# Office of the Police and Crime Commissioner

## TITLE: Commissioner’s Chief Finance Officer’s Report to the Police and Crime Commissioner for Gwent on the Budget Requirement and Council Tax Precept Proposal 2025/26

## DATE: 31st January 2025

## TIMING: Routine

## PURPOSE: For Decision

# Table of Contents

1. BACKGROUND – Page 3.
2. GOVERNANCE AND SCRUTINY – Pages 4 - 5.
3. PUBLIC ENGAGEMENT – Page 6.
4. CONTEXT TO POLICING IN GWENT – Pages 7 - 10.
5. ECONOMIC FACTORS – Pages 11 - 14:
6. Spring Budget 2024 and March 2024 Economic and Fiscal Outlook;
7. Spending Review Announcement;
8. Autumn Budget 2024 and October 2024 Economic and Fiscal Outlook; and
9. Policing Specific Factors.
10. FUNDING – Pages 15 - 28:
11. Central Government Grant Funding from the Home Office - 2025/26;
12. Central Government Grant Funding from the Ministry of Justice – 2025/26;
13. Welsh Government Grant Funding – 2025/26;
14. Council Tax Precept and Council Tax Base Funding – 2025/26; and
15. Future Funding Assumptions – 2026/27 to 2029/30.
16. EXPENDITURE ASSUMPTIONS – Pages 29 - 32:
17. Revenue – 2025/26 to 2029/30; and
18. Capital – 2025/26 to 2029/30.
19. BUDGETARY SAVINGS AND EFFICIENCY OPPORTUNITIES – Pages 33 - 39.
20. RESERVES AND COMMITTED FUNDS – Pages 40 - 41.
21. EXTERNAL INFLUENCES – Pages 42 - 43.
22. RISKS AND OPPORTUNITIES – Pages 44 - 45:
23. Financial;
24. Organisational; and
25. Societal.
26. FINANCIAL AND OPERATIONAL PERFORMANCE – Pages 46- 49:
27. Financial; and
28. Operational.
29. COMMISSIONER’S CHIEF FINANCE OFFICER’S STATEMENT– REQUIREMENTS OF THE LOCAL GOVERNMENT ACT 2003 – Pages 50 - 54.
30. CONCLUSION – Pages 55 - 56.
31. APPENDICES – Page 57.

## BACKGROUND

1. The Police and Crime Commissioner for Gwent (Commissioner) is required to determine the budget for 2025/26 and then set the Police Precept element of the Council Tax (Council Tax Precept) following scrutiny by the Police and Crime Panel. The Commissioner must also make arrangements, before the first Council Tax Precept for a financial year is issued, to obtain the views of the people in that police area and the relevant business ratepayers’ representatives, on the proposals of the Commissioner for expenditure in that financial year.
2. The greater part of the budget will be allocated to Gwent Police for operational purposes, but an element needs to be retained to cover the cost of the Office of the Police and Crime Commissioner (OPCC) and the commissioning of services from organisations other than the Chief Constable.
3. In determining the Budget Requirement and Council Tax Precept Proposal for 2025/26, the Commissioner will have considered the Government’s ‘Safer Streets Mission’; emerging Police, Crime and Justice Plan 2025-2029; Policing Vision 2030; Strategic Policing Requirement; the Chief Constable’s view of the financial resources required to deliver their operational requirements; the level of resources to be allocated for commissioning other than from the Chief Constable; and the cost of running the OPCC. Due regard has also been taken of the Prudential Code which requires at least three-year projections of revenue and capital expenditure in order to identify funding requirements and assess affordability and sustainability of planned expenditure.
4. The following areas have been considered in detail in arriving at the Commissioner’s Council Tax Precept Proposal.

## GOVERNANCE AND SCRUTINY

1. The Chief Constable’s Budget Requirement 2025/26 to 2029/30 report (Chief Constable’s Budget Bid) was formally received and scrutinised at the Commissioner’s Strategy and Performance Board (SPB) on 25th November 2024. The Chief Constable’s presentation confirmed that the bid had been subject to detailed financial scrutiny and it was accepted as ‘robust, compelling and justified.’ A copy of the formal Chief Constable’s Budget Bid report presented to SPB can be found at the following link:

https://www.gwent.pcc.police.uk/en/transparency/strategy-and-performance-board/agendas-and-minutes-2024/25th-november-2024/

1. The Chief Constable’s Budget Bid has also been scrutinised in detail by the OPCC with the Chief Constable’s Chief Finance Officer throughout the budget setting process, both before the SPB meeting and subsequently. This scrutiny included detailed reviews of the assumptions underpinning the budget bid, new cost pressures, savings realised, future savings plans and the impact of the proposed Capital Programme on borrowing and reserves. The assumptions and detail of the Chief Constable’s Budget Bid have been triangulated with other Forces in Wales via the Welsh Police Finance and Resources Group (WPFRG) attended by the Commissioner’s Chief Finance Officer as well as the Chief Constable’s Chief Finance Officer. The Chief Constable’s Budget Bid and the Commissioner’s overall Budget Requirement and Council Tax Precept Proposal 2025/26 had due regard to the broader national financial context and approaches being taken by Forces across England and Wales through the Police and Crime Commissioners’ Treasurers’ Society (PACCTS) and through regular dialogue with Home Office, Welsh Government and Ministry of Justice (MoJ) Officials.
2. The Police and Crime Panel’s Finance and Estate Sub-Group received updates on the 2024/25 updated Medium-Term Financial Plan (MTFP) on changes that arose post budget setting on 11th October 2024. Members also received an initial briefing on the Chief Constable’s Budget Bid on 29th November 2024, including a detailed briefing on the assumptions underpinning the Chief Constable’s Budget Bid and the MTFP. Both meetings were well attended and members raised a number of important points and areas for scrutiny that were explored in a further meeting on 24th January 2025.
3. In terms of the Estate, areas for discussion included the emerging focus of the new Estate Strategy; the Gwent Police Operational Facility (GPOF) scheme following the conclusion of the design and demolition works; improvement and capacity works at Ystrad Mynach Custody Suite; progress on the demolition works at the old HQ site; current and future requirements to manage evidential storage and deliver Operational Training; and progress on the building of the Tri-Force Joint Firearms Unit training centre.
4. In relation to Financial matters, areas for discussion also included the ‘Policing Ask’ and timelines for the next Comprehensive Spending Review (CSR); the significant affordability issues with Capital Financing; the assumptions underpinning the budget and its scrutiny; Cashflow forecasting and the future reliance on reserves.
5. The Chief Constable’s Budget Bid was also considered by the Joint Audit Committee (JAC) on 26th November 2024, alongside the Commissioner’s Treasury Management and Reserves and Committed Funds Strategies. Furthermore, the same meeting considered presentations on His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Value For Money (VFM) Profiles (see paragraphs 77 to 82); and also a National Police Chief’s Council (NPCC) survey on the financial resilience of Police and Crime Commissioners (Note: this presentation was also given to the full Police and Crime Panel at their meeting on the 27th September 2024).
6. The Police and Crime Panel meeting on 13th December 2024 received the Operational Context to the Chief Constable’s Budget Bid (Appendix 1). Within the presentation were his plans for Gwent Police to improve performance while delivering the Police, Crime and Justice Plan 2025-2029, the UK Government’s Beating Crime Plan and Policing Vision 2030. This highlighted continuing uncertainties of Central Government Grant Funding, increasing unavoidable service pressures, policing more complex crime, and policing in the digital age.

### 

### PUBLIC ENGAGEMENT

1. The OPCC engaged with the residents of Gwent about the budget throughout the last six months. This began in July 2024 with engagement about development of the new Police, Crime and Justice Plan 2025-2029.
2. The OPCC used a dual approach for capturing the opinion of a wide selection of Gwent residents, balancing digital engagement with face-to-face engagement in communities.
3. In total, 325 hours of engagement were undertaken during 60 events between the 13th July 2024 and the 12th January 2025. During this, the OPCC engaged with more than 8,000 people face-to-face, while surveys were also promoted digitally, both on the OPCC’s channels and by key partners such as Local Authorities and Gwent Police.
4. It was agreed, prior to the launch of the survey, that a representative sample size of 600 would be used. This provided a confidence level of 95%, including a +/- 4 margin of error. This was in line with targets for previous surveys.
5. In total, 2,780 people formally had their say, which equates to the OPCC’s largest ever engagement response. Of these, 49% of respondents were supportive of a rise in Council Tax Precept for 2025/26 in the region of £2 per month, with 21% undecided. 30% of respondents did not support a rise. There was a lot of feedback included on police visibility, the service received from Gwent Police, affordability and value for money. All of the gathered information has helped shape the new Police, Crime and Justice Plan 2025-2029 and the Commissioner’s Budget Requirement and Council Tax Precept Proposal for 2025/26.

## CONTEXT TO POLICING IN GWENT

1. Gwent Police is one of the smallest Police Forces in England and Wales both geographically and by budget. However, within its boundaries it deals with the entire remit of the policing pressures that are faced nationally across England and Wales, it is in short, a microcosm of the national policing landscape:
2. From the latest Welsh Index of Multiple Deprivation (WIMD), areas from Gwent’s counties inhabit three places in the top 10 of most deprived areas and one place in the top 10 of least deprived areas;
3. In the WIMD, areas from Gwent’s counties account for 19% of the total across Wales, but inhabit 23% of the top 10% of most deprived areas, but only 7% of the least deprived areas;
4. Gwent Police deals with inner city issues as well as rural crime;
5. Organised crime groups exist in Gwent as well as links to terrorism and domestic extremism;
6. The M4 and major trunk roads bring their own policing needs; and
7. The proximity to Cardiff and the International Convention Centre at the Celtic Manor Resort brings additional operational challenges to policing in Gwent.

1. Further drivers of crime, anti-social behaviour (ASB) and police activity in Gwent are produced below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Deprivation** | **Education/**  **Employment** | **Substance Misuse / Mental Health** | **Crime** |
| **Early Years** | 25,505 children in low income families | 23.1% children with Special Educational Needs | 21.3% children 11-16 have tried vapes | 79 juvenile first time offenders in 2021 |
| 5.5% absenteeism rate in schools | 3% adolescents admit smoking at least once per week |  |
| **Working Years** | 45% households predicted to be in fuel poverty | 3.6% unemployment rate | 16.8% adults drinking above safe weekly guidelines | 26,689 domestic abuse incidents |
| 15% living in material deprivation | 23.5% 16-64yr olds not actively participating in the labour market | 65 suicides in 2022 and 15.3% feeling lonely | 914 adult first time offenders |
| 827 homeless households in Gwent (March 2021) | 1 in 8 people in Newport and Caerphilly and 1 in 6 in Monmouthshire had an hourly pay below the cost of living (no data for Torfaen and Blaenau Gwent) | 6.5 drug misuse deaths per 100,000 population (2022) | 1,279 adult and juvenile reoffenders |
| 96 estimated rough sleepers | 786 clients open to Gwent Drug and Alcohol Service where drugs are the primary substance | 248 killed or seriously injured on Gwent roads in 2022 |
| **Older Years** | Life expectancy for a male = 78.1yrs | Life expectancy for a female = 80.1 years | 4,375 people recorded as living with dementia |  |

1. For further local context, included within Appendix 1 is a typical day in Gwent Police.
2. At the National level, the Police Productivity Review to provide recommendations on improving efficiency and effectiveness on policing was published in November 2023. It found that over the previous 12 months a lot of positive changes had been agreed in terms of how policing responds to mental health calls and how crime is recorded, which are freeing up more than 1,000,000 hours of Police Officer time. It is important that this momentum is sustained and the review made a number of recommendations aimed at reducing bureaucracy, making the best use of good practice, science and technology, and that targeted financial incentives to Forces will help unlock productivity improvements. The report’s recommendations have the potential to free up a further 38 million hours of Police Officer time and the then Chancellor of the Exchequer’s Autumn 2023 Statement made no additional efficiency requirements on policing at that time.
3. In April 2024, the then Government published its response supporting the Review and its recommendations. As highlighted in paragraph 25 below, the then Government announced investment of over £230m at the Spring Budget 2024 to drive productivity and performance improvements across policing. This would include additional investment into technology and innovation measures such as facial recognition, using drones as first responders, redaction, rapid video response, automated triage of 101 calls, knife detection, and robotic process automation.
4. The then Government announced the creation of a new Centre for Police Productivity, based in the College of Policing. The plan at the time was for this to be established from Autumn 2024 and set the foundations necessary for policing to deliver the 38 million Police Officer hours identified by the independent review.
5. However, since the General Election in July 2024, the new Government and new Home Secretary have made three key announcements relating to policing:
6. Safer Streets Mission

As highlighted in more detail in the Commissioner’s introduction, the Government’s Safer Streets mission will aim to:

1. Halve knife crime and halve Violence Against Women and Girls (VAWG) within a decade;
2. Overhaul the policing response to domestic abuse and introducing stronger measures to tackle stalking and spiking;
3. Ban lethal weapons and working to ensure dangerous blades do not end up in the wrong hands; and
4. Deliver the Neighbourhood Policing Guarantee and put 13,000 additional Police Officers, PCSOs and Special Constables into neighbourhood policing roles.
5. Accountability Review

The British tradition of policing by consent relies on mutual bonds of trust between the public and the police. The public need to have confidence that there is an appropriate system to hold Police Officers to account where they may exceed the lawful use of their powers or otherwise fall short of the standards we expect our police to meet. Police Officers need to have the confidence to be able to use their powers to keep the public safe, and know that accountability arrangements are timely and proportionate. The government has set out a series of reforms across 8 strands to address longstanding concerns with accountability systems and improve standards in policing; and

1. Major Policing Reforms

In her first major [speech at the annual conference](https://www.gov.uk/government/speeches/home-secretarys-vision-for-police-reform) hosted by the NPCC and Association of Police and Crime Commissioners (APCC), the Home Secretary set out her plans to deliver major policing reforms, including:

1. A new Police Performance Unit to track national data on local performance and drive up standards;
2. A new National Centre of Policing to harness new technology and forensics, making sure policing is better equipped to meet the changing nature of crime. It is assumed that this will supersede the previous Government’s announcement of creating a Centre for Policing Productivity; and
3. As highlighted previously a Neighbourhood Policing Guarantee to get policing back to basics and rebuild trust between local Forces and the communities they serve.

## ECONOMIC FACTORS

1. In the build up to the 2025/26 Budget setting round, a number of economic factors are highlighted below for reference.

Spring Budget 2024 and March 2024 Economic and Fiscal Outlook

1. On 6th March 2024, the then Chancellor of the Exchequer, Jeremy Hunt M.P. announced the Spring Budget 2024 in a speech in the House of Commons. As is standard in major fiscal events, the Spring Budget 2024 was accompanied by the Office of Budget Responsibility’s (OBR) Economic and Fiscal Outlook (EFO). The key headlines from the Spring Budget 2024 were as follows:
2. Consumer Price Index (CPI) Inflation was falling faster than previously forecast;
3. Employee national insurance to be cut by a further 2 percentage points to 8%;
4. The Fuel duty freeze would continue;
5. The Home Office’s Revenue and Capital Departmental Funding would peak in 2023/24 at £20.7bn (from £17.1bn in 2022/23), before falling to £16.5bn in 2024/25; and
6. The then Government launched the Public Sector Productivity Plan – including £230m to deliver pilot schemes of police technology.

Spending Review Announcement

1. On Monday 29th July 2024, the new Chancellor of the Exchequer, Rachel Reeves MP (Chancellor) delivered a statement to the House of Commons on immediate public spending pressures facing the Government. As part of the statement, the Chancellor announced the launch of the next Spending Review (SR). This will take place in two stages and will first consist of setting Government Departmental budgets for 2025/26 alongside the Budget on 30th October 2024, followed by a multi-year Comprehensive Spending Review (CSR 2025) to conclude in Spring 2025. Taking time to consider a multi-year CSR is welcome, as it will allow the Government to clarify its missions and priorities and ensure its spending plans align with them. The Chancellor also announced changes to the CSR framework, with the Treasury committing to hold a multi-year CSR every two years.

Autumn Budget 2024 and October 2024 Economic and Fiscal Outlook

1. On 30th October 2024, the Chancellor announced the Autumn Budget 2024 in a speech in the House of Commons, her first major fiscal announcement following the 2024 General Election. The Chancellor started her speech saying “The only way to drive economic growth is to invest, invest, invest.” Within the Autumn Budget 2024, the Chancellor concluded the one-year SR for 2025/26 and reiterated a multi-year CSR for subsequent years is expected in Spring 2025.
2. The OBR published its assessment of the Chancellor's economic policies and economic forecasts in the usual way in its EFO. The key headlines from the Autumn Budget 2024 were as follows:
3. The UK economy fell into a technical recession in the second half of 2023, although year-on-year growth did not fall below 0%. As set out in Spring 2024, forecasts suggest that the UK will return to pre-pandemic levels of Gross Domestic Product (GDP) growth in 2025;
4. The Government’s Fiscal Rules have changed – There will be no borrowing for day-to-day spend and Net Financial Debt must decrease as a proportion of GDP (by third year of forecast or 2029/30);
5. CPI was close to the 2% target, but remaining above 2% until 2029;
6. The Home Office’s Revenue and Capital funding will increase from £20.3bn in 2023/24 to £22.7bn in 2024/25 before dropping to £22.1bn in 2025/26. Importantly, the figures show that the 2023/24 outturn was £0.4bn lower in the Autumn Budget 2024 and in 2024/25, Home Office funding is expected to be £6.2bn higher than previously forecast in the Spring Budget 2024, before dropping by £0.6bn in 2025/26;
7. The MoJ’s Revenue funding will see an increase of £1.9bn in total Departmental spending in 2025/26 (an average real-terms increase of 5.6% from 2023/24 to 2025/26). Capital funding will also increase, on average, by 14.9% in real-terms between 2023/24 and 2025/26. This increase in Departmental spending will allow for an investment of £2.3bn in prison expansion across 2024/25 and 2025/26, with a view to having thousands of new prison places open over the next two years. This will include a new prison at HMP Millsike (York). It will also allow £220m for prison and probation service maintenance as well as “up to” £300m in 2025/26 to keep “our prisons safe and secure”. It will also fund 106,500 Crown Court sitting days in 2024/25. Additionally, the MoJ and Home Office Settlements will allow investment of “up to” £74m in 2025/26 to speed up the processing of asylum appeals in immigration tribunals; and
8. Employer National Insurance Contributions (NICs) increased to 15% and the threshold reduced to £5,000. However, an allowance was made for the impact on public sector organisations, in that the additional costs falling on public sector bodies would be borne by Central Government.
9. Additionally, the Government published its response to the OBR review of the March 2024 forecast, addressing the £22bn in unfunded pressures against Departmental Budgets (the so-called ‘black hole’). His Majesty’s Treasury (HMT) provided data on spending pressures and outlined steps to manage these, including changes to the spending control framework. The OBR’s review highlighted the need for improved transparency and recommended ten measures to enhance the forecasting process.
10. In all announcements to date, there has been no mention of revisions to the Police Funding Formula.

Policing Specific Factors

1. There has been an overall cash increase in Central Government Grant Funding for policing between 2010/11 and 2025/26 of 18.0%. However, when the effect of inflation and pay awards is built in, the real reduction is actually 19.2% over the past 15 years.
2. Past inflation has had a significant impact on policing spending power. In 2023/24, the PACCTS budget survey showed that inflationary pressures amounted to a £639m increase in budgets at that time. This was larger than the £454m increase in total funding given to Police Forces in 2023/24. If other growth pressures were included, then Forces faced an almost £1bn increase in costs compared with the year before.
3. Inflationary pressures remain a concern for Forces, though they are diminishing compared to previous years. After peaking in October 2022, inflation has generally been on a downward trend. However, there has been a recent uptick in the headline inflation rate to 2.3%, primarily driven by energy costs. This has led to the markets anticipating fewer interest rate drops over the course of 2025, impacting borrowing costs. This level of CPI is in-line with the 3% inflation assumption for non-pay expenditure that underpins the Chief Constable’s Budget Bid.
4. Wages account for 77.8% of Gross Revenue Budgets for Forces nationally, an area in which there has been a significant upwards pressure over the past couple of years. The most recent pay award stood at 4.75% with most Forces budgeting 2.5%. However, the Home Office provided a £175m grant to cover the difference in-year. No specific pay award funding has been provided in the Provisional Settlement for 2025/26, with an overall increase of Core Central Government Grant Funding across Police and Crime Commissioners of £339m. Additionally, Police Officers that were recruited UK Government’s Police Uplift Programme for 20,000 more Police Officers (Operation Uplift) are becoming more expensive as they progress up their respective pay bands. The Chief Constable’s Budget Bid reflects a pay award for Police Officers and Police Staff of 3% which is discussed further in this report.
5. The levers the Commissioner has to mitigate these inflationary pressures and maintain current policing service in Gwent are therefore increasingly restricted. The requirement to maintain the post Operation Uplift target of 1,506 whole time equivalent (wte) Police Officers; more ring-fencing of Central Government Grant Funding; and the ongoing investment requirements for short-term assets, all reduce the areas available to generate further savings on a sustainable basis. The level of reserves also continues to fall in 2025/26 as reserves and committed funds are utilised in line with the Commissioner’s Reserves and Committed Funds Strategy 2024/25.

### FUNDING (Appendices 2a, 2b and 3)

Central Government Grant Funding from the Home Office – 2025/26

1. The Provisional Settlement for Policing which was announced on the 17th December 2024 confirmed that overall Central Government Grant for Police and Crime Commissioners would be £11,407.8m, an increase of £657.1m between 2024/25 and 2025/26. A breakdown of this figure is provided below.
2. Core Police Grant Funding amounted to £9,486.5m, an increase of £339m - £75m of this increase is from the reduction in Operation Uplift grant as noted below.
3. Ringfenced Specific and Special Grants amounted to £1,921.4m, an increase of £318.1 and are separately shown below:
4. Legacy Council Tax Grants, which are only for English Police and Crime Commissioners, amounted to £552.4m, an increase of £0.7m;
5. Pensions Grant amounted to £398.1m a decrease of £30.8m. Following the revaluation of public sector pension schemes in 2016, the Home Office has provided a flat-cash grant of £143.0m fixed at 2019/20 levels up until the 2023/24 financial year. The most recent actuarial valuation of the Police Pension Scheme has again resulted in an increase in employer contributions from 31% to 35%. The 2024/25 Final Settlement therefore confirmed that an additional £259.0m would be added to this grant, as well as a one-off £26.8m administration grant (for implementation pressures), taking the total funding to £428.9m. The 2025/26 Provisional Settlement however reduces this grant by £30.8m. According to the Home Office, the one-off payment of £26.8m in 2024/25 has been removed as well as an additional £4.0m which was redistributed to Counter Terrorism Policing, as this was an oversight from last year’s Settlement. For context, the Provisional Settlement provided an additional Home Office grant to Gwent of £4.038m to cover the cost of this increase in these police pension scheme contributions in 2025/26, but as before this is delivered as a ring-fenced grant rather as part of the Core Police Grant Funding. This results in a shortfall each year that needs to be covered locally and amounts to £6.4m in 2025/26;
6. Prior to the publication of the Provisional Settlement, it was expected that there would be a continuation of Operation Uplift funding for the recruitment of the final Police Officers (towards the 20,000 total). The Ministerial Statement confirms ongoing funding of £270.1m in 2025/26 (a decrease of £87.7m), as well as a £39.5m increase in the Additional Recruitment Grant (up to £106.7m in 2025/26). This brings the total Police Officer Maintenance Funding to £376.8m – a £48.2m decrease on the total of £425.0m in 2024/25 (which was made up from £357.8m Operation Uplift and £67.2m Additional Recruitment Grant). The Ministerial Statement says “We are grateful to those Forces who have gone above and beyond in recruiting additional officers to maximise the strength of their workforce. We expect that these Forces prioritise maintaining these officer numbers and have provided funding to achieve this.” Police Forces will still be expected to meet Police Officer number targets in return for this funding. However, the Ministerial Statement says that the “Home Office has listened to feedback … on the need for increased flexibility … We have therefore rebalanced the funding available in core grant and the ringfence for the purpose of maintaining officers for 2025/26”. This would seem to suggest that the Government assumption is that at least part of the Core Police Grant Funding increase should be used to support Police Officer numbers;
7. National and International Capital City Grant amounted to £255.2m, an increase of £65.0m. The Metropolitan Police Service and the City of London Police continue to receive National and International Capital City grant funding worth £255.2m in recognition of the unique and additional demands of policing the capital city of the United Kingdom. Despite regular lobbying, no such allocation is provided in recognition of Cardiff’s status as the capital city of Wales and the associated events held there that draw resources from South Wales Police and its neighbouring Forces. The Home Office considers the additional demand that Cardiff’s status creates to be comparable with a large English city such as Bristol. Similarly the demand upon policing in Gwent from the expansion of the International Convention Centre for Wales (ICCW) at the Celtic Manor Resort, continues to be part of the ongoing dialogue with the Home Office;
8. The new National Insurance Contributions Grant amounted to £230.3m. As confirmed in the Autumn Budget 2024, additional NIC upon public sector employers would be borne by Central Government. This funding will be distributed on headcount and not necessarily on additional NIC costs at the individual Police and Crime Commissioner level;
9. The new Neighbourhood Policing Grant amounted to £100.0m. The Provisional Settlement includes a new Neighbourhood Policing Grant, worth £100.0m in recognition of the Government’s priority for police visibility and neighbourhood policing. This fund is intended to support the recruitment of additional, and redeployed, neighbourhood Police Officers, Police Community Support Officers (PCSOs) and Special Constables in 2025/26 under the Safer Streets Mission and will form part of a multi-year programme, spanning the length of the Parliament. The funding was allocated on share of Core Police Grant Funding. The conditions are still to be confirmed. The Home Office wants to make sure that they understand the baseline of Police Officers before communicating any conditions. However, there is an aim to be more flexible with this grant when compared to Operation Uplift. The preference will be for it to be new Police Constables and PCSO, but there will be flexibility for staff deployment; and
10. Council Tax Precept Grant amounts to £8.5m, an increase of £1.1m. In recognition of the City of London not benefiting to the same degree as other areas from the increase in Council Tax Precept, this year’s Council Tax Precept Grant has risen £1.1m from £7.5m to £8.5m, an increase of 14%.
11. Reallocations (also referred to as ’top slices’) for national policing programmes retained by the Home Office totalled £914.3m for 2025/26, a £123.8m reduction over 2024/25. However, this is not a true representation, as six previous top-slices are now being funded from within the Home Office’s wider budget. For context, these Reallocations equate to a potential loss of nearly £10m of Central Government Grant Funding into Gwent.
12. The Provisional Settlement appears very welcome in the headline investment figures with continued overall increases in policing service funding and increased Council Tax Precept flexibility for English Police and Crime Commissioners of a £14 p.a. increase on a Band D property for 2025/26 without triggering a referendum.
13. In addition, there are no new specific savings targets set, as the UK Government recognises that the Policing have already exceeded the efficiency targets set at the start of CSR 2021. The 2% savings target announced in the summer by the Chancellor, applies to Government Departments, with no explicit savings yet announced for Policing. It expected that these may be defined in the forthcoming CSR 2025 in the Spring of 2025.
14. However, within the Provisional Settlement, the Minister of State for Crime, Policing and Fire set out her expectations that “Forces raise their ambition on efficiencies and drive forward improvements to productivity while helping us deliver on our mission to create safer streets.” To this end the Government have launched the Commercial Efficiencies and Collaboration Programme which forces will be required to participate in, which will start with Forces signing up to national approaches to buying energy, vehicles, fuel, temporary staff and software licenses. The Home Office expect the programme to “unlock immediate cost savings and lay the foundations to deliver hundreds of millions of pounds of efficiency savings by the end of this Parliament.” The programme will initially target several priority areas. These include:
15. Fleet – Require better use of existing frameworks and working with policing to standardise requirements enabling better value and reducing full life costs;
16. Energy - working with the sector to ensure policing can harness wider purchasing power across Government and wider public sector; and
17. ICT - ending the variation in prices for software contracts and then moving to smarter purchasing in other areas of technology.
18. Taking the above England and Wales figures, in summary the increase in Central Government Grant Funding for the Commissioner between 2024/25 and 2025/26 is set out below. Compared to the expected level of Central Government Grant Funding set out in the Chief Constable’s Budget Bid, the Provisional Settlement’s total Gwent Central Government Grant Funding of £109.500m is higher by £3.274m than expected. This is predominantly down to the Home Office unexpectedly ’rolling’ the 2024/25 Operation Uplift Maintenance Grant into the recurring Core Grant for 2025/26:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2024/25**  **£m** | **2025/26**  **£m** | **Increase**  **£m** |
| Core Central Government Grant Funding (police grant, NNDR, Revenue Support Grant) | 93.868 | 97.348 | 3.480 |
| **Total Core Police Grant Funding** | **93.868** | **97.348** | **3.480** |
|  |  |  |  |
| Pension Grant1 | 4.307 | 4.038 | (0.269) |
| Operation Uplift Maintenance Grant | 4.364 | 3.594 | (0.770) |
| Neighbourhood Policing Grant | 0 | 1.027 | 1.027 |
| Operation Uplift Additional Recruitment Grant | 1.008 | 1.106 | 0.098 |
| National Insurance Grant2 | 0 | 2.387 | 2.387 |
| **Total Special/Specific Grants** | **9.679** | **12.152** | **2.473** |
|  |  |  |  |
| **Total Central Government Grant Funding** | **103.547** | **109.500** | **5.953** |

Notes

1. The current shortfall to Gwent Police on Pension Grant is circa £6.4m which needs to be covered locally through either increases in Council Tax Precept or additional cashable efficiency savings within the overall budget; and
2. The actual additional costs associated with the increase in Employer National Insurance contributions for 2025/26 amounted to £2.5m – therefore, as above this £113k shortfall will need to be covered locally by the same means as above.
3. The majority (by number) of Central Government Grant Funding is provided as ring-fenced Special/Specific Grants rather than Core Police Grant Funding. The risk remains therefore that this funding can be removed or provided on a flat-cash basis at any future Settlement. Furthermore, any future shortfalls would therefore need to be funded locally, such as in the case of the previous Pension Grant.
4. Similarly, the growth in the Core Police Grant Funding is only 3.71% year on year. This effectively means a real-terms cut in funding for day-to-day policing services again for 2025/26 once the costs of inflation and pay awards within existing budgets; new service pressures and budget developments; and capital funding are taken into account. These existing pressures will still need to be met by a combination of efficiency scheme savings and importantly Council Tax Precept growth, a point which the UK Government clearly recognises by allowing a degree of Council Tax Precept flexibility for the eighth year in a row for English Police and Crime Commissioners in 2025/26.
5. The Provisional Settlement did not however, confirm or bring to conclusion the following outstanding issues and risks, which remain unclear and subject to further dialogue:
6. Since the introduction of the Apprenticeship Levy in April 2017, Welsh Forces have been disadvantaged to English counterparts in access to the Apprenticeship Levy to offset the costs of delivering the Police Education Qualifications Framework (PEQF). The Home Office and Welsh Government have been lobbied for a number of years to establish parity. Therefore, over recent years, there has been a non-recurrent annual contribution of £1.0m from the Home Office. This rose to £2.4m in both 2022/23, 2023/24 and 2024/25, in respect of delivering the PEQF across Welsh policing, to be shared on a Police Funding Formula basis. This is significantly short of the £8.1m gross costs of the Apprenticeship Levy, plus administering the PEQF in Wales. However, it has been confirmed in dialogue following the Provisional Settlement that the Home Office has made a contribution towards compensation for Welsh Forces, not able to utilise their full Apprenticeship Levy contribution in recent years. This contribution again totals £2.4m in 2025/26 and the Home Office previously stated that this “will address this issue in full.” Gwent’s share of the £2.4m has been budgeted at £480k. Whilst this continues to be welcome, this is the fourth year of specific flat-cash funding against a backdrop of ongoing pay awards. Chief Finance Officers in Wales continue to work with Home Office officials to determine the appropriate amount of funding to Welsh Police and Crime Commissioners, to provide an equal footing with their English counterparts;
7. The lack of capital funding directly to Police and Crime Commissioner’s from Central Government continues to place the burden of maintaining an increasingly old estate and investing in short-term assets on existing revenue budgets and local funding source;
8. Dangerous Dogs - Police Forces across England and Wales say the costs of kennelling thousands of seized dangerous dogs, often for months at a time, have risen sixfold to £25m a year and many facilities were at capacity. The costs of this are currently being born locally, and in Gwent Police’s case the budget has risen to £520k in 2025/26;
9. Police Aviation (previously National Police Air Service) – Over recent years, the future operating model for Police Aviation has been debated amongst Police and Crime Commissioners and Policing Operational Leads. With the development of drone technology, coupled with an ageing helicopter fleet; and a challenging governance and charging model, the future direction is yet to be determined. The immediate problem however concerns the need to replace 10 helicopters on the fleet at a net capital cost of circa £70m (after reserves usage), which has been previously requested from the Home Office. The Provisional Settlement has only made reference to £11.5m for ‘maintenance costs’ and therefore not the new capital replacement requirement;
10. Power of Competence – In 2021, the then Home Secretary launched a consultation on granting Police and Crime Commissioners the ‘General Power of Competence’ akin to that provided to Local Authorities. The findings suggested a lower level ‘Functional Power of Competence’ be granted, akin to that provided to Fire and Rescue Authorities. The findings of this consultation would require Primary Legislation to enact the change, which to date had not gone onto the Statute books. The General Power of Competence and to a lesser extent the Functional Power of Competence would provide Police and Crime Commissioners with more opportunities to act in a commercial manner to provide services and raise money. Home Office officials were unable to give any timelines regarding the award of the power;
11. In 2024/25, the then UK Government provided an additional £66.3m for ‘hotspot policing’ of specific areas to tackle serious violence and ASB. Each Force received a minimum of £1.0m in 2024/25, but there is no insight as yet as to whether this initiative will be continued;
12. The 2025/26 Settlement sets a one year budget. As discussed previously, the requirements and impact of the 3 year CSR 2025 set for this Spring will provide a degree of certainty (good or bad) for Policing budgets over the short to medium-term; and
13. Finally, the Provisional Settlement also makes no further comment on progress with the Home Office’s review of the Police Funding Formula, used to allocate Government funding to individual Forces. Previous indications in 2015 of the impact on Gwent showed a potential cash cut in Central Government funding of £6m to £10m. In prior years, it has been assumed that any implementation of a new Police Funding Formula would be phased in over time and this had been reflected from year three onwards in the five year MTFP. However, because of this lack of information on progress and the age of the estimated impacts, any potential loss of future funding has now been removed from the MTFP until the position is clarified by the Home Office. The Police Funding Formula does remain one of the factors reflected in the financial position risk included in the organisational risk register for Gwent Police and the OPCC.

Central Government Grant Funding from the Ministry of Justice – 2025/26

1. Since 2013/14, Police and Crime Commissioners have received flat-cash MoJ funding to provide services to victims of crime. For the 2024/25 financial year, the Commissioner received £691k in grant which was used to support Victims’ Services and provide additional services for victims of crime. In December 2024 however, the Commissioner was notified of their 2025/26 allocations from the MoJ, confirming that the amount receivable was reduced to £662k, a cash cut of £29k or 4.2% (on top of the real-term cuts on this grant since its inception). Due to the importance of the service provided by ‘Connect Gwent’ the Victims’ Hub however, its funding to maintain its purchasing power will again be supplemented from the Commissioner’s funding from the Council Tax Precept.
2. In addition to the MoJ funding for generic Victims’ Services outlined above, for 2025/26 the Commissioner will also receive £575k of MoJ specific funding to commission services for victims of Domestic Abuse and Sexual Violence. These funding streams were expected to only run to the end of the 2024/25 financial year, beyond which their continuation is unknown. Whilst this in welcomed for 2025/26, the pick-up of the cessation of these grants in future years has not been reflected in the MTFP.

Welsh Government Grant Funding – 2025/26

1. The Chief Constable’s Budget Bid currently identifies 135 wte PCSOs funded 61 wte by Welsh Government and 74 wte by the Commissioner. Therefore, match funding by the Commissioner is exceeded. However, when the Welsh Government draft budget was published on the 10th December 2024, it was noted that a budget of £16.003m had been maintained by Welsh Government for PCSO funding, as opposed to the £13.200m expected. I.e. the ‘transitional’ budget from 2024/25 was still included; plus 3% pay award growth; and £50k set aside for an evaluation of PCSO effectiveness. Chief Finance Officers across Wales have discussed this matter with Welsh Government officials, and as the budget can cover around 350 wte PSCOs (as opposed to the 300 wte), they expect Welsh Police and Crime Commissioners to partly reinstate PCSO numbers during 2025/26. From a Gwent perspective, the 2025/26 Welsh Government PCSO funding will be for 71 wte PCSOs, with 74 wte Commissioner funded being maintained as per the Chief Constable’s Budget Bid, so potentially 145 wte in total. With match-funding being exceeded, this does not cause immediate concern, although the details of the Welsh Government grant award will be eagerly anticipated.

Council Tax Precept and Council Tax Base Funding – 2025/26

1. The Provisional Settlement also made the following points in relation to Council Tax Precept increases:
2. As stated previously, in England, the Government sets the level of Council Tax Precept increase above which a referendum is required. In November, it was confirmed in the Local Government Finance Policy Statement 2025 to 2026 that English Police and Crime Commissioners would be able to increase the 2024/25 Band D Council Tax Precept by up to £14, without triggering a referendum. Actual Council Tax Precept increases will remain a decision for individual English Police and Crime Commissioners;
3. Assuming each PCC increases their Council Tax Precept by the maximum allowed of £14, combined with Council Tax Base growth assumptions of 0.8% for England and 0.5% for Wales from the OBR, this would provide an additional £329.8m of resources for Policing from Council Tax payers;
4. Due to historic differences in Council Tax Precept, the proportion that £14 represents can vary significantly between Force areas. The £14 increase means that Northumbria’s percentage increase is 8.6% followed by the West Midlands at 7.3% and Essex at 6.5%. Conversely, £14 represents a 4.5% increase (including assumed Council Tax Base growth of 0.5%) for North Wales, South Wales and Gwent. The lowest increase amongst English Forces would be seen in Surrey at 5.2%; and
5. Assuming every Force takes the £14 Council Tax Precept increase, the weighted average Band D Council Tax Precept for Policing in England and Wales would rise to £292.84. The proportion of funding raised through Council Tax Precept differs significantly between Forces. Northumbria’s Council Tax Precept makes up 20% of their total funding, followed by West Midlands at 21.1% and Merseyside at 23.4%. Conversely, Surrey has 55.2% of their funding coming from Council Tax Precept, followed by Dyfed Powys at 53% and North Wales at 51%. On average 34.4% of budgets are made up from Council Tax Precept, an increase from 34.3% last year. If the Commissioner’s Council Tax Precept Proposal were set at a £14 p.a. increase (4%), the 2025/26 deficit would increase by a further £3.166m to £4.845m.
6. At the time of writing, no official announcement has been made by the Welsh Government in relation to the levels of Council Tax Precept rises over the forthcoming years, which would be deemed unreasonable and therefore capped. Historically, indications have been given that increases in Council Tax Precept for Police and Crime purposes of up to 5% would not be considered unreasonable; and actual increases of over 7% in previous years by Welsh Police and Crime Commissioners have not been challenged. For the purposes of parity however, capping principles must be considered in the light of any flexibility afforded to English counterparts in 2025/26.
7. MTFPs that have previously been issued during this budget setting cycle have assumed Council Tax Precept increases of 6.82% p.a. over the five-year projected period. The Chief Constable’s Budget Bid requested this level of 6.82% (or £23.84 p.a.) in-line with previous years and an agreed longer-term approach to Council Tax Precept Funding. Prior to the receipt of the Provisional Settlement, this 6.82% increase would not have provided the funds to meet the Chief Constable’s expenditure request, resulting in a projected deficit after known savings in 2025/26 of £4.619m, and thereby not achieved a balanced budget for 2025/26.
8. However, since the Chief’s Constable’s Budget Bid and receipt of the Provisional Settlement, a number of further funding impacts have occurred which have altered the level of the projected deficit. They are:
9. As described in paragraph 43 above, Central Government Grant Funding from the Home Office was £3.274m more than expected in the Chief Constable’s Budget Bid. This was predominantly down to the Home Office unexpectedly ’rolling’ the 2024/25 Operation Uplift Maintenance Grant into the recurring Core Police Grant Funding for 2025/26;
10. As described in paragraph 47 in December 2024 the Commissioner was notified of their 2025/26 allocations from the MoJ, confirming that the amount receivable was reduced to £662k, a cash cut of £29k or 4.2% (on top of the real-term cuts on this grant since its inception);
11. During December 2024, alongside the development of the Commissioner’s new Police, Crime and Justice Plan 2025-2029, it is becoming increasingly apparent of the need to invest in both the capacity of the OPCC to deliver and monitor its success; and also to further invest in a number of areas of Commissioned Services. The Police, Crime and Justice Plan 2025–2029 puts a strong emphasis on:
12. Delivering safer communities across Gwent, building the multi-agency infrastructure and co-commissioned services to meet the needs of those Gwent Communities who need this most; and
13. Tackling the root causes of violence against women and girls and tackling domestic abuse. Furthermore, when people become victims, that comprehensive, wrap-around support is readily available to help victims cope and recover, and that perpetrators have access to services to alter their behaviours.

An investment requirement of £1.0m has been identified to support commissioned services, interventions and the delivery of the objectives of the Police, Crime and Justice Plan 2025-2029. This will be largely offset by an increase in Council Tax Precept from the 6.82% (£23.84 p.a. increase) contained in the Chief Constable’s Budget Bid, to the 7.95% (£27.79 p.a. increase) forming the Commissioner’s Council Tax Precept Proposal. This movement results in increased funding from Council Tax Precept of £905k;

1. December 2024 and January 2025 saw the confirmation of Local Authority Council Tax Bases. This growth is higher at 1.22% than the 0.47% growth originally assumed in the Chief Constable’s Budget Bid. However, this is still on par with Council Tax Base growth in Wales but will be historically below English Force areas where average growth is regularly well above 1% (as borne out consistently in OBR forecasts). This additional increase in the Council Tax Base would yield an additional £631k on overall Council Tax funding, from that assumed in the Chief Constable’s Budget Bid.
2. The effect of the changes from the Provisional Settlement (from Home Office and MoJ) and the development of the Commissioner’s Police, Crime and Justice Plan 2025-2029 on the net deficit for 2025/26 set out in the Chief Constable’s Budget Bid, can be summarised as follows:

|  |  |
| --- | --- |
|  | **2025/26**  **£m** |
|  |  |
| **Net deficit per Chief Constable’s Budget Bid –**  **November 2024** | **(4.619)** |
|  |  |
| Less: |  |
| MoJ Victims Services funding reduction | (0.029) |
|  |  |
| Add: |  |
| Home Office Provisional Settlement Funding impact | 3.274 |
|  |  |
| **Net deficit post Provisional Settlement –**  **December 2024** | **(1.374)** |
|  |  |
| Less: |  |
| Investment required to support commissioned services, interventions and the delivery of the new Police, Crime and Justice Plan 2025-2029 | (1.000) |
| Reinstatement of previously budgeted future borrowing costs | (0.800) |
| Operation Olympus Cost Pressure | (0.041) |
|  |  |
| Add: |  |
| Council Tax Base growth above assumptions (0.47% to 1.22%) – Plus compounding | 0.631 |
| Council Tax Precept proposal impact (6.82% to 7.95%) | 0.905 |
|  |  |
| **Net deficit per Commissioner’s Council Tax Precept Proposal - January 2025** | **(1.679)** |

1. The above Provisional Settlement changes would have decreased the projected deficit for 2025/26 after a 6.82% increase in Council Tax Precept from £4.619m in the Chief Constable’s Budget Bid to £1.374m. Furthermore, even with an increase in the proposed Council Tax Precept to 7.95% to offset new investment requirement from the emerging Police, Crime and Justice Plan 2025-2029; beneficial growth in the Council Tax Base; and future proofing the emerging Estate Strategy from a borrowing perspective, the updated projected deficit for 2025/26 remains at £1.679m.
2. This Council Tax Precept Proposal recognises the increased need being placed on local Council Tax payers and in no way undermines the integrity, robustness and justification of the Chief Constable’s Budget Bid. Instead it is a simple case of having to risk-manage the entire policing, crime and justice budget over the medium-term in the light of reduced real-term Central Government Grant Funding, in order to provide a continued level of policing services to Gwent residents.
3. In conclusion, in order to invest in the current level of policing and commissioned services to the people of Gwent, the Council Tax Precept Proposal is for an increase of 7.95% (£27.79 increase p.a.). This is driven by:
4. The operational requirements of Gwent Police to deliver an efficient and effective service to protect and safeguard the people of Gwent and to:
5. Maintain previous investment in Police Officer numbers;
6. Increase investment in PCSO numbers; and
7. Minimise any impact on front line delivery.
8. Confirmation from the Provisional Settlement that the entire increase in Central Government Grant Funding from the Home Office in 2025/26 is ringfenced specifically for:
9. Delivering and maintaining a set number of new Police Officer posts and their associated consequential costs over the short to medium-term; and
10. Partly contributing to additional expenditure outside of the Commissioner’s control in relation to additional Pensions and National Insurance Contributions costs.
11. Confirmation of the reduction in MoJ Victims Services Funding and the need to maintain the current level of Victims’ services;
12. The need to provide the suitable infrastructure (buildings, vehicles, ICT) to support the significant investment in Police Officer numbers, Police and Crime Commissioners need access to capital financing. With none forthcoming from Government through Capital Grant; limited options for capital receipts from asset sales; and Reserves and Committed Funds depleted; the only feasible option is direct revenue financing or from revenue budgets, which are already under significant unavoidable pressure or through borrowing which has become increasingly unaffordable;
13. The ongoing expectation from Government, as highlighted throughout this report, for Police and Crime Commissioners to maximise Council Tax Precept increases. This is indicated by the £14 p.a. increase allowed in England to invest in the Policing Service and complement Operation Uplift – the eighth year of flexibility in a row. Although lower than this Council Tax Precept Proposal, English counterparts have consistently experienced significantly higher Council Tax Base growth than Welsh counterparts and continue to be in receipt of £552.4m of Government Grant from ‘freezing’ Council Tax Precept increases in previous years;
14. The ambitious requirements of the new Police, Crime and Justice Plan 2025-2029 to deliver ‘Increasing Trust and Confidence in Policing and the Justice System across Gwent’, with particular focus of investment on:
15. Delivering safer communities across Gwent; and
16. Tackling the root causes of violence against women and girls and tackling domestic abuse.
17. The Commissioner’s understanding of the support for an increase, which was informed by extensive public engagement, and recognition of the financial impact of any Council Tax Precept increase on Gwent residents. The increase is the minimum required to deliver an effective service and the objectives of the Police, Crime and Justice Plan 2025-2029, all of which reflect the priorities identified by the citizens of Gwent; and
18. Early positive engagement with the Police and Crime Panel’s Finance and Estate Sub-Group reaffirmed the public’s view, that although they are supportive of Gwent Police, the stark reality of the economic factors beyond policing, such as unprecedented rises in inflation growth on general commodities and funding changes, places a potentially unaffordable ask at the feet of Gwent Council Tax Precept payers. The Commissioner acutely acknowledges the economic impact of past and current events and the associated inflationary burdens across the Communities of Gwent and to this end, needs to balance the local investment expectations of the Government (which it is expected will be replicated by other Police and Crime Commissioners across England and Wales); those of the Chief Constable to deliver an effective and efficient Policing Service; with the affordability of the increase to Gwent residents. Indeed, it could be argued that those residents most socially and financially deprived require most the services of Gwent Police.
19. With the above eight drivers for this decision highlighted above, the Provisional Settlement has only confirmed the funding for the 2025/26 financial year. The Government is currently working on CSR 2025 which will provide Government Departmental resource budgets for three years (2026/27 to 2028/29) and capital budgets for five years (2026/27 to 2030/31), with reviews every two years. As part of this, Government Departments will be expected to make better use of technology and seek to reform public services, to support delivery of the Government’s plans for a ‘decade of national renewal.’ Further to this and to the backdrop of the £22bn ‘black hole’; and with UK Economic growth stalling, future financial Settlements could be more punitive as OBR forecasts are revised.
20. To the above backdrop, the proposed level of Council Tax Precept does not, however, set a balanced budget in 2025/26 even after taking account of £397k of budget savings and £360k of cashable efficiency schemes. The recurrent shortfall of £1.679m will need cost pressures to be robustly risk-managed during the 2025/26 financial year; necessitate extensive further cashable efficiencies to be delivered; or met by a contribution from the Commissioner’s Reserves and Committed Funds. Furthermore, this Budget Requirement and associated Council Tax Precept Proposal does not alter the level of borrowing already previously accounted for in base budgets. This approach provides a degree of affordable ‘borrowing headroom’ which may be required from the review of the Estate Strategy. The review will be completed following the publication of the Police, Crime and Justice Plan 2025-2029, in collaboration with the Police and Crime Panel’s Finance and Estate Sub-Group and other key stakeholders. This will realign operational policing and the public’s requirements (incorporating both the principles of value-for-money and environmental sustainability), with an appropriately risk-based approach to funding and borrowing.

Future Funding Assumptions – 2026/27 to 2029/30

1. Central Government Grant Funding from the Home Office is forecast to remain flat-cash at the 2025/26 level for 2026/27 and beyond. Aside from forecasting a nil-effect from the forthcoming CSR 2025, this also assumes no impact on changes to Reallocations and also any future changes to the Police Funding Formula. Although it is certain that these matters will affect future funding, it is impossible at this stage (due to Policing receiving one-year Settlements) to assess their impact.
2. Specific Grants from Home Office, Welsh Government and MoJ have been assessed to remain at 2024/25 levels (where they have yet to be confirmed); their provisional 2025/26 indicated amounts; or removed as per the narrative earlier in this report. With more and more Central Government Grant Funding being awarded as Specific Grant, this increases the risk to the Commissioner of these amounts remaining as flat-cash, or being completely removed in the future.
3. Future Council Tax Precept increases within the MTFP revert back to 6.82% from 2026/27 (which will be reviewed on an annual basis), due to the uncertainty of the funding position. In addition, the Council Tax Base growth p.a. has been estimated at 0.73% - the underlying average over the past three years, not that just seen in the previous year. However, even reverting back to 6.82% from 2026/27 onwards does not remedy the forecast recurrent deficit after efficiency savings of £5.633m by 2029/30.

## EXPENDITURE ASSUMPTIONS (Appendices 2b, 3, 4, 5, 6a and 6b)

Revenue – 2025/26 to 2029/30

1. In terms of the largest area of spend, Police Officer, PCSO and Police Staff establishments have been set at current authorised levels as determined by the Operational Policing Model review and the Continuous Improvement Programme. These have then been refined for future expected leavers, efficiency schemes and recruitment plans. In summary:
2. Aiming to maintain an establishment of at least 1,506 wte Police Officers and 825.6 wte Police Staff. The Chief Constable’s Budget Bid includes maintaining 135 wte PCSOs for 2025/26 and beyond; and as stated previously, it is expected that a maximum of 71 wte PCSOs will now be funded by Welsh Government grant, which will be more than matched by 74 wte locally funded PCSOs. 135 wte PCSOs ensures that operationally there is the equivalent of one PCSO per ward in the Gwent Police area. With additional Welsh Government grant potentially arising to move beyond this figure to 145 wte, additional PCSOs would be extremely welcomed by communities across Gwent;
3. Police Officer and Police Staff pay awards of 3.0% in September 2025 and each year beyond. In December 2024, Government Departments recommended a pay rise of 2.8% for public sector workers in 2025, which will now be considered by public sector pay review bodies. A 3.0% budgeting assumption (made up of 2% for pay award plus a 1% contingency) has been discussed by Welsh Policing Chief Finance Officers and determined locally. This provides a balance between upwards movement in the final agreed amount, whilst also signalling the level of affordability within the overall budget and future funding;
4. Non-pay inflation reducing from 3.0% in 2025/26, to 2% thereafter to reflect the current trend; and
5. No change to the contribution from revenue budgets to fund the short-life asset requirements for vehicle replacement, ICT development and capital maintenance in the Capital Programme. The revenue contribution to the Capital Programme of £7.150m however, does not provide sufficient funding to cover investment in long-life assets such as the Estate.
6. These assumptions and the scrutiny provided as part of the budget setting process have refined the additional costs pressures in 2025/26 to £3.7m (excluding National Insurance Contributions Special Grant), compared to £1.9m in 2024/25, £3.0m in 2023/24 and £4.3m in 2022/23. The majority of the 2025/26 total of £3.7m is attributable to:
7. £615k – Statutory set aside for Minimum Revenue Provision (MRP) for known borrowing and also to account for the new requirement for MRP in relation to Finance Leases;
8. £550k – To implement the Chief Constable’s new Operating Model. The sum covers five additional Chief Inspectors across Neighbourhood Policing; making permanent five call handlers in the First Contact and Control Department; and two further Inspectors in Custody to meet HMICFRS recommendations;
9. £456k – Pressures on existing ICT budgets to deal with Cloud migration, an increase in National Charges payable to Police Digital Services; market price increases; and also increases in volume;
10. £419k – Additional Gwent Policing costs to deal with seized dangerous dogs;
11. £274k – To maintain previous investment in Recruitment, Wellbeing, Learning and Development; and
12. £1m – Investment required to support commissioned services, interventions and the delivery of the Police, Crime and Justice Plan 2025-2029.
13. Although the marginal changes in expenditure budgets are shown, the totality of the resources provided to the Chief Constable will be the vast majority of total net revenue expenditure of £183.841m. As set out in the Chief Constable’s Budget Bid and the Chief Constable’s presentation to the Police and Crime Panel meeting on 13th December 2024, they will continue to:
14. Maintain services to ensure public safety;
15. Build upon the successes in the current Delivery Plan;
16. Improve Gwent Police performance and improve the quality of service;
17. Maximise returns on investment and deliver efficiencies and benefits to the public of Gwent;
18. Invest in the well-being of Police Officers and Police Staff; and
19. Manage demand and successfully work with partners.

Capital – 2025/26 to 2029/30

1. As highlighted earlier in this report, in order to provide the suitable infrastructure (buildings, vehicles, ICT) to support the investment in Police Officer numbers, Police and Crime Commissioners need access to capital financing. With none forthcoming from Central Government from specific Capital Grant; limited options for capital receipts from asset sales; Reserves and Committed Funds depleted; and borrowing becoming increasingly unaffordable; the only feasible and readily affordable option is direct revenue financing from revenue budgets. These are already under significant unavoidable pressure however.
2. The need for an appropriate future Capital Programme to maintain and improve the infrastructure for modern policing means the revenue budget will need to contribute either through a revenue contribution to capital or through new affordable borrowing costs. This creates inherent risks, particularly when financing short-life assets such as vehicles and ICT (which do not lend themselves to long-term borrowing); interest rate exposure; and public perception on how the Council Tax Precept is spent to provide the infrastructure to support the front-line.
3. The initial capital investment requirements over the next five years are becoming clearer as the implementation of the existing Estate, Fleet and ICT strategies are progressed. This said however, the current revision to the Estate Strategy, which is due for completion following the publication of the Police, Crime and Justice Plan 2025-2029 may bring additional capital financing requirements which may currently be unbudgeted. Therefore, as it stands, Capital Expenditure over the next five years totals £47.869m, of which the 2025/26 element amounts to £22.458m. The equivalent five year total figure within the 2024/25 Budget Report was £105.005m. This significant reduction is predominantly down to the removal of £55.296m of indicative future spend on construction of the Gwent Police Operational Facility (GPOF). Members will note that only the design costs were approved by the previous Commissioner, along with the demolition costs of the old HQ. Therefore, any future cost beyond those required for the design and demolition phases (which have now concluded), have been removed from the current Capital Programme.
4. Within the current five year Capital Programme is the remaining £10.0m of Gwent Police’s £16.0m contribution to building the new Joint Firearms Range. As previously reported to Members, this is a collaborative project with South Wales Police and Dyfed Powys Police to provide a new range that delivers the current and future training requirements for Firearms services across Southern and Mid Wales.
5. In the absence of any capital grant from Central Government, implementation of the current Capital Programme will require a combination of:
6. The underlying recurrent revenue contribution to capital will be maintained at £7.150m p.a. for the life of this MTFP – a total of £35.750m. An additional balance of £293k of revenue funding across the five years will be needed to cover the difference between borrowing and estimated Capital Programme costs. These revenue contributions are necessary in relation to minimising the Commissioner’s dependency upon external borrowing in the current economic uncertainty – particularly for short-term assets such as Fleet and ICT;
7. A small requirement from Reserves and Committed Funds of £72k in relation to Airwave/Emergency Services Network (ESN);
8. The need to undertake external borrowing of £16.500m between 2025/26 and 2029/30, although as stated previously, this does not include any requirements of the new Estate Strategy; and
9. Other grant funding relating to one-off, specific funding for ICT projects and a safety camera vehicle of £178k.
10. This Capital Programme investment will realise long-term cashable and non-cashable benefits to the Commissioner and Gwent Police, e.g. appropriate and more sustainable Estate provision; fit-for-purpose Fleet; and maximising returns on ICT investment. A recurrent budget has also been maintained in the Capital Programme to deliver the environmental sustainability strategy. Furthermore, Gwent Police’s Continuous Improvement Programme will present further investment requirements which will generate efficiency opportunities, which should present cashable savings.
11. As highlighted above, in relation to the investment in the long-term assets in the Capital Programme, the reserves and committed funds position is such that the Commissioner will need to access public borrowing in 2025/26 and beyond. These additional funds are necessary to continue the investment in key operational buildings including a new collaborative Joint Firearms Range, property stores and a short/medium-term custody solution. It will also fund the ongoing, long-term and national ICT projects for enhanced services at the ‘first point of contact’ with the public. The detail relating to the Commissioner’s 2025/26 Treasury Management Strategy which provides insight into the Commissioners’ future borrowing and investment positions over the medium-term can be found at the following link:

https://www.gwent.pcc.police.uk/en/transparency/joint-audit-committee/agendas-and-minutes/26-november-2024/

### BUDGETARY SAVINGS AND EFFICIENY OPPORTUNITIES (Appendices 7a and 7b)

1. Since 2008/09, Gwent Police has delivered £54.914m of recurrent, cashable efficiency savings to 31st March 2024. An additional £698k of savings are expected be delivered during 2024/25.
2. Appendix 7a details budgetary savings of £397k identified through this budget setting round which can be removed from the 2025/26 budget and beyond.
3. Further to this, the Continuous Improvement Programme will continue to remain focused on delivering a new generation of efficiency savings schemes and maintaining a detailed schedule of planned work to review functions and Departments across the whole of the Force and OPCC.  In 2025/26, Appendix 7b shows that Gwent Police is aiming to deliver efficiency savings of £360k on top of budget savings already realised of £397k. These have contributed to closing the projected deficit for 2025/26 and maintaining essential services in the face of insufficient Central Government Grant Funding.
4. Assuming an annual Council Tax Precept increase of 7.95% in 2025/26 and then 6.82% from 2026/27 for the remaining life of the MTFP, the currently unmet recurrent deficit to 2029/30 is still £5.633m. This deficit remains even after taking account of known future budgetary savings and efficiency saving schemes totalling £1.700m.
5. In addition to internally generated efficiency schemes, Gwent Police uses HMICFRS’s value for money (VFM) profiles (via an on-line dashboard) to identify where Gwent is an outlier in expenditure terms when compared to its most similar Forces. These dashboards are publicly available on the HMICFRS’s website. These areas are then taken forward by the Continuous Improvement Department as part of its forward programme of service improvement.
6. The VFM profiles were produced annually by HMICFRS between 2009 and 2017. Since 2017, HMICFRS have produced interactive VFM dashboards to help Forces compare performance, outcomes and cost. They are designed for use by Force management, Police and Crime Commissioners, the HMICFRS and the public. The comparisons are across all English and Welsh Forces, but exclude the Metropolitan Police and City of London Police, due to their uniqueness of data. The profiles enable comparison across all Forces (excluding the two named above) and also within an individual Force’s ‘Most Similar Groups’ (MSG), i.e. those Forces that share similar characteristics, such as demographics. The latest VFM Dashboard can be found on the following link:

<https://hmicfrs.justiceinspectorates.gov.uk/news/news-feed/value-for-money-profiles-2023/>

1. In terms of an overview from the latest dashboard available for 2023, Gwent Police remains the second highest cost per head of population across England and Wales; and the highest within its MSG of Forces. All Welsh Forces are amongst the top seven most expensive (excluding London) Forces. Among the four Welsh Forces, Gwent is first (second overall), followed by North Wales (fourth overall), South Wales Police (fifth overall), and then Dyfed Powys Police (seventh overall).
2. As highlighted in the table below, consistent with previous years Gwent Police continues to spend more per head of population than all Forces in ten of the eleven VFM categories and again in ten of eleven categories against its MSG Forces:

|  |  |  |
| --- | --- | --- |
| **Category** | **MSG Cost of Difference** | **All-Force cost of Difference** |
| Intelligence | £75,000 | (£418,000) |
| Deal with the Public | (£127,000) | £669,000 |
| Operational Support | £1,904,000 | £698,000 |
| Investigative Support | £629,000 | £966,000 |
| Investigations | £435,000 | £1,094,000 |
| Public Protection | £1,473,000 | £1,539,000 |
| Criminal Justice Arrangements | £935,000 | £1,668,000 |
| Roads Policing | £1,576,000 | £1,787,000 |
| Local Policing | £586,000 | £3,294,000 |
| Central Costs | £3,229,000 | £4,447,000 |
| Support Functions | £11,146,000 | £13,223,000 |

1. From the above findings, Local Policing, Central Costs and Support Functions are most in need of context to its costs, which is consistent with the annual position sine 2020/21. Similarly to previous years, within the Support Function’s sub-categories, ICT, Training, Performance Reviews and Corporate Development, and Estates costs appear as a significant outlier:
2. Local Policing costs are £586k and £3.294m more expensive than Gwent Police’s MSG and All-Force comparison respectively. As in previous years, the Police Officer and PCSO costs are above the MSG and national average per head of population. These indicators could be viewed as demonstrating that Gwent is over-resourced, however, Gwent has above average visible front-line provision – reflecting the approach in Gwent Police throughout the years of austerity to ‘protect’ the front-line. As Welsh Forces benefit from Welsh Government PCSO funding, this will make the Welsh Forces seem more expensive on the Local Policing analysis than their English counterparts;
3. Central Costs are £3.229m and £4.447m more expensive than Gwent Police’s MSG and All-Force comparison respectively. This is wholly attributable to the revenue contribution to capital budget which has been increased in recent years to provide the funding for short-life assets such as ICT, Fleet and in lesser part to fund minor Estate schemes. Gwent Police has rightly accounted for this funding on a revenue basis, which will then be used to fund predominantly, the future short-life assets within the Capital Programme in due course. Other Forces may have accounted for and used this funding differently or more likely funded this through external short-term borrowing. This latter point is borne out in that Gwent Police is an outlier on Capital Financing, showing a lesser cost per head of population against MSG and All-Force comparison;
4. ICT costs within Support Functions are £4.069m and £4.308m more expensive than Gwent Police’s MSG and All-Force comparison respectively, predominantly in the area of collaboration. This difference can be attributed to a number of factors:
5. Although Gwent Police is in collaborative arrangements with Local Authority partners in the Shared Resource Services (SRS) and South Wales Police in the Digital Services Division (DSD) for the provision of ICT, its ‘fixed’ costs for service delivery (e.g. data centre, network etc.) are apportioned (based on the methodology of the VFM profiles) across the population of Gwent. Therefore comparing the same cost of service between two Forces (one with a relatively small population and one with a relatively large population), will show the smaller Force as more expensive per head of population;
6. As highlighted in previous Budget Requirement and Council Tax Precept Proposal reports, Gwent Police is well advanced (when compared to other Forces) in delivering its digital strategy in support of the Policing Vision 2030 and which has been successfully demonstrated in the agile working arrangements necessitated post Covid-19. This is evidenced in that every Police Officer has a personal issue laptop, smart phone and Body Worn Video device, which are supported by advanced software and applications which support mobile data and efficient working practices. The business benefits therefore of this investment, have already materialised in cash savings and productivity improvements; and
7. Also, it was identified that a number of ICT costs are treated as revenue in Gwent Police (as opposed to capital), such as certain arrangements with the DSD for digital investment and also the set aside of sums for the replacement of Airwave (and ultimately its replacement ESN technology). Other Forces within the MSG will have categorised these costs elsewhere.
8. Training costs within Support Functions are £1.729m and £1.900m more expensive than Gwent Police’s MSG and All-Force comparison respectively. This is in part, resulting from the shortfall on the Apprenticeship Levy affecting Welsh Forces, and also the economies of scale that small Forces like Gwent cannot employ in ‘fixed cost’ situations;
9. Performance Reviews and Corporate Development are £2.015m and £2.262m more expensive than Gwent Police’s MSG and All-Force comparison respectively. As highlighted throughout this report, the Force’s Continuous Improvement Department (which sits within this VFM Profile heading) and its associated workplan of productivity and efficiency improvements have proven to be successful over many years in maintaining service to the public whilst delivering cashable efficiency savings throughout the last 15 years of austerity and financial challenges. Therefore, whilst this area of policing looks expensive compared to other Forces, it must be recognised that its cost is offset by the significant cashable and productivity improvements that it delivers; and
10. Estate costs are £917k more expensive than Gwent Police’s MSG and £1.236m more expensive than the All-Force comparison respectively. This difference can be attributed to a number of factors:
11. In 2019/20 Gwent Police changed the accounting classification for the Estate Maintenance budget (£500k), as upon analysis the majority of the spend was revenue as opposed to capital in nature. Other Forces may well have maintained the classification of their equivalent budget as capital;
12. In a similar vein to ICT costs above, a number of Estate costs are treated as revenue in the Force (as opposed to capital), such as the roll out of Agile working and delivering environmental sustainability. Other Forces within the MSG may have categorised these costs elsewhere; and
13. The position is further compounded in the arrangements the Force has with Monmouthshire County Council in their joint Shared Facilities Management (SFM) team. The Commissioner’s Estate Strategy already recognises that investment in the Estate is required to deliver a fit for purpose Estate, which whilst delivering value for money and environment excellence, meets the needs of Operational Policing and the public of Gwent. Key aspects of this work are delivered via the SFM from an initially set aside revenue budget, which are subsequently capitalised when individual schemes within the Estate Strategy are commenced – thus reducing the revenue spend accordingly at a later date.
14. Again, as highlighted in previous years, consideration should be taken of the following points when analysing the data:
15. The dashboards do not reflect conscious local decisions to invest in particular areas of spend. For example, Public Protection shows Gwent Police as an outlier, yet this has been a conscious investment decision in recent years prompting an increase in Council Tax Precept to provide the appropriate funding;
16. Gwent Police’s performance needs to be considered too, in that the cheapest and most efficient Force may not be the top performing. The 2023/24 VFM Profiles do not include an overview of Gwent Police’s performance against crime, incidents and public surveys, to ascertain a picture of true value for money for the public;
17. The profiles do not outline any productivity or benefits monitoring undertaken that justify spend and action;
18. The profiles do not outline the reasons for the comparative differences in Forces, so don’t take into account economic or social requirements that may influence decision making or spend;
19. Furthermore, the profiles do not bring to light the different arrangements for Welsh Forces working in a devolved Administration. On the plus side the Welsh Forces receive additional specific grants such as the Welsh Government-funded PCSOs; and on the negative side Welsh Force’s face financial disadvantage relating to issues such as the Apprenticeship Levy; not benefitting from surpluses on Council Tax Precept collection rates; Health funded services in England; etc. Both sides of this equation will make Welsh Forces more expensive against English counterparts;
20. As a small Force, Gwent does not enjoy economies of scale and will sometimes be disadvantaged because it holds similar levels of fixed costs to larger Forces, with larger population to apportion costs over; and
21. Finally, data quality and how it is gathered and reported varies considerably across Forces (this has been raised by the Policing Productivity Review and will be a priority for new College of Policing Data Hub).
22. Noting the weaknesses in the VFM Profiles, the NPCC has rolled out a new Efficiency Self-Assessment Toolkit which aims to assist Forces in gaining an overview of potential areas of efficiency. The Continuous Improvement Department has reviewed the document to ascertain what is already undertaken and to identify areas of action.
23. Gwent Police are comfortable that it is currently undertaking a proportion of the actions outlined, but the Toolkit has now been ‘RAG’ rated to assist in planning. The focus going forward will be on those areas marked amber and red, whereby an action plan will be put behind these areas.
24. The Toolkit and the VFM profiles will be used together to assess any areas needing further scrutiny and understanding, and oversight of development and monitoring will be provided by Gwent Police’s Productivity and Efficiency Board.
25. It should be noted that considerable scrutiny and review is already in place in relation to Continuous Improvement:
26. The Productivity & Efficiency Board has run since 2021 to robustly scrutinise and review all productivity and efficiency plans and projects taken forward;
27. An ongoing programme of work was developed in 2023 to obtain a clear understanding of the need for cashable efficiency savings and associated drivers. The efficiency programme is a structured series of reviews and reforms to streamline processes, increase productivity and improve performance. Continuous Improvement Department programmes of work will identify and implement innovative solutions under the umbrella of the new Innovation Governance Board;
28. Over the last year the programme of work has focused on:
29. Demand reduction and future demand;
30. Identification and minimisation of internally driven demand;
31. Lean supervision across structures;
32. Review of the Operational and Service Delivery Models;
33. Elimination of non-value-added activity;
34. Non-pay budgets;
35. Technology to improve productivity;
36. Income generation and maximising funding opportunities;
37. Centralisation and rationalisation of budgets;
38. Collaboration;
39. Optimisation of asset usage (estate, fleet, equipment, ICT, etc.);
40. Up-skilling and re-training employees; and
41. Addressing cultural issues which limit productivity, improvement, innovation, and creativity.
42. A Finance Tracker was developed to monitor areas of work against savings realised. Each area of work has been RAG rated into what has been achieved, likely to be achieved and not possible;
43. Projects taken forward are also considered against an identified and agreed Priority Matrix to ensure focus on efficiency and improvement and to ensure value for money. In some instances investment may not bring financial savings but can bring non-cashable savings and avoid/reduce further investment;
44. Gwent Police has put efficiency at the forefront while also taking on board the recommendations from the Home Office/NPCC’s Policing Productivity review. Going forward the 3 reports making up the Review will be scrutinised and adapted into current programmes of work where possible; and
45. Gwent Police will continue implementing technology to assist in more efficient processes. For example:
46. Redaction and automation programmes;
47. M365 process improvement;
48. Law Enforcement Data Service (LEDS);
49. E-Services – Professional Standards Department Portal, Vulnerability App, Incident Response App, Taser Training Site;
50. Mobile Apps – Expenses, Supplies Ordering, Task Approval (requisitions, invoices etc.);
51. IR3 telematics development;
52. Digital Evidence Management System;
53. Control Room Systems; and
54. Gwent Police will also continue to explore the use of artificial intelligence in building productivity and efficiency.
55. As a final point under this Section, significant assurance on the Commissioner’s and Chief Constable’s arrangements for securing VFM have been received from Audit Wales, Internal Audit and the wider work of the Joint Audit Committee in its reports over the year. The Commissioner has placed an ongoing requirement on the Chief Constable to continue to seek further cost avoidance and savings measures from within the expenditure budget as soon as possible, in order to contribute to close the recurrent funding gap.

## RESERVES AND COMMITTED FUNDS (Appendix 8)

1. Appendix 8 provides a summary of the Commissioner’s Reserves and Committed Funds position for the following five years. It reflects an update of the Commissioner’s Reserves and Committed Funds as part of this budget setting round. The MTFP and, in particular, the Commissioner’s Reserves and Committed Funds Strategy 2024/25 was considered and discussed at the Joint Audit Committee on 26th November 2024 (along with the 2025/26 Treasury Management Strategy as referenced above). This enabled the Joint Audit Committee to discharge its responsibilities in relation to the budget setting process and the annual financial statements. The Reserves and Committed Funds Strategy 2024/25 can be found at the following link:

https://www.gwent.pcc.police.uk/en/transparency/joint-audit-committee/agendas-and-minutes/26-november-2024/

1. With the finalisation of the detailed annual budget setting process, the Reserves and Committed Funds position has been updated and will continue to be instrumental in stakeholder engagement and any mitigation strategies.
2. The Commissioner’s Reserves and Committed Funds position highlights the overall financial landscape and provides context to the Commissioner’s Budget Requirement and Council Tax Precept proposal for 2025/26. The key points are as follows.
3. By the end of the 2029/30 financial year, it is forecast that the Commissioner will have Reserves of £5.500m and Committed Funds of £15.692m (totalling £21.192m – bottom right-hand corner of Appendix 8). This assumes however, that the current outstanding future recurrent budgetary imbalances in 2025/26, 2026/27 and partly in 2027/28 (highlighted in the MTFP) will be underwritten from Line C1 in the Committed Earmarked Funds Beyond the MTFP Section. Recurrent budgetary imbalances must be found from recurrent efficiencies – Reserves and Committed Funds should only be utilised to manage annual timing differences. However, if Reserves and Committed Funds are not required to balance the budget on an annual basis, the total forecast Reserves and Committed Funds figure to 2029/30 increases to £27.118m.
4. It is important to note, that in order to maintain the forecast Reserves and Committed Funds position of £21.192m by 2029/30, the Commissioner is currently required to borrow £16.500m between 2025/26 and 2029/30 to fund their Capital Programme (excluding any requirements of the new Estate Strategy).
5. The forecast Reserve and Committed Funds position at 2029/30 does not take into account the following events which would increase this figure:
6. Additional sales of capital assets than those already identified;
7. Additional sums from further acceleration of the delivery of efficiency schemes; and
8. Underspending in the Capital Programme or slippage which defers spend to future financial years.
9. Similarly, the forecast Reserves and Committed Funds position at 2029/30 does not take into account the following events which would further reduce this figure:
10. The impact on Reserves and Committed Funds from CSR 2025 or any transitioning arrangements to a new Police Funding Formula allocation;
11. Further significant investment to deliver over and above the current five-year Capital Programme that is not met from external borrowing;
12. Pump-priming for future phases of the Continuous Improvement Programme; and
13. Overspending in the Capital Programme or acceleration which brings forward spend.

## EXTERNAL INFLUENCES

1. On current financial forecasts, by 2027/28, Council Tax Precept payers in Gwent will fund more than half the net budget in Gwent, thereby becoming the ‘majority shareholders’.
2. Modern policing demand is increasingly addressed through ‘non-visible’ policing presence:
3. Dealing with cyber-crime;
4. Counter terrorism and domestic extremism work;
5. Safeguarding work with vulnerable people;
6. Dealing with domestic abuse; and
7. Tackling child sexual exploitation and modern slavery.
8. Therefore, expectations of the public for visible policing needs to be carefully managed and communicated.
9. Challenging financial Settlements across the public sector in Gwent increasingly promotes policing as the service of first and last resort. The Commissioner and Chief Constable are working closely with partners both locally and across Wales to address this.
10. Investment in policing in Gwent needs to be viewed in the context of for every crime averted, or victim put back on the road to recovery, the economic contribution is often immeasurable.
11. Importantly, from a policing demand perspective, it is understood that the other three police Forces in Wales are currently proposing Council Tax Precept increases next year of between 6.44% (£22.52) and 8.60% (£28.55) p.a. Gwent’s proposed Council Tax Precept increase is therefore within the range of increases proposed by the other three Welsh Police and Crime Commissioners.
12. In relation to the Council Tax Base, as noted above, Gwent’s Council Tax Base has grown by 1.22%. This is a welcome increase on both the Chief Constable’s Budget Bid assumption of 0.47% growth and the OBR forecast growth of 0.5%. Whilst Gwent’s increase in Council Tax Base is similar to the growth across the other three police areas in Wales (0.91% average), it must be noted that over recent years Gwent’s Council Tax Base growth has been much lower than the other three Welsh Forces, as they have previously derived recurrent benefit from Welsh Government policies on second home and vacant property Council Tax premiums, which have significantly less effect in Gwent. In addition, the average growth across the other three police areas in Wales of 0.91% is heavily reduced by one Local Authority electing to cut the Council Tax charge on second homes from 200% to 150%, which significantly reduced their Council Tax Base from the previous year, thus skewing the average. Furthermore, if Welsh Forces are seeing a doubling of the OBR forecast in their Council Tax Base growth, it is reasonable to deduce that English Forces are too. Therefore English Forces could benefit from Council Tax Base growth on average of well over 1.5%.
13. Within Gwent, the draft budgets proposed by Local Authorities include proposed Council Tax Precept increases that range from 4.95% (£76.75 p.a. on a Band D) to 7.9% (£114.26 p.a. on a Band D property). **In comparison, from a local perspective, the proposed Commissioner’s increase of an additional £27.79 (7.95%) p.a. for a Band D property would equate to only a 1.68% rise in the average Gwent Local Authority Band D Council Tax Precept. Or put another way, a 7.95% increase on the average Gwent Local Authority Band D Council Tax Precept, would add £128.81 p.a. to a household’s bill; as opposed to the £27.79 p.a. a 7.95% increase would add – i.e. 4.63 times the value for the same percentage increase.**

## RISKS AND OPPORTUNITIES

1. While the MTFP is designed to reflect the most up to date intelligence, a number of outstanding issues and unquantifiable risks remain that are incapable of being fully reflected at this present time. Briefly these are:

Financial

1. The future impact of post Covid-19 economic factors (especially on future Council Tax Bases, inflation and further impact on public sector pensions payments); the war in Ukraine (particularly inflation); Brexit; UK/Global recession; post CSR 2025 UK Government spending reviews; and the Police Funding Formula Review;
2. Exposure to interest rate fluctuations as a result of the cost of borrowing to fund the Capital Programme;
3. The short, medium and long-term funding consequentials of Operation Uplift and Neighbourhood Guarantee;
4. Loss of ‘assumed’ Council Tax Precept income;
5. Impact of the localisation of Council Tax Support;
6. Legislative and policy changes having unintended consequences, e.g. as previously seen with the revaluation of public sector pensions; and the implementation of the Apprenticeship Levy;
7. Increasing costs of national ICT programmes and changes to the apportionment method of these across Police and Crime Commissioners/Forces;
8. Potential future increases in the Police Officer and Police Staff pay awards higher than expected;
9. Withdrawal of funding by partners (Home Office, Welsh Government, MoJ and Local Authorities) for jointly commissioned activities and services, as already experienced in 2024/25 with PCSOs and the Schools Liaison Programme;
10. Increased ‘last resort’ demand due to others withdrawing service; and
11. Failure of the Government to deliver on national programmes of work such as ESN transition.

Organisational:

1. Partners re-trench from collaborative ventures (e.g. as a result of the Welsh Government Settlement);
2. The financial and non-financial impact of ongoing service reviews recommendations such as the new Operational Policing Model; and
3. Failure of key efficiency schemes to deliver, particularly those related to national programmes of work.

Societal:

1. Emergent complex crime types and increased safeguarding requirements;
2. Increased crime, ASB and incidents due to the economic and political climate – particularly in respect of the cost of living crisis; and
3. Lack of Police Officer/Police Staff turnover due to limited job opportunities.
4. Conversely, a number of opportunities exist which could ease the financial burdens:
5. Adopting and embedding the ‘new ways of working’ arising from the ‘lessons learned’ from Covid-19;
6. Increasing productivity through ongoing ICT investment and the automation of tasks;
7. Potential long-term investment by UK Government into policing;
8. The ongoing development of the Gwent PSB promoting a ‘one public service’ ethos to tackle long-standing issues across Gwent;
9. Linked to this, the ability to co-commission services with public and third sector partners, avoiding duplication of effort and maximising return to the public; and
10. Actively seeking out income generation opportunities, increased investment income from higher interest rates, and influencing the legislative agenda to provide wider opportunities.

## FINANCIAL AND OPERATIONAL PERFORMANCE (Appendix 9)

Financial

1. A key component in the setting of the 2025/26 budget is the financial performance in the current financial year. Quarterly financial management reports are produced and scrutinised at both the OPCC’s Strategic Management Board; Gwent Police’s Chief Officer Team meetings; and ultimately at the Commissioner’s Strategy and Performance Board. From Quarter 2 2024/25, these reports include a financial outturn, indicating the expected variance of total annual expenditure against the full-year budget at the year-end (i.e. 31st March).
2. Appendix 9 confirms that the initial forecast outturn reported at Quarter 2 indicated a non-recurrent £2.810m surplus against Gross Revenue Expenditure of £198.976m; which equates to a 1.41% variance against overall budget.
3. This forecast surplus has arisen largely from additional investment income from higher interest rates and more funds available for investments due to changes to the Capital Programme, which links to the other major contributor being the avoidance of financing costs as no borrowing will be required for 2025/26 to fund the Capital Programme.
4. Over a number of years, the Commissioner’s budget has showed a positive variance at the year-end, i.e. a saving on budget. This positive variance is scrutinised to assess whether it has arisen from:
5. Non-recurrent timing differences such as the timing of ‘ring-fenced’ UK Central Government Grant Funding or when future borrowing is taken out;
6. Changes to assumptions such as interest rates and cash balances for investment;
7. Excess budget being set in certain areas (e.g. over-budgeting on such things as the price and/or volume of fuel); or
8. A planned efficiency scheme occurring ahead of plan (e.g. a Police Staff member leaving early, in advance of the planned removal of their post in a future period).

Overwhelmingly, over the period of austerity between 2010/11 and 2019/20, the reason for the positive variance is d) above i.e. accelerated efficiency savings taking effect. Since this time however, the reasons for the positive variance have been a) and b) above, i.e. timing differences and changes to assumptions. The financial effect of all reasons above are rectified in the budgetary requirements for future years, as part of the detailed bottom-up annual budget setting process.

1. The ‘one-off’ non-recurrent nature of the 2024/25 underlying surplus is further emphasised in that even after taking account of future planned efficiency schemes in future financial years of £1.340m, the Commissioner is still facing unbalanced budgets for the next four financial years and a recurrent financial deficit of £5.633m by 2029/30. This non-recurrent underlying surplus does however provide two key benefits. Firstly, it gives a barometer of the continuing sustainability of both previously delivered efficiency schemes and Gwent Police’s ability to continue to find more efficiency schemes. Secondly, a positive year-end variance also provides a non-recurrent cash benefit, in that the year-end saving is transferred to Reserves and Committed Funds which will partly offset future borrowing requirements or bolster the General Reserve. This has been reflected in the MTFP, along with a recognition that timing differences from recruitment will give rise to in-year savings against pay budgets on a recurrent basis.
2. The 2024/25 Capital Programme is included in Appendix 6a with long-term Projects and Programmes treated as revenue at Appendix 6b. The original annual budget on proposed schemes for 2024/25 was £19.751m, but this was revised to £17.496m to reflect minor budgetary increases in Estate works; some acceleration of fleet purchases; rephasing of schemes into 2025/26; and also the confirmation of a number business cases through Gwent Police’s Service Improvement Board (SIB).
3. The Estate schemes in the original programme totalled £12.448m, which has since been revised to a forecast spend of £9.911m. The contributors to this movement are the reprofiling of spend across three of the key developments within the current Estate Strategy, namely the Property and Evidence Store, Ystrad Mynach Custody refurbishment, and the Joint Firearms Unit Range. Whilst the first two will be completed in 2025/26, the remaining one will now be completed in 2026/27.
4. In relation to the vehicle replacement programme, the original Capital Programme budget was £3.336m, which has since been revised to a forecast spend of £3.754m. This increase reflects additional vehicles for the Local Policing Areas. A review is planned of the IR3 telematics data and pool car usage in relation to the size of the vehicle fleet, and a Project Initiation Document will be presented to Service Improvement Board in the coming months.
5. The ICT schemes in the original Capital Programme totalled £3.902m and the latest budget reflects £3.702m of spend forecast for 2024/25. The slight downwards movement is due to some slippage in the JOINS2 network project into 2025/26.
6. At the time of writing, the Quarter 3 financial management report is being compiled, therefore the Commissioner’s Chief Finance Officer and Section 151 Officer will provide a verbal update on the forecast year-end position at the Police and Crime Panel meeting on 31st January 2025, if there is a material change.

Operational

1. In Gwent, the numbers of incidents responded to, and crimes recorded, by Gwent Police have again increased this year. By the end of this financial year (2024/25) Gwent Police anticipate higher levels than last financial year, which were already at their highest since before the Covid-19 pandemic. The number of incidents Gwent Police respond to are predicted to be more than 200,000 in 2024/25 (compared to 188,000 in 2023/24) with around 60,000 crimes recorded (compared to 57,000). Significant increases in shoplifting, vehicle crime and other acquisitive crimes such as robbery have driven a lot of this upward trend. Violent crimes have also contributed. Many of these increases will be as a result of general increases in crime, but also improved recording practices. This will potentially be compounded by societal challenges such as the ongoing socio-economic factors.
2. However, Gwent Police have also seen some crimes buck this trend, such as burglary, which continues the downward trend started during the Covid-19 pandemic. Gwent Police are also starting to see a positive shift on shoplifting and vehicle crime, following greater focus and investment in policing these crimes. The volume of reported ASB has also positively decreased from last financial year, which could be indicative of the investment in various interventions such as additional targeted hotspot patrols, funded by the Home Office. There have also been steady increases in positive outcome rates, meaning more justice for victims, as well as reductions in the number of repeat victims being recorded (those reporting more than one crime on separate occasions within the financial year). Finally, it’s important to recognise the sustained good performance of Gwent Police in relation to managing 999 and 101 calls into the First Contact and Control Department, something that was a cause for concern for HMICFRS at the last Police Efficiency, Effectiveness and Legitimacy (PEEL) inspection.
3. In relation to an overall view on Gwent Police performance, it is currently going through another PEEL Inspection by HMICFRS. The inspection, reporting in 2025, will identify those areas Gwent Police performs well in, alongside areas it needs to improve.
4. The Commissioner will be using this information, alongside the priorities in the new Police, Crime and Plan 2025-2029 (and other inspection results and sources of information), to inform their reformed scrutiny and accountability framework over the coming year and beyond. This newly developed framework will enhance public transparency and accountability on Gwent Police’s performance and also focus on local issues that matter most to communities.

### COMMISSIONER’S CHIEF FINANCE OFFICER’S STATEMENT– REQUIREMENTS OF THE LOCAL GOVERNMENT ACT 2003

1. Section 25 of the Local Government Act 2003 requires the Commissioner’s Chief Finance Officer to report on:
2. The robustness of the estimates made for calculating the Council Tax Precept; and
3. The adequacy of the proposed financial reserves.
4. The same section requires the Commissioner to have regard to their Chief Finance Officer’s report when making decisions about Council Tax Precept.
5. Central Government Grant Funding from the Home Office and Welsh Government currently fund approximately 54% of the net revenue Budget Requirement for policing and crime services in Gwent. However, this position continues to be eroded, placing an increased emphasis on the level of local Council Tax Precept Funding. A combination of CSR 2010, SR 2013 and CSR 2015 resulted in significant reductions in core Home Office and Welsh Government grants. The reduction in these grants for 2011/12 of 5.1% came on top of an in-year cut in the previous year of 1.3%. The UK Government Grant Funding for 2012/13 showed a reduction of 6.7%, 2013/14 a reduction of 1.57%, 2014/15 a reduction of 4.76%, 2015/16 a reduction of 5.11%, 2016/17 a reduction of 0.57%, 2017/18 a reduction of 1.40% and 2018/19 flat-cash. The 2019/20 Final Settlement, on the surface, appeared positive in that UK Central Government Grant Funding increased by 2.1% and a Specific Pension Grant had been provided, both designed to mitigate the financial impact of the revaluation of Public Sector Pension Schemes. However, the sum of these amounts fell short in meeting Gwent Police’s additional pension costs in 2019/20 to the value of £429k – so, in effect, the Final Settlement amounted to a 0.60% cash cut. Cumulatively, the budget available for policing and crime in Gwent has experienced over a 27% cash reduction between 2010/11 and 2019/20. When the effect of inflation and pay awards is built in, the real reduction is over 40%.
6. The Settlements since 2020/21 have provided reinvestment through Operation Uplift, although this is ring-fenced additionality and has continued in the Provisional Settlement for 2025/26. Therefore, the overall cash reduction in the Commissioner’s budget between 2010/11 and 2025/26 has been only partly addressed. In simple terms, Gwent Police will receive 18% more cash from Central Government Grant Funding in 2025/26 as it did in 2010/11. When the effect of inflation and pay awards is built in, the real reduction is of over 19% over the 15 years.
7. Although the 2025/26 Provisional Settlement has been positive for Gwent Police with an uplift of £5.953m in Central Government Grant Funding, all this new funding is ring-fenced and at risk of being insufficient in future years, therefore additional funds for unavoidable service pressures such as pay-awards and inflation have not been provided by Central Government. The financial landscape remains uncertain, with significant uncertainty for the economy and the public finances remaining in light of the slowing in economic growth; the US Presidential Election; the continuing war in Ukraine and escalating conflicts in the Middle East; the cost of living crisis; ‘spiralling’ wage increases; legacy ‘Mini Budget September 2022’ issues, Covid-19 and Brexit implications; pre-CSR 2025 uncertainty; and growing pressures on public services following years of cuts. Despite the lessening of budget cuts over recent years therefore, the latest UK Government intentions to deliver their ‘Safer Streets’ Mission may not be sustainable in the medium to long-term.
8. Compounding the strain on revenue budgets, in order to provide the suitable infrastructure (buildings, vehicles, ICT) to support the investment in Police Officer numbers, the Commissioner need access to capital financing. With no specific Capital Grants forthcoming from Central Government; limited options for capital receipts from asset sales; Reserves and Committed Funds depleted; and borrowing becoming increasingly unaffordable; the only feasible short-term option is direct financing from revenue budgets. This means the revenue budget will be under more pressure to contribute either through a revenue contribution to capital or through new affordable borrowing costs. This creates inherent risks, particularly when financing short-life assets such as vehicles and ICT (which do not lend themselves to long-term borrowing); interest rate exposure; and public perception on how the Council Tax Precept is spent to provide the infrastructure to support the front-line. The MTFP continues to invest in the capital requirements of Gwent Police to enable Police Officers and Police Staff to deliver more effective and efficient services. This Capital Programme includes the delivery of the ‘Greener Gwent’ sustainability strategy, investing in electric vehicles and charging infrastructure, and solar panels to reduce Gwent Police’s carbon footprint. The Capital Programme for 2025/26 remains substantial at £22.458m and will be funded partly from revenue budget contributions and committed funds. The majority of funding for the Capital Programme will increasingly be from long-term borrowing, increasing budgetary pressures from financing and interest costs in future years.
9. At this time, the pressures and service developments recognised in the MTFP are largely consistent with those identified within local, regional and national priorities. Gwent Police however needs to continue positioning itself to deliver the Commissioner’s new Police, Crime and Justice Plan 2025-2029; the Government’s Safer Street’s Mission; and the Policing Vision 2030 and to recognise more fully the financial implications of these. These requirements are all to the backdrop of financial constraints; increasing unavoidable service pressures; policing more complex crime types; and policing in the digital age.  Going forward there are a number of longer-term funding issues that need to be addressed as part of the MTFP process covering the five year period from 2024/25 to 2028/29. These include, but are not limited to:

1. Long-term implications of global events;
2. Inflation and the national cost of living crisis, particularly the ongoing cost of energy and building materials;
3. The increasingly complex and evolving nature of demand from local communities;
4. UK Government changes and the impact on future funding, including Police Funding Formula Changes;
5. Maintaining Police Officer numbers under Operation Uplift, Neighbourhood Policing Guarantee and ongoing PCSO funding;
6. Delivering on sustainable policing through technology, transport and infrastructure; and
7. Achieving the ‘Greener Gwent’ sustainability strategy.
8. Against these pressures, the Continuous Improvement Programme has continued to be remarkably successful in keeping expenditure within reducing budgets, yet still managing to maintain performance in the service to the public. Year after year, difficult savings targets have been achieved and, as a consequence, Reserves and Committed Funds have been generated. These support the investment necessary to redesign the Estate; maximise ICT opportunities; and pump-prime new initiatives. This success, along with the lessening of UK Central Government Grant Funding cuts in recent years and appropriate Council Tax Precept increases, has allowed Gwent Police to attain (and exceed at times) its full Police Officer establishment during 2022/23, 2023/24 and 2024/25. Appropriate Council Tax Precept increases into the near future will go some way to maintaining current policing services in the wake of real-term reductions in Home Office and Welsh Government funding; and continue to address areas of demand while realising the benefits to the public of Gwent.
9. The preparation of the budget is now almost a continual exercise, involving the compilation of MTFPs, dovetailing with detailed work across the OPCC and Gwent Police under the supervision of the Chief Constable’s Chief Finance Officer and with ultimate direction by the Commissioner’s Chief Finance Officer. The involvement of all parts of the police service ensures awareness not only of the demands, but also of the constraints upon them. That awareness has grown over the last 12 months with greater emphasis on the need for sustainable and/or cost neutral solutions to demands. Throughout 2024/25, Police and Crime Panel members and Joint Audit Committee have received progress reports on the 2025/26 budget and beyond. Members were able to examine both the proposals and the process followed. The extent of this preparatory work and engagement has again greatly assisted the Commissioner. This process ensured that the budget takes into account all those cost and income items that can be reasonably foreseen and that there is no cause to question the robustness of the estimates.
10. Appendix 8 to this report shows details of the Commissioner’s Reserves and Committed Funds position. The Chief Constable’s Chief Finance Officer and the Commissioner’s Chief Finance Officer have reviewed the adequacy of reserves, committed funds and provisions. In addition, as part of the compilation of the year-end Statement of Accounts and also at the commencement of each budget setting round, the Reserves and Committed Funds are formally reviewed and separately reported upon respectively in the Statement of Accounts and the Reserves and Committed Funds Strategy.
11. The General Reserve is required for working capital and to meet unexpected expenditure in emergency situations or major crime. In reviewing the Reserves and Committed Funds Strategy in September 2024, it was concluded that a General Reserve of £5.500m (an increase of £500k on the previous year) would be a prudent level for Gwent Police and OPCC moving forward. This takes into account the size, local circumstances and the ongoing requirement for savings to address both historic and recent reductions in UK Central Government Grant Funding.
12. In relation to the Committed Revenue and Capital Funds, programmes of work are already in train, or risks remain, which confirms the need and sufficiency of the amounts reported.
13. **In conclusion, whilst I am content therefore, with the adequacy of the proposed financial Reserves and Committed Funds, this source of funding to deliver an appropriate Capital Programme moving forward will now be exhausted and will require difficult decisions on borrowing going forward. The long-term funding for Gwent Police’s capital infrastructure needs is of grave concern, to the extent that formal representations have been made over the past three financial years to the Home Secretary directly; the Welsh Affairs Select Committee; and to Home Office Officials.**
14. The dialogue on funding of capital infrastructure will therefore continue, both at a local and national level.

### CONCLUSION

1. A Council Tax Precept increase of 7.95% (£27.79 a year or £2.32 a month) will fund:
2. The underlying post-Operation Uplift Police Officer and Police Staff establishment;
3. The increased number of Gwent Police-funded PCSOs following Welsh Government Grant Funding changes;
4. The 2025/26 initial requirements of the Safer Streets Mission’s Neighbourhood Policing Guarantee;
5. The unavoidable non-pay service pressures and costs particularly inflation, capital spend and ICT running costs to boost productivity and provide the non-personnel resources needed to deliver services; and
6. The investment required to support commissioned services, interventions and the delivery of the Police, Crime and Justice Plan 2025-2029.
7. This increase will partly fund, because even after this proposed 7.95% Council Tax Precept uplift, the Commissioner is left with an unbalanced budget next year of £1.679m.
8. The Commissioner’s annual Council Tax Precept percentage increases are not comparable with those of the Gwent Local Authorities – a 7.95% increase for policing adds £27.79 to a Band D Council Tax bill, while a 7.95% increase on average for a Gwent Local Authority would add £128.81 to a Band D Council Tax bill.
9. In addition, over the past five financial years (2021/22 to 2025/26) Gwent Local Authorities have had, on average, a 29.2% increase in Core Welsh Government Grant Funding. Gwent Police on the other hand have had a 22.2% increase, which is further exacerbated in that the average Local Authority in Gwent is funded around 75% by Core Welsh Government Grant Funding, whilst for Gwent Police around 55% is funded by Core Central Government Grant Funding.
10. In determining the proposed level of Council Tax Precept for 2025/26, the Commissioner has sought the views of Gwent residents and is acutely aware of the significant pressures on household incomes at this present time. Whilst the largest share of Gwent residents who responded supported an increase in Council Tax Precept, the Commissioner needs to balance the local investment expectations of Government; those of the Chief Constable to deliver an effective and efficient policing service; with the affordability of the increase to Gwent’s households.
11. The proposed increase in Council Tax Precept therefore has been robustly scrutinised and challenged, to ensure that it is the minimum increase required to deliver the Police, Crime and Justice Plan 2025-2029; maintain policing services in Gwent; and to support the increase in PCSO numbers in 2025/26.
12. In conclusion, the recommendation of this report supports the necessity to appropriately fund the invaluable public service that policing provides to the people of Gwent, usually at times when they are at their most vulnerable.

### APPENDICES

1. The Appendices to this report set out additional background information supporting this report as follows:

Appendices

1. Appendix 1 Operational Context Presentation;
2. Appendix 2a Impact of Incremental Council Tax Precept Changes;
3. Appendix 2b Medium-Term Financial Projections 2025/26 to 2029/30;
4. Appendix 3 Medium-Term Financial Projections – Assumptions;
5. Appendix 4 Gwent Police Establishment;
6. Appendix 5 Service Pressures and Budget Developments;
7. Appendix 6a Capital Programme 2025/26 to 2029/30;
8. Appendix 6b Long-Term Project Programme 2025/26 to 2029/30;
9. Appendix 7a Identified Budgetary Savings;
10. Appendix 7b Continuous Improvement Programme Savings;
11. Appendix 8 Reserves and Committed Funds Position 2024/25; and
12. Appendix 9 Quarter 2 2024/25 Income and Expenditure Forecast.