

POLICE AND CRIME COMMISSIONER FOR GWENT

REVENUE BUDGET AND CAPITAL PROGRAMME 2020/21

COMMISSIONER'S INTRODUCTION

1. As the Police and Crime Commissioner for Gwent (Commissioner), I am required to set a five year Police and Crime Plan and the Annual Budget Requirement, including the police precept element of the council tax (Council Tax Precept). My Police and Crime Plan is reviewed annually in line with the joint Office of the Police and Crime Commissioner (OPCC) and Gwent Police's (the Force) Strategic and Financial Planning process. My current plan was launched in May 2017 and is fully considered as part of the budget proposal. In addition, this time last year I updated my current plan, which was completed by the 31st March 2019. Areas of stronger emphasis in my updated plan included tackling Serious and Organised Crime (SOC); addressing cyber-enabled and cyber-dependent criminality; and also protecting those made vulnerable by criminal and sexual exploitation. Each of these areas of investment continue to be reflected in my budget proposal.
2. My vision is that the people of Gwent have confidence in their crime and policing services, which make them feel safe in their communities. I have five strategic priorities on which the current Police and Crime plan is based:
 - a) Crime Prevention;
 - b) Supporting Victims;
 - c) Community Cohesion;
 - d) Tackling Anti-Social Behaviour; and
 - e) Effective Service Delivery.

It is within this context that I commend the following paper to you.

BACKGROUND

3. The Commissioner is required to determine the Police and Crime Budget for 2020/21 and set the Council Tax Precept, prior to the 1st March 2020, after taking into account the views of the Police and Crime Panel (PCP) in relation to the level of Council Tax Precept.
4. The Commissioner must also make arrangements, before the first Council Tax Precept for a financial year is issued, to obtain the views of:
 - a) The people in that police area; and

b) The relevant ratepayers' representatives,

on the proposals of the Commissioner for expenditure (including capital expenditure) in that financial year.

- 5. In setting the budget, due regard has to be taken of the Prudential Code which requires at least three year projections of expenditure, both in revenue and capital terms, in order to identify funding requirements and assess the affordability and sustainability of planned expenditure. Whilst developing proposals for providing a balanced revenue budget and affordable Capital Programme in 2020/21, this report will include the longer term financial issues facing the Police Service in Gwent and the wider portfolio of the Commissioner's responsibilities.**
- 6. The bulk of the resources available to the Commissioner will be needed to cover operational policing. Robust processes have been developed over many years within the Force, to quantify the budgetary resources required to provide the people of Gwent with an effective, efficient and sustainable Police Service. The budgetary process commences early in the financial year, providing detailed Medium Term Financial Projections (MTFPs) and identifying new burdens and pressures. These projections are constantly under review and the latest updates are attached as appendices to this report. These projections, particularly the unavoidable service pressures and budget developments, have been fully scrutinised by the OPCC and the PCP's Finance Sub-Committee.**
- 7. The 2019/20 budget setting round was the fourth and final year of the 2015 Comprehensive Spending Review (CSR) which, in common with the preceding 2010 and 2013 CSR periods, required the delivery of significant financial efficiencies and budget reductions. It was anticipated that the next, CSR 2019, would take place in the summer of 2019, bringing a degree of certainty over the short to medium term on police finances. However, the Brexit uncertainty at that time delayed the next CSR until, at the earliest, summer 2020. Therefore, on 4th September 2019, a one year 'Spending Round' was announced to deliver on the Prime Minister's priorities – including health, schools and the police.**
- 8. The Spending Round provided the Home Office (HO) with a 6.3% increase in real terms to the Department's resource budget between 2019/20 and 2020/21. In headline figures, this is the largest planned annual growth rate in at least 15 years. In relation to policing, this growth will provide:**
 - a) An extra £750m for policing has been committed to start the process of recruiting an additional 20,000 Police Officers by March 2023 (known as Operation Uplift). This £750m does not include capital grant, however some of this money will be spent on capital items relating to the recruitment of Police Officers, such as cars and uniforms. The Government has set a target of up to 6,000 new Police Officers by the end of 2020/21. The first 6,000 Police Officers will be destined for territorial**

police forces, i.e. none of the first tranche of 6,000 will be allocated to National Agencies such as the National Crime Agency (NCA). On the 6th October 2019, Forces were notified of their allocations of this first tranche – Gwent Police’s target will be to recruit an additional 62 Police Officers by March 2021;

- b) An additional £45m to start the immediate recruitment of the first 2,000 (of the 6,000) Police Officers by March 2020 (although many of the additional costs will be taken from the £750m the following year). The Commissioner will receive £296k in 2019/20 to cover the cost incurred:
- i In recruiting additional Police Officers, including advertising, recruitment, uniform, training and salary costs (this will not include costs associated with backfilling existing posts);
 - ii In recruiting additional Police Staff, including advertising, recruitment, uniform, training and salary costs (this will not include costs associated with backfilling existing posts); and
 - iii Of additional kit necessary to support the uplift in Police Officers (including Fleet, ICT, Estate costs, etc.).
- c) The continuation of ‘flat cash’ pension grant. Members of the PCP (Members) will recall from last year’s equivalent report, that following a revaluation of public sector pensions, police forces are facing increased Police Officer pension costs of around £330m from 2019/20 onwards. As part of the 2016 Pension Valuation, Her Majesty’s Treasury (HMT) announced Public Sector Pension Valuation ‘Directions’, which served to increase the employer’s contribution rate from 2019/20 for Public Sector Pension Schemes (including the Police Pension Scheme). The main change was the reduction to the ‘discount rate’, which is used to convert future pension payments into present day value. This rate reflects the Office for Budget Responsibility’s (OBR) view on the national economic outlook, which in turn reflected a particularly uncertain period prior to Brexit. The Chancellor of the Exchequer (Chancellor) was correct to suggest at the Conservative Party Conference in October 2018, that **any agreement on Brexit would see an improvement on economic growth predictions, however, put simply, markets like certainty. With the Brexit position becoming clearer of late, there is (and was at the time) a strong argument to say that using the amended rate as outlined below, risks corrective action in the future when markets stabilise.** The discount rate was reduced from 3.0% to 2.4% (although a reduction to 2.8% was contained in the 2016 Autumn Budget). The HO signalled at the time that Police and Crime Commissioners would need to budget for the resultant additional costs. Their share was valued at circa £302m in 2019/20, with the ongoing funding of the full discount rate reduction beyond 2019/20 being considered as part of the CSR 2019 (which will now be CSR 2020). The Government specifically allocated £153m to help the police pay for these increased costs. Of this, £143m went directly to Police and Crime Commissioners and £10m to counter terrorism policing and the NCA. As can be seen however, only £143m of specific grant was provided to Police and Crime Commissioners to offset additional costs of £302m – therefore,

the extra direct funding in 2019/20 from Central Government Grant (Formula) Funding to Police and Crime Commissioners of £146m, which was intended to ensure that 'every Police and Crime Commissioner sees their Government grant funding protected in real terms', was fully consumed in meeting this shortfall, resulting in an overall shortfall of funding from Government of around £13m nationally in 2019/20. In relation to Gwent, the estimated increase in Police Officer employer pension contributions in 2019/20 was £3.255m and our Central Government Grant Funding was £1.501m (Gwent's share of £146m) and £1.325m (Gwent's share of £143m), resulting in a shortfall to fund pensions in 2019/20 of circa £429k. With Police Officers and Police Staff receiving a 2.5% pay award in September 2019, coupled with a significant number of Gwent Police Officers being new to the Police Service and therefore receiving pay increments, the estimated pension shortfall (assuming flat cash pension grant) has risen by £669k to £1.098m. This shortfall was met from a contribution from the Commissioner's Reserves and Committed Funds and not from Council Tax Precept in 2019/20. However, for the 2020/21 financial year, previously set aside investment/development monies will now be utilised to meet this overall shortfall. This issue may be further compounded if the Specific Pension Grant is not placed on a recurrent basis at part of CSR 2020;

- d) An extra £30m to safeguard children from sexual exploitation and abuse. This additional resource will be used for cutting-edge technology to provide the best intelligence and law enforcement capabilities to continue to target 'the worst and most sophisticated offenders'. Details of how this funding will be obtained and allocated are as yet unknown;
 - e) An increase in Counter Terrorism funding in line with inflation. The £160m that was announced in the 2018 Budget will continue, with the goal of maintaining current counter-terrorism capability and Police Officer numbers. The full financial impact of this on Gwent Police is unknown at this stage; and
 - f) £110m of additional funding as well as £65m of Official Development Assistance (ODA) for the asylum system. There will also be a continuation of the £150m funding for the Global Resettlement Programme.
9. In relation to other related Government Departments, the Spending Round announcement confirmed:
- a) The budget for the Ministry of Justice (MoJ) has increased in real terms, by 4.9%. This additional funding is to start delivery on the £2.5bn commitment to create an additional 10,000 prison places;
 - b) £100m has been made available to increase security in prisons with the introduction of more 'airport-style' security scanners as well as mobile phone detection and prevention technology; and anti-corruption and intelligence operations;

- c) £55m of additional funding will be used to support the work of the 20,000 additional Police Officers and to support the ongoing reform of the probation system to reduce reoffending rates and improve the quality of post-custody supervision;
 - d) There has been 12.4% increase in real terms for the Law Officer's Department, with £80m of the increase for 2020/21 to be made available for the Crown Prosecution Service (CPS) to support the 20,000 additional Police Officers;
 - e) A new youth investment fund. During the announcement, the Chancellor stated that he visited the "Onside Youth Zone in Barking [and] it was a brilliant example of how much Britain's network of youth centres add to their local communities." He went on to say that he will be asking "DCMS [Department for Digital, Culture, Media and Sport] to develop proposals for a new youth investment fund and to set out plans to build more youth centres, refurbish existing centres and deliver high quality services to young people across the country". Although the official documentation does make reference to this issue, no further detail has been provided at this time;
 - f) Fire and Rescue budgets (including the fire pension grant) will be protected in real terms for 2020/21. This represents total funding of £2.1bn (including council tax); and
 - g) HMT has made available over £6.3bn to prepare for Brexit, including £2.1bn in August this year to increase 'no deal' preparations in critical areas. This has allowed Departments and the devolved administrations to step up vital operational preparations across the country, including for border and customs operations; critical medical supplies; and support for United Kingdom (UK) nationals abroad. In the event the UK leaves the European Union (EU) without a deal, the Government has also guaranteed funding for UK organisations in receipt of money from EU programmes, if required. This Spending Round confirms £2bn of core funding provided to Departments for Brexit in 2019/20 will be continued into 2020/21. This money will be used to help pay for the costs of establishing a new relationship with the EU and maintaining £480m of Brexit funding for the HO in real terms, including continued funding for Border Force capability and delivery of the EU Settlement Scheme.
10. The Spending Round announced that 'The Government is committed to tackling crime and keeping the UK's streets safe. The UK needs a system fit for the modern world in order to combat the highest harm crimes and the organised criminals who feel they can operate with impunity. The additional 20,000 Police Officers will give police forces more capacity to tackle this threat. However, given the scale and complexity of the threat, it is important to understand the best way for the Government to respond. The Government will therefore undertake a formal review of the powers, capabilities, governance and funding needed across the policing and law enforcement landscape, including the NCA and the wider justice system, to enable it to improve its

response to SOC in all its forms. This will report in advance of Spending Review 2020. The terms of reference for the review will be agreed between HMT and HO and announced in due course.'

11. On 25th October 2019, the Chancellor, Rt. Hon. Sajid Javid MP, wrote to the Treasury Select Committee to confirm that the Autumn Budget will not take place on 6th November 2019. The original intentions for that date was based on the expectation of the UK securing a deal and leaving the EU on the 31st October 2019. It was planned therefore that this would be the first Budget after leaving the EU, setting out the plan to shape the economy for the future and triggering the start of the 'infrastructure revolution'. Conversely, in the event of no deal, the Government would act quickly to outline its approach and take early action to support the economy, businesses and households.
12. On the 7th January 2020 therefore, the Chancellor announced the 11th March 2020 as the date for his first Budget - the first since the General Election. The Chancellor confirmed that billions of pounds will be invested in an "infrastructure revolution in our great country", with HMT "prioritising the environment" and reiterated a plan to make use of low borrowing rates to spend on public services. He further announced that "There will be up to an extra £100bn of investment in infrastructure over the next few years that will be transformative for every part of our country. In the Budget, we will be setting out how we are going to take advantage of all the huge opportunities that Brexit will bring."
13. The current uncertainty around police funding is therefore unprecedented. Aside from the delay to the next CSR and the lack of an Autumn Budget announcement, the HO (as a result of the General Election being called in December 2019) have not been, nor will be in a position to issue a Provisional 2020/21 Police Funding Settlement (Provisional Settlement) by mid-December 2019 – as has been the case in previous years. Indeed, the HO will not be issuing a Provisional Settlement at all, rather, issuing the Final 2020/21 Police Funding Settlement (Final Settlement) sometime between mid-January and mid-February 2020 (current expectations are the last week of January 2020).
14. At this time therefore, although the HO will be investing directly into additional Police Officer numbers through Operation Uplift, on the basis that this funding will be ring-fenced, it is anticipated that the delivery of significant financial efficiencies and budget reductions will continue for the life of this Parliament through subsequent CSRs. The lack of detail (normally contained in the Provisional Settlement), adds weight to this expectation. Members will recall that the Staying Ahead Programme was initiated by the Force to address the efficiency requirements from previous CSRs and to the end of 2018/19, has delivered cumulative recurring savings of £49.498m. The 2019/20 savings target of a further £1.274m will be met this year through the continuing success of the Staying Ahead Programme, which over recent years has become core Force business within its Strategy, Performance and Change Department.

15. The future financial challenge to 2024/25 is exacerbated by the HO's review of the Police Funding Formula. By way of background, once the overall size of the policing budget is determined by the HO (via the CSR), then the amount of funding provided to respective Police and Crime Commissioners is determined by the Police Funding Formula. It has been well publicised that the current formula is out-dated, overly complex, opaque and in need of review. Following a 'false start' to the review process during the latter half of 2015, the review was brought back on track with a hope to produce its findings by February/March 2017, with implementation for the 2018/19 financial year. However, it is believed that with the significant implications of the Brexit negotiations; the result of the 'snap' General Election in June 2017 (and subsequent one); and the significant increase in the threat of terrorism, the implementation has been delayed. Indeed, in the Provisional 2018/19 Police Funding Settlement, which was announced in a Written Ministerial Statement (WMS) by the Minister of State for Policing and the Fire Service Nick Hurd MP (Minister) on Tuesday 19th December 2017, the Minister states: "I am grateful for the work of the Core Grant Distribution Review, earlier this year, which considered potential changes to the police funding formula. In the context of changing demand and following my engagement with police leaders¹, providing funding certainty for 2019/20 is my immediate priority. It is intended that the funding formula will be revisited at the next Spending Review." On account of the 2019 CSR being delayed until 2020; the fact that no Provisional Settlement will be forthcoming; and also that the Final Settlement will be received (on latest expectations) at the end of January 2020, with no further updates available, it is expected that once the work is restarted in early 2020 as part of CSR 2020 (following full consultation throughout 2021/22), it is assumed that any impact will not occur until the 2022/23 financial year.
16. Importantly however, early exemplifications from the HO received during 2015 (showing the effect of the then revised Police Funding Formula being suggested), identified a £6m cut in Central Government Grant Funding for Gwent. It could be expected therefore, that the HO will continue with their approach following the significant amount of work undertaken to date. Therefore, from the 2022/23 financial year onwards, the Commissioner could be faced with a £6m cash cut in addition to the underlying 'real term' cuts forecast from the effect of the Government's future approach to police funding. It is also likely that this cut will not be actioned in one fell swoop, but transitional arrangements will affect the cut over a number of financial years.
17. Alongside the annual Autumn Budget, the OBR publishes its Economic and Fiscal Outlook (EFO), containing its forecasts for the economy and the public finances. However, with the Chancellor cancelling his Autumn Budget, the latest EFO was produced in March 2019, to accompany the Chancellor's Spring Statement. Caution must be exercised in the interpretation of this EFO, as aside from them now being over 9 months old, they were produced against the backdrop of considerable uncertainty over the next steps in the Brexit process. With discussions in Brussels continuing and Parliament scheduled to

¹ The Minister's first visit in his programme of engagement was to Gwent on the 7th July 2017, where he met the Commissioner, Deputy Commissioner, Chief Finance Officer, Chief of Staff and Assistant Chief Constable.

vote on various Brexit-related questions in the week of the Spring Statement, the OBR had no meaningful basis for changing the broad-brush assumptions that have underpinned their forecasts since the EU Referendum. So the EFO continues to assume – consistent with Government policy at the time of finalising this forecast – that the UK makes an orderly departure from the EU on 29th March 2019 into a transition period that lasts to the end of 2020. A position which holds true, albeit ten months later than originally planned. In terms of economic and public spending headlines, the March EFO confirmed:

- a) Gross Domestic Product (GDP) is predicted to grow by 1.2% in 2019. This is 0.4 percentage points less than the 1.6% predicted in the 2018 Autumn Budget. This said, although 2020 is forecast to be the same as previously forecasted at 1.4%, both 2021 and 2022 growth forecasts have been revised up from those in the 2019 Autumn Budget by 0.1 percentage points respectively to 1.6% growth per annum (p.a.), remaining at this level in 2023 also (as per previously forecast);
- b) Consumer Price Index (CPI) Inflation has been revised down for each year from 2020 to 2023 from the previous forecast. In 2019, CPI Inflation is now forecasted at 2.1% (up 0.1 percentage points from the previous forecast); this is expected to be followed by rates of 1.9% in 2020, increasing slightly to 2.0% in 2021, 2022 and 2023;
- c) Public Sector Net Debt (PSND) has now peaked as a share of GDP at 85.2% in 2016/17 and falls to 82.2% this financial year, 0.6% of GDP below the 2018 Autumn Budget forecast. It is then forecast to be 79.0%, 74.9%, 74.0% and 73.0% from 2020/21 to 2023/24. This corresponds to deficit forecasts of 1.3%, 0.9%, 0.7%, 0.6% and 0.5% of GDP for 2019/20 to 2023/24, significantly lower than previous forecasts. Borrowing is lower in the near term than that planned in the 2017 Autumn Budget, 2018 Spring Statement and 2018 Autumn Budget; a trend that continues in the medium term;
- d) Consistent with surveys suggesting an easing in employment intentions, the OBR expects the unemployment rate to rise marginally to 4.1 per cent in 2019 as output falls below potential. They then expect it to fall back to their estimate of its equilibrium of rate of 4 per cent by late 2022. This is a marginally worse position than reported in October 2018 position, when the rate was forecast to be just below 4.0% until 2023; and
- e) Overall, council tax receipts, levels and taxbases are forecasted slightly higher than the corresponding 2018 Autumn Budget forecasts (which were higher again than corresponding 2018 Spring Statement forecasts). In recent years the OBR's council tax forecasts have been used in determining the Police Settlements (i.e. collectively the Provisional and Final Settlements). The forecasts for English Local Authority (and Police and Crime Commissioner) areas have seen their tax base forecasts increase, whilst the Welsh forecasts remain unchanged at a 0.8% forecast annual rise.

18. Aside from the relative information above, at this stage therefore, it can only be assumed that Government Department spending plans set out in the CSR 2015 would remain in place and that the Minister's intention to maintain 'broadly flat' Central Government Grant Funding in 2020/21 would be honoured - however this was dependent upon the Police Service delivering clear progress against agreed milestones on productivity and efficiency during 2019/20.

PROVISIONAL SETTLEMENT

19. As stated in paragraph 13 above, there has been no Provisional Settlement and the Final Settlement is expected in the last week of January. As the HO have been unable to produce a Provisional Settlement, in turn Welsh Government (WG) are also unable to publish their Provisional Settlement. Aside from the obvious difficulty in setting a budget without the level of Central Government Grant Funding known, as a point of principle, the publication of the annual Draft Police Grant Report (which includes the Provisional Settlement) normally marks the start of the consultation period which ends in the mid-January each year, with the Final Settlement being issued shortly after this date. Therefore, there will be no consultation period this year.
20. The timing of the PCP meeting to consider the Commissioner's Council Tax Precept proposal (31st January 2019 with papers finalised by the 22nd January 2019) and the expected date of receipt of the Final Settlement (final week in January 2020), means that it is highly likely that the receipt and detailed analysis of the Final Settlement will only take place once this report is issued. Therefore, the Chief Finance Officer will provide an addendum briefing to this report (if this report is finalised prior to the receipt of the Final Settlement) to update Members in time for the meeting.
21. However, key points of narrative arising from the Provisional Settlements in previous years which, are currently anticipated to continue to influence the 2020/21 Police Settlement are highlighted in paragraphs 22 to 28 below.
22. Reallocations
An integral part of the Police Settlement identifies the movement in finances from the overall national Government funding available for policing and crime services, to what is actually allocated to individual Police and Crime Commissioners. This movement takes account of 'reallocations' (previously known as topslices), from the HO's overall police and crime budget into other parts of HO policing responsibilities. Each has an impact upon the amount of funding ultimately awarded to Police and Crime Commissioners through the Final Settlement and in 2019/20, reallocations totalled £1.029bn which equated to a potential loss of £10.29m of Central Government Grant Funding into Gwent (as a rule of thumb, the local financial impact (i.e. to the Commissioner's budget in Gwent) of any reallocated amount, equates to roughly 1%). Reallocations are increasingly becoming a 'double edged sword', for as much as they take away funding that could normally be allocated directly to individual Commissioners, they can fund central initiatives

that Commissioners will ultimately benefit from and in certain cases (such as the Police Transformation Fund (PTF)) are acutely reliant on. The key beneficiaries of these reallocations are the:

- a) Major digital projects (£495m in 2019/20) designed to enhance police digital capability, including developing a national approach to mobile digital working. As the Government is expecting to see progress in this area ahead of the next CSR, policing must demonstrate a real commitment to deliver the benefits from mobile working. This progress has been apparent during 2019/20, to the extent that significant cost pressures have been emerging during this year (both in terms of investment costs and running costs), proving concern that reallocations may grow to fund these pressures;
- b) PTF, which has been previously set at £175m, enabling forces to continue to invest in enhanced efficiency and effectiveness. The Government expects to support an improvement in the leadership and culture of policing; the diversity of its workforce; protection of vulnerable people; cross-force specialist capabilities; exploitation of new technology; and how policing responds to changing threats. Perversely, current expectation is that the PTF will be reduced next year, potentially to fund the HO's own 2020/21 efficiency target of £120m. This potential reduction poses a significant risk to Commissioners, as they will have a number of transformational projects which have been dependent upon this funding for number of years and will do also in the short to medium term. In order not to waste this previous investment, Commissioners may wish to support the projects going forward even if PTF monies cease. This is certainly the case in Gwent, as the Commissioner has elected to support the Gwent contribution to the All Wales Early Action Together Programme for at least the next financial year, to assess the success (or otherwise) in the innovative multi-agency approach to identify vulnerable people, intervene early and keep them out of the criminal justice system;
- c) Investment to strengthen the response to SOC (£90m in 2019/20). This investment was designed to implement the new SOC Strategy, building capabilities at national, regional and local levels. Although a 'significant' proportion was allocated directly to police forces; indeed, for the 2018/19 and 2019/20 financial years, the Force was successful in securing £245k p.a. to provide co-ordination of SOC activities and to deliver community resilience, direct intervention and strategic communications in Newport. Dialogue is ongoing with the HO to ascertain if this funding will also be available for the 2020/21 financial year also;
- d) The discretionary Police Special Grant contingency fund (£73m in 2019/20), which supports forces facing significant and exceptional events, which might otherwise place them at significant financial risk (for example, helping forces respond to terrorist attacks); and
- e) Finally, the HO tops-up NCA funding and Regional Organised Crime Unit (ROCU) grants to ensure these are maintained at appropriate levels.

2019/20 saw the Southern Wales ROCU receive PTF grant also. If the PTF is cut as suggested at 21 a) ii above, the funding of this ROCU cost pressure must be considered by the individual Police and Crime Commissioners in Gwent, South Wales and Dyfed Powys Police Force areas.

23. Recognition of Unique Demand

Within previous Police Settlements, the Metropolitan Police Service, through the Greater London Authority, has received National and International Capital City (NICC) grant funding (worth £185.3m in 2019/20). The City of London Police also received NICC grant funding worth £4.8m in the same year. This is in recognition of the unique and additional demands of policing the capital city of the UK. No such allocation is provided in recognition of Cardiff's status as the capital city of Wales and the associated events held there that draw resources from South Wales Police and its neighbouring forces. The HO have been lobbied on this matter for a number of years, but considers the additional demand that Cardiff's status creates to be comparable with a large English city such as Bristol. Furthermore, in a similar vein, the resultant demand upon policing in Gwent as a result of the expansion of the International Convention Centre for Wales at the Celtic Manor Resort, has been part of the dialogue with the HO over recent months and years.

24. Government Rhetoric and 'Headlines'

a) In the two financial years 2016/17 and 2017/18, the Government 'maintained' broadly 'flat cash' Police and Crime Commissioner budgets by reducing Central Government Grant Funding as local Council Tax Precept increased. Had the Government also taken that approach in the 2018/19 financial year, Central Government Grant Funding would have reduced by over £60m (an impact of around £600k for Gwent). However, in recognition of the increasing demands on policing, the Government altered their approach for 2018/19 and 'protected' the Central Government Grant Funding which ultimately reached Police and Crime Commissioners. This meant that in 2018/19, each Police and Crime Commissioner received the same amount of Central Government Grant Funding as they did in 2017/18. The Government's intention to 'protect' Central Government Grant Funding was therefore somewhat misleading, in that unavoidable increases in policing expenditure, such as inflation, the lifting of the public sector pay cap and specific service pressures, were met from a combination of cashable efficiencies elsewhere in the budget and local Council Tax Precept increases. The headline 'standstill' cash settlement in 2018/19 still amounted to a 'real term' cut in overall funding, even after the increase in Council Tax Precept in 2018/19 was factored in. At that time, the Minister also outlined his intention that in order to assist with more efficient financial planning, he would provide Police and Crime Commissioners and Chief Constables greater visibility on financial plans for 2019/20. To this end, he made clear his intention to maintain 'broadly flat' Central Government Grant Funding in 2019/20; however this was dependent upon the Police Service delivering clear progress against

agreed milestones on productivity and efficiency during 2018/19 and also providing transparency on reserves;

- b) When announcing the 2019/20 Provisional Settlement, the then Home Secretary, the Rt. Hon. Sajid Javid MP confirmed “At the 2018/19 settlement, we announced increased funding and asked the police and PCCs to make progress on efficiency, productivity, mobile digital working, and financial transparency. In response, you developed a plan to make commercial and back office savings, which you are on track to deliver; and without exception, published financial reserves strategies”. To this end therefore, the expectation was with the Police Service having kept their side of the bargain, Central Government Grant Funding received by Police and Crime Commissioners for 2019/20 would be broadly flat cash; and
- c) However, the headlines from the Government for the 2019/20 Provisional Settlement, of **£970m additional funding for the Police Service**, appeared on the surface to be far more favourable than simply maintaining broadly flat cash funding from Central Government Grant Funding. However, on closer inspection, the £970m of additional funding was made up of:
- i £509m as a result of additional council tax flexibility – Assuming all Police and Crime Commissioners in England and Wales increased Council Tax Precept by £24, through giving them the freedom to ask for an additional £2 a month in 2019/20, to increase their Band D precept by £24 in 2019/20 without the need to call a local referendum;
 - ii £161m additional Central Government Grant (Formula) Funding – As outlined in paragraph 8 c) above, of the £146m of this amount which came directly to Police and Crime Commissioners, this was used in its entirety to offset increased Police Officer pension costs;
 - iii £153m of Specific Pension Grant – again, as paragraph 8 c) above confirms, the £143m of this grant which found its way to Police and Crime Commissioners was used in its entirety to offset increased Police Officer pension costs;
 - iv £90m additional funding to tackle SOC – as highlighted earlier in this report, this investment was designed to implement the new SOC Strategy, building capabilities at national, regional and local levels. Although a ‘significant’ proportion was earmarked to be allocated directly to police forces, it is unknown at the time of writing how much materialised at the individual Commissioner level. However, as highlighted in paragraph 22 c), for both the 2018/19 and 2019/20 financial years, the Force was successful in securing £245k p.a. from this fund; and
 - v £59m additional funding for counter terrorism – Counter terrorism policing is a national priority and its funding is ring-fenced. As announced by the Chancellor in the 2018 Autumn Budget, funding for counter terrorism policing will increase by £59m in 2019/20 to £816m, which is £160m more than the Government planned at the last CSR 2015. The counter terrorism funding total includes £24m to boost the number of firearms officers, known as the firearms uplift, which is also

part of the PTF. Again, it is unknown at the time of writing how much materialised at the individual Commissioner level.

25. As can be seen above, actual funding that would come comes directly to Police and Crime Commissioners (i.e. excluding national work on SOC and counter terrorism) amounted to £798m in 2019/20. When the funding received through precept flexibility (£509m) is discounted (as this passes the burden of funding to local taxpayers and assumes all Police and Crime Commissioners raise Council Tax Precept by £24 p.a.) and the new additional costs of pension changes (£302m) is factored in, local funding to Police and Crime Commissioners across England and Wales was £13m short of maintaining flat cash (£798m - £509m = £289m, then £289m - £302m = (£13m)).
26. These preceding paragraphs, although focussing on previous Police Settlements, in the absence of the 2020/21 Provisional or Final Settlement at the time of writing provide critical evidence in what 'protecting' or 'investing' in policing at the Governmental level actually means in reality for individual Commissioners. Therefore, although the Government's narrative throughout the Autumn is one of investing in additional Police Officer numbers and increasing police powers, the financial implications are far from clear.
27. A further note of caution concerning the 2020/21 Police Settlement is the perceived status by the Home Secretary, Policing Minister and HO on their expected return for their 'investment' in policing over recent years and in particular the precept flexibility granted in 2019/20. Members may recall that this equivalent report last financial year articulated: "This settlement sets out four priority areas to drive efficiency, productivity and effectiveness next year to drive improvements in services to the public":
 - a) On behalf of the taxpayer, the Government will expect to see continued efficiency savings in 2019/20 through collective procurement and shared services. We need to see national approaches to procuring forensics, vehicles and basic equipment such as helmets, developed over the coming year. And we will be setting an expectation that every force contributes substantially to procurement savings; we will work with the police to agree the right force level objectives for 2019/20 and 2020/21 in the coming months. All forces should also contribute to the development of a new commercial operating model over 2019/20;
 - b) We will expect major progress to resolve the challenges in investigative resource identified by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), including recruiting more detectives to tackle the shortfall. We will work with the College of Policing and the National Police Chiefs' Council to support forces to make this change by accelerating their action plan on investigations, making full use of the innovation offered by Police Now;
 - c) Forces will have to continue improving productivity, including through smarter use of data, and digital capabilities including mobile working, with an ambition to deliver £50m of productivity gains in 2019/20; and

- d) Furthermore, we expect forces to maintain a SOC response that spans the identification and management of local threats as well as support for national and regional priorities. This response should be built around the disruption of local SOC threats alongside SOC prevention, safeguarding, partnerships and community engagement.”
28. From Gwent Police's viewpoint, the Police Service across England and Wales has made great strides in a number of these initiatives, so future funding should not be compromised through failure in their delivery. However, conversely, their ultimate success could see opportunities to reduce future Government funding for the police, as productivity improvements take hold.
29. Aside from the lack of a Police Settlement, a number of remaining specific grants and external funding arrangements for 2020/21 are also yet to be finalised (e.g. Counter Terrorism Specific Allocation (CTSA), Safety Camera Enforcement Unit, Police Community Support Officer (PCSO) and local partner schemes, etc.). This report has been prepared on the assumption that funding will remain at the 2019/20 levels with the following exceptions and points of note.
30. As mentioned previously in this report, the Commissioner is financially exposed to a reduction or withdrawal of PTF money in relation to the Early Action Together programme. In 2017/18, a multi-agency, All Wales bid was successful in securing £6.875m over the 3 financial years to 2019/20, During these three years, the Commissioner has been allocated £673k to deliver Gwent's approach in support of the National Programme. In addition to this funding, the Commissioner has also provided in 2019/20 £268k to Blaenau Gwent County Borough Council and Newport City Council from within his core budget to build and embed upon the Early Action Together Programme in Gwent. A business case for providing a sustainable model for 2020/21 onwards identifies a recurrent requirement of £339k p.a., assuming funding current staff from the existing base budget and the removal of PTF monies. This financial pressure is reflected on a recurrent basis in the MTFP.
31. In a similar vein to above, over 2018/19 and 2019/20 the Commissioner has received HO SOC grant totalling £490k to deliver community resilience, direct intervention and strategic communications in Newport. A business case for providing a sustainable model for 2020/21 onwards identifies a recurrent requirement of £270k p.a., assuming funding current staff from the existing base budget and the removal of SOC monies. This financial pressure is reflected on a non-recurrent basis in the MTFP.
32. Complementary to the above work, for the 2018/19 and 2019/20 financial years, the four Welsh Forces were successful in obtaining £1.212m of HO Early Intervention Youth Fund Grant to tackle (along with third sector partners) the threat of serious violence to young people. This grant, coupled with the Commissioner's own investment into Gwent has totalled £230k. This financial pressure is reflected on a non-recurrent basis in the MTFP.

33. It was confirmed in the 2018/19 budget setting round, that WG funding of £500k for Tarian (part of the ROCU of the three Southern Wales Police Forces) was removed. This position has been further compounded in the 2019/20 financial year with further reductions in HO PTF funding into the ROCU and additional cost pressures. This theme is forecast to continue into the 2020/21 financial year with further cuts to HO PTF funding and additional cost pressures. The resultant forecast funding shortfall of the ROCU for 2020/21 of £2.383m necessitates an additional contribution from Gwent in both Police Officers and also a cash sum of £204k (over and above the £279k in the 2019/20 financial year) to maintain capacity.
34. Furthermore, from 2020/21 onwards, WG funding for the All Wales Schools Liaison Core Programme (AWSLCP) Police Officers in Gwent (£401k in 2019/20) may be withdrawn. The WG intention is to embed the substance misuse element of the AWSLCP into changes to the schools' curriculum. Discussions are ongoing however between the four Welsh Forces and the WG with regard to future provision and funding of this Programme.
35. The revenue support from the WG for Gwent's Private Finance Initiative (PFI) funded Ystrad Mynach Police Station and Custody Suite, totalling £511k in 2020/21, is excluded from the Provisional Settlement in any given year. As reported in previous budget reports, over recent financial years, the Commissioner has been in negotiations to undertake a voluntary termination of the PFI scheme, thereby bringing the facility under the ownership and control of the Commissioner and releasing cashable savings. Agreement has now been reached and voluntary termination will take place in January 2020. Negotiations have therefore taken place with WG around the continuation of this revenue support once the contract is terminated. In recent months, the WG confirmed the continuation of this funding, as it is provided to meet the specific requirements of maintaining and running the facility.
36. Furthermore, 2020/21 funding for the 101 whole time equivalent (wte) WG PCSOs is subject to a separate confirmation process, which is currently estimated to amount to £3.384m. This figure represents flat cash from the 2019/20 financial year. A review of the role of the PCSO and its place in the operational policing model is planned by the Force. Members will recall reductions in the PCSO establishment over many years in those posts not funded by WG, in order to meet austerity measures. Therefore, the review may well conclude in additional re-investment in these posts if the business need is satisfied.
37. It is also envisaged that a number of smaller specific grants will also end this financial year, such as Cyber Crime Prevention (HO PTF – £16k) and the Brexit Officer (WG – £82k). No financial provision has been made to continue funding this activity in 2020/21 and beyond.
38. Since 2013/14, Police and Crime Commissioners have received MoJ funding to provide services to victims of crime. For the 2019/20 financial year, the Commissioner received £679k in grant which was used exclusively to support Connect Gwent (the Victims' Hub) and provide additional services for victims

of crime. For the same reasons which have delayed the Police Settlement from the HO, the Commissioner is yet to be notified of his 2020/21 allocation from the MoJ. Suffice to say however, at best it is expected that this will be the same as the 2019/20 allocation, thereby representing a real term cut. Due to the importance of the service provided by Connect Gwent however, its funding to maintain its purchasing power will be supplemented from the Commissioner's overall funding from HO, WG and Council Tax Precept.

39. The HO would normally have provided a Provisional Capital Allocation for 2020/21 at this stage. For planning purposes, the 2019/20 figure of £459k will be estimated for 2020/21, which forms the basis of the draft Capital Programme. It must be noted however, that this remains significantly lower than that received as recently as 2014/15 (which was then £1.100m). This continuing reduced allocation places a significant burden on Reserves and Committed Funds as well as revenue budgets, as to maintain an appropriate Capital Programme moving forward, the revenue budget will need to contribute through a revenue contribution to capital or through new borrowing costs. It should be noted that final allocations of Capital Grants will most likely be published with the Final Settlement.
40. As articulated in paragraph 20 above, with such uncertainty regarding overall Government Funding at the time of this report being drafted, the Chief Finance Officer will provide an addendum to this report if clarity on funding and its associated impact is received ahead of the meeting of the PCP on 31st January 2020.
41. The latest MTFPs have therefore been updated on the assumptions contained in the preceding paragraphs and indicate a budgetary deficit (before the application of efficiency savings and contributions from Reserves and Committed Funds) for the 2020/21 financial year of £1.207m (Appendix 1b, Line 20), increasing to a budgetary deficit of £7.933m by 2024/25.

COUNCIL TAX ISSUES (Appendix 1a)

42. For 2020/21, it is assumed that legacy Council Tax Freeze grants and Local Council Tax Support grants (totalling £507m in 2019/20) will continue to be available to Police and Crime Commissioners in England. Alongside this, it is unknown whether the Government will maintain, reduce or abolish the flexibility to Police and Crime Commissioners in England to increase their Band D Council Tax Precept by up to £24 p.a. in 2020/21 (as was the case in 2019/20), without the need to call a local referendum. Members will recall, that 2019/20 saw the doubling of the flexibility of £12 p.a. that was available in the 2018/19 financial year. Members will also recall that the Commissioner was one of only three Police and Crime Commissioners across England and Wales, who did not 'take advantage' of the full flexibility, instead, raising his Council Tax Precept by only £16.69 p.a. (6.99%) to assist in funding an 'honest and robust' budget bid from the Chief Constable. As articulated in last year's report, a £24 p.a. increase in 2019/20 in Band D Council Tax Precept in Gwent would have equated to a 10.05% increase.

43. In Wales, council tax capping is the responsibility of Welsh Ministers. At the time of writing, no further official announcement has been made by the WG in relation to the levels of Council Tax Precept rises over the forthcoming years which would be deemed unreasonable and therefore capped. Historically, indications have been given that increases in Council Tax Precept for police and crime purposes of up to 5% would not be considered unreasonable, although for the purposes of parity, capping principles must be considered in the light of any flexibility afforded to English counterparts in 2020/21.
44. It has also been assumed that there will be no further impact from the Council Tax Support Scheme in Wales in 2020/21.
45. MTFPs that have previously been issued during this budget setting cycle have assumed Council Tax Precept increases of 6.99% p.a. over the five year projected period. The rationale for this figure was that at the January 2019 meeting of the PCP to consider the Commissioner's Budget Requirement and Council Tax Precept increase for 2019/20, the Commissioner gave assurance that a 6.99% Council Tax Precept increase through the life of the current MTFP, would maintain the Police Officer investment of around 170 new Police Officer posts in Gwent Police since 2016 (of which forty 'police resources' were agreed for 2019/20). This pragmatic and longer term approach to local funding, allowed the Commissioner (as articulated above), not to take 'advantage' of the local precept flexibility of £24 p.a. in 2019/20. In planning to honour the arrangements discussed in January 2019, the 6.99% increase for 2020/21 (which equates to an extra £1.49 per month (£17.86 per year) for the average band D property) is reflected in this budget proposal and goes some considerable way in meeting the Chief Constable's bid in order to:
- a) Meet existing and increasing demand;
 - b) Maintain Police Officer numbers; and
 - c) Minimise any impact on frontline service delivery.

The budget proposal also confirms council tax base growth in 2020/21 of 1.13% (higher than the local estimates of 0.86% and the OBR estimate of 0.8%).

46. However, the Council Tax Precept increase for 2020/21 only partly meets the requirements contained in the Chief Constable's budget bid (which was formally received and scrutinised at the Commissioner's Strategy and Performance Board on the 26th November 2019). Even with a Council Tax Precept increase of 6.99% in 2020/21, a recurrent deficit of £1.207m still exists, due largely in part to two factors:
- a) During the 2019/20 financial year, it has become clearly apparent that as a result of significant investment in around 170 new Police Officer posts since 2016, the implications on Police Staff posts to directly support frontline service delivery was not fully assessed. In order to appropriately

support Police Officer posts, Police Staff investment in the following areas has been required:

- i Front Line Functions:
 - Police Staff Investigators;
 - Public Protection Unit (PPU);
 - Cyber Crime Unit;
 - Force Control Room; and
 - Criminal Justice.
- ii Support Functions:
 - Learning and Development;
 - Business Change and Performance;
 - Estate Department; and
 - Finance Department.

To this end, during 2019/20 the Police Staff establishment has warranted growth of 45 wte to 746 wte. This was not clearly apparent during the 2019/20 budget setting round, as the ongoing programme of Service Improvement reviews had not concluded the correct levels of establishment in key areas. It must be noted however, that the increase in roles represents a ratio of one new Police Staff role to four new Police Officer roles established in the past four years; and reflects the role Police Staff play in supporting the delivery of policing services to the public; and

- b) The current uncertainty on overall Government funding contributes to the deficit position. Importantly however, the proposed Council Tax Precept increase does not 'underwrite' the current uncertainty with regard to Government Funding.

47. As neither of the above factors have been reflected in the proposed Council Tax Precept Increase, the Chief Constable's bid confirms a recurrent financial deficit in 2020/21 of £1.207m (before the application of efficiency savings – £668k afterwards), which therefore requires the utilisation of £668k of Reserves and Committed Funds to balance the budget. This unsustainable position continues to compound resulting in a remaining recurrent deficit after efficiency savings in 2024/25 of £6.257m. There is a strong argument however, that the first factor in paragraph 46 above (if there are no 'real' increases in Central Government Grant), could be met by an additional Council Tax Precept increase over and above 6.99%.

48. Therefore, as it stands currently these deficits will be met in the short term by a combination of:

- a) Better than expected levels of Government Grant;
- b) Funding expenditure non-recurrently;
- c) Risk managing expenditure; or

- d) Driving out further efficiencies (although this will be significantly constrained by virtue of Operation Uplift – see paragraph 81 a) i).
49. Whilst the 6.99% increase enables the Commissioner to set a balanced budget in 2020/21, this is only after taking account of £539k of efficiency schemes and more importantly, a contribution from Reserves and Committed Funds of £668k. Whilst it may be necessary to balance a budget in one financial year through the use of Reserves and Committed Funds, this application of one-off funding to a recurrent deficit is not sustainable. Members will note that the current MTFP calls upon Reserves and Committed Funds to balance the budget over the next two financial years up to 2021/22. For 2020/21 however, if the contribution from Reserves and Committed Funds were replaced by Council Tax Precept funding, the 2020/21 proposed Council Tax Precept would be 8.17% 1.18% over and above the current proposal of 6.99%.
50. The Commissioner's proposed Council Tax Precept increase, comfortably reflects the results of the public engagement exercise (see paragraphs 53 to 76 below); and the Commissioner's view as to the affordability of Council Tax Precept increases on the residents of Gwent. Indeed, if the Commissioner were minded to increase his Council Tax Precept proposal to 8.17% as outlined above, this would also be agreement with the majority of the surveyed public opinion. The detailed policing justification for the increase in the Council Tax Precept of at least 6.99% to accommodate the requirements in the Chief Constable's bid, are articulated in paragraphs 85 to 89 below.
51. For future years, the Council Tax Precept remains at 6.99% p.a. and the council tax base growth has been estimated at 0.87% – the underlying average over recent years. The Council Tax Precept is set at this level moving forward primarily in order to maintain the significant investment in Police Officer numbers since 2016/17, in order to meet the complex changes in policing demand. However, as paragraphs 46 and 47 demonstrate, once the certainty on overall Government Funding is known, this assumption may need revisiting in subsequent budget setting rounds.
52. Appendix 1a shows the impact that incremental changes on the Council Tax Precept rate would have on funding assumptions for 2020/21. As noted above in paragraphs 14 and 18, originally, the Chancellor's overarching CSR strategy in relation to policing assumed that the 'maximisation' of increases in Council Tax Precept year on year over that Parliament, coupled with consistent national council tax base growth, would 'maintain' Police and Crime Commissioner's cash budgets. This has moved on somewhat with the 2018/19 financial year seeing Police and Crime Commissioner's 'flat cash budgets' being 'maintained' by Central Government Grant Funding alone and the 2019/20 Police Settlement providing an increase in Central Government Grant Funding, which when added to Specific Pension Grant was consumed in totality in meeting increased Police Officer Pension costs. This new emerging position therefore, still continues to ignore the costs of new service pressures and budget developments and importantly, the impact of revisions

to the Police Funding Formula; which will need to be met by a combination of efficiency scheme savings and importantly Council Tax Precept growth, a point which Government had clearly recognised by virtue of allowing increased Council Tax Precept flexibility of up to £24 p.a. in 2019/20.

53. To support the Commissioner's financial planning and to meet statutory requirements, the OPCC ran a specific engagement exercise regarding the proposed Council Tax Precept increase from 14th October 2019 to 12th January 2020. This was a total of thirteen weeks compared to nine weeks for the equivalent exercise last year. However, due to the General Election in December 2019, six of these weeks occurred during the 'pre-election period', which limited communications throughout this period.
54. The above engagement exercise had a dual approach: a series of twenty five face-to-face engagement events (which included survey questions) across all Local Authorities was complemented with an online survey. This approach was necessary, as in order to engage with a sufficient number of people to provide a representative sample of the population of Gwent; and to then provide these people with the maximum available timeframe of purposeful engagement (thirteen weeks including the festive period), a dual approach was required.
55. In order to provide the maximum engagement opportunity, it was determined that the engagement exercise would be launched in advance of receiving the Chief Constable's Budget Bid (received 26th November 2019) and the expected date of a Provisional Settlement (mid to late December 2019). Therefore, when the surveys were launched (14th October 2019), it was based, as a minimum, upon estimated financial projections and assumed Council Tax Precept increases of 6.99% p.a. over the MTFP, in order to attempt to maintain Police Officer investment over recent years. However, with a significant amount of financial detail yet to be received by the Commissioner, in order to provide a degree of 'headroom' in setting the Council Tax Precept, the residents of Gwent were asked the following key question:

"Would you support the principle of a £2 a month increase on your council tax (based on a band D property) to maintain policing provision at current levels?"

A £2 a month increase equates to a rise of 9.39% p.a. The proposed Council Tax Precept increase of 6.99% equates to a monthly rise of £1.49.
56. The surveys included information detailing how the increase in Council Tax Precept would support the Force and conversely, if the increase was not supported, what the impact upon policing in Gwent would be.
57. The online survey was proactively and repeatedly publicised via social media, local press and the Commissioner's website. In addition to this, public partners and third sector organisations shared the posts with their audiences via their social media channels, websites, internal staff bulletins and external e-newsletters.

58. The total combined online reach of survey posts on the OPCC's channels (and via the OPCC's ebulletin) was almost 38,000. It was also sent out to over 58,000 people via Gwent Now. This totals a reach of 96,000 compared to over 104,000 last year.
59. As mentioned above, the main focus of this year's surveying was face-to-face engagement. This approach was part of a wider drive by the OPCC to increase public awareness and understanding of the Commissioner's role and responsibilities; encourage people to give their views on policing; and establish and grow effective working relationships with partners and stakeholders.
60. In addition to the above engagement exercise, which focussed exclusively on the proposed Council Tax Precept, the OPCC attended more than twenty community engagement events over the summer period. The purpose of attending these was to increase visibility and opportunities for members of the public to engage with the OPCC in large-scale community settings, highlighting the core functions and purposes of the OPCC. However, at eight of the events, the OPCC also utilised these opportunities to survey people on a number of topics, including the Council Tax Precept.
61. The approach of sustained face-to-face engagement, starting at the Maindee Festival on 6th July 2019 and ending in Usk on the 8th January 2020, allowed consistent 'pulse-testing' of public opinion on the proposed Council Tax Precept increase and associated influences. It also allowing greater visibility and the opportunity to engage with people about their police and crime priorities. This is a significantly more efficient and holistic approach to engagement than in previous years.
62. The venues for all the face-to-face engagements were chosen as areas of high footfall for their area, with good accessibility.
63. In terms of the engagement work specifically arranged around Council Tax Precept surveying, the OPCC attended twenty five events (nineteen in 2019/20) across Gwent between October 2019 and January 2020. Of these, four dedicated events were delivered in each Local Authority area (20 in total). The OPCC also attended five additional events to which it was invited (for example, the Gwent Black, Asian and Minority Ethnic (BAME) regional forum event).
64. This planned Council Tax Precept engagement saw the OPCC carry out seven engagement events on Saturdays – one in each Local Authority area, plus attendance at two additional events organised by public sector partners.
65. In total, this saw the OPCC carry out one hundred and forty five hours of engagement as part of the Council Tax Precept surveying. In addition to this, surveys were undertaken at the eight summer events, meaning an additional forty hours of engagement.

66. Combined, this resulted in 1,730 people answering the Council Tax Precept question, "Would you support the principle of a £2 a month increase on your council tax (based on a band D property) to maintain policing provision at current levels?"
67. Overall, the survey was conducted bilingually in both electronic (online) and paper format. In total, 1,693 were received through the medium of English and 37 in Welsh. Last year there were 21 Welsh language submissions. The increase was due to proactively promoting the survey through Welsh Language networks in Gwent.
68. Furthermore, respondents were asked if they live in Gwent and, if so, in which Local Authority area. Equality information was also collected, and of the people who chose to complete the equalities questions, 77 said they were BAME (4.63%). The average BAME population of Gwent is 4.57% (Office for National Statistics (ONS) September 2019). In addition to this, 37 people (2.2%) described themselves as White Irish or White Any Other Background. Furthermore, in total, 17.5% of all respondents stated that they considered themselves to have a disability.
69. It was agreed prior to the launch of the engagement exercise that a representative sample size of 600 would be used, across the total of both approaches (online and face-to-face), based on the entire population of Gwent. This sample size provided the OPCC with a 95% confidence level that the answers received would be within +/- 4% margin of error on the actual results.
70. As stated above, a total of 1,730 responses were received by the closing date. Of these, 1,707 were from Gwent residents, meaning a representative sample was achieved. In fact, due to the high level of response, the survey achieved a 99% confidence level that the answers received would be within +/- 4% margin of error on the actual results. For comparison, the 2019/20 and 2018/19 surveys managed representative samples with of 1,875 and 609 responses respectively; this was not the case in years prior to these.
71. Of the 1,707 respondents who were Gwent residents:
- a) 845 completed the survey face-to-face during the Council Tax Precept specific engagement events between October 2019 and January 2020;
 - b) 640 completed the survey online between October 2019 and January 2020; and
 - c) 222 completed the survey face-to-face during the summer engagement events.
72. The findings based solely on the returns from Gwent residents were:

- a) 629 (74.4%) of the face-to-face respondents during the Council Tax Precept specific engagement events supported the principle of up to a £2 per month increase;
 - b) 112 (13.3%) of the face-to-face respondents during the Council Tax Precept specific engagement events would not support the principle of up to a £2 per month increase;
 - c) 104 (12.3%) of the face-to-face respondents during the Council Tax Precept specific engagement events were unsure;
 - d) 355 (55.5%) of the online respondents supported the principle of a £2 per month increase;
 - e) 237 (37.0%) of the online respondents would not support the principle of a £2 per month increase;
 - f) 48 (7.5%) of the online respondents were unsure;
 - g) 152 (68.5%) of the face-to-face respondents during the summer engagement events supported the principle of up to a £2 per month increase;
 - h) 42 (18.9%) of the face-to-face respondents during the summer engagement events would not support the principle of up to a £2 per month increase; and
 - i) 28 (12.6%) of the face-to-face respondents during the summer engagement events were unsure.
73. Combining the three sources of responses outlined above, the overall position was 1,136 (66.6%) in favour, 391 (22.9%) against and 180 (10.5%) unsure.
74. From a prudent perspective, taking into account a negative swing in the margin of error (- 4% on the actual results), an increase in Council Tax Precept of £2 per month was supported by the majority of people who took part. **Importantly, the ability to provide more information at the face-to face encounters resulted in a significantly greater percentage of respondents supporting the increase in Council Tax Precept of up to £2 per month.** Members should note, that the Commissioner's 6.99% proposed increase in the Council Tax Precept amounts to only an additional £1.49 per month for a Band D household i.e. only 75% of the increase supported by the majority of residents in Gwent. Most of the feedback, both verbally and in writing, wanted to see more police on the streets. Respondents either supported an increase in the Council Tax Precept for this reason, or said they didn't support it as it wouldn't result in more Police Officers. However, as explained throughout this report, the increase in Council Tax Precept is designed to maintain previous investment in Police Officers.

75. Respondents were also given the opportunity to provide extra comments in relation to the Council Tax Precept increase question. The most popular comments received are below:
- a) "Lack of visibility of police in their area;
 - b) Pay too much council tax already;
 - c) Can't afford it;
 - d) Already pay enough in tax to the Government;
 - e) Support the principle of more Police Officers on the streets;
 - f) Would be willing to pay more than £2 per month; and
 - g) The money should come from UK Government and not from local council tax payers."
76. Whilst these findings of the engagement exercise are instrumental in assisting the Commissioner in setting his Council Tax Precept for 2020/21, the comments provided in the 'free text' element contain invaluable feedback to both the Commissioner and Chief Constable. As such, a detailed report is being prepared on this exercise which will be considered at the OPCC Management Board on 23rd January 2020.

MEDIUM TERM FINANCIAL PROJECTIONS 2020/21 to 2024/25 (Appendix 1b)

77. The latest MTFP is shown at Appendix 1b and the detailed assumptions, service pressures, budget developments, budgetary savings and efficiency schemes which support the projections, are provided at Appendices 2, 3, 4, 5a and 5b.
78. Members will note that although a balanced budget (after efficiency savings and a contribution from Reserves and Committed Funds) could be achieved in 2020/21, this is to the backdrop of sustaining £50.772m of cumulative efficiency savings already accounted for, up to and including 2019/20; the delivery of £539k of savings in 2020/21; and future funding uncertainties such as Operation Uplift and the Apprenticeship Levy to assist in implementing of the Police Education Qualifications Framework (PEQF). Moving forward, reflecting the best estimates of the 2020/21 Police Settlement; estimating the impact of CSR 2020, Operation Uplift, Brexit and the Police Funding Formula review; and coupled with internal assumptions beyond this, present further funding pressures. It is forecast therefore, that this will form a recurring funding deficit (after future planned efficiency savings) of £6.257m by 2024/25.

FUNDING ASSUMPTIONS (Appendix 2)

79. The following funding bases and assumptions (Appendix 2) have been incorporated within the current MTFP:

a) Central Government Grant Funding (HOWG):

- i Funding standstill (i.e. flat cash) on Central Government Grant Funding for 2020/21 and beyond – this therefore does not take account of growth in future reallocations (as seen between 2017/18, 2018/19 and 2019/20) and also the inherent risk in the sustainability of public finances in the current economic turmoil, particularly with reference to Brexit and CSR 2020. It also assumes that Operation Uplift funding will be cost neutral in the medium term;
- ii The revision of the Police Funding Formula from 2022/23, (postponed from the original expected date of 2016/17), results in a £6m reduction in central funding across three years to 2024/25. This remains a real and present threat as within the latest intelligence received from the 2019/20 Provisional Settlement, the Minister stated “This is the last settlement before the next Spending Review, which will set long term police budgets and look at how resources are allocated fairly across police forces”; and
- iii Specific Grants, which have yet to be confirmed, have been assessed to remain at 2019/20 levels; provisionally indicated amounts; or removed as per the narrative earlier in this report. The exception to this is the Specific Pension Grant of £1.325m received in 2019/20 (and expected also in 2020/21). As this did not form part of core Central Government Grant Funding in 2019/20 and also that future funding of the increased Police Officer pension costs will form part of the CSR 2020 deliberations, it would not be prudent to assume that this funding stream is recurrent.

b) Council Tax Precept and Base:

- i An increase in Council Tax Precept of 6.99% in 2020/21 and thereafter to 2024/25. This growth is required to part-fund not only the maintenance of a full Police Officer and PCSO establishment, but contribute to necessary growth in Police Staff posts in 2019/20 and also unavoidable service pressures throughout the MTFP. This Council Tax Precept increase is insufficient, however, to counter the effect of flat cash Central Government Grant Funding moving forward, nor the £6m reduction from the revision to the Police Funding Formula. These variables have all been incorporated into the MTFP at Appendix 1b; and
- ii The council tax base, i.e. the Band D equivalent number of properties upon which the Council Tax Precept is levied, will increase in 2020/21 by 1.13%, nearly a third higher than the 0.86% estimate based on the preceding three years. It has been assumed that for 2021/22 onwards, the council tax base growth will continue at a rate of 0.87% (the average of the preceding three years).

EXPENDITURE ASSUMPTIONS (Appendices 2, 3 and 4)

80. The pay and non-pay cashable efficiency target for 2019/20 of £1.274m will be met and furthermore, budget reductions of £1.853m have been identified for 2020/21. Both these amounts have been fully recognised in the 2020/21 base expenditure budget and the MTFP reflects the impact of these savings/reductions moving forward. The 2020/21 Staying Ahead efficiency scheme target of £539k will be delivered through the year.

81. In terms of the largest area of spend, Police Officer, PCSO and Police Staff establishments have been set at current authorised levels as determined by the Staying Ahead Programme, then refined for future expected leavers, efficiency schemes and recruitment plans. In summary:

a) Police Officer Establishments:

- i The MTFP plans towards a sustainable operational policing model by 2023/24 of 1,463.50 wte, reflecting the investment in Police Officer numbers funded by Council Tax Precept growth over 2016/17, 2017/18, 2018/19 and 2019/20 and also Police Officer investment by virtue of Operation Uplift from 2019/20 to 2022/23. At the 31st March 2020, the estimated actual numbers of Police Officers will be 1,318 wte. Members will recall that the budgeted establishments in preceding years stood at 1,330 wte in 2019/20, 1,282 wte in 2018/19, 1,236 wte in 2017/18 and 1,196 wte in 2016/17, therefore the Commissioner and Chief Constable have tangibly invested additional Council Tax Precept into frontline policing delivery. Members will also note that to meet this budgeted establishment, throughout 2016/17, 2017/18 2018/19 and 2019/20, the Force will have recruited over 450 new Police Officers to replace not only those who have left, but also to new posts to tackle new and emergent demand. It is the Commissioner and Chief Constable's intentions to maintain Police Officer numbers over the medium term, only reducing them as a last resort if efficiency schemes from other conventional areas of policing demand as per the HMICFRS Value For Money (VFM) Profiles (see paragraphs 92 to 97) fail to deliver savings to meet the recurrent deficit. This said however, the requirements of the Operation Uplift funding necessitated forces to submit baseline establishments from which the Operation Uplift Police Officer numbers could be measured from – to reduce this baseline therefore, by virtue of the need to make efficiency savings, may not be tolerated by the HO. This is an issue which will need careful negotiation. Recruitment of 112 probationer Police Officers is scheduled throughout 2020/21 to replace natural vacancies in the agreed operational policing model and also new Police Officers funded through Operation Uplift. Maintenance and review of the Police Officer establishment is a core component of the Staying Ahead Programme, therefore recruitment requirements will be constantly under review and will be necessary to meet particular specialist needs and to support longer-term sustainability.

b) Police Staff Establishments:

- i The Police Staff establishment will need to complement and support the operational policing model and as noted in paragraph 46 a) above, the Police Staff establishment has not kept abreast with the growth in the Police Officer establishment over recent years. Design of the Police Staff establishment continues to be developed through the Staying Ahead Programme, with the budgeted establishment in the MTFP of 746 wte in 2020/21, peaking at 758 in 2020/21 before returning to an operating base of 739 up to 2024/25 (excluding PCSOs). The 2019/20 budgeted establishment was 677 wte). At the 31st December 2019, the actual numbers of Police Staff was 674 wte, supplemented by a further 67 wte agency staff (therefore 64 wte over the 2019/20 budgeted establishment or 3 wte under excluding agency staff). Importantly, including agency staff, brings the Police Staff establishment very close (5 wte under) to the 2020/21 budgeted Police Staff Establishment of 746 wte. This agency staff flexibility has been designed to facilitate the delivery of the Staying Ahead Programme's efficiency schemes throughout the MTFP, whose programme of work will determine the affordable and therefore sustainable Police Staff establishment moving forward. However, the narrative in this report confirms that these agency roles are undertaking duties to support frontline policing work (e.g. Major Incident Team Support Officers (MITSOs)), necessitating an acknowledgement that the Police Staff establishment needs to keep pace with the growth in the Police Officer establishment. This position will be amplified with the recruitment of Operation Uplift Police Officers, although there is an expectation that funding will also be available to recruit the associated Police Staff also; and**
- ii The actual PCSO establishment at 31st December 2019 was 127 wte compared to a budgeted establishment of 132 wte for the start of the 2020/21 financial year (132 wte for 2019/20). Plans are already in place to recruit PCSOs in order to reach establishment for the start of the 2020/21 financial year and to also counter natural wastage, particularly into Police Officer roles. As mentioned previously in this report, the role and functions of the PCSO will be subject to a formal review by the Force to ascertain their place in the operational policing model, therefore the future establishment may rise over subsequent years to complement the WG investment into 101 wte PCSOs.**

82. The assumptions for pay awards, allowances, enhancements and non-staff inflation have been revised to those used in the 2019/20 budget setting round. They have been thoroughly scrutinised throughout the budget preparation and are as follows:

a) Pay awards, allowances, enhancements etc.:

- i Pay Award for Police Officers and Police Staff in 2020/21 is 2.5% and remaining at this amount throughout the MTFP, on account of the removal of the Public Sector pay cap for the Police Service and the 2.5% pay award received in September 2019. However, the Police**

Federation of England and Wales has called the 2019/20 2.5% pay award for Police Officers "a small step in the right direction", but has demanded the Government must do more to make up for years of real-terms pay cuts; and

- ii Aside from the increased employer contribution rates as a result of the revaluation of the public sector pensions (including Police Officer pensions) considered extensively in this report thus far, the LGPS has also undergone its triennial revaluation in 2016 (reported March 2017). 2018/19 saw Police Staff (including PCSOs) employer contributions rise by 1% to 16.8% with a further rise of 1% to 17.8% in 2019/20. By accepting these increases, the rate of 17.8% is set until the end of 2022/23 financial year.

b) Non-staff inflation (2020/21 to 2024/25):

- i General – 2% throughout the MTFP, which although slightly higher than currently forecast CPI, provides for Brexit uncertainty;
- ii Utilities – limited to 4%; and
- iii Fuel – limited to 3%.

83. Base expenditure service pressures and budget developments that have been identified during the detailed budget preparation, which are not able to be absorbed within the existing budgets, have been incorporated. These are shown at Appendix 4. Members will note these marginal increases on base budgets, however, paragraphs 85 to 89 below draw out not only these, but the demands and pressures that are being absorbed by existing base budgets, such as that for Police Officers and also the 'case' for continuing to invest in Police Officer and PCSO numbers moving forward through the delivery of recurrent efficiency schemes and increases in Council Tax Precept.
84. Additional borrowing revenue costs for capital investment have been reflected to help fund the Commissioner's Capital Programme. This amounts to revenue interest charges of £474k p.a. in 2021/22 cumulating to £2.308m p.a. by 2024/25, as borrowing is undertaken to fund the future Capital Programme as the Commissioner's Reserves and Committed Funds become fully utilised. This is to the backdrop of the significant disinvestment of capital funding by the Government and the finite nature of the Commissioner's Reserves and other Committed Funds. The full funding of the capital strategies is discussed within the 'Reserves and Committed Funds' section of this report.
85. As discussed previously, the Commissioner received the Chief Constable's 2020/21 budget bid on 26th November 2019, which commenced a period of robust scrutiny and testing by the OPCC with the Force's Chief Officer Team. Subsequently, a presentation based on the agreed budget bid was presented to Members on the 16th December 2019, as a core part of setting the Finance Strategy, Council Tax Precept and 2020/21 budget.
86. The context of the Force's bid, was very much about planning for the future. The Force needs to continue positioning itself to deliver the Commissioner's Police and Crime Plan 2017/21 (whilst acknowledging that there will be Police

and Crime Commissioner elections on May 2020) and the Policing Vision 2025, both to the backdrop of continuing austerity; increasing unavoidable service pressures (Appendix 4); policing more complex crime types and policing in the digital age.

87. The 2020/21 areas of focus remain constant with those outlined in the Chief Constable's 2019/20 bid, providing a high level of consistency for the Force over the medium term. The context and drivers for the Chief Constable's bid for 2020/21 are discussed below:

a) Delivering the Six Strands of the Policing Vision 2025

- i Local Policing – The Force continues to tailor Local Policing to society's complex and diverse needs, continually balancing the:
 - Capacity and capability of Police Officers and Police Staff;
 - Requirements for warranted powers;
 - Visibility of Police Officers against dealing with non-visible crime;
 - Requirements and ability to maintain community cohesion; and
 - The need to focus on prevention and intervention e.g. the programme of work to deal with 'Adverse Childhood Experiences (ACEs), through the multi-agency Early Action Together programme.
- ii Specialist Capabilities – To better protect the public, the Force will enhance its response to new and complex threats and will develop its network and the way it delivers specialist capabilities by reinforcing and connecting policing locally, nationally and beyond;
- iii Workforce – By 2025 policing will be a profession with a more representative workforce that will align the right skills, powers and experience to meet challenging requirements; thereby retaining a workforce that is able to operate with a high degree of autonomy and accountability;
- iv Digital Policing – Digital policing will make it easier and more consistent for the public to make digital contact; improve the Force's use of digital intelligence and evidence; and ensure the Force can transfer all material in a digital format to the Criminal Justice System;
- v Enabling Business Delivery – Police forces and partners working together in a consistent manner to enable joined up service delivery; and
- vi Governance and Accountability – Ensuring clear accountability arrangements to support policing at the local, regional and national levels.

b) Improving the Quality of Service Whilst Delivering Efficiencies

- i Since 2009/10, the Force has been on a journey that has continuously focussed on improving the quality of the service provided to the public, whilst at the same time making (and sustaining) nearly £51m of efficiency savings in light of the austerity challenges that have and continue to face policing;

- ii Within the last 30 months, the journey has been one of re-shaping services where there has been an increase in demand and more importantly increased risk to the public;
- iii In 2017/18 the resources were focussed on Risk, Harm and Threat to ensure the public of Gwent are safe and included investment in:
 - Public Protection and Vulnerability;
 - Cyber Crime; and
 - Mental Health Services.
- iv During 2018/19, resources have been focussed on development and innovation including:
 - Investing in People – Recruitment, Wellbeing/Occupational Health and Learning and Development;
 - Custody Provision;
 - First Point of Contact (FPOC); and
 - Digital Policing.
- v During 2019/20, resources have been focussed on the following programmes of change:
 - Digital and ICT solutions – See paragraph 87 f) below for further detail;
 - Review of the operational policing model – Following completion of the FPOC project the previous year this work is reviewing the demand upon Response Police Officers; assessing the impact of demand management services; and determining the policing capacity to respond to service in a timely manner. This work will be supported by the commissioned support for which reference will be made to the National Review 'Front Line Review' and the Home Affairs Select Committee 'Policing for the Future';
 - Implementing the Investigation Strategy – This will complete the rollout of the Investigation Strategy (see paragraph 87 c) vii for further detail);
 - Developing the Criminal Investigation Department (CID) Services within the PPU – The business case approved in November 2018 confirmed the requirement for an additional 30 detectives to ensure that crimes are investigated with appropriately trained and resourced teams, without the need to transfer resources from Neighbourhood or Response teams;
 - Neighbourhood Strategy – The Neighbourhood Policing Delivery Plan will provide clarity on the roles and responsibilities of neighbourhood teams including PCSOs and Station Enquiry Officers that support policing in our communities; and
 - New Headquarters (HQ) and Associated Projects – The design and tender process of the new HQ has completed and the project is now in construction stage and the Force is implementing the re-provision of the services to other sites that are not part of the HQ model.
- vi The planned programme for the financial year 2020/21 was developed following the review of operational delivery through both the Force Management Statement, HMICFRS Inspection Findings and Wales

Audit Office findings. The themes in which the programmes will operate are explained below:

- Review of the operational policing model – This programme of work will ensure that demand is assessed and understood across operational delivery and that decision making regarding resourcing considers the impact upon all areas. In order to do this, the Force will continue to utilise simulation modelling software populated with data from Force systems and activity analysis data. This work will include the Operation Uplift recruitment programme and use an evidence base in allocating resources received through this National Programme. This work includes the implementation of CID and Public Protection reviews undertaken over the last two years and the introduction, training and evaluation of Police Staff Investigators (PSI) being introduced during 2020 (note, the first recruitment of PSIs will take place in January 2020);
 - Developing System Improvements – See paragraph 87 f) below for further detail;
 - Delivery of an efficient and effective service provision – The Continuous Improvement approach of this programme will see reviews of Human Resources (HR), Finance, Learning and Development, and Professional Standards functions. These will include demand analysis, end-to-end process reviews, future demand modelling and service levels. Within this programme of work is the Victim Services Project, which will review support given to victims throughout the criminal investigation process. Benchmarking with other forces will be undertaken, coupled with demand assessment to redesign processes for improvement and change.
- vii 2019/20 saw HMICFRS' fifth PEEL (police effectiveness, efficiency and legitimacy) assessment of the Force. PEEL is designed to give the public information about how their local police force is performing in several important areas, in a way that is comparable both across England and Wales, and year on year. The assessments are updated throughout the year following inspection findings and reports. The final findings for the 2019/20 PEEL assessment are due to be published at the end of January 2020, however, draft PEEL assessments for Gwent are as follows:
- The extent to which the Force is **effective** at keeping people safe and reducing crime – Overall **Good**:
 - Preventing Crime and Tackling ASB – **Good**;
 - Investigating Crime – **Good**;
 - Protecting Vulnerable People – **Good**; and
 - Tackling SOC – **Good**.
 - The extent to which the Force is **efficient** at keeping people safe and reducing crime – Overall **Good**:
 - Meeting Current Demands and Using Resources – **Good**; and
 - Planning for the Future – **Good**.
 - The extent to which the force is **legitimate** at keeping people safe and reducing crime – Overall **Requires Improvement**:

- Fair Treatment of the Public (Stop and Search) – **Requires Improvement;**
- Ethical and Lawful Workforce – **Requires Improvement;** and
- Fair Treatment of Workforce – **Good.**
- In relation to the areas that 'Require Improvement', the Force recognises:
 - The importance of working closely with communities, with Police Officers and Police Staff understanding how important it is to treat people with fairness and respect. However, it was acknowledged that frontline Police Officers and Police Staff varied in their knowledge of unconscious bias;
 - That the workforce understand how and when to use 'Stop and Search', however, the monitoring of the use of 'Stop and Search' needs to improve;
 - That more needs to be done to ensure that all members of the workforce are appropriately vetted for the posts they hold. In addition, the monitoring of people who apply for roles needs to be undertaken, to see if they belong to certain protected minority groups; and
 - The need to improve how it spots and manages risk of corruption and to ensure it has enough people and resources to do this work.

c) A Changing Landscape – Crime Still Increasing and Becoming More Complex; Increasing Pace of Technological Change; Increase In Terrorism; and Reduced Public Services Funding

- i The below table shows the number of calls received from the public over a five calendar year period:

Call Type	2015	2016	2017	2018	2019 to November
999 Calls	69,407	82,872	76,062	81,832	75,369
101 Calls	196,815	214,695	223,747	216,324	200,567
Abandoned 101	35,602	64,708	47,734	40,964	22,553

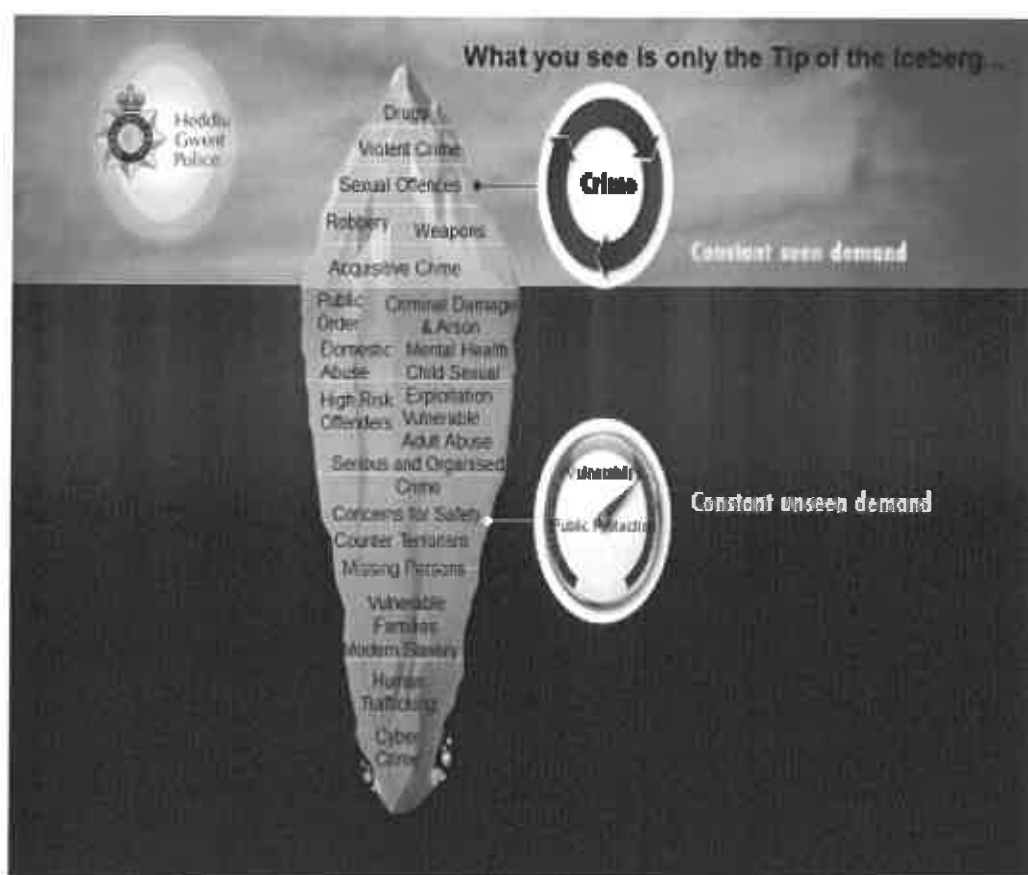
- ii Overall recorded crime in Gwent between the 2017 and 2018 calendar years is up by over 20%, with the 2019 calendar year forecast to be a further 4% rise:

Recorded	2015	2016	2017	2018	2019 to November
Incidents	183,587	190,611	192,565	180,820	168,889
Crimes	36,633	39,631	46,463	55,772	52,020

- iii The ONS report that the key contributors to this rise (which are offset by reductions in theft offences) are:

Crime Type	2017	2018	Difference	%
Public Order Offences	4,066	7,621	3,555	87
Stalking and Harassment	3,416	6,071	2,655	78
Violence With Injury	4,593	5,753	1,160	25
Violence Without Injury	5,805	7,140	1,335	23
Sexual Offences	1,228	1,457	229	19
Criminal Damage and Arson	8,460	9,121	661	8

- iv The Force is determined to protect those most vulnerable from harm and will continue to prioritise these crimes, but these cases are resource intensive and require specialist skills and knowledge to investigate. The following highlights the 'hidden nature' of not only these crimes and incidents, but the policing response too:



- v The continued rise in reported vulnerability crime is evidenced below:

Crime Type	2017/18	2018/19	Difference	%
Modern Slavery	20	42	22	110
Domestic Abuse	6,323	8,493	2,170	34
Hate Crime	671	812	141	21
Sexual Offences	1,323	1,543	220	17

- vi In addition, on average, Gwent Police receives 25 mental health calls for service every day from the following sources:

Source	%
Member of the Public	43
Person in Mental Health Crisis	22
Other Agencies (Excl. Social Services)	12
Mental Health Services	6
Ambulance Service/Hospitals/GPs	6
Other	11

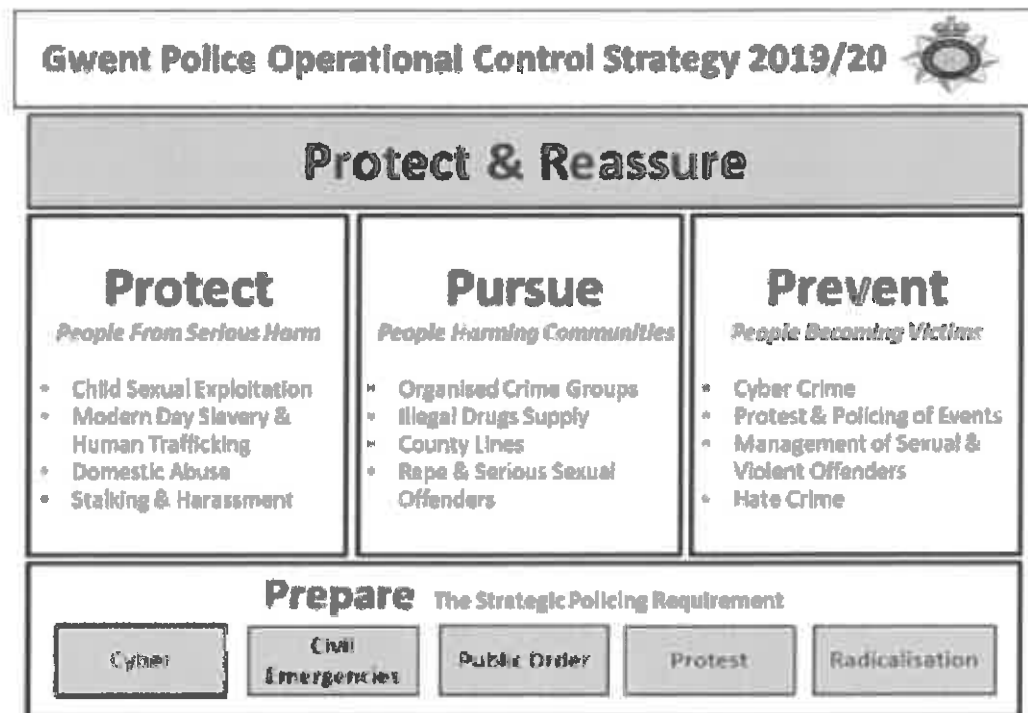
- vii Since 2018/19, the Force has been shaping its investigative capacity and capability for future demand. The primary thrust was the implementation of its 'Investigation Strategy' which will manage demand through the Force's FPOC centre, whose staff are now trained to assess the call and determine whether Police Officer deployment is the most appropriate response. Furthermore, once the decision to deploy is made, a subsequent assessment is made of the right skills of Police Officer to investigate the incident based on its requirements and that of the potential victim. The Force has completed the implementation of the Investigation Strategy and at this time, there appears positive outcomes, with reductions in demand and also improved customer satisfaction; not only from those victims whose crimes are investigated but also in those victims whose crimes are not investigated (by virtue of managing their expectations at the outset.) A Post Implementation Review (PIR) is currently being led by the Assistant Chief Constable (ACC) with Local Policing Area (LPA) Commanders to challenge and scrutinise the effectiveness of the Implementation and outcomes evidenced.
- viii As part of the delivery of the Investigation Strategy, a review was undertaken of the Force's CID and PPU investigative resources. Members will recall that:
- Detailed demand analysis was undertaken to establish the current situation;
 - The rise in reported vulnerability crime and the complexities of the investigations, evidenced the need for increased detective resources;
 - The business case was approved with a tiered approach to the Increase of the detective capacity within the PPU; and
 - The overall increase amounted to 30 extra Investigative resources (potentially a mixture of both Police Officers and Police Staff) available to respond to the most serious and complex crimes. This was the key determinant in the Chief Constable's budget in 2019/20, requesting a Council Tax Precept increase of 6.99% in 2019/20. The maintenance of a 6.99% Council Tax Precept Increase into 2020/21 and beyond was required to make this a sustainable investment, which avoids the need to deplete

Police Officers and Police Staff from other areas of the Force, such as Neighbourhood Policing Teams.

- These Police Officers have made an impact, with reductions in caseload; thereby providing improved response times and a better quality of services to both potential victims and victims themselves.

d) A Re-focus and Prioritisation of Threat, Risk and Harm

- i Although not finalised, the new Control Strategy (below) has been updated based upon ‘panels’ of Force specialists utilising the nationally recognised ‘Management of Risk in Law Enforcement’ (MoRile) threat scoring process. Through this method, the Force continues to recognise the key areas within SOC, as some of the greatest risks and threats to the communities of Gwent. Drug Trafficking and Supply and ‘County Lines’² continue to be amongst the highest scoring areas when using the MoRile matrix;



- ii Crimes linked to vulnerability also feature highly, with Child Sexual Exploitation, Modern Day Slavery, Domestic Abuse and Stalking and Harassment all achieving high risk scores. The Force has also identified the links between SOC and vulnerability, with the available evidence and intelligence suggesting that a significant portion of organised criminality is targeted at the most vulnerable members of society;

² ‘County lines’ is a term used by the police to describe a growing practice among criminal gangs when demand for drugs falls to meet the supply in major cities, gangs travel to remote rural areas, market towns or coastal locations in search of new customers. In this process, children as young as 12 are hired as ‘runners’ to transport and sell illicit drugs.

vulnerable victims, the majority of which are elderly. In terms of the success of Operation Signature, in May 2019 34 victims were identified and safeguarded. In September 2019 96 victims were identified and safeguarded. There remains a requirement for the Force to develop its cyber-dependant capacity and capability, as the national direction is that all cyber-dependant crime is dealt with locally;

- Implementation of a pro-active disruption team in the West LPA tackling SOC – Resourcing of one Detective Sergeant and two Detective Constables has provided significant results during 2019/20:
 - 26 Investigations, resulting in 11 warrants being served, 8 arrests and 2 voluntary attendance interviews;
 - Nearly 1 kilogram in total being seized of Cocaine, Heroin, Cannabis and Amphetamine, plus Cannabis Plants and Oil;
 - Over 100,000 Tablets being seized what are believed to be Valium, Pregabalin, Tamazepam, Viagra and other prescription drugs; and
 - Proceeds of Crime Act (POCA) seizures of designer clothing, four watches, a mountain bike and a £30k motorhome.
- Operation JIGSAW continues to be the SOC brand delivering the SOC Strategy in Gwent;
- From a regional perspective, the ROCU continue to support the Force with Operations and this is likely to continue into the foreseeable future;
- Current highlights against Organised Crime Groups (OCGs) in Gwent are:
 - OCGs – currently 27 operating in Gwent, compared to 17 in September 2018;
 - Operation Divide generated POCA monies of £1.89m, of which £438k has already been confiscated;
 - The first 'account freezing; order has been granted to Gwent Police, as a result of £72k being paid into a prisoner's bank account since May 2019; and
 - 36 arrests Force wide as a result of Operation Dynamic.
- The levels of organised criminality experienced across the Force are concerning. Despite some excellent enforcement results in recent years, levels of offending continue. Proactivity is not only required but essential to maintain public safety, protect vulnerable people and bring offenders to justice. SOC continues to be a priority Force wide both for the Police and other agencies. Any reductions in funding will therefore jeopardise this programme of activity and potentially reduce the public's confidence in Gwent Police. The Force continues to achieve success against OCGs, which is testament to the professionalism and focus of staff. However, it is also a clear indication that whilst the demand for controlled drugs is high, OCGs will continue to emerge to provide supply – this can be seen from the significant increases identified through better intelligence flow and sharing. Vulnerable people across Gwent will continue to be the target of organised crime; and

- Consequently, the Force is continuing to invest in prevent interventions and activity with partners to educate, support and protect vulnerable victims (particularly young people):
 - The HO have funded five areas across England and Wales to undertake pilot work in developing approaches to SOC. Newport was selected as one of these areas. As mentioned previously in this report, the project has received £490k of funding over 2018/19 and 2019/20. It is unknown at this stage whether HO funding will be secured for 2020/21. It is co-ordinated by a Chief Inspector in the Force with the support of a SOC Board, including representation from WG, Newport City Council, and the OPCC. The project includes funding for service delivery to meet the criteria of early intervention and prevention; community resilience; and strategic communications. In order that the service delivery provides a full and holistic approach to SOC for children, young people, their families and the community, in 2019/20 the Commissioner has enhanced the HO funding of £245k with a further £120k. Delivery partners include St Giles Trust, Barnardo's, Newport Live and Mutual Gain;
 - Serious Violence Co-ordinator – Pursuing offenders is a basic requirement to combat organised crime, but preventing future harm, protecting communities and building resilience against SOC are also key. These activities and initiatives are vital components in the fight against SOC and require appropriate commitment of resource to be successful. The introduction of the Serious Violence Co-Ordinator pilot, which is a Force wide response mirroring the Newport SOC Pilot will ensure best practice is shared and implemented in relation to interventions;
 - SOC Partnership Meetings – The introduction of SOC Partnership meetings has assisted in intelligence flow and planning a response to any executive action to pursue offenders; safeguard vulnerable members of the community; undertake community clean up; and provide support to victims.
 - Early Action Together Programme – The Force has appointed a dedicated Superintendent to lead the delivery of the EAT Programme in Gwent, working with the National EAT team to tackle ACEs. A small delivery team has also been established. The programme will address the need for early intervention and preventative activity when ACEs are evident and the associated impact it has on policing and partners in terms of vulnerability and crime;
 - AWSLP – This Programme benefits through delivering a SOC education program and also provides intelligence gathering;
 - Mini Police Program – The Mini Police initiative will provide a real taste of policing for children at an early age and will add value to the already well-established Gwent Police Volunteer Police Cadets' programme. To date, 50 schools across Gwent have engaged in the programme, with 924 children and young people engaged from 27 different cultural backgrounds; and

- Neighbourhood Policing – A significant proportion of organised crime proactivity has been as a direct result of intelligence gathered and disseminated locally by Neighbourhood Police Officers. This has only been possible because of the relationships developed locally and the public having trust and confidence in their local ward Police Officers. Specialist resources are required to combat SOC, but without continued levels of Neighbourhood resources to maintain intelligence flow, this work will be restricted.

f) Collaborative Work to Meet Demand, Improve Systems and Enhance Efficiency and Effectiveness

- i In order to be efficient and effective, the Force has invested heavily in Digital Policing, with its investment in collaboration with South Wales Police via the joint Digital Services Division (DSD). The primary focus of the DSD is to ensure that both Forces provide an effective digital policing service for around seven thousand Police Officers and Police Staff and around two million members of the public. This is achieved through convergence in respect of information technology architecture, systems and processes, thereby making partners more effective and efficient;
- ii The DSD's key achievement to date have included:
 - Mobile Data – DSD has supplied mobile data devices that have increased the information available to Police Officers via 'iPatrol', allowing applications to be accessed whilst on patrol, increasing the time spent in communities;
 - Body Worn Video – Body Worn Video cameras have been introduced to all operational Police Officers and a Digital Evidence Management platform has been established to securely store and manage evidential data (DEMs);
 - Intranet and Internet – DSD has deployed both new internet and intranet platforms, which have won national awards;
 - Fully Integrated Resource Management System (FIRMS) – Both Forces have introduced and developed the bespoke FIRMS business system that integrates HR, Finance, Payroll, Training and Rota Management; and
 - Niche³ – Both Forces have collaborated extensively with each other on the continuing development of Niche, the Force's Police records management system. Between 2019 and 2021 this programme will deliver the transition from the local property system onto the Niche Property Module and utilising systems to maximise business benefits.
- iii In train and due for delivery up to March 2021 are the following key DSD Programmes of work:

³ This is the Force's Records Management System - an incident-centric tool that manages information in relation to the core policing entities: people, locations, vehicles, organisations (businesses or other groups), incidents (or occurrences) and property/evidence.

- **'Triple F' Project** – The fixed, field and flexible project is delivering to introduce a new way of working within the Force. This aims to allow people to work in the most efficient and effective way, according to the role they undertake and plays a significant part in the Force's digital cultural transformation programme;
 - **National Enabling Programmes (NEP) (Specifically Microsoft Office 365)** – Introducing a suite of Microsoft Office products that will enable new ways of working and greater sharing of information, be that within local teams, across LPAs/Departments, between forces or with trusted partners;
 - **Facial Recognition** – With South Wales Police leading at a UK level, Gwent Police have an excellent opportunity to on-board and have facial recognition capability through the following methods:
 - **Locate** – A real time static face search functionality that extracts images from live time Closed Circuit Television (CCTV) footage and compares the same against a bespoke 'watch list' that can be deployed to major events supported by intelligence-led lists; and
 - **Identify** – The loading of around 500,000 custody images for comparison against CCTV and other operational imagery on a facial like-for-like basis.
 - **Digital Interview Recording (DIR)** – Providing live streaming and timely upload of evidential material so that it is available to personnel working to strict timelines;
 - **Single Online Home (SOH)** – The Single Online Home offers the public an easy to use, trusted digital platform where they can communicate effectively with their local police. Communities are empowered by convenient access to the information, advice and services they need. A digital 101 if you will;
 - **Electronic Time Management** – Enabling Police Officers and Police Staff to book on and off duty, resulting in automated payments for overtime and allowances;
 - **Kallidus Classic in the Cloud** – An E-learning solution that manages course and skills administration; and
 - **Emergency Services Network (ESN)** – The Airwave radio system is being phased out and will be replaced by the Emergency Services Mobile Communications Programme's (ESMCP) ESN. DSD are engaging with the regional coordination manager for the delivery of ESN in Wales and will become the delivery arm of ESN.
- iv Since the inception of DSD, Gwent Police has invested £3m into digital technology and the revenue costs of the Force into the DSD team, who implement and manage these new technologies, is £1.6m p.a. A number of examples of the benefits deriving from this investment are highlighted below:
- **Body Worn Video:**
 - Greater sentences now being applied at Criminal Courts for assaults upon Police Officers;
 - **'Triple F' Project:**

- Since Autumn 2018, there has been an increase from 49% to 89% of statements being obtained using mobile devices, thereby reducing travel time and the requirement to scan statements
- Better visibility in Gwent's communities due to less travel time and the need to return to the station;
- 66% reduction in statements typed for court;
- Public Protection Notices (PPN) quality has improved, by virtue of more being submitted via laptops; and
- In total, Triple F has delivered savings of 209 hours per month – which will equate to £54k by March 2020.
- ETM:
 - Potential cashable savings as a result of reduced overtime;
 - Potential efficiency savings as a result of automated unsociable hours payments and harmonisation of Gwent Police and South Wales Police training days;
 - Improved wellbeing through improved time recording and agile working; and
 - The business case for ETM identifies £700k of savings listed as a result of the implementation.
- v During 2019/20 further options have been developed for collaboration (e.g. Fleet Workshops and Uniform Stores) and these programmes of work will be developed and implemented, releasing the business benefits.

88. When all the above is brought together, it is clear that the Force is investing in people and in key areas of risk; whilst driving through service improvements at a local level and regionally/nationally through its extensive collaboration portfolio.

89. The above areas of focus and investment build upon the Force's 'Investment Strategy' which was incorporated into the 2017/18 budget setting round and which has gained significant momentum during the last two financial years. In conclusion to the Chief Constable's bid, the infographic at the end of this report highlights a typical day in the Force.

BUDGETARY SAVINGS, HMICFRS VFM PROFILES AND FUTURE EFFICIENCY OPPORTUNITIES (Appendices 5a and 5b)

90. Appendix 5a details budgetary savings identified through this budget setting round which can be removed from the 2020/21 budget and in some cases, from future budgets. Of particular note are those saving schemes' opportunities generated from the rebasing of the unsociable hours budget; the reduction in the witness expenses budget; and the removal of £1m from the Force's overall overtime budget.
91. The Staying Ahead Programme will continue to remain focused on delivering a new generation of savings schemes and maintaining a detailed schedule of planned work to review functions and Departments across the whole of the

organisation. To this end, the HMICFRS VFM Profiles are a key tool in indicating potential areas for saving schemes' opportunities.

92. The VFM Profiles have been produced by HMICFRS for the past nine financial years. The main purpose of these Profiles is to help forces compare performance, outcomes and cost. They are designed for use by force management, Police and Crime Commissioners, the HMICFRS and the public. The comparisons are across all English and Welsh forces, but exclude the Metropolitan Police and City of London Police, due to their uniqueness of data. The Profiles enable comparison across all Forces (with the exception of the two named above) and also within individual force's 'Most Similar Groups' (MSG), i.e. those forces that share similar characteristics with your own, such as demographics.
93. The final Profiles have been received and every area highlighted is being, or has been, considered as part of the Staying Ahead Programme. The draft profiles were presented to the Joint Audit Committee and PCP during December 2019. In terms of an overview, the Force has the sixth highest cost per head of population across England and Wales and the second highest within its MSG of forces. All Welsh forces are amongst the top ten most expensive (excluding London) forces. Amongst the four Welsh forces Gwent is third, being more expensive than Dyfed Powys but less expensive than North Wales Police and South Wales Police.
94. Consistent with previous years, the Force stands as an outlier in six objective areas. For the first five, the Force is more expensive than both its MSG and against an all force comparison, whilst in the final objective area, the Force is cheaper in delivering this function than both its MSG and all Force counterparts:

Objective Area	MSG Difference (£m)	All Force Difference (£m)
Support functions	7.944	8.005
Local policing	1.289	5.158
Dealing with the public	2.040	2.480
Road policing	1.326	1.452
Operational support	0.859	0.925
Public protection	(0.870)	(0.851)

95. From the above findings, Support Functions and also Local Policing are most in need of context to its costs. Within the Support Function's sub-categories, ICT and Estate costs appear as a significant outlier:
- a) ICT costs are £3.540 and £3.108m more expensive than the Force MSG and all force comparison respectively, predominantly in the area of collaboration. This difference can be attributed to a number of factors:
- i Although the Force is in collaborative arrangements with Local Authority partners in the Shared Resource Service (SRS) and South Wales Police in the DSD for the provision of ICT, its 'fixed' costs for

- service delivery (e.g. data centre, network etc.) are apportioned (based on the methodology of the VFM profiles) across the population of Gwent. Therefore comparing the same cost of service between two forces (one with a relatively small population and with a relatively large population), will show the smaller force as more expensive per head of population;
- ii As highlighted predominantly in paragraph 87 f) above, the Force is well advanced (when compared to other forces) in delivering its digital strategy in support of the Policing Vision 2025. This is evidenced in that every Police Officer has a personal issue laptop, smart phone and body worn video device, which are supported in advanced software and applications which support mobile data and the 'Triple F' project. The business benefits therefore of this investment, are already beginning to materialise in cash savings and productivity improvements; and
 - iii Also, it was identified that a number of ICT costs are treated as revenue in the Force (as opposed to capital), such as certain arrangements with the DSD for digital investment and also the set aside of sums for the replacement of Airwave (and ultimately ESN) technology. Other forces within the MSG will have categorised these costs elsewhere.
- b) Estate costs are £1.597m and £1.152m more expensive than the Force MSG and all force comparison respectively, again predominantly in the area of collaboration. This difference can be attributed to a number of factors:
- i The Force has recently changed the accounting classification for the Estate Maintenance budget (£500k), as upon analysis the majority of the spend was revenue as opposed to capital in nature;
 - ii The Commissioner's ambitious Estate Strategy, already recognises that investment in the Estate is required to deliver a fit for purpose Estate, delivering value for money, through re-providing underutilised or expensive to run assets. Complementing this approach, a revenue budget of £200k has been set aside to undertake pre-feasibility work on aspects of the Estate Strategy; and
 - iii As a final point, the Commissioner has a PFI arrangement to run the Ystrad Mynach Police Station and Custody Suite. The PFI payments and associated contribution to the scheme's sinking fund are treated as a revenue cost towards a capital asset. Other forces without a PFI scheme will have relatively lower Estate revenue costs. However, in January 2020, the Commissioner will voluntarily terminate this contract, thereby bringing this asset under the direct control of the Commissioner, removing the revenue cost that has been set aside to deliver this voluntary termination and to also reduce the ongoing revenue cost of running the asset.
- c) Local Policing costs are £1.289m and £5.158m more expensive than the Force MSG and all force comparison respectively. As in previous years,

the Police Officer and PCSO costs are above the national average per head of population. These indicators could be viewed as demonstrating that Gwent is over-resourced, however, Gwent has above average visible front line provision – reflecting the approach in Gwent throughout the years of austerity to 'protect' the frontline. As the Force (and the other three Welsh Forces) benefit from WG PCSO funding, this will make the Welsh forces seem more expensive on the Local Policing analysis than their English counterparts.

96. Again, as highlighted in previous years, as a small force, Gwent does not enjoy the economies of scale that larger forces benefit from, therefore the headlines above need to be considered in this context. Furthermore, Force performance needs to be considered too, in that the cheapest and most efficient force may well not be the top performing. Reiterating points made above, the Profiles do not reflect conscious local decisions to invest in particular areas of spend; the receipt of additional specific grants such as the WG funded PCSOs; nor distinguish that forces with small populations will sometimes be disadvantaged because they hold the similar levels of fixed costs to larger forces.
97. Appendix 5b currently lists areas of review as determined by the work plan of the Staying Ahead Programme. However, between now and the commencement of the 2020/21 financial year, Appendix 5b will be developed further to identify those areas where the Force is an outlier when compared with the average cost of delivering the same area of service against the average of the MSG, but only after those areas have been scoped to determine those which will provide best value to the Force.

REVENUE AND CAPITAL OUTTURN 2019/20 Appendix 6 and Appendix 8a

98. A key component in the setting of the 2020/21 budget is the financial performance in the current financial year. Quarterly financial management reports are produced and scrutinised at both the OPCC's Management Board; the Force's Chief Officer Team meetings; and ultimately at the Commissioner's Strategy and Performance Board. From quarter 2, these reports include a financial outturn, indicating the expected variance of total annual expenditure against the full-year budget at the year-end (i.e. the 31st March).
99. Appendix 6 confirms that the initial forecast outturn reported at quarter 2 indicated a £95k surplus against Gross Revenue Expenditure (GRE) of £141.506m; which equates to a 0.07% variance against overall budget.
100. The major contributors to this net surplus position are provided below:

a) Police Officer Pay and Allowances – £1.416m surplus

Police Officer pay and salary allowances forecast at the end of the financial year are under budget by £1.416m, due to the additional forty Police

Officers investment budgeted for at the start of the year that have yet to be fully recruited. The assumptions for the 2019/20 budget already reflects probationers being recruited at lower than the mid-point of the salary scale, unlike in previous years when they were budgeted for at the mid-point of the scale;

b) Police Staff (incl. PCSOs) Pay and Allowances – £330k deficit

Police Staff and PCSO pay costs are forecast to be overspent by £330k. Within this, Police Staff pay was underspent by £1.464m due to vacancies, which was offset by agency costs of £1.253m in the short term. £330k of redundancy costs have also been recognised in the first six months of the financial year, following the outcomes of Service Improvement reviews, which have now fully implemented generating just over £700k in recurrent savings. A further £162k of early retirement capital costs and £40k of additional standby allowances are forecast by year-end;

c) Police Officer, Police Staff (incl. PCSOs) Overtime and Enhancements – £310k surplus

Total overtime costs (Police Officer and Police Staff) at year-end are forecast to show a net surplus of £310k, made up as follows:

Police Officer overtime deficit	(£51k)
Police Officer rest day overtime deficit	(£256k)
Police Officer public holiday surplus	£115k
Police staff overtime deficit	(£50k)
Police staff weekend and public holiday enhancements surplus	£552k
Total forecast surplus at 31st March 2020	£310k

The deficit on Police Officer rest day overtime is partly offset by the surplus on Police Officer public holiday overtime. This is a common occurrence when budget assumptions do not mirror actual resourcing required on any given day. The variance on Police Staff weekend and public holidays and enhancements however is caused by an over estimation during 2019/20 budget setting (which has been remedied in the 2020/21 round) and Police Staff posts that attract these enhancements being under-establishment. The position above excludes overtime for Major Incidents and Tasking, as this is reported separately;

d) Other Employee Related Costs – £28k deficit

A net deficit of £28k is forecast for other employee related costs. This is due primarily to additional pension costs for injury payments of £45k against budget;

e) Premises Costs – £651k deficit

Premises Costs are forecast to be overspent at year-end by £651k, due primarily to £630k of additional costs arising from the delay in completing the voluntary termination of the PFI scheme. Completion was originally planned for earlier in the financial years and therefore a reduced budget for PFI payments was set. The completion of the voluntary termination will now take place at the end of January 2020, following extended timescales in securing WG revenue support beyond 2020/21. Additional costs of £83k are also forecast in relation to rental costs at the Force's specialist operational training site, which are offset by a £129k surplus on the Estate's planned maintenance programme;

f) Transport Costs – £103k deficit

Transport costs are forecast to be overspent at year-end primarily due to higher mileage and travel costs. The cause(s) of this variance is currently being explored by the Finance Department;

g) Development Funds – £728k deficit

The additional forecast cost on the Development Fund relates to Force investment to fund the ICT and equipment needs of the extra 162 Police Officers from Operation Uplift. These funds will be fully utilised in line with the recruitment profile of these extra Police Officers, over the next three financial years; and

h) Income (Investment and Other) – £188k surplus

The higher income is largely the result of an improved investment return from that set during the 2019/20 budget setting round.

101. At the time of writing, the quarter 3 financial management report is being compiled, therefore the Chief Finance Officer will provide a verbal update on the forecast year-end position at the PCP meeting on 31st January 2020.

102. Consistently over recent years (but significantly lessening of late), the Commissioner's budget showed a positive variance at the year-end, i.e. a saving on budget was shown. This positive variance is scrutinised to assess whether it has resulted in excess budget being set in certain areas (e.g. over-budgeting on such things as the price and/or volume of fuel), or whether the variance has arisen due to a planned efficiency scheme occurring ahead of plan (e.g. a Police Staff member leaving early, in advance of the planned removal of their post in a future period). Overwhelmingly over the period of austerity since 2008, the reason for the positive variance is the latter, i.e. accelerated efficiency savings taking effect. Suffice to say however, the financial effect of both examples are removed from the budgetary requirements for future years, as part of the detailed bottom up annual budget setting process.

103. The 'one-off' nature of the small 2019/20 underlying surplus is further emphasised in that even after taking account of future planned efficiency schemes in forthcoming financial years of £1.676m, the Commissioner is still faced with a recurrent financial deficit of £6.257m by 2024/25 and significantly unbalanced budgets in the next three financial years necessitating, as it stands, £4.379m of Reserves and Committed Funds to go only some way to balance the books. This small non-recurrent underlying surplus does however provide two key benefits: a barometer as to the continuing sustainability of both previously delivered efficiency schemes and the organisation's ability to continue to find more efficiency schemes; and a positive year-end variance also provides a non-recurrent cash benefit, in that the year-end saving is transferred to Reserves and Committed Funds.
104. Turning to the Capital Programme included in Appendix 8a, the original Annual Budget on proposed schemes for 2019/20 was £23.144m. The Estate schemes in the revised Programme totalled £21.952m, which included major projects relating to Police Headquarters (HQ) relocation (£11.077m); the delivery of Policing Hubs at Abergavenny and within Torfaen (£5.500m); the Newport Central Police Station upgrade (£1.250m); and also the voluntary termination of the Ystrad Mynach PFI scheme (£4.000m). Delays in finalising the design and planning permission associated with the new HQ (which are now complete) means that the vast majority of this budgeted spend will slip into 2020/21. Likewise the costs associated with the Newport Central Police Station upgrade and the Hub at Abergavenny, although well advanced will be reprofiled in subsequent financial years. The work on the Hub at Torfaen is in its early stages and will be reprofiled accordingly. The voluntary termination of the Ystrad Mynach PFI scheme will occur in late 2019/20, but at a lower cost than originally budgeted.
105. The ICT Schemes in the original Capital Programme totalled £150k. However, £373k will be spent this financial year (an increase of £223k on the budget originally set), as a result of an increase in budget requirement for one scheme and the inclusion of a further scheme, not originally planned for at the start of the financial year.
106. In relation, to the vehicle replacement programme (original Capital Programme budget of £1.043m), this is expected to be overspent by £366k by the year-end, due to the accelerated purchase of nine Area Support Unit (ASU) vehicles.

RESERVES AND COMMITTED FUNDS (Appendix 7)

107. Appendix 7 provides a summary of the Commissioner's Reserves and Committed Funds position for the following five years and reflects an update of the Commissioner's Reserves and Committed Funds Strategy as part of this budget setting round. The MTFP and in particular the Commissioner's Reserves and Committed Funds position was discussed at the Joint Audit Committee on the 12th September 2019 and again on the 11th December 2019 (as part of the 2020/21 Treasury Management Strategy), enabling them to

discharge their responsibilities in relation to the budget setting process and the annual financial statements.

108. With the finalisation of the detailed 'bottom up' annual budget setting process, the Reserves and Committed Funds position has been updated and will continue to be instrumental in stakeholder engagement and any mitigation strategies. However, lacking the receipt of a Police Settlement for 2020/21 (which will also hopefully confirm the status of the Police Funding Formula review), it is almost certain that this position will require further updating.
109. The reporting of the Commissioner's Reserves and Committed Funds position hopefully assists Members in understanding the overall financial landscape and provides context when discussing his budget and Council Tax Precept proposal for 2020/21.
110. By the end of the 2024/25 financial year, it is forecast that the Commissioner will have Reserves of £4.000m and Committed Funds of £6.166m (totalling £10.166m – bottom right hand corner of Appendix 7). This assumes however, that the current outstanding recurrent budgetary imbalances up to and including the vast majority of that forecast in 2022/23 (highlighted in the MTFP) will be underwritten from Line C1 in the Uncommitted Earmarked Funds Section. As already stipulated, recurrent budgetary imbalances must be found from recurrent efficiencies – Reserves and Committed Funds should only be utilised to manage annual timing differences. Therefore adjusting Line C1 back to its closing 2020/21 carrying value (£3.710m) i.e. removing the net effect of underwriting the future budgetary imbalances beyond next financial year, produces an underlying total Reserves and Committed Funds figure of £13.876m.
111. This unadjusted forecast Reserves and Committed Funds figure at 2024/25 of £10.166m comprises five component parts:
 - a) General Reserve – (£4.000m Line A1)
 - i Purpose – This is held as working capital to help cushion the impact of uneven cash flows and also as a contingency to mitigate the impact of unexpected events or emergencies. The General Reserve amounts to £4.000m which represents 3.1% of Net Revenue Expenditure (NRE) (this figure has remained static since 2015/16) and in the view of the Chief Finance Officer represents an appropriate level in terms of the overall risk-profile; and
 - ii Planned Utilisation – By its very nature, this reserve is held for unfunded and unexpected events or emergencies. Therefore, as a statutory contingency reserve there is currently no call upon this reserve.
 - b) Estate Works – Victims' Hub – (£180k Line B2eii)

- i Purpose – This committed fund was established to fund the completion of the building work associated with creating Connect Gwent, the multi-agency Victims' Hub in Gwent; and
- ii Planned Utilisation – This committed fund remained following the completion of the building, commissioning and implementation of Connect Gwent. The committed fund has therefore been maintained to fund further investment to improve the delivery and efficiency of Connect Gwent into the future. A programme of work, undertaking a Post Implementation Review of Connect Gwent is well advanced, which may conclude that efficiencies can be delivered or that additional investment is required in certain areas. Where generated efficiencies are insufficient to fund new investment areas, this committed fund may be called upon. Any remaining balance will be fully utilised in funding the remainder of the Commissioner's Capital Programme.

c) Commissioning Strategy and Police Service Initiatives – (£660k Line C2)

- i Purpose – This committed fund is primarily designed to pump-prime both the delivery of the Commissioner's Strategic Commissioning Intentions, and also specific OPCC and Gwent Police initiatives to deliver the Commissioner's Police and Crime Plan; and
- ii Planned Utilisation – As a result of the Wellbeing of Future Generations Act 2015 and the associated creation of Public Service Boards (PSBs), the Commissioner's Commissioning Strategy will become intrinsically linked to the work of PSBs in the future. Once the priorities and the work programme of the five PSBs in Gwent have become embedded, the opportunities for co-commissioning (with both the OPCC and Gwent Police) will become clearer and subsequently, so too will the utilisation of this committed fund. In addition, this committed fund may be destined to support the delivery of a more targeted approach to deliver certain aspects of the Commissioner's Police and Crime Plan, such as supporting the Commissioner's Police Community Fund or developing diversion/prevention initiatives.

d) Airwave – (£3.791m Line C3)

- i Purpose – Due to the length of the lifecycle and the complexity of the funding model for the initial Airwave replacement programme it was necessary, at its inception, to create a committed fund (in this instance, as with PFI, also referred to as a 'sinking fund'). This ensures that the affordability of the scheme is safeguarded for its entire duration and the variable impact of its financial cycle is minimised; and
- ii Planned Utilisation – the Airwave system is being phased out and will be replaced by the ESMCP's ESN. This will provide the next generation communication system for the three emergency services (Police, Fire and Rescue and Ambulance) and other public safety users. Based on current estimates of the cost of transition to this programme, coupled with the revenue contribution into the committed fund from base budgets, it is estimated that this committed fund will be

fully utilised sometime after 2022/23, when it is expected that Gwent Police will transition to ESN.

e) Other Financial Liabilities – Tribunal and Ombudsman Liabilities through to POCA – (£1.534m Lines C4a to C4f)

i Purpose – The rationale for these committed funds is articulated in the table below:

Category of Committed Funds	Rationale for Holding
Committed Funds set aside in previous reporting periods for potential liabilities arising out of tribunal or ombudsman decisions.	These funds are established to meet potential and contingent obligations arising from 'live cases' which did not meet the definition of a provision ⁴ . These are reviewed regularly on a case by case basis on whether they are still required (and therefore remain 'committed') or can be released back into the wider reserves and committed funds position.
Committed Funds for unspent revenue grants and sums held on behalf of third parties	Where revenue grants have no conditions attached or the conditions are met and the expenditure has yet to take place, these sums are permissible to be held as committed funds. The same applies for sums held on behalf of third parties.

⁴ A provision exists when the Commissioner is faced with a present obligation (legal or constructive) which has arisen as a result of a past event. Furthermore, the payment is probable ('more likely than not') and the amount can be estimated reliably. Provisions are therefore provided for and accounted via the Comprehensive Income and Expenditure Statement (CIES) in the year in question, i.e. not set aside as a Committed Earmarked Fund for utilisation in future years.

Committed funds retained for Workstream/Department use (including utilisation of POCA monies)

The Commissioner's Reserves and Committed Funds protocol permits Workstreams/Departments to carry forward commitments at the year-end (in the form of a committed fund), on the basis that the expenditure will take place in the following financial year(s) – These are subject to extensive scrutiny at each year-end and also during the following budget setting round.

- ii **Planned Utilisation** – These committed funds receive extensive scrutiny at the year-end and also during each budget setting cycle. Therefore, although these committed funds still show a balance of £1.534m in 2024/25, this does not mean that the committed funds are not required up to this point in time, rather the plans for their utilisation are not finalised to identify the timing of the individual committed fund's utilisation.

112. It is important to note, that in order to maintain the forecast Reserve and Committed Funds position of £10.166m by 2024/25, the Commissioner is currently required to borrow £59.974m between 2021/22 and 2024/25 to fund his Capital Programme.

113. The forecast Reserve and Committed Funds position does not take into account the following events which would increase this figure:

- a) Acceleration of efficiency schemes and non-recurrent budget surpluses above the level already accounted for;
- b) Additional sales of capital assets than those already identified; and
- c) Underspending in the Capital Programme or slippage which defers spend to future financial years.

114. Similarly, the forecast Reserves and Committed Funds position does not take into account the following events which would further reduce this figure:

- a) The impact on reserves and committed funds of future CSRs, subsequent Efficiency Reviews or any transitioning arrangements to a new Funding Formula allocation;
- b) Further significant investment to deliver over and above the current five year Capital Programme that is not met from external borrowing;
- c) Pump-priming for future Phases of the Staying Ahead Programme; and

- d) Overspending in the Capital Programme or acceleration which brings forward spend.

CAPITAL PROGRAMME 2020/21 (Appendices 8 and 8a)

115. The initial capital investment requirements over the next five years are becoming clear as the implementation of the Estate, Fleet and ICT strategies are progressed. Capital Expenditure over the next five years totals £92.836m, of which the 2020/21 element amounts to £24.613m.
116. In addition, a further £11.875m of non-capital long-term projects have been identified, of which £1.025m occurs in 2020/21.
117. With the complete insufficiency of Capital Grant from the HO (expected to be £459k p.a., equating to £2.295m over the next five years), implementation of the current Capital Programme will require a combination of:
- a) An increase in the recurrent revenue contribution to capital by £1.000m p.a., through reinvesting the amount set aside in 2019/20 for the policing costs of the M4 Relief Road (which are not required presently), takes the 2020/21 total revenue contribution to capital to £2.645m p.a., equating to £13.224m over the next five years). This is designed to minimise the Commissioner's dependency upon external borrowing in the current economic uncertainty;
 - b) The utilisation of Reserves and Committed Funds of £27.218m to 2021/22;
 - c) The need to undertake external borrowing of £59.974m between 2021/22 and 2024/25; and
 - d) Capital Assets disposals totalling £2.000m between 2021/22 and 2022/23.

This investment, will realise long-term cashable and non-cashable benefits to the Commissioner and the Force, e.g. appropriate and more sustainable Estate provision; fit for purpose Fleet; maximising returns on ICT investment etc.

118. Furthermore, the development of the Staying Ahead Programme may present further investment requirements which will generate efficiency opportunities, which should present cashable savings.

OUTSTANDING ISSUES, UNQUANTIFIABLE RISKS AND OPPORTUNITIES

119. Whilst the MTFP is designed to reflect the most up to date intelligence, a number of outstanding issues and unquantifiable risks remain which are incapable of being reflected at this present time. These are briefly highlighted below:

a) Financial:

- i Ongoing austerity, the impact of Brexit, CSR 2020 and the Police Funding Formula Review;**
- ii The short, medium and long-term funding consequentials of Operation Uplift;**
- iii Loss of 'assumed' Council Tax Precept income;**
- iv Impact of the localisation of council tax support;**
- v Legislative and policy changes having unintended consequences, e.g. as previously seen with the revaluation of Public Sector Pensions and the implementation of the Apprenticeship Levy;**
- vi Increasing overall costs of National ICT Programmes and changes to the apportionment method of these costs across Commissioners/ Forces;**
- vii Exposure to interest rate fluctuations as a result of the cost of borrowing to fund the Capital Programme;**
- viii Potential increase in the Police Officer and Police Staff pay awards;**
- ix Withdrawal of funding by partners (HO, WG, MoJ and Local Authorities), such as WG continued funding for partnerships and specifically PCSOs and AWSLP;**
- x Increased 'last resort' demand due to others withdrawing service; and**
- xi Failure of Government to deliver on national programmes of work such as ESN transition.**

b) Organisational:

- i Partners re-trench from collaborative ventures (e.g. as a result of WG funding settlement), such as the funding from Health as contribution to the Mental Health Triage service in the Force Control Room;**
- ii The financial and non-financial impact of ongoing Service Reviews Recommendations:**
 - People Services Review;**
 - Learning and Development Review;**
 - Finalisation of Corporate Communications Review; and**
 - Finance, Pension Hub and Procurement Review.**
- iii Failure of key efficiency schemes to deliver, in particular the savings target of £1m in the Force's overtime budget.**

c) Societal:

- i Emergent complex crime types and increased safeguarding requirements;**
- ii Increased crime, anti-social behaviour and incidents due to economic and political climate; and**
- iii Lack of staff turnover due to limited job opportunities.**

120. Conversely, a number of opportunities exist which could ease the financial burdens:

- a) Potential long-term investment by the Government into policing;**

- b) The development of PSBs across Gwent, promoting a 'One Public Service' ethos to tackle long-standing issues across Gwent;
- c) Linked to b) above, the ability to co-commission services with Public and 3rd Sector Partners, avoiding duplication of effort and maximising return to the public; and
- d) Actively seeking out income generation opportunities and influencing the legislative agenda to provide wider opportunities.

BUDGET REQUIREMENT, TAX BASE AND COUNCIL TAX PRECEPT

121. The revenue budgetary requirement for 2020/21 is the net position of:

- a) The base recurring requirements;
- b) Efficiency savings and recurring budget reductions realisable in 2020/21;
- c) Non-recurring revenue requirements in 2020/21; and
- d) Non-recurring savings which are realisable in the year and reserve and committed funds utilisation.

122. The gross base recurring requirement for 2019/20 is £134.831m (Appendix 1b line 10) which, when adjusted by the budgetary deficit, equates to a budget requirement for the year of £133.624m.

123. The Central Government Grant Funding estimated and expected in the Final Settlement is as follows:

Police Grant	£
Revenue Support Grant	41,286,576
National Non-Domestic Rates	21,827,973
	<u>9,873,463</u>
	<u>72,988,012</u>

124. Deducting total Central Government Grant Funding from the budget requirement of £133,623,773 leaves income to be raised from Council Tax Precept of £60,635,761.

125. Council tax is a tax on dwellings, levied according to the valuation band attributed to the property. Each unitary authority calculates its council tax base by establishing the number of properties in each of the nine council tax bands (A to I) and converting the band totals to a Band D equivalent figure (e.g. Band A council tax is two thirds of the Band D tax, the Band A total is therefore multiplied by two thirds to arrive at the Band D equivalent). The total Band D equivalent figure is then adjusted to take account of reductions for disabled residents, single occupancy discounts, etc. to produce the council tax base. The council tax to be raised for police and crime purposes (the Council

Tax Precept) is allocated to the unitary authorities in proportion to their tax bases. The tax bases notified by the unitary authorities are as follows:

Unitary Authorities	Band D Equivalent Properties	
	2019/20	2020/21
Blaenau Gwent	20,187.16	20,662.45
Caerphilly	60,183.96	60,549.25
Monmouthshire	46,096.27	46,331.92
Newport	59,165.99	60,267.55
Torfaen	33,685.00	33,981.00
<u>Total</u>	<u>219,318.38</u>	<u>221,792.17</u>

126. The effect of these figures on the Band D Council Tax Precept for police and crime purposes is:

	Actual 2018/19	Proposed 2019/20
Council Tax Precept	£56,042,426	£60,635,761
Band D Tax	£255.53	£273.39
Increase on previous year (£)	£16.69	£17.86
Increase on previous year (%)	6.99%	6.99%

127. The following table shows the proposed Council Tax Precept for police and crime purposes for all bands.

Valuation Band	Tax Payable Compared to Band D	Proposed Council Tax Precept £
A	6/9	182.26
B	7/9	212.64
C	8/9	243.01
D	9/9	273.39
E	11/9	334.14
F	13/9	394.90
G	15/9	455.65
H	18/9	546.78
I	21/9	637.91

128. The unitary authorities are billing authorities for council tax purposes. The Commissioner's Council Tax Precept will be added to the figures for council tax for expenditure by the unitary authorities and community councils and will form part of the single council tax demand. Under regulations, the billing authority must determine a schedule of instalments for payments to precepting authorities. Currently, the unitary authorities pay the Commissioner's Council Tax Precept in equal instalments as follows:

Last working day of each month
Blaenau Gwent

Third Tuesday of each month
Caerphilly
Monmouthshire
Newport
Torfaen

CHIEF FINANCE OFFICER'S STATEMENT – REQUIREMENTS OF THE LOCAL GOVERNMENT ACT 2003

129. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on:
- a) The robustness of the estimates made for calculating the Council Tax Precept; and
 - b) The adequacy of the proposed financial reserves.
130. The same Section requires the Commissioner to have regard to the Chief Finance Officer's report when making decisions about Council Tax Precept.
131. Central Government Grant funding from the HO and WG currently fund approximately 60% of the revenue budget requirement for policing and crime services in Gwent. A combination of CSR 2010, CSR 2013 and CSR 2015 has resulted in significant reductions in core HO and WG grants. The reduction in these grants for 2011/12 of 5.1% came on top of an in-year cut in the previous year of 1.3%. The Central Government Grant Funding for 2012/13 showed a reduction of 6.7%, 2013/14 a reduction of 1.57%, 2014/15 a reduction of 4.76%, 2015/16 a reduction of 5.11%, 2016/17 a reduction of 0.57%, 2017/18 a reduction of 1.40% and 2018/19 flat cash. The 2019/20 Police Settlement, on the surface, appeared positive, in that Central Government Grant Funding increased by 2.1% and a Specific Pension Grant had been provided, both designed to mitigate the financial impact of the revaluation of Public Sector Pension Schemes. However, as mentioned previously in this report, the sum of these amounts fell short of meeting the Force's additional pension costs in 2019/20 to the value of £428k – so in effect, the Police Settlement amounted to a 0.60% cash cut. Cumulatively, the budget available for policing and crime in Gwent has experienced over a 27% cash reduction over the 10 years since 2010/11. When the effect of inflation and pay awards is built in, the real reduction is over 40%. With the Police Settlement unknown at this time (although positive messages have been received, particularly around £750m to start the recruitment of 20,000 additional Police Officers through Operation Uplift), the future financial landscape is uncertain. Faced with the continuing uncertainty over Brexit implications; a cautious outlook for the economy and the public finances; CSR 2020 on the horizon; and growing pressures on public services following years of cuts, the lessening of budget cuts over recent years and the latest Government 'promises' may not be sustainable.

132. The Staying Ahead Programme, delivered as core business through the Force's Strategy, Performance and Change Department, has continued to be remarkably successful in keeping expenditure within reducing budgets, yet still managing to maintain performance in the service to the public. Year after year, difficult savings' targets have been achieved ahead of time and as a consequence Reserves and Committed Funds have been generated for supporting investment necessary to redesign the Estate and for pump-priming new initiatives. This success, along with the lessening of Central Government Grant Funding cuts in recent years and appropriate Council Tax Precept increases, has allowed the Force to generally attain (for the first time in recent memory) full establishment in its operational policing model during 2018/19 and 2019/20. Appropriate Council Tax Precept increases into the near future will maintain this establishment, to continue to address areas of demand and thereby realise its full benefits to the public of Gwent.
133. The preparation of the budget is now, almost a continual exercise, involving the compilation of MTFPs, dovetailing with detailed work across the OPCC and Force under the supervision of the Assistant Chief Officer – Resources and in liaison with me. The involvement of all parts of the Police Service ensures awareness not only of the demands, but also of the constraints upon them. Throughout 2019/20, Members of both the PCP and Joint Audit Committee received progress reports on the 2020/21 budget and beyond and were able to examine both the proposals and the process followed. The extent of this preparatory work has therefore greatly assisted the Commissioner in his deliberations. However, the delay in issuing the Police Settlement places a degree of uncertainty within the MTFP, although the preceding narrative in this report confirms the rationale for the Central Government Grant funding figures that it contains. Given that the budget is set on an annual basis, the degree of the financial risks and opportunities that may materialise when the Police Settlement arrives, can be managed throughout 2020/21 and addressed in subsequent budget setting rounds. I am satisfied therefore, that the process followed ensured that the budget takes into account all those cost and income items that can be reasonably foreseen; makes appropriate assessment of those items that have not been finalised; and that there is no cause to question the robustness of the estimates.
134. Appendix 7 to this report shows details of the Commissioner's Reserves and Committed Funds position. The Force's Assistant Chief Officer – Resources and I continually review the adequacy of Reserves, Committed Funds and Provisions. In addition, as part of the compilation of the year-end accounts and also at the commencement of each budget setting round, the Reserves and Committed Funds are formally reviewed and separately reported upon respectively in the Statement of Accounts and Reserves and Committed Funds Strategy.
135. The General Reserve is required for working capital and to meet unexpected expenditure in emergency situations or major crime. During my latest review of the Reserves and Committed Funds Strategy in September 2019, in conjunction with the Commissioner and the Force's Chief Officer Team, I concluded that a General Reserve of £4m would be a prudent level for the

organisation moving forward, taking into consideration its size, local circumstances and the requirement to identify savings to address significant reductions in Central Government Grant Funding.

136. In relation to the Committed Revenue and Capital Funds, I am content that programmes of work are already in train, or that risks remain, that confirm the need and sufficiency of the amounts reported.

137. In conclusion, I am content therefore, with the adequacy of the proposed financial Reserves and Committed Funds.

APPENDICES

Appendix 1a	-	Impact of Incremental Council Tax Precept Changes
Appendix 1b	-	Medium Term Financial Projections
Appendix 2	-	Medium Term Financial Projections – Assumptions
Appendix 3	-	Force Establishment
Appendix 4	-	Service Pressures and Budget Developments
Appendix 5a	-	Identified Budgetary Savings
Appendix 5b	-	Staying Ahead Phase 8 Schemes and Other Savings Initiatives
Appendix 6	-	Quarter 2 2019/20 Income and Expenditure Forecast
Appendix 7	-	Reserves and Committed Funds Position 2019/20
Appendix 8a	-	Capital Programme 2020/21 to 2024/25
Appendix 8b	-	Long Term Project Programme 2020/21 to 2024/25

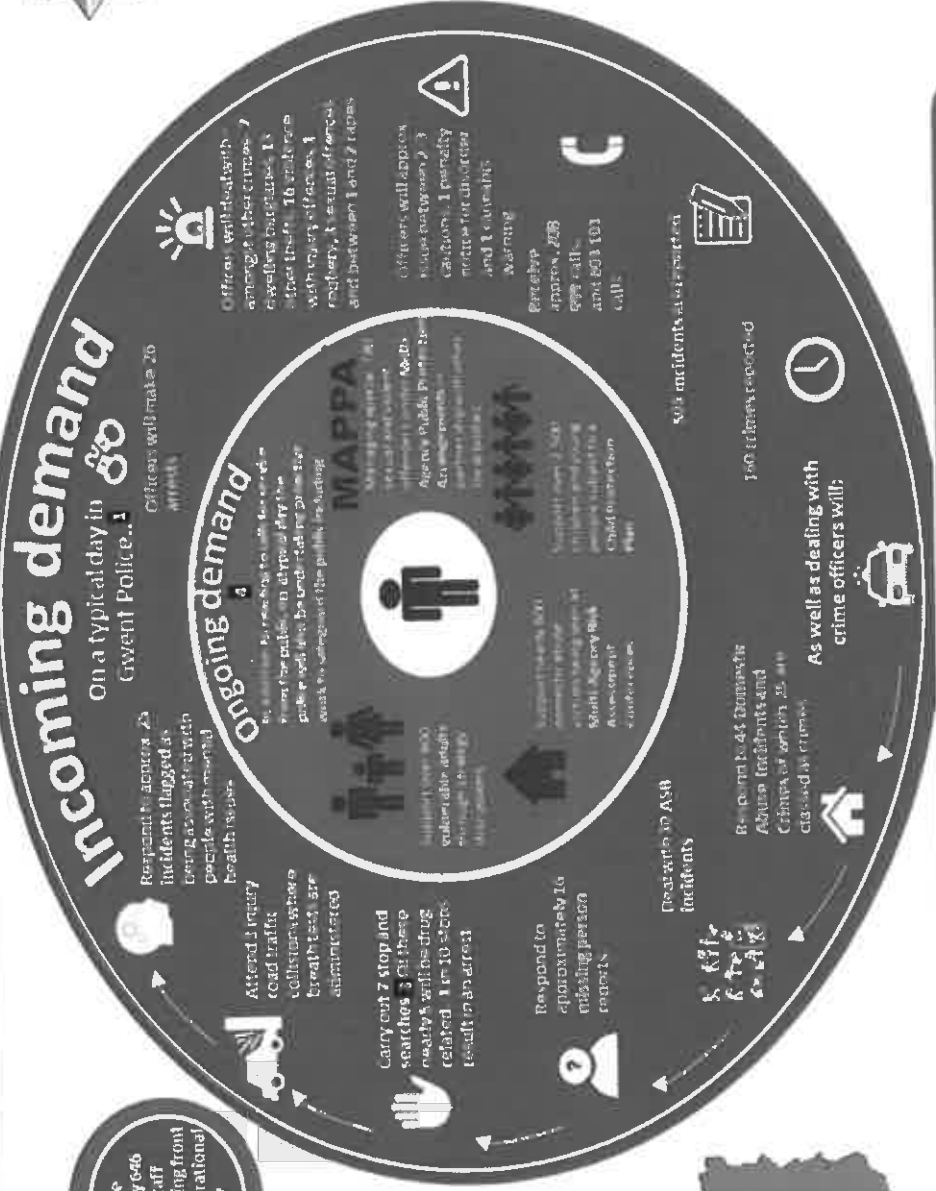
We come to work to **Protect and Reassure**



There are currently 666 Police Staff supporting front line operational delivery

The population of Gwent is approx. 134 Police Officers, meaning there is 1 Police Officer for every 443 members of the public

There are currently 120 Community Support Officers covering Gwent



We will be:
Caring
Trusted
Fair
Professional
Responsive

- 1 Typical demand of 44 domestic incidents from the public is dealt with by 10 officers in 2018 - 2019
- 2 About 100 road traffic collisions are taken from 100 vehicles in 2018 - 2019
- 3 The 100 health issues are estimated to be 100 health issues in 2018 - 2019
- 4 Growing demand figures are taken from 100 vehicles in 2018 - 2019



