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**Comisiynydd Heddlu a Throseddu  
Dyfed-Powys  
Police and Crime Commissioner**

**Police and Crime**

**Commissioner for Dyfed-Powys**

**2022/23 – 2026/27 Medium Term Financial Plan**

**Including**

- a. Precept Proposal**
- b. Reserves Strategy**
- c. Capital Strategy**

**January 2022**



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## 2022/23 Medium Term Financial Plan & Precept Proposal

### 1 **Police and Crime Commissioner's Summary and Precept Proposal**

- 1.1 I take great pride in having been elected as your Police and Crime Commissioner for a second term and will continue to develop a close working relationship with all communities of the vast geographical area that is served by the Dyfed Powys Police Force. Working in partnership across the four Unitary Authority areas of Carmarthenshire, Ceredigion, Pembrokeshire and Powys has and will remain a priority for me. I remain committed to giving the public a strong voice in shaping both its policing service and the wider criminal justice system.
- 1.2 The Dyfed Powys Police Service (Dyfed-Powys) is an integral part of our communities and this unique relationship is of paramount importance. The public must remain central to everything we do and every decision we make. Providing an evidence base for our actions and investments is important and by harnessing the use of technology and data to shape our services, I am certain that further improvements can be made in ensuring the security and safety of our area.
- 1.3 I have set the strategic direction and laid out priorities within my newly published Police & Crime Plan which will evolve and adapt to the challenges over the coming years, in order to ensure that policing and criminal justice services remain relevant and cognisant of the context in which they operate. I am confident that a partnership approach will lead to an improved service our communities.
- 1.4 One of my key responsibilities as your Police and Crime Commissioner (Commissioner) is to set the precept each year. This precept is the amount of taxation that is raised through local council taxpayers to support policing services. In doing so, I take into account a number of different factors including the Chief Constable's future resourcing requirement, the level of reserves, feedback from residents of the Dyfed-Powys area and future plans for investment in infrastructure.
- 1.5 The statutory arrangements established under the Police Reform and Social Responsibility Act state that:
- I must notify the Police and Crime Panel (P&CP) of my proposed precept by the 1<sup>st</sup> February.
  - The P&CP must review the proposed precept by the 8<sup>th</sup> February
  - If the P&CP vetoes the proposed precept I must notify the P&CP of my revised precept by the 15<sup>th</sup> February
  - The P&CP must review the revised precept by the 22<sup>nd</sup> February
  - I must set a precept by 1<sup>st</sup> March.
- 1.6 Within corporate governance arrangements, regular discussions take place between the Chief Constable and I about the current and future financial position of the Force which consider in detail plans for resourcing levels, demands for police services at a local, regional and national level along with future investment requirements. These are all

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factors which I consider carefully when determining my proposed level of Police Precept and the Force's budget for 2022/23.

- 1.7 Dyfed Powys Police Service have faced significant financial challenges since 2010 due to significant reductions in funding from central government, the legacy of implications arising from previous decision making, along with significant cost pressures and continual changes in the demand for policing services against a very challenging financial and economic landscape.
- 1.8 The challenges are well understood within the Force and my Chief Finance Officer (CFO) continues to work very closely with the Force's Director of Finance (DOF) and his team to continue to critically review and develop financial management arrangements. It is also pleasing that both my CFO and the DOF lead on national sub groups, under the Chartered Institute of Finance and Accountancy (CIPFA) Financial Excellence in Policing Programme, which consider financial management and financial data and analysis.
- 1.9 Under the direction of the Finance and Strategy Board, the Medium Term Financial Plan Group's work is consolidated to inform this Budget, Medium Term Financial Plan (MTFP) and my precept proposal
- 1.10 The Chief Constable continues to report financial performance monthly through Policing Board and quarterly through Police Accountability Board with updates also being provided as a result of actions arising from the Finance and Strategy Board. My CFO meets bi weekly with the DOF and works closely with the Corporate Finance team.
- 1.11 The Corporate Finance team continue to work with senior managers and budget holders to embed principles of sound financial management with a continuing focus of improving and enhancing both financial reporting and support arrangements. Corporate Finance routinely deliver financial management training across the organisation and continue to enhance their own finance business partnering skills under the CIPFA Achieving Financial Excellence in Policing programme. It is pleasing to see that this has paid dividends in improved financial awareness and financial management throughout the organisation.
- 1.12 2021/22 has seen continued levels of unprecedented operational demand along with financial pressures which have required careful and prudent management throughout the year. The financial implications have been reported on a monthly basis through Policing Board and these are outlined in more detail later in this MTFP.
- 1.13 The Covid-19 pandemic continues to have significant impacts and will leave a legacy of implications for the police service, our society and the wider economy.

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- 1.14 The Chief Constable submitted the fourth Force Management Statement (FMS) in late 2021. This statement comprehensively sets out the current position, priorities and forward plans considering financial resources, future demand for services and the assets and staffing resources which the Force propose to deliver a fit for purpose policing service in terms of capacity, capability, serviceability and wellbeing. It was pleasing to see that the Force has further developed its coordinated and centralised approach and HMICFRS have commended this work.
- 1.15 Corporate Finance worked with service leads to cost risks identified within the FMS. Risks were then comprehensively scrutinised and scored to provide an initial RAG assessment. Chief Officers then held a Budget and FMS Prioritisation Day on the 11<sup>th</sup> November 2021 to challenge the RAG risk assessed priorities and discuss the strategic implications. It is pleasing that my CFO is invited to participate in these challenge sessions and this is again testament to the working relationship between my office and the Force, and greatly assists in providing insight and assurance.
- 1.16 Much has been achieved over the last year with continued investment in estates, fleet and critical IT infrastructure with the commencement of a project to replace the Force's Record Management System, continued roll out of CCTV, investment in a range of IT projects to better support agile working along with progress in relation the new custody/station facility for Carmarthenshire.
- 1.17 The scale of investment requirements in major infrastructure projects at a local, regional and national level is significant over the next 10 years and are vital to support policing services but do come with a financial burden which must be considered in a sustainable way.
- 1.18 During another difficult year, my Office has continually adapted to ensure that I continue to discharge my statutory responsibilities effectively. The primary focus this year has been on the development of a new Police and Crime Plan, which has been achieved following extensive consultation with the Force, key partners and indeed the public.
- 1.19 I appointed the new Chief Constable, Dr Richard Lewis, who took up post in December 2021. Dr Lewis returns to Dyfed Powys Police after two years as Chief Constable of Cleveland and will lead the organisation delivering my new Police and Crime Plan. I look forward to working with him to deliver real outcomes for our local communities.
- 1.20 Scrutiny meetings and Community Engagement activity have in the main been undertaken virtually, although we also saw a period of either face to face engagement or indeed a hybrid approach when Covid-19 levels permitted.

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- 1.21 I would like to take this opportunity to thank the volunteers, who have also been flexible during the last year in supporting my scrutiny activity. The statutory Independent Custody Visiting Scheme has continued with custody record reviewing being undertaken by my office and Independent Custody Visitors (ICVs) making telephone and video calls, or indeed physically attending with full personal protective equipment where appropriate, to speak to detainees directly regarding their treatment.
- 1.22 Commissioned Services continued to report challenging levels of demand during the last year and my Office has been successful in securing additional funding through the Ministry of Justice to support services. As Chair of the Local Criminal Justice Board I have continued to lead recovery work with partners to ensure that victims are provided with appropriate support and that justice is delivered efficiently and effectively despite the significant and ongoing challenges arising from the pandemic.
- 1.23 As part of Welsh Government's broader commitment to fair work, there is an ambition to see an uplift to the real living wage for all working hours in Wales. I sought to be at the forefront of that change and am delighted that the Dyfed Powys Police service have become a real living wage accredited employer. I also agreed to lead a regional task group to support other organisations to prepare and plan for what they can do to help increase the proportion of workers who receive a wage that reflects the costs of living.
- 1.24 In terms of police funding, it is important to outline the background of recent years as it provides context to the ongoing financial challenges. In 2018, the Government announced that after eight years of cuts and tax increases, austerity was over and pledged that, after the exit from the European Union, the government would seek to boost investment in public services and recognise the financial pressures that the Police were facing. The government declared that it had "turned the page on austerity" as it set out plans to raise spending across all departments and outlined the commitment to tackling crime and keep people safe with plans to recruit 20,000 officers by 2023.
- 1.25 The 2021/22 police grant recognised the significant progress in delivering the first year of the Police Uplift Programme with an expectation for continued momentum with additional grant to support this. Albeit these announcements were much welcomed, representations continued to stress the need for longer term clarity around both core and specific grant funding to ensure the sustainability of the funding to support medium term planning to underpin service delivery.
- 1.26 October 2021 saw the Chancellor of the Exchequer announce the outcome of his Comprehensive Spending Review which set out a number of headline figures and commitments for the three year period to

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2024/25 along with the end to public sector pay freeze in 2022. This is the first three year settlement for a number of year, but again despite being welcomed, there are concerns that there is no clarity underpinning the headline figures for years two and three or whether they reflect the true extent of financial pressures which continue to make medium term planning challenging.

- 1.27 Building upon the previous approach, a comprehensive timetable was set to shape the preparation of the Budget and MTFP to facilitate timely review, challenge and scrutiny. Formal meetings were held sessions with the Chief Constable, supported by the DOF and my CFO, on 14<sup>th</sup> September, 12<sup>th</sup> October, 15<sup>th</sup> November, 14<sup>th</sup> December and 22<sup>nd</sup> December considering suites of detailed financial information.
- 1.28 The Chief Constable and I held a virtual Finance Seminar on the 30<sup>th</sup> November 2021 for members of the P&CP, Joint Audit Committee (JAC) and Audit Wales. The purpose of the event was to allow the Force to present a summary of the operational environment that they work within and the impact that this has on their demand levels and therefore resource requirements for 2022/23 and beyond.
- 1.29 The seminar also covered the steps taken so far in preparing the 2022/23 budget and the draft position, including budget assumptions, pressures, funding context, savings, efficiency measures and the significant investment requirements which are needed to underpin the delivery of policing services. Our Treasury Management advisors also present on a range of wider economy and local financial considerations. This seminar allows a valuable opportunity to present on both the operational and financial challenges and context, which impact on my plans for the precept for 2022/23.
- 1.30 A meeting was then held with the P&CPs Precept Sub Group on the 14<sup>th</sup> December to discuss matters, further taking stock of their reflections and considerations arising from the Finance Seminar, with a further meeting on the 13<sup>th</sup> January 2022.
- 1.31 Each year seems to bring additional and unforeseen financial pressures and burdens and 2022/23 is unfortunately no different. These are further detailed in section 14 but include the increases in the employers rate for National Insurance, as a result of the Health & Social Care Levy, and significant pay and price inflationary pressures which will require budget growth of 8.7% next year's taking account of every-day and capital spending plans.
- 1.32 To reduce the burden of this on the local taxpayer, the budget position reflects a challenging savings target of £1.913 million for 2022/23, but it is recognised that cashable savings are proving harder to realise, and this will remain as an area of focus.



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- 1.33 In order to mitigate costs, I also plan to utilise reserves to meet one-off cost pressures totalling £0.420M funded from a planned Force underspend in the current year and the Force will forego the police staff post increases included as part of the Uplift Costing model.
- 1.34 The 2022/23 provisional settlement was announced by the Crime and Policing Minister on 16<sup>th</sup> December, with funding to Police and Crime Commissioners increasing by up to an additional £796m, including the assumption regarding local flexibility to increase council tax precept:
- £550m increase in Government grant funding in 2022/23, a further £100m in 2023/24 (total £650m) and a further £150m in 2024/25 (total £800m). This additional funding will realise the completion of the Police Uplift Programme by March 2023 with £135m being ring-fenced and allocated according to funding formula shares and paid in line with progress on recruitment;
  - Up to £246m additional funding from council tax precept, assuming all PCCs maximise their flexibility by £10 in England, without triggering the need for a referendum;
- 1.35 The 2022/23 grant settlement for Dyfed-Powys is £60.684m being £3.157m/ 5.5% higher than 2021/22. In addition, the continuation of the specific grant of £1.302m which was introduced in 2019/20 to partly mitigate pressures arising from changes to the employer's contribution rate for Police Officer pensions has been confirmed.
- 1.36 The 2022/23 settlement includes the additional funding for both the core and specific funding announced for 2020/21 within the baseline along with a further specific ring-fenced grant of £0.956 to support the final tranche of recruitment of officers under the Police Uplift Programme. For Dyfed-Powys this equates to a further 57 officers, with 3 being ring-fenced to support the priorities and work of the Regional Organised Crime Unit (ROCU).
- 1.37 The police grant settlement announced precept flexibility for Police and Crime Commissioners in England of £10 per band D property, without triggering the need for a local referendum. It is however important to recognise that the arrangements between England and Wales differ and that financial positions vary considerably. I consider these issues very carefully when considering my annual precept proposal, with more details are outlined in section 11.
- 1.38 In outlining their expectations for outcomes and efficiency, the Government reflected £100m of savings to be delivered by 2024/25 with £80m already being reflected within the settlement. The Government also outlined expectations in relation to increased productivity to be realised through the investment in technology infrastructure and interoperable systems, with their efficiency in Policing Board having a renewed focus on improving the measurement and delivery of

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productivity gains. Further detail on the focus on improving efficiency and productivity are detailed in section 14.

- 1.39 The 2022/23 settlement also announced the cessation of Capital Grant paid directly to PCCs. Capital Grant has reduced dramatically over a number of years but stood at £85k for 2021/22.
- 1.40 Despite the headline figures announced by the Policing Minister, it was immediately evident that this would not cater for the significant pay and price inflation as well as the unforeseen burdens and deal with service demands.
- 1.41 For 2021/22, I set a council tax precept in Dyfed-Powys of £275.56 for an average band D property. This was once again the lowest in Wales and compared with £287.72 in South Wales, £287.96 in Gwent and £302.61 in North Wales. It is also worth highlighting that Dyfed-Powys had the ninth lowest council tax precept increases in percentage terms across England and Wales since 2012/13.
- 1.42 To inform my considerations for 2022/23 and in order to fulfil my responsibilities as Commissioner, I consulted with the public to obtain their views on the level of Police Precept increase and priorities within my Police & Crime Panel. Of the 199 respondents, 58% stated that they would be happy to pay an additional amount towards local policing with 63% of those willing to pay more than £1.50 extra per month. I have considered the responses carefully in my deliberations for 2022/23. The results of this consultation are outlined in section 22 of this report.
- 1.43 At this point in the financial year, there have been a number of operational and organisational pressures including those associated with dealing with the Covid-19 pandemic, high operational demand over the summer months, providing mutual aid support for national protests as well as needing to absorb pressures arising from increased absences and vacancy levels. Albeit that there are still a number of assumptions as we head into the final few months, the Chief Constable is confident that the year end position will be positive which will allow for some one-off pressures to be met during next financial year.
- 1.44 The continued investment in estate and critical IT and fleet infrastructure, use of financial reserves to support priorities and operational delivery within the revenue budget has seen the continued reduction in the level of reserves over the medium term. Useable reserves stood at £15.611m at 31<sup>st</sup> March 2021, split between earmarked revenue reserves, capital reserves and a general reserve, but excluding those held on behalf of third parties or for collaboration. Useable capital reserves are predicted to be fully exhausted by the end of 2022/23.
- 1.45 The removal of capital grant means that the costs of supporting vital capital infrastructure investment in Estates, Fleet and Information

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Technology (both local and national projects) must be met locally. The MTFP includes a significant trajectory of increases in revenue contributions to capital over the next 10 years along with assumptions in relation to prudential borrowing and the consequential revenue costs of financing. Ultimately both of these put considerable additional pressure on the revenue budget.

- 1.46 There has been much discussion and significant work carried out nationally over the years to review and create a new model to distribute funds across police forces in England and Wales. The Government recommenced the funding formula review work in May 2021. Some key points have been raised around the importance of non-crime demand, the need for consistent data collection, costs associated with crime harm, complexities around seasonality as well as the geographical and demographical issues such as rurality which is particularly pertinent to Dyfed-Powys.
- 1.47 Both the APCC and NPCC networks are engaged with the review and I will ensure that the local issues are articulated and fed into the review. It is important to note the significant risk as the last, unimplemented formula review would have seen Dyfed-Powys receiving £8m less in funding. Given the potential scale and impact of the outcome, the Chief Constable and I have agreed that this risk should continue to be recorded on the Strategic Risk Register but due to uncertainty, reductions have not been reflected within the MTFP.
- 1.48 It is clear that the financial landscape continues to be challenging. There are an array of pressures and service demands faced, including pay and price inflation, increasing capital financing costs along with pension and funding uncertainties set against an ambitious savings plan for the Chief Constable to deliver.
- 1.49 I am very mindful of the risks that threaten our communities and the wider financial pressures that they face. The need to secure an efficient and effective police force and ensure future sustainability is however paramount and is reflected within my proposal and throughout this MTFP.
- 1.50 **I therefore submit my precept proposal for scrutiny by the Dyfed-Powys Police and Crime Panel which will raise the average band D property precept by £1.22 per month or £14.60 per annum to £290.16, a 5.30% increase. This increase will raise a total precept of £66.837m. This will provide a total of central core and local funding of £127.521m representing a £7.686m/ 6.41% increase on total funding levels for 2022/23.**
- 1.51 This level of funding will enable the Force to focus on the delivery of my new Police & Crime Plan for 2021-2025, address a limited number of risk assessed priorities detailed within the Force Management Statement

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and continue to safeguard the communities of Dyfed-Powys under the experienced leadership of Chief Constable Dr Richard Lewis.

- 1.52 This report aims to provide Dyfed-Powys Police and Crime Panel Members with the information necessary to scrutinise my precept proposal and provide information in relation to the operational and financial context which underpin the resourcing requirements and assumptions for 2022/23 and beyond.

## **2. Organisational, Operational and Workforce Context**

- 2.1 Spanning 4,188 square miles, Dyfed-Powys is the largest geographical force area in England and Wales. With 13,842 miles of roads, 2 large ports, 350 miles of coastline and vast areas of countryside, the geography presents us with significant demand and resourcing challenges.
- 2.2 The resident population of 518,062 is spread across extensive rural areas, holiday and market towns and more heavily populated areas. The draw of tourism presents unique demands with large numbers of tourists visiting key towns. This presents its own implications for crime, anti-social behaviour and roads policing.
- 2.3 Dyfed-Powys works in partnership with four local authorities and has coterminous local basic command units. Beyond the four counties, Dyfed-Powys also collaborate on an All Wales basis regarding policing responsibilities.
- 2.4 Service demands continue to grow and become increasingly complex. The Force has experienced year on year increases in recorded crime with incidents involving mental ill-health and more complex inquiries into child sexual exploitation and cybercrime. Changes to the way that crimes are recorded nationally have impacted on published crime levels and account for some of the increase. Work continues to improve crime data integrity and the Force's focus on vulnerability over the last year has realised a positive increase in the reporting and recording of crimes.
- 2.5 The service continues to evolve quickly to enable its response to new risks, threats and changes in technology, many of which have required new ways of working.
- 2.6 The neighbourhood-policing model lies at the heart of service delivery and is underpinned by Response, Crime Investigation and Safeguarding functions. The Commissioner has now published his new Police and Crime Plan with the following priorities underpinning all aspects of operational and organisational delivery:
- Victims are supported.
  - Harm is prevented.
  - Our justice system is more effective.
- 2.7 To meet the priorities of the Commissioner's new Police & Crime Plan, the Force is develop a delivery plan for 2021-25 which will be underpinned by detailed plans which will reflect the values contained with the Police & Crime Plan of working together, being accountable, being sustainable and engaging widely.

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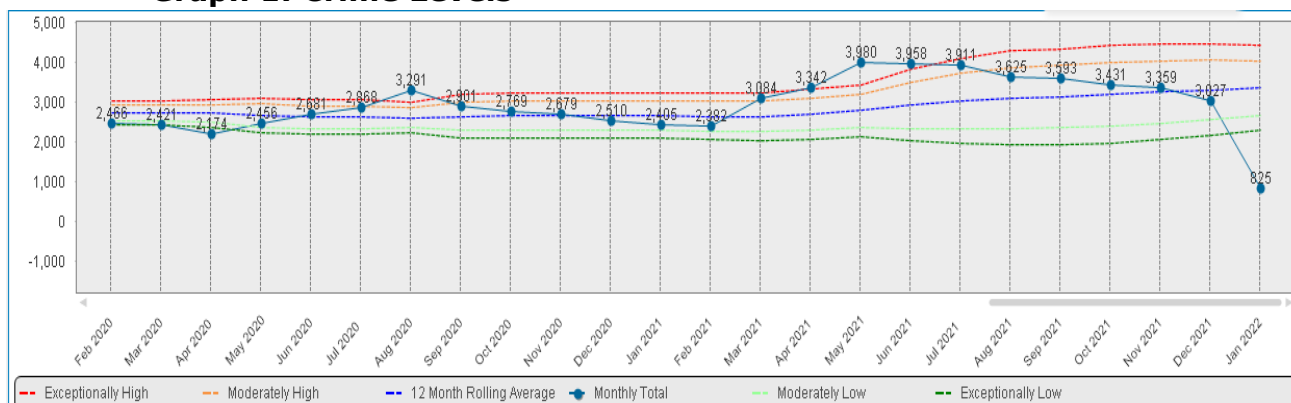
2.8 Crime volumes reduced considerably due to the Covid-19 pandemic with the force now seeing crime volumes rising steadily throughout the latter part of 2021 to similar levels reported prior to the pandemic and associated lockdowns. The following information highlights notable differences in the most recent crime volumes:

- There are increases in the number of criminal damage offences between March 2021 through to August 2021. There were similar increases for the same period last year with the 2021 volume coinciding with Covid-19 restrictions being relaxed.
- Drug offences decreased significantly following an increase during the first lockdown period which also saw an increase in the number of executed drugs warrants and positive stop checks because of Operation Dovecote. Following the easing of restrictions, the volume of drug offences has regressed to average levels.
- The pandemic has been a critical factor in the increase in public order offences. During 2021, Public Order related offences increased from the same period the previous year and doubled during the months of April, May, June, July, and August. This it is assumed, is aligned to the further easing of restrictions, staycations, and increased visitors to the force area.
- There was an increase in Violence Against the Person offences during July and August 2021 associated with an increase in alcohol related offences following the easing of lockdown restrictions. A similar increase was experienced during the summer months the previous year which again, is linked to the easing of restrictions, staycations and visitors and alcohol related offences. Operation Airlie was implemented by the Force aimed at managing increased demands as a result of relaxations.
- From March 2021, the force Crime Recording Bureau undertook Crime Data Integrity (CDI) audits that resulted in an increase in crimes being recorded. A concentration on behavioural crimes further improved CDI compliance and ensured vulnerable persons are identified. NCALT learning packages have been made mandatory for police officer and police staff roles to raise awareness in Crime Data Integrity and further improve recording practices.

2.9 There are a number of national changes that have an impact on the recording of crime and accounts for some of the increases shown, despite the initial reduction in recorded crime. Volumes began to rise and peaked during August 2020 and this is in line with the easing of Covid-19 restrictions and also seasonal demands experienced across the Dyfed Powys Police area.

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**Graph 1: Crime Levels**



Nb January data is partial month

2.10 The graph details the crime levels for the period Feb 2020 to Jan 2022 and clearly highlights the fluctuations and at specific points throughout Covid-19 clearly reflecting the changes in restrictions

2.11 The Crime Survey for England and Wales has measured crime since 1981. Used alongside police recorded crime data it is a valuable source of information for the government about the extent and nature of crime in England and Wales. The key findings for Dyfed-Powys Police to emerge from the latest survey are:

- The estimated percentage risk of a household being a victim of a household crime are considered exceptionally low. At 3.2%, Dyfed Powys Police has the lowest result recorded nationally.
- Public perception of noisy neighbours and people being drunk, or rowdy, is statistically lower than previous quarters and is lower than the national average.
- Public perception of people using or dealing drugs is statistically lower than the national average.
- Public perception of having experienced or witnessed ASB is exceptionally lower than the national average. At 23.1%, Dyfed-Powys has the lowest result recorded nationally.
- Perceptions of whether the police would treat people with respect is higher than previous quarters and is on par with the national average.
- Public perceptions of whether the police are doing a good or excellent job statistically is unchanged from previous quarters, Dyfed-Powys remain above the national average.
- Perceptions of whether the police are dealing with things that matter to people in their area is slightly lower than the previous quarter. However, Dyfed-Powys remain above the national average.



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2.12 There were 9.6% fewer incidents during July 2021 with total incident volumes increasing by 4.8% which is attributed to the further easing of COVID-19 restrictions.

2.13 Key areas of vulnerability for Dyfed-Powys Police are assessed through a risk assessment process known as a Management of Risk in Law Enforcement (MoRILE) assessment. Partners are brought together to draw on experience and evidence of key areas of threat, risk and harm so as to determine resource allocation and focus for policing. The outcomes of this exercise inform the Control Strategy for Dyfed-Powys Police.

As of January 2021, the priorities are:

- Class A drugs
- Child Criminal Exploitation & Abuse
- Cyber Dependent Crime
- Domestic Abuse
- Fraud
- Cross-Cutting Enablers have been agreed as, County Lines, Digital Enabled Crime and Borders

2.14 Much has been done to improve how we safeguard the vulnerable and give communities protection from serious harm. All elements of the control strategy have an associated Protect, Prevent, Prepare and Pursue action plan.

2.15 Action plans are included within the Force Tasking and Co-ordinating Group Meetings that are held quarterly and chaired by the Assistant Chief Constable. Control strategy priorities are considered at Performance & Tasking meetings, whilst intelligence relating to the control strategy is discussed at both force and county level intelligence meetings.

2.16 In terms of the most serious offences, Dyfed-Powys Police has recorded 34 homicides since 2014. It should be noted that both the year on year fluctuations and the nature of each individual case has a significant impact on associated costs. One of the most significant cases of 2020 was Operation Carlston, a major homicide investigation.

2.17 To better understand public opinion of local policing two key repositories of information are analysed. These are the Crime Survey for England and Wales which offers public perception of policing and the Victim Satisfaction Survey which provides victim experience of policing. The CSEW is carried out by the ONS and the Victim Satisfaction Survey is carried out by police staff within DPP. In addition, the force will be undertaking Domestic Abuse surveys and Hate Crime surveys in 2022.



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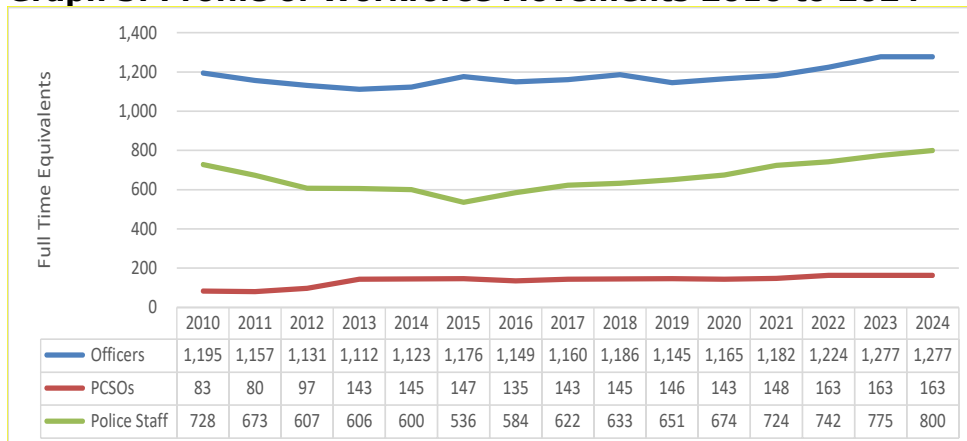
- 2.18 The level of public perception is one of the highest in the country, and although these figures are not currently provided, the last survey saw a 63.8% rating that the work that Dyfed-Powys Police do was rated as being good or excellent.
- 2.19 With regard to victim satisfaction. For the period between February and December 2021, 67% were satisfied with their 'whole experience'. This is a slight decrease on the previous year which can be attributed to Covid-19.
- 2.20 Dyfed Powys Police are looking to increase its capacity to carry out victim satisfaction survey work during 2022. The increase in engagement is designed to support the Police and Crime Commissioner's Police and Crime Plan and the Chief Constable's Delivery Plan aimed at meeting these priorities.

**Graph 2: Victim Satisfaction**

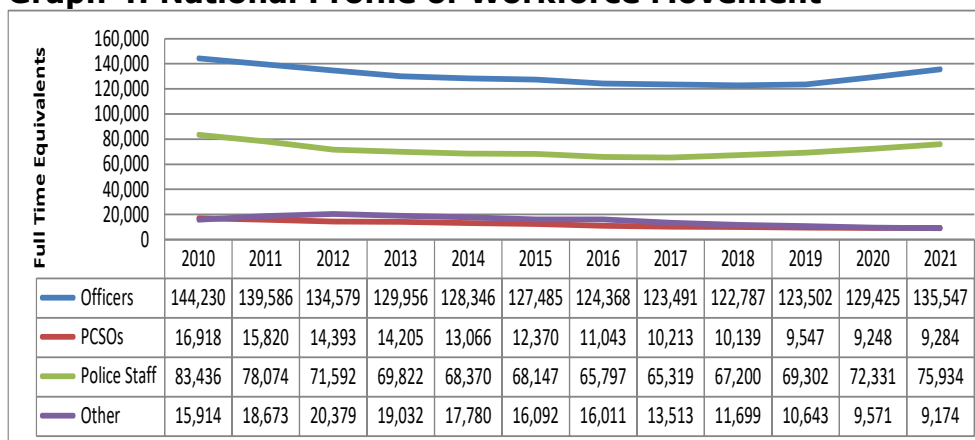


- 2.21 The following graphs outline the changing actual and projected profile in Police Officer, PCSO and Police Staff strength over the last 10 years against the wider national picture. The balance of resourcing levels is critical in dealing with ever evolving and changing demands and the Chief Constable manages and controls this through internal governance arrangements. Workforce planning is further detailed in section 15, which reflects the anticipated increase in Police Officer numbers.

**Graph 3: Profile of Workforce Movements 2010 to 2024**



**Graph 4: National Profile of Workforce Movement**



- Nb Other include Police Specials on headcount not full time equivalent basis

### 3 Covid-19 Pandemic Response and Implications

- 3.1 The last two years have been somewhat dominated by the Covid-19 pandemic. The response to this was unprecedented amongst the public sector as a whole and specifically within policing as it adapted quickly to enforcing the changing UK and Welsh legislation whilst maintaining service delivery and protecting its workforce.
- 3.2 Dyfed-Powys Police took a range of early steps to ensure that it was well prepared to respond at a local, regional and national level. The governance arrangements established were significant and wide ranging to ensure that all aspects of operational and organisational performance and that service delivery was optimal and dynamic to respond appropriately to the evolving position, with the health and wellbeing of the workforce being absolutely paramount. The Gold, Silver and Bronze command structures work in tandem with a Strategic Command Group, Tactical Command Group and the Local Resilience Forum.
- 3.3 The safety and well-being of the workforce have been paramount in the policing response, with various phases of workforce deployment being utilised as the emergency evolved. A considerable number of key initial steps were taken to ensure business continuity, resilience and critical service delivery. A few examples include the Force Contact Centre (FCC) being split between two sites, significant numbers of non-frontline staff working from home, reprioritising and allocation of IT to essential roles, resources being pooled to ensure service delivery and ways of working for both frontline and back office functions being adapted with both internal and external meetings being held electronically and training being delivered on-line. Many staff continue to work from home with some now back in the workplace with appropriate social distancing arrangements firmly in place. These arrangements have accelerated the Force's smarter/agile working project.

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- 3.4 The impact of Covid-19 on resource levels continues to be monitored carefully across the organisation, with a peak of staff abstraction of 40% in May 2020, albeit non-Covid19 absence has remained lower than usual and indeed much lower than the national averages across policing.
- 3.5 Procurement professionals have continued to work with service leads to assess and monitor the necessary supply chains and supplier base to ensure all aspects of service delivery mitigating a number of procurement challenges, albeit price increases have been seen across the board.
- 3.6 In terms of demand, and in line with all other forces, Dyfed-Powys Police has experienced a statistically significant decrease in reported crimes. Reported incidents of Anti-Social Behaviour, however, have increased exponentially, primarily resulting from reports of breaches of lock down rules. To date, the ability to respond to these reports is good. During the national lockdowns and in response to travel restrictions the force was proactive in dealing with the non-essential travel issues of people wishing to enjoy the Force area and those wishing to visit second homes within the area. A specific operation was also run to proactively warn against potential mass gatherings during the period of national lockdown.
- 3.7 In addition, the Force, in line with best practice, established an Organisational Learning and Recovery Cell. The work of this group encompassed identifying lessons learned to enhance working practices and service delivery, prioritising and planning for the resumption of strategic projects as well and ensuring the key focus on staff welfare. Benefits of changes to working practices, rollout of IT and equipment to facilitate remote working and ongoing effective management of workforce wellbeing are key to understanding how the organisation will deliver services sustainably to the public, in the future. This work has been integrated back into the Force governance structure with several specific work streams being taken forward by the reshaped Recovery, Change and Transformation Group, chaired by the Deputy Chief Constable
- 3.8 The financial implications of the pandemic continue, albeit to varying degrees, across a considerable number of budgets both as a result of the changes to working arrangements, operational demand and service delivery requirements with resultant savings in some areas but cost pressures and losses of income streams in others. The Chief Constable supplemented resourcing levels over the summer months in response to significant service demand, utilising the Operational Reserve. These financial impacts are monitored as part of in year reporting with changes to working practices being reflected within the efficiency plan.

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- 3.9 It is also important to note the impact of the pandemic continue to impact on levels of inflation and global financial markets with activity being impacted in many sectors. The scale of Governments economic interventions has been vast and this may undoubtedly have significant implications for public services and funding in due course.
- 3.10 There have also been implications for local authorities in terms of their assumptions on collection rates and indeed the economic and development factors, which contribute to the calculation of the tax base. This impact on tax base is further outlined in section 8.

### **4 HMICFRS PEEL Inspections and Force Management Statement**

- 4.1 Having suspended activity, HMICFRS informed all forces that Inspection activity was due to resume from October 2020 (with some work already having started with respect to catching up on previous Inspection work). Following a commission from the Home Secretary, HMICFRS also undertook an inspection of the policing surrounding the public protests and wider policing requirements of the use of Penally for housing of asylum seekers. The Force also accepted an invitation by HMICFRS to pilot the new PEEL Inspection process.
- 4.2 As part of this new Continuous Assessment PEEL inspection carried out in 2021, HMICFRS issued a cause for concern in relation to crime data integrity. The Chief Constable initiated a Gold Group which will seek to critically review the issues and oversee the development and implementation of an appropriate action plan.
- 4.3 The Chief Constable submitted the fourth FMS in late 2021 as a self-assessment for HMICFRS. This statement is an explanation of:
- The demand the Force expects to face in the next four years.
  - How the Force will change and improve the condition, capacity, capability, serviceability, performance and security of supply of its workforce and other assets to cope with that demand.
  - How the Force will improve to make sure the gap between future demand and future capacity is as small as it can be
  - The money the Force expects to have to do all the above.
- 4.4 The Force has revised its approach to producing the FMS to address recommendations previously made by HMICFRS in relation to improving the way it plans for the future. The new approach to FMS has brought a centralised approach to the coordination of the document, which is the Force's strategic plan for the next year, with forecasted demand predicted for the forthcoming 4 years and has been commended by HMICFRS.
- 4.5 The analysis of demand data both current and predicted is carried out centrally and business leads are required to apply professional judgement and expertise to the evidence base. This approach will

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continue to develop to ensure more effective strategic planning strengthening the linkages with the MTFP, Estates Strategy and Resource planning over the next few years. Vulnerabilities identified through this process will be monitored via the Force governance structure and progress against each reported periodically. Further detail on the approach to the MTFP are outlined in section 9.

- 4.6 The latest FMS has identified the most significant gaps and challenges to face the Force as:
- 4.6..1 **Analytical Capacity** - There are many areas of the business that don't currently have analytical capacity to carry out some of their demand management or reporting work on an internal and national level. The increase in data and digital data has meant that even some areas of the business that have not previously needed analytical capabilities now require them.
  - 4.6..2 **CDI / Auditing** - Failure to carry out effective audits will result in failure to fully understand the force's CDI compliance which will subsequently be scrutinised by HMICFRS to ensure that the force is protecting victims of crime. There are also some gaps in mandatory inspections and audits due to capacity issues in Health and Safety.
  - 4.6..3 **Covid-19** - The force response to the current pandemic was significant not only in terms of the internal governance arrangements but providing co-ordination and chairing the Multi-agency Covid-19 Strategic Co-ordinating Group, Enforcement sub-group and Covid-19 Evacuation sub-group. With the introduction of home working and delivery of meetings through virtual platforms, future investment in these will be key in terms of servicing the demands placed on the force.
  - 4.6..4 **Demand / Capacity** - There are demand and capacity issues across the force whereby future demand is expected to outstrip current capacity. There are resilience issues in certain roles, particularly coordinator and supervisory roles and within the CID arena.
  - 4.6..5 **End to End Project** - The End to End Project is a force level crime, investigations and outcomes project designed to reduce Force demand and improve victim service. The Commissioner is monitoring the development closely, in particular the impact on response resourcing, times to attend calls for service and call handling performance.
  - 4.6..6 **Non-human assets** - There is a lack of resilience in some of the equipment across the force which needs addressing. There are concerns in relation to the implementation of NicheRMS and the subsequent demand associated with this change. Other systems

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(including telephony solutions) are outdated or are not fit for purpose. Ageing estate and a lack of capacity for the efficient working of certain departments or storage facilities is also a concern.

- 4.6..7 **Forensic Provision** - The future of the Forensic Pathology service provided by the Welsh Institute of Forensic Medicine (WIFM) is in jeopardy. External Forensic Service Provider service delivery does not meet the expected standard with long turnaround times. Road Traffic Toxicology (drug driving) samples and drugs casework are nearing FSP service delivery capacity, and this now features on the Corporate Risk Register. Additionally, there is a distinct lack of Forensic Collision Investigators nationwide with some potential future resilience issues with planned retirements and long training schedules in other areas of the business too.
- 4.6..8 **Training** - Due to social distancing, there have been significant limitations on the delivery of classroom-based training due to limited classroom space and availability. There are also training implications force wide for both internal and external courses that are not able to be delivered virtually. There are also some gaps in terms of formal training courses for certain departments like Intelligence training and Information Sharing that cannot be delivered in force.
- 4.6..9 **Workforce Planning - Recruitment** - Fully qualified staff with experience are hard to attract for certain roles compounded by national shortages. Increased recruitment for the Police Uplift Programme and increase in Welsh Government funded PCSOs over the next 2 years will continue to cause demand pressures. Recruitment was responsive to unplanned retirements for police officers.
- 4.6..10 **Workforce Planning - Retention** - There is concern nationally that 20% of new recruits are leaving within the first two-years. This is approximately 12% in DPP which is lower than the national average but the pressure on Student officers completing PEQF is a significant concern at a National Level. Retention of staff within the FCC continues to be challenging.
- 4.6..11 **Workforce Planning - Resilience** - The Force is currently holding approximately 50 specialist vacancies across specialist departments, many of which are within the CID arena, created from Uplift in 2020/21. The lack of accredited detectives to investigate serious crime could lead to poor quality and timeliness of investigations.
- 4.6..12 **Workforce Planning - Retirements** - Retirements and planned retirements are potentially threatening to leave the force with some skills gaps, particularly in roles that require a long training or accreditation period.



## **5 Financial Context – Independent Commentary**

- 5.1 The financial challenges facing the police service have been well documented and although a few years ago do still provide some very useful articulation of the issues. Although some progress has been made, many of the salient finance issues are still relevant:
- 5.2 The Home Affairs Committee Policing for the Future Report issued in 2018 is far reaching and makes 66 very critical conclusions and recommendations based upon research and substantial evidence. Specifically in relation to funding, the report states:
- a. "The Government must be clear and accurate about police funding, and the resource pressures facing forces. We welcome the Home Secretary's commitment to prioritising police funding in the next Comprehensive Spending Review (CSR), and the Policing Minister's clear recognition that the service requires additional resources to enable it to meet changing demands. We agree with them. Policing urgently needs more money. We strongly recommend that police funding is prioritised in both the upcoming Budget and the next CSR.
  - b. Given the complex challenges outlined in this report, we have no doubt that a failure to provide a funding uplift for policing would have dire consequences. Efficiency savings can only go so far, in the context of the challenges that forces now face: substantial increases in serious violence and volume crime; a rise in complex cases, including child sexual offences and domestic abuse; an ever-growing workload from safeguarding vulnerable people, and an explosion of internet crime, with the evidential challenges that creates. Without extra funding, something will have to give, and the police will not be able to fulfil their duties in delivering public safety, criminal justice, community cohesion and public confidence.
  - c. We are extremely concerned by the National Audit Office's recent conclusion that the Home Office does not know whether or not the police system is financially sustainable, and cannot be sure that funding is being directed to the right places. Future investment must be strategic and evidence-based, ensuring that resources are focused in the areas in which they can have the most impact on crime prevention and harm reduction, and not just those areas that might attract the most favourable press coverage.
  - d. The current model for police funding is not fit for purpose, and should be fundamentally revised and restructured. Such heavy reliance on the council tax precept for additional funding is also unsustainable. It is time to stop kicking this problem into the long grass, and create a funding settlement for Forces that is fit for the

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21st century, recognising the true cost of policing. This must be based on robust evidence on resource requirements arising from diverse and complex demands. It is also likely to require more resource to be channelled to regional levels, to address the structural challenges outlined later in this report.

- e. The police service is playing an increasing role in managing vulnerability and risk across public services, and many individuals have complex needs, which cross-organisational boundaries. The Government should undertake a review of models that enable the police to pool resources with other public agencies, and facilitate these arrangements where they would enable a more joined-up, effective and cost-efficient response.
- f. Many witnesses highlighted the challenges created by the short-term approach to police funding. This is an unnecessary obstacle to investment in innovation, and it disincentivizes medium and long-term financial planning. The Government should move to a longer-term funding structure, to enable the service to frontload investment in the technology that will enable it to make the best use of its resources and assets. The Police Transformation Fund is a piecemeal and ad hoc method for funding innovation and new technology in policing, and a much more coordinated, long-term approach is required.”

5.3 In 2018, the National Audit Office (NAO) released their financial sustainability report for police forces in England and Wales.

- The report highlights some very stark figures in relation to both the cuts and top slicing that have dramatically impacted on policing services and the increasing reliance on local funding and points to the disparity between forces’ ability to raise income through the precept. Capital funding that forces receive is now minimal with the service becoming increasingly dependent on the sale of land and assets to fund new capital expenditure, which the NAO point out that this is not sustainable.
- The report made five recommendations:
  1. *“The Department should make clear all of the accountability relationships and processes for policing, setting out who is accountable for what at all levels of the system.*
  2. *The Department should develop a clearer ongoing understanding of whether police forces’ funding is sufficient to support them to deliver an efficient and effective police service.*
  3. *The Department should review the funding formula and adopt an approach to funding that takes account of forces’ local circumstances more fairly.*



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*4. The Department should develop an overall strategy for policing that includes clear thinking on how its support programmes, such as the Police Transformation Fund (PTF), contribute to forces' financial position.*

*5. When developing an overall strategy for policing, the Department should identify which of its policies and programmes are best delivered locally and which are best delivered nationally and assign them to bodies with the capability to fulfil them."*

5.4 The report concluded that the Home Office's hands off approach left uncertainty that current funding arrangements secured financial sustainability. Additionally, the Home Office lacked a long-term plan for policing and that there were significant gaps in information regarding the demand on policing services and the associated costs. The way that the HO distributes funding has been too detached from the nature of policing for too long, particularly with the delay of the formula review. The NAO, therefore, concluded that the HO's oversight of the police system was not ensuring good value for money.

5.5 HMIC's report to the Secretary of State under section 54(4A) of the Police Act 1996 contains his assessment of the efficiency and effectiveness of policing in England and Wales for 2020/21. This includes the following narrative which provide useful context for consideration within this MTFP:

- "The first duty of the police is a protective duty. We all need to have confidence that, when we need them, the police will come. We need to know that they will arrive, quickly, to that 999 call for help at 3.00am, know what to do, and be able to do it with courtesy, compassion and care. For this to happen, policing must exploit its greatest strengths, and those are the professionalism and dedication of its officers and staff. Officers are in an enhanced position in society: they have a duty of care, exceptional responsibility and the power to protect their fellow citizens. The service must therefore identify future leaders and foster their development. It must also make sure that the right people are recruited and supported in doing some of the most demanding work anyone is called upon to do."
- "This support needs to be reflected in the Government's next spending review, which will provide an opportunity to put right many of the problems in policing. This opportunity should, on no account, be missed."
- "The commitment demonstrated by police officers to public service, to protecting people and communities against some of the most violent, dangerous and corrosive forces in our society, is immense.

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That commitment and professionalism needs to be equalled by other public sector agencies, who must do much more.”

- “The Home Office is responsible on a national basis for three principal pillars of essential technology for the emergency services. Significant delays and cost overruns, and failures in specification and procurement, have put the efficiency and effectiveness of the police, and others, at material risk”.
- “The report recommended that all agencies should work together so the criminal justice system can recover from the extreme pressures caused by the pandemic. We also urge the Government to provide the funding, time and resources that will be needed to achieve this.”
- “As I said in State of Policing 2018 annual funding settlements are the norm for the police. But such short-term settlements are incompatible with efficient and effective long-term planning. When it comes to funding, forces and regional organised crime units need certainty, stability and predictability. So there is a clear need for multi-year statements. This is not just about recruiting police officers and staff with the right skills.
- “In many respects, the police need to invest for the longer term, particularly in technology, to become more efficient. It is essential that the police are given the means to do this. For example, body-worn video, fully functional handheld mobile devices, facial recognition and artificial intelligence, and the connected systems and infrastructure to support them, are all things in which police forces must invest for the long term. If they don’t, they are left playing catch-up as offenders intensify and increase their abuse of modern technology to cause harm.”
- “The integration of police systems with other parts of the criminal justice system also needs long-term investment. Lack of integration currently makes it harder for the police quickly to pass vital evidence, such as camera footage, to the Crown Prosecution Service. This, and other problems with the system, can result in delays, causing victims and witnesses to become disillusioned and withdraw from proceedings. There is no reason why some forces should not be able to make these investment decisions with more confidence that they will have the money they need. Forces that we judge as being efficient have provided evidence that they use public money appropriately. So they should be able to benefit from multi-year settlements now.”
- “Given ROCUs’ importance in the fight against serious and organised crime, we were disappointed that there was no long-term funding model for them. The lack of a sustainable funding plan made the ROCU network less effective than it could have been.”

## **6 Economy, Efficiency and Effectiveness in Use of Resources**

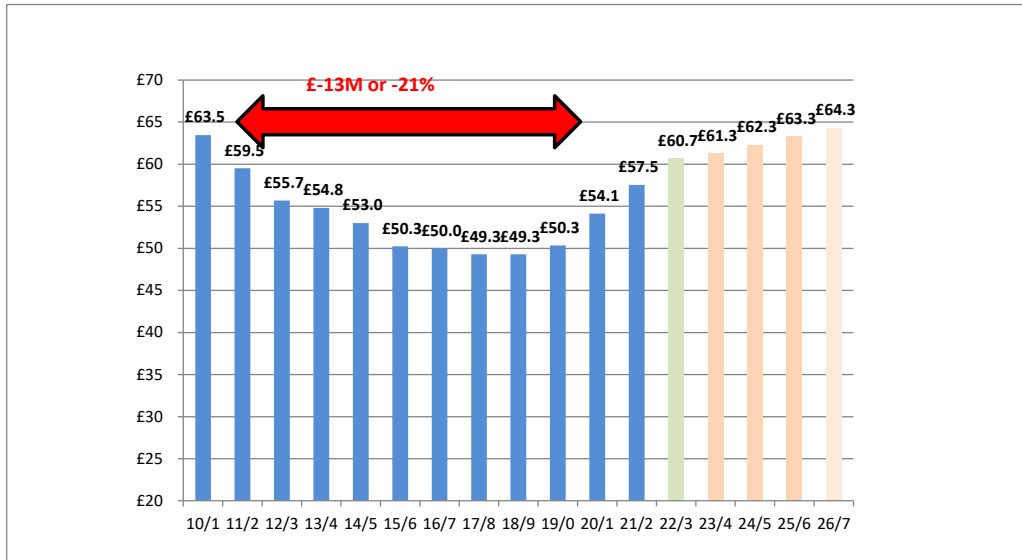
- 6.1 The need to demonstrate value for money and ensure that economy, efficiency and effectiveness in the use of resources is paramount.
- 6.2 Each year the Auditor General for Wales audits the Commissioner's and the Chief Constable's financial statements to make sure that public money is being properly accounted for. The Public Audit (Wales) Act 2004 requires him to:
- provide an audit opinion on the accounting statements;
  - review the body's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
  - issue a certificate confirming the completed audit of the accounts.
- 6.3 For 2020/21 the Auditor General once again reported:
- I am satisfied that the Commissioner and Chief Constable have appropriate arrangements in place to secure economy, efficiency and effectiveness in the use of resources
- 6.4 The Auditor General's consideration of the arrangements to secure economy, efficiency and effectiveness are based on:
- the audit work undertaken on the statement of accounts;
  - the results of the audit work undertaken on the Commissioner's and the Chief Constable's systems of internal control, as reported in the Annual Governance Statement;
  - the results of other work carried out by the Auditor General including our review of collaboration of emergency services in Wales and between the four Welsh forces;
  - the results of the work of other external review bodies, e.g. Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), where relevant to my responsibilities; and
  - any other work, including from Internal Audit, that are considered necessary to discharge his responsibilities.

## **7 Dyfed Powys Police – Financial Context and Police Precept**

- 7.1 The 2010 Comprehensive Spending Review set out the proposed police funding levels for four years from 2011 to 2015 and was acknowledged as the most financially challenging funding settlement for policing in a generation, this translated into a real terms reduction of 21% between 2010/11 and 2019/20. The overall impact of the reductions to Dyfed-Powys police funding are illustrated below.

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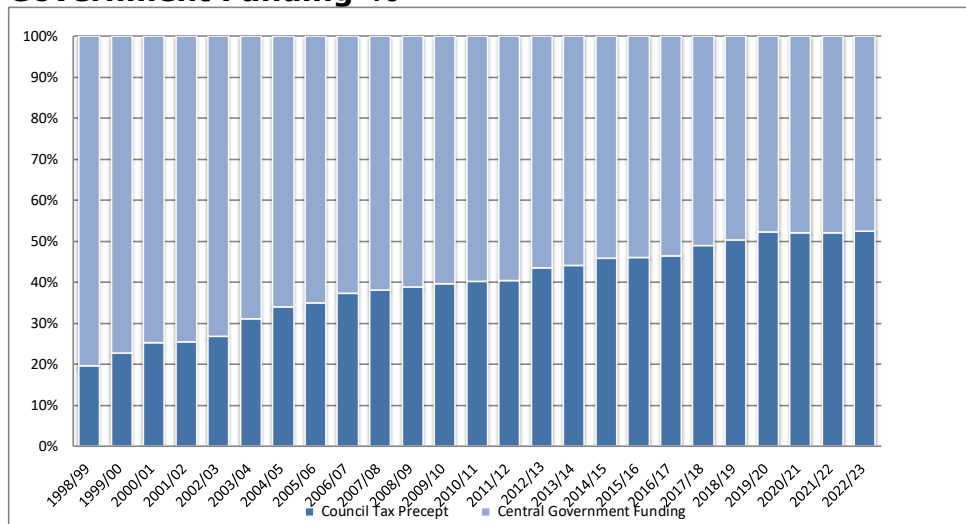
**Graph 5: Central Grant Reductions 2010/11 to 2026/27 using Projected CSR increase from 23/4 (£M)**



7.2 The real terms reduction presented even greater challenges with inflationary increases needing to be offset by comprehensive efficiency/ savings plans and reductions set against the landscape of changing and increased complexity of demand for policing services. It is also important to note that increases in police funding over more recent years has been to support the Police Uplift Programme which has come with very clear expectations, targets and requirements for Police Officer recruitment.

7.3 The following graph shows how the proportion of income that Dyfed-Powys Police receives from central sources compared with local sources has changed over time:

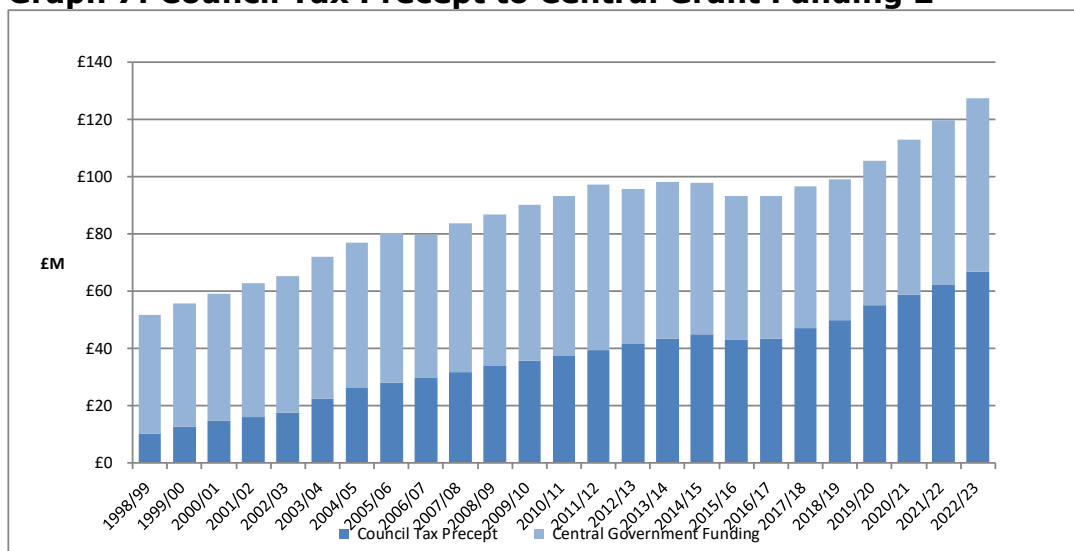
**Graph 6: Proportion of Council Tax Precept to Central Government Funding %**



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- 7.4 Historically, central government funding provided the vast majority of Dyfed-Powys Police’s funding but the proportion received from core grants has decreased significantly over time. The percentage of funding being met through local taxation rose to 52% for 2021/22 with £62.307m being raised locally against core funding of £57.527m. The proportional split or ‘gearing’ trajectory is likely to continue to increase as more funding is required to be met from the local tax payer. It is also important to note again that core grant increases in recent years have been to support the Police Uplift Programme and have not met the array of other inflationary and cost burdens.
- 7.5 The following graph shows (in £m) the amount of funding that Dyfed-Powys Police has received from both local and central sources over time:

**Graph 7: Council Tax Precept to Central Grant Funding £**



- 7.6 The following table shows that the core grant funding per head of population for Dyfed-Powys continues to be the lowest in Wales. If Dyfed-Powys was funded at the average level for Wales, this would equate to an additional £10.134m of core grant:

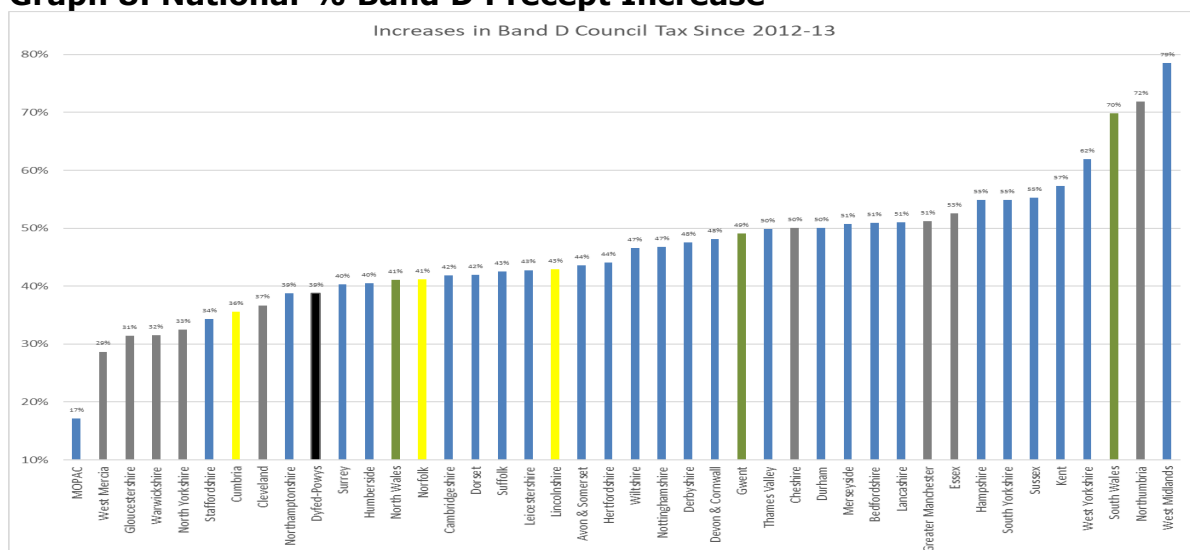
**Table 1: Core Grant Funding per head of population**

Grant Funding per head of population (£)	2020/21	2021/22
Dyfed Powys Police	104.88	111.49
Gwent Police	134.15	142.61
North Wales Police	113.29	120.43
South Wales Police	131.11	139.38
<b>Wales</b>	<b>123.36</b>	<b>131.13</b>

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7.7 Residents in Dyfed-Powys have seen the ninth lowest increase in Band D Police Precept since 2012/13 and also highlights the comparative position with most similar forces, and the other Welsh forces as shown below:

**Graph 8: National % Band D Precept Increase**



\*excludes Council Tax Freeze grant for England; Yellow – Most Similar Forces; Green – Welsh forces

7.8 Residents in Dyfed-Powys continue to have the lowest Police Precept in Wales. If Dyfed-Powys' precept level was set at the average for Wales, this would equate to an additional £3.052m of funding.

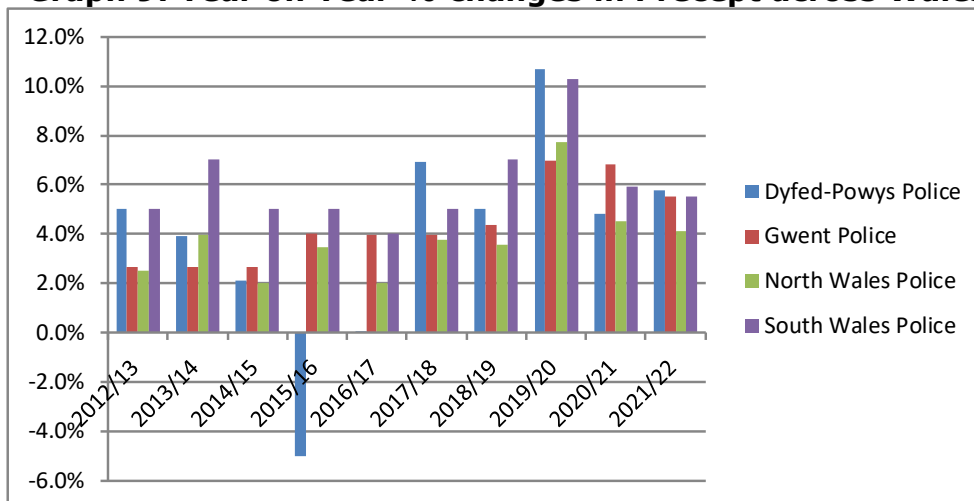
**Table 2: Precept Levels Wales**

Council Tax at Band D (£)	2020/21	2021/22	%
Dyfed Powys Police	260.56	275.56	5.76%
Gwent Police	272.96	287.96	5.50%
North Wales Police	290.61	302.61	4.13%
South Wales Police	272.72	287.72	5.50%
<b>Wales</b>	<b>274.77</b>	<b>289.06</b>	<b>5.20%</b>

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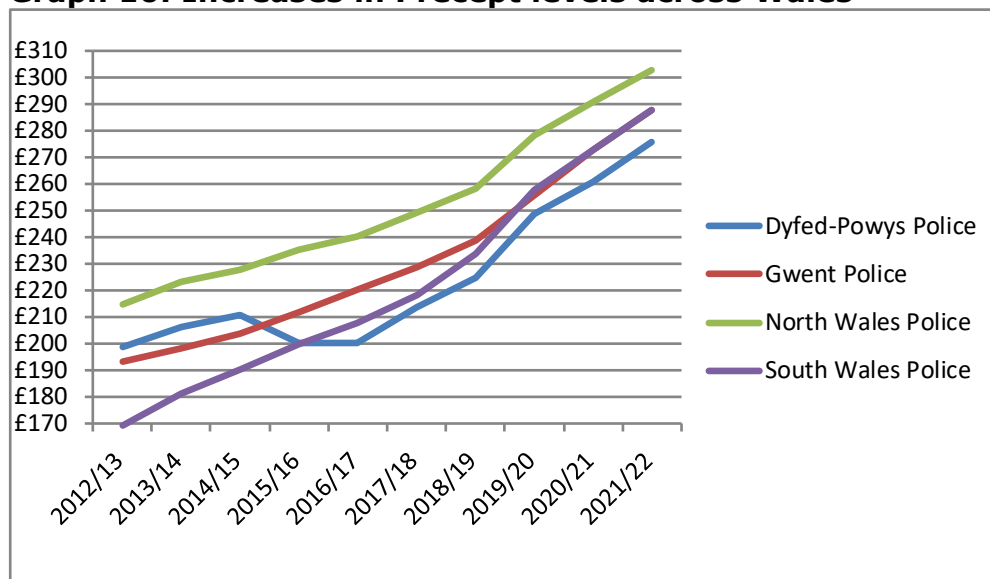
7.9 The year on year percentage change in precept levels for forces in Wales is shown in the following graph.

**Graph 9: Year on Year % changes in Precept across Wales**



7.10 The following graph shows the change in precept levels for the forces in Wales since 2012/13. The previous decision by the first Police and Crime Commissioner to reduce the precept by 5% in 2015/16 and then not increase in 2016/17 has had a dramatic impact on the comparative trajectory as shown below and the legacy of these decisions continue to impact:

**Graph 10: Increases in Precept levels across Wales**



**8 Council Tax Base**

8.1 The Police Precept which is raised through local Council Tax payers is allocated to the billing councils on the basis of the relevant tax bases notified by them. The tax base is calculated from the number of

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properties in each area allocated to each property band and discounted for single occupancy, non-payers, etc. The impact of the Covid-19 pandemic has had implications for local authorities in terms of their assumptions on collection rates and the economic and development factors, which contribute to the calculation of the tax base. Fortuitous increases arise from Pembrokeshire increasing the premiums charged for second homes to 100% and the number of empty properties. The tax base is expressed as a "Band D" equivalent as follows:

**Table 3: Tax Base Levels**

	2020/21	2021/22	2022/23	variance
Carmarthenshire	74,006.63	74,425.19	74,698.57	0.4%
Ceredigion	31,936.27	31,911.26	32,326.27	1.3%
Pembrokeshire	57,301.64	57,188.46	60,247.38	5.3%
Powys	62,396.70	62,584.26	63,072.19	0.8%
<b>Taxbase</b>	<b>225,641.24</b>	<b>226,109.17</b>	<b>230,344.41</b>	<b>1.9%</b>
	1.5%	0.2%	1.9%	

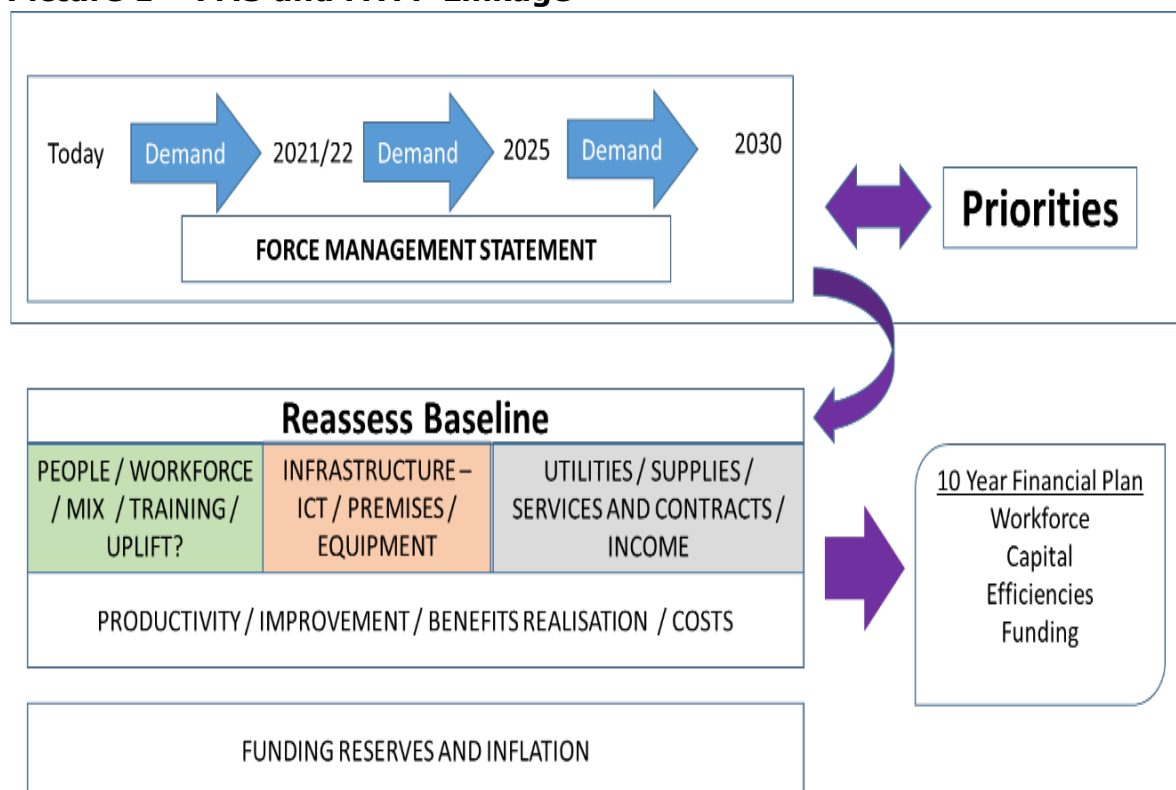
- 8.2 The Police Precept is added to the figures for the Unitary Authorities and forms part of the overall Council Tax demand bills.
- 8.3 Under the regulations, the billing authority must determine a schedule of instalments for payments to precepting authorities. The agreement is that the Unitary Authorities will pay the Force in 12 instalments on or before the last working day of each month.
- 8.4 It should also be noted that when announcing the police settlement, the Government makes assumptions in regard to the tax base changes using information provided by the Office of Budget Responsibility. For Wales a 0.6% increase was assumed, however the actual increase for Dyfed-Powys is actually 1.9%. The 2021/2 MTFP had assumed growth of 1.1% for 2022/23. This higher level of increase positively impacts on the announced headline figures nationally by c£499k for Dyfed Powys.



**9 Approach to Budget Setting and the MTFP for 2022/23**

9.1 Work has continued in earnest during 2021 to further develop the budget setting process. This approach has seen Corporate Finance working more closely with service managers and budget holders to cost the priorities contained within the FMS, reviewing baseline budgets to more critically assess demand and pressures whilst also searching for efficiencies and savings. The relationship between in year financial monitoring and budget setting continues to strengthen.

**Picture 1 – FMS and MTFP Linkage**



9.2 The Finance and Strategy Board and MTFP Group within the formal governance structure have continued to oversee the development of this approach with financial planning being a key focus for the Strategic Estates Group/ Operational Estates Group, IT Strategy Group and Fleet Strategy Group.

9.3 The use of both CIPFA and HMICFRS VFM profile benchmarking data continues to develop as this is seen as vital in helping to assess demand and value for money considerations.

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9.4 The following table provides some high level benchmarking and comparator data for 2021/22. The data shows the significant impact that the Force's geography has on spending such as custody, firearms and traffic in comparison to others.

**Table 4: Police Objective Analysis Benchmarking Data**

Service Heading	Budgeted Establishment							Budget 2021/2				
	Officers	PCSOs	Staff	Total	Special	Volunteers	Total	Net	English	English		
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	Spending	Proportion	Non Met	Non Met	Difference
								£'000	%	£'000	%	£M
Response and neighbourhoods	657	147	188	992	129	28	1,149	41,962	35%	2,375,129	34%	-0.7
Investigations	170	-	54	224	-	-	224	14,828	12%	906,261	13%	0.9
Custody	40	-	37	77	-	-	77	5,804	5%	220,493	3%	-2.0
Criminal Justice	2	-	82	84	-	-	84	2,360	2%	163,978	2%	0.5
Specialist Investigations	56	-	102	157	-	7	164	8,079	7%	463,581	7%	-0.0
Protecting Vulnerable People / Monitoring Offenders	56	-	32	88	-	18	106	4,670	4%	421,968	6%	2.7
Firearms Units	59	-	-	59	-	-	59	4,083	3%	132,611	2%	-1.8
Traffic	80	-	22	102	-	-	102	4,872	4%	129,068	2%	-2.6
HQ Operational Support	47	-	9	56	-	3	59	2,256	2%	149,757	2%	0.3
Support Services	44	1	257	302	-	29	331	26,705	22%	1,520,094	22%	-0.3
Central and Other Costs (Including Seconded)	25	-	36	61	-	66	127	4,215	4%	422,150	6%	3.1
	1,236	148	818	2,203	129	151	2,483	119,834	100%	6,905,090	100%	-0.0

9.5 Work has continued at both a local and national level to deliver extensive efficiencies and efficiency savings through a rigorous process of financial and service delivery scrutiny and transformation. The Efficiency plan has delivered £32.3m since 2010/11. This work continues under direction of the Finance and Strategy Board but it is recognised that efficiencies are proving harder to realise.

9.6 The Home Office established the Bluelight Commercial Organisation in 2010 to provide strategic commercial support across blue light procurement functions. This includes best practice commercial processes, capability, data and market analysis, contract management, revenue generation, and specialist expertise in core categories. Their activities feature heavily in the MTFP both in terms of mitigating national contract increases as well as future efficiencies.

9.7 The Home Office undertook a comprehensive exercise on productivity and efficiency during 2020. The results provided a very useful analysis of the picture across policing and still allow internal cross referencing to ensure that all opportunities are being considered and seized:

- What local technology / change programmes are underway in your force / at regional level / jointly with other forces?

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- In the next three / four years, where do you see the major productivity opportunities for officers in your force?
- Where are the opportunities to increase the use and / or effectiveness of PCSOs, Special Constables, and Operational Civilian Staff to release police officer capacity?
- Where are the opportunities to increase the productivity, effectiveness and / or reduce costs within your force's support and back office functions?
- What are the most significant opportunities to reduce non-pay expenditure within your force –premises, transport, supplies / services, ICT, other contracts?
- What are the adaptations and changes to ways of working during the Covid-19 response that should be sustained moving forward?
- What are the other areas of collaboration that would potentially drive productivity and cost reduction benefits –locally, regionally and nationally? What are the factors that hinder collaboration?
- What are the additional income opportunities for your force?
- Are there any major enablers or limitations to overcome in securing these productivity and efficiency gains?

9.8 Considerable efforts have been made to strengthen the focus and linkage with between the FMS and MTFP. Corporate Finance worked with service leads to cost risks identified within the FMS. Risks were then comprehensively scrutinised and scored to provide an initial RAG assessment. Chief Officers then held a Budget and FMS Prioritisation Day on the 11<sup>th</sup> November to challenge the RAG risk assessed priorities and discuss the strategic implications.

9.9 Building upon the previous approach, a comprehensive timetable was set to shape the preparation of the Budget and MTFP to facilitate timely review, challenge and scrutiny sessions with the Chief Constable supported by the DOF and CFO. These formal meetings were held on 14<sup>th</sup> September, 12<sup>th</sup> October, 15<sup>th</sup> November, 14<sup>th</sup> December and 22<sup>nd</sup> December considering a detailed suite of very detailed financial information with each session allowing for further refinement. This early preparatory work allows for the presentation at the Finance Seminar on the 30<sup>th</sup> November to be more focussed. Discussions and ad hoc meetings also that take place as issues arise or indeed after funding announcements are made.

9.10 As part of the Achieving Finance Excellence in Policing Programme a toolkit has been developed to provide a framework for developing a robust MTFP. The following provides a useful checklist to assure the approach adopted:

- Assess the current position by starting with a robust and credible baseline that includes known cost pressures and commitments profiled over five years.

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- Align to the authority's financial strategy, service delivery strategies and force management statement (FMS) and include anticipated financial implications.
- Understand cost and demand drivers, starting with the existing budget and financial performance, to identify trends.
- Undertake analysis of political, economic, social, technological, legal and environmental factors to produce robust assumptions and forecasts.
- Undertake sensitivity analysis by varying the driver-related assumptions made to assess the viability of the MTFP.
- Align to the government's spending review and funding settlement. A multi-year settlement will support financial planning.
- Take corrective action to address weaknesses and enhance the plan's resilience.

### 10 2022/23 Police Funding Settlement

- 10.1 The Minister for Crime and Policing, Kit Malthouse, announced the provisional Police Finance Settlement for 2022/23 on 16th December in a written statement. Full details of the settlement can be found on the Home Office pages of the gov.uk website. This settlement follows the first three year spending review for several years. Despite the economic landscape improving, there are still significant difficulties within the economy. Inflation is of particular concern with the Bank of England's prediction of a Consumer Price Index of over 5% in 2022 coming to fruition. The Welsh Government then published their Settlement for Welsh Commissioners on the same day.
- 10.2 The Minister expressed his sincere gratitude to police officers and police staff for the extraordinary bravery and dedication they display each day, to keep the nation safe from harm. He also recognised the outstanding progress that forces had made in the first two years of the Police Uplift Programme along with the expectation of continued momentum to deliver the full allocation of 20,000 officers by March 2023.
- 10.3 The Policing Minister outlined expectations that the settlement would support the police to:
- Successfully complete the 20,000 officer Police Uplift Programme by March 2023, building on the outstanding progress to date.
  - Accelerate progress on the Government's key policing priorities: reducing crime, ensuring the Criminal Justice System works for all, driving forward improvements in the service the public receive, and transforming critical capabilities and infrastructure.
  - Ensure an increase in productivity using enhanced technology and investigative tools. In return for this significant investment, we expect police leaders to become more efficient and effective with officers' time, and in the fight against national threats.

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10.4 The 22/23 settlement provides an increase of up to £1.1bn compared with 2021/22, bringing the total up to £16.9bn for policing:

- A £550m increase in Government grant funding to PCCs. This additional funding will support the final year of the Police Uplift Programme. This funding will be allocated according to funding formula shares with £135m of this will be ringfenced and paid out in line with progress on recruitment.
- Up to £246m additional funding from council tax precept, based on current forecasts and assuming all PCCs maximise their precept flexibility. The Government is enabling PCCs to increase precept by up to £10, per Band D equivalent property, without triggering the need for a local referendum in England.
- £1.4bn for national policing priorities, both resource and capital funding, including funding for continued investment in the Major Law Enforcement programmes, additional funding for law enforcement intelligence and investigation capacity, and new funding for improvements to the Criminal Justice System – focusing on the key commitments outlined in the End to End Rape Review.
- The City of London Police precept grant (£5.3m), the National and International Capital City (NICC) grant (£190.2 million)
- The settlement also provides additional funding for Counter-Terrorism Policing, including the transferred budget for Special Branch operations.
- Continuation of the Pensions Grant, which remains unchanged at £142.6m, and has not been updated to reflect new forecasts.
- Cessation of Capital Grant funding direct to PCCs.

10.5 The Policing Minister also set out their investment in national policing priorities:

- a. Maintaining our focus on cutting crime to make communities safer, we are continuing to invest in critical priority areas. This includes drugs and county lines activity, violent crime reduction, child sexual abuse and exploitation, fraud, and modern slavery.
- b. Recognising that transparency, governance and accountability have a key role to play in building public confidence in the criminal justice system by fulfilling key commitments from the Rape Review; ensuring that no victim of rape and serious sexual assault is left without a mobile phone for more than 24 hours and improve investigation outcomes; drive improvements in local police performance, including measuring responsiveness to 101 and 999

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calls and providing a peer support function through the College of Policing for poor performing forces.

- c. Ensuring that there is no place left for criminals to hide that carry out serious and organised crime and rely on sophisticated digital communications to evade detection by investing in a set of critical investigative tools to help deliver the Drugs Supply Attack Plan and support a range of other national priority threats and providing greater investment in tackling fraud and improving the way in which intelligence on firearms is collected and managed.
  - d. Continued investment in Major Law Enforcement Programmes, and other critical national police and law enforcement IT capabilities to strengthening the ability to share, analyse and act on all available intelligence data to counter drugs, county lines and other high harm offences; collaborating with industry to leverage technology in support of safeguarding the vulnerable ; and simplifying the technological capabilities.
  - e. The Government expects PCCs to continue to take responsibility for crime outcomes both locally and nationally, which will support PCCs and forces to deliver well-evidenced crime interventions as part of their core business. The Spending Review has provided £150m of Government funding for crime reduction in each of the next three years, which will allow the continuation of existing programmes as well as some new investments to prevent crime and keep our communities safe, details of which will be confirmed in due course.
- 10.6 In 2022/23 the top slices/reallocations total £1.374bn, £340.2m higher than last year (£1.033bn). Primarily, this difference comes from an increase in Police Technology Programmes at £121.8m, with and additional £335m going to new programmes. including Police and CJS Performance, Crime Reduction Programmes, Crime Reduction Capabilities, Rape Review, Drugs/County Lines, Capital reallocations and Fraud. A number of programmes were also dropped with the largest being the 'Strengthening the response to Organised Crime' which saw a reduction of £146.3m. Others included Pre-charge bail, Bluelight Commercial, Safer Streets Fund, Science Technology and Research and International Crime Coordination Centre.



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**Table 5: National Police Funding –Reallocations/ Adjustments**

<b>Police Funding</b>	<b>2020-21 £m</b>	<b>2021-22 £m</b>	<b>2022-23 £m</b>
<b>Reallocations and adjustments</b>	<b>1,120.90</b>	<b>1,033.50</b>	<b>1,373.70</b>
PFI	72.8	71.6	71.6
Police technology programmes	498.4	484.7	606.5
Arm's length bodies	73.1	70.5	68.7
Police Uplift Programme	16.5	14.5	12.0
National Operational Policing Units (including football policing and wildlife crime)	2.9	2.9	2.9
Top-ups to NCA and ROCUs	56.8	4.9	33.2
Strengthening the response to Organised Crime	140.0	146.3	-
Counter Terrorism	32.4	32.5	32.5
Police transformation fund			
National Capability Programmes	47.0	38.7	65.0
Forensics	28.6	25.6	25.6
Special Grant	80.9	54.8	62.4
Pre-charge bail	2.0	2.0	-
Serious Violence	38.9	38.9	50.1
PRUM (Transition from EU Systems)	1.8		
HO STAR (Science Technology & Research)	8.0		
Blue Light Commercial	3.7	5.0	
Police Now	7.0	7.0	7.0
Safer Streets Fund	10.0	20.0	
Science Technology and Research		5.2	
International Crime Coordination Centre		5.0	
National Policing Capabilities (NPCC)		3.2	10.6
Police & CJS Performance			13.0
Crime Reduction Programmes			45.8
Crime Reduction Capabilities			13.5
Rape Review			12.0
Drugs/ County Lines			30.0
Capital Reallocations			188.1
Fraud			23.1

10.7 The Settlement also included a new allocation of £2.4m to address the Welsh apprenticeship levy contribution (included in one element in the above table). This has been an ongoing issue with the Home Office making a contribution towards compensation for Welsh Forces not able to utilise their full apprenticeship levy contribution in recent years, which totalled £1m in 2021/22. The Home Office have indicated that this may not be the final resolution to this issue, which will need to be monitored. This allocation is a separate specific grant and not included within core grant. For Dyfed-Powys this will equate to £0.341m in 2022/23.

10.8 The below table shows the total Capital Grant allocations. Previously £12.3m has been allocated directly to Police and Crime

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Commissioners but this has been ceased for 2022/23 with funding being redirected to national central projects.

**Table 6 – National Police Capital Grant Allocations**

	2021-22	2022-23
Police Capital Grant	12.3	
Police Live Services	9.2	
National Police Air Service	11.5	12.0
Arms Length Bodies	4.0	4.0
Police Technology Programmes	15.0	154.7
Counter Terrorism	1.6	1.6
Serious and Organised Crime Programmes	9.0	
Football Policing	2.0	
Crime Reduction Programmes and Capabilities		15.8

10.9 Victim's funding comes from the Ministry of Justice and announcements are not expected until Spring 2022. Whilst the MOJ have announced an intention under their funding strategy to provide multi-year settlements, this has yet to be delivered upon. Commissioners have expressed significant concerns regarding the impact of a late announcement on stability of service provision, particularly in light of the increased demand on services as a result of the pandemic.

10.10 The settlement sets out the Government expectations for the police to continue to build on the progress made on improving efficiency and productivity reflecting £100m of cashable efficiency savings to be delivered from force budgets by 2024/25 with £80m of this being reflected within the 2022/23 funding settlement.

10.11 For Dyfed-Powys Police the 2022/23 settlement is outlined in the table below:

**Table 7: Total Funding for 2022/23**

	2021/22	2022/23	Change	
	£m	£m	£m	%
Core Police Grant including rule 1 and floor funding	44.497	52.017	7.520	16.9%
Welsh Government - RSG & NNDR	13.030	8.667	-4.363	-33.5%
<b>Central Funding</b>	<b>57.527</b>	<b>60.684</b>	<b>3.157</b>	<b>5.5%</b>
<b>Pensions Grant</b>	<b>1.302</b>	<b>1.302</b>	<b>0.000</b>	<b>-</b>
<b>Uplift Grant</b>	<b>0.700</b>	<b>0.956</b>	<b>0.256</b>	<b>36.6%</b>
<b>Total</b>	<b>59.529</b>	<b>62.942</b>	<b>3.413</b>	<b>5.7%</b>



## **11 Council Tax Capping/ Referendum**

- 11.1 In England, the Ministry for Housing, Communities and Local Government publish council tax referendum principles. For 2022/23 Commissioners in England will be allowed to increase band D bills by as much as £10, without the need to call for a local referendum. The provisional settlement has assumed that Commissioners take advantage of this flexibility in the headline figures.
- 11.2 Under devolution, arrangements for Wales the power to determine capping levels on the council tax are administered by the Welsh Government.
- 11.3 There are two forms of capping – designation and nomination. Welsh Government may designate or nominate an Authority for capping its precept if in their opinion its budget requirement is excessive.
- 11.4 Designation requires an Authority to reduce its budget requirement and re-bill the Council Tax payers (through the Unitary Authorities). Nomination effectively puts an Authority on notice that Welsh Government will stipulate a budget limit for the following year. Welsh Government is responsible for determining the criteria (the principles) for capping for all Local Authorities and Police Forces in Wales. The principles must include a comparison between the calculated budget requirement with that calculated for a previous financial year. Ministers are free to include in the principles any other matters they consider relevant.
- 11.5 Both the Commissioner and Chief Constable have maintained effective communications with both Ministers and Welsh Governments with further embedding of the Policing Partnership Board for Wales, with the Commissioner taking back position of chair of Policing in Wales in 2021. Both this along with the further strengthening of the relationship of the Police Liaison Unit have provided a valuable and additional opportunity to highlight the financial pressures and operational demands that are being faced by Dyfed-Powys Police and the wider police service in Wales, and indeed the events of the last two year have exemplified this relationship.
- 11.6 It is for locally accountable Commissioners to consult and take decisions on local precept explaining to their electorate how additional investment will help deliver a better police service.

## **12 Police Officer and Police Staff Pensions Issues**

- 12.1 The issues relating to pensions continue to be complex and challenging.
- 12.2 As part of the 2016 Pension Valuation, Her Majesty's Treasury (HMT) announced a Public Sector Pension Valuation 'Directions' which served

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to increase the Employer's Contribution rate from 2019/20 for Public Sector Pension Schemes (including the Police Pension Scheme). The impact of this resulted in a sizeable increase in the police officers employer contribution from 22.1% to 31%. After considerable representation a new specific grant was allocated to Forces to partially mitigate the impact. This specific grant of £1.302m is being continued in 2022/23 but there remains risk in relation to the ongoing commitment which must be noted.

12.3 A review of the current Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate is currently anticipated in impacting on police finances in 2024/25. The predictions assuming current methodology based on long-term GDP growth would suggest that the employer's contribution could increase by between 20%-40%. For Dyfed-Powys this could see an additional burden of c£10.1m, which without some assurance around additional police grant to offset would require Forces to start planning now, as it could fundamentally impact on the ability to deliver other projects including Police Uplift Programme and ESN. These costs have been reflected within the MTFP but grant funding has been assumed to mitigate the full costs of this. This position will be kept under review.

12.4 Significant financial uncertainties remain as a consequence of the implications of the Supreme Court judgment in the McCloud/Sargeant case that the transitional protection contained in the Judiciary and Firefighters Pension Regulations Reform gave rise to unlawful age discrimination. The Home Office is consulting on how best to take this forward however the cost impact and funding arrangements are not clear. This judgement will also be taken into account for the revaluation to be implemented in 2024/25.

### 13 Policing Priorities for 2022/23 and the Medium Term

13.1 The budget requirement for 2022/23 aims to build upon the investments made over the last two years that have sought to address some of the more pressing demand pressures, service delivery challenges and inspection concerns that the Force has faced. In addition, the budget also seeks to address the key issues and challenges anticipated for the future identified through Force Management Statement planning work. A list of these from a local and national perspective is shown below:

<b>National Picture</b>	
<ul style="list-style-type: none"> <li>• Black Lives Matter Movement</li> <li>• Tragic death of George Floyd – Protest Activity</li> <li>• The tragic death of Sarah Everard – Legitimacy</li> </ul>	

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<ul style="list-style-type: none"> <li>Impact on Public Confidence / Violence Against Women and Girls / Race &amp; Inclusion</li> <li>Continuing Challenges from the Pandemic</li> </ul>	
<p><b>Neighbourhood Policing</b></p> <ul style="list-style-type: none"> <li>Positive Feedback HMICFRS inspection in relation to revised and consistent structures across the Force the and embedding of problem-solving ethos including training</li> <li>Additional PCSO capacity of 15 (10%) from Welsh Government funding</li> <li>Internal Development of a unique Neighbourhood Policing Database - Ardal</li> </ul>	<p>Fully Operational</p> <p>In Progress</p> <p>Complete</p>
<p><b>Operational Uplift / Officer Numbers</b></p> <ul style="list-style-type: none"> <li>Delivered against year-one increase of 42 officers</li> <li>On track to deliver an additional 42 in the current Financial Year – year 2.</li> <li>Target received and plans in place to recruit the additional 57 positions next year – year 3.</li> </ul>	<p>Delivered / In Training</p> <p>Recruitment In Progress</p>
<p><b>Domestic Abuse and Vulnerability Hub</b></p> <ul style="list-style-type: none"> <li>Process Changes – Led by Assistant Director</li> <li>Vulnerability Desk / Risk Assessments / Comprehensive Staff Training</li> </ul>	<p>Fully Operational</p>
<p><b>Investigation Standards (End to End Process Review)</b></p> <ul style="list-style-type: none"> <li>Comprehensive training, supervisory focus and live crime desk</li> <li>Crime Data Integrity / Recording issues addressed</li> </ul>	<p>Implemented</p>
<p><b>Good Progress Against Major Strategic Projects</b></p> <ul style="list-style-type: none"> <li>Carmarthenshire Custody Suite Llanelli</li> <li>New Brecon Police Station</li> <li>Collaborative Firearms Range</li> <li>Microsoft Office 365 Rollout</li> <li>Records Management System</li> <li>Digital Media Desk and Single Online Home launch</li> <li>Investors in People Award re Accreditation</li> <li>New Telephony System and Customer Management System</li> </ul>	<p>In Progress</p> <p>In Scoping</p> <p>In Scoping</p> <p>Finalising</p> <p>Implementing</p> <p>Complete</p> <p>Achieved</p> <p>Implementing</p>


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- 13.2 The 2021 Peel Inspection feedback report described Force change, transformation and service improvement plans as ambitious and commented that plans and resources were in place to address challenges anticipated. The aim now is to build further on these plans including capitalising fully on change and transformational opportunities to free up capacity to address high risk challenges and ensuring that resources are channelled towards delivering against key priorities.
- 13.3 More specifically the Force has identified the following challenges that this budget and MTFP will assist the Force in addressing:
- A new Police and Crime Plan supported by National and Local performance measures
  - Maintain and improve financial resilience despite significant funding and cost pressures incoming over the three-year CSR period
  - Improve operational resilience in the medium term through additional officers and avoid the need for police officers to do police staff work in the medium term given the fixed officer numbers target
  - Support the wellbeing of the workforce by reassessing Occupational Health Unit capacity and capability in the wake of the Covid-19 pandemic, the expected cost of living crisis and increased workload demands from the public impacting Force staff and officers
  - FCC Operability – 101 Calls – modernise telephony / digital offerings
  - Invest to ensure the availability of healthcare provision in custody 24/7 in all areas
  - Support vetting workload pressures – changes resulting from learning from the Sarah Everard case
  - Enhance Digital Forensics capacity to shorten investigation times
  - Meet accreditation requirements across a growing range of policing functions
  - Sustain Crime Data Integrity Improvements
  - Reap the operational and business benefits available from implementing transformational technology/ NICHE / Mobile Data / and Contact Management
  - Improving training, timeliness, performance, and supervision of / quality of investigations
  - Reduce backlog demands in terms of victim and witness support
  - Embrace sustainability / invest appropriately to update Ageing buildings whilst embedding agile and Smarter Working
- 13.4 The budget requirement for 2022/23 and this MTFP also take account of the Commissioner's and the Chief Constable's priorities for the next financial year. The Force's aims and Control Strategy were outlined

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in the Temporary Chief Constable's presentation at the Finance Seminar in December as follows:

### Picture 2: Force Aims



**2021** Clarity of our aims for the next stage  
in our journey

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Improve the quality of our  
**SERVICE TO VICTIMS** #1  
keep them informed and ensure their rights are met

Undertake  
**QUALITY INVESTIGATIONS**  
follow the correct processes, ensure timeliness and demonstrate pride in products

Reduce victimisation and demand.  
**PROBLEM ORIENTATED**  
solutions come from getting under the issue and gripping the cause – it saves time too

Continued investment in  
**LEADERSHIP**

- 13.5 The arrival of the new Chief Constable, Richard Lewis in December 2021 provides an opportunity for the Force to refresh its own priorities in the context of the new Police and Crime Plan, the views of staff and officers as well as the Force Control Strategy which is outlined in the picture below.
- 13.6 Reassessing priorities will provide a further opportunity for the Force to realign resources over coming years in line with the MTFP and emerging future challenges.



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Picture 3 – Force Control Strategy

Dyfed-Powys Police Control Strategy 2021



**Class A Drugs**

Targeting the supply of Class A Drugs.

Focusing on the County Lines offending model involving organised criminal networks who use levels of violence and intimidation as well as criminal exploitation



**Child Criminal Exploitation & Abuse**

Child Criminal Exploitation (CCE) – children who are trafficked, exploited or coerced into committing crimes are victims in need of safe guarding and support.

Child Sexual Abuse (CSA) – forcing or enticing a child or young person to take part in sexual activities, not necessarily involving a high level of violence, whether or not the child is aware of what is happening.

Child Sexual Exploitation (CSE) – form of sexual abuse which occurs where an individual or group takes advantage of an imbalance of power to coerce, manipulate or deceive a child or young person under the age of 18 into sexual activity.



**Cyber Dependent**

Pure cyber-crimes: offences that can only be committed using a computer, computer network or other form of information communication technology.

These acts include the spread of viruses or other malware, hacking and distributed denial of service (DDoS) attacks



**Domestic Abuse**

Any incident of pattern of incidents of controlling, coercive, threatening behaviour, violence or abuse between those aged 16 or over who are or have been intimate partners or family members, regardless of gender or sexuality.



**Fraud**

Targeting individuals who intentionally use deception to illegally deprive another person or entity of money, property or legal rights.

Cross Cutting Enablers: County Lines / Digitally Enabled Crimes / Borders





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### 14 Budget Requirement for 2022/3 and Savings Plans

14.1 The table below shows a variation statement for the proposed 2022/23 revenue budget.

**Table 8 – Variation Statement for proposed budget 2022/23**

Forward Budget – Variation Statement (£M)	2022/23	%	Cumulative
<b>Net Force and OPCC Budget - 2021/2</b>	<b>119.834</b>		
Pay and Price Inflation	3.521	2.9%	2.9%
National Insurance Costs [Social Care +1.25% on ers]	1.000	0.8%	3.8%
Increments - Police Staff and Officers	0.647	0.5%	4.3%
Costs of uplift (57 Officers - NPCC Costing Model)	3.945	3.3%	7.6%
Cost Pressures OPCC	0.126	0.1%	7.7%
Additional Bank Holidays	0.300	0.3%	8.0%
Additional Specific Grants in Settlement	-1.032	-0.9%	7.1%
<b>Budget Required to meet National Costs Pressures</b>	<b>128.341</b>		<b>7.1%</b>
Local Capital Financing Requirements	0.763	0.6%	7.7%
Insurance Cost Increase	0.075	0.1%	7.8%
Unavoidable Cost local Cost Pressures	1.065	0.9%	8.7%
<b>Budget Requirement Incorporating local pressures</b>	<b>130.244</b>		<b>8.7%</b>
Utilisation of Reserves to Fund Temporary Pressures	-0.420	-0.4%	8.3%
Reduction in Police Staff Positions Included in National Uplift Costing Model	-0.887	-0.7%	7.6%
Force Savings Plan	-1.913	-1.6%	6.0%
<b>Total Budget After Reserves and Local Savings</b>	<b>127.023</b>		<b>6.0%</b>
Prioritised Reinvestment of Savings for Investment	0.498	0.4%	6.4%
<b>Net Budget Requirement 2022/3</b>	<b>127.521</b>	<b>6.4%</b>	

14.2 The cost consequences of delivering on the priorities outlined in section 14, alongside the additional costs of operational uplift, National Insurance, and other cost and inflationary pressures will require budget growth of 8.7% next year's taking account of every-day and capital spending plans.

14.3 To reduce the burden of this on the local taxpayer, the budget position reflects a challenging savings target of £1.913 million that has been set for the Force in 2022/23. Proportionally, this is around three times more than the Force share of the £100million target incorporated by the Home Office as part of the CSR. As well as implementing real terms reductions in non-pay headings, this will entail the Force keeping around 21 police staff positions vacant for the year which is in addition to normal vacancy level of 5% that is historically incorporated into the budget.

14.4 The Commissioner plans to utilise reserves to meet one-off cost pressures totalling £0.420M funded from a planned Force underspend in the current year. In addition, the Force will forego the police staff post increases included as part of the Uplift Costing model.

14.5 This leaves a net budget requirement of £127.521m for the 2022/23 financial year, an increase of £7.687m or 6.4% from the 2021/22 level. A breakdown of this increase is included in the table below:



14.6 A further description and breakdown of the individual items included in table 9 above is set out in the following paragraphs:

- Pay and Price Inflation** – the public sector pay-freeze for those earning over £24K announced in 2020 was lifted. The latest Comprehensive Spending Review included a commitment from Government to implement in full the findings of Independent Pay Review Bodies in relation to pay. Following some detailed consideration, the Commissioner has included provision for a 3.5% pay uplift in the budget from September 2022 – an assumption which is consistent with the approach being adopted by most Forces nationally. Unlike some other public sector areas, a pay freeze was applied fully across policing in 2021 and increases in inflation, employee national insurance contributions as well as potentially interest rates will be affecting real wage levels. The budget has also incorporated a non-pay inflationary increases of 3.25% for next year but with an additional specific increase of 16% in energy costs which is based upon correspondence received nationally. A standstill has been assumed in relation to specific grants.

**Table 9 – Pay & Price Inflation**

Pay and Price Inflation	£'000
Full Year Effect of 2021 Pay Award for those earning <£24K	134
Part Year Effect of assumed September 2022 Pay Award at 3.5%	2,214
Non-Pay Heading Inflation in 2022/3 including Utilities	1,173
<b>Total Pay and Price Increases</b>	<b>3,521</b>

- Employers National Insurance Costs** - The Employers National Insurance Rate will increase by 1.25% from April 2022 across all salary band levels. The total cost of this is £1.0 million being £650K for officers and £450K for police staff budgets.
- Police Staff and Officer Increments** – The Terms and Conditions for Officers and Staff provides entitlement to incremental increases in salary on an annual basis. This is offset to a certain degree by slippage in grades from those retiring – with their replacements generally being appointed at the bottom of each pay-band. In respect of recurring cost pressures, police officer and staff increments will add £0.647m to the budget requirement for next year net of slippage in grades.
- Cost of Officer Uplift** – As well as recruiting to replace normal retirements and leavers, the Force is also increasing establishment in line with the Home Office Police Uplift Target of an additional 20,000 officers by March 2023. Government targets incorporated an increase of 6,000 (42 for DPP) in 2020/1, a further 6,000 in 2021/2 (42 for DPP) and a final allocation of 8,000 (57 in DPP) for the next financial year – 2022/23. The National Police Finance and Coordinating Committee has produced costing guidance which has been applied in estimating the cost consequences Nationally and applied

locally for Dyfed-Powys. The costing model assumes an allocation of Police Staff, equipment, infrastructure as well as additional pay awards, training, recruitment costs, increments and ongoing travel and overtime costs etc. A summary of the cost increases included is shown in the table below:

**Table 10 – Police Uplift Programme Costs**

Cost (£K)	Category	22/3	23/4	24/5	25/6	26/7
Officer Pay		2,649	1,441	418	581	640
Police Staff		887	0	0	0	0
Unsocial Hours etc.		71	77	135	0	141
Uniform		12	-23	-11	-6	-3
Training		149	21	29	0	0
Estates		53	40	0	0	0
Fleet		66	0	0	0	0
ICT		57	0	0	0	0
<b>Total</b>		<b>3,945</b>	<b>1,556</b>	<b>570</b>	<b>575</b>	<b>778</b>

The Table demonstrates that there will be an on-going cost of Operational Uplift in terms of additional increments and non-pay costs which will put pressure on budgets for future years and which will not necessarily be included in future settlements. With recruitment happening during the course of the year, there will also be a full year effect of the current year recruitment in next year – which will add pressure to the budget which is reflected in the above estimates.

- **Cost Pressures Office of the Police and Crime Commissioner** - The Police and Crime Commissioners Office is facing similar pressures to those affecting the Force in terms of pay and inflation. Estates budgets are additionally being impacted by the costs of changes to the Minimum Wage against cleaning and some maintenance contracts which are largely being absorbed through savings on other areas. The cost increases across headings are categorised in the table below:

**Table 11 Pay & Price Inflation OPCC**

Pay and Price Inflation	£K
Estates Net Cost Increases	39
Commissioning Increases	371
Additional Commissioning Grants	-436
Office Cost Pressures	153
<b>Total Changes</b>	<b>126</b>

- **Cost of Additional Bank Holidays** – The Force has included within its budget the costs of the additional Platinum Jubilee Bank Holiday for 2022. In addition, as Christmas Day and New Year's Day both fall on a Sunday, these two days and the two replacement weekday bank Holidays are all paid

as Bank Holidays under Police Regulations which entails a one-off additional cost of £300K next year. These costs are being funded from a planned underspend in the current year rather than being a net additional cost falling on the taxpayer.

- Additional Specific Grants** – The Commissioner will receive an additional Grant of £222K (to £341K) allocated by the Home Office in recognition of the fact Welsh Forces are treated less favourably than English counterparts in relation to being able to utilise Apprenticeship Levy contributions (0.5% on National insurance rates) towards the costs of recruiting and training new officers. This is part of a £2.4 million pounds fund earmarked by the Home Office in the CSR. This has been a long-standing issue. In addition, the Force will receive an additional £256K (to £956K) as a specific grant payment which is conditional on it meeting its uplift targets assessed each month. Changes are also being implemented with Special Branch capabilities Nationally being funded through Specific Grant. In total this will result in an additional £554K in grant – which was top-sliced from Force general allocations and then reallocated as a Specific Grant.
- Capital Financing Requirements** – The Force will receive no capital grant funding from the Home Office from 22/23 and therefore must fund its capital programme either from borrowing or from its revenue budgets. Included within this Report is a Capital Strategy that sets out the Police and Crime Commissioners investment plans in relation to the Estate, vehicles, technology, and equipment for the next 10 years. The Commissioner has been following a strategy of borrowing to fund longer term Strategic Estates and ICT developments in the short term whilst building up an annual revenue contribution to capital on a phased basis. The budget for the 22/23 financial year includes an additional £0.650million revenue contribution to capital (to £2.948million) and a further £0.112million to meet borrowing costs of historic and current year capital borrowing costs (to £0.293million per annum). The capital programme is fully financed.
- Insurance Cost Pressures** – Marsh continues to provide insurance broker services to the Force. The two years has seen the insurance market operating in significantly hardened conditions particularly linked to the blue-light sector. On renewal Insurance costs increased by some £75,000 over and above the 2021/2 budget which has been reflected in full. Total annual premiums are now £0.745m per annum mainly for motor (£0.222m) and public liability (£380m).
- Unavoidable local Cost Pressures** – The Force has faced a range of specific cost pressures and workload demand pressures that have necessitated a reshaping of the budget in-year to address. The cost pressures emerging from these items is shown in the Table below. It is important to note that the Force has a savings plan of around £1.9 million that reflects the reductions in budgets implemented in the year that it will be utilising to meet the cost of these items. (see savings plan below)

**Table 12 Local Cost Pressures**

Area of Business	Assessed Requirement	FTE	Budget 22/3
Corporate Communications	Communications Post for Change Programmes	1.0	32
Occupational Health	Self-Financed Mental Health Adviser (Saving)	1.0	64
Protecting Vulnerable People	MAPPA - loss of Income for critical post	0.0	52
Investigations	Increase Telephony Data access costs	0.0	24
Cyber Crime	Salary costs of staff currently grant funded (50%)	0.0	88
Force Communications Centre	Modernisation of Call Handling / E2E - contractual (Risk Register / HMIC AFI)	0.0	262
Resource Management Unit - Reduction of Inspector	Regrading of Position - Release of Inspector Position	0.0	6
Custody	Embedded Health care provision Newtown - extension of existing contract	0.0	20
Health and Safety	Apprenticeship to deal with short term demands	0.0	11
ICT	National System Cost Pressures - PNC / National, ESN (DSNP circuits) / Licensing SQL etc.	0.0	336
Business Improvement	Temp Audit Role Linked to CDI - Make Permanent (AFI)	1.0	35
Witness Care Unit	Permanent Staff to Establishment of 6.5 (+3) in WCU (Workload / Backlogs)	3.0	80
Profession Standards	Temporary additional Vetting Officer to be made Permanent	1.0	34
Professional Standards	Annual IT Support Costs - New System (Corvet)	0.0	9
Professional Standards	National Vetting Office Cost Increases	0.0	12
<b>Total</b>		<b>7.0</b>	<b>1,065</b>

- Utilisation of Reserves to fund Temporary Pressures** –The Force financial position for the current year is positive and current projections suggest that an underspend of £420K will be available to be applied towards meeting one-off pressures identified as part of the 2022/3 budget

process. Of this £300K will be applied towards the one-off increase in bank holidays in 2022/3 and a further £120K will be applied towards police officer recruit training costs. With uplift targets resulting in an increase in external training costs temporarily, the Force will be funding this temporary cost increase from one-off reserves earmarked from within the current year under-spend position to avoid this falling recurringly on the Council Taxpayer.

- **Removal of Uplift Related Police Staff Positions**–The Operational Uplift costings included above include provision for an increase in police staff positions to support officers in accordance with a National costing model produced by the National Police Chief’s Council. A ratio of 6,500 for the 20,000 additional officers is assumed. This would equate to an additional 32.2FTE positions for the recruits appointed since March 2021. Given the financial position this is unaffordable in the next financial year. The police staff component has therefore been removed from the costing model saving £887K.

14.7 **Savings/ Efficiency Plan**– In addition to the above, the Force has fully reconfigured its arrangements for delivering savings, efficiencies and non-cashable benefits across key pillars of “Business Support”, “Workforce and Culture”, and ICT and “Transformational Projects”. As in previous years, the savings that are incorporated into the budget for the next financial year – 2022/23 will need to be firm and deliverable. The Commissioner and Chief Constable must set a budget that is balanced. A savings target of £1.913 million has been set for 2022/3 which is the first stage of an ambitious savings plan that spans 8 years. The Table below shows the total savings planned for each year and further narrative and descriptions on the various schemes included in each of the pillars is also included:

**Table 13 Savings/ Efficiency Plan**

Pillar	22/23	23/24	24/25	25/26	26/27	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Business Support	-669	-386	-448	-725	-267	-2,495
Workforce and Culture	-1,136	-941	-606	-598	-500	-3,781
ICT Change Programmes	-108	-139	-108	-108	-108	-571
<b>Total</b>	<b>-1,913</b>	<b>-1,466</b>	<b>-1,162</b>	<b>-1,431</b>	<b>-875</b>	<b>-6,847</b>

14.7.1 Business Support Pillar - incorporates changes focussed on Sustainability, Smarter Working, Asset Rationalisation and Procurement.

### **Sustainability / Carbon Neutrality**

The Estates Capital Programme already includes spending linked to prioritised Carbon Reduction schemes and sustainability progressing in the current year. It is expected that the schemes funded through the Salix Grant (£857K) alongside other sustainability schemes / smarter working will reduce costs by an estimated £150K once fully delivered and this will help to offset an overall unavoidable cost increase of 16% for energy budgets next year.

The forward capital programme prioritised by the Operational Estates Group includes approximately £4.1m of future capital spending linked to sustainability / carbon neutrality. In addition, a paper considered by the Strategic Estates Group highlighted the potential for a forward programme of investment of £2.4m that could be considered to further reduce energy consumption and carbon emissions from the HQ site.

Further work is being undertaken to assess the savings in energy costs that will result from this additional investment on a scheme by scheme basis – however a figure of 11% of the initial of the capital investment has been incorporated into the savings plan as a recurring target.

In relation to the fleet, the recurring capital programme includes an annual provision of £180K per annum which is equivalent to the annual carbon offset costs at an estimated £60 per tonne of CO<sub>2</sub> that is emitted by the fleet. It is anticipated that this funding will be utilised to reduce carbon emissions and fuel consumption across the fleet. An initial annual savings target of £30K per annum has been set in relation to fuel consumption reduction as an aspirational efficiency target. This incorporates savings through hybrid, electric as well as other alternate fuelling options for the future e.g. Hydrogen. Work is ongoing with partners to fully understand electric charging infrastructure rollout in the main town centres as well as the provision of electric refuelling card options.

Linking future aspirational savings plans and figures to the capital spending on sustainability linked schemes included in the capital programme would seem to be a sensible approach at this stage with the decision as to whether to proceed with each scheme being taken individually on cost / benefit considerations by the appropriate Board.

### **Smarter Working**

The longer term Smarter Working approach and programme is still being scoped at this stage. It is important to note that savings of approximately £237K were included when the budget for the current year was set in relation to conference / seminar, transport costs, subsistence, and photocopying. The reduced budgets are on target however there is limited scope to reduce these headings further at this stage.

The savings incorporated for this heading are limited to the potential additional rental income from Ambulance in relation to the Force Command Centre for the next financial year with an aspirational target of this increasing for future years currently linked to the probation building (cost savings) and a further future income target linked to the Strategic Command Centre and the new Brecon Build.

### **Asset Rationalisation and Income Generation**

Assets such as Police Stations, office accommodation, vehicles and ICT are clearly vital in the delivery of modern policing. In the context however of potentially decreasing real terms funding and high priority investment requirements it is important that the allocation of assets is optimised and provides value for money. It is important that ICT and Fleet assets are



matched to role and utilisation is high so that issue decisions can be justified on value for money grounds. Opportunities to rationalise fleet and ICT estate further will be considered particularly in the light of the organisational changes being implemented through the End to End Programme. There is a clear link here to the Smarter Working programme, but also to investment factored into current plans for example relating to ANPR, ESN devices, mobile data and ICT hardware replacements.

An initial future target of £50K per annum has been set as an initial aspirational target from 2023/4 for 3 years in relation to fleet and ICT equipment rationalisation and the delivery of this will be overseen by the ICT Strategy and Strategic Fleet Groups. This also incorporates an additional future target for income generation. This work will be dovetailed into Smarter Working Project work also. Further ICT linked savings are also incorporated below against the ICT Transformational Projects pillar.

In the context of Estates, work is progressing to translate the Estates Strategy into individual needs-based decisions in relation to police station numbers and locations. A modest initial target of £10K per annum has been included from 2023/24 at this stage that recognises the lead time that will be needed in scoping, consultation, and delivery of efficiency improvements in this area.

### **Procurement**

An annual procurement target of £530K covering procurement savings and budget rationalisation has been established as a target for the procurement section to deliver and monitor next year. It encompasses contract pipelines that are being delivered through BlueLight Commercial, Regional Collaborative Working as well as through local projects and budgets. This target will also encompass savings identification by Business Finance Partners.

ICT related procurement savings will be included in the ICT savings plan.

- 14.7.2 **Future Workforce and Culture Pillar** - considers high level savings potential from the Workforce for future years encompassing Officer Allowance Reductions, recuperative working, workforce optimisation, rank structure, the fall out of temporary police staff roles and flexible and early retirement for roles included in the current Establishment.

### **Officer Allowances**

Police Officer Rent, Housing and Compensatory Grant payments were ended for new entrants as a part of changes to Police Regulations. As officers retire, these grants will no longer fall payable. A profiled retirement dates for those in receipt of payments has been costed and the annual savings expected from these headings has been included in the savings plan.

### **Recuperative working**

Operational Uplift imposes a short-term target on police officer numbers that must be met by the Force covering a time period to at least 31st March 2023. The costed FMS recommendations includes many police staff posts as growth items and these have been fully included in the overall budget



position presented to date. There may be scope for some of these roles or other established police staff roles to be undertaken by officers undertaking recuperative duties in the short term. An initial target of 5 positions has been set in 2022/3 as an initial estimate.

Clearly the longer-term position will be that police staff roles will be more efficient in terms of grade and overall salary and in the medium-term workforce modernisation / optimisation options will need to be considered once officer number targets be removed.

### **Workforce optimisation / Modernisation**

At present, the targets imposed as a part of operational uplift are a significant barrier against workforce modernisation in relation to officer/ staff mix. The removal of uplift targets alongside potential increases in pensions on-costs for police officers from 31% to 57% of salary has the potential to significantly tip the balance back in favour of police staff roles in the medium term. The End to End project also provides a significant opportunity for workforce mix factors to be reconsidered linked to the need for warranted powers.

For the purposes of the savings plan it is assumed that police officer leavers are replaced with police staff positions from 2023/4 for a period of 3 years. This equates to approximately 100 positions at an average saving of £20K per position. The Force Resources Board will undertake further work to further scope this opportunity and devise a preferred way forward.

### **Rank Structure**

Linked to the above, the incumbent Chief Constable has identified a desire to workforce modernise some senior Officer roles in headquarters as opportunities present themselves. An initial target of 3 positions has been set at this stage starting from April 2023. Further work will be needed to scope these options with the Force Resources Board providing overriding governance and oversight.

### **Temporary Police Staff Roles, Vacancy Management and Flexible / Early Retirement**

The Force will identify temporary police staff roles included in the organisational structure and ensure that these are monitored against strict timeframes. In addition, succession planning work for police staff roles will identify likely leavers over the coming period. Vacant positions will be reviewed as they arise and a programme of targeted flexible or early retirement schemes may be considered for police officers and staff – where a financial case can be made for these. An initial estimate of 21 positions per annum has been included as an initial target in 2022/23.

- 14.7.3 ICT and Transformational Projects Pillar** - The Force Capital Programme includes significant capital investment in Emerging Technology, new systems and infrastructure that will result in a reduction or a redirection of existing spending. A detailed savings plan has been compiled to take account of these developments.

Each Major ICT Project has a detailed benefits realisation plan, and this will be used as the basis for monitoring the delivery change including financial savings. The savings incorporated for the next financial year include planned activity and non-pay savings. For future years, a more speculative high-level savings plan has been included as an initial target for projects such as Robotics Process Automation, Office 365 productivity, equipment rationalisation, reduction in software systems, licensing and the adoption of open source and cloud technology within ICT and in the wider organisation.

A cost recovery target has also been set in relation to the potential sale of systems to other Forces and / or collaborative / sustainability. Work is needed further scope and evidence further potential savings and potential cost reduction measures which will be undertaken through the ICT Strategy Board.

- 14.8 **Prioritised Utilisation of savings for Limited Reinvestment** - The Force completed its third Force Management Statement in November 2021 and this has allowed Chief Officers to fully consider and prioritise a re-investment of savings into areas of increased demand and operational pressure. A significant amount of work and effort has been undertaken to arrive at the prioritised list that is shown in the Table below. These address the most pressing or beneficial demands the Force has following prioritisation.

**Table 14 Investment Priorities**

	£'000
Cyber/ Digital Crime – Digital Forensics (Red Risk)	275
Administrative Support to Coroners Officers	11
Force Control Centre – Staff Restructure	94
Manging Offenders / Intelligence and Serious Organised Crime part funded last year	118
<b>Total Force Management Statement Heading Increases 22/3</b>	<b>498</b>

This follows a detailed prioritisation exercise of all costed Force Management Statement (FMS) change requests. In total, costed FMS recommendations totalled £8.688 million prior to prioritisation by Chief Officers and Force staff covering capital, officers, staff and non-pay items. Only one area was graded as a 'red' risk – and that relates to Digital Forensics and this is included above. Clearly alternate arrangements not involving budget increases will need to be considered to mitigate the unaddressed risks for the future.

## 15 Workforce Planning and Operation Uplift – 20,000 officers

- 15.1 The Force is planning significant changes to its workforce required due to Operation Uplift, Force Management Statement recommendations, the End to End Project as well as Strategic Assessment and prioritisation processes.

- 15.2 In order to meet its targets for uplift and to address skills gaps in certain functions the budget incorporates 12 additional transferees that will be recruited in February 2022 for detective roles, Armed Firearms Officers, and Response roles that will address gaps that will emerge from retirements and leavers identified through workforce planning arrangements.
- 15.3 As eluded to above, the Force has been allocated an additional 57 officers as part of the final tranche of uplift officers which will bring to 141 the additional officers that will have been recruited as part of the programme. This figure includes an additional ten officers recruited into the Regional Organised Crime Unit. This is of course in addition to recruitment for normal retirements. Recruits spend 2 to 3 years in training prior to being available for full operationally independent duties and therefore the full operational benefit of uplift in terms of impact on the public will not be felt for some time yet.
- 15.4 Recruitment of the initial first tranche 42 officers already happened during 2020 and further tranches of officers were recruited in March 2021 (22), June 2021(20) and September 2021 (20). Further intakes are planned for January 2022 (24), March 2022 (24), June 2022 (26), September 2022 (26), January 2023 (26), and March 2023 (26) in order to meet the requirement to increase officer numbers and replace those likely to leave the service over this period.
- 15.5 In respect of 2022/23, a performance related grant of £956m has been awarded to Dyfed-Powys. This will be payable quarterly in arrears and will be dependent on delivery against the increase in officer numbers (to 1,295 FTE or a headcount of 1,305) and any other performance criteria which may accompany this. No new criteria have been communicated in respect of this at this stage however it is expected that this will follow current year practice which is contingent upon a monthly assessment of net additionality.
- 15.6 As a result of Operation Uplift, there will be much focus on Police Officer numbers over coming years, and the following table outlines the anticipated position for 2022/23:

**Table 15 Police Officer numbers for 2022/23**

	<b>Officer Numbers FTE</b>
Officer Numbers Pre-Uplift (FTE excluding Seconded but including ROCU)	<b>1,156</b>
<b>Recruitment Activity</b>	
Additional Allocation 2020/1	42
Additional Allocation 2021/2	42

<b>Anticipated Actual 31.3.2022</b>	<b>1,240</b>
Less 2 Roles Reduced at Ports	-2
Anticipated Leavers 22/23	-49
Additional Allocation 2022/3 - Uplift	57
Additional Recruitment – to cover leavers	49
<b>Actual Officers Anticipated March 2023</b>	<b>1,295</b>

- 15.7 The 2022/23 financial year continues to build upon 2021/22 with significant and ambitious change for the Force, which will be vital in demonstrating improvements against Force Management Statement priorities, financial and operational resilience, HMICFRS recommendations and self-identified areas for improvement. These plans are anticipated to have a positive impact in maintaining and improving the standards of service that the public can expect as well making a tangible impact on staff and officer workloads and wellbeing.

### **16 Proposed Budget for 2022/23**

- 16.1 The overall result of the settlement and proposed precept is a total funding increase of £7.942m in 2022/23 compared with 2021/22 as shown in the table below.

**Table 16: Total Funding for 2022/23**

	2021/22	2022/23	Change	
	£m	£m	£m	%
Core Police Grant including rule 1 and floor funding	44.497	52.017	7.520	16.90%
Welsh Government - RSG & NNDR	13.030	8.667	-4.363	-33.48%
<b>Central Funding</b>	<b>57.528</b>	<b>60.684</b>	<b>3.156</b>	<b>5.49%</b>
<b>Pensions Grant (specific grant not core)</b>	<b>1.302</b>	<b>1.302</b>	<b>0.000</b>	<b>-</b>
<b>Uplift Grant (specific grant not core)</b>	<b>0.700</b>	<b>0.956</b>	<b>0.256</b>	<b>36.6%</b>
	<b>number/£</b>	<b>number/£</b>	<b>number/£</b>	<b>%</b>
Council Tax Base (Band D number)	226,109	230,344	4235	1.87%
Council Tax at Band D (£)	275.56	290.16	14.60	5.30%
<b>Precept</b>	<b>62.307</b>	<b>66.837</b>	<b>4.530</b>	<b>7.27%</b>
<b>Total Funding</b>	<b>121.837</b>	<b>129.779</b>	<b>7.942</b>	<b>6.52%</b>

Nb. The above reflects a technical redistribution between HO core grant and WG RSG/NNDR

- 16.2 This has resulted in the following balanced budget being prepared for 2022/23:

**Table 17: Draft Revenue Budget for 2022/23**

	2021/22	2022/23
	£M	£M
OPCC and Commissioning (net of reserves movement)	2.095	2.288
Estates	4.119	4.304
Force (net of reserve movements)	113.619	120.929
<b>Total</b>	<b>119.834</b>	<b>127.521</b>

- 16.3 A full breakdown of the proposed expenditure for 2022/23 (through to 2026/27) is provided in Appendix A.

## 17 Future Funding

- 17.1 Considerable uncertainty has existed over future financial settlements for some time. The political turmoil over recent years, uncertainties in relation to the impact of Brexit, the delays in the Comprehensive Spending Review and not least the considerable national and global economic implications of the Covid-19 pandemic are all matters of concern. The 2022/23 settlement announcement sees a high level commitment for the following two years but little detail apart from further increases of £100m for 2023/24 and a further £150m for 2024/25. The MTFP therefore includes assumptions of increases of 1.1% for 2023/24, 1.6% for the 2024/25 and 2% thereafter.
- 17.2 There has been much discussion and significant work carried out nationally over the years to review and create a new model to distribute funds across police forces in England and Wales. The Government recommenced the funding formula review work in May 2021 establishing a Senior Sector Group (SSG) which met for the first time in October 2021 with an underpinning Technical Reference Group (TRG) to support the detailed work. The SSG set a number of principles around the role of precept, clarity on the relationship between formula and 'levelling up' and the need to assess equality impact. Some key points have been raised around the importance of non-crime demand, the importance of consistent data collection, costs associated with crime harm, complexities around seasonality as well as the geographical and demographical issues such as rurality.
- 17.3 Both the APCC and NPCC networks are engaged with the review and both the Commissioner and Chief Constable will ensure that the local issues pertinent to Dyfed-Powys are articulated and fed into the review. It is important to note the significant risk as the last, unimplemented formula review would have seen Dyfed-Powys receiving £8m less in funding. Given the potential scale and impact of the outcome, the risk will continue to be recorded on the Strategic Risk Register but due to uncertainty, reductions have not been reflected within the MTFP. The implementation of the review will undoubtedly see a spectrum of winners and losers, and the Home Office have indicated that mitigation/ damping arrangements will be considered as part of their work. A Gold Group will be established once the scenario become more likely.
- 17.4 Much work has been done on both a local and national level to deliver extensive efficiencies and efficiency savings through a rigorous process of financial and service delivery scrutiny and transformation. These requirements will continue in earnest but it is recognised that these are proving harder to realise, especially given the wider economic conditions and market pressures.
- 17.5 Continued and indeed additional funding through specific grants from both the Home Office and Welsh Government also carry inherent risks in terms of their continuation. In the absence of clarity, the MTFP has assumed their continuation at the same levels, but there are no long-term guarantees.

- 17.6 Albeit that precept levels will be considered in detail by the Commissioner on an annual basis taking full cognisance of the range of impacting factors, for planning purposes, the MTFP has assumed a precept strategy of an annual increase of 5%. The assumed current medium-term funding position is shown below:

**Table 18: Total Funding for 2021/22 to 2026/27**

	21/22	22/23	23/24	24/25	25/26	26/27
	£M	£M	£M	£M	£M	£M
Central Grants	-57.527	-60.684	-61.344	-62.308	-63.297	-64.302
Pensions Grants	-1.302	-1.302	-1.302	-1.302	-1.302	-1.302
Uplift Grant	-0.700	-0.956	-0.956	-0.956	-0.956	-0.956
Assumed Pension Valuations Grant				-10.100	-10.260	-10.427
Precept	-62.307	-66.837	-70.740	-74.871	-79.244	-83.872
<b>Total Funding</b>	<b>-121.836</b>	<b>-129.779</b>	<b>-134.342</b>	<b>-149.537</b>	<b>-155.059</b>	<b>-160.859</b>
<b>Variance to prior year</b>	<b>-6.434</b>	<b>-7.943</b>	<b>-4.563</b>	<b>-15.195</b>	<b>-5.522</b>	<b>-5.800</b>
<b>% Change</b>	<b>5.58%</b>	<b>6.52%</b>	<b>3.52%</b>	<b>11.31%</b>	<b>3.69%</b>	<b>3.74%</b>

- 17.7 As part of the Commissioners annual considerations on council tax precept, the precept strategy to support the MTFP is also intrinsic. The above funding position assumes the following increases in council tax precept and includes an assumption that the council tax base will increase by 0.8% per year. This is broadly in line with the Office of Budget Responsibilities (OBR) assumptions for Wales of 0.6%:

**Table 19: Proposed Precept Level 2020/21 to 2025/26**

	21/22	22/23	23/24	24/25	25/26	26/27
	£	£	£	£	£	£
Council Tax Precept	275.56	290.16	304.67	319.90	335.90	352.70
Increase from prior year £	15.00	14.60	14.51	15.23	16.00	16.80
<b>% Change</b>	<b>5.76%</b>	<b>5.30%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>



## 18 Medium Term Budget 2022/23 to 2026/27

- 18.1 It is expected that pay and price inflation will continue to exert pressure on the costs of providing policing services over the period and the following assumptions have been made in relation to these:

**Table 20: Inflation Assumptions for 2022/23 to 2026/27**

Budget Assumptions (%)	22/23	23/24	24/25	25/26	26/27
Police Officers	3.5%	2.0%	2.0%	2.0%	2.0%
Police Staff	3.5%	2.0%	2.0%	2.0%	2.0%
Inflation	3.3%	3.0%	2.5%	2.5%	2.5%
Premises Fuel	16.0%	3.0%	2.5%	2.5%	2.5%
Vehicle Fuel	3.3%	3.0%	2.5%	2.5%	2.5%
Grants	0.0%	0.0%	1.5%	1.5%	1.5%
Income	3.3%	3.0%	2.5%	2.5%	2.5%

- 18.2 In addition to these increases in base costs, an efficiency and savings plan has been developed that is due to deliver savings amounting to £6.847m over the next five years. These savings plans are further detailed in section 14 above.
- 18.3 Work continues on a national and all-Wales basis to seek every opportunity for collaboration, consistency of approach and commercial efficiencies. The Deputy Chief Constable currently chairs the All Wales Collaboration Board, which oversees all existing police collaborations.
- 18.4 Given the scale of impact that a review of funding formula could have, both the Commissioner and Chief Constable have agreed to record this eventuality on the Strategic Risk Register. There is no doubt that any significant reductions in central grant funding would have serious implications on police services and the communities of Dyfed-Powys. A specific Gold Group would be established to develop sustainable plans for operational and organisational models to meet the potential scenarios.

18.5 The impact of the consolidation of the inflationary increases, pressures forecasted changes and resultant funding gaps are detailed as follows:

**Table 21 – Cost Variation Statement 2021/22- 2025/26**

		2022/3	2023/4	2024/5	2025/6	2026/7
		£'000	£'000	£'000	£'000	£'000
<b>Baseline Carry Forward Budget</b>	Baseline	119,834	127,521	132,074	147,279	152,801
Prior Year Pay Awards	Inflation / NI	134	1,711	1,028	1,137	1,169
Pay Awards	Inflation / NI	2,214	1,324	1,458	1,518	1,561
Non Pay Inflation	Inflation / NI	1,173	787	696	706	727
National Insurance - Social Care	Inflation / NI	1,000	0	0	0	0
Commissioners Office	Unavoidable	126	0	0	0	0
<b>Unavoidable Cost Pressures</b>						
Insurance - Legal Fees	Unavoidable	75	0	0	0	0
Bank Holidays	Influenceable	300	-89	-211	0	0
Use of Reserves	Influenceable	-300	89	211	0	0
Increments Officers	Unavoidable	322	322	322	324	273
Increments Staff	Unavoidable	325	325	250	150	150
Debt Charges	Unavoidable	118	224	792	1,341	1,026
National Systems - Growth	Unavoidable	0	75	0	76	0
SB Staff Transfer	Unavoidable	-554	0	0	0	0
Capital DRF Increase	Unavoidable	651	-651	651	1,000	1,000
Additional Estates Running Costs	Unavoidable	0	0	250	250	0
<b>Developments 21/22</b>						
Managing Offenders	Unavoidable	20	0	0	0	0
Intelligence Staff	Unavoidable	20	0	0	0	0
SOCT - ICT Recurring	Unavoidable	30	0	0	0	0
SOC - SPOC	Developmental	47	0	0	0	0
<b>Estimated Cost of FMS3 Actions Taken Forward</b>						
End 2 End Project	Developmental	0	117	135	0	0
Robotics Project / Analysts	Developmental	0	70	0	0	0
Committed	Unavoidable	1,065	44	0	0	0
FMS - Red Cost Pressures	Developmental	275	0	0	0	0
Amber	Developmental	11	0	0	0	0
FMS - Training	Avoidable	0	0	0	0	0
Green Issues	Developmental	94	0	0	0	0
IDLP Reserves	Unavoidable	-120	120	0	0	0
Drop Out of Reserves - DIP	Unavoidable	0	7	26	0	0
Additional PUP Grant	Unavoidable	-256	0	0	0	0
Apprenticeship Levy	Unavoidable	-221	0	0	0	0
Police Operational Uplift Costs	Uplift	3,058	1,556	570	575	778
Police Pensions Additional Costs	Unavoidable	0	0	10,100	0	0
<b>Efficiency and Productivity Plan (Cashable)</b>						
All Totals	Efficiency	-1,918	-1,477	-1,074	-1,555	-886
Net Budget Requirement		<b>127,521</b>	<b>132,074</b>	<b>147,279</b>	<b>152,801</b>	<b>158,597</b>
Year on year increase		6.4%	3.6%	11.5%	3.7%	3.8%
<b>Funded By</b>						
<b>Baseline Carry Forward Funding</b>		<b>-119,834</b>	<b>-127,521</b>	<b>-132,074</b>	<b>-147,279</b>	<b>-152,801</b>
Police Pensions Funding (100%)		0	0	-10,100	0	0
Settlement (Per CSR High Level Assumptions)		-3,157	-649	-974	-1,150	-1,168
Council Tax Increase @ 5% & Taxbase @0.6%		-4,530	-3,903	-4,131	-4,372	-4,628
<b>Total Funding</b>		<b>-127,521</b>	<b>-132,074</b>	<b>-147,279</b>	<b>-152,801</b>	<b>-158,597</b>

18.6 Although a balanced budget is presented for future years, it is important to recognise that a significant efficiency plan is reflected and note the risks around uncertainties around inflation, pension increases and formula funding review.

18.7 It is also worth highlighting the potential conflict and dichotomy that may arise from future requirements in meeting the Government's future expectations that Police Officer numbers will be maintained as this may inhibit optimal organisational resource planning.

## **19 Section 25 and Budgetary Risk**

- 19.1 Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer report to the Commissioner, at the time the budget is being set, on the risks and uncertainties that might require more to be spent on the service than planned, and the adequacy of financial reserves. This report is shown in Appendix B.
- 19.2 Allowance is made for these risks by:
- making prudent allowance in the estimates; and in addition
  - ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.
- 19.3 It is important that budgetary risk has been minimised when the budget is set. The level of budgetary risk must be formally considered by the Commissioner informed by the advice and judgement of his CFO.
- 19.4 The proposed budget for 2022/23 reflects the identified and quantifiable risks. It has not, however, been possible to incorporate the following risks:
- Amendments to the final government grant notification for future years;
  - Unforeseeable changes in government policy;
  - Future local and national financial implications arising as a from the ongoing consequence of the Covid-19 pandemic;
  - Further future impacts of pension scheme reviews on employer contribution rates;
  - Financial outcomes of national legal cases and challenges in relation to undercover policing, on-call and concurrent allowances, and police pensions.
- 19.5 Appendix C also outlines a risk impact assessment across various budget headings and based on the percentage of the net revenue budget and the known factors, which could influence levels of actual expenditure or income.

## **20 Reserves**

- 20.1 In accordance with the Home Office Financial Management Code of Practice (FMCoP) the Commissioner considers the role of reserves when compiling the MTFP and annual budget. The Commissioner, supported by his CFO holds the responsibility for ensuring the adequacy of reserves each year so that unexpected demand led pressures on the budget can be met without adverse impact on the achievement of the key priorities.
- 20.2 The FMCoP requires the Commissioner to establish a strategy on reserves in consultation with the Chief Constable. This Strategy is shown in Appendix D and details the approach for 2022/23 and beyond.

20.3 The opening and estimated closing position for reserves during this financial year 2021/22 are shown in the table below.

**Table 22: Reserve Balances and Estimated Utilisation during 2021/22**

	Balance at 31st March 2021 Actual £000k	Net Movement in year Estimated £000k	Balance at 31st March 2022 Estimated £000k
General Reserve	-4,032	0	-4,032
Earmarked Revenue Reserves	-3,784	-27	-3,811
Ringfenced Revenue and Capital Reserves	-1,660	0	-1,660
Capital Grants	-119	119	0
Capital Reserves	-7,414	451	-6,963
<b>Total</b>	<b>-17,009</b>	<b>543</b>	<b>-16,466</b>

20.4 The MTFP includes the utilisation of a number of reserves to support identified initiatives and capital investment over the term of the MTFP and the following table outlines the estimated year end positions over the coming years.

**Table 23: Estimated Reserves at year end**

	Balance at 31st March 2022 £000k	Balance at 31st March 2023 £000k	Balance at 31st March 2024 £000k	Balance at 31st March 2025 £000k	Balance at 31st March 2026 £000k	Balance at 31st March 2027 £000k
General Reserve	-4,032	-4,032	-4,032	-4,032	-4,032	-4,032
Earmarked Revenue Reserves	-3,811	-2,340	-1,706	-1,568	-1,529	-1,491
Ringfenced Revenue and Capital Reserves	-1,660	-1,660	-1,660	-1,660	-1,660	-1,660
Capital Reserves	-6,963	-1,769	0	0	0	0
<b>Total</b>	<b>-16,466</b>	<b>-9,800</b>	<b>-7,398</b>	<b>-7,260</b>	<b>-7,221</b>	<b>-7,183</b>

20.5 At the end of 2026/27, the general reserve is expected to remain at £4.032m with total reserves amounting to £7.183m albeit this includes revenue and capital ring-fenced reserves being held on behalf of the 'Go Safe' Partnership and for collaborative initiatives. The percentage of general reserve against net revenue budget will fall from 3.4% at the end of 2021/22 to 2.5% by 2026/27 as the net revenue budget increases. The reserves are further detailed in Appendix E and also provide the information to accord with the Home Office and ministerial requirements.

20.6 The above reserve levels have been considered in the context of risk, which comply with CIPFA's guidelines, which state that "in order to assess the adequacy of unallocated general reserves....take account of the strategic, operational and financial risks facing the authority."

- 20.7 Whilst risk exposure and mitigation of that risk may not necessarily drive a material increase in spending, it will influence the level of general reserves year by year.
- 20.8 Four key risks are specifically relevant to the level of general and earmarked reserves now and in the future, which are outlined below.
- Economic instability – the risk that worsening economic conditions, real terms reductions in levels of government grant and the increased resource requirements will have a significant effect on already stretched financial resources. This will result in a restriction on operational activity and developments over the next four years and beyond, for example, curbing the ability to offer the level of community policing that the public is expecting unless a bigger draw on reserves is authorised;
  - External Risks – such as Brexit, Covid-19 and the impacts of the wider global financial markets have been taken into account in setting reserves;
  - Operational major incidents and nationally and locally managed capital schemes – the likelihood and impact of a major incident that could occur within the Force area and risks attached to significant capital schemes has been considered in determining an appropriate level of reserves;
  - Council Tax – keeping council tax under control remains a priority for the Government.
- 20.9 In considering this range of resilience and sustainability factors, the Commissioner keeps his considerations for earmarked reserves under review, not only formally when completing the Statement of Accounts but also during the year when considering in financial management reports and also preparing the MTFP.

## 21 Capital

- 21.1 Well maintained and managed assets and critical infrastructure play a vital role in the delivery of efficient and effective policing services. Therefore, it makes sense to plan how these assets will be maintained and managed. The Capital Strategy is shown in Appendix F and underpins the draft capital programme for 2022/23.
- 21.2 Work has been undertaken during 2021/22 to consider future investment requirements over a longer period, albeit this naturally includes a number of assumptions. The Strategic Estates Group and Operational Estates Group have continued to apply a comprehensive risk scoring mechanism to assist in the collective prioritisation of estates maintenance and investment. The ten-year programme is outlined within the Capital Strategy with the programme for the next five years being outlined in the table below:

**Table 24: Draft Capital Programme for 2021/22 to 2026/27**

Capital Programme	21/22	22/23	23/24	24/25	25/26	26/27	Total
	£000k	£000k	£000k	£000k	£000k	£000k	£000k
Land and Buildings	8,412	19,305	14,978	7,349	3,921	1,949	55,913
Vehicles	1,114	1,869	1,625	1,380	1,405	1,600	8,993
IT and Other Strategic Spending	2,226	6,382	5,717	3,737	4,853	3,138	26,054
<b>Capital Expenditure</b>	<b>11,752</b>	<b>27,556</b>	<b>22,320</b>	<b>12,466</b>	<b>10,179</b>	<b>6,687</b>	<b>90,960</b>
Grant Funding	-1,080	0	0	0	0	0	-1,080
Borrowing	-7,782	-19,189	-17,600	-8,832	-5,891	-1,269	-60,562
Contribution from Revenue Account	-2,092	-2,948	-2,407	-3,134	-4,238	-5,369	-20,189
Capital Receipts	-172	-50	-400	-500	-50	-50	-1,222
Sustainability Reserve	-175	-175	-144	0	0	0	-494
Capital Reserve	-451	-5,194	-1,769	0	0	0	-7,414
<b>Capital Financing</b>	<b>-11,752</b>	<b>-27,556</b>	<b>-22,320</b>	<b>-12,466</b>	<b>-10,179</b>	<b>-6,687</b>	<b>-90,960</b>

21.3 The draft capital programme requires total funding of £90.960m for 2021/22-2026/27 with £11.752m now being planned to be spent in 2021/22. For the current capital programme to be fully financed over the next five years, capital reserves will be depleted by the end of 2023/24. In addition, it is foreseen that external borrowing of £60.562m will be needed over the same period. The majority of this borrowing will fund the building of a new station and custody facility for Carmarthenshire; provide a solution to the ageing police facility in Brecon along with the new training facility for the Joint Firearms Unit. The cost of these three capital projects are currently expected to be in the region of £33.2m. Borrowing will also be required to support the extensive investment requirements in critical infrastructure to support the effective delivery of policing services.

## 22 Public Consultation and Opinion

22.1 On the 26<sup>th</sup> October 2021, the Commissioner launched a public consultation and survey on the priorities set out within the Commissioner's 2021/25 Police and Crime Plan; and the police precept for 2022/23. It was important to the Commissioner that he sought the views of the public and the Dyfed-Powys Police workforce. He urged all to voice their opinion on this critical issue, to ensure that as a Police Force, Dyfed-Powys Police can continue to safeguard its communities with the highest standard of service available.

22.2 To assist the public in providing their views, a survey was created and promoted widely posing the following questions:

- Would you be happy to pay an additional amount through your precept for local policing?
  - 58% (116 respondents) would be happy to pay an additional amount towards local policing; 42% (83 respondents) would not.
- If yes, how much more would you be willing to pay per month?
  - Of the 116 who would be happy to pay an additional amount towards local policing, 106 noted how much more they would be willing to pay per month.

**Table 25 Public Consultation Responses**

How much per month	% of respondents
<b>£1.00</b>	37%
<b>£1.50</b>	26%
<b>£2.00</b>	19%
<b>£2.50</b>	18%

- Having considered the priorities, if the Police and Crime Commissioner increases the police precept level, which priority do you think ought to receive additional funding?
  - 75 respondents selected 'Harm is prevented' as their first choice.
  - 48 respondents selected 'Victims are supported' as their first choice
  - 36 respondents selected 'Our justice system is more effective' as their first choice.

22.3 This year's consultation saw a reduced level of responses with 199 responses to the precept questions and careful consideration will be given to how to encourage future wider engagement.

## 23 Conclusion

23.1 As outlined in the Commissioner's summary, given the historic funding decisions and scale of the financial challenges and operational challenges that both Dyfed-Powys Police and the wider police service face, it is vital to secure a Police Precept which will safeguard policing and support the continued delivery of the priorities set out the Police & Crime Plan in a sustainable but prudent manner, capitalising on the additional funding to increase Police Officer numbers.

23.2 The above report sets out the array of internal and external factors and considerations, which have informed the development of the MTFP.

23.3 The Commissioner submits a precept proposal for 2022/23 and assumptions that underpin the MTFP to 2026/27.

23.4 The Commissioner therefore submits a precept proposal for scrutiny by the Dyfed-Powys P&CP, which will raise the average band D property precept by



£1.22 per month or £14.60 per annum to **£290.16, a 5.30%** increase. This increase will raise a total precept of £66.837m. This will provide a total of core central and local funding of £127.521m representing a 6.42% increase on funding levels in 2021/22.

23.5 The impact of this Police Precept on each property banding are shown below:

**Table 26 - Council Tax Bandings**

Tax Band	Basis	2021/22	2022/23	Increase
A	6/9ths	£183.71	£193.44	£9.73
B	7/9ths	£214.32	£225.68	£11.36
C	8/9ths	£244.94	£257.92	£12.98
<b>D</b>	<b>9/9ths</b>	<b>£275.56</b>	<b>£290.16</b>	<b>£14.60</b>
E	11/9ths	£336.80	£354.64	£17.84
F	13/9ths	£398.03	£419.12	£21.09
G	15/9ths	£459.27	£483.60	£24.33
H	18/9ths	£551.12	£580.32	£29.20
I	21/9ths	£642.97	£677.04	£34.07

23.6 After taking account of the comprehensive efficiency plan, this level of funding will allow the Force to continue to deliver their operational and strategic plans, meet the array of inflationary increases and additional burdens which have been documented above whilst providing a small amount of focussed funding to meet risk assessed FMS priorities. These plans are anticipated to continue to have a positive impact in improving the standards of service that the public can expect as well making a tangible impact on staff and officer workloads and wellbeing but it is clear that the financial landscape remains challenging and will very much continue to be an area of focus in strategic resource planning.

Category	Original Budget 21/22	Revised Budget 21/22	22/23	23/24	24/25	25/26	26/27
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Budgets Managed by the Police and Crime Commissioner</b>							
PCC Office Costs	1,093	1,093	1,284	1,319	1,348	1,376	1,406
PCC Commissioning	1,663	1,663	2,100	2,163	2,216	2,271	2,327
Estates Spending	4,874	4,874	5,076	5,119	5,368	5,754	5,894
Estates Income	-755	-755	-772	-796	-856	-876	-896
PCC Income	-661	-661	-1,097	-1,097	-1,097	-1,097	-1,097
PCC Reserves	0	0	0	0	0	0	0
<b>Net Costs OPCC</b>	<b>6,214</b>	<b>6,214</b>	<b>6,592</b>	<b>6,708</b>	<b>6,979</b>	<b>7,429</b>	<b>7,634</b>
<b>Budgets Managed by the Chief Constable</b>							
Police Officer	72,731	70,270	75,322	78,817	91,041	93,786	96,595
Police Staff	34,467	36,225	38,294	39,024	39,739	40,689	41,801
Police Pensions	1,682	1,675	1,720	1,766	1,810	1,855	1,902
Indirect Staff Costs	1,945	1,740	2,363	2,044	2,124	2,177	2,232
Premises Related	485	491	525	540	554	568	582
Transport Related	2,050	2,010	2,066	2,097	2,119	2,172	2,226
Supplies and Services	11,067	11,690	12,331	12,512	12,526	11,444	10,831
Agency and Contracted	3,994	3,669	3,788	3,902	4,000	4,100	4,202
Capital Borrowing Costs	421	181	293	505	1,386	2,602	3,615
Direct Capital Financing	1,852	2,092	2,948	2,407	3,134	4,238	5,369
<b>Total Gross Spending - Force</b>	<b>130,695</b>	<b>130,043</b>	<b>139,650</b>	<b>143,615</b>	<b>158,433</b>	<b>163,631</b>	<b>169,354</b>
Income	-5,325	-5,803	-5,907	-6,068	-6,206	-6,347	-6,492
PUP	-700	-700	-956	-956	-956	-956	-956
Pensions	-1,302	-1,302	-1,302	-1,302	-1,302	-1,302	-1,302
Specific Grants	-7,933	-8,356	-9,474	-9,457	-9,441	-9,426	-9,412
Recharges and Apportionments	-190	-190	-190	-190	-190	-190	-190
<b>Net Spending - Force</b>	<b>115,245</b>	<b>113,692</b>	<b>121,822</b>	<b>125,642</b>	<b>140,338</b>	<b>145,410</b>	<b>151,002</b>
Use of (-) / Contribution to (+) Reserves	-1,626	-72	-892	-276	-38	-38	-38
<b>Net Revenue Budget</b>	<b>119,834</b>	<b>119,834</b>	<b>127,521</b>	<b>132,074</b>	<b>147,279</b>	<b>152,801</b>	<b>158,597</b>
<b>Financing</b>							
Police Grant	-44,497	-44,497	-52,017	-52,574	-53,409	-54,257	-55,118
Additional Grant - Pensions Valuations 24/25	0	0	0	0	-10,100	-10,260	-10,423
NNDR / RSG	-13,030	-13,030	-8,667	-8,760	-8,899	-9,040	-9,184
Precept	-62,307	-62,307	-66,837	-70,740	-74,871	-79,244	-83,872
	<b>-119,834</b>	<b>-119,834</b>	<b>-127,521</b>	<b>-132,074</b>	<b>-147,279</b>	<b>-152,801</b>	<b>-158,597</b>
<b>Difference - Annual Surplus</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Taxbase	226,109	226,109	230,344	232,187	234,045	235,917	237,804
Precept at Band D	£ 275.56	£ 275.56	£ 290.16	£ 304.67	£ 319.90	£ 335.90	£ 352.69
Percentage Increase in Band D	0	5.76%	5.30%	5.00%	5.00%	5.00%	5.00%
Absolute Increase in Band D - Annual (£)	£ 15.00	£15.00	£14.60	£14.51	£15.23	£16.00	£16.79

1. Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer report to the Commissioner, at the time the budget is being set, on the following matters:
  - the robustness of the estimates made for the purposes of calculations;
  - and the adequacy of the proposed financial reserves.
2. Both the Commissioner and Police and Crime Panel are required to have regard to this report when considering and making decisions in connection with the budget.
3. The proposed budget presented in this report is based upon robust figures, prepared by the DOF but in consultation with myself, the CFO. The detailed estimates have been prepared on a realistic basis and a result of comprehensive work undertaken by Corporate Finance in liaison with senior officers across the Force and have been subject to review and discussion through formal and informal meetings throughout the year.
4. The MTFP sub group, which was established back in 2018, has continued to consider the array of issues and financial assumptions, which have informed this budget. Much work has also been undertaken under the direction of Finance and Strategy Board to consider capital requirements over a longer horizon with continued focus on Estates investment and maintenance requirements and future efficiencies. This work will need to continue. There are still concerns about the deliverability and costs of a number of national IT programmes, including the Emergency Services Mobile Communications Programme. These concerns have been echoed by Sir Tom Winsor, Her Majesty's Inspector of Constabulary in his latest State of Policing report. Uncertainty continues in relation to the financial implications for forces. The capital programme sets out the longer-term requirements and consequential implications for revenue but does contain a number of assumptions and uncertainties which will be kept under regular review. The future sustainability of the capital programme is paramount, especially given the removal of capital grant. The MTFP includes a trajectory of increased revenue contributions to capital to underpin capital investment areas with shorter life spans, with prudential borrowing underpinning major investments in Estates and IT infrastructure.
5. The MTFP also takes cognisance of the critical review of service demand that has been undertaken and also addresses critical risks assessed and prioritised issues identified within the FMS. Efforts have been continued during 2021/22 to strengthen the linkage between the FMS and MTFP.
6. Although the MTFP has sought to make proper provision for realistic pay and price increases, and achievable levels of income, there is climate of risk due to inflationary and market supply pressures and as a consequence of Brexit and the Covid-19 pandemic which is likely to remain fluid for some time. To inform the assumptions both the DOF and I have taken cognisance of a wide range of financial and economic data as well as continuing to engage closely with professional networks to inform assumptions. In his Autumn Budget 2021, the Chancellor announced the end of the public sector pay freeze. There continues to be much speculation about the likely

pay award which will be subject to negotiation between staff associations and the Police Remuneration Pay Body. Given that the pay budgets account for such a high proportion of total spend, the impact of a difference between assumed and actual increase can be significant both for the both the forthcoming year but also have consequential full year impacts for future years of the MTFP.

7. The Chief Constable continues to report financial performance monthly through Policing Board and quarterly through Police Accountability Board. Updates are also provided to the Finance and Strategy Board and also through the Finance and Business Support Group. Finance is also a standard agenda item for other governance groups to ensure the appropriate and timely escalation of issues. I meet on a bi weekly with the DOF and there is close working with the Corporate Finance team in relation to a number of specific areas, which impact on the budget preparation and the MTFP
8. There has been much focus on the requirements to deliver efficiencies over the last 10 years, and the Government have set out very explicit expectations in this regard. The Efficiency Plan is therefore a structured way to reduce expenditure in a controlled manner. The assumptions for savings, efficiencies and service transformation are ambitious but should be achievable through close management and monitoring through the governance structure. It is recognised however, that the plan does carry a risk in terms of attainment as efficiencies are proving harder to achieve and there are some limitations to the optimal resource mix arising from the conditions attached to the Police Uplift Programme.
9. The Efficiency Plan for 2022/23 is forecast to deliver sufficient savings to balance the budget but does assume some transformation within the staffing structure which will need careful management. The Force has continued to participate in a Home Office exercise on productivity and efficiency during 2020. The results provided a useful analysis of the picture across policing and allowed for internal cross-referencing to ensure that all opportunities were being explored. To meet both the Governments expectations and the future financial challenges over the period of the MTFP, there will need to be a continued focus on identifying further efficiency opportunities. This work needs to be driven by all Chief Officers through the Recovery, Change & Transformation Board with a concerted effort to promote and embed the efficiency philosophy throughout the organisation to ensure optimal strategic resource planning.
10. Intrinsic to the delivery of this efficiency plan, the force has continued to embed its approach to business benefits realisation to ensure that all projects and initiatives have a very clear focus on both the financial and non-financial benefits that will be realised. The Recovery, Change and Transformation Group critically review all project proposals before giving the approval for more detailed business cases to be developed. Corporate Finance work with the Business Benefits Officer and senior managers to ensure that savings and financial benefits are reflected within financial reporting.

11. Both 2020/21 and 2021/22 have been years like no other, especially as the impacts of the Covid-19 pandemic continue. The scale of the Government's financial interventions have been huge and this has and will have consequential impacts on both the economy and future provision of public services. This economic backdrop impacts on financial planning with continued funding uncertainties. It is vital to highlight the difficulties in planning sustainably for the medium and long term when government funding announcements are for one year only. Although the 2022/23 settlement outlines commitments for a three year period, the additionality for the subsequent two years has not been to force level and also assumes the funding required to support the full implementation of the Police Uplift Programme. Despite headline figures the impact of unforeseen pressures such as the increase in employers National Insurance rates and high pay and price inflation mean that the financial landscape remains extremely challenging. There are also a number of specific grants, which underpin core policing activity both locally and regionally, including the specific grants to support recruitment for Operation Uplift. The continued uncertainty regarding future funding is not helpful for both service delivery and financial planning. Prudent assumptions have been made for the MTFP, but future years will need to be revisited as information comes to light. The lack of absolute clarity over future funding compounded by uncertainty with pay and price inflation makes sustainable planning challenging and carries inherent risk.
12. There has been much discussion and significant work carried out nationally over the years to review and create a new model to distribute funds across police forces in England and Wales. The Government recommenced the funding formula review work in May 2021 establishing a Senior Sector Group (SSG) which met for the first time in October 2021 with an underpinning Technical Reference Group (TRG) to support the detailed work. The SSG set a number of principles around the role of precept, clarity on the relationship between formula and 'levelling up' and the need to assess equality impact. Some key points have been raised around the importance of non-crime demand, the importance of consistent data collection, costs associated with crime harm, complexities around seasonality as well as the geographical and demographical issues such as rurality. It is important to note the significant risk as the last, unimplemented formula review would have seen Dyfed-Powys receiving £8m less in funding. Given the potential scale and impact of the outcome, the risk will continue to be recorded on the Strategic Risk Register but due to uncertainty, reductions have not been reflected within the MTFP. The implementation of the review will undoubtedly see a spectrum of winners and losers, and the Home Office have indicated that mitigation/ damping arrangements will be considered as part of their work. A Gold Group will be established once the scenario becomes more likely.
13. Whilst the increase in core funding and the specific grant to support police officer recruitment through Operation Uplift has been welcomed, there remains concern that future costs will not be met in their entirety from government grant as well as recognising the array of pay, price and service cost pressures. There are also concerns that future service

transformational choices may be unduly hindered by the dichotomy and conflict against government requirements and expectations in relation to Police Officer numbers. The nuancing of these complex issues continue to be raised at a national level.

14. It is also important to note the continued uncertainties and complexities surrounding the future financial implications of the Supreme Court judgment in the McCloud/Sargeant case that the transitional protection contained in the Judiciary and Firefighters Pension Regulations Reform gave rise to unlawful age discrimination. Subsequently the government announced that it accepted that the judgment applies to all the main public service pension schemes, including the Police Pension Schemes. Early work suggests that the employer's contribution rate for Police Officers could increase to over 50% in 2024/25 and there is no certainty that this significant additional cost will be met by grant funding
15. The adequacy of general reserves needs to be closely monitored to ensure that it is maintained at a sustainable level. The assumed profile of funding and cost of services within the MTFP sees a reduction of General Reserves falling from 3.4% of Net Revenue Expenditure at the end of 2021/22 to 2.5% by the end of 2026/27. This reduction is due to the increases in the net revenue budget rather than the utilisation with general reserves remaining at £4.032m. These levels assume that there are no calls on general reserves to meet unforeseen financial burdens. It is vital and prudent that this balance is maintained to allow for unforeseen burdens and operational requirements and important to note that even in a scenario where there may be eligibility for Special Grant may be relevant, costs up to the equivalent of 1% of net revenue budget (£1.257m for 2022/23) would ordinarily needs to be met locally.
16. A number of legacy decisions have continued to taint the financial position. The use of reserves to underpin the annual revenue costs has now finally been addressed but undoubtedly caused strain. The need to incrementally address the need for a sustainable trajectory of revenue contributions to capital has also added a significant burden on an annual basis.
17. Ongoing review and consideration is given to earmarked reserves to assist in meeting particular initiatives or to mitigate against specific risks. In preparing the MTFP, consideration has been given to the anticipated in year financial monitoring and a number of movements have been proposed to the Commissioner but will not be finalised until the year end. For 2021/22, this will see the creation of specific reserves to mitigate exposure for the increased costs of bank holidays which fall into 2022/23, meet peaks of cost associated with PEQF and also address backlogs in training which have arisen as a consequence of the pandemic. The MTFP also includes the planned utilisation of a number of specific reserves.
18. As detailed in the reserves strategy the adequacy of both the General reserve and specific reserves will be kept under constant review.
19. The robust approach on risk management and prioritisation of investment has enabled critical infrastructure developments and ensure a sustainable police service. Dyfed-Powys Police have continued to maximise on



collaborative opportunities at both a regional and national level but as well as enabling efficiencies there are also cost implications of doing so.

20. There continues to be considerable focus on the Capital Programme and Strategy under the direction of the Finance and Strategy Board, and albeit that it contains a number of assumptions and uncertainties, the MTFP considers the investment requirements for a ten-year period. The financing of this programme is challenging especially given the final removal of Capital Grant and the utilisation of capital reserves. This MTFP seeks to progressively increase the annual revenue contribution to capital to a sustainable level and keep the requirement of external prudential borrowing to an affordable minimum, but this naturally causes an additional annual pressure within the revenue budget.
21. All capital projects are subject to formal governance and appropriate due diligence but due to a number of issues the costs of each have increased since initially being recognised within the capital programme. Work is ongoing in relation to a new facility in Brecon and will be fully evaluated in due course. Governance work around Estates needs to continue into 2022/23 in relation to project, contract, performance and financial management.
22. Despite the assumed increases in council tax precept there is a need for continued efficiency requirements over the term of the MTFP and the uncertainties around future core and specific grant funding, complexities in relation to pensions costs set against the wider economic landscape mean that the financial environment is likely to remain challenging for the foreseeable future.
23. This MTFP has fully considered and documented the array of known issues and assumptions which impact over the period of planning period and I am satisfied that the proposals for 2022/23 produce a balanced budget and that the current level of reserves are adequate. Dyfed-Powys will however continue to face financial challenges and there is a need for continued focus to ensure financial resilience and sustainability to protect the communities of Dyfed-Powys.

**Beverley Peatling**

**Chief Finance Officer to the Police and Crime Commissioner for Dyfed-Powys**



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Police Officer Salary Costs and Pensions	60.4%	High	<p>The removal of the freeze on public sector pay awards combined with the wider economic landscape could result in additional unavoidable pay pressures which would need to be funded and therefore could impact on service delivery. Assumptions have been made in relation to future pay awards but until finalised remain uncertain.</p> <p>Increased financial impact as a consequence of an earlier timing of the pay award – for 22/3 if the assumed 3.5% was awarded from April rather than September this would cost an additional £1.076m.</p> <p>Overtime incurred on major incidents/operations/investigations is not controlled and monitored and therefore exceeds the budget.</p> <p>The number of officers in post increases above the approved funded establishment.</p>	<p>The assumptions around pay awards are based upon an array of financial and economic information which is reviewed on an ongoing basis.</p> <p>There is tight financial control and management of overtime both by budget holders and by the Force Resource Group with continued strengthening of financial reporting and management information. Budget holders are well aware of the financial challenges and their responsibilities for prudent financial management with a strong ethos and awareness of the need for financial control .</p> <p>A Chief Constable Contingency Fund was established to ease the peaks and troughs of major and critical incidents.</p> <p>Finance representation on all gold groups and other operational investigation group occurs as a matter of course. This enables overtime and other costs to be closely monitored at each meeting with timely reporting facilitating decision making.</p> <p>The establishment is monitored through formal governance and in detail by the Force Resource Group.</p>



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
			<p>The full ongoing costs of Operation Uplift will not be fully funded by Government Grant.</p> <p>This budget is very sensitive to changes in police officer numbers and the complexities in managing retirements, ill-health retirements, retention and the recruitment of new recruits as well as meeting requirements attached to the Police Uplift programme.</p> <p>Government expectations and conditions of grant to support Operation Uplift will contradict and hinder the force in its transformation and ability to meet future efficiency and savings requirements.</p> <p>Additional specific grant funding was received to assist in mitigating the impact of the 2018 pensions valuation direction but there is no certainty of the continuation of this grant.</p> <p>Future changes in pension's valuations remain a risk.</p>	<p>HR has a recruitment plan for the year ahead based on the projected number of police officer retirements, leavers, transferees and additional officers as part of the Police Uplift Programme. The required intake of probationers are planned and allocated accordingly with a strengthening of arrangements to ensure that the Home Office targets, with additional reporting to the Home Office throughout the year.</p> <p>Representations to the Home Office through respective groups in relation to the wider implications and perhaps unintended consequences of Operation Uplift, despite the headline announcements within the three year funding settlement.</p> <p>The pay budgets are continually monitored as part of budgetary control process. With formal reporting throughout the governance structure. Financial performance is discussed regularly by the Commissioner and Chief Constable at Policing Board, Policing Accountability Board and within dedicated Finance Seminars with both the Police and Crime Panel, Joint Audit Committee and Audit Wales. Financial matters are also covered in relation with the Finance and Strategy Board,</p>



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
			<p>In addition to this, there are considerable uncertainties in relation to the financial implications of the Supreme Court’s judgement in relation to the McCloud/ Sargeant case, which found unlawful age discrimination. The government accepted that this judgement applied to all the main public sector pension schemes including Police. The full extent of the financial implications is still not know but there are indications that this could see employer’s contribution rates increasing to up to c40% with no guarantee of additional grant funding.</p>	<p>Strategic Finance and Procurement Group and MTFP Group.                      Representations continue in relation to the complex pensions issues with a dedicated team within NPCC. Historically major changes which have significant financial implications have been funded through the Home Office and then factored into subsequent actuarial reviews.</p>
Police Staff Salary Costs	31.5%	High	<p>The removal of the freeze on public sector pay awards combined with the wider economic landscape</p>	<p>The assumptions around pay awards are based upon an array of financial and economic</p>



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
(including PCSO's)			<p>could result in additional unavoidable pay pressures which would need to be funded and therefore could impact on service delivery. Assumptions have been made in relation to future pay awards but until finalised remain uncertain.</p> <p>Increased financial impact as a consequence of an earlier timing of the pay award – for 22/3 if the assumed 3.5% was awarded from April rather than September this would cost an additional £0.547m.</p> <p>The number of staff in post increases above the approved funded establishment.</p> <p>Projects requiring staff involvement out of normal working hours are accurately costed for additional costs such as overtime etc.</p> <p>Organisational risk associated with increased vacancy requirements and reduction of 20 posts.</p>	<p>information which is reviewed on an ongoing basis.</p> <p>The establishment is monitored through formal governance and in detail by the Resource Management Board. A Gateway process has been established to monitor and control all changes to establishment and indeed all posts are reviewed and considered fully before being advertised.</p> <p>The pay budgets are continually monitored as part of budgetary control process. With formal reporting throughout the governance structure. Financial performance is discussed regularly by the PCC and CC at Policing Board, Police Accountability Board and within dedicated Finance Seminars with both the Police and Crime Panel, Joint Audit Committee and Audit Wales. Financial matters are also covered in relation with the Finance and Strategy Board, Strategic Finance and Procurement Group and MTFP Group.</p> <p>Representations to Welsh Government have continued and 20/21 saw the WG recognise the additional cost burden and also underwrite an additional 100 PCSOs across Wales – a continued focus on the need for future funding will remain.</p>



Budget area		% of net costs	Risk level	Identified Risk	Mitigating factor
				Funding for PCSOs is reduced or ceased.	
Indirect Costs	Staff	1.9%	Medium	<p>These might increase above budget.</p> <p>Uncertainty continues around the ongoing funding of the police recruitment for the Police Education Qualification Framework (PEQF).</p> <p>Insurance costs significantly increase due to pressures within the bluelight arena.</p> <p>Training has been impacted considerable by the Covid-19 pandemic with significant backlogs arising. Deliverability will be challenging.</p>	<p>Training budgets have been set to reflect operationally critical requirements. Budgets are monitored on a monthly basis and a Training Prioritisation Group considers training priorities before training is delivered.</p> <p>The Commissioner and Chief Constable continue to discuss and monitor training requirements at Policing Board.</p> <p>Although funding has been received fir 22/23, discussions will continue with the Home Office in relation to final solution for funding to support PEQF.</p> <p>Insurance pressures have been recognised within the budget and a reserve has been created to mitigate against insurance related exposure.</p>



Premises Costs	3.8%	Red	<p>Despite a programme of work to address the condition of the estate and maintenance backlogs, increased revenue costs may be required to ensure that the estate is maintained as a safe working environment for staff and officers. Increasing electricity and gas costs as a result of significant pressures and market conditions and more extreme weather conditions.</p>	<p>The estates requirements of the capital programme is considered as part of Medium Term Financial Strategy and annual budget setting process and has been subject to specific review by the Finance and Strategy Board with an extended 10-year view for this MTFP.</p> <p>There has been a strengthening of governance arrangements around Estates during late 2021. The Strategic Estates Group brings together key staff within the Commissioner’s office and from the Force meet monthly to discuss estates matters including finances. Considerable work has been undertaken by this group to develop a risk based prioritisation methodology for maintenance works. Matters escalated to the Finance and Strategy Board which is chaired by the Deputy Chief Constable.</p> <p>National negotiation of energy contracts through Bluelight Commercial.</p> <p>Review of energy utilisation to seek efficiencies and invest to save opportunities.</p> <p>Submission of grant application in relation to funding for sustainability initiatives.</p> <p>The Sustainability Group will consider further opportunities and oversee the Sustainability and Transformation Reserve.</p>
Transport Costs	1.6%	Medium	<p>Although there are planned changes to the fleet size, the costs of fuel are prone to significant</p>	<p>The fleet requirements of capital programme are considered as part of Medium Term Financial Strategy and annual budget setting process and</p>



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
			<p>market fluctuation which could increase in running costs.</p> <p>Market conditions as a consequence of Brexit and the Covid-19 pandemic have seen increased costs for fuel and spare parts which continue.</p>	<p>has been subject to specific review by the Finance and Strategy Board with an extended 10-year view for this MTFP.</p> <p>The Strategic Vehicle Group meets to discuss the vehicle fleet – group is chaired by the Director of Finance with matters being escalated to the Finance and Strategy Board.</p> <p>Fuel prices are monitored and their impact regularly assessed through the robust budget monitoring procedures that are in place.</p> <p>Telematics data is allowing the Force to monitor vehicle usage and optimise the size of the fleet.</p> <p>The capital programme includes provision for the continued adoption of electric vehicles, which will reap efficiencies and savings.</p> <p>The impacts of the exit from the European Union and the Covid-19 pandemic are monitored at a local, regional and national level.</p>





Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Supplies and Services and Commissioning	9.8%	High	<p>Non purchase orders could result in over spends against the budget.</p> <p>Market conditions as a consequence of the exit from the European Union and Covid-19 pandemic may lead to shortages in supply and increases in costs.</p>	<p>Purchase orders are processed with a built in budget check for high value items.</p> <p>The Procurement Department ensure that the procurement of goods and services are made in accordance with Financial Regulations and Procedures.</p> <p>Robust budget monitoring procedures are in place and adhered to.</p> <p>The establishment of BlueLight Commercial during 2020/21 should facilitate and reap some national, regional and local savings. The Force is fully engaged in the work.</p>
Agency & Contracted Services and Commissioning	4.5%	Medium	<p>Additional and increasing costs arising from the collaboration arrangements – specifically the Regional Organised Crime Unit, Joint Firearms Unit and its training facility.</p> <p>Pressures within Commissioned Services could impact on service delivery.</p>	<p>Work has been ongoing to strengthen the governance and financial management arrangements surrounding collaboration with improved reporting now in place.</p> <p>PCC’s commissioned services are authorised by the Director of Commissioning and are overseen by the Commissioning Advisory Board.</p>
Capital Financing	2.5%	High	<p>The scale of the capital investment requirements is significant and</p>	<p>External advice from Treasury Management Consultants</p>

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
			<p>increases in interest rates would increase borrowing costs.</p> <p>Continued delays and increases costs for national IT programmes.</p> <p>Increased costs for capital projects.</p>	<p>The Capital Strategy, Investment Strategy and Medium Term Financial Plan are aligned.</p> <p>Capital investment requirements will continue to be reviewed.</p> <p>Regular monitoring of all capital projects both local and national.</p> <p>Robust assessment and prioritisation of capital investment requirements through appropriate governance.</p>



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Specific Grant	-9.2%	Medium	<p>Critical services that are supported by grant cannot be sustained.</p> <p>Additional financial burdens incurred as a result of lost/ reduced grant funding.</p> <p>Grants should be utilised in accordance with the terms and conditions of grant.</p> <p>Grant providers may cease payments of grant with minimal notice.</p>	<p>Local, regional and national representations continue to be made in relation to the range of specific grants that underpin core policing.</p> <p>The assumptions in relation to all specific grants are considered on an annual basis and routinely as part of financial monitoring.</p> <p>Posts funded by grants should be recruited on a temporary basis for the duration of the grant, wherever possible, with all changes to these posts being scrutinised by the Establishment Control Group and authorised by the Director of Finance and Head of Human Resources.</p> <p>All terms of grant are authorised by the CFO.</p> <p>Comprehensive exit plans continue to be developed for each specific activity supported by external grant.</p> <p>Commissioned services supported by specific grant are authorised by the Commissioner, Director of Commissioning after consultation with the CFO.</p>
Other Income	-6.1%	Medium	<p>Income targets are under achieved as a result of lower than forecasted activity levels and impacted as a consequence of the Covid-19 pandemic.</p>	<p>The Strategic Finance and Procurement Group consider opportunities for the maximisation of income generation with budget holders being actively encouraged to develop opportunities.</p>



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
				Income is reviewed and monitored as part of financial management and budgetary control arrangements.
Use of Reserves	-0.7%	Medium	Unexpected demand led pressures on budgets cannot be met without an adverse impact.	<p>Annual review and consideration of reserves Strategy which outlines the approach and arrangements</p> <p>Operational reserve to mitigate peaks in critical and major incidents.</p> <p>Insurance reserve created to mitigate against increases in self-insured levels of exposure.</p> <p>Other specific reserves considered as appropriate to mitigate against one-off pressures.</p> <p>The MTFP Group continues to review medium term requirements, reserves and funding with matters being escalated to the Finance and Strategy Board as appropriate.</p> <p>Regular monitoring of the financial position occurs through the formal governance structure.</p>



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Capital	N/A	High	<p>The size, high cost and complexity of capital projects increases the risk of exceeding budgets, time overruns and not achieving the objectives of the original business case.</p> <p>Considerable strains in market conditions as a consequence of Brexit and the Covid-19 pandemic. Continued delays and increases costs for national IT programmes.</p>	<p>The capital programme is approved and monitored by through formal governance arrangements.</p> <p>There has been considerable focus through the Finance and Strategy Board, MTFP Group and within the Strategic Estates, ICT and Fleet Groups to critically review infrastructure requirements over a 10-year period.</p> <p>There has been ongoing strengthening in relation to project proposals and business cases' and this work will continue in earnest to ensure that all investments are fully considered and option appraised with business benefits being clearly identified.</p> <p>Regular monitoring of all capital projects both local and national.</p>

## RESERVES STRATEGY

### RESERVES, BALANCES AND PROVISIONS

#### 1 Introduction

- 1.1. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 which require local authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement.
- 1.2. The Financial Management Code of Practice states that the Police and Crime Commissioner (Commissioner) should establish a strategy on reserves (including how they might be used by the Chief Constable) and provisions in consultation with the Chief Constable. This should have due regard to the need to ensure the on-going funding of policing activities and the requirement to meet exceptional or extraordinary policing operations.
- 1.3. Reserves are an essential part of financial management. They help the Commissioner and Chief Constable cope with unpredictable financial pressures and plan for future spending commitments.
- 1.4. All reserves will be held by the Commissioner and managed to balance funding and spending priorities and to manage risks. This forms an integral part of the medium-term financial planning process.

#### 2. Definitions

- 2.1. Reserves and balances are different from provisions from an accounting perspective. In the case of useable reserves (as opposed to unusable reserves) and provisions, both amounts represented on the balance sheet should be matched by physical cash balances, unless internal borrowing has taken place.
- 2.2. **Usable Reserves** – are balances which are generally held for three specific purposes and are categorised as general reserves or earmarked reserves:
  - A working balance to help smooth the impact of uneven cash flows – general reserves;
  - A contingency to deal with unexpected events – general reserves;
  - A means of building up funds to meet known or predicted requirements – earmarked reserves.
- 2.3. **Earmarked Reserves** – these are balances that are being held by the for a specific initiatives and purposes.
- 2.4. **Ring-fenced Reserves** - these are balances that are being held by the Commissioner on behalf of third parties and cannot therefore be utilised without specific direction.

- 2.5. **Unusable Reserves** - do not have equivalent cash balances and are held for accounting purposes.
- 2.6. **Provisions** – are required for any liabilities of uncertain timing or amount that have been incurred.

### 3. Governance Arrangements

- 3.1. Minimum governance requirements in respect of reserves and balances are:
- The Commissioner has a soundly based strategy on the level and nature of reserves and balances it needs which will be considered by the Joint Audit Committee;
  - The required levels of reserves and balances should be reflected in the annual budget and Medium Term Financial Plan (MTFP);
  - The Commissioner monitors and maintains the level of reserves and balances within the range determined by its agreed policy, advised by the CFO who will ensure that there are clear protocols for their establishment and use;
  - The Commissioner retains adequate reserves so that unexpected demand led pressures on budgets can be met without adverse impact on the achievement of the key priorities;
  - The Commissioner's strategy for reserves and balances is based on a thorough understanding of needs and risks, and is properly and clearly reported at the time the budget and precept are set. The level of balances is kept under review and managed to ensure that financial standing is sound and supports the Commissioner in the achievement of their long term objectives;
  - Where target levels for reserves and balances are exceeded, the opportunity costs of maintaining these levels has been established, compared to the benefit accrued.
- 3.2. Locally agreed Financial Regulations and the Scheme of Consent should:
- Contain full details of how the Reserves and Balances strategy will operate locally;
  - Ensure that the annual budget includes a realistic amount of operational contingency that is available to the Chief Constable for operational priorities without the need for additional approval; and
  - Make provision, where appropriate, for budgets to be carried forward from one financial year to the next.



## Statutory Responsibilities

- 3.3. The “CIPFA Statement on the Role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable” sets out the five principles that define the core activities and behaviours that belong to the role of the CFO and the organisational arrangements needed to support them.
- 3.4. For each principle the Statement sets out the governance arrangements required within an organisation to ensure that CFOs are able to operate effectively and perform their core duties.
- 3.5. Governance arrangements required in respect of reserves and balances and which are the responsibility of the CFO are:
- Ensuring that advice is provided on the levels of reserves and balances in line with good practice guidance;
  - To report at the time, the budget is considered and the precept set, on the robustness of the budget estimates and the adequacy of financial reserves, as required by s25 of the Local Government Act 2003, and in line with CIPFA guidance.
- 3.6. Both should be undertaken in consultation with the Director of Finance (CFO Chief Constable).
- 3.7. There are also a range of safeguards in place that militate against the Commissioner over-committing financially. These include:
- The balanced budget requirement;
  - Chief finance officers’ Local Government Finance Act 1988 Section 114 powers which requires the chief finance officer to report if there is or is likely to be unlawful expenditure or an unbalanced budget; and
  - The external auditor’s responsibility to review and report on financial standing includes a review of the level of reserves taking into account their knowledge of the organisation’s performance over a period of time. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual organisations.

## 5. Home Office Guidance on Police Reserves

- 5.1 On 31st March 2018 the Minister for Policing and the Fire Service published new guidance on the information that each PCC must publish in terms of police reserves.
- 5.2 One of the key requirements is that the information on each reserve should make clear how much of the funding falls into each of the following three categories:
- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan

- Funding for specific projects and programmes beyond the current planning period
- As a general contingency to meet other expenditure needs held in accordance with sound principles of good financial management.

5.3 The Minister also outlined that future grant funding levels would take into account the transparent publication of this information across the service.

## **6. Assessing the Appropriate Level of Reserves**

6.1 The Commissioner is responsible for ensuring that the level of reserves is appropriate for local circumstances, and is accountable to taxpayers for the decisions made. The CFO (Commissioner) has a duty to provide the Commissioner with the advice they need to make good decisions.

6.2 Reserves are maintained as a matter of prudence. They enable the organisation to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. Reserves for specific purposes may also be maintained where it is likely that a spending requirement will occur in the future.

6.3 The public's acceptance of the precept is partly reliant on the understanding that the precept is spent on policing and that only a reasonable and prudent amount of any over-funding is being stored away as a general reserve. Conversely, when unforeseen expenditure arises, it is likely that the public would expect that the organisation would have sufficient resources to cover the expense without recourse to overspend.

6.4 In order to assess the adequacy of reserves, the CFO (Commissioner) should include an up-to-date assessment of the strategic, operational and financial risks facing the organisations.

6.5 Setting the level of reserves is one of several related decisions that must be taken when preparing the MTFP and the budget for a particular financial year.

6.6 Assessing the required level of reserves should involve carrying out an analysis of the Balance Sheet on an annual basis and projecting forward the key items of the Balance Sheet. This projection incorporates forecasting levels of reserves and balances over a three-year time horizon to cover the MTFP and capital programme.

6.7 In assessing the level of reserves due consideration is also taken of the Government support arrangements:

- Welsh Government Emergency Financial Assistance Scheme to help Forces faced with financial burden as a result of providing relief and carrying out immediate work in response to large scale emergencies.

The scheme is subject to a threshold which is set at 0.2% of the revenue budget.

- Home Office Special Grant to meet additional costs that would be incurred from policing unexpected and exceptional events within their areas. If approved forces are expected to meet the additional costs of the event up to 1% of the revenue budget

6.8 An effective reserves and balances strategy should consider the organisations approach to treasury management, capital expenditure plans and the need for external borrowing, against the use of balances and reserves.

6.9 CIPFA guidance suggests that in addition to cash flow requirements, the following factors should be considered:

Budget Assumptions	Financial Standing and Management
The treatment of inflation and interest rates	The overall financial standing of the organisations (level of borrowing, debt outstanding, council tax collection rates etc.)
Estimates of the level and timing of capital receipts	The organisations track record in budget and financial management including the robustness of the medium term plans.
The treatment of demand led pressures	The organisations capacity to manage in-year budget pressures
The treatment of planned efficiency savings/ productivity gains	The strength of the financial information and reporting arrangements
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments	The organisation's virement and end of year procedures in relation to budget under/over spends at organisational and departmental level
The availability of other funds to deal with major contingencies and the adequacy of provisions	The adequacy of the organisation's insurance arrangements to cover major unforeseen risks.

6.10 The Commissioner must have due regard to the need to ensure the ongoing funding of policing activities (including the requirement to meet exceptional or extraordinary operations). The annual budget should include a realistic amount of operational contingency to be available to the Chief Constable to meet operational priorities without the need for additional approval.

6.11 The Chief Constable will ensure that the annual revenue budget is sufficient to finance foreseeable operational needs by presenting a business case as part of the MTFP and annual budget setting process to

the CFO (Commissioner) and Commissioner for one-off expenditure items to be funded from earmarked reserves.

- 6.12 The business case should include consideration of the level of reserves required for major incident investigations and other operational requirements, the amount of reserves required and timescales for their use.
- 6.13 Approval of business cases for the use of reserves will be subject to the authorisation limits set out in Financial Regulations, to assist with day to day operational decision making.

## **7. General Reserves**

- 7.1 CIPFA's "Guidance Note on Local Authority Reserves and Balances" states that a General Reserve is required to act as "*a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves*". A General Reserve is also required to act as "*a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves.*"
- 7.2 Whilst CIPFA does not stipulate a minimum or optimal level of general reserve, its general guidance is to establish a reserve representing "resources set aside for purposes such as general contingencies and cash flow management."
- 7.3 Setting the level of earmarked and general reserves is just one of several related decisions in the formulation of the MTFP and the budget for a particular year. Account should be taken of the key financial assumptions underpinning the budget alongside a consideration of the organisations financial management arrangements.

## **8. Earmarked Reserves including Ring-fenced Reserves**

- 8.1 The current accounting Code requires the purpose, usage and basis of transactions of earmarked reserves to be clearly identified. A review of the purpose and level of reserves will be carried out annually during the budget setting process and details of the use of reserves included in the relevant note to the Statement of Accounts.
- 8.2 Earmarked reserves are categorised as either "usable" reserves or "unusable" reserves. Usable reserves can be applied to fund expenditure, unusable reserves are not resources backed and therefore do not have equivalent cash balances.
- 8.3 It is the Commissioner's policy to use reserves to fund non-recurring purchases to reduce the impact on the council tax precept. This includes using capital reserves to reduce the Capital Financing Requirement

(CFR), if appropriate, which in turn will reduce the Minimum Revenue Provision charged to the revenue account annually.

- 8.4 The target level of earmarked reserves will therefore fluctuate annually but will always be justifiable and monitored to ensure levels of earmarked reserves are not too high or too low. Should the Commissioner deem that the level of usable reserves that he holds is above and beyond the levels reasonably required and specifically earmarked for future projects, the Commissioner may return reserves to the public. This is to be achieved by first utilising reserves to fund one off investments.
- 8.5 The reason useable reserves are held will be classified in line with the new Home Office classifications as outlined above.
- 8.6 Unusable reserves currently held include:
- **Revaluation Reserve** - The Revaluation Reserve contains the gains arising from increases in the value of Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are revalued downwards or impaired, consumed through depreciation, or disposed of and the gains are realised;
  - **Capital Adjustment Account** - The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions;
  - **Accumulated Absences Account** - The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account;
  - **Pensions Reserve** - The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

## 9 Reporting Framework

- 9.1 The Commissioner has a fiduciary duty to local taxpayers and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.
- 9.2 The level and utilisation of reserves will be informed by the advice and judgement of the CFO (Commissioner). To enable the Commissioner to reach their decision, the CFO (Commissioner) will report the factors that influenced their judgement and ensure that the advice given is recorded formally within the MTFP. This report will include as a minimum a statement:

- detailing the level of general reserve and any movements on the fund;
- on the adequacy of the earmarked reserves, relative to spending and an estimate of provisions in respect of the forthcoming financial year and the MTFP;
- how reserves have changed over time;
- on the annual review of earmarked reserves including estimates of the year end balances. The statement will list the various reserves, their purpose, when they will be utilised and appropriate level; and
- An assessment of the risk of major incidents (operational and non-operational) occurring which is reflected in the budget and MTFP.

9.3 This report will be provided annually based on estimates to the Commissioner prior to approval of the council tax precept with the reserves position also being considered annually as part of the Commissioners approval of the Statement of Accounts.

9.4 As outlined above the Home Office issued specific guidance on Police Finance Reserves in January 2018 which seeks enhanced transparency across the service to demonstrate clear utilisation plans. The reporting framework detailed above addresses these requirements.

## **10 The “Opportunity Cost” of Holding Reserves**

10.1 The external auditor encourages a statement within the Reserve Policy on the opportunity cost of holding reserves. “Opportunity Cost” is an economic theory term, which means if you spend something on one thing you cannot spend it on something else.

10.2 Applied to reserves, this means that if reserves are held which are too high, then an organisation is foregoing the opportunity to lower the Council Tax. This theory does not however lend itself well in practice where levels of council tax increase can be capped.

10.3 During the budget setting process, the Commissioner considers using reserves for one off investments. This is considered a more sustainable use of ‘excess’ reserves and reduces the impact on the council tax precept. As reserves reduce the opportunity to do this reduces.

10.4 It is essential that the Commissioner’s decisions on reserves are communicated clearly to local taxpayers to promote accountability.

## **11 Provisions**

11.1 Provisions are required for any liabilities of uncertain timing or amount that have been incurred. Provisions are required to be recognised when:

- the local authority has a present obligation (legal or constructive) as a result of a past event;

- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

11.2 A transfer of economic benefits or other event is regarded as probable if the event is more likely than not to occur. If these conditions are not met, no provision should be recognised.

11.3 The requirement for provisions will regularly assessed.



Revenue & Capital Reserves	Narrative Comment	Home Office Classification	Actual 31st March 2021	Estimated Reserves at 31st March 2022	Estimated Reserves at 31st March 2023	Estimated Balance at 31st March 2024	Estimated Reserves at 31st March 2025	Estimated Reserves at 31st March 2026	Estimated Reserves at 31st March 2027
<b>General Reserves</b>	The requirements of operational policing vary significantly from year to year. This General Reserve ensures that funds are available to respond to and mitigate in year financial impacts of major incidents and unforeseen events.	<b>C</b>	<b>4,032</b>	<b>4,032</b>	<b>4,032</b>	<b>4,032</b>	<b>4,032</b>	<b>4,032</b>	<b>4,032</b>
<b>General Reserve as % of net revenue expenditure</b>				<b>3.4%</b>	<b>3.2%</b>	<b>3.1%</b>	<b>2.7%</b>	<b>2.6%</b>	<b>2.5%</b>
Insurance and Litigation Reserve	As a consequence of increases in insurance premiums and self insured limits, this reserve has been established to assist in mitigating against high claim exposure	<b>A</b>	450	450	450	450	450	450	450
Bank Holidays / other	This reserve is being proposed to mitigate the costs of the additional number of bank holidays which fall into 22/23	<b>A</b>	0	511	211	0	0	0	0
PEQF	This reserve is being proposed to mitigate the profile of costs of supporting officers through the PEQF which fall in 22/23	<b>A</b>	0	120	0	0	0	0	0
Training	This reserve is being proposed to mitigate the backlog of training which has arisen due to the covid-19 pandemic.	<b>A</b>	0	400	0	0	0	0	0
Op Talla / COVID-19 Reserve	This reserve was created at the end of 19/20 to assist in mitigating against financial implications arising as a result of the Covid19 pandemic	<b>A</b>	411	0	0	0	0	0	0
Chief Constable Operational Fund	This is a new reserve being established to assist in mitigating against the consequential costs of notable peaks in operational activity.	<b>A</b>	499	499	499	499	499	499	499
Revenue Transformational Projects	Reserve created to trial robotic processing and provide pump priming for the End to end Project for a whole system approach from crime recording to investigation.	<b>A</b>	572	418	114	0	0	0	0
Goleudy/Victim Services Reserve	This reserve is being proposed to mitigate the backlog of the provision of victim services which has arisen due to the covid-19 pandemic.	<b>A</b>	92	0	0	0	0	0	0
Sustainability and Transformation	This is a new reserve being established to assist in funding invest to save, sustainability and transformational initiatives.	<b>A</b>	494	319	144	0	0	0	0
Incentivisation (POCA) Revenue Reserve	This reserve comes from funds which have been allocated to Dyfed-Powys as a result of confiscation orders arising from proceeds of crime. These reserves are then utilised to support operational activities which assist in bringing criminals to justice.	<b>A</b>	135	147	159	170	182	193	205
Commissioner's Fund - Year 3	This reserve was created to provide the new term 3 Commissioner with a fund to support initiatives to underpin the new P&CP	<b>A</b>	428	328	228	128	28	28	28
Forfeiture Reserve	This is a reclassification of monies that are seized under section 27 Misuse of Drugs Act and following forfeiture at Court which will be utilised to fund operations targeting drug related crime and abuse	<b>A</b>	37	37	37	37	37	37	37
Sale of Found Property Reserve	This is a reclassification of monies received from the sale of found property and is used to support local charities/ donations.	<b>A</b>	34	34	34	34	34	34	34
Driver Retraining Scheme Reserve	This reserves is being held specifically to support activities in relation to road safety initiatives. Further opportunities will be explored to ensure that these reserves are utilised to optimal effect for the communities of Dyfed-Powys.	<b>B</b>	537	487	437	387	337	287	237
Drug Intervention Prog Reserve	This reserve will be utilised to support drug testing.	<b>A</b>	95	61	27	-0	-0	-0	-0
<b>Total Specific Earmarked Revenue Reserves</b>	<b>Total Specific Earmarked Revenue Reserves</b>		<b>3,784</b>	<b>3,811</b>	<b>2,340</b>	<b>1,706</b>	<b>1,568</b>	<b>1,529</b>	<b>1,491</b>



Revenue & Capital Reserves	Narrative Comment	Home Office Classification	Actual 31st March 2021	Estimated Reserves at 31st March 2022	Estimated Reserves at 31st March 2023	Estimated Balance at 31st March 2024	Estimated Reserves at 31st March 2025	Estimated Reserves at 31st March 2026	Estimated Reserves at 31st March 2027
Other Earmarked Capital Reserves	This reserve will be utilised to support the significant capital investment in Information Technology & Fleet	A	7,414	6,963	1,769	0	0	0	0
General Capital Grant	These capital grants are held to specifically support IT projects within the capital programme	A	119	-0	-0	-0	-0	-0	-0
<b>Total Earmarked Capital Reserves</b>	<b>Total Earmarked Capital Reserves</b>		<b>7,532</b>	<b>6,963</b>	<b>1,769</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>
<b>Total Force Reserves and Balances</b>	<b>Total Force Reserves and Balances</b>		<b>15,349</b>	<b>14,806</b>	<b>8,141</b>	<b>5,738</b>	<b>5,600</b>	<b>5,562</b>	<b>5,523</b>
Collaboration Revenue Reserve	This reserve represents the fair share of funds held for collaborative police services and includes the Regional Organised Crime Unit and Regional Task Force and subject to decisions by the All Wales Collaboration Board.	B	261	261	261	261	261	261	261
Go Safe Revenue Reserve	This earmarked reserve is held on behalf of the all Wales 'Go Safe' Road Safety Partnership and will be utilised in line with their business requirements which may be beyond the life of the current planning period.	B	376	376	376	376	376	376	376
Go Safe Capital Reserve	This ringfenced capital reserve is held on behalf of the all Wales 'Go Safe' Road Safety Partnership and will be utilised in line with their business requirements which may be beyond the life of the current planning period.	B	1,023	1,023	1,023	1,023	1,023	1,023	1,023
<b>Total Ringfenced Revenue and Capital Reserves</b>	<b>Total Ringfenced Revenue and Capital Reserves</b>		<b>1,660</b>	<b>1,660</b>	<b>1,660</b>	<b>1,660</b>	<b>1,660</b>	<b>1,660</b>	<b>1,660</b>
<b>TOTAL USEABLE RESERVES</b>	<b>TOTAL USEABLE RESERVES</b>		<b>17,009</b>	<b>16,466</b>	<b>9,800</b>	<b>7,398</b>	<b>7,260</b>	<b>7,221</b>	<b>7,183</b>

Home Office Police Finance Reserve	Classifications
Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan	A
Funding for specific projects and programmes beyond the current planning period	B
A general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management	C

Classifications as outlined in the Home Office guidance on Police Finance Reserves which was issued January 2018



## Capital Strategy

### 1 Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2021 requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability.
- 1.2 This Capital Strategy sets out the principles that underpin the production of the Police and Crime Commissioner's (Commissioner) forward capital programme. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It also provides an overview of the governance arrangements for approval and monitoring of capital expenditure, outlines how associated risk is managed and considers the implications for future financial sustainability.
- 1.3 The priorities for policing in the local area are detailed in the Police and Crime Plan (PCP). This document is compiled by the Commissioner in consultation with the Chief Constable. The priorities take account of the views of local people and partners as well as the Commissioner's priorities as the elected representative. The Commissioner published his new PCP in December 2021, the following priorities will underpin and be central to all aspects of operational and organisational delivery:
- Victims are supported.
  - Harm is prevented.
  - Our justice system is more effective.
- 1.4 The Commissioner and Chief Constable also take account of Strategic Policing Requirements issued by the Home Secretary. The Chief Constable is responsible for supporting the Commissioner in the delivery of the priorities set out in the PCP and has developed a Police & Crime Delivery Plan to support the PCP. His operational delivery, performance monitoring frameworks and financing decisions focus on these priorities. Five key delivery principles will support the PCP:
- Delivering value for money
  - Public engagement
  - Working together
  - Supporting victims
  - Strong leadership

- 1.5 The Capital Strategy is a tool to support planning and corporate working across the two Corporations Sole helping to ensure that assets are used and managed well. The Capital Strategy shows how we prioritise, monitor, deliver and evaluate our capital programme using the basic principles of the project methodology.
- 1.6 The Dyfed-Powys area is geographically the largest police area in England and Wales covering over half the landmass of Wales. It is particularly affected by the challenges associated with policing a largely rural area which includes two significant Ports, the major installations at Milford Haven and a vibrant tourist industry. Capital Assets, whether Police Stations, Police Houses, Radio Masts, Vehicles or Information Technology and other operational equipment play a vital role in the delivery of policing services across the area and in terms of delivering PCP priorities.

## **2 Key Partnerships**

- 2.1 In delivering each element of the strategy, the Commissioner plans to take due account of the continuing collaboration agenda and will take every opportunity to engage with neighbouring Forces and other constituent Authorities in developing strategies to counter common problems. This Capital Strategy takes account of the continuing need to invest in these key priority areas working with partners in the future.

## **3. Financial Sustainability**

- 3.1 For many years Dyfed-Powys Police has benefitted from significant levels of capital reserves which have been supplemented by the sale of operational buildings or police houses.
- 3.2 These reserves have historically underpinned capital investment but recent years the position moves away from the use of reserves into a position of funding through either direct revenue financing or borrowing. This therefore adds pressures to the revenue budget and consequentially to the council tax precept. It must also be noted that is also in a continued period of revenue pressures, increased demand and funding uncertainty.
- 3.3 The strategic approach is therefore to invest in core infrastructure now that will not only offer overall service improvements to the public, but also maximise revenue savings into the future through more efficient and mobile use of police personnel, enabled by improved Information and Communication Technology systems and other core infrastructure for example, connected vehicle fleet and building assets.
- 3.4 Capital investment will also be influenced by and take account of national visions for policing, the strategic policing requirement and both regional and local priorities.
- 3.5 All project proposals and business cases for capital investments will focus very clearly on business benefit realisation both from a financial perspective

but also from a non-financial perspective which will provide a sound basis to inform critical decision making.

#### 4 Environmental Sustainability & Decarbonisation

- 4.1 In 2019, the Welsh Government declared a Climate Emergency for Wales, to help trigger more action to address the climate change challenge. The Welsh Government reinforced the ambition for the Public Sector in Wales to be carbon neutral by 2030 and published the report 'Prosperity for All: A Low Carbon Wales (2019)', setting out 100 policies and proposals to decarbonise Wales. This Strategy provides Welsh Police Forces with a framework for prioritisation and support a clear plan of action that can be delivered locally and/or in collaboration by and beyond 2030 and seeks to introduce a series of planned interventions and improvement measures.
- 4.2 As part of an all Wales approach, Dyfed-Powys are firmly committed to playing their part, and have developed a Strategy setting out the ambition for decarbonisation and committed to a long term, future sustainable police service. Achieving net zero carbon will require a thorough transformation of the systems that make up the backbone of our operations, including transport, energy use, procurement of goods and services and the built environment
- 4.3 Dyfed-Powys is very conscious of its obligations in relation to environmental sustainability and these considerations will form an intrinsic part of all capital investment proposals.

#### 5 Capital Programme

- 5.1 Assets are vital to the delivery of efficient services and should be well managed and maintained. Strategies for Estates Management, ICT and Vehicle replacements underpin the Capital Strategy in providing the details for the longevity and the optimum replacement cycles for these items.
- 5.2 The Capital Programme and financing which covers the revised position for 21/22 through to 2026/27 is summarised below:

**Table 1- Capital Programme 2021/22 – 2026/27**

<b>Capital Programme</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>Total</b>
	<b>£000k</b>	<b>£000k</b>	<b>£000k</b>	<b>£000k</b>	<b>£000k</b>	<b>£000k</b>	<b>£000k</b>
Land and Buildings	7,927	18,653	14,914	7,349	3,921	1,949	54,712
Vehicles	1,114	1,869	1,625	1,380	1,405	1,600	8,993
IT and Other Strategic Spending	2,226	7,151	4,948	3,737	4,853	3,138	26,054
<b>Capital Expenditure</b>	<b>11,267</b>	<b>27,673</b>	<b>21,487</b>	<b>12,466</b>	<b>10,179</b>	<b>6,687</b>	<b>89,759</b>
Grant Funding	-1,080	0	0	0	0	0	-1,080
Borrowing	-7,297	-19,306	-16,767	-8,832	-5,891	-1,269	-59,361
Contribution from Revenue Account	-2,092	-2,948	-2,407	-3,134	-4,238	-5,369	-20,189
Capital Receipts	-172	-50	-400	-500	-50	-50	-1,222
Sustainability Reserve	-175	-175	-144	0	0	0	-494
Capital Reserve	-451	-5,194	-1,769	0	0	0	-7,414
<b>Capital Financing</b>	<b>-11,267</b>	<b>-27,673</b>	<b>-21,487</b>	<b>-12,466</b>	<b>-10,179</b>	<b>-6,687</b>	<b>-89,759</b>

5.3 Work has continued through the MTFP Group and Finance and Strategy Board to consider financial and investment requirements over a longer time frame. Albeit that it contains a number of assumptions and uncertainties this Capital Strategy includes a capital programme, shown at Appendix G, which has been extended to cover a 10-year period. This programme will be revisited as clarity arises and annually, as part of the formal budget and precept setting.

#### 5.4 Estates

5.4.1 The Commissioner has an Estates Strategy which provides clear guidance and direction around the future strategic and operational Estates requirements for the Dyfed-Powys Force, and provides clarity for budget allocation and future investment requirements.

5.4.2 The aim of this strategy is to:

- Create an efficient, fit for purpose and sustainable estate that delivers value for money and facilitates flexible working in line with the Police and Crime Plan
- Deliver an estate which provides an appropriate level of security for officers and staff and information

- Provide a visible and accessible service which enables multi agency working and promotes visible policing

#### 5.4.3 The main focus will be:

- Investment in the portfolio as required to maintain in line with full operational effectiveness.
- Sale of vacant and redundant properties.
- Construction of the new Carmarthenshire Custody and Station facility in Dafen Llanelli
- Consolidation and collaboration with Local Service Board members and partners.
- Delivering the new Brecon facility to provide collaborative Policing and Custody facility in South Powys
- Agreement on the future of buildings that might require major investment/replacement in order to continue servicing the needs of the community

5.4.4 Governance arrangements around Estates have been strengthened during 2020/21 to ensure that all stakeholders are better represented and to ensure the inherent linkage between operational requirements and estate provision. These will continue to be monitored/reviewed during 2022/23 aligned with the best operational for the delivery of the wider Estates model to support operational Policing.

5.4.5 All intended investment and decisions will be assessed to consider the following criteria:

- Location: Operationally Fit for Purpose
- Public Facing Status - Customer Facing
- Overall Condition of Property and Financial Burden

5.4.6 The Strategic Estates Group have developed a Project Risk Based Assessment Criteria to assist with the prioritisation of capital investment:

- Risk to operational effectiveness (to include smarter working)
- Risk to not meeting a legislative or statutory requirement including ISO accreditation
- Risk to building fabric/system which increases cost with long term implications
- Risk to Force & Commissioner Reputation (including partnership arrangements)
- Risk to Health & Safety
- Risk to the Security of the Site

5.4.7 Critical to the provision of policing within Dyfed-Powys has been the requirement for improved custody and station facilities in Carmarthenshire. This project has been ongoing for a number of years and has faced a number of challenges along the way. The project is seeking to deliver an 18-cell complex with ancillary office accommodation and Police station facilities on the outskirts of Llanelli. The Construction phase of the project commenced in October 2021



where ground clearance and stabilisation works commenced. Timescales are still on track for construction to complete in late May 2023. The project is now expected to cost in the region of £18.6m. There have been a number of factors that have led to an increase in costs including design changes/refinements, increased security requirements, increased costs for specialised equipment, ground conditions/contamination, inherent construction and materials cost increases as a result of the wider economy including the impact of Brexit and Covid-19. An extensive process to seek value engineering opportunities was also undertaken prior to award and continued focus remains to drive costs out of the scheme where possible. The Project continues to have a formal governance arrangement in place under the Deputy Chief Constable's direction.

- 5.4.8 Significant refurbishment works and investment has taken place over recent years to address a considerable programme of condition survey works across the estate, however the extent and inherent deterioration of the estate means that continued investment is required across all four counties.
- 5.4.9 The previous condition survey has helped inform the Estates Strategy in determining which properties to retain and where future moves and accommodation changes need to be planned to meet operational requirement. The future property strategy aligned with force crime Demand analysis data is a priority for the organisation, this work is currently underway and will provide clarity on the optimum operational location of policing hubs, this will provide direction for future collaboration opportunities, and reduce revenue costs where it is deemed that other estate solutions are viable, and complement future policing in a more effective way than the current estate. Pembrokeshire Estate Strategy is a key area of focus which will be reviewed in detail in the coming year, this will determine possible future capital and revenue implications aligned with the current condition of the estate.
- 5.4.10 Due to the deteriorating condition of the existing facility in Brecon, provision of £8.8m has been included for a potential new build. A full intrusive condition survey confirmed that it was cost effective to build new vs refurbishment of the current building, alternative options have been investigated and we are currently progressing a collaborative facility with partners for the possible acquisition of an existing office building where a new custody and Vehicle maintenance facility will be built. The operational requirements have been critically reviewed and have assessed that a considerably smaller footprint is required within Brecon. Albeit that this causes delay, given the scale of investment, ensuring full due diligence of options and progressing with the most cost effective and future proofed solution remains paramount to all involved.
- 5.4.11 The requirement for a firearms training facility to support the southern Welsh Forces collaborative Joint Firearms Unit was identified during 2018/19. The existing range has been deemed not fit for purpose and a new facility is required to meet the very extensive training needs and legal requirements for firearms officers. Considerable discussion has

taken place between Commissioners and Forces with a full business case being produced consider a range of options and potential locations for a new facility. Extensive due diligence has been undertaken and negotiations on land purchase have been finalised. Total costs of circa £30m have been identified with £8.1m being Dyfed-Powys Police's share of costs profiled over the next two financial years. The effects of the Covid-19 pandemic on the scheme in terms of material pricing along with land acquisition delays have meant that progress has been impacted.

- 5.4.12 In addition to these major developments, there will be continued risk assessed programme for planned and reactive maintenance. Prioritisation of works is reviewed based on risk factors aligned to condition of fabric and to the occupant, legislative requirements and business continuity considerations which inform the decision-making process and timescales. Condition surveys have previously been carried out across the whole estate determining the level of investment required at each location by each sub fabric element Custody upgrades are carried out in a phased approach based on risk and corrective actions as identified during HMIC audits.
- 5.4.13 The capital budget supplements a centralised revenue budget for planned and cyclical major buildings works which are programmed based on risk and future strategies for each building. Revenue resources are also held and managed locally for smaller scale repairs, upkeep, and maintenance initiatives/programmes. Investment has been prioritised within the capital programme to achieve efficiencies and reap reductions in revenue expenditure within the estate.
- 5.4.14 The Director of Estates has continued to work closely with the force to develop and deliver the numerous requirements arising from Covid-19. The organisation continues to embed agile and efficient ways of working. This approach will have further longer-term implications for both the estate and for IT which may require some upfront investment to facilitate longer term efficiencies. Assessments of these where required have been included with the capital programme.
- 5.4.15 A Sustainability Group was established during 2019 with this groups terms of reference seeking to explore and maximise sustainability opportunities. This work was paused to prioritise the organisations response to Covid-19 but has re-started during FY 21/22 with an All-Wales strategy and resource pool being used to provide a national unified approach and direction aligned with Blue Light Commercial initiatives and direction. The forward capital programme includes provision for a number of initiatives which as well as considering environmental and sustainable considerations will also seek to achieve efficiencies. This includes the Decarbonisation Plan for Headquarters site, which sees a structured invest to save Capital allocation for reducing the environmental impact of the Estate.
- 5.4.16 The Facilities Management Contract commenced in spring of 2019. A mid contract review was undertaken in 2021. This review confirmed

that the arrangements mobilised delivered statutory compliance, but fell short on key aspects of customer service. The next six to twelve months will determine future mid-term strategy for the facilities management contract and solution.

## 5.5 Fleet

- 5.5.1 The force has a good understanding of the demand for fleet through telematics. Arrangements are in place to ensure that the Fleet make-up continues to match demand and the evolving operational requirement through the Fleet User Group and the Strategic Fleet Management Group.
- 5.5.2 A significant reduction in mileage across the marked and unmarked fleet was experienced in 2020/21 as the force dealt with the pandemic. Whilst the 2022/23 mileage volumes are expected to show an increase from 2020/21, a 10% reduction in mileage is anticipated from the normal baselines as a result of a number of initiatives.
- 5.5.3 The force has already utilised telematics data to reduce the fleet from 415 vehicles in 2017/18 to 404 in 2021/22 and anticipated 385 vehicles by 2024 as a result of the changes including the E2E project and smarter working. The 10-year capital programme fully reflects the replacement requirements based upon value for money considerations around replacements versus servicing costs.
- 5.5.4 Dyfed-Powys is aware of its obligations in terms of sustainability and has started to invest in electric vehicles and charging infrastructure. Further work is being undertaken collaboratively with blue light services and other public sector partners to scope and plan the requirements particularly in relation to carbon neutrality and phasing out of diesel vehicles.
- 5.5.5 The force continues to exploit collaboration through a shared fleet management system across southern Wales, as well as meeting servicing requirements of partner agencies.

## 5.6 Information Technology

- 5.6.1 The Force has a current ICT Strategy which covers the period from 2018 up until 2024, and sets out the Force's ambitious digital transformation aims and the essential ICT infrastructure upgrades necessary to deliver a robust, resilient and performant platform with increased capacity to support the Force's needs over the coming years. The ICT strategy has been complemented by the writing of a Digital Transformation Strategy in 2021 which spans 2021 – 2026 and focuses on exploiting the potential benefits that are possible through the utilisation of emerging digital technology, exploring and experimenting with innovative technologies with the aim to re-imagine the way we work today – to make the organisation more efficient and effective and to develop a strong digital culture within the force.
- 5.6.2 The forward capital strategy takes account of a number of local strategic IT projects and also a number of re-procurement projects involving technologies and IT solutions that have reached the end of contract or end

of life of essential equipment. The key IT capital projects which are planned for the 2022/23 period are:

- 5.6.2.1 The implementation of the Niche RMS has begun and progress has been made in many areas such as:
  - The completion of the to-be processes is planned in for early 2022 leading to the final set of requirements being approved and provided to Niche which will dictate what will be included in the version of Niche that the force will go live on.
  - Data quality / de-duplication activities are continuing in 2022 with the intention to start the MOPI RRD process which will see a significant number of Person and context records disposed off.
  - Defining the BRC and Transition work has commenced with the creation of a data staging DB and the writing of BRC scripts, significant effort will be spent during 2022 in testing the loading of BRC data into Niche and testing interfaces to other systems.
  - The force has agreed with the West Coast region the detailed project plan for go-live, with Dyfed-Powys Police being given go-live slot of May 2023.
- 5.6.2.2 Procurement of a new RMS solution will now result in the need to re-integrate / re-design the current mobile solution to work with the new RMS provider. Discussions are underway with Merseyside Police who are also Pronto users to see if Dyfed-Powys Police can utilise Merseyside's version of Pronto, detailed mapping is being undertaken of the differences in Pronto processes with the subject matter experts from the business side.
- 5.6.2.3 Work has been carried out as part of the Commissioner's reinvestment in CCTV provision across the Force with phases 1 to 3 complete. There are two towns remaining namely Narberth and Aberaeron with work planned to be completed by April 2023 with handover to force communications centre as part of business as usual.
- 5.6.2.4 The new Contact Management System project has started, the procurement stage is now complete (with Motorola Airwave having successfully secured the contract) and moving to the implementation stage, there are three elements to the new system, emergency telephony, ICCS and CRM (Customer Relationship Management). The intention is to deliver the solution in stages with the emergency telephony part being made available during 2022 with the remaining elements going live in 2023.
- 5.6.2.5 The contract has been renewed with the incumbent Telematics solution provider for a further five years under a procurement carried out by SWP which has seen a decrease in costs over the 5 year period.
- 5.6.2.6 The Smarter working project has been set up which is looking at how the force should operate moving forward, with roles being defined as either fixed or agile leading to the decision as to the right IT equipment for each role. For example improvements to the productivity tools on

MDTs, with the rollout of NEP and M365 and access to their O365 documents now available to frontline officers. Significant lessons have been learnt from the forced changes to working practices due to the ongoing Covid-19 pandemic. The project will define agile working areas across the force and decide the kind of equipment needed, this will include identifying all roles that require laptops as agile workers, and improvements in technology / infrastructure to accommodate the increase. The capital program includes a provision for laptop and desktop computer replacements.

5.6.2.7 In 2022 the Digital Crime Unit working with ICT will need to define the strategic direction for their long term sustainable digital media storage requirements and to consult with other forces as to suitable secure viable options. This is likely to result in investment in 2022 -2023.

4.7.3 The forward capital strategy takes account of national programmes of work that are being taken forward by the NPCC's and the Home Office. There are numerous schemes being taken forward nationally including the following:

4.7.3.1 National Law Enforcement Database (NLEDP) programme has adopted a new approach to deliver the replacement for PNC (PND is now out of scope), they are taking an agile software development approach and aim to provide drops of useful functionality to forces on a regular basis. They are currently progressing the following areas, some are likely to land during 2022/23:

- Property Service
- Roadside Driver Check
- Vehicle Check
- Wanted on Court Warrant – which is the first product under development within the "Person" domain.

4.7.3.2 NIAM – National Identity Access Management is required in order that as a force we can consume new national services – such as LEDS.

4.7.3.3 Digital Public Contact – Single Online Home has a detailed future capability roadmap that is planned over the next few years, which will require continued support from within the organisation to ensure our public facing website develops in-line with the national programme and has the latest advancements.

4.7.3.4 A National Automatic Number Plate Recognition Service.

4.7.3.5 The National Enabling Programme are delivering three separate strands:

- The force is currently rolling out the NEP Microsoft Office 365 productivity tools, delivered via the Microsoft Cloud based on a nationally assured solution blueprint design and template. The force is nearing the completion of the full rollout stage and will be moving next to expand the use of MS Teams across the force and ensuring guest access and file management and retention are properly aligned with national policies. The project team are

- developing a roadmap for the introduction of further M365 applications.
  - IAM – Identity and Access Management is now embedded with work ongoing with SWP and Gwent Police to assist with collaboration across the region.
  - NMC – National Monitoring Centre providing national level security operations capability to respond to cyber threats has been rolled out in force and monitoring of both cloud and on premise servers is now fully embedded and are investigating further increasing our cyber resilience by looking at more advanced products such as MS Sentinel.
- 4.7.3.6 Emergency Services Mobile Communications Programme to replace the existing Airwave radio system – whilst there is continued uncertainty in respect of the programme timescales one of the first phases on ESN adoption will be delivered to Dyfed-Powys in mid 2022 known as Dispatch Communication Server. The work undertaken in the CMS project will prepare the force in readiness for the adoption of ESN.
- 4.7.3.7 The current contract for Body Worn Video expires December 2022 and the force are looking at options for the procurement of a replacement solution with a view of a longer term contract. The procurement will look to standardise on a Digital Evidence Management System platform for the storage of all digital evidence material linking into Niche to provide a seamless experience for the officer.
- 4.6.4 The force has set up an Emerging Technology and Transformation Group to explore and to capitalise on the benefits of more innovative technology options such as artificial intelligence, facial recognition, augmented reality technology and robotic process automation (RPA). The initial focus has been on RPA, and a project has been kicked off to identify an initial set of suitable processes to implement using RPA, the next stage is to move to run a proof of value exercise. The aim is to look at digital innovation through experimentation – a reduced risk iterative innovation approach – ensuring cost effective investment. This is based on an internal Rapid Digital Innovation Delivery model, where the methodology is based on Look, Try, Prove and Extend. The intention is also to approach other forces that are more advanced in this space and consider sharing common processes, thereby speeding up delivery.

## **5 Capital Requirements and Resources**

- 5.1 There has been a significant reduction in core capital funding allocated by the Home Office over recent years with only £85k being received for 2021/22. The funding settlement for 2022/23 announced that all capital funding directly to Commissioners will cease and be redirected to national projects. This erosion has caused additional burden on revenue budgets with capital funding needing to be met from reducing capital reserves, increased direct revenue contributions from revenue and prudential borrowing which brings



long term additional burdens on the revenue budget to fund both interest and minimum revenue provisions.

- 5.2 In addition, to the array of investment requirements for critical local and regional infrastructure there are also financial burdens arising from a number of mandatory national Information Technology projects which in the main, are outside of the control of Dyfed-Powys. These projects continue to cause concern both in terms of delays, cost increases with much dialogue continuing between the APCC, the NPCC and the Home Office. HMICFRS State of Policing report for 2021 also made specific critical comment,
- 5.3 As part of his integrated service and financial planning arrangements, the Commissioner estimates the level of capital resources available for subsequent years in order to draw up a forward capital programme.
- 5.4 The Commissioner and Chief Constable have prioritised investment in the capital programme towards strategic priorities, unavoidable spending and towards areas that reduce future revenue expenditure and a revised capital programme for 2021/22 to 2026/27 totalling £89.759m.
- 5.5 In order to meet future capital investment requirements and mitigate the cessation of capital grant funding, the medium term financial plan and capital programme include an increasing trajectory of revenue contributions to capital with external prudential borrowing to support investment in critical infrastructure.
- 5.6 The profiled level of capital investment and external resources are used to assess the need for both short and long term borrowing. The strategy also feeds into the considerations that the Commissioner makes annually in setting prudent sustainable and affordable borrowing levels and indicators.
- 5.7 Local Authorities, including the Police, can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. borrowing costs are not supported by the Government so DPP needs to ensure it can fund the repayment costs. The authority's Minimum Revenue Provision (MRP) Policy sets out a prudent approach to the amount set aside for the repayment of debt. These are set out separately under the Treasury Management Strategy which is considered and approved by the Joint Audit Committee. The Code is explicit that authority must not borrow to invest primarily for financial return.
- 5.8 In addition to their own capital programme, the Commissioner and Chief Constable work with other partners to secure additional capital and revenue resources to further partnership, transformational and sustainability objectives wherever and whenever possible. These are dealt with through complementary processes.



## 6. Governance Arrangements

- 6.1 As outlined the capital programme has been prioritised by Commissioner and Chief Constable who appraise requirements against strategic priorities. The processes recognise the varying scale and complexity of capital projects and incorporate a proportionate approach to capital project appraisal, monitoring and evaluation.
- 6.2 The Commissioner manages his capital strategy operationally through the Policing Board, which oversees the major change projects for both capital and revenue. In addition, the Finance and Strategy Board will support delivery and monitor specific programme risks. Detailed implementation work is assigned to key individuals and overseen by the Strategic Estates, Strategic ICT and Strategic Vehicle User Groups or at specific Project Boards including the Capital Build Group which are established to oversee and govern major capital schemes.
- 6.3 Major projects are managed in accordance with project management best practice in terms compliance with PRINCE 2 project methodology. Links have been established between benefits management on key projects, efficiency planning and costing information.
- 6.4 A project proposal form has been developed to capture project considerations, risks, costings, timescales and business benefits in a consistent manner across the organisation. All project proposals will be considered by the Recovery, Change & Transformation Group.
- 6.5 The Capital project proposals are considered and prioritised with reference to a business case and are considered against the following factors:
- Strategic importance - how the bid supports the Commissioner's priorities and wider national and regional priorities;
  - The outcomes that will be achieved and the specific benefits and impacts;
  - Financial Sustainability – whether costs are realistic and the level of future revenue implications;
  - Environmental Sustainability;
  - What options have been considered;
  - What other funding sources may be available;
  - The degree to which the proposals support partnership working.
- 6.6 Particular consideration is given to on-going revenue costs stemming from capital projects within the appraisal process. All potential capital bids identify ongoing revenue costs and consider how these can be met. Revenue costs stemming from capital schemes including any prudential borrowing requirements are built into the medium term financial plan.
- 6.7 Prioritisation is then made, based on four categories, which are listed below in order of priority:
- Unavoidable (statutory, contractual or tortious liability);

- Corporate Priority (relating directly to the Corporate Aims and priorities for improvement);
  - Service Priority (meeting stated service priorities);
  - Other (payback, invest to save, leverage of external funding etc.).
- 6.8 Lower priority projects which cannot be delivered within available resources can only be considered and undertaken if additional resources or an under-spend on the approved capital programme is identified during the year.
- 6.9 Progress against capital schemes is reported as part of financial reporting to Finance and Strategy Board, Policing Board, Force Executive Board and quarterly to Policing Accountability Board. Specific projects and reports are also considered by the respective governance groups, which sit below these Boards i.e. Strategic Estates Group, Capital Build Group, Strategic IT Group and Strategic Fleet User Group, with risks and highlight reporting escalated through the governance structure as appropriate.
- 6.10 Following approval of the capital programme, a project manager and a user representative is identified for each capital project. The project manager is responsible for managing the project implementation and delivering its objectives. For all projects within the capital programme an officer is identified as project sponsor.
- 6.11 The user representative is responsible for representing users and customers and for defining the quality requirements. Both roles reflect the underlying principles of the PRINCE 2 project management methodology. The project manager produces a project plan for approval. Progress against the project plan is reported to the Programme Management Board and Project Sponsor.
- 6.12 Once projects have been completed the project manager completes a post implementation review for the major capital projects. This includes identifying at what stage the post project review will be carried out. The post project report is reviewed by the Finance and Strategy Board and escalated to the Policing Board if required.
- 6.13 To evaluate the actual success and outcomes of capital projects a post project review is also carried out. The depth of this review is proportionate to the scale of the project and the benefits set out in the initial Project Initiation Documentation.
- 6.14 This review is in effect a check of performance against the original proposal. It focuses on the outcomes achieved, the extent to which the benefits claimed are being realised, the actual costs, both revenue and capital, and the impact of other funding and partnership working. Dyfed-Powys can then use this information to learn lessons and make any improvements identified during project implementation.
- 6.15 The ongoing success of projects is monitored through a number of mechanisms such as officer feedback, public consultation and customer feedback.

## **7 The Disposal of Assets**

- 7.1 The Commissioner and Chief Constable recognise the need to dispose of surplus or unsuitable assets to help achieve its corporate aims and deliver its capital programme and the detailed process for disposal of assets is included in the Corporate Governance Framework. A number of properties have already been disposed of and plans to market further properties will be done in conjunction with delivering the Estates Strategy.

## **8. Conclusion**

- 8.1 This Capital Strategy considers all aspect of capital management, sets out the methods for assessing capital projects and assets and outlines the revised capital programme for the period 2021/22 to 2026/27 with wider outlook 2030/31. The strategy should be read in conjunction with the detailed Estates, ICT and Fleet Strategies, Sustainability & Decarbonisation Strategy and the Treasury Management Strategy which covers the requirements of CIPFAs Prudential Code.

Capital Programme	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	Total
	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k
Land and Buildings	8,412	19,305	14,978	7,349	3,921	1,949	1,908	1,711	2,541	2,541	64,614
Vehicles	1,114	1,869	1,625	1,380	1,405	1,600	1,505	1,530	1,491	1,491	15,009
IT and Other Strategic Spending	2,226	6,382	5,717	3,737	4,853	3,138	4,074	4,749	4,978	3,177	43,033
<b>Capital Expenditure</b>	<b>11,752</b>	<b>27,556</b>	<b>22,320</b>	<b>12,466</b>	<b>10,179</b>	<b>6,687</b>	<b>7,488</b>	<b>7,990</b>	<b>9,010</b>	<b>7,209</b>	<b>122,656</b>
Capital Grants	-1,080	0	0	0	0	0	0	0	0	0	-1,080
Borrowing	-7,782	-19,189	-17,600	-8,832	-5,891	-1,269	-2,069	-2,571	-3,591	-1,790	-70,583
Contribution from Revenue Account	-2,092	-2,948	-2,407	-3,134	-4,238	-5,369	-5,369	-5,369	-5,369	-5,369	-41,664
Capital Receipts	-172	-50	-400	-500	-50	-50	-50	-50	-50	-50	-1,422
Sustainability Reserve	-175	-175	-144	0	0	0	0	0	0	0	-494
Capital Reserve	-451	-5,194	-1,769	0	0	0	0	0	0	0	-7,414
<b>Capital Financing</b>	<b>-11,752</b>	<b>-27,556</b>	<b>-22,320</b>	<b>-12,466</b>	<b>-10,179</b>	<b>-6,687</b>	<b>-7,488</b>	<b>-7,990</b>	<b>-9,010</b>	<b>-7,209</b>	<b>-122,656</b>