

## **DYFED-POWYS POLICE AND CRIME PANEL**

### **Report of the Finance sub-group into the setting of the Precept for 2023-2024**

#### **Legal Context**

Schedule 5 of the Police Reform and Anti-Social Behaviour Act 2011 ('the 2011 Act') provides that the Police and Crime Commissioner cannot issue a precept under section 40 of the Local Government Finance Act 1992 for a financial year until the Panel has reviewed the proposed precept and reported to the Commissioner upon the proposal.

The setting of the precept is one of the key statutory functions of the Police and Crime Commissioner.

#### **Panel Subgroup**

Members of the Police and Crime Panel identified this function as one of their key priorities for 2022-2023 and established a subgroup of 7 members to carry out a review of the proposed precept.

The subgroup consists of the following Panel Members

Councillor Keith Evans of Ceredigion County Council (Vice-Chair of the Panel)

Councillor Les George of Powys County Council

Councillor Wyn Thomas of Ceredigion County Council

Cllr Simon Hancock of Pembrokeshire County Council

Cllr Brian Hall of Pembrokeshire County Council

Cllr Dot Jones of Carmarthenshire County Council

Cllr Karen Davies of Carmarthenshire County Council

In addition, it was determined that meetings of the subgroup would also be attended by the Panel Chair, Professor Ian Roffe and Councillor William Powell of Powys County Council.

#### **Panel Approach**

In performing this function, the Subgroup has

1. Reviewed the latest Statement of Accounts published by the Commissioner
2. Reviewed the Commissioner's Medium Term Financial Plan
3. Reviewed the Commissioner's Treasury Strategy

4. Reviewed the Commissioner's Capital Strategy
5. Reviewed the Commissioner's Reserves Strategy
6. Along with other members of the Panel received a briefing by the Commissioner, Chief Constable and their respective Chief Finance Officers.
7. Engaged with the Commissioner to set out the views of local residents and their elected representatives.

### **Aim of the Panel**

As set out in the Panel's most recent annual report the aim of the Panel in performing this function is to ensure that the Police and Crime Commissioner's finances are being properly managed and that the people of Dyfed-Powys are receiving value for money from the Police Precept.

The intended outcome is that the level of precept set by the Commissioner for 2023-2024 is appropriate having regard to all the circumstances.

### **Current Financial Position**

The financial context within which the precept is being set is explained in detail by the report provided to the Panel by the Commissioner. The subgroup has identified the following key factors that it feels are relevant to the review of the precept

1. The precept accounts for approximately 50% of the total revenue available to the Commissioner. The remainder of the revenue largely comes from the Home Office along with smaller amounts from Welsh Government and a modest amount of income generation from providing services to other police forces.
2. Most of the budget is spent on staffing costs, predominantly those of warranted police officers. Currently the force has in excess of 1,300 such officers.
3. Some Home Office funding is tied to the force retaining a stipulated number of warranted officers. Therefore, reducing the number of warranted officers to cut costs is not a viable option.
4. Salaries, pensions, and other staffing costs relating to warranted officers are set nationally and there is no power to locally vary these.
5. The force is projected to generate an underspend of approximately £800,000 against its planned budget for 2022/2023 due to efficiency measures already being implemented.

6. The force is affected by the same inflationary pressures as every other sector of society but is particularly affected by increases in fuel costs and nationally agreed pay awards.
7. The Chief Constable originally identified a budgetary requirement of £135.4 million which would have resulted in a precept increase of over 9%, even allowing for significant efficiency savings being made.
8. Home Office funding for 2023/2024 does not reflect these inflationary pressures. The overall funding received has increased by £1.2 million (1.9%) but the increase in the general grant is only £211,000 (0.3%). The rest of the increase is subject to certain terms and conditions being met and can only be used for certain purposes.
9. The current precept level in Dyfed-Powys is the lowest in Wales

### **Does the current level of Precept represent value for money?**

In considering this question the subgroup believes that the following are relevant considerations

1. The number of warranted officers employed by the force is at historically high levels
2. Overall public satisfaction with the force is high
3. Overall crime levels are low
4. The force has made good progress in addressing shortcomings identified in previous inspections by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)
5. No concerns have been highlighted by their Auditors regarding financial management by the Commissioner or the force
6. The force covers a wide geographic area with many isolated rural communities and several areas of significant social deprivation.
7. A large amount of police time is having to be spent on non-crime related activities, particularly the safeguarding of vulnerable adults and children.
8. The Precept does not just fund the Police force. The Commissioner is responsible for several non-police functions, such as supporting the victims of crime.
9. Much police activity is not readily apparent to members of the public. Some of the most significant threats to our communities, such as counter terrorism, child exploitation and sexual abuse and online fraud cannot be tackled by traditional 'bobbies on the beat'.

The conclusion of the subgroup is that the level of precept does represent value for money

### **The 2022-2023 Precept**

Although the Panel supported the Commissioners precept for 2022-2023, Panel Members advised the Commissioner that they expected him to

1. Re-evaluate the capital programme for future years and give serious consideration to the cancellation or deferment of some elements of it in recognition, that going forward, the capital programme has to be funded from revenue due to the demise of Home Office capital funding.
2. Work with the (then) new Chief Constable to seek financial solutions that place a lesser burden on rate payers whilst maintaining a quality service in future years.

The subgroup is satisfied that the Commissioner has thoroughly reviewed the Capital Programme and identified areas where savings can be made. Unfortunately, much of the programme is essential with funding already committed, so the scope to make savings has been limited. However, the Commissioner and his Chief Finance Officer maintain scrutiny of the programme with a view to controlling costs as much as possible.

The subgroup is also satisfied that the Commissioner has worked with the Chief Constable to find ways of reducing the financial burden on local taxpayers whilst ensuring the budget is sufficient to maintain an efficient and effective police force. This is evidenced in the reduction in the budgetary requirement put forward and the reduced precept increase that has resulted.

### **Available options**

The Commissioner is legally obliged to set a balanced budget and to ensure that he provides the Chief Constable with sufficient funds to provide the required police service in the force area. As costs rise due to inflationary pressures and the Home Office funding fails to increase in line with those pressures the options available to achieve this are limited. In simplistic terms the options are

1. Cut costs by significantly reducing service levels
2. Increase the Precept significantly
3. Implement a less significant range of cost cutting measures allied to a more modest increase in the precept.

The Commissioner's report to the Panel sets out the financial position in detail together with the impact on the force and precept payers.

## **Conclusions**

The subgroup acknowledges that the Commissioner faces an extremely difficult task in meeting his statutory obligations regarding the setting of a balanced budget on the one hand and keeping the financial burden on local tax payers to a minimum on the other. The Commissioner and Chief Constable, along with their respective Chief Finance Officers, have worked hard to deliver as many savings as possible. The subgroup is pleased to see that this has resulted in the proposed precept increase reducing from a figure initially more than 9% to (in our view) a much more acceptable 7.75%. No one likes the idea of paying more taxes. However, if we are to maintain an efficient and effective police force in Dyfed-Powys the Chief Constable must be provided with sufficient resources. In the absence of adequate funding from the Home Office the Commissioner has no option but to turn to local taxpayers to make up the shortfall.

The conclusion of the subgroup is therefore that the precept increase proposed by the Commissioner is appropriate in the circumstances.

## **Recommendations**

1. The subgroup recommends that the Panel approve the 7.75% increase in the precept proposed by the Commissioner. However, it will be for the whole Panel to determine whether to support the Commissioner's proposal.
2. That the Panel thanks the Commissioner and his Chief Financial Officer for their openness and transparency in their dealings with the subgroup during the precept setting process.