

POLICE AND CRIME PANEL
PANEL HEDDLU A THROSEDD



North Wales Police and Crime Panel

Friday, 31 January 2020 at 10.30 am
Council Chamber - Bodlondeb

- a) Addendum to the report on the Precept and Council Tax 2020/21 (Pages 1 - 3)

AGENDA ITEM 7a

Report from the Office of the Police and Crime Commissioner

Title:	Addendum to the Precept and Council Tax 2020/21 Report
Meeting:	North Wales Police and Crime Panel, 31 January 2020
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1. Introduction

1.1 The purpose of this addendum is to update the Panel following the Home Office funding announcement on the 22nd of January 2020.

2. Settlement 2020-21

2.1 The 2020-21 Police Finance Settlement was announced on 22 January in a written statement by the Policing Minister, Kit Malthouse. The announcement had been delayed due to the December 2019 General Election. Prior to the 2020-21 settlement publication the sector was expecting an additional £750m for recruitment of 6,000 officers (towards the 20,000 total), minus a reallocation for central costs. Force allocations of officer numbers had already been published and had been calculated pro-rata to core grant. In return for this additional money the Treasury had asked the Home Office to find £120m of savings from within their budget.

2.2 The main national headlines are as below

- £50m of the £750m retained centrally to support recruitment of officers
- Of the remaining £700m - £532m via un-ringfenced core grant, £168m ringfenced for successfully meeting recruitment targets.
- No other inflationary increases in core grant
- Resulting in a 7.5% increase in core funding
- £10 precept flexibility for all PCCs in England (no cap set for PCCs in Wales)
- £92m (9%) increase in reallocations to over £1.1bn in 2020-21
- Flat cash pension grant allocations compared to 2019-20 (to cover increases costs)
- Reduction of 74% to capital grant funding to PCCs
- Ending of the Police Transformation Fund

2.3 The settlement is very much focused on the recruitment of Phase 1 and 2 of the officer uplift previously announced. North Wales Police have been allocated 62 Officers as part of phase 1 (6,000 officers nationally) and would expect, based on formula allocation, another 140 from Phase 2 (14,000) nationally. The additional amounts have been provided to pay for the costs of Phase 1 and the infrastructure costs of Phase 2.

2.4 The settlement only covered 2020-21, with the above mention of Phase 2 of the officer uplift, but no mention of potential cash allocations from 2021-22 onwards. There will be a Spending Review by the Government over the summer to decide on funding from 2021-22 to

2023-24 and it will not be known if further funding will be provided for Phase 2 of the officer uplift or whether it will be frozen at the £750m nationally until the Spending Review is concluded. This creates a high level of uncertainty of being able to fully fund the future increases in officer numbers.

- 2.5 Inflation has not been included in the figures, of the £162m inflation initially provided nationally £120m has been taken as efficiency by the Treasury as part of the agreement to provide £750m towards the officer uplift costs; and the remainder has been added to Home Office central allocations (top-sliced).
- 2.6 The Capital Grant allocations to PCCs have been reduced by 74% from £46.9m to £12.3m. This is a reduction of £0.339m for North Wales Police, or the equivalent of £1.695m over the 5 year capital programme. The capital grant is used to fund the vehicle replacement programme, in order to maintain this level of investment, the annual revenue contribution will need to be increased by the equivalent amount from 2020-21 onwards. This reduction reflects the intention that the increase in core grant can be used flexibly, including funding capital.
- 2.7 The Home Office have set a capping limit of £10 for English PCCs, with the requirement to conduct a referendum if they wish to go above this amount. No capping rules have been announced by the Welsh Government. English PCCs receive an additional allocation from a historical Council Tax Reduction Grant of £510m, which is on average equivalent to £26 reduction in a Band D Council Tax in England. Welsh Forces do not receive an allocation of this grant.
- 2.8 The summary of the changes in figures from the MTFP is given below:

Settlement 2020-21	MTFP £m	Settlement £m	Variance £m
Base Grant	73.234	78.714	5.480
Pension Grant	1.582	1.582	0
Ring Fenced (subject to uplift targets)	0	1.731	1.731
Capital Grant	0.462	0.123	-0.339
Total	75.278	82.150	6.872

- 2.9 The current estimates on the requirements of phase 1 and 2 officer uplift are detailed below. Phase 1 is well developed, but requirements still need to be confirmed. Phase 2 is not as developed but estimates can be made based on similar level of additional recruitment, training and equipment for 2021-22 and 2022-23. There will be further infrastructure requirements, such as Estates, that have not been detailed yet as they will depend on Phase

2 allocation (e.g. are new buildings required?) as well as non-staff and support costs depending on the final allocation.

Uplift requirements	£m
Core Costs Phase 1 (62 Officers)	3.242
Training - Recurring Years 1 - 3 (Phase 1 and 2)	0.665
HR Recruitment Years 1 - 3 (Phase 1 and 2)	0.243
Vehicles - Recurring	0.431
Set up costs IT and Other	0.385
Uniform and Equipment	0.115
Officer Staffing Variance (early recruitment)	0.420
Total	5.500
Balance for additional future uplift infrastructure and other cost pressures	1.372

- 2.10 Areas where there are still cost pressures that have been analysed are investment in IT and communications systems and other equipment, contributions to national and regional collaborations; and also delivering cashable efficiencies where there is increased pressure on staff and non-staff budgets as a result of growth in the number of officers.
- 2.11 Based on the information provided, the requirement to fund the infrastructure of Phase 1 and 2 of the officer uplift, and the uncertainty around funding of 2021-22 onwards, the proposal in the original report remains the same: a council tax increase of £12.51 (4.5% increase) and precept of £84.990m. If all English Forces increase council tax by £10 (the maximum allowed without a referendum) the range of increase in England will be 3.6% to 7.4%. The increases in the other three Welsh Forces are expected to be higher than 4.5%. The Force will be asked to present detailed plans for the officer uplift, and the effect to demonstrate good use of public money.
- 2.12 The Medium Term Financial Plan figures will be revised to include the above and any revision required to future assumptions; however these will still be based on estimates as the Home Office has not yet provided any indication of future funding.