

Agenda Item 7

Meeting	Police and Crime Panel
Date	8 February 2024
Report Title	Proposed Precept for 2024-25
Report presented by	Philip Wilkinson, Police and Crime Commissioner
Author	Clive Barker, Chief Finance Officer

PURPOSE OF REPORT

1. This paper notifies the Panel of the precept I am proposing for 2024-25.

INTRODUCTION AND BACKGROUND INFORMATION

2. In January 2024 I presented to the Panel a paper which identified my initial thinking on the 2024-25 budget and my draft MTFS (Medium Term Financial Strategy). This paper identified that whilst central funding has increased by 1.9% (excluding Pension and Pay Award Grant) significant pressures exist on producing a balanced budget, with pay awards of 2.5% budgeted for and the full impact of the inflation which has occurred in the last year. This paper assumes the provisional settlement is confirmed without any changes.

CENTRAL GRANT

3. As detailed in the January paper the core grant announced for Wiltshire is an increase of £8.3m (10.5%). When the pay award and pension grant increase are removed this reduces to £1.5m (a 1.9% increase). Due to some grants being Specific Grants it is difficult to show this in a tabular format.
4. Part of the increase is provided via the Specific Police Officer Uplift grant and will only be received if police officer headcount is maintained to the government figure of 1,194. The Central Grant increase is expected to fund the 7% pay award set nationally in September 2023, however it has been identified that the cost of this is higher than the funding provided.

THE PRECEPT

5. Local funding is the sum of the precept plus collection funds. Collection funds hold any variances on precept collection in both collecting authorities (Wiltshire Council (WC) and Swindon Borough Council (SBC)). The collecting authorities must estimate the number of equivalent Band D properties, consider their local support scheme and the collection rate to arrive at a council tax base.
6. The figures provided by SBC have not changed since the MTFS. WC's base has marginally increased (by 235) and they have decided to delay changes to the Council Tax Reduction scheme which was going to have a negative impact of £0.123m to Wiltshire Police.

7. SBC are reporting a collection fund deficit of £0.229m. This is cancelled out by the surplus of £0.308m reported by WC leaving a net surplus of £0.079m. It is intended to use reserves of £0.216m to increase funding to £0.295m which is the standard amount allowed for in the MTFS.
8. The council tax base estimated by the councils is a consolidated increase of 0.7% leading to a total base of 272,769. This is lower than recent years and previous MTFS forecasts which allow for a 1% increase.
9. My initial paper identified that I was considering a £13 increase in precept. This is a 5.1% precept increase and would partially resolve issues arising from the limited grant settlement.
10. I am considering the whole funding position. Wiltshire has the 2nd lowest total funded area per head of population in the country (considering central grant, uplift grant and precept income). At £256.27 It has the lowest council tax in the South West (the 2023-24 regional average excluding Wiltshire is £275.87 for a Band D property). Based on this low funding position I am minded to increase the precept by £13 for a Band D property to £269.27.
11. This increase will assist in the long term funding of Wiltshire Police as it will impact the base for which all future precepts start from. I am campaigning for fairer funding for Wiltshire. To not increase the precept when the government has specifically given me the option to do this would be a missed opportunity. I have taken into consideration the feedback from the public consultation and I intend explaining to them the benefits that a £13 increase will deliver.

THE FUNDING AVAILABLE

12. The table below outlines the funding available with a £13 increase.

	2023-24	2024-25
Central Grant	£70.675m	£74.910m
Legacy Council Tax Grants	£5.235m	£5.235m
Core Grant	£75.910m	£80.145m
Uplift Specific Grant	£2.265m	£3.741m
Total Central Funding	£78.175m	£83.886m
Precept Income	£69.428m	£73.448m
Council Tax Collection Fund	£0.713m	£0.295m
Total Funding Received	£148.316m	£157.629m
Investment Income	£0.500m	£1.197m
Total Funding Available	£148.816m	£158.826m
<i>Exc. Specific Uplift Grant</i>	<i>£146.551m</i>	<i>£155.085m</i>

13. The investment income return shows an increase from 2023-24. The new forecast uses information from our Treasury advisors, Link. The calculation expects interest rates to reduce from 5.25% to 4.00% by March 2025.
14. Since 2021 the provision of specific grants to the PCC to commission services has increased. This trend continues and in 2024-25, the PCC is expected to receive the following funds. As these are specific grants with specific purpose and conditions, they are not included in the main funding reported. As they are time limited or are reviewed annually, we need to balance the risk of withdrawal, ensuring any long-term commitments are effectively managed to balance risk.

Ministry of Justice	Victims fund	£1.428m
Home Office	Serious Violence Duty	£0.249m
Home Office	Safer Streets Fund	£0.355m
Home Office	Hot Spot Policing Fund	£1.000m
Home Office	Immediate Justice Fund	£0.500m
Total		£3.532m

15. Since the MTFS the Home Office have reduced the grant for Safer Streets by £0.180m. This has occurred across all PCC's and is due to budget pressure with ministers reprioritising some spending decisions

FUNDING ALLOCATION

16. I am expected to meet my statutory responsibilities and commission services from the funding available. The table below identifies how I intend using these resources.

	2023-24	2024-25
OPCC Office Costs	£3.450m	£3.643m
OPCC Commissioning Costs	£1.805m	£1.906m
OPCC Capital Contribution	£2.437m	£2.730m
Corporate Services Costs	£34.828m	£36.881m
Chief Constable Allocation	£104.031m	£109.925m
	£146.551m	£155.085m

17. The 2024-25 allocation will allow for Police Staff and Police Officer Pay increases of 2.5%. When compared to the draft MTFS £0.100m additional has been allowed in Corporate Services for increased Estates running costs and £0.087m additional in the Chief Constable allocation for pay allowance increases impacted by the 7% pay award in September 2024.

CAPITAL

18. The Capital Financing Strategy is essential in helping me plan future investments in a viable manner. With depleting capital reserves and the removal of capital grants it is essential that I increase the revenue funding in this area (by direct revenue contributions or funding debt).

19. Within the draft MTFS a revised Capital Financing Strategy was reported. This shows a need to increase the revenue funding of capital spend from £2.4m to £9.7m by 2029-30 (this is dependent on the capital plans over the next 8 years). This will enable funding for a £19.5m Southern Policing Hub and £38.6m for Phase 1 of the HQ redevelopment in the future. This budget is in line with the strategy and is the next step in making capital plans viable into the future with the approach of smoothing the increase over the life of the assets.

IMPACT ON THE CHIEF CONSTABLE'S BUDGET

20. The draft MTFS showed the budget requirement increase by a net £7.222m. Inflationary increases within this total £6.149m. This leaves £1.073m net other cost increases

21. The most significant increases surround improving the command structure. The budget allows for 2 Chief Superintendents, a Chief of Corporate Services, a Chief Inspector in the staff office

and a new Custody Inspector. All these posts are focused on improving outcomes and ensuring an appropriate performance culture is implemented in Wiltshire. The cost of this increase in command structure is £0.714m. As well as improving performance these posts will also be focused on delivering cost savings in the short to medium term in excess of this to help balance estimated funding gaps in the future.

22. The budget requirement is driven by risk (using the Organisation Risk Assessment (ORA) process) and unavoidable cost impacts. The largest investments are detailed below and have been considered as part of the new 3 to 5 year strategy for Wiltshire Police being developed under the Chief Constable.
23. £0.238m is included for the introduction of Targeted Variable Payments (TVPs) to Neighbourhood roles. These roles are considered essential in providing our communities with good quality services however the officers were paid less than many other officer roles, the use of TVPs will stop this imbalance.
24. Wiltshire are part of the South West Forensics Collaboration. With ISO standards requirements and the need to invest in ICT the costs are rising in this, to fund this £0.300m has been aside. A further £0.274m has been included for outsourcing forensics works where demand is exceeding capacity. With the investments in the unit it is expected that this requirement will be short to medium term.
25. Details of the other cost increases forecast for the Chief Constable are included in Appendix Bi of the MTFS
26. In the 2024-25 settlement the Home Office announced that there would be, up to, an extra 625 nationally funded officers. Wiltshire have expressed an interest in this however no guidance on how to apply has been received to date. Specific Uplift Grant will be paid of £3.741m if we have 1,194 headcount on the payroll at the 31 September 2024 and 31 March 2025, any shortfall will lead to a reduction in the grant received.
27. The plan is to employ 1,193 FTE. When considering part time staff, maternity, secondments, etc this should result in circa 1,240 headcount and ensure we receive the full grant.
28. The table below shows the changes on the budgeted Police Officer numbers. The directive from the Chief Constable and the PCC is that budgeted FTE should be maintained.

	Officers
Starting Position (Budget BFWD)	1,193
Budget finalisation	-5
Chief Superintendents	+2
Firearms Officers	+2
Custody Inspector	+1
Chief Inspector Staff Office	+1
Volume Crime Team Inspectors	+2
PC Posts realigned	-3
Total Officers Budgeted	1,193

SAVINGS

29. The MTFS work identified that across the group savings of £2.426m were required to balance the budget with a £13 increase.

30. The Chief Constable has requested all Directorate holders to review their areas and develop options for savings, prioritising them (low, medium, and high risk). The settlement has required the Chief Constable to accept all the low-risk options provided and a number of the medium risk options. The current position shown in the table below, provides £0.132m excess, this allows a small amount of flexibility which is welcomed noting the inflationary increases which have to be funded.

Directorate	Low risk	Medium Risk	Total
CC	£0.024m	£0.015m	£0.039m
Deputy CC	-	£0.074m	£0.074m
Corp Comm	£0.009m	£0.043m	£0.052m
ACC Local	£0.038m	£0.179m	£0.217m
ACC Crime	£0.522m	£0.020m	£0.542m
ACO Finance & Fac	£0.121m	£0.144m	£0.265m
ACO People	£0.046m	£0.014m	£0.060m
Corporate Savings			£1.309m
Total Savings			£2.558m
Requirement			£2.426m
Excess			£0.132m

31. This will result in the removal of 19 Police Staff posts. The growth recommended will see 21 new posts so there is little change in total Police staff posts with a budget of 1084 FTE.

RISK

32. The proposed budget shows a significant increase in funding. The increase has been provided to fund nationally agreed pay and pension costs. This could lead to an expectation of increased services and low precept increases, this however is not possible when the cost increases are taken into account.

33. It should be noted that if the opportunity to increase the base budget is not taken it can never be recovered and will impact the base budget for the long term. A below £13 increase is likely to widen the funding gap between Wiltshire and other South West Forces.

34. The need to invest via the ORA and the agreement on which savings should be accepted all consider risk. This approach should minimise risk to communities.

35. It should be noted that at the time of writing this is a provisional central grant settlement and could change.

36. Reserves exist to help manage risk. The review of reserves, as part of the MTFS, provides me assurance that overall these are adequate.

LEGAL

37. I am required to receive advice from my Chief Financial Officer surrounding the budget and my reserves. The Chief Financial Officer is content that with a £13 increase that my budget and the Chief Constable's budget are sound and deliverable. The Chief Financial Officer has also confirmed to me that he believes my reserves are adequate to manage risk.

RECOMMENDATION

38. After carrying out the necessary consultation I am minded to set a precept of £73.448m. This will require council tax to be set on all property bands based at £269.27 for a Band D property. This represents a £13 (5.1%) increase on the 2023-24 level.