

POLICE AND CRIME COMMISSIONER FOR GWENT**REVENUE BUDGET AND CAPITAL PROGRAMME 2021/22****COMMISSIONER'S INTRODUCTION**

1. As the Police and Crime Commissioner for Gwent (Commissioner), I am required to set a five-year Police and Crime Plan and the Annual Budget Requirement, including the police precept element of the council tax (Council Tax Precept). My Police and Crime Plan is reviewed annually in line with the joint Office of the Police and Crime Commissioner (OPCC) and Gwent Police's (the Force) Strategic and Financial Planning process. My current Police and Crime Plan was launched in May 2017 and is fully considered as part of the budget proposal. In addition, during last financial year, I updated my Police and Crime Plan to better reflect the changing nature of crime and how this is impacting on communities and local policing. The constant evolution of criminality poses significant challenges at a time when policing services are facing additional pressures, following years of reduced Government funding. Some challenges are predictable – for example, the increase in cyber-enabled crime – but others are less so. This is evident when looking at Serious and Organised Crime (SOC) and the devastating impact this can have on communities. As these issues have evolved, so must our responses to tackle them. Each of these areas of investment continue to be reflected in my budget proposal.
2. My vision is that the people of Gwent have confidence in their policing and crime services, which make them feel safe in their communities. I have five strategic priorities on which the current Police and Crime Plan is based:
 - a) Crime Prevention;
 - b) Supporting Victims;
 - c) Community Cohesion;
 - d) Tackling Anti-Social Behaviour; and
 - e) Effective Service Delivery.

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

BACKGROUND

3. The Commissioner is required to determine the Police and Crime Budget for 2021/22 and set the Council Tax Precept, prior to the 1st March 2021, after taking into account the views of the Police and Crime Panel (PCP) in relation to the level of Council Tax Precept.

4. The Commissioner must also make arrangements, before the first Council Tax Precept for a financial year is issued, to obtain the views of:
 - a) The people in that police area; and
 - b) The relevant ratepayers' representatives,on the proposals of the Commissioner for expenditure (including capital expenditure) in that financial year.
5. In setting the budget, due regard has to be taken of the Prudential Code which requires at least three-year projections of expenditure, both in revenue and capital terms, in order to identify funding requirements and assess the affordability and sustainability of planned expenditure. Whilst developing proposals for providing a balanced revenue budget and affordable Capital Programme in 2021/22, this report will include the longer-term financial issues facing the Police Service in Gwent and the wider portfolio of the Commissioner's responsibilities.
6. The bulk of the resources available to the Commissioner will be needed to cover operational policing. Robust processes have been developed over many years within the Force, to quantify the budgetary resources required to provide the people of Gwent with an effective, efficient and sustainable Police Service. The budgetary process commences early in the financial year, providing detailed Medium-Term Financial Projections (MTFPs) and identifying new burdens and pressures. These projections are constantly under review and the latest updates are attached as appendices to this report. These projections, particularly the unavoidable service pressures and budget developments, have been fully scrutinised by the OPCC and the PCP's Finance Sub-Committee.
7. The 2019/20 budget setting round was the fourth and final year of the 2015 Comprehensive Spending Review (CSR) which, in common with the preceding 2010 and 2013 CSR periods, required the delivery of significant financial efficiencies and budget reductions. It was anticipated that the next CSR would take place in the summer of 2019, bringing a degree of certainty over the short to medium-term on police finances. However, the Brexit uncertainty at that time delayed the next CSR until, at the earliest, summer 2020. Therefore, on 4th September 2019, a one year 'Spending Round' (SR 2019) was announced to deliver on the Prime Minister's priorities for 2020/21 – including Health, Schools and the Police.
8. On the 7th January 2020, the then Chancellor of the Exchequer (the Chancellor), the Rt. Hon. Sajid Javid MP, announced the 11th March 2020 as the date for his first Budget - the first since the General Election of December 2019. Members of the PCP (Members) will recall that the 2019 General Election prevented the Home Office (HO) being able to issue a Provisional 2020/21 Police Funding Settlement by mid-December 2019 – as has been the case in previous years. Indeed, the HO only issued the Final 2020/21 Police

Funding Settlement on the 22nd January 2020, barely a week before the PCP's January 2020 meeting to consider the Council Tax Precept for 2020/21.

9. When announcing the March 2020 Budget on the 7th January 2020, the then Chancellor confirmed that billions of pounds will be invested in an "infrastructure revolution in our great country", with Her Majesty's Treasury (HMT) "prioritising the environment" and reiterated a plan to make use of low borrowing rates to spend on public services. He further announced that "There will be up to an extra £100bn of investment in infrastructure over the next few years that will be transformative for every part of our country. In the Budget, we will be setting out how we are going to take advantage of all the huge opportunities that Brexit will bring."
10. At the very start of 2020 therefore, the prospect of austerity finally coming to an end and a Government promise to reinstate 20,000 Police Officers lost during the past decade, provided some brief optimism on police budgets going forwards.
11. However, since early January 2020, the worldwide economic impact of the Coronavirus pandemic (Covid-19) manifested. This necessitated the new Chancellor's (the Rt. Hon. Rishi Sunak MP) March 11th 2020 Budget to set out an initial £12bn action plan in response to the economic impact of the Covid-19 outbreak, as part of a Budget that would deliver historic levels of public investment; level up the country; and lay the foundations for a decade of growth. The Chancellor said Britain will "rise to the challenge of Covid-19, with a package of measures to support public services, individuals and businesses that may be affected by the outbreak." In addition to responding to the immediate impact of Covid-19, the Chancellor pledged to put hardworking people first, put more money in their pocket, invest a record amount in infrastructure, boost public services, back business and set out a vision for a greener future.
12. The ongoing financial impact of Covid-19 necessitated the Chancellor making a statement to the House of Commons on Wednesday 8th July 2020, which outlined economic plans to support the economy through the first phase of recovery. This followed a speech made by the Prime Minister on the 30th June 2020, in which he announced that the Government would bring forward around £5bn of capital spending including investment for hospitals, schools and transport.
13. The magnitude of the recession caused by the Covid-19 outbreak is unprecedented in modern times. Gross Domestic Product (GDP) was around 25% lower during the depth of the crisis in April 2020, than two months prior in February. In response, the Government and the Bank of England launched a wide-ranging series of policy interventions, designed to financially support businesses, workers and the wider public during the crisis¹. While economic recovery is underway, there is uncertainty over how fast economic activity will regain lost ground. Economic prospects over the near-term will depend on the

¹ Interventions included Quantitative Easing and a reduction in interest rates.

spread of the virus over the coming months, mutations in the virus and the success of the vaccine roll-out. In addition, a key factor will be how high unemployment levels will rise; particularly how many employees currently furloughed will return to work and how many will become unemployed.

14. At the time of this announcement in July 2020, this year's budget deficit (the difference between Government spending and income) was expected to be larger than at any time since World War II. Government schemes to support businesses and individuals were adding around £150bn to the deficit this year. The Government is borrowing record amounts to fund its deficit but is doing so at historically low interest rates. At July 2020, Public Sector Net Debt was around £2,000bn, double what it was at the height of the banking crisis ten years previous. Current interest rates mean that Government's debt interest costs remain low and relative to tax revenues, Government debt interest costs are at a 320-year low. Therefore low borrowing costs have meant that there are few immediate concerns with Government debt rising to over 100% of GDP for the first time since the early 1960s. However, if interest rates rise, the Government's debt may become less affordable.
15. The outlook for the public finances in future years is tied to the strength of the economic recovery. As the economy recovers over the medium to long-term with a positive roll out of the vaccines, the Government's deficit will decrease; tax receipts will grow; and spending on support to individuals, workers and businesses will fall. The extent to which the economy recovers will depend on how much permanent damage – or scarring – there has been. The local financial impact of Covid-19 on the Force will be discussed further in this report.
16. As highlighted above, Brexit uncertainty had already delayed the expected CSR 2019, therefore hopes of medium-term financial surety were boosted on the 21st July 2020, when the Chancellor launched the CSR 2020. The CSR 2020, which would be published in the Autumn, would set out the Government's spending plans for the life of this Parliament; confirming UK Government Departments' revenue budgets for the years 2021/22 to 2023/24; capital budgets for the years 2021/22 until 2024/25; and devolved Administrations' block grants for the same period.
17. The CSR 2020 was destined to prioritise:
 - a) Strengthening the UK's economic recovery from Covid-19 by prioritising jobs and skills;
 - b) Levelling up economic opportunity across all nations and regions of the country by investing in infrastructure, innovation and people – thus closing the gap with the UK's competitors by spreading opportunity; maximising productivity; and improving the added value of each hour worked;
 - c) Improving outcomes in public services, including supporting the National Health Service (NHS) and taking steps to cut crime and ensure every young person receives a superb education;

- d) Making the UK a scientific superpower, including leading in the development of technologies that will support the Government's ambition to reach net zero carbon emissions by 2050;
 - e) Strengthening the UK's place in the world; and
 - f) Improving the management and delivery of the Government's commitments; ensuring that all Government Departments have the appropriate structures and processes in place to deliver their outcomes and commitments on time and within budget.
18. Due to unprecedented uncertainty, the Chancellor did not fix a set spending envelope, but confirmed that Government Departmental spending (both capital and resource) will grow in real terms across the CSR 2020 period and that the Government will deliver on the commitments made at the March 2020 Budget, to level up and invest in the priorities of the British people.
 19. Given the impact Covid-19 has had on the economy, the Chancellor was clear there will need to be tough choices in other areas of spending in the CSR 2020. As part of their preparations for the CSR 2020, Government Departments had been asked to identify opportunities to reprioritise and deliver savings. Government Departments would also be required to fulfil a series of conditions in their returns, including providing evidence they are delivering the Government's priorities and focusing on delivery. The Chancellor said: "The first phase of our economic response to Covid-19 was about safeguarding employment as far as possible. Our goal in the second phase is to protect, create and support jobs and we set out our plan to achieve this two weeks ago. The CSR is our opportunity to deliver on the third phase of our recovery plan – where we will honour the commitments made in the March Budget to rebuild, level up and invest in people and places spreading opportunities more evenly across the nation."
 20. In order to provide a Policing Sector contribution, a joint Association of Police and Crime Commissioners (APCC) and National Police Chief's Council (NPCC) submission was provided to the HO to support their submission to HMT as part of the CSR 2020 process. As highlighted above, July 2020 saw the formal announcement from the Chancellor of CSR 2020 and as part of the announcement, the Chancellor made it clear that one of the priorities of the review was improving outcomes in public services, including taking steps to cut crime. Alongside CSR 2020, the APCC and NPCC were mindful of the UK Government's Integrated Review (IR) of International and Homeland Security, Defence, Overseas Development and Foreign Policy.
 21. The submission on behalf of the Policing Sector to the HO was intended to help inform and shape their final submission to HMT; recognising the vital contribution that local policing makes to protecting communities at the heart of national resilience capabilities. It was recognised that there were other elements of the wider policing and security landscape such as the National Crime Agency (NCA), Counter Terrorism (CT) and SOC, which would also be

part of the HO's final submission, but these were not detailed within the APCC/NPCC submission, which was limited to territorial policing only.

22. The joint submission team from the APCC and NPCC focussed their efforts on five key areas:
 - a) Establishing Baseline Funding;
 - b) Cost Pressures;
 - c) Efficiencies and Productivity;
 - d) The 20,000 Police Officer Uplift Programme (PUP); and
 - e) Digital and Technology programmes.
23. Within the above areas of focus, the APCC/NPCC submission made a number of key points:
 - a) Whilst recognising that the additional funding for the PUP is a welcome addition to the capacity of the Police Service, it needs to be recognised that without a reasonable Police Settlement for 2021/22 there is a risk to the successful delivery of the PUP. A reasonable Police Settlement would need to include inflation, police pension cost pressures, Council Tax Precept collection fund deficit pressures, funding for National ICT Programmes and adequate funding for the uplift of Police Officers themselves;
 - b) Whilst Council Tax Precept flexibility is welcome, the burden of funding should not fall disproportionately on local taxpayers;
 - c) In the whole system approach required for Policing, SOC is increasingly seen as underpinning much of the crime in communities. A reformed system is necessary to elevate policing and law enforcement capabilities to match current and future threats. Policing will need to see a strategic shift towards the prevention agenda in order to remove significant amounts of non-crime demand from the system, brought about by partnership and third-party withdrawal. By capitalising on the investment of the PUP, forces can focus on key areas of demand to improve investigations, lower incidence of reoffending and improve Criminal Justice outcomes; and
 - d) The policing of Covid-19 is one of the biggest challenges the police have faced; highly unusual in its scale, complexity and duration. The police have contributed actively in supporting Government efforts to tackle Covid-19, focusing on visibility and engaging with the public (in line with the 4Es approach (Engage, Explain, Encourage, Enforce)), while also using the time proactively to tackle criminals - in particular related to violence and drug-dealing. Reported crime went down by 28% in the four weeks to the 12th April 2020, compared with the same period last year. There was a large increase in the proportion of crime reported online, rather than in

person or over the phone. This represents opportunities to do things differently in the future – to reform rather than simply revert.

24. As discussed above, it was expected that the Government would undertake a three-year CSR in July 2020; on the basis that following Brexit, the UK economy would be on a less turbulent footing in 2020. However, the impact of Covid-19 has created a far greater uncertainty than that caused by Brexit and so it wasn't a surprise that the Government moved from its original three-year CSR plans to a one-year Spending Round (SR) announcement on the 21st October 2020. Therefore, CSR 2020 became SR 2020. SR 2020 is the third single-year SR in recent times - the 2015 General Election was the reason for the Conservative and Liberal Democrat Coalition Government's one-year SR 2013; whilst as explained above, Brexit was the reason behind the one-year SR 2019 - with a bill for the 2019 General Election (which was published alongside the SR) further adding to uncertainty.
25. On 25th November 2020, the Chancellor announced the outcome of SR 2020, setting out public spending totals for the 2021/22 financial year only. This was the Chancellor's first SR following his succession from the Rt. Hon. Sajid Javid MP in February 2020. During his speech, the Chancellor said that the SR 2020 "Delivers a once in a generation investment in infrastructure creating jobs, following the greatest economic decline in over 300 years." Prior to the announcement, it was expected that the Chancellor might introduce a further squeeze on public sector pay given the difficult financial backdrop. In the summer of 2020, the Chancellor suggested that as private sector pay had taken a huge hit, in the "interest of fairness", public sector workers should share the burden. However, given that public sector pay has fallen to its lowest level in decades relative to private sector pay, it was known that such an announcement would face fierce opposition from unions and public sector workers. Furthermore, infrastructure and 'green' spending announcements were expected with the Government's levelling up (Northern Powerhouse, Midlands Engine, etc.) agenda expected to be a focal point. In anticipation, given the protections already afforded to the NHS, Education and Defence, unprotected services including Local Government and prisons were expected to be at a much greater risk of facing cuts.
26. SR 2020 confirmed the HO Police Settlement providing a £881m cash increase in core resource funding from 2020/21 to 2021/22, an increase of 4.9% average real terms increase per year since 2019/20. Capital budgets for the HO increase by £128m in cash terms for next year. In relation to Policing, Crime and Fire and Rescue Services, the key headlines were:
 - a) Ahead of the Provisional 2021/22 Police Funding Settlement (Provisional Settlement), the Chancellor announced that Police and Crime Commissioners in England will be able to raise their Council Tax Precepts by up to £15 (for Band D); this equates to between 5.4% (Surrey Police) and 10.8% (Northumbria Police) and is estimated to total £320m (if Welsh Commissioners follow suit) in additional council tax revenue compared with 2020/21. The Chancellor announced that for English Commissioners only, 75% of Council Tax Precept collection fund deficits at January 2021 will be

funded by Government. The remaining deficits will be spread over three years as per recent announcements. In Wales, council tax capping is the responsibility of Welsh Ministers and will be discussed further in paragraph 52;

- b) SR 2019 included the Government's plan to recruit 20,000 additional Police Officers by 2023 (the PUP), with up to 6,000 of these recruited by March 2021. SR 2020 confirmed that the Government remains committed to its target with a further 6,000 Police Officers to be recruited during 2021/22 – this will be funded by further investment of £400m;
 - c) In relation to Economic Crime, an additional £63m was announced to tackle economic crime. This included support for the National Economic Crime Centre (NECC) along with £20m for Companies House Reform;
 - d) As part of European Union (EU) Law Enforcement Cooperation, SR 2020 provided £363m worth of funding to maintain law enforcement cooperation with the EU member states, as well as to recruit additional Border Force officers. The aim of the additional Border Force officers will be to deliver transit customs arrangements following the end of the transition period - 1,100 Border Force officers will be recruited to help with this goal; and
 - e) The Government intended to freeze the majority of public sector pay for 2021/22. As expected, the Chancellor used a comparison of public and private sector pay in 2020/21 to support his decision. Exceptions apply to NHS workers and those who earn less than £24,000 (who will receive a pay rise of at least £250).
27. In relation to other related Government Departments, the SR 2020 announcement confirmed:
- a) SR 2020 confirmed more than £4bn over the next four years to make significant progress in delivering 18,000 modern prison places across England and Wales by the mid-2020s. The SR document stated that "This is the largest prison building programme in over a century and will provide a decent, secure and rehabilitative environment for offenders". Specifically, SR 2020 announced an additional £337m for the Criminal Justice System in England and Wales, including £275m to manage the 'downstream demand' impact of the PUP and to reduce backlogs in Crown Court. SR 2020 also provided a total of £40m to offer additional support to victims of crime, including victims of domestic abuse and continued the £15m provided at Budget 2020 to deliver the Government's commitment on victim support. An additional £119m was included for the ongoing response on the criminal justice system due to Covid-19. This included an additional £76m to further increase family court and employment tribunal capacity to reduce backlogs, as well as £43m to ensure that courts and prisons remain Covid-19-safe. Also announced was £315m of capital funding to improve the condition of the existing prison estate, in addition to £105m for improvements to the court estate;

- b) The hourly National Living Wage (NLW) will increase to £8.91 (up 2.2%) in April 2021 and will apply for all aged 23 and over. National minimum hourly wage rates for younger ages are also rising to £8.36 for 21-22-year-olds (2.0%), £6.56 for those aged 18-20 (1.7%), £4.62 for those 16-17 (1.5%) and £4.30 for apprentices (3.6%);
- c) Technology - A total of £600m of funding was announced to fix outdated IT infrastructure to ensure core systems are secure. This included “new funding” of £268m for Her Majesty’s Revenue and Customs (HMRC); £232m in the HO; £40m in the Ministry of Justice (MoJ); and £64m in the Department for Education, to bring technology up to date. This investment aims to reduce the risk of failures and improve efficiency;
- d) SR 2020 made no specific reference regarding Fire and Rescue Services, but announced council tax referendum limits in 2021/22 in England of 2% on basic Precept. Although the overall HO Police Settlement provided a £881m cash increase in core resource funding from 2020/21 to 2021/22, as stated above the vast majority of this is in order to recruit additional Police Officers. Although nothing of note has been confirmed regarding Fire and Rescue Service budgets for 2021/22, it is expected that they will be protected in real terms for 2021/22;
- e) Ahead of the SR 2020 announcement, the Government set out its Covid-19 Winter Plan. This separate announcement can be accessed at:

<https://www.gov.uk/government/publications/covid-19-winter-plan>.

In SR 2020, the Welsh Government (WG) received £766m in Barnett Formula consequentials in 2021/22, as a result of Covid-19-related spending announcements in England in devolved areas. WG intend to deploy this funding in their continuing efforts to respond to and mitigate the impact of, Covid-19. At the current draft budget stage (published 21st December 2020), £77m has been allocated. As part of this process, WG are monitoring the Council Tax Reduction Scheme and Council Tax Precept collection rates carefully with the Welsh Local Government Association (WLGA), on a regular basis. Whilst hope surrounds the vaccines, much uncertainty remains around the exact path Covid-19 will take and the impacts this will continue to have on public services in Wales and the wider economy into 2021/22. In order to ensure that any decisions best meet the evolving challenges presented by Covid-19, WG have determined it prudent to retain as much flexibility as possible now and intend to make further allocations from this funding when the final budget is published on the 2nd March 2021 (as WG will better understand the impact of the winter months on the spread of the virus). In particular, WG will consider what additional funding is needed to support the NHS and Local Government, as they stand at the forefront of Wales’ response to Covid-19; and

- f) Since 2016, former Chancellors announced £8.3bn of spending to support Brexit Preparations, including £2bn in 2020/21. Regarding post-Brexit

work, SR 2020 provides over £2bn to support repatriation of functions from the EU and to “take back control of UK borders”. Funding includes: £1bn for HMRC, £363m for an additional 1,100 Border Force officers (as highlighted above) and £572m for the Department for Environment, Food and Rural Affairs (DEFRA). For the SR 2020, the Chancellor faced an important series of decisions regarding funding that is currently allocated by the EU (agricultural subsidies, research grants to UK universities, regional support funds etc.). The SR 2020 states that the UK Shared Prosperity Fund (UKSPF) will increase so that total domestic UK-wide funding will at least match receipts from EU structural funds, on average reaching around £1.5bn per year.

28. The SR 2020 also confirmed the following for England only. However, as these functions are devolved to WG, the impact of the announcement will not necessarily be mirrored in a Welsh context:

a) Local Government

- i Council Tax – As highlighted above in relation to Fire and Rescue Services, the SR 2020 included council tax flexibility in England of 2% basic Precept and an additional 3% in social care Precept. Whilst no such announcement was included in the SR2020 document, the Office for Budget Responsibility’s (OBR) Economic and Fiscal Outlook (EFO) states that Local Authorities may have the option to defer some of these increases to 2022/23. Additional council tax flexibilities run alongside £254m in additional funding to help end rough sleeping and a £300m increase in social care grant (alongside the continuation of the £1bn social care grant from 2020/21). From these announcements, core revenue spending power will rise by 4.5% in England, (subject to full council tax flexibility use and any data changes or updates before the Provisional Settlement). The Chancellor has announced that 75% of Council Tax Precept collection fund deficits at January 2021 in England will be funded by Government. The remaining deficits will be spread over three years as per recent announcements. The SR 2020 also includes additional funding (£670m) for additional Localised Council Tax Support (LCTS) as a result of increased unemployment. The Government has published the number of working age Council Tax Support Claimants up until Q2 of 2020/21. Nationally, the claimant numbers for 2020/21 Q2 are up 11% on the same period last year and the Q1 figures show a 9% increase on Q1 in 2019/20. Pensioner claimants (which make up roughly 37% of all claimants) have fallen by approximately 4% in each quarter. However, results for individual Local Authorities are more mixed. Regarding council tax support, the Chancellor has announced that HMT will allocate approximately £500m to Local Authorities based on its assessment of the total additional LCTS; and
- ii Local Roads - A total of £19bn was announced under the heading of infrastructure for next year, including £1.7bn for local roads and maintenance upgrades.

b) Education

On the 3rd September 2019, Education Secretary Gavin Williamson announced, that the Government had promised “a cash increase compared to 2019/20 of £2.6bn to core schools funding next year (2020/21), with increases of £4.8bn and £7.1bn in 2021/22 and 2022/23 respectively”. The SR 2020 confirmed that the 2019 multi-year Education Settlement continues. Further, the SR 2020 included a plan to build 500 new schools over the next decade. The Government is also providing £220m for the ‘Holiday Activity and Food’ programme to provide activities and meals for disadvantaged children during the Easter, Summer and Christmas Holidays in 2021;

c) Transport

SR 2020 included the announcement of £12.8bn to “keep the transport networks moving” for 2021/22. This included around £8bn for rail passenger services in England, as well as £4.8bn of further support for buses, light rail, cycling and Transport for London. Additionally, a further £2bn has been announced to support public transport “to meet the challenges of Covid-19”. This money will be used to ensure continued operation on the railways in 2021/22. The Government has announced £19bn of infrastructure funding for 2021/22, including £1.7bn for local roads and maintenance upgrades (as highlighted above). Additionally, the Government stated that money will be distributed to eight Mayoral Combined Authorities through the Transforming Cities Fund. This fund will be specifically directed through ‘intra-city’ transport settlements over the course of five years;

d) NHS

The Government has continued its £20bn commitment to the NHS (as first announced by then Prime Minister Theresa May), equating to £33.9bn more in cash terms by 2023/24 compared to 2018/19 budgets;

e) Environment

On 18th November 2020, the Prime Minister set out his Ten Point Plan for a “Green Industrial Revolution” and to create 250,000 jobs. The plan covered: Offshore wind, hydrogen, nuclear, electric vehicles, public transport, Jet Zero and greener maritime, homes and public buildings, carbon capture, nature and innovation and finance. SR 2020 prioritised investment to transition to zero emission vehicles, including (by providing £1.9bn) for charging infrastructure and consumer incentives. It also provided £1.1bn to make homes and buildings “net zero-ready”, as well as a £1bn Carbon Capture and Storage Infrastructure Fund; total investment for the “Green Industrial Revolution” is now £12bn; and

f) Defence and Overseas Aid Commitments

Both Defence and Overseas Aid budgets are usually set in-line with GDP to meet international commitments (2% and 0.7% of GDP respectively); confirming rumours, the UK has reneged its commitment to Overseas Aid. Whilst the effect of Covid-19 on GDP means that aid spending was always

going to be cut in cash terms, the Chancellor has announced that for 2021/22 the budget will be 0.5% of Government national income, (this represents a likely saving of £4bn). The Government intends to return to 0.7% when the fiscal climate improves. The Ministry of Defence will see a £885m cash terms core funding increase in 2021/22.

29. Alongside the SR 2020, the OBR released its EFO at November 2020. The EFO highlights the significant effects that Covid-19 has had on the UK economy and due to the uncertainty of impact, presented three scenarios for the virus:
- a) An upside scenario, in which lockdown succeeds in bringing the second wave of infections under control and the rapid rollout of effective vaccines enables output to return to its pre-virus levels in late 2021;
 - b) A central scenario, in which restrictive public health measures need to be kept in place until the spring and vaccines are rolled out more slowly, leading to a slower return to pre-virus levels of activity at the end of 2022; and
 - c) A downside scenario, in which lockdown has to be extended, vaccines prove ineffective in keeping the virus in check and a more substantial and lasting economic adjustment is required; with economic activity only recovering to its pre-virus levels at the end of 2024.
30. For the purposes of this report, the following economic and public spending headlines are based on the central scenario:
- a) During the first wave of infections, the UK locked down later and for longer than some of its European neighbours and experienced a deeper fall and slower recovery in economic activity. A resurgence of infections is now in progress across Europe and North America, prompting the tightening of public health restrictions and reimposition of national lockdowns and taking the wind out of an already flagging recovery. That includes the UK, where GDP is set to fall by 11% this year – the largest drop in annual output since the Great Frost of 1709, before returning to growth in 2021. However, the economy is not expected to reach pre-crisis levels until the end of 2022; with long-term damage meaning that in 2025 the economy will be approximately 3% worse off than expected pre-Covid-19;
 - b) The virus has also exacted a heavy and mounting toll on the public finances. In the central forecast, receipts this year are set to be £57bn lower and spending £281bn higher, than last year. The Government has committed huge sums to treat the infected; control the spread of the virus; and cushion its financial impact on households and businesses. As support has been expanded and extended, including in the wake of the second wave of infections, its total cost this year has risen from £181bn at the time of the Summer Economic Update, to £218bn at the time of the Winter Economy Plan, to £280bn in the November forecast;

- c) The support provided to households and businesses has prevented an even more dramatic fall in output and attenuated the likely longer-term adverse effects of Covid-19 on the economy's supply capacity. In addition, the Government's furlough scheme has prevented a larger rise in unemployment. Grants, loans, and tax holidays and reliefs to businesses have helped them to hold onto workers; keep up to date with their taxes; and avoid insolvencies. Nonetheless, the OBR anticipates a significant rise in unemployment – to 7.5% in their central forecast – as this support is withdrawn in the Spring of 2021;
- d) CPI inflation falls under all three scenarios from 1.8% in 2019 to 0.8% in 2020, due in part to lower indirect taxes and energy prices, as well as increased slack in the economy. Thanks primarily to relatively weak average earnings growth, inflation remains subdued over the next three years, returning to the 2% target by the end of 2024;
- e) The combined impact of the virus on the economy and the Government's fiscal policy response pushes the deficit for 2020/21 to £394bn (19% of GDP), its highest level since 1944/45. Depending on the damage to potential output in the medium-term, the deficit settles at between 1.7% and 6.1% of GDP by the forecast horizon in 2025/26, with the central scenario showing 3.9%. Public Sector Net Debt (excluding the uneven effects of Bank of England schemes) continues to rise as a share of GDP over the next five years in all but the upside scenario, amounting to 104.7% of GDP by 2025/26; its highest level since 1959/60. Borrowing falls back to around £102bn (3.9% of GDP) by 2025/26, but even on the loosest conventional definition of balancing the books, a shortfall of £27bn (1% of GDP) would remain if day-to-day spending was to match receipts by the end of the five-year forecast period;
- f) Unlike in previous recessions, the greater portion of the fiscal cost of Covid-19 arises from the Government's discretionary policy response rather than the hit to the economy caused by the virus. Of the £339bn upward revision to borrowing between the March and November central forecasts, roughly three quarters is due to policy measures (in particular additional spending on the NHS and the furlough scheme) and the rest is due to lower economic activity (mostly due to lower tax receipts). Moreover, the connection between the public health restrictions and the levels of support offered to workers and businesses underscores the importance of controlling the virus to containing the longer-run cost of Covid-19;
- g) The OBR's latest Council Tax Base assumptions, i.e. the Band D equivalent number of properties upon which the Council Tax Precept is levied, are -0.16% for England and 0.8% for Wales. Members will agree this disparity between England and Wales is strange and the Welsh growth figure appears higher than seen locally; and
- h) **Finally and most acute for the Policing Service, the OBR's EFO analysis suggests quite logically that there will be a challenging**

(C)SR setting budgets for 2022/23 and beyond. With prioritised funding already set aside for Health, Education and Defence, spending on other public services could be down £9bn relative to 2021/22 totals. This would imply that spending on unprotected public services such as Police, Fire and Rescue Services and Local Government is likely to be broadly flat in real per capita terms in 2022/23.

31. At the time of the announcement of the SR 2020 outcomes (i.e. late November 2020), although the HO would be investing directly into additional Police Officer numbers through the PUP, on the basis that this funding would be ring-fenced, it was anticipated that the delivery of significant financial efficiencies and budget reductions would still continue as per previous Police Settlements. Indeed, in the build up to SR 2020, the HO believed a significant contribution towards Police Productivity and Efficiency was a necessary part of the negotiations with HMT and a figure of £1bn over the next three years was rumored, of which one third was expected to be cash releasing - equating to roughly £100m per annum (p.a.) over the originally considered three-year CSR period.
32. Members will recall that the Staying Ahead Programme was initiated by the Force to address the efficiency requirements from previous CSRs and to the end of 2019/20, has delivered cumulative recurring savings of £50.772m. The 2020/21 savings target of a further £1.303m will be met this year through the continuing success of the original Staying Ahead Programme, which over recent years has become core Force business as the 'Continuous Improvement Programme' within its Continuous Improvement Department.
33. Importantly, the SR 2020 was silent on the HO's review of the Police Funding Formula – which along with the medium to long-term impact of Covid-19 on police finances, provides additional future financial uncertainty to 2025/26. By way of background, once the overall size of the policing budget is determined by the HO (via the CSR/SR process), then the amount of funding provided to respective Police and Crime Commissioners is determined by the Police Funding Formula. It has been well publicised that the current formula is out-dated, overly complex, opaque and in need of review. Following a 'false start' to the review process during the latter half of 2015, the review was brought back on track with a hope to produce its findings by February/March 2017, with implementation for the 2018/19 financial year. However, it is believed that with the significant implications of the Brexit negotiations; the result of the 'snap' General Election in June 2017 (and subsequent one in December 2019); and the significant increase in the threat of terrorism, the implementation has been delayed. Indeed, in the Provisional 2018/19 Police Funding Settlement, which was announced in a Written Ministerial Statement (WMS) by the then Minister of State for Policing and the Fire Service Nick Hurd MP on Tuesday 19th December 2017, in which he states: "I am grateful for the work of the Core Grant Distribution Review, earlier this year, which considered potential changes to the police funding formula. In the context of changing demand and following my engagement with police leaders, providing

funding certainty for 2019/20 is my immediate priority. It is intended that the funding formula will be revisited at the next CSR.”

34. On account of both the planned 2019 and 2020 CSRs being converted to one-year SRs, with no further updates available, it is expected that once the work is restarted during 2021 as part of a potential CSR 2021 (following full consultation throughout 2022/23), it is assumed that any impact will not occur until the 2023/24 financial year.
35. Importantly however, early exemplifications from the HO received during 2015 (showing the effect of the then revised Police Funding Formula being suggested), identified a £6m cut in Central Government Grant Funding for Gwent. It could be expected therefore, that the HO will continue with their approach following the significant amount of work undertaken to date. Therefore, from the 2023/24 financial year onwards, the Commissioner could be faced with a £6m cash cut in addition to the underlying ‘real term’ cuts forecast from the effect of the Government’s future approach to police funding. It is also likely that this cut will not be actioned in one fell swoop, but transitional arrangements will affect the cut over a number of financial years.
36. At this stage, although the outcomes of SR 2020 appeared positive on the surface, until the receipt of the detailed Provisional Settlement (expected late December 2020), confirmation of the individual Commissioner levels of funding were unknown.

PROVISIONAL SETTLEMENT 2021/22

37. The Provisional Settlement was announced in a WMS by the Minister of State for Crime and Policing Kit Malthouse MP on Thursday 17th December 2020. The WG also published their Provisional Settlement for Welsh Police and Crime Commissioners on the same date. Both documents outline the provisional levels of Central Government Grant Funding for Police and Crime Commissioners for 2021/22. Unlike last year, the HO have reverted to publish a Provisional Settlement rather than proceeding straight to the Final 2021/22 Police Funding Settlement (Final Settlement), in order obtain feedback from stakeholders. The publication of the Draft 2021/22 Police Grant Report marks the start of the consultation period which ends on the 15th January 2021, with the Final Settlement being issued shortly after this date. This Provisional Settlement follows the one-year SR 2020 and takes place to a backdrop of severe economic difficulties due to the ongoing Covid-19 crisis, as well as uncertainty around the impact of Brexit.
38. Prior to the publication of the Provisional Settlement as highlighted above, the Policing Sector was expecting an additional £400m for the recruitment of 6,000 officers (towards the 20,000 PUP total). In the WMS, Kit Malthouse MP confirmed that there would be an increase of £415m for Police and Crime Commissioners to continue to recruit Police Officers. The WMS goes on to state that “to ensure...progress in recruitment is maintained, and to track the use of this investment efficiently, the Government will continue to ringfence

£100m of the additional funding”. This ring-fenced grant will be akin to the previous Specific Government Funding Grant of £168m and will be split according to Funding Formula allocation. Part of this funding allocation is to go to the recruitment of Regional Organised Crime Unit (ROCU) Police Officers through the same mechanism. Additionally, the Policing Sector was expecting last year’s PUP funding (£700m) to be rolled into the baseline, which has since been confirmed.

39. The WMS goes on to state that in total Police and Crime Commissioners will get an increase of £703m, assuming that the full Council Tax Precept flexibility is taken. As confirmed in SR 2020, the council tax referendum principles (in England) will be £15 per Police and Crime Commissioner, which, assuming every force maximised the increase, means an extra £288m for policing in 2021/22 (£415m PUP plus £288m Council Tax Precept equals £703m). Furthermore, in England only, Police and Crime Commissioners will receive a portion of the £670m additional grant funding announced for the local council tax support as part of SR 2020.
40. **Although the Provisional Settlement has been favourable for the Policing Service, it must be acknowledged that SR 2020 was a one-year Spending Round at the time when the full economic impact of Covid-19 and Brexit are yet to be determined. Therefore, a potential (C)SR 2021, could be more punitive if the OBR forecasts identified above crystallise, or more worryingly, worsen.**
41. Given the recent publication of the SR 2020 (published much later in the year than previous CSR/SRs), some of the Provisional Settlement was already known. However, the Provisional Settlement for 2021/22 has quantified a number of funding adjustments, the impact of which, were previously either unknown or uncertain and are detailed in the following paragraphs:
 - a) Central Government Grant Funding
Overall, Core Government Grant Funding (including the ringfenced PUP grant) increases from £7.8bn to £8.2bn, an increase of £413.6m (5.3%). For Gwent, this equates to an increase in Central Government Grant Funding of £4.247m between 2020/21 and 2021/22;
 - b) Reallocations
An integral part of the Provisional Settlement identifies the movement in finances from the overall national Government funding available for policing and crime services, to what is actually allocated to individual Police and Crime Commissioners. This movement takes account of ‘reallocations’ (previously known as topslices), from the HO’s overall police and crime budget into other parts of HO policing responsibilities. For 2021/22 these reallocations total £1,033.5m, £87.4m lower than last year (£1,120.9m). Primarily, this difference comes from a £26m reduction in special grant; a £52m reduction in Top ups to the NCA and ROCUs (it is worth noting that this top up now only applies to ROCUs); a £14m reduction in Police Technology Programmes and an £8m reduction in National Capability programmes. Each has an impact upon the amount of

funding ultimately awarded to Police and Crime Commissioners through the Provisional Settlement and the 2021/22 reallocations are highlighted below:

- i The funding for Police Technology Programmes will be broadly maintained at £484.7m (£498.4m in 2020/21) to support the completion of national transformation policing programmes, delivering enhanced national capabilities across policing. This will include enhancing police digital capability, including developing a national approach to mobile digital working. This approach should ensure that forces are delivering mobile working consistently to avoid duplication, share best practice and maximise significant productivity gains. The funding will also continue the delivery of the Single Online Home (SOH) digital platform to forces, thereby providing better engagement between the police and the public. The HO will also complete the roll out of the National Enabling Programme, to ensure all forces have the enabling tools that support collaboration and agile ways of working in response to Covid-19 and access to cyber-security capabilities to increase resilience. Historically, Government has expected to see progress in this area ahead of each funding round, so policing must demonstrate a real commitment to deliver the benefits from mobile working. Significant progress has been apparent during 2019/20 and 2020/21, which, on the plus side has enabled policing to respond seamlessly during the Covid-19 lockdown's need for agile working. Conversely, significant cost pressures have been emerging during this year (both in terms of investment costs and running costs), raising concerns that reallocations may grow to fund these pressures;
- ii £146.3m of investment to strengthen the response to SOC (£140m in 2020/21) and continue the implementation of the new SOC Strategy; building capabilities at national, regional and local levels. Tackling SOC and delivering the Government's manifesto commitment to strengthen the NCA is also a critical part of the Government's wider crime reduction agenda. As criminal networks become increasingly adaptable and resilient, the Government needs to ensure that the funding is available to support the police in disrupting organised criminal activity. To this end, the Provisional Settlement will protect funding for the NCA to target drug trafficking, child sexual exploitation and abuse, economic crime and organised immigration crime. ROCUs (such as Tarian which covers the Gwent, South Wales and Dyfed Powys Police Force areas), which are an essential part of this approach, will also see their Police Officer numbers boosted as part of the second year of the PUP;
- iii The HO will also maintain Private Finance Initiative (PFI) obligations of £71.6m (£72.8m in 2020/21);
- iv Existing Arm's Length Bodies (Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), the College of Policing, the Independent Office for Police Conduct (IOPC), the Gangmasters and Labour Abuse Authority and the Office for Communications Data Authorisations) will receive £70.5m (down from £71.1m in 2020/21);

- v £54.8m will be provided (down from £80.9m in 2020/21) for the discretionary Police Special Grant contingency fund, which supports forces facing significant and exceptional events, which might otherwise place them at significant financial risk (for example, helping forces respond to terrorist attacks);
- vi Serious Violence funding is maintained at £38.9m, to deliver the Government's commitment to reduce serious violence and crime and clamp down on 'county lines'. This will allow the already established Violence Reduction Units (VRUs) across the 18 Police and Crime Commissioners most affected by violent crime (this does not include Gwent) to 'surge' the police's response to violent crime where it is most prevalent; expand police capacity to tackle online drivers of violence; and build stronger evidence on how to prevent homicides;
- vii National Capability Programmes, which were previous pieces of work funded from the Police Transformation Fund (PTF) have received reduced funding of £38.7m (down from £47m in 2020/21) to fully realise the benefits of ongoing legacy PTF funded initiatives. The PTF, which totalled £175m at its peak, enabled forces to support an improvement in the leadership and culture of policing; the diversity of its workforce; protection of vulnerable people; cross-force specialist capabilities; exploitation of new technology; and how policing responds to changing threats. The legacy of the PTF is still very evident in Gwent, as in order not to 'waste' previous investment into Gwent (and across Wales) from the PTF and to maintain the benefits to individuals and communities, the Commissioner has continued to support some projects going forward from local funding, when PTF monies have ceased. A particular case of note is the Commissioner electing to support the Gwent contribution to the All Wales Early Action Together Programme on a recurrent basis from the 2020/21 financial year onwards. This funding would initially assess the success (or otherwise) and embed in 'business as usual' with partners the innovative multi-agency approach to identify vulnerable people; intervene early; and keep them out of the Criminal Justice System;
- viii CT policing will receive £32.5m for a new CT Operations Centre. The new CT Operations Centre will co-locate partners from across law enforcement; the UK intelligence community; and Criminal Justice System to improve the response to a range of threats, including terrorism and some elements of hostile state activity and organised crime. This additional investment is on top of 2021/22 funding for CT policing of £914m (£906m in 2020/21). This continued investment in CT policing will support record-high numbers of ongoing CT policing investigations and enable the UK to respond more quickly and effectively to keep the country safe from a range of threats, wherever they take place. Police and Crime Commissioners will be notified separately of force-level funding allocations for CT policing, which will not be made public for security reasons; and
- ix Finally, the HO will also maintain or provide new investment in a number of other initiatives (such as the Safer Streets Fund); associated bodies (such as the Blue Light Commercial and the International Crime Co-ordination Centre); or policing capability (such as supporting police

bail reforms, football policing and tackling wildlife crime). These total £95.3m in 2021/22.

Each of the above reallocations has an impact upon the amount of funding ultimately awarded to Police and Crime Commissioners. As a rule of thumb, the local financial impact (i.e. to the Commissioner's budget in Gwent) of any reallocated amount, equates to roughly 1%. Therefore, the overall 2021/22 reallocations of £1,033.5m above equates to a potential loss of £10.34m of Central Government Grant Funding into Gwent. Reallocations are increasingly becoming a difficult balancing act however; for as much as they take away funding that could normally be allocated directly to individual Commissioners, they can fund central initiatives that Commissioners will ultimately benefit from and in certain cases (such as Major Technology Programmes) are acutely reliant on;

c) Pensions Specific Grant

Pensions Specific Grant allocations remain unchanged from those in 2019/20 as well as 2020/21. They therefore remain as 'flat cash' and have not been updated to reflect the new forecasts. Members will recall from the last two year's equivalent reports, that following a revaluation of public sector pensions, police forces are facing increased Police Officer pension costs of originally around £330m from 2019/20 onwards. As part of the 2016 Pension Valuation, HMT announced Public Sector Pension Valuation 'Directions', which served to increase the employer's contribution rate from 2019/20 for Public Sector Pension Schemes (including the Police Pension Scheme). The main change was the reduction to the 'discount rate', which is used to convert future pension payments into present day value. This rate reflects the OBR view at that time on the national economic outlook, which in turn reflected a particularly uncertain period prior to Brexit. The Chancellor at the time was correct to suggest at the Conservative Party Conference in October 2018, that *any* agreement on Brexit would see an improvement in economic growth predictions, however, put simply, markets like certainty. With the Brexit position becoming much clearer of late, **there is (and was at the time) a strong argument to say that using the amended rate as outlined below, risks corrective action in the future when markets stabilise – not taking account of the unanticipated at the time, Covid-19 impact on world markets.** The discount rate was reduced from 3.0% to 2.4% (although a reduction to 2.8% was contained in the 2016 Autumn Budget). The HO signalled at the time that Police and Crime Commissioners would need to budget for the resultant additional costs. Their share was valued at circa £302m in 2019/20, with the ongoing funding of the full discount rate reduction beyond 2019/20 being considered as part of the CSR 2019 (which will now be (C)SR 2021 at the earliest). The Government specifically allocated £153m to help the police pay for these increased costs. Of this, £143m went directly to Police and Crime Commissioners and £10m to CT policing and the NCA. As can be seen however, only £143m of specific grant was provided to Police and Crime Commissioners to offset additional costs of £302m – therefore, the extra direct funding in 2019/20 from Central Government Grant (Formula) Funding to Police and Crime Commissioners of £146m, which was

intended to ensure that 'every Police and Crime Commissioner sees their Government grant funding protected in real terms', was fully consumed in meeting this shortfall, resulting in an overall shortfall of funding from Government of around £13m nationally in 2019/20. In relation to Gwent, the estimated increase in Police Officer employer pension contributions in 2019/20 was £3.255m and Central Government Grant Funding was £1.501m (Gwent's share of £146m) and Pension Specific Grant of £1.325m (Gwent's share of £143m), resulting in a shortfall to fund pensions in 2019/20 of circa £429k. With Police Officers and Police Staff receiving a 2.5% pay award in September 2019, coupled with a significant number of Gwent Police Officers being new to the Police Service and therefore receiving pay increments, the estimated pension shortfall (based on flat cash pension grant) rose by £669k to £1.098m in 2020/21. The issue compounds every year as recruitment takes place, pay awards are made and increments happen against Pension Specific Grant which remains as 'flat cash'. The shortfall has now risen by a further £605k, resulting in an overall deficit of £1.703m for 2021/22. The original shortfall was met from a contribution from the Commissioner's Reserves and Committed Funds and not from Council Tax Precept in 2019/20 and 2020/21. However, for the 2021/22 financial year, the ability to address this recurrent shortfall on a non-recurrent basis is imprudent and funding of the shortfall moving forward should be placed on a recurrent footing. This issue may be further compounded if the Specific Pension Grant is not placed on a recurrent basis at part of (C)SR 2021; and

d) National and International Capital City Grant (NICC)

Within the overall Provisional Settlement, the Metropolitan Police Service, through the Greater London Authority, will continue to receive National and International Capital City (NICC) grant funding worth £185.5m (the same as in 2020/21). The City of London Police will also continue to receive NICC grant funding worth £4.8m (again, the same as in 2020/21). This is in recognition of the unique and additional demands of policing the capital city of the United Kingdom. No such allocation is provided in recognition of Cardiff's status as the capital city of Wales and the associated events held there that draw resources from South Wales Police and its neighbouring forces. The HO have been lobbied on this matter for a number of years, but considers the additional demand that Cardiff's status creates to be comparable with a large English city such as Bristol. Furthermore, in a similar vein, the resultant demand upon policing in Gwent as a result of the expansion of the International Convention Centre for Wales (ICCW) at the Celtic Manor Resort, has been part of the dialogue with the HO over recent months and years.

42. When announcing the WMS, Kit Malthouse MP said that the Government expects the police to continue to build on the progress made on improving efficiency and productivity in return for the significant increase in investment. As such, the Government expects to see:

- a) 6,000 further Police Officers – on top of the first tranche of 6,000 to be recruited in 2020/21 – recruited by the end of March 2022. The

Government will ringfence £100m of the Central Government Grant Funding for PUP, which will be paid to forces in line with their progress in recruitment. For year two of the PUP, the Government is expanding the scope of the Programme to include recruitment of 300 officers into ROCUs, including the equivalent units in the Metropolitan and City of London Police; and 80 officers to bolster CT policing. Strengthening policing's presence in ROCUs by 300 officers will help the Government meet their manifesto promise to counter the growth of SOC, including fraud, drug trafficking, child abuse and cyber-crime. The allocation of the 80 CT Police Officers will be threat-based and targeted to those parts of the country where the demand and risk is greatest. This will be based on advice from CT Policing Headquarters. The detail of these allocations will be confirmed with police forces separately. Following close consultation with policing partners, ROCU recruitment will be led by Police and Crime Commissioners in year two of the Programme. **Gwent's targets are a further 58 territorial Police Officers and 3 ROCU Police Officers recruited by the 31st March 2022. These Police Officers will be additional to the 62 Police Officers recruited by 31st March 2021 from year one of the PUP.** As well as the ringfenced funding, additional funding provided via the Central Government Grant Funding is expected to meet costs associated with the PUP in forces and ROCUs, such as additional staff and equipment. Forces and regional leads will determine precisely how the uplift in main grant should be distributed across local and regional functions, but Government's assumption is that this would be proportionate to the respective number of additional territorial and ROCU Police Officers the force has been allocated;

- b) £120m of efficiency savings from across the law enforcement sector (reflected as part of the Provisional Settlement). These are expected to be delivered through a combination of improved procurement practises (including the delivery of £20m of savings through BlueLight Commercial), as well as savings in areas such as estates, agile working and shared/enabling services. They are broken down as follows:
 - i £95m against Central Government Grant Funding – which has been reflected in the Provisional Settlement provided;
 - ii £14.2 from Programmes within Reallocations as explained above;
 - iii £8m against CT policing; and
 - iv £2.8m from the NCA.

The Government expects the Policing Sector to work with the HO in setting up and supporting a new 'Efficiency in Policing Board'. The Board will improve the evidence base on efficiencies delivered to date; identify opportunities for gains over this and future SR periods; share best practice in relation to the delivery of efficiencies; and monitor and support delivery of gains; and

- c) Policing ensuring that high quality data is collected and utilised effectively to support local delivery; identify efficiencies; and support the National Policing Board's drive to deliver the best possible policing outcomes for the

public. The HO and NPCC will bring together in one document their strategies, plans and initiatives for improving data collection and use across the sector and with key delivery partners, such as criminal justice agencies.

43. From the Force's viewpoint, the Police Service across England and Wales has made great strides in all of the expectations above, so future funding should not be compromised through failure in their delivery. However, conversely, their ultimate success could see opportunities to reduce future Government funding for the police, as productivity improvements take hold.
44. Within the WMS, Kit Malthouse MP concluded: "This Provisional Settlement sets out the Government's continued commitment to supporting and investing in our police. I am extremely pleased with the progress forces have made on recruitment, and we are firmly on track to meet the first-year target. This year has once again highlighted the police's exceptional bravery and commitment to public service. Sector leaders, frontline officers and staff have responded with speed and flexibility to the unprecedented challenges brought about by Covid-19. Since March 2020, forces have re-designed their working practices, adapted to implement new and evolving Covid-19 regulations and collaborated to ensure all personnel have had the necessary equipment and support to do their jobs safely. Officers and staff have worked tirelessly with the public to build understanding of the rules intended to control this deadly virus, all the while continuing to tackle crime and disorder in our communities. This is policing at its best, and I would like to express my immense gratitude for these continued exemplary efforts." **This clearly articulates the immense work that the police service has done on the national behalf in response to Covid-19. Further in this report, the roles that the Commissioner, OPCC and the Force have undertaken in response to Covid-19 are highlighted.**
45. **In short, the Provisional Settlement appears very welcome in the headline investment figures. However, with the vast majority of the increase in Central Government Grant Funding in 2020/21 and 2021/22 ringfenced specifically for delivering a set number of new Police Officer posts and their associated consequential costs, the remaining Central Government Grant Funding only goes part way towards remedying previous real term disinvestment in the service by Government and meeting future everyday pressures such as pay awards and inflation; new service pressures to tackle more complex crime; and unavoidable cost increases from legislative or policy changes.**
46. It should be noted also that in relation to the Provisional Settlement, a number of remaining specific grants and external funding arrangements for 2021/22 are yet to be finalised (e.g. CT Specific Allocation (CTSA), Safety Camera Enforcement Unit, Police Community Support Officer (PCSO) and local partner schemes, etc.). This report has been prepared on the assumption that funding will remain at the 2020/21 levels with the following exceptions and points of note:

- a) As mentioned previously in this report, the Commissioner remains financially exposed to the withdrawal of PTF money since 2020/21 in relation to the Early Action Together programme. In 2017/18, a multi-agency, All Wales bid was successful in securing £6.875m over the 3 financial years to 2019/20. During these three years, the Commissioner has been allocated £673k to deliver Gwent's approach in support of the National Programme. In addition to this funding, the Commissioner has also provided £268k in 2020/21 to Blaenau Gwent County Borough Council and Newport City Council from within his core budget to build upon and embed the Early Action Together Programme in Gwent. Furthermore, £72k was provided to fund a Safeguarding Senior Practitioner in the Force's Control Room. A business case for providing a sustainable model for 2021/22 onwards identifies a recurrent requirement of £140k p.a., assuming funding current staff from the existing base budget and the removal of PTF monies. This financial pressure is reflected on a recurrent basis in the MTFP;
- b) In a similar vein to above, over 2018/19, 2019/20 and 2020/21, the Commissioner has received HO SOC grant totalling £735k (£245k p.a.) to deliver community resilience, direct intervention and strategic communications in Newport. For 2020/21 only, the Commissioner also contributed a further £100k into this area to bolster the grant. A business case for providing a sustainable model for 2021/22 onwards identifies a recurrent requirement of £165k p.a., assuming funding current staff from the existing base budget and the removal of SOC grant monies. This financial pressure is reflected on a recurrent basis in the MTFP;
- c) Complementary to the above work, for the 2018/19 and 2019/20 financial years, the four Welsh Forces were successful in obtaining £1.212m of HO Early Intervention Youth Fund Grant to tackle (along with third sector partners) the threat of serious violence to young people. Gwent's share of this grant, coupled with the Commissioner's own investment into Gwent totalled £230k during 2019/20. For the 2020/21 financial year, following the cessation of the grant the Commissioner elected to maintain this investment on a non-recurrent basis. The furtherance of this work has been rolled into the project outlined at paragraph 46 b) above and therefore forms part of the sustainable model totalling £165k p.a.;
- d) It was confirmed in the 2018/19 budget setting round, that WG funding of £500k for Tarian (part of the ROCU of the three Southern Wales Police Forces) was removed. This position has been further compounded in the 2019/20 financial year with further reductions in HO PTF funding into the ROCU and additional cost pressures. This theme continued into the 2020/21 financial year with further cuts to HO PTF funding and additional cost pressures. The resultant forecast funding shortfall of the ROCU for 2020/21 of £2.383m necessitated an additional contribution from Gwent in both Police Officers and also a cash sum of £204k (over and above the £279k in the 2019/20 financial year) to maintain capacity. Again, collaborative pressures have emerged for the 2021/22 financial year totalling £300k across not only the ROCU, but also the Joint Firearms Unit

(JFU) and Joint Scientific Investigation Unit (JSIU) – a further additional pressure of £400k across the three collaborative units is also forecast for 2022/23. These financial pressures are reflected on a recurrent basis in the MTFP;

- e) WG funding for the All Wales Schools Liaison Core Programme (AWSLCP) Police Officers in Gwent is expected to remain at £401k for 2021/22. The implementation of the findings of the review of this Programme undertaken over recent years, is being taken forward through a strategic and operational governance framework;
- f) The revenue support from the WG for Gwent's Private Finance Initiative (PFI) funded Ystrad Mynach Police Station and Custody Suite, totalling £484k in 2021/22, is excluded from the Provisional Settlement in any given year. As reported in previous budget reports, over recent financial years, the Commissioner has been in negotiations to undertake a voluntary termination of the PFI scheme, thereby bringing the facility under the ownership and control of the Commissioner and releasing cashable savings. Agreement was reached and voluntary termination took place in January 2020. Negotiations took place with WG around the continuation of this revenue support once the contract was terminated, with WG subsequently confirming the continuation of this funding, as it is provided to meet the specific requirements of maintaining and running the facility;
- g) Furthermore, 2021/22 funding for the 101 whole time equivalent (wte) WG PCSOs is subject to a separate confirmation process, which is currently estimated to amount to £3.384m. This figure represents flat cash from the 2020/21 financial year. A review of the role of the PCSO and its place in the Operational Policing Model is nearing completion by the Force. Members will recall reductions in the PCSO establishment over many years in those posts not funded by WG, in order to meet austerity measures. Therefore, the review may well conclude in additional re-investment in these posts if the business need is satisfied above and beyond the Commissioner and Chief Constable's commitment to increase the PCSO establishment by 10 wte in 2021/22 and a further 8 in 2022/23. This is further discussed in paragraph 84 b) ii.;
- h) Since 2013/14, Police and Crime Commissioners have received MoJ funding to provide services to victims of crime. For the 2020/21 financial year, the Commissioner received £691k in grant which was used exclusively to support Connect Gwent (the Victims' Hub) and provide additional services for victims of crime. Police and Crime Commissioners are yet to be notified of their 2021/22 allocations from the MoJ, however it is expected that this will be the same as the 2020/21 allocation, thereby representing a real term cut. Due to the importance of the service provided by Connect Gwent however, its funding to maintain its purchasing power will be supplemented from the Commissioner's overall funding from HO, WG and Council Tax Precept if necessary. In addition to this, further investment of £197k into Victim Care Officers has been reflected on a recurrent basis in the MTFP;

- i) During 2020/21, the MoJ announced a package of extra funding to support victims and survivors of domestic abuse and sexual violence, during Covid-19. The funding is being administered through Police and Crime Commissioners. The purpose of the funding is to assist organisations to meet additional costs incurred between the 24th March and 31st October 2020, through adapting services during Covid-19 to cope with increasing demand as a result of it. Following an open and competitive proposal process, a total of £202k has been awarded to 6 organisations in Gwent. A second round of the funding is currently being run to address the needs post October 2020. Currently there is uncertainty whether this funding will continue into 2021/22;
- j) In February 2020, the MoJ launched a £1m fund for additional Independent Sexual Violence Advocate (ISVA) provision. The purpose of the funding was to increase ISVA support provision in areas of need to ensure victims receive consistent, high-quality support that meets their needs and provides clarity on the criminal justice process (where pursued), so they feel informed and supported at every stage. The Commissioner was successful in securing £86k for two additional ISVA's during 2020/21 and £77k for 2021/22. In May 2020, in response to Covid-19, the MoJ announced a further £3m investment p.a., into recruiting ISVAs. As a result, a further £31k was secured by the Commissioner for 2020/21 to fund a third ISVA, as well as £41k for 2021/22. The sustainability of this provision, should MoJ funding cease, will need to be considered in future budget setting rounds;
- k) In relation to other Covid-19 funding and grant arrangements, the Force has received £308k grant in 2020/21 as part of the £60m of 'surge' funding (divided equally between Police Forces and Local Authorities), to step up their enforcement of Covid-19 rules as part of the Government's plans to tackle the rise in infections. The funding will enable the Force to increase patrols and ensure that people are complying with the new restrictions, particularly in high-risk areas. The Force will also provide more support to the Local Authorities and NHS Test & Trace, to enforce self-isolation requirements. The continuation of this funding for 2021/22 is unknown at this stage. In relation to the reimbursement of Covid-19 related costs borne locally, to the 30th November 2020, the Force have spent £676k on Covid-19 related expenditure. Incrementally over the year, the HO have agreed to fund medical grade Personal Protective Equipment (PPE); then non-medical grade PPE; then income loss; and discussions to fund the remaining Covid-19 spend (such as overtime, ICT equipment, Covid-19 testing, and other items such as cancelled training charges, estate works and Estate/Fleet cleaning) are ongoing and may be agreed shortly. At this stage therefore, the Force have been reimbursed £331k of medical/non-medical grade PPE, leaving a balance of £345k of other spend which has not currently been agreed for reimbursement. From November 2020, the national purchasing, distribution and funding of medical grade PPE for the NHS and Emergency Services has been undertaken by the Department of Health, so future local spend will be reduced. In addition to the financial

position above, the Force has also been reimbursed £79k to the end of November 2020 in relation lost income as a result of Covid-19; and

- l) In August 2020, the HO opened up a grant funding scheme to Police and Crime Commissioners, to support the introduction of perpetrator-focused domestic abuse programmes. In October 2020, Gwent were notified of their success in being awarded £205k from the HO up until 31st March 2021; but only on the basis that the Commissioner supports the programme for at least the first six months of the 2021/22 financial year. In order to achieve this, £195k has been set aside on a non-recurrent basis to successfully deliver this programme. Potential costs beyond 2021/22 have not been reflected in the MTFP.
47. The HO has provided a Provisional Capital Allocation for 2021/22 of £120k, which forms the basis of the draft Capital Programme (the 2020/21 allocation was also £120k). It must be noted however, that this remains significantly lower than that received as recently as 2019/20 (which was £459k) and roughly only 10% of that received in 2014/15 (which was then £1.100m). This continuing reduced allocation places a significant burden on Reserves and Committed Funds as well as revenue budgets, as to maintain an appropriate Capital Programme moving forward, the revenue budget will need to contribute through a revenue contribution to capital or through new borrowing costs. It should be noted that final allocations of Capital Grants will not be published until the Final Settlement in January 2021.
48. The latest MTFPs have been updated following receipt of the Provisional Settlement and indicate a budgetary deficit (before the application of efficiency saving and contributions from Reserves and Committed Funds) for the 2021/22 financial year of £676k (Appendix 1b, Line 20), increasing to a budgetary deficit of £7.341m by 2025/26.

COUNCIL TAX ISSUES (Appendix 1a)

49. For 2021/22, legacy Council Tax Freeze grants and Local Council Tax Support grants (totalling £507.388m) will continue to be available to Police and Crime Commissioners in England. Furthermore, the City of London Police will receive a Precept Grant of £4.571m to reflect the fact that they do not benefit from increases in Council Tax Precept.
50. As highlighted already, the Provisional Settlement confirms what was announced in SR 2020, in that English Police and Crime Commissioners, or their equivalents, will be able to increase Band D Council Tax Precept bills by as much as £15 for 2021/22, without triggering a referendum. Assuming each Police and Crime Commissioner increases their Band D Council Tax Precept by £15, combined with Council Tax Base assumptions (as described in Paragraph 30 g) above), there will be an additional £288m of resources for policing from Council Tax Precept alone. Due to historic differences in Council Tax Precept, increases for individual Police and Crime Commissioners range from 5.4% in Surrey to 10.8% in Northumbria. The unweighted average

increase for all Police and Crime Commissioners (including assumed Council Tax Base movements) is 6.6%. Assuming every force takes the £15 increase in Council Tax Precept, the average Band D Council Tax Precept in England and Wales will be £240.92, with an average of 38% of total funding coming from Council Tax Precept.

51. In 2018/19 the referendum threshold in England (Wales does not have council tax referendum limits) was a Council Tax Precept increase of £12, meaning that a Band D Council Tax Precept could increase by £12 between years, without triggering a referendum to be called. In 2019/20 the limit doubled to £24, with many commentators speculating that this doubling to £24 in 2019/20 was essentially two years' increases in one year – recognising that 2020 was an election year for Police and Crime Commissioners. However, 2020/21 saw a referendum principle of £10. **The vast majority of English Police and Crime Commissioners opted to maximise the opportunities to increase Council Tax Precept over these three years, adding £46 to their Band D Council Tax Precept in doing so. For context, the rise in Gwent's Band D Council Tax Precept over the same period was £44.12, which was also the second lowest in overall growth across Welsh Forces.**
52. In Wales, council tax capping is the responsibility of Welsh Ministers. At the time of writing, no further official announcement has been made by the WG in relation to the levels of Council Tax Precept rises over the forthcoming years which would be deemed unreasonable and therefore capped. Historically, indications have been given that increases in Council Tax Precept for police and crime purposes of up to 5% would not be considered unreasonable, **although for the purposes of parity, capping principles must be considered in the light of any flexibility afforded to English counterparts in 2021/22.**
53. 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 rationale for this figure was that at the January 2019 meeting of the PCP to consider the Commissioner's Budget Requirement and Council Tax Precept increase for 2019/20, the Commissioner gave assurance that a 6.99% Council Tax Precept increase through the life of the current MTFP, would maintain the Police Officer investment of around 170 new Police Officer posts in the Force since 2016 (of which forty 'police resources' were agreed for 2019/20). This pragmatic and longer-term approach to local funding, allowed the Commissioner, not to take 'advantage' of the local precept flexibility of £24 p.a. in 2019/20. In honouring the arrangements discussed in January 2019, the 6.99% increase for 2020/21 (which equated to an extra £1.49 per month (£17.86 per year) for the average Band D property) was reflected in the budget proposal that year, but following discussions with the PCP in January 2020 and receipt of their Council Tax Precept Proposal Response Report, the Commissioner opted to reduce his Council Tax Precept increase for 2020/21 to 6.82% (£17.43 per year of £1.45 per month) from 6.99%.

54. The Chief Constable's 'robust, compelling and pragmatic' 2021/22 budget bid was formally received and scrutinised at the Commissioner's Strategy and Performance Board on the 24th November 2020) and was based on financial assumptions prior to the receipt of the Provisional Settlement. The budget bid therefore asked that the Council Tax Precept revert back to an increase of 6.99% p.a. over the life of the MTFP (as opposed to the 6.82% increase p.a. used for planning purposes), to support the detailed policing justifications in the Chief Constable's bid, which are articulated in paragraphs 88 to 92 below.
55. **This budget proposal however revises the 2021/22 Council Tax Precept increase down to 5.49% (£15) for the 2021/22 only – this reduces 2021/22 Council Tax Precept income by £807k from that planned before receipt of the Provisional Settlement, which when compounded each year through the MTFP, results in a cumulative recurrent reduction by 2025/26 of £4.667m in Council Tax Precept. This significant impact accepted, this level of Council Tax Precept increase will over the short-term:**
- a) Deliver the Chief Constable's requirements within the funding envelope requested to:
 - i Meet existing and increasing demand;
 - ii Maintain previous investment in Police Officer numbers;
 - iii Contribute to an investment of an additional 18 PCSOs over the next two financial years; and
 - iv Minimise any impact on frontline service delivery.
 - b) Set a balanced budget in 2021/22 after taking account of £676k of cashable efficiency schemes;
 - c) Comfortably reflect the results of the public engagement exercise (see paragraphs 60 to 79 below); and
 - d) Confirm the Commissioner's view as to the affordability of Council Tax Precept increases on the residents of Gwent.
56. In addition to the points directly above, the revision in the Council Tax Precept increase from the 6.99% requested (6.82% planned in the MTFP) down to 5.49% reflects four key factors:
- a) Receipt of the Provisional Settlement confirms that the vast majority of the increase in Central Government Grant Funding in 2020/21 and 2021/22 is ringfenced specifically for delivering a set number of new Police Officer posts and their associated consequential costs. However, the remaining Central Government Grant Funding does in the short-term go part way in remedying previous real term disinvestment in the Force by Government and meeting both everyday pressures such as pay awards and inflation; new service pressures to tackle more complex crime; and unavoidable cost increases from legislative or policy changes;

- b) An expectation from Government, as highlighted throughout this report, for Police and Crime Commissioners to maximise Council Tax Precept increases to £15 p.a., to invest in the Policing Service and complement the PUP;
 - c) Policing nationally and the Force itself have responded magnificently to Covid-19 (as independently verified by the HMICFRS) and foresee the increased policing demands (and costs) continuing over the short to medium-term. However, the Commissioner acutely acknowledges the economic impact of Covid-19 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 Commissioners across England and Wales), with the affordability of the increase to Gwent residents; and
 - d) With the above three factors acknowledged however, although the Provisional Settlement has been more positive than expected for the Policing Service in the short-term, it must be acknowledged that SR 2020 was a one-year Spending Round at the time when the full economic impact of Covid-19 and Brexit are yet to be determined. Therefore, a potential (C)SR 2021, could be more punitive as the OBR forecasts identified above crystallise, or more worryingly, worsen. To this end, the future Council Tax Precept increases within the MTFP revert back to 6.82% from 2022/23, due to the uncertainty of the funding position.
57. Within the MTFP, it has also been assumed that there will be no further impact from the Council Tax Reduction Scheme in Wales in 2020/21, particularly in relation to that associated in the response to Covid-19. The budget proposal confirms Council Tax Base growth in 2021/22 of 0.46%. This is higher than the original local estimates of a drop of 0.52% (which was based on the impact of Covid-19 on both Council Tax Precept collection rates and Council Tax Base growth over the short to medium-term and therefore on the Council Tax Base), but less than the OBR estimate of 0.8%. At the time of writing, it is understood that the Council Tax Bases from each Local Authority do not reflect any WG 'assistance' for 2021/22 in relation to further application of the Council Tax Reduction Scheme. Although Local Authorities have received payments to offset Council Tax Precept collection rate drops during 2020/21 from the WG's 'Hardship Fund', Local Authorities appear to be managing the perceived short-term drop in Council Tax Precept collection rates through their respective Balance Sheets by increasing debtors and provisions for bad debt, thereby delaying any 'permanent' impact on the Council Tax Base billed by the Commissioner. This could prove problematic beyond 2021/22 if this debt 'bubble' bursts, possibly driven by increased unemployment following the end of the current furlough scheme at the end of April 2021, when the 'true' Council Tax Precept collection rates and Council Tax Bases reduce.
58. As articulated above, from 2022/23 the Council Tax Precept reverts back to 6.82% p.a. and the Council Tax Base growth p.a. has been estimated at 0.46%. Members will note that this is a change from current practice, which would normally take the underlying average Council Tax Base growth over the

last three years. This change in practice is driven by the current uncertainty of the impact of Covid-19 on the Council Tax Base. Aside from addressing the uncertainty that a potential (C)SR 2021 would bring, the Council Tax Precept is also set at this level moving forward from 2022/23 to maintain the significant investment in Police Officer numbers since 2016/17, in order to meet the complex changes in policing demand. However, once the certainty on overall Government Funding is known as we move to December 2021, this assumption may need revisiting in subsequent budget setting rounds.

59. Appendix 1a shows the impact that incremental changes on the Council Tax Precept rate would have on funding assumptions for 2021/22. As noted in previous budget reports, the overarching CSR 2015 strategy in relation to policing assumed (even expected) that the 'maximisation' of increases in Council Tax Precept year on year over that Parliament, coupled with consistent national Council Tax Base growth, would 'maintain' Police and Crime Commissioner's cash budgets whilst Central Government Grant Funding was cut. This moved on somewhat with the 2018/19 financial year seeing Police and Crime Commissioner's 'flat cash budgets' being 'maintained' by Central Government Grant Funding alone and the 2019/20 Police Settlement providing an increase in Central Government Grant Funding, which when added to Specific Pension Grant was consumed in totality in meeting increased Police Officer Pension costs. This new emerging position in 2020/21 and 2021/22 therefore, with increases in Central Government Grant Funding being specifically applied to growth in new Police Officer numbers, still continues to ignore the costs of inflation and pay awards within existing budgets; new service pressures and budget developments; and importantly, the impact of revisions to the Police Funding Formula. **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 Government had clearly recognised by virtue of allowing increased Council Tax Precept flexibility of up to £15 p.a. in 2021/22.**
60. To support the Commissioner's financial planning and to meet statutory requirements, the OPCC ran an engagement exercise regarding the proposed Council Tax Precept increase from 9th November 2020 to 10th January 2021. This was a total of nine weeks compared to thirteen weeks for the equivalent exercise last year; although last year six of these weeks were during the pre-election period. The engagement exercise also ran for nine weeks in 2018/19.
61. The two previous years saw a dual approach for engagement: a series of face-to-face engagement events across all Local Authorities, complemented with an online survey. This allowed the OPCC to engage with a sufficient number of people to provide a representative sample of the population of Gwent; and to then provide these people with the maximum available timeframe of purposeful engagement. However, this approach could not be replicated this year due to the continued impact of Covid-19. Therefore, a new approach was introduced focusing primarily on promoting the survey online, coupled with multiple opportunities for virtual face-to-face engagement and increased targeting of harder to reach communities.

62. In order to maximise opportunities for engagement, it was determined that the engagement exercise would be launched in advance of receiving the Chief Constable's Budget Bid (received 24th November 2020) and the expected date of a Provisional Settlement (mid to late December 2020). Therefore, when the survey was launched (9th November 2020), it was based, as a minimum, upon estimated financial projections and assumed Council Tax Precept increases of 6.82% p.a. over the MTFP, in order to attempt to maintain Police Officer investment over recent years. However, with a significant amount of financial detail yet to be received by the Commissioner, in order to provide a degree of 'headroom' in setting the Council Tax Precept, the residents of Gwent were asked the following key question:

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

A £2 a month increase equates to a rise of 8.79% p.a. The proposed Council Tax Precept increase of 5.49% equates to a monthly rise of only £1.25.

63. Before people could complete the survey via the OPCC website, they were provided with information about the Commissioner; the role of the OPCC; the daily demands on policing; police budgets; and the MTFP. This information was more in-depth than in previous years, allowing people to have an even greater informed opinion when voicing their views on policing.
64. The online survey was proactively and repeatedly publicised via social media, local press and the Commissioner's website. In addition to this, public partners, community groups and third sector organisations shared the posts with their audiences via their social media channels, websites, internal staff bulletins and external e-newsletters.
65. To ensure the OPCC engaged with as wide a range of people as possible, an easy read version was produced and shared by People First. Communications were translated into Arabic, Bengali, Hindi, Pakistani, Polish and Urdu before being shared with Local Authority's community cohesion officers. Stamped addressed envelopes with paper copies of the survey were also provided to partners.
66. As mentioned above, the OPCC attended virtual face-to-face sessions throughout the period. This approach was part of a wider drive by the OPCC to increase public awareness and understanding of the Commissioner's role and responsibilities; encourage people to give their views on policing; and establish and grow effective working relationships with partners and stakeholders.
67. All town, community and county councillors, as well as Members of the Senedd and Members of Parliament across Gwent were sent information on the survey, with an offer for the OPCC to attend any forthcoming meetings and discuss the survey virtually. In total, 12 groups took up this offer. The OPCC used a different link to the website to allow it to record how many completed a

survey as a result of these virtual meetings. Although a click on the link does not automatically mean a survey was completed, it is reasonable to believe that surveys were completed as a direct result of this virtual engagement due to the amount of 'hits'.

68. As in the last two years, the OPCC used the survey as an opportunity to increase visibility of the Commissioner and his Office, while highlighting the core functions and purposes of the OPCC. To ensure the work was as efficient and holistic as possible, the survey also captured other aspects of public opinion, particularly the Force's response to Covid-19 and what the strategic priorities for the Force should be in the future.
69. In total, this resulted in **1,259** people answering the Council Tax Precept question, "Would you support the principle of increasing the police part of council tax by up to £2 a month (based on a band D property) for 2021/22 to maintain policing at current levels?".
70. The survey was conducted bilingually, with 1,242 received through the medium of English and 17 in Welsh. Last year there were 37 Welsh language submissions. The survey was proactively promoted through the same Welsh Language networks in Gwent as the previous two years.
71. The survey was only open to Gwent residents (unlike previous years) and details of the Local Authority area in which they lived were recorded. Equality information was also collected and of the people who chose to complete the equalities questions, the majority of people stated their ethnicity as White British. However, 70 people (5.5%) stated another ethnicity. Furthermore, in total, 11% of all respondents stated that they considered themselves to have a disability.
72. It was agreed prior to the launch of the engagement exercise that a representative sample size of 600 would be used, based on the entire population of Gwent. This sample size provided the OPCC with a 95% confidence level that the answers received would be within +/- 4% margin of error on the actual results.
73. As stated above, a total of 1,259 responses were received by the closing date, meaning a representative sample was achieved. In fact, due to the high level of response, the survey achieved a 99% confidence level that the answers received would be within +/- 4% margin of error on the actual results. For comparison, the 2020/21, 2019/20 and 2018/19 surveys managed representative samples of 1,707, 1,875 and 609 responses respectively; this was not the case in years prior to these.
74. Of the 1,259 survey respondents:
 - a) 1,128 completed it online;
 - b) 121 completed it as part of virtual face-to-face engagement; and

- c) 10 completed paper copies of the survey and posted them to the OPCC.
75. The results were:
- a) 689 (54.7%) of respondents supported the principle of up to a £2 per month increase;
 - b) 411 (32.7%) of respondents would not support the principle of up to a £2 per month increase; and
 - c) 159 (12.6%) of respondents were unsure;
76. From a prudent perspective, taking into account a negative swing in the margin of error (minus 4% on the actual results), an increase in Council Tax Precept of £2 per month was supported by the majority of people who took part. **Members should note that the Commissioner's 5.49% proposed increase in the Council Tax Precept amounts to only an additional £15 p.a. or £1.25 per month for a Band D household, i.e. only 62.5% of the value of the increase supported by the majority of residents in Gwent in the survey.**
77. Most of the feedback around policing in Gwent, both verbally and in writing, focused on police visibility and Covid-19 enforcement. Respondents either supported an increase in the Council Tax Precept for this reason, or said they didn't support it as it wouldn't result in more Police Officers. However, as explained throughout this report, the increase in the Council Tax Precept is designed to maintain previous investment in Police Officers and to complement and maximise the Central Government Grant Funding for the PUP.
78. Respondents were also given the opportunity to provide extra comments in relation to the Council Tax Precept increase question. The most popular comments received are below:
- a) "Lack of visibility of police;
 - b) Covid-19 enforcement being too lenient;
 - c) Affordability; and
 - d) Praise and criticism for individual incidents."
79. Whilst these findings of the engagement exercise are instrumental in assisting the Commissioner in setting his Council Tax Precept for 2021/22, the comments provided in the 'free text' element contain invaluable feedback to both the Commissioner and Chief Constable. As such, a detailed report has been prepared on this exercise which will be considered at the OPCC Management Board on 22nd January 2021 and will be shared with Members.

MEDIUM-TERM FINANCIAL PROJECTIONS (MTFP) 2021/22 to 2025/26 (Appendix 1b)

80. The latest MTFP is shown at Appendix 1b and the detailed assumptions, service pressures, budget developments, budgetary savings and efficiency schemes which support the projections, are provided at Appendices 2, 3, 4, 5a and 5b.
81. Members will note that although a balanced budget (after efficiency savings) could be achieved in 2021/22, this is to the backdrop of sustaining £52.075m of cumulative efficiency savings already accounted for, up to and including 2020/21; the delivery of £676k of savings in 2021/22; and future funding uncertainties such as sustaining PUP; the Apprenticeship Levy to assist in implementing of the Police Education Qualifications Framework (PEQF); and the potential implications of (C)SR 2021. Moving forward, reflecting the Provisional Settlement and estimating the impact of (C)SR 2021; year 3 of the PUP; Covid-19; Brexit; the Police Funding Formula review; and coupled with internal assumptions beyond this, present further funding pressures. It is forecast therefore, that these will form a recurring funding deficit (after future planned efficiency savings) of £3.563m by 2025/26.

FUNDING ASSUMPTIONS (Appendix 2)

82. The following funding bases and assumptions (Appendix 2) have been incorporated within the current MTFP:
 - a) Central Government Grant Funding (HO/WG):
 - i Funding standstill (i.e. flat cash) on Central Government Grant Funding for 2022/23 and beyond – this therefore does not take account of growth in future reallocations (as seen between 2017/18, 2018/19, 2019/20 and 2020/21, before dropping back to 2019/20 levels for 2021/22) and also the inherent risk in the sustainability of public finances in the current economic turmoil, particularly with reference to Covid-19, Brexit and (C)SR 2021. It also assumes that the third year of the PUP will be cost neutral in 2022/23;
 - ii The revision of the Police Funding Formula from 2023/24, (postponed from the original expected date of 2016/17), results in a £6m reduction in Central Government Grant Funding across three years to 2025/26. This remains a real and present threat as within the last intelligence received, it is believed that Ministers, within the next full CSR process will “.....set long-term police budgets and look at how resources are allocated fairly across police forces”; and
 - iii Specific Grants, which have yet to be confirmed, have been assessed to remain at 2020/21 levels; provisionally indicated amounts; or removed as per the narrative earlier in this report. The major item of risk in this assumption is the Specific Pension Grant of £1.325m received in 2019/20, 2020/21 and 2021/22. As this has not formed part of core Central Government Grant Funding in each of the three years

highlighted and also that future funding of the increased Police Officer pension costs will form part of the next (2021?) CSR deliberations, it may not be prudent to assume that this funding stream is recurrent.

b) Council Tax Precept and Base:

- i An increase in Council Tax Precept of 5.49% in 2021/22 and 6.82% thereafter to 2025/26. This growth is required to part-fund not only the maintenance of a full Police Officer and PCSO establishment, but maintain the necessary growth in Police Staff posts in 2019/20 and also unavoidable service pressures throughout the MTFP. **Importantly, the Council Tax Precept Growth will also contribute to an additional 18 PCSOs who will be recruited over 2021/22 and 2022/23.** This Council Tax Precept increase is insufficient, however, to counter the effect of flat cash Central Government Grant Funding moving forward beyond 2021/22, nor the £6m reduction from the revision to the Police Funding Formula. These variables have all been incorporated into the MTFP at Appendix 1b; and
- ii The Council Tax Base will increase in 2021/22 by 0.46%, nearly half the 0.87% estimate based on the preceding three years and the OBR forecast of 0.8%. It has been assumed that for 2022/23 onwards, the Council Tax Base growth will continue at a rate of 0.46% (as opposed to the average of the preceding three years, due to the impact of Covid-19).

EXPENDITURE ASSUMPTIONS (Appendices 2, 3 and 4)

- 83. The pay and non-pay cashable efficiency target for 2020/21 of £1.303m (originally split between £539k of cashable efficiency savings and a £764k non-recurrent contribution from Reserves and Committed Funds) will be met and furthermore, budget reductions of £136k have been identified for 2021/22. Both these amounts have been fully recognised in the 2020/21 base expenditure budget and the MTFP reflects the impact of these savings/reductions moving forward. The 2021/22 Continuous Improvement cashable efficiency scheme target of £676k will be delivered through the year.
- 84. 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; then refined for future expected leavers, efficiency schemes and recruitment plans. In summary:

a) Police Officer Establishments:

- i The MTFP plans towards a sustainable operational policing model by 2025/26 of 1,465.50 wte, reflecting the investment in Police Officer numbers funded by Council Tax Precept growth over 2016/17, 2017/18, 2018/19 and 2019/20 and also Police Officer investment by virtue of the PUP from 2020/21 to 2022/23. At the 31st March 2021, the estimated

actual numbers of Police Officers will be 1,373.0 wte (10.5 wte over establishment). Members will recall that the budgeted establishments in preceding years stood at 1,362.5 wte in 2020/21, 1,330 wte in 2019/20, 1,282 wte in 2018/19, 1,236 wte in 2017/18 and 1,196 wte in 2016/17, therefore the Commissioner and Chief Constable have tangibly invested additional Council Tax Precept into frontline policing delivery. Members will also note that to meet this budgeted establishment, between 2016/17 and 2020/21, the Force will have recruited nearly 520 new Police Officers to replace not only those who have left, but also to new posts to tackle new and emergent demand. It is the Commissioner and Chief Constable's intentions to maintain Police Officer numbers over the medium-term, only reducing them as a last resort if efficiency schemes from other conventional areas of policing demand as per the HMICFRS Value For Money (VFM) Profiles (see paragraphs 93 to 100) fail to deliver savings to meet the recurrent deficit. This said however, the requirements of the PUP funding necessitated forces to submit baseline establishments from which the PUP numbers could be measured from – to reduce this baseline therefore, by virtue of the need to make efficiency savings, may not be tolerated by the HO. This is an issue which will need careful negotiation. Recruitment of 112 probationer Police Officers (plus an additional 15 from external sources such as other forces and 'Police Now') is scheduled throughout 2021/22 to replace natural vacancies in the Operational Policing Model and also new Police Officers funded through the PUP. Maintenance and review of the Police Officer establishment is a core component of the Continuous Improvement Programme; therefore recruitment requirements will be constantly under review and will be necessary to meet particular specialist needs and to support longer-term sustainability.

b) Police Staff Establishments:

- i The Police Staff establishment will need to complement and support the Operational Policing Model and as noted in last year's report, the Police Staff establishment had not kept abreast with the growth in the Police Officer establishment over recent years. Design of the Police Staff establishment continues to be developed through the Continuous Improvement Programme, with the budgeted establishment in the MTFP of 803.9 wte in 2021/22, rising to 819.9 in 2022/23 and beyond (excluding PCSOs), reflecting the continuing investment in Police Staff (on a 3:1 ratio) from the PUP. The 2020/21 budgeted establishment was 792.9 wte. At the 31st December 2020, the actual numbers of Police Staff were 710.9 wte, supplemented by a further 33.0 wte agency staff (therefore 82.0 wte under the 2020/21 budgeted establishment or 49.0 wte under including agency staff). This agency staff flexibility has been designed to facilitate the delivery of the Continuous Improvement Programme's efficiency schemes throughout past and present MTFPs; and whose programme of work will determine the affordable and therefore sustainable Police Staff establishment moving forward. However, it has been well publicised in previous

budget reports that these agency roles are undertaking duties to support frontline policing work (e.g. Major Incident Team Support Officers (MITSOs)), necessitating an acknowledgement that the Police Staff establishment needs to keep pace with the growth in the Police Officer establishment. This position has been amplified with the recruitment of PUP Police Officers, with the allocation of funding to recruit the associated Police Staff also;

- ii The actual PCSO numbers at 31st December 2020 was 125.6 wte compared to a budgeted establishment of 132.0 wte for the start of the 2021/22 financial year (132 wte also budgeted for 2020/21). Plans are already in place to recruit PCSOs in order to not only reach establishment for the start of the 2021/22 financial year and to also counter natural wastage (particularly into Police Officer roles), but to also increase the PCSO budgeted establishment by 10 during 2021/22 to 142 wte and then a further 8 during 2022/23 to 150 wte. The Chief Constable and the Commissioner have committed to this recruitment, which will improve visibility and re-assurance across Gwent's communities. **Holding the Council Tax Precept increase at 5.49% will directly contribute to this £350k new investment during 2021/22 and £280k in 2022/23;** and
- iii As mentioned previously in this report, the role and functions of the PCSO have been subject to a formal review by the Force to ascertain their place in the Operational Policing Model, therefore the future establishment may rise over and above that articulated above in subsequent years to complement the WG investment into 101 wte PCSOs.

- 85. The assumptions for pay awards, allowances, enhancements and non-staff inflation have been revised to those used in the 2020/21 budget setting round. They have been thoroughly scrutinised throughout the budget preparation and are as follows:

a) Pay awards, allowances, enhancements etc.:

- i Following SR 2020, pay awards for Police Officers and Police Staff in 2021/22 will be zero, but reverting to the previous award of 2.5% in 2022/23 and remaining at this amount p.a. throughout the rest of the MTFP. The basis for this assumption is the narrative from the SR 2020 document itself: 'In order to ensure fairness between the public and private sectors, and protect public sector jobs and investment in services as Covid-19 continues to impact the public finances, the Government will temporarily pause headline pay awards for some workforces. Pay rises for over 1 million NHS workers and the lowest paid will continue despite the challenging economic context.' However, staff associations have criticised the 'flawed' and overly simplistic comparison between public and private sector pay; and
- ii Aside from the increased employer contribution rates as a result of the revaluation of the public sector pensions (including Police Officer pensions) considered extensively in this report thus far, the LGPS has also undergone its triennial revaluation in 2019 (reported March 2020).

From the 2016 revaluation 2018/19 saw Police Staff (including PCSOs) employer contributions rise by 1% to 16.8% with a further rise of 1% to 17.8% in 2019/20. By accepting these increases, the rate of 17.8% is set until the end of 2022/23 financial year, therefore obviating any changes from the recent 2019 revaluation.

b) Non-staff inflation (2021/22 to 2025/26):

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

86. Base expenditure service pressures and budget developments that have been identified during the detailed budget preparation, which are not able to be absorbed within the existing budgets, have been incorporated. These are shown at Appendix 4. Members will note these marginal increases on base budgets, however, paragraphs 88 to 92 below draw out not only these, but the demands and pressures that are being absorbed by existing base budgets, such as that for Police Officers and also the 'case' for continuing to invest in Police Officer and PCSO numbers moving forward through the delivery of recurrent efficiency schemes and increases in Council Tax Precept.
87. Additional borrowing revenue costs for capital investment have been reflected to help fund the Commissioner's Capital Programme. This amounts to revenue interest charges of £163k p.a. in 2022/23 cumulating to £1.737m p.a. by 2025/26, as borrowing is undertaken to fund the future Capital Programme as the Commissioner's Reserves and Committed Funds become fully utilised. A further revenue charge in relation to the Minimum Revenue Provision (MRP) is recognised from 2023/24 onwards, increasing from £169k p.a. in 2023/24 to a cumulative total of £1.446m p.a. by 2025/26. This is to the backdrop of the significant disinvestment of capital funding by the Government and the finite nature of the Commissioner's Reserves and other Committed Funds. The full funding of the capital strategies is discussed within the 'Reserves and Committed Funds' section of this report.
88. As discussed previously, the Commissioner received the Chief Constable's 2021/22 budget bid on 24th November 2020, which commenced a period of robust scrutiny and testing by the OPCC with the Force's Chief Officer Team. Subsequently, a presentation based on the agreed budget bid was presented to Members on the 11th December 2020, as a core part of setting the Finance Strategy, Council Tax Precept and 2021/22 budget.
89. The context of the Force's bid was very much building upon improvements in recent years and planning for the future. The Force needs to continue positioning itself to deliver the Commissioner's Police and Crime Plan 2017/21 (whilst acknowledging that there will most likely be Police and Crime Commissioner elections in May 2021, following those postponed from May 2020 due to Covid-19) and the Policing Vision 2025; both to the backdrop of continuing austerity; increasing unavoidable service pressures (Appendix 4);

policing more complex crime types; and policing in the digital age. In summary, the context of the Force's bid was a continued:

- a) Focus (since 2009/10) on improving quality of service whilst making significant financial savings of circa £52m to date;
 - b) Facing of complex challenges – the pace of technological change; changing terrorism threat level; public services funding; Brexit; Covid-19; and Civil protest e.g. Black Lives Matter;
 - c) Increasing demand across SOC and Vulnerability, including Domestic Violence and Hate Crime;
 - d) Focus and prioritisation of Threat, Risk and Harm to the most vulnerable in society;
 - e) Monitoring of workforce capability and capacity for service delivery, through sickness absence;
 - f) Close working with Health and partners through the Strategic Command Group to ensure a cohesive Covid-19 response and recovery. This includes planning for continued Covid-19 restrictions and impact on civil liberties;
 - g) Development and implementation of the Safeguarding and Crime Prevention Hubs;
 - h) Collaborative work programme to improve systems, enhance efficiency & effectiveness
 - i) Investment in the Force's people through the People Strategy, 'Morale Contract' and in key areas of risk; and
 - j) Understanding of austerity implications, e.g. the impact on deprived areas through unemployment due to the prevailing economic climate.
90. The 2021/22 areas of focus remain consistent with those outlined in the Chief Constable's 2019/20 and 2020/21 bids, providing a high level of consistency for the Force over the medium-term. The drivers for the Chief Constable's bid for 2021/22 are discussed below:

a) Delivering the Six Strands of the Policing Vision 2025

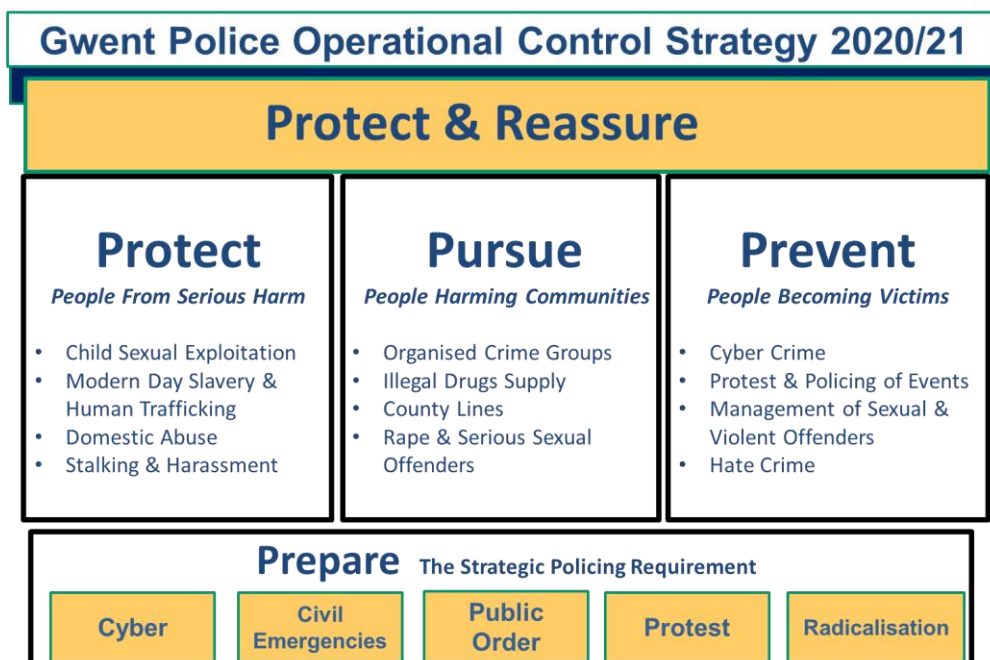
- i Local Policing – The Force continues to tailor Local Policing to society's complex and diverse needs, continually balancing the:
 - Capacity and capability of Police Officers and Police Staff;
 - Requirements for warranted powers;
 - Visibility of Police Officers against dealing with non-visible crime;
 - Requirements and ability to maintain community cohesion; and

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

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

- i The Control Strategy (below) has been updated based upon a review of the Force's 'Strategic Assessment' and inclusion of the current 'Strategic Policing Requirement'. The Strategic Assessment is undertaken via 'panels' of Force specialists utilising the nationally recognised 'Management of Risk in Law Enforcement' (MoRile) threat scoring process. Through this method, the Force continues to recognise the following amongst the highest scoring areas when using the MoRile matrix:

Gwent Police Control Strategy



- ii The Force continues to identify the links between SOC and vulnerability, with the available evidence and intelligence suggesting that a significant portion of organised criminality is targeted at the most vulnerable members of society; and
- iii The budget bid is predicated on continuing to provide the necessary specialist Police Officers to address these risks and manage the threats identified.

c) Continuing to Improve Force Performance

- i The Force along with the OPCC and PCP have developed a new Performance Framework over recent times, giving greater holistic accountability;
- ii In return for the 20,000 new Police Officers under PUP, the Government has set an expectation of a 20% reduction in crime over the next five years. In Gwent, 'All Crime' fell by 9.6% (5,582 fewer crimes) for the 'rolling' 12 months to October 2020 compared with the same 12 months from the previous year. For the financial year to date to the end of October 2020, 'All Crime' reduced by 13.3% (4,159 fewer crimes), compared with the figures of the same financial year to date in 2019/20;
- iii Continuing the improving picture, 'Positive Outcome' rates increased by 3.9% for the 'rolling' 12 months to October 2020 compared with the same 12 months from the previous year. For the financial year to date to the end of October 2020, 'Positive Outcome' rates increased by 5.3% for the financial year to date compared to the same financial year to date in 2019/20;

- iv 2020/21 has also seen an increase in public confidence, with 77% of respondents having confidence in the Force;
- v The Force's victim satisfaction has also improved over the last 12 months, with 82% of the victims surveyed being satisfied as a whole with the service provided by the Force;
- vi In relation to the PUP, the Force are well on track to deliver the numbers required from the first year of funding to support the frontline;
- vii Through continued investment in Police Officer and Police Staff's wellbeing and welfare, the Force has halved both Police Officer and Police Staff sickness absence over the past 2 years;
- viii From an external perspective, the following HMICFRS headlines are worthy of note:
 - A Joint inspection for Child Protection multi-agency arrangements in Newport was graded as '**Good**';
 - A 'Preparedness and Delivery Inspection' for the Force's response to Covid-19 was considered '**Good**'. Although there was no formal grading or judgement criteria, this was the feedback from HMICFRS's Field Liaison;
 - The Force's next PEEL (police effectiveness, efficiency and legitimacy) Inspection is scheduled for 2022. PEEL is designed to give the public information about how their local police force is performing in several important areas, in a way that is comparable both across England and Wales, and year on year. The assessments are updated throughout the year following inspection findings and reports;
 - In relation to HMICFRS's 'Areas For Improvement', these will be monitored by a newly created internal 'Inspection Team', consisting of a small team of dedicated Sergeants; and
 - The Force's 'Force Management Statement 2019/20' (FMS) is complete and will be submitted to HMICFRS.
- ix For context, 2019/20 saw HMICFRS' fifth PEEL assessment of the Force. The final findings for the 2019/20 PEEL assessment were as follows:
 - How effectively does the Force reduce crime and keep people safe? – Overall **Good**:
 - Preventing Crime, Tackling Anti-Social Behaviour and Keeping People Safe – **Good**;
 - Investigating Crime and Reducing Re-offending – **Good**;
 - Protecting those who are vulnerable from harm, and supporting victims – **Good**; and
 - Tackling SOC – **Good**.
 - How efficiently does the Force operate and how sustainable are its services to the public? – Overall **Good**:
 - Using its resources to meet the demand it faces – **Good**; and
 - Planning for the Future – **Good**.
 - How legitimately does the Force treat the public and its workforce? – Overall **Requires Improvement**:

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

d) Policing During Covid-19 and Future Operational Commitments

- i The Force prepared for Covid-19 by instigating a new, Force-wide Gold/Silver/Bronze command structure prior to 'lockdown', on March 18th 2020:
 - A daily Gold meeting was established to manage the Force, chaired by the Assistant Chief Constable (ACC); and
 - The Force also established two daily Silver meetings to ensure continuity of Operational Policing and Business Support functions.
- ii A 'Logistics Cell' was established which co-ordinated PPE; laptops; daily absence; testing appointments with the Public Health Wales testing centres; and produced a new daily performance report for the Gold Meeting;
- iii Previous investment in technology enabled Police Officers and Police Staff to work flexibly, whilst ensuring service delivery was not affected for partners or communities across Gwent. Workers previously defined as 'Fixed' (i.e. unable to work on an agile basis) were mobilised utilising staff from the Force's joint (with South Wales Police) Digital Services Division (DSD) and the multi-agency Shared Resource Services (SRS) to develop a process to prioritise, build and issue laptops and associated equipment to support those working at home or whilst self-isolating/shielding. The Force's 'First Point of Contact' (FPOC) suite was split over three sites to protect this critical service, thereby

maintaining social distancing rules and providing resilience. FPOC staff working from home were able to take 101 calls;

- iv Microsoft Teams was fully utilised to maintain internal and external meetings, thereby also assisting in continuing seamless service delivery;
- v A dedicated Covid-19 page was created and made easily accessible from the front page of 'The Beat' intranet site and updated in a timely manner to ensure up-to-date information was available; and
- vi Aside from the ongoing implications of Covid-19 from an operational policing context and to also take forward the lessons learned/new ways of working, the Force is also faced with the following operational commitments:
 - Brexit - Contingency plans have been established and Community Cohesion leads engaged. Current risks include:
 - Ports and supply chains;
 - Mutual aid requirements and sustaining them; and
 - Public Disorder.
 - Winter Preparedness Planning - The Force has updated its 'Winter Preparedness Plan' to clearly articulate what is expected of Police Officers and Police Staff during inclement weather and the key steps to take; and
 - The impact of the ICCW on increased demand for policing events.

e) Maximise Previous Investment and Improving the Quality of Service Whilst Delivering Efficiencies

- i Since 2009/10 the Force has been on a journey that has continuously focussed on improving the quality of the service provided to the public, whilst at the same time making significant financial savings in light of the austerity challenges that have and continue to face policing. As highlighted previously, since 2009/10 the Force has made over £52m of cashable efficiency savings;
- ii Within the last 3 financial years, the journey has been one of re-shaping services where there has been an increase in demand and more importantly increased risk to the public;
- iii Resources have been focussed on the following service areas over the last four financial years:
 - 2017/18 - Risk, Harm and Threat to ensure the public of Gwent are safe and included investment in:
 - Public Protection and Vulnerability;
 - Cyber Crime; and
 - Mental Health Services.
 - 2018/19 - The resources were focussed on development and innovation including:
 - Investing in People – Recruitment, Wellbeing/Occupational Health and Learning and Development;
 - Custody Provision;
 - First Point of Contact (FPOC); and

- Digital Policing.
 - 2019/20 - The resources were focussed on the following programmes of change:
 - Digital and ICT solutions such as SOH and the Microsoft Office 365 (M365) National Enabling Project;
 - Review of the Operational Policing Model;
 - Implementing the Investigation Strategy;
 - Developing the Criminal Investigation Department (CID) Services within the Public Protection Unit (PPU);
 - Developing the Neighbourhood Policing Strategy; and
 - Delivering the New Headquarters (HQ) and associated projects.
 - 2020/21 - The resources were focussed on the following programmes of change:
 - Concluding the review of the Operational Policing Model and delivering PUP;
 - Continuing to develop ICT System improvements such as SOH;
 - Maintaining Diversion provision - Working with partners to create perpetrator programmes;
 - Uplifting Taser trained Police Officers in Gwent to 342, thereby improving capacity;
 - Continuing to work to develop a regional approach to Sexual Assault Referral Centres (SARC);
 - Maintaining the focus on victims – reviewing victims services provided by Connect Gwent and evaluating safeguarding and mental health services provided within FPOC;
 - Ongoing disruption of Organised Crime Groups (OCGs) – continuing to develop proactive and coordinated provision to tackle OCG activity in Gwent;
 - Reviewing the Estate Strategy to ensure it reflects changes to the Operational Policing Model, to ensure sustainability and green issues are fully accommodated and to also ensure that it will release cashable efficiency savings;
 - Investing in the Anti-Corruption Unit (ACU) and associated technology to ensure a more proactive approach;
 - Continuing to embed the Police Educational Qualification Framework (PEQF), which has been in operation since March 2019. 153 Police Officer students have started the PEQF programme, with 145 students currently remaining;
 - Delivering the Early Action Together programme (mentioned previously in this report), with 1,300 Police Officers and Police Staff having been trained to date, in addition to 400 staff across partner agencies; and
 - Continuing delivery of the Continuous Improvement Programme of work, to deliver an efficient and effective service provision.
- iv The planned programme for the 2021/22 financial year was developed following the review of operational delivery through both the FMS, HMICFRS Inspections and Audit Wales findings. In addition, the Force has also needed to consider three other factors. These are the impact of Brexit, the implications of Covid-19 and also the opportunities

presented through the PUP. Whilst the impact of Covid-19 and Brexit have been discussed previously, in respect of PUP, the MTFP plans for an extra 165 officers in Gwent to fight crime by March 2023, as part of 20,000 extra Police Officers nationally. A total of 62 additional officers will have been recruited by the start of the new financial year and this has fed into the review of the Operational Policing Model, which will aim to prioritise developments in the following areas:

- The Inspector Model - Investment will enable the command structure to operate with greater efficiency to meet demand by providing greater accountability over the investigation of crime;
 - PPU - Investment will enable the development of Multi-agency Safeguarding Hubs in each of the five Local Authority areas to provide a greater service to the most vulnerable in Gwent's communities;
 - Crime Prevention Hubs - Investment will enable resources to tackle acquisitive high-volume crime, supporting the victims of crime with crime prevention measures and providing greater re-assurance to Gwent's communities;
 - Centralised Area Support Unit (ASU) - The centralisation of the ASU will improve prioritisation, supervision and accountability to ensure the specialist team is able to respond to demand in the community;
 - Custody - A review of the custody unit resource model will enable the implementation of a more efficient delivery mechanism and align shifts to the local policing area resource model, improving prisoner handover; and
 - PCSOs – As highlighted previously in this report, the Chief Constable and the Commissioner have committed to the recruitment of an additional 18 PCSOs that will be added to the establishment to boost the numbers to 150 wte, which will improve visibility and re-assurance across Gwent's Communities.
- v During 2021/22, the Force will continue its collaboration journey and seek out opportunities:
- During 2020/21, opportunities have been developed for collaboration in Command & Control, Digital Evidence Management and Information Governance. Work is being undertaken to develop and implement these to release the business benefits;
 - National Enabling Programmes such as M365 and SOH will be fully implemented by April 2021. These programmes will see significant change through the Force in the delivery of service both to the public and also internally for Police Officers and Police Staff. The Force will seek to maximise the benefits and efficiencies by utilising the new systems and processes;
 - Aside from those already mentioned, the Force is successfully delivering the following collaborative pieces of work:
 - Wales Forensic Accreditation;
 - National Child Abuse Image Database;

- Recommendations from the Audit Wales Collaboration Report;
 - Emergency Services Mobile Communications Programme's (ESMCP) Emergency Service Network (ESN) transition;
 - Accreditation for Digital Forensics/Transforming Forensics;
 - Co-working with WG on 'Child Centred Policing'; and
 - Implementation of the National Automatic Number Plate Recognition (ANPR) System (NAS).
 - The Force's Governance structure is being realigned to ensure collaboration proposals are to the benefit of the Force and furthermore, potential benefits will be analysed and once implemented, benefits realisation are captured and monitored (though a newly filled Benefits Realisation Officer post).
- vi The Force will continue its delivery of an efficient and effective service provision - the Continuous Improvement approach of this work will see reviews of Learning and Development, along with various cost saving measures that can be implemented as the Force moves to the new Headquarters in Autumn 2021. The Continuous Improvement approach includes demand analysis, end-to-end process reviews, future demand modelling, service levels and benchmarking; and
- vii In summary, the Force will focus both on sustaining policing services to the public to meet the emerging demand arising from Brexit and Covid-19, whilst also developing its services in line with the new Operational Policing Model which has been complemented through the Government's investment in the PUP.

f) Understanding and meeting Future Operational Challenges

- i The current 2019/20 FMS identifies the following key challenges facing the Force:
- Continued reductions in real terms funding leaving a deficit of £3.563m by 2025/26;
 - The need to align resources and processes across the Force for the management of offenders;
 - The need to fully roll out the Digital Asset Management System across the Force;
 - Improvement to file quality;
 - Youth Offending Services development;
 - Capacity and capability issues across a number of areas to support:
 - Investigation of Child Centred Exploitation and Children Sexual Exploitation;
 - Management of Sex Offenders and Violent Offenders; and
 - Investigation of Cyber Crime.
 - Increased training of Police Officers in areas of stalking, harassment and coercive control; and
 - To continue to build capacity in the JFU to achieve establishment.

- ii In response to the challenges highlighted through the FMS process and as highlighted above, the Force has already approved the following areas of investment:
 - Pan Gwent Safeguarding Model – This will support integrated multi agency safeguarding and protection;
 - Bronze Inspector Model – Focus on aligning management of offenders and volume crime;
 - CID/PPU – Increasing capacity and ‘Domestic Abuse Matters’ training;
 - Victim Services – To improve the victim’s journey and deliver on the Victims’ Code of Practice obligations; and
 - ‘We Don’t Buy Crime’ – An initiative to improve crime prevention and volume crime reduction.
- iii Furthermore, as discussed previously the following areas of investment will be undertaken during the first quarter of 2021/22:
 - Neighbourhoods – Improve community engagement through investment in the first tranche of 10 PCSOs as highlighted previously;
 - Response Policing – Alignment of capability and capacity to improve performance and responsiveness;
 - Custody – Improved support for Police Officers, including file preparation;
 - Area Support Unit/Dogs – Centralising support functions to bolster the frontline response; and
 - Continuous Improvement Department – The newly recruited Benefits Realisation Officer will begin the workplan for tracking deliverables.

91. When all the above is brought together, it is clear that the Force is investing in people and in key areas of risk; whilst driving through service improvements at a local level and regionally/nationally through its extensive collaboration portfolio.
92. The above areas of focus and investment have delivered tangible improvements in performance during an unprecedented year. In conclusion to the Chief Constable’s bid, the infographic at the end of this report highlights a typical day in the Force.

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

93. Appendix 5a details budgetary savings identified through this budget setting round which can be removed from the 2021/22 budget and in some cases, from future budgets. Of particular note is the sustainability of the removal of £1m from the Force’s overall overtime budget for the previous 2020/21 financial year.

94. The Continuous Improvement Programme will continue to remain focused on delivering a new generation of savings schemes and maintaining a detailed schedule of planned work to review functions and Departments across the whole of the organisation. To this end, the HMICFRS VFM Profiles are a key tool in indicating potential areas for saving schemes' opportunities.
95. The VFM Profiles have been produced annually by HMICFRS since the 2009/10 financial year. The main purpose of these Profiles is to help forces compare performance, outcomes and cost. They are designed for use by force management, Police and Crime Commissioners, the HMICFRS and the public. The comparisons are across all English and Welsh forces, but exclude the Metropolitan Police and City of London Police, due to their uniqueness of data. The Profiles enable comparison across all forces (with the exception of the two named above) and also within individual force's 'Most Similar Groups' (MSG), i.e. those forces that share similar characteristics with your own, such as demographics.
96. However, the 2020/21 Profiles are not yet published, due to the impact of Covid-19 on forces' ability to produce the figures. Therefore, 2020/21 VFM Profiles are not expected to be published until February 2021.
97. Although the Force awaits its latest VFM Profiles to undertake self-assessment and benchmarking, Audit Wales undertake an annual assessment (published as part of their wider Annual Audit Letter) on the Commissioner and Chief Constable's arrangements to secure economy, efficiency and effectiveness (i.e. VFM) in their use of resources.
98. On the 7th January 2021, the Auditor General for Wales confirmed that: "I am satisfied that the Commissioner and Chief Constable have appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources. My consideration of the body's arrangements to secure economy, efficiency and effectiveness has been based on:
- a) The audit work undertaken on the Statement of Accounts;
 - b) The results of the audit work undertaken on the Commissioner's and the Chief Constable's systems of internal control, as reported in the Annual Governance Statements;
 - c) An evaluation of the Commissioner's and Chief Constable's systems based on a self-assessment completed by officers;
 - d) The results of previous work carried out by the Auditor General;
 - e) The results of the work of other external review bodies, e.g. HMICFRS, where relevant to my responsibilities; and
 - f) Any other work, including from Internal Audit, that I considered necessary to discharge my responsibilities.

For the purposes of my work, I evaluated the Commissioner's and the Chief Constable's systems against a number of questions. For each question, I consider whether there are gaps in the arrangements expected to be in place, and the significance of those gaps. I am satisfied, given the work I have undertaken, that the Commissioner and Chief Constable have appropriate arrangements in place to secure economy, efficiency and effectiveness in their use of resources."

99. Furthermore the Commissioner and Chief Constable's Joint Audit Committee (JAC) also have a remit to 'Consider the arrangements to secure VFM and review assurances and assessments on the effectiveness of these arrangements'. In a normal year JAC would have received a 'Deep Dive' on the HMICFRS VFM Profiles for 2020/21 at their December 2020 meeting. Although as explained above these Profiles were unavailable for review, the JAC continually focus attention on the Commissioner and Chief Constables' arrangements to secure VFM, to ensure that they are fit for purpose and can indeed deliver VFM. The JAC 'Deep Dive' on the 2020/21 Profiles is now scheduled for their March 2021 meeting.
100. Appendix 5b currently lists areas of review as determined by the work plan of the Continuous Improvement Programme. However, between now and the commencement of the 2021/22 financial year and the expected receipt of the 2020/21 HMICFRS VFM Profiles, Appendix 5b will be developed further to identify those areas where the Force is an outlier when compared with the average cost of delivering the same area of service against the average of the MSG; but only after those areas have been scoped to determine those which will provide best value to the Force.

REVENUE AND CAPITAL OUTTURN 2020/21 Appendix 6 and Appendix 8a

101. A key component in the setting of the 2021/22 budget is the financial performance in the current financial year. Quarterly financial management reports are produced and scrutinised at both the OPCC's Management Board; the Force's Chief Officer Team meetings; and ultimately at the Commissioner's Strategy and Performance Board. From Quarter 2, these reports include a financial outturn, indicating the expected variance of total annual expenditure against the full-year budget at the year-end (i.e. the 31st March).
102. Appendix 6 confirms that the initial forecast outturn reported at Quarter 2 indicated a non-recurrent £793k surplus against Gross Revenue Expenditure (GRE) of £154.566m; which equates to a 0.51% variance against overall budget.
103. The major contributors to this net surplus position are provided below:
 - a) Police Officer Pay and Allowances – £2.128m surplus

Police Officer pay and salary allowances forecast at the end of the financial year are under budget by £2.128m. This is the result of differences between the timing of actual recruitment of the additional 62 officers due under the PUP by 31st March 2021, compared to the full year cost of those additional officers fully grant funded at the start of the year. The assumptions for the 2021/22 budget already reflect Police Officer probationers being recruited at lower than the mid-point of the salary scale;

b) Police Staff (incl. PCSOs) Pay and Allowances – £2.457m surplus

Police Staff and PCSO pay and salary allowances are forecast to be underbudget by £2.457m at the end of the financial year. Within this, Police Staff pay was underspent by £3.315m, again due to the need to reflect the full year cost of posts in the budget for the PUP funded posts and a significant number of ongoing vacancies. This is partially offset by agency costs of £790k that cover some of those vacancies in the short-term;

c) Police Officer, Police Staff (incl. PCSOs) Overtime and Enhancements – £450k deficit

Total overtime costs (Police Officer and Police Staff (incl. PCSOs)) at year-end are forecast to show a net deficit of £450k, made up as follows:

Police Officer overtime deficit	(£297k)
Police Officer rest day overtime deficit	(£155k)
Police Officer public holiday deficit	(£31k)
Police staff overtime deficit	(£192k)
Police staff weekend and public holiday enhancements surplus	£225k
Total forecast deficit at 31st March 2021	(£450k)

The annual overtime budget was reduced by £1m for 2020/21. The Force is currently reviewing the sustainability position for individual Departments and units with regard to this overspend position. The position above excludes overtime for Major Incidents and Tasking, as this is reported separately – currently both areas are forecast to break-even at year-end;

d) Other Employee Related Costs – £812k surplus

There is a forecast surplus of £812k for other employee related costs. The main reason for this has been fewer external training courses, resulting in a forecast surplus of £616k. In addition, overall pension costs are down by £178k due to lower injury pension payments than budgeted and no Police Officers leaving and re-joining under the '30+' scheme;

e) Premises Costs – £654k surplus

Premises Costs are forecast to be underbudget at year-end by £654k, due primarily to the effect of Covid-19 restrictions. Covid-19 has limited the opportunities for planned and reactive maintenance work to be carried out on the Estate and there are also savings in regard to utilities costs. However, cleaning costs have increased, reflecting the enhanced cleaning requirements brought about by Covid-19;

f) Transport Costs – £418k surplus

Transport costs are forecast to achieve a surplus of £418k by year-end, again due in large part to the effect of Covid-19. Police Officers and Police Staff have been travelling less for such things as meetings and training courses, resulting in reductions in mileage and travel costs. Fuel costs are also expected to be under budget by year-end. Additionally, whilst there has been increased expenditure due to the Force using local suppliers to maintain some fleet vehicles as a result of Covid-19 restrictions, this has been offset by savings on costs within the Fleet Workshop;

g) Supplies and Services Costs – £617k surplus

Supplies and services costs are forecast to be in surplus by year-end by £617k and there are many variances between cost headings in this category. This category of expenditure is broad and it has been reviewed in detail as part of 2021/22 budget setting process. This has informed recurrent savings that can be released to support the underlying pressures in the Force. The largest elements that make up the forecast surplus of £617k are £81k printing/stationery/photocopying, £495k telecoms and mobile phone costs and also a £306k surplus on the custody medical contract. These surpluses mask Covid-19 related expenditure on operational equipment, non-operational equipment, protective equipment, and ICT costs;

h) Other Movements – £343k deficit

A forecast deficit by year-end of £169k has arisen due to additional contributions requested this year for national technology programmes. This is further compounded by a forecast under recovery of Other Income of £192k due to a lower than budgeted share of Proceeds of Crime Act (POCA) income and lower than budgeted income for 'Special Police Services' and Mutual Aid. These deficits are partly offset by increased investment income of £14k by year-end, as the result of an improved investment return from that set during the 2020/21 budget setting round; and

i) Transfer to Reserves and Committed Funds

The forecast surpluses outlined above have arisen from timing differences between PUP Central/Specific Government Grant Funding and Police Officer/Police Staff recruitment; the non-pay consequential costs for the PUP; and the impact of Covid-19 on the timing and realisation of expected

costs. As a result of the way Government has funded the PUP (the implications of which have been discussed with HO colleagues), the following non-recurrent contributions to Committed Funds have been agreed for 2020/21 to:

- i Provide an additional contribution to Capital Committed Funds of £3.25m to fund both Estate and ICT (ESN) requirements;
- ii Establish a one-off Committed Fund of £1m to fund temporary over establishment of circa 26 PCSOs as the Force goes through the recruitment and training process to create the additional 18 permanent PCSO established posts planned for 2021/22 and 2022/23; and
- iii Establish an 'Invest to Save' Revenue Committed Fund of £1.25m to pump prime schemes planned in 2021/22. This will be added to the existing Commissioning and Force Initiatives Earmarked reserve.

104. At the time of writing, the Quarter 3 financial management report is being compiled, therefore the Chief Finance Officer will provide a verbal update on the forecast year-end position at the PCP meeting on 29th January 2021 if there is a material change.
105. Over recent years (but significantly lessening of late), the Commissioner's budget showed a positive variance at the year-end, i.e. a saving on budget was shown. This positive variance is scrutinised to assess whether it has arisen from non-recurrent timing differences arising from the timing of 'ring-fenced' Central Government Grant Funding (as is the majority of the case for the 2020/21 financial year); resulted from excess budget being set in certain areas (e.g. over-budgeting on such things as the price and/or volume of fuel); or whether the variance has arisen due to a planned efficiency scheme occurring ahead of plan (e.g. a Police Staff member leaving early, in advance of the planned removal of their post in a future period). Overwhelmingly over the period of austerity since 2008 and prior to this current (2020/21) financial year, the reason for the positive variance is the latter, i.e. accelerated efficiency savings taking effect. Suffice to say however, the financial effect of both the last two examples are removed from the budgetary requirements for future years, as part of the detailed bottom up annual budget setting process.
106. The 'one-off' non-recurrent nature of the 2020/21 underlying surplus is further emphasised in that even after taking account of future planned efficiency schemes in forthcoming financial years of £3.778m, the Commissioner is still faced with a recurrent financial deficit of £3.563m by 2025/26 and unbalanced budgets in the three financial years prior to this necessitating, as it stands, £1.067m of Reserves and Committed Funds to potentially balance the books. This non-recurrent underlying surplus does however provide two key benefits: a barometer as to the continuing sustainability of both previously delivered efficiency schemes and the organisation's ability to continue to find more efficiency schemes; and a positive year-end variance also provides a non-recurrent cash benefit, in that the year-end saving is transferred to Reserves and Committed Funds which will partly offset future borrowing requirements, which have already been recognised in the MTFP.

107. Turning to the Capital Programme included in Appendix 8a, the original Annual Budget on proposed schemes for 2020/21 was £25.340m. The Estate schemes in the original Programme totalled £21.877m, which included major projects relating to Police Headquarters (HQ) relocation (£17.702m); the delivery of a Policing Hub within Torfaen (£3.275m); the Newport Central Police Station upgrade (£400k); and also the CCTV replacement at the Ystrad Mynach Custody Suite (£500k). The Capital Programme has been impacted by Covid-19, with a number of projects within the Capital Programme delayed until later in 2020/21 or slipped into 2021/22. However, the new HQ build has continued throughout the lockdown period (with only a minimal delay as a result of Covid-19) and the Policing Hub within Torfaen, still being in its early stages of business case development, will be reprofiled accordingly.
108. The ICT Schemes in the original Capital Programme totalled £1.638m and it is expected that they will be fully spent during 2020/21. Indeed, three additional projects have been added to adapt to the Covid-19 position to refresh ICT equipment early. These are desktop replacement, Covid-19 preparedness and Custody digitisation.
109. In relation, to the vehicle replacement programme (original Capital Programme budget of £1.591m), this is expected to be fully spent by the year-end.

RESERVES AND COMMITTED FUNDS (Appendix 7)

110. Appendix 7 provides a summary of the Commissioner's Reserves and Committed Funds position for the following five years and reflects an update of the Commissioner's Reserves and Committed Funds Strategy as part of this budget setting round. The MTFP and in particular the Commissioner's Reserves and Committed Funds position was discussed at the JAC on the 10th December 2020 (along with the 2021/22 Treasury Management Strategy), enabling them to discharge their responsibilities in relation to the budget setting process and the annual financial statements.
111. With the finalisation of the detailed 'bottom up' annual budget setting process, the Reserves and Committed Funds position has been updated and will continue to be instrumental in stakeholder engagement and any mitigation strategies.
112. The reporting of the Commissioner's Reserves and Committed Funds position hopefully assists Members in understanding the overall financial landscape and provides context when discussing the Commissioner's Budget and Council Tax Precept proposal for 2021/22.
113. By the end of the 2025/26 financial year, it is forecast that the Commissioner will have Reserves of £4.793m and Committed Funds of £9.607m (totalling £14.400m – bottom right hand corner of Appendix 7). This assumes however, that the current outstanding recurrent budgetary imbalances up to and including the vast majority of that forecast in 2025/26 (highlighted in the MTFP) are not currently underwritten from Line C1 in the Uncommitted

Earmarked Funds Section. Recurrent budgetary imbalances must be found from recurrent efficiencies – Reserves and Committed Funds should only be utilised to manage annual timing differences. Therefore Line C1 remains at its closing 2020/21 carrying value (£2.925m).

114. This forecast Reserves and Committed Funds figure at 2025/26 of £14.400m comprises six component parts:

a) General Reserve – (£4.793m Line A1)

- i Purpose – This is held as working capital to help cushion the impact of uneven cash flows and also as a contingency to mitigate the impact of unexpected events or emergencies. At the end of the financial year, the General Reserve will amount to £4.793m which represents 3.2% of 2021/22 Net Revenue Expenditure (NRE) (this % figure has remained static since 2015/16) and in the view of the Chief Finance Officer represents an appropriate level in terms of the overall risk-profile; and
- ii Planned Utilisation – By its very nature, this reserve is held for unfunded and unexpected events or emergencies. Therefore, as a statutory contingency reserve there is currently no call upon this reserve.

b) Estate Works – Victims’ Hub – (£148k Line B2eii)

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

c) Future Budgetary Imbalances - (£2.925m Line C1)

- i Purpose – This committed fund was established in 2015/16 to mitigate future financial deficits from 2016/17 and beyond, in order to achieve a balanced budget. The backdrop for its creation was that up to the 2015 Autumn Statement, policing was facing the potential of 7% further cuts in Central Government Grant p.a. The 2015 Autumn Statement however (and Police Settlements since), reduced the anticipated policing budget cuts; and

- ii Planned Utilisation – The current MTFP highlights a financial recurrent deficit prior to efficiencies of £7.341m by 2025/26. After taking into account known efficiency schemes and opportunities (some of which will be very challenging to deliver from a practical perspective and also a public expectation viewpoint), a deficit of £3.563m remains. The deficit is based on assumed ‘flat cash’ grant p.a. beyond 2021/22, coupled with a £6m reduction arising from the Funding Formula Review; the cost neutrality of future PUP funding; all offset by Council Tax Precept increases of 6.82% p.a. from 2022/23 onwards. Plugging the recurrent gaps non-recurrently on an annual basis up to 2025/26 (and accounting for the non-recurrent surpluses), would require not only the entirety of this committed fund, but a further £1.705m of additional funding. However, one would not necessarily require this committed fund to be sufficient to cover the future unmet deficit, as the deficit needs to be addressed through recurrent efficiency schemes, as opposed to a non-recurrent ‘sticking plaster’. The committed fund may therefore be fully utilised moving forward, in order to manage the timing differences of balancing the budget on an annual basis (a statutory requirement) against the implementation of additional efficiency schemes.

d) Commissioning Strategy and Force Initiatives – (£1.618m Line C2)

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

e) Airwave – (£1.298m Line C3)

- i Purpose – Due to the length of the lifecycle and the complexity of the funding model for the initial Airwave replacement programme it was necessary, at its inception, to create a committed fund (in this instance, as with PFI, also referred to as a ‘sinking fund’). This ensures that the affordability of the scheme is safeguarded for its entire duration and the variable impact of its financial cycle is minimised; and
- ii Planned Utilisation – the Airwave system is being phased out and will be replaced by the ESMCP’s ESN. This will provide the next

generation communication system for the three emergency services (police, fire and rescue, and ambulance) and other public safety users. Based on current estimates of the cost of transition and dual running implications of this programme, coupled with the revenue contribution into the committed fund from base budgets, it is estimated that although this committed fund will not be fully utilised at the current date of transition sometime during 2023/24, further delays in the delivery of ESN may necessitate further dual running costs, which would ultimately deplete this reserve in its entirety.

f) Other Financial Liabilities – Tribunal and Ombudsman Liabilities through to PCSO Increase – (£3.618m Lines C4a to C4h)

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

Category of Committed Funds	Rationale for Holding
Committed Funds set aside in previous reporting periods for potential liabilities arising out of tribunal or ombudsman decisions.	These funds are established to meet potential and contingent obligations arising from 'live cases' which did not meet the definition of a provision ² . These are reviewed regularly on a case by case basis on whether they are still required (and therefore remain 'committed') or can be released back into the wider reserves and committed funds position.
Committed Funds for unspent revenue grants and sums held on behalf of third parties (including Speed Awareness Training).	Where revenue grants have no conditions attached or the conditions are met and the expenditure has yet to take place, these sums are permissible to be held as committed funds. The same applies for sums held on behalf of third parties.

² A provision exists when the Commissioner is faced with a present obligation (legal or constructive) which has arisen as a result of a past event. Furthermore, the payment is probable ('more likely than not') and the amount can be estimated reliably. Provisions are therefore provided for and accounted via the Comprehensive Income and Expenditure Statement (CIES) in the year in question, i.e. not set aside as a Committed Earmarked Fund for utilisation in future years.

Committed funds retained for Workstream/Department use (including utilisation of POCA monies.	The Commissioner's Reserves and Committed Funds protocol permits Workstreams/Departments to carry forward commitments at the year-end (in the form of a committed fund), on the basis that the expenditure will take place in the following financial year(s) – These are subject to extensive scrutiny at each year-end and also during the following budget setting round.
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- ii Planned Utilisation – These committed funds receive extensive scrutiny at the year-end and also during each budget setting cycle. Therefore, although these committed funds still show a balance of £3.618m in 2025/26, this does not mean that the committed funds are not required up to this point in time, rather the plans for their utilisation are not finalised to identify the timing of the individual committed fund's utilisation.
115. It is important to note, that in order to maintain the forecast Reserves and Committed Funds position of £14.400m by 2025/26, the Commissioner is currently required to borrow £45.110m between 2022/23 and 2025/26 to fund his Capital Programme.
116. The forecast Reserve and Committed Funds position does not take into account the following events which would increase this figure:
- a) Acceleration of efficiency schemes and non-recurrent budget surpluses above the level already accounted for;
 - b) Growth in Capital Grant;
 - c) Additional sales of capital assets than those already identified; and
 - d) Underspending in the Capital Programme or slippage which defers spend to future financial years.
117. Similarly, the forecast Reserves and Committed Funds position does not take into account the following events which would further reduce this figure:
- a) The impact on reserves and committed funds of future CSRs, subsequent Efficiency Reviews or any transitioning arrangements to a new Funding Formula allocation;
 - b) Further reductions in Capital Grant;

- c) Further significant investment to deliver over and above the current five-year Capital Programme that is not met from external borrowing;
- d) Pump-priming for future Phases of the Continuous Improvement Programme; and
- e) Overspending in the Capital Programme or acceleration which brings forward spend.

CAPITAL PROGRAMME 2021/22 (Appendices 8a and 8b)

118. The initial capital investment requirements over the next five years are becoming clearer as the implementation of the Estate, Fleet and ICT strategies are progressed. Capital Expenditure over the next five years totals £72.786m, of which the 2021/22 element amounts to £16.173m.
119. In addition, a further £14.239m of non-capital long-term projects have been identified, of which £2.482m occurs in 2021/22.
120. With the complete insufficiency of Capital Grant from the HO (confirmed to be £120k p.a., equating to £600k over the next five years), implementation of the current Capital Programme will require a combination of:
 - a) A non-recurrent increase in the revenue contribution to capital for 2021/22, 2022/23 and 2023/24 totalling £12.462m over the three years, from setting aside the PUP element of Central Government Grant Funding and Specific Government Grant Funding for the medium to longer-term consequential costs of recruiting an additional 165 Police Officers by March 2023. The underlying recurrent revenue contribution to capital remains at £2.645m for the life of this MTFP. These revenue contributions are necessary in relation to the PUP and minimise the Commissioner's dependency upon external borrowing in the current economic uncertainty;
 - b) The utilisation of Reserves and Committed Funds of £15.626m to 2022/23; and
 - c) The need to undertake external borrowing of £45.110m between 2022/23 and 2025/26.

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

121. Furthermore, the Continuous Improvement Programme will present further investment requirements which will generate efficiency opportunities, which should present cashable savings.

OUTSTANDING ISSUES, UNQUANTIFIABLE RISKS AND OPPORTUNITIES

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

a) Financial:

- i Ongoing austerity, the impact of Covid-19 (particularly on future Council Tax Bases and further impact on Public Sector pensions payments, Brexit, (C)SR 2021 and the Police Funding Formula Review;
- ii The short, medium and long-term funding consequentials of the PUP;
- iii Loss of 'assumed' Council Tax Precept income;
- iv Impact of the localisation of council tax support;
- v Legislative and policy changes having unintended consequences, e.g. as previously seen with the revaluation of Public Sector Pensions and the implementation of the Apprenticeship Levy;
- vi Increasing overall costs of National ICT Programmes and changes to the apportionment method of these costs across Commissioners/ Forces;
- vii Exposure to interest rate fluctuations as a result of the cost of borrowing to fund the Capital Programme;
- viii Potential future increases in the Police Officer and Police Staff pay awards than expected;
- ix Withdrawal of funding by partners (HO, WG, MoJ and Local Authorities), such as WG continued funding for partnerships and specifically PCSOs and AWSLP;
- x Increased 'last resort' demand due to others withdrawing service; and
- xi Failure of Government to deliver on national programmes of work such as ESN transition.

b) Organisational:

- i Partners re-trench from collaborative ventures (e.g. as a result of WG funding settlement), such as the funding from Health as contribution to the Mental Health Triage service in the Force Control Room;
- ii The financial and non-financial impact of ongoing Service Reviews recommendations:
 - New Operational Policing Model;
 - Learning and Development Review; and
 - Continuous Improvement Department Review.
- iii Failure of key efficiency schemes to deliver, in particular the savings target of £1m in the Force's overtime budget.

c) Societal:

- i Emergent complex crime types and increased safeguarding requirements;

- ii Increased crime, anti-social behaviour and incidents due to economic and political climate – particularly during and post Covid-19 ‘lockdowns’; and
 - iii Lack of staff turnover due to limited job opportunities.
123. Conversely, a number of opportunities exist which could ease the financial burdens:
- a) Adopting and embedding the ‘new ways of working’ arising from the ‘lessons learned’ from Covid-19;
 - b) Potential long-term investment by the Government into policing;
 - c) The development of PSBs across Gwent, promoting a ‘One Public Service’ ethos to tackle long-standing issues across Gwent;
 - d) Linked to c) above, the ability to co-commission services with Public and 3rd Sector Partners, avoiding duplication of effort and maximising return to the public; and
 - e) Actively seeking out income generation opportunities and influencing the legislative agenda to provide wider opportunities.

BUDGET REQUIREMENT, COUNCIL TAX BASE AND COUNCIL TAX PRECEPT

124. The revenue budgetary requirement for 2021/22 is the net position of:
- a) The base recurring requirements;
 - b) Efficiency savings and recurring budget reductions realisable in 2021/22;
 - c) Non-recurring revenue requirements in 2021/22; and
 - d) Non-recurring savings which are realisable in the year and reserve and committed funds utilisation.
125. The gross base recurring requirement for 2021/22 is £148.231m (Appendix 1b line 10) which, when adjusted by the budgetary deficit, equates to a budget requirement for the year of £147.555m.
126. The Central Government Grant Funding announced in the Provisional Settlement is as follows:

	£
Police Grant	51,538,535
Revenue Support Grant	21,591,350
National Non-Domestic Rates	<u>10,265,793</u>
	<u>83,395,678</u>

127. Deducting total Central Government Grant Funding from the budget requirement of £147,554,856 leaves income to be raised from Council Tax Precept of £64,159,178.
128. Council tax is a tax on dwellings, levied according to the valuation band attributed to the property. Each Local Authority calculates its Council Tax Base by establishing the number of properties in each of the nine council tax bands (A to I) and converting the band totals to a Band D equivalent figure (e.g. Band A council tax is two thirds of the Band D tax, the Band A total is therefore multiplied by two thirds to arrive at the Band D equivalent). The total Band D equivalent figure is then adjusted to take account of reductions for disabled residents, single occupancy discounts, etc. to produce the Council Tax Base. The Council Tax Precept to be raised for police and crime purposes is allocated to the Local Authorities in proportion to their Council Tax Bases. The Council Tax Bases notified by the Local Authorities are as follows:

Local Authorities	Band D Equivalent Properties	
	2020/21	2021/22
Blaenau Gwent	20,662.44	20,794.09
Caerphilly	60,549.25	60,793.26
Monmouthshire	46,331.92	46,711.94
Newport	60,267.55	60,484.59
<u>Torfaen</u>	<u>33,981.81</u>	<u>34,021.99</u>
<u>Total</u>	<u>221,792.97</u>	<u>222,805.87</u>

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

	Actual 2020/21	Proposed 2021/22
Council Tax Precept	£60,540,609	£64,159,178
Band D Tax	£272.96	£287.96
Increase on previous year (£)	£17.43	£15.00
Increase on previous year (%)	6.82%	5.49%

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

Valuation Band	Tax Payable Compared to Band D	Proposed Council Tax Precept
		£
A	6/9	191.97
B	7/9	223.97
C	8/9	255.96
D	9/9	287.96
E	11/9	351.95
F	13/9	415.94
G	15/9	479.93

H	18/9	575.92
I	21/9	671.91

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

Last working day of each month

Blaenau Gwent

Third Tuesday of each month

Caerphilly
Monmouthshire
Newport
Torfaen

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

132. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on:

- a) The robustness of the estimates made for calculating the Council Tax Precept; and
- b) The adequacy of the proposed financial reserves.

133. The same Section requires the Commissioner to have regard to the Chief Finance Officer's report when making decisions about Council Tax Precept.

134. Central Government Grant funding from the HO and WG currently fund approximately 60% of the revenue budget requirement for policing and crime services in Gwent. A combination of CSR 2010, SR 2013 and CSR 2015 has resulted in significant reductions in core HO and WG grants. The reduction in these grants for 2011/12 of 5.1% came on top of an in-year cut in the previous year of 1.3%. The Central Government Grant Funding for 2012/13 showed a reduction of 6.7%, 2013/14 a reduction of 1.57%, 2014/15 a reduction of 4.76%, 2015/16 a reduction of 5.11%, 2016/17 a reduction of 0.57%, 2017/18 a reduction of 1.40% and 2018/19 flat cash. The 2019/20 Police Settlement, on the surface, appeared positive, in that Central Government Grant Funding increased by 2.1% and a Specific Pension Grant had been provided, both designed to mitigate the financial impact of the revaluation of Public Sector Pension Schemes. However, as mentioned previously in this report, the sum of these amounts fell short of meeting the Force's additional pension costs in 2019/20 to the value of £428k – so in effect, the Police Settlement amounted to a 0.60% cash cut. Cumulatively, the budget available for policing and crime in Gwent has experienced over a 27% cash reduction between 2010/11 and

2019/20. When the effect of inflation and pay awards is built in, the real reduction is over 40%.

135. The Police Settlements over the 2020/21 and 2021/22 financial years have provided reinvestment through the PUP, although this is ringfenced additionality. Therefore, the overall cash reduction in the Commissioner's budget between 2010/11 and 2021/22 has been partly addressed, but still stands at around 12%. When the effect of inflation and pay awards is built in, the real reduction is nearly 25% over the 12 years.
136. Although the SR 2020 and the Provisional Settlement has been positive for the Force, the future financial landscape is uncertain. Faced with significant uncertainty for the economy and the public finances in light of Covid-19 and the Brexit implications; (C)SR 2020 on the horizon; and growing pressures on public services following years of cuts, the lessening of budget cuts over recent years and the latest Government 'promises' may not be sustainable.
137. 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 ahead of time and as a consequence Reserves and Committed Funds have been generated for supporting investment necessary to redesign the Estate; maximise ICT opportunities; and for pump-priming new initiatives. This success, along with the lessening of Central Government Grant Funding cuts in recent years and appropriate Council Tax Precept increases, has allowed the Force to generally attain its full establishment (prior to the full implementation of the new Operational Policing Model) during 2020/21. Appropriate Council Tax Precept increases into the near future will maintain this establishment and complement the PUP, to continue to address areas of demand and thereby realise its full benefits to the public of Gwent.
138. The preparation of the budget is now, almost a continual exercise, involving the compilation of MTFPs, dovetailing with detailed work across the OPCC and Force under the supervision of the Assistant Chief Officer – Resources and in liaison with me. The involvement of all parts of the Police Service ensures awareness not only of the demands, but also of the constraints upon them. Throughout 2020/21, Members and the JAC received progress reports on the 2021/22 budget and beyond and were able to examine both the proposals and the process followed. The extent of this preparatory work has therefore greatly assisted the Commissioner in his deliberations. I am satisfied therefore, that 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.
139. Appendix 7 to this report shows details of the Commissioner's Reserves and Committed Funds position. The Force's Assistant Chief Officer – Resources and I continually review the adequacy of Reserves, Committed Funds and Provisions. In addition, as part of the compilation of the year-end 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 Reserves and Committed Funds Strategy.

140. The General Reserve is required for working capital and to meet unexpected expenditure in emergency situations or major crime. During my latest review of the Reserves and Committed Funds Strategy in December 2020, in conjunction with the Commissioner and the Force's Chief Officer Team, I concluded that a General Reserve of £4.793m would be a prudent level for the organisation moving forward, taking into consideration its size, local circumstances and the requirement to identify savings to address significant reductions in Central Government Grant Funding.
141. In relation to the Committed Revenue and Capital Funds, I am content that programmes of work are already in train, or that risks remain, that confirm the need and sufficiency of the amounts reported.
142. In conclusion, I am content therefore, with the adequacy of the proposed financial Reserves and Committed Funds.

APPENDICES

Appendix 1a	-	Impact of Incremental Council Tax Precept Changes
Appendix 1b	-	Medium-Term Financial Projections
Appendix 2	-	Medium-Term Financial Projections – Assumptions
Appendix 3	-	Force Establishment
Appendix 4	-	Service Pressures and Budget Developments
Appendix 5a	-	Identified Budgetary Savings
Appendix 5b	-	Continuous Improvement Programme Savings
Appendix 6	-	Quarter 2 2020/21 Income and Expenditure Forecast
Appendix 7	-	Reserves and Committed Funds Position 2020/21
Appendix 8a	-	Capital Programme 2021/22 to 2025/26
Appendix 8b	-	Long-Term Project Programme 2021/22 to 2025/26

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

Heddlu Gwent Police
2019/2020



Incoming demand

On a typical day in Gwent Police...

Respond to approximately 29 incidents flagged as being associated with people with mental health issues.

Carry out 10 stop and searches, 7 of these are drugs related. Of the 7 stop and searches, less than 1 will result in an arrest.

Deal with 30 Anti-Social Behaviour incidents.

Respond to approximately 12 missing person reports, each of which will take an average of 9.5 hours of police time.

Respond to 43 Domestic Abuse incidents, of which 26 were recorded as a crime.

Outgoing demand

In addition to reacting to calls for service from the public, Gwent Police will also be undertaking proactive work to safeguard the public including:

Taking part in approximately 76 Vulnerable Adult strategy discussions per month.

MAPPA

Managing approximately 811 Registered Sex Offenders in the Community.

Taking part in approximately 200 Child Protection strategy discussions per month.

Supporting approximately 5 victims of domestic abuse per day through the Domestic Abuse Conference Calls and Multi-Agency Risk Assessment Conferences.

Officers will make approximately 25 arrests, 2 of which identify as violence with injury.

Officers will deal with – amongst other crimes - 7 dwelling burglaries, 21 thefts, 5 thefts from a motor vehicle, 2 thefts of a motor vehicle, 40 violent crimes, 1 robbery and 3 sexual assaults.

They will issue 2 Cautions, 1 Penalty Notice for Disorder and 1 Cannabis Warning

Approximately 237 999 calls are received.

Approximately 497 incidents are recorded.

Approximately 156 crimes are reported.

As well as dealing with crime, officers will:

In March 2020 the estimated population of Gwent was 594,164. There are currently 1331 Gwent Police Officers, meaning there is 1 Police Officer for every 446 members of the public.

There are currently 747 Police Staff supporting the front line operational delivery.

There are approximately 136 Community Support Officers covering the Gwent area



we will be
caring
trusted
fair
professional
responsive

