151	0.151	0.151	0.151	
Fuel Reserve	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	
Estates Security and Maintenance	1.141	0.504	0.204	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Management of Change	6.390	6.252	2.585	2.585	2.585	2.585	2.585	2.585	2.585	2.585	
ESN Reserve	7.285	6.396	5.577	5.577	5.577	5.577	5.577	0.000	0.000	0.000	
COVID Reserve	0.284	0.284	0.284	0.284	0.284	0.284	0.284	0.284	0.284	0.284	
PEQF Reserve	0.622	0.622	0.622	0.622	0.622	0.622	0.622	0.622	0.622	0.622	
Energy Reserve	2.800	2.800	2.800	2.800	2.800	2.800	2.800	2.800	2.800	2.800	
Sustainability Reserve	2.000	2.000	1.600	1.300	1.000	0.700	0.700	0.700	0.700	0.700	
Neighbourhood Policing Grant (PCSO)	1.282	0.641	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
FCIN Reserve	2.056	2.056	2.056	2.056	2.056	2.056	2.056	2.056	2.056	2.056	
MINERVA	0.224	0.224	0.224	0.224	0.224	0.224	0.224	0.224	0.224	0.224	
Partnerships Reserve	1.062	1.062	1.062	1.062	1.062	1.062	1.062	0.000	0.000	0.000	
Commissioner Community Safety Fund	0.698	0.698	0.698	0.698	0.698	0.698	0.698	0.698	0.698	0.698	
OPCC Legal Reserve	0.101	0.101	0.101	0.101	0.101	0.101	0.101	0.101	0.101	0.101	
OPCC Checkpoint	0.047	0.047	0.047	0.047	0.047	0.047	0.047	0.047	0.047	0.047	
OPCC Reserve	0.228	0.228	0.228	0.228	0.228	0.228	0.228	0.228	0.228	0.228	
<b>Total</b>	<b>41.493</b>	<b>38.826</b>	<b>31.194</b>	<b>29.292</b>	<b>27.542</b>	<b>26.414</b>	<b>25.871</b>	<b>19.232</b>	<b>19.232</b>	<b>19.232</b>	

## 11.7 Summary of Earmarked Reserves

**Capital Investment Fund (Capital)** – To be used to invest in the assets and infrastructure of the Force to improve service provision and reduce revenue expenditure.

**Major Incident Reserve (Risk)** – To be used in the event of a Major Incident requiring additional resources beyond those available within the annual budget. This reserve has enabled the Major Incident Contingency budget to be reduced.

**Pension Ill Health Reserve (Risk)** – The Force has to pay a one-off sum equivalent to twice an officer's annual pay for each Ill Health Retirement. Holding the Reserve addresses the variability year to year of these low volume, high cost items.

**Insurance (Risk)**- This relates to the Municipal Mutual Insurance Limited scheme of Arrangement, which could result in a final payment of an estimated £0.432m; the balance is earmarked for unknown emerging claims, and unknown future claims highlighted by the Insurance Broker.

**Training Reserve (Earmarked Revenue)** – This is a new reserve set up at the end of 2019-20 to manage peaks and troughs within the Training budget. The COVID pandemic has resulted in a delay in external training, this under spend has been added to the reserve and used to catch up with training requirements.

**PFI Reserve (Earmarked Revenue)** – This is required as the funding for PFI from the Government reduces annually, the fund will eventually reduce over the life of the PFI contract.

**Uplift Reserve (Earmarked Revenue)** – This is a new reserve from 2020-21. The Government have provided in year funding for Operation Uplift which is also intended to fund implementation and infrastructure costs. The balance can then be used to fund additional officers to cover additional constables' tutors and PEQF cover from 2023-24. Resources are still required in order to maintain the officer numbers.

**Fuel Reserve (Risk)** – this is a new reserve from 2021-22. Due to the volatility of fuel cost a sum of £0.2m has been set aside to manage this risk of significant sudden price increases.

**Estates Security and Maintenance (Earmarked Revenue)** - To fund backlog maintenance in the Condition Survey conducted in 2018 and additional security not covered in the revenue or capital budgets.

**Management of Change (Earmarked Revenue)** - Investment required facilitating change and reducing cost in the longer term.

**COVID Reserve (Earmarked Revenue)** – Set up at the end of 2020-21 as an additional contingency specifically for direct additional Covid costs, only known commitments shown as being used. Potentially re allocate at the end of 2023-24 if not used.

**PEQF Reserve (Earmarked Revenue)** – To cover peaks in future PEQF tuition costs due to any variability in recruitment.

**Energy Reserve (Risk)** – To manage peak and unpredictable energy costs.

**Sustainability Reserve (Earmarked Capital)**– To invest in reducing carbon footprint and reduce energy costs.

**Neighbourhood Policing PCSO Reserve (Earmarked Revenue)** – To be used to manage PCSO recruitment and maintain PCSO numbers in light of funding reductions.

**FCIN Reserve (Partnership – Earmarked Revenue)** – The Force is the national lead for the Forensic Collision Investigation Network (FCIN), the amount is the balance of funds received at the end of 2020-21 plus underspends. Budgets are in the process of being re set, once this is done future year commitments can be included.

**MINERVA Reserve (Partnership – Earmarked Revenue)**– The Force is the national lead for MINERVA Collaboration which manages development of the Niche Record Management system.

**Partnerships Reserve (Earmarked Revenue)** – Balances held for specific Partnerships which will either be used or are held in the event of funding being withdrawn resulting in additional costs.

**Community Safety Fund (Earmarked Revenue)** - To provide additional resources to the Community Safety Fund

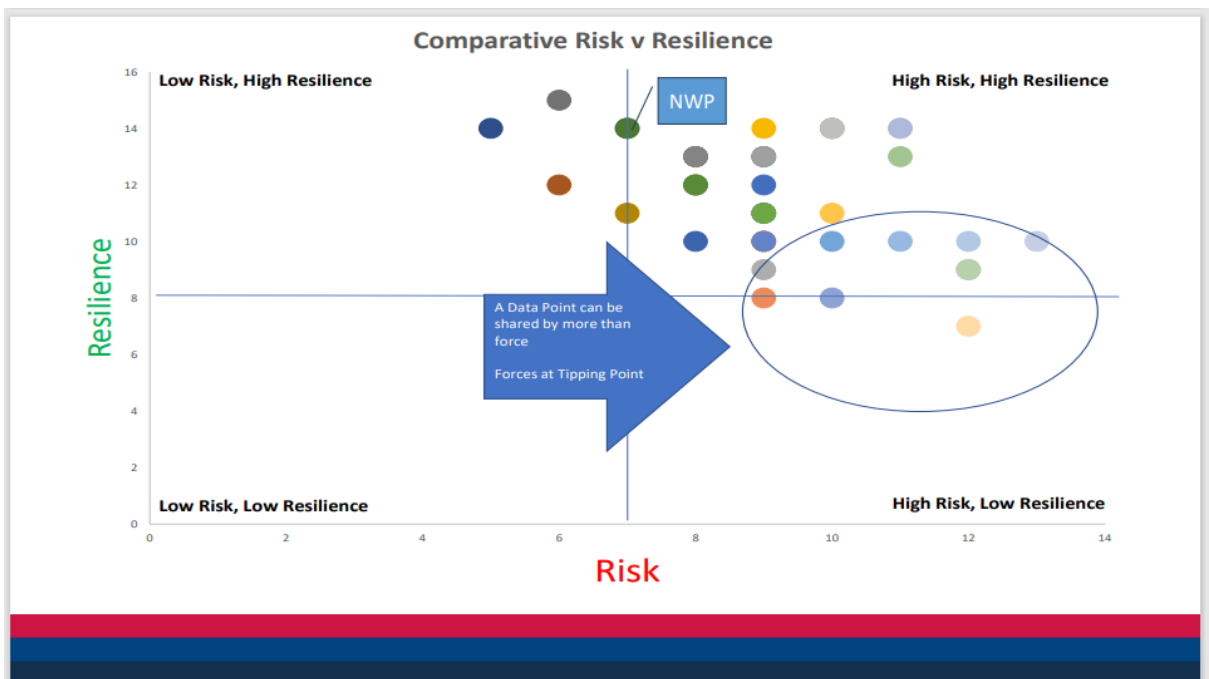
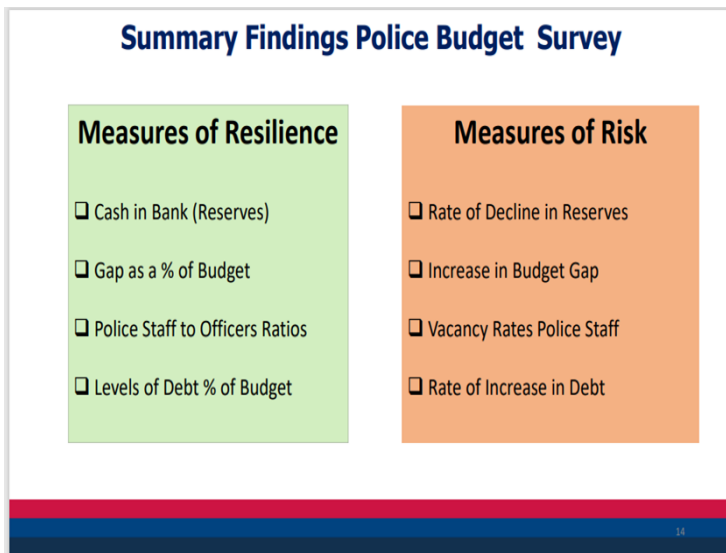
**Office of the PCC Reserves (Earmarked Revenue)** – OPCC reserve and legal reserve.

11.8 The Capital Receipts Reserves holds the proceeds received for sale of assets. These can be used only to fund capital expenditure. Projections are made on how much receipts are expected but these are not committed until the funds have been received. Additional receipts were received in 2022-23 for the sale of land in Llay. The balance will be available for future projects but as there is high volatility in capital costs currently in the short term this reserve can mitigate the risk of increased costs in existing planned projects.

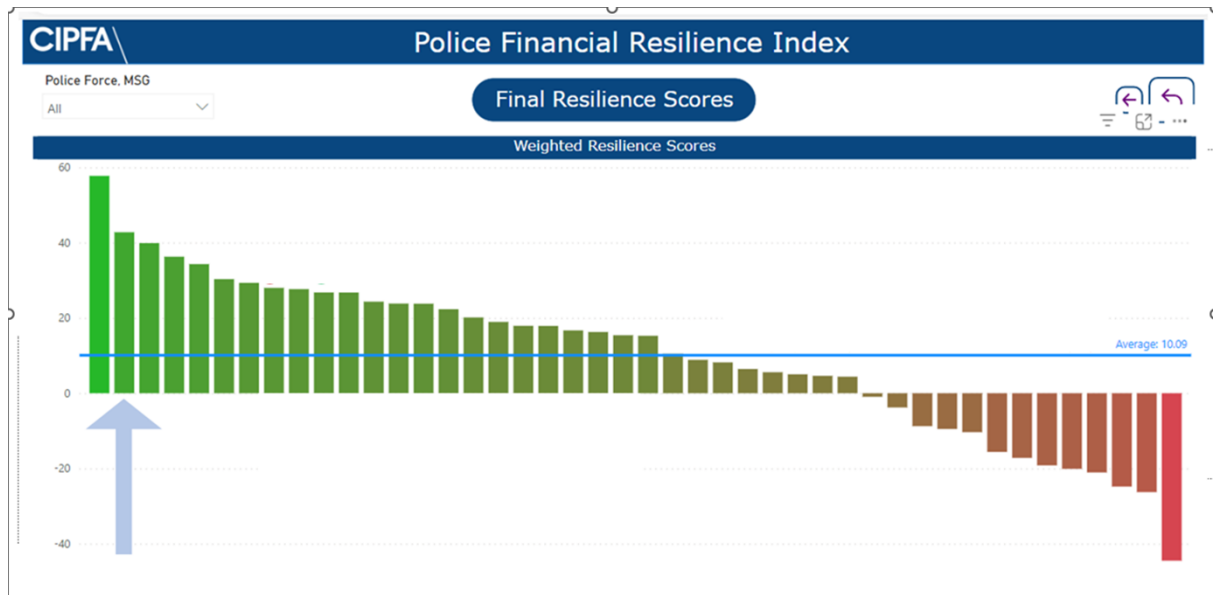
## **12. Financial Resilience**

12.1 Over recent years the financial resilience of Local Authorities (including Policing bodies, which are legally Local Authorities) has become of greater concern. This is a complex area: a Local Authority does not become insolvent in the same way as a private company, the private company will go out of existence, whereas the Local Authority would not have the resources to deliver the services it is legally obliged to provide. It is clear that weak financial resilience, especially if combined with not having a stable and sustainable budget, ultimately leads to reduced and potentially failing service delivery.

12.2 Two national surveys have been conducted to assess the level of resilience for Policing Bodies. The first, by PACCTS and NPCC, looked at a number of factors shown below and plotted the level of risk for Policing areas. North Wales came out as Medium Low risk in the group, placing it in one of the best positions:



12.3 CIPFA through the Achieving Finance Excellence in Policing have developed a Financial Resilience index looking at similar factors to the above and putting a score to them. North Wales came out as second most financially resilient force nationally.



- 12.4 Both these surveys give a positive result, but it is something that can change quickly. The annual MTFP supporting the Financial Strategy is a corner stone of maintaining financial resilience which in turn enables a high level of service and performance to be maintained.
- 12.5 Furthermore, the above provided useful context when considering risk appetite for either making more aggressive financial assumptions or considering utilising the balance sheet to help manage financial risk. It also provides re-assuring context when considering the funding gap reflected in the MTFP beyond the next financial year.

**13. Summary**

- 13.1 The Medium Term Financial Plan sets out the Commissioner’s and the Chief Constable’s plans for the revenue and capital budgets over the next 5 years, and the use of reserves over the next 10 years.
- 13.2 The Commissioner has considered all the options available within the resources available. Extensive work was carried out by the Organisational Planning Process and the Optimisation Programme to identify savings and move resources within the organisation. As detailed above, during planning process significant increases were identified due to high pay inflation. The effect on the various movements on council tax is shown below. Inflation would have increased council tax by 16%+ on its own. This was mitigated as far as possible by utilising additional funding, savings, temporary funding, higher increases in tax base and only essential growth in line with the Force’s Risk Appetite.
- 13.3 The Commissioner held discussions with the Chief Constable who confirmed that the council tax increase of 4.97% provides sufficient budget to enable the operational

delivery of the policing service in 2024-25. Also, due to future uncertainty over the level of grant allocation, pay awards, and changes in operational pressures, it is not possible to comment at the stage as to the accuracy of planning assumptions for later financial years, and it must be understood that a significant reduction in the grant allocation or a higher than expected pay award would necessitate increased cuts and/or higher council tax increases in future years. However, the assumptions made are prudent and in line with those made within the Policing sector.



### The Financial Strategy

#### 1. INTRODUCTION

##### 1.1 Purpose

The purpose of this Financial Strategy is to align the Policing Priorities agreed by the Police and Crime Commissioner and the Chief Constable set out within the North Wales Police Force Strategic Plan and Delivery Plan and the Police and Crime Commissioners Police and Crime Plan with the resources available and providing value for money to local taxpayers.

##### 1.2 Strategic Objectives

- Prioritise resources to align spending plans with the Police and Crime Commissioner's and Chief Constable's vision and the strategic objectives as set out in the Police and Crime Plan and the North Wales Police Force Strategic Plan
- Prioritise resources to ensure that the Force's infrastructure is fit for the future.
- Maintain a balanced budget position and to set a medium term financial plan that supports the service through the medium term (5 years)
- Deliver value for money for local taxpayers.
- Exercise probity, prudence, and strong financial control
- Provide a robust framework to assist the decision making process.
- Manage risk, including maintaining reserves at a suitable level whilst incurring only a sustainable level of debt.
- Continually review budgets to ensure that resources are targeted on key objectives.

#### 2. FORCE CONTEXT

To achieve the strategic objectives planning is undertaken in the following areas:

##### Corporate and Business Planning

- To integrate operational and financial planning to ensure that resources are directed to support the priorities set out in the Police and Crime Plan and the North Wales Police Force Strategic Plan and to match resources with corporate objectives through the Organisational Planning Process.
- To produce a financial plan for the next 3 to 5 years which will incorporate the PCC's and Force's major capital and revenue projects and the IT and Estates strategies to ensure the infrastructure is fit for the future.
- To provide sustainable funding over the short and medium term
- To produce a detailed annual revenue and capital budget which supports the most effective deployment of resources.

Considering the priorities as set out below:

We have three policing priorities which collectively deliver our outcomes of

- Increasing trust, confidence, and legitimacy
- Provide excellent service delivery.
- Be fit for the future.

Which result in achieving our overall vision of 'Making North Wales the SAFEST place to Live, Work and Visit in the UK.

Our three priorities are



In addition to our organisational values of Honesty and Integrity, Fairness, Public Service, Respect and Pride, our three priorities and outcomes are also underpinned by five cross cutting key areas of focus which include

- People
- Partnerships
- Prevention
- Continuous Improvement
- Value for Money

### 3. Financial Control Framework and Risk Management

There is an expectation and requirement to maintain a financial control framework; this is key to maintaining effective standards of financial administration and stewardship. This will be achieved through the following:

Adherence to:

- Statutory Rules and Regulations
- Home Office Financial Management Code of Practice
- Code of Corporate Governance
- CIPFA Financial Management Code

- Policies and Procedure notes
- Financial Regulations and Standing Orders
- Capital Strategy including the Treasury Management Policy and adherence to the Prudential Code
- Codes of Professional Conduct

And also:

- Implementation of Internal and External Audit recommendations
- Management of Risk
- Maintain and develop adequate financial systems to record and control resources.
- Align financial responsibility at the operational level with the appropriate management control or influence
- Ensure that accurate, up to date and timely financial information is available to enable users to apply it effectively in decision making.

### **Risk Management - Reserves and Provisions**

- Maintain adequate reserves and provisions to ensure that the medium term plan is sustainable and can be delivered.
- Aim to balance the revenue budget over the medium term without reliance on the use of the General Reserve
- Maintain the 3 levels of resilience to deal with exceptional events by use of reserves and provisions:
  1. Annual Budget Management
  2. Earmarked Reserves including the Major Incident Reserve
  3. A General Reserve at a minimum of 3% of net revenue expenditure

## **4. BUSINESS CONTEXT**

How the strategy is delivered will be set out annually in the Medium Term Financial Plan (MTFP) and Capital Strategy which sets out a costed plan for the decision made in the annual Organisational Planning process.

The MTFP is a joint document with the PCC and sets out a detailed business plan for the short term (1 year) which is the basis for the PCC's Council Tax increase proposal to the Police and Crime Plan and a business plan for the medium term (years 2 to 5) which set out the plans based on a set of assumptions for the following years. The future plan will be reviewed as part of the following years Organizational Planning process.

## **5. WHAT WE WILL DELIVER**

Set out in MTFP and Capital Strategy

## **6. HOW WE WILL DELIVER**

The implementation of the plan and financial projections against budgets will be reported to the Strategic Management Board and Strategic Executive Board on a quarterly basis, with the details being reported to the relevant sub Boards.

**Revenue Budget 2023-24 to 2028-29**

Ref	Description <u>Budget 2023-24 to 2028-29</u>	Annual	+'Inc	Annual	Annual	Annual	Annual	Annual
		Budget	Redn	Budget	Budget	Budget	Budget	Budget
		2023- 24	2024- 25	2024- 25	2025- 26	2026- 27	2027- 28	2028- 29
	Expenditure	£000	£000	£000	£000	£000	£000	£000
1	Police Officer Pay Establishment	99,535	10,118	109,653	113,100	116,920	120,815	124,855
2	Police Staff Pay	65,627	3,309	61,123	62,827	65,513	67,159	68,847
3	Police Officer Overtime	2,501	192	2,693	2,760	2,829	2,900	2,972
4	Police Staff Overtime	707	65	772	791	811	831	852
5	Allowances	1,275	12	1,287	1,287	1,288	1,315	1,347
6	Training	1,718	20	1,738	1,773	1,808	1,845	1,882
7	Other Employee	819	27	846	863	880	897	915
8	Direct Pension Payments	3,728	261	3,989	4,084	4,182	4,283	4,385
9	Energy Costs	4,030	-1,351	2,679	2,679	2,760	2,842	2,928
10	Building Running Costs	7,124	255	7,379	7,527	7,677	7,831	7,987
11	Repairs & Maintenance of Vehicles	608	10	618	631	643	656	669
12	Vehicle Running Costs	2,412	-283	2,129	2,185	2,242	2,300	2,361
13	Car & Travelling Allowances	443	-12	431	440	448	457	467
14	Air Support Unit	492	-42	450	461	473	485	497
15	Equipment	1,257	109	1,366	1,394	1,421	1,450	1,479
16	Clothing and Uniforms	549	-4	545	555	567	578	589
17	Printing and Stationery	299	57	356	363	370	377	385
18	IT and Communications	13,522	442	13,964	14,297	14,888	15,437	15,904
19	Subsistence	263	19	282	288	293	299	305
20	Other Supplies and Services	3,116	300	3,416	3,480	3,546	3,612	3,681
21	Collaboration and Partnerships	8,421	1,161	9,582	9,494	9,732	9,975	10,224
22	Forensics	1,002	65	1,067	1,089	1,110	1,133	1,155
23	Debt Charges & Contribution to Capital	4,949	1,050	5,999	5,432	5,156	5,165	5,165
24	Special Situations Contingency	400	150	550	550	550	550	550
25	Inflation and General Contingency	666	-116	550	550	550	550	550
26	Community Safety Fund	4,699	174	4,873	4,996	5,096	5,197	5,301
	<b>Gross Expenditure</b>	<b>222,349</b>	<b>15,988</b>	<b>238,337</b>	<b>243,896</b>	<b>251,753</b>	<b>258,939</b>	<b>266,252</b>

	Annual Budget 2023-24	+ 'Inc -' Redn 2024-25	Annual Budget 2024-25	Annual Budget 2025-26	Annual Budget 2026-27	Annual Budget 2027-28	Annual Budget 2028-29
	£000	£000	£000	£000	£000	£000	£000
<b>Income</b>							
27 Secondments	-8,776	-764	-9,540	-9,775	-10,016	-10,263	-10,516
28 Interest on Balances	-1,000	-718	-1,718	-915	-631	-631	-631
29 Income	-3,041	9	-3,032	-3,032	-3,032	-3,032	-3,032
30 Specific Grants	-20,280	-3,140	-23,420	-23,056	-23,012	-22,967	-22,923
<b>Total Income</b>	<b>-33,097</b>	<b>-4,613</b>	<b>-37,710</b>	<b>-36,778</b>	<b>-36,691</b>	<b>-36,893</b>	<b>-37,102</b>
31 PFI Reserve Contribution to ESN	-293	-53	-346	-398	-451	-504	-556
32 Reserve Contribution to General	0	0	0	0	0	0	0
33 Reserve	0	0	0	0	0	125	125
<b>Net Expenditure</b>	<b>188,959</b>	<b>11,322</b>	<b>200,281</b>	<b>206,720</b>	<b>214,611</b>	<b>221,667</b>	<b>228,719</b>
34 Total Grants	-88,715	-5,297	-94,012	-94,952	-95,901	-96,860	-97,829
35 Precept	-100,244	-6,025	-106,269	-110,496	-114,743	-119,011	-123,299
<b>Funding</b>	<b>-188,959</b>	<b>-11,322</b>	<b>-200,281</b>	<b>-205,448</b>	<b>-210,644</b>	<b>-215,871</b>	<b>-221,128</b>
Annual Balance	0	0	0	1,272	3,967	5,796	7,591
<b>BASE CASE - Cumulative</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,272</b>	<b>3,967</b>	<b>5,796</b>	<b>7,591</b>

## Appendix C

### Draft Capital Programme 2023-24 to 2028-29

		2023-24 Revised Est Q2	2023-24 Revised Est Q3	2024-25 Est	2025-26 Est	2026-27 Est	2027-28 Est	2028-29 Est
	Description	£000	£000	£000	£000	£000	£000	£000
	<b><u>Estate Programme</u></b>	-						
1	Retentions	33	33					
2	Sustainability Improvements	100	100	277	180	180	180	180
3	Estates estimate 28-29							2000
4	Holyhead New Police Station	300	300	5,620	485			
5	Caernarfon PS Refurbish	941	941					
6	VCC / Vehicle Workshop	100	100					
7	Dolgellau PS					1,200		
8	Abergele PS	25	25	366	422			
9	Llanrwst PS	50	50					
10	Flintshire PS - North/ Deeside PS					700	2,300	
11	Flintshire PS - South/Mold PS				3,700	450		
12	Archive Store (Unit 6)/HQ Agility Project			1,500	1,000			
13	Rhosllanerchrugog PS	40	40	150				
14	Prestatyn Refurb Town Centre facility			400				
15	Firearms Base works					2,000		
16	Firearms Base Welfare Facilities			275				
17	CS - SARC Refurbishment	620	620					
	<b>Total Building Works</b>	<b>2,209</b>	<b>2,209</b>	<b>8,588</b>	<b>5,787</b>	<b>4,530</b>	<b>2,480</b>	<b>2,180</b>
		-						

		2023-24 Q2 Est	2023-24 Q3 Est	2024-25 Est	2025-26 Est	2026-27 Est	2027-28 Est	2028-29 Est
	<b>Description</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b><u>Vehicles and Other Equipment</u></b>							
18	Vehicle Purchase Replacement Programme	2,267	2,267	2,291	1,797	1,341	1,683	1580
19	PSU Vehicles Replacement	0	0	780				
20	Tranman development	60	60					
21	Intoxilators x 3	30	30					
22	ANPR replacement	94	94				200	
23	Collision Surveying Equipment	16	16					
	<b>Total Vehicles and Other Equipment</b>	<b>2,467</b>	<b>2,467</b>	<b>3,071</b>	<b>1,797</b>	<b>1,341</b>	<b>1,883</b>	<b>1,580</b>
	<b><u>Information Technology and Communication Equipment</u></b>							
24	Desk Top Replacement (Replacement Programme)	445	445	2,100	1,736	1,054	820	1,350
25	Server Replacement	100	100	320			700	
26	DFU Server replacement	270	390					
27	Telephony	135	135	115				
28	Nexus Upgrade	93	93					
29	Mobile data devices					645		
30	Digital Interview Recorder (5yrs EUL)	450	450					
31	Digital Intelligence & Investigation	196	196					
32	Digital Workplace audio visual	86	86					
33	Command and Control Upgrade - Phase 2	1,710	710	1,000				2,900
34	Life-X Deployment Upgrade							1,100
35	Replacement airwave units	375	375	1,000				
36	Body Worn Video Replacement	1,100	0	1,100				1,100
	<b>Total Information Technology and Communication</b>	<b>4,960</b>	<b>2,980</b>	<b>5,635</b>	<b>1,736</b>	<b>1,699</b>	<b>1,520</b>	<b>6,450</b>
	<b>Total Capital Expenditure</b>	<b>9,636</b>	<b>7,656</b>	<b>17,294</b>	<b>9,320</b>	<b>7,570</b>	<b>5,883</b>	<b>10,210</b>



Funding	2023-24	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
	Q2 Est	Q3 Est					
	£000	£000	£000	£000	£000	£000	£000
Home Office Grant	620	620	0	0	0	0	0
Revenue Contribution	3,327	3,447	4,507	3,447	2,786	2,480	2,710
Earmarked Reserves	2,791	1,791	2,615	1,180	180	180	2,350
Capital Receipts	200	200	2,700	0	650	0	0
Borrowing for Estates	1,366	1,366	4,063	3,505	3,700	2,300	2,000
Borrowing for replacement programme	1,332	232	3,409	1,188	254	923	3,150
<b>Total Funding</b>	<b>9,636</b>	<b>7,656</b>	<b>17,294</b>	<b>9,320</b>	<b>7,570</b>	<b>5,883</b>	<b>10,210</b>
External sources	620	620	0	0	0	0	0
Own resources	6,318	5,438	9,822	4,627	3,616	2,660	5,060
Debt	2,698	1,598	7,472	4,693	3,954	3,223	5,150
<b>TOTAL</b>	<b>9,636</b>	<b>7,656</b>	<b>17,294</b>	<b>9,320</b>	<b>7,570</b>	<b>5,883</b>	<b>10,210</b>

