

REPORT OF THE DYFED-POWYS POLICE AND CRIME PANEL FINANCE SUB-GROUP

Review of the proposed police precept for 2024-2025

Section A - Background

1. Schedule 5 of the Police Reform and Social Responsibility Act 2011 provides that the Police and Crime Commissioner cannot issue a precept under section 40 of the Local Government Finance Act 1992 for a financial year until the Police and Crime Panel has reviewed the proposed precept and reported to the Commissioner upon the proposal.
2. It should be stressed that the responsibility for setting the precept rests with the Commissioner not the Panel. The role of the Panel is to scrutinise the Commissioner's decision. Only in very limited circumstances can the Panel veto the Commissioner's first proposed precept. The Panel cannot veto any subsequent revised precept that the Commissioner puts forward.
3. The Panel identified consideration of the proposed precept for 2024-2025 as one of its priorities for the 2023-2024 municipal year and delegated detailed scrutiny of the proposals to a subgroup of members ('the Finance subgroup')
4. The Finance subgroup consists of the following members

Councillor Keith Evans*	Ceredigion County Council
Professor Ian Roffe**	Independent Co-opted Member
Councillor Dot Jones	Carmarthenshire County Council
Councillor William Powell	Powys County Council
Councillor Simon Hancock	Pembrokeshire County Council
Councillor Les George	Powys County Council
Councillor Elizabeth Evans	Ceredigion County Council

*Chair of the Finance subgroup and Vice-Chair of the Police and Crime Panel

**Chair of the Police and Crime Panel

5. The objectives of the Panel in undertaking this piece of work are set out in the Panel's Annual Report for 2022-2023. These are to ensure that the Police and Crime Commissioner's finances are being properly managed and that the people of Dyfed-Powys are receiving value for money from the Police Precept.

6. The intended outcome for this piece of work is that the level of precept set for 2024-2025 is appropriate having regard to all the circumstances.
7. In undertaking this piece of work the subgroup placed a particular emphasis on three main lines of enquiry identified in the Annual Report. These were.
 - (a) Commissioned services
 - (b) Efficiency Savings
 - (c) Estates
8. The subgroup has prepared separate reports on each of these issues and their findings are summarised below. The reports themselves can be found in Appendix 1.

Section B - What have we done.

9. In addition to undertaking the three specific pieces of work referred to above, subgroup members have.
 - (a) Attended a Finance Seminar organised by the Police and Crime Commissioner
 - (b) Met with the Commissioner and his Chief Executive and Chief Financial Officer
 - (c) Considered publicly available information such as the most recent Annual Statement of Accounts and Medium-Term Financial Plan.
 - (d) Reviewed past decisions regarding the precept.
10. Subgroup members, as part of their wider role on the Panel, have also.
 - (a) Attended meetings of the Police and Crime Panel, questioned the Commissioner and scrutinised decisions that he has made.
 - (b) Observed Policing Accountability Board meetings between the Commissioner and the Chief Constable.

Section C - Review of past precepts

11. Over the last four years the Panel has supported the following changes to the precept

2020	Supported 4.83% increase
2021	Supported 5.56% increase
2022	Supported 5.30% increase
2023	Supported 7.75% increase

12. The Panel has not previously exercised its power of veto in respect of any proposed precept.

Section E - Summary of findings from lines of enquiry

13. As mentioned above, the subgroup has pursued three lines of enquiry as part of its preparation for the review of the Commissioner's precept proposal. Their findings are summarised as follows.
14. **Commissioned Services**
- (a) Expenditure on Commissioned services represents a relatively small proportion of the total budget available to the Commissioner.
 - (b) Whilst largely unknown to the public, these services are vital to the delivery of key parts of the Police and Crime Plan
 - (c) The Commissioner has robust governance arrangements in place regarding these services, at it appears that they deliver good value for money.
15. **Efficiency Savings**
- (a) The bulk of the efficiency savings identified during the last precept setting process have been achieved.
 - (b) Whilst that process did indicate that further potential savings could be achieved, this is less certain and may be impacted by the forthcoming elections of the Police and Crime Commissioner role.
16. **Estates**
- (a) The police estate represents a considerable capital investment, which requires constant maintenance and upkeep.
 - (b) Maintenance and upkeep costs are considerable, particularly for older properties.
 - (c) Older properties do not necessarily meet the latest standards and requirements, potentially limiting their use.
 - (d) Although there are strong financial arguments in favour of reducing the police estate, there is some academic research which suggests that this may be counterproductive.

Section F – The current financial position

17. The Commissioner will provide a detailed report to the Panel regarding the force budget requirement and the wider financial situation. The following is therefore a summary of what the subgroup considers to be some of the key issues the Panel will need to bear in mind when reviewing the proposed precept.
18. Aside from the precept, the funding received by the Commissioner primarily comes from the Home Office grant settlement, with smaller

contributions from Welsh Government and certain other grants. Home Office funding is dependent, at least in part, on maintaining a specific number of police officers. Therefore, reducing the number of officers to make savings is not a realistic option.

19. There have been significant reductions in the general grant received from the Home Office over the last decade. In cash terms the 2023/2024 grant was still less than that received in 2010/2011.
20. Dyfed-Powys receives the lowest amount of Home Office grant per head of population of all the Welsh force areas and has the lowest police precept of all the Welsh force areas.
21. The precept makes up about 50% of the overall budget available to the commissioner.
22. Pay for police officers is set nationally and the force has no control over it. Other inflationary costs pressures are also outside the control of the force and can have a significant impact upon the budget. Although the government's Office of Budget Responsibility currently predicts an inflation rate of below 3% as we have seen following the war in Ukraine, inflation can be significantly impacted by unexpected world events.
23. All budgets are formulated based on certain key assumptions. The assumptions made by the Commissioner and his financial advisors appear sensible and appropriate, although there are always risks associated with this.
24. Therefore, overall, the proposed budget and medium-term financial plan appear to be robust and reasonably resilient to likely inflationary pressures.
25. If the Home Office grant is insufficient to meet the expected costs for the forthcoming financial year in simple terms the Commissioner has 2 choices, increase the precept to plug the shortfall, or cut services.

Section G – Does the precept demonstrate value for money?

26. In considering this question the subgroup believes that the following are relevant.
 - (a) The number of warranted officers employed by the force is at historically high levels.
 - (b) Overall public satisfaction with the force is high.
 - (c) Overall crime levels are low.
27. His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) has rated the force adequate in 6 categories that it measures and as requiring improvement in 2.
28. No concerns have been highlighted by auditors regarding financial management by the Commissioner or the force.
29. The force covers a wide geographic area with many isolated rural communities and several areas of significant social deprivation.

30. A large amount of police time is having to be spent on non-crime related activities, particularly the safeguarding of vulnerable adults and children.
31. The Precept does not just fund the Police force. The Commissioner is responsible for several non-police functions, such as supporting the victims of crime.
32. Much police activity is not readily apparent to members of the public. Some of the most significant threats to our communities, such as counter terrorism, child exploitation and sexual abuse and online fraud cannot be tackled by traditional 'bobbies on the beat'.
33. The subgroup considers that overall, the precept does offer value for money.

Conclusions

34. The Commissioner is legally obliged to set a balanced budget. Any shortfall in Home Office funding will need to be countered by an increase in the precept or a reduction in services.
35. The process by which the Commissioner and his staff set the budget is robust. The Commissioner's finances appear to be well managed.
36. Overall, the precept does appear to offer value for money and is still the lowest in Wales.

Recommendation

37. The subgroup recommends to the Panel that it supports the 6.2% precept increase proposed by the Commissioner.

Appendix 1

Sub-group reports regarding

- i. Commissioned Services
- ii. Efficiency Savings
- iii. Estates