

Meeting	Police and Crime Panel
Date	16 January 2024
Report Title	Draft Budget Settlement
Report presented by	Philip Wilkinson, Police and Crime Commissioner
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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 17 December the provisional settlement was announced by the government. Whilst the settlement reported a 6.0% total increase across policing in England and Wales, of which there was a reported 6.2% increase of funding in Wiltshire, this assumed a precept increase of £14/band D property across all forces for 2025-26.

### **CENTRAL GRANT**

- 3 The total grant announced is an increase of £5.6m (6.4%). This is inclusive of additional costs including additional Employers National Insurance Contributions (£2.4m), additional pay award increases agreed 2024/25 and expected increases 25/26 (£5.1m), consolidation of officer increases and other pressures including non-pay inflation of £1.4m, and additional costs of changes to the Dangerous Dogs Act.
- 4 The above Home Office settlement is also inclusive of Wiltshire's share (£0.8m) of an additional £100m nationally for a new phase of 13,000 additional police officers, PCSOs and special constables into neighbourhood policing roles. Full details of the requirements and criteria for Wiltshire are yet to be quantified by the Home Office, hence it is not included in the planning assumptions at this time.
- 5 To continue to meet national police officer requirements following the national uplift programme, the number of Full Time Equivalent Officers will remain at 1,194. [The Home Office definition is against total officer headcount. This will be at least 1,203 employed officers.]

### **COUNCIL TAX**

- 6 In the Local Government policy statement of 28th November, the government permitted PCCs to have the flexibility to raise the police precept to £14 for a Band D property in

2025-26. The government expects this to generate up to £329.8m nationally for police forces as compared with 2024-25.

- 7 For Wiltshire Police this £14 increase from £269.27 in 2024/25 to £283.27 in 2025/26 for a Band D property, being an increase of 5.2%.

#### **8 Table: Proposed Precept per banded property**

Council tax band	Precept contribution 24/25	Proposed contribution 25/26
A	179.51	188.84
B	209.43	220.32
C	239.35	251.80
D	269.27	283.27
E	329.11	346.22
F	388.95	409.18
G	448.78	472.12
H	538.54	566.54

- 9 The Council Tax receipt is dependent on the council tax base (the number of dwellings paying the tax). Provisional information provided by the councils reports an increase in the base of 0.6% in 2025-26.
- 10 A 1% increase in the police part of the Band D council tax in 2025-26 is worth £0.734m. Any increase in council tax in 2025/26 secures future years funding at a higher level.
- 11 A net surplus of £0.837m is expected on the Collection Fund, which is higher than previous years however this partly due to a review of Swindon Borough Council's debt impairment policy and should therefore be considered a one-off.
- 12 Information has been provided by Swindon Borough Council and Wiltshire Council which provisionally expects the tax base to increase by 0.6%.

#### **INFLATION**

- 13 The Consumer Prices Index (CPI) rose by 2.6% in the 12 months to November 2024, up from 2.3% in October, but well below its recent peak of 11.1% in October 2022. On a monthly basis, CPI rose by 0.1% in November 2024, compared with a fall of 0.2% a year earlier. It should be noted that inflation has started to increase and is expected to increase further as the impact of the ERNIC increase takes affect from April 2025.

#### **PAY AWARDS**

- 14 The settlement on pay awards for 2024 was a 4.75% increase, being 2.25% higher than the assumption of 2.5% pay award.
- 15 It be noted that these increases in inflation driven in part by ERNIC are expected to affect many non-pay contracts and may also influence the pay negotiations and settlement. For 2025-26 initial government comments suggest a working assumption of 2.8%. We should assume if increases are much higher than the 2.8% there will be a reluctance by HM Treasury to support an additional grant support via the Home Office, hence a potential significant adverse financial impact will occur.

## BASE RATE

16 In December 2024 the bank base rate is 4.75% having reduced from 5.25%. Many expect the Bank of England to reduce rates further in 2025. This will make borrowing cheaper but will also reduce our investment returns. Plans for investment income are reduced to £727k (2024/25 assumed £1.197m).

## TOTAL FUNDING

17 The table below shows the estimated funds with a £14, per year, per Band D household, increase

	2024/25 £m	2025/26 £m	Variance £m
Central Grant	74.910	77.703	2.793
Local Precept (Council Tax)	73.448	77.637	4.189
Legacy Council Tax Grant	5.235	5.235	0.000
Collection Fund Surplus	0.023	0.837	0.814
Contributions from Reserves	0.273		(-0.273)
<b>Core Police Funding (Net Revenue Expenditure)</b>	<b>153.889</b>	<b>161.412</b>	7.523
Investment Income	1.197	0.727	(-0.470)
<b>Total Funding (NRE plus Investment Interest)</b>	<b>155.086</b>	<b>162.139</b>	7.053
			0.000
Uplift Grants	3.741	3.620	(-0.121)
Police Pensions Grant	3.619	3.345	(-0.274)
ERNIC Support Grant		2.372	2.372
<b>Total Funding (Core settlement &amp; Precepts)</b>	<b>162.446</b>	<b>171.476</b>	9.030

18 In 2025-26 the PCC is expected to only receive a grant for Victims of £1.450m from the Ministry of Justice. This is a reduction from previous years and cost pressures will be absorbed by the OPCC through re prioritising planned activity. Further funds may be announced by government in due course.

19 The investment income return is estimated to decrease in 2025-26 to £0.727m

20 A £14 per annum increase, per Band D property, in Council Tax will result in Wiltshire's Band D police precept increasing from £267.27 to £283.27 (5.2% increase). The table below shows the relative level of precept for Wiltshire as compared to the rest of the South West for 2024/25, and with a £14 increase is expected to be the norm across forces, it will remain the lowest in the South West region.

Authority	2024-25 Band D Council Tax	Wiltshire £14 increase 2025-26	Wiltshire £14 increase 2026-27	Wiltshire £14 increase 2027-28
Gloucestershire	£308.08			
Dorset	£305.58			
Avon & Somerset	£279.20			
Devon & Cornwall	£274.50			
<b>Wiltshire</b>	<b>£269.27</b>	<b>£283.27</b>	<b>£297.28</b>	<b>£311.28</b>

## **FUNDING**

21 In comparison to other police forces in England and Wales, Wiltshire is the third lowest funded per head of population.

22 As stated above, the 2025-26 provision settlement initially shows a £5.6m (6.4%) increase in Home Office grant funding. However, this increase needs to fund the following.

- (i) Increases in pay of 4.75% in 2024/25 (nationally set) when planning assumptions were 2.5% for 2024/25, plus the 2.8% planning assumption for 2025/26 pay award (extra costs in 2025/26 are (i) £2.9m for the higher than planned 2024/25 settlement and (ii) £2.2m for the 2025/26 settlement).
- (ii) The increase in Employers National Insurance costs at £2.4m
- (iii) Increased expectation regarding the Government's Neighbourhood Guarantee initiative of £0.8m.
- (iv) Top-up effects of moving separate funding into the main grant for additional officers previously agreed (£0.5m)
- (v) Non-pay inflation assumed at £1.4m
- (vi) Other pressures (£4.1m) including staffing changes, training and legislation changes including those to Dangerous Dogs.
- (vii) Cessation of the annual drawdown of Reserves (circa £2.5m)
- (viii) The above additional costs of £16.8m need to be not only offset. Savings are therefore also being explored to generate £6.8m of savings through reductions in staff, rationalisation of the fleet and the reduction of the current estate.

23 With a grant increase of £5.6m, less additional pressures of £16.8m, and with planned savings to reduce 2025/26 costs by £6.8m (made up of £1.6m of already agreed savings and an additional £5.2m to be identified), there remains a net effect of circa £4.6m which needs to be met from Precept increases.

## **POLICE OFFICER AND STAFF NUMBERS**

24 Whilst there is a savings requirement, the PCC is proposing to maintain budgeted Police Officer FTE numbers at 1,194 in 2025-26.

25 As part of the continued focus on value for money and drive for efficiency the number of staff employed by Wiltshire Police is expected to reduce, although this is not expected to impact public access to officers.

## **CAPITAL FINANCING STRATEGY (CFS)**

- 26 With no central capital grant and reducing reserves the financing of essential capital ICT and estates investment has become an additional challenge. This places additional demands on revenue funding (via direct contributions and the financing of borrowing) to fund capital.
- 27 The PCC has also announced that the current shared facility in Salisbury is not fit for purpose. Options have been considered alongside the business requirement. This Strategy includes £23.552m for a large southern policing hub and touchdowns. This figure does not include the provision of a custody unit. The current operational advice is given the current operational and against the capital and revenue cost this would not offer value for money however we are looking to ensure the site layout is flexible so a custody can be added in future years if the business case is proved. During the next 12 months further work will occur which will lead to firmer costs for planning purposes. The PCC remains committed to delivering a Southern Policing Hub.
- 28 Known improvement projects on the Estate have been included in the strategy. Examples of this are £2.164m for Environmental Projects and £2.033m for the Fire Safety Bill. Detailed plans of expenditure and their benefits will be produced before these capital projects are approved.
- 29 The ICT capital expenditure plan is now produced as part of the Digital, Data and Technology (DDaT) strategy. ICT managers have looked ahead to forecast costs up to 2025-26, this has been utilised for the whole period of this strategy. Due to the length of the strategy and the speed in which technology changes there are many unknowns. To acknowledge this £1m has been included in every year from 2025-26 for Infrastructure. Plans will need to be submitted before projects utilising these funds are approved. The total cost over the 8 years is £27.802m
- 30 The Devizes HQ site will continue to be maintained. An already announced regeneration of the London Road Headquarters will be paused and reviewed. Due to operational advice and the need to look at whole efficiency and effectiveness of all police estate, here are now no immediate plans to significantly develop the site. This is primarily driven by the financial challenges ahead.

## THE REVENUE BUDGET PROPOSAL

31 The table below identifies a summary of the current budget proposal with the £14 Council Tax increase.

Wiltshire Police Medium Term Financial Plan	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
<b>WP Financial Requirement:</b>				
Expenditure Brought Forward	152.352	162.139	167.751	174.075
Specific Grant changes and Inflation on Income	(-1.997)	(-0.417)	(-0.425)	(-0.434)
Staffing Pressures including enhanced 2024/25 pay awards (set nationally):	13.356	3.616	3.709	3.322
Commercial Contract and Non-Salary Pressures:	3.723	3.103	1.418	2.054
Efficiencies Currently Under Development:	(-8.028)	(-4.589)	(-2.879)	(-0.003)
Capital changes:	2.734	3.900	4.500	1.500
<b>Financial Requirement for the year</b>	<b>162.139</b>	<b>167.751</b>	<b>174.075</b>	<b>180.514</b>
<b>Funding:</b>				
Home Office Grant	82.938	84.491	86.077	87.692
Precept £14 Band D	78.474	82.585	87.323	92.147
<b>Core Police Funding (Net Revenue Expenditure)</b>	<b>161.412</b>	<b>167.076</b>	<b>173.400</b>	<b>179.839</b>
Investment Interest	0.727	0.675	0.675	0.675
<b>Total Funding (NRE plus Investment Interest)</b>	<b>162.139</b>	<b>167.751</b>	<b>174.075</b>	<b>180.514</b>
<b>Allocations:</b>				
OPCC	6.576	7.420	7.825	8.178
Chief Constable	114.022	112.985	112.533	115.491
Corporate Services	38.807	40.712	42.582	44.212
Capital Contributions	2.734	6.634	11.134	12.634
<b>Total Budget Allocation</b>	<b>162.139</b>	<b>167.751</b>	<b>174.075</b>	<b>180.514</b>

## RISK ASSESSMENT

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

33 The savings proposed are based on the risk involved in reducing investment in certain areas. These have been reviewed and proposed by the Wiltshire Police Chief Officer Group on a risk basis.

## ENVIRONMENTAL IMPACT

34 The MTFs includes plans to rationalise the number of vehicles and reduce the estates footprint. This will not only reduce the overall costs and drive improved efficiency but will also help reduce our carbon footprint of Wiltshire Police.

## CONCLUSION

35 The MTFs and the current thinking surrounding the proposed 2025-26 precept increase of £14 per Band D property, is both necessary and appropriate to ensure the continued improvements in the services provided by Wiltshire Police. I am also consulting the public on the level of precept.

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