

Meeting	Police and Crime Panel
Date	12 January 2023
Report Title	Draft Budget Settlement
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PURPOSE OF REPORT

- 1 This paper provides the panel with information on the draft budget and precept being considered. It also shows the draft Medium Term Financial Strategy (MTFS) which estimates the financial position over the next 4 financial years.

BACKGROUND

- 2 On the 14 December the provisional settlement was announced by the government. Whilst this reported a 4.3% increase in Wiltshire funding this assumed that the PCC would take up the full £15 increase in precept.

CENTRAL GRANT

- 3 The total grant announced is £1.4m (1.8%) more than last year, however £2.3m is ringfenced and will only be received if Uplift numbers are maintained. The core funding excluding ringfenced grant has only increased by £0.229m.
- 4 Assuming the Uplift numbers are maintained the 1.8% increase will have to go towards funding inflationary pressures (Pay, Energy, etc.). This will not fund all these pressures, hence increases in council tax and a need to identify savings will be required.

COUNCIL TAX

- 5 The government has set a capping level of a £15 increase on Band D council tax levels for all PCC's. In Wiltshire this would equate to an increase of 6.2% on the 2022-23 Band D level of £241.27.
- 6 The MTFS is based on the £15 increase. The MTFS considers the impact of funding if the Council Tax increase is varied, this is shown below;
 - Council Tax Increase is 1% more or less - £0.707m impact
 - Council Tax Increase is £1 more or less - £0.276m impact
- 7 Information has been provided by Swindon Borough Council and Wiltshire Council, provisionally the tax base has increased by 1.56%. Provisional information on the

collection fund has also been received for both councils suggesting a total net surplus of £0.543m, this is expected to change when final figures are received.

TOTAL FUNDING

8 The table below shows the estimated funds with a £15 increase

	2022-23 Budget	2023-24 £15 CT incr.	Variance
Central Grant	£70.428m	£70.657m	£0.229m
Local Precept (CTax)	£64.359m	£69.428m	£5.069m
Legacy Council Tax Grant	£5.235m	£5.235m	-
Collection Fund	£0.295m	£0.543m	£0.248m
Investment Income	£0.079m	£0.500m	£0.421m
Standard Funding available to commission services	£140.395m	£146.363m	£5.967m
Ringfenced Uplift Grant	£1.112m	£2.265m	£1.153m
Standard Funding + Uplift	£141.508m	£148.628m	£7.120m
Swindon PFI Specific Grant	£2.068m	£2.068m	-
Police Officer Pensions Grant	£1.000m	£1.000m	-
Special Policing Spec Grant	£1.986m	£1.986m	-
Total Funding	£146.562m	£153.682m	£7.120m

- 9 In addition to this central funding is allocated to commission victims services and to support restorative justice. No information has been provided on this figure, currently we are working on this remaining stable at £0.843m.
- 10 With Interest Rates rising to 3.5% from a low of 0.25% it is expected that Investment returns will significantly rise hence the increased budget of £0.500m
- 11 When proposing council tax increases, the protecting of local policing and the long-term funding position has to be considered. To not increase council tax at this time will impact on the future ability to commission policing and crime services.
- 12 In 2022-23 Wiltshire received central funding of £104.08 per head of population under the current formula. This compares to a national average of £132.79 per head (excludes MOPAC and City of London). Being the 4th lowest centrally funded PCC per head of population increases the reliance on council tax.
- 13 The impact of low funding becomes clear when the HMICFRS Value for Money Profiles are reviewed. This shows that in relation to forces in Wiltshire's most similar group (MSG) there is £12.390m less to spend on policing which results in a workforce with 132 FTE less than would be expected.
- 14 A £15 per annum increase in Council Tax will result in Wiltshire's Band D council tax increasing from £241.27 to £256.27 (6.2% increase). The table below shows that even with no increases in the rest of the South West, Wiltshire's policing precept will still be

lower than Gloucestershire and Dorset. It is, however, likely that even with a £15 increase Wiltshire will remain the lowest in the region.

	2022-23 Act Band D CTax	Wiltshire £15 inc
Gloucestershire	£280.08	
Dorset	£265.58	
Avon & Somerset	£251.20	
Devon & Cornwall	£246.56	
Wiltshire	£241.27	£256.27

FUTURE FUNDING

- 15 In recent years there has been a debate surrounding the policing funding formula. Due to our low funding per head of population, it is reasonable to expect that a change will benefit Wiltshire. It was anticipated that the change would be implemented in 2017-18, however, it was delayed. It was then announced that this would occur in 2018-19 but no progress has been made. The Policing Minister has stated that the formula will be reviewed during this parliament, this had led to the Police Funding Formula Review Senior Sector Group being set up. As progress is slow there is not enough certainty to suggest that additional funding will be forthcoming in the MTFS period.
- 16 Considering the delays in a fair funding settlement and the impact council tax income will have on policing in Wiltshire now and in the future, the proposal is to consult the public surrounding an increase to the Band D Council Tax of £15 this year. With the tax base increase this will provide additional funds of £5.069m to keep the people of Wiltshire safe, year on year, for an additional £1.25 per month per Band D property.
- 17 The use of reserves is a high-profile issue within the police service. Within the MTFS I have revised my policy and set out clearly how I intend using them in the short to medium term.
- 18 There remains an expectation that the police improve efficiency, productivity and effectiveness. Whilst I intend that Wiltshire will continue to improve its efficiency and effectiveness the ring fencing of police officer numbers with the Uplift Grant will make this more difficult.

UNAVOIDABLE COSTS

- 19 The most significant unavoidable cost is Inflation. The MTFS includes increases of £6.998m attributable to inflation in 2023-24. These are the best estimates available and may be too low, based on this an Inflation Risk reserve has been introduced of £0.500m to cover further unavoidable costs.
- 20 The question of pay rises has also been considered. For budgeting purposes 3% has been allowed for 2022-23 this is in line with national guidance noting the governments ambition to reduce inflation to 2% in future years.
- 21 The MTFS includes detail on other cost increases. The most significant item surrounds Regional Collaborations. Demand and ISO compliance surrounding Forensics and the Regional Organised Crime Unit are leading to additional costs.

POLICE OFFICER NUMBERS

22 By the end of 2023-24 Wiltshire Police will have increased police officer numbers to 1,197 (excluding regionally allocated officers), from a low position of 934.

23 The increase this year is summarised below;

	Officers
Starting Position (Budget BFWD)	1,165
Special Branch Officers now via National Collaboration	-4
Funding of Chief Inspector Posts	-2
Learning and Development Review	+1
MASH Decision Makers	+2
Conversion of Local Crime Investigators to Officers	+20
Conversion of Community Support Officers to Officers	+20
Strategic Support Officers Reduction	-5
Total Officers Budgeted	1,197

24 The extra 32 officers in addition to leavers will again place pressure on Support Services Infrastructure. With on average 9 Officers leaving per month the new officers required will be circa 150-160. Planning is currently on going with 6 intakes likely, these will be spread throughout the full financial year.

25 It should be noted that from intake date it takes 9 months of training before an officer is signed off for independent deployment, therefore some of the new officers will not be available for independent deployment until late 2024.

26 Work has been undertaken this year to consider the workforce profile. The new Workforce Assessment alongside the HMICFRS Value for Money profiles shows Wiltshire Police as an outlier. Whilst civilianisation and modernisation have previously been used to create expert roles this has led to a number of issues. They include the attracting of candidates to undertake these roles in a competitive market place, the lack of flexibility with support staff and the cost and capacity of training. The new strategy sees the Force increase officer numbers but reduce support staff in the medium term.

27 The Workforce Assessment is considered essential when considering efficiency and effectiveness. This will help identify areas which need focus on such as skills and sickness. With over 80% of the budget spent on the workforce focus is required.

CAPITAL FINANCING STRATEGY

28 With reducing central grant and reducing reserves the financing of essential ICT investment and making our facilities fit for modern day policing has become a concern. This concern increased in 2022-23 with the removal by the Home Office of the general capital grant, this places even more emphasis on revenue funding (via direct contributions or financing borrowing) to fund capital.

29 The new strategy now includes an allocation of £18m for a new Southern Policing Hub. This is however just an allocation, until a suitable site is agreed on and a construction programme drawn up it is not possible to estimate the costs accurately. Development costs for the HQ Masterplan are also included in the strategy at an overall cost of £44m.

30 The strategy has been reviewed and changed to reflect these allocations and reduce any immediate need to borrow noting the current interest rate increases

31 With an additional revenue contribution of £2m in 2022-23 it has been possible to limit the increased revenue consequences of capital to £0.055m in 2023-24. It should however be noted that when the 2 Estates based projects progress there will be a need for larger revenue increases, these are included within the MTFs.

THE REVENUE BUDGET PROPOSAL

32 The table below identifies the current Budget Proposal at a high level (more information is included in the MTFs) to meet the pre-ringfenced funding allocation of £146.363m available with the £15 Council Tax increase.

Budget Bfwd	£140.396m
Unavoidable costs (less cost reductions)	£6.382m
Growth Requests	£2.638m
Capital Funding	£0.055m
Sub Total	£149.471m
Savings	-£3.108m
Budget Requirement	£146.363m

33 The following proposals have been suggested to close the £3.108m gap;

	2023-24
ICT/Clothing Uplift Reduction	£0.240m
Estates - Energy and Disposals	£0.100m
Procurement	£0.050m
Telematics	£0.050m
CSW Income	£0.200m
Legal 3rd party cost reduction	£0.050m
LCIs - 20 converted to Police Officers	£0.240m
PCSOs - 20 converted to Police Officers	£0.100m
PCSO unsocial hrs budget adjustment	£0.046m
Ill Health reduction	£0.172m
Support Staff Pension Revaluation	£0.404m
Spinal Point Review (Officers)	£0.525m
1% increase to Police Staff Vac Factor	£0.439m
Intelligence reduction to MSG average	£0.219m
Support and Services Budget Reduction	£0.033m
Strategic Support Officer Reduction	£0.240m
Total Savings	£3.108m

34 If this plan is implemented the impact on the workforce profile will be as follows. This moves the profile closer to our most similar forces

	2022-23 FTE	2022-23 %	2023-24 FTE	2023-24 %
Police Officers	1,165	49.3%	1,197	50.4%
Staff	1,078	45.6%	1,078	45.4%
PCSOs	122	5.2%	102	4.3%
Total	2,365	100.0%	2,377	100.0%

RESERVES

35 A complete review of reserves has taken place with the outcome disclosed in the MTFS. The value of the general reserve has been considered and the CFO advises that £3.538m (2.5% of the revenue budget) is acceptable.

RISK ASSESSMENT

36 It should be noted that this is a provisional settlement which can change.

37 There are some risks in the savings plans as efficiencies need to be delivered. There is also risk in reducing the budgeted level for officer vacancies and the staff vacancy level. This has been based on current activity and the current employment market. This could change in the future requiring increased budgets however in the short term the risk of this occurring is considered minimal.

38 The Inflation Risk Reserve helps mitigate risk in 2023-24 however it should be noted that this is only a one off solution and if utilised is likely to result in unavoidable costs in 2024-25.

39 As with all budgets this is a plan, changes will occur and where necessary some plans may have to be delayed ensuring the budget is not overspent.

ENVIRONMENTAL IMPACT

40 The MTFS includes funding for Estates Projects which help reduce our carbon footprint in the medium term. The investment in vehicles where possible is targeted at low emission vehicles with the introduction of Telematics expected to improve driving standards and fuel consumption. All reports produced requesting approvals from the PCC now consider the impact on the environment of the decision being made.

CONCLUSION

41 This paper shows the panel the MTFS and the current thinking surrounding the 2023-24 precept. It is considered that a £15 Band D increase per household per year is appropriate and it is the intention to consult the public on this.