

## POLICE AND CRIME PANEL PANEL HEDDLU A THROSEDD



### North Wales Police and Crime Panel

Monday, 22 January 2018 at 2.00 pm  
Council Chamber, Bodlondeb, Conwy

## AGENDA

1. **Apologies for absence**
2. **Declarations of Interest: Code of Local Government Conduct**  
Members are reminded that they must declare the **existence** and **nature** of their declared personal interests.
3. **Urgent matters**  
Notice of items which, in the opinion of the Chairman, should be considered at the meeting as a matter of urgency.
4. **Announcements by the Chair**
5. **Minutes** (Pages 1 - 8)  
To approve and sign as a correct record minutes of the previous meeting.
6. **Standing Agenda Items**
  - a) Questions to the Police and Crime Commissioner (Page 9)  
*(Submitted in accordance with the procedure for Questions to the Police and Crime Commissioner)*
  - b) Update on actions from the previous meeting
  - c) Feedback from Member Champions
7. **To consider reports by the North Wales Police and Crime Commissioner:**
  - a) Precept and Council Tax 2018/19 (Pages 10 - 28)
  - b) Police and Crime Commissioner and Chief Constable for North Wales Police Force: Medium Term Financial Plan 2018-19 to 2022-23 (Pages 29 - 60)

**8. To consider reports by the Host Authority:**

- a) Revised Protocol - Questions to the North Wales Police and Crime Commissioner (Pages 61 - 65)
- b) To consider the Forward Work Programme for the North Wales Police and Crime Panel (Pages 66 - 67)

**9. Date of Next Meeting:**

Tuesday, 30 January 2018 @ 2.00 pm – only if precept is vetoed by the Police and Crime Panel.

Monday, 19 March 2018 @ 2.00 pm

**Membership of Panel**

Cllr Chris Bithell  
Cllr Dana Davies  
Cllr Julie Fallon (Chair)  
Cllr Alan Hunter  
Cllr Eric Jones  
Cllr Hugh Irving  
Cllr Neville Phillips OBE JP  
Cllr Dylan Rees  
Cllr Peter Read  
Cllr Nigel Williams

Flintshire County Council  
Wrexham County Borough Council  
Conwy County Borough Council  
Conwy County Borough Council  
Gwynedd Council  
Denbighshire County Council  
Flintshire County Council  
Isle of Anglesey County Council  
Gwynedd Council  
Wrexham County Borough Council

Pat Astbury (Vice-Chair)  
Matthew Forbes  
William John Williams

Co-opted Independent Member  
Co-opted Independent Member  
Co-opted Independent Member

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**NORTH WALES POLICE AND CRIME PANEL**

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Monday, 11 December 2017 at 2.00 pm  
Council Chamber, Bodlondeb, Conwy

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Present: Councillor Julie Fallon (Chair)

Councillors: Chris Bithell, Alan Hunter, Hugh Irving,  
Eric Jones, and Dylan Rees

Lay Member/  
Co-opted Member Pat Astbury, Matthew Forbes and John Williams

Officers: Dawn Hughes (Senior Committee Services Officer), Richard  
Jarvis (Solicitor) and Eurgain Nutting (Translator)

Also in Attendance: Ann Griffith (Deputy Police and Crime Commissioner), Kate  
Jackson (Chief Finance Officer – Office of the Police and  
Crime Commissioner), Arfon Jones (Police and Crime  
Commissioner) and Susan McTaggart MBE (Acting Chief  
Executive – Office of the Police and Crime Commissioner)

**17. APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Peter Read (Gwynedd Council).

Due to adverse weather conditions, apologies for absence were also received from Councillor Dana Davies (Wrexham County Borough Council), Councillor Neville Phillips (Flintshire County Council), and Councillor Nigel Williams (Wrexham County Borough Council).

**18. DECLARATIONS OF INTEREST: CODE OF LOCAL GOVERNMENT CONDUCT**

Councillor Julie Fallon (Conwy County Borough Council) declared a personal interest, as her husband is a serving Police Officer in the North Wales Police.

Councillor Chris Bithell (Flintshire County Council) declared a personal interest, as he is a trustee of the Deeside Domestic Abuse Safety Unit, which benefits from funding from the Police and Crime Commissioner.

**19. URGENT MATTERS**

None.

20. **MINUTES**

The minutes of the North Wales Police and Crime Panel (PCP) held on 18 September 2017 were submitted for approval.

Minute 5: The Police and Crime Commissioner clarified that he would provide an update at the next meeting from the *Welsh Government's Advisory Panel on Substance Misuse who was currently undertaking research in relation to Drug Consumption Rooms*.

Minute 14 – Member Champions: Should read: Domestic Abuse Champion - Councillor Chris Bithell (*Flintshire County Council*).

**RESOLVED-**

**That the minutes of the North Wales Police and Crime Panel held on 18 September 2017 be approved, subject to the amendments above.**

21. **UPDATE ON ACTIONS FROM THE PREVIOUS MEETING**

In relation to Minute 10 – Periodic Update by the North Wales Police and Crime Commissioner, the Chief Finance Officer advised the Police and Crime Panel of the recruitment figures for Police Community Support Officers (PCSOs) as follows:

- Target number to be recruited 2017/18: 72
- Actual number recruited so far: 125
- Projected number at year end: 139

The PCP thanked the Office of the Police and Crime Commissioner for the information.

22. **PRESENTATION ON THE VICTIMS HELP CENTRE, NORTH WALES**

This item was deferred.

23. **ANNOUNCEMENTS BY THE CHAIR**

The Chair extended her thanks to the Police and Crime Commissioner, the Office of the Police and Crime Commissioner and the Chief Constable (North Wales Police) for arranging the recent development day for members of the North Wales Police and Crime Panel.

Panel Members had found the event really informative and beneficial.

24. **QUESTIONS TO THE POLICE AND CRIME COMMISSIONER**

No questions were received in accordance with the protocol for Questions to the Police and Crime Commissioner.

25. **LIST OF DECISIONS TAKEN BY THE POLICE AND CRIME COMMISSIONER**

The North Wales Police and Crime Panel (PCP) was presented with a list of decisions taken by the Police and Crime Commissioner from 22 August 2017 to 13 November 2017.

Reference was made to the decision relating to the Recruitment of Joint Audit Committee Members (dated 31.10.17) and the decision to employ the services of a recruitment agency at a cost of £20k, plus advertising costs.

The PCP questioned whether the recruitment agency was a local company and whether this provided value for money, particularly when the North Wales Police had an excellent HR department.

In response, the PCC concurred with the comments made and had felt that the recruitment process could have been undertaken in-house, however it was a joint decision with North Wales Police.

The Chief Finance Officer also advised Members that whilst the recruitment agency was a national company, it did have a presence locally. In addition, it was felt that by employing the services of a recruitment agency, it would provide a better understanding of what skills were required of the five Members of the Joint Audit Committee, and would benefit future recruitment exercises.

The PCP suggested that such expertise could have existed within Local Authorities. The Chief Finance Officer advised that there was a difference between the role of a Council's Audit and Government Committee and the Joint Audit Committee, as legal and accountancy skills were required.

The PCC assured the PCP that such matters would be looked at more closely in the future, particularly with the development of the Social Value Policy.

In concluding, the PCP acknowledged that the PCC also had concerns in relation to this joint decision, however, the PCP was disappointed and concerned that the decision had been taken and hoped that in future, consideration would be given to taking such recruitment exercises in-house.

Following the interviews in February 2018, the Chief Finance Officer was requested to provide an update to the meeting in March 2018 on the benefits of using the recruitment agency and associated costs.

**RESOLVED-**

- (a) That the North Wales Police and Crime Panel expresses their disappointment and concern in relation to the decision to employ the services of a recruitment agency to recruit 5 Members of the Joint Audit Committee.**

**(b) That the Chief Finance Officer provides an update to the North Wales Police and Crime Panel in March 2018 on the benefits of using the recruitment agency and associated costs.**

26. **PERIODIC UPDATE BY THE NORTH WALES POLICE AND CRIME COMMISSIONER**

The Police and Crime Commissioner (PCC) presented the North Wales Police and Crime Panel (PCP) with his periodic update for the period 15 August 2017 to 1 November 2017.

Further details of activities after 1 November 2017 would be provided at the next meeting.

Members were advised that the PCC had hosted a conference in relation to Modern Slavery on 26 October 2017 when a number of prominent figures had attended, including the Deputy Director for Tackling Modern Slavery and Human Trafficking at the National Crime Agency and the National Independent Anti-Slavery Commissioner.

In scrutinising the update, the PCP discussed the following:

Priority 1: Domestic Abuse:

- Councillor Chris Bithell (Flintshire County Council) made reference to information that was recently discussed at a meeting of the Domestic Abuse Safety Unit that suggested a lack of referrals and an increase in the number of domestic abuse cases that were dismissed.
  - In response, the PCC advised that such matters were recently discussed at the local Criminal Justice Board and that he was following up the lack of referrals from the Victim Help Centre and would respond accordingly. It was also reported that the number of domestic abuse cases that were successful at court remained high.
  - Reference was also made to the implications of the Bail Act, which had been recently introduced and the impact this had on the number of arrests.
  - The PCC advised that Criminal Justice partners had concerns relating to the Bail Act. The Chief Executive of the Office of the Police and Crime Commissioner also reported this was being looked at nationally and it was hoped that there would be some changes to the bail process, particularly in relation to voluntary attendance.
- The Chair suggested that a partnership approach with other public bodies/agencies was required to tackle domestic abuse, which had seen a 42.7% increase in recorded crime (*however the evidence supports the hypotheses that the increase is as a result of improved crime recording, rather than an increase in offending. The PCC was currently working with the Force to test the hypotheses.*) Local Authorities were also seeing an increase in the number of Looked After Children, as problems relating to poverty and substance misuse increased.

- The PCC informed Members of proposals to set up Early Intervention Hubs to provide multi-agency support to the most vulnerable in our society to address the underlying causes, including those suffering from adverse childhood experiences.
- The Deputy PCC reported that interviews for a Hub Co-ordinator, to work with Local Authorities in Wales would be held shortly.
- The PCC confirmed that the Hubs would also support the rural communities.
- The Vice Chair highlighted the importance of including Educational representatives at a strategic level. In response, the Deputy PCC advised of the role of the School Liaison Officer and the level of information available to pupils. In addition, the Team Around the Family Service also provided relevant support to families.
- The PCC welcomed the introduction of the Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015, as it placed a duty on public bodies to work together to adopt a strategic approach to prevention, protection and the provision of support.
- The Independent Co-opted Member (John Williams) made reference to the relocation of custody suites and whether this had impacted on the number of arrests, and questioned whether consideration had been given to mobile custody suites.
  - In response, the PCC acknowledged that the location of the custody suites could have impacted on the reduction in the number of arrests. However, the PCC referred to the previous meeting when Detective Chief Inspector Andy Williams was in attendance and provided information in relation to changes in the way crime was recorded, and provided reassurance that Police Officers were doing their job and that the decrease in arrest rates was not down to Officers not arresting, when they should be.
  - The PCC felt that the focus should be on outcomes and safeguarding and not on crime statistics. In addition, focus should also be on integrated offender management.

Priority 3 – Sexual Abuse including Child Sexual Exploitation (CSE):

- Whilst CSE related crimes remained low, Councillor Dylan Rees (Isle of Anglesey) questioned the escalation in the last few weeks in activity on the Isle of Anglesey.
  - The PCC would investigate this matter further and report back to Councillor Rees.

Priority 5 – Delivering Safer Neighbourhoods:

- Councillor Dylan Rees also made reference to a recent press article relating to the Wales Community Rehabilitation Company (CRC), which managed low to medium risk offenders, and had accepted that there had been 'shortcomings' in the management of an ex-offender.
  - In response, the PCC reported that he had requested further information in relation to the matter.

Councillor Eric Jones (Gwynedd) advised the PCP that he had attended the launch of the PCC's Social Value Policy, which was held on 16 November 2017. Councillor Jones was disappointed that there were very few Panel Members in attendance and felt that attendance at such events was extremely useful and informative.

**RESOLVED-**

**(a) That the Police and Crime Commissioner's periodic update be noted.**

**(b) That the Police and Crime Commissioner provides further information to Councillor Dylan Rees in relation to the escalation in Child Sexual Exploitation activity on the Isle of Anglesey.**

**27. UPDATE ON THE 2017/18 BUDGET (AS AT 31 OCTOBER 2017)**

The Chief Finance Officer presented the North Wales Police and Crime Panel (PCP) with an update on the policing budget for North Wales.

As at 31 October 2017, the total projection to the end of the year was a net £0.427m underspend and it was expected that the outturn at the end of the financial year was likely to be close to this current projection.

It was also reported that the pay increase for staff had not yet been confirmed, however it was assumed that the value and terms would be similar to the pay increase for police officers, comprising of a 1% consolidated pay increase and a 1% non-consolidated pay increase. The combined increases were estimated to be in the region of £0.945m and this amount was incorporated into the current projections; however no additional funding was available to meet this additional cost and any net shortfall would need to be met from reserves.

In relation to the Capital Programme, the PCP was advised that the new Llandudno Police Station had now opened and work on Llay Police Station was progressing well.

The PCP was also advised that the announcement of funding for each Force area was due week commencing 18 December 2017. At this stage, the Chief Finance Officer could not advise on the level of the proposed precept, due to the uncertainty around the level of funding; a 1% shift in funding, could equate to an increase/decrease of £700k in funding.

In relation to Paragraph 3.7 of the report, it was envisaged that the Chief Executive would not return to work for at least another month.

Reference was also made to the costs associated with membership of the National Association of Police and Crime Commissioners. In response, the Chief Finance Officer advised that the costs equated to around £20k per annum.



However, the PCC felt this provided value for money, as it abled PCCs to influence policy making decisions and provided important links at a national level and to the Home Secretary and Lord Chancellor.

**RESOLVED-**

**That the report be noted.**

28. **COMPARISON OF THE BUDGET OF THE OFFICE OF THE POLICE AND CRIME COMMISSIONER**

The North Wales Police and Crime Panel was presented with a report, which provided information on how the budget for the Office of the Police and Crime Commissioner (OPCC) compared with the budgets of its peers.

The budget for the OPCC for 2017/18 was £0.793m, which although higher than in recent years, remained lower than that of the former Police Authority and was the lowest in Wales.

The Chief Finance Officer clarified that the budget for premises related to room hire for events, etc.

**RESOLVED-**

**That the report be noted.**

29. **NORTH WALES PCP - BUDGET MONITORING REPORT FROM 1 APRIL 2017 TO 30 SEPTEMBER 2017**

The Lead Officer/Legal Advisor presented the North Wales Police and Crime Panel (PCP) with a six monthly budget monitoring report on the administration costs and expenses of the PCP for the period 1 April 2017 to 30 September 2017.

In order to allow public scrutiny of PCP spending, and to monitor and track spend against agreed budgets, the PCP would receive 6 monthly budget monitoring reports to satisfy this request.

**RESOLVED-**

**(a) That the six monthly monitoring report be noted.**

**(b) That the Police and Crime Panel acknowledges that Officers monitor and track spend against agreed budgets to ensure value for money.**

30. **SUMMARY OF COMPLAINTS RECEIVED**

The Lead Officer/Legal Advisor presented the North Wales Police and Crime Panel with a summary of complaints received against the Police and Crime Commissioner (PCC) since the election in May 2016 and the Deputy PCC since July 2016.

The PCP had received a total of 3 recordable complaints against the PCC and 1 recordable complaint against the Deputy PCC.

**RESOLVED-**

**That the report and action taken in relation to the complaints received be noted.**

**31. TO CONSIDER THE FORWARD WORK PROGRAMME FOR THE NORTH WALES POLICE AND CRIME PANEL**

The North Wales Police and Crime Panel was presented with the Forward Work Programme up to March 2018.

The Chair welcomed a report on the Police and Crime Plan at the same time as the Precept and Council Tax report in January 2018.

**RESOLVED-**

**That the Forward Work Programme be approved.**

**32. FEEDBACK FROM MEMBERS WHO ATTENDED THE NATIONAL CONFERENCE**

Members of the Police and Crime Panel (PCP) who attended the National Conference for Police and Crime Panels provided feedback as follows:

- The Chair (Councillor Julie Fallon) had attended a workshop on Mental Health, which outlined the Leicestershire model to address the demand for services and provide better outcomes for patients and agencies. A copy of the presentation would be circulated to Panel Members, the Police and Crime Commissioner and Deputy Police and Crime Commissioner.
- The Vice-Chair (Pat Astbury) had attended a workshop on complaints.
- The Independent Co-opted Member (John Williams) had attended a workshop on performance management; it was noted that most PCPs received similar information in relation to performance management. It was further noted that the Greater Manchester Police and Crime Panel had invited Her Majesty's Inspectorate of Constabulary (HMIC) to a Panel meeting.

**33. DATE OF NEXT MEETING:**

The next meeting of the Police and Crime Panel would be held on Monday 22 January 2018 @ 2.00 pm.

(The meeting ended at 3.10 pm)

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**CWESTIYNAU I'R COMISIYNYDD HEDDLU A THROSEDD**  
**QUESTIONS TO POLICE AND CRIME COMMISSIONER**

<p><b>Person sy'n cyflwyno'r cwestiwn/</b></p> <p><b>Person submitting question</b></p>	<p><b>Cwestiwn/ Question</b></p>
<p>John Williams</p> <p>(Aelod Annibynnol o Panel Heddlu a Throsedd Gogledd Cymru/</p> <p>Independent Member of the North Wales Police and Crime Panel)</p>	<ul style="list-style-type: none"> <li>• Oherwydd y cyhoeddusrwydd negyddol diweddar ynglŷn â materion datgelu, a yw Comisiynydd yr Heddlu yn fodlon bod digon o adnoddau ar gael yng Ngogledd Cymru fel y gall Swyddogion Ditectif sy'n ymchwilio i droseddau rhyw a throseddau eraill wneud eu dyletswyddau yn gywir ynghylch datgelu?"</li> <li>• Given the recent adverse publicity surrounding disclosure issues, is the Police Commissioner satisfied that sufficient resources have been made available within North Wales in order that Detective Officers investigating sexual and other offences can accurately discharge their responsibilities surrounding disclosure?</li> </ul>

# AGENDA ITEM 7a

## Report from the Office of the Police and Crime Commissioner

<b>Title:</b>	<b>Precept and Council Tax 2018/19</b>
<b>Meeting:</b>	<b>North Wales Police and Crime Panel, 22 January 2018</b>
<b>Author:</b>	<b>Kate Jackson, Chief Finance Officer</b>

### 1. Introduction

- 1.1 The purpose of this report is to review the financial situation of the Police and Crime Commissioner for North Wales and to make recommendations for the 2018/19 precept and council tax.

### 2. Recommendations

- 2.1 To increase the precept to £74,739,488.
- This will increase council tax by 3.58% - this is equivalent to £258.12 per annum, an increase of £8.91 per annum, or 17p per week for a band D property.
  - This is an increase in precept of 4.55% from 2017/18
- 2.2 To note that £1.479m of cuts have been identified for 2018/19.
- 2.3 To note that £0.717m of the cuts will be reinvested in front line activities.
- 2.4 To note that a further £0.762m will be invested in front line posts from the additional increase in precept.
- 2.5 To note that the higher than expected grant settlement (equivalent to £0.696m) has been used to mitigate proposed cuts, thus protecting 15 front line Officer posts.
- 2.6 To note that the proposed council tax increase is significantly below the Home Office's planning assumption of £12.
- 2.7 To note the Medium Term Financial Plan, which includes the following assumptions:
- That Council Tax will increase by an estimated 3.58% in 2018/19, and 3.44% in 2019/20, 4.18% in 2020/21 and 4.19% in 2021/22 and 3.44% in 2022/23.
  - That policing grants will be frozen at current levels in 2019/20 and a cut of 1% each year from 2020-21.
  - That annual pay awards will be 2% from September 2018.
  - That there will be additional costs relating to the new Police Education Qualification Framework (PEQF) from 2019-20 which will not be funded by the Apprenticeship Levy IN Wales.

### 3. Summary Budget 2018/19

	<b>£m</b>	
<b>Budget 2017/18</b>	<b><u>143.217</u></b>	
Inflation and additional requirements	4.729	+3.30%
<b>Budget requirement 2018/19</b>	<b><u>147.946</u></b>	
<b>Estimated total funding 2018/19</b>		
Government Grants (funding proportion 49%)	71.728	-0.00%
Council Tax	£258.12	+3.58%
Multiplied by tax base	289,553.26	+0.94%
Precept (funding proportion 51%)	74,739	+4.55%
<b>Total funding available</b>	<b><u>146.467</u></b>	<b>+2.27%</b>
<b>Cuts required</b>	<b>1.479</b>	

### 4. Statutory Items

#### 4.1 Quality of Information

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

4.1.2 The same Act also requires the Chief Finance Officer to comment on the adequacy of reserves to be provided in the budget. In the opinion of the Chief Finance Officer the general reserve will continue to be adequate for the day to day operational needs of the Force. The reserves have been reviewed, and further details are provided in paragraph 10.

### 5. Background

5.1 Cuts of £29.625m will have been achieved over the 7 years of Government austerity initiatives. Grant funding has reduced by 22% over the six year period, and total precept income has increased by 28% over the same period; this has resulted in a 21% real-terms reduction in the total budget. The table below details the cuts made to date:

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Cuts Made	£4.678m	£6.016m	£4.634m	£4.325m	£4.448m	£2.838m	£2.686m	£29.625m

5.2 The Government conducted two major reviews over the summer of 2015 that would determine the level of Government grants for policing for future years. Spending Review (SR2015) reviewed the budget allocation to all Government Departments including the total

available for policing. The outcome of the spending review resulted in the 0.6% cut to Police Forces grant allocation in 2016/17 and a 1.4% cut in 2017-18, with a commitment for future funding to be set so that Police Forces do not face a cash reduction "if Police and Crime Commissioners maximise their precept".

- 5.3 During 2017/18 PCCs and Chief Constables presented a case to the Home Office setting out the requirements for additional funding for the Policing areas and that further cuts are not sustainable. The likelihood that the Government would move away from the 1% cap on public service annual pay awards further increased the pressure on future Police budgets and the requirement to recognise inflation and changing demand within the grant settlement.
- 5.4 A review of the Police Funding Formula was conducted by the Home Office, the formula sets out how the Home Office distributes the total funding available to policing between the policing areas. The review of the Police Funding Formula was suspended following issues raised by Forces on the accuracy of the proposed formula. The review was re-commenced with the intention to implement a new formula in 2018/19. The Home Office decided not to implement a new formula in 2018/19 following engagement with police leaders and in the context of changing demand, the formula will be reviewed as part of the next Government spending review in 2020.

## **6. The Planning Environment**

- 6.1 The attached Medium Term Financial Plan (MTFP) sets out the planning environment. It includes previous years' figures, together with projections for revenue income and expenditure, and plans for capital and reserves.
- 6.2 No provisional Government Funding Allocations for 2018/19 were given at the time of the 2017/18 settlement. However, it was apparent that cuts would continue over the period of the current Parliament at least. The process for identifying and delivering savings is well established under the governance of the Strategic Planning Board, which is chaired by the Chief Constable.
- 6.3 A number of service reviews have been, or are in the process of being, conducted during 201/18. A process was undertaken for the 2018/19 budgets round to identify new requirements or any gaps in resourcing resulting from the reduced resources available. The bids were scrutinised by a peer group, Chief Officers and the Police and Crime Commissioner. In order to ensure that the reviews, savings and investment request were joined up three Extraordinary Strategic Planning Boards (ESPB) were held in August, September and November. The August ESPB set out the principles of the planning cycle as
- Focus on re-balancing and re-allocating resources
  - Any case for growth needs to be evidenced and justified
  - Understand the combined impact of current reviews
  - Capture the outcome of investment from 2017/18 growth bids
  - Set context for risk and uncertainty
  - Decide/Guide which proposals to develop further and submit as a growth request for main budget setting

6.4 In addition to the above, the normal process to determine future budget requirements was undertaken, which is explained in more detail in the MTFP. The following were taken into account in developing the MTFP:

- Local and national priorities as set out in the Police and Crime Plan, the Strategic Policing Requirement and the draft Force's Action Plan 2018/19
- New and developing pressures
- The strategic planning process
- Other force strategies
- Current economic climate
- The current financial position
- Estimates of resources available
- Budget forecasts for the period, including pay awards
- The capital programme, the Prudential Code and the effect on the revenue budget
- Reserves and balances
- Income generation, trading activities and grants
- Collaboration

6.5 A total of £2.686m was cut from the 2017/18 budget compared to the previous financial year; this is on target to be delivered. The annual review of reserves was conducted based on projections for revenue and capital for the next 5 years.

6.6 The HMIC and the Wales Audit Office review annually the Force and its overall financial position, planning process and annual savings; further details are included in the MTFP. It has been noted that, to date, *'the Force is good at continuing to make savings which means that it is able to invest well in infrastructure to make additional savings in the future'*. It was also noted that further work needs to be carried out to understand future changing demand. This has already been recognised by the force and work already commenced as part of service reviews being undertaken.

## 7. Funding Allocations

7.1 No provisional Government Funding Allocations for 2018/19 were announced alongside the 2017/18 settlement. However, in a letter to PCCs and Chief Constables the Home Secretary and Policing Minister announced that *"taking into account the scope that you have to raise local council tax, this means a flat real settlement for policing as a whole."* Based on this an estimated 1% annual grant cut was included in the January 2017 MTFP.

7.2 This definition of a 'flat settlement' is a real terms cut as it takes no account of inflation or any change in demand.

7.3 The announcement of 2018/19 funding was made on 19 December 2017. Following representations by PCCs and Chief Constables the settlement was better than the planning assumption of December 2016. The announcement was for a flat **cash** settlement that is Forces will receive the same amount of core grants in 2018-19 as they did in 2017-18. This is the first time in 8 years that grants have not been cut, although in real terms it is still a reduction as the settlement does not cater for any inflation or additional demands.

7.4 The settlement also gave additional flexibility to Police and Crime Commissioners in England to increase their Band D Council Tax by up to £12. This would give a range of Council Tax increase of between 4.8% and 12.2% if PCCs did increase the Council Tax by £12, with the majority of increases being over 6%. It will be up to individual PCCs to decide whether to increase the Council Tax by these amounts. In Wales it is up to the Welsh Government to define any Council Tax cap, they have not defined a cap. The Home Office have assumed that all Forces would increase the Council Tax by £12 in calculating the potential additional amount available to Forces of £450m. The proposed council tax increase in North Wales is £8.91.

7.5 Total Police funding increased by 1.58%; however, due to an increase in central allocations (top-slicing) of 16%, the amount available to allocate to Force areas has been frozen. The announcement indicated that there would be £450m additional money available to Policing, this is made up of the £133m increase in the Home Office allocation which is retained centrally, and the estimated additional £270m that would be generated by all Policing areas increasing their Council Tax by £12, and £50m for counter terrorism (which is funded separately). Details of total national Police funding are shown in the table below.

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



7.6 The breakdown of the amount top sliced is shown below

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

7.7 The outcome of the funding announcement and its effect for North Wales Police is detailed below:

- A flat cash settlement for all policing areas. This means North Wales will get the same total grant as 2017-18 of £71.728m.
- It was indicated that a similar settlement will be made in 2019-20.
- Overall 'top slicing' has increased from £812m to £945m. This reduces the core grant received by North Wales by £9.5m.
- Capital Grant was cut from £0.541m to £0.462m in 2017-18, a reduction of £0.079m, following a reduction of £0.360m in the previous year. It is expected that the figure will be frozen at £0.462m for 2018-19, the exact figure is yet to be confirmed.
- English forces to continue to receive legacy council tax funding of £545m
- The Policing Minister indicated that the 2019-20 settlement will be similar to the 2018-19 settlement.
- The funding formula will be revisited at the next spending review which is due in 2020. Therefore, it is impossible to predict with any certainty the financial position for 2020/21 and beyond.

7.8 Based on the totals provided and this year's announcement it has been estimated that there will be a further cut of 1% to grants in each year from 2020-21.

## 8. Budget 2017/18 to 2021/22

8.1 A summary of the Budget Forecast and changes for 2018/19 and future years are shown in Appendix A.

8.2 The main assumptions within the MTFP are:

- Annual pay inflation 2% applied from September 2018, this is an increase of 1% from the previous assumption with a full year effect of an additional £1.2m cost.

- General Inflation 2%, specific inflation applied where known
- PEQF will increase cost by up to a potential £3.3m over a 5 year period (details included in the MTFP)
- 3.58% in 2018/19, and 3.44% in 2019/20, 4.18% in to 2020/21 and 4.19% in 2021/22 and 3.44% in 2022/23
- Grant frozen for 2018/19 and 2019/20, and a reduction of 1% for the following years
- A 0.25% increase in tax base from 2018-19 onwards
- Further grant reductions from the funding formula review would lead to additional increases in council tax from 2020/21

8.3 **Savings** –The 2017/18 MTFP included savings for 2018/19 of £1.025m. These plans were further developed during the year, and additional savings identified as part of reviews being conducted. The overall effect of this is a net increase in savings of £0.428m to £1.453m. A further £7.453m has been included in the 5 year plan and is detailed in the MTFP. The detailed work streams are:

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

- 8.4 **Investment and Reviews-** The planning cycle for 2017-18 include service reviews covering 41% of the Force amounting to £50m of staff expenditure. These covered Patrol Resources and the link with the Management Resource Unit (MRU), Investigative Resources, Roads Policing, Forensics, Custody, HR, Projects and Cleaning Services. These reviews are at different stages, the MRU has been implemented while the Investigative Review has reported its initial findings. The reviews and further evidence based research will assist the Force to identify efficiencies and where investments are required. The growth investment set out for 2018-19 makes a first step towards the additional investigative requirements identified as well as setting out the infrastructure to enable further evidence based transformation to meet future projected change in demand.
- 8.5 The Response and MRU reviews were linked in that the MRU would be partially funded by reducing response officers as demand was reduced. However, due to the grant settlement being better than expected it was not necessary to reduce the number of response officers as expected. The additional grant was used to fund 15 Officers within the MRU rather than reducing the response officer number to fund the MRU. The overall allocation of Officers to different areas will be central to the evidence based reviews being undertaken during 2018-19, and by maintaining the response officers now this can be done as a whole rather than in steps.
- 8.6 A summary of the permanent and temporary growth is shown in the table below. The additional council tax of 1.057% from the original estimate of 2.5% funds £0.762 of the growth, the balance have been funded from reallocation of resources through the saving plan. 62 bids were analysed, scored and peer reviewed amounting to an original submission of £2.384m recurring and £4.098m temporary/capital, these were reduced substantially to the figures shown in the table below.

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

- **Investigative Resources** - The additional Investigative Resources will provide additional Officer and Staff investigators as Intelligence Analysts. This is as a result of the changing demand and the requirements highlighted by the Investigative Review and will give an additional 20 investigative resources. This is partially funded by the additional increase agreed in the precept from the previous MTFP.
- **Digital and Technology development** – This will provide additional mobile technology for front line staff and the applications to link them to the operational systems.

- **Evidence Based Policing** – This will provide the infrastructure and staff to further develop the evidence based reviews that have been conducted, review other areas and link the reviews.
- **Infrastructure and Enabling Services** – This area cover additional requirements that have been identified in the Professional Standards Department and a Risk Management and Project system.
- **Supporting the Workforce** – This investment provides the training and support to enable the increases elsewhere.
- **PCC commitments** - This is an increase of £0.2m in the Community Safety Fund to be targeted at the Women’s Pathfinder Project with funding for an additional 1.5 Commissioning posts within the PCC’s Office.

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

	2017-18	2018-19	% Change
	£’000	£’000	
Gross Expenditure	160,303	163,644	2.16%
Income and Reserves	-17,086	-17,177	0.53%
Net Expenditure	143,217	146,467	2.27%
Grant	-71,728	-71,728	-0.00%
Precept	-71,489	-74,739	4.55%
Total Funding	-143,217	-146,467	2.27%

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

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

8.9 The above is based on the planning assumption as detailed throughout this document. A small change in each of the main assumptions results in a significant change in cost or funding as detailed in the sensitivity table below. In normal circumstances it would be expected that grants would increase to at least fund inflationary increases, this is not the case currently. Savings could then be re directed towards change in demand. However in the current climate it is necessary to look at a combination of saving, council tax increases and reallocation of resources to balance the budget and provide the best service possible.

Sensitivity main variables	£m
1% change in Council Tax	0.721
1% change in grant	0.717
A 1% change in pay	1.221
1% change in general inflation	0.420
1% reduction in income and specific grants	0.170

## **9.0 Risks**

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

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

## **10. Resilience and Reserves**

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

10.2 The Reserves are reviewed as part of the budget setting process and again as part of producing the Statement of Accounts. Reserves were re allocated as part of the last MTFP and no re allocation has been made as part of this MTFP. The reserves will be reviewed again at the end of the financial year.

10.3 There is a planned reduction in reserves from £38.1m to £19.1m over the next 5 years. The majority of this reduction will happen in 2017-18 as the Capital Reserve is used to fund the Wrexham and Llandudno Estates investments. Further investments from the Management of Change reserve is planned to enable the changes required over the next two years. A description of each reserve is given at the end of the section.

10.4 As part of the budget settlement the Policing Minister stated that new guidelines on transparency of reserves will be announced. It is expected that the details contained below, which has always been included in the MTFP and the Statement of Accounts, will meet these requirements.

10.5 The use of the reserves will depend on the final decisions on capital expenditure and the final revenue settlements, therefore the table below shows the current plan on how the earmarked reserves may be best used to support service provision and reduce the pressure

on the revenue budget. Where the use of the Reserve is not known (such as the Major Incident Reserve) no changes are shown. Details of the projected Reserve position at the end of each year are given below the table.

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

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

**10.6** Detailed description of the earmarked reserves are given below.

**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 pay for each Ill Health Retirement. Holding the Reserve has reduced the need for the budget in revenue.

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

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

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

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

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

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

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

## 11. Capital

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

- 4 major new facilities in Llangefni, Llandudno and Wrexham (2 builds)
- 20 refurbishments and relocations
- Continuation of the Vehicle replacement Programme
- Upgraded Network, Servers, Desk Tops, Mobile devices and the replacement of the Control Room Technology systems.

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



- 11.3 The 2018-19 Programme will see the completion of the Wrexham Custody, DHQ and in Town facilities; this is the largest project that North Wales Police has ever undertaken. The replacement programmes in Fleet and IT will continue, and as part of the budget setting process £1.155m of investments were agreed as part of the process of enabling change.
- 11.4 The programme is affordable and funded from a combination of grants, reserves, direct revenue contribution and borrowing. The overall strategy is to minimise borrowing and maximise the amounts budgeted in revenue by use of direct revenue contribution and capital receipts, which in turn minimises interest payments.
- 11.5 The capital figures are shown in the MTFP; the final detailed plan will be formally approved as part of the Treasury Management and Prudential Code Strategy.

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

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

## 12. Consideration of the Options

- 12.1 The following major changes have been made between the previous MTFP and the current one:

<b>Change between 2015/16 and 2016/17</b>	<b>January 2017</b>	<b>January 2018</b>
Cut in government grant	1%	0%
Increase in council tax	2.5%	3.58%
Cuts planned/identified for 2017/18	£1.025m	£1.479m
Tax Base increase	0.25%	0.94%

The Commissioner has considered all of the options available. The cuts of £1.025m previously assumed for 2018/19 did not allow for emerging demands, which would have meant these could only be met by the redeployment of front line officers. In November, the Force presented draft plans based on the grant cut of 1% and making savings of £1.4m, and

further re allocation of front line officers to fund the MRU. This would have resulted in a Council Tax increase of 3.58% (£8.91 Band D increase per annum). If savings had not been identified, the total budget requirement would have required a 5.63% (£14.02 Band D increase per annum) council tax increase; however this was reduced as the Force identified savings that can be reinvested. The final grant announcement was better than expected, but also assumed a £12 Band D council tax increase, equivalent to a 4.8% increase in North Wales. In deciding on the proposed Council Tax increase, the balance must be found between affordability for local tax payers and ensuring the police service has sufficient funds, based on what has happened over the last seven years and predictions for the next five. Additional cuts will invariably hit front line and officer numbers. Based on this, and the savings the Force has already made, the Commissioner decided not to increase the council tax by the suggested £12, but to propose an increase of 3.58% will protect the budget and allow some investment in front line posts.

12.2 The Commissioner has held discussions with the Chief Constable who has confirmed that the council tax increase of 3.58% provides sufficient budget to enable the operational delivery of the policing service in 2018/19. However, due to future uncertainty over the level of grant allocation, pay awards and changes in operational pressures, it is not possible to comment at the stage as to the accuracy of planning assumptions, and it must be understood that a significant reduction in the grant allocation or a higher than expected pay award would result in increased cuts and higher council tax increases in future years.

12.3 Increasing the Council Tax by 3.58% the valuations for each property band are:

Tax Band	A	B	C	D	E	F	G	H	I
Council Tax £	172.08	200.76	229.44	258.12	315.48	372.84	430.20	516.24	602.28

12.4 The precept for each billing area will be:

Billing Authority	Tax Base	Precept
Isle of Anglesey County Council	30,773.31	£7,943,207
Gwynedd Council	52,083.07	£13,443,682
Conwy County Borough Council	50,026.64	£12,912,876
Denbighshire County Council	39,555.24	£10,209,999
Flintshire County Council	63,835.00	£16,477,090
Wrexham County Borough Council	53,280.00	£13,752,634
<b>Total</b>	<b>289,553.26</b>	<b>£74,739,488</b>

### 13. Implications

Diversity	The report's recommendations will affect the Force's employee numbers in future years.
Financial	<p>The purpose of this report is to recommend the Precept and Council Tax for 2018/19, and to explain the factors taken into account in making this recommendation. Although the recommendation is for a single financial year, it is important to consider the medium to long term position in reaching a decision.</p> <p>Adequate financial resources are vital to the delivery of the Police and Crime Plan and to fulfil our legal requirements.</p>
Legal	This report, in conjunction with the Medium Term Financial Plan, provides sufficient information for the Police and Crime Panel to make a decision that could stand future legal challenge.
Risk	The report identifies and evaluates the risks from the recommendations.
Police and Crime	No separate police and crime implications.

## Appendix A

Revenue Budget 2017-18 to 2022-23

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

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

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

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

**Medium Term Financial Plan**

**2018-19 to 2022-23**

## 1. Introduction

1.1 The Medium Term Financial Plan (MTFP) links the Police and Crime Plan 2017-2021 and the Policing Priorities agreed by the Police and Crime Commissioner and the Chief Constable with the Financial Strategy (Appendix A) and the Resources available.

1.2 This MTFP sets a challenging financial and operational position over the next 5 years. The budget has been balanced while service is maintained over the austerity period giving a sound base budget and reserve position. However, the continued change in demand and new cost pressures will require further efficiencies. Reserves have been targeted at enabling further transformation and prioritisation of the workforce to address the change in demand, while reinvestment of efficiencies address current requirements within the 2018-19 budgets. The PCC has considered all options and struck a balance between affordability for local taxpayers and ensuring the police service has sufficient funds and has proposed a council tax increase of £8.91 which is lower than that assumed by the Home Office of £12 but does provide some additional front line resources.

### 1.2 Aim

The aim of this paper is to give details of how the budget has been balanced to date and the plans to maintain a balanced budget in the medium and longer term, whilst maintaining performance and ensuring local and national priorities are achieved.

### 1.3 Background

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

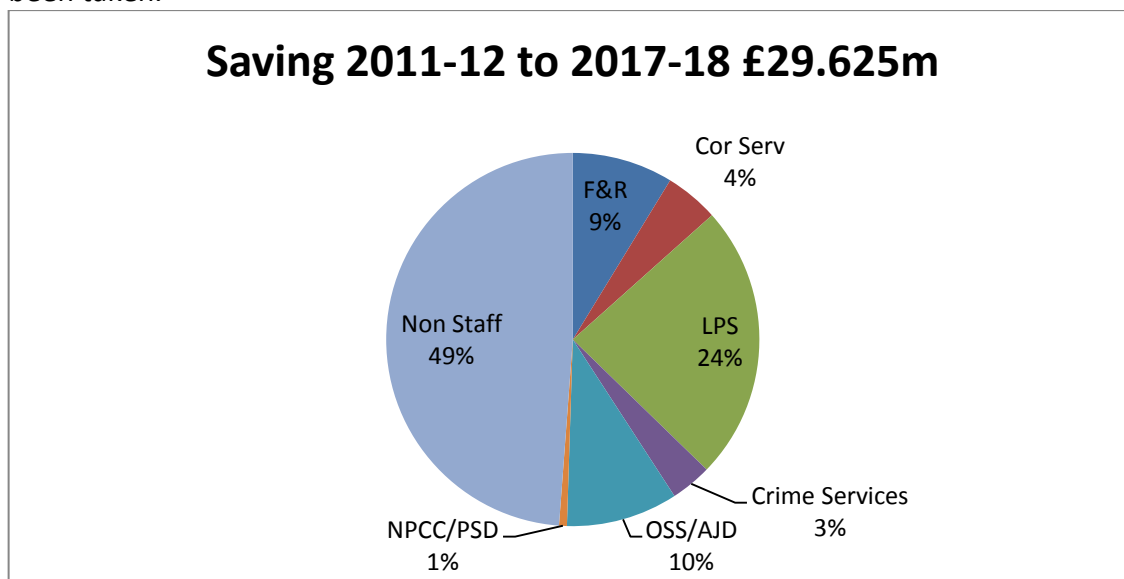
Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Annual Grant Reduction	5.14%	6.70%	1.60%	3.12%	5.11%	0.57%	1.40%
Cumulative Effect	5.14%	11.50%	12.91%	15.63%	19.94%	20.40%	21.51%

1.4 Council Tax increases have ranged between 2% and 4% over the same period. The Commissioner set a Council Tax increase of 3.79% in 2017-18 following a cut of 1.4% in the grant provided. The overall effect of the funding available and inflationary and other pressures have resulted in £29.625m of cuts being made to budgets over a 7 year period. This is equivalent to a 20% reduction in the 2010-11 pre austerity budgets. The annual cuts are as shown in the table below:



Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Cuts Made	£4.678m	£6.016m	£4.634m	£4.325m	£4.448m	£2.838m	£2.686m	£29.625m

1.5 Cuts of £29.625m will have been achieved by the end of 2017-18, with £4.5m being invested in front line posts. This has resulted in a 21% real term reduction in the total budget over a 7 year period. The chart below summarised where savings have been taken.



1.6 The Government conducted two major reviews over the summer of 2015 that were intended to determine the level of Government grants for policing for future years. The Spending Review (SR2015) reviewed the budget allocation to all Government Departments including the total available for policing. The outcome of the spending review resulted in the 0.6% cut to Police Forces grant allocation in 2016-17 with a commitment for future funding to be set so that Police Forces do not face a cash reduction provided that police and crime commissioners increased council tax by an assumed 2%. The expectation was that this would result in a similar level of cut in 2017-18 to that in 2016-17; however the Home Office increased the cuts in Forces grants in 2017-18 to 1.4%, with the additional amounts being kept centrally by the Home Office.

1.7 A review of the Police Funding Formula was conducted by the Home Office in 2015-16; the formula determines how the Home Office distributes the total funding available to policing between the policing areas. The review of the Police Funding Formula was suspended following issues raised by Forces on the accuracy of the data used in the proposed formula. The review has been re commenced with the intention to implement a new formula in 2018-19. It became apparent during 2017-18 that a new funding formula would not be applied in 2018-19. The expectation now is that the formula will be revised as part of the Spending Review in 2020.

## **2. Planning Process**

2.1 The process for identifying, agreeing and implementing savings is established as part of normal business. This is governed by the Strategic Planning Board. This year the Board considered the saving plan, growth request and while also linking and taking into account a number of service area reviews that have been undertaken. In addition to this the annual review of pay budgets and a zero based budget exercise was carried out on the IT, Facilities, Fleet and elements of the Supplies and Services budgets to confirm savings in the plan and if possible identify further savings.

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

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

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

- Local and National priorities as set out in the Policing Plan and the Force's draft Action Plan 2018-2019
- New and developing pressures
- The strategic planning process
- Other Force strategies
- Current economic climate
- Estimates of resources available to fund the Medium Term Financial Plan
- Budget forecasts for the period including pay awards
- The current financial position
- The Capital Programme, Prudential Code and their effect on the Revenue Budget
- Reserves and Balances
- Income generation, trading activities and grants
- Collaboration

2.4 The ESPB met three times. The second meeting on 22 September focused on specific reviews, savings and recruitment. Additional work was carried out to score and peer review investment requests before a final ESPB on 27 November 2017 to bring everything together to formulate the budget proposal.

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

### 3. 2017-18 Budget

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

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

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

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

3.4 HMICFRS's *Valuing the Police* reviews have been incorporated into their new review programme *PEEL Reviews* (Police Efficiency, Effectiveness and Legitimacy). The overall efficiency question set by the HMIC is 'How efficient is the force at keeping people safe and reducing crime?' with the definition of 'efficiency' being '*an efficient force maximises the outcomes from its available resources*'. The three questions underpinning the assessment being:

1. How well does the force understand its demand?
2. How well does the force use its resources?
3. How well is the force planning for demand in the future?

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

The full assessment can be found at

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

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

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

The annual audit letter can be found at

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

3.7 Both assessments show that the budgets are being managed and that the Force is performing well in maximizing the outcomes from available resources, however the HMICFRS concurred with the Forces analysis that matching future resources to future projected demand is an area for development.

#### 4. Funding Allocations

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

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

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

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

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

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

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

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

## 5. Council Tax and Precept

- 5.1 There are two main elements to the total net Police Budget: the total of the Police Grants and the Precept. The budget proposal includes a Council Tax increase of 3.58%. The Tax Base for the whole of North Wales has increased by 0.94%, giving an overall increase in Precept of 4.55% and a total net budget of £146.467m for the Police and Crime Commissioner, made up as follows:

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

- 5.2 Council Tax is calculated by dividing the total precept requirement by the tax base, the tax base being the number of Band D equivalent properties in each Force area. The Tax Base is provided by the six Local Authorities in North Wales. The tax base for 2017-18 has increased slightly by 0.94%. This means that the percentage increase in the precept is slightly higher than the percentage increase in the council tax.
- 5.3 The rules for limiting the increase in the Council Tax, called the capping rules, are different for England and Wales. In addition, English Police and Crime Commissioners have had continued access to separate grants if they agreed to limit the Council Tax increases in previous years. These were previously paid by the Department of Communities and Local Government (DCLG) but have now been consolidated into the Home Office Grant and total £545m in 2017-18. North Wales has the highest Council Tax in England and Wales, but if these legacy Council Tax Grants were taken into consideration, North Wales would be the 4<sup>th</sup> highest.
- 5.4 The capping rules in England have been announced; as described above English Police and Crime Commissioners have the flexibility to increase Council Tax by £12. This would give a range of increases of between 5.34% (Surrey) and 12.2% (Northumbria) depending on the current level of Council Tax.
- 5.5 No capping rules have been announced in Wales. In previous years, Welsh Government has not challenged increases below 5%. No Council Tax Reduction Grant is available in Wales.
- 5.6 The Home Office has assumed that all policing areas would raise their council tax by £12 and that the tax base would increase by 1.34% for England and 0.8% for Wales in order to give the additional total amount potentially available of £450m announced as part Police budget settlement. If this were to be fully applied it would be a further shift in funding nationally from national grants to local taxpayers.



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

6.1 A summary of the Budget and changes for 2018-19 and future years are shown in Appendix B.

6.2 The main assumptions as set out in the previous MTFP are as follows:

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

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

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

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

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

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

6.5 The assumptions for future years have been stated in previous sections, and section 8 will document future risk. One area of future risk is the Police Education Qualification Framework (PEQF). This framework is intended to result in Policing Qualifications being at a degree/post graduate standard. In terms of costs there will be additional cost of tuition fees/additional internal trainers, additional abstraction during the first year and additional abstractions during the new 2<sup>nd</sup> and 3<sup>rd</sup> years of training. There are 3 method of entry to PEQF, a graduate course of 2 years, a non-graduate course of 3 years leading to a degree both as an employed Police Officer and a 3<sup>rd</sup> route of a degree in Policing at an education establishment while not employed as Police Officer. Cost and abstractions rates are still being finalised, but the following estimates have been built into the MTFP best on current recruitment rates and estimated additional abstraction fully covered by additional Officers.

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

6.6 The current Capital Programme is nearing completion funded largely from reserves. Future Estates, IT and Fleet strategies are being set out and will lead to new investment requirements. Capital Grants are insufficient to fund a 3<sup>rd</sup> of the annual Vehicle replacement programme; reserves can only be used once. An estimated £0.4m has been built into estimates from 2020-21 to fund capital investment through borrowing. Final decisions on this will be based on business cases but it is prudent to include an amount in the estimates as there is no other new source of capital funding.

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

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

- 6.8 **Investment and Reviews-** The planning cycle for 2017-18 include service reviews covering 41% of the Force amounting to £50m of staff expenditure. These covered Patrol Resources and the link with the Management Resource Unit (MRU), Investigative Resources, Roads Policing, Forensics, Custody, HR, Projects and Cleaning Services. These reviews are at different stages, the MRU has been implemented while the Investigative Review has reported its initial findings. The reviews and further evidence based research will assist the Force to identify efficiencies and where investments are required.
- 6.9 The growth investment set out for 2018-19 makes a first step towards the additional investigative requirements identified as well as setting out the infrastructure to enable further evidence based transformation to meet future projected change in demand. Investment is being made, initially on a temporary basis of two years, in enhancing the corporate planning function infrastructure and developing evidence based approach to the allocation of resources. This will be fundamental to future planning in order for the Force to recognise change in demand as soon as possible, but also is able to identify savings where demand has fallen or efficiencies have been identified and if necessary re allocate to other areas if demand is increasing.
- 6.10 The Response and MRU reviews were linked in that the MRU would be partially funded by reducing response officers as demand was reduced. However, due to the grant settlement being better than expected it was not necessary to reduce the number of response officers as expected. The additional grant will be used to fund 15 Officers within the MRU rather than reducing the response officer's number to fund the MRU. The overall allocation of Officers to different areas will be central to the evidence based reviews being undertaken during 2018-19.
- 6.11 Summary of the permanent and temporary growth is shown in the table below. Of this, £0.762m will be funded by raising the council tax above the 2.5% increase assumed in the previous MTFP, with the remainder funded from the reallocation of resources released through delivering the saving plan. 62 growth bids were analysed, scored and peer reviewed amounting to an original submission of £2.384m recurring and £4.098m temporary/capital; these were reduced substantially to the figures shown in the table below.

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

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

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

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

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

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

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

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

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

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

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

## 7. Risks

- 7.1 The level of uncertainty in setting 2018-19 budgets reduced from previous years, and although no quantitative detail had been given on the 2018-19 settlement a similar process to the previous year had been indicated. However the provisional settlement was better than expected in that the grant was frozen rather than cut. This was announced as part of the grant announcement on 19 December 2017. The announcement also indicated a frozen grant for 2019-20, but as has been seen over recent years this can change up to final announcement normally in December each year. This brings uncertainty into the process.
- 7.2 One of the biggest risks over the next few years is the funding formula due to the sensitivity and uncertainty around the new formula. The figures provided by the Home Office during the 2015-16 review showed North Wales's allocation increasing from 1.03% to 1.06% of the total, this equated to £2m additional funding; estimates then provided by Devon and Cornwall showed North Wales's allocation reducing by £14.5m, which demonstrates the sensitivity of any changes. The Home Office have now indicated that the formula will be reviewed as part of the next spending review in 2020.
- 7.3 There are new and emerging national and local risks that must be resourced such as Child Sexual Exploitation and Cyber Crime. Additional allocations have been made in in recent years but these are resource intensive areas and will need to be further assessed in future. Locally the development of the Prison in Wrexham and the Wylfa B Nuclear Power Station will create demand for policing resources. In addition, other public sector agencies are seeing a reduction in their budgets which could also increase the demand on the Police service.
- 7.4 National developments such as PEQF detailed in earlier sections create financial and operational risks. The replacement system for Police Communications (ESN) was intended to deliver savings, but this has not been confirmed and delays have introduced additional costs which may or may not be funded centrally.
- 7.5 The plans for the savings in 2017-18 are in place and are being implemented; however the potential savings in 2018-19 have yet to be delivered. These plans are mature and it is expected that these savings will be achieved within the year. Plans beyond 2018-19 are in development. Not all the savings are under the Force's control, for example the collaboration savings will depend on other forces and organisations.
- 7.6 The estimated cuts required are based on the planning assumptions for increases in Council Tax being agreed. If this were to be reduced each reduction of 1% would mean an additional £0.721m cut in budgets.
- 7.7 The Home Office has top-sliced the amounts allocated to Police areas in recent years to fund national units and initiatives. Top slicing was increased by 16% in 2018-19. Any new initiatives may result in further top slicing.



- 7.8 Further cuts could be applied if the economic climate worsens. Each additional 1% cut to the General Grant Funding is a cash reduction of £0.717m.
- 7.9 As 80% of the net budget is spent on pay any small changes in pay increase, pension contribution or National Insurance contributions, Apprenticeship Levy, or any other pay-related expenditure can have a disproportionate effect on the budget. As documented in earlier sections a 1% pay increases has a full years effect of an additional £1.2m increase in costs. As grants are either cut or as is currently the case frozen, the cost of pay inflation either falls on the council tax or has to be funded by cuts. The risk of inflation not being recognised as part of the Government settlement is substantial. Inflation is built into the Home Office figures but these have been top sliced to fund central costs in 2018-19.
- 7.10 Inflation has been low in recent years and the budget assumptions have been changed to reflect this, however this could change especially in areas such as fuel and energy where prices can be very volatile.
- 7.11 The table below highlights the sensitivity of the main assumptions

Sensitivity main variables	£m
1% change in Council Tax	0.721
1% change in grant	0.717
A 1% change in pay	1.221
1% change in general inflation	0.420
1% reduction in income and specific grants	0.170

## 8. Reserves

- 8.1 The Commissioner has a duty to ensure that he holds adequate financial reserves to manage risks. In addition to the funding and forecasting risks detailed above, the Commissioner needs to cater for expenditure risk (spending over budget), and costly major incidents, natural disasters or other unforeseen events. An element of this risk has been managed through the in-year budgets through the contingency budgets. These have been reduced and a greater proportion of that risk being transferred to Reserves.
- 8.2 The Reserves are reviewed as part of the budget setting process and again as part of producing the Statement of Accounts. Reserves were re allocated as part of the last MTFP and no re allocation has been made as part of this MTFP. The reserves will be reviewed again at the end of the financial year.
- 8.3 There is a planned reduction in reserves from £38.1m to £19.1m over the next 5 years. The majority of this reduction will happen in 2017-18 as the Capital Reserve is used to fund the Wrexham and Llandudno estates investments. Further investments from the Management of Change reserve is planned to enable the changes required over the next two years. A description of each reserve is given at the end of the section.
- 8.4 As part of the budget settlement the Policing Minister stated that new guidelines on transparency of reserves will be announced. It is expected that the details contained below, which has always been included in the MTFP and the Statement of Accounts, will meet these requirements. The Joint Audit Committee has also reviewed the reserves and the associated plan.
- 8.5 The use of the reserves will depend on the final decisions on capital expenditure and the final revenue settlements, therefore the table below shows the current plan on how the earmarked reserves may be best used to support service provision and reduce the pressure on the revenue budget. Where the use of the Reserve is not known (such as the Major Incident Reserve) no changes are shown. Details of the projected Reserve position at the end of each year are given below the table.

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

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

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

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

**Pension Ill Health Reserve (Risk)** – The Force has to pay a one off sum equivalent to twice an officer’s pay for each Ill Health Retirement. Holding the Reserve has reduced the need for the budget in revenue.

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

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

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

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

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

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

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

## 9. Capital

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

- 4 major new facilities in Llangefni, Llandudno and Wrexham (2 builds)
- 20 refurbishments and relocations
- Continuation of the Vehicle replacement Programme
- Upgraded Network, Servers, Desk Tops, Mobile devices and the replacement of the Control Room Technology systems.

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

9.3 The 2018-19 Programme will see the completion of the Wrexham Custody, DHQ and in Town facilities; this is the largest project that North Wales Police has ever undertaken. The replacement programmes in Fleet and IT will continue and as part of the budget setting process the following investments were agreed as part of the process of enabling change.

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

9.4 The programme is affordable and funded from a combination of grants, reserves, direct revenue contribution and borrowing. The overall strategy is to minimise borrowing and maximise the amounts budgeted in revenue by use of direct revenue contribution and capital receipts, which in turn minimises interest payments.

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

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

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

## 10 Summary

- 10.1 The Medium Term Financial Plan sets out the Commissioner's and the Chief Constable's plans for the revenue and capital budgets and the use of reserves over the next 5 years. It is expected that there will be further cuts in grants, but that the cuts are likely to be less than in the initial period of the Austerity Programme.
- 10.2 Increased cost pressures from inflation and new requirements result in a larger deficit than the previous MTFP. These follow from on from a period of seven years where £29.6m savings have been made in budgets. The emerging demands on operational resources also add to the financial pressure.
- 10.3 The next four years will be very challenging financially and will require a balance between prioritisation of demand, savings, investments in some areas and reasonable increases in Council Tax. All options were considered balancing affordability for the local tax payer ensuring that sufficient resources are available to meet demand. The option to increase council tax by the £12 assumed by the Home Office has not been taken. A balanced approach has been taken, reserves have been invested in the infrastructure to identify efficiencies that can be taken as saving or re invested in the service, while also setting a sustainable and as far as possible stable budget in the current economic climate.

### The Financial Strategy

#### Financial Strategic Objectives:

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

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

#### **Corporate and Business Planning**

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

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

- To maintain adequate reserves and provisions to ensure that the medium term policy programme is sustainable and can be delivered
- To aim to balance the revenue budget over the medium term without reliance on the use of the General Reserve
- To maintain the 3 levels of resilience by use of reserves and provisions:
  1. Annual Budget Management
  2. Earmarked Reserves including the Major Incident Reserve
  3. A General Reserve at between 3% and 5% of net revenue expenditure

## **Risk Management - Financial Control Framework**

- To maintain a financial control framework which is key to maintaining effective standards of financial administration and stewardship. This will be achieved through the following:

Adherence to Statutory Rules and Regulations

Home Office Financial Management Code of Practice

Code of Corporate Governance

Policies and Procedure notes

Financial Regulations and Standing Orders

Treasury Management Policy and adherence to the Prudential Code

Implementation of Internal and External Audit recommendations

Management of Risk

Codes of Professional Conduct

- To maintain and develop adequate financial systems to record and control resources and move towards full electronic processing
- To align financial responsibility at the operational level with the appropriate management control or influence
- To ensure that accurate, up to date financial information is available to enable users to apply it effectively in decision making.



**Revenue Budget 2017-18 to 2022-23**

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

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

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

## Appendix C

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

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

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

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

## AGENDA ITEM 8a

**REPORT TO:** North Wales Police and Crime Panel (PCP)

**DATE OF MEETING:** 22/01/18

**LEAD OFFICER:** Richard Jarvis, Lead Officer/Legal Advisor to the PCP

**CONTACT OFFICER:** Dawn Hughes, Senior Support Officer to the PCP

**SUBJECT:** Revised Protocol – Questions to the North Wales Police and Crime Commissioner

**EXEMPT REPORT:** Not exempt

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### **1. SUMMARY AND KEY POINTS**

- 1.1 To consider the revised Protocol for Questions to the North Wales Police and Crime Commissioner (PCC), attached as Appendix 1.
- 1.2 The protocol has been revised to clarify the deadline for submission of questions, the process for supplementary questions and the process for questions that are substantially similar to a question put at a meeting within the preceding six months.

### **2. RECOMMENDATION(S)**

- 2.1 That the revised Protocol for Questions to the North Wales Police and Crime Commissioner be approved.

### **3. REPORT DETAILS**

- 3.1 The protocol has been revised to clarify the deadline for submission of questions to the Police and Crime Panel (PCP) – it now reads 10 working days, as opposed to 10 days.
- 3.2 The protocol has been further revised to confirm that only a Member of the PCP may ask a supplementary question.

- 3.3 In the event that questions are submitted to the PCP, which seem to be substantially similar to a question put at a meeting within the preceding six months, the protocol has been amended so all Panel Members will decide on whether the questions should be accepted or not.

#### **4. OPTIONS**

- 4.1 Option 1- to approve the revised protocol to ensure clarity for members of the public, Panel Members and the Police and Crime Commissioner.
- 4.2 Option 2 – that the protocol is not amended.
- 4.3 Officers recommend that Option 1 is approved.

#### **5. ENGAGEMENT/CONSULTATION**

- 5.2 Consultation has been carried out with Panel Members, who were supportive of submitting a revised protocol for consideration.

#### **6. RESOURCE IMPLICATIONS**

- 6.1 None.

#### **7. WELL-BEING OF FUTURE GENERATIONS ACT**

- 7.1 The protocol provides opportunities for involvement at local and community level.

#### **8. EQUALITY IMPLICATIONS**

- 8.1 None.

#### **9. POLICIES AND PROCEDURES**

- 9.1 The revised protocol will be published on the Police and Crime Panel's website.

#### **10. RISK IMPLICATIONS**

- 10.1 The revised protocol will reduce the risk of the process for the submission of questions to the PCC being open to interpretation.



**Background Papers:**

N/A.

**Appendices:**

Appendix 1 – Protocol for Questions to the North Wales Police and Crime Commissioner

## QUESTIONS TO THE NORTH WALES POLICE AND CRIME COMMISSIONER

From September 2015, the North Wales Police and Crime Panel (PCP) accepts questions from members of the public or Panel Members, which can be put to the Police and Crime Commissioner (PCC) at its public Police and Crime Panel meetings.

Please see the Procedure below for further information about how to put a question at these meetings.

1. Questions must be submitted to the North Wales Police and Crime Panel 10 working days or more prior to a meeting of the PCP. Email your question to [policepanel@conwy.gov.uk](mailto:policepanel@conwy.gov.uk) or send to the North Wales Police and Crime Panel, Conwy County Borough Council, Bodlondeb, Conwy, LL32 8DU.
2. Questions submitted 10 working days or more prior to a PCP meeting will be taken at that PCP meeting, subject to the procedure set out below. Any questions which are received less than 10 working days prior to a PCP meeting will not be submitted to the meeting, unless in the opinion of the Host Authority (Conwy County Borough Council) the question relates to an item on the agenda of the PCP meeting following the submission of the question or is otherwise of such urgency that it should be taken at the meeting.

3. In order for a question to be accepted, it **must**:

- Relate to the strategic functions of the PCC (including the Police and Crime Plan) and **not** relate to any 'live' cases or the operational management of the North Wales Police.

*(Any questions relating to the operational management of North Wales Police will automatically be directed to the Office for the Chief Constable, who will endeavour to respond in accordance with normal practice – the questioner/Panel Member will be notified that it has been forwarded. These questions will therefore **not** be taken in public at PCP meetings.)*

- **Not** be substantially similar to a question put at a meeting within the preceding six months unless circumstance have changed such as to justify the question being put.
  - **Not** require the disclosure of exempt or confidential information.
  - **Not** be vexatious or defamatory.
4. If the Host Authority, in consultation with the Chair of the PCP, considers that a question does not comply with paragraph 2 and 3, it shall advise the questioner accordingly and, if appropriate, direct the question to the appropriate public body. In the event that a question seems substantially similar to a question put at a meeting within the preceding six months, all Panel Members shall decide whether the question should be accepted or not.

If the Host Authority considers that the question does comply with paragraph 2 and 3, the question will be referred to the PCC and will be treated as having been adopted by the PCP and be subject to the procedure below.

5. Questions adopted by the PCP in accordance with paragraph 4 above become questions to be put by the PCP to the PCC and responsibility for asking the question will be allocated to a Panel Member, at the discretion of the Chair, having regard to the relevance of the question to particular area(s) within the jurisdiction of the PCP.
6. The PCC will issue a response to the question, which will be made available to the person who raised the question (“the questioner”) and PCP members by noon on the working day prior to the PCP meeting at which the question is to be submitted.
7. The question and answer will be “taken as read” at the beginning of the meeting.
8. Only a Panel Member may ask a supplementary question, which must relate to the initial question and answer and be for the purpose of clarification only and not raise any new question or issue. Only one supplementary question will be permitted for each initial question and answer. Supplementary questions and responses will be included in the formal minute of the meeting.
9. There will be instances where the PCC (or his/her officers) are unable to respond to a supplementary question put at the meeting. In instances such as these, a written response will be issued to the questioner by the PCC within 5 working days of the meeting and a copy of the response provided to the Host Authority.
10. A question and answer will not be the subject of further discussion or resolution at the meeting. The subject matter of the question may be the subject of a further report and debate at a later meeting of the PCP.
11. It will be accepted that the PCP will allow up to 10 minutes for public questions, though it may wish to lengthen this in the appropriate circumstances.

**POLICE AND CRIME PANEL**  
**PANEL HEDDLU A THROSEDD**



**NORTH WALES POLICE AND CRIME PANEL**  
**FORWARD WORK PROGRAMME**

Contact Officer:	Dawn Hughes
	Senior Committee Services Officer Conwy County Borough Council Bodlondeb Conwy LL28 5NF
E-Mail:	dawn.hughes@conwy.gov.uk
Telephone:	01492 576061

Date	Subject	Responsible Officer (including e-mail address)
30 January 2018	Will only take place, if the precept is vetoed by the Police and Crime Panel.	
19 March 2018	North Wales Police and Crime Plan	Arfon Jones, Police and Crime Commissioner
19 March 2018	Revised Complaints Procedure	Richard Jarvis, Lead Officers and Legal Advisor
19 March 2018	Meeting Schedule for 2018/19	Richard Jarvis, Lead Officer and Legal Advisor
<b>Future Items</b>		
TBC	<b>Annual review of the membership of the Police and Crime Panel</b> To ensure the Elected Members of the Panel, shall, as far as practical, reflect the political balance and community demographic of North Wales.	Host Authority
TBC	<b>Review of the Police and Crime Panel's Terms of Reference</b> To review the Terms of Reference to ensure they remain fit for purpose.	Host Authority
TBC	<b>Presentation on the Victims Help Centre, North Wales</b>	Arfon Jones, Police and Crime Commissioner

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