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**Gwent Police
and Crime Panel**

**Panel Heddlu
a Throseddu Gwent**

Am bob ymholiad sy'n ymwneud â'r agenda hon, cysylltwch Mark Jacques
(Ffôn: 01443 864267 E-bost: jacqum@caerphilly.gov.uk)

Dyddiad: Dydd Gwener, 19 Ionawr 2024

Annwyl Syr/Fadam,

Cynhelir cyfarfod o **Banel Heddlu a Throseddu Gwent yn Ystafell Syrhowy, Tŷ Penallta, Tredomen, Ystrad Mynach ar Dydd Gwener, 26ain Ionawr, 2024 am 10.00 am**) I ystyried y materion a gynhwysir yn yr agenda ganlynol.

A G E N D A

Tudalennau

- 1 Datganiadau o Ddiddordeb.
- 2 I dderbyn ymddiheuriadau am absenoldeb.

Cymeradwyo a llofnodi'r cofnodion canlynol:-

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| 3 | Banel Heddlu a Throseddu Gwent a gynhaliwyd ar 15 Rhagfyr 2023 | 1 - 6 |
| 4 | Cyfarfod Arbennig o Banel Heddlu a Throseddu Gwent a gynhaliwyd ar 12 Ionawr 2024 | 7 - 8 |
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AELODAETH:

Councillor Gareth A. Davies, Blaenau Gwent County Borough Council
Councillor Jacqueline Thomas, Blaenau Gwent County Borough Council

Cynghorydd Marina Chacon-Dawson, Caerphilly County Borough Council
Cynghorydd Mrs Christine Forehead, Caerphilly County Borough Council
Cynghorydd Colin Peter Mann, Caerphilly County Borough Council
Cynghorydd Tony Easson, Monmouthshire County Council
Councillor Tony Kear, Monmouthshire County Borough Council
Councillor Farzina Hussain, Newport City Council
Councillor Debbie Jenkins, Newport City Council
Cynghorydd Mark Spencer, Newport City Council
Councillor Lynda Clarkson, Torfaen County Borough Council
Cllr Nick Horler, Torfaen County Borough Council

Aelodau Cyfetholedig- Mrs G. Howells a Ms. R. Jones

Drwy Wahoddiad

Mr J. Cuthbert, Office of the Gwent Police and Crime Commissioner
Ms E. Thomas, Office of the Gwent Police and Crime Commissioner
Mrs S. Curley, Office of the Gwent Police and Crime Commissioner
Mr D. Garwood-Pask, Office of the Gwent Police and Crime Commissioner

A Swyddogion Addas.

Gwent Police
and Crime Panel

Panel Heddlu
Gwent a Throseddu

GWENT POLICE AND CRIME PANEL

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE ON FRIDAY 15TH DECEMBER 2023 AT 10.00AM

Present:

Mrs G. Howells – Chair

Councillor J. Thomas – Blaenau Gwent County Borough Council
Councillors M. Chacon-Dawson and C. Mann – Caerphilly County Borough Council
Councillors A. Easson and T. Kear – Monmouthshire County Council
Councillors F. Hussain, D. Jenkins and M. Spencer - Newport County Borough Council
Councillors L. Clarkson and N. Horler – Torfaen County Borough Council

Ms R. Jones – Co-opted Member

By invitation:

Ms E. Thomas - Deputy Police and Crime Commissioner for Gwent
Mrs S. Curley - Chief Executive, Office of the Police and Crime Commissioner for Gwent
Mr S. Slater - Head of Strategy, Office of the Police and Crime Commissioner for Gwent
Ms P. Kelly – Chief Constable of Gwent Police
Mr I. Roberts – Chief Superintendent, Gwent Police
Mr M. Coe – Acting S151 Officer, Office of the Police and Crime Commissioner for Gwent
Ms M. Allwood-Lewis, Policy Officer, Office of the Police and Crime Commissioner for Gwent

Together with:

Mrs C. Forbes-Thompson (Scrutiny Manager - CCBC) and Mr M. Jacques (Scrutiny Officer - CCBC).

1. DECLARATIONS OF INTEREST

No declarations of interest were declared by Members.

2. APOLOGIES FOR ABSENCE

Apologies were received from Cllrs. C. Forehead and G. Davies, Mr J. Cuthbert and Mr D. Garwood-Pask - Office of the Police and Crime Commissioner for Gwent.

3. TO APPROVE AND SIGN THE FOLLOWING MINUTES: Gwent Police and Crime Panel held on 29th September 2023

RESOLVED that the minutes of the Gwent Police and Crime Panel meeting held on 29th

September 2023 (minute no. 1 - 6) be approved as a correct record.

4. UPDATE BY THE POLICE AND CRIME COMMISSIONER FOR GWENT

The DPCC commended Gwent Police for significant improvements following HMIC inspections. Progress made on victims' assessments and response rates, which were previously areas of concern, were highlighted to Members by the DPCC. The HMIC had now formally removed the cause for concern in relation to responding to the public. The Chair enquired about the focus areas for gaining these improvements. Members heard about measures to provide greater clarity on standards and the support provided in the Control Room. The Chief Constable provided information on the challenges previously experienced due to the transition of staff, the restructuring of the Control Room, and the renewed focus on providing speedy response rates and understanding risks.

One Member enquired about the applications to the Police Community Fund. The DPCC outlined how these projects were focussed on providing community support to children and young people and that further information would be provided to Members in a report in the new year. Another Member also asked about the diversity of organisations under consideration for funding. The DPCC provided assurance on this point and also how the geographical spread of applications was regularly monitored.

A Member sought assurance that progress was being made on dealing with non-emergency calls. The DPCC assured Members that this was monitored during weekly meetings between the PCC and the Chief Constable and was also regularly assessed by the OPCC's Strategy and Performance Board.

One Member asked about CCTV funding via the Safer Streets fund. The DPCC advised Members on the work being done with Safer Streets partners and stressed the importance of regular interaction with elected Members on a ward by ward basis.

A Member enquired about the outcomes of the Hate Crime Roadshows. The DPCC advised that it was important for those suffering discrimination to not feel it was acceptable and not worth reporting. The message at these roadshows was that hate crime would not be tolerated in the Gwent region. As a result of the roadshows during the Crime Awareness Week it was believed that people would be more confident in reporting incidents of hate crime. Another Member asked about the impact of social media platforms on the spread of hate crime. The DPCC recognised the importance of having the tools to effectively deal with this issue and also provided information on key developments aimed at targeting crimes where social media was being maliciously used to alter reality by creating false accounts and posts.

The DPCC and Chief Constable provided assurances about the accessibility and ambition of the Police facility in Abergavenny in response to concerns raised by one Member.

In response to a question on the recommendations of the independent custody visitors the DPCC highlighted to the meeting that feedback was received on a regular basis and that this provision had recently received a silver award for the service provided.

5. TO RECEIVE AND ANSWER ANY QUESTIONS TO THE POLICE AND CRIME COMMISSIONER FOR GWENT

The Chair advised that due to resourcing issues an answer to a question concerning funding for victim support and diversionary activity would be provided in the new year.

6. OPERATIONAL CONTEXT AND REQUIREMENTS FOR THE FINANCE STRATEGY

The Chief Constable delivered a presentation to Members on her submission to the PCC for resources for 2024/25. Members heard how Operation Uplift had resulted in 220 extra officers for Gwent Police, but in reality this only matched 2010 officer levels due to cuts under austerity measures. The Chief Constable then outlined steps taken to meet the PCC Plan. These were categorised under Protect, Pursue and Problem Solve. The Chief Constable advised that demand for Policing had increased by 20%. Despite these challenges improvements such as bringing 999 answer speeds to 4 seconds and 101 answer times to 1 minute 41 seconds were highlighted to Members. The Chief Constable highlighted that cost increases for the 24/25 budget totalled £15.402M. A precept of 6.82% (£5.346M) had been identified in the submission to the PCC. This equated to an extra £22 a year for a Band D property. This alongside the Home Office grant increase of £6.650M would bring the funding total for 2024/25 to £11.996M. The Panel Meeting heard how even after planned savings there would still be a net gap of £2.708M with the precept of 6.82%. So further savings would still have to be made by Gwent Police.

One Member asked how the perception of policing could be changed to reflect modern ways of working rather than the “bobby on the beat” perception that many people held. The Chief Constable advised that this would be incremental and highlighted the role of TV documentaries such as “Crash Detectives” which featured the work of Gwent Police. The DPCC also suggested that better sharing of data from vehicle telematics software would show the wide breadth of functions provided by Gwent Police.

A Member highlighted that financial gaps could not be continually plugged by the use of reserves. Efficiencies through investment was suggested as a better way of addressing financial gaps. The Chief Constable reiterated the considerable savings that had already been made by Gwent Police over the previous ten years and gave examples to Panel Members. The Panel also heard how deferring fit-for-purpose custody provision was no longer an option so as a last resort future savings would potentially be focussed on personnel. The DPCC also provided assurances to Members on the challenging scrutiny role played by the PCC in terms of the precept proposal put forward by the Chief Constable.

One Panel Member highlighted the additional financial burden on communities where Food Banks were now common. The DPCC assured Members that the cost-of-living crisis was paramount in the thoughts of the PCC whilst considering the Chief Constable’s bid.

7. TREASURY MANAGEMENT UPDATE

The Section 151 Officer introduced his report and outlined how the Financial Strategy was reflected in the Chief Constable’s presentation. Information was also provided on the Investment Strategy.

A Member sought assurances on maximising interest rates in terms of the Investment Strategy. The Section 151 Officer highlighted the independent advice provided by Investment Managers and the consideration of monthly reports which they provided.

One Member asked about interest paid on revenue borrowing. The Section 151 Officer provided clarity on this matter.

8. BRIEFING ON VIOLENCE AGAINST WOMEN AND GIRLS- PRESENTATION

Chief Superintendent Ian Roberts delivered a presentation to Panel Members. The Meeting heard how annually 1 in 20 adults in Wales were affected by domestic abuse. The scope of the problem was outlined and included stalking and harassment, modern slavery, and spiking. Chief Superintendent Roberts advised that 88% of violence against women took place in the home and 117 crimes were recorded every hour in England and Wales. Members heard how in November 2023 Gwent Police dealt with 14,651 incidents in total, this resulted in 745

domestic abuse crimes and 50 rape crimes. Chief Superintendent Roberts outlined what was being done such as improved call answer times, and reduced end to end times for investigations whilst improving positive outcomes. Key Commitments for 2024 were to improve the use of civil orders, improved access to perpetrator programmes, and better data quality and intelligence products.

In response to a question from the Chair Chief Superintendent Roberts gave details on the co-operative work taking place between Gwent Police and partners. It was also highlighted that securing adequate resources was a challenge for all participating bodies.

One Member asked about domestic abuse and violence against men. Chief Superintendent Roberts advised that domestic abuse affected both men and women but predominantly it was a female-based crime.

A Member raised the complexity of obtaining protective orders and asked what the best way was of getting the message across regarding such orders. Chief Superintendent Roberts outlined the work being done with the Health Sector and other Police Forces in Wales and also highlighted the potential of greater use of non-molestation orders through the Family Courts.

One Member asked about the right to anonymity for victims in terms of any financial debt accrued. This question related to a recent news article. During the ensuing discussion it was established that the case referred to was an insolvency matter and Members heard how the Citizens Advice service was the best source for information on such matters.

A Member asked about Third Sector involvement. Members were advised that there were good links but some of the challenges faced were outlined. These included Public Services having a more collegiate view of service provision and providing resources for software such as IRIS which is a specialist domestic violence and abuse training, support and referral programme for general practices.

One Panel Member enquired about the effectiveness of partnership working. Chief Superintendent Roberts praised the investment which allowed him and his team to work full-time on this and anti-racism measures. He also highlighted the need for violence against women and girls to be considered beyond a specialist viewpoint as data showed it should be an issue for all organisations. The DPCC stressed that progress had been made but more still needed to be done.

In response to a question from the Panel Chief Superintendent Roberts highlighted the emerging threat posed by Artificial Intelligence.

One Member asked about any measures to ensure activities under discussion did not take place within the Force. Chief Superintendent Roberts recognised that this was a society issue and gave assurances on standards within Policing and how any reported cases were investigated robustly. The DPCC highlighted to Members that a good understanding of Police standards as a result of initiatives such as the Roadshows had been praised by the HMIC in its report. The role of the Standards Department was also highlighted by the DPCC.

9. FORWARD WORK PROGRAMME

The Lead Officer (Mrs. Forbes-Thompson) advised that the next meeting would be held on 26th January 2024 and because of author illness the Recorded Complaints and Conduct Matters report had been rescheduled and would also now be considered at this meeting. The Estates Strategy Update was also rescheduled due to OPCC staff availability issues, and Members were also advised that a Community Funding report had been scheduled for the Panel meeting in March. Members heard that the March meeting was provisionally scheduled

for 15th March 2024, but checks would have to be made on when the PCC pre-election period commenced.

The Chief Executive suggested the addition of a Dismissals Review report, which the Lead Officer suggested could be added as a potential future item on the Work Programme.

Meeting Closed at 1:05 pm.

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Gwent Police
and Crime Panel

Panel Heddlu
Gwent a Throseddu

GWENT POLICE AND CRIME PANEL

MINUTES OF THE MEETING HELD AT PENALLTA HOUSE ON FRIDAY 12TH JANUARY 2024 AT 10.00AM

Present:

Mrs G. Howells – Chair

Councillors G. Davies and J. Thomas – Blaenau Gwent County Borough Council
Councillors M. Chacon-Dawson, C. Forehead and C. Mann – Caerphilly County Borough Council
Councillor A. Easson and T. Kear – Monmouthshire County Council
Councillors F. Hussain, D. Jenkins and M. Spencer - Newport County Borough Council
Councillor N. Horler – Torfaen County Borough Council

By invitation:

Ms E. Thomas - Deputy Police and Crime Commissioner for Gwent
Mrs S. Curley - Chief Executive, Office of the Police and Crime Commissioner for Gwent
Mr M. Coe - Acting Section 151 Officer, Office of the Police and Crime Commissioner for Gwent
Mr R. Guest - Head of Communications, Office of the Police and Crime Commissioner for Gwent

Together with:

Mrs C. Forbes-Thompson (Scrutiny Manager - CCBC)

1. **DECLARATIONS OF INTEREST**

No declarations of interest were declared by Members.

2. **APOLOGIES FOR ABSENCE**

Apologies were received from Cllrs. L. Clarkson, and Ms R Jones - Co-opted Member

3. **PROPOSAL TO TEMPORARILY APPOINT THE DEPUTY POLICE AND CRIME COMMISSIONER AS ACTING POLICE AND CRIME COMMISSIONER**

The Police and Crime Panel were advised that based on medical advice the PCC for Gwent Jeff Cuthbert has decided to step back from his role as PCC for a few weeks in order to recover from a period of ill health.

The Panel were informed that Section 62 of the Police Reform and Social Responsibility Act 2011 allows for the appointment of an Acting Police and Crime Commissioner should the PCC

be incapacitated. The person appointed must be a member of the PCC's staff at the time of appointment and the Deputy Police and Crime Commissioner is classed as a member of staff. In addition, Home Office guidance states that "In the event of a PCC vacancy arising, either temporarily or permanently, the Police and Crime Panel appoints someone as Acting Commissioner. Where in place, the Deputy PCC is the obvious person to appoint in such cases."

The temporary acting appointment will allow the Acting PCC to fulfil all of the duties of the PCC apart from varying or setting a Police and Crime Plan. It is expected that Mr Cuthbert will return to his role within a few weeks and the Panel will be notified formally when this occurs.

The DPCC was asked how she felt about the proposal and stated she was committed as the Deputy to act as the PCC and wished Mr Cuthbert well in his recovery. Ms Thomas stated that she is willing to take on the responsibilities of the PCC to support the Chief Constable, Police Officers and staff and for the people of Gwent. This proposal will allow the statutory elements of the PCC role to be carried out as although certain PCC responsibilities can be delegated functions such as the budget setting process, cannot.

The Panel sought clarity whether the acting position would be retrospective since Mr Cuthbert became ill. Members were advised that this is not a retrospective appointment, and should the acting appointment be agreed, it will be from today's date as agreed by the Panel. The Panel were assured that despite his absence Mr Cuthbert has been providing strategic direction for the past few months and has been in regular contact with the DPCC and Chief Executive.

The Panel asked what plans are in place for the DPCC responsibilities whilst the Deputy is acting as PCC. The DPCC stated that if appointed she is intending to meet with the Chief Executive and Senior officers of the OPCC to discuss the workload, some she will continue to be responsible for and other work will need to be delegated.

A Member asked if this arrangement means that the PCC is totally uninvolved and were advised that he can still have conversations with the OPCC, although he cannot make any decisions. The Panel sought detail on how the acting arrangement will end. Members were advised that the Legislation states that when the PCC decides he can return to his position the acting arrangement will come to an end. The OPCC will then inform the Panel and the Public accordingly.

The Panel noted the temporary acting proposal is for a few weeks and asked what if it needs to continue for longer. The Chief Executive stated that the acting arrangement can continue if required but the OPCC will advise the Panel if that is required. In addition, if the PCC returned and then was incapacitated again a further Panel approval to appoint an acting PCC would be required.

Members noted that the 6-month limit is in place for acting appointments and asked what would happen if there was no planned PCC election within the time period. The Panel was advised that if there is no planned election due a by-election would have to be held.

The Chair brought the debate to an end and on behalf of the Panel wished Mr Cuthbert a speedy recovery and hope that he can return very soon.

By a show of hands, it was unanimously RESOLVED:

That Eleri Thomas, the Deputy Police and Crime Commissioner (DPCC) be appointed as Acting Police and Crime Commissioner (APCC) due to the temporary incapacitation of the Police and Crime Commissioner (PCC), Jeff Cuthbert

Meeting Closed at 10:13 pm.

Office of the Police and Crime Commissioner

TITLE: Police and Crime Commissioner for Gwent's Budget Requirement and Council Tax Precept Proposal 2024/25

DATE: 26 January 2024

TIMING: Routine

PURPOSE: For Decision

INTRODUCTION

1. One of the most important responsibilities for the Police and Crime Commissioner is to set the police budget every year, to ensure that Gwent Police have the resources to deliver an effective and efficient service to protect and safeguard the people of Gwent. From tackling serious violence, child exploitation, and reducing offending, to preventing crime, improving services for victims and investigating crime, policing delivers across all communities in Gwent each and every day. It is essential that the needs of Gwent Police to run an efficient and effective service are met, while setting a council tax precept that is affordable for residents. Times are incredibly tough for many people and, at the same time, rising costs are placing an immense pressure on all aspects of public service. The cost of living crisis, coupled with legacy of the coronavirus pandemic, war in Ukraine, and national financial turmoil since 2022, continue to exacerbate the challenges faced by communities and public services. Policing is not immune to these challenges.
2. The increased complexity and evolving nature of demand has placed growing financial pressures on Gwent Police to be able to deliver for communities. The Commissioner knows how much the public values visible policing in their communities through local Police Officers and Community Support Officers. Since 2016, the Commissioner has invested significantly in this area, increasing the number of Police Officers by more than 350. Gwent has also benefited recently from UK Government's Operation Uplift; however, the responsibility for funding these officers, their training and equipment now sits with local Police and Crime Commissioners. These issues, combined with rising costs and a reduction in funding from UK and Welsh Governments, put Gwent Police in an increasingly challenging financial position. Despite these challenges, Gwent remains one of the safest places in the UK. The Commissioner and the Chief Constable are rightly incredibly proud of this and have a shared commitment to ensuring that this remains the case. It is essential that Gwent Police has the resources it needs, in the right place, to manage the growing demands on its officers and staff, and to keep communities safe.

3. Over the last few months, the Office of the Police and Crime Commissioner (OPCC) has undertaken substantial work to fully analyse the budgetary pressures facing Gwent Police and develop sound financial budget proposals based on all current evidence. This includes the robust operational and financial case put forward by the Chief Constable, Pam Kelly, at the Commissioner's Strategy and Performance Board in November and Police and Crime Panel members in December.
4. One of the key aspects of the Police and Crime Plan for Gwent is ensuring value for money - how limited financial resources are used to provide an efficient police service is critical. The Chief Constable has committed to a significant programme of change to deliver service improvements and value for money through the new policing model, but the reality is that making significant cuts, year on year, is not a sustainable solution for the future. When the Acting Police and Crime Commissioner gave evidence to the Welsh Affairs Select Committee last year, she reinforced the need for greater investment from UK Government in policing, particularly in relation to capital. The Commissioner will continue to make representations to UK Parliament for this support. There is currently only one variable that the Commissioner can control in terms of funding and that is the amount of precept paid by local people through council tax.
5. The Commissioner knows from extensive public engagement throughout 2023 that most people are prepared to pay a little more for essential services. The increase to the council tax precept proposed in this report is a compromise between affordability for residents and what is needed to continue to run an efficient and effective police service as set out in the Police and Crime Plan for Gwent.
6. Ultimately, the Commissioner has a duty to ensure that Gwent Police receives the financial support necessary to overcome the many challenges it faces both now and in the future.

RECOMMENDATION

7. That the Acting Police and Crime Commissioner for Gwent (Commissioner) presents the budget proposals, and background information covered in the Annexes and Appendices to this report, to the Police and Crime Panel for consideration:
 - I. A budget requirement for 2024/25 of £173,027,278;
 - II. The planned efficiency savings in 2024/25 of £0.698m and further planned efficiency savings of £1.654m (totalling £2.352m) detailed in Appendix 5b of the Appendices to this submission;

- III. A further proposed underwriting of the remaining deficit with Reserves and Committed Funds of £2.805m to balance the 2024/25 budget (Appendix 7);
- IV. The initial Capital Programme as described in Appendices 8a and 8b; and
- V. The 2024/25 proposed council tax precept to be levied in respect of general expenses of £79,159,573. This reflects an annual increase in Band D of 7.70% or £25 on the 2023/24 council tax precept level, thereby proposing a 2024/25 Band D council tax precept of £349.52. This overall council tax precept sum will be apportioned to each unitary authority according to the following table:

Unitary authorities	£	Tax base Band D equivalent
Blaenau Gwent	7,317,677	20,936.36
Caerphilly	21,423,010	61,292.66
Monmouthshire	16,939,672	48,465.53
Newport	21,435,712	61,329.00
Torfaen	<u>12,043,502</u>	<u>34,457.26</u>
Total	79,159,573	226,480.81

8. The council tax precept shown in the above table generates the following amounts of council tax precept for the various bands:

Council tax band	£
A	233.01
B	271.85
C	310.68
D	349.52
E	427.19
F	504.86
G	582.53
H	699.04
I	815.55

BACKGROUND

- 9. The Commissioner is required to determine the budget for 2024/25 and then set the council tax precept following scrutiny by the Police and Crime Panel. The Commissioner must also make arrangements, before the first council tax precept for a financial year is issued, to obtain the views of the people in that police area and the relevant business ratepayers' representatives, on the proposals of the Commissioner for expenditure in that financial year.
- 10. The greater part of the budget will be allocated to Gwent Police for operational purposes, but an element needs to be retained to cover the cost of the OPCC

and the commissioning of services from organisations other than the Chief Constable.

11. In determining the budget requirement for 2024/25, the Commissioner has considered the Police and Crime Plan 2021-25; Policing Vision 2025; Strategic Policing Requirement; the Chief Constable's view of the financial resources required to deliver the operational requirements of the plans; the level of resources to be allocated for commissioning other than from the Chief Constable; and the cost of running the OPCC. Due regard has also been taken of the Prudential Code which requires at least three-year projections of revenue and capital expenditure in order to identify funding requirements and assess affordability and sustainability of planned expenditure.
12. The following areas have been considered in detail in arriving at the Commissioner's precept proposal.

GOVERNANCE AND SCRUTINY

13. The Chief's Budget Requirement 2024/25 to 2028/29 report (Chief's Bid) was formally received and scrutinised at the Commissioner's Strategy and Performance Board (SPB) on 22 November 2023. The Chief's presentation confirmed that the bid had been subject to detailed financial scrutiny and it was accepted as 'robust, compelling and justified'. A copy of the formal Chief's Bid report presented to SPB is shown at Annex 1.
14. The Chief's Bid has also been scrutinised in detail by the OPCC with the Assistant Chief Officer – Resources throughout the budget setting process, both before the SPB meeting and subsequently. This scrutiny included detailed reviews of the assumptions underpinning the budget bid, new cost pressures, savings realised, future savings plans and the impact of the proposed capital programme on borrowing and reserves. The assumptions and detail of the Chief's Bid have been triangulated with other forces in Wales via the Welsh Police Finance and Resources Group attended by the Commissioner's Chief Financial Officer. The Chief's Bid had due regard to the broader national context and approaches being taken by forces across England and Wales through the Police and Crime Commissioners' Treasurers' Society (PACCTS). A full copy of the 2024/25 Budget Assumptions Briefing underpinning the Chief's Bid and the Medium Term Financial plan is included at Annex 2.
15. The Police and Crime Panel's Finance and Estates Sub-Group received updates on the 2023/24 updated MTFP on changes that arose post budget setting in July 2023. Members also received an initial briefing on the Chief's Bid on 1 December 2023. This meeting was well attended and members raised a number of important areas that were explored in a further meeting on 12 January 2024. These areas included the assumptions underpinning the budget

and its scrutiny, the result of recent government funding announcements, the Capital Programme, the Reserves position, and the impact of differing precept scenarios.

16. The Chief's Bid was also presented to and considered by the Joint Audit Committee on 7 December 2023, which also considered the Commissioner's Reserves Strategy at that meeting.
17. The Police and Crime Panel meeting on 15 December 2023 received the Chief's Bid. It also received a presentation on her plans for Gwent Police to improve performance while delivering the Police and Crime Plan, the UK Government's Beating Crime Plan and Policing Vision 2025. This highlighted continuing uncertainties of Central Government funding, increasing unavoidable service pressures, policing more complex crime, and policing in the digital age.

ENGAGEMENT

18. The OPCC ran an engagement exercise regarding the proposed council tax precept increase for 12 weeks from 16 October 2023 - 7 January 2024.
19. It used a dual approach for capturing the opinion of a wide selection of Gwent residents, with a major focus on face-to-face engagement in communities. In total, 25 face-to-face events were organised across the five local authorities. This equated to five in every council area, with four taking place on weekdays and one on a weekend. The OPCC attended an additional 10 community events across Gwent organised by partners, taking the total number of face-to-face engagement sessions to 35. This totalled 195 hours of public engagement, with the OPCC speaking to more than 1,500 people face-to-face during this time. The survey also promoted digitally throughout the period.
20. Members of the public were asked the following question:
 - *Would you support the principle of increasing the council tax precept by:*
 - *£15 per year / £1.25 per month for an average band D property (This would leave Gwent Police with a funding shortfall of £9.7million in 2024/25)*
 - *£20 per year / £1.67 per month for an average band D property (This would leave Gwent Police with a funding shortfall of £8.6million in 2024/25)*
 - *£25 per year / £2.08 per month for an average band D property (This would leave Gwent Police with a funding shortfall of £7.5million in 2024/25)*
 - *None of the above*
21. If respondents selected 'None of the above' they were asked to comment, to establish whether they believed it should be higher or lower and their reasons why.

22. Residents who responded live in the following areas:

- Blaenau Gwent 15.69%
- Caerphilly 22.73%
- Monmouthshire 17.98%
- Newport 18.52%
- Torfaen 25.08%

23. In total, 1,663 residents of Gwent completed the survey (668 face-to-face and 955 digitally). This resulted in 99% confidence that the results were within a minus 4% to plus 4% margin of error. In total, 22% of respondents answered £15 per year, 11% answered £20 per year, 25% answered £25 per year, and 42% said none of the above. Therefore, 58% of respondents were in favour of one of the proposed increases and the highest percentage of positive respondents supported a £25 increase in precept. A comment box was available for residents to provide extra comments if they selected 'None of the above'. In total, 606 responders took advantage of this.

24. In addition to the budget survey, it is important to note that the OPCC also asked a budget question during engagement work in the summer. This only asked about up to £2 a month (£24 per year) increase. Over a 13-week period, 392 people answered the following question at community events in Gwent:

- *Would you support the principle of increasing the police part of council tax (known as precept) by up to £2 a month (based on a band D property) for 2024/25 to maintain policing at current levels?*

25. In total, 54% of responders said yes, 16% no and 30% were unsure. Taking the two surveys together, this means that there were 2,055 responses to questions about Gwent Police's budget this year. As with previous years, there was a lot of feedback focused on police visibility, the service received from the police and the affordability of any increases. A report on the responses to the survey was provided to the Acting Commissioner.

CONTEXT AND ECONOMIC FACTORS

26. Gwent Police is one of the smallest police forces in England and Wales both geographically and by budget. However, within its boundaries it deals with the entire remit of the policing pressures that are faced nationally across England and Wales:

- From the latest Welsh Index of Multiple Deprivation (WIMD), areas from Gwent's counties inhabit three places in the top 10 of most deprived areas and one place in the top 10 of least deprived areas;
- In the WIMD, areas from Gwent's counties account for 19% of the total across Wales, but inhabit 23% of the top 10% of most deprived areas;
- Gwent Police deals with inner city issues as well as rural crime;

- Organised crime groups exist in Gwent as well as links to terrorism and domestic extremism;
 - The M4 and major trunk roads bring their own policing needs; and
 - The proximity to Cardiff and the International Convention Centre at the Celtic Manor Resort brings additional operational challenges to policing in Gwent.
27. The Chancellor of Exchequer, Jeremy Hunt, announced both Spring and Autumn Statements in 2023. Both budgets were against the backdrop of the cost of living crisis with inflation figures substantially higher than the Government target of 2%, and the war in Ukraine continuing to affect utility, material and fuel prices. However, financial projections did suggest a continued slow recovery in the post Covid-19 period. More detailed briefings from PACCTS on the Chancellor's Spring 2023 and Autumn 2023 Statements are included at Annexes 3a and 3b.
28. In summary, the Spring 2023 Statement noted the UK economic outlook with general growth and reduced government borrowing. There was an increased emphasis on council tax receipts in England to fund services by providing increased flexibility to local authorities to raise precept levels. The Home Office departmental funding peaked at £16.8bn in the Comprehensive Spending Review 2021 (CSR 2021) for 2022/23 due to Operation Uplift costs relating to officer numbers and pay awards, but fell back to £14.5bn for 2023/24. There was no mention of revisions to the police funding formula.
29. The Autumn 2023 Statement was expected to be the last before a General Election and reflected a number of tax cut measures including a reduction in National Insurance levels from 12% to 10%. It suggested UK economic growth would have slowed in 2024 and 2025 compared to the Spring Statement 2023, with higher than expected inflation predictions and rising interest rates. Predicted wage growth was higher in response to the cost of living crisis with average earnings estimated at 3.7% for 2024. Home Office departmental funding was increased to £15.5bn to take account of national pay awards and the increase employer contributions to police pensions.
30. The Police Productivity Review to provide recommendations on improving efficiency and effectiveness on policing was also published in October 2023. It found that over the previous 12 months a lot of positive changes had been agreed in terms of how policing responds to mental health calls and how crime is recorded, which are freeing up more than 1,000,000 hours of Police Officer time. It is important that this momentum is sustained and the review made a number of recommendations aimed at reducing bureaucracy, making the best use of good practice, science and technology, and that targeted financial incentives to forces will help unlock productivity improvements. The report's

recommendations have the potential to free up a further 38,000,000 hours of Police Officer time and the Autumn 2023 Statement made no additional efficiency requirements on policing at that time.

31. There has been an overall cash increase in Central Government Grant Funding for policing between 2010/11 and 2022/23 of approximately 10%. However, when the effect of inflation and pay awards is built in, the real reduction is actually 23.6% over the past 13 years.
32. CSR 2021 was better than expected for Gwent Police (albeit all the new funds are ringfenced). 2024/25 is the final year of the three year period and, in the Provisional Settlement issued on 14 December 2023, UK Government have adhered to the additional core funding promised in CSR 2021. In total and alongside movement in UK funding reallocations, this resulted in extra core grant for Gwent of £1.89m – a 2.05% increase year on year. This is already committed to Police Officer pay awards.
33. Past inflation has had a significant impact on policing spending power. In 2023/24, the PACCTS budget survey showed that inflationary pressures amounted to a £639m increase in budgets. This was larger than the £454m increase in total funding given to police forces last year. If other growth pressures were included, then forces faced an almost £1bn increase in costs compared with the year before. However, as of October 2023, the headline Consumer Price Index (CPI) rate has fallen to 4.6%. This is its lowest level since November 2021 and reflects the Bank of England's approach to interest rates in the period. This level is also more in-line with the 5% inflation assumption for non-pay expenditure that underpins the Chief's Bid.
34. Pay inflation was recognised by UK Government in the provision of an additional £330m in core grant in 2023/24 to fund a 7% pay award for Police Officers. This has increased by a further £185m for 2024/25 to take total core pay funding to £515m over the two years. A corresponding 7% pay increase for CSOs and staff was awarded in 2023/24 but this was funded locally by Commissioners and forces. Pay inflation remains a significant issue across private and public sector bodies for 2024/25, with a focus on higher wage rises to combat the cost of living crisis. The Chief's Bid reflects a pay award for officers and staff of 3.5%.
35. The levers the Commissioner has to mitigate these inflationary pressures and maintain current policing service in Gwent are therefore increasingly restricted. The requirement to maintain the post Operation Uplift target of 1,506 Police Officers, more ring-fencing of Central Government funding, and the ongoing investment requirements for short term assets, all reduce the areas available to generate further savings on a sustainable basis. The level of reserves also

continues to fall in 2024/25 as earmarked and committed funds are utilised in line with the Commissioner's Reserves Strategy.

CENTRAL GOVERNMENT GRANT FUNDING

36. The Provisional Settlement for Policing announced on 14 December 2023 noted the following key points:

37. Core Police Grant:

- A total of £624m additional core grant funding that includes £150m representing the final year increase of CSR 2021; £515m to cover the full year cost of the 7% officer pay award (£330m provided in 2023/24 and an additional £185m for 2024/25); £259m to fund the increased costs of police pension contributions; and £27m one-off top-up funding to be provided for software development and administrator costs relating to the McCloud pension remedy. However, the CSR 2021 increase for Operation Uplift and the pension grant have been treated as specific grants rather than as part of the core grant allocation.
- The Metropolitan Police Service and the City of London Police continue to receive National and International Capital City grant funding worth more than £190m in recognition of the unique and additional demands of policing the capital city of the United Kingdom. Despite regular lobbying, no such allocation is provided in recognition of Cardiff's status as the capital city of Wales and the associated events held there that draw resources from South Wales Police and its neighbouring forces. The Home Office considers the additional demand that Cardiff's status creates to be comparable with a large English city such as Bristol. Similarly the demand upon policing in Gwent from the expansion of the International Convention Centre for Wales (ICCW) at the Celtic Manor Resort, continues to be part of the ongoing dialogue with the Home Office.

38. Ring-fenced grants and reallocations:

- Top-sliced budgets for national policing programmes retained by the Home Office total nearly £1bn, albeit slightly lower than in 2023/24. These equate to a potential loss of nearly £10m of Central Government Grant Funding into Gwent.
- Following the revaluation of public sector pension schemes in 2016, the Home Office has provided a flat cash grant of £1.3m at 2019/20 levels. This results in a shortfall each year that needs to be covered locally, and amounts to £4.5m in 2024/25. This flat cash grant continues to be funded as a specific grant. The most recent actuarial valuation of the Police Pension Scheme has again resulted in an increase in employer contributions from 31% to 35%. The Provisional Settlement has provided

an additional Home Office grant to Gwent of £2.98m to cover the cost of this increase in these police pension scheme contributions in 2024/25, but as before this is delivered as a ring-fenced grant rather as part of the core police grant.

- Nationally, the UK Government remains committed to maintaining the additional 20,000 Police Officers recruited by March 2023 under Operation Uplift. The total Operation Uplift ring-fenced grant of £425m has increased by £150m, which was promised in CSR 2021, and therefore provides an even stronger incentive for officer numbers to be maintained. The actual terms of this grant will be released early next year. Again, this has been provided as a specific ring-fenced grant of £425m in 2024/25, and includes £67m for forces that volunteered to go above their Uplift target. At a local level, Gwent's share of this additional £425m Uplift grant to national policing totals £4.36m for 2024/25 – an increase of £1.54m locally – and is ring-fenced to maintain the target number of 1,506 officers.
- The UK Government will provide an additional £66.3m in 2024/25 for hotspot policing of specific areas to tackle serious violence and anti-social behaviour. Each force will receive a minimum of £1m that Commissioners will most likely need to bid to receive.

39. Since the introduction of the Apprenticeship Levy in April 2017, Welsh forces have been disadvantaged to English counterparts in access to the Apprenticeship Levy to offset the costs of delivering the Police Education Qualifications Framework (PEQF). The Home Office and Welsh Government have been lobbied for a number of years to establish parity. Therefore, over recent years, there has been a non-recurrent annual contribution of £1m from the Home Office. This rose to £2.4m in both 2022/23 and 2023/24, in respect of delivering the PEQF across Welsh policing, to be shared on a funding formula basis. This is significantly short of the £6.7m gross costs of the Apprenticeship Levy, plus administering the PEQF in Wales. However, it has been confirmed in the Provisional Settlement that the Home Office has made a contribution towards compensation for Welsh forces, not able to utilise their full Apprenticeship Levy contribution in recent years. This contribution again totals £2.4m in 2024/25 and the Home Office previously stated that this “will address this issue in full.” Gwent's share of the £2.4m has been budgeted at £480k. Whilst this continues to be welcome, this is the third year of specific flat cash funding against a backdrop of ongoing pay awards. Chief Finance Officers in Wales continue to work with Home Office officials to determine the appropriate amount of funding to Welsh Commissioners, to provide an equal footing with their English counterparts.

40. The Provisional Settlement appears very welcome in the headline investment figures with continued overall increases in policing service funding and increased council tax precept flexibility for 2024/25. In addition, there are no new specific savings targets set as the UK Government recognises that police have already exceeded the efficiency targets set at the start of CSR 2021.
41. In summary the increase in Central Government funding for Gwent between 2023/24 and 2024/25 is set out below. Compared to the expected level of Central Government funding set out in the Chief's Bid, the Provisional Settlement's total Gwent funding of £102.539m is slightly lower (£141k) than expected.

	2023/24 £m	2024/25 £m	Increase £m
Core grant funding (police grant, NNDR, Revenue Support Grant)	88.589	93.868	5.279
Pay award funding (2023/24 only)	3.388	0	(3.388)
Amended core grant	91.977	93.868	1.891
Pension grant	1.325	4.307	2.982
Operation Uplift ringfenced grant	2.824	4.364	1.540
Total Central Government funding	96.126	102.539	6.413

42. However, with the vast majority of these increases provided as ring-fenced grants rather than core grant, risks remain that funding can be removed or provided on a flat cash basis. Any future shortfalls would therefore need to be funded locally, such as in the case of the previous pension grant, and is also ring-fenced for specific purposes.
43. Similarly, the growth in the Core Grant is only 2.06% year on year. This effectively means a real-terms cut in funding for day-to-day policing services again for 2024/25 once the costs of inflation and pay awards within existing budgets; new service pressures and budget developments; and capital funding are taken into account. These existing pressures will still need to be met by a combination of efficiency scheme savings and importantly council tax precept growth, a point which the UK Government clearly recognises by allowing a higher degree of council tax precept flexibility for the seventh year in a row for English Police and Crime Commissioners in 2024/25.
44. Similarly, the Provisional Settlement did not confirm the following outstanding issues and risks, which remain unclear and subject to further dialogue:
- Firstly, the lack of capital funding directly to forces from Government continues to place the burden of maintaining an increasingly old estate and investing in short term assets on existing revenue budgets and local funding sources.

- Secondly, 2024/25 also marks the last year of the three year funding settlement from the CSR 2021 which provided some funding certainty.
- Finally, the Provisional Settlement also makes no further comment on progress with the Home Office's review of the Police Funding Formula, used to allocate government funding to individual forces. As noted in previous years, the review started in 2015 but has been paused several times since then due to Covid-19 and various elections. While work is under way again with a planned deadline for completion and sign-off in December 2024, there is no further information on the progress or implications for individual forces. Previous indications in 2015 of the impact on Gwent showed a potential cash cut in Central Government funding of £6m-£10m. In prior years, it has been assumed that any implementation of a new formula would be phased in over time and this has been reflected from year three onwards in the five year Medium Term Financial Plan (MTFP). However, because of this lack of information on progress and the age of the estimated impacts, any potential loss of future funding has now been removed from the MTFP until the position is clarified by the Home Office. The funding formula does remain one of the factors reflected in the financial position risk included in the organisational risk register for Gwent Police and the OPCC.

COUNCIL TAX

45. The Provisional Settlement also made the following points in relation to council tax increases:

- Police and Crime Commissioners in England would be able to raise their precepts by up to £13 (for Band D) without calling a referendum. This provides enhanced flexibility as it is again above the original £10 per annum set out in CSR 2021. Overall, if all forces maximised the £13 increase, it would result in an additional £298m additional funding for policing in England and Wales.
- Due to historic differences in council tax, the proportion that £13 represents varies significantly. The £13 increase means that Northumbria's increase is 8.5% followed by the West Midlands at 7.2% and Essex at 6.3%. Conversely, £13 represents a 4.4% increase for North Wales and a 4.5% increase for South Wales and Gwent.
- Against overall funding from Central Government and council tax, this £13 increase would be worth 2.5% of the overall budget for Surrey and Wiltshire. In contrast, it would only be worth 1.3% of the budget in Merseyside. Gwent's figure is 1.8%, which is in the lowest third of beneficiaries at the £13 level;

- The proportion of funding raised through council tax differs significantly between forces. Northumbria's council tax precept makes up 19% of its total funding, followed by West Midlands at 20.3% and Merseyside at 22.9%. Conversely, Surrey has 54.6% of its funding coming from council tax, followed by Dyfed Powys at 51.3% and North Wales at 50.2%. On average 34.3% of budgets are made up from council tax precept, down slightly from 34.4% last year

46. At a local level, the MTFP produced for 2024/25 includes an increase in 2024/25 of 7.70% (or £25 per annum). The Chief's Bid requested a lower level of 6.82% (or £22.12 per annum) in-line with previous years and an agreed longer term approach to funding. Prior to the receipt of the Provisional Settlement, this 6.82% increase would not have provided the funds to meet her expenditure request, resulting in a projected deficit after known savings of £2.7m, and thereby not achieved a balanced budget in 2024/25.

47. However, since the Chief's Bid and the Provisional Settlement announcement, a number of further funding impacts have occurred which have compounded this position and increased the level of the projected deficit. They are:

- Confirmation of local authority council tax bases. This growth is higher at 0.68% than the 0.47% growth originally assumed in the Chief's Bid. However, this is still the lowest tax base growth in Wales and is substantially below in English force areas where average growth is above 1%;
- Welsh Government funding for Community Support Officers; and
- Welsh Government funding for Schools Liaison programme.

Council tax bases within Gwent

48. The MTFP and Chief's Bid were based on an assumed growth of 0.47% in the number of taxable properties within each local authority area in Gwent. The five local authorities have now confirmed their expected tax base numbers. This has resulted in higher than expected growth of 0.68% in expected taxable properties. Reflecting this additional growth in the tax base would yield an additional £165k on council tax funding.

Community Support Officers

49. Following the Chancellor's Autumn Statement 2023 and confirmation of UK Government funding to Welsh Government, it has been well publicised that Welsh Government is under considerable pressure to make savings in its own budget. As part of this, Welsh Ministers have been in detailed discussions with Commissioners in Wales on a sustainable level of future funding and numbers for Community Support Officers (CSOs) by Welsh Government.

50. In previous years, Welsh Government policy has been to fund 500 CSOs across Wales, which equated to 101 CSOs in Gwent with the Commissioner committing to match fund this with a further 101 CSOs. In 2022/23, Welsh Government provided funding for an additional 100 CSOs across Wales. This brought the total to 121 CSOs in Gwent, through £4.6m of funding. Over the past three years, the Commissioner has been steadily growing the number of locally funded CSOs at 10 CSOs per year to achieve the agreed 101 CSO numbers. The total Welsh Government and locally-funded CSOs included in the 2023/24 Gwent Police budget stood at 172.
51. In February and March 2023, and after the council tax and budget levels had been set in Gwent for 2023/24, Welsh Government announced a change in the proportion of CSO costs it would fund and requested a recruitment freeze on CSO numbers by Welsh forces. This late loss of funding will need to be absorbed from other savings for 2023/24, and has been planned into the Chief's Bid and MTFP for 2024/25 with an assumed cost pressure of £0.6m. This reflects the level of reduced Welsh Government funding for 80 CSOs which, when matched by 80 CSOs in the Chief's Bid, would have meant a total number of 160 CSOs across Gwent budgeted for in the Chief's Bid.
52. However, in December 2023, Welsh Government confirmed it will now fund a revised total of 60 CSOs in Gwent compared to the 80 CSOs assumed in the Chief's Bid and the original 121 CSOs funded in 2023/24. The Commissioner will therefore be required to fund 60 CSOs locally. Total CSO numbers at 31 March 2024 are expected to be 155 CSOs. With a recruitment freeze remaining in place and predicted attrition levels, the position at 31 March 2025 is predicted to be 133 CSOs.
53. This will still be above the revised target total of 120 CSOs and the Commissioner will need to absorb the additional costs until the numbers achieve this revised total. Welsh Government has therefore effectively reduced its funding for CSOs in Gwent from £3.8m to £2.6m between 2023/24 and 2024/25. This £1.2m reduction will be offset to some degree by less cost from a reduced total number of CSOs. The further decrease to 60 Welsh Government-funded CSOs will therefore add an additional net pressure of approximately £0.3m in 2024/25, resulting in a net reduction of funding of £0.9m.

Schools Liaison Programme

54. As part of further required savings, Welsh Government announced the full £2.98m grant to public bodies for the Schools Liaison Programme will be cut from its 2024/25 Draft Budget published in December 2023. The Chief's Bid included expected grant funding for the Schools Liaison programme of £478k which will not now be received from Welsh Government. The programme in Gwent is predominantly delivered by 13 officers at a cost of £766k and the

Chief is considering the impact of this funding cut for future service delivery. As the service is provided by officers which form part of the Operation Uplift target of 1,506 officers for Gwent, these costs are therefore fixed and the funding reduction is an immediate additional cost.

55. The effect of the changes from the Provisional Settlement and Welsh Government budget announcements in December 2023 on the net deficit for 2024/25 set out in the Chief's Bid, can be summarised as follows:

	2024/25 £m
Net deficit as per Chief's Bid November 2023	(2.708)
Less:	
Additional WG PCSO funding reduction offset by recruitment freeze savings	(0.295)
WG Schools Liaison Grant funding reduction	(0.477)
Provisional Settlement funding changes	(0.141)
Net deficit post funding changes in December 2023	(3.621)
Add:	
Council tax base growth above assumptions	0.165
Council tax precept proposal impact	0.651
Net deficit per Precept proposal January 2024	(2.805)

56. In order to maintain the current level of policing services to the people of Gwent, the council tax precept proposal is for an increase of 7.70% (£25 increase per annum). This is above the 6.82% or £22.12 requested by the Chief and is driven by:

- The operational requirements of Gwent Police to deliver an efficient and effective service to protect and safeguard the people of Gwent;
- The Provisional Settlement and Welsh Government funding issues noted above;
- The Commissioner's recognition of the affordability of the increase on the residents of Gwent, which was informed by extensive public engagement that highlighted support for increasing funding for Gwent Police to the level proposed;
- Early positive engagement with the Police and Crime Panel's Finance and Estate Subgroup reaffirmed the public's view, that although they are supportive of Gwent Police, the stark reality of the economic factors beyond policing, such as unprecedented rises in inflation growth on

general commodities and funding changes, places an unaffordable ask at the feet of Gwent council tax precept payers; and

- Future council tax precept increases within the MTFP revert back to 6.82% from 2025/26, due to the uncertainty of the funding position. However, even reverting back to 6.82% from 2025/26 onwards does not remedy the forecast recurrent deficit of £12.7m by 2028/29.

57. The above funding pressures would have increased the projected deficit for 2024/25 after 6.82% precept growth from £2.7m in the Chief's Bid to circa £3.6m. Even with an increase in the proposed precept to 7.70%, the updated projected deficit for 2024/25 remains at £2.8m. This council tax precept proposal recognises the increased need being placed on local council taxpayers and in no way undermines the integrity, robustness and justification of the Chief Constable's original bid. Instead it is a simple case of having to risk-manage the policing budget over the short-term in the light of reduced government funding, in order to provide a continued level of policing services to Gwent residents. Following the Commissioner elections in May 2024, council tax precept assumptions for future medium term planning will need to be discussed.

58. The proposed level of council tax precept does not, however, set a balanced budget in 2024/25 even after taking account of £0.7m of cashable efficiency schemes. The recurrent shortfall of £2.8m will need cost pressures to be robustly risk-managed during the 2024/25 financial year; necessitate extensive further cashable efficiencies to be delivered; or met by a contribution from the Commissioner's Reserves and Committed Funds. Furthermore, this level of council tax precept does not increase the level of borrowing required to fund the current Capital Programme and mitigates any increased risk of exposure to negative fluctuations in interest rates. As such, the ongoing review of the Estate Strategy will need to be completed in the 2024/25 financial year, in collaboration with the Police and Crime Panel's Finance and Estate Subgroup and other key stakeholders. This will realign operational policing and the public's requirements (incorporating both the principles of value-for-money and environmental sustainability), with an appropriately risk-based approach to funding.

REVENUE EXPENDITURE

59. The annexes to this paper highlight the significant unavoidable financial pressures, particularly around significant inflation and future pay awards. Annex 2 sets out in more detail the comprehensive list of key assumptions for both income and expenditure. The more important assumptions are set out below:

- Aiming to maintain an establishment of 1,506 Police Officers and 858 Police Staff.

- Officer and staff pay awards of 3.5% and non-pay inflation of 5% in 2024/25.
- The Chief's Bid includes maintaining 160 CSOs for 2024/25 but, as outlined above, it is expected that the recruitment freeze and natural attrition of these numbers will see this drop to approximately 133 CSOs at 31 March 2025. A maximum of 60 CSOs will now be funded by Welsh Government grant – a reduction from 121 in the previous year. Even with the predicted attrition, this leaves Gwent Police with an unavoidable pressure of an increased number of locally-funded CSOs from 51 to 73 in the course of a single financial year.
- A £1m increase in the contribution from revenue budgets to fund the short life asset requirements for vehicle replacement, ICT development and capital maintenance in the capital programme. The revenue contribution to the capital programme does not provide sufficient funding to cover investment in long life assets such as the estate.

60. These assumptions and the scrutiny provided as part of the budget setting process have substantially curtailed additional costs pressures in 2024/25 to £1.9m (before borrowing costs) compared to £3m in 2023/24 and £4.3m in 2022/23.

61. Although the marginal changes in expenditure budgets are shown, the totality of the resources provided to the Chief Constable will be the vast majority of total net revenue expenditure of £173.0m. As set out in the Chief's Bid report in Annex 1, and the Chief's presentation to the Police and Crime Panel meeting on 15 December 2023, she will continue to:

- Maintain services to ensure public safety;
- Build upon the successes in her Delivery Plan;
- Improve Gwent Police performance and improve the quality of service;
- Maximise returns on investment and deliver efficiencies and benefits to the public of Gwent;
- Invest in the well-being of officers and staff; and
- Manage demand and successfully work with partners.

CAPITAL EXPENDITURE

62. In order to provide the suitable infrastructure (buildings, vehicles, ICT) to support the investment in Police Officer numbers, Police and Crime Commissioners need access to capital financing. With none forthcoming from Central Government from specific Capital Grant; limited options for capital receipts from asset sales; Reserves and Committed Funds depleted; and borrowing becoming increasingly unaffordable; the only feasible option is direct revenue financing from revenue budgets. These are already under significant unavoidable pressure.

63. The need for an appropriate future Capital Programme to maintain and improve the infrastructure for modern policing means the revenue budget will need to contribute either through a revenue contribution to capital or through new borrowing costs. This creates inherent risks, particularly when financing short-life assets such as vehicles and ICT (which do not lend themselves to long-term borrowing); interest rate exposure; and public perception on how the council tax precept is spent to provide the infrastructure to support the front-line.
64. The initial capital investment requirements over the next five years are becoming clearer as the implementation of the Estate, Fleet and ICT strategies are progressed. Capital expenditure over the next five years totals £105.006m, of which the 2024/25 element amounts to £19.751m. Within this is £11.001m of non-capital long term projects in 2024/25, which includes Gwent Police's £8.5m contribution to the build of the new Joint Firearms Range. As previously reported to members, this is a collaborative project with South Wales Police and Dyfed Powys Police to provide a new range that delivers the current and future training requirements for firearms services in across southern Wales.
65. In the absence of any capital grant from Central Government, implementation of the current capital programme will require a combination of:
- The underlying recurrent revenue contribution to capital will be increased to £7.150m per annum for the life of this MTFP – a total of £35.750m. This represents an additional investment of £1m per annum to the funding of the capital programme from the revenue budget to support the continuing need to invest in short-term assets (ICT, vehicles etc). An additional balance of £1.078m of revenue funding across the five years will be needed to cover the difference between borrowing and estimated capital programme costs. These revenue contributions are necessary in relation to minimising the Commissioner's dependency upon external borrowing in the current economic uncertainty – particularly for short-term assets such as Fleet and ICT;
 - Other grant funding relating to one-off, specific funding for ICT projects and a safety camera vehicle of £0.178m; and
 - The need to undertake external borrowing of £68m between 2024/25 and 2028/29.
66. This investment will realise long-term cashable and non-cashable benefits to the Commissioner and Gwent Police, e.g. appropriate and more sustainable Estate provision; fit-for-purpose Fleet; and maximising returns on ICT investment. A recurrent budget has also been maintained in the capital programme to deliver the environmental sustainability strategy.

67. However, the current Estate Strategy (reviewed with in collaboration with the Police and Crime Panel's Finance and Estate Subgroup and other key stakeholders) concluded that while the current strategy is robust in terms of its vision and objectives, the strategy is not affordable in the face of global environmental challenges, and national and local police funding factors. The strategy will be reviewed with consideration to operational need and financial viability.
68. With regard to the investment in the long-term assets in the capital programme, the reserves position is such that the Commissioner will need to access public borrowing in 2024/25 and beyond. These additional funds are necessary to continue the investment in key operational buildings including a new collaborative firearms range, property stores and a short-term custody solution. It will also fund the ongoing, long-term and national ICT projects for enhanced services at the first point of contact with the public.

RESERVES AND COMMITTED FUNDS

69. Appendix 7 provides a summary of the Commissioner's Reserves and Committed Funds position for the following five years. It reflects an update of the Commissioner's Reserves and Committed Funds Strategy as part of this budget setting round. The MTFP and, in particular, the Commissioner's Reserves and Committed Funds position was discussed at Joint Audit Committee on 7 December 2023 (along with the 2024/25 Treasury Management Strategy). This enabling Joint Audit Committee to discharge its responsibilities in relation to the budget setting process and the annual financial statements. A copy of the Reserves Strategy is included at Annex 4.
70. With the finalisation of the detailed 'bottom up' annual budget setting process, the Reserves and Committed Funds position has been updated and will continue to be instrumental in stakeholder engagement and any mitigation strategies.
71. The Commissioner's Reserves and Committed Funds position highlights the overall financial landscape and provides context to the Commissioner's Budget Requirement and Council Tax Precept proposal for 2024/25.
72. By the end of the 2028/29 financial year, it is forecast that the Commissioner will have Reserves of £5m and Committed Funds of £9.103m (totalling £14.103m – bottom right-hand corner of Appendix 7). This assumes, however, that the current outstanding capital programme requirements are incurred in full and are funded from reserves in 2023/24.
73. Recurrent budgetary imbalances must be found from recurrent efficiencies – Reserves and Committed Funds should only be utilised to manage annual timing differences. The challenge is for the predicted 2024/25 net deficit of

£2.805m to be found from additional in-year efficiencies, and only underwritten by reserves as a last resort. Therefore, reserves have not been allocated against this deficit.

74. This forecast Reserves and Committed Funds figure at 2028/29 of £14.103m comprises six component parts:

- General Reserve – (£5m Line A1)
 - i Purpose – This is held as working capital to help cushion the impact of uneven cash flows and also as a contingency to mitigate the impact of unexpected events or emergencies. At the end of the financial year, the General Reserve will amount to £5m which represents 3% of 2023/24 net revenue expenditure and, in the view of the Chief Finance Officer, represents an appropriate level in terms of the overall risk-profile; and
 - ii Planned utilisation – This reserve is held for unfunded and unexpected events or emergencies. Therefore, as a statutory contingency reserve there is currently no call upon this reserve.
- Commissioning Strategy and Gwent Police Initiatives – (£1.569m Line C2)
 - i Purpose – This committed fund is primarily designed to pump-prime both the delivery of the Commissioner's strategic commissioning intentions and also specific OPCC and Gwent Police initiatives, to deliver the Commissioner's Police and Crime Plan; and
 - ii Planned utilisation – As a result of the Well-being of Future Generations Act 2015 and the associated creation of Public Service Boards (PSBs), the Commissioner's commissioning strategy could become intrinsically linked to the work of PSBs in the future.
- Airwave – (£6.112m Line C3)
 - i Purpose – Due to the length of the lifecycle and the complexity of the funding model for the initial Airwave replacement programme, it was necessary, at its inception, to create a committed fund. This ensures that the affordability of the scheme is safeguarded for its entire duration and the variable impact of its financial cycle is minimised; and
 - ii Planned utilisation – The Airwave system is being phased out and will be replaced by the Emergency Services Network (ESN). This will provide the next generation communication system for the three emergency services (Police, Fire and Rescue, and Ambulance) and other public safety users. Based on current estimates of the cost of transition and dual running implications of this programme, coupled with the revenue contribution into the committed fund from base budgets, it is estimated that although this committed fund will not be

fully utilised at the current date of transition sometime during 2028/29, further delays in the delivery of ESN may necessitate further dual running costs, which would ultimately deplete this Committed Fund in its entirety.

- Other Financial Liabilities – Tribunal and Ombudsman Liabilities through to PCSO Increase – (£1.421m Lines C4a to C4h)
 - i Purpose – The rationale for these Committed Funds is articulated in the table below:

Category of Committed Funds	Rationale for holding
Committed Funds set aside for major schemes, such as capital developments, or to fund major reorganisations such as those determined by the SIB.	Where expenditure is planned in future accounting periods, it is prudent to set aside resources in advance. For example, to fund future capital programme spend in line with insufficient capital grant, or to pump-prime organisational change programmes.
Other Committed Funds to support the medium-term budget, e.g. forecast accelerated efficiency savings.	These are Reserves and Committed Funds, which are either planned to be generated in the future and as such, may not yet have been committed to fund expenditure as of yet; or are existing reserves, which by their nature of being no longer required, are available for recycling either fully or in part to fund other committed areas of expenditure.
Committed Funds to meet and manage forecast budgetary risks.	With more than £53.772m of efficiency savings delivered to the end of the 2022/23 financial year since 2008/09; £1.142m planned for delivery during 2023/24; and a gross forecast deficit of £12.744m by 2028/29, it is prudent to underwrite a degree of the budgetary imbalance remaining after taking into account future efficiency savings.
Committed Funds set aside in previous reporting periods for potential liabilities arising out of	These funds are established to meet potential and contingent obligations arising from 'live cases' which did not meet the definition of a provision ¹ . These are

¹ A provision exists when the Commissioner is faced with a present obligation (legal or constructive) which has arisen as a result of a past event. Furthermore, the payment is probable ('more likely than not') and the amount can be estimated reliably. Provisions are therefore provided for and accounted via the Comprehensive Income and Expenditure Statement (CIES) in the year in question, i.e., not set aside as a Committed Earmarked Fund for utilisation in future years.

tribunal or ombudsman decisions.	reviewed regularly on a case-by-case basis on whether they are still required (and therefore remain 'committed') or can be released back into the wider reserves and Committed Funds position.
Committed Funds for unspent revenue grants and sums held on behalf of third parties.	Where revenue grants have no conditions attached or the conditions are met and the expenditure has yet to take place, these sums are permissible to be held as Committed Funds. The same applies for sums held on behalf of third parties.
Committed Funds retained for workstream/department use (including utilisation of 'Proceeds of Crime Act' (POCA) monies).	The Commissioner's Reserves and Committed Funds protocol permits workstreams/departments to carry forward commitments at the year-end (in the form of a committed fund), on the basis that the expenditure will take place in the following financial year(s) – these are subject to extensive scrutiny at each year-end and also during the following budget setting round.

- ii. Planned utilisation – These Committed Funds receive extensive scrutiny at the year-end and also during each budget setting cycle. Therefore, although these Committed Funds still show a balance of £1.421m in 2028/29, this does not mean that the Committed Funds are not required up to this point in time, rather the plans for their utilisation are not finalised to identify the timing of the individual committed fund's utilisation.

75. It is important to note, that in order to maintain the forecast Reserves and Committed Funds position of £14.103m by 2028/29, the Commissioner is currently required to borrow £68.000m between 2024/25 and 2028/29 to fund his capital programme.

76. The forecast Reserve and Committed Funds position does not take into account the following events which would increase this figure:

- Additional sales of capital assets than those already identified;
- Additional sums from further acceleration of the delivery of efficiency schemes; and
- Underspending in the capital programme or slippage which defers spend to future financial years.

77. Similarly, the forecast Reserves and Committed Funds position does not take into account the following events which would further reduce this figure:

- The impact on Reserves and Committed Funds from a new CSR or any transitioning arrangements to a new Funding Formula allocation;

- Further significant investment to deliver over and above the current five-year capital programme that is not met from external borrowing;
- Pump-priming for future phases of the Continuous Improvement Programme; and
- Overspending in the capital programme or acceleration which brings forward spend.

EFFICIENCIES AND BUDGETARY SAVINGS

78. Since 2008/09, Gwent Police has delivered £53.8m of recurrent, cashable efficiency savings to 31 March 2023. An additional £1.142m of savings are expected be delivered for 2023/24. The budget setting process has driven out unspent amounts and cost savings from underlying budgets of £4.4m for 2024/25 (Appendix 5a).
79. In 2024/25, Gwent Police is aiming to deliver efficiency savings of £698k on top of budget savings already realised of £4.4m. These will contribute to closing the projected deficit for 2024/25 and maintaining essential services in the face of further government austerity.
80. Assuming an annual council tax precept increase of 7.70% in 2024/25 and then 6.82% from 2025/26 for the remaining life of the MTFP, the currently unmet recurrent deficit to 2028/29 is still £12.7m. This deficit remains even after taking account of an annual council tax precept increase of 7.70% in 2024/25, then 6.82% thereafter and known future budgetary savings and efficiency saving schemes totalling £2.35m.
81. In addition to internally generated efficiency schemes, Gwent Police uses HMICFRS's value for money (VFM) dashboard to identify where Gwent is an outlier in expenditure terms when compared to its most similar forces. These dashboards are publicly available on the HMICFRS's website. These areas are then taken forward by the Continuous Improvement department as part of its forward programme of service improvement.
82. The VFM profiles were produced annually by HMICFRS between 2009 and 2017. Since 2017, HMICFRS have produced interactive VFM dashboards to help forces compare performance, outcomes and cost. They are designed for use by force management, Commissioners, the HMICFRS and the public. The comparisons are across all English and Welsh forces, but exclude the Metropolitan Police and City of London Police, due to their uniqueness of data. The profiles enable comparison across all forces (excluding the two named above) and also within an individual force's 'Most Similar Groups' (MSG), i.e. those forces that share similar characteristics, such as demographics.
83. In terms of an overview from the latest dashboard available from 2022, Gwent Police remains the fourth highest cost per head of population across England

and Wales; and the highest within its MSG of forces. All Welsh forces are amongst the top nine most expensive (excluding London) forces. Among the four Welsh forces, Gwent is first (fourth overall), followed by North Wales (fifth overall), South Wales Police (seventh overall), and then Dyfed Powys Police (ninth overall).

84. Gwent Police continues to spend more per head of population than all forces and its MSG forces in the areas of local policing, dealing with the public, road policing, operational support, public protection, investigative support and support functions. Gwent Police also spends more on investigations than its MSG. This is a consistent picture of spend year-on-year and reflects the conscious investment in local policing and prevention that has been made previously. When comparing how spending has changed over the last 12 months, the dashboard does reflect the further investment in spending on road policing, operational support, investigations, public protection and investigative support. When compared to how MSG forces have changed their spending patterns over the year, Gwent has reduced the level of spending on local policing, criminal justice arrangements and support functions.
85. Considering how this spending is made up per head of population, Gwent has the second lowest level of spend for supplies and services (£9.41 per head of population), compared to its MSG. Collaboration spend remains a higher cost area relative to the MSG, but this reflects the ongoing collaborative ICT arrangements with local authority partners in the Shared Resource Service (SRS) and South Wales Police in the Digital Services Division (DSD) for the provision of ICT services. This also explains why support function costs remain a high cost area per head of population relative to other forces, but paradoxically when support function costs are considered as a % of total costs, Gwent spends the lowest in its MSG and the 11th lowest overall. Gwent is still well advanced (when compared to other forces) in delivering its digital strategy in support of Policing Vision 2025. Every Police Officer has a personal issue laptop, smart phone and Body Worn Video device, with advanced software and applications that support mobile data and the 'Triple F' project. The business benefits of this investment, continue to materialise in cash savings and productivity improvements as this equipment is refreshed and working practices change. The treatment of certain ICT costs, such as Airwave replacement, as revenue expenditure rather than capital also contributes to a higher cost per head of population than MSG forces.
86. Estate costs also contribute to these higher support function costs. As documented in previous years, a number of costs are classified as revenue rather than capital expenditure. These include the Estate maintenance budget, various ICT project and infrastructure costs, and the arrangements Gwent Police has in place with Monmouthshire County Council through the Shared

Facilities Management (SFM) Team. Key aspects of the current Estates Strategy are delivered via SFM from an initially set aside revenue budget, which are subsequently capitalised when individual schemes within the strategy are commenced. This reduces the revenue spend accordingly at a later date.

87. In terms of operational policing, local policing costs continue to be more expensive than the MSG and all forces due to the above average visible front-line provision in Gwent and the current level of CSOs that have benefitted from Welsh Government funding. This makes the Welsh forces appear more expensive in the dashboards than English counterparts.
88. Again, as highlighted in previous years, as a small force, Gwent does not enjoy economies of scale, therefore the points above need to be considered in this context. Gwent Police performance needs to be considered too, in that the cheapest and most efficient force may not be the top performing. Similarly, the dashboards do not reflect conscious local decisions to invest in particular areas of spend; the receipt of additional specific grants such as the Welsh Government-funded CSOs; nor distinguish that forces with small populations will sometimes be disadvantaged because they hold similar levels of fixed costs to larger forces.
89. Significant assurance on the Commissioner's and Chief Constable's arrangements for securing VFM have been received from Audit Wales, internal audit and the wider work of the Joint Audit Committee in its reports over the year. The Commissioner has placed an ongoing requirement on the Chief Constable to continue to seek further cost avoidance and savings measures from within the expenditure budget as soon as possible.

EXTERNAL INFLUENCES

90. On current financial forecasts, by 2027/28, council tax payers in Gwent will fund more than half the net budget in Gwent, thereby becoming the 'majority shareholders'.
91. Modern policing demand is increasingly addressed through 'non-visible' policing presence:
- Dealing with cyber-crime;
 - Counter terrorism and domestic extremism work;
 - Safeguarding work with vulnerable people;
 - Dealing with domestic abuse; and
 - Tackling child sexual exploitation and modern slavery.
92. Therefore, expectations of the public for visible policing needs to be carefully managed and communicated.

93. Austerity across the public sector in Gwent increasingly promotes policing as the service of first and last resort. The Commissioner and Chief are working closely with partners both locally and across Wales to address this.
94. Investment in policing in Gwent needs to be viewed in the context of for every crime averted, or victim put back on the road to recovery, the economic contribution is often immeasurable.
95. Importantly, from a policing demand perspective, it is understood that the other three police forces in Wales are currently proposing council tax precept increases next year and Gwent's proposed precept increase is within range of increases proposed by the other three Commissioners in Wales.
96. In relation to the tax base, as noted above, Gwent's tax base has grown by 0.68%. Whilst a welcome increase on the Chief's Bid assumption of 0.47% growth, this is still the lowest level of growth across the four police areas in Wales. The tax bases are predicted to grow by 1% in North Wales Police, 1.35% in South Wales Police and 3.1% in Dyfed Powys Police. This means the other forces will have a greater benefit on top of their proposed precept increases. This variation reflects Welsh Government policies on second home and vacant property council tax premiums which have less effect in Gwent. Indications from English forces are of average increases in council tax base of around 1%, at the lower end of the growth predicted by the Office for Budgetary Responsibility in their Economic and Fiscal Outlooks, but still above the level of increase in Gwent.
97. Within Gwent, the draft budgets proposed by local authorities include proposed council tax precept increases that range from 4.95% (£73.11 per annum on a Band D) to 8.5% (£117.30 per annum on a Band D property). In comparison, from a local perspective, the proposed increase of an additional £25 per annum for a Band D property would equate to only a 1.3% rise in the average Gwent local authority Band D precept. Or put another way, a 7.70% increase on the average Gwent local authority Band D precept in Wales, would add more than £117.10 per annum to a household's bill; as opposed to the £25 per annum a 7.70% increase would add – i.e. 4.7 times the value for the same percentage increase.

FINANCIAL RISKS AND OPPORTUNITIES

98. While the MTFP is designed to reflect the most up to date intelligence, a number of outstanding issues and unquantifiable risks remain that are incapable of being fully reflected at this present time. Briefly these are:
- Financial:
 - i. The future impact of post Covid-19 economic factors (especially on future council tax bases, inflation and further impact on public

sector pensions payments); the war in Ukraine (particularly inflation); Brexit; UK/Global recession; post CSR 2021 UK Government spending reviews; and the Police Funding Formula Review;

- ii. Exposure to interest rate fluctuations as a result of the cost of borrowing to fund the capital programme;
 - iii. The short, medium and long-term funding consequential of Operation Uplift;
 - iv. Loss of 'assumed' council tax precept income;
 - v. Impact of the localisation of council tax support;
 - vi. Legislative and policy changes having unintended consequences, e.g. as previously seen with the revaluation of public sector pensions; and the implementation of the Apprenticeship Levy;
 - vii. Increasing costs of national ICT programmes and changes to the apportionment method of these across Commissioners/forces;
 - viii. Potential future increases in the Police Officer and Police Staff pay awards higher than expected;
 - ix. Withdrawal of funding by partners (Home Office, Welsh Government, Ministry of Justice and local authorities) for jointly commissioned activities and services, as already experienced with CSOs and the Schools Liaison Programme;
 - x. The reduction in CSO numbers over 2024/25 from natural 'attrition' could be lower than predicted, which could increase the in-year costs
 - xi. Increased 'last resort' demand due to others withdrawing service; and
 - xii. Failure of the Government to deliver on national programmes of work such as ESN transition.
- Organisational:
 - i. Partners re-trench from collaborative ventures (e.g. as a result of the Welsh Government settlement);
 - ii. The financial and non-financial impact of ongoing service reviews recommendations such as the Neighbourhood Policing Review; and
 - iii. Failure of key efficiency schemes to deliver, particularly those related to national programmes of work.
 - Societal:
 - i. Emergent complex crime types and increased safeguarding requirements;

- ii. Increased crime, anti-social behaviour and incidents due to the economic and political climate – particularly in respect of the cost of living crisis; and
- iii. Lack of Police Officer/Police Staff turnover due to limited job opportunities.

99. Conversely, a number of opportunities exist which could ease the financial burdens:

- Adopting and embedding the ‘new ways of working’ arising from the ‘lessons learned’ from Covid-19;
- Increasing productivity through ongoing ICT investment and the automation of tasks;
- Potential long-term investment by UK Government into policing;
- The ongoing development of Gwent PSB promoting a ‘one public service’ ethos to tackle long-standing issues across Gwent;
- Linked to this, the ability to co-commission services with public and third sector partners, avoiding duplication of effort and maximising return to the public; and
- Actively seeking out income generation opportunities, increased investment income from higher interest rates, and influencing the legislative agenda to provide wider opportunities.

FINANCIAL AND OPERATIONAL PERFORMANCE

100. A key component in the setting of the 2024/25 budget is the financial performance in the current financial year. Quarterly financial management reports are produced and scrutinised at both the OPCC’s Strategic Management Board; Gwent Police’s Chief Officer Team meetings; and ultimately at the Commissioner’s Strategy and Performance Board. From Quarter 2 2023/24, these reports include a financial outturn, indicating the expected variance of total annual expenditure against the full-year budget at the year-end (i.e. 31 March).

101. Appendix 6 confirms that the initial forecast outturn reported at Quarter 2 indicated a non-recurrent £2.8m surplus against gross revenue expenditure of £171.2m; which equates to a 1.7% variance against overall budget. The Finance Report 2023/24 – Second Quarter (Q2) sets out additional detail on the financial performance to 30 September 2023 and is included at Annex 5.

102. This forecast surplus has arisen largely from additional investment income from higher interest rates, new non-recurrent grant income received in year, and the avoidance of financing costs as no borrowing will be required for 2023/24 to fund the capital programme.

103. This position has enabled non-recurrent contributions to Reserves and Committed Funds to:

- Bolster the Commissioner's General Reserve to maintain a consistent percentage against a rising gross budget; and
- Provide a one-off revenue contribution to reserves to fund future revenue and capital requirements.

104. Over recent years, the Commissioner's budget has showed a positive variance at the year-end, i.e. a saving on budget. This positive variance is scrutinised to assess whether it has arisen from non-recurrent timing differences arising from the timing of 'ring-fenced' UK Government Grant Funding (as is the case for the 2023/24 financial year); resulted from excess budget being set in certain areas (e.g. over-budgeting on such things as the price and/or volume of fuel); or whether the variance has arisen due to a planned efficiency scheme occurring ahead of plan (e.g. a Police Staff member leaving early, in advance of the planned removal of their post in a future period). Overwhelmingly, over the period of austerity since 2008 and especially in the last four financial years to 2023/24, the reason for the positive variance is accelerated efficiency savings taking effect. The financial effect of the last two examples are removed from the budgetary requirements for future years, as part of the detailed bottom-up annual budget setting process.

105. The 'one-off' non-recurrent nature of the 2023/24 underlying surplus is further emphasised in that even after taking account of future planned efficiency schemes in future financial years of £2.3m, the Commissioner is still facing unbalanced budgets for the next four financial years and a recurrent financial deficit of £12.7m by 2028/29. This non-recurrent underlying surplus does however provide two key benefits. Firstly, it gives a barometer of the continuing sustainability of both previously delivered efficiency schemes and Gwent Police's ability to continue to find more efficiency schemes. Secondly, a positive year-end variance also provides a non-recurrent cash benefit, in that the year-end saving is transferred to Reserves and Committed Funds which will partly offset future borrowing requirements. This has been reflected in the MTFP, along with a recognition that timing differences from recruitment will give rise to in-year savings against pay budgets on a recurrent basis.

106. The 2023/24 capital programme is included in Appendix 8a. The original annual budget on proposed schemes for 2023/24 was £23.902m, but this was revised to £21.090m to reflect a rephasing of schemes into 2024/25 and also the confirmation of a number business cases through Gwent Police's Service Improvement Board (SIB).

107. The Estate schemes in the original programme totalled £6.242m, which has since been revised to a forecast spend of £9.735m. The contributors to this movement are the reprofiling of spend across four of the key developments within the current Estate Strategy, namely the Abergavenny Police Base, Fleet

Workshops relocation, demolition and security of the old HQ site, and the Property and Evidence Store. Whilst the first two will be complete by 31 March 2024, the remaining two are progressing and will now be completed in 2024/25.

108. In relation to the vehicle replacement programme, the original capital programme budget was £2.325m, which has recently been revised downwards to £1.892m. This adjustment reflects delays remaining in the delivery of some vehicles to meet the usual replacement cycle and to accommodate environmental impacts. A review is planned of the IR3 telematics data and pool car usage in relation to the size of the vehicle fleet.
109. The ICT schemes in the original capital programme totalled £4.020m and the latest budget reflects £4.469m of spend forecast for 2023/24. The upwards movement is due to timing changes for the refresh of FFF (Fixed Field Flexible) capability; the Control Room project; and the Data Hall decommissioning following SRS's move out of Blaenavon. The spend on the SAFE mobile app development has been deferred and replaced by the JOINS2 network project for 2023/24.
110. At the time of writing, the Quarter 3 financial management report is being compiled, therefore the Commissioner's Acting Chief Finance Officer and Section 151 Officer will provide a verbal update on the forecast year-end position at the Police and Crime Panel meeting on 26 January 2024, if there is a material change.
111. In Gwent, the numbers of recorded incidents, anti-social behaviour and crime levels recorded and responded to by Gwent Police continue to increase. By the end of this financial year, we anticipate higher levels overall than 2019/20, the last year before the pandemic. Alongside a return to 'normal' following the pandemic, some of these increases will be down to better recording standards, a particular area of focus for Gwent Police and policing nationally, and some will be as a result of continued efforts by Gwent Police and the Commissioner to increase reporting of crimes in historically under-reported areas. Many of these increases will also be as a result of general increases in crime and compounded by societal challenges such as the cost of living crisis, which is certainly a factor in the rises seen in some acquisitive crimes such as shoplifting, and also some violent crimes. However, we have also seen some crimes buck this trend, such as burglary, which continues a downward trend. There are also increases in positive outcome rates, meaning more justice for victims. Gwent Police has invested in a new Rape and Serious Sexual Offences team, which is starting to have great effect on investigating those crimes and improving the overall response for victims.
112. As an overall view on Gwent Police performance, it had a Police Efficiency, Effectiveness and Legitimacy (PEEL) inspection by His Majesty's Inspectorate

of Constabularies and Fire and Rescue Services (HMICFRS) in November 2022. The inspection identified some areas Gwent Police performs well in, such as preventing crime and anti-social behaviour, and managing suspects and offenders. It also highlighted areas that needed to improve or were inadequate. Particularly pressing was the need to improve the initial response to the public through the force control centre managing 999/101 calls and dispatching officers to a scene. Within the control room specifically, this included a need to better identify and assess the vulnerability of callers. Gwent Police, with supportive scrutiny from the Commissioner and OPCC, put in place significant efforts to address these causes for concern. Upon reinspection by HMICFRS, the 'cause for concern' and 'areas for improvement' (AFIs) linked to the victim service assessment, the force control centre and investigation standards were addressed. Gwent Police were praised by HMICFRS for the significant improvements made and this was reported to December's Police and Crime Panel meeting. Regular reporting on the response to PEEL is included in the quarterly Strategy and Performance Board (SPB), where this is scrutinised by the Commissioner.

113. The Commissioner continues to focus heavily on scrutinising the performance of Gwent Police and a new monthly scrutiny meeting will be trialled from February. This will enable OPCC to scrutinise selected thematic areas (such as anti-social behaviour) in more detail, to receive and give assurance to the public on policing performance.

ACTING CHIEF FINANCE OFFICER'S STATEMENT – REQUIREMENTS OF THE LOCAL GOVERNMENT ACT 2003

114. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on:

- The robustness of the estimates made for calculating the Council tax precept; and
- The adequacy of the proposed financial reserves.

115. The same section requires the Commissioner to have regard to the Chief Finance Officer's report when making decisions about council tax precept.

116. Central Government grant funding from the Home Office and Welsh Government currently fund approximately 55% of the revenue budget requirement for policing and crime services in Gwent. However, this position continues to be eroded, placing an increased emphasis on the level of local council tax funding. A combination of CSR 2010, SR 2013 and CSR 2015 resulted in significant reductions in core Home Office and Welsh Government grants. The reduction in these grants for 2011/12 of 5.1% came on top of an in-year cut in the previous year of 1.3%. The UK Government Grant Funding for 2012/13 showed a reduction of 6.7%, 2013/14 a reduction of 1.57%, 2014/15 a

reduction of 4.76%, 2015/16 a reduction of 5.11%, 2016/17 a reduction of 0.57%, 2017/18 a reduction of 1.40% and 2018/19 flat cash. The 2019/20 final settlement, on the surface, appeared positive in that UK Government Grant Funding increased by 2.1% and a Specific Pension Grant had been provided, both designed to mitigate the financial impact of the revaluation of Public Sector Pension Schemes. However, the sum of these amounts fell short in meeting Gwent Police's additional pension costs in 2019/20 to the value of £429k – so, in effect, the final settlement amounted to a 0.60% cash cut. Cumulatively, the budget available for policing and crime in Gwent has experienced over a 27% cash reduction between 2010/11 and 2019/20. When the effect of inflation and pay awards is built in, the real reduction is over 40%.

117. The settlements since 2020/21 have provided reinvestment through Operation Uplift, although this is ring-fenced additionality and has continued in the Provisional Settlement for 2024/25. Therefore, the overall cash reduction in the Commissioner's budget between 2010/11 and 2024/25 has been only partly addressed. In simple terms, Gwent Police will receive virtually the same amount of cash from Central Government Grant Funding in 2024/25 as it did in 2010/11. When the effect of inflation and pay awards is built in, the real reduction is nearly 21% over the 15 years.
118. Although the Provisional Settlement (and updates to CSR 2021) has been largely in-line with expectations for Gwent Police (albeit all new funds are ring-fenced and at risk of being insufficient in future years), the financial landscape remains uncertain. Significant uncertainty for the economy and the public finances remains in light of the war in Ukraine and escalating conflicts in the Red Sea; cost of living crisis; legacy Covid-19 and Brexit implications; post CSR 2021 uncertainty; and growing pressures on public services following years of cuts. Despite the lessening of budget cuts over recent years therefore, the latest UK Government 'promises' may not be sustainable.
119. The Continuous Improvement Programme has continued to be remarkably successful in keeping expenditure within reducing budgets, yet still managing to maintain performance in the service to the public. Year after year, difficult savings targets have been achieved and, as a consequence, Reserves and Committed Funds have been generated. These support the investment necessary to redesign the estate; maximise ICT opportunities; and pump-prime new initiatives. This success, along with the lessening of UK Government Grant Funding cuts in recent years and appropriate council tax precept increases, has allowed Gwent Police to generally attain its full officer establishment during 2022/23 and 2023/24. Appropriate council tax precept increases into the near future will go some way to maintaining current policing services in the wake of Welsh Government budget reductions, and continue to address areas of demand while realising the benefits to the public of Gwent.

120. The preparation of the budget is now almost a continual exercise, involving the compilation of MTFPs, dovetailing with detailed work across the OPCC and Gwent Police under the supervision of the Assistant Chief Officer – Resources and with ultimate direction by the Chief Finance Officer. The involvement of all parts of the police service ensures awareness not only of the demands, but also of the constraints upon them. That awareness has grown over the last 12 months with greater emphasis on the need for sustainable and/or cost neutral solutions to demands. Throughout 2023/24, panel members and Joint Audit Committee have received progress reports on the 2024/25 budget and beyond. Members were able to examine both the proposals and the process followed. The extent of this preparatory work and engagement has again greatly assisted the Commissioner. This process ensured that the budget takes into account all those cost and income items that can be reasonably foreseen and that there is no cause to question the robustness of the estimates.
121. Appendix 7 to this report shows details of the Commissioner's Reserves and Committed Funds position. Gwent Police's Assistant Chief Officer – Resources and the Chief Finance Officer have reviewed the adequacy of reserves, committed funds and provisions. In addition, as part of the compilation of the year-end Statement of Accounts and also at the commencement of each budget setting round, the Reserves and Committed Funds are formally reviewed and separately reported upon respectively in the Statement of Accounts and the Reserves and Committed Funds Strategy.
122. The General Reserve is required for working capital and to meet unexpected expenditure in emergency situations or major crime. In reviewing the Reserves and Committed Funds Strategy in December 2023, it was concluded that a General Reserve of £5m would remain a prudent level for Gwent Police and OPCC moving forward. This takes into account the size, local circumstances and the ongoing requirement for savings to address both historic and recent reductions in UK Government Grant Funding.
123. In relation to the Committed Revenue and Capital Funds, programmes of work are already in train, or risks remain, which confirms the need and sufficiency of the amounts reported.
124. In conclusion, with the adequacy of the proposed financial Reserves and Committed Funds, this source of funding to deliver an appropriate capital programme moving forward will now be exhausted and will require difficult decisions on borrowing going forward. The long-term funding for Gwent Police's capital infrastructure needs is of grave concern, to the extent that formal representations have again been made on the lack of capital grant funding by the Acting Police and Crime Commissioner to the Welsh Affairs Select Committee during 2023.

125. The dialogue on funding of capital infrastructure will therefore continue, both at a local and national level.

CONCLUSION

126. A council tax precept increase of 7.70% (£25 a year or £2.08 a month) will partly fund:

- The underlying post-Operation Uplift Police Officer and Police Staff establishment;
- An increased number of Gwent Police-funded CSOs following Welsh Government funding changes; and
- The unavoidable non-pay service pressures and costs particularly inflation, capital spend and ICT running costs to boost productivity and provide the non-personnel resources needed to deliver safe services.

127. This increase will partly fund, because even after this proposed 7.70% precept uplift, the Commissioner is left with an unbalanced budget next year of £2.8m.

128. Policing annual precept percentage increases are not comparable with those of the Gwent local authorities – a 7.70% increase for policing adds £25 to a Band D bill, while a 7.70% for an average Gwent local authority would add nearly £117.10 to a Band D bill.

129. In addition, on average Gwent local authorities had a 9.5% increase in grant funding for 2022/23 and 5.5% increase in 2023/24. Welsh Policing's average UK Government grant increase was about 6% in 2022/23 and 1.9% in 2023/24 – all of which was ringfenced or already committed.

130. In determining the proposed level of council tax precept for 2024/25, the Commissioner has sought the views of Gwent residents and is acutely aware of the significant pressures on household incomes at this present time. Whilst the majority of Gwent residents who responded supported an increase in Council tax precept, the Commissioner needs to balance the local investment expectations of government; those of the Chief Constable to deliver an effective and efficient policing service; with the affordability of the increase to Gwent's households.

131. The proposed increase in council tax precept therefore has been robustly scrutinised and challenged, to ensure that it is the minimum increase required to maintain policing services in Gwent and to support the maintenance of CSO numbers in 2024/25.

132. In conclusion, the recommendation of this report supports the necessity to appropriately fund the invaluable public service that policing provides to the people of Gwent, usually at times when they are at their most vulnerable.

NEXT STEPS

133. The Police and Crime Panel are required to review the proposed council tax precept and make a report to the Commissioner on the proposed council tax precept by 8 February 2024.

ANNEXES

The Annexes to this report set out additional background information supporting this report as follows:

Annex

1. Chief's Budget Requirements 2024/25 to 2028/29 report
2. 2024/25 Budget Assumptions Briefing
3. Police and Crime commissioners Treasurers Society (PACCTS) briefings on:
 - a. Chancellor of the Exchequer's Spring 2023 Statement
 - b. Chancellor of the Exchequer's Autumn 2023 Statement
4. Commissioner's Reserves Strategy:
 - a. Reserves Strategy 2023/24 Appendix 1
 - b. Reserves Strategy 2023/24 Appendix 2
5. Finance Report 2023/24 – Second Quarter (Q2)

Appendices

The Appendices provide full financial details in support of the precept proposal as follows:

- Appendix 1a - Impact of Incremental Council Tax Precept Changes
- Appendix 1b - Medium-Term Financial Projections 2024/25 to 2028/29
- Appendix 1c - Objective Analysis
- Appendix 2 - Medium-Term Financial Projections – Assumptions
- Appendix 3 - Gwent Police Establishment
- Appendix 4 - Service Pressures and Budget Developments
- Appendix 5a - Identified Budgetary Savings
- Appendix 5b - Continuous Improvement Programme Savings
- Appendix 6 - Quarter 2 2023/24 Income and Expenditure Forecast
- Appendix 7 - Reserves and Committed Funds Position 2024/25
- Appendix 8a - Capital Programme 2023/24 to 2028/29
- Appendix 8b - Long-Term Project Programme 20223/24 to 2028/29

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OFFICE OF POLICE & CRIME COMMISSIONER	
LEAD CHIEF OFFICER:	Nigel Stephens, ACO - Resources
TITLE:	Budget Requirements 2024/25 – 2028/29
DATE:	20 th November 2023
TIMING:	Annual
PURPOSE:	For monitoring
1.	<u>RECOMMENDATION</u>
1.1	<p>To consider and note the budgetary requirements for the period of the Medium Term (5 Year Plan) Financial Plan and specifically note:</p> <ul style="list-style-type: none"> • The total budgetary requirement for policing services for 2024/25 is £176.988m. • A further significant programme of change will be implemented to deliver service improvement and value for money through the new policing model during 2024/25. • Quantified financial gap arising from significant service and cost pressures - £14.888m with the release of £2.352m savings leaving a deficit of £12.536m by 2028/29. • Capital Strategy with significant capital requirement of £105.005m to 2028/29. • Borrowing Requirement requiring financing of £68.0m. • The financial gap 2024/25 is £3.406m and it is proposed to fund this as follows: <ul style="list-style-type: none"> ○ Identified Savings - £0.698m ○ Transfer from Reserves - £2.708m ○ Increase in precept - 6.82%
2.	<u>INTRODUCTION & BACKGROUND</u>
	<p>Since 2009/10 Gwent Police has been on a journey that has continuously focussed on improving the quality of the service provided to the public, whilst at the same time making significant financial savings in light of the austerity challenges that continue to face policing.</p> <p>Within the last 5 financial years, the journey has been one of re-shaping services where there has been an increase in demand and more importantly increased risk to the public.</p> <p>Resources have been focussed on the following service areas over the last four financial years:</p>

	<ul style="list-style-type: none"> • 2017/18 – Threat, Risk and Harm to ensure the public of Gwent are safe and included investment in: <ul style="list-style-type: none"> • Public Protection and Vulnerability • Cyber Crime • Mental Health Services • 2018/19 - The resources were focussed on development and innovation including: <ul style="list-style-type: none"> • Invest in People – Recruitment, Learning & Development, Wellbeing and Occupational Health • Custody Provision • Digital Policing • First Point of Contact • 2019/20 - The resources were focussed on Digital Technology implementation including: <ul style="list-style-type: none"> • Serious and Organised Crime • Early Action Together • Single On-line Home • M365 National Enabling Project • 2020/21 - The resources were focussed on Vulnerability including: <ul style="list-style-type: none"> • Sexual Assault Referral Centres • Diversion Schemes for offenders • Victims Services • Anti-Corruption services • 2021/22 – The resources were focussed on various services experiencing increased demand including: <ul style="list-style-type: none"> • Crime Prevention Hubs (We don't buy crime) • Response Policing • Cyber Crime • Victim Services
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	<ul style="list-style-type: none"> • Public Protection Unit (specifically in relation to the establishment of Multi-agency safeguarding hubs in each of the five local authority areas). • New Technologies to Support policing: <ul style="list-style-type: none"> • Facial Recognition • Digital Evidence Management • Other programmes have traversed these financial years including capital programmes arising from the Estate Strategy such as the launch of the new headquarters in 2022. • 2022/23 – The resources were focussed on various services experiencing increased demand including: <ul style="list-style-type: none"> • Professional Standards Department • High Tech (Cyber) Crime • Firearms Licensing • Rape Investigation Team • Reviews of Support functions: <ul style="list-style-type: none"> ○ Estate & Facilities ○ Occupational Health ○ Human Resources • New Technologies to Support policing: <ul style="list-style-type: none"> ○ Telematics • Police Community Support Officers • The Chief Constable and the Commissioner planned the recruitment of additional Police Community Support Officers to increase the numbers to 182 FTE which would improve visibility and re-assurance in our communities. • 2023/24 – The resources were focussed on various services experiencing increased demand including: <ul style="list-style-type: none"> • Investigation Hub • Neighbourhood Policing Review • Virtual Response Team • Voice Analytics
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3.	<u>Programme 2024/25</u>
3.1	The planned programme for the financial year 2024/25 has been developed following the review of operational delivery through the Force Management Statement and the HMICFRS PEEL Inspection.

	<p>For the financial year 2024/25, the force has also needed to consider four other factors.</p> <ul style="list-style-type: none"> • Future custody provision. • Collaborative firearms range. • Operational Model review. • Command & Control System Replacement. • Implementing Right Care, Right Person with partners.
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4	<u>Budget Setting & Medium Term Financial Plan</u>
4.1	<p>The force has undertaken budget setting and the overview, approach, assumptions and implications are explained.</p> <p>MTFP Position</p> <p>Savings required over the next 5 years are £12.536m which, while still high, is significantly lower than the previous target (pending the publication of the grant in late December/early January). This is mainly due to inflationary price increases of pay and non pay items against a backdrop of restricted growth in central government grants, offset by removing the Police Funding Formula impact and recognizing a vacancy factor saving of £2.2m. There is an assumption of a recurring precept level of 6.82%.</p> <p>The capital programme has been reviewed and re-profiled with costs developed that align to the programme including the construction of the new Abergavenny Police Station, the Joint Firearms Range and the new Gwent Police Operational Facility that will house the new custody unit, operational training and the Torfaen Policing team. The total capital programme is £105.005m. Exceptional price inflation continues to be experienced in the construction industry. The force will require borrowing to deliver an estate that is fit for the future.</p> <p>Assumptions</p> <p>The position is based on the following assumptions:</p> <ul style="list-style-type: none"> • The requirement to maintain 1506 fte officers at 31 March 2024 and beyond as part of Operation Uplift. • Maintain 160 fte CSOs funded 50/50 between Force and Welsh Government. • There is no new central government grant cash uplift other than that from the Comprehensive Spending Review (£1.5m) and Gwent's share of officer funding for September 2023 to cover the 7% pay award (£5.15m). • The Home Office has stated that the shortfall should be met by increases to precept. [Pending Autumn Statement week commencing 20 November 2023]. • The Police Pensions Remedy is funded by the government through the Comprehensive Spending Review. • The removal of the assumption of a £6m loss of grant on the new funding formula over the period of the Medium Term Financial Plan (phased at £2m each year from 2025/26 to 2027/28).

The 2023/24 position is that the savings required of £3.406m are offset by savings identified of only £0.698m – the gap is £2.708m.

Police Establishment

Numbers

- Budgeted Base 1,506 wte
- Assumption of 82 leavers each year which will be replaced through new recruits

Cost

- Officer in budgeted posts as at 30th September budgeted at actual plus any increments due
- PC Vacancies budgeted at 2nd point on Scale
- DC & Other Vacancies budgeted at mid-point
- Employers Pension Rate 31.8% in base calculation
- Gross National Insurance Rate of 13.8%

Police Staff Establishment

Numbers

- Budgeted base 846.4 wte (including 15 wte apprentices)

Cost

- Employers pension contribution 18.8% (2023/24 – 18.3%)
- Gross National Insurance Rate of 13.8%

CSO Establishment

Numbers

- Budgeted Base maintained at 160 wte (80 wte WG funded posts)

Cost

- Employers Pension Contribution 18.8%
- Gross National Insurance Rate of 13.8%

Non Staff

- Majority of non-staff expenditure rebased using inflation assumptions in MTFP and informed by Office of the Gas and Energy Markets and Royal Automobile Club for energy and fuel cost forecasts. It should be noted there is financial pressure across all supply side commodities

	<p style="text-align: center;">Income</p> <ul style="list-style-type: none"> Underlying assumptions around Police Grant, RSG and NNDR have been revised [Pending Autumn Statement]. The Precept for the five years of the MTFP assumed at 6.82% which is approximately £22 for a Band D Property. <p style="text-align: center;">Pressure & Savings</p> <ul style="list-style-type: none"> Cost Pressures of £2.381m have been confirmed, including £1.190m loan interest from borrowing Tracker savings reflect planned schemes supported by project managers Schemes include the estate and fleet rationalisation which may need to accelerate to ensure value for money is delivered <p style="text-align: center;">Capital, Reserves & Borrowing</p> <ul style="list-style-type: none"> The capital programme planned expenditure for the 5 years totals £105.005m Based on proposed capital contributions, borrowing in 2024/25 will be £12.000m which will attract revenue interest payments of £1.190m (5.62%: current PWLB borrowing rate) Over the MTFP period, the capital programme will need total borrowing of £68.000m – 64.8% of total capital programme spend. Associated total revenue interest and Minimum Revenue Payment (MRP) cost to service the total borrowing for the period is £4.998m This includes a revenue to capital contribution being provided at £7.150m representing only 4.0% of turnover and is necessary due to zero HO capital grant. The reserves used for funding the Capital programme is exhausted and borrowing is necessary to fund the programme. <p style="text-align: center;">Precept</p> <ul style="list-style-type: none"> MTFP currently based on precept at 6.82%. <p style="text-align: center;">Productivity & Improvement</p> <p>There are three areas on which Home Office will continue to assess progress and these are:</p> <ul style="list-style-type: none"> Procurement & Shared Services Mobile Working & Digital Transparency about effective use of reserves
4.2	<p>The detailed financial schedules are provided as follows:</p> <p>MTFP – Summary (Annex 1 – Appendix 1b)</p> <p>Establishment (Annex 1 - Appendix 3)</p>

	<p>Developments (Annex 1 – Appendix 4)</p> <p>Budgetary Savings (Annex 1 – Appendix 5a)</p> <p>Efficiency Schemes (Annex 1 – Appendix 5b)</p> <p>Reserves (Annex 1 – Appendix 7)</p> <p>Capital Programme (Annex 1 – Appendix 8a)</p> <p>Non Capital Developments Programme (Annex 1 – Appendix 8b)</p>
5.	<u>Value for Money</u>
5.1	<p>The force continues the change programme on improving services, realising business benefits and releasing cashable efficiencies. The programmes invested in the past two years will support this objective and the following areas will be included in the change programme 2024/25.</p> <ol style="list-style-type: none"> 1. Release Business Benefit Efficiencies following Investment 2. Efficiencies through the Estate 3. Efficiencies through Fleet 4. Efficiency through Collaboration 5. HMIC Value for Money Profile indicators <p>Each year the Value for Money Indicators are published that present a comparison of the investment by forces across categories of expenditure. This provides an indication of efficiency that could be released through service reviews over a 12-18 month period.</p> <p>The planned cash releasing efficiency benefits are presented at Appendix 5b.</p>
6	Opportunities & Choices
6.1	<p>The delivery of an ambitious change programme is required to enable the force to improve services to the public and also reduce risk, harm and threat in our communities.</p> <p>However, the force is faced with a number of challenges to achieve a balanced financial plan and consideration will be given to the sustainability of the following budgets.</p> <ol style="list-style-type: none"> 1. Maintain Partnership Support as follows: <ol style="list-style-type: none"> a. Funding for services that Partners should contribute b. Commissioned Services 2. External Training Budget <p>This list is not exhaustive but needs to be considered in the context of delivering a balanced financial plan.</p>
7.	<u>Risk</u>
7.1	<p>The risks to the financial plan include:</p> <ul style="list-style-type: none"> • Ongoing Service Reviews Recommendations: <ul style="list-style-type: none"> ○ Human Resources Department ○ Learning & Development Services ○ Criminal Justice Department

	<ul style="list-style-type: none"> ○ Force Control Room
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	<ul style="list-style-type: none"> • Delivery of savings in Overtime Budget • Welsh Government continued funding for Community Support Officers and partnerships • Cost of National ICT Programmes and NPAS. • Cost of Borrowing (to fund capital programme). • Home Office Police Apprenticeship funding to Welsh forces. • We have assumed an annual total level of costs pressures of £2m for 2025/26 onwards plus £0.8m for pay increments: further risks to manage/savings to identify if actual cost pressures for 2025/26 budget setting exceed this £2m level. • Assumed precept and base growth are maintained. • Wage Awards over and above 3.5% and other inflationary pressures.
8.	<u>FINANCIAL CONSIDERATIONS</u>
8.1	These are detailed in the report.
9.	<u>PERSONNEL CONSIDERATIONS</u>
9.1	There are no staffing / personnel implications arising from this report.
10.	<u>LEGAL IMPLICATIONS</u>
10.1	There are no legal implications arising from this report.
11.	<u>EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS</u>
11.1	This report has been considered against the general duty to promote equality, as stipulated under the Strategic Equality Plan and has been assessed not to discriminate against any particular group.
11.2	In preparing this report, consideration has been given to requirements of the Articles contained in the European Convention on Human Rights and the Human Rights Act 1998.
12.	<u>PUBLIC INTEREST</u>
12.1	This is a public document.
13.	<u>CONTACT OFFICER</u>
13.1	Nigel Stephens, Assistant Chief Officer - Resources
14.	<u>ANNEXES</u>
14.1	Annex 1 – PCP Budget appendices 24-25 Nov23 v2

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2024-25 Budget Assumptions Briefing

Recommendations:

To note the following assumptions underpinning the 2024/25 budget bid, and the associated risks that should be clarified in the next two months through the Police Settlement and additional information from external partners.

1. Background

- 2023/24 base budget £167.717m giving underlying deficit of £5.018m after identified savings.
- This deficit will be substantially closed by additional savings by 31st March 2024, mainly from non-recurrent vacancies savings, avoidance of borrowing costs, and investment income growth.
- NPCC have reported recently on budget, reserves, vacancies, and capital funding positions for 43 forces based on a recent survey. This has informed 2024-25 budget assumptions discussions.
- Budget setting timetable has been presented to Force/PCC governance boards plus external stakeholders including Police & Crime Panel and Joint Audit Committee. Key target dates to produce the Provisional budget proposal are:
 - Draft budget proposal to ACOR by 10th November 2023
 - COT briefing on budget proposal 27th November 2023
 - Provisional budget proposal from CC to PCC by 4th December 2023
- No change to method and approach to the budget, namely:
 - Bottom up: zero based budget discussions with individual budget holders, cost centre by cost centre, across the force and informed by actual vs budget for 2022/23 year and 2023/24 year to date position.
 - Top down: Chief Officer discussions on force wide initiatives and national developments (e.g. ICT, NPAS); Service Improvement Board business cases; OPCC commissioning budgets, Product & Efficiency working Group savings opportunities, HMICFRS Value for Money profiles

2. The following assumptions for 2024/25 have been discussed and agreed.

Pay assumptions:

- Officers and staff pay awards of 3.5% assumed for September 2024
- Superintendent and PC starting scale changes in 2023/24 included in 2024/25 base budget.
- Targeted Variable Payments budget to be added as recurring cost in 2024/25 base budget within Chief Officer team cost centre.
- Staff employer pension contributions rate for LGPS increase from 18.3% to 18.8% in line with Torfaen Triennial Pension Valuation proposal.
- Officer pension contributions rate for police pension scheme is assumed to remain at 31%. Recent indications are this could rise to 36.2% based on latest pension valuation reports. A cost pressure has been included for the £3.4m impact but is assumed to be fully funded by the UK Government and therefore cost neutral for 2024/25 and beyond.

2024-25 Budget Assumptions Briefing

- Recruitment freezes on CSO recruitment as per Welsh Government (WG) instruction. 160 CSOs to be budgeted for in line with suggested WG scenario for funding 400 fte CSOs, of which Gwent's funded CSOs would be 80fte. Discussions continue with WG.
- Reinstatement of recruitment to 15 roles within the apprentice scheme (remaining Finance apprentice ends November 2024).
- HR Establishment as at 30th September 2023 will form the initial basis for the 2024/25 draft budget subject to CSO and apprentice adjustments noted above.
- HR Establishment as at 31st January 2024 will form final position for 2024/25 final budget and budget book.
- Budgeted establishment figures (based on HR attrition tables, establishment data and known adjustments):

FY	Officers	CSOs	Staff	PCC	Apprentices	Total
	fte	Fte	fte	fte	fte	fte
2023/24	1,506.50	172.00	822.62	20.00	16.00	2,537.12
Movement	(0.50)	(12.00)	-	1.00	(1.00)	(12.50)
2024/25	1,506.00	160.00	822.62	21.00	15.00	2,524.62

- Vacancy factor of 2% of total pay budget will be applied and allocated at cost centre level within the Budget Book. This reflects the effect of September and March intake profile for officers, and the three-month recruitment window for staff. Based on the NPCC survey, Gwent is one of only four forces in England and Wales who do not recognise a recurring vacancy factor in budgets. A £2.2m recurrent saving, based on 2% of salary costs, is considered a prudent level to recognise based on actual vs budget differences in 2021/22 and 2022/23, and the NPCC survey results.
- Eight bank holidays in 2024/25 (reduced from 11 in 2023/24).
- No change in base overtime budgets.

Non-pay assumptions:

- 5% inflation rates for gas, electricity, water, fuel, indirect staff costs and general inflation (higher utilities and fuel inflation in 2023/24 already in base budget).
- Retain Federation subscriptions for Special Officers as recurring cost for 2024/25.
- Centralise budgets – centralise non-pay budgets for force wide spend and income categories where appropriate. Further work needed to compile a full list of account codes and agree nominated budget owners. Example areas to include - but not limited to - venue hire, external printing, external communications, hire of vehicles, external training etc.
- Core Revenue contribution to capital programme to increase to £7.150m on a recurrent basis to continue to fund short term asset purchases.

2024-25 Budget Assumptions Briefing

Income, funding & savings assumptions:

- Draft 2024/25 council tax precept funding is based on 6.82% increase plus 0.47% tax base growth as per MTFP in January 2023.
- Investment income increased to reflect higher interest rates.
- Current central government funding position per MTFP January 2023 maintained: no change to Revenue Support Grant and NNDR funding year on year, Police Grant increases in line with Comprehensive Spending Review.
- Police Grant also increased for assumed 1% share of £515m of Home Office funding to police forces for the September 2023 pay award of 7% for officers. This funding will cover officer salary increase plus grade change impact of £5.1m, but not on-costs or staff pay award impacts. This is shown in Police Grant rather than as a specific grant and assumed to be recurrent.
- The impact on future years' Police Grant funding from the Home Office's Funding Formula review has been removed.
- Other specific HO/WG grants (e.g. pension, schools liaison) continue on a flat cash basis.
- WG CSO funding grant will reduce based on 50/50 split of total costs of 160 FTE CSOs at 31st March 2024. A £600k reduction in grant funding to c. £3.1m is assumed for 2024/25.
- No additional capital funding from Home Office – capital programme funded solely from reserves, revenue budget and borrowing.
- Identified savings set out in the Change Programme savings tracker are delivered.

Key risks:

1. CSO numbers and funding levels still to be formally agreed with Welsh Government
2. GPOF timing and capital programme: impact on borrowing costs
3. 7% pay award funding: if Gwent's £5.1m share is treated by HO as a specific grant and not as part of the Police Grant then there is a risk it might not be funded on a recurrent basis (note possible general election impact).
4. 2024/25 Police pension contribution rate: if funding is provided as a specific grant, then this increase might not be fully funded on a recurrent basis. The previous pension rate increase was funded by Home Office as a specific grant with no increase year on year, meaning that annual increases from pay awards and officer growth are funded locally by the force.
5. Collaboration budgets: figures are still awaited from SWP, due December 2023.
6. SIB business cases: no provision has been made for service improvements/investment within future SIB business cases.

Matthew Coe

Head of Finance

13th November 2023.

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[Skip Introduction and Background](#)

HEADLINES

- Spring Budget announcement follows stronger short-term economic figures but weaker forecasts in the medium-term.
- Chancellor focuses budget on measures aiming to reduce economic inactivity and sets out his “four pillars”: Employment, Education, Enterprise and Everywhere.
- GDP contracting by 0.2% in 2023 followed by annual increases of around 2%.
- Council Tax receipts in England were £34.4bn in 2021-22, and are forecasted to be £36.3bn in 2022-23 and £38.4bn in 2023-24 rising to £47.4bn by 2027-28. Between 2021-22 and 2027-28 this represents a 37.7% increase and a yearly average increase of 5.5% (4.4% levels, 1.04% taxbase).
- In Wales, £1.9bn of council tax receipts in 2021-22 are forecasted to be £2.0bn in 2022-23 and £2.1bn in 2023-24 rising to £2.5bn by 2027-28 – a 36.3% overall increase, averaging 5.3% per year (4.7% in levels and 0.6% in taxbase).
- Business Rates Review – Technical Consultation outcome published.
- Pothole funding to increase from £500m to £700m in 2023-24.

INTRODUCTION

On 15 March, Chancellor of the Exchequer Jeremy Hunt announced the [Spring Budget 2023](#) in a speech in the House of Commons. Despite the many major fiscal announcements in 2022, this is the first full budget since Autumn 2021; Mr Hunt’s second major fiscal event as Chancellor after the Autumn Statement 2022.

As is standard in major fiscal events, the Spring Budget was accompanied by the Office of Budget Responsibility’s (OBR) [Economic and Fiscal Outlook](#) (EFO).

This briefing outlines the key announcements in the Statement, which did not specifically address matter related to PCCs. References to the relevant pages in the Autumn Statement Report for each announcement are included in square brackets.

BACKGROUND

In the run up to the Spring Budget 2023, the so-called “cost of living crisis” was at the forefront of people’s minds, with inflation of 9.1% for 2022 according to the Autumn Statement 2022 but inflation for energy and other essentials higher still – thus affecting poorer households proportionally more. Inflationary pressures significantly increased the pressures on pay, most notably in the public sector, with many comparing the winter of 2022-23 to the ‘Winter of Discontent’ of 1978-79.

Despite this background, there were reports of [increased fiscal headroom](#) and that the Chancellor would be looking to [extend energy support to June](#), [reduce childcare costs](#), [increase devolution funding for regional mayors](#), [raise the lifetime allowance for pension savings](#) and [create 12 investment zones in eight areas ‘to drive business investment’](#). Furthermore, there were reports of [New funding to help keep leisure centres with pools afloat](#) and [additional pothole funding](#).

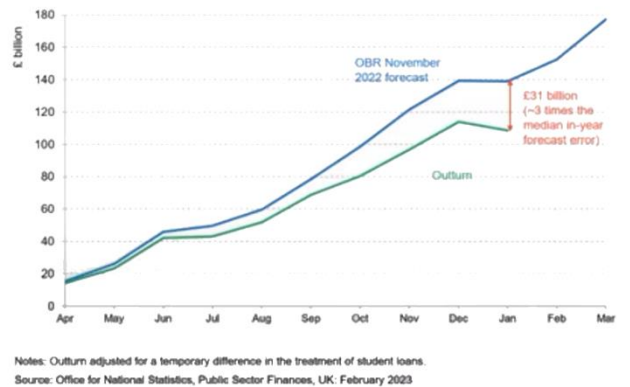
IFS Pre-Budget Analysis

Short-term/Temporary Improvements Do Not Justify Permanent Fiscal Loosening:

Technical Support Team

Police and Crime Commissioner Treasures’ Society

Borrowing in-year much below forecast



February 2023 [analysis](#) from the Institute for Fiscal Studies (IFS) highlighted that compared to November 2022 forecasts, in-year borrowing is far lower (and three times lower than the median forecast error). This was approximately £31bn than forecasted.

Primary drivers of this reduced borrowing are higher than forecasted tax revenue (£20bn) and lower than forecasted interest payments (£2bn) and subsidies (including energy support) (£9bn net of reduced energy profits levy income). It is worth noting that forecasts assume increased fuel duty which has been frozen since 2011 (and was cut at the Spring Statement 2022).

Whilst comparisons with November 2022 forecasts are far more positive, it is worth noting that borrowing is still a much higher than forecasted in Spring 2022. It is also important to note that many savings will not continue (for example the energy support was expected to wrap up), and that longer term trends are what matters to the Chancellor in meeting his fiscal rules regarding borrowing.

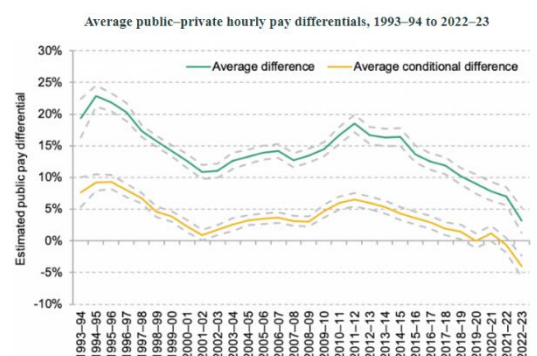
The IFS's Isabel Stockton stated (prior to the Budget) that *"short-term improvements in borrowing arising from lower debt interest spending and lower energy prices are certainly welcome. Some may argue that they open up fiscal space for one-off giveaways. But it is the medium-term fiscal outlook which matters for the broad sustainability of the public finances, and for judging the case for permanent tax cuts or spending increases. The medium-term outlook is also what matters for meeting the letter of the Chancellor's (looser than previous) fiscal rules. The key question is therefore whether the short-term fiscal improvements since November can be expected to persist into a more permanent improvement in the public finances..."*

For the medium-term outlook, changes in economic growth will be the most important factor at play. Despite forecasting a shallower recession in the short term than previously expected, the most recent Bank of England forecast for the medium term made for grimmer reading [with growth at less than 1%] ... While concerns about productivity growth remain, one of the key drivers of the latest downgrade is the more recent issue of declining economic activity rates."

Public Sector Pay

Perhaps the most acute short-term policy challenge for the Chancellor related to public sector pay and the impacts of ongoing strike action. The Bank of England's latest estimate of median private sector pay settlements for the year was 4.0% and "according to the Office for National Statistics (ONS), average earnings growth in the public sector over the first nine months of 2022–23 has lagged well behind average growth in the private sector (2.8% versus 6.4%)."

The IFS have plotted the average difference between public and private sector hourly pay from 1993-94 to 2022-23, showing that public sector pay remains higher on average but when controlled for age, education, experience and region is now lower [see right].



Note: 2022–23 figures calculated for 2022 Q2 and Q3 only. The average conditional difference is calculated using age, education, experience and region controls, all interacted with sex, and interactions between education and experience. Figures shown are the coefficient on an indicator variable for whether the individual works in the public sector, transformed into a percentage differential based on Halvorsen and Palmquist (1980). Dashed lines represent 95% confidence intervals. Figures are for hourly pay and exclude pension contributions; for a discussion and comparison of overall remuneration in the public and private sectors, see Boileau, O'Brien and Zaranko (2022).

Source: IFS calculations using the quarterly Labour Force Survey.

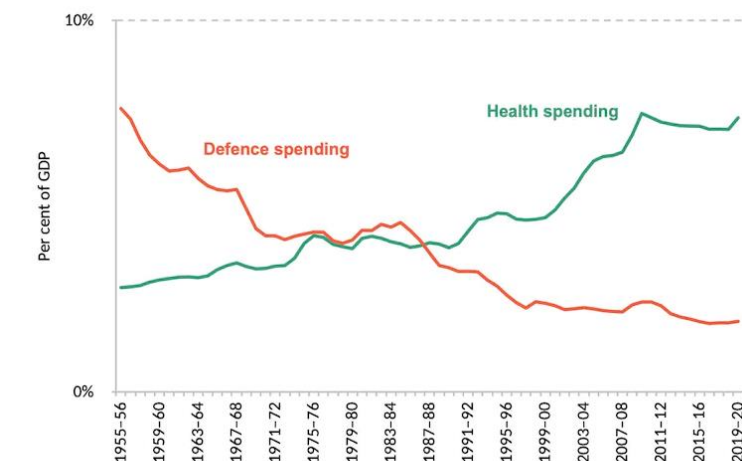
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Police and Crime Commissioner Treasures' Society

Whilst there have been some concerns regarding the inflationary impact of increased pay, the IFS pre-budget analysis argued that this is “likely to be very modest at most” and that “public sector pay policy might be more sensibly focused on ensuring that the government can recruit, retain and motivate the staff needed to deliver its desired public service outcomes”.

Defence and The ‘Peace Dividend’

UK spend on health and defence as % of GDP



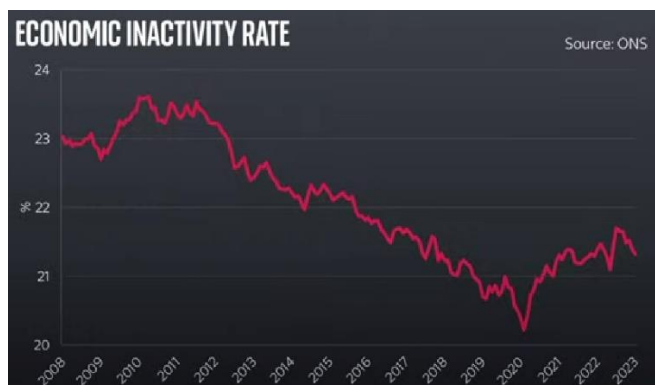
Note: definition of defence spending here does not correspond to that used by Nato. Source: IFS

Rishi Sunak has [pledged](#) to increase defence spending by nearly £5bn over the next two years to counter emerging threats from hostile states. A new version of the so-called Integrated Review was published two days before the Budget, replacing the first version of the policy document unveiled under former Prime Minister Boris Johnson in 2021.

The IFS’s Ben Zaranko has [stated](#) that the "peace dividend from lower spending on defence has, in effect, allowed successive governments to pay for a growing welfare state without a higher tax burden. But the conflict in Ukraine could mark the end of that trend”.

Economic Inactivity

Many of the policies set out in the Spring Budget 2023 relate to Economic Inactivity. As shown in the graph from Sky News and the ONS [left], economic inactivity had been successively falling since 2010 but rose in-line with the pandemic.



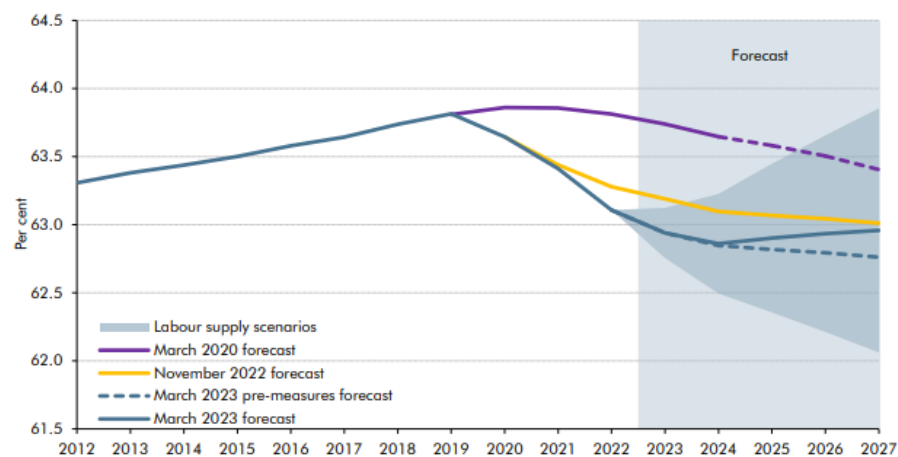
Source: ONS

Prior to the Budget, pensions cap changes and the extension of childcare provision was expected. These measures were understood to be a direct response to the increase in economic inactivity since 2020.

In the Autumn Statement 2022, to address the increases in economic inactivity shown above, the Chancellor announced an expectation for over 600,000 Universal Credit Claimants to meet with a work coach so that they can get the support they need to increase their hours or earnings. The Chancellor also announced a review into the issues holding back the growing number of economically inactive working age adults from re-joining the workforce.

The OBR’s Participation forecasts published alongside the Spring Budget is available [right].

Chart 2.9: Trend participation rate of those aged 16 and over



Note: March 2020 forecast includes an illustrative extension to 2027.
Source: OBR

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Police and Crime Commissioner Treasures’ Society

Furthermore, the OBR has summarised economic inactivity by age range, and has compared UK inactivity with other G7 countries:

Inactivity by age

The change in the number of working-age inactive people between the fourth quarter of 2019 and the fourth quarter of 2022 has been largely driven by older age groups,² with 50-to-64-year-olds accounting for 310,000 of the overall increase in the stock (left panel of Chart C). The number of inactive 16-to-24-year-olds have risen by 30,000, whereas inactivity among 25-to-49-year-olds has only risen by 15,000 (although, as discussed below, there has been a significant change in the composition of inactive people).

Chart D: Inflow and outflow rates to and from inactivity by age group

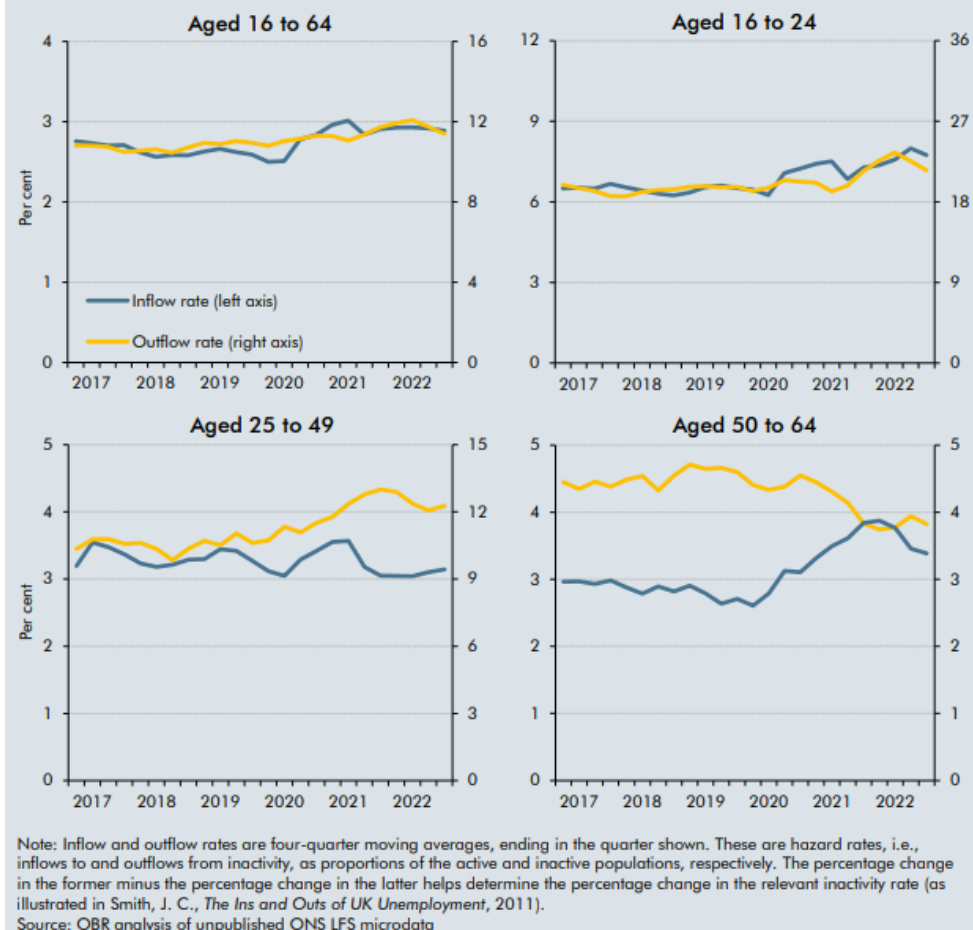
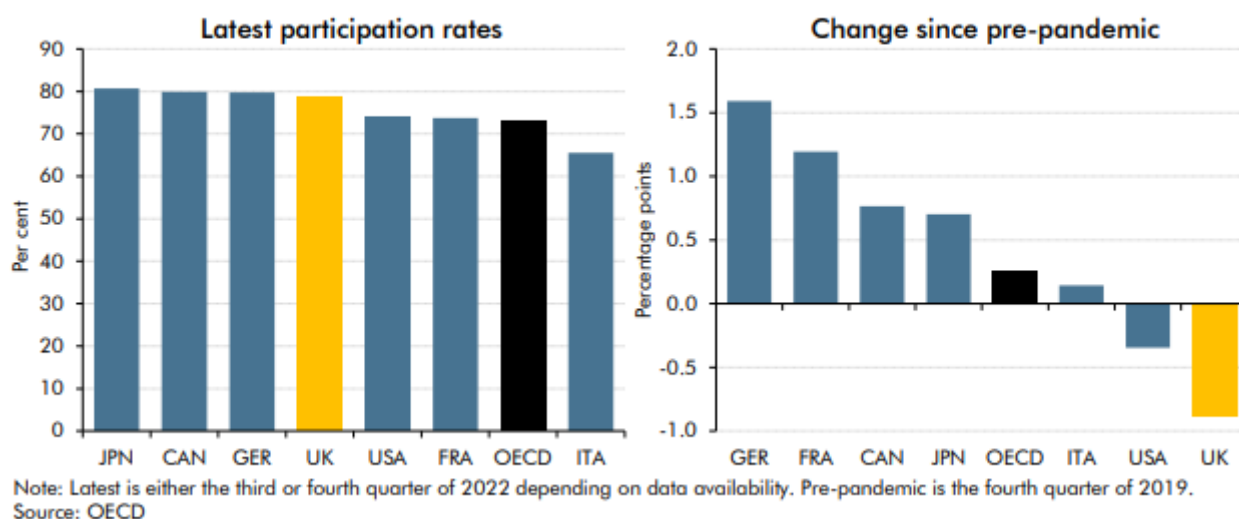


Chart 2.8: Participation rates of those aged 15 to 64



CHANCELLORS SPEECH

The Chancellor started his [speech](#) saying “in the face of enormous challenges, [the UK economy] is proving doubters wrong” stating that “growth is the focus of today’s Budget”.

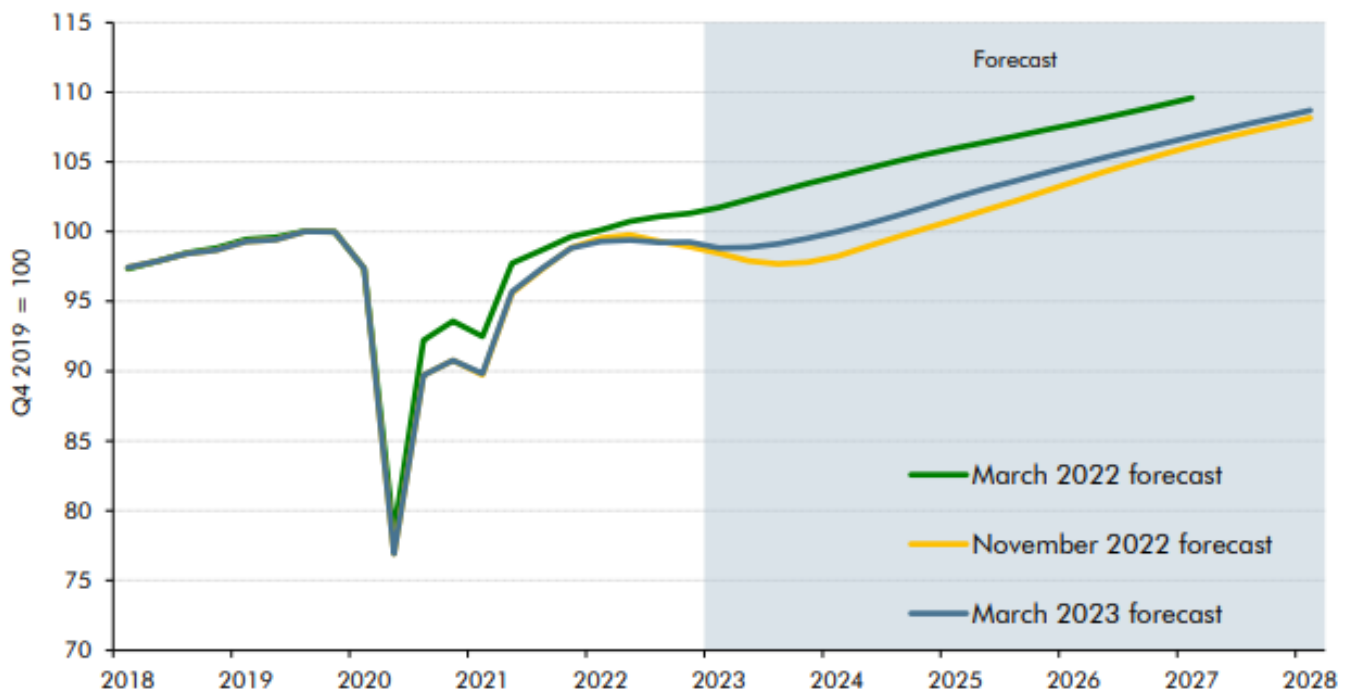
ECONOMY

The impact of the Covid-19 pandemic on the UK economy has been significant, this is now coupled with the UK’s response to the conflict in Ukraine and the rising costs of living. Furthermore, the OBR has previously [estimated](#) that Brexit has reduced long-run productivity by 4% relative to remaining in the EU.

GDP – Mr Hunt highlighted the International Monetary Fund’s assessment that the UK economy is “on the right track” and the OBR’s forecast that “the UK will not now enter a technical recession this year.” However, as set out in the IFS analysis above, GDP is expected to be lower in the medium term than previously forecasted meaning that by 2028 the picture remains very similar.

GDP	2020 Spring Budget	2021 Spring Budget	2021 Autumn Budget	2022 Spring Statement	2022 Autumn Statement	2023 Spring Budget
2017	1.8%					
2018	1.3%					
2019	1.4%	1.4%				
2020	1.1%	-9.9%	-9.8%	-9.4%		
2021	1.8%	4.0%	6.5%	7.5%	7.5%	
2022	1.5%	7.3%	6.0%	3.8%	4.2%	
2023	1.3%	1.7%	2.1%	1.8%	-1.4%	-0.2%
2024	1.4%	1.6%	1.3%	2.1%	1.3%	1.8%
2025		1.7%	1.6%	1.8%	2.6%	2.5%
2026			1.7%	1.7%	2.7%	2.1%
2027					2.2%	1.9%

Chart 1.2: Real GDP

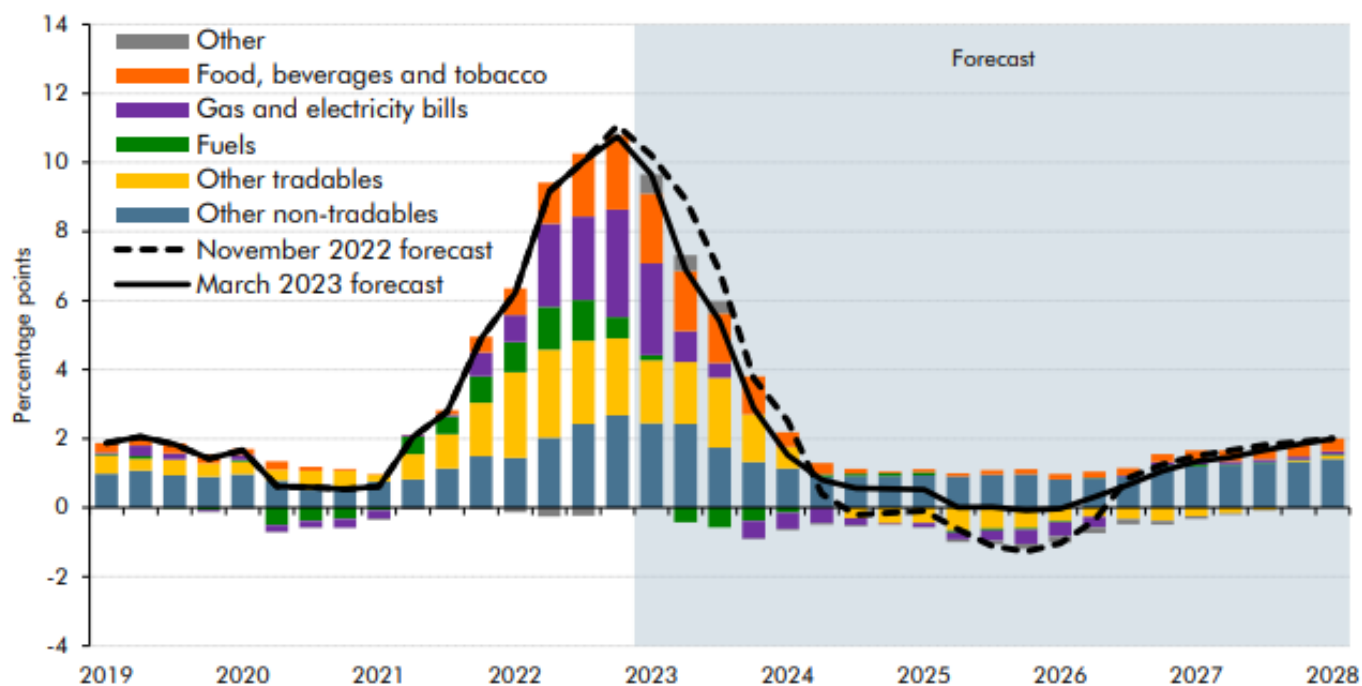


Source: ONS, OBR

Inflation – The impact of Covid-19 led to a CPI of 0.9% in 2020. Post-pandemic, inflation has risen to its highest levels since the 1990s. In general, the Government aims for inflation to be at 2%, but Autumn Statement 2022 forecasts showed CPI inflation to be 9.1% in 2022 and 7.4% in 2023. This has been revised up for 2022 but significantly reduced for 2023.

CPI	2019 SS	2020 SB	2021 SB	2021 AB	2022 SS	2022 AS	2023 Spring Budget
2017	2.7%						
2018	2.5%						
2019	2.1%	1.8%					
2020	1.9%	1.4%	0.9%				
2021	2.0%	1.8%	1.5%	2.3%	2.6%		
2022	2.0%	2.1%	1.8%	4.0%	7.4%	9.1%	
2023	2.0%	2.1%	1.9%	2.6%	4.0%	7.4%	6.1%
2024		2.0%	1.9%	2.1%	1.5%	0.6%	0.9%
2025			2.0%	2.0%	1.9%	-0.8%	0.1%
2026				2.0%	2.0%	0.2%	0.5%
2027						1.7%	1.6%

Chart 2.3: Contributions to CPI inflation



Source: ONS, OBR

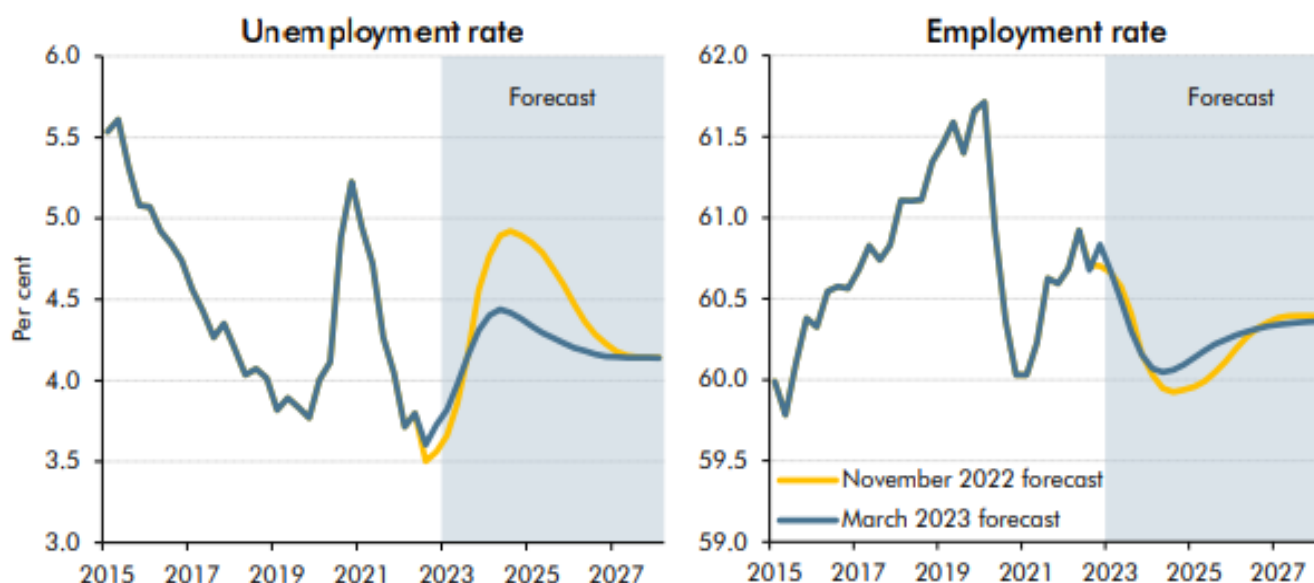
As forecasted in Autumn 2022, energy and food costs are causing significant inflationary effects in 2022 and 2023. Food inflation is expected to be minimal from 2024 onwards with a reduction in energy bills expected between 2024 and 2026.

Employment – Estimates for Wages, Salaries and Average Earnings, are provided below. These have been revised up in the short term (until 2025) but down for 2026 onwards. For 2021 to 2027, the overall effect of the revisions since Autumn 2022 is a two-percentage point increase (from 30.3% to 32.3%) for wages and salaries and a 1.4 percentage point increase (from 25.8% to 27.2%) for average earnings.

Year	Wages and Salaries							Average Earnings						
	2019 SS	2020 SB	2021 SB	2021 AB	2022 SS	2022 AS	2023 SB	2019 SS	2020 SB	2021 SB	2021 AB	2022 SS	2022 AS	2023 SB
2018	4.5%	4.8%						3.0%	3.3%					
2019	3.3%	3.5%	3.7%					3.1%	2.8%	3.0%				
2020	3.3%	3.6%	1.7%	1.5%	2.1%			3.0%	3.3%	1.1%	1.2%	1.8%		
2021	3.5%	3.8%	1.4%	5.2%	6.9%	6.2%	6.5%	3.1%	3.6%	1.9%	5.0%	6.2%	5.3%	5.5%
2022	3.4%	3.6%	2.6%	4.6%	6.6%	7.2%	7.4%	3.1%	3.4%	2.7%	3.9%	5.3%	5.9%	6.2%
2023	3.5%	3.3%	3.1%	3.7%	3.1%	4.3%	5.0%	3.3%	3.1%	2.2%	3.0%	2.8%	4.2%	5.0%
2024		3.2%	3.4%	2.2%	2.9%	1.4%	1.9%		3.1%	2.8%	2.2%	2.6%	1.7%	1.8%
2025			3.6%	3.0%	3.1%	2.1%	2.4%			3.5%	2.9%	2.9%	1.7%	1.7%
2026				3.6%	3.3%	2.7%	2.5%				3.5%	3.2%	1.9%	1.9%
2027						3.2%	3.0%						2.7%	2.5%

The unemployment rate was forecasted to remain relatively stable at just over 4% in March 2022. This was revised to increase in the medium term before returning to previous forecasts in 2027 in Autumn 2022, but has now been revised again to show a much smaller spike (to under 4.5%) and quicker return to previous forecasts (2026).

Chart 2.15: Unemployment and employment rates

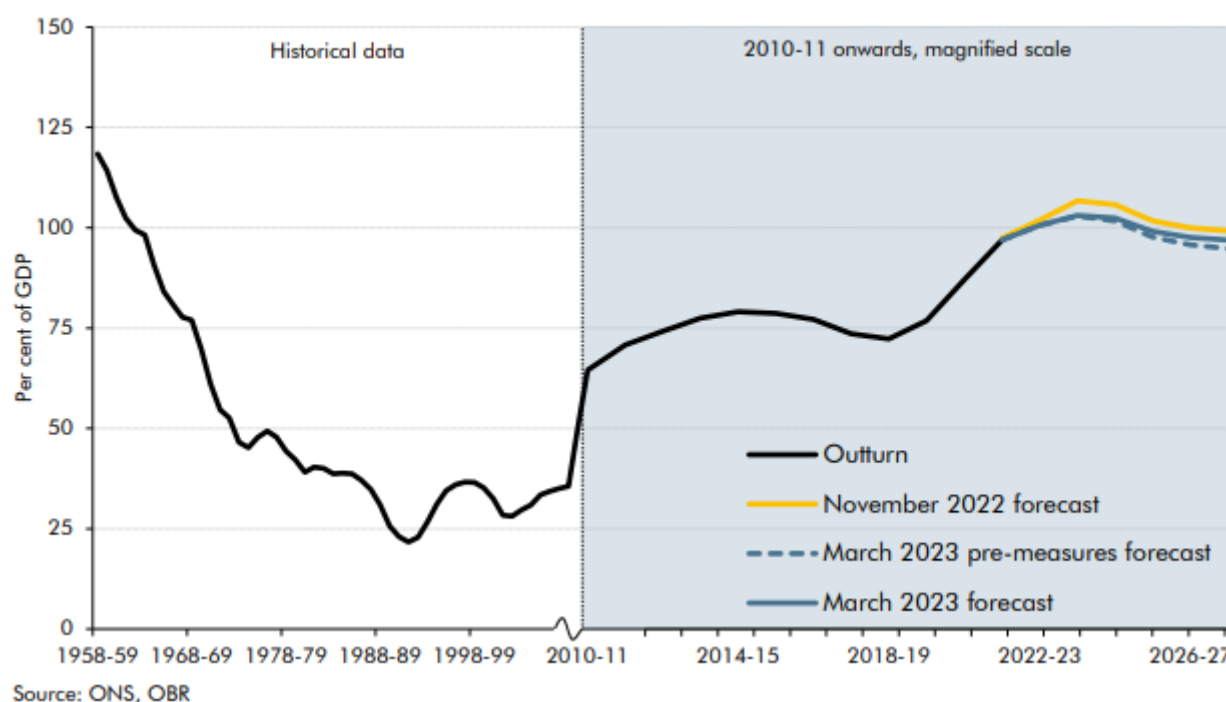


Source: ONS, OBR

Debt, Deficit and Borrowing – During the Covid-19 pandemic, forecasts for public sector net debt (PSND) peaked at 109.7% of GDP in 2023-24. These figures were subsequently revised down to a peak of 95.6% of GDP in 2021-22 (in spring 2022) and then up to 106.7% in 2023-24 in Autumn 2022. Current forecasts set out a peak PSND of 103.1% of GDP in 2023-24 with successive reductions thereafter.

PSND (% of GDP)	2019 SS	2020 SB	2021 SB	2021 AB	2022 SS	2022 AS	2023 SB
2017-18	84.7%						
2018-19	83.3%						
2019-20	82.2%	79.5%	84.4%				
2020-21	79.0%	77.4%	100.2%	96.6%			
2021-22	74.9%	75.6%	107.4%	98.2%	95.6%	97.4%	96.9%
2022-23	74.0%	75.4%	109.0%	97.9%	95.5%	101.9%	100.6%
2023-24	73.0%	75.6%	109.7%	97.8%	94.1%	106.7%	103.1%
2024-25		75.2%	106.2%	94.7%	91.2%	105.8%	102.4%
2025-26			103.8%	90.5%	85.8%	101.7%	99.1%
2026-27				88.0%	83.1%	100.0%	97.6%
2027-28						99.3%	96.9%

Chart 4.14: Public sector net debt



As a result of the pandemic 2020-21 borrowing was more than five and a half times higher than forecasted in the 2020 Budget and at its highest levels in peacetime history. Updated forecasts in March 2022 suggest that PSNB would fall to less than 2% of GDP by 2023-24 and then to just 1.1% of GDP by 2026-27 – similar to pre-pandemic forecasts. However, borrowing throughout the forecasted period was revised upwards in Autumn 2022. March 2023 forecasts represent a slight improvement compared with Autumn 2022, but remain worse than in Spring 2022.

In Autumn 2022, the Chancellor announced 2 new fiscal rules– the first that the underlying debt must be falling as percentage of GDP by the 5th year of a rolling five-year period and the second; that public sector borrowing must be below 3% of GDP over the same period. As set out by the OBR, the government is on target with these fiscal targets (but not its target regarding the welfare cap).

Table 5.1: Performance against the Government's fiscal targets

		Per cent of GDP		£ billion	
		Forecast	Margin	Forecast	Margin
Change in public sector net debt (excluding the Bank of England) in 2027-28					
November 2022 forecast	Met	-0.3	0.3		9.2
March 2023 pre-measures forecast	Met	-0.5	0.5		14.5
March 2023 forecast	Met	-0.2	0.2		6.5
Memo: excluding fuel duty rises	Met	-0.1	0.1		2.8
Public sector net borrowing less than 3 per cent of GDP in 2027-28					
November 2022 forecast	Met	2.4	0.6	69.2	18.6
March 2023 pre-measures forecast	Met	1.4	1.6	41.1	46.9
March 2023 forecast	Met	1.7	1.3	49.3	39.2
Memo: excluding fuel duty rises	Met	1.5	1.5	53.2	35.2
Welfare cap: specified welfare spending in 2024-25					
November 2022 forecast	Met			148.8	0.6
March 2023 forecast	Not Met			150.6	-4.1

PSNB	2019 SS		2020 SB		2021 SB		2021 AB	
17-18	£42bn	2.0%						
18-19	£23bn	1.1%	£38bn	1.8%				
19-20	£29bn	1.3%	£47bn	2.1%	£57bn	2.6%	£57bn	
20-21	£21bn	0.9%	£55bn	2.4%	£355bn	16.9%	£320bn	15.2%
21-22	£18bn	0.7%	£67bn	2.8%	£234bn	10.3%	£183bn	7.9%
22-23	£14bn	0.6%	£62bn	2.5%	£107bn	4.5%	£83bn	3.3%
23-24	£14bn	0.5%	£60bn	2.4%	£85bn	3.5%	£62bn	2.4%
24-25			£58bn	2.2%	£74bn	2.9%	£46bn	1.7%
25-26					£74bn	2.8%	£46bn	1.7%
26-27							£44bn	1.5%

PSNB	2022 SS		2022 AS		2023 SB	
20-21	£322bn	15.0%				
21-22	£128bn	5.4%	£133bn	5.7%	£122.4bn	5.2%
22-23	£99bn	3.9%	£177bn	7.1%	£152.4bn	6.1%
23-24	£50bn	1.9%	£140bn	5.5%	£131.6bn	5.1%
24-25	£37bn	1.3%	£84bn	3.2%	£85.4bn	3.2%
25-26	£35bn	1.2%	£77bn	2.8%	£76.7bn	2.8%
26-27	£32bn	1.1%	£80bn	2.9%	£63.5bn	2.2%
27-28			£69bn	2.4%	£49.3bn	1.7%

Chart 4.11: Public sector net borrowing

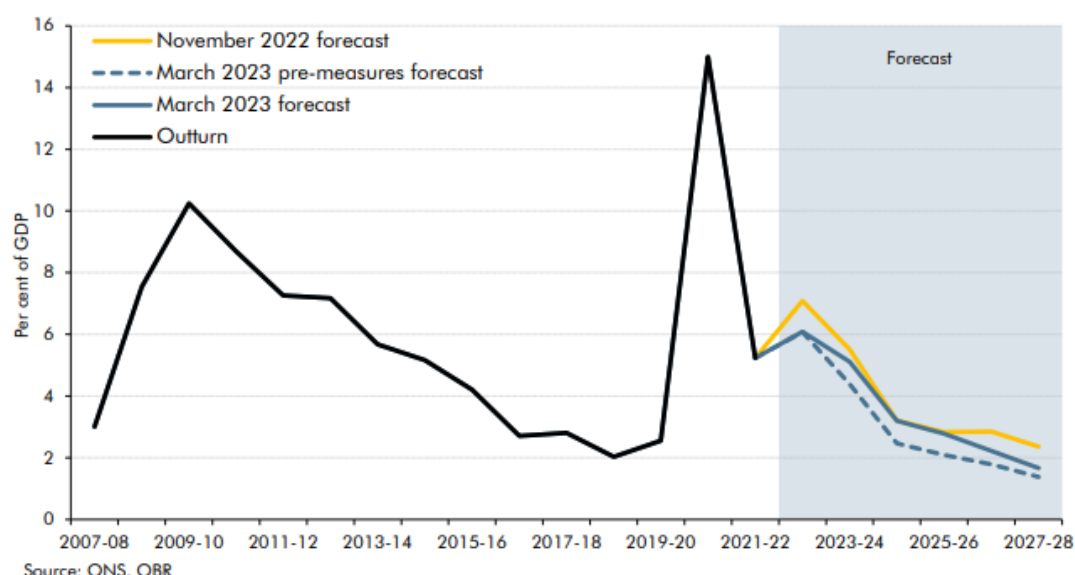
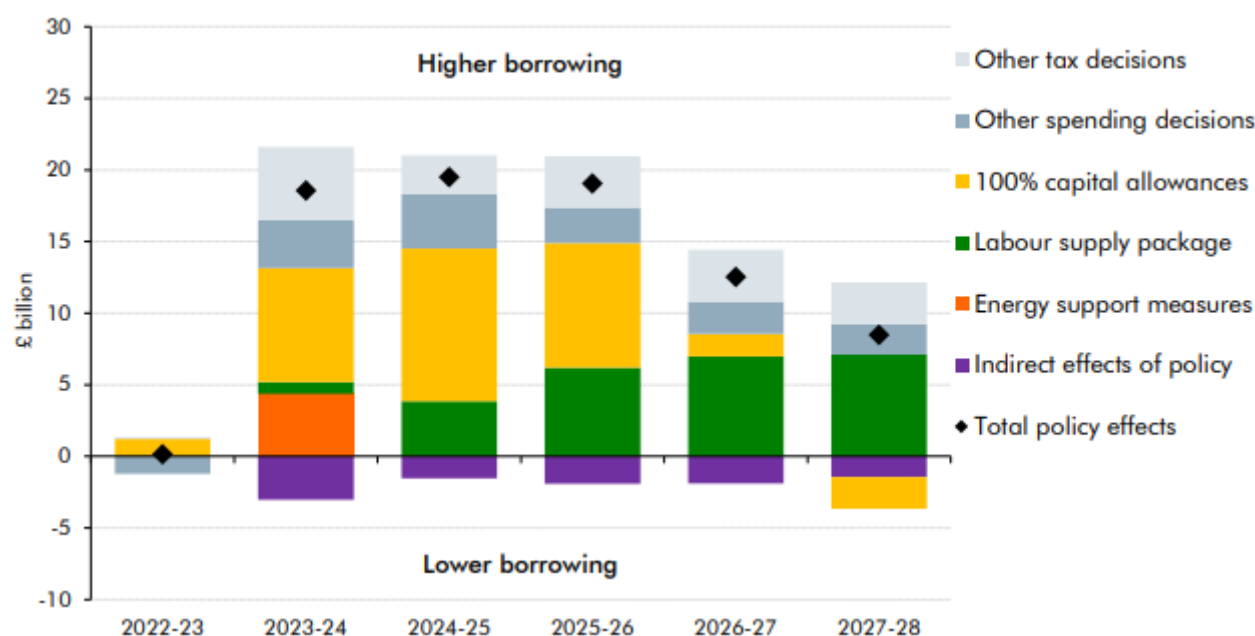


Chart 1.4: Effect of policy measures on borrowing



LOCAL GOVERNMENT/POLICE FINANCE

Local Government DEL – The Spring Budget 2023 showed that Local Government DEL in 2021-22 was £10.7bn and is £11.9bn in 2022-23 (£0.1bn higher than previously reported in the Autumn Statement 2022). Plans set out in the Budget mean that this is intended to rise to £15.7bn in 2023-24 and be £15.3bn in 2024-25, as was set out in the Autumn Statement last year.

Home Office DEL – The Spring Budget 2023 shows that Home Office DEL in 2021-22 was £14.4bn and is £16.9bn for 2022-23 (much higher than the previous estimate of £14.6bn as shown in the Autumn Budget 2022). Plans set out in the Spring Budget match those in the previous Autumn Statement and mean that the RDEL is set to rise to £15.4bn in 2023-24 and be £15.5bn in 2024-25.

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Fair Funding Review – The Government had already announced a delay to the Fair Funding Review until 2025 at the earliest and the IFS have said that the current funding system for police and councils (as well as others) is “not fit for purpose”. There was no further mention of the review in today’s statement.

Multi-Year Settlements – There was no indication of whether the local government finance settlement in December would cover multiple years, though it is very unlikely as 2024-25 will be the final year of the spending review period.

LOCAL INVESTMENT

Investment Zones – Investment Zones were first announced in Kwasi Kwarteng’s so-called “mini-budget”. At the time, there were 38 mayoral and upper tier authorities who were interested in hosting an investment zone. These areas could benefit from tax incentives, planning liberalisation, and wider support for the local economy.

When questioned on the usefulness of IZs on 17 October, Mr Hunt stated that he does *“totally support the benefits that Investment Zones can bring, but we will implement that policy in a way that learns the lessons of when models that are similar have been tried in the past and we will make sure that they are successful”*. Investment zones have since been scaled back with the Government stating that it will “refocus” the Investment Zones programme to a limited number of “high potential” clusters.

It has now been confirmed that the government is launching the refocused Investment Zones programme, and will include 12 “high-potential knowledge-intensive growth clusters across the UK”. Each cluster will drive growth for at least one of the following: green industries, digital technologies, life sciences and creative industries and advanced manufacturing.

Each of these zones will have access to interventions worth £80m over five years. The document states that Local government and research institutions will be able to “tailor their Investment Zone plan to their local circumstances”. To access the offer, plans must be credibly set out showing how local partners will use the levers available to “propel growth in priority sectors, identify private sector match funding, and use the local planning system to support growth”.

Some of the proposed regions for these Investment Zones are as follows:

- The proposed East Midlands Mayoral Combined County Authority.
- Greater Manchester Mayoral Combined Authority.
- Liverpool City Region Mayoral Combined Authority.
- The proposed North-East Mayoral Combined Authority.
- South Yorkshire Mayoral Combined Authority.
- Tees Valley Mayoral Combined Authority.
- West Midlands Mayoral Combined Authority.
- West Yorkshire Mayoral Combined Authority.

The government has [published](#) a policy prospectus which sets out further details of the programme. [p.69]

Levelling Up White Paper – The government has now agreed “trailblazer” deals for [Greater Manchester](#) and [West Midlands](#) Combined Authorities to allow for “deeper devolution” as set out in the [Levelling Up White Paper](#), published in February 2022. This includes a long-term commitment for local authorities to retain 100% of their business rates, as well as multi-year ‘single settlements’ published in spending reviews. [p.69]

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Levelling Up Regeneration – £400m was announced for the rollout of new Levelling Up Partnerships to provide bespoke place-based regeneration in 16 of England’s areas that are most in need of levelling up.

Area	Amount
Blackburn with Darwen	£20m
North East Lincolnshire	£20m
Redcar and Cleveland	£20m
Rotherham	£20m
Sandwell	£20m
Wolverhampton	£20m
Tameside	£19.9m
Northumberland	£16.4m
Telford and Wrekin	£9.8m
Waltham Forest	£8.4m
Blackpool	£8m
Tendring	£6.7m
Wigan	£6.6m
Kirklees	£5.6m
Salford	£5.4m
East Suffolk	£4.3m

A further £58m will be invested in three levelling up capital projects in the North West of England, including Stockport, Bootle, and Rossendale. £161m will also be provided by the government for high-value capital regeneration projects in English city regions. [p.71]

Community Ownership Fund – The existing £150m Community Ownership Fund that allows community groups to take ownership of assets at risk of closure has been extended. There is enough funding for an additional 30 projects. [p.72]

COUNCIL TAX

In 2022-23 Council Tax was effectively capped at 1.99% plus the 1% ASC levy for those authorities with social care responsibility. The Conservative Manifesto in 2019 promised to keep the residents’ power to veto excessive council tax rises.

However, despite council tax being a well-known regressive form of taxation¹, ***referendum thresholds have been increased to 3% for council tax, with an additional 2% for the adult social care precept***, with changes taking effect from April 2023. [p.51]

In Autumn 2022, the EFO stated that *“Council tax receipts have been revised up by increasing amounts across the forecast period relative to March... this reflects the decision to give councils in England increased flexibility to raise council tax bills without the need for a local referendum, which is expected to result in bills rising by 5% a year over the next five years”* [section 38 page 34]. The figures below continue to assume that the

¹ Band H starts at £320,000 which is eight times the top of band A (£40,000) yet the difference between the rates of council tax is just a multiple of three.

There is also no cut off for band H which means that homes worth millions of pounds will still find themselves paying only three times the amount of a home in band A.

current council tax flexibilities for local authorities (3% plus 2% ASC) continue. However, the OBRs assumptions regarding the flexibilities for police/fire and rescue authorities and others remain unclear.

Council Tax Forecasts – Forecasted council tax receipts, levels and tax base are detailed below for English local authorities. They can be found in table 3.1 of the Supplementary Expenditure Tables. Forecasts of receipts have generally risen primarily due to increased referendum-free limits.

Year	Council Tax Receipts - England							
	2018 AB	2019 SS	2020 SB	2021 SB	2021 AB	2022 SS	2022 AS	2023 SB
2020-21	£32.1bn	£32.5bn	£33.0bn	£32.7bn			--	
2021-22	£33.0bn	£33.5bn	£34.0bn	£34.3bn	£34.4bn		--	
2022-23	£33.9bn	£34.5bn	£35.0bn	£35.3bn	£35.9bn	£36.1bn	--	£36.3bn
2023-24	£34.9bn	£35.6bn	£36.1bn	£36.5bn	£37.4bn	£37.6bn	--	£38.4bn
2024-25			£37.2bn	£37.8bn	£38.9bn	£39.0bn	--	£40.5bn
2025-26				£38.9bn	£40.1bn	£40.2bn	--	£42.7bn
2026-27					£41.3bn	£41.4bn	--	£45.0bn
2027-28							--	£47.4bn

Council Tax receipts in England were £34.4bn in 2021-22, and are forecasted to be £36.3bn in 2022-23 and £38.4bn in 2023-24 rising to £47.4bn by 2027-28. Between 2021-22 and 2027-28 this represents a 37.7% increase and a yearly average increase of 5.5% (4.4% levels, 1.04% taxbase). In Wales, £1.9bn of council tax receipts in 2021-22 are forecasted to be £2.0bn in 2022-23 and £2.1bn in 2023-24 rising to £2.5bn by 2027-28 – a 36.3% overall increase, averaging 5.3% per year (4.7% in levels and 0.6% in taxbase).

Council Tax in England	Outturn	Forecast					
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Wales council tax receipts	£34.4bn	£36.3bn	£38.4bn	£40.5bn	£42.7bn	£45.0bn	£47.4bn
Percentage change in council tax level		4.4%	4.5%	4.4%	4.3%	4.3%	4.4%
Percentage change in council tax base		0.97%	1.25%	0.94%	1.02%	0.99%	1.05%

Council Tax in Wales	Outturn	Forecast					
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Wales council tax receipts	£1.9bn	£2.0bn	£2.1bn	£2.2bn	£2.3bn	£2.4bn	£2.5bn
Percentage change in council tax level		5.1%	4.6%	4.5%	4.7%	4.6%	4.6%
Percentage change in council tax base		0.6%	0.6%	0.6%	0.6%	0.6%	0.6%

BUSINESS RATES

Business Rates Review – Outcome of Technical Consultation – In 2020 the Government launched a review of business rates with the objective of reducing the burden on business, improving the current system, and considering longer-term reforms. From November 2021 to February 2022 the Government consulted on several changes to Business Rates, and how it intended to bring into effect more frequent revaluations, Improvement relief, support for investment in green plant and machinery as well as some other administrative changes. The summary of responses has been published alongside the Spring Budget and can be found [here](#). This is the final part of the Business Rates Review before the Non-Domestic Rating Bill is introduced to Parliament.

The Government remains committed to three-yearly revaluations and these will begin in 2023. These will be delivered through changes to increase the timeliness and completeness of valuation information, whilst

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minimising the burden on business. Ratepayers will be allowed more time to meet their new obligations and to challenge their valuations with the reporting window extended from 30-calendar days to 60-calendar days.

The Business Rates Review announced that Government expected to introduce a three-month window for Challenges on the 2026 rating lists, However, following responses to the consultation, the Government will extend the three-month window to a six-month window for the 2026 lists. The length of the window will be kept under review, but the Government intends to move to a three-month window from the 2029 lists and thereafter.

Alongside these reforms, the Government is also committing to increase the transparency of valuations and introduce a new Improvement Relief. The introduction of the green plant and machinery exemption and heat networks relief has already been brought forward to April 2022, in response to the energy crisis.

The Government will consequently remove the constraint in section 47(7) of the Local Government Finance Act 1988 on retrospectively awarding relief and the associated regulations controlling variations in reliefs. This means that local authorities will be able to apply reliefs retrospectively and set their own rules for notifications of reliefs in their area, from 1 April 2024. This will not affect decisions made prior to 1 April 2024.

HIGHWAYS MAINTENANCE

The Chancellor announced an additional £200m for Highways Maintenance for 2023-24 – further details including allocations can be found [here](#). This is in addition to the Highways Maintenance and ITB allocations which had already been [published](#).

The distribution for the new funding follows the current formula and there are no allocations for London as it receives an allocation via Transport for London (TfL). Where highway authorities are part of a combined authority, the allocation is at the level of the Combined Authority.

WORKING MORE EFFICIENTLY

In the Autumn Statement of 2022, the government launched an Efficiency and Saving Review. This has led departments to have reprioritised and identified efficiencies, “building on” the five percent efficiency challenge set at the Spending Review in 2021. According to the Budget, this means that more vital front-line services can be protected.

Innovate and Automate – The government has accelerated plans to innovate and automate public service delivery and is ensuring that spending is focused on what works. £30.4m will be provided to incentivise further testing and evaluate approaches to cross-government working. [p.39]

Government Efficiency Framework – In order to better track efficiency and drive improvement, the government is in the process of creating a new Government Efficiency Framework to improve how departments report efficiency savings and ensure appropriate oversight. [p.39]

Tax Fraud – The government will double the maximum sentences for “the most egregious” cases of tax fraud from 7 to 14 years and will consult on the introduction of a new criminal offence for promoters of tax avoidance who fail to comply with the legal notice from HMRC to stop promoting such schemes. Additionally, £47.2m will be invested to improve HMRC’s capability to collect tax debt.

COST OF LIVING

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Energy Price Guarantee – The energy price guarantee, which limits the price households pay per unit of gas and electricity, is set to be extended. This means that the average household cap will be maintained at its current level of £2,500 for a further three months. The increase to £3,000 will now be implemented from 1 July. [p.40]

Prepayments Meters – The government is removing the prepayment meter (PPM) premium paid by over 4 million households until the Energy Price Cap ends, bringing their charges in line with comparable direct debit customers and saving them an average of £45 per year. Ofgem will report by autumn on additional regulatory options, including ending the PPM standing charge premium, ready for implementation in April 2024. [p.40]

Fuel Duty - The UK government is extending the temporary 5p fuel duty cut and cancelling the planned increase in line with inflation for 2023-24, maintaining the rates of fuel duty at the current levels for another 12 months. This support is worth around £10 billion over two years. [p.40]

Community Facilities - To support charities and community organisations affected by the cost of living, the UK government is providing over £100 million worth of funding. Additionally, over £60 million is being provided to support public swimming pools in England, to help with immediate pressures and invest in energy efficiency measures. [p.41]

NLW/Minimum Wage – Released in the Autumn Statement and reaffirmed in the Spring Budget, the Government will be increasing the National Living Wage from £9.50 an hour to £10.42 an hour – a rise of 9.7%. This is estimated to benefit over 2m workers. The additional rates for other age groups can be found below.

- the rate for 21–22-year-olds will increase by 10.9% to £10.18 an hour
- the rate for 18–20-year-olds will increase by 9.7% to £7.49 an hour
- the rate for 16–17-year-olds will increase by 9.7% to £5.28 an hour
- the apprentice rate will increase by 9.7% to £5.28 an hour
- the accommodation offset rate will increase by 4.6% to £9.10 an hour.

DELIVERING GROWTH

The government has plans to address the low rate of UK productivity. It was found that UK productivity was 17% weaker in 2021 than the average across France Germany and the US. Given this, the UK has created a “four pillar” approach to try and rectify the situation.

The four pillars are as follows:

- **Employment:** *boosting labour supply, including by encouraging the inactive into work.*
- **Education:** *providing everyone with the skills and support they need.*
- **Enterprise:** *providing the right conditions for businesses to succeed.*
- **Everywhere:** *ensuring the benefits of economic growth are felt across the UK.*

EDUCATION, EMPLOYMENT AND CHILDCARE

Occupational Health Pilot Subsidy – The government will support more businesses to provide occupational health services and will expand the Occupational Health Pilot Subsidy for SMEs. Additionally, there will be a consultation launched to incentivise greater take-up of occupational health provision through the tax system. [p.52]

Free Childcare – The Government is lowering the age at which children of working age parents can access free childcare as well as increasing the benefits to those who receive universal credit. The government will

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provide over £4.1 billion by 2027-28 to fund 30 free hours per week for working parents with children aged 9 months up to 3 years in England, where eligibility will match the existing 3- to 4-year-old 30 hours offer.

The policy will be implemented in stages. From April 2024, working parents of 2-year-olds will be able to access 15 hours of free childcare per week. This will be extended to working parents of 9 months to 2-year-olds from September 2024. From September 2025, all eligible working parents will have access to 30 free hours per week.

The government will be providing additional money of £204m in 2023-24 and £288m from 2024-25 to providers of childcare to help with cost pressures and increase capacity. Staff ratios for childcare provision will also be changed from 1:4 to 1:5 for two-year-olds. [p.54]

Wraparound Childcare - The government will provide £289m in start-up funding to enable schools and local authorities to test options to increase the availability of wraparound childcare in the longer term. The government aims to have a national roll out over academic years 2024-25 and 2025-26. [p.55]

Lifelong Loan Entitlement – The government will introduce a “Lifelong Loan Entitlement” in England from 2025. This will allow people over the age of 18 the opportunity to study and retrain in a flexible way throughout their working lives. [p.56]

Supported Internship Programme – The Department for Education will invest an additional £3 million over the next 2 years to pilot an expansion of the “Supported Internship programme” to young people that are entitled to SEND who do not have an Education Health and Care Plan. [p.57]

Returnerships – The government is offering “Returnerships”, targeted at over 50s. These will essentially be flexible apprenticeships that consider previous experience. This will be supported by £63m for 8,000 “Skills Bootcamps” places in 2024-25 and 40,000 new Sector-Based Work Academy Programme placements across 2023-24 and 2024-25. [p.57]

Reforming pension tax thresholds - The government will increase the Annual Allowance from £40,000 to £60,000 from 6 April 2023. Individuals will continue to be able to carry forward unused Annual Allowances from the three previous tax years.

Additionally, the Money Purchase Allowance will increase from £4,000 to £10,000 with the minimum Tapered Annual Allowance increasing by the same amount. The adjusted income threshold for the Tapered Annual Allowance will also be increased from £240,000 to £260,000 from April 2023.

The Lifetime Allowance charge will be removed from April 2023, before fully abolishing the Lifetime Allowance in a future Finance Bill. The maximum Pension Commencement Lump Sum for those without protections will be retained at its current level of £268,275 and then frozen. [p.100]

OTHER

Super Deductions – From 2023 to 2026, the government is introducing “full expensing”, a 100% First Year Allowance meaning that companies will be able to write off the full cost of qualifying main rate plant and machinery investment. Companies that invest in special rate assets will also benefit from a 50% first-year allowance during the same period. [p.60]

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Call for Evidence on informal Flexible working – The government will bring forward a call to evidence for a Summer 2023 launch to better understand informal agreements on flexible working between employees and staff. [p.101]

Migration – The government will accept recommendations to initially add five construction occupations to the Shortage Occupation List.

Labour market pilots and evaluations – The government will provide an additional £37.5m to finance innovative labour market pilots.

Skip to: [Economy](#)/[DELs](#)/[Policing](#)/[Local Government](#)/[Council Tax](#)/[Businesses](#)/[Devolution](#)/[Highways](#)/[Pay, Pensions, Tax](#)/[Housing](#)/[Other](#)

INTRODUCTION

On 22 November, Chancellor of the Exchequer, Jeremy Hunt announced the [Autumn Statement 2023](#) in a [speech](#) in the House of Commons. The Statement was accompanied by the Office of Budget Responsibility's [Economic and Fiscal Outlook](#) in the usual way.

The Autumn Statement 2023 is expected to be the current Government's final Autumn Statement before the next General Election, though a Spring Budget is expected in March 2024. The Technical Support Team expects the next General Election to take place in September/October 2024, but it could occur anytime up until January 2025.

This briefing outlines the key announcements in the Autumn Statement and Economic and Fiscal Outlook. The Statement made reference to the recently released Police Productivity Review, suggesting that there are significant gains to be made should the suggestions in the release be fully implemented. Additionally, this briefing includes information pertaining to Local Government.

BACKGROUND

In advance of the Autumn Statement the Institute for Fiscal Studies (IFS) published their [Green Budget](#) commenting that *"In the current environment of high inflation and rising interest rates, tax cuts at the upcoming Budget would be extremely difficult to justify. The Chancellor should certainly avoid 'paying for' (certain) near-term tax cuts by pencilling in an (uncertain and difficult-to-implement) extension of the freeze to the personal tax allowance (in 2028–29) or by either tightening or extending the squeeze on public service spending beyond March 2025."*

HEADLINES

- **Inflation** expected to fall to 2% by 2025.
- **Business Rate Multipliers decoupled** – Small Business Rate Multiplier frozen whilst the standard multiplier will increase by September CPI (6.7%)
- **No Additional funding for Local Government** (other than from increases in council tax) but a "Funding Simplification Doctrine" promised for January 2024
- **DELs for unprotected budgets** in the next SR period to fall by between 2.3% and 4.1% in real terms.
- **Pensions to increase by 8.5%** - the higher of the two potential wage measures.
- **Benefits to increase by September CPI (6.7%)**
- **National Insurance contributions to be cut** from 12% to 10% from 6 January 2024.
- New Devolution deals and **devolved powers for county areas**
- MOI for the **trailblazer deals** in Greater Manchester and West Midlands combined authorities – including a single settlement at the next Spending Review.
- **75% Retail, Hospitality and Leisure (RHL) discounts** to continue for a further year.
- **Local Housing Allowance to increase** to 30% of Local Market Rates.
- **Further Investment Zones** – West Midlands, East Midlands, and Greater Manchester
- **Accelerated planning decisions** – for major applications and a fee refund where these timescales are not met.
- **Pension Reforms to encourage investments in high growth companies** – estimated to provide an extra £1,000 a year in retirement for the average earner.

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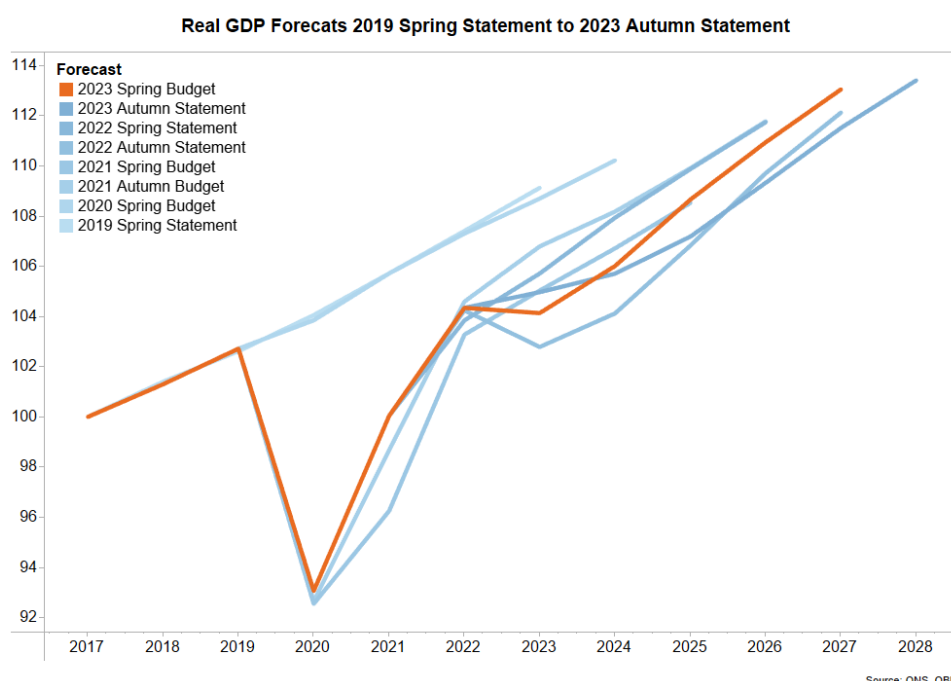
- Those who are **Self Employed** no longer required to pay **class 2 NI contributions** and the **Class 4 rate** cut from 9% to 8%

ECONOMY

Fiscal Headroom - The Government's (self-imposed) fiscal mandate requires debt to fall as a share of national income between years 4 and 5 of the forecast period. Debt forecasts set out below are lower in every year than the spring forecasts, approximately doubling the Chancellor's fiscal headroom.

GDP – GDP figures show that the UK avoided recession in 2023 with growth of 0.6%. Forecasts suggest that in 2025 the UK will return to pre-pandemic levels of GDP growth. [Table 1.3]

GDP	2019 Spring Statement	2020 Spring Budget	2021 Spring Budget	2021 Autumn Budget	2022 Spring Statement	2022 Autumn Statement	2023 Spring Budget	2023 Autumn Statement
2020	1.4%	1.1%	-9.9%	-9.8%	-9.4%			
2021	1.6%	1.8%	4.0%	6.5%	7.5%	7.5%		
2022	1.6%	1.5%	7.3%	6.0%	3.8%	4.2%	4.3%	
2023	1.6%	1.3%	1.7%	2.1%	1.8%	-1.4%	-0.2%	0.6%
2024		1.4%	1.6%	1.3%	2.1%	1.3%	1.8%	0.7%
2025			1.7%	1.6%	1.8%	2.6%	2.5%	1.4%
2026				1.7%	1.7%	2.7%	2.1%	2.0%
2027						2.2%	1.9%	2.0%
2028								1.7%



Inflation – On 2 November the Bank of England Monetary Policy Committee (MPC) met and voted to leave interest rates at 5.25%. This is the second time in a row that rates have remained unchanged after 14 consecutive rises. The Governor of the Bank went on to say that they forecast interest rates to stay at 5.25% until Q3 2024 before gradually falling to 4.25% by the end of 2026.

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Inflation in October was 4.7% (CPI) falling from 6.7% in September and August. This means that the Prime Minister has officially met his target to halve inflation (from 10.1%) by the end of the year. The Bank of England say that they expect inflation to be back to around 2% by the end of 2025.

The next Monetary Policy Meeting is scheduled for the 14 December and the next inflation statistics will be out a few days later; 20 December.

CPI	2019 SS	2020 SB	2021 SB	2021 AB	2022 SS	2022 AS.	2023 SS	2023 AS
2017	2.7%							
2018	2.5%	2.5%						
2019	2.1%	1.8%	1.8%					
2020	1.9%	1.4%	0.9%	0.9%	0.9%			
2021	2.0%	1.8%	1.5%	2.3%	2.6%	2.6%		
2022	2.0%	2.1%	1.8%	4.0%	7.4%	9.1%		
2023	2.0%	2.1%	1.9%	2.6%	4.0%	7.4%	6.1%	7.5%
2024		2.0%	1.9%	2.1%	1.5%	0.6%	0.9%	3.6%
2025			2.0%	2.0%	1.9%	-0.8%	0.1%	1.8%
2026				2.0%	2.0%	0.2%	0.5%	1.4%
2027						1.7%	1.6%	1.7%
2028								2.0%

The OBR now expects inflation to fall more gradually over the next few years. It says that “domestic factors drive most of the upward revision, particularly higher nominal earnings growth outweighing the effect of lower energy prices”.

Employment – Estimates for Wages, Salaries and Average Earnings, are provided below. These have been revised back to the Autumn 2022 level for 2022 outturn but are revised up throughout the forecasted period. [EFO Table A.1]

Wages and Salaries	2019 SS	2020 SB	2021 SB	2021 AB	2022 SS	2022 AS	2023 SS	2023 AS
2018	4.5%	4.8%						
2019	3.3%	3.5%	3.7%					
2020	3.3%	3.6%	1.7%	1.5%	2.1%			
2021	3.5%	3.8%	1.4%	5.2%	6.9%	6.2%	6.5%	
2022	3.4%	3.6%	2.6%	4.6%	6.6%	7.2%	7.4%	7.2%
2023	3.5%	3.3%	3.1%	3.7%	3.1%	4.3%	5.0%	7.2%
2024		3.2%	3.4%	2.2%	2.9%	1.4%	1.9%	3.8%
2025			3.6%	3.0%	3.1%	2.1%	2.4%	2.8%
2026				3.6%	3.3%	2.7%	2.5%	2.8%
2027						3.2%	3.0%	3.2%
2028								3.3%

Average Earnings	2019 SS	2020 SB	2021 SB	2021 AB	2022 SS	2022 AS	2023 SS	2023 AS
2018	3.0%	3.3%						
2019	3.1%	2.8%	3.0%					
2020	3.0%	3.3%	1.1%	1.2%	1.8%			
2021	3.1%	3.6%	1.9%	5.0%	6.2%	5.3%	5.5%	
2022	3.1%	3.4%	2.7%	3.9%	5.3%	5.9%	6.2%	6.0%
2023	3.3%	3.1%	2.2%	3.0%	2.8%	4.2%	5.0%	6.8%

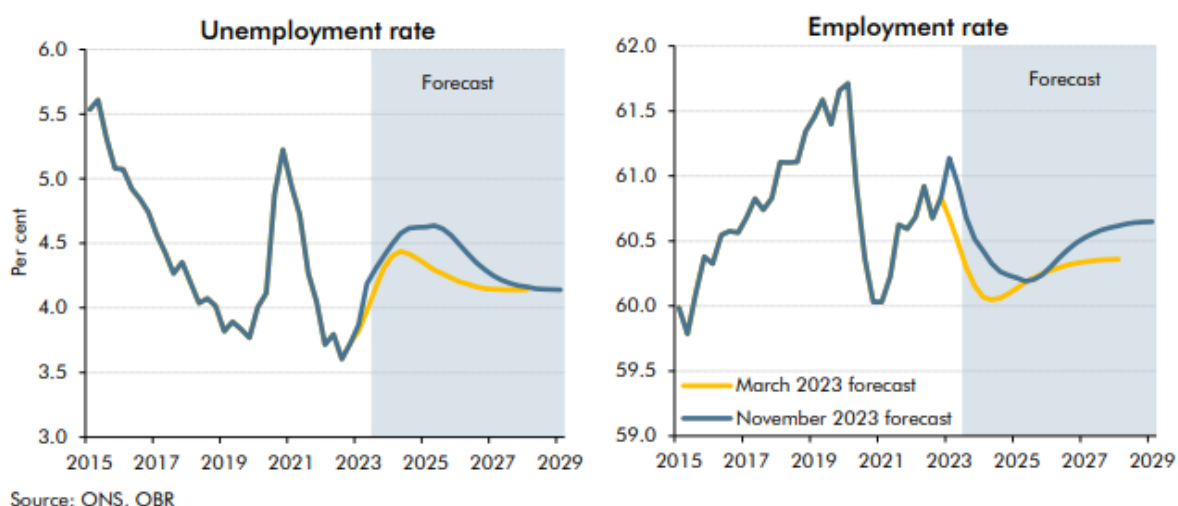
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Average Earnings	2019 SS	2020 SB	2021 SB	2021 AB	2022 SS	2022 AS	2023 SS	2023 AS
2024		3.1%	2.8%	2.2%	2.6%	1.7%	1.8%	3.7%
2025			3.5%	2.9%	2.9%	1.7%	1.7%	2.2%
2026				3.5%	3.2%	1.9%	1.9%	2.0%
2027						2.7%	2.5%	2.5%
2028								2.8%

The unemployment rate is forecasted to be higher than forecasts from March over the next three years with forecasts thereafter unchanged.

Chart 2.12: Unemployment and employment rates



Debt, Deficit and Borrowing – During the Covid-19 pandemic, forecasts for public sector net debt (PSND) peaked at 109.7% of GDP in 2023-24. These figures had since been revised numerous times and now show a peak of 98.6% in 2024-25. This in part reflects the improved GDP figures set out above. [EFO Table A.9]

PSND (% of GDP)	2019 SS	2020 SB	2021 SB	2021 AB	2022 SS	2022 AS	2023 SS	2023 AS
2017-18	84.7%							
2018-19	83.3%							
2019-20	82.2%	79.5%	84.4%					
2020-21	79.0%	77.4%	100.2%	96.6%				
2021-22	74.9%	75.6%	107.4%	98.2%	95.6%	97.4%	96.9%	
2022-23	74.0%	75.4%	109.0%	97.9%	95.5%	101.9%	100.6%	95.8%
2023-24	73.0%	75.6%	109.7%	97.8%	94.1%	106.7%	103.1%	97.9%
2024-25		75.2%	106.2%	94.7%	91.2%	105.8%	102.4%	98.6%
2025-26			103.8%	90.5%	85.8%	101.7%	99.1%	96.3%
2026-27				88.0%	83.1%	100.0%	97.6%	95.5%
2027-28						99.3%	96.9%	95.0%
2028-29								94.1%

As a result of the pandemic 2020-21 borrowing was more than five and a half times higher than forecasted in the 2020 Budget and at its highest levels in peacetime history. Updated forecasts show PSNB roughly in line with previous forecasts looking ahead (except for a rise in 2026-27 figures), but 2022-23 and 2023-24 figures are much lower than previously anticipated. The contributions to the lower future borrowing

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forecasts are also set out below and show that 1.1 out of the 3.4 percentage point reduction in borrowing is related to departmental spending cuts.

PSNB	2019 SS		2020 SB		2021 SB		2021 AB		2022 SS	
17-18	£42bn	2.0%								
18-19	£23bn	1.1%	£38bn	1.8%						
19-20	£29bn	1.3%	£47bn	2.1%	£57bn	2.6%	£57bn			
20-21	£21bn	0.9%	£55bn	2.4%	£355bn	16.9%	£320bn	15.2%	£322bn	15.0%
21-22	£18bn	0.7%	£67bn	2.8%	£234bn	10.3%	£183bn	7.9%	£128bn	5.4%
22-23	£14bn	0.6%	£62bn	2.5%	£107bn	4.5%	£83bn	3.3%	£99bn	3.9%
23-24	£14bn	0.5%	£60bn	2.4%	£85bn	3.5%	£62bn	2.4%	£50bn	1.9%
24-25			£58bn	2.2%	£74bn	2.9%	£46bn	1.7%	£37bn	1.3%
25-26					£74bn	2.8%	£46bn	1.7%	£35bn	1.2%
26-27							£44bn	1.5%	£32bn	1.1%

PSNB	2022 SS		2022 AS		2023 SB		2023 AS	
20-21	£322bn	15.0%						
21-22	£128bn	5.4%	£133bn	5.7%	£122.4bn	5.2%		
22-23	£99bn	3.9%	£177bn	7.1%	£152.4bn	6.1%	£128.3bn	5.0%
23-24	£50bn	1.9%	£140bn	5.5%	£131.6bn	5.1%	£123.9bn	4.5%
24-25	£37bn	1.3%	£84bn	3.2%	£85.4bn	3.2%	£84.6bn	3.0%
25-26	£35bn	1.2%	£77bn	2.8%	£76.7bn	2.8%	£76.8bn	2.7%
26-27	£32bn	1.1%	£80bn	2.9%	£63.5bn	2.2%	£68.4bn	2.3%
27-28			£69bn	2.4%	£49.3bn	1.7%	£49.1bn	1.6%
28-29							£35.0bn	1.1%

DEPARTMENTAL SPENDING

Largely due to council tax flexibilities, the measures set out in the Autumn Statement mean that local government will see the largest percentage increase in available resources over the next two years [Table 2.1]. Local government DEL by 2024-25 is 11% higher than previously forecasted at £17bn.

Home Office DEL peaked at £16.8bn in the 2022-23 outturn before falling to a £14.5bn in 2023-24 and rising in 2024-25 to £15.5bn.

Resource DEL excluding depreciation (£bn)	2021-22	2022-23	2023-24	2024-25	22-23 to 23-24	22-23 to 24-25	24-25 Change from AS22
Health & Social Care	144.1	171.8	174.6	177.2	1.6%	3.1%	-1.8%
of which: NHS England	133.7	155.1	161.1	162.5	3.9%	4.8%	-2.0%
Education	70.1	76.4	81.7	84.9	6.9%	11.1%	2.8%
of which: core schools	49.8	53.8	57.3	58.8	6.5%	9.3%	0.0%
Home Office	14.4	16.8	14.5	15.5	-13.7%	-7.7%	0.0%
Local Government	10.7	11.8	14.6	17	23.7%	44.1%	11.1%
Total (inc. Others)	451.8	445.5	453.8	464.2	1.9%	4.2%	2.0%

Local government DEL includes additional business rates relief and under indexing compensation.

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Post Spending Review Spending Plans

Box 4.3 on page 103 of the EFO talks about the post Spending Review plans. For RDEL (day to day spending) the envelope grows by just 0.9% a year in real terms, which is lower than the 1.1% in the March forecast. The OBR do admit that spending is starting higher in 2024-25 and higher inflation does mean higher amounts in cash terms.

Clearly these RDELs are not yet allocated to individual departments, however, the OBR considers the impact on unprotected departments. They assume that NHS spending continues to grow by 3.6% a year in real terms and that defence spending is held flat as a share of GDP. If defence spending were to increase to the Government's aim of 2.5% of GDP, then this would further impact on unprotected budgets. The same applies if Official Development Assistance (ODA) increased from its current 0.5% of GDP to 0.7%, another government commitment. The OBR also assume that schools funding is held flat per pupil in real terms – and that schools would not receive additional funding to meet the Prime Minister's pledge to hire more teachers.

The result for unprotected RDELs is that they would fall by 2.3% in real terms each year from 2025-26. If defence and ODA were increased to their targets, then that fall would increase to 4.1% a year in real terms.

The OBR say that *“delivering a 2.3% a year real terms fall in day-to-day spending would present challenges. Performance indicators for public services continue to show signs of strain, ...eleven ‘section 114s’ notices have been issued by local authorities since 2018, compared to two in the preceding 18 years. The Institute for Government’s recent report found that performance in eight out of nine major public services has declined since 2010, with schools the exception. Longer-term pressures on public spending, such as from climate change and an ageing population, are also building, as discussed in our Fiscal risks and sustainability reports”*.

POLICING, CRIME & JUSTICE

Police Productivity Review – On 20 November, the Home Office published the ‘[Policing Productivity Review](#)’. This piece of work was commissioned by the Home Office to the National Police Chiefs Council in order to review police productivity and provide recommendations to improve efficiency and effectiveness in policing.

The Autumn Statement refers to this release and states that there are a range of proposals, from building on recently introduced measures that cut unnecessary bureaucracy, to driving greater productivity through the adoption of new and improved technology. According to the Government, if all of these suggestions were implemented, they could save up to 38m hours of police officer time per year. [2.19]

LOCAL GOVERNMENT

Local Government in the Economic and Fiscal Outlook (EFO)

The OBR's Supplementary table (3.13) shows that net use of reserves by local authorities increased by £2.3bn in 2022-23, which is the first time since 2019-20 that councils have drawn on their reserves for current spending.

The table also indicates that the OBR expect local authorities to use a further £1.5bn of reserves in 2023-24 and £0.8bn in 2024-25, which is attributed to “ongoing funding pressures”. Both year's figures were originally zero in the March forecasts. From 2025-26, the OBR assume no further use of reserves for revenue spending.

The same table forecasts that debt interest costs for local authorities will rise from £3.6bn in 2022-23 to over £4.4bn by 2028-29.

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The EFO report also highlights the recent Section 114 notices issued by local authorities (paragraph 4.59 in EFO). The OBR say that, to date, the impact of these notices on their forecasts has been relatively small, as the response from Government has been to allow a capitalisation direction or to increase council tax levels.

However, the OBR go on to highlight the risk in their forecasts caused by pressures on local authority finances. Since 2010-11 LA spending has fallen from 7.4% of GDP to just 5.0% and falls further in their forecast to just 4.6% by 2028-29. They go on to say that “*given local authorities’ statutory duty to provide a range of services where demand is likely to continue to grow, for example adult and child social care, pressure on local authority finances and services will continue*”.

Local Government DEL – As shown above, Local Government DEL in 2022-23 was £11.8bn and is £14.6bn in 2023-24. Plans set out in the Autumn Statement mean that this is intended to rise to £17.0bn in 2024-25, a 44% rise from 2022-23 and 11% higher than forecasted a year ago but this includes additional business rates relief and under indexing compensation. [Table 2.1]

Fund Simplification Implementation – The recently announced funding simplification doctrine will come into force from January 2024. This is said to be “an important step to simplifying the local government funding landscape, giving councils greater flexibility, and freeing up resources for delivery”. [5.184]

Levelling Up Fund Final Tranche – On 20 November the [final tranche of Levelling Up funding](#) worth £1bn was allocated to 55 LAs, which had been unsuccessful in the first two rounds. In total the levelling up fund is worth £4.8bn overall.

Local Finance Working Group – The Department for Levelling Up, Housing and Communities will work with the UK Infrastructure Bank, the British Business Bank, Homes England, and other departments to consider – with local and private sector partners – how to support levelling up through improving access to finance. The group will report to Ministers by the spring. [5.185]

Local Government Pension Scheme - Following consultation, the Government confirms that guidance for the LGPS in England and Wales will be revised to implement a 10% allocation ambition for investments in private equity, which is estimated to unlock around £30bn. The Government is also establishing a March 2025 deadline for the accelerated consolidation of LGPS assets into pools and setting a direction towards fewer pools exceeding £50bn of assets under management. [4.35 & 5.111]

Investment Zones Programme Extension – The Investment Zones programmes in England are to be extended from five to ten years. These zones will also be provided with a £160m envelope from 2024-25 to 2033-34 which can be used flexibly between spending and tax incentives. [5.186]

New Investment Zones & Freeports – England’s third [Investment Zone in West Yorkshire](#) was announced on 20 November. It focusses on Huddersfield, Bradford and Leeds. Today the Government has announced further IZs in the following areas:

1. Greater Manchester – which will focus on advanced manufacturing with an anchor investment from First Graphene, Kadant, Werit and Hydrograph worth over £10m.
2. West Midlands – which will focus on advanced manufacturing across the region with anchor investment from Bruntwood SciTech and Woodbourne Group worth £70m.
3. East Midlands – which will focus on advanced manufacturing across the region with anchor investment from Rolls Royce and Laing O’Rourke worth £9.3m [5.187]

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The Government is also extending the duration of the tax reliefs available in Freeports from five to ten years to “maximise the programme’s impact” and will also set up a new £150m Investment Opportunity Fund for the programme [4.96].

Additional regeneration projects – The Government has announced a £37.5m fund to support regeneration in places across the UK. The areas included are the Isles of Scilly, Warrington, Monmouthshire, North Norfolk, and Eden. All funding is subject to final checks. Bolsover will also receive £15m in funding. [5.182]

COUNCIL TAX

In 2023-24 Council Tax was effectively capped at 2.99% plus the 2% ASC levy for those authorities with social care responsibility. The Conservative Manifesto in 2019 promised to keep the residents’ power to veto excessive council tax rises.

Council Tax Forecasts – Forecasted council tax receipts, levels and tax base are detailed below for English local authorities. They can be found in table 3.1 of the [Supplementary Expenditure Tables. Forecasts](#) of receipts have generally risen primarily due to increased referendum-free limits.

Year	Council Tax Receipts - England						
	2020 SB	2021 SB	2021 AB	2022 SS	2022 AS	2023 SB	2023 AS
2021-22	£34.0bn	£34.3bn	£34.4bn		--		
2022-23	£35.0bn	£35.3bn	£35.9bn	£36.1bn	--	£36.3bn	£36.2bn
2023-24	£36.1bn	£36.5bn	£37.4bn	£37.6bn	--	£38.4bn	£38.7bn
2024-25	£37.2bn	£37.8bn	£38.9bn	£39.0bn	--	£40.5bn	£40.8bn
2025-26		£38.9bn	£40.1bn	£40.2bn	--	£42.7bn	£42.9bn
2026-27			£41.3bn	£41.4bn	--	£45.0bn	£45.2bn
2027-28					--	£47.4bn	£47.6bn
2028-29							£50.2bn

Council Tax receipts in England were £36.2bn in 2022-23, slightly lower than the Spring Budget, and are forecasted to be £38.7bn in 2023-24 and £40.8bn in 2024-25 rising to £50.2bn by 2028-29. Between 2022-23 and 2028-29 this represents a 38.7% increase and a yearly average increase of 5.6% (4.6% levels, 1.0% taxbase). In Wales, £1.9bn of council tax receipts in 2022-23 are forecasted to be £2.0bn in 2023-24 and £2.1bn in 2024-25 rising to £2.5bn by 2028-29 – a 26.3% overall increase – far lower than forecast at the Spring Budget where the comparable figure was 36.3%. This equates to just 4% a year (3.5% in council tax and 0.5% in tax base).

Council Tax in England	Outturn	Forecast					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Wales council tax receipts	£36.2bn	£38.7bn	£40.8bn	£42.9bn	£45.2bn	£47.6bn	£50.2bn
<i>Percentage change in council tax level</i>		5.1%	4.6%	4.3%	4.3%	4.3%	4.3%
<i>Percentage change in council tax base</i>		1.5%	0.7%	0.8%	1.0%	1.0%	1.0%

Council Tax in Wales	Outturn	Forecast					
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
Wales council tax receipts	£1.9bn	£2.0bn	£2.1bn	£2.2bn	£2.3bn	£2.4bn	£2.5bn
<i>Percentage change in council tax level</i>		3.8%	3.4%	3.3%	3.5%	3.4%	3.4%
<i>Percentage change in council tax base</i>		0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

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BUSINESSES AND BUSINESS RATES

Business Rates – The EFO says that Retained Business Rates in 2023-24 will be slightly lower than the last set of forecasts. The decision to extend the retail, hospitality and leisure business rates relief reduces retained business rates in 2024-25 by £1.5bn (compensated elsewhere for local authorities) but then also from 2025-26 to 2028-29 allowing “*some combined authorities to retain 100 per cent of business rates*” increases current expenditure by £0.7bn per year. [EFO 4.58]

Small Business Rates Multiplier Freeze – Following the royal assent of the [Non-Domestic Rating Act 2023](#), the Government is freezing the small rates multiplier whilst the standard multiplier rises with inflation. LAs will be fully compensated for the loss of income in the usual way and will receive new burdens funding for administrative and IT costs. [5.64 - 5.66]

Infrastructure planning – The Government has published its response to the National Infrastructure Commission’s study on infrastructure planning reforms, with measures to return consent times to two and a half years on average, is designating low carbon infrastructure as a critical national priority in updated Energy National Policy Statements, and will consult on amending the National Planning Policy Framework to ensure that the planning system prioritises the rollout of electric vehicle charging infrastructure, including EV charging hubs, and also introduce new permitted development rights to end the blanket restriction on heat pumps one metre from a property boundary in England. [5.92]

Planning system performance reforms – DLUHC will bring forward plans for authorities to offer guaranteed accelerated decision dates for major developments in England in exchange for a fee, ensuring refunds are given where deadlines are not met and limiting use of extension of time agreements. This will also include measures to improve transparency and reporting of planning authorities’ records in delivering timely decision-making. [5.93]

Business Rates Retention – The Government has agreed detailed terms of the long-term business rates retention arrangements for Greater Manchester and West Midlands Combined Authorities. [5.179]

Apprenticeships – The Government is committing a further £50m for a two-year pilot to explore ways to stimulate training in growth sectors and address barriers to entry in high-value apprenticeships. [5.7]

DEVOLUTION

New Devolution Deals – The Government has finalised four new devolution deals across England. This includes two level three mayoral deals (Greater Lincolnshire and Hull and East Yorkshire) and two level two non-mayoral deals (Lancashire and Cornwall). There are ongoing discussions between the Government and Devon and Torbay to agree a level two non-mayoral deal. [5.176]

Extension of Level Two Devolution Deals – DLUHC is intending to offer level two devolution powers to councils that cover a ‘functional economic or whole county area’ and meet relevant criteria as set out in the [Levelling Up White Paper](#). [5.177]

Single Settlements Memorandum of Understanding – The Government has published a [Memorandum of Understanding](#) for single settlements outlined in the Spring Budget 2023, pertaining to West Midlands Combined Authority (WMCA) and Greater Manchester Combined Authority (GMCA). This memorandum sets out how the Government will ‘operationalise’ single funding settlements for these authorities [5.187]

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Level Four Framework – The Government has published a new framework for extending deeper devolution to existing level three Mayoral Combined Authorities (MCAs). This framework will provide new powers for MCAs such as over adults' skills, local transport and housing. [5.180]

HIGHWAYS

Highways and Pothole Funding profiles – On 17 November [specific allocations](#) were given through to 2024-25, with 2025-26 to 2033-34 allocations to be confirmed. England-wide, an additional £150m is available in 2023-24 (compared to current baseline allocations), with 2024-25 allocations expected to be cash flat compared to new 2023-24 allocations. In addition to this combined £300m increase, a further £6.755bn is set aside to fund minimum funding increases (above the baseline); whilst £1.245bn remains unallocated; a combined £8.3bn extra over the 11-year period. Beyond 2024-25 the year-by-year profile has not yet been finalised, but the funding is expected to increase over time. The Technical Support Team provided [SCT indicative allocations](#). DfT may also look to introduce an enhanced incentive element from 2025 to 2026 onwards to ensure that best practice in sustainable highways asset management is adhered to. All funding is capital. [4.30]

PAY, PENSIONS & GENERAL TAXATION

Government's National Living Wage – On 21 November the Chancellor [announced](#) that from April 2024 the Government's National Living Wage will rise to £11.44. The current Living Wage is £10.42 for workers over 23, so this represents a 9.8% increase. However, the Chancellor has also extended this rate to include 21- and 22-year-olds for the first time, so for them the increase is 12.4% from the current rate of £10.18.

This latest rise brings the 2-year increase in the Government's National Living Wage to 20.4% for over 23s and 24.6% for 21- and 22-year-olds.

However, this new rate is still lower than the Voluntary Living Wage which is set by the Living Wage Foundation and is currently £12 per hour and £13.15 an hour in London. For those aged 18-20 the hourly rate is increasing from £7.49 now to £8.60 from April 2024. An increase of 8.7%. [5.14]

National Insurance – National Insurance rates will reduce following the Chancellor's Statement. Currently, an employee pays 12% in national insurance on their weekly earnings between £242 and £967, and 2% on anything above £967. The rates were briefly increased by 1.25 percentage points between 6 April to 5 November 2022 as part of the health and social care levy, and prior to this the overall rates were last adjusted in 2011. **From 6 January 2024 the main 12% rate will reduce to 10%** (a £630 average annual saving for police officers/teachers on average). [3.7]

Class 2 NICs for the self-employed will be abolished altogether saving an average of £192 per year. Class 4 NICs will be cut from 9% to 8%; a further £158 annual average saving for the self-employed. [3.9-3.10]

Pensions Triple Lock and Benefits Inflation – Before the Autumn Statement it was expected that the triple lock would continue but there was a debate over whether the government would use the increase in wages including bonuses (**8.5%**) or excluding bonuses (7.8%). Regarding benefits for working age adults, it was understood that there was a decision to be made between using September (**6.7%**) or October (4.6%) CPI data. On both accounts the Chancellor has announced that the higher figure will be used. [5.29]

HOUSING

Housing Allowance - The local housing allowance helps people on benefits pay their rent to a private landlord. The rate had been frozen since 2020 despite rents rising sharply. The Government has now

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increased it to the 30th percentile of local market rents. This will give 1.6 million households an average of £800 of support next year.

Local Authority Housing Fund 3 – The government is announcing £450m for a third round of the LA Housing Fund to deliver 2,400 new housing units to house Afghan refugees and ease wider housing and homelessness pressures. This will bring the total amount spent on the fund to over £1.2bn. [5.198]

Local Nutrient Mitigation Fund – £110m of funding will be made available to support Local Planning Authorities deliver ‘high quality’ schemes to offset nutrient pollution unlocking planning permissions that would have otherwise been stalled. [5.194]

Home buying and selling – The Government is allocating £3m for various initiatives aimed at enhancing the home buying and selling process. This includes funding pilots to develop property technology products and to digitise local council property data. [5.197]

Homes for Ukraine and homelessness prevention – The Government is extending payments to Ukraine sponsors across the UK. The payments will remain at £500 per month. [5.199]

Affordable Homes Guarantee Scheme – The Government is providing an additional £3bn to support housing associations to access cheaper loans for quality and energy efficiency works, as well as new homes. [5.195]

OTHER

Alcohol/Tobacco Duties – Alcohol duties will be frozen until 1 August 2024, and the annual uprating decision will be delayed to Spring Budget 2024. Hand rolling tobacco duty increases by RPI+12% immediately [5.83].

RDEL Full Breakdown:

Resource DEL excluding depreciation (£bn)	2021-22	2022-23	2023-24	2024-25	22-23 to 23-24	22-23 to 24-25	24-25 Change from AS22
Health & Social Care	144.1	171.8	174.6	177.2	1.6%	3.1%	-1.8%
of which: NHS England	133.7	155.1	161.1	162.5	3.9%	4.8%	-2.0%
Education	70.1	76.4	81.7	84.9	6.9%	11.1%	2.8%
of which: core schools	49.8	53.8	57.3	58.8	6.5%	9.3%	0.0%
Home Office	14.4	16.8	14.5	15.5	-13.7%	-7.7%	0.0%
Justice	8.5	9.3	10	10	7.5%	7.5%	0.0%
Law Officers' Departments	0.7	0.7	0.8	0.8	14.3%	14.3%	0.0%
Defence	31.7	32.5	32.2	32.8	-0.9%	0.9%	2.5%
Single Intelligence Account	2.5	2.6	2.8	2.4	7.7%	-7.7%	0.0%
Foreign Office	7.5	7.2	7.8	7.7	8.3%	6.9%	0.0%
Local Government	10.7	11.8	14.6	17	23.7%	44.1%	11.1%
DLUHC	2.6	4	3	2.2	-25.0%	-45.0%	4.8%
Transport	3.2	8.4	6.9	5.7	-17.9%	-32.1%	0.0%
BEIS	2.4						
<i>Business</i>		1.3	1.5	1.5	15.4%	15.4%	
<i>Energy</i>		1.6	1.7	1.5	6.3%	-6.3%	
DCMS	1.6	1.8	1.5	1.4	-16.7%	-22.2%	-12.5%
DEFRA	4.1	4.4	4.4	4.2	0.0%	-4.5%	0.0%
International Trade	0.5	0.6	0.5	0.5	-16.7%	-16.7%	0.0%
DWP	5.7	8.1	8.4	8	3.7%	-1.2%	12.7%

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Resource DEL excluding depreciation (£bn)	2021-22	2022-23	2023-24	2024-25	22-23 to 23-24	22-23 to 24-25	24-25 Change from AS22
HMRC	4.6	5.9	5.7	4.7	-3.4%	-20.3%	2.2%
HMT	0.4	0.3	0.3	0.3	0.0%	0.0%	0.0%
Cabinet Office	0.9	0.7	0.8	0.2	14.3%	-71.4%	-50.0%
Scotland	32.5	35.8	36.9	37.4	3.1%	4.5%	1.4%
Wales	13.7	15.4	16.1	15.9	4.5%	3.2%	1.9%
Northern Ireland	12.5	13.7	13.8	13.8	0.7%	0.7%	1.5%
Small & Independent Bodies	2.4	2.3	2.5	2.4	8.7%	4.3%	0.0%
UK Shared Prosperity Fund		-	-	1.3			0.0%
Reserves		-	13.4	12.7			-1.6%
Sub-Total	377.2	433	456.4	461.8	5.4%	6.7%	0.7%
Covid-19	74.6						
Energy Support Funding in DEL		12.5	0.3	-	-97.6%		
Sub-Total	451.8	445.5	456.7	467.2	2.5%	4.9%	1.9%
Allowance for Shortfall		-	-2.9	-2.9			-19.4%
Total	451.8	445.5	453.8	464.2	1.9%	4.2%	2.0%

OFFICE OF POLICE AND CRIME COMMISSIONER

TITLE: Police and Crime Commissioner for Gwent Reserves and Committed Funds Strategy

DATE: 7th December 2023

TIMING: Annually - Commencement of the Annual Budget Setting Process

PURPOSE: For information

1.	<u>RECOMMENDATION</u> To provide Members of the Joint Audit Committee (JAC) with the Police and Crime Commissioner's (Commissioner) Reserves and Committed Funds Strategy 2023/24, for their consideration. This will enable Members to discharge their responsibilities in relation to the budget setting process and the annual financial statements. This strategy will also be considered by the Police and Crime Panel (PCP) in due course as part of their deliberations regarding the Commissioner's Council Tax Precept proposal for 2024/25.
2.	<u>INTRODUCTION</u>
2.1	<p>The current Medium Term Financial Projections (MTFP) (Appendix 1) currently forecasts on-going financial challenges until at least 2028/29 and potentially beyond. The basis for these projections is taken from a number of Governmental and non-Governmental sources such as:</p> <ul style="list-style-type: none">a) 2021 Comprehensive Spending Review (CSR);b) The Chancellor's Autumn Statement 2023;c) Final Police Funding Settlement 2022/23;d) Liaison with Home Office (HO) and Ministry of Justice (MoJ) officials;e) Bank of England (BoE) economic forecasts;f) Institute of Fiscal Studies (IFS) analysis;g) Office of Budget Responsibility (OBR) forecasts;h) Police Staff Council and Police Negotiating Board;i) Internal intelligence and local strategies; andj) Data sharing with peers from the Police and Crime Commissioner Treasurers' Society (PACCTS), the Welsh Police Finance and Resources Group (WPFRG) and the National Police Chief's Council's (NPCC) Finance Coordination Committee.
2.2	<p>The future financial challenge to 2028/29 is exacerbated by the HO's review of the Police Funding Formula. By way of background, once the overall size of the policing budget is determined by the HO (via the CSR), then the amount of funding provided to respective Police and Crime Commissioners will be determined by the Police Funding Formula. It has been well publicised that the current formula is out-dated, overly complex, opaque and in need of review. Following a 'false start' to the review process during the latter half of 2015, the review was brought back on track with a hope to produce its findings by February/March 2017, with implementation for the 2018/19 financial year. However, the significant implications of the Brexit negotiations; the result of</p>

	the 'snap' General Election in June 2017 (and subsequent one in December 2019); the significant increase in the threat of terrorism; and the impact of Covid-19, meant the implementation was further delayed.
2.3	However, the review commenced in November 2021. The Association of Police and Crime Commissioners (APCC) and National Police Chief's Council (NPCC) have selected representatives for both the Senior Sector Group (SSG) and Technical Reference Group (TRG). The Gwent Commissioner's Chief Finance Officer represents Welsh interests on the TRG. The Home Office team has an open-door approach to engagement and are keen to hear from the Policing Sector.
2.4	The Review remains in its initial 'Technical Phase', which will deliver proposals for a new Police Funding Formula. The Technical Phase is being finalised but Censor data 2021 will not be ready until Q1 2024, then the police activity survey 2023, followed by consultation on the Technical Phase.
2.5	Phase 2 is how the CSR is implemented and the shares between the 43 English and Welsh police forces so the new Police Funding Formula will not be implemented until 2025/26, at the earliest but it is more likely to be implemented for 2026/27.
2.6	
2.7	Historically, although the revision and setting of the Commissioner's Reserves and Committed Funds Strategy has formed an integral part of the budget setting process, it has not necessarily been separately formally reported. In September 2014 however, in order to provide the PCP with a greater insight into the Commissioner's overall financial position, the 2014/15 Reserves and Committed Funds Strategy was formally reported to them. The benefits of this approach, linked with the impact of continuing financial austerity, has prompted the continuation of separate formal reporting moving forward.
	This approach is also supported in that over recent years, with the heightened scrutiny of police funding; the guidance issued to Commissioners by the Minister for Policing & the Fire Service, setting out the Government's expectations around the information to be published by Police and Crime Commissioners on their financial reserves strategies; the planning for future budget setting and funding rounds; and the proposed transition arrangements for the implementation of a new funding formula, reserves and committed funds held by Commissioners have come under the spotlight from Central Government and the wider public. Therefore, an endorsed and publicly available Reserves and Committed Funds Strategy provides context to the Commissioner's overall financial position.
3.	<u>BACKGROUND</u>
3.1	The Local Government Finance Act 1992, Sections 31A, 32, 42A and 43 require 'Billing' and 'Precepting' Authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. In this context, the Commissioner is a Precepting Authority.
3.2	There are also a range of safeguards in place that help prevent the Commissioner over-committing financially. These include:

	<p>a) The balanced budget requirement, as stipulated in Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992, as amended;</p> <p>b) The Chief Finance Officer's (CFO) duty to report on the robustness of estimates and adequacy of reserves (under Section 25 of the Local Government Act 2003) when the Commissioner is considering the budget requirement;</p> <p>c) The legislative requirement for the Commissioner to make arrangements for the proper administration of the financial affairs and that the CFO has responsibility for the administration of those affairs (Section 151 of the Local Government Act 1972);</p> <p>d) The requirements of the Prudential Code and the Treasury Management in Public Services Code of Practice; and the Chartered Institute of Public Finance Accountants' (CIPFA's) Financial Management Code (FM Code), published in October 2019 has been updated and compliance is presented through the Annual Governance Statement.</p>
3.3	<p>The above requirements are reinforced by Section 114 of the Local Government Finance Act 1988, as amended by Schedule 16 Part 3 of the Police Reform and Social Responsibility Act 2011, which requires the CFO in England and Wales to report to the Commissioner, PCP and External Auditor if there is or likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Commissioner will not have the resources to meet the expenditure in a particular financial year.</p>
3.4	<p>As confirmed above, within the existing statutory and regulatory framework, it is the responsibility of the CFO to advise the Commissioner about the level of reserves and committed funds that he should hold and to ensure that there are ¹clear protocols for their establishment and use. Reserves and committed funds should not be held without a clear purpose. By way of example, the Prudential Code requires CFOs to have full regard to affordability when making recommendations about the Commissioner's future Capital Programme. Such consideration includes assessing all the resources available to/estimated for the Commissioner, such as the level of long-term revenue commitments and also the level of reserves and committed funds.</p>
3.5	<p>It is evident therefore (and supported by the CIPFA and the Local Authority Accounting Panel) that Commissioners should make their own judgements (on the advice of their CFO) on the level of reserves and committed funds; after taking into account all the relevant local circumstances. It is recognised that such circumstances vary. For example, a Commissioner operating in a well-managed environment, with a prudent approach to budgeting, should be able to operate with a level of General Reserve appropriate to the risks (both internal and external) to which it is exposed. In this scenario, in assessing the appropriate level of reserves and committed funds, the Commissioner will ensure that the reserves and committed funds are not only adequate but are</p>

¹ The Commissioner follows best practice in that for each reserve/committed fund, a clear protocol exists setting out:

- The reason for/purpose of the reserve/committed fund;
- How and when the reserve/committed fund can be used;
- Procedures for the reserve/committed fund's management and control; and
- A process and timescale for review of the reserve/committed fund to ensure continuing relevance and adequacy.

3.6	<p>also necessary. There is a broad range therefore, within which Commissioners might reasonably operate depending on their particular circumstances.</p> <p>As a final point by way of background, whilst it is primarily the responsibility of the Commissioner and their CFO to maintain a sound financial position, external auditors will confirm that there are no material uncertainties about going concern. Even, where as part of their wider role, auditors have to report on the Commissioner's financial position, it is not their responsibility to prescribe the optimum or minimum level of reserves for individual Commissioners or Commissioners in general. Section 26 of the Local Government Act 2003 however, gives Ministers in England and Wales a general power to set a minimum level of reserves for Commissioners. Nonetheless, the Government has undertaken to apply this only to individual Commissioners in the circumstances where they do not act prudently; disregard the advice of their CFO; and are heading for serious financial difficulty. This accords with CIPFA's view that a generally applicable minimum level is inappropriate, as a minimum level of reserve will only be imposed where a Commissioner is not following best financial practice.</p>				
4.	<p><u>ISSUES FOR CONSIDERATION</u></p> <p>4.1 As an integral part of the annual budget setting process, the Commissioner (via the CFO and the Finance Department) considers the establishment and maintenance of reserves and committed funds. The Commissioner's reserves and committed funds are held for three main purposes:</p> <ul style="list-style-type: none"> a) As 'working capital' to help cushion the impact of uneven cash flows, thereby avoiding unnecessary temporary borrowing (e.g. the timing of Government Grant or Council Tax Precept receipts may not coincide with large payment runs, such as the monthly payroll coinciding with large contractual commitments) – This forms part of the General Reserve, which is revenue in nature; b) As a contingency to mitigate the impact of unexpected events or emergencies (e.g. a complex/high profile murder case) – this too forms part of the General Reserve; and c) As a means of ring-fencing or building up funds, often referred to as Earmarked Reserves or Committed Funds (referred to hereon as Committed Funds), to meet known or predicted requirements – these are accounted for separately from the General Reserve and can be either revenue or capital in nature. <p>4.2 The following table identifies the broad categories of Committed Funds held by the Commissioner:</p> <table border="1" data-bbox="338 1765 1391 2094"> <thead> <tr> <th data-bbox="338 1765 853 1803">Category of Committed Funds</th><th data-bbox="853 1765 1391 1803">Rationale for Holding</th></tr> </thead> <tbody> <tr> <td data-bbox="338 1803 853 2094">Committed Funds set aside for major schemes, such as capital developments, or to fund major reorganisations such as those determined by the Service Improvement Board.</td><td data-bbox="853 1803 1391 2094">Where expenditure is planned in future accounting periods, it is prudent to set aside resources in advance. For example, to fund the future Capital Programme spend to avoid borrowing costs, or to pump-prime organisational change programmes.</td></tr> </tbody> </table>	Category of Committed Funds	Rationale for Holding	Committed Funds set aside for major schemes, such as capital developments, or to fund major reorganisations such as those determined by the Service Improvement Board.	Where expenditure is planned in future accounting periods, it is prudent to set aside resources in advance. For example, to fund the future Capital Programme spend to avoid borrowing costs, or to pump-prime organisational change programmes.
Category of Committed Funds	Rationale for Holding				
Committed Funds set aside for major schemes, such as capital developments, or to fund major reorganisations such as those determined by the Service Improvement Board.	Where expenditure is planned in future accounting periods, it is prudent to set aside resources in advance. For example, to fund the future Capital Programme spend to avoid borrowing costs, or to pump-prime organisational change programmes.				

	Other Committed funds to support the medium-term budget E.g. Forecast Accelerated Efficiency Savings.	These are reserves and committed funds, which are either planned to be generated in the future and as such, may not yet have been committed to fund expenditure as of yet; or are existing reserves, which by their nature of being no longer required, are available for recycling either fully or in part to fund other committed areas of expenditure.
	Committed Funds to meet and manage forecast budgetary risks.	With £53.772m of efficiency savings delivered to the end of the 2022/23 financial year; £0.698m planned for delivery during 2023/24; and a gross forecast deficit of £14.888m by 2028/29, it is prudent to underwrite a degree of the budgetary imbalance remaining of £12.536m after taking into account future efficiency savings.
	Committed Funds set aside in previous reporting periods for potential liabilities arising out of tribunal or ombudsman decisions.	These funds are established to meet potential and contingent obligations arising from 'live cases' which did not meet the definition of a provision ² . These are reviewed regularly on a case-by-case basis on whether they are still required (and therefore remain 'committed') or can be released back into the wider reserves and committed funds position.
	Committed Funds for unspent revenue grants and sums held on behalf of third parties.	Where revenue grants have no conditions attached or the conditions are met and the expenditure has yet to take place, these sums are permissible to be held as committed funds. The same applies for sums held on behalf of third parties.
	Committed funds retained for Workstream/Department use (including utilisation of 'Proceeds of Crime Act' (POCA) monies).	The Commissioner's Reserves and Committed Funds protocol permits Workstreams/Departments to carry forward commitments at the year-end (in the form of a committed fund), on the basis that the expenditure will take place in the following financial year(s) – these

² A provision exists when the Commissioner is faced with a present obligation (legal or constructive) which has arisen as a result of a past event. Furthermore, the payment is probable ('more likely than not') and the amount can be estimated reliably. Provisions are therefore provided for and accounted via the Comprehensive Income and Expenditure Statement (CIES) in the year in question, i.e., not set aside as a Committed Earmarked Fund for utilisation in future years.

4.3

are subject to extensive scrutiny at each year-end and also during the following budget setting round.

Appendix 2 provides a detailed projection of the Commissioner’s reserves and committed funds up until 31st March 2029. The Appendix also categorises reserves and committed funds to meet the Home Office Guidance (issued January 2018) which determines that Commissioners’ Reserves and Committed Funds should be categorised between:

a) A general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management;

b) Funding for planned expenditure on projects and programmes over the period of the current MTFP; and

c) Funding for specific projects and programmes beyond the current planning period of the MTFP.

4.4

The following table summarises the detail in Appendix 2 into the analysis above.

Home Office Category	31 st March 2024	31 st March 2025	31 st March 2026	31 st March 2027	31 st March 2028	31 st March 2029
	£’000	£’000	£’000	£’000	£’000	£’000
General Contingency	5,000	5,000	5,000	5,000	5,000	5,000
Utilised Over current MTFP	0	0	0	0	0	0
Utilised Beyond Current MTFP	8,144	8,356	8,347	8,681	8,892	9,102
Total	13,144	13,356	13,472	13,681	13,892	14,102

4.5

Paragraph 4.1 above, articulates the categories of ‘usable reserves and committed funds’ held by the Commissioner, i.e. those reserves and committed funds that are ‘cash-backed’. On the technical accounting side however, the Commissioner also holds ‘unusable reserves’. These reserves are not cash-backed and arise out of the interaction of legislation and proper accounting practice, either to:

a) Store revaluation gains (e.g. on property revaluations); or

b) As adjustment accounts to reconcile accounting requirements driven by reporting standards, to statutory requirements (e.g. the Pension Reserve).

4.6

The remainder of this report will focus on the Commissioner’s usable and therefore cash-backed reserves and committed funds.

4.7

Whilst Appendix 2 provides a detailed projection of the Commissioner’s reserves and committed funds up until 31st March 2029, it must be noted that the Commissioner commenced the review of the Estate Strategy in February

	<p>2022 and significant work has been undertaken since in reshaping the vision and strategic objectives of the Strategy. At the time of writing, indicative and budgeted costs for the delivery of the Strategy, at various degrees of refinement, have been accounted for in the MTFP and the Reserves and Committed Funds Strategy.</p>
4.8	<p>In a similar vein, Gwent Police continue to set and refine the revenue and capital investments requirement into continuing their Programme Fusion³ with South Wales Police, which delivers the National and Force's Digital Strategies; and the ICT Strategy delivered through the Shared Resources Services (SRS) collaboration with Local Authorities across Gwent. As the Estate Strategy and Digital/ICT Strategies' costings are further refined during forthcoming months, the funding of both will be updated in the MTFP and Reserves and Committed Funds Strategy presented to the January 2024 PCP.</p>
4.9	<p>On the basis of the above caveats, the following paragraphs provide the purpose/reason for each individual reserve and committed fund identified on Appendix 2 and also details of its planned utilisation.</p>
4.10	<p><u>Statutory Revenue Reserves</u></p> <p>a) <u>General Reserve - (Line A1)</u></p> <p>i. Purpose – This is held as working capital to help cushion the impact of uneven cash flows and also as a contingency to mitigate the impact of unexpected events or emergencies. At the end of the financial year, the General Reserve will amount to £5.000m which represents 3.09% of 2023/24 Net Revenue Expenditure (NRE) (this % figure has remained relatively static since 2015/16) and in the view of the CFO represents an appropriate level in terms of the overall risk-profile.</p> <p>ii. Planned Utilisation – By its very nature, this reserve is held for unfunded and unexpected events or emergencies. Therefore, as a statutory contingency reserve there is currently no call upon this reserve.</p>
4.11	<p><u>Revenue Committed Earmarked Funds – Utilised Within the Current MTFP</u></p> <p>a) <u>Capital Grant - (Line B1a)</u></p> <p>i. Purpose – This line simply represents the movement of the Capital Grant received from the Home Office, from the Capital Grant line A1 within the Capital Reserves and Committed Funds section of Appendix 2, into the Revenue Reserves and Committed Funds section. It should be noted that this balance is historic in nature, as the Home Office ceased Capital Grant to Police and Crime Commissioners from the 2022/23 financial year.</p>

³ Programme Fusion is a collaborative venture between South Wales and Gwent Police, helping both forces cut crime, reduce costs, and provide an effective, efficient police service, by ensuring officers and staff are using the latest technology, giving them the information they need, when they need it.

- ii. Planned Utilisation – This committed fund has been used to fund the requirements of the overall Capital Programme.

b) Capital Receipts - (Line B1b)

- i. Purpose – This line simply represents the movement of Capital Receipts received from the sale of estate premises from the Capital Receipts line A2 within the Capital Reserves and Committed Funds section of Appendix 2, into the Revenue Reserves and Committed Funds section.
- ii. Planned Utilisation – This committed has and will be used to fund the requirements of the overall Capital Programme.

c) Revenue Contribution to Capital Programme – (Line B1c)

- i. Purpose – Members may recall from previous MTFP presentations, that the Commissioner's Capital Programme is funded by 5 means:
- Use of reserves and committed funds;
 - Capital Grant (from the Home Office);
 - Capital receipts (from the sale of capital assets);
 - Revenue Contribution to Capital; and
 - Borrowing.

The above list is constructed in order of historic financial contribution, i.e. the use of reserves and committed funds is by far the most significant contributor to the Capital Programme at present. By way of emphasis, the second largest historic contributor (capital grant) has now ceased in entirety. Furthermore, turning to the next source on the list, the availability of capital receipts is variable in terms of value and timing. Therefore, with reserves and committed funds being finite in nature, coupled with significant reductions in capital grant and the unreliability of capital receipts, a greater emphasis is placed upon the establishment of a recurring Revenue Contribution to Capital, in order to provide surety to the delivery of the Commissioner's Capital Programme. To this end, the recurrent Revenue Contribution to Capital was increased significantly from £2.645m to £6.145m during the 2022/23 budget setting round and there is a proposed increase to £7.150m in the 2024/25 budget setting round. The further non-recurrent increases showing for 2023/24 and beyond, relates predominantly to the utilisation of the non-recurrent forecast surplus for the corresponding financial year.

- ii. Planned Utilisation – This committed fund will be used to fund the requirements of the overall Capital Programme.

d) External Borrowing – (Line B1d)

- i. Purpose – This line simply represents the levels of external borrowing required to deliver the Commissioner's Capital Programme beyond 2024/25 and is explained in greater depth within the Commissioner's 2024/25 Treasury Management Strategy.
- ii. Planned Utilisation – This committed fund will be used to fund the requirements of the overall Capital Programme.

e) ESN/Capital Committed Funds – (Line B1e)

- i. Purpose – This line represents two distinct sources of funding. Firstly, it captures Reserves and Committed Funds which are deemed suitable for ‘recycling’, in order to fund the Capital Programme (See paragraph 4.11 i) below). Secondly, it captures appropriate movements from the Airwave Committed Fund (Line C3 of the Revenue Reserves and Committed Funds section), to match the spend in relation to its successor technology. The Emergency Services Mobile Communications Programme’s (ESMCP) Emergency Service Network (ESN) will succeed Airwave, providing the next generation communication system for the three Emergency Services (Police, Fire & Rescue and Ambulance) and other public safety users. The Airwave Committed Fund must remain to fund both continuing Airwave commitments (such as device refreshes until full transition to ESN has been achieved) and to also fund the transition costs to ESN itself.
- ii. Planned Utilisation – This ‘recycled’ element of this committed fund will be primarily utilised during 2024/25 to fund the requirements of the overall Capital Programme. In relation to the ESN element, paragraph 4.12 c) below provides the proposed utilisation

f) Estate Works - Replacement Headquarters (HQ) - (Line B1fi)

- i. Purpose – The previous HQ, at nearly 50 years old presented itself as uneconomical to maintain/renovate and also expensive to run when compared to more modern buildings. This committed fund has therefore been created to provide for the full costs associated with transitioning to a new HQ.
- ii. Planned Utilisation – This committed fund was fully utilised by the end of the 2021/22 financial year in line with the budget for the new HQ. The remaining costs that fall within the 2022/23 financial year will be treated the same as those schemes explained in paragraph 4.11 h) below.

g) Estate Works - Minor Works and Planned Maintenance through to ESN - (Lines B1fii to B1k)

- i. Purpose – Members will note that no actual committed funds have been created to fund the remaining aspects of the Commissioner’s Capital Programme in relation to:
 - Estate Works – Minor Works and Planned Maintenance;
 - Estate Works – Police Hubs and Spokes;
 - Estate Works – Other;
 - Fleet Replacement;
 - ICT Investment;
 - Other Projects/Schemes;
 - Long Term Projects; and
 - ESN.
- ii. Planned Utilisation – Members will further note that only the expenditure is shown for each year, which mirrors the above capital requirements between 2023/24 and 2028/29. Lines B1a (Capital

Grant), B1b (Capital Receipts), B1c (Revenue Contribution to Capital Programme), B1d (External Borrowing) and B1e (ESN/Committed Capital Funds) will be used in their entirety to fund these requirements. Historically, with insufficient further reserves and committed funds available in totality to fund these requirements, the position highlighted that a degree of 'internal borrowing' was required to fund the overall current Capital Programme. In essence, the Commissioner would internally borrow from certain reserves and committed funds (such as the General Reserve or Future Budgetary Imbalances Committed Fund) to fund the Capital Programme and thereby, in the short term, avoid external borrowing. However, in order to create the underlying true and transparent position of the Commissioner's reserves and committed funds, the external borrowing requirement to 2028/29 has now been factored into this Strategy.

4.12 Revenue Committed Earmarked Funds – Utilised Beyond the Current MTFP

a) Future Budgetary Imbalances - (Line C1)

- i. Purpose – This committed fund was established in 2015/16 to mitigate future financial deficits from 2016/17 and beyond, in order to achieve a balanced budget. The backdrop for its creation was that up to the 2015 Autumn Statement, policing was facing the potential of 7% cuts in Central Government Grant per annum. The 2015 Autumn Statement however (and Settlements since), reduced the anticipated policing budget cuts.
- ii. Planned Utilisation – The current MTFP highlights a financial recurrent deficit prior to efficiencies of £14.888m by 2028/29. After taking into account known efficiency schemes and opportunities (some of which will be very challenging to deliver from a practical perspective and also a public expectation viewpoint), a deficit of £12.536m remains. The deficit is based on assumed 3-year funding settlements from the CSR, with 'flat cash' grant per annum beyond, but does not reflect any reductions arising from the Funding Formula Review. Furthermore, the deficit is based upon assumed cost neutrality of future Police Pension cost increases funding; the continuation of funding beyond 2024/25 of the impact of the September 2023 officer pay award of 7%; all offset by Council Tax Precept increases of 7.32% per annum. Plugging the recurrent gaps non-recurrently on an annual basis up to 2028/29 (and accounting for the non-recurrent surpluses), would require not only the entirety of this committed fund, but a further £37.592m of additional funding. However, one would not necessarily require this committed fund to be sufficient to cover the future unmet deficit, as the deficit needs to be addressed through recurrent efficiency schemes, as opposed to a non-recurrent 'sticking plaster'. The committed fund may therefore be fully utilised moving forward, in order to manage the timing differences of balancing the budget on an annual basis (a statutory requirement) against the implementation of additional efficiency schemes.

b) Commissioning Strategy and Force Initiatives - (Line C2)

4.13	<p>i. Purpose – This committed fund is primarily designed to pump-prime both the delivery of the Commissioner’s Strategic Commissioning Intentions, and also specific Office of the Police and Crime Commissioner (OPCC) and Gwent Police initiatives, to deliver the Commissioner’s Police and Crime Plan.</p> <p>ii. Planned Utilisation – As a result of the Wellbeing of Future Generations Act 2015 and the associated creation of Public Service Boards (PSB), the Commissioner’s Commissioning Strategy will become intrinsically linked to the work of PSBs in the future. Once the priorities and the work programme of the Gwent PSB has become embedded, the opportunities for co-commissioning (with both the OPCC and Gwent Police) will become clearer and subsequently, so too will the utilisation of this committed fund. In addition, this committed fund may be destined to support the delivery of a more targeted approach to deliver certain aspects of the Commissioner’s Police and Crime Plan, such as supporting the Commissioner’s Police Community Fund or developing diversion/crime prevention initiatives. It may also provide the funding of initiatives to drive out efficiency and productivity improvements.</p> <p>c) <u>Airwave - (Line C3)</u></p> <p>i. Purpose – Due to the length of the lifecycle and the complexity of the funding model for the initial Airwave replacement programme it was necessary, at its inception, to create a committed fund (in this instance, as with the Commissioner’s previous Private Finance Initiative committed fund, also referred to as a ‘sinking fund’). This ensures that the affordability of the scheme is safeguarded for its entire duration and the variable impact of its financial cycle is minimised.</p> <p>ii. Planned Utilisation – the Airwave system is being phased out and as highlighted above will be replaced by the ESMCP ESN. The WSMCP ESN Project has been pushed back to potentially 2032/33, which could ultimately deplete this reserve in its entirety by implementation. Due to the long delay of implementing ESN and the decision to fund implementation internally before borrowing, some of this reserve will be utilised to fund the 2023-24 Capital Programme and reduce the need to borrow in the short and medium term.</p> <p>d) <u>Other Financial Liabilities – Tribunal and Ombudsman Liabilities through to PCSO Increase - (Lines C4a to C4h)</u></p> <p>i. Purpose – The rationale for these committed funds has been previously articulated in the table in paragraph 4.2 above.</p> <p>ii. Planned Utilisation – Again, as mentioned previously, these committed funds receive extensive scrutiny at the year-end and also during each budget setting cycle. Therefore, although these committed funds still show a balance of £1.421m in 2028/29, this does not mean that the committed funds are not required up to this point in time, rather the plans for their utilisation are not finalised to identify the timing of the individual committed fund’s utilisation.</p> <p><u>Capital Reserves and Committed Funds</u></p> <p>a) <u>Capital Grant - (Line A1)</u></p>
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	<ul style="list-style-type: none"> i. Purpose – This is the committed fund referred in paragraph 4.11 a) above. ii. Planned Utilisation – As per paragraph 4.11 a) above. <p>b) <u>Capital Receipts - (Line A2)</u></p> <ul style="list-style-type: none"> i. Purpose – This is the committed fund referred in paragraph 4.11 b) above. ii. Planned Utilisation – As per paragraph 4.11 b) above.
5.	<u>NEXT STEPS</u>
5.1	In discharging their scrutiny duty, this reporting of the Commissioner's Reserves and Committed Funds Strategy will hopefully assist Members in understanding the overall financial landscape.
5.2	With the unknowns remaining on the CSR (particularly the detail of year two and year three more generally) and also the impact of the Funding Formula Review, this strategy will be instrumental in stakeholder engagement and any mitigation strategies.
5.3	<p>Furthermore, at the 2023 December meeting of the PCP, the Commissioner will present the Budget Requirement and Council Tax Precept Proposal for 2024/25. The extent of the Commissioner's reserves and committed funds position will be a key component in discussing the proposal. In advance of the December meeting, in summarising the detailed explanations in Section 4 above, the following key messages emerge:</p> <ul style="list-style-type: none"> a) Following the audit of the 2022/23 Statement of Accounts, Audit Wales were satisfied that the levels of the Commissioner's reserves and committed funds position presents no material uncertainties about going concern; b) By the end of the 2028/29 financial year, it is forecast that the Commissioner will have reserves and committed funds totalling £14,102m (bottom right-hand corner of Appendix 2) – this assumes however, that the current outstanding future recurrent budgetary imbalance in 2024/25 (highlighted in the MTFP), will be underwritten from reserves and committed funds (Line C1 in the Committed Earmarked Funds Beyond the MTFP Section) if funds are available. As already stipulated, recurrent budgetary imbalances must be found from recurrent efficiencies – reserves and committed funds should only be utilised to manage annual timing differences. c) Taking into account the CFO's judgement (based on relevant local circumstance), that a General Reserve of £5.000m should be held – this leaves a committed funds balance of £9.102m, which equates to those committed funds that are required beyond the current MTFP;

	<p>d) Indeed, the committed funds set aside to fund the current Capital Programme are exhausted during 2023/24, whereby, the Commissioner faces the need to borrow moving forward with the associated impact upon revenue budgets within the MTFP;</p> <p>e) The forecast reserves and committed position does not take into account the following events which would increase this figure:</p> <ul style="list-style-type: none"> i. Additional sales of capital assets than those already identified; ii. Additional sums from further acceleration of the delivery of efficiency schemes; and iii. Underspending in the Capital Programme or slippage which defers spend to future financial years. <p>f) Similarly, the forecast reserves and committed funds position does not take into account the following events which would further reduce this figure:</p> <ul style="list-style-type: none"> i. The impact on reserves from the CSR or any transitioning arrangements to a new Funding Formula allocation; ii. Further significant investment to deliver the Estate Strategy and Programme Fusion; iii. Pump-priming for future areas of service improvement; and iv. Overspending in the Capital Programme or acceleration which brings forward spend.
6.	<u>FINANCIAL CONSIDERATIONS</u>
6.1	This is a financial report.
7.	<u>PERSONNEL CONSIDERATIONS</u>
7.1	The generation and utilisation of the Commissioner's reserves and committed funds have significant impact on the personnel of both the OPCC and also Gwent Police. Therefore, the individual movements of funds both in and out of the overall reserves and committed funds' portfolio are subject to specific reporting and governance requirements, to ensure personnel considerations are documented.
8.	<u>LEGAL IMPLICATIONS</u>
8.1	The legal background and framework within which the Commissioner manages the reserves portfolio have been identified throughout this report.
9.	<u>EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS</u>
9.1	This report has been considered against the general duty to promote equality, as stipulated under the Strategic Equality Plan and has been assessed not to discriminate against any particular group.
9.2	Consideration has been given to requirements of the Articles contained in the European Convention on Human Rights and the Human Rights Act 1998 in preparing this report.

10.	<u>RISK</u>
10.1	The management of the Commissioner's Reserves and Committed Funds Strategy holds significant inherent risks, as by their very nature, reserves and committed funds reflect the risk profile of local circumstances. However, as previously articulated, the Reserves and Committed Funds Strategy is formally scrutinised once a year and is also subject to regular review during monthly management reporting and also during periodic revisions to the MTFP.
11.	<u>PUBLIC INTEREST</u>
11.1	This is a public document.
12.	<u>CONTACT OFFICER</u>
12.1	Darren Garwood-Pask, Chief Finance Officer.
13.	<u>ANNEXES</u>
13.1	Appendix 1 – Medium Term Financial Projections 2024/25 to 2028/29. Appendix 2 – Reserves and Committed Funds Position at 22 nd November 2023.

Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2023/24 to 2027/28
Reserves and Committed Funds Position 2022/23

Appendix 1

As at 23rd November 2022

	(a)	(b)	(c)	(d)	(e)	(f)
	2023/24 Actual £'000s	2024/25 Forecast £'000s	2025/26 Forecast £'000s	2026/27 Forecast £'000s	2027/28 Forecast £'000s	2028/29 Forecast £'000s
1 Effect of increases to authorised Establishment, Pay Awards and Increments		11,143	4,525	4,391	4,547	4,707
2 Non-Staff Inflation		2,195	1,068	1,118	1,185	1,254
3 Apprenticeship Levy Scheme		-	-	-	-	-
4 In Service Pressures / Developments		5,224	2,074	2,800	2,800	2,800
5 Budget savings identified		(4,351)	-	-	-	-
6 Finance costs		1,190	278	733	2,408	389
7 Unavoidable Cost Increases		15,401	7,945	9,042	10,940	9,150
8 Gross Budget Movement		15,401	7,945	9,042	10,940	9,150
9 Recurring Base Budget Brought Forward		161,587	176,988	184,934	193,976	204,916
10 Projected Budgetary Requirement	161,587	176,988	184,934	193,976	204,916	214,067
11 % Increase on Previous Years Base Budget	7.22%	9.53%	4.49%	4.89%	5.64%	4.47%
12 Funding						
12 Central Government Funding						
13 Police Grant	(62,520)	(69,170)	(69,170)	(69,170)	(69,170)	(69,170)
14 Revenue Support Grant	(25,857)	(25,877)	(25,877)	(25,877)	(25,877)	(25,877)
15 National Non-Domestic Rates	(212)	(191)	(191)	(191)	(191)	(191)
16 Total Central Government Funding	(88,589)	(95,239)	(95,239)	(95,239)	(95,239)	(95,239)
17 Council Tax	(72,998)	(78,344)	(84,081)	(90,239)	(96,847)	(103,940)
13 Total Funding	(161,587)	(173,583)	(179,320)	(185,478)	(192,086)	(199,179)
14 Projected Recurring Deficit / (Surplus) Before Efficiencies	0	3,406	5,614	8,498	12,830	14,888
15 Efficiencies						
16 Future Year Staying Ahead Scheme Savings	-	(698)	(1,272)	(1,672)	(2,012)	(2,352)
17 Reserve Utilisation	-			-	-	-
18 Projected Recurring Deficit/ (Surplus) After Efficiencies & Reserve Utilisation	0	2,708	4,342	6,826	10,818	12,536

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Plan 2024/25 to 2028/29
Reserves and Committed Funds Position 2024/25

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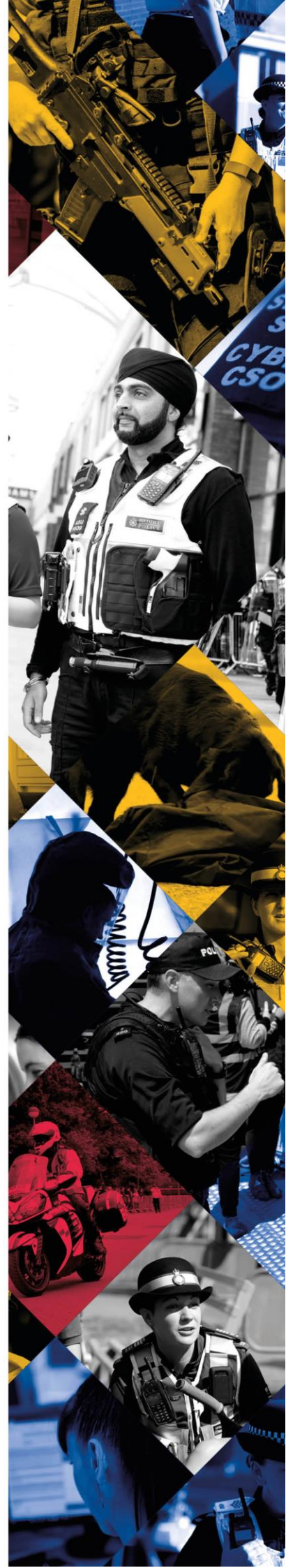
		Forecast Closing Balance 22/23 £'000	In £'000	Out £'000	Forecast Closing Balance 23/24 £'000	In £'000	Out £'000	Forecast Closing Balance 24/25 £'000	In £'000	Out £'000	Forecast Closing Balance 25/26 £'000	In £'000	Out £'000	Forecast Closing Balance 26/27 £'000	In £'000	Out £'000	Forecast Closing Balance 27/28 £'000	In £'000	Out £'000	Forecast Closing Balance 28/29 £'000
<u>REVENUE RESERVES AND COMMITTED FUNDS</u>																				
A	Statutory Reserves																			
1	General Reserve	5,000	0	0	5,000	0	0	5,000	0	0	5,000	0	0	5,000	0	0	5,000	0	0	5,000
	Sub Total	5,000	0	0	5,000	0	0	5,000	0	0	5,000	0	0	5,000	0	0	5,000	0	0	5,000
B	Committed Earmarked Funds																			
1	Capital Programme																			
a	Capital Grant	2,127	93	0	2,220	178	0	2,398	0	0	2,398	0	0	2,398	0	0	2,398	0	0	2,398
b	Capital Receipts	2,498	301	0	2,799	0	0	2,799	0	0	2,799	0	0	2,799	0	0	2,799	0	0	2,799
c	Revenue Contribution to Capital Programme	34,853	6,151	(66)	40,937	7,573	0	48,510	7,282	0	55,792	7,330	0	63,122	7,385	0	70,507	7,258	0	77,765
d	External Borrowing	0	0	0	0	12,000	0	12,000	4,000	0	16,000	10,500	0	26,500	33,500	0	60,000	8,000	0	68,000
e	ESN/Reserve Recycling	7,146	9,617	0	16,763	0	0	16,763	0	0	16,763	0	0	16,763	0	0	16,763	0	0	16,763
f	Estate Works																			
i	Replacement HQ	(2,195)	0	(140)	(2,335)	0	0	(2,335)	0	0	(2,335)	0	0	(2,335)	0	0	(2,335)	0	0	(2,335)
ii	Minor Works and Planned Maintenance	(448)	0	0	(448)	0	0	(448)	0	0	(448)	0	0	(448)	0	0	(448)	0	0	(448)
iii	Police Hubs & Spokes	(1,052)	0	(9,235)	(10,287)	0	(1,875)	(12,162)	0	0	(12,162)	0	(10,673)	(22,835)	0	(35,119)	(57,954)	0	(9,504)	(67,458)
iv	Other	(661)	0	(500)	(1,161)	0	(500)	(1,661)	0	0	(1,661)	0	0	(1,661)	0	0	(1,661)	0	0	(1,661)
v	Collaborative JFU Range	(32)	0	(619)	(651)	0	(8,500)	(9,151)	0	(5,800)	(14,951)	0	(1,700)	(16,651)	0	0	(16,651)	0	0	(16,651)
g	Fleet Replacement	(8,706)	0	(1,892)	(10,598)	0	(3,336)	(13,934)	0	(1,878)	(15,812)	0	(3,045)	(18,857)	0	(1,209)	(20,066)	0	(2,909)	(22,975)
h	ICT Investment	(15,073)	0	(4,469)	(19,542)	0	(2,974)	(22,516)	0	(2,717)	(25,233)	0	(890)	(26,123)	0	(2,582)	(28,705)	0	(1,161)	(29,866)
i	Other Projects/Schemes	(1,473)	0	(135)	(1,608)	0	(65)	(1,673)	0	(72)	(1,745)	0	0	(1,745)	0	(660)	(2,405)	0	(232)	(2,637)
j	Long Term Projects	(11,736)	0	(4,100)	(15,836)	0	(2,501)	(18,337)	0	(815)	(19,152)	0	(1,522)	(20,674)	0	(1,315)	(21,989)	0	(1,452)	(23,441)
k	ESN	(253)	0	0	(253)	0	0	(253)	0	0	(253)	0	0	(253)	0	0	(253)	0	0	(253)
	Forecast Accelerated Efficiency Savings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub Total	4,995	16,162	(21,156)	0	19,751	(19,751)	0	11,282	(11,282)	0	17,830	(17,830)	0	40,885	(40,885)	0	15,258	(15,258)	0
C	Uncommitted Earmarked Funds																			
	Future Budgetary Imbalances	5,926	2,859	(8,785)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Commissioning Strategy and Force Initiatives	1,569	0	0	1,569	0	0	1,569	0	0	1,569	0	0	1,569	0	0	1,569	0	0	1,569
3	Airwave	8,025	210	(3,175)	5,060	210	0	5,271	210	0	5,481	210	0	5,691	210	0	5,902	210	0	6,112
4	Other Financial Liabilities																			
a	Tribunal and Ombudsman Liabilities	149	0	0	149	0	0	149	0	0	149	0	0	149	0	0	149	0	0	149
b	Unspent Revenue Grants	332	66	(303)	95	0	0	95	0	(95)	0	0	0	0	0	0	0	0	0	0
c	3rd Party funds	87	0	(87)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d	POCA	338	0	0	338	150	(150)	338	150	(150)	338	150	(150)	338	150	(150)	338	150	(150)	338
e	Workstream Specific Reserves	3,053	113	(2,232)	934	0	0	934	0	0	934	0	0	934	0	0	934	0	0	934
f	Speed Awareness Training	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
g	Op Uplift	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
h	PCSO increase																			
	Sub Total	19,478	3,248	(14,582)	8,144	360	(150)	8,356	360	(245)	8,471	360	(150)	8,681	360	(150)	8,892	360	(150)	9,102
	TOTAL REVENUE RESERVES AND COMMITTED FUNDS	29,474	19,410	(35,738)	13,144	20,111	(19,901)	13,356	11,642	(11,527)	13,472	18,190	(17,980)	13,681	41,245	(41,035)	13,892	15,618	(15,408)	14,102
<u>CAPITAL RESERVES AND COMMITTED FUNDS</u>																				
A	Committed Earmarked Funds																			
1	Capital Grant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Capital Receipts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3	Replacement Command and Control	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL CAPITAL RESERVES AND COMMITTED FUNDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	TOTAL RESERVES AND COMMITTED FUNDS	29,474	19,410	(35,738)	13,144	20,111	(19,901)	13,356	11,642	(11,527)	13,472	18,190	(17,980)	13,681	41,245	(41,035)	13,892	15,618	(15,408)	14,102

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Finance Report 2023/24 – Second Quarter (Q2)

CHIEF OFFICER TEAM REPORT

24th October 2023



1. PURPOSE AND RECOMMENDATION

- 1.1 The purpose of this report is for monitoring / information.
- 1.2 There are no recommendations made requiring a decision.

2. INTRODUCTION & BACKGROUND

- 2.1 This quarterly financial report presents detailed information on revenue, balance sheet and working capital balances (debtors, creditors, and cash/investments). This provides a comprehensive position for Chief Officers to consider and inform decision making.
- 2.2 The quarterly report includes:
 - **Appendix 1a, 1b, 1c:** Income and Expenditure for the group, force and OPCC (as previously reported). The income and expenditure reports consider expenditure commitments made as at the quarter end but have not yet been invoiced or paid and a forecast of the year end position.
 - **Appendix 2:** Covid19 costs – details of specific expenditure arising from the Covid19 situation reported to the Home Office each month.
 - **Appendix 3a:** Cash and investments – details of level of cash the force has and how much money is on investment.
 - **Appendix 3b:** Debtors position. This details the level of income yet to be cash receipted and the age of the debt.
 - **Appendix 3c:** Creditors position. This details the level of expenditure yet to be cash paid and the age of the liability.
 - **Appendix 3d:** Capital & Project spend report. This details the spend to date on capital projects and the budget remaining to the end of the financial year.
 - **Appendix 4:** Usable reserves. This schedule identifies the level of cash backed reserves in line with the Reserves Strategy and the MTFP.
 - **Appendix 5:** Medium Term Financial Plan. This provides a longer-term view on the financial position of the force.

3. ISSUES FOR CONSIDERATION

Financial Highlights – Q2 Year to date outturn: £3,381k underspend (Q1: £3,672k); full year forecast underspend £2,859k

- 3.1 The information below provides details on key trends and results for the year. Where a variance (favourable or adverse) represents a significant risk to being able to meet budget a more detailed analysis is provided.
- 3.2 It should be noted that whilst budgets are phased in equal sums each month, this is not reflected in the expenditure patterns across non pay budget headings and therefore is not an informative basis on which to assume out-turn spending for year end.



3.3 The current forecast year end position shows an underspend of £2,859k at 31st March 2024. This is largely attributable to a £1,300k predicted increase in investment income, coupled with avoiding £1,329k of capital charges (borrowing costs) that are not expected to be incurred. In addition, additional income has been received from Home Office for the recruitment of additional police officers over the target allocation which more than compensates for the additional costs incurred. Finally, cost saving measures have been successful in reducing the cost of supplies and services. We will update the forecast for the full year in detail in the Q3 report.

3.4 As shown in Appendix 1a, on a group basis there is a year to date underspend at Q2 for 2023/24 of £3,381k (Q1: £3,672k) against a budgeted overspend position planned of £1,806k. This is primarily the result of the timing of income from Home Office for the Welsh Top Up element of the Police Grant where the full year's amount has been received ahead of schedule. This will correct itself in subsequent periods. Excluding the funding variances, the net expenditure position is £2,159k (Q1: £280k) overspent against budget at Q2. The group year to date net overspend arises from the following variances:

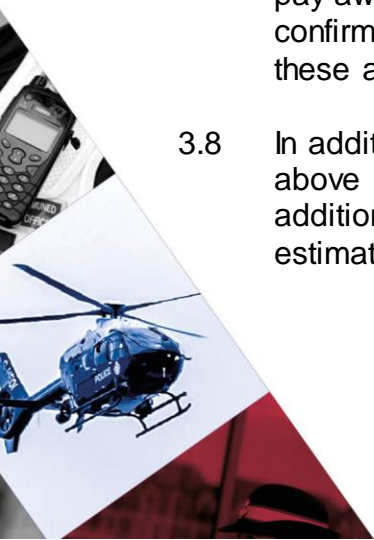
Pay variances – officers and staff: Q2 underspend £764k (Q1: £834k); full year forecast overspend £1,282k

3.5 At the end of Q2, police officer pay and salary allowances are under budget by £473k due primarily to the year to date effect of the timing of the cohorts of new officers from Op Uplift entering the Force in September and March. The Operation Uplift target for 1,506 officers at 31 March 2023 was met and exceeded. The underspend is a non-recurrent saving for this financial year only. Now the planned recruitment has taken place, the full cost of officers will be realised for 2023/24 budgets onwards.

3.6 The underspend on police officer pay and allowances has a £292k underspend on Staff and CSO (Community Support Officers) pay and allowances at the end of Q1. Within this, staff pay is underspent by £608k but there are agency costs of £294k and redundancy payments totalling £39k in Q2. The full year forecast for agency costs is £599k – substantially lower than the £884k incurred in 2022/23.

3.7 The original assumptions for the 2023/24 budget already reflect probationers being recruited at lower than the mid point of the salary scale and an assumed pay award for officers of 3.5% from 1st September 2023. The UK Government confirmed pay awards for officers and staff of 7% from 1st September 2023 and these awards have been fully reflected in the September payroll.

3.8 In addition, the Home Office agreed to fund an extra 21 officers within the force above the 1,506 fte Uplift target for 2023/24. The expected cost of these additional officers is included in the forecast cost for the year contributing to the estimated overspend for officer pay, but the additional one-off funding from the



Home Office is shown within income. The one off grant funding amounts to £45,000 per officer (or £945k in total based on 21 officers) and can be claimed after target numbers are confirmed at 30th September 2023 and 31st March 2024. The income will therefore be recognised in Q3 and at year end.

- 3.9 The budget assumes 172fte CSOs are in post for the full year but, following the Welsh Government's request to Welsh forces to freeze all new CSO recruitment, attrition is expected to reduce the CSO establishment to 155.5fte at 31st March 2024. There will be a non-recurrent saving in Q3 and Q4 as a result, which will be offset by the confirmed reduction in Welsh Government funding. Discussions continue with the Welsh Government on the level of their funding of CSO numbers for the remainder of the year and into 2024/25 but a risk remains that the force will need to provide a greater proportion of funding for CSO posts going forward. This will be reflected in the 2024/25 budget setting process.

Overtime – officers and staff: Q2 overspend £377k (Q1: £58k); full year forecast overspend £404k

- 3.10 Total overtime costs (officer and staff) at the end of Q2 show a net overspend of £377k, made up as follows:

Narrative	2023/24 Q1	2023/24 Q2
Police Officer and Staff TOIL (Time off in Lieu) payments	(£31k)	(£56k)
Police Officer general overtime overspend	(£86k)	(£117k)
Police Officer rest day overtime overspend	(£121k)	(£280k)
Police Officer public holiday overspend	£119k	£110k
Police staff general overtime – overspend	(£56k)	(£116k)
Police staff weekend & public holiday enhancements underspend	£117k	£82k
Total (over)spend at 30th June 2023	(£58k)	(£377k)

- 3.11 The position above includes expenditure on Police Staff Enhancements and excludes Major Incidents and Tasking, which is reported separately on Lines 9 and 10 of Appendix 1a, therefore the position is not directly comparable with the Force Overtime Performance report including MI&T (Major Investigation Team).
- 3.12 The annual overtime budget was reduced by £1m for 2020/21 and has been unchanged since then. Substantial work continues across the force to analyse and challenge cultures and behaviours locally on overtime. Transparency of reporting using Global Rostering system (GRS) reports and authorisation by higher ranks has resulted in a substantial slowing of the rate of general overtime spends in recent months. Issues remain in some specific service



areas – e.g. custody, operational support, firearms collaborative activities. Going forward scrutiny is needed of rest day overtime and minimum staffing levels for Q3 and Q4. The 2024/25 budget setting process will also challenge the current budgets and locations for rest day and bank holiday overtime with senior officers and staff.

Other employee related costs: Q2 overspend £31k (Q1 underspend £144k); full year forecast underspend £242k

- 3.13 There is a net overspend at Q2 of £31k for other employee related costs. The timing of the payment for employee insurance means there is also an overspend for Q2 of £99k (Q1 £155k overspend). This is offset by an underspend of £221k on pension costs with lower injury pension payments and no officers leaving under ill health pensions in the first 6 months of the year. The current forecast assumes the ill health and injury pension budgets of £2,490k are fully used by year end – actual year to date expenditure at Q2 is only £1,024k.
- 3.14 External training costs are higher than budget by £174k at 30th September 2023 due to expenditure commitments already made for Q3 and Q4. However, as courses are delivered in the second half of the year, the forecast position at year end is an underspend of £189k on external training courses.

Non-pay variances – Premises costs: Q2 overspend £1,014k (Q1 overspend £340k); full year forecast overspend £575k

- 3.15 Premises costs are overspent at Q2 by £1,014k due primarily to the effect of the timings on payments for rent and rates and maintenance. There are overspends against budget of £356k from additional rent costs following the new Fleet workshops lease signed in March 2023, and additional rates associated with old HQ (although a rates rebate is expected towards the end of the financial year with demolition process commencing in November 2023). In addition, there has been substantial investment in electrical infrastructure as the installation of solar panels to suitable buildings across the estate continues (pump prime initiative to save revenue in future years), resulting in an overspend of £460k at Q2. Utility costs are £278k higher than budget at Q2, with a forecast overspend for the full year of £549k and this will be carefully monitored within the Estates and Finance Departments for the remainder of 2023/24.

Non-pay variances – Transport costs: Q2 underspend £202k (Q1 underspend £256k); full year forecast underspend £79k

- 3.16 Transport costs are underspent at Q2 by £202k. Insurance work for recovery costs are underspent by £148k and the cost of vehicle fuel was also lower than budget at Q2 by £49k. As the Fleet Department prepares for its move to the new workshops, this has impacted on accident repairs and repairs with outside contractors, resulting in overspends of £51k and £54k respectively against



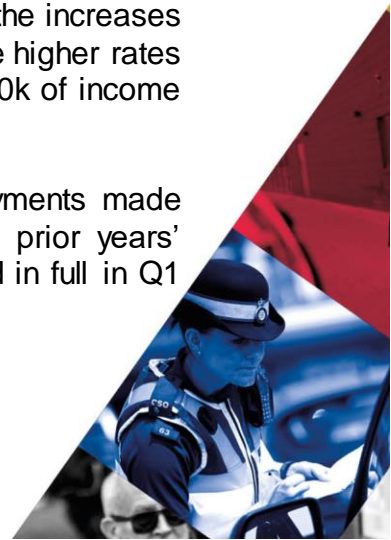
budgets at Q2. Continued long lead times on new vehicles and minibus hires has also resulted in additional costs for vehicle hire of £36k at Q2.

Non-pay variances – Supplies & Services costs: Q2 overspend £2,531k (Q1 overspend £1,715k); full year forecast overspend £818k

- 3.17 Supplies & services costs are overspent at Q2 by £2,531k and there are many variations between the cost headings in this category.
- 3.18 There are timing differences in Partnership fees, collaboration contributions and consultancy fees resulting in a net overspend of £567k which will reverse out in future periods. Furthermore, underspends are noted on clothing and uniforms (£166k), Crime Scene Investigation expenditure (£31k) and Mobile Phone rental (£144k) and network services (£64k) because of the rollout of new mobiles and infrastructure updates as part of the ICT (Information Communication Technology) programme. Custody meals and the medical contract are also showing underspends at Q2 of £45k and £31k respectively.
- 3.19 Offsetting this is £381k of additional ICT costs for IT (Information Technology) software purchases and software maintenance contracts, partly because of timings of invoicing but also some additional costs on projects from within the overall ICT revenue and capital programme.
- 3.20 Other additional expenditure incurred impacting the YTD budget includes Dangerous Dogs Act spend (£66k), public liability insurance (£52k), and other insurance costs (£59k). Most of these variances are due to invoices being received earlier than expected against the phasing of the 2023/24 budget. Finance Business Partners continue to keep a close eye on these pressures via monthly meetings with budget holders as we go through the year, and any recurring pressures will be identified as part of the 2024/25 budget setting exercise in October/November 2023.

Other movements:

- 3.21 The Force's contribution to the Police Computer Company is underspent by £65k at 30th September 2023 as the early invoicing in Q1 for this contribution to national technology programmes corrects itself. No borrowing to fund the long term capital programme is currently forecast for the remainder of the year, resulting in a forecast underspend of Capital Charges (capital repayment and interest debt finance) of £1,329k at 31st March 2024.
- 3.22 Investment income is £255k higher than budgeted at Q2 following the increases in interest rates by the Bank of England. As investments with these higher rates continue to mature in the second half of the year, a further £1,300k of income is forecast.
- 3.23 Other Income is also higher by £525k following the timing of payments made in relation to Police Grant funding is also uncoordinated with prior years' experience, with the Welsh Top up grant element being received in full in Q1



rather than being paid by the Home Office on a quarterly basis as in 2022/23. Additional income has also been received for HO PEQF funding of £491k, and HMPPS income relating cell availability through Operation Safeguard of £180k.

Office of the Police & Crime Commissioner – Q2 underspend £496k (Q1 underspend £1,131k); full year forecast underspend £259k

- 3.24 Included within the group figures above are underspends relating to the Office of the Police & Crime Commissioner totalling £496k. These are shown separately in Appendix 1c.
- 3.25 Salary and allowances – there is a small underspend of £43k.
- 3.26 Non-pay expenditure – there are underspends totalling £1,357k in non-pay expenditure. This is primarily due to the reversal of year end accruals and timing of partnership contributions and consultants' fees (e.g. no invoices received in Q1 for Substance Misuse consultants' fees against an expected budget of £339k), which will resolve themselves in subsequent periods.
- 3.27 There are no risks to receipt of the full £72,998k of Council Tax for the year.

Financial Highlights – balance sheet

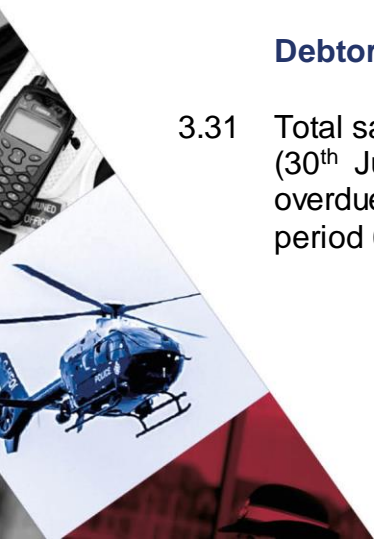
- 3.28 The key areas that are significant to the overall financial performance of the force are:

Investment and cash (appendix 2a)

- 3.29 At 30th September 2023, £43.5m of cash reserves were held as investments with local authorities or held within the money market. All loans are for 12 months or less and are scheduled to ensure that cash flow is available to cover all commitments as they fall due. Actual cash held within the bank account at 30th September 2023 was £159k.
- 3.30 The average interest rate on investments is 4.94% (30th June 2023: 3.71%; 30th September 2022: 1.52%). Interest rates continue to increase on previous periods as the Bank of England changes the base rate to combat inflation pressures in the wider economy. As a result, a higher level of investment interest of approximately £1.7m is now expected which is above the Force's budgeted investment income for 2023/24 of £0.4m.

Debtors (appendix 3b)

- 3.31 Total sales invoices that were unpaid as at 30th September 2023 totalled £894k (30th June 2023: £1,277k), of which £234k (30th June 2023: £566k) was overdue. Outstanding debtors have reduced substantially from period 3 to period 6 due to tracing of debt, regular chasing, and reminder letters.



- 3.32 The collectability of debtors is not considered a risk. The top 5 debtors, as presented in Appendix 3b total £726k (81.3% of total debtors by value) and are all public sector bodies. The £571k balance with the National Probation Services at 30th June 2023 related to their 2023/24 GDAS contract contribution and has now been received. The £587k balance with South Wales Police is for collaborative contributions to Prison Intelligence unit salaries for Q4 2022/23. All balances are being actively pursued for payment.
- 3.33 We continue with our review and clearance of historic debtor balances and a further two items are noted in Appendix 2b totalling £300. As none of the individual balances exceed the £500 threshold and the cost of chasing this debt will outweigh the value recovered, the write off from these insignificant amounts will be actioned in Q3.

Creditors (appendix 3c)

- 3.34 As of 30th September 2023, there were £1,224k of creditors which is a decrease on the total creditors of £2,332k at 30th June 2023. This has resulted from payment in Q2 of two large Q1 balances – national ICT subscriptions of £1,295k to the Home Office, and GDAS contract contributions of £360k to Newport City Council.
- 3.35 Of this total, £172k or 14.0% (Q1 2023/24: £1,761k) of the total is overdue for payment. This decrease is due to the Home Office and Newport City Council invoices noted above. Of this £172k value, the majority relates to £96k of outstanding balances with the Shared Resources Service (SRS) where they have invoiced in advance of delivery of laptops and services. The average age of an invoice paid at Q2 is 26.47 days on average, which is slightly longer than the previous quarter (22.47 days) but still within the 30 day target. It is expected that the average age will continue to meet the target going forward.

Capital (appendix 3d)

- 3.36 The initial budget for the capital and projects was £23,902k but this has been revised to £29,902k to reflect a number of additional projects identified in year. These include additional spend on LPA (Local Policing Area) vehicle replacements, Maindee Police station refurbishment, Abergavenny build, Fleet workshop relocation, and Gwent Operational Facility costs. The forecast expenditure for the full financial year, however, is £21,093k which more in line with the initial budget and the reduction is largely down to the lower collaborative contributions to the Joint Firearms Range in 2023/24 due to slippage in the planning process.
- 3.37 The expenditure to date on capital and long-term projects is £6,055k leaving a remaining budget of £23,828k. Progress on the delivery of the projects in line with the Estates Strategy and within the capital programme is overseen by the Capital Strategy Board.



- 3.38 Estates – the budget of £21,574k includes major projects relating to the Collaborative JFU (Joint Firearms Unit) relocation (£7,863k), Abergavenny Police Station new build (£4,324k), Gwent Operational Facility (£2,675k) and the fleet workshops relocation (£2,479k).
- 3.39 Vehicles – The 2023/24 budget is £2,682k and while expenditure to date is only £773k it is expected that this will be largely utilised by the end of the financial year in line with the current fleet replacement cycle. A review is planned of the IR3 telematics data and pool car usage in relation to the size of the vehicle fleet, and a Project Initiation Document has been approved in October 2023 by Service Improvement Board.
- 3.40 ICT - The budget is £5,511k and while expenditure to date is only £760k, it is also expected this will be fully utilised in 2023/24 as the ICT requirements of refreshing our FFF (Fixed Field Flexible) capability; the Control Room project; and the Data Hall decommissioning following SRS's move out of Blaenavon are completed in the year. The spend on the SAFE mobile app development has been deferred and replaced by the JOINS2 network project for 2023/24.

Reserves (appendix 4)

- 3.41 Appendix 4 details the position in relation to the current balance of reserves of £29,774k based on the unaudited financial statements at 31st March 2023. This shows a reduction of £3,945k in reserves from £33,719k at 31 March 2022 as reserves were used to fund the capital programme in 2022/23.

Medium Term Financial Plan (appendix 4)

- 3.42 Appendix 4 provides detail of the latest version of the 2023/24 to 2027/28 MTFP updated as at June 2023. The current position for 2023/24 after additional costs pressures and funding cuts have been identified in February and March 2023, is a net deficit £5,018k – an increase from £3,547k in January 2023. A report on the key movements to 30th June 2023, mitigating actions already being taken and the financial risks has been presented to Chief Officers and OPCC.
- 3.43 The impact of global events continues to create a lot of uncertainty over funding, cost pressures, inflation, and interest rates for 2023/24 and subsequent years. The current forecast of the recurring annual deficit of £21,916k at 2027/28 is therefore highly dependent on these inflationary pressures, borrowing decisions for the capital programme, and the outcome of the review of the Police Funding formula. The MTFP will be updated again in November 2023 as part of the 2024/25 budget setting exercise. Known and anticipated additional pressures on base budgets, the recent change in Welsh Government funding for CSOs, further base budget savings, and the annual review of the budget's underlying assumptions will be carried out in September-November 2023 ahead of the Chief Constable's 2024/25 budget bid to the Commissioner.



- 3.44 As reported in the Q1 Financial Performance Report, the growth in investment income from higher interest rates, a full year saving on borrowing costs, and known additional savings will close approximately £2.2m of the £5.0m updated deficit. Work continues to identify recurring savings from the initial stages of the 2024/25 budget setting process, the Efficiency Working Group and the Change Programme. Pressures remain for future years, with the need for further savings and efficiencies to substantially close the £21.9m annual deficit currently forecast for 2027/28.

4. COLLABORATION

- 4.1 Collaborative activities have been included in the figures above.

5. NEXT STEPS

- 5.1 To consider and note the financial performance of the Force and OPCC for the second quarter of financial year 2023/24.

6. FINANCIAL CONSIDERATIONS

- 6.1 These are detailed in the report

7. PERSONNEL CONSIDERATIONS

- 7.1 There are no staffing / personnel implications arising from this report.

8. LEGAL CONSIDERATIONS

- 8.1 There are no legal implications arising from this report.

9. EQUALITIES & HUMAN RIGHTS CONSIDERATIONS

- 9.1 This report has been considered against the general duty to promote equality, as stipulated under the Joint Strategic Equality Plan and has been assessed not to discriminate against any particular group.
- 9.2 In preparing this report, consideration has been given to requirements of the Articles contained in the European Convention on Human Rights and the Human Rights Act 1998.

10. RISK

- 10.1 The outcome of the ongoing review of the funding formula is still unknown. The predicted loss of funding from 2025/26 is currently included in MTFP's recurring



deficit at 2027/28 of £21.9m but will be removed from the next iteration of the MTFP until there is clarity from the Home Office. An organisational risk has already been raised via Service Improvement Board to reflect the risks to the in-year and medium term financial position of the Force and PCC.

11. PUBLIC INTEREST

11.1 In producing this report, has consideration been given to 'public confidence'?
Yes

11.2 Are the contents of this report, observations, and appendices necessary and suitable for the public domain? **Yes**

12. REPORT AUTHOR

12.1 Matthew Coe

13. LEAD CHIEF OFFICER

13.1 Nigel Stephens

14. ANNEXES

14.1 2023/24 Q2 Financial Performance Report

15. CHIEF OFFICER APPROVAL

15.1 I confirm this report has been discussed and approved at a formal Chief Officers' meeting.

15.2 I confirm this report is suitable for the public domain / is not suitable for the public domain for the reasons stated in 11.3. *(delete as appropriate)*

Signature: *(Insert CO electronic signature)*

Date:



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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2024/25 to 2028/29
Impact of Incremental Council Tax Precept Changes
At 26th January 2024

Assumption		Base Growth	Precept Growth	Total Growth	Increase / (Decrease)
Base Growth %	Precept Growth %	£	£	£	£
0.68%	8.50%	499,371	6,246,341	6,745,712	584,320
0.68%	8.00%	499,371	5,879,442	6,378,813	217,421
0.68%	7.70%	499,371	5,662,021	6,161,392	0
0.68%	7.50%	499,371	5,512,543	6,011,914	(149,478)
0.68%	7.00%	499,371	5,145,644	5,645,015	(516,377)
0.68%	6.82%	499,371	5,012,021	5,511,392	(650,000)
0.68%	6.50%	499,371	4,776,481	5,275,852	(885,540)
0.68%	6.00%	499,371	4,409,582	4,908,953	(1,252,439)
0.68%	5.50%	499,371	4,042,683	4,542,054	(1,619,338)
0.68%	5.00%	499,371	3,675,784	4,175,155	(1,986,237)
0.68%	4.50%	499,371	3,306,620	3,805,991	(2,355,401)
0.68%	4.00%	499,371	2,939,721	3,439,092	(2,722,300)
0.68%	3.50%	499,371	2,572,822	3,072,193	(3,089,199)
0.68%	3.00%	499,371	2,205,924	2,705,295	(3,456,097)

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**Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2024/25 to 2028/29**

At 26th January 2024

	(a)	(b)	(c)	(d)	(e)	(f)
	2023/24 Actual £'000s	2024/25 Forecast £'000s	2025/26 Forecast £'000s	2026/27 Forecast £'000s	2027/28 Forecast £'000s	2028/29 Forecast £'000s
1 Effect of increases to authorised Establishment, Pay Awards and Increments		10,738	4,621	4,483	4,642	4,805
2 Non-Staff Inflation		2,195	1,068	1,118	1,185	1,254
3 Apprenticeship Levy Scheme		-	-	-	-	-
4 In Service Pressures / Developments		1,783	2,074	2,800	2,800	2,800
5 Budget savings identified		(4,351)	-	-	-	-
6 Finance costs		1,190	278	733	2,408	389
7 Unavoidable Cost Increases		11,555	8,041	9,134	11,035	9,248
8 Gross Budget Movement		11,555	8,041	9,134	11,035	9,248
9 Recurring Base Budget Brought Forward		164,975	176,530	184,572	193,706	204,741
10 Projected Budgetary Requirement	164,975	176,530	184,572	193,706	204,741	213,990
11 Increase on Previous Years Base Budget	7.22%	7.00%	4.56%	4.95%	5.70%	4.52%
12 Pending						
13 Central Government Funding						
14 Police Grant	(65,908)	(67,672)	(67,672)	(67,672)	(67,672)	(67,672)
15 Revenue Support Grant	(25,857)	(25,983)	(25,983)	(25,983)	(25,983)	(25,983)
16 National Non-Domestic Rates	(212)	(213)	(213)	(213)	(213)	(213)
17 Total Central Government Funding	(91,977)	(93,868)	(93,868)	(93,868)	(93,868)	(93,868)
18 Council Tax	(72,998)	(79,160)	(84,958)	(91,180)	(97,859)	(105,026)
19 Total Funding	(164,975)	(173,027)	(178,825)	(185,048)	(191,726)	(198,894)
20 Projected Recurring Deficit / (Surplus) Before Efficiencies	0	3,503	5,746	8,658	13,015	15,096
21 Efficiencies						
22 Future Year Continuous Improvement Programme Savings	-	(698)	(1,272)	(1,672)	(2,012)	(2,352)
23 Reserve Utilisation	-			-	-	-
24 Projected Recurring Deficit/ (Surplus) After Efficiencies & Reserve Utilisation	0	2,805	4,475	6,986	11,003	12,744

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2024/25 to 2028/29
Objective Analysis 2023/24 Net Revenue Expenditure
At 26th January 2024

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Service area	Officer/Staff costs £'000	Non-pay costs £'000	Gross Revenue Expenditure £'000	Income £'000	Net Revenue Expenditure £'000
Local Policing	48,088	1,142	49,230	(7,262)	41,968
Dealing with the Public	9,587	54	9,641	-	9,641
Criminal Justice Arrangements	8,838	1,337	10,175	(1,335)	8,840
Roads Policing	4,847	460	5,307	(768)	4,539
Operational Support	6,152	1,330	7,482	(191)	7,291
Intelligence	4,558	438	4,996	(185)	4,811
Investigations	12,166	2,705	14,871	(1,665)	13,206
Public Protection	11,032	1,428	12,460	(845)	11,615
Investigative Support	3,208	1,466	4,674	-	4,674
National Policing	2,252	1,195	3,447	(2,309)	1,138
Support Functions	22,789	23,010	45,799	(612)	45,187
Police & Crime Commissioner	1,261	6,182	7,443	(2,534)	4,909
Central Costs	2,491	7,471	9,962	(1,725)	8,237
	137,269	48,218	185,487	(19,431)	166,056
	75%	25%	100%		
Net Movements in Reserves					(1,081)
Total Net Revenue Expenditure 2023/24					164,975

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2024/25 to 2028/29
Assumptions
At 26th January 2024

Description	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	Source
<u>Police Officers</u>						
Pay Awards	3.50%	3.00%	3.00%	3.00%	3.00%	CFO estimate benchmarked with Welsh Forces.
<u>Police Staff</u>						
Pay Awards	3.50%	3.00%	3.00%	3.00%	3.00%	CFO estimate benchmarked with Welsh Forces.
<u>Indirect Staff Costs</u>	3.50%	3.00%	3.00%	3.00%	3.00%	CFO estimate benchmarked with Welsh Forces.
<u>Non Staff Inflation</u>						
General (Including Rates)	5.00%	2.00%	2.00%	2.00%	2.00%	CFO estimate benchmarked with Welsh Forces.
Utilities - Gas	5.00%	5.00%	5.00%	5.00%	5.00%	CFO estimate benchmarked with Welsh Forces.
Utilities - Electric	5.00%	5.00%	5.00%	5.00%	5.00%	CFO estimate benchmarked with Welsh Forces.
Utilities - Water	5.00%	5.00%	5.00%	5.00%	5.00%	CFO estimate benchmarked with Welsh Forces.
Petrol	5.00%	5.00%	5.00%	5.00%	5.00%	CFO estimate benchmarked with Welsh Forces.
Diesel	5.00%	5.00%	5.00%	5.00%	5.00%	CFO estimate benchmarked with Welsh Forces.
<u>Funding</u>						
Central Government Police Funding	2.06%	0.00%	0.00%	0.00%	0.00%	Updated Council Tax Bases for 2024/25 and average growth used for 2025/26 onwards.
Council Tax Base Increase	0.68%	0.47%	0.47%	0.47%	0.47%	
Council Tax Precept Increase	7.70%	6.82%	6.82%	6.82%	6.82%	

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2024/25 to 2028/29
Force Establishment
At 26th January 2024

Description	2022/23 Forecast No.	2023/24 Forecast No.	2024/25 Forecast No.	2025/26 Forecast No.	2026/27 Forecast No.	2027/28 Forecast No.	2028/29 Forecast No.
Officers Baseline							
Officers Baseline - 1st April 2020	1,423.0	1,506.0	1,506.0	1,506.0	1,506.0	1,506.0	1,506.0
Police Staff Investigator Posts							
Operation Uplift	83.0						
Externally Funded Posts							
Amber Posts Funded							
Total Authorised Baseline	1,506.0	1,506.0	1,506.0	1,506.0	1,506.0	1,506.0	1,506.0
Officer Actuals							
Actuals as at 30th September	1,442.0	1,506.0	1,506.0	1,506.0	1,506.0	1,506.0	1,506.0
Retirees - Ordinary	(56.0)	(43.0)	(36.0)	(50.0)	(37.0)	(37.0)	(37.0)
Retirees - Medical	(5.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)	(6.0)
Leavers - Probationer Drop Out	(33.0)	(24.0)	(12.0)	(12.0)	(12.0)	(12.0)	(12.0)
Other Leavers - Dismissal/Tfr to other Force/Voluntary Resignation	(39.0)	(25.0)	(27.0)	(27.0)	(27.0)	(27.0)	(27.0)
Recruitment - Probationers	180.0	94.0	76.0	90.0	77.0	77.0	77.0
Recruitment - Transferees, Police Now, Detective Now	17.0	4.0	5.0	5.0	5.0	5.0	5.0
Forecast Actual	1,506.0	1,506.0	1,506.0	1,506.0	1,506.0	1,506.0	1,506.0
Police Office Establishment Under/(Over)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PCSOs							
WG Funded	121.0	121.0	80.0	80.0	80.0	80.0	80.0
Force Funded	51.0	51.0	80.0	80.0	80.0	80.0	80.0
Total	172.0	172.0	160.0	160.0	160.0	160.0	160.0
Police Staff							
Baseline	803.9	835.2	831.4	846.4	846.4	846.4	846.4
Actual in year movements	31.3	(4.8)					
Apprentices - Fixed term contracts		16.0	15.0				
SIB Approved Changes inc Investment Funded Posts							
Total	835.2	846.4	846.4	846.4	846.4	846.4	846.4
Authorised Establishment Grand Total	2,513.2	2,524.4	2,512.4	2,512.4	2,512.4	2,512.4	2,512.4

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2024/25 to 2028/29
In Service Pressures and Budget Developments
At 26th January 2024

Description	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
1 Loan Interest	1,189,656	278,076	733,106	2,408,176	388,974
2 Future years' pressures to be confirmed		2,000,000	2,000,000	2,000,000	2,000,000
3 Pay increments		800,000	800,000	800,000	800,000
Sub total prior year pressures	1,189,656	3,078,076	3,533,106	5,208,176	3,188,974

New cost pressures 2024/25

4 Full year cost of running data hall in 2023/24 - budget removed as no cost in 2024/25	(252,308)				
5 RASSO- HO Funding : one off funding for Op Soteria pilot in 2023/24 not repeated	100,000				
6 Reduction in overtime costs as fewer bank holidays in 2024/25	(200,000)				
7 Force Open day - two locations	15,000				
8 SPF Landscape Project/ The Illegal Off-Roadng - partner funding as per business case	(72,895)				
9 High hire cost for 4X4 vehicle for winter pressures	60,000				
10 Insurance premium increases expected - motor, public liability, estates etc	164,683				
11 Increased vetting requirements	13,540				
12 IT repairs and maintenance prices	5,385				
13 SafeCall helpline	6,240				
14 Block A Mamhilad rental for one year - temporary training and property stores move	59,000	(59,000)			
15 Vantage Point House rental for training and property stores occupancy for one year	251,000	(251,000)			
16 Increased costs of Dangerous Dogs Act kennelling	63,000				
17 Secure Cash transport costs inflation	1,519				
18 Audit Wales increased external audit fee	3,135				
19 Temporary move of property store from Bettws to Mamhilad: one off cost covered by reserves	20,000	(20,000)			
20 IT repairs and maintenance prices outstripping inflation	40,540				
21 Reduction in PFI income	146,215				
22 Breather unit replacement	16,000	(16,000)			
23 Go Safe funding shortfall one off funding	400,000	(400,000)			
24 Taser Refresh fund (force only)	100,000				
25 Expected reduction in Welsh Government CSO Funding - capped at 80 CSOs	600,000				
26 Additional cost to increase to 160 fte CSOs	184,950				
27 Target Variable payments for skills and roles	55,000				
28 Vacancy factor based on 2% of salary costs	(2,200,000)				
29 Anticipated Officer Pension increase 31% to 36.2%	3,424,481				
30 Home Office funding to cover Officer Pension increase	(3,424,481)				
31 Apprenticeships scheme - 15 staff	350,000				
32 National Police air Service - regional funding contribution increases	50,000				
33 Additional Joint Legal Services costs - additional solicitor	40,000				
34 Additional Assistant Chief Constable post	191,000				
35 Increased revenue to capital contribution for short term asset replacement	1,000,000				
36 Temporary move of property store from Bettws to Mamhilad: one off cost covered by reserves	(20,000)	20,000			
37 Loss of WG Schools Liaison grant funding	477,658				
38 Additional reduction in Welsh Government CSO Funding - new cap of 60 CSOs	745,645				
39 Reduced CSO cost from reduction in numbers through attrition over 12 months	(451,000)				
Sub total 2024/25 new pressures	1,963,307	(726,000)	0	0	0
Total pressures in 2024/25 Master budget and MTFP	3,152,963	2,352,076	3,533,106	5,208,176	3,188,974

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2024/25 to 2028/29
Identified Budgetary Savings
At 26th January 2024

Description	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
1 On call Bonus	(280)				
2 APT&C - Holiday Top Up	(4)				
3 Allowances - Holiday Top Up	(23,278)				
4 Unsocial Hours	(186)				
5 Special & Volunteers Mileage	(1,500)				
6 Recruitment - Advertising	(1,691)				
7 Medical Costs - Consumables	500				
8 Medical Costs - Vaccinations	(12,336)				
9 Officer Course Fees - Force	(131,318)				
10 Officer Course Fees - Conferences	(5,752)				
11 Subscriptions - Police Staff	(252)				
12 Planned - Generator Maintenance	(4,673)				
13 Rents	(18,598)				
14 External Room Hire Charges	(3,056)				
15 Contract Cleaning	176				
16 Other Contracted Services	(5,635)				
17 Police Vehicle Recovery	7,129				
18 Petrol	(108,520)				
19 Casual Mileage	107				
20 Air Fares	(2,846)				
21 Road Fund Licences	1,637				
22 Stationery	(20)				
23 Office Equipment Purchases	(4,716)				
24 Printing Equipment Repair	214				
25 Printing Outside Contracts	(3,178)				
26 Photocopying Charges	5,000				
27 Office Furniture Purchases	(578)				
28 Books & Publications	3,489				
29 Hospitality Costs	(12,190)				
30 Protective Clothing	(19,449)				
31 Interpreter Services	(3,120)				
32 Welsh Translation Costs	(1,254)				
33 Consultancy	(183,779)				
34 Legal Fees	(14,353)				
35 Forensic Science Service	10,000				
36 DNA Testing	(2,758)				
37 Scientific Equipment Purchases	(11,800)				
38 Alcometer & Intoximeter Repair	(1,000)				
39 Postage	(9,800)				
40 Private Circuits	2,000				
41 Computer Hardware Purchase	(2,080)				
42 Computer Software Repair and Maintenance	(15,983)				
43 Subscriptions - Organisational	3,934				
44 Advertising Costs	(3,688)				
45 Exhibition Costs	(16,076)				
46 Hotel Accommodation	(2,665)				
47 Meal Allows	(4,556)				
48 Witnesses Expenses	(1,061)				
49 Regional Collaboration Fees	(645,400)				
50 Partnership Costs	307,719				
51 Interest Charges	(1,321,089)				
52 Special Grant Income - HO	(71,740)				
53 Special Grant Income - WAG	(397,767)				
54 Partnership Income	(1,089,136)				
55 Loss/Gain on Asset Disposal	(89,500)				
56 Pedlars Certificate income	(21,813)				
57 Rental Income - Stations	(1,172)				
58 Speed Awareness Income	(9,000)				
59 Special Duties - Commercial Events	(51,250)				
60 Reimbursement of Private Calls	(1,950)				
61 Interest Earned - Bank Accounts	(350,000)				
62 Staff-Related - Supplies & Consumables	(4,430)				
63 PCC - sundry expenses	(411)				
64 Cabling release income	(4,000)				
	(4,350,782)	0	0	0	0

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2024/25 to 2028/29
Continuous Improvement Programme Savings 2023/24 to 2028/29
At 26th January 2024

	Description	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total Recurrent
		Plans Required £'000	Plans Required £'000	Plans Required £'000	Plans Required £'000	Plans Required £'000	Plans Required £'000	2023-2029 Plans Required £'000
	<u>Service Improvement</u>							
1	Airwave Voice move to data services	16						16
2	Telematics - Reduction in Servicing & Fuel	50	75	50	50	50	50	325
3	Telematics - Reduction in Accidents	50	50					100
4	Custody future single site operating model							0
5	Uniform Ordering System/Uniform rationalisation	5						5
6	Process Automation (Net of Investment)	50		50	50	50	50	250
7	M365 Application Roll Out - Use Cases	20		20	20	20	20	100
8	Police Regs - Review Ill-Health Retirement Categories	20	20	20	20	20	20	120
9	De-carbonisation Fleet - Reduction of running costs	12		40	60			112
	<u>Collaboration</u>							
10	ICT Services - Data Centre rationalisation	285	20					305
	<u>Estates Rationalisation</u>							
11	Estates and Facilities-Carbon Reduction	150	133					283
12	New HQ Transfer - Vantage Point Lease Savings	129		194				323
13	Reduced Running Costs New HQ Building	100	125					225
14	Cleaning savings	50						50
	<u>Enabling and Support Services</u>							
15	Telephone Rationalisation - realised savings							0
16	MFD Printer Rationalisation							0
17	MFD Printing - Volumes	5	5					10
18	De-Commission Northgate ANPR BoF							0
19	Supplies and Services (National prog. of work)	200	200	200	200	200	200	1,200
20	Niche Forensics - Socrates Licence							0
21	Airwatch Mobile Data security - NEP In Tune							0
22	M365 In Tune - Netmotion VPN		70					70
	Grand Total	1,142	698	574	400	340	340	3,494
	Cumulative savings 2024/25 to 2028/29		698	1,272	1,672	2,012	2,352	

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2024/25 to 2028/29
Gwent Group Income & Expenditure Report as at 30th September 2023
At 26th January 2024

BUDGET AREA		Annual Budget	Budget YTD	Actual YTD	Variance YTD	Full Year Forecast	Variance
Gwent Police Group Revenue Budget as at period 202306							
EXPENDITURE							
1	Police Officer Pay & Allowances	85,902,847	42,646,030	42,173,291	472,739	86,486,729	(583,882)
2	Police Staff & CSO Pay & Allowances	42,320,440	21,162,144	20,870,540	291,604	43,018,356	(697,916)
3	Police Officer Overtime & Enhancements	2,135,773	1,079,018	1,422,672	(343,655)	2,434,000	(298,227)
4	Police Staff & CSO Overtime & Enhancements	1,749,160	904,294	938,163	(33,869)	1,855,000	(105,840)
5	Other Employees Related Costs	4,478,457	1,896,949	1,927,605	(30,656)	4,235,800	242,657
6	Premises Costs	9,823,049	3,295,966	4,309,533	(1,013,568)	10,398,093	(575,044)
7	Transport Costs	3,447,178	1,718,091	1,516,044	202,047	3,367,770	79,408
8	Supplies & Services	31,189,030	12,559,163	15,090,746	(2,531,582)	30,004,799	1,184,231
9	Major Incident Schemes	368,765	139,868	151,356	(11,488)	368,765	0
10	Proactive Operational Initiatives	209,987	88,536	93,226	(4,690)	209,987	0
11	Contribution to Police Computer Co.	1,333,989	1,333,989	1,269,478	64,511	1,269,478	64,511
12	Capital Charge	1,321,089	0	0	0	0	1,321,089
		184,279,764	86,824,048	89,762,654	(2,938,605)	183,648,777	630,987
OTHER APPROVED REVENUE REQUIREMENTS							
13	Development Funds	0	0	0	0	0	0
14	Identified Recurring Savings	0	0	0	0	0	0
		0	0	0	0	0	0
INCOME							
15	Investment Income	(400,000)	(25,002)	(279,701)	254,699	(1,700,000)	1,300,000
16	Other Income	(19,045,806)	(6,808,434)	(7,333,010)	524,576	(19,973,900)	928,094
		(19,445,806)	(6,833,436)	(7,612,712)	779,276	(21,673,900)	2,228,094
17	NET EXPENDITURE BEFORE TRANSFERS	164,833,958	79,990,613	82,149,942	(2,159,330)	161,974,877	2,859,081
TRANSFERS							
18	Transfers to Reserves	210,332	0	0	0	210,332	0
19	Revenue Contribution To Capital/Projects Scheme	6,150,500	0	0	0	6,150,500	0
	TOTAL RESERVE TRANSFERS	6,360,832	0	0	0	6,360,832	0
20	NET EXPENDITURE INCLUDING TRANSFERS	171,194,790	79,990,613	82,149,942	(2,159,330)	168,335,709	2,859,081
21	FUNDED BY:						
22	Revenue Support Grant	(25,877,481)	(13,922,965)	(13,934,018)	11,053	(25,877,481)	0
23	National Non-Domestic rates	(191,241)	(114,190)	(102,984)	(11,206)	(191,241)	0
24	Police Grant	(62,519,988)	(31,259,994)	(36,801,178)	5,541,184	(62,519,988)	0
25	Council Tax	(72,998,181)	(36,499,091)	(36,499,086)	(5)	(72,998,181)	0
26	Specific Grant Income	0	0	0	0	0	0
27	Use Of General Reserves	0	0	0	0	0	0
28	Use of Earmarked Reserves	(9,607,899)	0	0	0	(9,607,899)	0
	TOTAL FUNDING	(171,194,790)	(81,796,240)	(87,337,266)	5,541,026	(171,194,790)	0
	(OVER)/UNDERSPEND	(0)	(1,805,627)	(5,187,323)	3,381,696	(2,859,081)	2,859,081

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2024/25 to 2028/29
Reserves and Committed Funds Position 2023/24
At 26th January 2024

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			Forecast Closing Balance 22/23 £'000	In £'000	Out £'000	Forecast Closing Balance 23/24 £'000	In £'000	Out £'000	Forecast Closing Balance 24/25 £'000	In £'000	Out £'000	Forecast Closing Balance 25/26 £'000	In £'000	Out £'000	Forecast Closing Balance 26/27 £'000	In £'000	Out £'000	Forecast Closing Balance 27/28 £'000	In £'000	Out £'000	Forecast Closing Balance 28/29 £'000
REVENUE RESERVES AND COMMITTED FUNDS																					
A Statutory Reserves																					
1	General Reserve		5,000	0	0	5,000	0	0	5,000	0	0	5,000	0	0	5,000	0	0	5,000	0	0	5,000
	Sub Total		5,000	0	0	5,000	0	0	5,000	0	0	5,000	0	0	5,000	0	0	5,000	0	0	5,000
B Committed Earmarked Funds																					
1	Future PFI Commitments		0			0			0			0			0			0			0
2	Capital Programme																				
a	Capital Grant		2,127	93	0	2,220	178	0	2,398	0	0	2,398	0	0	2,398	0	0	2,398	0	0	2,398
b	Capital Receipts		2,498	301	0	2,799	0	0	2,799	0	0	2,799	0	0	2,799	0	0	2,799	0	0	2,799
c	Revenue Contribution to Capital Programme		34,853	6,151	(66)	40,937	7,573	0	48,510	7,282	0	55,792	7,330	0	63,122	7,385	0	70,507	7,258	0	77,765
d	External Borrowing		0	0	0	0	12,000	0	12,000	4,000	0	16,000	10,500	0	26,500	33,500	0	60,000	8,000	0	68,000
e	ESN/Reserve Recycling		7,146	9,617	0	16,763	0	0	16,763	0	0	16,763	0	0	16,763	0	0	16,763	0	0	16,763
f	Estate Works																				
i	Replacement HQ		(2,195)	0	(140)	(2,335)	0	0	(2,335)	0	0	(2,335)	0	0	(2,335)	0	0	(2,335)	0	0	(2,335)
ii	Victims' Hub		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
iii	Minor Works and Planned Maintenance		(448)	0	0	(448)	0	0	(448)	0	0	(448)	0	0	(448)	0	0	(448)	0	0	(448)
iv	Police Hubs & Spokes		(1,052)	0	(9,235)	(10,287)	0	(1,875)	(12,162)	0	0	(12,162)	0	(10,673)	(22,835)	0	(35,119)	(57,954)	0	(9,504)	(67,458)
v	Other		(661)	0	(500)	(1,161)	0	(500)	(1,661)	0	0	(1,661)	0	0	(1,661)	0	0	(1,661)	0	0	(1,661)
vi	Collaborative JFU Range		(32)	0	(619)	(651)	0	(8,500)	(9,151)	0	(5,800)	(14,951)	0	(1,700)	(16,651)	0	0	(16,651)	0	0	(16,651)
g	Fleet Replacement		(8,706)	0	(1,892)	(10,598)	0	(3,336)	(13,934)	0	(1,878)	(15,812)	0	(3,045)	(18,857)	0	(1,209)	(20,066)	0	(2,909)	(22,975)
h	ICT Investment		(15,073)	0	(4,469)	(19,542)	0	(2,974)	(22,516)	0	(2,717)	(25,233)	0	(890)	(26,123)	0	(2,582)	(28,705)	0	(1,161)	(29,866)
i	Other Projects/Schemes		(1,473)	0	(135)	(1,608)	0	(65)	(1,673)	0	(72)	(1,745)	0	0	(1,745)	0	(660)	(2,405)	0	(232)	(2,637)
j	Long Term Projects		(11,736)	0	(4,100)	(15,836)	0	(2,501)	(18,337)	0	(815)	(19,152)	0	(1,522)	(20,674)	0	(1,315)	(21,989)	0	(1,452)	(23,441)
k	ESN		(253)	0	0	(253)	0	0	(253)	0	0	(253)	0	0	(253)	0	0	(253)	0	0	(253)
3	Forecast Accelerated Efficiency Savings		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub Total		4,995	16,162	(21,156)	0	19,751	(19,751)	0	11,282	(11,282)	0	17,830	(17,830)	0	40,885	(40,885)	0	15,258	(15,258)	(0)
C Uncommitted Earmarked Funds																					
1	Future Budgetary Imbalances		5,926	2,859	(8,785)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Commissioning Strategy and Force Initiatives		1,569	0	0	1,569	0	0	1,569	0	0	1,569	0	0	1,569	0	0	1,569	0	0	1,569
3	Airwave		8,025	210	(3,175)	5,060	210	0	5,271	210	0	5,481	210	0	5,691	210	0	5,902	210	0	6,112
4	Other Financial Liabilities																				
a	Tribunal and Ombudsman Liabilities		149	0	0	149	0	0	149	0	0	149	0	0	149	0	0	149	0	0	149
b	Unspent Revenue Grants		332	66	-303	95	0	0	95	0	-95	0	0	0	0	0	0	0	0	0	0
c	3rd Party funds		87	0	-87	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d	POCA		338	0	0	338	150	(150)	338	150	(150)	338	150	(150)	338	150	(150)	338	150	(150)	338
e	Workstream Specific Reserves		3,053	113	(2,232)	934	0	0	934	0	0	934	0	0	934	0	0	934	0	0	934
f	Speed Awareness Training		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
g	Op Uplift		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
h	CSO increase																				
	Sub Total		19,478	3,248	(14,582)	8,145	360	(150)	8,356	360	(245)	8,471	360	(150)	8,681	360	(150)	8,892	360	(150)	9,102
TOTAL REVENUE RESERVES AND COMMITTED FUNDS			29,474	19,410	(35,738)	13,144	20,111	(19,901)	13,356	11,642	(11,527)	13,472	18,190	(17,980)	13,681	41,245	(41,035)	13,892	15,618	(15,408)	14,102
CAPITAL RESERVES AND COMMITTED FUNDS																					
A Committed Earmarked Funds																					
1	Capital Grant		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Capital Receipts		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL RESERVES AND COMMITTED FUNDS			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RESERVES AND COMMITTED FUNDS			29,474	19,410	(35,738)	13,144	20,111	(19,901)	13,356	11,642	(11,527)	13,472	18,190	(17,980)	13,681	41,245	(41,035)	13,892	15,618	(15,408)	14,102

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2024/25 to 2028/29
Capital Programme 2023/24 to 2028/29
At 26th January 2024

		Budget 2023/24 £'000s	Forecast 2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	2028/29 £'000s
A	Estate							
1	Replacement HQ	0	140	0	0	0	0	0
2ai	Estates Strategy - Gwent Operational Hub - demolition/enabling	0	2,242	891	0	0	0	0
2aii	Estates Strategy - Gwent Operational Hub - Build			82	0	10,673	35,119	9,504
2b	Estates Strategy - Fleet Workshops Relocation	1,451	2,494	0	0	0	0	0
2c	Estates Strategy - Abergavenny New Build	3,791	4,499	52	0	0	0	0
3	Property and evidence store (Betws inc Security)	0	500	500	0	0	0	0
4	Ystrad Mynach Custody Unit Refurb (inc 10 cell unit)	0	0	850	0	0	0	0
5	Demolition Old HQ & Site Security	1,000	0		0	0	0	0
A	Total Estate	6,242	9,735	2,375	0	10,673	35,119	9,504
B	Vehicles							
1	Force Vehicle Replacement Programme	2,325	1,892	3,336	1,878	3,045	1,209	2,909
B	Total Fleet	2,325	1,892	3,336	1,878	3,045	1,209	2,909
C	Information Systems							
1	New HQ ICT	0	10	0	0	0	0	0
2	SAN Replacement	50	50	50	50	50	50	440
3	Server replacement	84	0	0	0	0	0	224
4	FFF	1,959	1,299	497	647	553	1,532	497
5	Patient Management System (Occ Health)	0	24	0	0	0	0	0
	DSD projects:							
6	ESN	140	0	0	0	0	0	0
7	CRS Project	1,787	1,423	1,590	1,744	287	0	0
8	LMS solution	0	6	0	0	0	0	0
9	Body Worn Video	0	0	0	0	0	1,000	0
10	JOINS2	0	1,657	837	0	0	0	0
11	Digital Interview Recording	0	0	0	276	0	0	0
C	Total Information Systems	4,020	4,469	2,974	2,717	890	2,582	1,161
D	Other SIB Projects / Schemes	100	135	65	72	0	660	232
E	Non Capital Funded Long Term Projects (Appendix 8b)	11,215	4,719	11,001	6,615	3,222	1,315	1,452
F	Total Programme	23,902	21,090	19,751	11,282	17,830	40,885	15,258
G	Funding							
1	Capital Grant	0	0	0	0	0	0	0
2	Revenue Contribution to Capital	6,145	6,151	7,150	7,150	7,150	7,150	7,150
3	Funding from Reserves and Committed Funds	6,522	14,847	0				
4	ESN Reserve	140	0	0				
5a	Funding from external borrowing - PWLB	11,000	0	12,000	4,000	10,500	33,500	8,000
5b	Balance to be found in In Year Rev position	81	0	423	132	180	235	108
6	Capital Asset Disposal	0	0	0	0	0	0	0
7	Other Grant Funding (non Capital)	14	93	178	0	0	0	0
G	Total Funding	23,902	21,090	19,751	11,282	17,830	40,885	15,258
H	Surplus Funds	0	0	0	0	0	0	0

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Police and Crime Commissioner for Gwent / Heddlu Gwent Police
Medium Term Financial Projections 2024/25 to 2028/29
Long Term Project Programme 2023/24 to 2028/29
At 26th January 2024

		Budget 2023/24 £'000s	Forecast 2023/24 £'000s	2024/25 £'000s	2025/26 £'000s	2026/27 £'000s	2027/28 £'000s	2028/29 £'000s
1	Estates Capital Maintenance	500	200	500	500	500	500	500
2	Collaborative Relocation - JFU Firearms Range	7,863	619	8,500	5,800	1,700	0	0
3	Site Security	200	100	100	0	0	0	0
4	Electric Vehicle Charging Points	250	150	0	0	0	0	0
5	TSU Re-provision inc. operational safety store	145	134	0	0	0	0	0
6	Provisional OST training @ Mamhilad	0	14	0	0	0	0	0
7	Feasibility for Newport/YM/Cwmbran PS	0	80	0	0	0	0	0
8	Carbon Trust - LED Lighting	250	197	0	0	0	0	0
9	Vantage Point Dilapidation	178	101	0	0	0	0	0
10	Access Control	605	327	328	0	0	0	0
11	Sustainability	250	250	250	0	500	500	0
12	Works to Lifts	0	254	50	0	0	0	0
13	Maindee refurbishment	0	450	45	0	0	0	0
14	Uniform Stores - Pontypool	0	239	0	0	0	0	0
15	Rebranding of Signage	100	200	300	0	0	0	0
16	Blackwood Watercourse	0	1	0	0	0	0	0
17	Dilapidation Pontypool	0	0	0	0	0	0	0
18	FLIR CCTV upgrade	0	71	0	0	0	0	0
19	Newport Central Maintenance Project	0	51	0	0	0	0	0
B	Information Services							
	SRS projects:							
1	Network replacement	43	150	43	43	250	43	680
2	GP Exit from Blaenavon Data Centre (inc old HQ decommissioning)	551	550	0	0	0	0	0
3	DCS Upgrade	0	89	0	0	0	0	0
4	LECN	0	0	0	0	0	0	0
5	CCTV - Gwent Police (Local Authority feed) - MCC & Torfaen	0	28	0	0	0	0	0
6	Property Project (Printing from Niche to Gwent)	0	0	0	0	0	0	0
	DSD projects:							
7	Telematics	0	123	63	0	0	0	0
8	DEMS	267	248	272	272	272	272	272
9	LEDS	14	93	150	0	0	0	0
10	PEP	0	0	350	0	0	0	0
11	HOBS (not approved)	0	0	50	0	0	0	0
12	Role based access control (RBAC)	0	0	0	0	0	0	0
	Total Programme	11,215	4,719	11,001	6,615	3,222	1,315	1,452

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Gwent Police and Crime Panel

Panel Heddlu a Throseddu Gwent

SUBJECT: GWENT POLICE AND CRIME PANEL RECORDED COMPLAINTS AND CONDUCT MATTERS REGISTER

DATE: 26TH JANUARY 2024

1. PURPOSE OF REPORT

- 1.1** This report provides Members of the Panel with an overview of the complaints received by the Panel for the period from November 2022 to December 2023.

2. LINKS TO STRATEGY

- 2.1** The Police Reform and Social Responsibility Act 2011 requires the establishment of a Police and Crime Panel within each police force area to support and challenge the local Police and Crime Commissioner. The Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2011 provides the legislative background to the handling of complaints by the Panel and the Police and Crime Panels (Application of Local Authority Enactments) Regulations 2012 also provides procedural requirements for the Panel.

3. BACKGROUND

- 3.1** The Gwent Police and Crime Panel ("the Panel") was established in November 2012 following the first elections for Police and Crime Commissioners. The Panel has statutory responsibilities as to the handling and determination of certain complaints made against the Police and Crime Commissioner (PCC) and Deputy Police and Crime Commissioner (DPCC). The Panel agreed its revised procedure for the handling of complaints on 14th December 2018.

4. COMPLAINTS DATA

- 4.1** During the period November 2022 to December 2023 there was one recorded complaint.
- 4.2** There are three categories of complaints with the corresponding outcomes:
- A Complaint - a general complaint about the PCC or DPCC that is not a Conduct Matter or a Serious Complaint or is a complaint that ceases to be investigated by the Independent Office for Police Complaints (IOPC) or a police force. The Panel is responsible for the informal resolution of these complaints.
 - A Conduct Matter - a matter where there is an indication (whether from the circumstances or otherwise) that the PCC and/or DPCC may have committed a

criminal offence. Conduct matters can arise without a Complaint being made (for example, press stories). The Gwent Police and Crime Panel must notify the IOPC of Conduct Matters. The IOPC are responsible for considering all Conduct matters.

- A Serious Complaint - a complaint about the conduct of the PCC or DPCC which constitutes or involves or appears to constitute or involve the commission of a criminal offence. The Gwent Police and Crime Panel must notify the IOPC of Serious Complaints. The IOPC are responsible for considering all Serious Complaints.

- 4.4 The Panel received one complaint during the past year that was recorded, this complaint related to the administration of their complaint by the OPCC. The Commissioner's office was therefore asked to provide regular updates on the progress of the complaint.
- 4.5 The Panel also received two complaints that were not recorded. After examining the complaint and the requested outcome it was confirmed that it did not relate to the PCC or the Deputy PCC. The complainant was advised that the outcomes sought by the complainant are not within the powers or remit of the Gwent Police and Crime Panel.
- 4.6 In addition the Panel has received 15 contacts from people wishing to make a complaint about Gwent Police and these were referred to the Professional Standards Department of Gwent Police.

5. FINANCIAL IMPLICATIONS

- 5.1 The handling of complaints is funded using the existing resources within the Home Office Grant.

6. EQUALITIES IMPLICATIONS

- 6.1 Monitoring of complaints by the Panel addresses the statutory duties under the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 as any specific complaints to the Panel around alleged discrimination can be considered as well as the monitoring of complaints from people who fall under the categories protected by the Equality Act 2010.

7. CONSULTATION

- 7.2 Consultation has been undertaken as listed below and any responses received have been incorporated into the report.

8. RECOMMENDATION

- 8.3 The Panel are asked to note the information provided in this report.

9. REASON FOR RECOMMENDATIONS

- 9.1 To monitor and note complaints received by Gwent Police and Crime Panel.

9. STATUTORY POWERS

10.1 Police Reform and Social Responsibility Act 2011.

10.2 The Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2011

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Lisa Lane, Head of Democratic Services Caerphilly County Borough Council
Sian Curley, Chief Executive Office of the Gwent Police and Crime Commissioner
Gwent Police and Crime Panel Complaints Group

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RECORDED COMPLAINTS AND CONDUCT MATTERS REGISTER

(November 2022 – December 2023)

Number	Date of Receipt	Summary of Complaint	Complaint Category (Serious Complaint, Conduct Matter or Complaint)	Intended Action	Other Information
1	23.6.23	Failure to update of progress or action on complaint	complaint	OPCC asked to update every 28 days	Response sent 28.7.23

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GWENT POLICE AND CRIME PANEL FORWARD WORK PROGRAMME 2023/24

Meeting Date	Items – No Theme – Precept meeting
26 Jan 2024	Panel Questions to PCC (if submitted)
	Police and Crime Commissioner for Gwent's Budget Requirement and Council Tax Precept Proposal
	PCP Recorded Complaints Report
Meeting Date	Items – Theme
15th March 2024 – subject to Pre-election period	PCC Update
	Panel Questions to PCC (if submitted)
	Performance Qtr 3
	Community Funding
Meeting Date	Items – Theme
28th June 2024	Elect Chair and Vice Chair
	PCC Update
	Panel Questions to PCC (if submitted)
	Performance Qtr 4
	Update on Dismissals Review
	Office of the Police and Crime Commissioner for Gwent Annual Report 2023/24
Meeting Date	Items – Theme
27th Sept 2024	PCC Update
	Panel Questions to PCC (if submitted)
	Police and crime Plan
	Performance Qtr 1
	MTFP & Budget Setting Timetable
	Welsh Language Standards Annual Report
Meeting Date	Items – Theme
13th Dec 2024	PCC Update
	Panel Questions to PCC (if submitted)
	PCP Recorded Complaints Report
	Operational Context and Requirements for the Finance Strategy
	Treasury Management update
	Performance Qtr 2 (Information item)
Meeting Date	Items – Theme
31st Jan 2025	Panel Questions to PCC (if submitted)
	Police and Crime Commissioner for Gwent's Budget Requirement and Council Tax Precept Proposal
Meeting Date	Items – Theme
28th March 2025	PCC Update
	Panel Questions to PCC (if submitted)
	Performance Qtr 3
	Police and Crime Plan

	Date to be confirmed
	We Don't Buy Crime Initiative
	Complaints
	Estates Strategy Update