

REPORT ON THE POLICE AND CRIME COMMISSIONER FOR GWENT'S PROPOSED PRECEPT FOR 2021/22

INTRODUCTION

1. This report is made in accordance with the Police and Crime Commissioner for Gwent's (Commissioner) statutory duty contained in Paragraph 5, Schedule 5 of the Police Reform and Social Responsibility Act 2011.

BACKGROUND

2. The Commissioner notified the Gwent Police and Crime Panel (Panel) on the 22nd January 2021 of his proposed Police and Crime Budget and Council Tax Precept for 2021/22. The Panel considered a detailed report, annexe and associated appendices in support of the proposal at their meeting held remotely on Microsoft Teams on the 29th January 2021.
3. Following a full debate regarding the financial outlook facing the Commissioner; the policing provision in Gwent; and the proposed Council Tax Precept increase of 5.49% (£15.00) on an average Band D property, the Panel resolved to not veto the proposed Council Tax Precept increase, but make a recommendation to the Commissioner for his full consideration.
4. On the 9th February 2021, the Commissioner received the formal report from the Panel, for him to consider the recommendation **to review the budget proposal to look for any additional savings which could be achieved whilst retaining existing and planned extra frontline staff.**

CONSIDERATION OF THE GWENT POLICE AND CRIME PANEL'S PRECEPT RECOMMENDATION REPORT

5. The Commissioner, Deputy Commissioner, Chief Finance Officer and Chief Executive met on Tuesday 9th February 2021 to consider the Panel's report and recommendation.
6. The Commissioner commended the valued challenge and scrutiny the Panel provided during the budget setting process. He acknowledged the well-made and well-presented points discussed at the meeting and outlined in the Panel's report. He also conveyed his appreciation regarding the thanks given by the Panel, for the work

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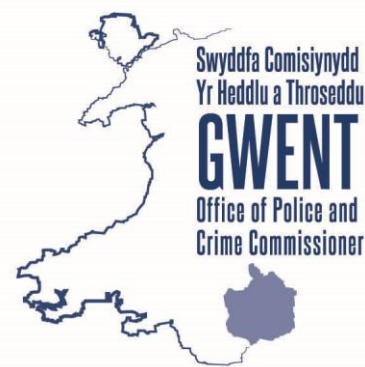
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undertaken by his Chief Finance Officer in the early engagement with the Panel (including the Finance Sub-Group) during this budget setting round; his detailed budget and precept report; and also his detailed and comprehensive answers given at the meeting.

7. In determining his response and recommendation, the Commissioner took into account the following factors in responding to the Panel's report:

a) Robustness of Chief Constable's 2021/22 Budget Bid

- i. Panel Members will recall that the Commissioner considered the Chief Constable's budget bid to be 'honest, robust, compelling and pragmatic'. At the Panel meeting in December 2020, the Chief Constable spoke at length about the reality of frontline policing in Gwent, illustrating the challenges faced 24/7 by Police Officers and Police Staff; from Police Community Support Officers (PCSOs) on the ground in communities, to the exceptional work of the Public Protection Unit - who work tirelessly behind the scenes to keep Gwent's communities safe. The Chief Constable's presentation articulated that the scope of modern policing is vast and its impact on all aspects of resident's lives and their communities was significant - the bid served as a reminder of Gwent Police's ongoing mission statement - to protect and reassure.
- ii. A tangible illustration of the sincerity of the budget bid, is the Chief Constable's commitment, if provided with the appropriate level of funding, to deliver on not only the priorities in the Commissioner's Police and Crime Plan, but to also meet the requirements of the Policing Vision 2025 and the Strategic Policing Requirement. It is vitally important therefore, that the Commissioner continually monitors the effectiveness of the resources provided to the Chief Constable, ensuring they benefit the people of Gwent. The Commissioner, along with Gwent Police and supported by Panel Members, have improved the monitoring and understanding of Force performance. These improved processes will continue to improve the relevancy and overall quality of the information received from Gwent Police. This in turn gives the Commissioner greater reassurance and confidence in ensuring that the Force provides a good service to the people of Gwent. As highlighted in January 2021 to the Panel, overall, Force Performance has improved in recent times and it is clear that the new performance monitoring processes are seeing significant improvements in how performance is monitored. Importantly however, reporting processes continue to improve and this information will drive better performance where it is required.

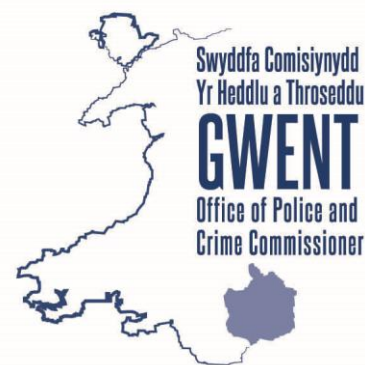
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- iii. A final justification of the robustness of the Chief Constable's budget bid, was the clear articulation of the overall expenditure budget required for 2021/22, to deliver on commitments. Prior to the receipt of the Provisional 2021/22 Police Funding Settlement (Provisional Settlement) on the 17th December 2020 (and therefore confirmation of Central Government Grant Funding), the Chief Constable requested that the Commissioner raise the Council Tax Precept by 6.99% (£19.08) - slightly higher than the 6.82% (£18.61) reflected in the Medium Term Financial Projections (MTFP). This increase would provide Gwent Police with the overall resources required for 2021/22 and specifically, the ability to recruit an additional 18 PCSOs over the next two financial years. Upon receipt of the Provisional Settlement however and supplemented by confirmation of Council Tax Bases by the Local Authorities, the Chief Constable (following extensive and detailed discussions with the Commissioner and his Executive team), was able to reduce the proposed Council Tax Precept increase to 5.49% (£15.00); **although this still left an unbalanced budget for 2021/22**. Panel Members will be aware that this new increase was driven in part by Government expectations around this level of increase and to ensure Gwent Police's parity with the vast majority of other Commissioners across England and Wales. This robust reevaluation exercise reduced the potential Council Tax Precept burden on Gwent residents for 2021/22 by £807k alone, which results in a cumulative saving by 2025/26 of £4.667m. Whilst financially benefitting Gwent residents, this is also a significant reduction in the funding requirement for policing services in Gwent.

b) Identification of Additional Savings for 2021/22

- i. To the backdrop of the merits of the budget bid articulated above and focussing on the specific recommendation of the Panel, the Chief Finance Officer provided assurance to Panel Members at the meeting of the 29th January 2021, that **recurrent** budget reductions and efficiency savings that had been identified during the 2020/21 financial year, had already been removed from the 2021/22 budget and therefore accommodated in the proposed Council Tax Precept increase. The Chief Finance Officer also confirmed that the currently considered **non-recurrent** surpluses arising during 2020/21 would be closely monitored during the 2021/22 financial year, in that if they became recurrent, then they would be removed from the forecast 2022/23 financial year's budget and thereby offset currently forecast Council Tax Precept increases beyond 2021/22. To this end, the Chief Finance Officer will provide Panel Members with a detailed 2021/22 quarter 2 financial report to their December 2021 meeting.

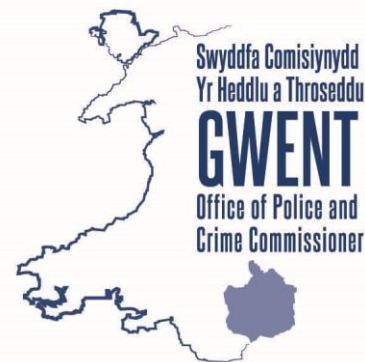
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- ii. The Chief Finance Officer also confirmed at the January 2021 Panel meeting, that the overall surplus arising during 2020/21 was largely non-recurrent in nature. This surplus had arisen by virtue of the way the 20,000 Police Officer Uplift Programme (PUP) was funded by Government; and suppressed spend in certain areas of the Force as a result of Covid-19. Conversely however, Covid-19 had also produced higher spend in certain areas, which to date, had been partly reimbursed by Government. As confirmed in the paragraph above, as the lessons learned from Covid-19 are embedded in new ways of working, an element of currently considered non-recurrent surpluses as a result of Covid-19, could be considered as recurrent in the future and thereby be removed from forecast budgets beyond next financial year i.e. from 2022/23 onwards.

- iii. However, in order to fully explore the Panel's verbal recommendation given at the January 2021 meeting (which was confirmed in writing on the 9th February 2021), the Chief Finance Officer met with the Force's Assistant Chief Officer - Resources and Head of Finance on the 5th February 2021, to consider options. On the basis of the significant scrutiny undertaken prior to the submission of the Commissioner's proposed Council Tax Precept, the focus of the meeting was on unforeseen financial changes in the interim, that could be realised as additional savings. The approach was to consider the 2020/21 quarter 3 financial report; the future financial pressures for 2021/22 that had not yet been committed to; and to consider the Force's Continuous Improvement Programme to identify further savings for 2021/22, or to accelerate the realisation of savings identified from 2022/23. The exercise concluded that Gwent Police's expenditure requirement for 2021/22 had actually **increased** by £435k from that presented to the Panel; on account of very recent notification of a 'doubling' of the Force's Motor Insurance premium (due to market factors, not the claims history of Gwent Police) and an increase in Gwent Police's 2021/22 contribution to the National Police Air Service (NPAS). These two new previously unforeseen financial pressures of £435k in 2021/22, thereby increases the Force's savings target in 2021/22 from £676k (as previously reported to the Panel) to £1.111m. Gwent Police will therefore endeavour to find additional savings during the year to meet this additional expenditure, but in all likelihood based on the rigorous exercise undertaken as detailed above, this additional recurrent saving will be met on a **non-recurrent** basis during 2021/22 and will therefore need to be permanently addressed in future budget setting rounds. **Faced with the above, Gwent Police will have delivered partly upon the recommendation of the Panel, but using the additional savings they need to find (or risk manage) to offset additional expenditure pressures, rather than reducing the proposed Council Tax Precept during 2021/22.**

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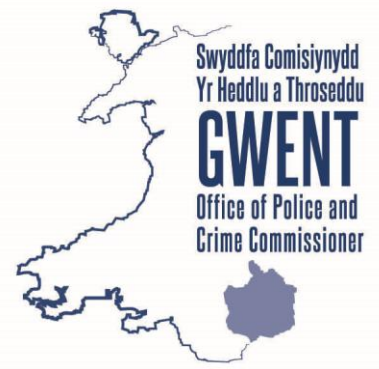
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c) The Commissioner's Public Duty

- i. The third, final and most difficult factor to reconcile professionally and personally, is the Commissioner's requirement to balance the need to deliver an efficient and effective policing service in Gwent, with the affordability of part-funding that service by the residents of Gwent. This challenge is more acute than ever this year due to the brutal impact of Covid-19 on the residents of Gwent; a decision therefore that has weighed very heavy on the Commissioner's mind.
- ii. The Commissioner has always (and will continue to) robustly scrutinised the budget bid of the Chief Constable - it is never a fait accompli; but the Commissioner is elected to ensure that the Chief Constable has the appropriate level of resources to deliver the Police and Crime Plan and the numerous other determinants of policing in Gwent.
- iii. Since taking office in May 2016, the Commissioner has undertaken a significant programme of public engagement events and surgeries. Although significantly curtailed over the past year due to Covid-19, the Commissioner has continued this engagement on a virtual basis. He has listened carefully to the public's concerns and views in order to assist in the updating his Police and Crime Plan and associated financial strategy, which will deliver against the public's and partner's needs.
- iv. Overwhelmingly, the public's desire is to see visible and accessible policing across Gwent and to protect those who are the most vulnerable in society. This desire, while being enhanced by additional funding for the PUP, relies upon the maintenance of existing levels of Police Officer, PCSO and Police Staff numbers and the ongoing funding thereof. The annual Council Tax Precept increase is a fundamental component in delivering a robust Police and Crime Plan and meeting the public's needs. In addition to the continual public engagement activities, to support the Commissioner's financial planning and to meet statutory requirements, the Office of the Police and Crime Commissioner for Gwent (OPCC) ran a specific engagement exercise regarding the proposed Council Tax Precept increase from 9th November 2020 to 10th January 2021. This was a total of nine weeks compared to thirteen weeks for the equivalent exercise last year; although last year six of these weeks were during the pre-election period.

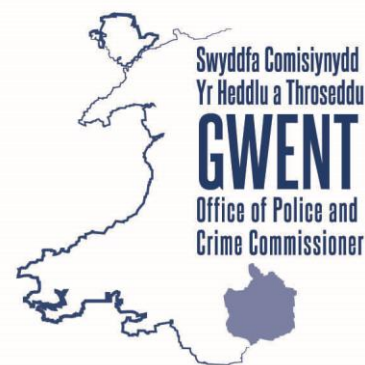
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- v. The two previous years saw a dual approach for engagement: a series of face-to-face engagement events across all Local Authorities, complemented with an online survey. This allowed the OPCC to engage with a sufficient number of people to provide a representative sample of the population of Gwent; and to then provide these people with the maximum available timeframe of purposeful engagement. However, this approach could not be replicated this year due to the continued impact of Covid-19. Therefore, a new approach was introduced focusing primarily on promoting the survey online, coupled with multiple opportunities for virtual face-to-face engagement and increased targeting of harder to reach communities.
- vi. In order to maximise opportunities for engagement, it was determined that the engagement exercise would be launched in advance of receiving the Chief Constable's Budget Bid (received 24th November 2020) and the expected date of a Provisional Settlement (mid to late December 2020). Therefore, when the survey was launched (9th November 2020), it was based, as a minimum, upon estimated financial projections and assumed Council Tax Precept increases of 6.82% p.a. over the MTFP, in order to attempt to maintain Police Officer and Police Staff investment over recent years. However, with a significant amount of financial detail yet to be received by the Commissioner, in order to provide a degree of 'headroom' in setting the Council Tax Precept, the residents of Gwent were asked the following key question:

"Would you support the principle of increasing the police part of council tax by up to £2 a month (based on a band D property) for 2021/22 to maintain policing at current levels?"

A £2 a month increase equates to a rise of 8.79% p.a. The proposed Council Tax Precept increase of 5.49% equates to a monthly rise of only £1.25.
- vii. It was agreed prior to the launch of the engagement exercise that a representative sample size of 600 would be used, based on the entire population of Gwent. This sample size provided the OPCC with a 95% confidence level that the answers received would be within +/- 4% margin of error on the actual results.
- viii. A total of 1,259 responses were received by the closing date, meaning a representative sample was achieved. In fact, due to the high level of response, the survey achieved a 99% confidence level that the answers received would be within +/- 4% margin of error on the actual results. For comparison, the 2020/21, 2019/20 and 2018/19 surveys managed representative samples of

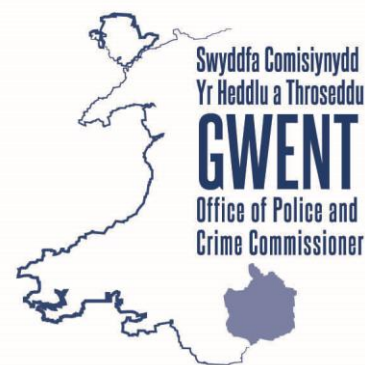
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1,707, 1,875 and 609 responses respectively; this was not the case in years prior to these.

- ix. Of the 1,259 survey respondents:
- 1,128 completed it online;
 - 121 completed it as part of virtual face-to-face engagement; and
 - 10 completed paper copies of the survey and posted them to the OPCC.
- x. The results were:
- 689 (54.7%) of respondents supported the principle of up to a £2 per month increase;
 - 411 (32.7%) of respondents would not support the principle of up to a £2 per month increase; and
 - 159 (12.6%) of respondents were unsure;
- xi. From a prudent perspective, taking into account a negative swing in the margin of error (minus 4% on the actual results), an increase in Council Tax Precept of £2 per month was supported by the majority of people who took part. Panel Members should note that the Commissioner's 5.49% proposed increase in the Council Tax Precept amounts to only an additional £15.00 per annum or £1.25 per month for a Band D household, i.e. only 62.5% of the value of the increase supported by the majority of residents in Gwent in the survey.
- xii. Most of the feedback around policing in Gwent, both verbally and in writing, focused on police visibility and Covid-19 enforcement. Respondents either supported an increase in the Council Tax Precept for this reason, or said they didn't support it as it wouldn't result in more Police Officers. However, as explained above, the increase in the Council Tax Precept is designed to maintain previous investment in Police Officers; complement and maximise the Central Government Grant Funding for the PUP; and to part-fund an additional 18 PCSOs.
- xiii. The Commissioner's proposed Council Tax Precept increase of 5.49% prudently reflected the findings of the above survey and also his acute awareness of the continued financial burden placed upon people within communities in Gwent; a number of which living in the most disadvantaged communities within England and Wales. However, the Commissioner's Police and Crime Plan, supported by Gwent Police's Force Delivery Plan and the

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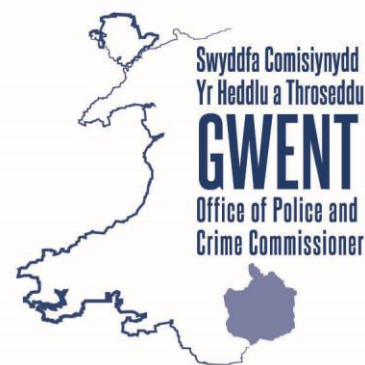
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OPCC's Business Plan, fundamentally aims to direct policing and crime resources toward the most deprived, disadvantaged and vulnerable people and communities in Gwent, to tackle, in partnership, deep rooted issues. Therefore, this investment in the Council Tax Precept will most benefit, those acknowledged to least afford it.

RECOMMENDATION

8. The Commissioner believes that the Chief Constable has delivered a compelling case as to the need for this investment, both in frequent meetings between the two Offices and during the last two Panel meetings. The Commissioner believes that this is supported by a robust financial case that has been put together meticulously and scrutinised comprehensively. Having reviewed the financial case; considered public opinion; and seen first-hand Gwent Police's commitment to ensuring Gwent has safe communities, the Commissioner believes that it is the right decision to increase the Council Tax Precept by 5.49% (£15.00) for 2021/22 for an average Band D property. Anything less than this proposal will jeopardise the Chief Constable's ability to protect and reassure the public of Gwent, particularly those most vulnerable. This is even more important in light of the additional £435k of financial pressures for insurance premiums and NPAS facing the Force, which have emerged since the January 2021 meeting of the Panel.
9. The narrative above discusses the specific factors which justify the proposed Council Tax Precept increase. However, both the Panel's report and discussions at the meeting, clearly identify the uncertainty of future funding and the financial challenges within the current MTFP to 2025/26. Therefore, it is important to maintain consistent and ongoing dialogue with Panel's Finance Sub-Group, to ensure future risks and opportunities are considered and acted upon in a timely manner. The Commissioner therefore maintains his commitment to robust financial monitoring (including the identification of savings) and continued investment in the front-line, as requested in the Panel's recommendation report on the Council Tax Precept proposal.
10. The submission of this report to the Panel (and its subsequent publication) concludes the scrutiny process for the Council Tax Precept for 2021/22. The Commissioner will therefore issue his Council Tax Precept of £64,159,178 for 2021/22, equivalent to a Council Tax Band D of £287.96, reflecting an increase of 5.49% or £15.00 per annum on the average Band D household.
11. The Commissioner requests that this report is circulated to Panel Members for their immediate notification, as he now intends to issue his Precept in line with statutory

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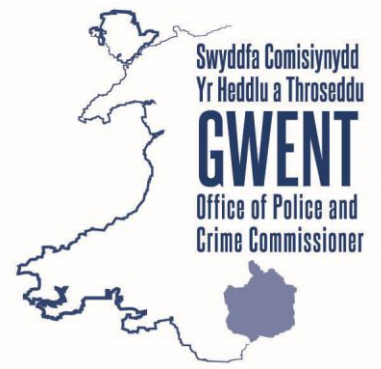
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timescales. In doing so, he requests that this outcome is reported to the next Panel meeting on the 5th March 2021 for information only.