



COMISIYNYDD  
HEDDLU A THROSEDDU  
DYFED-POWYS  
POLICE AND CRIME  
COMMISSIONER

**Police and Crime  
Commissioner for Dyfed-Powys**

**2018/19 Precept and Budget**

**January 2018**

## Contents

Executive Summary .....	2
1. Introduction.....	4
2. Funding – Provisional Settlement 2018/19.....	6
3. Police Precept 2018/19 .....	9
4. Draft Budget for 2018/19 .....	13
5. Reserves.....	17
6. Capital .....	19
Appendix A – Report of the Chief Finance Officer .....	20
Appendix B – Medium Term Financial Plan .....	33

## Executive Summary

One of my key responsibilities as your Police and Crime Commissioner is to set the precept each year. In doing so, I take into account a number of different factors including the Chief Constable's future resourcing requirement, the level of reserves, feedback from residents of Dyfed-Powys and future plans for investment in infrastructure.

The draft settlement of £49.313 announced on the 19<sup>th</sup> December 2017 has resulted in a freeze in the core government funding in cash terms compared with 2017/18.

In 2017/18 I increased the council tax precept by 6.9%. This resulted in a council tax precept in Dyfed-Powys of £213.87 for an average band D property. This compared with £218.24 in South Wales, £228.84 in Gwent and £249.21 in North Wales.

Useable reserves currently amount to £27.233m<sup>1</sup>, split between earmarked revenue reserves, capital reserves and a general reserve. Useable reserves are predicted to reduce to £5.318m by 2020/21.

In 2017/18 two unforeseeable events have taken place – a non-consolidated pay award for Police Officers plus a significant investigation into a fatal fire at Llangammarch Wells. These were not budgeted for and will be funded from reserves. Other than these events, although it has been a challenging year, financial performance has been in line with the budgets set at the start of the year.

I therefore submit for scrutiny by the Dyfed-Powys Police and Crime Panel a police precept of £49.788m. Central and local funding combined will therefore amount to £99.100m (a 2.57% increase on funding levels in 2017/18).

An average band D property will pay £224.56. This band D tax will be at a level that is 5.0% (£10.63) higher than in 2017/18.

This level of funding will protect the number of Police Officers in the Force. Officer numbers at the start of 2018/19 are predicted to be 1,203 with leavers and planned recruitment intakes allowing officer numbers to average at the establishment level of 1,172. This level of funding will also provide further focus on addressing weaknesses identified by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). During the year, I'm pleased to report that the Force has been graded as "Good" in the most recent HMICFRS report on Legitimacy and Leadership and I am confident that the Force will continue to make positive progress over the coming year.

<sup>1</sup> As at 31st March 2017

I expect to receive notification of the final settlement for 2018/19 in February 2018. I will notify the Panel of any changes to the provisional settlement once I receive them.

## 1. Introduction

- 1.1 The statutory arrangements established under the Police Reform and Social Responsibility Act impose a tight timescale of the 1<sup>st</sup> of February 2018 for me to present my initial precept proposal for 2018/19 to the Dyfed-Powys Police and Crime Panel following the announcement of the provisional settlement on the 19<sup>th</sup> of December 2017. Since last summer, I have had regular discussions with the Chief Constable about the current and future financial position of the Force. I have held a number of meetings to consider the budget for 2018/19, culminating in a Finance Seminar that was held on the 6<sup>th</sup> of December 2017 at which my plans for the precept for 2018/19 were discussed.
- 1.2 In order to fulfil my responsibilities as Police and Crime Commissioner (PCC), I have consulted with the public. I have also consulted with the Chief Constable (CC) and have discussed in detail his plans for staffing levels, police services and future investment needs in agreeing the Force's budget for 2018/19 and in order to determine the police precept.
- 1.3 Funding for the police service was not mentioned in the 2017 Autumn Statement however the Minister for Policing and the Fire Service's letter and statement both state the Home Office's intention to offer greater certainty on plans for 2019/20. Their intention is to maintain a broadly flat settlement but this is dependent on progress against a number of efficiency milestones to be agreed in the New Year.
- 1.4 Last year, significant work was undertaken on reviewing the funding formula however, this work ceased on the announcement of a snap election and it is unlikely that this work will be revisited until the next spending review. Whilst certainty of future funding is very much welcomed, there will remain uncertainty until a new funding formula is introduced. The last (unimplemented) review of the funding formula (redistribution of policing funds between forces) saw Dyfed-Powys lose close to £8m in funding.
- 1.5 The medium term financial plan therefore incorporates a reduction of 4% in central grant from 2021/22 onwards to reflect a potential change in formula and the impact that it might have on Dyfed-Powys.
- 1.6 I am also very supportive of the service improvements that the Chief Constable is implementing. These will help deliver services in line with

the wishes of the public of Dyfed-Powys and also support the priorities that I set out in my Police and Crime Plan. Many of these improvements will deliver recommendations made by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) and I'm pleased to report that the Force has been graded as "Good" in the most recent HMICFRS report on Legitimacy and Leadership. This is the first "Good" rating that the Force has received.

- 1.7 This report aims to provide Dyfed-Powys Police and Crime Panel Members with the information necessary to scrutinise my initial precept decision and the inherent budget position for 2018/19 upon which I have already consulted the public and the Chief Constable.
- 1.8 Appendix A contains the report of the Police and Crime Commissioner's Chief Finance Officer on reserves and budgetary risk.
- 1.9 Appendix B provides the medium term financial plan to 2023/24.

## 2. Funding – Provisional Settlement 2018/19

- 2.1 On the 19<sup>th</sup> December 2017, the provisional 2018/19 police finance settlement was announced in an oral statement by the Minister for Policing and the Fire Service, The Rt Hon Nick Hurd MP. This was followed by a written ministerial statement shortly after and the Welsh Government's provisional 2018/19 settlement for Welsh PCCs.
- 2.2 The Minister's statement announced:
- Flat cash grant funding (i.e. the same allocations as in 2017/18);
  - £450m additional funding for the service – this includes £130k additional reallocations, £147m which is predicated on PCCs applying a £12 precept increase, £50m additional Counter Terrorism funding and £123m of "new money";
  - A one year settlement only but with the stated intention that the settlement for 2019/20 will also broadly be a cash flat settlement dependent on progress against efficiency milestones.
- 2.3 The settlement has resulted in an allocation of £49.313m of core grant in 2018/19, the same as the cash allocation in 2017/18.
- 2.4 Police Officer Pay – The Minister's letter to PCCs and Chief Constables includes a reference to the police officer pay settlement. It is the Minister's view that the funding he has announced together with procurement efficiencies as well as those identified in the HMICFRS efficiency report will enable PCCs to make appropriate provision for the likely cost increases next year within their financial plans. This includes both the remaining costs of the additional 1% non-consolidated element of the 2017 pay award as well as the likely costs of the 2018 pay award. The Minister goes on to say that it is for police leaders to make proposals in relation to the 2018 pay award, reflecting what is affordable and fair to officers and taxpayers.
- 2.5 Future Settlements – The Minister's letter and statement both state the Home Office's intention to offer greater certainty on plans for 2019/20. Their intention is to maintain a broadly flat settlement with the same precept flexibility but this is dependent on progress against a number of efficiency milestones to be agreed in the New Year. The police Formula review is unlikely to be revisited until the next spending review.
- 2.6 Reallocations – In 2018/19 the top-slices/reallocations total £945m, £133m higher than 2017/18 (£812m).

- 2.7 Police Transformation Fund – This was first set up in 2016/17 and was worth £76.4m. In 2017/18 that amount rose to £175m but included the innovation fund. In 2018/19 it had been expected that the value would have risen again to nearer £300m. However, the Minister’s announcement states that the transformation fund will remain the same, in cash terms, as 2017/18 at £175m and £130m will be set aside for digital technology and special grants. Future allocation from the Police Transformation Fund will be commissioned work rather than bids. Approximately £50m is already committed to previous bids spanning more than one year.
- 2.8 Emergency Service Network (ESN) – This is a nationally run programme to replace the Airwave radio communication system. The 2016/17 settlement is believed to have included the Police share of £1bn funding for ESN although it was not separately identifiable. Forces will continue to pay for Airwave until the transition to ESN has occurred. During the transition, and once it is in place, PCCs will then need to pay local ESN costs, including data and connection charges, devices and installation as well as control room upgrades. However, since 2016/17 the ESN project has fallen an estimated 15 months behind schedule. This delay means that forces may need to extend their Airwave contracts, which is likely to have associated costs, in addition to the delayed savings from ESN. The estimated cost of a 12 month delay to the service is approximately £400m across England and Wales. It is not yet clear how these additional costs will be met and by whom.
- 2.9 Counter Terrorism – Counter Terrorism funding is negotiated separately to the police settlement. The national Counter Terrorism funding has been announced and is set to increase by £50m which is a 7% increase on last year. It is not yet known whether this additional funding is revenue or capital, however, it is expected to be primarily distributed to Counter Terrorism Units.
- 2.10 Overall, the Police Capital Grants have reduced from £82m in 2016/17 to £77.2m in 2017/18 and to £75.2m in 2018/19. Police Capital grant allocations remain unchanged from 2017/18. Nationally, £1m and £13.1m have been earmarked for Special Grant Capital and Police Live Services, respectively. £15.2m is also available for the National Police Air Service. The 2018/19 Dyfed-Powys provisional capital allocation remains at £0.318m, the same as the allocation for 2017/18.
- 2.11 Victim’s funding comes from the Ministry of Justice (MoJ). In 2017/18 we received £605k of funding and the provisional settlement for 2018/19 is £600k.

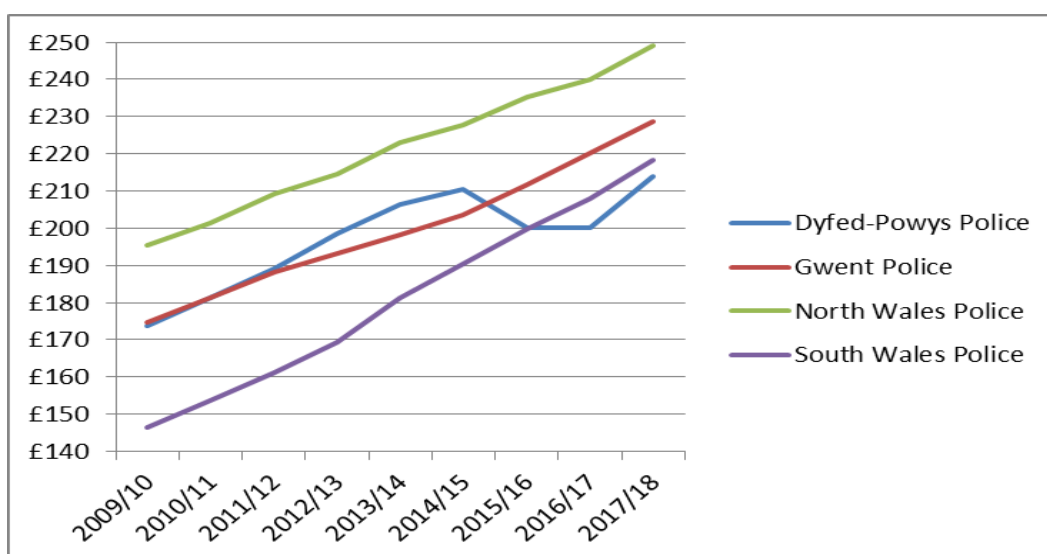




### 3. Police Precept 2018/19

3.1 On 6<sup>th</sup> December 2017, I held a finance seminar and invited members of the Police and Crime Panel, Joint Audit Committee and Wales Audit Office to attend. The purpose of the event was to allow the force to present a summary of the operational environment that they work within and the impact that this has on their demand levels and therefore resource requirements for 2018/19 and beyond. The seminar also covered the steps taken so far in preparing the 2018/19 budget and the draft position, including budget assumptions, savings and investments was covered in the seminar.

3.2 I considered police council tax levels throughout Wales:



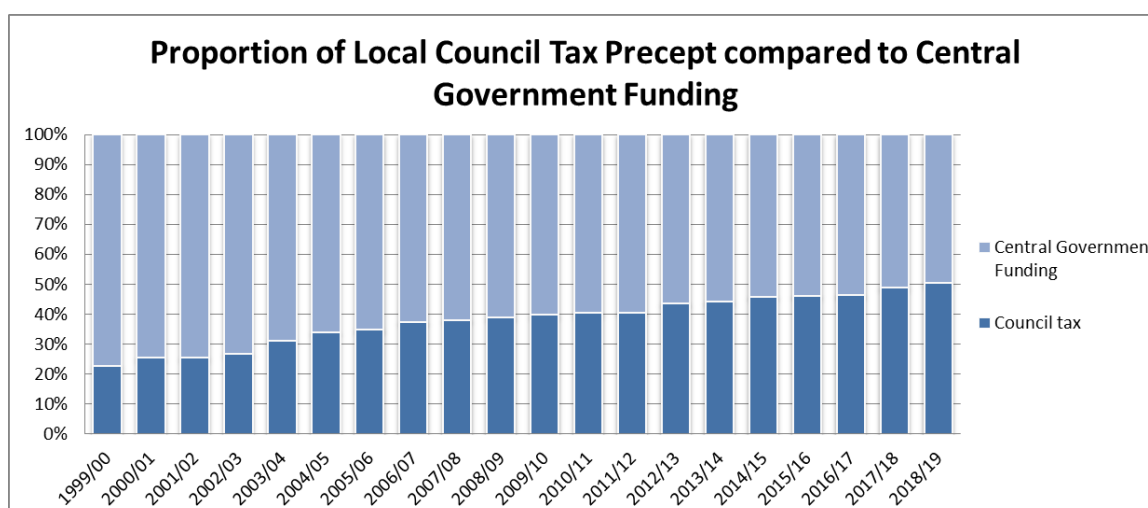
3.3 I have also consulted with the public on the level of the precept that I will set for 2018/19. The public consultation was run between 24<sup>th</sup> November and 15<sup>th</sup> December 2017 and 217 responses were received.

3.4 In response to the first question "In terms of your policing contribution, would you be prepared in 2018/19 to pay more / pay less or pay about the same as 2017/18", 51.6% of respondents indicated that they would be prepared to pay more, 28.4% responded that they would like to pay about the same as 2017/18 and 20.0% indicated that they would like to pay less.

3.5 In response to the second question "Taking into consideration your response to question 1, please tick next to your preferred change in police precept for 2018/19 (compared with 2017/18)", the preferred option chosen was a precept rise of 5%, followed by a precept rise of 1% and then a precept rise of 3%. Half of all respondents chose one of these three options.

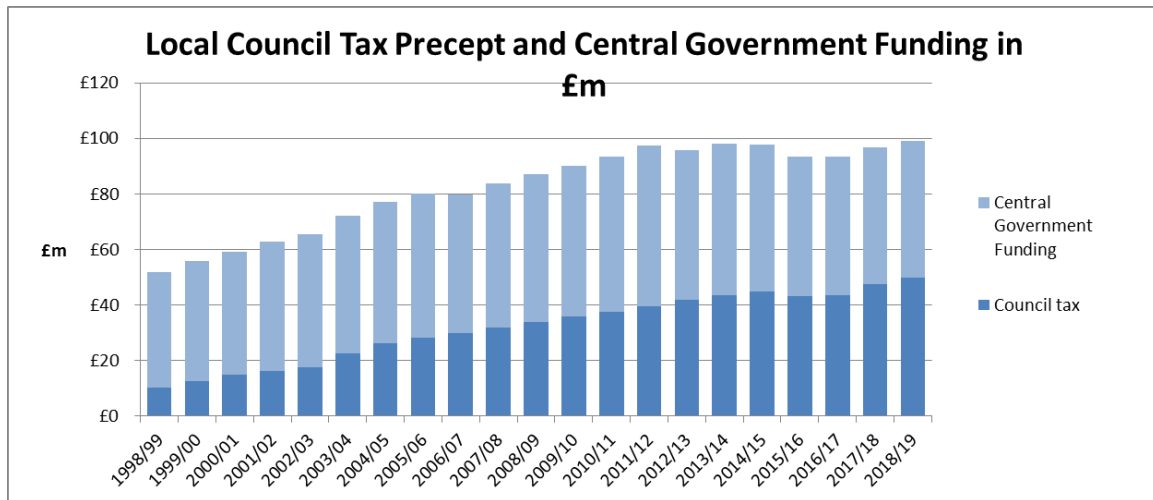
- 3.6 In response to the third question "If you are prepared to pay more, which areas of policing should receive more funding in 2018/19", 21% voted for neighbourhood policing, 12% chose protecting the vulnerable, 11% voted for child protection and a further 11% chose rural policing. These priorities are consistent with my Police and Crime Plan priorities published in March 2017.
- 3.7 In response to the fourth and final question "If you want to pay less, which areas of policing should receive less funding in 2018/19" 27% of respondents chose estates, 22% chose youth diversionary projects and 14% voted for road safety.
- 3.8 In deciding on a police precept for 2018/19, I have also considered the current financial position of the organisation and our future plans.
- 3.9 2017/18 has been a challenging year in terms of finances. Two significant unforeseeable events have occurred:
- Police Officers have received a 1% pay award plus an additional 1% non-consolidated pay award applicable from the 1<sup>st</sup> September 2017. The non-consolidated element had not been foreseen and will amount to approximately £320k in relation to Police Officers for the 2017/18 financial year. Negotiations are still ongoing in relation to police staff pay. Should they receive the same award, the non-consolidated element will cost approximately £120k to the organisation. At the time of writing this paper, it is assumed that a total of £448k will be drawn from reserves to cover this event;
  - The Force has had to deal with a significant and complex fire investigation at a remote property near Llangammarch Wells. Costs of £560k have already been committed to date in relation to this operation (Operation Heath). The operation is ongoing and therefore the final cost that is covered by a reserves transfer is likely to rise further before the end of the 2017/18 financial year.
- 3.10 Through discussions with the Chief Constable, I have agreed that the financial impact of both the non-consolidated element of the pay award and the cost of Operation Heath will be funded from the general reserve. Aside from these two issues, the Force is operating broadly in line with their budget in the current financial year.
- 3.11 The organisation has a reasonable level of reserves but also has significant future plans for some much needed investment in the estate and also further investment in technology. As finances become tighter and budgets are set with very little spare capacity to deal with unexpected events, I expect us to utilise the General Reserve more often. The investment in infrastructure and greater use of the General Reserve will result in the overall level of reserves reducing significantly over the medium term.

- 3.12 In addition, the capital grant available to me has reduced significantly over recent years and, at its current level of about £300k per annum, it is wholly insufficient to fund the necessary capital investment that I need to make. This puts further pressure on both revenue budgets and reserves. In order to ensure that I have the means to support future capital investment, I plan to make revenue contributions to capital from 2019/20 onwards.
- 3.13 There has been much discussion and significant work carried out nationally to review and create a new model to distribute funds across police forces in England and Wales. We now understand that a new formula will not be introduced until the next spending review. The last, unimplemented formula review saw us receive some £8m less in funding and, whilst we cannot be certain of the outcome of a future review, for planning purposes, I have built in a reduction of 4% in central grant from 2012/22 onwards to reflect the potential reduction in grant that might occur.
- 3.14 The medium term financial plan is discussed in more detail in Appendix B.
- 3.15 The following graph shows how the proportion of income that Dyfed Powys receives from central sources compared with local sources has changed over time:

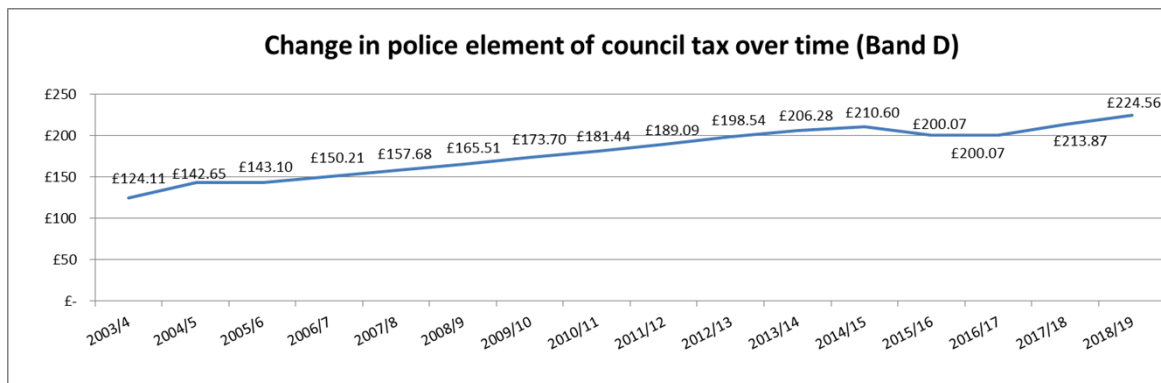


- 3.16 Historically, central funding provided the vast majority of Dyfed-Powys' funding. However, the proportion received from central sources has slowly decreased over time and in 2018/19, for the first time, local funding (at £49.788m) will be greater than central funding (£49.303m).

3.17 The following graph shows (in £m) the amount of funding that Dyfed Powys has received from both local and central sources over time:



3.18 The following graph shows how the council tax precept has changed over time in Dyfed Powys:



3.19 The proposed increase in the council tax precept will result in an average Band D property paying £224.56 in 2018/19.

#### 4. Draft Budget for 2018/19

- 4.1 The overall result of the provisional settlement and proposed precept is a total funding increase of £2.484m in 2018/19 compared with 2017/18 as shown in the table below.

**Table 1: Total Funding for 2018/19 (Provisional)**

	2017/18	2018/19	Change	
Description	£M	£M	£M	%
Core Police Grant	27.714	27.714	-0.000	-0.0
Add Rule 1 + Floor Funding	8.729	8.498	-0.231	-2.6
Welsh Government	12.870	13.101	+0.231	-1.8
<b>Central Funding</b>	<b>49.313</b>	<b>49.313</b>	<b>-0.000</b>	<b>0.0</b>
Council Tax Base (Band D)	221,177	221,708		
Council Tax at Band D (£)	213.87	224.56		
<b>Precept</b>	<b>47.303</b>	<b>49.787</b>	<b>2.484</b>	<b>5.25</b>
<b>Total Funding</b>	<b>96.616</b>	<b>99.100</b>	<b>2.484</b>	<b>2.57</b>

- 4.2 This has resulting in the following balanced budget being prepared for 2018/19:

**Table 2: Draft Revenue Budget for 2018/19**

	2017/18	2018/19
	£M	£M
<b>OPCC and Commissioning</b>	<b>1.977</b>	<b>1.993</b>
<b>Estates</b>	<b>3.170</b>	<b>3.736</b>
<b>Force</b> (net of reserve movements)	<b>91.469</b>	<b>93.371</b>
<b>Total</b>	<b>96.616</b>	<b>99.100</b>

- 4.3 Other than the Commissioner's Director of Estates role, the estates function that is responsible for the day to day running of the Commissioner's estate has previously formed part of the Force, coming under the direct control of the Chief Constable. After the budgets had been set last year, the estates function transferred to the Commissioner's office. For 2018/19, a small budget relating to premises costs still remains under the Force budget but the vast majority of costs relating to the estate now form part of the budget of the Commissioner.
- 4.4 A full breakdown of the proposed expenditure for 2018/19 (through to 2023/24) is provided in Appendix B.

- 4.5 In preparing the budget for 2018/19, the following inflationary factors were applied to the 2017/18 budget:

**Table 3: Budget Assumptions for 2018/19 (compared with 2017/18)**

Budget Assumptions (%)	2017/18	2018/19
Police Officers	1.00%	2.29% *
Police Staff	1.00%	2.29% *
Inflation	1.00%	2.50%
Premises Fuel	1.00%	2.50%
Vehicle Fuel	1.00%	2.50%
Grants	0.00%	0.00%
Income	1.00%	2.50%
Capital Financing	0.00%	0.00%
Pension	0.00%	3.00%

\* The 2.29% inflation covers a 2% pay award for officers and staff from September 2018 and also funds half of the 1% non-consolidated September 2017 pay award beyond September 2018. Should the non-consolidated element continue, the remaining half will be funded through in-year efficiency savings.

- 4.6 In addition to inflationary pressures in 2018/19, the following additional cost pressures have been identified for 2018/19:
- Forensic medical contract – the existing contract needs to be re-tendered and, through work already carried out with potential bidders, we have identified that the cost of the new contract is likely to be £325k more expensive next year than the current provision;
  - Mobile data revenue licences – the previous contract for mobile data included a capital charge that covered licences, however, the new contract that is in place is different in its format and there is now a requirement to pay for licences as an annual recurring revenue cost. This increases revenue costs by £180k per annum;
  - Rates increases – Rates for buildings in the PCC's estate increased by £270k in 2017/18. The rates figures were not available at the time the budget was set last year and therefore this increase was absorbed in-year through one-off savings, however, the increase is now budgeted for in 2018/19;

4.7 The Chief Constable, after an extensive period of discussion and consultation, approved the following growth bids amounting to £469k:

- Investigations – Further resource is required to effectively deal with investigations within the Force. This includes resource for the Digital Cyber Crime Unit, the Financial Crime Team and CID at a cost of £222k in 2018/19;
- Learning and Development – The College of Policing is introducing a new police qualification and there is a shift towards all police officers attaining a policing honours degree in the future. To achieve this new standard, more training will be delivered to those choosing to achieve their qualification whilst working as an apprentice for Dyfed-Powys Police. A budget of £48k has been introduced in 2018/19 to fund the necessary resources to support the introduction of the new apprenticeship scheme. In addition, £31k has been budgeted to fund a Health & Safety (H&S) trainer to carry out critical H&S training across the Force;
- Firearms – PCSOs are currently involved in carrying out checks to aid with the processing of firearm applications. In order to release PCSOs to focus on their frontline duties, approval has been granted to employ the equivalent of 3.3 FTE staff members to process firearm applications and renewals at a cost of £74k in 2018/19;
- Modern Apprentices – The chief officer team are supporting the employment of modern apprentices and plan to recruit five apprentices from July 2018. The cost in 2018/19 will be £44k;
- Vetting – the vetting department are currently working through a significant back-log of vetting renewals for serving police officers and staff. This has been highlighted as an area for improvement by internal audit report and by HMICFRS and, as a result, further resource has been allocated to this function. The cost for 2018/19 will be £25k;
- CCTV – a provision of £16k has been made towards the running costs of CCTV in 2018/19.

4.8 I have also chosen to support a custody triage project in Haverfordwest. This will run as a pilot for 12 months with its performance data analysed to determine whether there is merit in rolling it out across the whole of Dyfed-Powys. This triage is based on a model successfully introduced in Durham. I have allocated £100k to fund this pilot.



- 4.9 I also plan to commission further work in relation to youth offending and community safety and have also increased these budgets accordingly. These increases are partially funded by savings that I will make on existing commissioned services. In total, I plan to invest £139k more on commissioned services than in 2017/18 in support of the priorities that I set out in my Police and Crime Plan.
- 4.10 Day to day responsibility for the estate transferred to me during 2017/18. Having fully reviewed the budgets and financial out-turn of the estates function over the last three years, I believe that it is necessary to increase the estates budget to reflect the amount of work that needs to be carried out to effectively maintain the estate. In particular, I will be investing more to ensure that legislative compliance is achieved consistently across the whole estate and I plan to increase the maintenance regime in relation to critical infrastructure.
- 4.8 In addition to the investments above, the outline budget for 2018/19 includes annual recurring cost reductions of £1.925m within the force as summarised below:

**Table 4: Cost Reduction Summary for 2018/19**

		<b>Expected Savings 2018/19 £'000</b>
Workforce	Workforce modernisation	-109
Workforce	Removal of temporary staff positions	-99
Workforce	Sergeant review	-55
Workforce	Reduction in director roles	-180
Pay/allowances	NI changes and allowance reductions	-125
Procurement	Savings through collaboration	-307
Collaboration	National Police Air Service charge reduction	-230
Estates	Student Accommodation	-111
ICT	Digital policing, fleet telematics, WAN	-210
Commercialisation	Income generation	-207
Other	Other	-292
		<b>1,925</b>

## 5. Reserves

- 5.1 The opening and closing position for reserves during 2017/18 is shown in the table below.

**Table 5: Reserve Balances during 2017/18**

	Balance as at 1 <sup>st</sup> April 2017	Net Movement in year	Balance as at 31 <sup>st</sup> March 2018
	Actual	Estimated	Estimated
	£M	£M	£M
Earmarked Revenue Reserves	6.672	-2.552	4.120
Capital Reserves	16.061	-4.408	11.653
General Reserve	4.500	-0.448	4.052
<b>Total</b>	<b>27.233</b>	<b>-7.408</b>	<b>19.825</b>

- 5.2 The table below provides detail on how our plans anticipate spending of reserves over the coming years.

**Table 6: Use of Reserves**

	18/19	19/20	20/21	21/22	22/23	23/24	Total
	£M	£M	£M	£M	£M	£M	£M
<b>Use of Reserves</b>							
<b>Revenue Reserves</b> (contribution to revenue budget)	2.240	1.042	0.450	0	0	0	3.732
<b>Capital Reserves</b>	7.556	3.218	0	0	0	0	10.774
<b>Total use of Reserves</b>	9.796	4.260	0.450	0	0	0	14.506
<b>Balance at year end</b>	10.028	5.768	5.318	5.318	5.318	5.318	

- 5.3 The contribution to revenue budget line in the table above appears as the result of the previous PCC's decision to reduce the council tax precept for 2015/16 by 5% and to use reserves to fund an element of the revenue budgets for 2015/16 to 2018/19. There is significant pressure on the 2018/19 revenue budget and therefore a decision has been made to draw the remaining reserve not just from 2018/19 but over the next 3 years with the last planned contribution from reserves in relation to this decision now to be made in 2020/21.
- 5.4 At the end of 2023/24, the general reserve is expected to remain at £4.052m with total reserves amounting to £5.318m.

## 6. Capital

- 6.1 Well maintained and managed assets play a vital role in the delivery of efficient policing services. Therefore it makes sense to plan how these assets will be maintained and managed. The draft capital programme for 2018/19 is shown below:

**Table 7: Draft Capital Programme for 2018/19 to 2023/24**

<b>Capital Programme</b>	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>Total</b>
	<b>£M</b>	<b>£M</b>		<b>£M</b>			<b>£M</b>
Land and Buildings	5.684	4.650	3.350	2.350	0.550	0.350	16.934
Vehicles (Including Boat)	0.953	0.962	1.095	1.050	1.050	1.050	6.160
IT and Other Strategic Spending	3.260	2.343	2.193	2.191	1.406	1.666	13.059
<b>Capital Expenditure</b>	<b>9.897</b>	<b>7.955</b>	<b>6.638</b>	<b>5.591</b>	<b>3.006</b>	<b>3.066</b>	<b>36.153</b>
Grant Funding	-0.318	-0.318	-0.318	-0.318	-0.318	-0.318	-1.908
Borrowing	0	-3.881	-5.295	-3.748	-0.663	-0.223	-13.810
Capital Receipts	-2.000	-0.025	-0.025	-0.025	-0.025	-0.025	-2.125
NPAS Capital Credit	-0.023	0	0	0	0	0	-0.023
Contribution from Revenue Account	0	-0.513	-1.000	-1.500	-2.000	-2.500	-7.513
Capital Reserve	-7.556	-3.218	0	0	0	0	-10.774
<b>Capital Financing</b>	<b>-9.897</b>	<b>-7.955</b>	<b>-6.638</b>	<b>-5.591</b>	<b>-3.006</b>	<b>-3.066</b>	<b>36.153</b>

## **Appendix A – Report of the Chief Finance Officer**

### **1. Balances, Provisions and Reserves**

- 1.1 In accordance with the “Financial Management Code of Practice” (FMCoP) the PCC has considered the role of reserves when compiling the medium term financial plan and annual budget. The PCC holds the responsibility for ensuring the adequacy of reserves each year so that unexpected demand led pressures on the budget can be met without adverse impact on the achievement of the key priorities.
- 1.2 The FMCoP requires the PCC to establish a policy on reserves (including how they might be used by the Chief Constable) in consultation with the Chief Constable (CC). This Section of the report sets out the PCC’s decisions on reserves so that these can be communicated clearly to local taxpayers thereby promoting accountability.
- 1.3 Within the existing reserves policy and associated governance arrangements, the Chief Finance Officer is accountable for:
  - Ensuring that advice is provided on the levels of reserves and balances in line with good practice guidance;
  - To report at the time the budget is considered and the precept set, on the robustness of the budget estimates and the adequacy of financial reserves, as required by s25 of the Local Government Act 2003, and in line with CIPFA guidance.
- 1.4 There are also a range of safeguards in place that militate against the PCC over-committing financially. These include:
  - The balanced budget requirement;
  - Chief finance officers’ Local Government Finance Act 1988 Section 114 powers which requires the Chief Finance Officer to report to the PCC if there is or is likely to be unlawful expenditure or an unbalanced budget; and
  - The external auditor’s responsibility to review and report on financial standing includes a review of the level of reserves taking into account their knowledge of the organisations performance over a period of time. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual organisations.

### **2. Statement on Reserves**

**The level of general reserve and any movements on the fund**

- 2.1 Legislation and other guidance require that a general reserve is maintained. Whilst CIPFA does not stipulate a minimum or optimal level of general reserve, its general guidance is to establish a reserve representing *"resources set aside for purposes such as general contingencies and cash flow management."*
- 2.2 CIPFA's "Guidance Note on Local Authority Reserves and Balances" states that a General Reserve is required to act as *"a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves"*. A General Reserve is also required to act as *"a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves."*
- 2.3 Maintaining a General Reserve ensures compliance with the Local Government Finance Act 1992 for Local Authorities to *"have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement."*
- 2.4 The PCC's policy on reserves states that "Setting the level of earmarked and general reserves is just one of several related decisions in the formulation of the Medium Term financial Plan (MTFP) and the budget for a particular year. Account should be taken of the key financial assumptions underpinning the budget alongside a consideration of the organisation's financial management arrangements."
- 2.5 For the last few years the general reserve has remained at £4.5m however, now that the central settlement appears to be a two year settlement and the introduction of a new funding formula has been delayed until the next spending review, the level of the general reserve has been reduced to reflect the slightly lower risk now being faced by the organisation. The general reserve for 2018/19 will be £4.052m which equates to 4.1% of the 2018/19 net revenue budget. The following three factors have been considered in determining the appropriate level of general reserve:

**A. Overall financial position and adequacy of financial control**

- 2.6 In setting the level of the general reserve it is important to bear in mind Dyfed Powys Police's overall financial position and the adequacy of financial controls in operation. The overall financial position has been considered by the PCC as part of the budget process and, whilst secure, is keenly affected by the threat of future government funding reductions which must be borne in mind.
- 2.7 It is also important to remember the context of the Medium Term Financial Strategy (MTFS) so that the PCC continues to comply with CIPFA's "Guidance Note on Local Authority Reserves and Balances" which suggests that *"Advice should be given on the adequacy of reserves over the lifetime of the medium term financial plan"*.

### **B. Risk exposure and risk assessment**

- 2.8 Formulation of reserve levels must be considered in the context of risk if we are to comply with CIPFA's guidelines which state that *"in order to assess the adequacy of unallocated general reserves....take account of the strategic, operational and financial risks facing the authority."*
- 2.9 Whilst risk exposure and mitigation of that risk may not necessarily drive a material increase in spending, it will influence the level of general reserves year by year.
- 2.10 Four key risks are currently relevant to the level of general reserves now and in the future, which are outlined below.
- Economic instability – the risk that worsening economic conditions, real terms reductions in levels of government grant and the increased resource requirements will have a significant effect on already stretched financial resources. This will result in a restriction on operational activity and developments over the next four years and beyond, for example, curbing the ability to offer the level of community policing that the public is expecting unless a bigger draw on reserves is authorised;
  - External Risks – such as Brexit and global financial markets have been taken into account in setting reserves;
  - Operational major incidents and nationally and locally managed capital schemes – the likelihood and impact of a major incident that could occur within the Force area and risks attached to significant capital schemes has been considered in determining an appropriate level of reserves;
  - Council Tax – keeping council tax under control remains a priority for the Government.

### **C. Public Opinion**

- 2.11 The public's acceptance of the precept is partly reliant on the understanding that the precept is spent on policing and that only a reasonable and prudent amount of any over-funding is being stored away as a general reserve. Conversely, when unforeseen expenditure arises, it is likely that the public would expect that the PCC would have sufficient resources to cover the expense without recourse to overspend.

**The adequacy of the general reserves and an estimate of provisions in respect of the forthcoming financial year and the PCC's and CC's medium term financial strategy**

- 2.12 Based on the above it is suggested that the level of general reserve is reduced to £4.052m which represents 4.1% of the proposed 2018/19 net revenue budget. It is suggested that this balance is retained at this level until there is greater certainty as to the timing and impact of a formula change and other financial pressures in future years.

**The annual review of earmarked reserves including estimates of the year end balances**

- 2.13 Earmarked reserves are held as a means of building up funds to meet known or predicted requirements. The main earmarked revenue reserves held by the PCC have been subject to review as part of the 2018/19 budget setting process.
- 2.14 At the beginning of 2017/18, earmarked revenue reserves amounted to £6.671m and the balance at the end of the financial year is expected to be about £4.120m. The year-end balance reflects the position after the PCC uses £2.552m of revenue reserves as a contribution towards the revenue budget. During the 2017/18 budget setting process, it was planned that £1.991m would be drawn from reserves and, in addition, a further £0.561 is now predicted to be drawn to fund the ongoing operation into the fire at Llangammarch Wells (Operation Heath).
- 2.15 Capital reserves (including capital receipts reserve and unapplied capital grants) at the beginning of 2017/18 stood at £16.129m.
- 2.16 Our current draft capital programme requires total funding of £36.153m over six years with £9.897m being spent in 2018/19. For the current capital programme to be fully financed over the next six year, the whole of the capital reserve will be depleted by the end of 2019/20. In



addition, it is foreseen that external borrowing of £13.811m will be needed over the same period. The majority of this borrowing will fund the building of a new custody facility for Carmarthenshire and provide a solution to the ageing police facility in Brecon. The cost of these two capital projects are currently expected to be in the region of £13m.

**Jayne Woods – PCC's Chief Finance Officer**

### **3. Budgetary Risk**

- 3.1 Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer reports to the PCC, at the time the budget is being set, on the risks and uncertainties that might require more to be spent on the service than planned. Allowance is made for these risks by:
- making prudent allowance in the estimates; and in addition
  - ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.
- 3.2 It is important that the PCC takes responsibility for ensuring that budgetary risk has been minimised when the budget is set. The level of budgetary risk must be formally considered by the PCC informed by the advice and judgement of his Chief Finance Officer.
- 3.3 The proposed budget for 2018/19 reflects the identified and quantifiable risks. However it has not been possible to incorporate the following risks:
- Amendments to the final government grant notification from the provisional figures included in this report or for future years;
  - Unforeseeable changes in government policy;
  - Impact of pension scheme reviews on employer contribution rates.
- 3.4 To enable the PCC to reach his decision, his Chief Finance Officer has performed a risk assessment of material items of revenue and capital budgets which is included in the following pages. The risk analysis has been performed on the various budget headings and assessed based on the percentage of the net revenue budget and known factors which could influence levels of actual expenditure or income.

**Table 8: Risk Assessment of Material Budgets**

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Police Officer Salary Costs	54%	High	<p>Overtime incurred on major incidents/operations/investigations is not controlled and monitored and therefore exceeds the budget.</p> <p>Allowances paid for bonus payments, etc could exceed budget.</p> <p>The number of officers in post increases above the approved funded establishment.</p> <p>Future pay awards and the continuation (or otherwise) of the 1% non-consolidated 2017 award are uncertain.</p>	<p>Finance representation on gold groups and other operational investigation groups now occurs as a matter of course. This enables overtime and other costs to be closely monitored and reported to each meeting.</p> <p>The establishment is monitored continually as part of budgetary control process. A Budget Monitoring Procedure is in place with the budget being reported regularly to Chief Officer Group.</p> <p>HR has a recruitment plan for the year ahead based on the projected number of police officer retirements, leavers and transferees. The required intake of probationers are planned and allocated accordingly.</p> <p>In year financial performance is discussed regularly by the PCC and CC at Policing Board and within dedicated Finance Seminars. Financial matters are also covered at the Police Accountability Board, the Joint Assets Board and Finance and by the Procurement Group.</p>

Budget area		% of net costs	Risk level	Identified Risk	Mitigating factor
Police Staff Salary Costs (including PCSO's)		27%	High	<p>The number of staff in post increases above the approved funded establishment.</p> <p>Projects requiring staff involvement out of normal working hours are accurately costed for additional costs such as overtime etc.</p> <p>The 2017/18 pay award has not yet been agreed and significant certainty surrounds this and future pay awards.</p>	<p>The establishment is monitored continually as part of budgetary control process. A Gateway process is being established to monitor and control the establishment on a strategic basis. A Budget Control Procedure is in place.</p> <p>Professional payroll and human resources staff will be engaged in establishing staff entitlement for additional hours.</p> <p>In year financial performance is discussed regularly by the PCC and CC at Policing Board and within dedicated Finance Seminars. Financial matters are also covered at the Police Accountability Board, the Joint Assets Board and Finance and by the Procurement Group.</p>
Police Officer Pensions		12.5%	Medium	<p>There is a risk of future increased contributions that we must bear. Also, changes in the way certain elements such as injury payments are treated pose a risk.</p>	<p>Linked to police officer salary costs above.</p> <p>Ability to amend recruitment profiles during the year.</p>

Budget area		% of net costs	Risk level	Identified Risk	Mitigating factor
Indirect Costs	Staff	0.9%	Medium	<p>These might increase above budget.</p> <p>Uncertainty exists around the new police recruitment process linked with the Police Education Qualification Framework (PEQF) requirement from March 2019.</p>	<p>Training budgets have been set to reflect operationally critical requirements. Budgets are monitored on a monthly basis and a Training Prioritisation Group considers training priorities before training is delivered.</p> <p>The PCC and CC discuss and monitor PEQF and training requirements at Policing Board.</p>
Premises Costs		3%	Medium	<p>Further investment may be needed on premises in the future if we are to avoid a further large capital programme to bring buildings back to an acceptable and safe working environment for staff and officers.</p> <p>Fluctuations in electricity and gas prices may continue as contracts are renegotiated.</p>	<p>The capital programme is considered as part of Medium Term Financial Strategy and annual budget setting process.</p> <p>Procurement involves the finance department in discussions regarding contracts.</p> <p>Robust budget monitoring procedures are in place and adhered to.</p> <p>The Estates Group that brings together key staff within the PCC's office and from the Force meet monthly to discuss estates matters including finances. These are also discussed at the Joint Assets Board that is regularly chaired by the PCC.</p>

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Transport Costs	2%	Medium	<p>An increase in the fleet size could occur without an adequate increase in running costs.</p> <p>The vote to leave Europe may lead to increased fuel costs in the future.</p>	<p>The capital programme is considered as part of Medium Term Financial Strategy and annual budget setting process.</p> <p>The Strategic Vehicle Group meets to discuss the vehicle fleet – group is chaired by the Director of Finance.</p> <p>Fuel prices are monitored and their impact regularly assessed through the robust budget monitoring procedures that are in place.</p> <p>Telematics data is allowing the Force to monitor vehicle usage and optimise the size of the fleet.</p> <p>The Joint Assets Board receives a monthly update on matters relating to the fleet including vehicle and fuel usage.</p>

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Supplies and Services and Commissioning	10%	Medium	Non purchase orders could result in over spends against the budget.	<p>Purchase orders are processed with a built in budget check for high value items.</p> <p>The Procurement Department ensure that the procurement of goods and services are made in accordance with Financial Regulations and Procedures.</p> <p>Robust budget monitoring procedures are in place and adhered to.</p> <p>PCC's commissioned services are authorised by the Director of Commissioning.</p>
Agency & Contracted Services	2%	Low	Not material	Not material
Capital Financing	0.2%	Low	Not material	Not material

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Specific Grant	-7%	High	Grants should be utilised in accordance with the terms and conditions of grant.  Grant providers may cease payments of grant with minimal notice.	A grant register records all grants due.  Posts funded by grants should be recruited on a temporary basis for the duration of the grant.  All terms of grant are authorised by the Chief Financial Officer.  All Establishment Amendment forms are authorised by the Director of Finance and Head of Human Resources.  PCC Commissioned services are authorised by the Director of Commissioning after consultation with the Chief Finance Officer.
Other Income	-6%	Low	Not material	Not material
Use of Reserves	-2%	Medium	Reserves should not be utilised to fund recurring expenditure.  Unexpected demand led pressures on budgets can be met without an adverse impact.	The Force has no operational Reserves other than limited virement opportunities. Regular monitoring of the financial position occurs through the forces' Chief Officer Group (COG).



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Capital	N/A	High	The size, high cost and complexity of capital projects increases the risk of exceeding budgets, time overruns and not achieving the objectives of the original business case.	The capital programme is approved and monitored by the PCC and discussed at monthly Joint Assets Board meetings. Capital investment is also discussed at dedicated Finance Seminars led by the PCC. Chief Officers receive regular reports and monitor progress with capital projects at COG. Governance arrangements are in place covering all major projects for the force.

**Jayne Woods – PCC's Chief Finance Officer**

## **Appendix B – Medium Term Financial Plan**

### **1. Future Funding**

- 1.1 Considerable uncertainty has existed over future financial settlements for some time. The Home Secretary's letter written on the day of the 2015 Spending Review stated that the settlement for policing, including funding for counter terrorism, will be reduced by 1.3% in real terms over four years. Taking into account local income, the settlement will protect police spending in real terms over the Spending Review period. This news was better than expected as previously, non-protected departments were expected to see reductions in the region of 27% over three years.
- 1.2 However, in December 2016, the Minister for Policing and the Fire Service announced a flat rate reduction in grant funding of 1.4% in cash terms for all forces for 2017/18. This provisional settlement was slightly worse than predicted as an average increase in the council tax bases had been estimated by the Home Office before calculating the resulting decrease in funding.
- 1.3 The settlement for 2018/19 was announced on the 19<sup>th</sup> December 2017 by the Rt Hon Nick Hurd MP. We were allocated a flat cash grant (i.e. the same allocations as in 2017/18). In addition, the Minister announced that we would receive a broadly flat cash settlement for 2019/20 also depending on progress on efficiency milestones to be agreed in the New Year.
- 1.4 Last year, year on year reductions of 1.4% in central grant had been modelled and used as the most likely scenario (this matched the cash decrease received in 2017/18 compared with 2016/17). However, given the provisional settlement for 2018/19 and announcement in relation to 2019/20, cash flat settlements have now been forecast up to and including 2020/21.
- 1.5 It is likely that a new funding formula will now not be introduced until the next spending review. The impact of the last (unimplemented) review was a £7.9m loss in grant to Dyfed-Powys. Therefore, with this in mind, the medium term financial plan also incorporates a reduction of 4% in central grant from 2021/22 onwards.

1.6 The current medium term funding position is shown below:

**Table 9: Total Funding for 2018/19 to 2023/24**

	18/19	19/20	20/21	21/22	22/23	23/24
	£M	£M	£M	£M	£M	£M
Central Grants	49.313	49.313	49.313	47.340	45.446	43.629
Council Tax Precept	49.788	52.695	55.773	59.030	62.477	66.126
<b>Total Funding</b>	<b>99.100</b>	<b>102.008</b>	<b>105.085</b>	<b>106.370</b>	<b>107.923</b>	<b>109.754</b>
<b>Change against prior year (£M)</b>	<b>+2.484</b>	<b>+2.908</b>	<b>+3.077</b>	<b>+1.285</b>	<b>+1.553</b>	<b>+1.831</b>
<b>% Change</b>	<b>+2.57%</b>	<b>+2.93%</b>	<b>+3.02%</b>	<b>+1.22%</b>	<b>+1.46%</b>	<b>+1.70%</b>

1.7 The detailed calculations supporting the figures in the table above are included in the penultimate table below.

## 2. Unavoidable Cost Pressures

2.1 It is expected over the period that pay and price inflation will exert an upward pressure on the costs of providing policing services over the period and the following assumptions have been made in relation to these:

**Table 10: Inflation Assumptions for 2018/19 to 2023/24**

Budget Assumptions (%)	18/19	19/20	20/21	21/22	22/23	23/24
Police Officers	2.29%	2.20%	2.00%	2.00%	2.00%	2.00%
Police Staff	2.29%	2.20%	2.00%	2.00%	2.00%	2.00%
Inflation	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%
Premises Fuel	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%
Vehicle Fuel	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%
Grants	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%
Capital Financing	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Pension	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%

- 2.2 In addition to these increases in base costs, a savings plan has been developed that is due to deliver savings amounting to £5.080m over the next six years. These savings are detailed in the table below:

**Table 11: Cost Reduction Summary for 2018/19 to 2023/24**

<b>Cost Reductions</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Workforce modernisation	-109	-100	-100	-100	-100	-100	-609
Removal of temporary staff positions	-99	-167	0	0	0	0	-266
Sergeant review	-55	0	0	0	0	0	-55
Reduction in director roles	-180	0	0	0	0	0	-180
NI changes and allowance reductions	-125	-82	-52	-54	-70	-70	-453
Procurement Savings	-307	-200	-200	-200	-200	-200	-1,307
National Police Air Service charge reduction	-230	0	0	0	0	0	-230
Student Accommodation	-111	0	0	0	0	0	-111
Digital policing, fleet telematics, WAN	-210	-215	-215	-325	-175	-175	-1,315
Income generation	-207	0	0	0	0	0	-207
Estates	0	-250	-75	0	0	0	-325
Other	-292	0	+270	0	0	0	-22
	<b>-1,925</b>	<b>-1,014</b>	<b>-372</b>	<b>-679</b>	<b>-545</b>	<b>-545</b>	<b>5,080</b>

- 2.3 The impact of applying the funding assumptions, upward cost pressures and identified savings are summarised below. Above and beyond the identified savings, there remains a savings gap from 2019/20 onwards:

**Table 12: Savings gap for 2018/19 to 2023/24**

	18/19	19/20	20/21	21/22	22/23	23/24
	£M	£M	£M	£M	£M	£M
Net Costs of Policing	99.100	102.806	106.450	109.508	112.316	115.134
Central Funding and Local Precept	-99.100	-102.008	-105.085	-106.370	-107.923	-109.754
<b>Total savings gap (cumulative)</b>	<b>0</b>	<b>0.798</b>	<b>1.365</b>	<b>3.139</b>	<b>4.393</b>	<b>5.380</b>

### 3. Conclusion and Further Work required

- 3.1 Despite the future uncertainty of funding it is prudent for plans to be developed to meet a reduction in funding in future years. This work is underway.
- 3.2 Whilst the impact of different funding scenarios can be calculated relatively easily, the Chief Constable is currently working out the detail of the operating models that will be implemented should these various scenarios occur. Should a new funding formula result in a significant reduction in the level of central funding received, this would have a significant impact on police services with some very difficult decisions having to be made.
- 3.3 Work is currently being undertaken on an all-Wales basis to assess the level of potential savings that could be delivered through collaboration. This work is in its infancy but should begin to identify and deliver savings over the next 12 months.
- 3.4 Further discussions about the future will take place during 2018/19 to ensure that the organisation continues to work more efficiently whilst providing effective policing services to the public.

Table 13: High Level Financial Model for 2017/18 to 2023/24

**High Level Financial Model 2017/18 to 2023/24**

	Baseline	Assumptions						Projected Financing Available					
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Central Grants</b>		DRAFT	EST	EST	EST	EST	EST						
Allocation of Police Core Settlement	-27,714	0.0%	0.0%	0.0%	-4.0%	-4.0%	-4.0%	-27,714	-27,714	-27,714	-26,605	-25,541	-24,520
Floor Funding	-8,729	-2.6%	0.0%	0.0%	-4.0%	-4.0%	-4.0%	-8,498	-8,498	-8,498	-8,158	-7,832	-7,518
Revenue Support Grant	-3,935	8.3%	0.0%	0.0%	-4.0%	-4.0%	-4.0%	-4,261	-4,261	-4,261	-4,091	-3,927	-3,770
National Non Domestic Rates	-8,935	-1.1%	0.0%	0.0%	-4.0%	-4.0%	-4.0%	-8,840	-8,840	-8,840	-8,486	-8,147	-7,821
	<b>-49,313</b>							<b>-49,313</b>	<b>-49,313</b>	<b>-49,313</b>	<b>-47,340</b>	<b>-45,447</b>	<b>-43,629</b>
	-1.4%							0.0%	0.0%	0.0%	-4.0%	-4.0%	-4.0%
<b>Council Tax Precept</b>													
Base	221,176.14	0.24%	0.80%	0.80%	0.80%	0.80%	0.80%	221,708	223,482	225,270	227,072	228,889	230,720
Rate at Band D	213.87	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	224.56	235.79	247.58	260	273	287
<b>Projected Precept</b>	<b>-47,303</b>							<b>-49,787</b>	<b>-52,695</b>	<b>-55,772</b>	<b>-59,029</b>	<b>-62,477</b>	<b>-66,125</b>
<b>Total Financing</b>	<b>-96,616</b>							<b>-99,100</b>	<b>-102,008</b>	<b>-105,085</b>	<b>-106,370</b>	<b>-107,924</b>	<b>-109,754</b>
								2.6%	2.9%	3.0%	1.2%	1.5%	1.7%
<b>% Funded by Council Tax</b>	49%							50%	52%	53%	55%	58%	60%

<b>Taxbase</b>	Taxbase at Band D		
	2017/18	2018/19	Change
Carmarthenshire	71,598.56	72,153.24	0.77%
Ceredigion	31,893.64	31,683.05	-0.66%
Pembrokeshire	55,919.65	56,103.15	0.33%
Powys	61,764.29	61,768.85	0.01%
	<b>221,176.14</b>	<b>221,708.29</b>	<b>0.24%</b>

Collection		
2017/18	2018/19	Change
97.50%	97.50%	0.00%
98.50%	98.50%	0.00%
98.00%	98.00%	0.00%
98.50%	98.50%	0.00%

Table 14: Revenue Account for 2017/18 to 2023/24

		Allocated Budget	Proposed Budget	Financial Outlook				
		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Budget for OPCC and Commissioning</b>								
	Staff Costs	695	685	700	714	728	743	758
	OPCC Non-pay	336	336	343	350	357	364	371
	Research and Community Projects	153	0	0	0	0	0	0
	Commissioning Staff	83	95	97	99	101	103	105
	Commissioning Non-pay	710	877	895	912	931	949	968
	Estates Staff	575	720	736	751	766	781	796
	Estates Non-pay	2,595	3,016	2,833	2,825	2,893	2,963	3,036
<b>Total OPCC, Commissioning and Estates</b>		<b>5,147</b>	<b>5,729</b>	<b>5,604</b>	<b>5,651</b>	<b>5,776</b>	<b>5,903</b>	<b>6,034</b>
<b>Budget for Chief Constable and Staff under Direction and Control of Chief Constable</b>								
<b>Employees</b>								
	Police Officers	52,211	53,346	54,264	55,688	56,881	58,287	59,710
	Police Staff	21,341	21,910	22,621	23,236	23,862	24,500	25,150
	PCSO's	4,811	4,920	5,028	5,129	5,232	5,336	5,443
	Police Pensions (net)	12,062	12,404	12,674	12,928	13,186	13,450	13,719
	Indirect Staff Costs	744	845	862	879	897	915	933
<b>Total Employee Costs</b>		<b>91,169</b>	<b>93,423</b>	<b>95,450</b>	<b>97,859</b>	<b>100,058</b>	<b>102,487</b>	<b>104,954</b>
<b>Running Expenses</b>								
	Premises Costs	301	309	315	321	328	334	341
	Transport Costs	1,870	1,865	1,862	1,858	1,896	1,933	1,972
	Supplies & Services	9,137	9,455	9,628	9,439	9,092	8,891	8,687
	Agency & Contracted Services	2,103	2,022	2,063	2,104	2,146	2,189	2,233
<b>Total Running Expenses</b>		<b>13,411</b>	<b>13,651</b>	<b>13,868</b>	<b>13,722</b>	<b>13,461</b>	<b>13,348</b>	<b>13,232</b>
	Capital Financing Costs	378	236	858	1,754	2,458	2,983	3,483
<b>Total Expenditure</b>		<b>104,958</b>	<b>107,310</b>	<b>110,176</b>	<b>113,335</b>	<b>115,976</b>	<b>118,818</b>	<b>121,670</b>
<b>Financed By:</b>								
<b>Income</b>								
	Specific Grants	-5,858	-5,920	-5,972	-6,026	-6,081	-6,136	-6,193
	Other Income	-5,640	-5,740	-5,919	-6,020	-6,124	-6,229	-6,337
<b>Total Income</b>		<b>-11,498</b>	<b>-11,659</b>	<b>-11,891</b>	<b>-12,046</b>	<b>-12,205</b>	<b>-12,366</b>	<b>-12,530</b>
<b>Net Costs - Force</b>		<b>93,460</b>	<b>95,651</b>	<b>98,284</b>	<b>101,289</b>	<b>103,772</b>	<b>106,452</b>	<b>109,140</b>
<b>% Change</b>			<b>2.3%</b>	<b>2.8%</b>	<b>3.1%</b>	<b>2.5%</b>	<b>2.6%</b>	<b>2.5%</b>
<b>Contribution From Reserves</b>								
	Use of / Contribution to Reserves	-1,991	-2,279	-1,081	-489	-39	-39	-39
		-1,991	-2,279	-1,081	-489	-39	-39	-39
<b>Net Costs - Force</b>		<b>91,468</b>	<b>93,371</b>	<b>97,203</b>	<b>100,799</b>	<b>103,733</b>	<b>106,413</b>	<b>109,100</b>
<b>Total Costs for OPCC and Force</b>		<b>96,616</b>	<b>99,100</b>	<b>102,806</b>	<b>106,450</b>	<b>109,508</b>	<b>112,316</b>	<b>115,134</b>
<b>Net Cost of Policing To be</b>		<b>96,616</b>	<b>99,100</b>	<b>102,806</b>	<b>106,450</b>	<b>109,508</b>	<b>112,316</b>	<b>115,134</b>



**Table 14 continued:**

<b>Grants and Precepts</b>		-1.40%	0.0%	0.0%	0.0%	-4.0%	-4.0%	-4.0%
16	Police Grant	-27,724	-27,724	-27,724	-27,724	-26,615	-25,550	-24,528
	Floor Funding	-8,874	-8,874	-8,874	-8,874	-8,519	-8,178	-7,851
17	NNDR	-8,161	-8,161	-8,161	-8,161	-7,835	-7,521	-7,221
18	RSG	-4,554	-4,554	-4,554	-4,554	-4,371	-4,197	-4,029
<b>Total External Support</b>		<b>-49,313</b>	<b>-49,313</b>	<b>-49,313</b>	<b>-49,313</b>	<b>-47,340</b>	<b>-45,446</b>	<b>-43,629</b>
19	Precepts on Billing Authorities	-47,303	-49,788	-52,695	-55,773	-59,030	-62,477	-66,126
<b>TOTAL RESOURCES</b>		<b>-96,616</b>	<b>-99,100</b>	<b>-102,008</b>	<b>-105,085</b>	<b>-106,370</b>	<b>-107,923</b>	<b>-109,754</b>
	Deficit / Unidentified Savings	-0	0	799	1,365	3,138	4,393	5,380
<b>Taxbase</b>		221,177	221,708	223,482	225,270	227,072	228,889	230,720
<b>COUNCIL TAX LEVEL</b>		£ 213.87	£ 224.56	£ 235.79	£ 247.58	£ 259.96	£ 272.96	£ 286.61
<b>Council Tax Increase</b>		<b>6.9%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>
<b>Taxbase @ Band D</b>		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Carmarthenshire	71,599	72,153	72,730	73,312	73,899	74,490	75,086
	Ceredigion	31,894	31,683	31,937	32,192	32,450	32,709	32,971
	Pembrokeshire	55,921	56,103	56,552	57,004	57,460	57,920	58,383
	Powys	61,764	61,769	62,263	62,761	63,263	63,769	64,279
	<b>Taxbase</b>	<b>221,177</b>	<b>221,708</b>	<b>223,482</b>	<b>225,270</b>	<b>227,072</b>	<b>228,889</b>	<b>230,720</b>
		<b>2.1%</b>	<b>0.24%</b>	<b>0.80%</b>	<b>0.80%</b>	<b>0.80%</b>	<b>0.80%</b>	<b>0.80%</b>