COMISIYNYDD HEDDLU A THROSEDDU DYFED-POWYS POLICE AND CRIME COMMISSIONER

Police and Crime

Commissioner for Dyfed-Powys

2020/21 – 2025/26 Medium Term Financial Plan

Including

a. **Precept Proposal**
b. **Reserves Strategy**
c. **Capital Strategy**

January 2020

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1 Police and Crime Commissioners Summary and Precept Proposal

1.1 One of my key responsibilities as your Police and Crime Commissioner (Commissioner) is to set the precept each year. This precept is the amount of taxation that is raised through local council taxpayers to support policing services. In doing so, I take into account a number of different factors including the Chief Constable's future resourcing requirement, the level of reserves, feedback from residents of Dyfed-Powys and future plans for investment in infrastructure.

1.2 The statutory arrangements established under the Police Reform and Social Responsibility Act state that:

- I must notify the Police and Crime Panel (P&CP) of the proposed precept by the 1st February.
- The P&CP must review the proposed precept by the 8th February
- If the P&CP vetoes the proposed precept I must notify the P&CP of my revised precept by the 15th February
- The P&CP must review the revised precept by the 22nd February
- I must set a precept by 1st March.

1.3 Within corporate governance arrangements, regular discussions take place between the Chief Constable and I about the current and future financial position of the Force which consider in detail plans for resourcing levels, demands for police services at a local, regional and national level along with future investment requirements. These are all factors which I consider carefully when determining my proposed level of police precept and the Force's budget for 2020/21.

1.4 Having recognised the critical nature of the financial situation the Chief Constable established a Finance Gold group during 2018. This Gold group continued until late 2019 was chaired by the Chief Constable and attended by all senior managers ensuring that there was a very clear and co-ordinated approach to financial management and understanding of financial issues across the organisation. The work of this group has now been fully subsumed into revised governance arrangements introduced during 2019, with a newly formed Finance, Efficiencies and Futures Board.

1.5 Four specific sub groups were established, and these continue to operate with focussed representation. Much of the work undertaken has been consolidated to inform this Budget, Medium Term Financial Plan (MTFP) and my precept proposal:

- MTFP – reviewing reserves, police officer numbers, external funding;
- Overtime - critical review of arrangements and requirements;
- Procurement - critical review of arrangements and spend for contracts/ supplies & services;
- Income Generation – reviewing opportunities for income maximisation.

1.6 The scale of financial challenges are well understood within the Force and my Chief Finance Officer (CFO) continues to work very closely with the Director of Finance (DOF) and his team to continue to critically review and develop financial management arrangements. It is also pleasing to report that both my CFO and the DOF lead on national sub groups, under the Chartered Institute of Finance and Accountancy (CIPFA) Financial Excellence in Policing Programme, which consider financial management and financial data and analysis.

1.7 The Chief Constable continues to report financial performance monthly through Policing Board and quarterly through Police Accountability Board with updates also being provided as a result of actions arising from the Finance, Efficiencies and Futures Group. My CFO meets bi weekly with the Director of Finance (DOF) and works closely with the Corporate Finance team on specific areas of action.

1.8 The Chief Constable strengthened his Finance team during late 2018 and these arrangements have continued to embed, facilitating significant improvements in financial management, reporting and support arrangements. It is also pleasing to note that Corporate Finance delivered financial management training for senior managers during 2019.

1.9 The Chief Constable submitted the second Force Management Statement (FMS) during 2019. This statement comprehensively sets out the current position, priorities and forward plans considering financial resources, future demand for services and the assets and staffing resources which the Force will need to deliver a fit for purpose policing service in terms of capacity, capability, serviceability and wellbeing. The executive summary of the FMS is included in section 3 and the financial implications arising have been reflected within this MTFP where appropriate.

1.10 The most recent Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) integrated Police Efficiency Effectiveness and Legitimacy (PEEL) inspection took place in late 2018 and the results were published by in the spring of 2019. The main findings were:

- the force is good at reducing crime effectively and keeping people safe
- the force requires improvement in how it operates efficiently and sustainably
- the force requires improvements in how it treats the public and its workforce legitimately

1.11 It was disappointing that the Forces hard work had not been recognised in a few areas but the Chief Constable put in place arrangements to address these issues as a matter of urgency and it is reassuring to note that HMICFRS have recognised the progress that has been made during the year. The MTFP for 2020/21 seeks to continue to address these issues. The date for the next inspection has not been announced as yet.

1.12 Much has been achieved over the last year with continued investment in estates and critical IT infrastructure with the installation of In-Car Video, continued roll out of CCTV across the Force area, continued investment in Body Worn Video and Automatic Number Plate Recognition infrastructure.

1.13 I am also delighted that the work of my office has been recognised with a number of national awards in relation to the CCTV project, the quality of our Independent Custody Visiting Scheme and the office's transparency to name but a few, being received during 2019. My office has also been instrumental in supporting me in hosting the first All Wales Youth Police Convention for police cadets and achieving Knife Angel's first visit to Wales with ensuing community engagement activity. Furthermore, I launched a new initiative in November, the first of its kind in Wales, which aims to divert low level offenders away from the criminal justice system and reduce reoffending in the Force area.

1.14 Importantly it is also very pleasing that the view of our communities on whether the police do a good or excellent good is sixth best in England and Wales at 65.4% and that Dyfed-Powys is deemed to be the safest place to live in England and Wales.

1.15 The Chief Constable has undertaken a thorough review of the Force's demand for the complex array of services that it provides. I am supportive of the improvements that the Chief Constable continues to implement which seek to address issues identified within the Force Management Statement and support the priorities that I set out in my Police and Crime Plan.

1.16 In terms of police funding, it is important to outline the background of the last few years.

1.17 In December 2017 the Minister for Policing announced that investment for police would increase by up to £450m for 2018/19 with most of this additional funding coming from PCCs raising their Band D council tax precept by £12 per year. The Government also outlined clear expectations in relation to productivity and efficiency which if met would see continued precept flexibility and protect future grant settlements.

1.18 In October 2018, the then Prime Minister Theresa May announced that after eight years of cuts and tax increases, austerity was over and pledged that, after the exit from the European Union, the government would seek to boost investment in public services while continuing to reduce debt. The Chancellor of the Exchequer's Autumn Budget 2018 announcement recognised that the Police were under pressure from the changing nature of crime and stated that there will be further consideration given to police during the provisional settlement in December.

1.19 To deliver this commitment, the final settlement for 2019/20 provided £970m additional funding with approximately £813m for local policing: £153m pension grant, £161m additional core grant funding to provide all forces with a 2.1% increase and £509m from additional precept flexibility to raise local taxation by raising precept by £24 per year per Band D property. The settlement also set out a number of expectations and priorities to "drive efficiency, productivity and effectiveness." All but three Commissioners across England and Wales raised precept in line with the Government's flexibility.

1.20 There have been many uncertainties during 2019/20 as a consequence of both the proposed exit from the European Union and political turmoil which has had implications for medium term financial planning.

1.21 As part of his initial pledges, the new Prime Minister outlined his commitment to recruit 20,000 police officers over the next three years to increase police visibility and address recent increases in recorded crime.

1.22 In September 2019, the government declared that it had "turned the page on austerity" as it set out plans to raise spending across all departments. The Chancellor outlined that the government was committed to tackling crime and keeping people safe. To support this, the Spending Round confirms for 2020-21:

- an extra £750 million for policing to begin delivery of the government's commitment to recruit 20,000 officers by 2023 (up to 6,000 officers are to be in place by the end of 2020-21). In addition, the government would spend £45 million in 2019-20 to kick start recruitment, bringing in up to 2,000 additional officers this year.
- increasing the budget for counter-terrorism policing in line with inflation, including continuing the additional £160 million announced at Budget 2018, which maintains current counter-terrorism capability and protects officer numbers.

1.23 On the 8th October, the Home Secretary set out her vision for policing when she chaired the Government's newly formed National Policing Board, involving representatives of frontline officers and police leaders. On the 9th October 2019, the Home Office then confirmed the initial allocations of Operation Uplift which would support 6,000 additional officers across England and Wales by March 2021. For Dyfed Powys Police this allocation was set at 42 additional officers.

1.24 Albeit these announcements were much welcomed, representations were made by both the Chief Constable and myself as well as nationally by the Association of Police and Crime Commissioner and National Police Chief Council to seek clarity about the nature and sustainability of the funding to support delivery.

1.25 Under section 46 of the Police Act 1996 every year the Secretary of State is required to lay a report in Parliament setting out the police funding settlement for the next financial year, including the level of

grants to be made, and force funding levels. This usually comprises three stages: a provisional police funding settlement (usually set out in December), a consultation period, and a final report, as required under section 46. The final report is laid before Parliament for debate and a vote in the House of Commons, which usually takes place in late January or early February.

1.26 On the 19th November, the Home Office wrote to advise that as a consequence of the General Election on 12 December, Parliament had been dissolved. This meant that, unlike in previous years, it would not be possible to announce a provisional settlement in Parliament in December.

1.27 The lack of clarity and continued uncertainties around both core and specific grant funding make both short and medium term planning very difficult. On the 18th December the National Police and Crime Commissioners Association wrote to the Minister for Crime and Policing to seek assurances that:

- The £750 million would take account of central government's share of inflationary impacts and unavoidable costs pressures on police budgets, recognising that these costs have largely been borne by local council taxpayers over the last two years and that although the recent 2.5% pay award for police officers was welcomed, it imposes additional cost pressures.
- The funding for Regional Organised Crime Units (ROCUs) and the pension grants for last year would be consolidated into base funding and clearly separated from the £750 million investment in Operation Uplift.
- As the police service continue to face financial challenges in 2020-21 that there needed to be a flexible approach to precept setting to ensure all police forces have the resources they need in addition to and separate from the Operation Uplift programme.
- Clarification be given to the Home Office expectations of an additional £120 million in target savings.
- Early indications on the detail of the settlement be provided to facilitate budget decisions.
- The letter also welcomed the opportunity to work together on a revised police funding formula and the Comprehensive Spending Review to develop transformational strategies for policing and community safety with government and other policing partners.

1.28 The National Police Chief Council also wrote to the Policing Minister on 18th December outlining:

- Chief Constables commitment to contribute to the review of Serious and Organised Crime being undertaken by Sir Craig Mackay;
- Seeking a long term resolution to existing cost pressures;
- Seeking assurances regarding the nature of funding to support Operation Uplift and the importance of recognising that these costs will rise on an annual basis;

- Seeking clarity about expectations regarding future cashable savings, reinforcing that considerable steps have already been made to exceed the £350m efficiency target set by government and the importance of recognising the creation of the Police Commercial Organisation;
- Concerns regarding the level of reallocations made against the police grant to central activities which in 2019/20 reached 11.4%. Of most concern being the level of allocation and performance issues of a number of Home Office Technology Programmes which also have local force cost implications.
- Requesting consideration of precept flexibilities for PCCs to allow for growth whilst minimising potential difficult choices, outlining that the each context of each force is unique.

1.29 Despite the government's positive announcements, it is also important to be mindful of the independent commentary over recent years in relation to Police sustainability, funding, resilience and increased burdens which include significant increases to employer's pension contributions and pressures arising from the changing nature of crime. This commentary highlights and confirms the very critical and precarious position that Dyfed-Powys and the police service face. As Commissioner I have continued to articulate these concerns at every opportunity reinforcing the very significant impacts and risks that threaten our local communities.

1.30 The Chief Constable and I held a Finance Seminar on the 3rd December 2019 for members of the Police and Crime Panel, Joint Audit Committee and Wales Audit Office. The purpose of the event was to allow the Force to present a summary of the operational environment that they work within and the impact that this has on their demand levels and therefore resource requirements for 2020/21 and beyond.

1.31 The seminar also covered the steps taken so far in preparing the 2020/21 budget and the draft position, including budget assumptions, pressures, funding context, savings, efficiency measures and the significant investment requirements which are needed to underpin the delivery of policing services. This allowed a valuable opportunity to present on both the operational and financial challenges and context which impact on my plans for the precept for 2020/21.

1.32 The much awaited police grant settlement was received on the 22nd January 2020. In outlining the settlement the Government set out its commitment to backing the police service, putting 20,000 extra police officers on the streets, and putting violent criminals behind bars for longer. Both the Home Secretary and Policing Minister recognised the productive engagement they had had with the service which had allowed for a clearer picture of the changing nature of demands and the capabilities needed to respond robustly to the challenges. They also paid tribute to police forces and police staff around the country for their exceptional bravery, dedication and hard work and outlined their determination to give the service the resources it needs to crack down

on crime, deal robustly with the criminals exploiting the vulnerable and to improve outcomes for the victims of crime.

1.33 The 2020/21 grant settlement for Dyfed-Powys is £56.617m being £4.967m/ 9.6% higher than 2019/20. This settlement includes the continuation of the specific grant of £1.302m which was introduced in 2019/20 to partly mitigate pressures arising from changes to the employer's contribution rate for Police Officer pensions. The 2020/21 settlement also includes an increase in core funding of £3.768m along with a specific ring-fenced grant of £1.190m to support the recruitment and infrastructure costs of additional officers as part of Operation Uplift which would be paid subject to recruitment performance. The settlement also reflect a significant reduction in the allocation for Capital grant from £325k to £85k.

1.34 The police grant settlement also announced precept flexibility for English Police and Crime Commissioners of £10 per band D property, and the headline figures published in the Governments press release have assumed that all Commissioners in England and Wales will take full advantage of this flexibility. It is however important to recognise that the arrangements between England and Wales differ and that financial positions vary considerably. More details are outlined in section 7.

1.35 The Government also outlined their expectations that the police, and all other public bodies, must continue to focus on improving efficiency and productivity to demonstrate to the taxpayers that they are getting the most out of increased funding and delivering the uplift in police officer numbers. These expectations are detailed in section 6.

1.36 In order to deal with the scale of financial pressures in 2019/20, I increased the council tax precept in line with the Governments flexibilities by £24. This resulted in a council tax precept in Dyfed-Powys of £248.56 for an average band D property. This was the lowest in Wales and compared with £257.52 in South Wales, £255.53 in Gwent and £278.10 in North Wales. It is also worth highlighting that Dyfed-Powys has had the fourth lowest council tax precept increases across England and Wales since 2012/13.

1.37 To inform my considerations for 2020/21 and in order to fulfil my responsibilities as Commissioner, I consulted with the public to obtain their views on the level of police precept increase. I was delighted to see a further increase in the numbers of Dyfed-Powys residents participating in this consultation. Six out of ten (60%) of those who responded to were supportive and willing to pay an additional £1.50 or £2 each month through the Police Precept, with 40% willing to pay an additional £1 each month. I have considered these responses carefully in determining my precept proposal for 2020/21. The results of this consultation are outlined in section 18 of this report.

1.38 In deciding on a police precept for 2020/21, I consider very carefully the current financial position of the organisation, future investment

plans, reserves position, wider financial context and the equality impacts of budgetary options.

1.39 At this point in the financial year, there have been a number of operational and organisational pressures but the Chief Constable is confident that these have been carefully managed and will be mitigated meaning that financial performance will be broadly in line with the budget set for 2019/20.

1.40 The continued investment in estate and critical IT and fleet infrastructure, use of financial reserves to support priorities and operational delivery within the revenue budget has seen the continued reduction in the level of reserves over the medium term. Useable reserves stood at £16.215m at 31st March 2019, split between earmarked revenue reserves, capital reserves and a general reserve. Useable reserves are predicted to reduce to £6.642m by 2024/25, albeit that this includes ring-fenced reserves of £1.578m which are being held on behalf of third parties or for collaborative arrangements.

1.41 Albeit that this planned utilisation is very much in line with ministerial expectations in relation to the level of reserves being held, it does mean that there will be very little spare capacity to safeguard and mitigate against the costs of unexpected events and support future capital investment in critical infrastructure.

1.42 Much work has been undertaken during the year to consider financial and investment requirements over a longer time frame. Albeit that it contains a number of assumptions and uncertainties this MTFP includes a capital programme which has been extended to cover a 10 year period. These will of course be revisited as clarity arises and annually, as part of the formal budget and precept setting.

1.43 As outlined above the cut in capital grant from £325k to £85k per annum, is wholly insufficient to support the comprehensive programme of capital investment in Estates, Fleet and Information Technology that are critical to support a modern day policing service. The MTFP therefore includes a significant trajectory of increases in revenue contributions to capital over the next 10 years along with assumptions in relation to prudential borrowing and the consequential revenue costs of financing. Ultimately both of these put additional pressure on the revenue budget.

1.44 Future funding continues to be uncertain but the APCC and NPCC continue to work closely with Home Office and wider policing partners to develop co-ordinated law enforcement submission for the next Comprehensive Spending Review (CSR) submission.

1.45 There has been much discussion and significant work carried out nationally over the years to review and create a new model to distribute funds across police forces in England and Wales. We understand that work is likely to recommence in the near future and both the APCC and NPCC have committed to be support this work.

Albeit that we cannot predict the final outcome, it is important to note the significant risk as the last, unimplemented formula review would have seen Dyfed-Powys receiving £8m less in funding. Given the potential scale and impact of the outcome, the Chief Constable and I have agreed that this risk be recorded on the Strategic Risk Register. Reductions have not been assumed within the MTFP and a Gold Group would be established should this scenario become more likely.

1.46 Given the array of pressures and service demands faced, I have carefully considered the significant impacts and risks that threaten our local communities along with the expectations detailed in ministerial statements to determine my precept proposal for 2020/21 and MTFP to 2025/26.

1.47 **I therefore submit my precept proposal for scrutiny by the Dyfed-Powys Police and Crime Panel which will raise the average band D property precept by £1 per month or £12 per annum to £260.56, a 4.83% increase. This increase will raise a total precept of £58.793m. This will provide a total of central and local funding of £115.402m representing a 7.96% increase on funding levels in 2019/20.**

1.48 This level of funding will enable the Force to continue to focus on the delivery of the Police & Crime Plan, address priorities detailed within the Force Management Statement and continue to safeguard the communities of Dyfed-Powys.

1.49 This report aims to provide Dyfed-Powys Police and Crime Panel Members with the information necessary to scrutinise my precept proposal and provide information in relation to the operational and financial context which underpin the resourcing requirements and assumptions for 2020/21 and beyond.

2. Organisational Context

2.1 Spanning 4,188 square miles, Dyfed-Powys is the largest force area in England and Wales. With 13,842 miles of roads, 2 large ports, 350 miles of coastline and vast areas of countryside, the geography presents us with significant demand and resourcing challenges.

2.2 The resident population of 515,870 is spread across extensive rural areas, holiday and market towns and more heavily populated areas. The draw of tourism presents unique demands with large numbers of tourists visiting key towns such as Tenby and Brecon. This presents its own implications for crime, anti-social behaviour and roads policing.

2.3 Ensuring the workforce is visible to improve victim satisfaction, protect the vulnerable, prevent crime and bring offenders to justice is challenging given the vast area policed.

2.4 The Dyfed-Powys Police service has invested significantly in digital policing, providing front line officers and PCSOs with access to force systems through mobile data terminals and body worn video cameras, as well as introducing vehicle based telematics to enhance incident response and rolling out an extensive CCTV programme.

2.5 Since the 2010 comprehensive spending review, central grant funding has reduced by 21% or £13m; the Force has been required to make savings of £29.5m.

2.6 Against this backdrop, demands continue to grow and become increasingly complex. The Force has experienced increases in recorded crime with incidents involving mental ill-health and more complex inquiries into child sexual exploitation and cybercrime increasing.

2.7 The Welsh language is spoken by 32% of Dyfed-Powys residents compared with the national average of 19%. As a service we are committed to ensuring that the workforce is representative of the communities it serves so that members of the public are, whenever possible, afforded the opportunity to communicate with us via the medium of Welsh.

2.8 The Force has experienced changes to its Chief Officer team but has benefited from stable executive leadership under the Chief Constable with clear strategic direction, evidenced through assessments from external regulators.

2.9 The four priorities of the Police and Crime Plan underpin all aspects of operational and organisational delivery:

- Keeping our communities safe.
- Safeguarding the vulnerable.
- Protecting our communities from serious threats.
- Connecting with our communities.

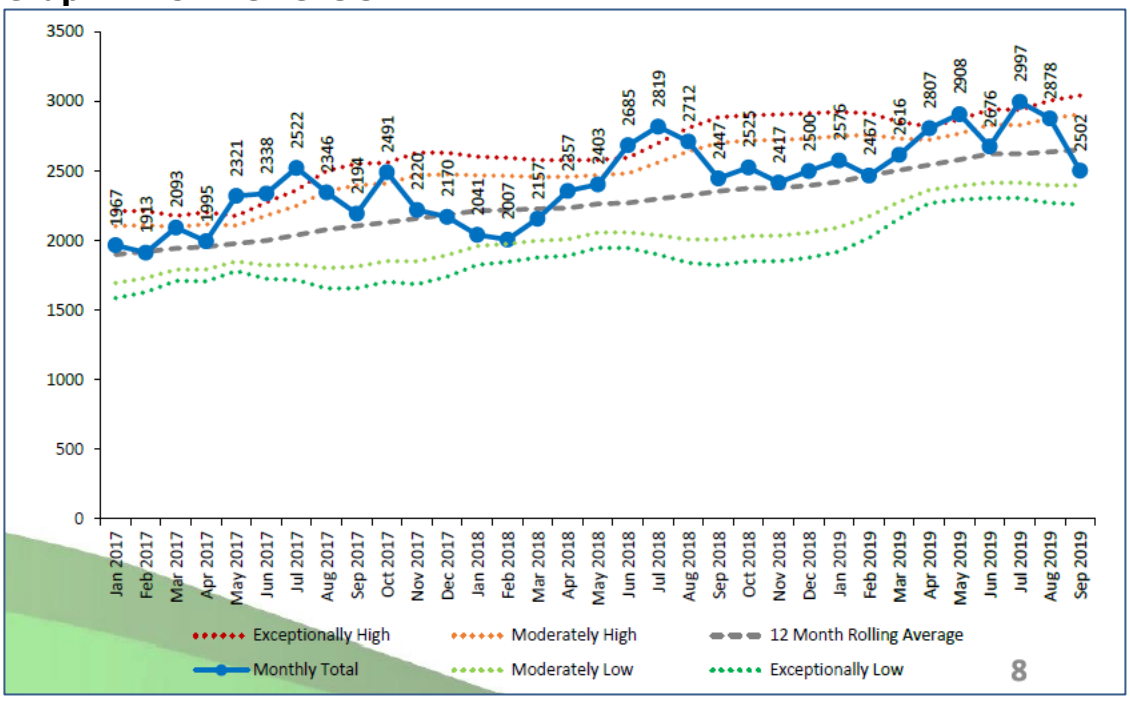
2.10 To meet the priorities of my Police & Crime Plan, the Force has developed both a delivery plan for 2017-21 and Vision for 2025, which are shown in Appendix A and B respectively. These high level documents are underpinned by detailed plans. The plans recognise the challenging operational environment, the need for continued investment to support sustainable services and the requirement to match force resources and assets to meet force demand appropriately.

3 Operational Performance

3.1 During recent years, overall recorded crime volumes in Dyfed-Powys have continued to rise, however recent volumes suggest a relatively stable trend. The overall figure covers a broad range of crimes and offence categories. The period ending September 2019 identified notable fluctuations in violence against the person, public order offences, miscellaneous crimes against society and possession of weapon offences. Decreases in theft and arson and criminal damage offences have been experienced when compared to the same period last year. Furthermore, Dyfed-Powys continues to record the lowest rate of crimes per 1000 population when compared to all other forces in England & Wales.

3.2 The following graph details overall crime levels since January 2017, albeit is should be noted that there have been changes nationally which have impacted on the reporting of crime which accounts for some of the increase. Much work has been done by the Force to improve crime data integrity and the Force's focus on vulnerability over the last year has realised a positive increase in the reporting and recording of crimes.

Graph 1 : Crime Levels



3.3 The Crime Survey for England and Wales has measured crime since 1981. Used alongside police recorded crime data it is a valuable source of information for the government about the extent and nature of crime in England and Wales. The key findings for Dyfed-Powys to emerge from the latest survey are:

- The estimated percentage risk of a household being a victim of a household crime are considered moderately lower than previous quarters and exceptionally lower than the national average.
- Public perception of noisy neighbours and people being drug or rowdy is statistically lower than previous quarters and is also lower than the national average.
- Public perception of people using or dealing drugs is statistically lower than previous.
- Public perception of having experienced or witnessed ASB is exceptionally lower than the national average.
- Perceptions of whether the police would treat people with respect is both statistically lower than previous quarters, but is higher than the national average.
- Public perceptions of whether the police are doing a good or excellent job is statistically lower than previous quarters.
- Perceptions of whether the police are dealing with things that matter to people in their area is statistically lower than previous quarters.

3.4 Call volume to report matters to police has increased over time and follows a similar trend to the seasonal variance experienced locally. Call volume peaked at 23,841 calls to the FCC during July 2019, while December 2019 illustrated the lowest volume at 18,416 calls. Interestingly year to date figures demonstrate that total call volume has decreased by 14% since 2015 (190,157 vs. 220528 calls, respectively).

3.5 Key areas of vulnerability for Dyfed-Powys Police are assessed through a risk assessment process known as a MoRiLE (Management of Risk in Law Enforcement) assessment. Partners are brought together to draw on experience and evidence of key areas of threat, risk and harm so as to determine resource allocation and focus for policing. The outcomes of this exercise inform the Control Strategy for Dyfed-Powys Police. With the cross cutting themes are County Lines, Vulnerability and Digital Enabled Crime, as at November 2019, the priorities are:

- Class A drugs and New Psychoactive Substances
- Cyber Dependent Crime
- Domestic Abuse
- Impacts arising from the exit from the European Union (Brexit)
- Child Sexual Exploitation and Abuse

3.6 Dyfed-Powys Police was inspected in tranche one of the HMICFRS 2018 PEEL inspection. The main findings were:

- The force is good at investigating crime. But it needs to improve how it prevents crime and anti-social behaviour. The neighbourhood policing service it provides to the public is inconsistent.
- The force is good at understanding and identifying vulnerability but officers do not always complete a risk assessment when they respond to reports of domestic abuse. This means that the force may not be adequately protecting vulnerable people
- The force has improved some of its crime-recording processes but has more work to do
- The force needs to understand its current and future demand better. This should help it develop clear plans to make sure it uses its resources efficiently.
- Limited progress in how the force makes sure it treats its workforce fairly.
- It also has more to do to assure itself that it has the capacity and capability to root out corruption.

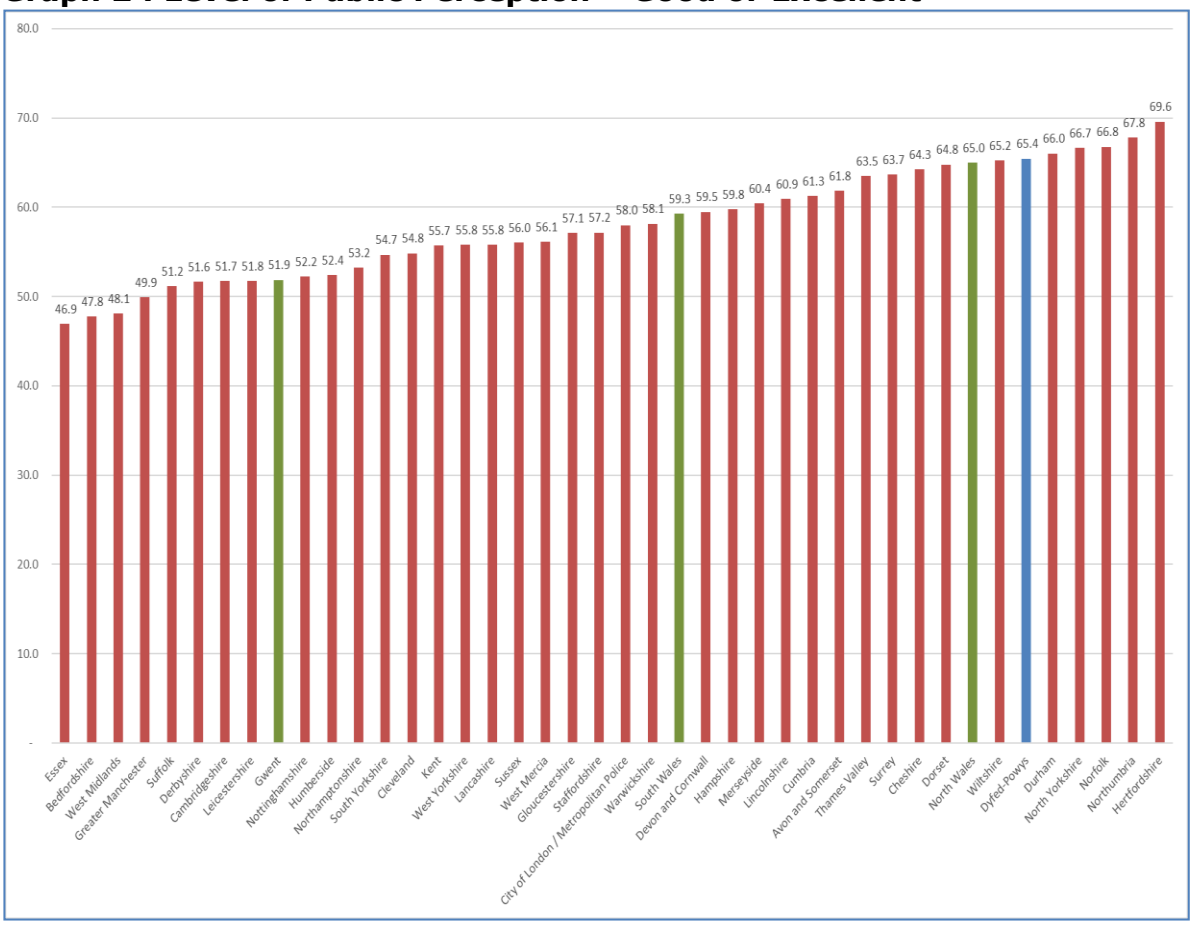
3.7 Since then, much has been done to improve how we safeguard the vulnerable and give protection from serious harm. All elements of the control strategy have an associated Protect, Prevent, Prepare and Pursue action plan. The action plans are included within the Force Tasking and Co-ordinating Group Meetings that are held quarterly and chaired by the Assistant Chief Constable. Control strategy priorities are considered at Performance & Tasking meetings, while intelligence relating to the control strategy is discussed at both force and county level intelligence meetings.

3.8 In terms of the most serious offences Dyfed-Powys Police has recorded 49 homicides since 2008/9. It should be noted that both the year on year fluctuations and nature of each individual case can have significant impacts on associated costs.

3.9 To better understand public opinion of local policing two key repositories of information are analysed. These are the Crime Survey for England and Wales which offers public perception of policing and the Victim Satisfaction Survey which provides victim experience of policing. The CSEW is carried out by the ONS and the Victim Satisfaction Survey is carried out by police staff within DPP.

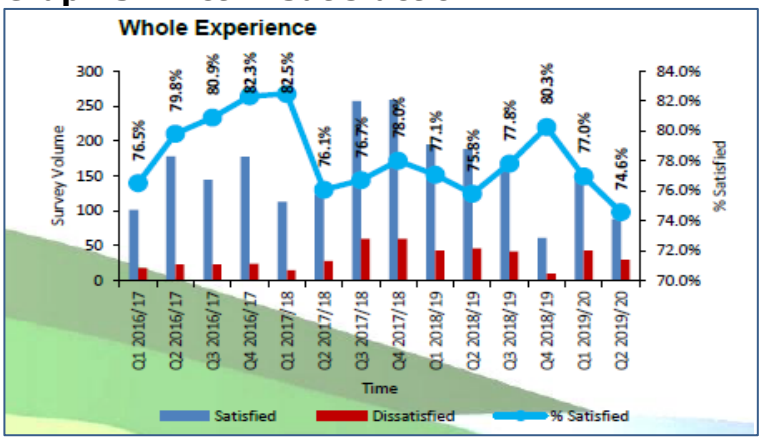
3.10 The level of public perception is one of the highest in the country with 65.4% rating the work that Dyfed-Powys Police do as good or excellent:

Graph 2 : Level of Public Perception – Good or Excellent



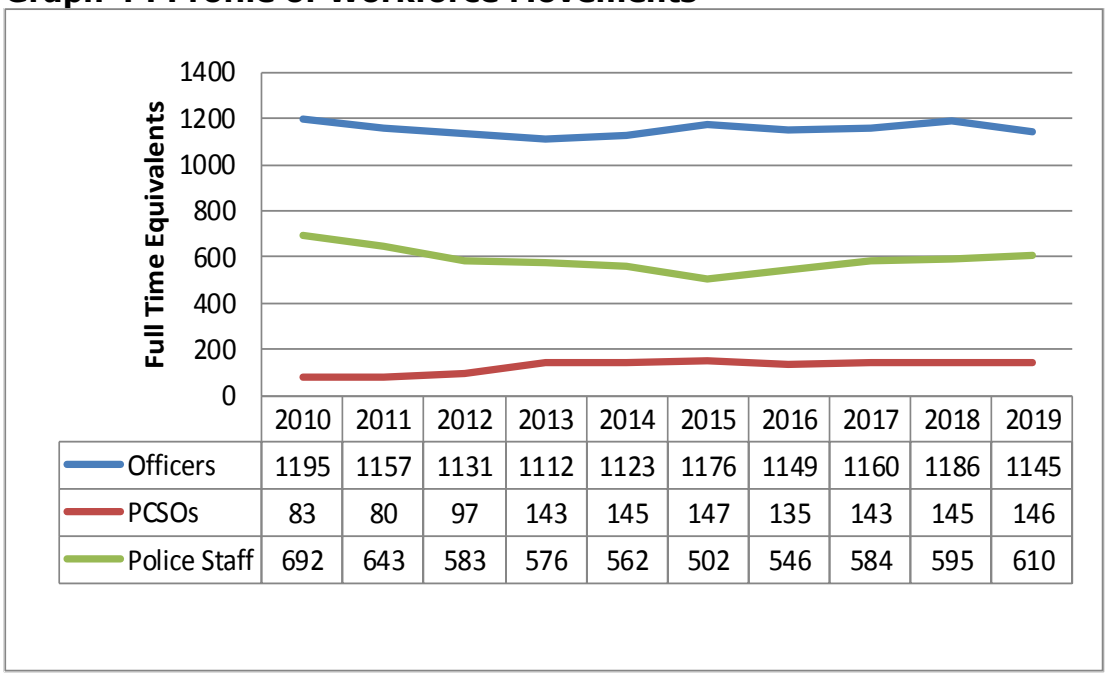
3.11 In terms of Victims Satisfaction on average 75% were satisfied with their whole experience but the Force recognises that there is work to do to focus on keeping victims up to date.

Graph 3 : Victim Satisfaction



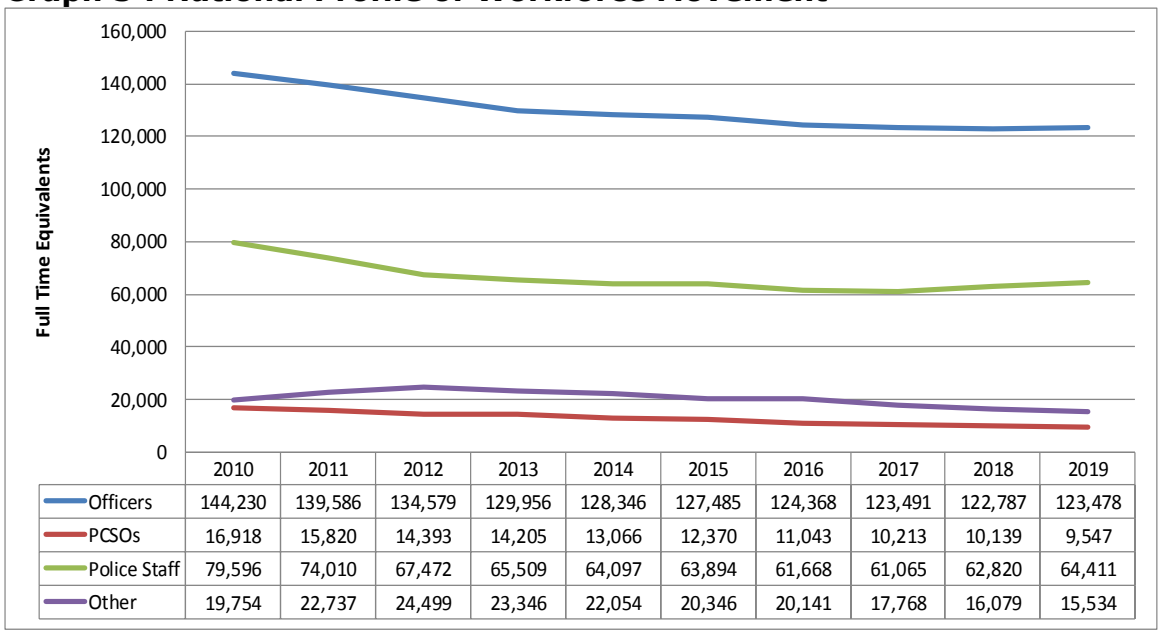
3.12 The following graphs outline the changing profile in Police Officer, PSCO and Police Staff strength over the last 10 years against the wider national picture. The balance of resourcing levels is critical in dealing with ever evolving and changing demands and the Chief Constable manages and controls this through internal governance arrangements. Future staffing levels are detailed in section 11.4.7.3 and this reflects anticipated Police Officer numbers increase to 1,180 by March 2021.

Graph 4 : Profile of Workforce Movements



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Officers	1195	1157	1131	1112	1123	1176	1149	1160	1186	1145
PCSOs	83	80	97	143	145	147	135	143	145	146
Police Staff	692	643	583	576	562	502	546	584	595	610

Graph 5 : National Profile of Workforce Movement



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Officers	144,230	139,586	134,579	129,956	128,346	127,485	124,368	123,491	122,787	123,478
PCSOs	16,918	15,820	14,393	14,205	13,066	12,370	11,043	10,213	10,139	9,547
Police Staff	79,596	74,010	67,472	65,509	64,097	63,894	61,668	61,065	62,820	64,411
Other	19,754	22,737	24,499	23,346	22,054	20,346	20,141	17,768	16,079	15,534

- Nb Other include Police Specials on headcount not full time equivalent

4 Force Management Statement

4.1 The Chief Constable submitted his second Force Management Statement (FMS) during 2019 as a self-assessment for Her Majesty's Inspectorate of Constabulary and Fire & Rescue Service (HMICFRS). This statement is an explanation of:

- The demand the force expects to face in the next four years.
- How the force will change and improve the condition, capacity, capability, serviceability, performance and security of supply of its workforce and other assets to cope with that demand.
- How the force will improve to make sure the gap between future demand and future capacity is as small as it can be
- The money the force expects to have to do all the above.

4.2 The force priorities in line with the Police and Crime Plan are:

- To support and protect the most vulnerable in our communities
- To improve standards across the organisation by doing the basic brilliantly
- To improve victim satisfaction and confidence in policing

4.3 In the PEEL Spotlight Report May 2019, HMICFRS acknowledged that Police forces in England and Wales are straining under significant pressures as they try and meet growing and complex demand with dwindling resources. It is further anticipated that demand for Police Services will be affected by future social, economic, environmental trends in the following six key areas:

- Population
- Health
- Economy and infrastructure
- Climate change
- Land Use and Natural Resources
- Society and Culture

4.4 The Welsh Government Future Trends Report 2017 indicates that the population will continue to increase and the number of people over 75 will increase from 9% (2013 figures) to 13% in 2030. The aging population will increase demand particularly with regards to Mental Health and wellbeing. It is considered that the continuing developments in broadband will go hand in hand with an increase in cyber and online related crime. Global Climate change will increase the probability of significant weather related events, including flooding. This has a potential to impact upon public health and wellbeing and will increase policing demand. Political decisions regarding funding, particularly in relation to Health Care may increase demand particularly with regards to Mental Health.

4.5 Dyfed-Powys Force Management Statement has identified the most significant gaps and challenges to face the force

4.6 Finances

4.6.1 The force and policing nationally continue to face significant future uncertainties that will impact capital and revenue budgets. There is uncertainty as to whether the challenging operational context in relation to future likely demand, will be recognised in the formula and spending review.

4.7 Effectiveness - reducing crime and keeping people safe

4.7.1 The nature of crime is becoming more complex, we are seeing an increase in reporting of sexual offences and digital related crime. This brings challenges around timeliness of enquiries with the requirement for the examination of digital devices and third party material. Dyfed-Powys Police is continuing to raise officer's knowledge and awareness on proportionate investigation whilst seeking to achieve the best outcomes for victims. This is against the national backdrop of forces facing difficulties recruiting Detectives to investigate the most serious and complex crimes.

4.7.2 The force is projecting an increase in reported domestic related abuse cases following recently improved force processes and awareness training. The growth in reported cases will ensure the force protects all vulnerable victims but will increase demand on both internal and external victim support services that are also facing austerity.

4.7.3 Dyfed-Powys is predicting an 8-10% projected increase in Registered Sex Offenders and the requirement for management with Offender Managing Units already working at capacity. The force recognises that it will need to re-consider how if effectively and safely manages low risk offenders in future.

4.7.4 The force is not alone in facing the emerging threat of County Lines, with Organised Crime Groups targeting vulnerable people and committing serious offences. The force has invested in raising officer's awareness and capability in dealing with investigations and safeguarding. However the true picture and demand is unknown, along with the threat to the community it serves. Dyfed-Powys Police is reviewing its Crime Management System, to identify other crimes that may be linked to such activity to build greater understanding to keep its communities safe.

4.7.5 Political uncertainty in particular Brexit and the impact it will have in Wales, brings uncertainty for all forces around the impact of timings of change. This may lead to civil unrest and impact on Border Agencies and Counter Terrorism capabilities. The force has a strategic lead who is working with partner agencies to prepare for all potential outcomes.

4.7.6 In 2018, Dyfed-Powys Police experienced an unprecedented increase in demand in homicide and major crime investigations. The impact of this unpredicted demand for a relatively small force was felt across the staff, services and finances. The force is reviewed training and specialist deployments to ensure it continues to be able to provide the highest quality investigations and keep the community safe.

4.7.7 HMICFRS reported in their 2018/19 PEEL (Police, Effectiveness, Efficiency and Legitimacy) assessment, that Dyfed-Powys Police needs to improve how it prevents crime and anti-social Behaviour. In January 2019 a Chief Inspector was appointed to lead a Neighbourhood Policing Change Programme to ensure a consistent model across the force. The force has re-structured how it delivers prevention tactics and will need to evaluate the impact and effectiveness of these changes in 2020.

4.8 Efficiency – how the force operates and sustains its service to the public

4.8.1 Dyfed-Powys Police has been told by HMICRFS that it needs to have a better understanding of demand and what affects it, so that it can use its resources efficiently. The force is improving its understanding of what the public expects, which will help it for the future. Chief Officers have reviewed internal departmental structures and existing demand work to ensure a more comprehensive picture is available to inform business planning and resource allocation.

4.8.2 The force is committed to being accessible and supporting those in rural communities, by investing in technology to allow the public to report crime online. There remains uncertainty around impact of Single online Home and demand, whilst online reporting could decrease demand in officer reporting other forces report a potentially 40% increase in reported crime.

4.9 Legitimacy – treating the public and staff fairly

4.9.1 HMICFRS reported in their 2018/19 PEEL assessment that Dyfed-Powys Police requires improvement in behaving ethically and lawfully, in particular how it spots and manages risk of corruption. The force predicts an upward trajectory of Anti-Corruption Unit referrals, partly attributable to technical advances and will seek to review the department to ensure it has enough people and resources to do this work.

4.9.2 Dyfed Powys Police is considered good at looking after its force's wellbeing, however it acknowledges that nationally austerity, change and potential uncertainty around staffing levels, continue to present challenges. This poses a significant risk to psychological risk to the health and wellbeing of its workforce and recognises the high turnover of staff within its Force Command and Control Centre. Dyfed-Powys Police is committed to understand and address this, ensuring its treats the workforce fairly and with respect.

5 Financial Context – Independent Commentary

5.1 The financial challenges facing the police service have been well documented and commented upon during both 2018 and 2019 with a number of professional and independent high profile studies and reports. The salient finance issues are highlighted as follows:

5.2 The Home Affairs Committee Policing for the Future Report issued on 22nd October 2018 is far reaching and makes 66 very critical conclusions and recommendations based upon research and substantial evidence. Specifically in relation to funding, the report states:

a. "The Government must be clear and accurate about police funding, and the resource pressures facing forces. We welcome the Home Secretary's commitment to prioritising police funding in the next Comprehensive Spending Review (CSR), and the Policing Minister's clear recognition that the service requires additional resources to enable it to meet changing demands. We agree with them. Policing urgently needs more money. We strongly recommend that police funding is prioritised in both the upcoming Budget and the next CSR.

b. Given the complex challenges outlined in this report, we have no doubt that a failure to provide a funding uplift for policing would have dire consequences. Efficiency savings can only go so far, in the context of the challenges that forces now face: substantial increases in serious violence and volume crime; a rise in complex cases, including child sexual offences and domestic abuse; an ever-growing workload from safeguarding vulnerable people, and an explosion of internet crime, with the evidential challenges that creates. Without extra funding, something will have to give, and the police will not be able to fulfil their duties in delivering public safety, criminal justice, community cohesion and public confidence.

c. We are extremely concerned by the National Audit Office's recent conclusion that the Home Office does not know whether or not the police system is financially sustainable, and cannot be sure that funding is being directed to the right places. Future investment must be strategic and evidence-based, ensuring that resources are focused in the areas in which they can have the most impact on crime prevention and harm reduction, and not just those areas that might attract the most favourable press coverage.

d. The current model for police funding is not fit for purpose, and should be fundamentally revised and restructured. Such heavy reliance on the council tax precept for additional funding is also unsustainable. It is time to stop kicking this problem into the long grass, and create a funding settlement for Forces that is fit for the 21st century, recognising the true cost of policing. This must be based on robust evidence on resource requirements arising from

diverse and complex demands. It is also likely to require more resource to be channelled to regional levels, to address the structural challenges outlined later in this report.

e. The police service is playing an increasing role in managing vulnerability and risk across public services, and many individuals have complex needs which cross organisational boundaries. In Chapter 2, we referred to models involving the co-location of police officers or PCSOs with other agencies, to work on interventions for individuals in greater need of holistic support. The Government should undertake a review of models that enable the police to pool resources with other public agencies, and facilitate these arrangements where they would enable a more joined-up, effective and cost-efficient response.

f. Many witnesses highlighted the challenges created by the short-term approach to police funding. This is an unnecessary obstacle to investment in innovation, and it disincentivises medium and long-term financial planning. The Government should move to a longer-term funding structure, to enable the service to frontload investment in the technology that will enable it to make the best use of its resources and assets. The Police Transformation Fund is a piecemeal and ad hoc method for funding innovation and new technology in policing, and a much more coordinated, long-term approach is required."

5.3 In September 2018, the National Audit Office (NAO) released their financial sustainability report for police forces in England and Wales. In 2015, the NAO had previously reported on financial sustainability for police forces and concluded that *'there were significant gaps in the Department's understanding of demand and of pressures on the service, and it needed to be better informed to discharge its duties of overseeing the police and distributing funding'.*

5.3.1 The report highlights some very stark figures in relation to both the cuts and top slicing that have dramatically impacted on policing services and the increasing reliance on local funding and points to the disparity between forces' ability to raise income through the precept. Capital funding that forces receive is now minimal with the service becoming increasingly dependent on the sale of land and assets to fund new capital expenditure which the NAO point out that this is not sustainable.

5.3.2 The report made five recommendations:

1. *"The Department should make clear all of the accountability relationships and processes for policing, setting out who is accountable for what at all levels of the system.*

2. *The Department should develop a clearer ongoing understanding of whether police forces' funding is sufficient to support them to deliver an efficient and effective police service.*

3. *The Department should review the funding formula and adopt an approach to funding that takes account of forces' local circumstances more fairly.*

4. *The Department should develop an overall strategy for policing that includes clear thinking on how its support programmes, such as the Police Transformation Fund (PTF), contribute to forces' financial position.*

5. *When developing an overall strategy for policing, the Department should identify which of its policies and programmes are best delivered locally and which are best delivered nationally and assign them to bodies with the capability to fulfil them."*

5.3.4 The report concluded that the Home Office's hands off approach left uncertainty that current funding arrangements secured financial sustainability. Additionally, the Home Office lacked a long-term plan for policing and that there were significant gaps in information regarding the demand on policing services and the associated costs. The way that the HO distributes funding has been too detached from the nature of policing for too long, particularly with the delay of the formula review. The NAO, therefore, concluded that the HO's oversight of the police system was not assuring good value for money.

5.4 The CIPFA and Institute for Government's Performance Tracker Report for 2019 highlighted that both central government and local authorities (including police) are passing the costs of services onto local tax payers. Specifically for policing in England and Wales, there are a number of warning signs emerging. Victims are becoming less satisfied and fewer offences are resulting in charges. This is, perhaps, unsurprising given the fall in police spending, staff and officer numbers since 2009/10. At the same time, complex crimes requiring more police resources – such as child exploitation and abuse – are on the rise. With reduced resources, the police have had to adapt to growing demand, and are increasingly prioritising responding to more violent or easier-to-solve crimes. They are also taking longer to investigate and charge crimes, but this could partly be due to the growth in the use of digital evidence. The Prime Minister recently pledged to increase the number of officers by 20,000 in the next three years, but recruiting and deploying them effectively will be difficult. Demand on the police is likely to increase in the next five years, although it is difficult to project with certainty. If crime rates continue to rise as quickly as they have in recent years, the government may need to spend an extra £3.5 billion on top of what is currently planned.

6 2020/21 Police Funding Settlement

6.1 The 2020-21 Police Finance Settlement was announced on 22nd January in a written statement by the Policing Minister, Kit Malthouse. Full details of the settlement can be found on the Home Office pages of the gov.uk website.

6.2 Publication of the Police Finance Settlement was delayed due to the December 2019 general election, with Home Office ministers opting to go straight to a final settlement in the new year. This decision meant that there was no provisional settlement or consultation over the Christmas period. Unlike the Ministry of Housing, Communities and Local Government (MHCLG), who are responsible for the local government finance settlement, the Home Office are not legally obliged to consult on their funding allocations.

6.3 The Welsh Government then published their Final Settlement for Welsh PCCs on the same day.

6.4 In outlining the settlement both the Home Secretary and Minister recognise the police services' engagement which has facilitated the Governments to build a picture of the changing nature of demands placed upon the service and the capabilities that are needed to respond robustely to the challenges. Admiration and appreciation was also recorded for all the work that officers and staff do to keep communities safe.

6.5 The funding settlement also set out four priority areas to drive efficiency, productivity and effectiveness including efficiency savibgs through joint procurement, enhanced productivity using technological solutions, achieveing best value on police technology spending and ensuring forces meet their recruitment targets for 2020/21.

6.6 The settlement highlighted additional funding for the police service which includes:

- £700m uplift to core funding, with £532m increase in formula grant funding, with the balance of £168m being ringfenced and paid in arrears to forces on a quarterly basis subject to progress on the recruitment of officers for Operation Uplift. This specific grant will be allocated pro rata to the number of additional officers that have already been announced.

- £143m continuation of pension grant, which provides specific additional funding to assist in meeting the cost increases above those estimated at Budget 2016. This funding continues to be allocated in line with the recommendations of the technical working group that was set up on pensions with the Association of Police and Crime Commissioners and the National Police Chiefs' Council with each PCC receives a proportionate allocation

of the pensions funding, based on their employer pension contributions at a point in time.

- £90m additional funding for Counter Terrorism, which now makes a total of £960 .

- £126m increase in funding for national priortities, including £50m to support the Police Uplift Porgramme and additional funding to tackle Serious and Organised Crime including county lines and serious violence. This includes £34.6m being reprtioritised from Capital Main Grant to national priorities.

- £248m as a result of additional council tax flexibilities, assuming all PCCs across the country raise their precepts by £10 per year.

6.7 In 2020-21 the top-slices/reallocations total £1,121m, £92m higher than 2019-20 (£1,029m).

Table 1 : National Police Funding –Reallocations/ Adjustments

Police Funding	**2017/18 (£m)**	**2018/19 (£m)**	**2019-20 (£m)**	**2020-21 (£m)**
Reallocations and adjustments	**812**	**945**	**1,029**	**1,120.90**
PFI	73.0	73.0	73.0	72.8
Police technology programmes	417.0	495.0	495.0	498.4
Arm's length bodies	54.0	63.0	63.0	73.1
Police Uplift Programme				16.5
National Operational Policing Units (including football policing and wildlife crime)				2.9
Top-ups to NCA and ROCUs	-	-	56.0	56.8
Strengthening the response to Organised Crime	28.0	42.0	90.0	140.0
Counter Terrorism				32.4
Police transformation fund	175.0	175.0	175.0	
National Capability Programmes				47.0
Forensics				28.6
Special Grant	50.0	93.0	73.0	80.9
Pre-charge bail	15.0	4.0	4.0	2.0
Serious Violence	-	-	-	38.9
PRUM (Transition from EU Systems)	-	-	-	1.8
HO STAR (Science Technology & Research)	-	-	-	8.0
Blue Light Commercial	-	-	-	3.7
Police Now				7.0
Safer Streets Fund				10.0

6.8 Of the £80.9m earmarked for special grant, £26.3m is understood to be reserved for costs associated with Hillsborough, leaving £54.6m for special grant. A reduction of £18.4m on the previous year, which had been higher to accommodate the Commonwealth Heads of Government meeting

6.9 The allocations for force Serious Violence Surge Funding are expected to be released in late January.

6.10 The settlement confirmed the end of the Police Transformation Fund (PTF). Multi-year projects that were being funded from the PTF (estimated to be approximately £60m) will be funded from other reallocations.

6.11 The Council Tax Legacy Grants relating to Council Tax Freeze grants from 2011-12, 2013-14, 2014-15 and 2015-16 as well as Local Council Tax Support (LCTS) funding remains separately identifiable in 2020-21.

6.12 The National and International Capital City Grant (NICC) grant for the City of London and MOPAC (which used to be referred to as the Met special Payment) have remained frozen in cash terms at £4,834,086 and £185,339,439 respectively.

6.13 In recognition of the City of London not benefiting from the increases in precept this year's precept grant has risen to £3.450m, this is in line with previous years, given the £10 flexibility.

6.14 Police Capital Grants now total £76m but only £12.3m will be allocated locally – compared to £46.9m in 2019-20 (a 74% reduction). The Ministerial Statement refers to this as "rebalancing" adding that the PCCs are able to spend their revenue income flexibly.

Table 2 – National Police Capital Grant Allocations

2020-21	**£m**
Police Capital Grant	12.3
Special Grant Capital	1.0
Police Live Services	13.1
National Police Air Service	11.5
Arms Length Bodies	6.4
Police Technology Programmes	17.6
Counter Terrorism	1.6
Serious and Organised Crime Programmes	10.0
Football Policing	2.5
TOTAL	**76.0**

6.15 Victim's funding comes from the Ministry of Justice (MoJ) with an increase from £597k to £606k for Dyfed-Powys for 2020/21.

6.16 The settlement contained no further mention of future settlements other than to say "we will be engaging police leaders to discuss how improvements will be delivered and continue working together on our ambitious longer terms plans for the next Spending Review period".

6.17 The settlement also set out a number of expectations in relation to the continued focus on improving efficiency and productivity to demonstrate to the taxpayer that they are getting the most out of increased funding and delivering the planned uplift in police officer numbers:

- The Government has committed £750 million to enable the recruitment of 6,000 additional officers. To manage the delivery of this uplift, we are ringfencing £168 million which will be paid to forces in line with their progress in recruiting the 6,000 additional officers by March 2021, and making the relevant infrastructure improvements needed to recruit the 20,000 additional officers by March 2023.

- On behalf of the taxpayer, the Government will expect to see continued efficiency savings in 2020/21. Policing are on track to deliver £30 million of cashable savings from procurement in 2019/20, on top of the £40 million delivered in 2018/19. Through continued collaborative procurement policing will deliver another £30 million of cashable savings in 2020/21. Having delivered last year's condition to continue developing a new model for police procurement, policing have agreed the business case for, a new national model for police procurement and commercial functions. This will seek to embed and enhance future collaborative procurement, making best use of policing's buying power, increasing standardisation and improving value for money.

- Forces must continue to drive productivity through digital, data and technology solutions, including mobile working. Forces should make best use of the products developed by the national police-led Frontline National Mobility Programme in 2019/20. This will ensure the benefits of mobile working are maximised including through a new benefits tracking tool, increased use of guidelines, sharing of best practice and innovation and collaborative procurement.

- Forces to continue to work with the Government to develop an approach to drive best value from the millions of pounds spent on police technology, by building on existing engagement with regard to both sector-led and Home Office programmes such as the APCC and NPCC's Digital, Data and Technology Strategy, of which the Home Office will continue to support delivery and drive forward.

6.18 For Dyfed-Powys the 2020/21 settlement is outlined in the table below:

Table 3: Total Funding for 2020/21

	2019/20	2020/21	Change	
	£m	£m	£m	%
Core Police Grant	28.317	33.821	5.504	2.20%
Add Rule 1 + Floor Funding	8.676	7.146	-1.530	2.10%
Welsh Government	13.355	13.150	-0.205	1.90%
Central Funding	**50.348**	**54.117**	**3.769**	**2.10%**
Pensions Grant	**1.302**	**1.302**	**0.000**	
Uplift Grant		**1.190**	**1.190**	

7 Council Tax Capping/ Referendum

7.1 In England, the Ministry for Housing, Communities and Local Government publish council tax referendum principles. In 2019/20 PCCs in England were allowed to increase band D bills by as much as £24. In 2020/21 PCCs in England will be allowed to increase band D council tax by £10 without the need to call for a local referendum.

7.2 Under devolution arrangements for Wales the power to determine capping levels on the council tax are administered by the Welsh Government.

7.3 There are two forms of capping – designation and nomination. Welsh Government may designate or nominate an Authority for capping its precept if in their opinion its budget requirement is excessive.

7.4 Designation requires an Authority to reduce its budget requirement and re–bill the Council Tax payers (through the Unitary Authorities). Nomination effectively puts an Authority on notice that Welsh Government will stipulate a budget limit for the following year. Welsh Government is responsible for determining the criteria (the principles) for capping for all Local Authorities and Police Forces in Wales. The principles must include a comparison between the calculated budget requirement with that calculated for a previous financial year. Ministers are free to include in the principles any other matters they consider relevant.

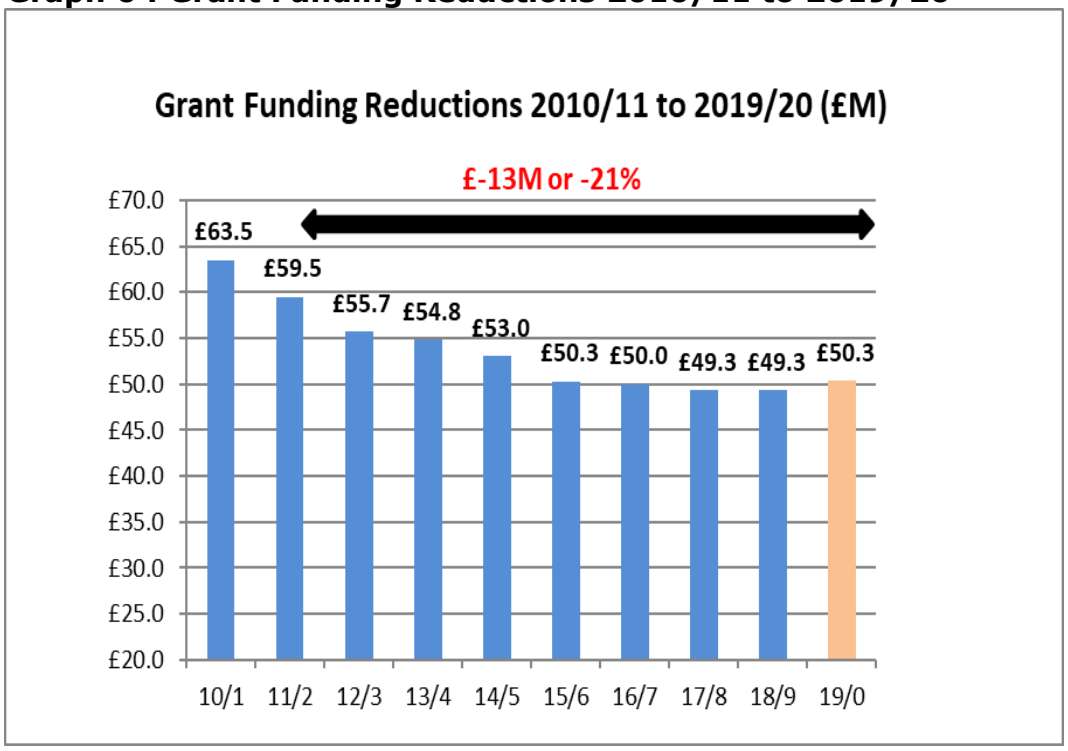
7.5 Both the Commissioner and Chief Constable have maintained effective communications with both Minsters and Welsh Governments and 2019 saw the establishment of the Policing Partnership Board for Wales which has provided a valuable and additional opportunity to highlight the gravity of the financial pressures and service demands that are being faced by Dyfed Powys Police and the wider police service in Wales.

7.6 It is for locally accountable PCCs to consult and take decisions on local precept explaining to their electorate how additional investment will help deliver a better police service.

8 Dyfed Powys Police – Financial Context and Police Precept

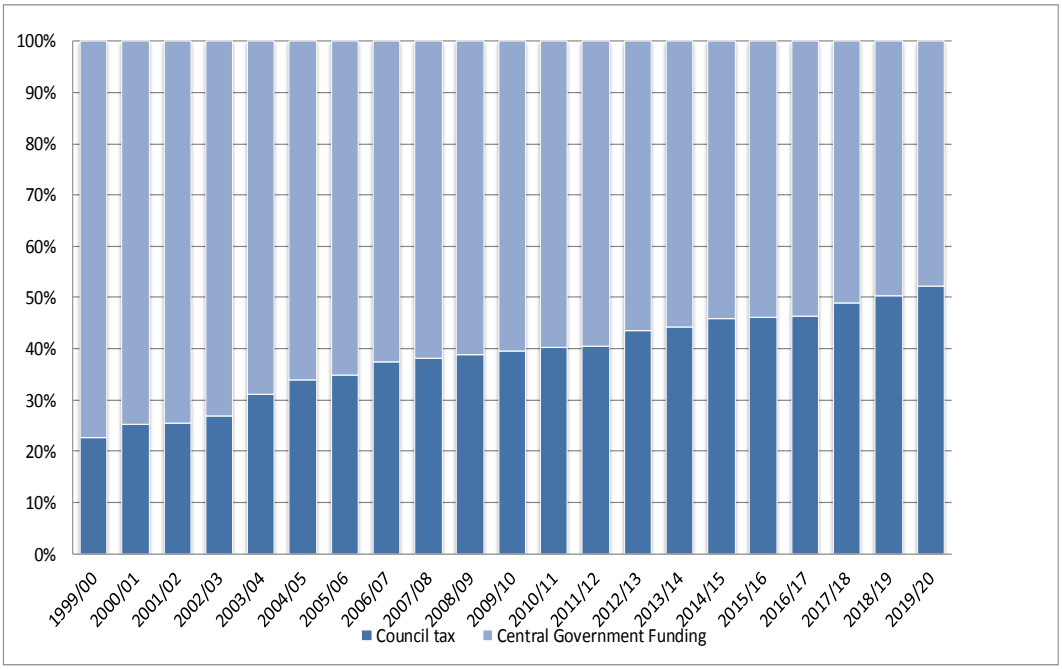
8.1 Dyfed Powys Police have seen grant funding reductions 21%, or £13m since 2010/11 as shown below:

Graph 6 : Grant Funding Reductions 2010/11 to 2019/20



8.2 The following graph shows how the proportion of income that Dyfed-Powys receives from central sources compared with local sources has changed over time:

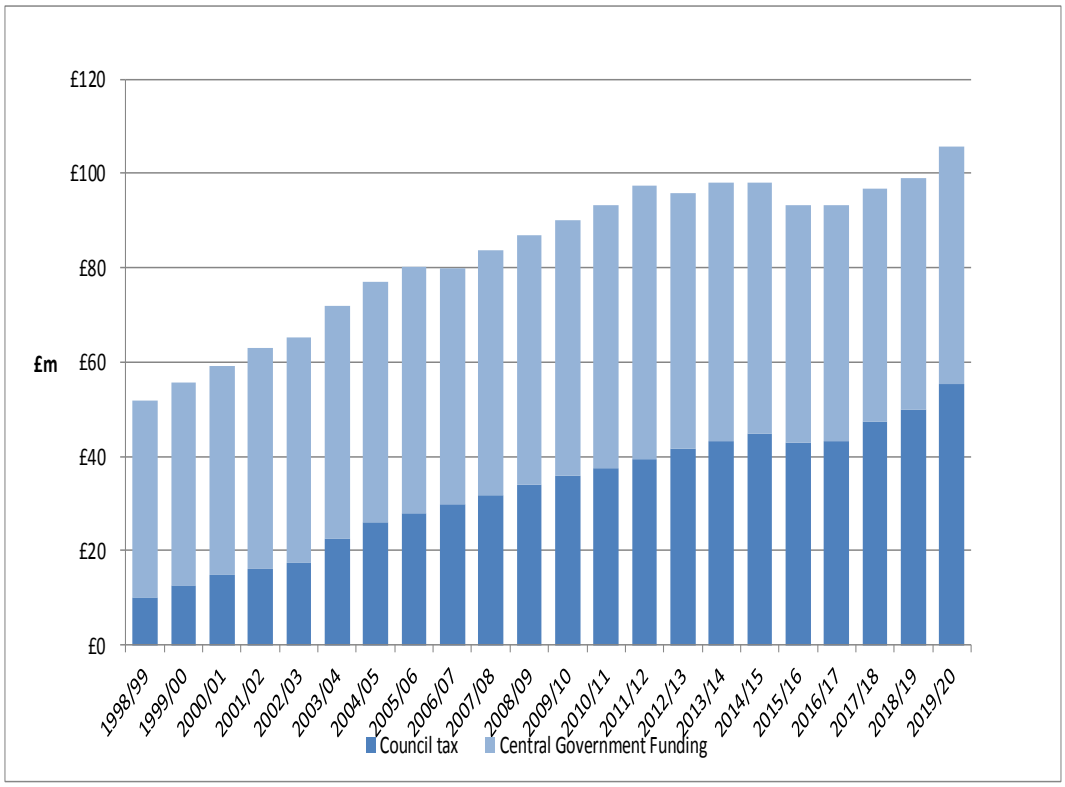
Graph 7 : Proportion of Council Tax Precept to Central Government Funding %



8.3 Historically, central funding provided the vast majority of Dyfed-Powys' funding. However, the proportion received from central sources has slowly decreased over time and for the first time in 2018/19, local funding was greater than central funding. The percentage of local taxation to central funding increased to 52.3% for 2019/10 with £55.247m being raised locally against core funding of £50.348. The proportional split or 'gearing' will continue to increase as more funding is met from the local tax payer.

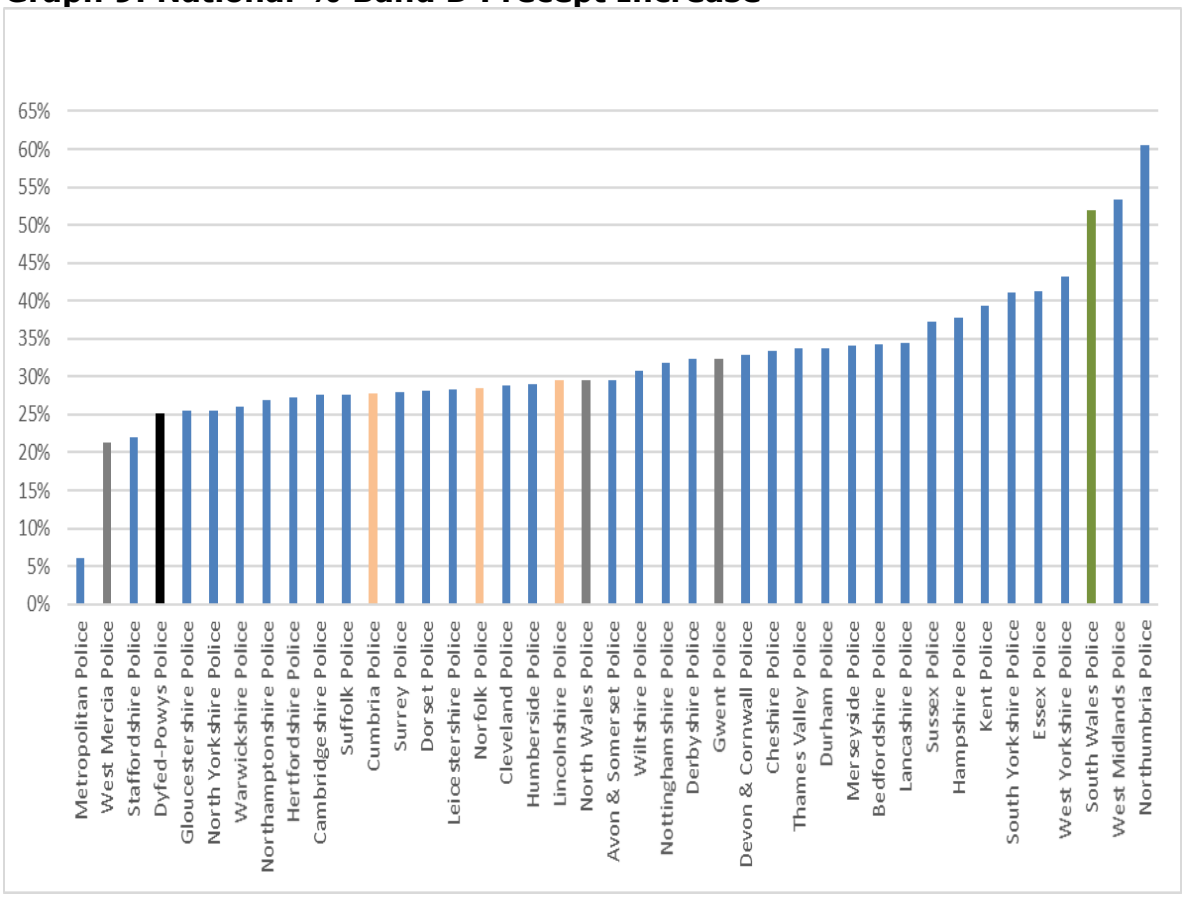
8.4 The following graph shows (in £m) the amount of funding that Dyfed-Powys has received from both local and central sources over time:

Graph 8 : Council Tax Precept to Central Grant Funding £


£120
£100
£80
£60
£40
£20
£0
£m
1998/99
1999/00
2000/01
2001/02
2002/03
2003/04
2004/05
2005/06
2006/07
2007/08
2008/09
2009/10
2010/11
2011/12
2012/13
2013/14
2014/15
2015/16
2016/17
2017/18
2018/19
2019/20
Council tax
Central Government Funding

8.5 Residents in Dyfed-Powys have seen the forth lowest increase in Band D police precept since 2012/13 as highlighted below:

Graph 9: National % Band D Precept Increase



*excludes Council Tax Freeze grant for England

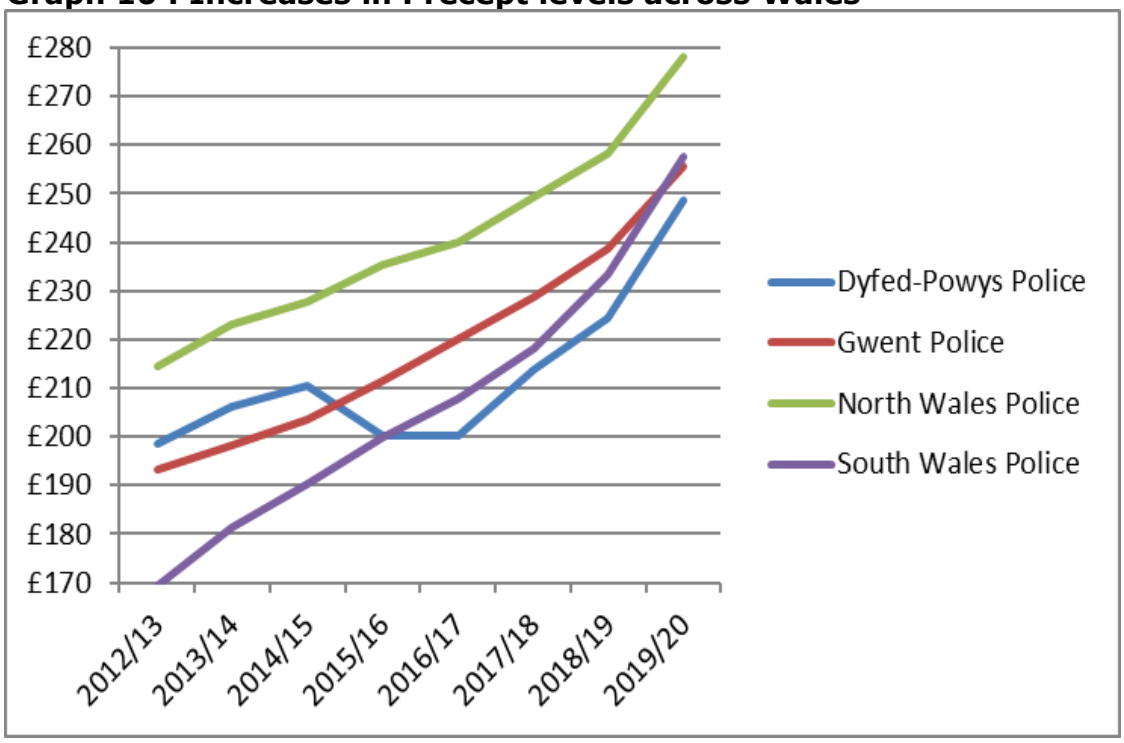
8.6 Residents in Dyfed-Powys have the lowest police precept in Wales:

Table 4 : Precept Levels Wales

Council Tax at Band D (£)	2019/20
Dyfed Powys Police	248.56
Gwent Police	255.53
North Wales Police	278.12
South Wales Police	257.52
Wales	**260.44**

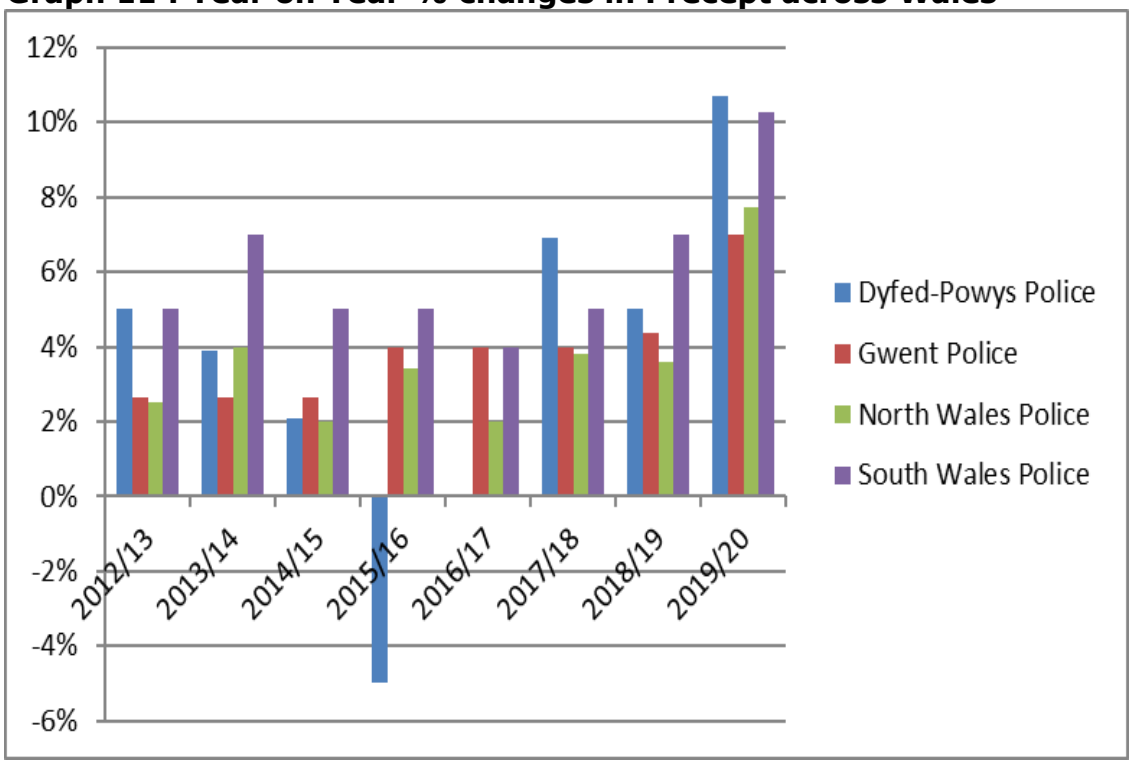
8.7 The following graph shows the change in precept levels for the Welsh forces since 2009/10.

Graph 10 : Increases in Precept levels across Wales



8.8 The percentage year on year change in precept levels for the Welsh forces is shown in the following graph.

Graph 11 : Year on Year % changes in Precept across Wales



9 Council Tax Base

9.1 The Police precept which is raised through local Council Tax payers is allocated to the billing councils on the basis of the relevant tax bases notified by them. The tax base is calculated from the number of properties in each area allocated to each property band and discounted for single occupancy, non–payers, etc. The tax base is expressed as a "Band D" equivalent as follows:

Table 5 : Tax Base Levels

Taxbase @ Band D	2018/19	2019/20	2020/21	variance
Carmarthenshire	72,153.24	72,440.46	74,006.63	2.2%
Ceredigion	31,683.05	31,648.30	31,936.27	0.9%
Pembrokeshire	56,103.15	56,055.84	57,301.64	2.2%
Powys	61,768.85	62,123.50	62,396.70	0.4%
Taxbase	**221,708.29**	**222,268.10**	**225,641.24**	**1.5%**
	0.2%	0.2%	1.5%	

9.2 The police precept will be added to the figures for the Unitary Authorities and will form part of the overall Council Tax demand bills.

9.3 Under the regulations, the billing authority must determine a schedule of instalments for payments to precepting authorities. The agreement is that the Unitary Authorities will pay the Force in 12 instalments on or before the last working day of each month.

9.4 It should also be noted that when announcing the police settlement, the Government make assumptions in regard to the tax base changes using information provided by the Office of Budget Responsibility. For Wales a 0.8% increase was assumed, however the actual increase for Dyfed-Powys is actually 1.5%. This higher level of increase positively impacts on the announced headline figures both locally and nationally by c£412k for Dyfed Powys Police.

10 Police Officer Pensions

10.1 As part of the 2016 Pension Valuation, Her Majesty's Treasury (HMT) announced a Public Sector Pension Valuation 'Directions' on 6th September 2018, which served to increase the Employer's Contribution rate from 2019/20 for Public Sector Pension Schemes (including the Police Pension Scheme).

10.2 The impact of the Valuation Directions results in a sizeable increase in the police officers employer contribution from 22.1% to 31%, albeit that 24.2% has been paid since the last revaluation. The impact of this increase was been assessed to be £330m.

10.3 After considerable national and political representations were made in relation to the impact of this significant and unforeseen pressure. The final settlement for 2019/20 included two elements to partially mitigate the financial impact.

10.4 A new specific grant was allocated to all Forces in 2019/20, based on averages of police officer pension's costs over a three year period, for Dyfed-Powys this was set at £1.302m albeit left a shortfall of £0.535m to be met from the revenue budget. This specific grant has continued in 2020/21 but the are risk in relation to the ongoing commitment to this specific grant must be noted.

10.7 It is also important to note that there are uncertainties about the future financial implications as a result of the Court of Appeal's judgment that transitional provisions introduced to pension schemes in 2015 gave rise to unlawful age discrimination. The Government is seeking to agree how the discrimination will be remedied across affected areas of the public sector.

11 Priorities and Budget Requirement 2020/21

11.1 The budget requirement for 2020/21 and this MTFP take account of the Commissioner's and the Chief Constable's priorities for the year. These priorities were outlined in the Chief Constables presentation at the Finance Seminar in December as follows:

- Domestic Abuse and Vulnerability
  - Process Changes – Led by Assistant Director
  - Vulnerability Desk / Risk Assessments / Comprehensive Staff Training
- Neighbourhood Policing
  - New consistent Structures across Force
  - Problem Solving Ethos embedded including training
  - Demand reductions –visibility and problem solving rationalised
- Investigation Standards
  - Comprehensive training, supervisory focus, victim focus and crime allocation
- Demand Work - Response, Investigations, response, traffic and FCC
  - re- centralising crime recording to reduce excess demand
  - Hub model / investment in Investigations and Vulnerability
  - Significant demand reduction and efficiencies envisaged
- Operation Uplift – additional 42 Officer in January 20 to March 21
- Legitimacy – expansion of anti-corruption activity and monitoring
- Procurement of a new Records Management System and CCTV

11.2 For the future periods i.e. 2020 to 2021, the Chief Constable highlighted the following priorities:

- Significant Capital Investment Requirements
  - 10 year Plan across ICT and Estates – Llanelli / Brecon and JFU
  - National, Regional and Local ICT Investments

- Opportunities for innovation
  - Sustainability – Electric vehicles / Premises / Agile Working
  - Further Procurement Savings
  - National Shared Services and collaboration
  - Overtime Gold Group Savings – significant savings have already been delivered – overtime / Income generation / procurement
- New Challenges and requirements
  - Social Media and New Platforms
  - Digital / Driverless Vehicles etc.
  - Agile Working / Mobile and ESN challenges

11.3 The cost consequences of delivering on these priorities alongside the additional costs of operational uplift and cost / inflationary pressures would require an investment both in terms of next year's revenue and future capital budgets. In terms of Revenue budgets it has been estimated that a net budget of £115.4m for the 2020/21 financial year, an increase of £8.5m or 7.96% from the 2019/20 level. A breakdown of this increase is included in the table below:

Table 6: Variation Statement

	£M	%	Cumulative (%)
Net Force & OPCC Budget 2019/20	**106.897**		
Pay and Price Inflation	3.351	3.13%	3.13%
Reserves / Capital Financing	0.771	0.72%	3.86%
Own Standstill Cost Pressures	1.817	1.70%	5.56%
Regional / National Standstill Pressures	0.365	0.34%	5.90%
Net Savings Plan 2020/21	-1.260	-1.18%	4.72%
Estimated Standstill Budget Requirement	**111.941**		**4.72%**
Own Investment Priorities	0.466	0.44%	5.16%
Workforce Plan Changes (Net)	0.891	0.83%	5.99%
Requirement Before Uplift Costs	**113.299**		**5.99%**
Estimated Costs of Operation Uplift (High)	2.103	1.97%	7.96%
Net Budget Requirement 2020/21	**115.402**	**7.96%**	**7.96%**

11.4 A further description and breakdown of the individual items included in the table above is set out in the following paragraphs:

11.4.1 **Pay and Price Inflation - t**he budget allocated for 2019/20 incorporated a pay award and general inflation assumption of 2%. With pay awards for police staff and officers during the year being 2.5% there has been a need to increase the baseline budget to reflect

the additional 0.5%. In addition, it has been assumed that a pay increase of 2.5% will need to be funded from September 2020 although the exact amount will be determined later in the year by the Police Remuneration Review Body. A general inflation increase of 2.5% has been assumed for non-pay budgets however a standstill has been assumed in relation to grants and 10% increase has been applied to utilities and fuel budgets. In total these amount to an increase of around £3.351m or 3.13% compared to last year.

11.4.2 **Reserves and Capital Financing** - the budget for 2019/20 was reliant on a contribution from reserves of £0.981 m. This is unsustainable in the longer terms and a strategy of reducing reliance on reserves to fund current spending over a 5 year period is being followed. A further reduction of £0.387m has been applied leaving an annual contribution of £0.600m for the Force and Commissioner's Office which will be reduced to 0 over the course of the next two years. The forward capital programme assumes an additional capital contribution to revenue of £0.350m and borrowing costs of £0.043m which will arise as the Force continues to deliver against its Capital Strategy. In total the Force will be contributing £0.850m from its revenue budget in 20/21 to fund capital schemes annually. The Medium Term Financial Plan has identified that this is the amount that needs to be set aside in 2020/21 to fund the forward capital programme. This will continue to increase over coming years to meet the significant capital financing pressures envisaged over the next 10 years.

11.4.3 **Own Standstill Pressures**

11.4.3.1 Through detailed budget consultation exercises with internal Departments and detailed work undertaken by the Finance Department of the Force, some significant cost pressures that will impact the 2020/21 financial position which are largely unavoidable and must be incorporated in the budget.

11.4.3.2 Police officer and staff increments will add £0.525m to the budget requirement for next year. In addition, a triannual revaluation of the Police Staff Pension Scheme has identified a requirement for an increase in the employer's contribution rate from 13.5% to 17.8% is needed to attain a fully funded status for the pension scheme. This is a significant issue and increases the budget requirement by £0.987K. There are a number of factors which are affecting the fund including:

- the impact of lifting previous governmental policy of public sector pay restraint
- a reduction in discount rate
- changes in the workforce profile over recent years
- an assessment of the impact of legal challenges claiming unlawful discrimination in relation to previous pension changes (1.2% of the contribution rate increase)
- a positive movement in terms of investment performance

11.4.3.3 Other cost pressures of £0.305m have been identified mainly from an increasing requirement in terms of the forensic medical contract (custody) which is being impacted heavily by "County Lines" operations (£0.120m) insurance costs (£0.075m) and additional recruit training costs as a result of the adoption of the updated College of Policing training standards locally delivered in partnership with the University of South Wales (£0.110m).

11.4.4 **Regional and National Pressures**

11.4.4.1 The budget includes an additional sum of £0.365m which will result from Regional and National collaborative activity. The Force faces additional charge of £0.270m for the Regional Organised Crime Unit and for the collaborative delivery of Firearms Training and National ICT system charges as a result of reviews of charging models. In addition collaboration around a new National Cyber Monitoring Centre for the Police Forces systems and infrastructure will contribute an additional £0.070m. This provides good value for money compared to the costs of introducing 24/7 monitoring locally. Additional costs of £0.025m are anticipated due to cost pressures on the National Police Air Service.

11.4.5 **Net budget reducing efficiency savings**

11.4.5.1 Departmental Budgets have been reduced by £1.260m reflecting savings activity across the Force and the Office of the Police and Crime Commissioner. The Finance Gold Group has been instrumental in identifying and delivering these savings.

11.4.5.2 These are categorised across the main headings of Pay and Allowances, procurement and income generation, overtime budget reductions, sustainability and austerity as shown in the following table:

Table 7: Cost Reduction Summary 2020/21

	£M
Pay and Allowances (including Salary Sacrifice)	-0.100
Finance Gold – Procurement and Income Generation	-0.675
Finance Gold – Reduction in Overtime Contingency	-0.100
Sustainability Fund Savings Target – Estates / Fleet / IT	-0.205
Total Budget Reducing Savings	**-1.260**

11.4.5.3 Further savings and non-cashable efficiencies of £3.087m will be delivered and reinvested as part of the Force Workforce Plan which takes the gross Efficiency Programme to some £4.347m for the 2020/21 financial year.

11.4.6 **Own Investment Priorities**

11.4.6.1 After a period of consultation, the following prioritised non-pay increases have been approved from a number of organisational business cases. In total these amount to £0.466m as set out in the following table:

Table 8: Investment Priorities

Element – NON PAY GROWTH	**£M**
Disability Discrimination Act Adjustments	0.056
Specialist Training – Cyber / Custody / RUI	0.030
Disability Discrimination Act Adjustments	0.030
Superintendent On-Call Payments - Regulations	0.020
Estates – Costs for Vulnerability Desk	0.030
Additional Skype Licences	0.150
Records Management System – Hosting (Sept)	0.150
Total Growth Non Pay Requirements – FMS linked	**0.446**

11.4.7 **Demand and Workforce Planning Changes**

11.4.7.1 The Force is planning some significant changes to its workload as a result of Operation Uplift, demand and workload analysis exercises, in response to HMICFRS recommendations and as a result of its own assessment of requirements resulting from the Force Management Statement and Strategic Assessment processes.

11.4.7.2 **Operational Uplift – 20,000 officers**

- As part of the Government's commitment to increase officer numbers by 20,000 in England and Wales over the next three years, the Force has been allocated an additional 42 Officers out of the initial tranche of 6,000. Recruitment of these officers has already started in Force and an additional 22 recruits started training on the 20th of January 2020. After a period of initial training, these officers will first become operationally active in November 2020.

- A further tranche of 20 officers will be recruited in June 2020. This is in addition to the normal intake of 66 recruits (22 in March 2020, 22 in September 2020 and 22 in March 2021) that will be required to take account of current establishment vacancies and projected leavers. With new recruit training at full capacity, the Force will also seek to progress an intake of 12 transferees in June 2020 from a pool of people who have previously actively approached the Force seeking a move to Dyfed Powys to work. The intention is to focus these transferees into detective roles and into the south Ceredigion area.

- The NPCC issued comprehensive guidance on the costing assumptions that Forces should adopt in assessing the cost consequences of operational uplift going forward. This includes the cost consequences of salaries plus on-costs of the officers themselves, the costs of recruitment and training plus the costs of additional police staff and infrastructure. The estimated costs are set out in the table.

Table 9: Cost of Operation Uplift 2020/21

	£M
Recruitment and attraction costs	0.095
Training, accommodation and catering	0.154
Officer Salaries and On-costs	1.158
Office Equipment and Support Costs	0.696
Total Costs based on NPCC Guidance	**2.103**

- As outlined In respect of 2020/21, a performance related grant of £1.190m has been announced for Dyfed Powys. This will be payable quarterly in arrears and will be dependent on delivery against the increase in officer numbers (to 1,180 FTE or a headcount of 1,207) and any other performance criteria which may accompany this. No criteria have been communicated in respect of this at this stage however guidance on this is expected over coming months.

11.4.7.3 **Workforce Planning Changes**

- The Uplift programme forms part of a much wider plan to reform the workforce to address Force Management Statement, and HMICFRS recommendations and areas for improvement as well as the Chief Constable's priorities as outlined above.

- The Force's detailed analysis of Demand across the organisation highlighted significant pressures on front line and detective officers based upon current workloads and working practices. This work has utilised specialist software to analyse activity which enabled the Force not only to identify pressure points geographically and by function, but has also highlighted changes in approach, prioritisation and the distribution of work to ensure a more economical and efficient delivery of policing services. Over 1,000 alternative models of delivery and/or structure have been analysed to inform the most effective solutions in terms of meeting current and future demand.

- The analysis demonstrated that the Force would need an additional 79 officers in response, an additional 25 local investigative detectives, 4 additional Domestic Abuse officers and an additional 3 officers to monitor activities serious and violent offenders to fully meet current demand.

- Changes in relation to the reintroduction of telephone crime recording, the expansion of the remit of the central Incident Crime Allocation Team (ICAT) and a change to a Policing Hub model and approach would result in gross operational efficiencies equivalent to some 74 officers based upon the outcome of the Demand re-modelling work. The Force will also be saving one Assistant Director Position (collaboration and efficiency) and one Force accountant role as part of its efficiency plan.

- Further future demand pressures have been anticipated in respect of firearms licensing, fraud safeguarding and social media desk and associated communications functions during 20/21 and these have also been incorporated into the workforce plan.

- The Force Management Statement which was produced by the Chief Constable in June 2019 has highlighted the need to increase capacity in order to deliver a new Records Management System, and enhanced vetting, anti-corruption, benefits realisation and audit capability. This will also enable the Force to expand the Domestic Abuse Desk to encompass vulnerability in its wider sense.

- It total, it is estimated that these improvements will add approximately £0.891m to the budget for 2020/21 net of the efficiencies of £3.087m that will emerge from changing working practices and structures and the funding that has been made available through Operation Uplift as outlined in the paragraphs above.

- The following table summarises the planned changes:

Table 10: Workforce Planned Changes

	Officers (FTE)	Staff (FTE)	Total (FTE)	Budget Impact (£M)
Demand Work - Response	79	0	79	3.160
Demand Work - Local Investigations	25	0	25	1.000
Demand / FMS - Domestic Abuse Officers	4	0	4	0.152
Monitoring of Serious and Violent Offenders	3	0	3	0.120
FMS - Record Management System	1	5	6	0.274
Demand - Firearms Administration	0	3	3	0.101
FMS - Anti Corruption	1	1	2	0.081
FMS - Expanded Vulnerability Desk	3	4	7	0.281
FMS - Benefits Realisation / Vetting / Audit	0	3	3	0.101
Demand - Social Media Desk / Media	0	9	9	0.367
Fraud Safeguarding	0	1	1	0.021
Total Increases – Demand and FMS	**116**	**26**	**142**	**5.658**
Demand Work Productivity Savings/Efficiencies				
Telephone Crime Recording /ICAT Expansion	-63	0	-63	-2.536
Roads Policing /Response Merger/Hub	-11	0	-11	-0.428
Assistant Director – Post Reduction	0	-1	-1	-0.076
Force Accountant (to benefits realisation)	0	-1	-1	-0.047
Net Productivity Savings – Demand Team	**-74**	**-2**	**-76**	**-3.087**
Total Net Workforce Changes	**42**	**24**	**66**	**2.571**
Less: Uplift Salary Costs Assumed	-42	0	-42	-1.680
Total Increase Excluding Uplift	**0**	**24**	**24**	**0.891**

11.4.7.3 As a consequence of Operation Uplift there will be much focus on Police Officer numbers over coming years, and the following table outlines the anticipated position for 2020/21:

Table 11: Police Officer numbers for 2020/21

	Officer Numbers FTE
Officer Numbers as at January 2020 (excluding seconded)	1,117
Estimated Leavers to March 2021	-53
Recruitment Activity	
Transferred (June 20)	12
Planned Intakes (Mar20 / Sept 20 / Mar 21)	62
Pre Uplift Numbers	**1,138**
Uplift – Additional Officer Jan 2020	22
Uplift – Additional Officers June 2020	20
Home Office Target	**1,180**

11.5 The 2020/21 financial year will be one of significant and ambitious change for the Force which will be vital in demonstrating improvements against Force Management Statement priorities, financial and operational resilience, HMICFRS recommendations and self-identified areas for improvement. These plans are also anticipated to have a positive impact in maintaining and improving the standards of service that the public can expect as well making a tangible impact staff and officer workloads and wellbeing.

12 Proposed Budget for 2020/21

12.1 The overall result of the settlement and proposed precept is a total funding increase of £7.797m in 2020/21 compared with 2019/20 as shown in the table below.

Table 12: Total Funding for 2020/21

	2019/20	2020/21	Change	
	£m	£m	£m	%
Core Police Grant	28.317	33.821	5.504	2.20%
Add Rule 1 + Floor Funding	8.676	7.146	-1.530	2.10%
Welsh Government	13.355	13.150	-0.205	1.90%
Central Funding	**50.348**	**54.117**	**3.769**	**2.10%**
Pensions Grant	**1.302**	**1.302**	**0.000**	
Uplift Grant		**1.190**	**1.190**	
Council Tax Base (Band D number)	222,268	225,641	3373	1.52%
Council Tax at Band D (£)	248.56	260.56	12.00	4.83%
Precept	**55.247**	**58.793**	**3.546**	**6.42%**
Total Funding	**106.897**	**115.402**	**8.505**	**7.96%**

12.2 This has resulted in the following balanced budget being prepared for 2020/21:

Table 13: Draft Revenue Budget for 2020/21

	2019/20	2020/21
	£m	£m
OPCC and Commissioning	1.945	2.098
Estates	3.994	4.099
Force (net of reserve movements)	100.958	109.205
Total	**106.897**	**115.402**

12.3 A full breakdown of the proposed expenditure for 2020/21 (through to 2025/26) id provided in Appendix C.

13 Future Funding

13.1 Considerable uncertainty has existed over future financial settlements for some time. The political turmoil over recent years delayed the Comprehensive Spending Review and work on this is likely to recommence in the near future.

13.2 In addition to this, and as outlined above there have been indications that work on the review of the police funding formula will also recommence.

13.3 Both of these mean continued uncertainty and risk for Dyfed-Powys.

13.4 Much work has been done on both a local and national level to deliver extensive efficiencies and efficiency savings through a rigorous process of financial and service delivery scrutiny and transformation. These requirements will continue in earnest.

13.5 Work continues through both the NPCC Finance Committee and Police and Crime Commissioners Treasurers Society to seek a consistency of approach to financial modelling and bring to bear financial influence in relation to both the CSR and formula funding review.

13.6 The introduction of new specific grants over the last two years one to partly mitigate the costs of the increases in police officer pension costs and the other to meet specified costs associated with the additional officers to be recruited under Operation Uplift, also carry risk in terms of their continuation. In the absence of clarity, the MTFP has assumed their continuation at the same levels.

13.7 Albeit that precept levels will be considered in detail on an annual basis taking cognisance of the full range of impacting factors, the MTFP has assumed an annual increase of 5%.

13.8 The assumed current medium term funding position is shown below:

Table 14: Total Funding for 2020/21 to 2025/26

	20/21	21/22	22/23	23/24	24/25	25/26
	£M	£M	£M	£M	£M	£M
Central Grants	54.117	55.199	56.303	57.429	58.577	59.749
Pensions Grants	1.302	1.302	1.302	1.302	1.302	1.302
Uplift Grant	1.190	1.190	1.190	1.190	1.190	1.190
Precept	58.793	62.227	65.861	69.707	73.778	78.086
Total Funding	**115.402**	**119.918**	**124.656**	**129.628**	**134.847**	**140.327**
Variance to prior year	**8.505**	**4.516**	**4.738**	**4.972**	**5.219**	**5.480**
% Change	**7.96%**	**3.91%**	**3.95%**	**3.99%**	**4.03%**	**4.06%**

13.9 The above funding position assumes the following increases in council tax precept and includes an assumption that the council tax base will increase by 0.8% per year which is in line with the Office of Budget Responsibilities (OBR) assumptions:

Table 15: Proposed Precept Level 2020/21 to 2024/25

	20/21	21/22	22/23	23/24	24/25	25/26
	£	£	£	£	£	£
Council Tax Precept	260.56	273.59	287.27	301.63	316.71	332.55
Increase from prior year £	12.00	13.03	13.68	14.36	15.08	15.84
% Change	**4.8%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**

14 Medium Term Budget 2020/21 to 2024/25

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

Table 16: Inflation Assumptions for 2019/20 to 2024/25

	20/21	21/22	22/23	23/24	24/25	24/25
Police Officers	2.50%	2.25%	2.25%	2.00%	2.00%	2.00%
Police Staff	2.50%	2.25%	2.25%	2.00%	2.00%	2.00%
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fuel & Utilities	5.00%	3.00%	2.50%	2.50%	2.50%	2.50%
Grants	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Pension	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

14.2 In addition to these increases in base costs, an efficiency and savings plan has been developed that is due to deliver savings amounting to £4.480m over the next six years. These savings are detailed in the table below:

Table 17: Cost Reduction Summary for 2020/21 to 2025/26

	20/21	21/22	22/23	23/24	24/25	25/26	**Total**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Pay Related							
Reduction in allowances	-80	-80	-80	-80	-40		**-360**
Modernisation/ Workforce transformation		-40	-40				**-80**
National Insurance - benefits	-20	-20					**-40**
Procurement/ Income Generation							**0**
Procurement	-200	-200	-200	-200	-100	-100	**-1000**
Firearms Licensing	-100			100			**0**
Telematics Contractual savings	-50						**-50**
MPS - Training of Officers	-150						**-150**
Driver Retraining contribution	-150						**-150**
Other Income & Charging	-25	-25	-25	-25			**-100**
Financial Management							**0**
Reduction in ACC Contingency	-100						**-100**
Sustainability Projects/ Assets							**0**
Estate rationalisation	-50	-50	-50	-50			**-200**
Estates Energy Efficiency Measures	-40	-90	-30	-30			**-190**
ICT Efficiency Measures	-50	-50	-50	-50			**-200**
ANPR	-50						**-50**
Fleet - Fuel reductions	-65	-65	-55				**-185**
Productivity Improvements							**0**
Back Office Reductions		-100	-100	-50			**-250**
Other workforce savings		-50	-50	-150			**-250**
Continuous Improvement Savings		-70	-70	-105			**-245**
Non Pay Austerity Measures	-130	-100					**-230**
Automation/ NEP Savings			-100	-100	-100	-100	**-400**
Collaboration - NEP savings		-50	-50	-50	-50	-50	**-250**
	-1,260	**-990**	**-900**	**-790**	**-290**	**-250**	**-4,480**

14.3 The impact of the consolidation of the inflationary increases, pressures forecasted changes and resultant funding gaps are detailed as follows:

Table 18 – Cost Variation Statement 2020/21- 2025/26

	20/21	21/22	22/23	23/24	24/25	25/26
	£'000	£'000	£'000	£'000	£'000	£'000
Net Budget - Prior Year	**106,897**	**115,402**	**120,553**	**125,859**	**131,117**	**136,247**
Summary Variation Statement						
Efficiencies Identified	-1,260	-990	-900	-790	-290	-100
Uplift Costs (Including Furture Increments / FYE)	2,103	343	126	126	126	126
Police Staff Pensions	987	0	0	0	0	0
Pay Award - Last Year - additional +0.5%	284	0	0	0	0	0
Full Year Effect of Last Year Pay award	1,028	1,386	1,280	1,301	1,226	1,275
In Year Pay / Other inflation	2,040	1,899	1,927	1,842	1,935	2,025
Cost Pressures - Own Costs	830	525	210	150	0	0
National / Regional Cost Pressures	365	60	390	250	0	0
Reserves Reduction Assumption	378	276	327	0	0	0
Direct Revenue Contribution	350	750	500	500	500	500
Estimated Capital Borrowing	43	462	1,096	840	133	398
Growth Proposals						
Departmental / Other Cost Pressures / Growth	466	440	350	1,040	1,500	1,200
HMIC / FMS / Demand Areas - Workforce Plan	891	0	0	0	0	0
Budget Requirement 20/21	**115,402**	**120,553**	**125,859**	**131,117**	**136,247**	**141,671**
Additional Government Funding +7% and 2% fro	-4,958	-1,082	-1,104	-1,126	-1,149	-1,172
Additional Precept Funding @ +5% +1.52 % Base	-3,546	-3,434	-3,634	-3,846	-4,071	-4,309
	-8,504	**-4,516**	**-4,738**	**-4,972**	**-5,219**	**-5,480**
Shortfall	**0**	**636**	**568**	**286**	**-90**	**-56**
Cumulative Deficit	0	636	1,203	1,490	1,400	1,344

14.4 Given the scale of impact that a review of funding formula could have, both the Commissioner and Chief Constable have agreed to record this eventuality of the Strategic Risk Register. There is no doubt that any significant reductions in central grant funding would have serious implications on police services and the communities of Dyfed-Powys. The recommencement of national work will be monitored closely by both the CFO and DOF and a specific Gold Group would be established to develop operational models and sustainable to delivery plans to meet the potential scenarios. It is also worth highlighting the potential conflict and dichotomy that may arise with requirements for meeting the Prime Ministers Operation Uplift pledge.

14.5 Work continues on a national and all-Wales basis to seek every opportunity for collaboration, consistency of approach and commercial efficiencies. The Deputy Chief Constable currently chairs the All Wales Collaboration Board which oversees all existing police collaborations.

15 Section 25 and Budgetary Risk

15.1 Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer report to the Commissioner, at the time the budget is being set, on the risks and uncertainties that might require more to be spent on the service than planned, and the adequacy of financial reserves. This report is shown in Appendix D

15.2 Allowance is made for these risks by:

- making prudent allowance in the estimates; and in addition
- ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

15.3 It is important that budgetary risk has been minimised when the budget is set. The level of budgetary risk must be formally considered by the Commissioner informed by the advice and judgement of his Chief Finance Officer.

15.4 The proposed budget for 2020/21 reflects the identified and quantifiable risks. However it has not been possible to incorporate the following risks:

- Amendments to the final government grant notification for future years;
- Unforeseeable changes in government policy;
- Unknown financial consequences arising from the exit from the European Union (Brexit);
- Further future impacts of pension scheme reviews on employer contribution rates.
- Financial outcomes of national legal cases and challenges in relation to undercover policing and police pensions.

15.5 Appendix E also outlines a risk impact assessment across various budget headings and based on the percentage of the net revenue budget and the known factors which could influence levels of actual expenditure or income.

16 Reserves

16.1 In accordance with the Home Office Financial Management Code of Practice (FMCoP) the Commissioner considers the role of reserves when compiling the MTFP and annual budget. The Commissioner, supported by his Chief Finance Officer holds the responsibility for ensuring the adequacy of reserves each year so that unexpected demand led pressures on the budget can be met without adverse impact on the achievement of the key priorities.

16.2 The FMCoP requires the Commissioner to establish a strategy on reserves in consultation with the Chief Constable. This Strategy is shown in Appendix F and details the approach for 2020/21 and beyond.

16.3 The opening and estimated closing position for reserves during 2019/20 are shown in the table below.

Table 19: Reserve Balances and Utilisation during 2019/20

	Balance as at 31st March 2019	Net Movement in year	Balance as at 31st March 2020
	Actual	Estimated	Estimated
	£000k	£000k	£000k
General Reserve	4,032	-0	4,032
Earmarked Revenue Reserves	3,863	-1,396	2,467
Ringfenced Revenue Reserves	2,109	180	2,289
Capital Grants	425	-242	183
Capital Reserves	5,786	-1,583	4,203
Total	**16,215**	**-3,041**	**13,174**

16.4 The table below details how the MTFP will impact on reserves over the coming years.

Table 20: Use of Reserves

	20/21	21/22	22/23	23/24	24/25	Total
Use of Reserves	£000k	£000k	£000k	£000k	£000k	£000k
Earmarked Reserves - Revenue contribution	500	223	0	0	0	723
Earmarked Reserves	394	295	213	0	0	902
Ringfenced Reserves	180	180	180	171	0	711
Capital Grants	183	0	0	0	0	183
Capital Reserves	4,162	32	0	0	0	4,194
Total use of Reserves	5,418	730	393	171	0	6,712
Balance at year end	**7,756**	**7,026**	**6,633**	**6,462**	**6,462**	

16.5 The contribution to revenue budget line in the table above appears as the result of the previous Commissioner's decision to reduce the council tax precept for 2015/16 by 5% and to use reserves to fund an element of the revenue budgets for 2015/16 to 2018/19. Given the scale of pressures in the revenue budget the reduction in the remaining reserve will be staggered with the last planned contribution from reserves now being 2021/22.

16.6 The following table outlines the estimated reserves which underpin the 2020/21-2023/24 MTFP:

Table 21: Estimated Reserves at year end

	Balance at 31st March 2020	**Balance at 31st March 2021**	**Balance at 31st March 2022**	**Balance at 31st March 2023**	**Balance at 31st March 2024**	**Balance at 31st March 2025**
	£000k	**£000k**	**£000k**	**£000k**	**£000k**	**£000k**
General Reserve	4,032	4,032	4,032	4,032	4,032	4,032
Earmarked Revenue Reserves	2,467	1,574	1,056	843	843	843
Ringfenced Revenue Reserves	2,289	2,109	1,929	1,749	1,578	1,578
Capital Grants	183	0	0	0	0	0
Capital Reserves	4,203	41	9	9	9	9
Total	**13,174**	**7,756**	**7,026**	**6,633**	**6,462**	**6,462**

16.7 At the end of 2024/25, the general reserve is expected to remain at £4.032m with total reserves amounting to £6.462m, albeit that £1.578m of this is effectively being held on behalf of other parties and collaborative initiatives. The percentage of general reserve against net revenue budget will fall from 3.8% at the end of 2019/20 to 3.0% as the net revenue budget increases. The reserves are further detailed in Appendix G and also provide the information to accord with the Home Office and ministerial requirements.

16.8 The above reserve levels have been considered in the context of risk which comply with CIPFA's guidelines which state that "*in order to assess the adequacy of unallocated general reserves….take account of the strategic, operational and financial risks facing the authority*."

16.9 Whilst risk exposure and mitigation of that risk may not necessarily drive a material increase in spending, it will influence the level of general reserves year by year.

16.10 Four key risks are specifically relevant to the level of general reserves now and in the future, which are outlined below.

- Economic instability – the risk that worsening economic conditions, real terms reductions in levels of government grant and the increased resource requirements will have a significant effect on already stretched financial resources. This will result in a restriction on operational activity and developments over the next four years and beyond, for example, curbing the ability to offer the level of community policing that the public is expecting unless a bigger draw on reserves is authorised;
- External Risks – such as Brexit and global financial markets have been taken into account in setting reserves;
- Operational major incidents and nationally and locally managed capital schemes – the likelihood and impact of a major incident that could occur within the Force area and risks attached to significant capital schemes has been considered in determining an appropriate level of reserves;
- Council Tax – keeping council tax under control remains a priority for the Government.

17 Capital

17.1 Well maintained and managed assets and critical infrastructure play a vital role in the delivery of efficient policing services. Therefore it makes sense to plan how these assets will be maintained and managed. The Capital Strategy is shown in Appendix H and underpins the draft capital programme for 2020/21.

17.2 Considerable work has been undertaken during 2019/20 to consider future investment requirements over a longer period, albeit this naturally includes a number of assumptions. A ten year programme is outlined within the Capital Strategy with the programme for the next five years being outlined in the table below:

Table 22: Draft Capital Programme for 2019/20 to 2024/25

Capital Programme	19/20	20/21	21/22	22/23	23/24	24/25	Total
	£000k	£000k	£000k	£000k	£000k	£000k	£000k
Land and Buildings	1,365	10,774	17,500	5,100	1100	600	36,439
Vehicles	1,035	1,085	1,050	1,050	1,050	1,170	6,440
IT and Other Strategic Spending	3,576	4,364	4,070	6,423	2,734	5,423	26,590
Capital Expenditure	5,976	16,223	22,620	12,573	4,884	7,193	69,469
Grant Funding	-85	-85	-85	-85	-85	-85	-510
Borrowing	-1,365	-10,773	-20,499	-10,338	-2,149	-3,958	-49,082
Driver Retraining Contribution	-243						
Capital Grants	-242	-183					-425
Contribution from Revenue Account	-500	-850	-1,600	-2,100	-2,600	-3,100	-10,750
Capital Receipts	-1,787		-250	-50	-50	-50	-2,187
Sustainability Reserve	-170	-170	-154				-494
Capital Reserve	-1,584	-4,162	-32				-5,778
Capital Financing	-5,976	-16,223	-22,620	-12,573	-4,884	-7,193	-69,469

17.3 The draft capital programme requires total funding of £69.5m for 2019/20-2024/25 with £6.0m planned to be spent in 2019/20. For the current capital programme to be fully financed over the next six year, capital reserves will be depleted by the end of 2021/22. In addition, it is foreseen that external borrowing of £49.1m will be needed over the same period. The majority of this borrowing will fund the building of a new custody facility for Carmarthenshire, provide a solution to the ageing police facility in Brecon and fund the new training facility for the Joint Firearms Unit. The cost of these three capital projects are currently expected to be in the region of £29.0m.

18 Public Consultation and Opinion

18.1 On the 5th December 2019, the Commissioner launched his public consultation on police funding for 2020/21. It was important to the Commissioner that he sought the views of the public and Dyfed-Powys Police workforce. He urged all to voice their opinion on this critical issue, to ensure that as a Police Force, Dyfed-Powys Police can continue to safeguard its communities with the highest standard of service available.

18.2 To assist the public in providing their views, a survey was created and both distributed and promoted widely. The Commissioner outlined the impact of what an additional £1, £1.50 and £2 per month on the Police Precept would mean to Dyfed-Powys Police and its service users. The survey closed on Sunday 12th January 2020.

18.3 This year's consultation once again saw a significant increase in responses from 531 last year to 617 for this year.

Table 23 – 2020/21 Precept Consultation Responses

How much more would you be willing to pay each month through the police precept?		
Response	**No. of responses**	**% of responses**
An additional £1	244	40%
An additional £1.50	106	17%
An additional £2	267	43%
Total	**617**	**100%**

18.4 Six out of ten (60%) of respondents to the Commissioner's survey would be supportive and willing to pay an additional £1.50 or £2 each month through the Police Precept with the remaining 40% willing to pay an additional £1 each month.

19 Conclusion

19.1 As outlined in the Commissioners summary, given the historic funding decisions and scale of the financial challenges and operational challenges that both Dyfed-Powys and the wider police service face, it is vital to secure a police precept which will safeguard policing and support the continued delivery of the priorities set out the Police & Crime Plan.

19.2 The above report sets out the array of internal and external factors and considerations which have informed the development of the MTFP.

19.3 The Commissioner submits a precept proposal for 2020/21 and assumptions that underpin the MTFP to 2024/25.

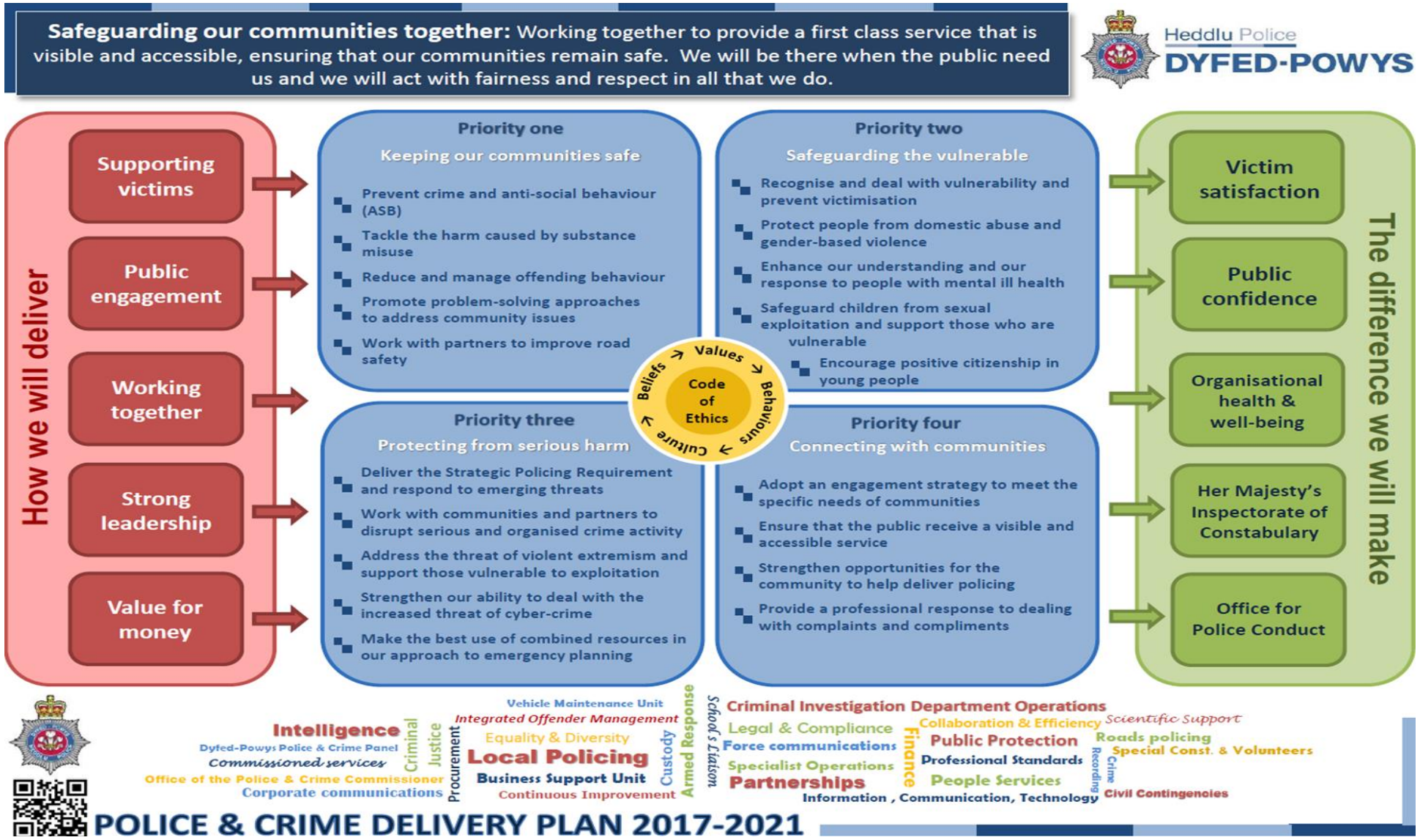
19.4 The Commissioner therefore submits a precept proposal for scrutiny by the Dyfed-Powys Police and Crime Panel which will raise the average band D property precept by £1 per month or £12 per annum to £260.56, a 4.83% increase. This increase is in accordance with the flexibilities outlined by the Government and will raise a total precept of £58.793m. This will provide a total of central and local funding of £115.402m representing a 7.96% increase on funding levels in 2019/20.

19.5 The impact of this police precept on each property banding are shown below:

Table 24 - Council Tax Bandings

Tax Band	Basis	2018/19	2019/20	Increase
A	6/9ths	£165.71	£173.71	£8.00
B	7/9ths	£193.32	£202.66	£9.34
C	8/9ths	£220.94	£231.61	£10.67
D	**9/9ths**	**£248.56**	**£260.56**	£12.00
E	11/9ths	£303.80	£318.46	£14.66
F	13/9ths	£359.03	£376.36	£17.33
G	15/9ths	£414.27	£434.27	£20.00
H	18/9ths	£497.12	£521.12	£24.00
I	21/9ths	£579.97	£607.97	£28.00

19.6 This level of funding will allow the Force to continue to provide focussed funding to meet their operational and strategic delivery plans demonstrating improvements against Force Management Statement priorities, financial and operational resilience, HMICFRS recommendations and self-identified areas for improvement. These plans are also anticipated to have a positive impact in maintaining and improving the standards of service that the public can expect as well making a tangible impact staff and officer workloads and wellbeing.


Safeguarding our communities together: Working together to provide a first class service that is visible and accessible, ensuring that our communities remain safe. We will be there when the public need us and we will act with fairness and respect in all that we do.
Heddlu Police
DYFED-POWYS
How we will deliver
Supporting victims
Public engagement
Working together
Strong leadership
Value for money
Priority one
Keeping our communities safe
Prevent crime and anti-social behaviour (ASB)
Tackle the harm caused by substance misuse
Reduce and manage offending behaviour
Promote problem-solving approaches to address community issues
Work with partners to improve road safety
Priority two
Safeguarding the vulnerable
Recognise and deal with vulnerability and prevent victimisation
Protect people from domestic abuse and gender-based violence
Enhance our understanding and our response to people with mental ill health
Safeguard children from sexual exploitation and support those who are vulnerable
Encourage positive citizenship in young people
Values
Behaviours
Culture
Beliefs
Code of Ethics
Priority three
Protecting from serious harm
Deliver the Strategic Policing Requirement and respond to emerging threats
Work with communities and partners to disrupt serious and organised crime activity
Address the threat of violent extremism and support those vulnerable to exploitation
Strengthen our ability to deal with the increased threat of cyber-crime
Make the best use of combined resources in our approach to emergency planning
Priority four
Connecting with communities
Adopt an engagement strategy to meet the specific needs of communities
Ensure that the public receive a visible and accessible service
Strengthen opportunities for the community to help deliver policing
Provide a professional response to dealing with complaints and compliments
The difference we will make
Victim satisfaction
Public confidence
Organisational health & well-being
Her Majesty's Inspectorate of Constabulary
Office for Police Conduct
Intelligence
Dyfed-Powys Police & Crime Panel
Commissioned services
Office of the Police & Crime Commissioner
Corporate communications
Criminal Justice
Procurement
Vehicle Maintenance Unit
Integrated Offender Management
Equality & Diversity
Local Policing
Business Support Unit
Continuous Improvement
Custody
Armed Response
School's Liaison
Criminal Investigation Department Operations
Legal & Compliance
Force communications
Specialist Operations
Partnerships
Information , Communication, Technology
Finance
Collaboration & Efficiency
Scientific Support
Public Protection
Professional Standards
People Services
Recording Crime
Roads policing
Special Const. & Volunteers
Civil Contingencies
POLICE & CRIME DELIVERY PLAN 2017-2021

Heddlu Dyfed-Powys Police TOWARDS 2025

Building a service fit for 2025 and beyond means working together, working smarter and striving for continuous improvement.

We will develop a police service that is forward thinking, innovative and engaged - guided by community needs, demand and intelligence.

Mark Collins, Chief Constable

Local Policing

Local policing will be tailored to the needs of our communities - Informed by their priorities and our evidence.

- Police Officers and PCSOs will be located in the places where our analysis tells us they are needed.
- We will also be visible and accessible online - Available to engage with our communities in ways that suit their needs.
- We will adopt a multi-agency problem solving approach to community problems, focusing on early intervention from the most appropriate agency.

Specialist Capabilities

We will build our capacity and continue to test ourselves, so that we are prepared and ready to respond to existing and emerging crime types.

- We will build specialist capability with other Welsh forces to respond to existing and emerging threats e.g. terrorism, serious and organised crime and cybercrime.
- We will exercise for these threats together, ensuring we are ready to respond when needed.
- We will develop one approach to accreditation of specialist services within Wales (e.g. Collision Investigation), reducing costs and avoiding duplication of effort.

Workforce

We will work to retain and recruit confident and capable professionals, empowered to do their best for the communities we serve.

- We will have a skilled and agile workforce that reflects our communities and look to standardise staff terms and conditions to allow regionalised service delivery.
- We will develop a more responsive approach to workforce planning and use sophisticated demand analysis to inform resource decisions.
- We will embed the Transformational Leadership Programme across Dyfed Powys Police as part of our leadership approach.

Digital Policing

New technology will make it easier for our communities to speak with us. It will remove waste from our work and improve processes.

- We will develop, improve and integrate our digital policing programme to support operational policing and to improve accessibility for the public.
- We will implement a new records management system, reducing bureaucracy and enhancing the scope for collaboration with other Welsh forces.
- We will make best use of digital and mobile services, maximising the time that officers remain operational within their community.

Business Delivery

We will be flexible in the way we work - Looking for opportunities to do more with others, reducing waste and duplication.

- Our procurement processes will seek to maximise on economies of scale, deliver efficiencies and secure ethical arrangements with local suppliers.
- We will actively explore delivery mechanisms for shared services across public sector, balancing the need for high quality cost effective services with the retention of local employment.
- With other public sector bodies we will reduce the public sector estate in Wales and the associated costs, by exploring co-location and limiting our carbon footprint.

Governance & Accountability

Clear arrangements for accountability and transparency will make us more agile and adaptable as circumstances change.

- We will be open to robust scrutiny and challenge, through internal quality assurance arrangements, external audit and inspection.
- We will play an active role within each Public Service Board to improve the economic, social, environmental and cultural well-being.
- We will recognise and address gaps in service through the annual production of a Force Management Statement.

Category	Original Budget 2019/20	Revised Budget 2019/20	20/21	21/22	22/23	23/24	24/25	25/26
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budgets Managed by the PCC								
OPCC Staff	707	707	749	767	785	801	817	834
OPCC Other Costs	284	284	291	302	313	324	335	347
Commissioning Income	-597	-597	-606	-606	-606	-606	-606	-606
Commissioning Staff	96	96	102	105	107	109	111	114
Commissioning Non Pay	1,455	1,455	1,560	1,719	1,781	1,844	1,910	1,978
Estates Staff Costs	714	714	757	775	792	809	825	842
Estates Non Pay Costs	3,936	3,967	4,046	4,109	4,192	4,262	4,414	4,572
Estates Income	-656	-687	-705	-730	-756	-783	-811	-840
Total Budgets Managed by the PCC	**5,939**	**5,939**	**6,196**	**6,442**	**6,608**	**6,761**	**6,997**	**7,241**
Budget for Chief Constable and Staff under Direction and Control of Chief Constable								
Employees								
Police Officer	66,852	66,850	70,074	72,361	74,155	75,922	77,536	79,224
Police Staff	24,421	23,856	26,834	27,353	27,708	27,885	28,344	28,913
PCSOs	4,458	5,041	5,349	5,476	5,599	5,718	5,833	5,950
Police Pensions	1,609	1,609	1,644	1,678	1,713	1,748	1,783	1,819
Indirect Staff Costs	1,057	1,035	1,432	1,483	1,536	1,591	1,647	1,706
Total Employee Costs	**98,397**	**98,392**	**105,333**	**108,351**	**110,712**	**112,863**	**115,144**	**117,613**
Running Expenses								
Premises Related	354	358	368	382	396	410	425	440
Transport Related	1,964	1,960	2,038	2,095	2,128	2,205	2,284	2,366
Supplies and Services	9,844	10,161	10,562	10,775	11,108	12,314	14,189	15,822
Agency and Contracted	9,979	9,959	10,607	10,995	11,736	12,360	12,750	13,204
Total Running Costs	**22,141**	**22,439**	**23,575**	**24,247**	**25,368**	**27,290**	**29,647**	**31,832**
Income and Specific Grants								
Income	-8,508	-8,721	-9,220	-9,575	-9,942	-10,220	-10,585	-10,962
Specific Grants	-10,686	-10,686	-10,777	-10,747	-10,720	-10,846	-10,975	-11,109
Total Income and Specific Grants	**-19,194**	**-19,407**	**-19,997**	**-20,322**	**-20,662**	**-21,066**	**-21,560**	**-22,071**
Capital, Reserves and Recharges								
Capital Charges	776	886	1,268	2,532	4,204	5,639	6,389	7,426
Reserves	-1,161	-1,161	-783	-507	-180	-180	-180	-180
Recharges and Apportionments	0	-190	-190	-190	-190	-190	-190	-190
Total Capital Reserves and Recharges	**-385**	**-465**	**295**	**1,835**	**3,833**	**5,269**	**6,019**	**7,056**
TOTAL CHIEF CONSTABLE'S BUDGET	**100,958**	**100,958**	**109,205**	**114,112**	**119,251**	**124,356**	**129,250**	**134,430**
Total PCC and Chief Constable	**106,897**	**106,897**	**115,402**	**120,553**	**125,859**	**131,117**	**136,247**	**141,671**

Category	Original Budget 2019/20	Revised Budget 2019/20	20/21	21/22	22/23	23/24	24/25	25/26
Grants and Precepts								
Police Grant (Inc Floor)	-36,993	-36,993	-40,967	-41,786	-42,622	-43,475	-44,344	-45,231
RSG / NNDR	-13,355	-13,355	-13,149	-13,412	-13,681	-13,954	-14,233	-14,518
Operational Uplift Grant	0	0	-1,190	-1,190	-1,190	-1,190	-1,190	-1,190
Pensions Grant	-1,302	-1,302	-1,302	-1,302	-1,302	-1,302	-1,302	-1,302
Council Tax Precept	-55,247	-55,247	-58,793	-62,227	-65,861	-69,707	-73,778	-78,086
Total Central Grant and Precepts	**-106,897**	**-106,897**	**-115,402**	**-119,917**	**-124,655**	**-129,628**	**-134,847**	**-140,327**
Deficit (+) / Surplus (-) - Cumulative	**-0**	**-0**	**0**	**636**	**1,203**	**1,490**	**1,400**	**1,344**
Taxbase	222,268	222,268	225,641	227,446	229,266	231,100	232,949	234,812
COUNCIL TAX LEVEL	248.56	248.56	260.56	273.59	287.27	301.63	316.71	332.55
Council Tax Increase	10.7%	10.7%	5%	5%	5%	5%	5%	5%
Taxbase @ Band D	2019/20	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Carmarthenshire	72,440	72,440	74,007	74,599	75,195	75,797	76,403	77,015
Ceredigion	31,648	31,648	31,936	32,192	32,449	32,709	32,971	33,234
Pembrokeshire	56,056	56,056	57,302	57,760	58,222	58,688	59,157	59,631
Powys	62,124	62,124	62,397	62,896	63,399	63,906	64,417	64,933
Taxbase	**222,268**	**222,268**	**225,641**	**227,446**	**229,266**	**231,100**	**232,949**	**234,812**

1. Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer report, to the Commissioner, at the time the budget is being set, on the following matters:
   - the robustness of the estimates made for the purposes of calculations;
   - and the adequacy of the proposed financial reserves.
2. Both the Commissioner and Police and Crime Panel are required to have regard to this report when considering and making decisions in connection with the budget.
3. The proposed budget presented in this report is based upon robust figures, prepared by the Director of Finance but in consultation with myself, the Chief Finance Officer. The detailed estimates have been prepared on a realistic basis and a result of comprehensive work undertaken by Corporate Finance in liaison with senior officers across the Force and have been subject to review and discussion through formal and informal meetings.
4. The MTFP sub group which was established during 2018 has continued in earnest to consider the array of issues and financial assumptions which have informed this budget. Much work has also been undertaken under the Finance, Efficiencies and Futures Group to consider capital requirements over a longer horizon and albeit that this contains a number of assumptions and uncertainties, it has highlighted longer term requirements and consequential implications for the revenue budget.
5. The MTFP also takes cognisance of the critical review of service demand that has been undertaken and also addresses issues identified in the Force Management Statement.
6. Proper provision has been made for realistic pay and price increases, and achievable levels of income. To inform the assumptions both the Director of Finance and I have taken cognisance of a wide range of financial and economic data and also engage closely with professional networks.
7. The Chief Constable continues to report financial performance monthly through Policing Board and quarterly through Police Accountability Board. Updates are also provided to the newly formed Finance, Efficiency and Futures Board and also through the Finance and Procurement Group. Finance is also a standard agenda item for other governance groups to ensure the appropriate and timely escalation of issues. I meet on a bi weekly with the Director of Finance and there is close working with the Corporate Finance team in relation to a number of specific areas which impact on the budget preparation and the MTFP. Corporate Finance also delivered a suite of financial management training to senior managers across the organisation during 2019, and have themselves undertaken additional training provided by the Chartered Institute of Public Finance and Accountancy.
8. There has been much focus on the requirements to deliver efficiencies over the last 10 years, and the Government have set out very explicit expectations in this regard. The Efficiency Plan is therefore a

structured way reduce expenditure in a controlled manner. The assumptions for savings, efficiencies and service transformation are ambitious but should be achievable through close management and monitoring through the revised governance structure, albeit that it is recognised that the plan does carry a risk in terms of attainment.

9. The Efficiency Plan for 2020/21 is forecast to deliver sufficient savings to balance the 2020/21 but it should be recognised that savings and efficiencies are proving harder to achieve. Intrinsic to the delivery of this efficiency plan, the force are establishing a Business Benefits Realisations post to work with senior managers to ensure benefits are both realised and captured appropriately. In line with Government expectations there will need to be a continued organisational focus on efficiencies and transformation over coming years.

10. The political turmoil of 2019 and funding uncertainties have undoubtedly impacted on financial planning. It is vital to highlight the difficulties in planning sustainably for the medium and long term when government funding announcements are for one year only and notified very late. There are also a number of specific grants which underpin core policing activity both locally and regionally, including the new specific grant to support recruitment for Operation Uplift. The continued uncertainty regarding future funding is not helpful for both service delivery and financial planning. Prudent assumptions have been made for the MTFP, but future years will need to be revisited as information comes to light.

11. The delayed Comprehensive Spending Review is likely to recommence shortly and the local, regional and national implications will need to be carefully considered and the MTFP will need to be updated to reflect accordingly.

12. The Government are also likely to recommence their work on the review of the police funding formula. The previous iteration of this work suggested a significant impact for Dyfed-Powys with a loss of circa £8m grant funding. Given both the uncertainties and scale of these reductions, the MTFP does not reflect any assumptions at this stage. Both the Director of Finance and I will continue to contribute to this work and once more solid information is known will work with Chief Officers to develop viable delivery models.

13. Whilst the increase in core funding and the specific grant to support police officer recruitment through Operation Uplift have been welcomed, there are concerns that future costs will not be met in their entirety from government grant. There are also concerns that future service transformational choices may be unduly hindered by the dichotomy and conflict against government requirements and expectations in relation to Police Officer numbers. The nuancing of these complex issues are however being raised and discussed at a national level.

14. The adequacy of general reserves needs to be closely monitored to ensure that it is maintained at a sustainable level. The assumed profile of funding and cost of services within the MTFP sees a reduction of General Reserves falling from 3.77% of Net Revenue Expenditure

at the end of 2019/20 to 2.87% by the end of 2024/25. This reduction is due to the increases in the net revenue budget rather than the utilisation of reserves. These levels assume that there are no calls on general reserves to meet unforeseen financial burdens.

15. The previous decision to use reserves to underpin the annual revenue costs has undoubtedly caused sustainability strain over the medium term. When setting last year's MTFP it was anticipated that the use of reserves would be mitigated by the end of 2020/21, however given the scale of financial pressures faced this period has now been extended to 2021/22.

16. Through the work of the Finance Gold Group during 2018/19 and prudent in year financial management, two new specific reserves were established at year end. A Chief Constable Contingency Fund of £385k was created to assist in mitigating the financial impacts of annual peaks and troughs in critical and major incidents, with an additional contribution of £100k planned contribution within the 2019/20 budget. The Commissioner also created a Sustainability and Transformation Reserve of £494k to assist the development of innovative organisational initiatives.

17. There are also earmarked reserves which are held by the Commissioner to fund Community and road safety initiatives along with some ring-fenced reserves which are effectively held on behalf of third parties for the Go Safe partnership and for the Collaborative Arrangements.

18. As detailed in the reserves strategy the adequacy of both the General reserve and specific reserves will be kept under constant review.

19. The robust approach on risk management and prioritisation of investment has enabled critical infrastructure developments and ensure a sustainable police service. Dyfed-Powys have continued to maximise on collaborative opportunities at both a regional and national level but as well as enabling efficiencies there are also cost implications of doing so.

20. There has been considerable focus on the Capital Programme and Strategy by the Finance, Efficiencies and Futures Group during 2019/20 and this MTFP for the first time considers the investment requirements for a ten year period. However the financing of this programme is challenging given that Capital Grant has been reduced from £325k to £85k per year. This MTFP seeks to progressively increase the annual revenue contribution to capital to a sustainable level and keep the requirement of external borrowing to an affordable minimum, but this naturally causes an additional annual pressure within the revenue budget.

21. There are three major capital developments which will need to be effectively be funded by borrowing – notably the Llanelli Custody facility, new station facility in Brecon and a required new training facility for the collaborative Joint Firearms Units. The servicing of this borrowing adds an additional annual pressure to the revenue budget. All of these projects are subject to formal governance and appropriate due diligence but due to a number of issues the costs of each have

increased since initially being recognised within the capital programme.

22. Despite the assumed increases in council tax precept, core grant and use of revenue reserves there are shortfalls over the term of the MTFP. There are a number of uncertainties and risks which are detailed within the MTFP and despite the additional funding to support Operation Uplift, it is clear that the financial environment will remain challenging for the foreseeable future.

23. This MTFP has fully considered and documented the array of known issues and assumptions which impact over the period of planning period and I am satisfied that the proposals for 2020/21 produce a balanced budget and that the current level of reserves are adequate. Dyfed Powys Police will however continue to face financial challenges and both the impact and implications of the CSR and the review of the Police Funding Formula will need very careful consideration to ensure financial resilience and sustainability whilst continuing to protect the communities of Dyfed-Powys.

Beverley Peatling

Chief Finance Officer to the Police and Crime Commissioner for Dyfed-Powys

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Police Officer Salary Costs	48.5%	High	Overtime incurred on major incidents/operations/investigations is not controlled and monitored and therefore exceeds the budget. Allowances paid for bonus payments, etc could exceed budget. The number of officers in post increases above the approved funded establishment. Assumptions have been made in relation to future pay awards but until finalised remain uncertain. The full costs of Operation Uplift will not be fully funded by Government Grant. Government expectations and conditions of grant to support Operation Uplift will contradict and hinder the force in its transformation and ability to meet future efficiency and savings requirements.	The Finance Gold Group established an Overtime sub group and has put in place additional controls in relation to all aspects of financial control and management of overtime. Additional authorisation processes for overtime were put in place in summer 2018 and financial reporting was strengthened to facilitate timely and accurate monitoring. Through prudent financial management, a Chief Constable Contingency Fund of £385k was established at the end of 2018/19 to ease the peaks and troughs of major and critical incidents. It is anticipated that this reserve will be supplemented by a further £100k by the end of 2019/20. Finance representation on gold groups and other operational investigation groups now occurs as a matter of course. This enables overtime and other costs to be closely monitored and reported to each meeting. The establishment is monitored continually as part of budgetary control process. A Budget Monitoring Procedure is in place with the budget being reported regularly to Chief Officer Group. HR has a recruitment plan for the year ahead based on the projected number of police officer retirements, leavers and transferees. The required intake of probationers are planned and allocated accordingly. In year financial performance is discussed regularly by the PCC and CC at Policing Board and within dedicated Finance Seminars. Financial matters are also covered at the Police Accountability Board, the

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
				Joint Assets Board and Finance and by the Procurement Group. A Gold Group has been established to manage Operation Uplift and the impact and implications will be escalated through the revised governance structure. Local and national representations in relation to the wider and perhaps unintended consequences of Operation Uplift will continue to be made.
Police Staff Salary Costs (including PCSO's)	29.3%	High	The number of staff in post increases above the approved funded establishment. Projects requiring staff involvement out of normal working hours are accurately costed for additional costs such as overtime etc.	The establishment is monitored continually as part of budgetary control process. A Gateway process has been established to monitor and control the establishment on a strategic basis. A Budget Control Procedure is in place. Professional payroll and human resources staff will be engaged in establishing staff entitlement for additional hours. In year financial performance is discussed regularly by the PCC and CC at Policing Board and within dedicated Finance Seminars. Financial matters are also covered at the Police Accountability Board, the Joint Assets Board and Finance and by the Procurement Group.
Police Officer Pensions	13.6%	High	Given both the pensions directions and outcome of the legal challenge around Career Average Schemes there is a risk of yet further increased contributions. The financial remedies as a consequence of the Leigh Day case are still awaited and these could	Linked to police officer salary costs above. Ability to amend recruitment profiles during the year, albeit must recognise the conflict of requirements of Operation Uplift. Historically major changes which have significant financial implications have been funded through the Home Office and then factored into subsequent

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
			have significant financial implications. Also, changes in the way certain elements such as injury payments are treated pose a risk.	actuarial reviews.
Indirect Staff Costs	1.2%	Medium	These might increase above budget. Uncertainty continues around the ongoing funding of the new police recruitment for the Police Education Qualification Framework (PEQF) which was adopted from March 2019. Insurance costs pressures are being monitored	Training budgets have been set to reflect operationally critical requirements. Budgets are monitored on a monthly basis and a Training Prioritisation Group considers training priorities before training is delivered. The PCC and CC continue to discuss and monitor training requirements at Policing Board. Discussions and representations are ongoing with the Home Office in relation to future funding to support PEQF.

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Premises Costs	3.8%	Medium	Despite a programme of work to address the condition of the estate, increased revenue costs may be required to ensure that the estate is maintained as a safe working environment for staff and officers. Fluctuations in electricity and gas costs may continue as a result of market conditions and more extreme weather conditions.	The capital programme is considered as part of Medium Term Financial Strategy and annual budget setting process and has been subject to specific review by the Finance, Efficiencies and Futures Board with an extended 10 year view for this MTFP. Review of energy utilisation to seek efficiencies and invest to save opportunities. Robust budget monitoring procedures are in place and adhered to. The Strategic Estates Group brings together key staff within the PCC's office and from the Force meet monthly to discuss estates matters including finances. Matters are then escalated to the Finance, Efficiencies and Futures Board which is chaired by the DCC. The establishment of the Sustainability Group will consider further efficiencies and oversee the Sustainability and Transformation Reserve which was created at the end of 2018/19.

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Transport Costs	1.8%	Medium	Although there are planned changes to the fleet size, the costs of fuel are prone to significant market fluctuation which could increase in running costs. The exit from the European Union may lead to increased fuel costs in the future and impact on the availability and costs of spare parts.	The capital programme is considered as part of Medium Term Financial Strategy and annual budget setting process and has been subject to specific review by the Finance, Efficiencies and Futures Board with an extended 10 year view for this MTFP. The Strategic Vehicle Group meets to discuss the vehicle fleet – group is chaired by the Director of Finance with matters being escalated to the Finance, Efficiencies and Futures Group. Fuel prices are monitored and their impact regularly assessed through the robust budget monitoring procedures that are in place. Telematics data is allowing the Force to monitor vehicle usage and optimise the size of the fleet. The capital programme includes provision for the continued adoption of electric vehicles which will reap efficiencies and savings. The potential impacts of the exit from the European Union are being monitored at a local, regional and national level.

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Supplies and Services and Commissioning	10.8%	Medium	Non purchase orders could result in over spends against the budget. The exit from the European Union may lead to shortages in supply and increases in costs.	Purchase orders are processed with a built in budget check for high value items. The Procurement Department ensure that the procurement of goods and services are made in accordance with Financial Regulations and Procedures. Robust budget monitoring procedures are in place and adhered to. The establishment of the Police Commercial Organisation in 2020/21 should facilitate and reap some national, regional and local savings. PCC's commissioned services are authorised by the Director of Commissioning and are overseen by the Commissioning Advisory Board.
Agency & Contracted Services	9.2%	Medium	Additional and increasing costs arising from the collaboration arrangements – specifically the Regional Organised Crime Unit, Joint Firearms Unit and JFU training facility's.	Work is ongoing to strengthen the governance and financial management arrangements surrounding collaboration. Additional financial provision has been made for 2020/21 and assurances over specific grant funding being sought.
Capital Financing	1.1%	Medium	Borrowing costs could increase if there is a rise in interest rates	External advise from Treasury Management Consultants The Capital Strategy, Investment Strategy and Medium Term Financial Plan are aligned.

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Specific Grant	-9.9%	High	Critical services which are supported by Grant cannot be sustained. Additional financial burdens incurred as a result of lost/ reduced grant funding. Grants should be utilised in accordance with the terms and conditions of grant. Grant providers may cease payments of grant with minimal notice.	A grant register records all grants due. Posts funded by grants should be recruited on a temporary basis for the duration of the grant. All terms of grant are authorised by the Chief Financial Officer. All establishment amendment forms are scrutinised by the Establishment Control Group with changes authorised by the Director of Finance and Head of Human Resources and. Comprehensive exit plans continue to be developed for each specific activity supported by external grant. PCC Commissioned services supported by specific grant are authorised by the PCC, Director of Commissioning after consultation with the Chief Finance Officer.
Other Income	-8.6%	Medium	Income targets are under achieved as a result of lower than forecasted activity levels.	The Income Generation Group considers opportunities for the maximisation of income generation with budget holders being actively encouraged to develop opportunities. Income will be reviewed and monitored as part of financial management and budgetary control arrangements.
Use of Reserves	-0.8%	High	Reserves are underpinning the revenue budget which causes sustainability difficulties in future years. Unexpected demand led pressures on budgets cannot be met without an adverse impact.	Annual review and consideration of reserves Strategy which outlines the approach and arrangements MTFP reduces level of reserves which are underpinning the revenue budget over next 2 years. Creation of operational reserve to mitigate peaks in critical and major incidents.

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
				The Medium Term Financial Plan Group continues to review medium term requirements, reserves and funding with matters being escalated to the Finance, Efficiency and Futures Group as appropriate. Regular monitoring of the financial position occurs through the forces' Chief Officer Group (COG) and Policing Board.
Capital	N/A	High	The size, high cost and complexity of capital projects increases the risk of exceeding budgets, time overruns and not achieving the objectives of the original business case.	The capital programme is approved and monitored by the PCC and discussed at monthly Joint Assets Board meetings. Capital investment is also discussed at dedicated Finance Seminars led by the PCC. Chief Officers receive regular reports and monitor progress with capital projects at COG. Governance arrangements are in place covering all major projects for the Force.

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RESERVES STRATEGY

RESERVES, BALANCES AND PROVISIONS

1 Introduction

1.1. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 which require local authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement.

1.2. The Financial Management Code of Practice states that the Police and Crime Commissioner (Commissioner) should establish a strategy on reserves (including how they might be used by the Chief Constable) and provisions in consultation with the Chief Constable. This should have due regard to the need to ensure the on-going funding of policing activities and the requirement to meet exceptional or extraordinary policing operations.

1.3. Reserves are an essential part of financial management. They help the Commissioner and Chief Constable cope with unpredictable financial pressures and plan for future spending commitments.

1.4. All reserves will be held by the Commissioner and managed to balance funding and spending priorities and to manage risks. This forms an integral part of the medium-term financial planning process.

2. Definitions

2.1. Reserves and balances are different from provisions from an accounting perspective. In the case of useable reserves (as opposed to unusable reserves) and provisions, both amounts represented on the balance sheet should be matched by physical cash balances, unless internal borrowing has taken place.

2.2. **Usable Reserves** – are balances which are generally held for three specific purposes and are categorised as general reserves or earmarked reserves:

- A working balance to help smooth the impact of uneven cash flows – general reserves;
- A contingency to deal with unexpected events – general reserves;
- A means of building up funds to meet known or predicted requirements – earmarked reserves.

2.3. **Earmarked Reserves** – these are balances that are being held by the for a specific initiatives and purposes.

2.4. **Ring-fenced Reserves -** these are balances that are being held by the Commissioner on behalf of third parties and cannot therefore be utilised without specific direction.

2.5. **Unusable Reserves** - do not have equivalent cash balances and are held for accounting purposes.

2.6. **Provisions** – are required for any liabilities of uncertain timing or amount that have been incurred.

3. Governance Arrangements

3.1. Minimum governance requirements in respect of reserves and balances are:

- The Commissioner has a soundly based strategy on the level and nature of reserves and balances it needs which will be considered by the Joint Audit Committee;
- The required levels of reserves and balances should be reflected in the annual budget and Medium Term Financial Plan (MTFP);
- The Commissioner monitors and maintains the level of reserves and balances within the range determined by its agreed policy, advised by the CFO who will ensure that there are clear protocols for their establishment and use;
- The Commissioner retains adequate reserves so that unexpected demand led pressures on budgets can be met without adverse impact on the achievement of the key priorities;
- The Commissioner's strategy for reserves and balances is based on a thorough understanding of needs and risks, and is properly and clearly reported at the time the budget and precept are set. The level of balances is kept under review and managed to ensure that financial standing is sound and supports the Commissioner in the achievement of their long term objectives;
- Where target levels for reserves and balances are exceeded, the opportunity costs of maintaining these levels has been established, compared to the benefit accrued.

3.2. Locally agreed Financial Regulations and the Scheme of Consent should:

- Contain full details of how the Reserves and Balances strategy will operate locally;
- Ensure that the annual budget includes a realistic amount of operational contingency that is available to the Chief Constable for operational priorities without the need for additional approval; and
- Make provision, where appropriate, for budgets to be carried forward from one financial year to the next.

Statutory Responsibilities

3.3. The "CIPFA Statement on the Role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable" sets out the five principles that define the core activities and behaviours that belong to the role of the CFO and the organisational arrangements needed to support them.

3.4. For each principle the Statement sets out the governance arrangements required within an organisation to ensure that CFOs are able to operate effectively and perform their core duties.

3.5. Governance arrangements required in respect of reserves and balances and which are the responsibility of the CFO are:

- Ensuring that advice is provided on the levels of reserves and balances in line with good practice guidance;
- To report at the time the budget is considered and the precept set, on the robustness of the budget estimates and the adequacy of financial reserves, as required by s25 of the Local Government Act 2003, and in line with CIPFA guidance.

3.6. Both should be undertaken in consultation with the Director of Finance (CFO Chief Constable).

3.7. There are also a range of safeguards in place that militate against the Commissioner over-committing financially. These include:

- The balanced budget requirement;
- Chief finance officers' Local Government Finance Act 1988 Section 114 powers which requires the chief finance officer to report if there is or is likely to be unlawful expenditure or an unbalanced budget; and
- The external auditor's responsibility to review and report on financial standing includes a review of the level of reserves taking into account their knowledge of the organisation's performance over a period of time. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual organisations.

5. Home Office Guidance on Police Reserves

5.1 On 31st March 2018 the Minister for Policing and the Fire Service published new guidance on the information that each PCC must publish in terms of police reserves.

5.2 One of the key requirements is that the information on each reserve should make clear how much of the funding falls into each of the following three categories:

- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan

- Funding for specific projects and programmes beyond the current planning period
- As a general contingency to meet other expenditure needs held in accordance with sound principles of good financial management.

5.3 The Minister also outlined that future grant funding levels would take into account the transparent publication of this information across the service.

6. Assessing the Appropriate Level of Reserves

6.1 The Commissioner is responsible for ensuring that the level of reserves is appropriate for local circumstances, and is accountable to taxpayers for the decisions made. The CFO (PCC) has a duty to provide the Commissioner with the advice they need to make good decisions.

6.2 Reserves are maintained as a matter of prudence. They enable the organisation to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. Reserves for specific purposes may also be maintained where it is likely that a spending requirement will occur in the future.

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

6.4 In order to assess the adequacy of reserves, the CFO (PCC) should include an up-to-date assessment of the strategic, operational and financial risks facing the organisations.

6.5 Setting the level of reserves is one of several related decisions that must be taken when preparing the MTFP and the budget for a particular financial year.

6.6 Assessing the required level of reserves should involve carrying out an analysis of the Balance Sheet on an annual basis and projecting forward the key items of the Balance Sheet. This projection incorporates forecasting levels of reserves and balances over a three year time horizon to cover the MTFP and capital programme.

6.7 In assessing the level of reserves due consideration is also taken of the Government support arrangements:

- Welsh Government Emergency Financial Assistance Scheme to help Forces faced with financial burden as a result of providing relief and carrying out immediate work in response to large scale emergencies. The scheme is subject to a threshold which is set at 0.2% of the revenue budget.
- Home Office Special Grant to meet additional costs that would be incurred from policing unexpected and exceptional events within their areas. If approved forces are expected to meet the additional costs of the event up to 1% of the revenue budget

6.8 An effective reserves and balances strategy should consider the organisations approach to treasury management, capital expenditure plans and the need for external borrowing, against the use of balances and reserves.

6.9 CIPFA guidance suggests that in addition to cash flow requirements, the following factors should be considered:

Budget Assumptions	**Financial Standing and Management**
The treatment of inflation and interest rates	The overall financial standing of the organisations (level of borrowing, debt outstanding, council tax collection rates etc.)
Estimates of the level and timing of capital receipts	The organisations track record in budget and financial management including the robustness of the medium term plans.
The treatment of demand led pressures	The organisations capacity to manage in-year budget pressures
The treatment of planned efficiency savings/ productivity gains	The strength of the financial information and reporting arrangements
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments	The organisation's virement and end of year procedures in relation to budget under/over spends at organisational and departmental level
The availability of other funds to deal with major contingencies and the adequacy of provisions	The adequacy of the organisation's insurance arrangements to cover major unforeseen risks.

6.10 The Commissioner must have due regard to the need to ensure the on-going funding of policing activities (including the requirement to meet exceptional or extraordinary operations). The annual budget should include a realistic amount of operational contingency to be available to the Chief Constable to meet operational priorities without the need for additional approval.

6.11 The Chief Constable will ensure that the annual revenue budget is sufficient to finance foreseeable operational needs by presenting a business case as part of the MTFP and annual budget setting process to the CFO (PCC) and Commissioner for one-off expenditure items to be funded from earmarked reserves.

6.12 The business case should include consideration of the level of reserves required for major incident investigations and other operational requirements, the amount of reserves required and timescales for their use.

6.13 Approval of business cases for the use of reserves will be subject to the authorisation limits set out in Financial Regulations, to assist with day to day operational decision making.

7. General Reserves

7.1 CIPFA's "Guidance Note on Local Authority Reserves and Balances" states that a General Reserve is required to act as " *a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves*". A General Reserve is also required to act as "*a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves.*"

7.2 Whilst CIPFA does not stipulate a minimum or optimal level of general reserve, its general guidance is to establish a reserve representing "resources set aside for purposes such as general contingencies and cash flow management."

7.3 Setting the level of earmarked and general reserves is just one of several related decisions in the formulation of the MTFP and the budget for a particular year. Account should be taken of the key financial assumptions underpinning the budget alongside a consideration of the organisations financial management arrangements.

8. Earmarked Reserves including Ring-fenced Reserves

8.1 The current accounting Code requires the purpose, usage and basis of transactions of earmarked reserves to be clearly identified. A review of the purpose and level of reserves will be carried out annually during the budget setting process and details of the use of reserves included in the relevant note to the Statement of Accounts.

8.2 Earmarked reserves are categorised as either "usable" reserves or "unusable" reserves. Usable reserves can be applied to fund expenditure, unusable reserves are not resources backed and therefore do not have equivalent cash balances.

8.3 It is the Commissioner's policy to use reserves to fund non-recurring purchases to reduce the impact on the council tax precept. This includes using capital reserves to reduce the Capital Financing Requirement (CFR), if appropriate, which in turn will reduce the Minimum Revenue Provision charged to the revenue account annually.

8.4 The target level of earmarked reserves will therefore fluctuate annually but will always be justifiable and monitored to ensure levels of earmarked reserves are not too high or too low. Should the Commissioner deem that the level of usable reserves that he holds is above and beyond the levels reasonably required and specifically earmarked for future projects, the Commissioner may return reserves to the public. This is to be achieved by first utilising reserves to fund one off investments.

8.5 The reason useable reserves are held will be classified in line with the new Home Office classifications as outlined above.

8.6 Unusable reserves currently held include:

- **Revaluation Reserve** - The Revaluation Reserve contains the gains arising from increases in the value of Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are revalued downwards or impaired, consumed through depreciation, or disposed of and the gains are realised;
- **Capital Adjustment Account -** The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions;
- **Accumulated Absences Account -** The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account;
- **Pensions Reserve -** The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

9 Reporting Framework

9.1 The Commissioner has a fiduciary duty to local taxpayers and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.

9.2 The level and utilisation of reserves will be informed by the advice and judgement of the CFO (PCC). To enable the Commissioner to reach their decision, the CFO (PCC) will report the factors that influenced their judgement and ensure that the advice given is recorded formally

within the Medium Term Financial Plan. This report will include as a minimum a statement:

- detailing the level of general reserve and any movements on the fund;
- on the adequacy of the earmarked reserves, relative to spending and an estimate of provisions in respect of the forthcoming financial year and the MTFP;
- how reserves have changed over time;
- on the annual review of earmarked reserves including estimates of the year end balances. The statement will list the various reserves, their purpose, when they will be utilised and appropriate level; and
- An assessment of the risk of major incidents (operational and non-operational) occurring which is reflected in the budget and MTFP.

9.3 This report will be provided annually based on estimates to the Commissioner prior to approval of the council tax precept with the reserves position also being considered annually as part of the Commissioners approval of the Statement of Accounts.

9.4 As outlined above the Home Office issued specific guidance on Police Finance Reserves in January 2018 which seeks enhanced transparency across the service to demonstrate clear utilisation plans. The reporting framework detailed above addresses these requirements.

10 The "Opportunity Cost" of Holding Reserves

10.1 The external auditor encourages a statement within the Reserve Policy on the opportunity cost of holding reserves. "Opportunity Cost" is an economic theory term, which means if you spend something on one thing you cannot spend it on something else.

10.2 Applied to reserves, this means that if reserves are held which are too high, then an organisation is foregoing the opportunity to lower the Council Tax. This theory does not however lend itself well in practice where levels of council tax increase can be capped.

10.3 During the budget setting process the Commissioner considers using reserves for one off investments. This is considered a more sustainable use of 'excess' reserves and reduces the impact on the council tax precept. As reserves reduce the opportunity to do this reduces.

10.4 It is essential that the Commissioner's decisions on reserves are communicated clearly to local taxpayers to promote accountability.

11 Provisions

11.1 Provisions are required for any liabilities of uncertain timing or amount that have been incurred. Provisions are required to be recognised when:

- the local authority has a present obligation (legal or constructive) as a result of a past event;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

11.2 A transfer of economic benefits or other event is regarded as probable if the event is more likely than not to occur. If these conditions are not met, no provision should be recognised.

11.3 The requirement for provisions will regularly assessed.

Appendix G– Reserves 2019/20 -2024/25

Revenue & Capital Reserves	Narrative Comment	Home Office Classification see below	Actual 31st March 2019 £000k	Estimated Reserves at 31st March 2020 £000k	Estimated Reserves at 31st March 2021 £000k	Estimated Balance at 31st March 2022 £000k	Estimated Reserves at 31st March 2023 £000k	Estimated Reserves at 31st March 2024 £000k	Estimated Reserves at 31st March 2025 £000k
General Reserves	The requirements of operational policing vary significantly from year to year. This General Reserve ensures that funds are available to respond to and mitigating the in year financial impacts of major incidents or unknown events. The PCC considers a number of factors in determining the level of reserves namely: Overall financial position and adequacy of financial control; Risk exposure and risk assessment; and Public opinion. This reserve which equates to 3.8% of the 19/20 revenue budget may also assist in mitigating any detrimental impact as a result of the Comprehensive Spending Review and changes to the police funding formula. Further information can be found within the published Reserves Strategy.	**C**	**4,032**	**4,032**	**4,032**	**4,032**	**4,032**	**4,032**	**4,032**
General Reserve as % of net revenue budget				3.77%	3.36%	3.23%	3.11%	2.99%	2.87%
Go Safe' Road Safety Partnership Reserve	This earmarked reserve is held on behalf of the all Wales 'Go Safe' Road Safety Partnership and will be utilised in line with their business requirements which **may** be beyond the life of the current planning period.	**B**	1,721	1,901	1,721	1,541	1,361	1,190	1,190
Regional Collaboration Reserve	This reserve represents the fair share of funds held for collaborative police services which include the Regional Organised Crime Unit and Regional Task Force. These funds will be utilised in line with business requirements to support operational delivery and subject to decisions by the Wales Collaboration Board **may** go beyond the life of the current planning period.	**B**	388	388	388	388	388	388	388
Total Ring-fenced Revenue Reserves			**2,109**	**2,289**	**2,109**	**1,929**	**1,749**	**1,578**	**1,578**
					-	-	-		
Earmarked Revenue Reserve	This reserve is being held to support the revenue budget over the next 3 years to mitigate future funding gaps and detrimental impact on service delivery as a direct result of the previous PCC's decision to reduce the council tax precept for 2015/16 by 5% and to utilise reserves to underpin the revenue budget.	**A**	1,336	723	224	-	-	-	-
Driver Retraining Scheme	This reserves is being held specifically to support activities in relation to road safety initiatives. Further opportunities will be explored to ensure that these reserves are utilised to optimal effect for the communities of Dyfed-Powys.	**B**	1,294	460	335	310	310	310	310
Proceeds of Crime Act	This reserve comes from funds which have been allocated to Dyfed-Powys as a result of confiscation orders arising from proceeds of crime. These reserves are then utilised to support operational activities which assist in bringing criminals to justice e.g. financial investigators.	**A**	218	210	151	92	33	33	33
Chief Constable Operational Fund	This is a new reserve being established to assist in mitigating against the consequential costs of notable peaks in operational activity.	**A**	386	485	485	485	485	485	485
Sustainability & Transformation Fund	This is a new reserve being established to assist in funding invest to save, sustainability and transformational initiatives.	**A**	494	494	324	154	-	-	-
Drug Intervention	This reserve will be utilised to support drug testing.	**A**	135	95	55	15	15	15	15
Total Earmarked Revenue Reserves			**3,863**	**2,467**	**1,574**	**1,056**	**843**	**843**	**843**

Appendix G– Reserves 2019/20 -2024/25

Revenue & Capital Reserves	Narrative Comment	Home Office Classification see below	Actual 31st March 2019 £000k	Estimated Reserves at 31st March 2020 £000k	Estimated Reserves at 31st March 2021 £000k	Estimated Balance at 31st March 2022 £000k	Estimated Reserves at 31st March 2023 £000k	Estimated Reserves at 31st March 2024 £000k	Estimated Reserves at 31st March 2024 £000k
Capital Grants	These capital grants are held to specifically support IT projects within the capital programme	**A**	425	183	-	-	-	-	-
Capital Reserve	This reserve will be utilised to support the significant capital investment in Estates, Information Technology and Fleet including a new custody and station facility within Carmarthenshire, providing a solution to ageing police facility in Brecon and will support a range of both national and local technological developments.	**A**	5,786	4,203	41	9	9	9	9
Total Capital Reserves			**6,211**	**4,386**	**41**	**9**	**9**	**9**	**9**
Total Reserves			**16,215**	**13,174**	**7,756**	**7,026**	**6,633**	**6,462**	**6,462**

Home Office Police Finance Re	Classifications
Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan	**A**
Funding for specific projects and programmes beyond the current planning period	**B**
A general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management	**C**

Classifications as outlined in the Home Office guidance on Police Finance Reserves which was issued on the 31st January 2018

How reserves support the priorities of the Police & Crime Plan	General Reserve	Capital Reserve
Keeping our communities safe	✓	✓
Safeguarding the vulnerable	✓	✓
Protecting our communities from serious threat	✓	✓
Connecting with communities		✓

COMISIYNYDD HEDDLU A THROSEDDU DYFED-POWYS POLICE AND CRIME COMMISSIONER

Heddlu•Police DYFED-POWYS
Diogelu ein Cymuned - Safeguarding our Community

Capital Strategy

1 Introduction

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2017 requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability.

1.2 This Capital Strategy sets out the principles that underpin the production of the Police and Crime Commissioner's (Commissioner) forward capital programme. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It also provides an overview of the governance arrangements for approval and monitoring of capital expenditure, outlines how associated risk is managed and considers the implications for future financial sustainability.

1.3 The priorities for policing in the local area are detailed in the Police and Crime Plan (PCP). This document is compiled by the Commissioner in consultation with the Chief Constable. The priorities take account of the views of local people and partners as well as the Commissioner's priorities as the elected representative. The Commissioner published his PCP on 31st March 2017. His priorities are:

- Priority One: Keeping our communities safe;
- Priority Two: Safeguarding the vulnerable;
- Priority Three: Protecting our communities from serious harm;
- Priority Four: Connecting with communities.

1.4 The Commissioner and Chief Constable also take account of Strategic Policing Requirements issued by the Home Secretary. The Chief Constable is responsible for supporting the Commissioner in the delivery of the priorities set out in the PCP and has developed a Police & Crime Delivery Plan to support the PCP. His operational delivery, performance monitoring frameworks and financing decisions focus on these priorities. Five key delivery principles will support the PCP:

- Delivering value for money
- Public engagement
- Working together
- Supporting victims
- Strong leadership

1.5 The Capital Strategy is a tool to support planning and corporate working across the two Corporations Sole helping to ensure that assets are used and managed well. The Capital Strategy shows how we prioritise, monitor, deliver and evaluate our capital programme using the basic principles of the project methodology.

1.6 Dyfed-Powys is geographically the largest police area in England and Wales covering over half the landmass of Wales. It is particularly affected by the challenges associated with policing a largely rural area which includes two significant Ports, the major installations at Milford Haven and a vibrant tourist industry. Capital Assets, whether Police Stations, Police Houses, Radio Masts, Vehicles or Information Technology and other operational equipment play a vital role in the delivery of policing services across the area and in terms of delivering Police and Crime Plan priorities.

2 Key Partnerships

2.1 In delivering each element of the strategy, the Commissioner plans to take due account of the continuing collaboration agenda and will take every opportunity to engage with neighbouring Forces and other constituent Authorities in developing strategies to counter common problems. This Capital Strategy takes account of the continuing need to invest in these key priority areas working with partners in the future.

3. Financial Sustainability

3.1 For many years Dyfed-Powys has benefitted from significant levels of capital reserves which have been supplemented by the sale of operational buildings or police houses.

3.2 These reserves have historically underpinned capital investment but over the next two years the position moves away from the use of reserves into a position of funding through either direct revenue financing or borrowing. This therefore adds pressures to the revenue budget and consequentially to the council tax precept. It must also be noted that is also in a continued period of revenue pressures, increased demand and funding uncertainty.

3.3 The strategic approach is therefore to invest in core infrastructure now that will not only offer overall service improvements to the public, but also maximise revenue savings into the future through more efficient and mobile use of police personnel, enabled by improved Information and Communication Technology systems and other core infrastructure for example, connected vehicle fleet and building assets.

3.4 Capital investment will also be influenced by and take account of national visions for policing, the strategic policing requirement and both regional and local priorities.

4 Capital Programme

4.1 Assets are vital to the delivery of efficient services and should be well managed and maintained. Strategies for Estates Management, ICT and Vehicle replacements underpin the Capital Strategy in providing the details for the longevity and the optimum replacement cycles for these items.

4.2 The Capital Programme and financing which covers the revised position for 2019/20 through to 2024/25 is summarised below:

Table 1- Capital Programme 2019/20 – 2024/25

Capital Programme	19/20	20/21	21/22	22/23	23/24	24/25	Total
	£000k	£000k	£000k	£000k	£000k	£000k	£000k
Land and Buildings	1,365	10,774	17,500	5,100	1100	600	36,439
Vehicles	1,035	1,085	1,050	1,050	1,050	1,170	6,440
IT and Other Strategic Spending	3,576	4,364	4,070	6,423	2,734	5,423	26,590
Capital Expenditure	5,976	16,223	22,620	12,573	4,884	7,193	69,469
Grant Funding	-85	-85	-85	-85	-85	-85	-510
Borrowing	-1,365	-10,773	-20,499	-10,338	-2,149	-3,958	-49,082
Driver Retraining Contribution	-243						
Capital Grants	-242	-183					-425
Contribution from Revenue Account	-500	-850	-1,600	-2,100	-2,600	-3,100	-10,750
Capital Receipts	-1,787		-250	-50	-50	-50	-2,187
Sustainability Reserve	-170	-170	-154				-494
Capital Reserve	-1,584	-4,162	-32				-5,778
Capital Financing	-5,976	-16,223	-22,620	-12,573	-4,884	-7,193	-69,469

4.3 Much work has been undertaken during 2019/20 by the Medium Term Financial Planning group and Finance, Efficiencies and Futures Board to consider financial and investment requirements over a longer time frame. Albeit that it contains a number of assumptions and uncertainties this Capital Strategy includes a capital programme, shown at Appendix I, which has been extended to cover a 10 year period. This programme will be revisited as clarity arises and annually, as part of the formal budget and precept setting.

4.4 The capital investments seeks to contribute to cashable efficiencies in the future delivery of policing in the Dyfed-Powys area in the following ways:

- A reduction in revenue expenditure through a programme of potential buildings refurbishments and rationalisation as outlined in the estates strategy;
- Ensuring that planned building maintenance is prioritised on the basis of risk and statutory compliance;
- Centralisation of custody in Carmarthenshire;

- New partnership facilities in Brecon;
- New collaborative firearms Range to support the training needs and requirements of the Joint Firearms Unit;
- Delivery against the Digital Policing Strategy and Roadmap which entails investing in the National Enabling Programme, Mobile data, Emergency Services Network, record management system, digital policing and continued investment in IT systems, Body Worn Video, and ANPR technology to maintain productivity and performance levels;
- Embracing new ways of agile working which will reap and realise organisational efficiencies but require some upfront investment for both estates and IT;
- Ensuring that opportunities for service collaboration and sharing of buildings and other assets continue to be explored.

4.5 Estates

4.5.1 The Commissioner has an Estates Strategy which provides clear guidance and direction around the future strategic and operational Estates requirements for the Dyfed-Powys Force, and provides clarity for budget allocation and future investment requirements.

4.5.2 The aim of this strategy is *"to provide a cost effective and operationally relevant estate that supports and compliments the services we provide to the community"*

4.5.3 Critical to this is the provision for improving custody facilities in Carmarthenshire which is now expected to cost in the region of £14.7m. The project is seeking to deliver an 18 cell complex with ancillary office accommodation and Police station facilities on the outskirts of Llanelli. The project is currently at design Royal Institute of British Architects (RIBA) stage 3 which in principal denotes preparing and issuing the proposed design for planning Ecological, geotechnical and ground surveys have already been undertaken and planning approvals are now being sought. Subject to planning approvals and contract, the project timescales are envisaged to be 18 to 20 months with public consultation planned for spring 2020 and construction commencing in autumn 2020.

4.5.4 Significant refurbishment works and investment has now taken place to address a considerable programme of condition survey works across the estate within all four counties, some residual works will be completed during 2020/21. The condition survey has also informed the Estates Strategy in determining which properties to retain and where future moves and accommodation changes need to be planned

4.5.5 Due to the deteriorating condition of the existing facility in Brecon, provision of £6.2m has been included for a potential collaborative opportunity, albeit depending on which scenario is finally approved there may be some proceeds of sale arising from the sale of surplus land on the existing site. Funding was received during 2018 to assist in developing a business case on behalf of partners and this work continues, albeit it has proved difficult to obtain a firm commitment from partners. A final

business case will be presented to Policing Board and at this stage it is anticipated that construction will commence in 2020/21.

4.5.6 In addition to this, there will be a rolling programme for planned maintenance programme which is informed by the Condition Survey. Condition surveys have been carried out across the whole estate determining the level of investment required at each location by each sub fabric element Custody upgrades are carried out in a phased approach based on risk and corrective actions as identified during HMIC audits. Prioritisation of works is reviewed based on risk factors aligned to condition of fabric and to the occupant, legislative requirements and business continuity considerations which inform the decision making process and timescales.

4.5.7 The requirement for a firearms training facility to support the southern Welsh Forces collaborative Joint Firearms Unit was identified during 2018/19. The existing range has been deemed not fit for purpose and a new facility is required to meet the very extensive training needs and legal requirements for firearms officers. Considerable discussion has taken place between Commissioners and Forces with full business case being produced consider a range of options and potential locations for a new facility. Extensive due diligence has been undertaken and negotiations on land options are currently underway. At this stage total costs of c£30m have been identified with £8.1m being Dyfed-Powys' share of costs profiled over the next two financial years.

4.5.8 The capital budget supplements a centralised revenue budget for planned and cyclical major buildings works which are programmed based on risk and future strategies for each building. Revenue resources are also held and managed locally for smaller scale repairs, upkeep, and maintenance initiatives/programmes. Investment has been prioritised within the capital programme to achieve efficiencies and reap reductions in revenue expenditure within the estate.

4.5.9 The Director of Estates has worked closely with the force to develop the business case for agile working which seeks to transform and embed efficient ways of working. This approach will have longer term implications for both the estate and for IT and will require some upfront investment to facilitate longer term efficiencies.

4.5.10A newly formed Sustainability Group was established during 2019 with this groups terms of reference seeking to explore and maximise sustainability opportunities. The forward capital programme therefore includes provision for a number of initiatives which as well as considering environmental and sustainable considerations will also seek to achieve efficiencies. The new Facilities Management Contract commenced in spring of 2019 and will continue to reap dividends mitigating pressures arising from increasing utilities costs in the revenue budget.

4.6 Fleet

4.6.1 In relation to Fleet, telematics devices were fitted into the Forces' vehicles during the course of 2017/18. This has provided the Force with the fleet

utilisation and driver behaviour data which has been analysed to inform the optimal operational fleet size and deployment profile along with informing operational driver training requirements. Revenue efficiencies have already been realised as a consequential result of the installations with future efficiency targets forming part of the MTFP. An initial replacement programme has been developed and the cost implications are included in the forward capital plan.

4.6.2 Strategic Fleet Management Group meets quarterly to provide overall governance and operational assurance which in turn reports into a Finance, Efficiencies and Futures Board. Vehicle requirements are considered in detail at the vehicle user group which is attended by operational and support representatives. The strategic approach to fleet management are also informed by regional and national working groups.

4.6.3 The Force continues to utilise the National Framework agreement to procure operational vehicles. The current replacement programme is on target to fully spend the budget for the 2019/20 financial year. The Force continues to actively pursue collaboration opportunities and is fully engaged with the National Police Chief's Council work in relation to fleet efficiency and sustainability and is currently in the process of tendering for 18 electric Vehicles over the next 2 years. There is work on-going nationally to produce a requirements specification which will seek to maximise efficiencies of scale for the procurement of electric vehicles once the current contract expires.

4.7 Information Technology

4.7.1 The Force has a current ICT Strategy which covers the period from 2018 up until 2024, and sets out the Force's ambitious digital transformation aims and the essential ICT infrastructure upgrades necessary to deliver a robust, resilient and performant platform with increased capacity to support the Force's needs over the coming years.

4.7.2 The forward capital strategy takes account of a number of local strategic IT projects and also a number of re-procurement projects involving technologies and IT solutions that have reached the end of contract or end of life of essential equipment. The key IT capital projects which are planned for the 2020/21 period are:

- The procurement exercise for an integrated Records Management System (RMS) has been concluded in 2019, which represents a significant investment in ICT and will result in substantial business change across operational policing whilst also affecting most areas of business. Implementation of the RMS will begin in 2020, working in partnership with the hosting forces with a target date for go-live in the autumn of 2021.

- Procurement of a new RMS solution will now result in the need to re-integrate / re-design the current mobile solution to work with the new RMS provider.
- Work has been carried out as part of the Commissioner's reinvestment in CCTV provision across the Force with phases 1 to 3 complete. The rollout is nearing completion with the remaining towns in phase 4 are planned to conclude by the summer of 2020.
- The procurement of Body Worn Video has been completed at the end of 2019 with the implementation of the new technology scheduled for the first half of 2020 ensuring smooth transition for operational officers and continuity of service.
- Due to further delays in the delivery of ESN (Emergency Services Network) it is critical that the Force replace all old end of life Airwave handsets to enable continuity of service to frontline officers. The procurement of devices concluded in December 2019 with delivery of devices schedule for 2020 where by a rolling program of replacements will begin.
- A review of Control Room technology within the Welsh forces is to be concluded in spring 2020 to provide options for the convergence of forces command and control system(s) technology to aid with collaboration and in readiness for the ESN programme. The work may result in a joint procurement for some or all systems within the control room environment.
- The contract for the Telematics solution ends in late 2020/21 with a replacement solution needing to be procured in during 2020 to allow time to transition should the current in car technology not be supported. The current solution has delivered significant savings in relation to fuel, servicing and tyres, whilst allowing the fleet to be managed ensuring the force has the optimum number of vehicles.
- The Agile project will identify roles requiring the ability to work remotely which will require an investment in ICT equipment to facilitate this initiative. The capital program includes a provision to increase the number of laptops replacing desktop computers, and from April 2020 ICT will be required to deliver the replacement devices on an on-going basis.
- The Force has also expanded its capacity in relation to fixed and mobile Automatic Number Plate Recognition (ANPR) with a focus on more rural parts of the Force area. Significant investment has also been made in relation to Cyber and Digital Crime capabilities in relation to ICT infrastructure and will be developed further in 2020 through joint working between ICT and the Digital Crime Unit.

4.7.3 The forward capital strategy takes account of national programmes of work that are being taken forward by the National Police Chief's Council and the

Home Office. There are some 17 schemes being taken forward nationally including the following:

- National Law Enforcement Database programme which will replace the Police National Computer (PNC) and Database (PND), with a modern 21st century solution for policing, built on a set of open source products and delivering a rich set of services that will enable greater interoperability between local systems and the new LEDS solution.
- Digital Policing Portfolio are delivering three separate strands:-
    - Digital Public Contact – which is seeking to standardise the design, user experience of police Force websites and provide a consistent set of web enabled on-line transactional processes across policing.
    - Digital First – which is seeking to facilitate video enabled justice, virtual remand hearings and digital case files nationally. Digital Evidence Transfer Service (DETS) is no longer in scope and has been cancelled as a project.
    - Digital Investigations and Intelligence – a programme looking to enable digital crime prevention and detection, to provide a toolkit for Forces to assess their digital capabilities against a national standard applied to roles within the Force.
- A National ANPR Service (NAS).
- The National Enabling Programme are delivering three separate strands:-
    - A set of enabling technologies by introducing the Microsoft Office 365 productivity tools, delivered via the Microsoft Cloud based on a nationally assured solution blueprint design and template.
    - IAM – Identity and Access Management.
    - NMC – National Monitoring Centre providing national level security operations capability to respond to cyber threats.
- Emergency Services Mobile Communications Programme to replace the existing Airwave radio system.
- Home Office Biometrics.

4.6.4 Due to key infrastructure projects having been delivered in the previous financial year the Force has capacity to capitalise on the benefits of nationally enabled programmes and activities as well explore some more innovative technology options such as artificial intelligence, facial recognition and augmented reality technology, robotic process automation (RPA) etc. during the latter part of the developing plan. The force's IT Strategy Group has agreed that the force look in more depth at RPA to understand and evaluate its potential to deliver savings for the force, with the intent to run a Proof of Concept during 2020 /21.

5 Capital Requirements and Resources

5.1 There has been a significant reduction in core capital funding allocated by the Home office over recent years. In 2020/21 a total capital grant of £85k will be available for the Commissioner to utilise to supplement the capital programme. In addition, central funding will be available to part fund the Emergency Services Network, although it is anticipated that £9.4m of the future costs of this programme will need to be funded over the next ten years.

5.2 As part of his integrated service and financial planning arrangements, the Commissioner estimates the level of capital resources available for subsequent years in order to draw up a forward capital programme.

5.3 The Commissioner and Chief Constable have prioritised investment in the capital programme towards strategic priorities, unavoidable spending and towards areas that reduce future revenue expenditure and a revised capital programme for 2019/20 to 2024/25 totalling £69.469m.

5.4 In order to meet future capital investment requirements and mitigate the reductions in capital grant funding, the medium term financial plan and capital programme include increasing revenue contributions to capital from 2020/21 and also external borrowing requirements to support the Carmarthenshire Custody development, Brecon policing facility, the new Joint Firearms Unit training facility and other elements of critical investment.

5.5 The profiled level of capital investment and external resources are used to assess the need for both short and long term borrowing. The strategy also feeds into the considerations that the Commissioner makes annually in setting prudent sustainable and affordable borrowing levels and indicators.

5.6 Local Authorities, including the Police, can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. The borrowing costs are not supported by the Government so DPP needs to ensure it can fund the repayment costs. The authority's Minimum Revenue Provision (MRP) Policy sets out a prudent approach to the amount set aside for the repayment of debt. These are set out separately under the Treasury Management Strategy which is considered and approved by the Joint Audit Committee.

5.7 In addition to their own capital programme, the Commissioner and Chief Constable work with partners and the Home Office to secure additional capital and revenue resources to further partnership and transformational objectives. These are dealt with through complementary processes. The resources levered in are not included in the capital programme unless they form part of a direct Dyfed-Powys Police led project. Innovation and transformation fund bids will also be considered to bolster further capital projects in future years.

6 Governance Arrangements

6.1 Identifying and Prioritising Capital Projects

6.1.1 As outlined the capital programme has been prioritised by Commissioner and Chief Constable who appraise requirements against strategic priorities. The processes recognise the varying scale and complexity of capital projects and incorporate a proportionate approach to capital project appraisal, monitoring and evaluation.

6.1.2 The Commissioner manages his capital strategy operationally through the Policing Board, which oversees the major change projects for both capital and revenue. In addition, the Finance, Efficiency and Futures Board Board will support delivery and monitor specific programme risks. Detailed implementation work is assigned to key individuals and overseen by the Strategic Estates, Strategic ICT and Strategic Vehicle User Groups or at specific Project Boards which are established to oversee and govern major capital schemes.

6.1.3 Major projects are managed in accordance with project management best practice in terms compliance with PRINCE 2 project methodology. Links have been established between benefits management on key projects, efficiency planning and costing information.

6.1.4 The Capital project proposals are considered and prioritised with reference to a business case and are considered against the following factors:

- Strategic importance - how the bid supports the Commissioner's priorities and wider national and regional priorities;
- The outcomes that will be achieved and the specific benefits and impacts;
- Sustainability – whether costs are realistic and the level of future revenue implications;
- What options have been considered;
- What other funding sources may be available;
- The degree to which the proposals support partnership working.

6.1.5 Prioritisation is then made, based on four categories, which are listed below in order of priority:

- Unavoidable (statutory, contractual or tortuous liability);
- Corporate Priority (relating directly to the Corporate Aims and priorities for improvement);
- Service Priority (meeting stated service priorities);
- Other (payback, invest to save, leverage of external funding etc).

6.1.6 Lower priority projects which cannot be delivered within available resources can only be considered and undertaken if additional resources or an under-spend on the approved capital programme is identified during the year.

6.2 Implementing and Monitoring Capital Projects

6.2.1 Progress against capital schemes is reported as part of financial reporting to Finance, Efficiencies and Futures Board, Policing Board, Force Executive Board and quarterly to Police Accountability Board.

6.2.2 Following approval of the capital programme, a project manager and a user representative is identified for each capital project. The project manager is responsible for managing the project implementation and delivering its objectives. For all projects within the capital programme an officer is identified as project sponsor.

6.2.3 The user representative is responsible for representing users and customers and for defining the quality requirements. Both roles reflect the underlying principles of the PRINCE 2 project management methodology. The project manager produces a project plan for approval. Progress against the project plan is reported to the Programme Management Board and Project Sponsor.

6.3 Evaluating Completed Capital Projects

6.3.1 Once projects have been completed the project manager completes a post implementation review for the major capital projects. This includes identifying at what stage the post project review will be carried out. The post project report is reviewed by the Finance, Efficiency and Futures Board and escalated to the Policing Board if required.

6.3.2 To evaluate the actual success and outcomes of capital projects a post project review is also carried out. The depth of this review is proportionate to the scale of the project and the benefits set out in the initial Project Initiation Documentation.

6.3.3 This review is in effect a check of performance against the original proposal. It focuses on the outcomes achieved, the extent to which the benefits claimed are being realised, the actual costs, both revenue and capital, and the impact of other funding and partnership working. Dyfed-Powys can then use this information to learn lessons and make any improvements identified during project implementation.

6.3.4 The ongoing success of projects is monitored through a number of mechanisms such as officer feedback, public consultation and customer feedback.

7 The Disposal of Assets

7.1 The Commissioner and Chief Constable recognise the need to dispose of surplus or unsuitable assets to help achieve its corporate aims and deliver its capital programme and the detailed process for disposal of assets is included in the Corporate Governance Framework. A number of properties have already been disposed of and plans to market further properties will be done in conjunction with delivering the Estates Strategy.

8 Revenue Implications of Capital Investment

8.1 Particular attention has been paid to on-going revenue costs stemming from capital projects within the appraisal process. All potential capital bids identify ongoing revenue costs and consider how these can be met. Once approved, revenue costs stemming from capital schemes including any prudential borrowing requirements are built into the medium term financial plan.

9 Conclusion

9.1 This Capital Strategy considers all aspect of capital management, sets out the methods for assessing capital projects and assets and outlines the revised capital programme for the period 2019/20 to 2024/25 with wider outlook 2029/30. The strategy should be read in conjunction with the detailed Estates and ICT Strategies, annual Vehicle Replacement Plan and Treasury Management Strategy which covers the requirements of CIPFAs Prudential Code.

Appendix I –Capital Programme 2019/20 to 2029/30

Capital Programme	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total
	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k
Land and Buildings	1,365	10,774	17,500	5,100	1100	600	1,050	850	750	850	1050	40,989
Vehicles	1035	1085	1,050	1,050	1,050	1,170	1,050	1,050	1,050	1,050	1,050	11,690
IT and Other Strategic Spending	3,576	4,364	4,070	6,423	2,734	5,423	3,609	4,389	4,219	4,439	3,784	47,030
Capital Expenditure	5,976	16,223	22,620	12,573	4,884	7,193	5,709	6,289	6,019	6,339	5,884	99,709
Grant Funding	-85	-85	-85	-85	-85	-85	-85	-85	-85	-85	-85	-935
Borrowing	-1,365	-10,774	-20,499	-10,338	-2,149	-3,958	-1,974	-2,054	-1,284	-1,104	-649	-56,147
Driver Retraining Contribution	-243											-243
Capital Grants	-242	-183										-425
Contribution from Revenue Account	-500	-850	-1,600	-2,100	-2,600	-3,100	-3,600	-4,100	-4,600	-5,100	-5,100	-33,250
Capital Receipts	-1,787		-250	-50	-50	-50	-50	-50	-50	-50	-50	-2,437
Sustainability Reserve	-170	-170	-154									-494
Capital Reserve	-1,584	-4,162	-32									-5,778
Capital Financing	-5,976	-16,224	-22,620	-12,573	-4,884	-7,193	-5,709	-6,289	-6,019	-6,339	-5,884	-99,709