

Meeting	Police and Crime Panel
Date	13 January 2022
Report Title	Draft Budget Settlement
Report presented by	Philip Wilkinson, Police and Crime Commissioner
Author	Clive Barker, Chief Finance Officer

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 16 December the provisional settlement was announced by the government. Whilst this reported a 5.2% increase in Wiltshire funding this assumed that the PCC would take up the full £10 increase in precept.

CENTRAL GRANT

- 3 The total grant announced was £3.8m more than last year, however this has been provided to finance the 62 new officers requested by the government. When the costs of these officers are excluded and the Special Branch top slicing is taken into account the additional funding available is circa £1.8m which is a 2.3% increase.
- 4 This has to fund the 1.25% Social Care Tax (NI) increase, Pay rises, Inflationary pressures, unavoidable costs (such as Energy increases) and finance critical growth requests surrounding vulnerable people. Hence whilst sounding like a good settlement the funding pressures remain.

COUNCIL TAX SCENARIOS

- 5 The government has set a capping level of a £10 increase on Band D council tax levels for all PCC's. In Wiltshire this would equate to an increase of 4.3% on the 2021-22 Band D level of £231.27. Whilst PCCs have the freedom to decide on the increase it should be noted that the governments communications suggesting a % increase is based on the setting of a precept with a £10 increase.
- 6 In the MTFS the following scenarios have been considered;
 - Option A - £10.00 increase, 4.3%
 - Option B - £4.63 increase, 2.0%

- 7 The impact of a 1% increase in the precept is additional funding of £0.617m
- 8 Information has been provided by Swindon Borough Council and Wiltshire Council, provisionally the tax base has increased by 1.13%. A surplus on the collection fund has been announced by Wiltshire Council of £0.430m, whilst Swindon Borough Council have declared a deficit of £0.135m. The net position is therefore an additional £0.295m of funding.

TOTAL FUNDING SCENARIOS

- 9 The table below shows the estimated funds I have under these 2 options

	2021-22 Budget	2022-23 Option A £10 CT incr.	2022-23 Option C £4.63 CT incr.
Central Grant	£66.909m	£70.428m	£70.428m
Local Precept (CTax)	£61.004m	£64.359m	£62.925m
Legacy Council Tax Grant	£5.235m	£5.235m	£5.235m
Collection Fund	-	£0.295m	£0.295m
Investment Income	£0.079m	£0.079m	£0.079m
Standard Funding available to commission services	£133.227m	£140.395m	£138.962m
Ringfenced Uplift Grant	£0.800m	£1.112m	£1.112m
Standard Funding + Uplift	£134.027m	£141.508m	£140.074m
Swindon PFI Specific Grant	£2.068m	£2.068m	£2.068m
Police Officer Pensions Grant	£1.000m	£1.000m	£1.000m
Special Policing Spec Grant	£1.986m	£1.986m	£1.986m
Total Funding	£139.081m	£146.562m	£145.128m

- 10 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 £0.892m.
- 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 2021-22 Wiltshire received central funding of £100.37 per head of population under the current formula. This compares to a national average of £127.47 per head (excludes MOPAC). Being the 4th lowest centrally funded PCC per head of population increases the reliance on council tax.
- 13 A £10 per annum increase in Council Tax will result in Wiltshire's Band D council tax increasing from £231.27 to £241.27 (4.3% 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 £10 increase Wiltshire will remain the lowest in the region.

	2021-22 Act Band D CTax	Wiltshire £10 inc	Wiltshire £4.63 inc (2%)
Gloucestershire	£270.08		
Dorset	£255.58		
Avon & Somerset	£241.20		
Devon & Cornwall	£236.56		
Wiltshire	£231.27	£241.27	£235.90

FUTURE FUNDING

- 14 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. They are currently looking at the data available to allocate funding. Whilst progress is being made there is not enough certainty to suggest that additional funding will be forthcoming in the short term.
- 15 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 £10 this year (Option A). In comparison to Option B (a £4.63 increase) this would provide additional funds of £1.434m to keep the people of Wiltshire safe, year on year, for an additional 45p per month per Band D property.
- 16 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.
- 17 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

- 18 The most significant unavoidable cost is the implementation of the Social Care Tax. The additional 1.25% National Insurance cost equates to £0.996m across the organisation.
- 19 Inflation is also a concern this year. Whilst we are looking at ways to reduce costs 2.5% has been included for all areas. For Energy a specific calculation has taken place, this is based on increases in Electricity of 31% and Gas of 95%. These figures are the best estimates available from our procurement advisors but could change.
- 20 The question of pay rises has also been considered. Whilst the public sector pay freeze has been removed there is no certainty of what the pay award will be. For budgeting purposes 2.5% each year, over the 3 years, has been allowed.

21 The cost of employing the 62 additional uplift officers has also been included under unavoidable costs. The budget allows £31,000 per new officer. A further £0.301m is allowed for the infrastructure required (ICT, Uniform and 3 Enabling Staff).

POLICE OFFICER NUMBERS

22 By the end of 2022-23 Wiltshire Police, I will have increased police officer numbers to 1,165 officers (excluding regionally allocated officers), from a low position of 934.

23 It is proposed to allocate the additional 62 officers as below;

	Officers
Starting Position (1 April 2020)	1,096
In Year 2021-22 Adjustments (Uplift infra, etc.)	7
VAWG (Violence against Women and Girls)	5
CIET (Child Internet Exploitation Team)	4
CAIT (Child Abuse Investigation Team)	7
Authorised Firearms Teams	5
Roads Policing and Collision Investigation	10
Student Officers Assessors	2
Training Posts	2
Balance (to be allocated in line with new P&C plan)	27
Total	1,165

24 The recruitment of 62 extra officers requires planning. It should not be forgotten that officers will also be leaving throughout the year so the target number of new officers required is 146. These intakes have to 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 2023.

26 The proposal includes investing 16 officers and staff in Violence against Woman and Girls (VAWG). The new investment in VAWG is £0.760m, £0.198m of this is funded via 5 uplift PC posts. The benefits expected include;

- Improved leadership with a dedicated Chief Inspector lead and 2 Inspectors delivering the national strategy and focusing on rape and sexual offences
- Improved Victim Services with an investment of £0.070m in frontline training focusing on how we support victims
- Improved investigation standards with 2 officers and 2 staff reviewing cases
- Better outcomes as the quality of case files improve
- Better investigations with initially 3 qualified support staff (LCIs) working alongside officers to improve disclosure and achieve better outcomes
- Improved investigations with 5 new Digital media staff investigators working on opportunities existing from the technology footprint.

27 A further investment in protecting the most vulnerable surrounds CIET (Child Internet Exploitation Team) and CAIT (Child Abuse Investigation Team). In addition to the 11 uplift officers requested for these 2 teams there is a need for a CIET researcher (staff post). The demand on CIET continues to grow, this investment would allow for the

backlog to be worked through in a timelier manner, ensuring that investigations are allocated to a detective to be progressed in order to safeguard children as soon as practicable. This would result in more manageable workloads, allowing them to progress their investigations expeditiously, with proactive enquiries.

- 28 Currently four teams deal with CAIT across the force. Demand is growing and is expected to continue in future years. With increased disclosure requirements impacting this team disproportionately there is a need to increase staffing. This investment will result in a fifth team which would increase capacity dramatically and allow CAIT to meet current and projected demand.
- 29 The increase in the Authorised Firearms Teams is year 2 of a 3 year strategy to increase these officers by 10. Due to training requirements it is not possible to grow this team by more than 4 per year.
- 30 In recent years the policing of Wiltshire's roads has changed significantly. The 2 main impacts are the return from the Tri-Force collaboration and the national focus on Collision Investigations. It is no longer possible to have mixed teams to ensure there is no conflict of interest with investigations. The HMICFRS report: 'Better roads policing needed to prevent increase in deaths' has also been reviewed. This identified that whilst there was an expected demand increase of more than 10% the spending on Roads Policing has nationally reduced by 34%. Based on this concern a Roads Policing STRA (Strategic Threat and Risk Assessment) has been completed which showed (as highlighted in the FMS) that there are concerns with the current and future capacity and capability.
- 31 The request is that each of the five Roads Policing teams is provided with an additional resource. This will increase the teams to 6 FTE. With leave, training, etc this should result in 4 resources per shift instead of 3. There is also a request for a Sergeant to focus on Road Safety/Prevention.
- 32 The remaining investment surrounds the Collision Investigations Unit. As this is now a standalone unit more resilience is required to meet the national standard. The request is for an additional 3 officers.
- 33 The funding of officers at PC level comes from the Uplift budget line. Where posts are required at a higher rank i.e. Chief Inspector, Inspector, etc there is a need to finance the increased costs. The budget request includes £0.257m of 'above PC rank uplift growth'.

CAPITAL FINANCING STRATEGY

- 34 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 has 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.
- 35 The strategy has been reviewed and changes made to deliver the following objectives;
 - To finance the revised 2021-22 plan
 - To review cost estimates for reasonableness

- To take into account delays in capital receipts
- To replace central grant allocations with direct revenue contributions
- To, if possible, reduce the revenue consequences in 2022-23

36 All these objectives have been achieved with the planned revenue consequences in 2021-22 reducing from £3.331m to £2.398m, this is a £0.033m reduction however when you consider the £0.109m increase required to fund the loss of capital grant the reduction is £0.142m. The revised strategy is included as part of the MTFs.

THE REVENUE BUDGET PROPOSAL

37 The table below identifies the current Budget Proposal at a high level (more information is included in the MTFs) to meet the funding allocation of £141.508m available with the £10 Council Tax increase.

Budget Bfwd	£134.027m
Unavoidable costs (less cost reductions)	£6.513m
Growth Requests	£1.566m
Capital Funding	£0.794m
Sub Total	£142.900m
Savings	-£1.392m
Budget Requirement	£141.508m

38 A number of the Growth requests are funded from the Uplift grant, as previously reported. £0.709m however comes from the Support Staff areas. A large proportion of the growth surrounds improving resilience and making more effective use of our ICT, some of the growth (£0.430m) is listed below;

- ERP Development (enhancing self-serve etc.) £0.061m
- O365 Developer (producing more productivity apps/tools) £0.047m
- Infrastructure and Network Engineers (resilience/NEP compliance) £0.094m
- Niche Staff (stability and improving critical system) £0.146m
- ICT Apprenticeships (2 staff, future resilience planning) £0.082m

39 It should be noted that £0.091m of base budget growth has been allocated to the Environmental Strategy. This strategy will be published early 2022. The funding will allow for 1 post to champion this area, monitoring emissions and driving the government agenda forward to meet net zero by 2050.

40 To balance the budget at the £10 increased precept levels requires £1.392m of savings, this requirement would increase by £1.434m to £2.826m if the precept increase is limited to £4.63 (2%).

41 The following proposals have been suggested to close the £1.392m gap, this would leave a further £0.451m savings to be identified;

Reduce some expenditure inflation from 2.5% to 1.5%	£0.202m
Increase Net Mutual Aid Income levels	£0.100m
Reduce PCSO establishment by 10	£0.339m
Increase Staff Vacancy levels from 3% to 4%	£0.300m
Total	£0.941m

42 The reduction in PCSO establishment acknowledges that for the last 18 months we have been at least 10 below the current establishment and with a requirement to bring in 146 officers this year there is not the training capacity available.

RESERVES

43 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 £3.428m (2.5% of the revenue budget) is acceptable.

RISK ASSESSMENT

44 There remain some questions about the funding as the normal settlement letter has not been received, when received changes may be required. It should be noted that this is a provisional settlement which can change.

45 There are some risks in the savings plans, for instance increasing the staff vacancy level, however this has been considered based on the current environment with employment levels high and current staff vacancies running at 70.

46 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

47 Whilst funding has been set aside for a new post this is only the start of investing in areas to reduce our carbon footprint and impact on the planet. It is hoped that a focus on reducing usage will lead to savings and in the long run moving towards electrical and hybrid vehicles will reduce running costs. All reports produced now consider the impact on the environment of all decisions made.

CONCLUSION

48 This paper shows the panel the MTFS and the current thinking surrounding the 2022-23 precept. It is considered that a £10 Band D increase per household per year is appropriate and it is the intention to consult the public on this.