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POLICE AND CRIME PANEL
PANEL HEDDLU A THROSEDD



Special Meeting North Wales Police and Crime Panel

Monday, 21 January 2013 at 10.00 am
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 pursuant to Section 100B(4) of the Local Government Act 1972.
4. **To consider a report by the Police and Crime Commissioner on the following matter:**
 - a) Budget and Precept Setting Report 2013-14 (Pages 1 - 41)
5. **Confirmation Hearing for the appointment of Chief Executive of the Office of the Police and Crime Commissioner**
(Subject to official confirmation from the Office of the Police and Crime Commissioner)
6. **To consider re-arranging the date of the meeting in May 2013**

Membership of Panel

Cllr William Knightly (Chair)
Cllr Glenys Diskin (Vice-Chair)

Conwy County Borough Council
Flintshire County Council

Cllr Amanda Bragg
Cllr Bill Cowie
Cllr Terry Evans
Cllr Chris Hughes
Cllr William T. Hughes
Cllr Charles Jones
Cllr Colin Powell
Cllr Gethin Williams

Flintshire County Council
Denbighshire County Council
Wrexham County Borough Council
Conwy County Borough Council
Ynys Mon County Council
Gwynedd County Council
Wrexham County Borough Council
Gwynedd Council

Patricia Astbury
Timothy Rhodes

Independent Co-opted Member
Independent Co-opted Member

Proposed Policing Precept Level

Introduction by Police Commissioner Winston Roddick

One of the key decisions that I will make each year will be to present the proposed policing precept level to the Police and Crime Panel. This decision will be critical in determining the level of resources that can be made available for the Chief Constable to deliver the policing service in North Wales and for delivering my vision as Police and Crime Commissioner.

I want to ensure security in the home and safety in public places, and in order to achieve this I am proposing to the Panel that the Policing precept for 2013/14 is increased by 3.47% which equates to an increase of 3.98% on the Council Tax, an additional 17 pence per week (band D) per household.

This would enable an additional 51 Police officers to be funded. An increase of 51 Officer posts would increase the Officer Establishment from 1417 to 1468. This will also allow early recruitment to continue to be funded from reserves which would allow actual numbers to be 50 to 70 over establishment in March 2014. The additional officers would enable greater options to focus on reducing crime through preventative measures and reducing harm to communities.

The Police and Crime Plan will set out in more detail what I intend to achieve, and how I intend to achieve it during my term of office. Currently we are still considering the views of the Community through the Call for Evidence, prior to presenting the draft Plan to the Panel next month. It is important that we have a clear agreement of the level of resources that can be made available to police North Wales, to finalise and ensure that we deliver an effective policing service to the area.



Report from the Office of the Police and Crime Commissioner

Title:	Budget and Precept 2013-14 to 2016-17
Meeting:	Meeting of the North Wales Police and Crime Panel, 21 January 2013
Author:	Mike Parkin, Interim Chief Finance Officer / Director of Finance and Resources

Introduction

This report reviews the financial situation and makes recommendations for the 2013-14 council tax and precept.

Recommendations

This report recommends:

1. That the precept for 2013-14 is based on increasing the band D Council Tax by 3.98% (increase of £8.55 per annum, 17 pence per week) to £223.11, which gives a total precept increase of 3.47% and
2. That the Budget Requirement is £141.705m, a total increase of 0.57%
3. That £4.634m savings have been identified for 2013-14
4. That £1.777m of the savings identified will be re invested in 51 additional front line Police Officers
5. That the Medium Term Financial Plan outlines a possible increase of 4% for each year to 2015-16 based on an estimated grant reduction of 3%

Statutory Requirements

The Chief Finance Officer (CFO) 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 CFO has stated that the figures in the various reports are the products of procedures that have continued to be operated to the highest professional standards. These systems are audited both internally and externally and external audit has never issued any qualification. The information is therefore fit for purpose.

The same Act also requires the CFO to comment on the adequacy of reserves to be provided in the budget. The CFO has commented that the general reserve will continue to be adequate for the day to day operational needs of the Force.

The planning environment

The attached Medium Term Financial Plan (MTFP) sets out the planning environment as well as previous year's figures, capital and reserves plans.

No Provisional Government Funding Allocations for 2013-14 had been given as part of the 2012-13 settlement, indicative % cuts of -2% for 2013-14 and -1% for 2014-15 had been given as part of the 2011-12 settlement figures. The final settlement for 2012-13 by the Home Office resulted in no change from the figures announced as part of the Comprehensive Spending Review 2010 (CSR2010) in October 2010. This confirmed a

grant cut of £5.571m or -6.7% for 2012-13, this following a cut of £4.503m or -5.14% in 2011-12. On this basis a cut of -2% in Government Grants was originally assumed for 2013-14.

The Chancellor announced in the 2011 Autumn Statement that there would be a cap on public sector pay increases of 1% from 2013-14. As part of the 2012-13 settlement the Home Office stated that they would be taking the benefit of the pay freeze as a saving centrally. The expected result of this was a total grant reduction of -3.78%.

As part of the 2012 Autumn Statement on the 5th of December 2012 the Chancellor announced that Government Departments would have an additional reduction of -1% in 2013-14 and -2% in 2014-15.

No announcement on the adjustment to the Grant Allocation Formula made to ensure that all Forces receive the same % cut in their main grant (known as the Floor Grant) had been made prior to the 2012 Grant announcement.

The Neighbourhood Policing Grant provides funding for 75% of 157 PCSO's for North Wales Police. The Neighbourhood Policing Grant will be rolled into the main grant from 2013-14 onwards. The General Grant has been adjusted by the value of this grant (£3.338m).

The provisional Grant announcements were made by the Home Office and the Welsh Government on the 19th of December 2012. The main decisions were

- Not to pass on the additional 1% cut from the 2012 Autumn Statement
- Not to take the saving from the 1% pay increase cap centrally
- To apply damping so that all Forces face the same grant reduction of -1.6%

The relevant paragraph from the Minister of Policing and Criminal Justice statement is given below.

'Earlier this month, the Chancellor announced further reductions to Departmental budgets for 2013/14 and 2014/15 in his Autumn Statement. However I have protected the police from these reductions in 2013/14. In addition, in 2013/14, I have also protected the police from reductions announced by the Chancellor in November 2011 relating to public sector pay restraint. Without this protection on pay restraint, central Government funding for the police would have been reduced by £66m in 2013/14. As a result of both these decisions, the police will receive the same amount of total Government funding in 2013/14 that was agreed at the October 2010 Spending Review.

I have decided to apply damping so that every police force area in 2013/14 will face the same percentage reduction in core central Government funding (1.6 per cent cash).'

Capping

No formal announcement of the required two criteria for capping are made until all Council Taxes have been set. It is understood that the Wales Assembly Government is not contemplating action against authorities who increase their Council tax by up to 5% but that above this figure the risk of capping increases.

Tax base

The tax base for 2013-14 is 278,446.12 band D equivalents compared with 279,827.39 in 2012-13, a decrease of 1,381.27 or -0.49%. This has resulted in a reduced yield in the precept of £0.308m.

Budget 2013-14

At the time the Force were setting out their budget in November 2013 it had been expected that cuts of £4.6m would be required to balance the 2013-14 budgets. These were identified. However as the Home Office have been able to provide a better final settlement than expected the total cuts required is £2.858m.

Following detailed discussions with the Commissioner and the focus he has outlined for the future direction of the police service financial resources, it has been agreed that if the Police and Crime Panel approve the proposed precept level the additional savings identified of £1.777m will be used to **fund 51 additional permanent front line Police Officers posts**.

As the Force has already been recruiting over the planned establishment during 2012-13 the additional Officers will be deployable early in 2013-14. The strategy of recruiting Probationers early can then continue during 2013-14 funded from reserves.

Details of the Budget are contained in the MTFP and are summarised below,

	£m
Budget Requirement 2012-13	<u>140.908</u>
Pay Inflation	0.861
Non pay inflation	1.305
New requirements and grant funded	0.380
Budgeted use of reserves	1.108
Revised Budget Requirement	<u>144.562</u>
<u>Funding</u>	
Grants @-1.6% cut	79.581
Precept @ 3.98% council tax increase	62.124
Total Funding	<u>141.705</u>
Cuts required balancing the budget	2.857
<u>Cuts identified</u>	
Reviews 2012-13	0.578
Review previous years	1.456
Civilianisation	0.565
Increment Freeze	0.411
Allowances	0.391
Training	0.125
Energy Budget	0.090

Body Armour	0.100
Contracts	0.252
Air Support	0.285
Special situations contingency	0.093
General Contingency	0.250
Interest on Balances	0.038
Total	4.634
Re invested in 51 front line Police Officer	<u>1.777</u>

Risk

The following are considered to be the major risks to achieving the plans and delivering the budget as set out.

Inflation – in his Autumn Statement 2011 the Chancellor announced that for 2013-14 and 2014-15 public sector pay increases would be limited to an average of 1%. These increases have not been finalised for Police or Police Staff. Any increases in Employers Pension or National Insurance contributions would also have a significant impact on pay costs. Inflation provision on all other purchases is set at the Government's target of 2%, whilst areas of known higher inflation have been set at 5%.

Specific grants – the number of specific grants have reduced but the force remains in receipt of substantial sums that are vulnerable to change at short notice.

Grant Formula and Floor Grant – the Floor Grant of £10.5m will be retained for 2013-14 as the Home Office decided to apply damping so that all Forces had the same reduction in grants of 1.6%. The Home Office also indicated that they would have a consistent approach in 2014-15 but did not indicate the level of cuts. It was also announced that the Home Secretary will be commissioning a fundamental review of the Formula once the PCC's are established in their roles. There is a high risk that a new formula would have a detrimental impact on funding for North Wales Police.

Cumulative effect and sensitivity – the table below illustrates the sensitivity of the main funding and cost variables. A combination of a number of these can cause significant change in funding.

Sensitivity main variables	£m
1% less Council Tax increase	0.595
1% reduction in grant	0.796
1% reduction in tax base	0.625
A 1% increase in pay or employer pensions or national insurance contribution	0.860
1% increase in inflation	0.300

Resilience

A substantial part of policing is as first line emergency response, therefore the Force can face one or more incidents with large financial consequences at the same time (as has been experienced during 2012-13). To address this situation balances are held so as to reduce the impact on the remainder of core business.

Balances are the key measure of resilience, but resilience is not their only function as they are also required for funding the day to day cash flow needs of the organisation. The estimated balances at 31st March 2012 fall into two categories:

The General reserve (£7.189m) is used to fund the day to day cash flow needs etc. and provide the first line of resilience. The Medium Term Financial Plan (MTFP) envisages that this reserve will be maintained at the same cash figure over the coming years.

Earmarked reserves and Capital Reserves – these will need to be reviewed each year in the light of an updated MTFP, details of the current plan and projections are shown in Section 10. of the MTFP and summarised below.

The largest element of the Earmarked Reserve is the Capital Reserve (£18.113m). This Reserve allows investment to be made in the Estates mainly, but also including IT and equipment, that

- Underpins future revenue savings
- Provides an infrastructure that is fit for purpose
- Avoids additional future maintenance costs on inefficient buildings such as the current Wrexham Police Station.

A breakdown of estimated Reserves at the end of each financial year is given below:

<i>Usable Reserves at</i>	31.3.12	31.3.13	31.3.14	31.3.15	31.3.16	
	£m	£m	£m	£m	£m	
Capital Receipts Reserve	2.228	0.500	0.000	0.000	0.000	Can only be used for capital, planned additional sales are included in the capital funding
Capital Grants Unapplied	1.582	0.000	0.000	0.000	0.000	Can only be used for capital
General Fund Balance	7.189	7.189	7.189	7.189	7.189	At the required 5% of net budget
Earmarked General Fund Reserves	29.043	27.139	16.978	11.779	9.240	Detailed below
Total Usable Reserves	40.042	34.828	24.167	18.968	16.429	

Earmarked Reserves	31.3.12	31.3.13	31.3.14	31.3.15	31.3.16
	£m	£m	£m	£m	£m
Capital Investment	18.113	12.519	3.185	0.135	0
Major Incident	2.04	2.040	2.040	2.040	2.040
PFI Reserve	2.097	2.567	2.978	3.329	3.625
Pension Ill Health Reserve	0.881	0.881	0.881	0.881	0.881
Insurance Reserve	1.259	1.259	1.259	1.259	1.259
Probationer Reserve	1.346	4.866	4.366	2.366	0.366
Revenue and Project Costs	1.949	1.949	1.700	1.200	0.500
Helicopter Maintenance	0.317	0.317	0.317	0.317	0.317
Partnerships Reserve	0.789	0.489	0	0	0
Office of the PCC and PCC Transition	0.252	0.252	0.252	0.252	0.252
Total	29.043	27.139	16.978	11.779	9.24

Discussion of the options with the Police and Crime commissioner

The Police and Crime Commissioner is responsible for determining the budget that is made available for the provision of a policing service for North Wales, and a key component of the budget is the proportion that is raised through the level of policing precept.

The Police and Crime Commissioner requested full briefings on the previous and current financial circumstances of the police force, and to be provided with detailed options for 2013-14 and for the medium term planning period.

The options provided for the consideration of the Commissioner ranged from setting a Council Tax of 1% (which would have provided a 'stand still' budget) to increasing the Policing precept at a higher percentage to enable re-investment in police officers.

Over the first 3 years of the current Comprehensive Spending Review (2011-12 to 2013-14) £15.329m cuts have been identified in the budget. The Commissioner has decided that the best way forward for the service is to re-invest £1.776m of these cuts back into front line Officers.

The Commissioners Proposed Precept

The option that has been selected by the Commissioner to present to the Police and Crime Panel is to increase the Policing precept by 3.47%, an increase of 3.98% in Council Tax, using the savings identified to re-invest in front line policing.

Based on the proposed increase of 3.98%, the Council Tax at the various Property Valuation Bands would be:

Property Valuation Bands	
A	148.74
B	173.53
C	198.32
D	223.11
E	272.69
F	322.27
G	371.85
H	446.22
I	520.59

The Precept for each billing are will be

Billing PCCNW	Proportion of the Council Tax Base	Precept Sum (£)
Isle of Anglesey County Council	29,662.00	6,617,889
Gwynedd Council	48,888.55	10,907,524
Conwy County Borough Council	49,393.46	11,020,175
Denbighshire County Council	38,000.11	8,478,205
Flintshire County Council	60,254.00	13,443,270
Wrexham County Borough Council	52,248.00	11,657,051
	278,446.12	62,124,114

Budget forecast 2014 to 2016-17

The revised assumptions have had some effect on future projections. In terms of funding an assumption of a reduction of 3% in grant has been made and the planning assumption of a 4% increase in Council Tax. Both are intrinsically linked and a change in the grant funding will lead to a review of the proposed Council Tax level. Details are contained in the MTFP and summarised below.

	2014-15 £m	2015-16 £m	2016-17 £m
Inflationary Increases	2.420 (1.71%)	2.396 (1.66%)	2.361 (1.61%)
Reduction in Grant	2.388 (-3.0%)	2.316 (-3.0%)	2.246 (-3.0%)
Additional funding from 4% increase in Council Tax	-2.485	-2.585	-2.688
Revised Deficit	2.323	2.127	1.919

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

Medium Term Financial Plan

2013-14 to 2016-17



1. Introduction

1.1 The Medium Term Financial Plan (MTFP) links the Policing Plan 2013-2016 and the Policing Priorities agreed by the Police and Crime Commissioner and the Force with the Financial Strategy (Appendix A) and the Resources available.

1.2 Aim

The aim of this paper is to give details of how the budget has been balanced to date and the plans for balancing future years whilst maintaining performance and ensuring local and national priorities are achieved.

1.2 The budgets for 2012-13 and planned budgets for 2013-14 to 2015-16 were set in the Police Authority meetings on the 17th of February 2011 and the 9th of March 2011. The Authority set a Council Tax at a 2.5% increase for 2012-13 and set a planning assumption of 4% going forward. Based on the assumptions set out in the Medium Term Financial Plan in February and March 2012 the required cuts were identified as shown in the table below. This new revised Plan will update these figures as part of the current Medium Term Financial Plan and provide the details underpinning these changes.

Year	2011-12	2012-13	2013-14	2014-15	2015-16
	£M	£M	£M	£M	£M
Cuts required	4.678	6.897	2.767	2.490	1.785

2. Planning Process

2.1 A number of reviews were carried out during 2010-11 in anticipation of the budgetary reductions (Phases 1 and 2); these were governed by the 2011+ Programme Board and resulted in the reorganisation of the Operational Delivery Model and the back Office Support which was implemented on May the 4th 2011. These delivery model were reviewed during 2012-13 and amendments made within the budgets allocated in each area. Further reviews were conducted during 2012-13, with Phase 3 Level 2 Policing being implemented and Phase 4 Criminal Justice administration also being implemented. The budgets going forward are based on the structures agreed through these process.

2.2 In developing the MTFP the following were also taken into account

- The Strategic Planning Process
- Other Force Strategies
- Current Economic Climate
- Estimates 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 effect on the Revenue Budget
- Reserves and Balances
- Income Generation, Trading activities and Grants
- Collaboration
- Managing financial resources

2.3 A draft set of budgets were discussed in detail by the Chief Officer Team and Service leads on the 12th of November. On the 21st of November the Police and Crime Commissioner for North Wales took Office (PCC). The PCC was briefed on financial matters including background, current position, proposals going forward and assumptions used. The Police and Crime Panel (PCP) were given a presentation on the 19th of December updating them on the current proposals and projections prior to the funding announcements made later that day.

2.4 The following sections will detail all developments since the previous MTFP giving the updated position for Revenue, Capital and Reserves.

3. 2012-13 Budget

3.1 Substantial reductions were expected well in advance of the Government announcing the final funding cuts, and in anticipation of this Project 2011+ was set up to identify long term savings. At the same time tight expenditure controls were put in place during 2010-12 and going into 2011-12, including a freeze on all recruiting, to reduce expenditure. The first step in this process was to take the £4.679m required reduction out of the base budget for 2011-12, the following table identifies where this initial cut has been made. These cuts were successfully implemented.

2012-13 Budget cuts

	£M
Police Pay	£1.099
Support Staff Pay	£1.991
IT Replacement Programme	£1.453
Other Non-Staff	£0.136
Total	£4.679

3.3 The next step was to implement the required cuts in 2012-13. The cuts were implemented as set out in the original MTFP2012 amounting to £6.016m, with the additional amount of £0.881m as a result of setting a council tax increase of 2.5% rather than the planned 4% to be funded from reserves. The following cuts have been successfully implemented

2012-13 Budget cuts

	£M
Police Pay (2011+ Reviews)	-2.965
Pensions	-0.242
Training	-0.200
Premises	-0.454
Air Support	-0.342
Supplies and Services	-0.387
IT	-0.636
Major Incident Contingency	-0.207
All Wales Contribution and Contingency	-0.438
Tax Band Increase	<u>-0.145</u>

Total **-6.016**

- 3.2 Budgets have been tightly controlled during 2012-13; this together with savings identified for 2013-14 being taken early and the effect of Officers retiring as soon as they can has resulted in a projected contribution to balances of £3.5m at the end of the year. It is intended to allocate any additional balances to the Probationer Recruitment reserve in order to recruit Officers earlier than would happen otherwise.

4. Funding Allocations

- 4.1 No Provisional Government Funding Allocations for 2013-14 had been given as part of the 2012-13 settlement, indicative % cuts of -2% for 2013-14 and -1% for 2014-15 had been given as part of the 2011-12 settlement figures. The final settlement for 2012-13 by the Home Office resulted in no change from the figures announced as part of the Comprehensive Spending Review 2010 (CSR2010) in October 2010. This confirmed a grant cut of £5.571m or -6.7% for 2012-13, this following a cut of £4.503m or -5.14% in 2011-12. On this basis a cut of -2% in Government Grants was originally assumed for 2013-14.
- 4.2 The Chancellor announced in the 2011 Autumn Statement that there would be a cap on public sector pay increases of 1% from 2013-14, this following on from the two year pay freeze already in place. As part of the 2012-13 settlement the Home Office stated that they would be taking the benefit of the pay freeze as a saving centrally. North Wales Police had a planning assumption of a 2.5% pay increase from September 2013, as a result of the Chancellor announcement this could be reduced to 1% but with an expected compensating additional cut in grants. The expected result of this was a total grant reduction of -3.78%. As part of the 2012 Autumn Statement on the 5th of December 2012 the Chancellor announced that Government Departments would have an additional reduction of -1% in 2013-14 and -2% in 2014-15.
- 4.3 No announcement on the 'dampening levels', that is the adjustment to the Grant Allocation Formula made to ensure that all Forces receive the same % cut in their main grant – known as the Floor Grant, had been made prior to the

2012 Grant announcement. North Wales Police will receive a Floor Grant of £10.5m in 2012-13.

- 4.4 The Neighbourhood Policing Grant provides funding for 75% of 157 PCSO's for North Wales Police. The Neighbourhood Policing Grant will be rolled into the main grant from 2013-14 onwards. The base General Grant for comparison and cuts has been adjusted by the value of this grant (£3.338m).
- 4.5 The provisional Grant announcements were made by the Home Office and the Welsh Government on the 19th of December 2012. The main decisions were
- Not to pass on the additional 1% cut from the 2012 Autumn Statement
 - Not to take the saving from the 1% pay increase cap centrally
 - To apply damping so that all Forces face the same grant reduction of -1.6%

The relevant paragraphs from the Minister of Policing and Criminal Justice is given below (full copy Appendix B)

'Earlier this month, the Chancellor announced further reductions to Departmental budgets for 2013/14 and 2014/15 in his Autumn Statement. However I have protected the police from these reductions in 2013/14. In addition, in 2013/14, I have also protected the police from reductions announced by the Chancellor in November 2011 relating to public sector pay restraint. Without this protection on pay restraint, central Government funding for the police would have been reduced by £66m in 2013/14. As a result of both these decisions, the police will receive the same amount of total Government funding in 2013/14 that was agreed at the October 2010 Spending Review.'

I have decided to apply damping so that every police force area in 2013/14 will face the same percentage reduction in core central Government funding (1.6 per cent cash).'

- 4.6 No announcement has been made on funding from 2014-15 onwards; although the Statement does say that damping will be applied in a similar way (that Forces get the same reduction) in 2014-15 prior to a fundamental review of the Police Funding Formula. Based on the figures available and that the Government have indicated strongly that the austerity drive will continue beyond 2016-17 it has been assumed that there will be a -3% grant reduction from 2014-15 onwards.

4.7 The Table below summarises actual and projected Government Funding from 2012-13 to 2016-17.

12-13	13-14	13-14	13-14	14-15	14-15	14-15	15-16	15-16	15-16	15-16	16-17	16-17	16-17
Grant	Cut	Cut	Grant	Cut	Cut	Grant	Cut	Cut	Grant	Cut	Cut	Grant	
£m	%	£m	£m	%	£m	£m	%	£m	£m	%	£m	£m	
80.868	1.6	-1.287	79.581	3.0	-2.388	77.193	3.0	-2.316	74.877	3.0	-2.246	72.631	

5. Council Tax and Precept

5.1 There are two elements to the total net Police Budget, the total of the Police Grants and the Precept. The proportion of these two funding streams for North Wales Police is as follows

2012-13		
	£m	%
Total Government Grants	80.868	57%
Total Precepts	60.834	43%
Total Budget Requirement	141.702	

5.2 Council Tax is calculated by dividing the total precept requirement by the tax base, the tax base being the number equivalent Band D properties in each Force area. The table in Appendix C shows the relative position of the 42 Police Areas that set a Precept if the total budget were to be funded by Council Tax. North Wales Police is 20th highest for the total budget, 28th in terms of Grant per tax band and 2nd in terms of Council Tax. This is as a result of the strategy over the years to maintain total funding at a level similar to Forces who receive a higher Grant.

5.3 The Police Authority increased the Council Tax by 2.5% for 2012-13 and set a planning assumption of a 4% increase for the following 3 years. The capping rules for England and Wales were different for 2013-14. English Police Areas have access to a separate grant equivalent to a 1% Council Tax increase, no capping limit been set in Wales and no additional Grant scheme was in place.

5.5 The Budget projections later in the report are based on a Council Tax increase of 4% for 2013-14 and a planning assumption of a 4% Council Tax increase from 2014-15 onwards. The basis for the 4% increase in 2013-14 is detailed in

Section 6, the planning assumption going forward is linked to the expectation of a -3% reduction in Grants going forward. Changes in the Council Tax have a disproportionate affect on the total funding, a 1% change in the Council Tax equates to a £2.14 change in the Band D Council Tax but equates to a £0.595m change in the total funding in 2013-14.

- 5.6 Changes emanating from the Welfare Reform Act 2012 in the way Housing Benefits are paid are expected to affect the Council Tax collection rate. This rate is used to calculate the tax base for Council Tax setting and had been widely anticipated to reduce the tax base by between -1% and -3%. Final tax bases provided by the six Local Authorities in North Wales resulted in an overall reduction of -0.49%. Based on the planning assumption of a 4% Council Tax increase this would have reduced the precept total by £0.308m.

6. Budget Forecast and Planned Reductions 2013-14

- 6.1 A summary of the Budget Forecast and changes for 2013-14 and future years are shown in Appendix D.

- 6.2 Budget Projections have been updated based on the revised Force design and changes to the base assumptions as listed below. Inflation and increased costs in some areas, such as fuel and forensics, and reduction in grants and income and budgeted use of reserves increased the total cuts required to £4.672m when the budget was agreed by Chief Officers in November 2012, this increase has been compensated by additional savings with £4.634m being identified. The following are the main changes and assumptions from the base presented to the Police Authority in the February 2012 MTFP.

- Reduced Contingencies transferring risk to the balance sheet
- Pay Inflationary 1% from September 2013
- General Inflation 2%
- Budget based on new design of the Force, 1418 Police Officers 910 Police PCSO's 258
- Civilianisation of 41 posts since April 2010

The proposed budget based on the provisional grant funding and the assumptions above is set out as follows

Budget setting position (November 2012)

Breakdown of estimated 2013-14 budget

	£m
Budget 2012-13	<u>140.908</u>
Pay Inflation	0.861
Non pay Inflation	1.305
New Requirements and Grant Funded	0.380
Budgeted use of reserves	1.108
Revised Budget Requirement	<u>144.562</u>

Estimated total funding	<u>139.891</u>
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Cut required	<u>4.671</u>
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Cuts agreed

Cuts taken in 2013-14 budget

	£m
Reviews 2012-13	-0.578
Review previous years	-1.456
Civilianisation	-0.565
Increment Freeze	-0.411
Allowances	-0.391
Training	-0.125
Energy Budget	-0.090
Body Armour	-0.100
Contracts	-0.252
Air Support	-0.285
Special situation contingency	-0.093
General Contingency	-0.250
Interest on Balances	-0.038

Total	<u>-4.634</u>
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Balance	<u>0.037</u>
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Total funding was based on a 4% council tax and a -3.78% cut in grants and a 1% reduction in tax base

	£m
Grants @ -3.78% cut	77.814
Precept @ 4% council tax increase	62.077
Total	139.891

Funding announcement 19th December 2012

- Additional cut for pay freeze not passed on
- Additional 1% cut from the Chancellor not passed on
- Damping applied so that all Forces get the same cut and set at -1.6%
- Tax base reduced by -0.49%

Revised Funding Figures

	£m
Grants @ -1.6% cut	79.581
Precept @ 4% council tax increase (3.98% rounded)	62.124
Total	141.705
Savings that can be re invested	1.777

A proportion of the savings identified of £4.634m could now be used to re-invest in front line Officers. An additional 51 officers could be funded from the savings available of £1.777m for a full year based on the second point of the pay scale. Additional Officers above the establishment have already been recruited as part of the strategy to recruit Probationers early funded from reserves, the establishment can be increased by 51 Officers and the strategy of recruiting Officers early can remain in place for a longer period.

Council Tax 2012-13 £214.56 increased by 3.98% gives £223.11, multiplied by tax base of 278446.12 gives £62.124m

This gives a revised position with a grant reduction of -1.6% and a council tax increase of 3.98% of

Revised budget proposal

Breakdown of 2013-14 budgets

	£m
Budget 2012-13	140.908
Pay Inflation	0.861
Non pay Inflation	1.305
New Requirements and Grant Funded	0.380
Budgeted use of reserves	1.108
Revised Budget Requirement	144.562
Grants @ -1.6% cut	79.581
Precept @ 3.5% council tax increase	62.124
Total Funding	141.705
Cuts required	2.857
Cut identified	4.634

Re invested in 51 additional officers 1.777

7. Budget Forecast 2014-15 to 2016-17

7.1 The revised base and change of assumption has also had some affect on future years, these have now been included in the projections, the overall affect is as follows with details shown in Appendix D

	2014-15 £m	2015-16 £m	2016-17 £m
Deficit as per Feb 2012 MTFP	2.490	1.785	1.800
Overall effect of revisions	-0.167	0.342	0.119
Revised Deficits	2.323	2.127	1.919

7.2 The overall position can be broken down as follows

	2014-15 £m	2015-16 £m	2016-17 £m
Inflationary Increases	2.420 (1.71%)	2.396 (1.66%)	2.361 (1.61%)
Reduction in Grant	2.388 (-3.0%)	2.316 (-3.0%)	2.246 (-3.0%)
Additional funding from 4% increase in Council Tax	-2.485	-2.585	-2.688
Revised Deficit	2.323	2.127	1.919

7.3 A plan was put in place to achieve a balanced budget over the CSR period, this was discussed and the detail presented to the HMIC in March 2011 and subsequently in November 2011. The plan has now been updated as shown for 2011-12 to 2013-14 above, with the current proposals for 2014-15 shown below and has been scrutinised within the Force, by the HMIC and others. It had been expected that a stronger indication would be made of future funding, but based on the figures available the plan for 2014-15 will be revised and a plan for 2015-16 to 2016-17 set out based on the assumptions set out above.

	2014-15
	£ m
Estimates cuts required	2.323
2011+ Reviews	-0.385
Premises	-0.583
Fleet	-0.378
Collaboration	-0.200
Winsor Review	-0.908
Balance	-0.131

Any other areas of the Force that have not been reviewed will be looked at, any savings identified will either be required for potential cuts in 2015-16 or can be re-invested in front line services.

8. Recruitment

- 8.1 A recruitment freeze has been in place during 2011-12 for Police Officers and Police Support Staff as the Force was re-designed. A strategy was implemented during 2012-13 to bring in Probationers above the Force establishment in order to have trained Officers to replace Officers retiring. During 2012-13 it became apparent that Officers are retiring as soon as they can, in response to this additional Probationer Officers were recruited.
- 8.2 The total to be recruited during the year is now expected to be 89 compared the original 72. This would initially result in having 76 Officers over establishment at the 1st of April which would then taper down over the year. Adding an additional 51 permanent posts to the establishment would bring this figure down, but would enable the strategy of recruiting early to be continued for another year. The original Recruitment Plan for 2013-14 was for 10 recruits in the first quarter, setting the proposed budget would allow recruitment of up to 72 Probationers (18 each quarter) during 2013-14. The final number will depend on the rate of retirement and other leavers.

9. Risks

- 9.1 The level of uncertainty in setting 2013-14 budgets has been greater than for 2012-13 as the grant funding was not known until the 19th of December. As no grant figures have been announced the level of uncertainty for 2014-15 onwards is high.
- 9.2 The plans for the savings in 2013-14 are in place and are being implemented; however the potential savings in 2014-15 have to be tested. Not all the savings are under the Force's control, the Collaboration savings will depend on other Forces, and the savings on the Winsor Review into Police Officer and Police Support Staff pay will depend on final national agreement.

- 9.3 The estimated cuts required are based on the planning assumption of a 4% increase in Council Tax. If this were to be reduced each reduction of 1% would mean an additional £0.595m cut in the 2013-14 budgets. The final decision on the Council Tax will depend on the updated information for 2014-15 and any capping regulations that may be set.
- 9.4 There could be a further reduction in the tax base as the full effect of the changes from the Welfare Reform Act will not be known until actual Council Tax collection figures are available for 2013-14.
- 9.5 The current Police Funding Formula has not being fully applied as the swings in funding have been considered to be too large. The correction is made through the Floor Grant; the grant announcement stated that the Floor Grant would be continued in 2014-15. A full review of the Police Allocation Formula is to be undertaken by the Home Office once the PCC's are established in their posts. A future review of the formula likely to benefit larger Forces and could result in reduced funding for North Wales.
- 9.6 Further cuts could be applied in the next CSR period. Each additional 1% cut to the General Grant Funding is a cash reduction of over £0.796m.
- 9.7 As 80% of the net budget is spent on pay any small changes in pay increase, pension contribution or National Insurance contributions can have a disproportionate affect of the budget.
- 9.8 A sum of over £1m is dependant on the implementation of the Estates Review, but there is also a larger element of cost avoidance within the review, currently estimated at £7.1m.
- 9.9 The table below highlights the sensitivity of the main assumptions

Sensitivity main variables	£m
1% less Council Tax increase	0.595
1% reduction in grant	0.796
1% reduction in tax base	0.625
A 1% increase in pay or employer pensions or national insurance contribution	0.860
1% increase in inflation	0.300

10. Reserves and Balances

- 10.1 The Authority has a duty to ensure that it holds adequate financial reserves to manage risks. In addition to the funding and forecasting risks detailed above, the Authority 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 are being reduced and greater proportion of that risk being transferred to Reserves and Balances.

- 10.2 General Reserves are currently £7.189m which is 5.08% of the estimated 2013-14 net budget. The prudent range is considered to be 3% to 5% of net budget and it's sensible to be at the higher point in the current climate, and bearing in mind that contingencies have been reduced in the revenue budget.
- 10.3 Earmarked Reserves have also increased over recent years. This is as a result of expenditure controls being put in place early in anticipation of major cuts. In the early part of 2010-11 indications suggested that the cuts required over the CSR2010 period would be in the region of £25m, cuts at this level would have required substantial redundancy costs to be funded from reserves. Any firmly uncommitted Reserves were initially put into a 'Redundancy Costs Reserve'. However, the current level of cuts enable these reserves to be put to more positive use that will benefit the service and help reduce revenue pressure in the future. The additional reserves have also enabled risk to be transferred from the revenue budget to the reserves. As Officers only have to give 30 days notice of retirement is always difficult to project exactly how many recruits are required, having reserves in place enables the Force to undertake the Recruitment Strategy set out in section 8 in a controlled manner. It has transpired in 2012-13 that Officers are retiring as soon as they can which has not been the case historically.
- 10.4 The use of the reserves will depend on the final decisions on Capital Expenditure and the final revenue settlements, therefore the below profile is the current plan on how the earmarked reserves may be used best used to support service provision and reduce the pressure on the revenue budget. The use of the Reserves will be reviewed on a regular basis. The table below details the known projected use of reserves, where the use of the Reserve is not known (such as the Major Incident Reserve) no changes are shown.

Details of the Reserve position at the end of each year are given below the table.

Reserve Position

<i>Usable Reserves at</i>	31.3.12	31.3.13	31.3.14	31.3.15	31.3.16	
	£m	£m	£m	£m	£m	
Capital Receipts Reserve	2.228	0.500	0.000	0.000	0.000	Can only be used for capital, planned additional sales are included in the capital funding
Capital Grants Unapplied	1.582	0.000	0.000	0.000	0.000	Can only be used for capital
General Fund Balance	7.189	7.189	7.189	7.189	7.189	At the required 5% of net budget
Earmarked General Fund Reserves	29.043	27.139	16.978	11.779	9.240	Detailed below
Total Usable Reserves	40.042	34.828	24.167	18.968	16.429	

A breakdown of estimated Earmark Reserves at the end of each financial year is given below

Description	31.3.12 £m	31.3.13 £m	31.3.14 £m	31.3.15 £m	31.3.16 £m
Capital Investment	18.113	12.519	3.185	0.135	0
Major Incident	2.04	2.04	2.04	2.04	2.04
PFI Reserve	2.097	2.567	2.978	3.329	3.625
Pension Ill Health Reserve	0.881	0.881	0.881	0.881	0.881
Insurance Reserve	1.259	1.259	1.259	1.259	1.259
Probationer Reserve	1.346	4.866	4.366	2.366	0.366
Revenue and Project Costs	1.949	1.949	1.7	1.2	0.5
Helicopter Maintenance	0.317	0.317	0.317	0.317	0.317
Partnerships Reserve	0.789	0.489	0	0	0
Office of the PCC and PCC Transition	0.252	0.252	0.252	0.252	0.252
Total	29.043	27.139	16.978	11.779	9.24

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

Major Incident Reserve – 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.

PFI Reserve – This is required as the funding for PFI from the Government reduced annually, the fund will eventually reduce over the life of the PFI contract.

Pension Ill Health Reserve – The Authority has to pay a one off sum equivalent to x2 of an Officers pay for each Ill Health Retirement. Holding the Reserve has again enabled the budget to be reduced.

Insurance- This relates to the Municipal Mutual Insurance Limited scheme of Arrangement, which could result in a final payment of an estimated £0.432m and for unknown emerging claims.

Probationer Reserve – To be used to fund over establishment due to early recruiting.

Revenue and Project Costs – To be used to fund the cost of change.

Helicopter Maintenance Fund – Required in case of major repair requirements on the Helicopter prior to transfer to National Unit.

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

Office of the PCC and PCC Transition – OPCC reserved and amount earmarked for any transition costs.

10. Capital

10.1 As part of the cost cutting exercise the Capital Programme was suspended with only committed Projects proceeding in 2011-12. A full review of Capital requirements, with a focus on ‘invest to save’ projects was conducted in the main Capital spend areas of Estates, Fleet and IT. Details of these are included in the Capital Programme 2012-2017 (Appendix E) and are summarised below.

10.2 Capital Programme 2011-12 to 2015-16

Expenditure	£m	£M
	Feb 2012	Nov 2012
Estates	24.813	23.420
Vehicles and Equipment	8.742	9.381
IT Replacement Programme	6.942	6.560
Criminal Justice Digitalisation	1.950	0.975
IT Developments	<u>4.050</u>	<u>4.222</u>
Total	46.497	44.558
Funding		
Grants	5.400	5.507
Revenue Contribution	4.869	5.064
Reserves	18.115	18.115
Capital Receipts	7.726	7.676
Borrowing	<u>10.387</u>	<u>8.196</u>
Total	46.497	44.558

11 Summary

11.1 The Medium Term Financial Plan brings together the details from the re design of the Force, future income and expenditure projections and plans to meet future cuts. The assumptions, risks and sensitivities behind the forecasts are given. The Operational and Structural Plans are based on the Strategies and Plans agreed by the Force and the PCC and the Priorities agreed as part of the Three Year Plan, the MTFP allocates the resources to achieve the priorities set within a balanced budget.

Implications of this report

<u>Diversity</u> -	None
<u>Financial</u> -	These are explained in the report
<u>Legal</u> -	None
<u>Risk</u> -	This is outlined in the report
<u>Welsh Language</u> -	None

Appendix A

The Financial Strategy

Financial Strategic Objectives:

- Prioritise resources to align spending plans with the PCC's and CC's vision and strategic objectives as set out in the 3 year Strategic 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 Strategy 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 4 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 general reserves
- 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

Code of Corporate Governance

Force Policies and Procedure notes

Financial Regulations and Standing Orders

Treasury Management Policy and adherence to 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.

WRITTEN MINISTERIAL STATEMENT ON PROVISIONAL POLICE FUNDING ANNOUNCEMENT

Wednesday, 19th December 2012

HOME OFFICE

Police Grant Report England and Wales 2013/14

The Minister for Policing and Criminal Justice (Damian Green): I have today placed in the Library my proposals for the aggregate amount of grant to Local Policing Bodies in England and Wales for 2013/14, for the approval of the House.

Today the Department for Communities and Local Government (DCLG) will be publishing proposals for the distribution of Formula Grant to English local authorities for 2013/14. Funding to the police that in previous years was paid via the Local Government Finance Report issued by DCLG will now be paid via the Home Office Police Grant Report. This change reflects the fact that the police are outside the Business Rates Retention Scheme, and confirms my intention that this funding for the police will be permanently transferred to the Home Office in the next Spending Review.

The Welsh Government will shortly be setting out its proposals for the allocation of funding in 2013/14 for Local Policing Bodies in Wales.

Earlier this month, the Chancellor announced further reductions to Departmental budgets for 2013/14 and 2014/15 in his Autumn Statement. However I have protected the police from these reductions in 2013/14. In addition, in 2013/14, I have also protected the police from reductions announced by the Chancellor in November 2011 relating to public sector pay restraint. Without this protection on pay restraint, central Government funding for the police would have been reduced by £66m in 2013/14. As a result of both these decisions, the police will receive the same amount of total Government funding in 2013/14 that was agreed at the October 2010 Spending Review.

Following the Chancellor's recent Autumn Statement, I have decided to defer publication of police funding allocations for 2014/15 in order to fully scrutinise all Home Office budgets.

I have decided to apply damping so that every police force area in 2013/14 will face the same percentage reduction in core central Government funding (1.6 per cent cash). I intend to apply damping in the same way in 2014/15. In making this decision, the Home Secretary and I have carefully considered responses to the recent informal consultation on damping. Many of the responses stressed the need to undertake a full review of the Police Allocation Formula before changing damping policy given that damping and the Formula are inextricably linked. That is why we have decided to continue current damping arrangements and why the Home Secretary will be commissioning a fundamental review of the Formula to begin once Police and Crime Commissioners (PCCs) are established in their roles and able to engage fully in the review

process. Determining how funding should be allocated to the police in the future is a complex and important matter which requires careful consideration and will take time. I am also aware that a continuation of existing funding arrangements is the basis on which many Police and Crime Commissioners and police forces are making their financial plans.

We have embarked on the biggest reforms to the policing landscape for 50 years. And 2012 is the year when these reforms start to come together at both the local level with the introduction of Police and Crime Commissioners and at the national level, with the National Crime Agency. In November 2012, we welcomed 41 directly elected Police and Crime Commissioners. These directly elected individuals will have the statutory duty to deliver an efficient and effective police force, which clearly demonstrates value for money and, above all, cut crime.

Police reform is working. Thanks to the hard work of officers up and down the country, day in and day out, crime is falling even though budgets are reducing. As Her Majesty's Inspectorate of Constabulary has made clear, police forces have risen to the existing financial challenge, cutting spending while largely maintaining the service they provide. The proportion of officers on the frontline is increasing, crime continues to fall, victim satisfaction is up and the response to emergency calls is being maintained.

As my decisions on police funding in 2013/14 demonstrate, we are committed to ensuring that the police continue to have the resources they need to carry out their important work. I recognise that the funding settlement remains challenging, but I am confident that PCCs and forces will continue to drive out waste and maintain the level of service that the public expect.

The Police Grant Settlement 2013/14

I have set out below how I propose to allocate the police funding settlement between the different funding streams in 2013/14.

Table 1: Police revenue funding - proposed figures for 2013/14

	2013/14 £m
Total General Funding: <i>Comprising....</i>	
<i>Police Core Settlement</i>	4725
of which Home Office Police Main Grant	4540
of which National, International and Capital City Grant (MOPAC only)	185
DCLG	3144
<i>of which formula funding</i>	3067
<i>of which council tax (11/12) freeze grant</i>	75
<i>of which Ordnance Survey</i>	2
Welsh Government	148
Total Home Office Specific Grants: <i>Comprising....</i>	
Welsh Top-up	13
Counter Terrorism Specific Grant	563
NPoCC	1
PFI Grant	60
Total Government Funding	8660*
% cash change in Total Government Funding	-1.9%**

*Includes a small amount of contingency funding which is not shown in the table.

** This is the difference in total central Government funding to the police compared to 2012/13 which included additional funding relating to the PCC elections. The reduction in core Government funding (i.e. funding that is damped) is 1.6%.

Provisional allocations of these grants (with the exception of Counter Terrorism funding) for each force area in England and Wales for 2013/14 are set out in Table 3.

Counter Terrorism

I will continue to allocate specific funding for Counter Terrorism Policing and have provided a ring-fenced budget for this throughout the Spending Review period to ensure that critical national counter terrorism capabilities are maintained. We have allocated at least £563m to support counter-terrorism policing in 2013/14.

PCCs and forces will receive their specific counter terrorism allocations in the new year. For security reasons, these allocations will not be available in the public domain.

National Police Coordination Centre

From 2013/14 I will be providing funding from the police settlement for the National Police Coordination Centre (NPoCC) which is being established following a review led by Her Majesty's Inspectorate of Constabulary (HMIC) into the August 2011 disorder. NPoCC will have three main functions including assessing national capability and capacity in relation to the Strategic Policing Requirement and Police National Requirements; co-ordinating a continuous testing and exercising regime to ensure effective mobilisation of national assets in a crisis; and brokering mutual aid in a crisis.

Private Finance Initiatives Grant

Specific funding will be given to cover the costs of Police Private Finance Initiative projects which are currently operational. This funding was added to the police settlement for this specific purpose. The Home Office will also support the two police PFI projects that are under construction, and which are not yet operational.

Council tax freeze

Funding will be paid in each of the four years of the Spending Review period to all English Local Policing Bodies who froze the police precept component of council tax in 2011/12. This funding is worth £75m. Funding for the 2012/13 council tax freeze scheme has been paid from outside the police funding settlement. This will also be the case for future council tax freeze schemes.

Council tax referendums

The Communities Secretary, in consultation with the Home Secretary, will today give an indication of the council tax excessiveness principles he is minded to propose for 2013/14. After considering any representations he will set out the final principles in a report to the House and seek approval for these in parallel with the final report on the Local Government Finance Settlement. In Wales, council tax capping is the responsibility of Welsh Ministers.

Neighbourhood Policing Fund

From 2013/14 the Neighbourhood Policing Fund (NPF) has been consolidated into Police Main Grant. The baseline against which damping has been calculated has been adjusted to ensure that final allocations reflect the fact that they had previously been allocated on a different basis to Police Main Grant. This minimises the impact on overall funding allocations to police force areas.

Other funding

Community Safety Fund

The vast majority of drugs, crime and community safety funding that the Home Office currently provides to a range of partners will cease at the end of this financial year. Instead, PCCs will receive funding from a transitional and un-ring fenced Community Safety Fund worth £90m. The funding has been allocated according to the current allocation of those funding streams which are ending. Force level allocations are set out in Table 3. This funding will be rolled into Police Main Grant in 2014/15, and the baseline prior to damping being applied will be adjusted accordingly.

Police Capital

Capital allocations will be as announced in the Written Ministerial Statement laid in January 2012. A portion of capital will continue to be top sliced to fund the National Police Air Service in 2013/14 and 2014/15. These proposed figures are set out in Table 2. The National Police Air Service began operations on 1 October in 11 police areas in the east and south east of England. Further forces are scheduled to join during 2013/14.

Table 2: Proposed division of police capital between funding streams

	2013/14	2014/15
	£m	£m
Capital Grant	106	109
National Police Air Service	13	10
Special Grant Capital	1	1
Total	120	120

I still intend to allocate the majority of capital funding directly to Local Policing Bodies. Like last year all Local Policing Bodies will receive the same percentage change in Capital Grant. I will also continue to maintain a capital contingency. These proposed allocations (set out at Table 4) are the same as those announced in the Written Ministerial Statement laid in January 2012.

Royal Parks Policing

Funding in respect of policing the Royal Parks will continue to be provided by the Home Office to the Greater London Authority on behalf of the Mayor's Office for Policing and Crime. In 2013/14 a total of £6.9m will be provided from outside of the police funding settlement.

Table 3: Provisional revenue allocations for England and Wales 2013/14

Local Policing Body	2013/14
----------------------------	----------------

	HO Core	CSF	Welsh Top-up	WG	DCLG
£m					
Avon & Somerset	115.8	2.4	0	0.0	61.5
Bedfordshire	44.5	0.9	0	0.0	25.5
Cambridgeshire	53.7	0.9	0	0.0	26.5
Cheshire	68.4	0.8	0	0.0	49.0
City of London	20.6	0.1	0	0.0	37.2
Cleveland	50.2	1.7	0	0.0	42.3
Cumbria	31.9	0.4	0	0.0	33.9
Derbyshire	68.9	1.0	0	0.0	41.2
Devon & Cornwall	114.0	1.6	0	0.0	68.9
Dorset	45.9	0.6	0	0.0	18.8
Durham	47.3	0.8	0	0.0	40.6
Dyfed-Powys	33.9	0.9	6.0	15.0	0
Essex	114.4	1.2	0	0.0	60.9
Gloucestershire	38.2	0.5	0	0.0	21.3
Greater London Authority	1138.4	18.4	0	0.0	821.4
Greater Manchester	248.3	6.8	0	0.0	199.0
Gwent	47.1	1.4	0	32.3	0
Hampshire	133.6	1.5	0	0.0	68.8
Hertfordshire	79.5	0.8	0	0.0	39.6
Humberside	73.4	2.3	0	0.0	51.0
Kent	118.3	1.3	0	0.0	72.8
Lancashire	111.4	1.8	0	0.0	86.8
Leicestershire	71.9	1.6	0	0.0	43.3
Lincolnshire	42.6	0.6	0	0.0	22.1
Merseyside	134.7	3.1	0	0.0	124.0
Norfolk	55.9	0.7	0	0.0	31.4
North Wales	48.8	1.4	6.9	23.9	0
North Yorkshire	46.3	0.6	0	0.0	29.6
Northamptonshire	47.7	0.9	0	0.0	26.4
Northumbria	121.2	2.8	0	0.0	118.1
Nottinghamshire	84.9	2.8	0	0.0	52.6
South Wales	97.6	3.5	0	76.6	0
South Yorkshire	110.0	3.2	0	0.0	84.9
Staffordshire	73.8	1.0	0	0.0	43.6
Suffolk	45.3	0.6	0	0.0	24.9
Surrey	69.3	0.7	0	0.0	31.7
Sussex	108.9	1.2	0	0.0	58.7
Thames Valley	155.9	3.1	0	0.0	80.4
Warwickshire	34.5	0.4	0	0.0	19.0
West Mercia	73.7	1.0	0	0.0	47.4
West Midlands	275.3	7.0	0	0.0	197.5
West Yorkshire	187.8	5.3	0	0.0	141.7
Wiltshire	41.7	0.5	0	0.0	22.5
Total England & Wales	4725.4	90.0	12.8	147.8	3067.2

Table 4: Proposed and indicative capital allocations for England and Wales

Local Policing Body	2013/14	2014/15
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	£m	
Avon and Somerset	2.3	2.4
Bedfordshire	1.0	1.0
Cambridgeshire	1.2	1.2
Cheshire	1.5	1.5
City of London	0.8	0.9
Cleveland	1.2	1.2
Cumbria	0.8	0.9
Derbyshire	1.4	1.5
Devon and Cornwall	2.5	2.6
Dorset	1.0	1.0
Durham	1.1	1.2
Dyfed-Powys	0.7	0.8
Essex	2.2	2.2
Gloucestershire	0.9	0.9
Greater Manchester	5.4	5.5
Gwent	1.0	1.1
Hampshire	2.7	2.8
Hertfordshire	1.4	1.4
Humberside	1.6	1.7
Kent	2.5	2.5
Lancashire	2.5	2.6
Leicestershire	1.6	1.6
Lincolnshire	0.9	0.9
Merseyside	3.1	3.2
Metropolitan	28.1	29.0
Norfolk	1.2	1.3
North Wales	1.1	1.1
North Yorkshire	1.0	1.0
Northamptonshire	1.0	1.0
Northumbria	2.9	3.0
Nottinghamshire	1.7	1.8
South Wales	2.3	2.3
South Yorkshire	2.5	2.6
Staffordshire	1.6	1.6
Suffolk	1.0	1.0
Surrey	1.4	1.5
Sussex	2.1	2.2
Thames Valley	3.4	3.5
Warwickshire	1.0	1.0
West Mercia	1.7	1.7
West Midlands	5.7	5.9
West Yorkshire	4.2	4.3
Wiltshire	0.9	1.0
Total England & Wales	106.0	109.3

Total Funding, Grants and Council Tax by tax base 2012-13

Police Authority	Average Band D Equivalent Total Budget £	Realtive Position	Average Band D Equivalent Council Tax £	Realtive PositionPoition	Average Band D Equivalent Grant £	Realtive Position	Total Financing Provision £'000's	% of Total funded by CT %
Metropolitan Police	853.64	1	228.10	1	625.54	1	2,601,232	26.7%
Merseyside	745.31	2	150.62	29	598.53	2	315,128	19.7%
Cleveland	729.22	3	194.41	9	533.15	6	124,569	26.9%
Greater Manchester	689.46	4	144.33	35	544.50	4	557,141	21.0%
West Midlands	679.71	5	99.45	41	580.14	3	546,470	14.6%
South Yorkshire	639.42	6	137.55	38	500.35	7	246,385	21.7%
Northumbria	622.02	7	83.68	42	537.75	5	271,909	13.5%
Durham	604.17	8	153.41	28	451.29	9	116,085	25.3%
West Yorkshire	600.11	9	130.50	40	470.40	8	411,730	21.6%
Humberside	598.73	10	173.12	19	420.77	10	173,026	29.7%
Nottinghamshire	572.38	11	166.41	23	405.58	12	191,318	29.1%
Cumbria	569.82	12	200.79	5	369.02	14	100,992	35.2%
Gwent	569.60	13	193.09	11	376.51	13	117,453	33.9%
Lancashire	565.32	14	149.93	32	415.29	11	265,336	26.5%
South Wales	534.28	15	169.42	20	364.87	15	249,335	31.7%
Leicestershire	529.37	16	173.87	18	350.65	16	169,600	33.8%
Northamptonshire	510.39	17	193.20	10	316.22	20	120,551	38.0%
Staffordshire	501.91	18	177.61	16	323.24	19	180,812	35.6%
Derbyshire	493.58	19	163.74	24	329.56	18	164,108	33.2%
North Wales	491.62	20	214.56	2	277.06	28	137,570	43.6%
Norfolk	484.29	21	196.92	8	285.95	26	145,870	41.0%
Bedfordshire	480.68	22	150.49	30	329.70	17	100,636	31.4%
Avon & Somerset	472.70	23	168.03	21	302.94	22	269,725	35.9%
Gloucestershire	460.37	24	199.69	6	259.39	36	103,667	43.7%
Cheshire	457.46	25	150.22	31	307.20	21	172,558	32.8%
Cambridgeshire	456.42	26	174.51	17	282.64	27	127,615	38.1%
Dyfed-Powys	456.09	27	198.54	7	257.55	38	95,698	43.5%
Devon & Cornwall	456.07	28	159.73	25	293.89	24	280,565	35.6%
Lincolnshire	455.84	29	186.39	12	269.36	30	108,330	40.9%
North Yorkshire	454.77	30	204.55	3	250.16	39	136,691	45.0%
West Mercia	448.99	31	178.72	15	269.21	31	199,669	40.0%
Warwickshire	439.62	32	180.96	13	258.59	37	89,180	41.2%
Suffolk	436.33	33	166.77	22	269.43	29	112,221	38.3%
Hampshire	436.25	34	146.25	34	289.16	25	302,568	33.7%
Kent	429.27	35	138.68	36	294.23	23	274,771	31.5%
Thames Valley	421.39	36	154.30	27	266.04	33	371,161	36.9%
Hertfordshire	407.83	37	147.82	33	259.56	35	184,380	36.4%
Wiltshire	405.51	38	157.77	26	245.83	40	103,064	39.4%
Essex	403.60	39	136.71	39	266.79	32	261,939	33.9%
Surrey	401.84	40	203.49	4	196.49	42	200,900	51.1%
Sussex	400.14	41	138.42	37	261.59	34	252,826	34.6%
Dorset	395.70	42	180.00	14	214.46	41	117,611	45.8%

Budget 2012-13 to 2016-17

Appendix D

Expenditure	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual	Annual
	Budget 2012-13 Revised £000	Budget 2013-14 £000	Budget 2014-15 £000	Budget 2014-15 £000	Budget 2015-16 £000	Budget 2015-16 £000	Budget 2015-16 £000	Budget 2016-17 £000	Budget 2016-17 £000
1 Police Officer Pay	74,287	-1,576	72,711	1,225	73,936	1,231	75,167	1,239	76,406
2 Police Staff Pay	37,735	2,221	39,956	642	40,598	646	41,244	650	41,894
3 Police Officer Overtime	2,294	0	2,294	0	2,294	0	2,294	0	2,294
4 Police Staff Overtime	410	0	410	0	410	0	410	0	410
5 Allowances	3,646	-392	3,254	-70	3,184	-50	3,134	-50	3,084
6 Training	750	-125	625	0	625	0	625	0	625
7 Other Employee	643	13	656	13	669	13	682	14	696
8 Direct Pension Payments	2,880	64	2,944	64	3,008	67	3,075	67	3,142
9 Energy Costs	1,364	-22	1,342	72	1,414	75	1,489	79	1,568
10 Building Running Costs	6,586	132	6,718	135	6,853	137	6,990	139	7,129
11 Repairs & Maintenance of Vehicles	859	17	876	18	894	17	911	19	930
12 Vehicle Running Costs	1,997	82	2,079	86	2,165	90	2,255	94	2,349
13 Car & Travelling Allowances	703	0	703	14	717	14	731	15	746
14 Air Support Unit	1,239	155	1,394	0	1,394	0	1,394	0	1,394
15 Equipment	846	17	863	17	880	17	897	18	915
16 Clothing and Uniforms	519	-93	426	0	426	0	426	0	426
17 Printing and Stationery	664	-85	579	11	590	12	602	12	614
18 IT and Communications	9,201	245	9,446	0	9,446	0	9,446	0	9,446
19 Subsistence	274	5	279	6	285	5	290	6	296
20 Other Supplies and Services	3,696	166	3,862	132	3,994	30	4,024	30	4,054
21 Forensics	1,468	73	1,541	77	1,618	81	1,699	85	1,784
22 Debt Charges & Contribution to Capital	1,904	0	1,904	0	1,904	0	1,904	0	1,904
		0		0		0		0	
23 Special Situations Contingency	647	-93	554	0	554	0	554	0	554
24 Inflation and General Contingency	796	-250	546	0	546	0	546	0	546
25 Banked Savings	75	-75	0	0	0	0	0	0	0
Gross Expenditure	155,483	479	155,962	2,442	158,404	2,385	160,789	2,417	163,206
Income									
26 Secondments	-469	-637	-1,106	0	-1,106	0	-1,106	0	-1,106
27 Interest on Balances	-233	-38	-271	0	-271	0	-271	0	-271
28 Income	-2,641	325	-2,316	0	-2,316	0	-2,316	0	-2,316
29 Specific Grants	-10,569	-441	-11,010	52	-10,958	53	-10,905	53	-10,852
Total Income	-13,912	-791	-14,703	52	-14,651	53	-14,598	53	-14,545
30 PFI Reserve	518	-72	446	-73	373	-43	330	-109	221
31 Speed Awareness Reserve	-300	300	0	0	0	0	0	0	0
32 Additional from Reserves	-881	881	0	0	0	0	0	0	0
Net Expenditure	140,908	797	141,705	2,421	144,126	2,395	146,521	2,361	148,882
33 Total Grants	-80,868	1,287	-79,581	2,388	-77,193	2,316	-74,877	2,246	-72,631
34 Council Tax	-60,040	-2,084	-62,124	-2,486	-64,610	-2,584	-67,194	-2,688	-69,882
Funding	-140,908	-797	-141,705	-98	-141,803	-268	-142,071	-442	-142,513
Annual Balance		0	0	2,323	2,323	2,127	2,127	1,919	1,919
Cummulative					2,323	4,450	4,450	6,369	6,369

Ref	Description	2011-12 Actual	2012-13 Budget with c/f	2012-13 Budget Revised	2013-14 Budget	2014-15 Budget	2015-16 Budget	2011-16 5 year Total Revised	2011-16 5 year Total Original	2011-16 Change in 5 Year Total
		£000	£000	£000	£000	£000	£000	£000	£000	
	Estate Works									
1	Consultancy and QS	12	50	0	0	0	0	12	225	-213
2	Sustainability Improvements	15	145	145	100	100	100	460	460	0
3	HQ Renewal Programme	60	0	0	0	0	0	60	80	-20
4	Penygroes New Police Station	17	0	19	0	0	0	36	42	-6
5	Menai Bridge Offices	34	0	0	0	100	0	134	150	-16
6	Custody Suites upgrades	1,916	271	442	0	0	0	2,358	2,187	171
7	Eastern Road Side Policing	0	0	0	0	0	0	0	0	0
8	Strategic Command Centre	76	0	40	0	0	0	116	200	-84
9	Operational Hubs and Restructuring	149	231	151	0	0	0	300	380	-80
10	Minor Works	80	45	45	0	0	0	125	125	0
11	Llangefni New Police Station	93	3,242	1,500	1,400	0	0	2,993	3,835	-842
12	Purchase and Refurbishment of Alexandra House	2,096	398	250	0	0	0	2,346	2,494	-148
13	Chirk Station Relocation	0	0	0	30	0	0	30	30	0
14	Cefnawr Station Relocation	0	0	0	0	30	0	30	30	0
15	Coedpoeth/Gresford new station	0	0	0	0	1,500	0	1,500	1,500	0
16	Wrexham new Facility	0	1,000	1000	5,000	4,000	0	10,000	10,000	0
17	Saltney Relocation	0	50	50	50	0	0	100	100	0
18	Buckley Relocation	0	0	0	80	0	0	80	80	0
19	Mold	0	0	0	0	0	0	0	0	0
19	Bala Relocation	0	0	0	0	50	0	50	50	0
20	Deeside Relocation	0	0	0	0	0	250	250	250	0
21	Flint Relocation	0	0	0	175	0	0	175	175	0
22	Holywell relocate with FCC	0	150	150	0	0	0	150	150	0
23	Mostyn Relocation	0	0	0	0	30	0	30	30	0
24	Llangollen Relocation	0	0	0	50	0	0	50	50	0
25	Corwen Upgrade	0	10	0	0	0	0	0	10	-10
26	Ruthin Relocation	0	0	0	30	0	0	30	30	0
27	St Asaph Consolidation	0	200	200	0	0	0	200	200	0
28	Rhuddlan Relocation	0	15	15	0	0	0	15	15	0

Ref	Description	2011-12 Actual	2012-13 Budget with c/f	2012-13 Budget Revised	2013-14 Budget	2014-15 Budget	2015-16 Budget	2011-16 5 year Total Revised	2011-16 5 year Total Original	2011-16 Change in 5 Year Total
29	Prestatyn NPT Base	0	30	30	0	0	0	30	30	0
30	Colwyn Bay Relocation	0	215	215	0	0	0	215	215	0
31	Llanwrst Relocation	0	100	0	0	0	0	0	100	-100
32	Llandudno Relocation/New Build	0	0	0	500	0	0	500	500	0
33	Conwy Relocation	0	30	0	0	0	0	0	30	-30
34	Caernarfon Upgrade	0	20	5	0	0	0	5	20	-15
35	Bethesda Relocation	0	0	0	0	100	0	100	100	0
36	Llanberis Relocation	0	150	150	0	0	0	150	150	0
37	Pwllheli Relocation	0	0	0	500	0	0	500	500	0
38	Nefyn Relocation	0	45	45	0	0	0	45	45	0
39	Tywyn Relocation	0	45	45	0	0	0	45	45	0
40	Barmouth Relocation	0	0	0	0	150	0	150	150	0
41	Holyhead Upgrade	0	0	0	0	50	0	50	50	0
	Total Building Works	4,548	6,442	4,497	7,915	6,110	350	23,420	24,813	-1,393

Ref	Description	2011-12 Actual	2012-13 Budget with c/f	2012-13 Budget Revised	2013-14 Budget	2014-15 Budget	2015-16 Budget	2011-16 5 year Total Revised	2011-16 5 year Total Original	2011-16 Change in 5 Year Total
<u>Vehicles and Other Equipment</u>										
42	Vehicle Purchase Replacement Programme/PIV	1,116	2,426	2,766	1,500	1,500	1,500	8,382	7,650	732
43	Ports CCTV and ANPR	112	5	8	0	0	0	120	117	3
44	ASU Fuel Tank Replacement (Retention)	9	0	0	0	0	0	9	9	0
45	Replacement Helicopter (Retention)	83	18	18	0	0	0	101	101	0
46	Body Armour Replacement	405	80	0	0	0	0	405	485	-80
47	Protection Equipment IT Rooms	2	13	0	0	0	0	2	15	-13
48	Colposcopes	55	0	0	0	0	0	55	58	-3
49	ANPR	0	307	307	0	0	0	307	307	0
Total Vehicles and Other Equipment		1,782	2,849	3,099	1,500	1,500	1,500	9,381	8,742	639
<u>Information Technology and Communication Equipment</u>										
50	Desk Top Replacement	0	653	390	300	300	300	1,290	1,553	-263
51	Network Installation	1,199	30	34	0	0	1,229	2,462	2,458	4
52	CAD Upgrade and Hardware	208	292	242	0	0	500	950	1,000	-50
53	RMS Upgrade and Hardware	0	562	0	450	0	0	450	562	-112
54	Business Systems Servers	229	345	0	345	0	420	994	925	69
55	EIS Replacement	0	250	250	0	0	0	250	250	0
56	IMPACT/Confidential Environment/IAM	50	40	0	0	0	0	50	80	-30
57	Holmes II hardware	0	0	0	0	114	0	114	114	0
58	Criminal Justice Digital Project	0	975	370	605	0	0	975	1,950	-975
59	Microwave Downlink ('Heli Tell')	0	150	260	0	0	0	260	150	110
60	Call centre management system	0	350	350	300	0	0	650	350	300
61	Front Desk booths	0	20	0	200	0	0	200	200	0
62	Strategic Command Centre PSBA links	0	80		80	0	0	80	80	0
63	Vehicle Tracking Technology	0	5	5	795	0	0	800	800	0
64	Mobile data 300 devices	0	133	33	767	0	0	800	800	0
65	Blackberry Replacement	0	250	250	0	0	0	250	250	0
66	Replacement Airwave Units	0	600	600	0	0	0	600	600	0
67	Multi Functional devices	0	600	335	25	0	0	360	600	-240

Ref	Description	2011-12 Actual	2012-13 Budget with c/f	2012-13 Budget Revised	2013-14 Budget	2014-15 Budget	2015-16 Budget	2011-16 5 year Total Revised	2011-16 5 year Total Original	2011-16 Change in 5 Year Total
68	Voice Recording Equipment Upgrade	0	120	120	0	0	0	120	120	0
69	Replacement Hi Tech Crime Server	62	0	0	0	0	0	62	60	2
70	Replacement Chemical Enhancemnt Equipment	0	40	40	0	0	0	40	40	0
Total Information Technology and Communication		1,748	5,495	3,279	3,867	414	2,449	11,757	12,942	-1,185
Total Capital Expenditure		8,078	14,786	10,875	13,282	8,024	4,299	44,558	46,497	-1,939

Ref	Description	2011-12 Actual	2012-13 Budget with c/f	2012-13 Budget Revised	2013-14 Budget	2014-15 Budget	2015-16 Budget	2011-16 5 year Total Revised	2011-16 5 year Total Original	2011-16 Change in 5 Year Total
	Funding of Capital Programme									
71	Home Office General Capital Grants	1,007	1,200	1200	1,100	1,100	1,100	5,507	5,400	107
72	Revenue Contribution/Use of Reserves	2,824	610	610	610	610	410	5,064	4,869	195
73	Earmarked Reserves/Revenue Contingency	137	8,589	5,594	9,334	3,050	0	18,115	18,115	0
74	Capital Receipts	2,082	2,215	2,215	1,143	1,896	340	7,676	7,726	-50
75	Additional Borrowing	0	0	0	0	954	0	954	3,000	-2,046
76	Borrowing already funded in Revenue	2,028	2,172	1,256	1,095	414	2,449	7,242	7,387	-145
	Total Funding	8,078	14,786	10,875	13,282	8,024	4,299	44,558	46,497	-1,939