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Comisiynydd Heddlu a Throseddu  
Dyfed-Powys  
Police and Crime Commissioner



Heddlu Police  
**DYFED  
POWYS**

**2025/6 – 2030/31**

# Medium Term Financial Plan

**Including:**

- A. Precept Proposal**
- B. Reserves Strategy**
- C. Capital Strategy**

January  
2015

## **2025/26 Medium Term Financial Plan and Precept Proposal**

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### 1 **Police and Crime Commissioner's Summary and Precept Proposal**

- 1.1 I am delighted to have been elected as your Police and Crime Commissioner (PCC) for my third term. I will continue to work extensively to develop a close working relationship with all communities of the vast geographical area that is served by the Dyfed-Powys Police Force. Working in partnership across the four Unitary Authority areas of Carmarthenshire, Ceredigion, Pembrokeshire and Powys has and remains a priority for me and I am confident that maintaining this partnership approach will lead to improved services for our communities.
- 1.2 I remain committed to giving the public a strong voice in shaping both its policing service and the wider criminal justice system locally, regionally and at a national level.
- 1.3 The Dyfed-Powys Police Service (DPP) is an integral part of our communities, and this unique relationship is of paramount importance. The public must remain central to everything we do and every decision we make. Providing an evidence base for our actions and investments is important and by harnessing the use of technology and data to shape our services, I am certain that further improvements can be made in ensuring the security and safety of our area.
- 1.4 I have set the strategic direction and laid out my priorities within the published Police and Crime Plan 2025-2029. These continue to underpin all aspects of service delivery and are further supported and enhanced by the Chief Constable's priorities for the Force.
- 1.5 HMICFRS issued their latest Police Effectiveness, Efficiency and Legitimacy (PEEL) assessment in November 2023. Although many positive aspects were recognised in the report, there are areas of operational delivery where improvements are required. I am however reassured that significant steps have and continue to be taken towards redressing these since the inspection fieldwork period. My precept proposal will allow the Chief Constable to make prioritised investments to further bolster critical service delivery.
- 1.6 My team will be focusing on the priorities of my new Police and Crime Plan, discharging the array of responsibilities including increased scrutiny and engagement activities. Commissioned Services continue to report challenging and complex levels of demand set against a backdrop of increasing costs of service delivery. Whilst it is disappointing that the Ministry of Justice has reduced core victims' grant funding for 2025/26, I remain committed to supporting vital services and will ensure there is no detrimental effect on frontline delivery to victims and vulnerable individuals within our communities.
- 1.7 One of my key responsibilities as your PCC is to set the precept each year. This precept is the amount of taxation that is raised through local council taxpayers to support policing services. In doing so, I consider several different factors including the Chief Constable's future resourcing requirement, the level of reserves, feedback from residents of the Dyfed-Powys area and plans for investment in infrastructure.

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- 1.8 The statutory arrangements established under the Police Reform and Social Responsibility Act state that:
- I must notify the Police and Crime Panel (P&CP) of my proposed precept by the 1<sup>st</sup> February.
  - The P&CP must review the proposed precept by the 8<sup>th</sup> February.
  - If the P&CP vetoes the proposed precept, I must notify the P&CP of my revised precept by the 15<sup>th</sup> February.
  - The P&CP must review the revised precept by the 22<sup>nd</sup> February.
  - I must set a precept by 1<sup>st</sup> March.
- 1.9 The Chief Constable reports financial performance bimonthly through Policing Board. Financial management and medium-term financial planning are overseen by the Strategic Finance and Medium-Term Financial Planning Board. My Chief Finance Officer (CFO) continues to work closely and constructively with the Director of Finance (DoF) and Corporate Finance team.
- 1.10 Detailed discussions have been ongoing throughout 2024/25 in relation to in-year financial management and the Medium-Term Financial Plan (MTFP). These have taken place within the formal governance structure, as well as a series of precept and MTFP meetings between myself, the Chief Constable, Director of Finance (DoF) and my Chief Finance Officer (CFO). The meetings took place during 2024 on the 21<sup>st</sup> October, 22<sup>nd</sup> November (pre-finance seminar), 19<sup>th</sup> December (post settlement, which was received on the 17<sup>th</sup> of December) and 9<sup>th</sup> January 2025.
- 1.11 The Chief Constable and I held a Finance Seminar on the 27<sup>th</sup> November 2024 for members of the Police & Crime Panel (P&CP), Joint Audit Committee (JAC) and Audit Wales. The purpose of the event was an opportunity for the Force to present a summary of the operational environment that they work within and the impact that this has on their demand levels and subsequent resource requirements for 2025/26 and beyond.
- 1.12 The seminar also covered the steps taken so far in preparing the 2025/26 budget and the draft indicative position, including budget assumptions, pressures, funding context, savings, efficiency measures and the significant investment requirements needed to underpin the delivery of policing services. Our treasury management advisors also presented on a range of wider economic and local financial considerations. This seminar allowed a valuable opportunity to present on both the operational and financial challenges and context, which impact on my plans for the precept for 2025/26.
- 1.13 A meeting was also held with the P&CPs Precept Sub-Group on the 22<sup>nd</sup> September to provide an update on the draft budget position for 2025/6 and budget requirements ahead of the finance seminar. A subsequent meeting was held on the 13<sup>th</sup> January 2025 ahead of the P&CP meeting to consider the precept proposal on the 24<sup>th</sup> January 2025.

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- 1.14 The Dyfed-Powys Police Service has faced significant financial challenges since 2010 due to significant reductions in central government funding, the legacy of implications arising from previous decision-making, along with significant cost pressures and continual changes in the demand for policing services, against a very challenging financial and economic landscape.
- 1.15 As we know, the last few years have been unprecedented for a variety of reasons. Uncertainties on interest rates, inflation and increases in labour costs continue to be a challenge as well as operational demands and organisational change arising from global, national, and local issues.
- 1.16 The impacts of the cost-of-living crisis continue to be felt due to ongoing wars in Ukraine and Gaza, the aftermath of Brexit, the covid-19 pandemic, and the recent change in government. These have significant implications for all public services, with government spending at a national level still being in significant deficit despite historically high levels of personal taxation.
- 1.17 Considering this and having recognised the extent of future financial challenges, the Chief Constable initiated a Force Review in mid-2022 to critically assess opportunities for cost reductions. The Force identified a large and ambitious cashable savings plan of £10m over three years, with £6.292m of this being delivered in 2023/24, £2.2m in 2024/5 leaving a balance of £1.6m to be delivered in 2025/6. The measures implemented include a wide range of initiatives and organisational change against a backdrop of needing to retain officer numbers. Whilst it is pleasing that savings have been realised, there have been some organisational impacts including backlogs affecting some areas of work undertaken by police staff but also more generally on officer and staff wellbeing that have needed to be addressed.
- 1.18 The Force Review Program continues to assess service provision and identify opportunities to implement innovation and best practice. The current focus is on operational policing structures which aims to ensure the force leadership and operational structures are aligned to deliver against priority areas. Recent projects include:
- The implementation of DAVRU – Domestic Abuse Virtual Response Unit, which provides victims with a prompt virtual response to low-risk domestic abuse concerns.
  - An evidence based investigative tool (E-bit) for high volume crime.
  - Right Care Right Person implementation.
- 1.19 These projects have recently been launched, and the initial assessments are very positive in terms of releasing front line operational capacity and victim satisfaction. A detailed analysis will be conducted over the next few months to fully recognise the benefits.
- 1.20 The 2025/26 provisional settlement was announced by the Crime and Policing Minister on 17<sup>th</sup> December 2024. The main headlines from the settlement were:

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- 6% average increase in funding – including National Insurance contribution compensation.
- 3.7% flat rate increase in Core Grant for all PCC areas.
- £986.9m increase in funding between 2024-25 and 2025-26, of which £329.8 (33%) will come from precept.
- The remaining £657.1m is coming primarily from £339m increase in Core Grant, £230m for employer NICs compensation and a new £100m Neighbourhood Policing Grant (NPG). The NPG increased to £200m in the final settlement announced on the 30<sup>th</sup> January 2025.
- 6 reallocations worth a total of £138.5m in 2024-25 (Arm’s Length Bodies, Forensics, Fraud, Cyber-Crime, Tackling Exploitation & Abuse and Police Productivity & Innovation) will be funded from the wider HO budget.
- Neighbourhood Policing Grant distributed according to Core Grant.
- Significant, 34% cash increase in National International Capital City grants for the City of London and the Mayor’s Office for Policing and Crime.
- Commitment that Firearm Licensing Fees increase to cover costs – “when Parliamentary time allows”.
- Police required to participate in the Police Efficiency and Collaboration Programme, starting with national approaches to buying energy, vehicles, fuel, temporary staff, and software licenses. Anticipated to deliver hundreds of millions of pounds by the end of the Parliament.
- A new Performance Unit will be established in the Home Office - to “drive up performance and standards”.

1.21 Despite the headline figures announced by the Minister, it was immediately evident that this would not cater for the costs of pay and price inflation, National Insurance cost increases, investments needed in critical infrastructure and innovation, and the unforeseen burden of additional service demands that have been recognised nationally.

1.22 At a Force level, the final overall 2025/26 settlement is detailed in the table below:

**Table 1: Grant Settlement 2025/26**

Funding Element	Original Settlement 2024/5	Additional Pay Award Allocation 2024/5	Revised Settlement 2024/5	Provisional Settlement 2025/6	Change From Original Settlement 2024/5	
	£m	£m	£m	£m	£m	%
Core Grant	64.538	1.160	65.698	66.938	+2.400	3.7
Operational Uplift	3.490	0.0	3.490	3.006	-0.484	
Pension Grant	4.067	0.0	4.067	3.731	-0.336	
<b>Total Baseline Grants</b>	<b>72.095</b>	<b>1.160</b>	<b>73.255</b>	<b>73.675</b>	<b>+1.580</b>	<b>2.2</b>
National Insurance	0.0	0.0	0.0	2.130	+2.130	
Neighbourhood Policing Guarantee Grant	0.0	0.0	0.0	1.417	+1.417	
<b>Total New Grants</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.547</b>	<b>+3.547</b>	
<b>Total Headline increase</b>	<b>72.095</b>	<b>1.160</b>	<b>73.255</b>	<b>77.222</b>	<b>+5.127</b>	<b>7.1</b>

1.23 For Dyfed-Powys Police, the headline total settlement for 2025/6 is an increase of £5.127m or 7.1% from the original settlement. The net increase in core, pensions and officer uplift grant is however only £1.580m or 2.2% as outlined

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below:

- The headlined increase in core grant of £2.4m or 3.7% is offset by reductions to the pensions grant and Police Uplift Grant.
  - The Pension Grant has decreased by **£-0.336m** to £3.731m for 2025/6. The additional grant provided in 2024/5 was a one-off to support the administration costs linked to the McCloud remedy.
  - A reduction in Officer Uplift grant of **£-0.484m** to £3.006m. Despite the decrease, the payment of this remains conditional on maintaining a Home-Office set police officer headcount level of 1,314 for Dyfed-Powys Police. This funding remains ringfenced and financial penalties apply if the establishment falls below this baseline number in either September '25 or March '26.

1.24 Two new specific grants have been announced as follows:

- A new specific grant of £2.130m towards the additional cost of employers' National Insurance contributions increase and threshold reduction announced in the Autumn Budget Statement which is effective from the 1<sup>st</sup> April 2025 (against an estimated Force cost of £2.625m).
- A new specific grant of £1.417m for investment in additional Neighbourhood Policing staffing capacity which is the DPP share of the additional £200m allocated nationally to improve public perceptions of the police. The allocation represents the initial allocation in support of the government's election pledge to improve neighbourhood policing and increasing resourcing by 13,000 FTE nationally. This must be matched by the cost of additional staff. Although further details surrounding this are awaited, this is a welcomed investment which is understood will support the recruitment of additional or redeployed neighbourhood police officers, PCSOs or Special Constables.

1.25 The announcement of additional grants to provide an increase in Neighbourhood Policing capacity and to partly offset the additional costs of the increase in employer's National Insurance contributions is generally welcomed. However, the increase in core and baseline specific grants of £1.580m, or 2.2%, is wholly inadequate to meet the part year costs of the 2024/5 pay awards of 4.75% plus the anticipated inflationary (2.6%) and pay settlement (2.8%) costs that the Force is foreseeing it will need to meet in 2025/6. Indeed, if the in-year 2024/5 additional grant of £1.160 million (which itself was insufficient to meet the additional part year impact of the 2024/5 pay award) is removed, the increase is actually £0.4m or 0.6%.

1.26 There is also no recognition of increases in borrowing and interest costs, which will need to be incurred to support the capital programme.

1.27 Again, the cost of delivering and maintaining local policing are not being adequately funded centrally, which places a further disproportional burden on local taxation to provide a balance the budget.

1.28 In meetings subsequent to the announcement of the settlement, Home Office officials have been unwilling to be drawn on the pay award and savings



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assumptions they have made in arriving at the settlement figures. This is despite the announcement of a 2.8% 2025 pay increase cap for certain non-police Pay Negotiating Bodies and a 2% Departmental efficiency budget reduction being announced for 2025/6 in the Autumn Statement.

- 1.29 Whilst the funding to maintain officer numbers and increase Neighborhood Policing officers has been welcomed, concerns remain that organisational workforce mix choices are increasingly being unduly hindered by the dichotomy and conflict arising from meeting UK Government set headcount targets. These concerns continue to be raised with the Home Office.
- 1.30 The police grant settlement announcement confirmed precept flexibility for Police and Crime Commissioners in England for an increase of £14 per band D property, without triggering the need for a local referendum. This does not apply in Wales and section 7 provides further information.
- 1.31 Police funding arrangements are complex, and it is also important to recognise that there are array of differences and disparities between both England and Wales and indeed between individual forces which mean that core settlements, grants and precept decisions can impact very differently.
- 1.32 The removal of capital grant in 2012/13 means that the costs of supporting vital capital infrastructure investment in Estates, Fleet, and Information Technology (both local and national projects) must be met locally. The need for continued investment is significant as this is fundamental to delivery of policing services and as an enabler for improved productivity and efficiency, as well as making progress against national carbon reduction targets. The MTFP includes a significant trajectory of increases in revenue contributions to capital over the next 10 years, along with assumptions in relation to prudential borrowing and the consequential revenue costs of financing. Ultimately, both put considerable additional pressure on the revenue budget.
- 1.33 Disappointingly, this again is a one-year settlement. This lack of clarity makes informed decision making, medium-term forecasting and strategic planning almost impossible. There are also some key financial uncertainties relating to the ongoing formula funding review work; and also lack of certainty over other specific grants which underpin a considerable array of policing functions. The scale of future public spending consolidation is also unclear. These matters will form part of phase 2 of the Comprehensive Spending Review.
- 1.34 Following the reduction in funding from Welsh Government to support PCSOs announced for 2024/5, Welsh Government has committed to maintain their current level of funding of £16m to support PCSOs across Wales on a match funding basis. This investment supports 350 PCSOs across Wales with £2.3m of this supporting a Welsh Government funded level of 52 PCSOs in Dyfed-Powys against a total strength of 132. The additional Home Office funding of £1.4m will enable a further increase in Neighbourhood Policing against a baseline target of 132 PCSOs and 40 PCs during 2025/6.
- 1.35 There have been several operational and organisational pressures that have impacted in the current financial year including supporting national challenges

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with unprecedented public order and protests taking place across the country requiring specialist skills to manage the scale of challenge.

- 1.36 Whilst maintaining a focus on prudent financial management, resilience and sustainability, I keep my Reserves Strategy and individual balance position under active review and have sought to re-prioritise as appropriate.
- 1.37 After extensive scrutiny by the Police & Crime Panel (P&CP), I was unanimously supported in setting a council tax precept for 2024/25 in Dyfed-Powys of £332.03 for an average band D property, once again being the lowest in Wales.
- 1.38 At every stage within the series of precept and MTFP meetings, and indeed through my scrutiny and review of the in-year financial position, I critically question and constructively challenge aspects of the revenue budget requirement and organisational delivery structure to assure myself of the requirements, progress and ultimate delivery. I also undertook a series of challenge and scrutiny sessions specifically reviewing the Estates, ICT and Fleet Strategies and future capital programme.
- 1.39 To inform my considerations for 2025/26 and to fulfil my responsibilities as Commissioner, I consulted with the public to obtain their views on the level of police precept increase. It was pleasing to see an increase in respondents since 2024/5 with 76% supporting a precept increase above 9%.
- 1.40 Respondents were also given the opportunity to provide comments, the main themes were around visible policing within communities with support to enhance neighbourhood and response policing levels. Concerns were raised around the impact of the cost-of-living crisis and the affordability of further increases. I have considered the responses carefully in my deliberations for 2025/26, and particularly so in light of the current cost-of-living crisis. The results of this consultation are outlined in section 17 of this report. My team will be undertaking further work in relation to the array of comments and, where appropriate, these will form part of my ongoing discussions with the Chief Constable.
- 1.41 I am painfully aware of the pressures that the cost-of-living crisis continue to put on our communities. There is a fine balance between ensuring an efficient and effective, visible and accessible Policing Service, addressing operational services demands to ensure the safety of the public, whilst also ensuring value for money for the taxpayers and sound financial management. Having undertaken a comprehensive process, I am confident in the robustness of this MTFP, but this does not underestimate the difficult decisions or indeed mitigate the financial challenges and uncertainties which are outside of our control.
- 1.42 **I therefore submit my precept proposal for scrutiny by the Dyfed-Powys Police and Crime Panel, which will raise the average band D property precept by £2.39 per month or £28.65 per annum to £360.68, an 8.6% increase. This increase will raise a total precept of £86.365m. This will provide a total funding of £153.303m, representing a £9.4m/6.5% increase on the revised funding for 2024/25.**

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- 1.43 The operational and financial landscape continues to be both unpredictable and challenging. This level of funding will enable the Force to focus on the delivery of my Police and Crime Plan for 2025-2029.
- 1.44 This report aims to provide Dyfed-Powys Police and Crime Panel Members with the information necessary to scrutinise my precept proposal and provide information in relation to the operational and financial context, which underpin the resourcing requirements and assumptions for 2025/26 and beyond.

## 2. Organisational and Operational Context

- 2.1 Spanning 4,188 square miles, Dyfed-Powys is the largest geographical force area in England and Wales. With 13,842 miles of roads, two large ports, 350 miles of coastline and vast areas of countryside, the geography presents us with significant demand and resourcing challenges.
- 2.2 The resident population of 518,062 is spread across extensive rural areas, holiday and market towns and more heavily populated areas. The draw of tourism presents unique demands with large numbers of tourists visiting key towns. This presents its own implications for crime, anti-social behaviour and roads policing.
- 2.3 Dyfed-Powys works in partnership with four local authorities and has coterminous local basic command units. Beyond the four counties, Dyfed-Powys also collaborates on an All-Wales basis regarding policing responsibilities in areas such as Armed Response and Serious and Organised Crime.
- 2.4 Despite a significant reduction in recorded crime over the past two years, service demands continue to grow due to the increasing complexity of investigations, mental ill-health, child sexual exploitation and cybercrime. Changes to the way that crimes are recorded nationally have impacted on recorded crime levels and account for some of the decreases.

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**Table 2 – Recorded Crime**

Dyfed-Powys Police	2017	2018	2019	2020	2021	2022	2023	2024*
<b>Total Recorded Crime (excluding Fraud)</b>	<b>22402</b>	<b>26071</b>	<b>29259</b>	<b>31064</b>	<b>35907</b>	<b>42937</b>	<b>38729</b>	<b>35259</b>
<b>Violence Against the Person</b>	<b>7624</b>	<b>9169</b>	<b>11774</b>	<b>13561</b>	<b>17393</b>	<b>21356</b>	<b>18794</b>	<b>16798</b>
Homicide	1	4	5	8	3	8	5	4
Violence with injury	2934	3045	3295	3292	3316	4045	3808	3605
Violence without injury	3410	3786	4967	5693	5824	7069	6851	6339
Stalking and harassment	1294	2334	3505	4566	8249	10231	8125	6818
*Death or serious injury caused by illegal driving	3	0	2	2	1	3	5	32
<b>Sexual Offences</b>	<b>957</b>	<b>977</b>	<b>1109</b>	<b>1259</b>	<b>1344</b>	<b>1728</b>	<b>1558</b>	<b>1509</b>
<b>Robbery</b>	<b>55</b>	<b>50</b>	<b>66</b>	<b>62</b>	<b>52</b>	<b>66</b>	<b>74</b>	<b>103</b>
<b>Theft</b>	<b>6799</b>	<b>7827</b>	<b>7580</b>	<b>6544</b>	<b>5587</b>	<b>6474</b>	<b>4882</b>	<b>4418</b>
<b>Criminal damage and Arson</b>	<b>3680</b>	<b>4237</b>	<b>4001</b>	<b>3851</b>	<b>3942</b>	<b>4757</b>	<b>4075</b>	<b>3737</b>
<b>Drug Offences</b>	<b>1684</b>	<b>1865</b>	<b>1902</b>	<b>2107</b>	<b>2025</b>	<b>2641</b>	<b>1777</b>	<b>1594</b>
<b>Possession of Weapons</b>	<b>144</b>	<b>136</b>	<b>225</b>	<b>246</b>	<b>274</b>	<b>250</b>	<b>281</b>	<b>365</b>
<b>Public Order Offences</b>	<b>1303</b>	<b>1892</b>	<b>2551</b>	<b>4465</b>	<b>5834</b>	<b>4431</b>	<b>4715</b>	<b>3743</b>
<b>Miscellaneous Crime</b>	<b>544</b>	<b>507</b>	<b>710</b>	<b>883</b>	<b>825</b>	<b>829</b>	<b>770</b>	<b>859</b>

\*2024 part year figures to 3<sup>rd</sup> December 2024

- 2.5 The service continues to evolve quickly to enable its response to new risks, threats, and changes in technology, many of which have required new ways of working.
- 2.6 Neighbourhood Policing remains at the very heart of operational delivery and a new "Neighbourhood Policing and Prevention Plan" has been developed by the Force. Neighbourhood Policing Prevention Teams strive to understand and meet the concerns of our communities, working tirelessly to increase public confidence. They will continue to develop and build relationships to support communities, to enable a community-led policing approach. By working closely with our communities, partners and third sector organisations they will integrate community engagement into the neighbourhood policing and prevention operating model by ensuring a collective focus on problem solving, prevention and early intervention to bring legitimacy and improved confidence to communities of Dyfed-Powys. The neighbourhood teams will encourage engagement with individuals and communities through regular visibility and engagement opportunities to help them to identify and prioritise the issues that need tackling in local area.
- 2.7 To meet the priorities of the Commissioner's new Police and Crime Plan, the Chief Constable, after consultation with all senior managers, set out several complementary priorities. The Force continues to further develop its detailed delivery plans.

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**Picture 1: Dyfed-Powys Police Priorities**



- 2.8 There is a continued focus and scrutiny of police performance by the Home Office and Chief Officers within the force. This work measures the progress and improvements being delivered across Dyfed-Powys. Scrutiny of performance at a force level and the introduction of 'Operational Performance Dashboards' provides officers, supervisors and managers with accurate, reliable, and meaningful data that not only assists and supports officers, but also shows how local performance contributes and impacts on achieving force wide priorities and objectives.
- 2.9 It was important to consider the Policing role in the context of the 'service of last resort' in relation to the partnership landscape, particularly at a time of severe financial stress. In this vein, considerable work has been undertaken at a national level in relation to Right Care Right Person (RCRP). RCRP involves the police working with partner agencies to identify the most appropriate agency to give vulnerable people the care and support they need. While some mental health incidents do require police attendance, there are a significant

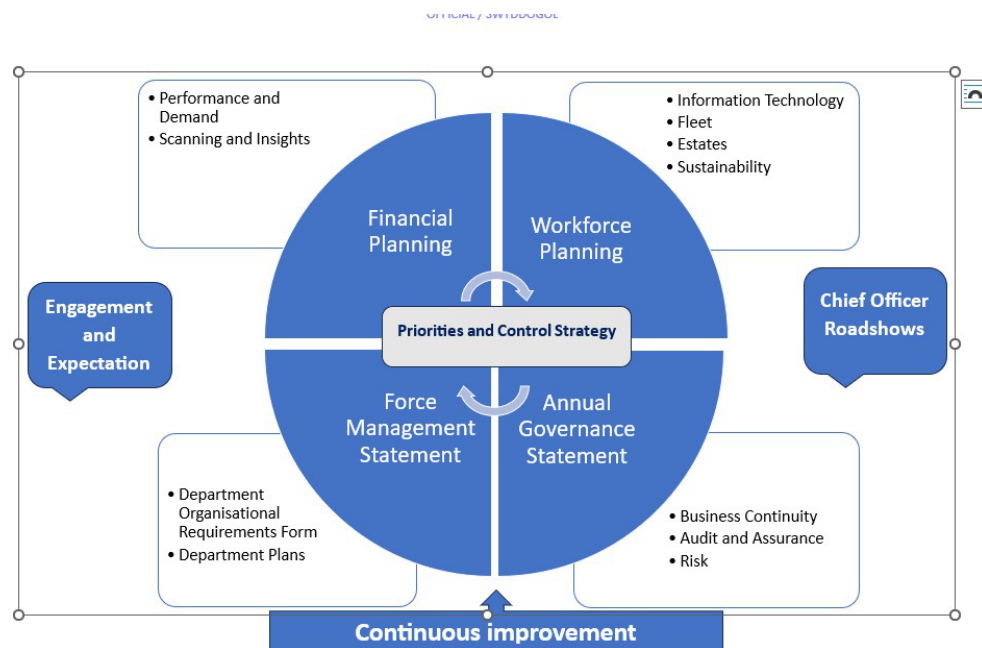
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number that involve no safety risk or crime. The new approach will mean that police can focus on attending health incidents where there is a significant safety risk or crime being committed and refer others to the appropriate partner agency. Estimates show that implementing the principles of RCRP could save around one million police officer hours each year across England and Wales.

2.10 An improved Strategic Planning and Assurance Cycle (PAC) has been developed and implemented, recognising the importance and complexities of the many interacting organisational facets. This will ensure a continuous flow of information to support resource allocation and decision making. Outcomes from both internal and external assessments feed into this process to provide a clear direction in relation to priorities.

2.11 The below diagram endeavours to represent this:

**Picture 2: New Planning and Assurance Process**



2.12 The most recent Force Management Statement (FMS) was submitted in May 2024. The Force has received positive feedback from HMICFRS for it being a 'very strong FMS' and grading it outstanding or good for all but one area (step 3), which was adequate. The next FMS will be submitted by May 2025, HMICFRS will use this to inform their inspection of forces' efficiency, effectiveness, and legitimacy, inform their thematic inspections and to supplement their monitoring of forces' performance.

2.13 The new process and the May FMS findings have been used extensively to identify and prioritise budget challenges and opportunities as part of the 2025/6 budget and MTFP setting process.

2.14 HMICFRS issued their latest PEEL assessment in November 2023. Although

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several positive aspects were recognised, there are a number of areas where improvements are required. Significant work has been ongoing to address these areas, with associated planned investment to bolster service delivery, in advance of the next HMICFRS PEEL inspection programme for 2025-27.

**Table 3 – HMICFRS Assessment 2023-25**

<b>HMIC Core Question</b>	<b>Grading</b>
Police powers and treating the public fairly and respectfully	Adequate
Preventing and deterring crime and antisocial behaviour, and reducing vulnerability	Adequate
Responding to the public	Adequate
Investigating crime	Adequate
Protecting vulnerable people	Requires improvement
Managing offenders and suspects	Adequate
Building, supporting and protecting the workforce	Requires improvement
Leader and force management	Adequate

2.15 In relation to aspects of financial management it was pleasing to see that HMICFRS identified that “the force effectively uses data to understand its finances: Dyfed-Powys Police uses data effectively to manage and understand its finances. This makes sure the force understands the actual cost of its resources and the level of finance that is available. It has a disciplined approach to using finances effectively and supporting the wider management teams in making savings.” They also found that “the force’s financial plans, including its investment programme, are affordable and will help the force continue to meet future demands. The force shows effective financial management. It makes the best use of the finance it has available, and its financial plans are both ambitious and sustainable.”

2.16 Having recognised the challenging financial landscape, the Chief Constable initiated a Force Review during 2022. The project team continue to review and implement best practice and improved service provision. The focus for year two of the Force Review Programme has been:

- Realigned Roads Policing Officers to Uniformed Response Teams (24% increase in response capacity when at full strength).
- Increased supervision in Llanelli and Newtown with 5 additional sergeants for each station from within existing structures.
- Introduced a force wide (7-day-a-week) Domestic Abuse Virtual Response Unit (DAVRU) to reduce demand on Uniform Response teams whilst providing an enhanced service to domestic abuse victims from within the current establishment.
- Created a Prevention Superintendent position from within the existing establishment to reduce demand.
- Delivered a new omnicompetent operating model and resourcing uplift within the Force Communication Centre (FCC) which will improve

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performance, enhance accessibility and call answering timeliness.

- Delivered phase one (telephony and radios) of a *cutting-edge* Contact Management System within the FCC which will reduce demand and increase service delivery to those requesting policing services. Phase two will bring new Customer Relationship Management software to improve experience for users, improve risk assessments and provide enhanced digital accessibility.
- Delivered revised HR processes to aid the deployment of restricted and limited duties officers/staff aligned to organisational need.
- Improved HR understanding of establishment and 'Decision Making Culture' around resourcing.
- Continued to invest in the Police Schools Service of 14 FTE constables.
- Delivered phase one and two (of five) of the Right Care Right Person program which ensures that those requesting support receive it from the most appropriate agency. This is reducing mis-directed demand.
- Delivered the first of four Crime Triage Algorithms (E-Bit tool) which identifies crimes that are not solvable. A one-month post implementation review is evidencing a 6.3% reduction in total investigations whilst improving the timeliness of updates to victims.
- An improved approach to Neighbourhood Policing & Prevention teams to ensure a more effective discharge of functions pursuant to 'seven pillars' of neighbourhood policing.

2.17 The next phase of the Force Review programme will focus on:

- Senior Operational Policing Model

*"This seeks to review our Senior Operational Leadership Structure (C/Insp and above) to improve our performance management, establish clear areas of accountability, enhance organisational business skills and reduce resourcing tensions to enable the free-er flow of resources based on operational need."*

- Rotas and Supervision

*"This work is reviewing police officer duty patterns within response, custody, LIU and 'main office' CID along with the supervision models for each."*

- Investigative Approach

*"This workstream will review governance arrangements, crime allocation, training, skills, and investigative processes."*

- Crime Recording

*"Following a joint decision made by senior leaders in June 2023 the need to improve National Crime Recording Standards (NCRS) timeliness and Crime Data Integrity (CDI) compliance was identified and prioritised. This workstream seeks to deliver recording of crime at the 'nearest' point of contact, which will assist in addressing NCRS and CDI challenges whilst improving services to victims."*



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- Resource Management Unit

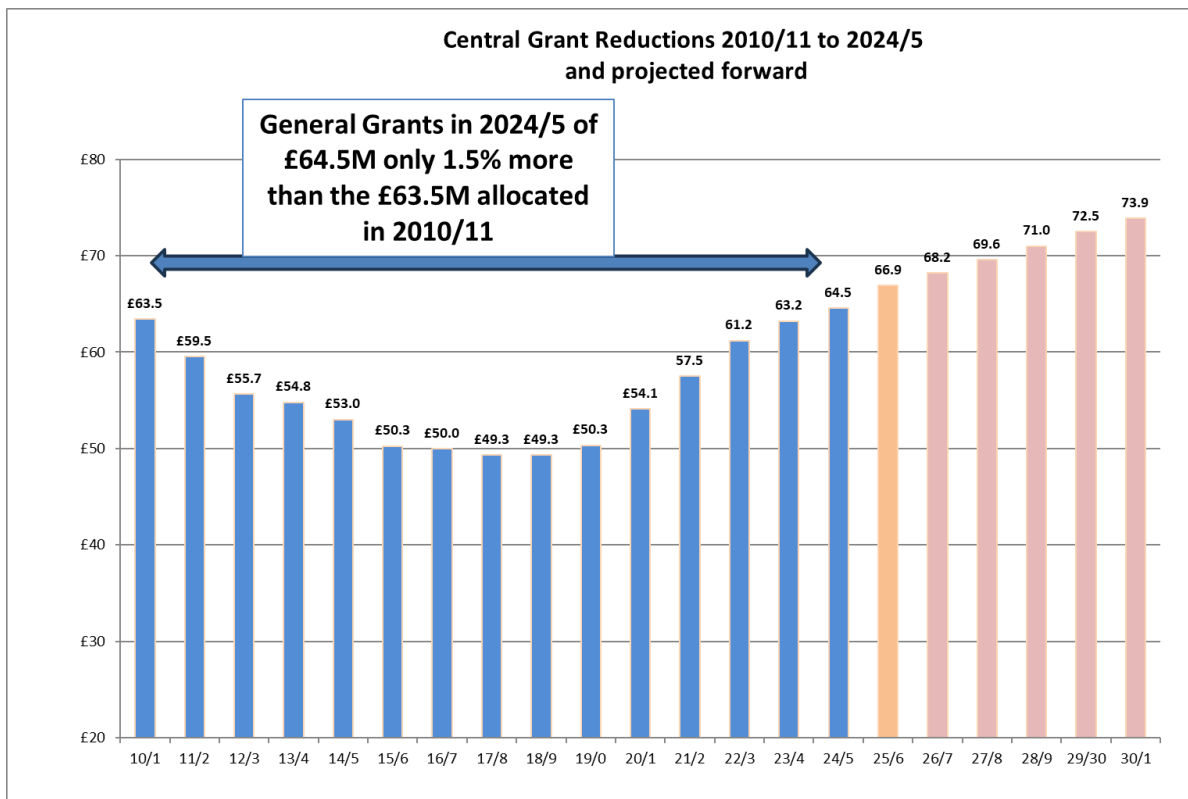
*"This workstream will review the processes surrounding rota planning, allocation, day- to-day management of resourcing, annual leave, resourcing of spontaneous incidents and the delivery of scheduled training."*

Implementation of the findings and recommendations arising from the Reviews are planned to be implemented on a phased approach during 2025 resourced through internal staff or officer movements on a self-financing basis.

### 3 Dyfed-Powys Police – Funding Context and Police Precept

3.1 Financial challenges affecting the Force have been well documented, and the following graph sets out the context of grant funding since the Comprehensive Spending Review 2010 (CSR2010):

**Graph 1: Central Grant Reductions**

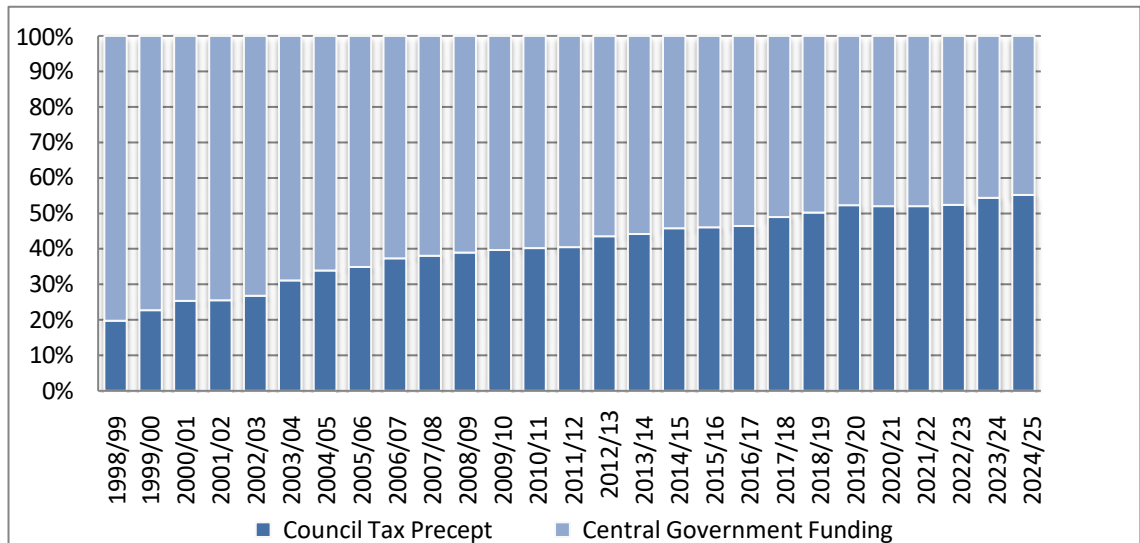


3.2 The general grants allocated to the Force in 2024/5 are only 1.5% more on a cash basis than those awarded in 2020/11. The real terms reduction presented even greater challenges with inflationary increases needing to be offset by comprehensive efficiency/savings plans and reductions set against the landscape of changing and increased complexity of demand for policing services. It is also important to note that increases in police funding over more recent years have been to support the Police Uplift Programme which has come with very clear expectations, targets, and requirements for Police Officer recruitment.

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

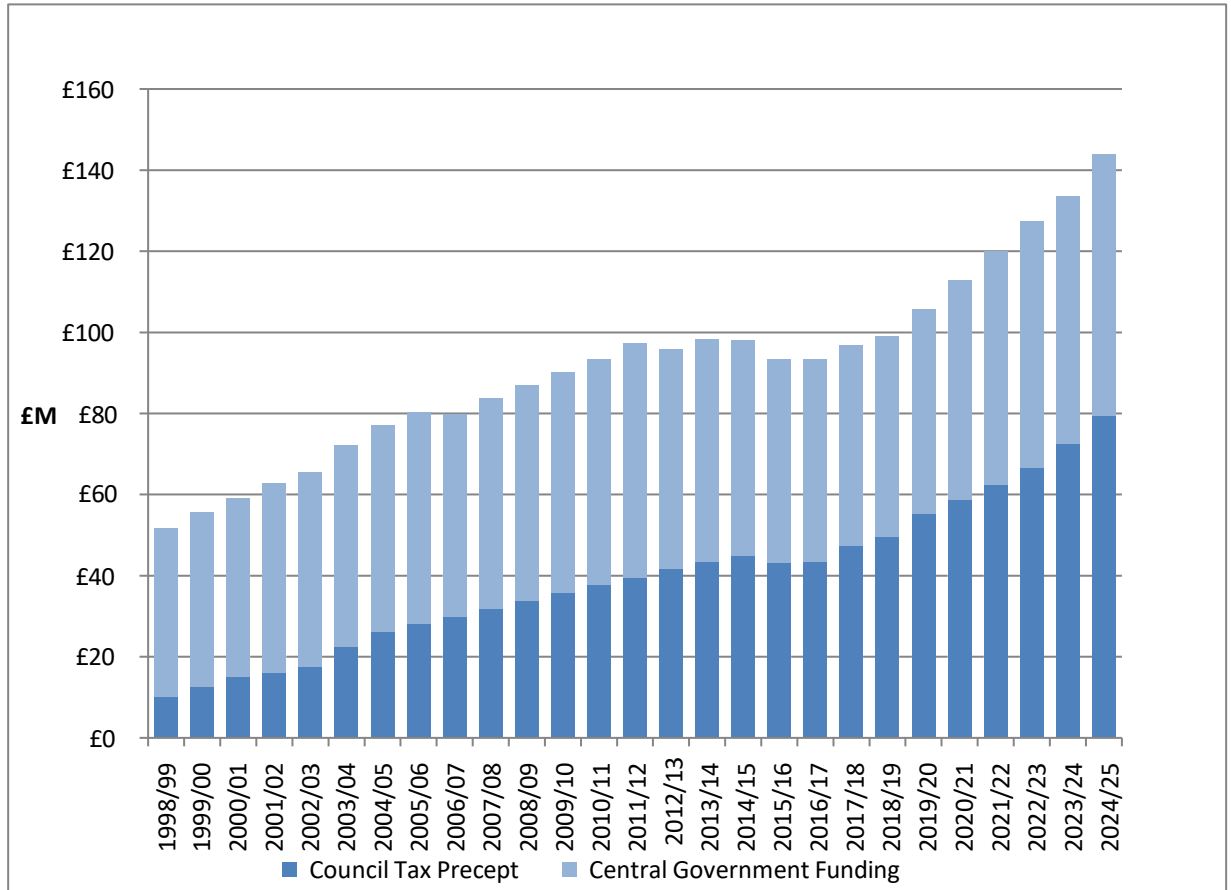
**Graph 2: Proportion of Council Tax Precept to Central Government Funding %**



- 3.4 Historically, central government funding provided the vast majority of Dyfed-Powys Police’s funding, but the proportion received from core grants has decreased significantly over time. The percentage of funding being met through local taxation has risen significantly over time. The proportional split or ‘gearing’ trajectory is likely to continue to increase, as more funding is required to be met from the local taxpayer. It is also important to note again that core grant increases in recent years have been to support the Police Uplift Programme and pensions increases and have not met the array of other inflationary and cost burdens.
- 3.5 The proportion of funding raised through council tax differs significantly between forces nationally. For 2024/25, Northumbria’s council tax precept made up 19.1% of their total funding, followed by West Midlands at 20.4% and Merseyside at 22.9%. Conversely, Surrey has 54.5% of their funding from council tax precept, followed by Dyfed-Powys at 52.4% and North Wales at 50.6%. Nationally, 34.4% of policing budgets are funded by local council tax precept. English forces also benefit from Council Tax Freeze/Support Grants which clearly impact on historic precept levels, which generally mean that their precepts are lower.
- 3.6 The following graph shows the amount of funding that Dyfed-Powys Police has received from both local and central sources over time:

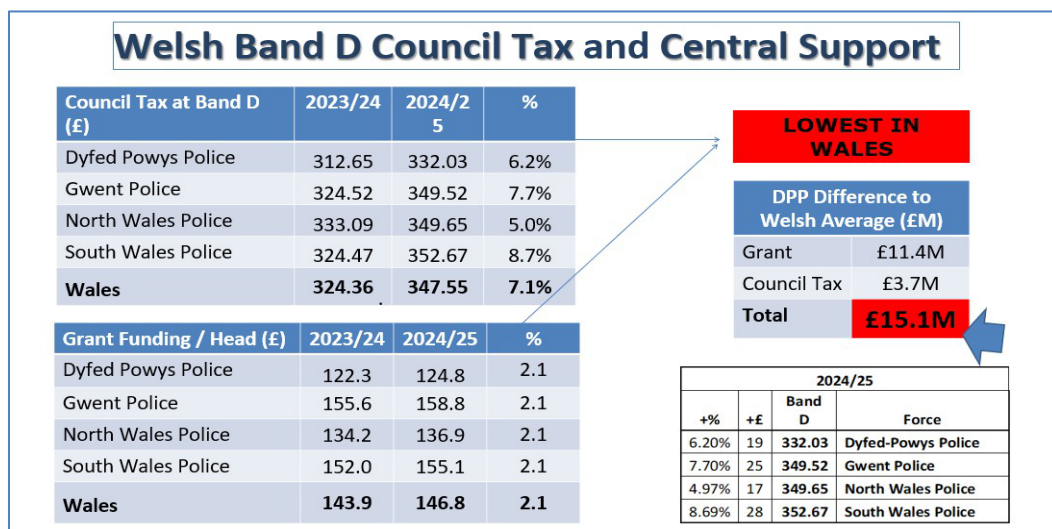
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**Graph 3: Council Tax Precept to Central Grant Funding £**



3.7 The following table shows precept levels and core grant funding per head of population for the Dyfed-Powys area which continue to be the lowest in Wales. If Dyfed-Powys was funded at the average level for Wales, this would equate to an additional £15.1m of funding:

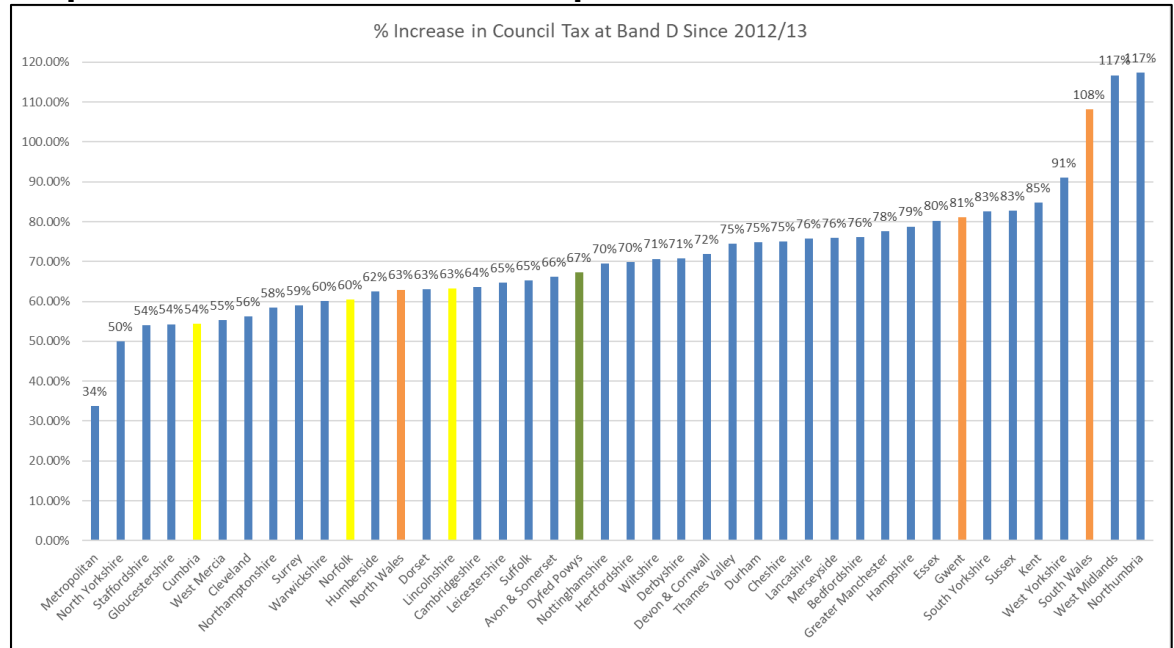
**Picture 3: Welsh Council Tax Levels and Central Support**



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3.8 Residents in the Dyfed-Powys area have seen the nineteenth lowest increase in Band D police precept since 2012/13 and the table below highlights the comparative position with most similar forces, and the other Welsh forces. It should be noted that English Forces also receive £507m in Council Tax Freeze/Support Grant which are not included in the below:

**Graph 4: National % Band D Precept Increase**



\*Orange – Welsh forces; \*Yellow – Most Similar Forces

3.9 Residents in the Dyfed-Powys area continue to have the lowest police precept in Wales. If Dyfed-Powys' precept level were set at the average for Wales, this would equate to an additional £3.7m of funding in 2024/5.

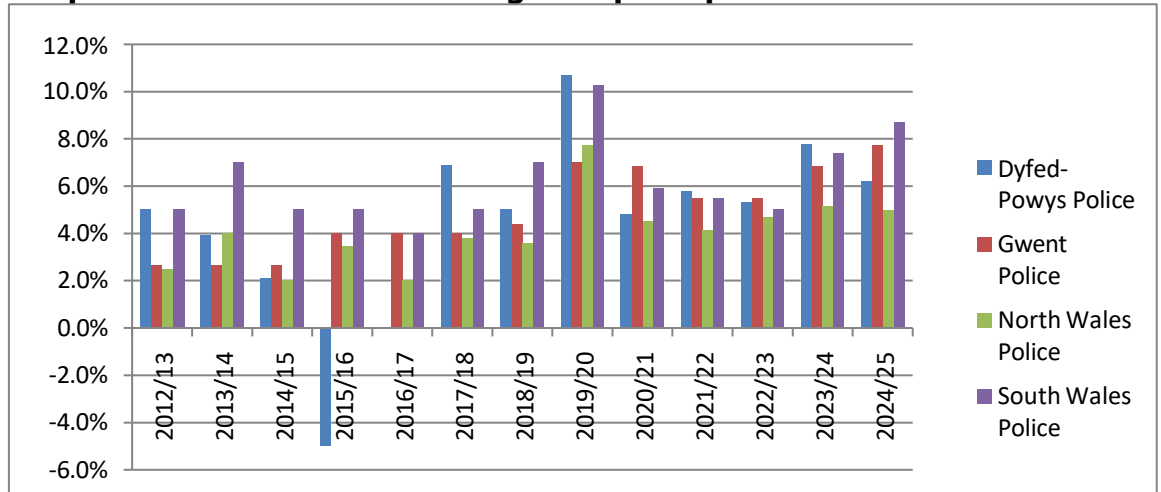
**Table 5: Precept Levels Wales**

Council tax at Band D (£)	2023/4	2024/5	%
Dyfed-Powys Police	312.65	332.03	6.2
Gwent Police	324.52	349.52	7.7
North Wales Police	333.09	349.65	5.0
South Wales Police	324.47	352.67	8.7
<b>Wales</b>	<b>324.36</b>	<b>347.55</b>	<b>7.1</b>

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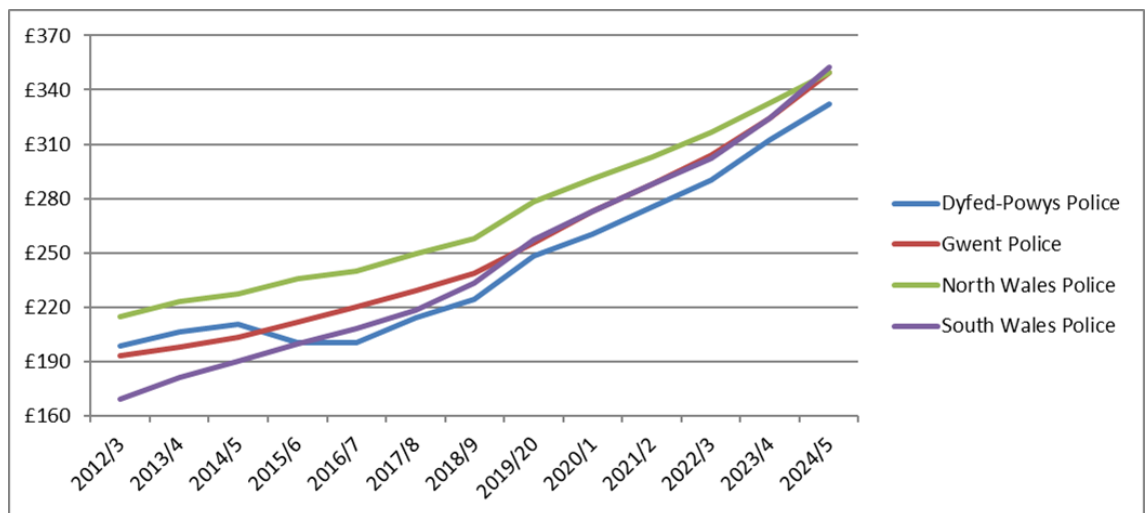
3.10 The year-on-year percentage change in precept levels for forces in Wales is shown in the following graph.

**Graph 5: Year on Year % changes in precept across Wales**



3.11 The following graph shows the change in precept levels for the forces in Wales since 2012/13. The previous decision by the first Police and Crime Commissioner to reduce the precept by 5% in 2015/16 and then not increase in 2016/17, has had a dramatic impact on the comparative trajectory as shown below and the legacy of these decisions continue to impact:

**Graph 6: Increases in precept levels across Wales**



## 4 Council Tax Base

4.1 The police precept, which is raised through local Council Taxpayers, is allocated to the billing councils, based on the relevant tax bases notified by them. The tax base is calculated from the number of properties in each area allocated to each property band with factors for single occupancy, empty homes, second home premiums and assumptions on collection rates within the context of

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economic and development factors. The tax base is expressed as a “Band D” equivalent as follows:

**Table 6: Tax Base Levels**

	23/24	24/25	25/26	%
Powys	64,256.51	64,536.48	64,771.66	0.4%
Carmarthenshire	75,071.95	76,460.40	77,243.48	1.0%
Ceredigion	32,767.99	33,768.51	34,421.81	1.9%
Pembrokeshire	59,851.19	64,261.61	63,013.04	-1.9%
	<b>231,947.64</b>	<b>239,027.00</b>	<b>239,449.99</b>	<b>0.2%</b>
	0.8%	3.1%	0.2%	

- 4.2 The police precept is added to the amounts collected by Unitary Authorities and forms part of the overall Council Tax demand bills.
- 4.3 Under the regulations, the billing authority must determine a schedule of instalments for payments to precepting authorities. The agreement is that the Unitary Authorities will pay the Force in 12 instalments on or before the last working day of each month.
- 4.4 It should also be noted that when announcing the police settlement, the UK Government makes assumptions regarding the tax base changes, using information provided by the Office of Budget Responsibility (OBR). For Wales, a 0.5% increase was assumed with 0.8% being assumed for England.
- 4.5 The actual increase for Dyfed-Powys for 2025/26 is lower at 0.2% next year mainly due to a 1.9% reduction in the taxbase for Pembrokeshire which reverses part of the significant increase experienced in 2024/5 in relation to decisions on the premium for second homes. It should be noted that changes in the profile of second homes and empty properties continue to cause uncertainties on future funding levels.

## 5 Economic Landscape and Autumn Statement 2024

- 5.1 This section of the report sets out the economic landscape and is based upon the Chancellor’s Autumn Statement Report 2024.
- 5.2 The government’s decisions in Autumn Budget 2024 seek to boost investment and drive a higher level of output in the long run. The measures in the Budget form part of a wider UK growth mission, underpinned by seven pillars:

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**Picture 4: UK Growth Mission – Seven Pillars**



- 5.3 The OBR forecasts the economy to grow by 1.1% in 2024, before increasing to 2.0% and 1.8% in 2025 and 2026. Growth then returns to around the OBR's estimate of its potential rate, at 1.5%, 1.5% and 1.6% over 2027, 2028 and 2029 respectively.
- 5.4 The OBR judges that policies announced at Autumn Budget 2024 boost output in the near term and expect the package as a whole to have a net positive effect in potential output beyond the forecast horizon.
- 5.5 The OBR expects annual Consumer Price Index inflation to remain close to the 2% target throughout the forecast period. The OBR forecasts inflation to average 2.5% in 2024, before increasing to 2.6% in 2025. It is expected to fall towards target across the final three years of the OBR forecast. Reflecting the impact of policy on inflation and demand, the OBR has adjusted its assumed path for Bank Rate, resulting in a slower reduction in interest rates over the forecast.
- 5.6 The OBR forecasts business investment to reach 10% of GDP in 2029, up from 9.7% of GDP in 2023 in the latest GDP statistics. The OBR judges that the Budget package will both crowd-in private investment (via increased public investment and crowd-out private investment), as higher government spending is offset in the short term by lower private sector activity.
- 5.7 The unemployment rate is forecast to average 4.3% in 2024, a small increase on 2023, before remaining close to 4.0%. The employment rate (for those aged 16 and over) is expected to remain close to 60% over the forecast.
- 5.8 The OBR expects part of the additional costs from the employer National Insurance Contributions rise to be passed through to lower real wages, which would reduce the supply of labour, and partly through to lower profits.
- 5.9 Real household disposable income (RHDI) per capita, a measure of living standards, is forecast to grow by 1.4% in 2024-25 and 1.1% in 2025-26 and

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is no longer set to decline in the near term. RHDl per capita increases by 2.1% over the forecast period. RHDl captures only household income net of taxes and benefits and therefore does not reflect the benefits to households of investment in public services. GDP per capita, an alternative measure of living standards that captures higher spending on public services, is set to grow more rapidly than RHDl per capita, rising 5.9% between 2024-25 and 2029-30.

- 5.10 Global developments continue to weigh on the outlook for growth and inflation. The war in Ukraine and ongoing conflict in the Middle East pose risks to the UK and global economies. Any material escalation that further disrupts energy and goods trade could contribute to higher oil prices and increased shipping costs.
- 5.11 Taken together, the measures in Autumn Budget 2024 seek to fix the foundations of the economy and permanently boost economic output in the longer term. Sustainable public finances would contribute to a more stable business environment, supporting businesses and households to make long-term decisions, boosting investment and output. While some of the decisions taken at this event affect inflation and output within the five-year forecast, the government has prioritised investments that will pay off in the long term.
- 5.12 Interest rates are anticipated to decrease at least four times, potentially stimulating economic activity. However, inflation remains a concern, with projections indicating a rise to 3% in early 2025 before gradually moderating to the government's target by the end of the year. The Bank of England's monetary policy will play a crucial role in managing inflation and supporting economic stability.
- 5.13 Despite positive ambitions, the UK continues to grapple with persistent economic challenges. In 2024, the UK experienced brief periods of growth and below-target inflation, but these proved short-lived. The Office for National Statistics reported zero GDP growth in the third quarter, signaling ongoing stagnation. The UK's GDP has seen minimal growth since spring 2022, and its GDP per head remains below pre-pandemic levels. While some businesses remain optimistic, economists predict only modest growth in 2025.
- 5.14 In summary, the UK economy in early 2025 is characterised by cautious optimism, with growth prospects tempered by persistent inflation and global economic uncertainties. Government initiatives and business optimism provide a foundation for potential recovery, but careful navigation of both domestic and international challenges will be essential for sustained economic stability.

## 6 2025/26 Police Funding Settlement and National Context

- 6.1 The 2025/26 Provisional Settlement was announced on 17<sup>th</sup> December 2024 in a written statement by the Policing, Crime and Fire Minister, Dame Diana Johnson, the final settlement was announced on the 30<sup>th</sup> January 2025 which included an additional £100m (increase from £100m to £200m) in Neighbourhood Policing. Full details of the Settlement can be found on the Home Office website. The Welsh Government also published information for the Welsh forces on their website.



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- 6.2 The Minister said “Today, the Government has set out the provisional police funding settlement in Parliament for the forthcoming financial year. I am pleased to announce that, for 2025-26, funding to police forces will total up to £17.4 billion, an increase of up to £986.9 million when compared to the 2024-25 police funding settlement – a significant increase, and more than the increase set out for 2024-25. This settlement represents real terms increase in force funding of 3.5%, and a cash increase of 6.0%. The additional funding confirmed through this settlement will cover the costs of the police officer pay awards and fund the recruitment and redeployment of more neighbourhood police and PSCOs.”
- 6.3 “Overall funding for the policing system in England and Wales, including to police forces and wider system funding, will be up to £19.5 billion, an increase of up to £1.0 billion when compared to the 2024-25 funding settlement, representing a real terms funding increase of 3.0% and a cash increase of 5.5%. The investments announced today are in addition to the provision of one-off funding of £175.0 million we announced in July to support the costs of the 24-25 pay award. Taken together this significant investment reflect this government’s commitment to restoring confidence in policing and boosting neighbourhood policing, by providing them with the resources they need to invest in their frontline workforce”.
- 6.4 “Of the £986.9 million of additional funding for police forces, I can confirm that £657.1 million of this is an increase to government grants, which includes an increase in the core grants of £339.0 million to ensure police forces are fully equipped to deliver our Safer Streets Mission. This also includes £230.3 million to compensate territorial forces for the costs of the change to the employer National Insurance Contributions from 2025-26, and an additional £100.0 million to kickstart the first phase of 13,000 additional police officers, PCSOs and special constables into neighbourhood policing roles. This will provide policing with the funding required to tackle crime and keep communities safe”.
- 6.5 “Today, this Government has confirmed significant increase in funding for police forces. In return, we expect police forces to raise their ambition on efficiencies and drive forward improvements to productivity while helping us deliver on our mission to create safer streets. To enable this, we have launched the Commercial Efficiencies and Collaboration Programme which will initially focus on national buying and frameworks and cost recovery. We are determined to work with policing to maximise the potential of productivity and innovation, ensuring officers are equipped with the tools they need to keep our communities safe and to deliver our mission”.

“For 2025-26 financial year there is a focus on delivering the government’s priorities, as set out in the Prime Minister’s Plan for Change:

- Increasing the number of officers, PCSOs and special constables in neighbourhood policing teams;
- Tackling violence against women and girls;
- Reducing knife crime;
- Cracking down on antisocial behaviour;
- And by doing these things, increasing public confidence in policing”.

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- 6.6 "In 2025-26, the Government will be allocating £376.8 million to support forces to maintain officer numbers. This Government is committed to increasing policing visibility to protect our communities and restore confidence in policing. To support delivery of our Safer Streets mission, our priority is to increase neighbourhood policing roles".
- 6.7 In England, the Government sets the level of precept increase above which a referendum is required. For 2025/26 this was set at £14. This could generate up to £329.8 million of additional funding available to police forces compared with 2024-25.
- 6.8 In 2025/26, reallocations and adjustments reduced from £946.1m in 2024/5 to £914.3m in 2025/6. In addition a number of other programmes including National Capability Programmes face significant reductions in funding with at this stage unknown consequences in terms of the financial or operational impact on the Force.

**Table 7 Police Top Slice/ Reallocations**

<b>Police Top Slice</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>
<b>Reallocations and adjustments</b>	<b>946.1</b>	<b>914.3</b>
Special Grant	34.0	49.0
Private Finance Initiatives (PFI)	71.2	70.5
Police technology programmes	500.9	500.9
Regional & Organised Crime Units	36.1	38.2
National Capability Programmes	49.8	48.4
Serious Violence	45.6	49.7
National Policing Capabilities (NPCC)	49.8	3.0
Drugs/ County Lines	30.0	30.0
Capital Reallocations	128.7	123.1
Police Aviation	0.0	1.5

- 6.9 Council Tax Legacy Grants and the City of London precept grant of £552.4m relating to Council Tax Freeze allocations dating from 2011/12, 2013/14, 2014/15 and 2015/16 as well as Local Council Tax Support for funding for English Force areas, remain separately identifiable in 2025/26.
- 6.10 Total Police Capital Funding is now worth £123.1m, a decrease of 1.3% from £124.7m last year. Capital funding grant allocations to Force areas no longer exists.

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**Table 8 – National Police Capital Grant Allocations**

Capital Grant	2024/5	2025/6
	£m	£m
Police Technology Programmes	111.6	111.6
Police Aviation	13.1	11.5
<b>Total</b>	<b>124.7</b>	<b>123.1</b>

- 6.11 The settlement maintains an allocation of £2.4m to help to address the Welsh apprenticeship 0.5% National Insurance levy contribution. Dyfed-Powys will receive £0.364m as a grant in 2025/26. Dialogue is still ongoing to seek to address the disparity between England and Wales, with the Home Office indicating that this may not be the final resolution to this issue.
- 6.12 For Dyfed-Powys Police, the 2025/26 settlement is outlined in the table below:

**Table 9: Total Funding for 2025/6**

Funding Element	Original Settlement 2024/5	Additional Pay Award Allocation 2024/5	Revised Settlement 2024/5	Provisional Settlement 2025/6	Change From Original Settlement 2024/5	
	£m	£m	£m	£m	£m	%
Core Grant	64.538	1.160	65.698	66.938	+2.400	3.7
Operational Uplift	3.490	0.0	3.490	3.006	-0.484	
Pension Grant	4.067	0.0	4.067	3.731	-0.336	
<b>Total Baseline Grants</b>	<b>72.095</b>	<b>1.160</b>	<b>73.255</b>	<b>73.675</b>	<b>+1.580</b>	<b>2.2</b>
National Insurance	0.0	0.0	0.0	2.130	+2.130	
Neighbourhood Policing Guarantee Grant	0.0	0.0	0.0	1.417	+1.417	
<b>Total New Grants</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>3.547</b>	<b>+3.547</b>	
<b>Total Headline increase</b>	<b>72.095</b>	<b>1.160</b>	<b>73.255</b>	<b>77.222</b>	<b>+5.127</b>	<b>7.1</b>

- 6.13 Despite the headline increase of 7.1% in all grants and 3.7% increase in core grants, the baseline increase taking account of all core grants is only 2.2% up from the original 2024/5 settlement level.
- 6.14 Furthermore, this is merely £420K or 0.57 of one percent up from the revised allocation for 2024/5 when the in-year pay award grant of £1.16m is incorporated in the baseline. This clearly falls way short of what is required to fund the unavoidable baseline budget cost pressures for 2025/6 as outlined in Section 10.

## 7 Council Tax Capping/Referendum – Wales versus England

- 7.1 The 2025/26 Provisional Settlement increase headline figures incorporated council tax precept flexibility of £14, without the need to call for a local referendum.

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- 7.2 Under devolution, the arrangements for Wales are that the power to determine capping levels on the council tax are administered by the Welsh Government.
- 7.3 There are two forms of capping – designation and nomination. Welsh Government may designate or nominate an Authority for capping its precept, if in their opinion its budget requirement is excessive.
- Designation requires an Authority to reduce its budget requirement and re-bill the Council Taxpayers at Force expense (through the Unitary Authorities).
  - Nomination effectively puts an Authority on notice that Government will stipulate a budget limit for the following year. Welsh Government is responsible for determining the criteria (the principles) for capping for all Local Authorities and Police Forces in Wales. The principles must include a comparison between the calculated budget requirement with that calculated for a previous financial year. Ministers are free to include in the principles any other matters they consider relevant.
- 7.4 Both the Commissioner and Chief Constable have maintained effective communications with both Ministers and Welsh Government through the Policing Partnership Board for Wales. The continued strengthening of the relationship of the Police Liaison Unit (PLU) has provided a valuable and additional opportunity to highlight the financial pressures and operational demands that are being faced by Dyfed-Powys Police and the wider police service in Wales.
- 7.5 It is for locally accountable Commissioners to consult and take decisions on local precept, explaining to their electorate how additional investment will help deliver a better police service.
- 7.6 Assuming each PCC increases their precept by the maximum allowed, £14, combined with tax base growth assumptions of 0.8% for England and 0.5% for Wales, this would provide an additional £329.8m of resources for policing from council taxpayers.
- 7.7 Due to historic differences in council tax, the proportion that £14 represents can vary significantly between force areas. The £14 increase means that Northumbria's percentage increase is 7.7% followed by the West Midlands at 6.5% and Essex and West Yorkshire at 5.7% and 5.6% respectively. Conversely, £14 represents a 4.0% increase for North Wales, Gwent and South Wales and 4.2% for Dyfed-Powys. The impact of Council Tax Freeze/Support Grants in England clearly has impacted on historic precept levels, which generally mean that their precepts are lower.
- 7.8 These inherent differences in both historic core grants and local precept decisions, mean that it is very difficult to draw meaningful comparisons between force areas in Wales but also in England.

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### 8 Dyfed-Powys Police – 2024/25 Financial Context

- 8.1 The following table summarises the range of financial risks and opportunities over the short and medium term, which were presented to the Police & Crime Panel, Joint Audit Committee and Audit Wales in late November 2024:

#### Picture 3 – Financial Risk and Opportunity Balance Sheet

##### Financial Risk and Opportunity Balance Sheet

Risks	Opportunities
1. Reduced <b>Neighborhood Policing capacity</b> – PCSOs – 163FTE to 132 FTE	1. <b>Baseline Budget holding up</b> current year and resilient - interest receipts / officer leavers
2. Significant <b>unavoidable increase in costs</b> (mainly National)– pay awards and employer’s NI / new burdens	2. <b>Reserves and borrowing levels</b> – better picture than predicted
3. Major unavoidable % increases in ICT contractual costs in revenue budgets	3. <b>Force Review</b> arrangements in place - Year 2 and 3 in progress – <b>productivity / performance gains</b>
4. <b>Capital investment needs / borrowing costs</b> - higher for longer	4. <b>Innovation</b> leading to savings – technology and demand and a willing workforce / RPA / Artificial Intelligence
5. <b>Rural cost inflation</b> – Sexual Assault Referral Centre (Aberystwyth) provision and embedded custody healthcare – (Newtown)	5. <b>Community Policing Guarantee</b> – Additional Officers plus PCSOs
6. <b>Officer / PCSOs FTE linked to Grants</b> / Police Staff structure already revised	6. Stable trajectory – <b>officer/staff recruitment</b>
7. <b>Trust and Confidence</b> linked to officer behavior / Staff and Officer wellbeing	7. HMICFRS / Force Management Statement/ Audit <b>recommendations being addressed</b>
8. <b>High Officer resignations</b> -uplift Grant / inexperience front line / response / RPU (Training Requirements)	8. <b>Sustainability and Premises Savings opportunities</b>
9. <b>Unknown CSR Outcome Spring 2025</b> , and one-year settlements that affects planning / formula funding	9. <b>Force Management Statement commended</b> by HMICFRS - Planning and Assurance Cycle

- 8.2 Many of these risks and opportunities have begun to materialise and will be detailed further in the following sections, and the financial consequences will be addressed in Section 10 and consolidated as part of the MTFP for 2025/26.
- 8.3 The 2024/5 in-year financial position as at the end of December continues to be positive and based on current monitoring, a planned underspend of £1m forecasted. The main variances are due to:
- Higher than anticipated police officer resignations and police staff vacancies.
  - Increases in investment interest receipts against budget due to capital slippage and earlier than anticipated receipt of specific grants.
  - Forensic Medical Costs and increase in service provision to meet operational demand.
  - Overtime pressures due to operational activity.
- 8.4 Again, the factors accounting for the underspend in 2024/5 have been fully reflected in the 2025/6 budget outlined in detail in Section 10 for example in terms of an increased vacancy assumptions for police staff, increased leaver assumptions for officers and a higher budget in respect of interest receipts income.

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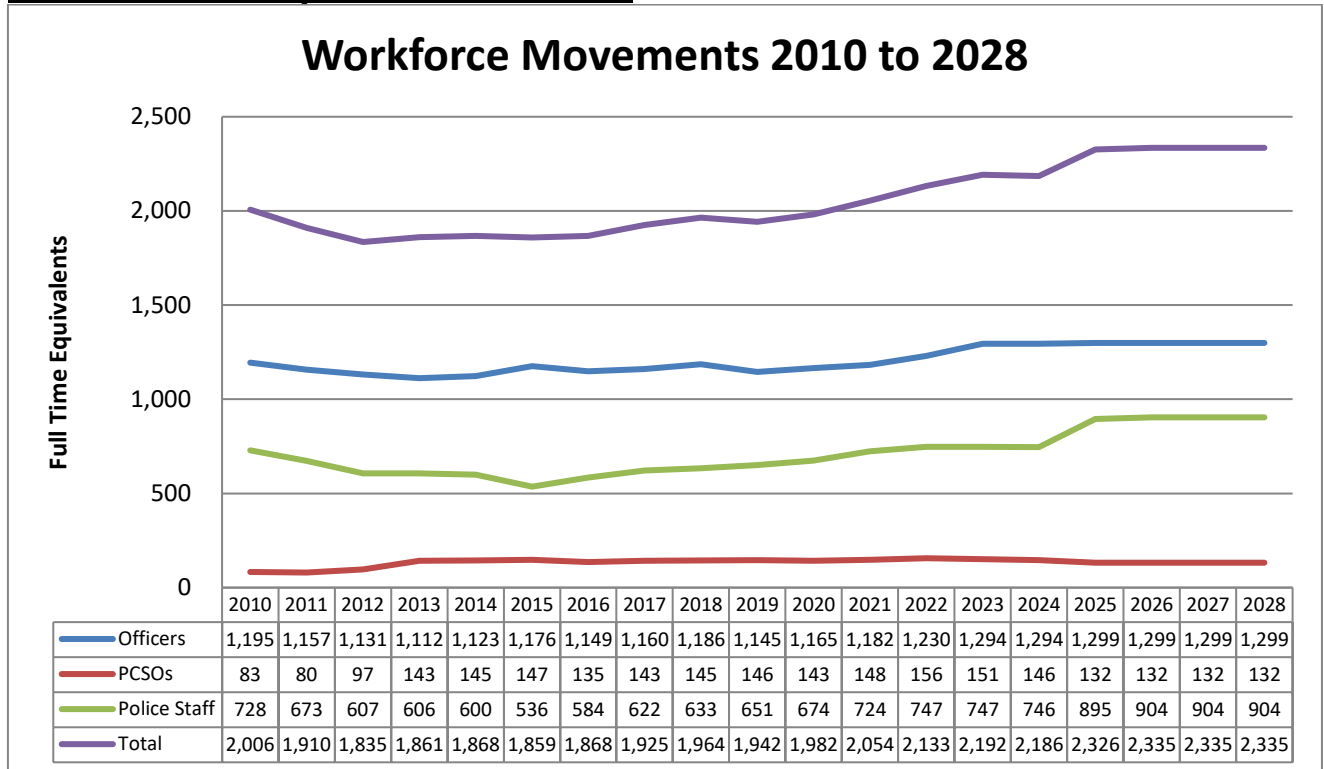
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### 9 Workforce Plan

- 9.1 The chart below shows the changes in the workforce since 2010 for officers, staff and PCSOs. Whilst historic numbers are accurate and based upon published Home Office annual actual returns, future years will be heavily impacted by Home Office Guidance and requirements in relation to the additional 13,000 headcount that has been pledged to as part of the Neighbourhood Policing Guarantee. The settlement for 2025/6 included £1.417m to begin to deliver against this.
- 9.2 The Force 'share' of these based on historic allocation practices, would be approximately 90 which would include a mixture of police officers recruited, officers redeployed through workforce mix changes, special constables and PCSOs.
- 9.3 Whilst originally, it was believed that the Home Office would be stipulating the mix between police officers, PCSOs, police staff and special constables, it is now understood that the Force will have flexibility to decide on this. Although final Home Office guidance is awaited and Force decisions have yet to be finalised, at present, the Force plans to increase uniformed operational neighbourhood policing capacity by 33 FTE as part of the first tranche of funding through employing additional police staff investigators to undertake desk-based investigation roles currently performed by officers. In addition, the budget for 2025/6 includes an additional 17 positions to be released in this way funded through savings and / or precept.
- 9.4 For illustration purposes, the Table below shows the Neighbourhood Policing Guarantee increases as being against police staff positions – which would appear to be the promptest and most cost-effective means of enhancing Local Policing and response functions.

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**Chart: Workforce profile 2010 to 2030**



\* As of 31<sup>st</sup> March each year. Historic data based on actuals.

- 9.5 The Home Office uplift maintenance target for 2025/26 is a headcount of 1314. It is important to note that there are different counting rules for headcount which mean that full time equivalent figures differ. Officer levels are scrutinised twice yearly in September and March by the Home Office and the force faces financial penalties if Officer levels are not on target at each of these assessment points. For 2024/25, the penalties were £40k per officer (up to 20 officers) and are expected to remain at this level for 2025/26 despite the reduction in grant from £3.490m to £3.006m.
- 9.6 As an illustration of current capability, the table below highlights the number of officers still in probation:

### Estimated Student Police Officers in probation.

	Student Officers in probation	Change	Total Officer Establishment	% of total Officers
	FTE	FTE	FTE	
2022/3	206		1,230	<b>17%</b>
2023/4	245	39	1,294	<b>19%</b>
2024/5	213	-32	1,299	<b>16%</b>
2025/6	188	-25	1,299	<b>15%</b>
2026/7	175	-13	1,299	<b>14%</b>
2027/8	151	-24	1,299	<b>12%</b>
2028/9	149	-2	1,299	<b>11%</b>
2029/30	148	-1	1,299	<b>11%</b>

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- 9.7 The student officer population has been on a decreasing trajectory since 2023/24 as the requirement to significantly increase officers due to the Government Uplift Programme ceased. Recruitment and training are now planned at levels needed to replace the number of officers that projected to leave the force each year. With the force moving to the new Police Constable Entry Programme (PDEP) non-degree route from March 2025 onwards, probationer periods for police officers will reduce from 3 to 2 years which reduced numbers in training further.
- 9.8 Demand for Recruitment, Occupational Health, Vetting and Training Teams will continue however to be heavily impacted by the need to maintain officer numbers in response to Uplift linked to a forecasted 100 officer leavers during 2025/6 and additional Neighbourhood Policing Guarantee requirements outlined above as well as the following factors:
- Dyfed-Powys demand forecast considerations:**
- Force Management Statement submissions in terms of succession planning and training requirements.
  - Heads of Department's Strategic Planning Action Cycle submissions approved as part of this budget round.
  - Emerging risks during the year.
  - 2024 Summer demand experience – increased pressure supporting national response to unrest and National Events or protests.
- 9.9 Significant demand is also being met by HR Teams in support of the Force three-year Force Review Programme. Following on from a significant police staff position restructure in 2023/4 which contributed towards achieving £6.4m in savings in year 1, the year 2024/5 has predominantly focused on police officer productivity improvements (given the requirement to maintain Operation Uplift numbers) that has included a review of the operational policing structures and processes including investigation processes and rotas. Significant formal consultation has been needed to implement these changes which are set to continue well into 2025/6.
- 9.10 A phased implementation of the new policing structure is underway and is scheduled to conclude in 2025/2026 – the final year of the Force Review. Design considerations for the new structure for 2025 and beyond include:
- The need to support young in-service officers (30% of Officers have less than 5 years' service with the vast majority of these being in response roles.)
  - Government requirements as outlined above.
  - Opportunities to review the "workforce mix" to optimise the deployment of officers with warranted powers, provide enhanced career pathways for police staff and address resource tensions (as far as possible whilst Office Maintenance targets remain).



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- 9.11 In terms of police officer attraction, recruitment was carefully planned and managed during 2024/25 to ensure optimal resourcing levels, availability of specialist skills and to allow the proportionate geographical distribution of staff. Despite higher than anticipated leavers, the Force remains on track to exceed its police officer maintenance target of 1314 on each of the two measurement dates and 30 September 2024 and March 2025 with the addition of 3 additional transferees. A combination of learning & development, occupational health, vetting and driver training capacity, limits the size of each of our twice-yearly PC intakes with vetting time being the most difficult factor to predict and resource.
- 9.12 Our 2024 student officer intakes followed the Police Education Qualifications Framework (PEQF), which includes the requirement to study a policing degree, with external course providers delivering core elements of their training.
- 9.13 Student Officer attrition increased significantly nationally and at Dyfed-Powys Police (currently 6.6%) following the launch of Operation Uplift and implementation of the PEQF in January 2020 and remains challenging. To mitigate this, the force has taken several courses of action including:
- Investment in the Occupational Health & Wellbeing team with an additional counsellor and two mental health nurses
  - Investment in the new role of Wellbeing & Retention Officer
  - Introduction of Say and Stay Retention Interviews and in-person Exit interviews.
  - Launching a non-degree Police Constable Entry Programme (PCEP) with a “go live” date of March 2025
    - to address student officer feedback that balancing academic study with a full-time policing role was too demanding and impacting their work life balance.
    - to reduce protected learning days in Year 3 releasing officers back to the frontline
  - Enhanced staff benefits – Carer’s and Neonatal Leave polices and Death Benefit Scheme
- 9.14 The Workforce Plan document 2025-2030 has been updated fully and includes police officer resource forecasts to 31 March 2030. It is refreshed annually to ensure it reflects contemporary and emerging needs or legislative requirements within the UK policing context with the aim of ensuring the Force has the right people, with the right skills, in the right place at the right time to meet operational demands. The key focus of the workforce plan is on:

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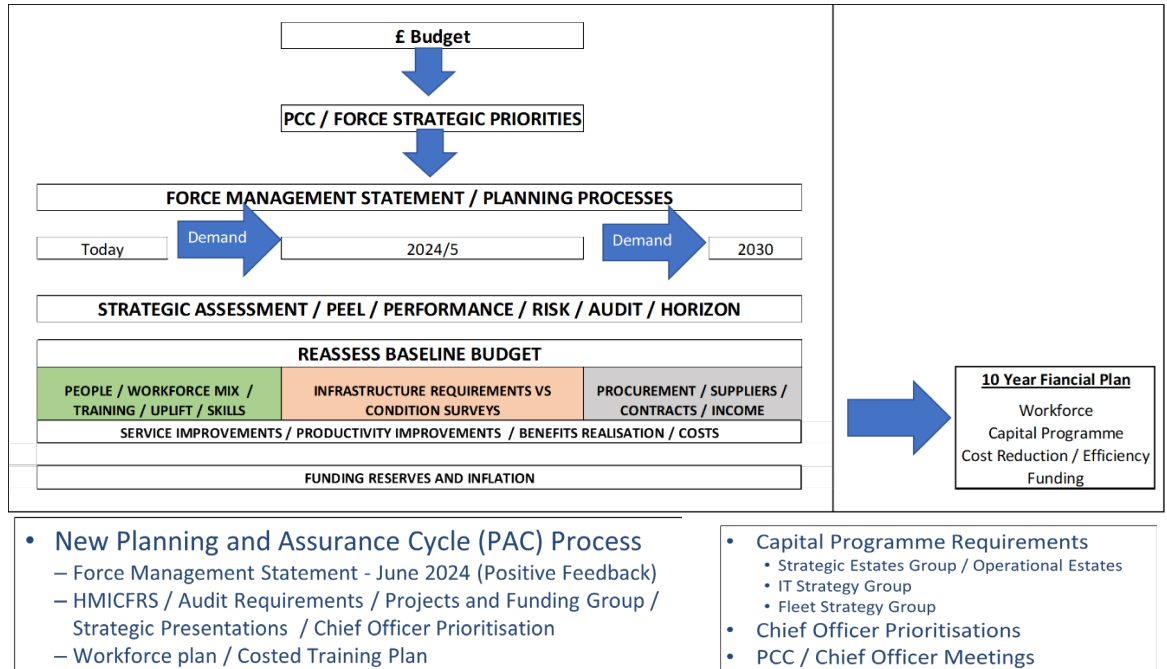
- Attraction, retention and skills development of police officers and police staff.
- Building a diverse and resilient workforce that is representative of the communities it serves.
- Creating capability and capacity to deliver the Police and Crime Plan and Force Priorities, and in so doing, respond expediently to current challenges including crime prevention, public safety and community engagement.

### **10 Budget Process and Budget Requirement for 2025/26**

- 10.1 Work continued during 2024 to further embed the budget setting process and better align with wider strategic planning. This approach has seen Finance Business Partners continuing to work closely with service managers and budget holders, to fully review baseline budgets and critically assess demand and cost pressures, whilst also seeking to identify efficiencies and savings linked to the Force Review.
- 10.2 The relationship between in-year financial monitoring and budget setting has been strengthened each year. The aim of the process is to channel resources towards the delivery of key priorities whilst ensuring a clear link between the budget, MTFP and underpinning workforce and capital investment plans and requirements.
- 10.3 The 2025/6 budget setting process was incorporated within the wider Strategic Assurance and Planning Cycle which has further developed the important link between Strategic Planning and budget setting. This incorporates the production of the Force Management Statement, which is an annual assessment process that assesses the capability and capacity of Force assets (People, skills, ICT Equipment, Buildings and Fleet etc.) against current and likely future Demands.
- 10.4 The process has also considered HMICFRS Areas for Improvement and Audit recommendations as well as being tied into Strategic Risk Management and Project Management arrangements as depicted in the following graphic. This has ensured that resources, budget allocation decisions and workforce plans all reflect Strategic Priority requirements in terms of capacity, risk and future demands.

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### Picture 5 – Financial Monitoring Setting (FMS) and MTFP Linkage



- 10.5 The Strategic Finance and MTFP Board, within the formal governance structure, has continued to oversee the delivery and timeliness of this approach, with financial planning also being a key focus for the Strategic Estates Group/Operational Estates Group, ICT Strategy Group and Fleet Strategy Group particularly linked to prioritisation in relation to capital related programmes.
- 10.6 The use of both The Chartered Institute of Public Finance and Accountancy (CIPFA) and HMICFRS Value for Money profile benchmarking data continues to develop, as this is helpful to assess demand and value for money considerations. The following table provides some high-level benchmarking and comparator data for 2024/5 budgets. The data shows the significant impact that the Force’s geography has on spending, for example, custody, firearms, and traffic in comparison to others.
- 10.7 In addition, from a crime investigation perspective, although the data shows that the Force spends roughly the same as other Forces in total in the categories “Response and Neighbourhood Policing”, “Investigations and Criminal Justice”, and “Vulnerable People and Offender Management”, the allocation of resources within this total vary fairly significantly. This is believed to be mainly down to categorisation and crime allocation policies between response and investigation teams as well as there being more generalist and fewer specialist Investigation and Offender Management Teams in DPP compared to most similar Forces. Investigation structures are being reviewed as part of the Force Review to ensure that this approach is still appropriate and

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provides value for money from a from a productivity and crime outcome perspective.

### 10.8 Enabling services such as ICT, Estates, Fleet and HR/Training are considerably less expensive in Dyfed-Powys Police

Category of Spending	Police Officers	PCSOs	Polie Staff	Total	DPP Net Spending	DPP Proportion	Non-Met Proportion	Difference
	FTE	FTE	FTE	FTE	£m	%	%	£m
Response and Neighbourhoods	493	140	15	647	32.5	22.8%	25.8%	4.2
Force Control Room	7	0	149	156	7.3	5.1%	7.1%	2.8
Investigations and Criminal Justice	337	0	207	545	35.6	25.0%	19.4%	-8.0
Forensics and Digital	17	0	50	67	3.4	2.4%	1.4%	-1.4
Custody	42	0	38	80	6.7	4.7%	3.3%	-2.0
Vulnerable People / Offender Management	94	0	30	123	8.3	5.8%	8.7%	4.1
Firearms Units	57	0	4	61	4.5	3.1%	1.9%	-1.7
Roads Policing	81	0	30	111	5.5	3.9%	1.9%	-2.9
Specialist Operational Support	20	0	4	24	2.7	1.9%	2.4%	0.7
<b>Enabling Services</b>								
Estates	0	0	22	22	5.3	3.8%	4.6%	1.2
ICT	1	0	47	48	8.4	5.9%	7.1%	1.7
Fleet	0	0	16	16	2.4	1.7%	1.7%	0.1
HR and Training	57	0	46	105	5.9	4.2%	4.7%	0.8
Occupational Health	0	0	15	15	0.8	0.6%	0.4%	-0.3
Support Services	13	0	164	177	9.8	6.9%	6.2%	-0.9
Force Central Budget	9	0	8	17	3.2	2.2%	3.4%	1.6
<b>Total Force</b>	<b>1,228</b>	<b>140</b>	<b>845</b>	<b>2,214</b>	<b>142.0</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0</b>
OPCC	0	0	21	21	2.9			
Secoded and Funded	89	0	46	135	-0.1			
Appropriation from Reserves	0	0	0	0	-1.2			
<b>Grand Total</b>	<b>1,317</b>	<b>140</b>	<b>911</b>	<b>2,370</b>	<b>143.6</b>			

### Standstill Budget Position

### 10.9 As highlighted in the Finance Seminar in November by the Director of Finance, the Force has an array of cost pressures on a standstill basis that reflects National factors and issues that are unavoidable. These add £8.9m or 6.2% to the overall budget requirement in 2025/6. These are shown in the Table below:

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**Table 12 2025/26 Standstill Requirement**

Cost Category / Description	Budget Requirement £m	% of NRE
<b>Opening Baseline Budget 2024/5</b>	<b>143.9</b>	
Correct for Pay Award - Sept. 2024 (2.5% to 4.75% for 7 months)	1.8	+1.2
Full Year Effect - Sept. 2024 pay award (4.75% for 5 months)	2.7	+1.9
Part Year Impact of Sept 2025 Pay Award (2.8%) (7 months)	2.3	+1.6
Employers National Insurance Increase (Threshold +Rate)	2.6	+1.8
Less: National Insurance Grant	-2.1	-1.5
General/Specific Inflation	0.9	+0.7
Starting Salary to Point 2 (Recruit start salary £30K to £31K)	0.1	+0.1
Less: Officer and Staff Increments / Slippage	-0.2	-0.1
Minimum Wage / Bank Holidays / Dog Kennelling Costs	0.3	+0.2
Expected PCSO Grant Loss	0.0	+0.0
Pension Grant Reductions – Removal of McCloud Remedy Grant	0.3	+0.2
Uplift Grant - Expected Increases	0.5	+0.3
Less: Uplift to CT and Other Grants Required	-0.4	-0.3
Legislative Requirements - Disciplinary Hearings	0.1	+0.1
<b>Total Unavoidable National Issue Costs</b>	<b>8.9</b>	<b>+6.2</b>
<b>Net Standstill Budget Requirement for 2025/6</b>	<b>152.8</b>	<b>+6.2</b>

- 10.10 The starting point for the construction of the budget for 2025/26 was to correct the pay inflation assumptions that were made during the budget process for 2024/25. As per the steer from Home Office, the budget for Officers and Staff was set at a 2.5% for September 2024 compared to an actual pay award of granted of 4.75%. It is estimated that the part year impact of this correction to the base budget of 2.25% is £1.8m on a part year basis i.e. from September 2024 to March 2025.
- 10.11 A further £2.7m or 1.9% is needed to be added to the baseline budget as full impact of the 4.75% award for the 5-month period - April 2025 to August 2025.
- 10.12 Assumptions on inflation and pay awards for the next financial year continue to be challenging as forecasts from the Office of Budget Responsibility continue to be revised, however as the Consumer Price Index continues to fall, general inflation of 2.6% for non-pay related budgets has been assumed. For pay awards an assumed increase of 2.8% has been incorporated from September 2025.
- 10.13 Based on an assumed increase of 2.8% in pay for officers and staff from September 2025, a further £2.3m or 1.6% needs to be added to meet the part

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year (7-month) budgetary impact of this in financial year 2025/6. This assumption is in line with the pay-cap figure that was announced for Pay Negotiating Bodies in other sectors by Ministers. This decision has been taken to reduce the impact on the council taxpayer and reflects the uncertainty and historic underspends that have been caused by higher than anticipated leavers and delays in recruitment of transferees. The pay budget incorporates 100 leavers, 23 transferees in, and 70 new recruits that will be needed to maintain the establishment at 1,314.

- 10.14 As well as the pay award corrections and assumptions, the changes to increased employers' national insurance contributions both in terms of the reduction in thresholds and increase in rate by 1.2% to 15% will further increase the base budget by £2.6m. Despite assurances from Ministers that the National Insurance increases would be matched with additional grant awarded to DPP is £2.1m leaving a gap of £0.5 million.
- 10.15 Inflation on goods and services are largely linked to CPI which is projected to be around 2.6% for most cost categories adding a further £0.9m or 0.7% in budget terms. An inflationary increase of 7.5% has been incorporated for ICT related headings with significant inflationary pressures being experienced against large spend categories such as Microsoft Licences bought through Crown Commercial Services and Home Office System charges, in particular (such as Police National Computer and other Nationally run systems that are increasing by 21% in 2025/6 on a budget of £0.9m).
- 10.16 As part of the pay settlement, the lowest pay-scale was removed meaning that new recruits now start on a pay scale of £29,907 from September 2024 which is around £2K higher than would otherwise have been the case. Police officers and staff are entitled to annual increments, however the volume of leavers that has been experienced in 2024/5 means that a net reduction of £0.2m in budget is needed in 2025/26 due to the volume of people retiring and being replaced by staff or officers at lower scales.
- 10.17 There are further cost pressures linked to an additional bank holiday, the impact of the increase in the minimum wage on cleaning and forensic medical cost that have also needed to be reflected. In addition, changes in legislation linked to dangerous dogs has almost doubled dog kennelling costs representing an increase of £70K.
- 10.18 As detailed in Section 9, Welsh Government have committed to investing £16m to support PCSOs across Wales which does not reflect the full reduction the was expected in 2025/6. This investment will fund 350 PCSOs across Wales which includes 52 in Dyfed-Powys. The PCSOs are a vital and intrinsic part of the Neighbourhood Policing model being a much-valued policing resource

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within the communities. Dyfed-Powys Police will fund an additional 80 FTE, with a total standstill establishment of 132.

- 10.19 Despite the withdrawal by Welsh Government funding for the All-Wales Schools programme (£0.3m) announced for 2024/5, the Commissioner remains committed and recognises the benefits the programme delivers to our communities. He has announced that "I'm pleased to announce that my ambition is fully supported by the Chief Constable and a new strategy is being developed and will be launched later in 2025/6".
- 10.20 The following table sets out the array of specific grants having been adjusted for notified increases and reductions, albeit some are still awaited:

**Table 13 Specific Grants**

	2023/4	2024/5	2025/6	Change
	£m	£m	£m	£m
<b>Welsh Government Grants</b>				
WG PCSO	-3.571	-2.294	-2.361	-0.067
WG PFI Grant	-0.253	-0.273	-0.245	0.027
WG School Liaison	-0.300	0.000	0.000	0.000
<b>Total</b>	<b>-4.124</b>	<b>-2.567</b>	<b>-2.606</b>	<b>-0.040</b>
<b>Home Office Grants</b>				
Uplift Grant	-1.948	-3.490	-3.006	0.484
Special Branch	-0.557	-0.688	-0.735	-0.047
Disclosure Grant	-0.275	-0.275	-0.321	-0.046
Royal Protection	-0.064	0.000	0.000	0.000
Pensions Grant	-1.302	-4.067	-3.731	0.335
Capital Financing Grant	-0.183	-0.164	-0.164	0.000
<b>Total</b>	<b>-4.329</b>	<b>-8.684</b>	<b>-7.957</b>	<b>0.727</b>
<b>Other Grants</b>				
PCC - Ministry of Justice	-1.412	-1.412	-1.386	0.026
Other Grants	-0.144	-0.151	-0.151	0.000
NCTPHQ - Counter Terrorism	-2.852	-2.996	-3.189	-0.193
Go Safe	-1.491	-0.564	-0.596	-0.031
<b>Total</b>	<b>-5.899</b>	<b>-5.123</b>	<b>-5.322</b>	<b>-0.198</b>
<b>Total Before New Grants</b>	<b>-14.352</b>	<b>-16.374</b>	<b>-15.885</b>	<b>0.489</b>
<b>New Grants for 2025/6</b>				
National Insurance Grant	0.000	0.000	-2.130	-2.130
Neighbourhood Policing Guarantee	0.000	0.000	-1.417	-1.417
	<b>0.000</b>	<b>0.000</b>	<b>-3.547</b>	<b>-3.547</b>

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### Local Cost Pressures

- 10.21 Having updated the baseline budget requirement on a standstill basis, there are some other critical growth pressures which are aligned to both the Police and Crime Plan and Chief Constable priorities/ Force Management Statement that have been incorporated into the budget requirement.
- 10.22 Many of these such as the additional borrowing repayment costs linked to the new Police Station Dafen £0.6m and the additional contractual costs of Sexual Assault Referral Centre and Forensic Medical Running costs of £0.9m are unavoidable but result from local rather than National decisions.
- 10.23 These are detailed in the following table and further described below:

**Table 14 Local Cost Pressures and Cost Reduction Plan**

Cost Category / Description	Budget Requirement £m	% of NRE
<b>Standstill Budget for 2025/6 Carried Forward</b>	<b>152.8</b>	<b>6.2</b>
Minimum revenue provision and interest on capital	0.6	0.4
Forensic Medical Contract / Sexual Assault Referral Centre Costs	0.9	0.6
Other Cost Pressures	0.1	0.1
OPCC Growth	0.1	0.1
Welsh Language Scheme Costs	0.0	0.0
FCC Growth (Full Year Impact)	0.1	0.1
Discipline, standards and Vetting	0.2	0.1
Salary Regrading - Custody	0.2	0.1
Coroners Support	0.0	0.0
Occupational Health and Wellbeing	0.2	0.2
Interest Receipts	-0.2	-0.1
Direct Revenue Financing Increase	0.0	0.0
Savings Plan	-2.8	-2.0
Net Reserves Movements	-0.2	-0.1
<b>Total Local Cost Pressures / Cost Reduction Plan</b>	<b>-0.8</b>	<b>-0.6</b>
<b>Budget Requirement before service developments</b>	<b>152.0</b>	<b>+5.6</b>

- 10.24 The need for a replacement Station at in Llanelli was well documented and this became operational in 2024 and was funded by borrowing. A minimum revenue provision reflecting a depreciation charge in respect of the Station is due for the first time in 2025/6 which contributes to the additional costs.
- 10.25 The increase in costs for the Sexual Assault Referral Centre (SARC) reflects a collaboration between the three southern Forces in Wales and the Health Service to provide these and other key investigative examination services and support to victims of sexual crime outside a policing environment. This necessitated the separation of the SARC and Forensic Medical contracts which has resulted in additional costs in the short term with a provision being



## 2025/26 Medium Term Financial Plan and Precept Proposal

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established in Aberystwyth, Swansea and Cardiff as well as numerous satellite service support delivery points across other locations. The increase costs also reflect the impact of additional accreditation costs that are needed in respect of facilities and investigative processes across all sites.

- 10.26 There were also additional custody costs (£0.2m) linked to the need for Detention and Escort Officer pay re-gradings which arose due to including the additional responsibilities to administer medication in life threatening situations particularly in cases involving drugs which required significant additional training.
- 10.27 The new Custody Forensic Medical contact renewal, which went live in the Autumn 2024, incorporated the need for embedded nurse led healthcare support in Newtown rather than a call off arrangement that was previously employed. This is also a collaborative contract across southern Welsh Forces.
- 10.28 There were numerous other urgent cost and service pressures that have emerged during 2024/5 that were addressed utilising reserve funding which need to be established on a recurring basis. These included an increase in vetting and Professional Standards due to additional demands. Additional translation costs were also needed because of the requirement to publish Freedom of Information Act responses in both languages as required by the Welsh Language Commissioner / Act. Additional staff were also employed as part of a restructure of the Occupational Health Unit following numerous absences and gaps in service that were highlighted during a review of services as part of the Force Review.
- 10.29 An increase to reflect the changes in requirements to employ an ACC level Chair for Disciplinary hearings has also needed to be implemented following legislative changes at an additional cost of £0.1m.
- 10.30 An array of other smaller cost pressures to Force and OPCC budgets have also needed to be incorporated reflecting in year cost pressures and other matters and headings of concerns raised by Finance Business Partners and budget holders during routine budget processes.
- 10.31 The cost increases listed below are mitigated by reserves (£-0.2m) to meet some one-off cost pressures and additional interest receipts (£-0.2m) that have been incorporated following consideration of detailed revenue, capital and cashflow profiles. In addition, a cost reduction programme of £-2.8m or 2% has been incorporated which is summarised in the following table.

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### Cost Reduction Plan 2025/6

Cost Category/ Description	Value of Reduction to budget £m	% of NRE
Income Generation and cost recovery including Firearms Fees	-0.2	
Staff Vacancy Factor Increase to 5% – partial one-off due to growth	-0.6	
Recruitment Profile Changes / Rank Structure / Modernisation	-0.6	
Reduction in Officer Allowances	-0.1	
Collaborative Procurement Savings	-0.1	
Full Year Impact of PCSO reductions in 2024/5	-0.3	
IT Contracts – savings projected from Oracle Licences	-0.1	
Estates / Sustainability schemes including solar Park	-0.4	
Collaboration – Staff Vacancy Factor Assumption	-0.2	
Force Control Room Savings resulting from	-0.2	
<b>Total Cost Reduction Measures</b>	<b>-2.8</b>	<b>-2.0</b>

### Planning and Assurance Cycle Developments Supported by the Force

10.32 As well as the cost pressures included above, the Force has included a list of prioritised service improvement initiatives in its budget requirement calculation that have been identified as part of the Planning and Assurance Cycle process as described in Section 3.7. These were also highlighted in the Finance Seminar in large part and total £1.3m or 0.9%.

10.33 A summary of these is shown in the table below.

Bid / Request Area	Resources Requested		Unaffordable	Resources in Budget Request		
	FTE	£m	£m	Full Cost	Reserves	Net Cost
Workforce Modernisation - Release of officers	35.0	0.5	-0.1	0.6	0.0	0.6
CJD - Disclosure / Redaction	11.5	0.6	0.3	0.3	0.0	0.3
Firearms Licensing	1.0	0.0	0.0	0.0	0.0	0.0
Apprenticeship to Scale Cs	0.0	0.3	0.2	0.1	0.0	0.1
Force Command Centre - Project Support	6.0	0.3	0.2	0.1	-0.1	0.0
Coporate Communications - Staff Capacity	0.3	0.1	0.1	0.0	0.0	0.0
Scientific Support - Accreditation / Various	4.0	0.2	0.2	0.0	0.0	0.0
Professional Standards - Anti Corruption / Prevention	3.0	0.2	0.2	0.0	0.0	0.0
Information Management - Staff Capacity	8.0	0.3	0.3	0.0	0.0	0.0
Finance Staff Restructure	0.0	-0.0	0.0	-0.0	0.0	-0.0
Fleet Administration Data Analyst	1.0	0.0	0.0	0.0	0.0	0.0
Sustainability and H&S	2.0	-0.0	0.0	-0.0	0.0	-0.0
Legal Services - Various	5.0	0.2	0.2	0.0	0.0	0.0
ICT - Niche Support / RPA and BAU Team	13.0	0.7	0.5	0.1	-0.0	0.1
Investigations - Various Roles	9.0	0.3	0.2	0.1	0.0	0.1
Economic Crime	2.0	0.1	0.1	0.0	0.0	0.0
SOCT and PPT	4.0	0.1	0.2	-0.1	0.0	-0.1
Protecting Vulnerable People	1.0	-0.1	-0.1	0.0	0.0	0.0
HQ Operations - Equipment	7.3	0.6	0.4	0.2	-0.3	-0.1
Governance, Strategic Planning and Change	6.0	0.2	0.1	0.0	0.0	0.0
Performance and Analytics	3.0	0.1	0.0	0.1	0.0	0.1
DAVRU / CIH Supervision	0.0	0.2	0.2	0.0	0.0	0.0
Drug Testing on Arrest	0.0	0.0	0.0	0.0	-0.0	0.0
CJD Redaction and Performance Analytics	0.0	0.2	0.2	0.1	0.0	0.1
Trent System Costs / Restructure	0.0	0.0	0.0	0.0	0.0	0.0
Completion of System Implementation	0.0	0.0	0.0	0.0	0.0	0.0
Training Plan Growth in Requirements	0.0	0.5	0.3	0.1	-0.1	-0.0
	<b>122.1</b>	<b>5.4</b>	<b>3.6</b>	<b>1.9</b>	<b>-0.6</b>	<b>1.3</b>

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10.34 Taken together with the Neighbourhood Policing Guarantee positions the inclusion of these items will lead to the following improvements in service delivery which include an additional 50 FTE police officer positions in Local Policing Teams across the Force:

- Workforce Modernisation positions in desk-based investigation and other functions currently undertaken by experienced officers.
  - To release experienced officers to the front line (£0.9m +17 FTE)
- Neighbourhood Policing Guarantee
  - Capitalise on additional grant (must release officers and add to – Neighbourhood Policing functions £1.4m +33 FTE).
  - Can be new recruits or PCSOs or police staff.
- HQ Operations Equipment
  - Taser Refresh / PSU kit / Kit – Negotiators
- Criminal Justice Department
  - Performance Tools and Redaction Software contributing to the savings plan.
  - CJD Disclosure / Redaction Staff to reduce these time-consuming functions from operational officers and improve file quality and timeliness.
- Force Control Centre – Customer Relationship Management System to identify repeat vulnerable callers.
- Service Improvement Unit staffing to improve performance.
- ICT staff to complete further development and Business as Usual in relation to the collaborative Niche RMS system including Digital Case File and Missing from Home module rollouts.
- Investigations – Limited additional roles approved in the vulnerability field.
- Training Plan Requests – Partial Funding of the strategic and mandatory costed training plan over 3 years.
- Apprenticeships salary increase upon completion of their qualifications.
- Departmental Self-Financed Improvements / or Continuous Improvements.

10.35 The overall outcome of the settlement, budget required, savings plan and proposed precept has resulted in the following balanced budget being prepared. A fuller breakdown for 2024/25 to 2030/31 is provided in Appendix A.

**Table 16: Summary Budget Requirement and Funding 2025/26**

Cost Category / Description	Budget Requirement £m	% of NRE
<b>Opening Baseline Budget 2024/5</b>	<b>143.902</b>	
Total Unavoidable National Issues Costs (Table 12)	8.874	+6.2

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Local Cost Pressures / Cost Reductions (Table 14)	-0.793	-0.6
<b>Total Before PAC Service Improvement Requests</b>	<b>151.983</b>	<b>5.6</b>
PAC Service Improvement Requests (Section 10.33)	1.320	0.9
<b>Budget Requirement 2025/6</b>	<b>153.303</b>	<b>6.5</b>
<b>Funded By:</b>		
Core Police Grant	-58.839	
Welsh Government RSG and NNDR Allocations	-8.099	
<b>Total Grant funding</b>	<b>-66.938</b>	
Precept Requirement	-86.365	
<b>Total Funding</b>	<b>-153.303</b>	<b>+6.5</b>

### 11 Medium Term Budget and Outlook

- 11.1 Despite the recent Autumn Statement, the assumptions for the medium-term budget continue to be challenging to set given the array of financial and economic uncertainties relating to the UK economy and world affairs. In addition, with the Comprehensive Spending Review being conducted over 2 Phases, the settlement announced for Phase 1 covered one year only with a Phase 2, dealing with the following three years (2026/7 to 2028/9) being scheduled for completion in the Spring 2025.
- 11.2 It is already apparent that the Government, faces an array of competing pressures, commitments and priorities in this process that include growth, health, defence, immigration, education, social care, welfare as well as policing in the form of the Neighbourhood Policing Guarantee. Despite election pledges that austerity is over, it is widely expected that the Public Sector will be set challenging cashable savings targets to deliver over the period.
- 11.3 The discipline of maintaining a Medium-Term Financial Plan (MTFP) that is based on a set of reasonable assumptions is a vital consideration when assessing and setting the precept for 2025/6. Maintaining financial resilience and ensuring sustainability is important not just for one year but also into the future. The Medium-Term Financial Plan provides an opportunity to consider and shape this.
- 11.4 It is expected that pay and price inflation will continue to exert pressure on the costs of providing policing services over the planning period of the MTFP. The assumptions are linked to the latest Office of Budget Responsibility (OBR) report, which predicts that inflation will continue to fall but at a much slower rate than they anticipated last year or indeed earlier this year. It seems reasonable at this stage to utilise OBR forward forecasts for CPI inflation a basis and these are shown in the Table below.

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**Table 17 – MTFP Inflation Assumptions**

Component	Months	Base 24/5	Actual 24/5	25/6	26/7	27/8	28/9	29/0	30/1
		%	%	%	%	%	%	%	%
Staff Pay	5	2.5	4.75	2.8	2.3	2.1	2.1	2	2
Officer Pay	5	2.5	4.75	2.8	2.3	2.1	2.1	2	2
Electricity/Gas	12			-0.5	2.3	2.1	2.1	2	2
Fuel/Utilities	12			2.6	2.3	2.1	2.1	2	2
Other Inflation	12			2.6	2.3	2.1	2.1	2	2
PUP Grant	12			0	0	0	0	0	0
PCSO Grant	12			2.9	0	0	0	0	0
Other Grants	12			0	0	0	0	0	0
PFI Grant	12			-10	-10	-10	-10	-10	-10
Income	12			2.6	2.3	2.1	2.1	2	2
Pensions	12			1.7	2.3	2.1	2.1	2	2
Capital Costs	12			0	0	0	0	0	0
Reserves	12			0	0	0	0	0	0
Recharges	12			0	0	0	0	0	0
ICT Contracts	12			7.5	2.3	2.1	2.1	2	2

- 11.5 Pay awards have been matched to future OBR CPI assumptions for each year other than in 2025/6 where the 2.8% limit announced by Government for pay negotiations has been used for police officer and staff budgets. Specific Grants are expected to remain flat. Pension costs for 2025/6 will increase by inflation in September 2024 – i.e. 1.7%. Reductions in PFI Grant have been set at -10% per annum reflecting expected profiles. Gas and Electricity budgets are assumed to reduce by -5% in 2025/6 reflecting Crown Commercial Services / contractual expectations. ICT contracts have been increased by 7.5% in 2025/6 but then to fall to forward OBR CPI forecasts in the medium term.
- 11.6 In terms of exposure to risk and the sensitivity to variations and differences between the budgeted and actual inflationary increases, the following tables provide indications of the impact of a 1% variation for a financial year:

**Table 18: Impact of 1% Change on Costs in 2025/6**

Heading	Assumption	Impact
<b>Expenditure</b>		£'000
Officer Pay	1% for 7 Months	566
Staff Pay	1% for 7 Months	286
Non-Pay	1% Annual	241
Capital	1% Interest	249
		<b>1,342</b>
<b>Income</b>		
Income	1% Annual	-96
Grants	1% Annual	-105
Settlement	1% Annual	-645
		<b>-846</b>

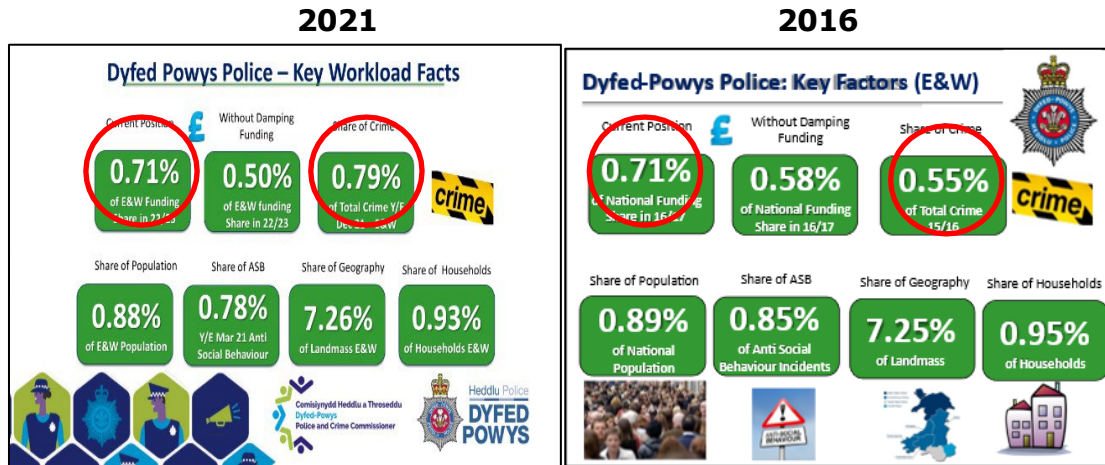
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- 11.7 Specific grants remain a risk for the organisation, and it is apparent from the late notification of significant reductions of PCSO funding and withdrawal of Schools Liaison Programme funding by Welsh Government for 2024/5 that there is no certainty of continuation. The risks surrounding specific grants need to be recognised as these are integral to underpinning a range of policing services. Grants which underpin police officer salaries also carry the attached risk due to the stringent requirements of the Police Uplift Programme.
- 11.8 The absence of information for future settlements remains concerning. The MTFP reflects an assumed annual increase in core grant settlements of 2% over the planning period. Clearly this remains an area of uncertainty and the lack of multi-year settlements, impending Government Comprehensive Spending Review and changing OBR inflationary forecasts make accurate financial and strategic planning extremely difficult.
- 11.9 The Home Office have continued their work on the review of the police funding formula but despite their ambition to implement changes, this is now remains unlikely over the medium term. Discussions for reform are now focused on more widespread reforms of the service and its policing institutions over a longer timeframe – which again makes forward planning extremely challenging at this stage and makes formula funding amendments seem more unlikely.
- 11.10 It was believed that the next stage would involve a consultation on the approach and principles but both content and timings are unclear. The Home Office previously consulted on the additional costs of rurality and seasonality. The Force made a robust submission as these factors would both impact substantially. So far there has been no indication of how transitional arrangements would be applied, including considerations to floors and ceilings. The interaction between the uplift grant and allocations of officer numbers will also be an area of specific interest in any proposals.
- 11.11 Currently there is no basis on which to make an informed assumption within the MTFP. Using a figure for example, from the aborted exercise in 2016, would be unreliable. With changing crime types, our share of national crime now exceeds our formula share of 0.71% which was not the case in 2016. This was evident in the case which was presented to Members of Parliament (MPs) in July 2022 and the submission to the Home Office as part of the specific consultation on rurality.

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### Picture 6 Formula Funding – Key Facts 2016 v 2021



11.12 Given the scale of impact that the review of funding formula or indeed wider reforms of policing could have, both the Commissioner and Chief Constable have agreed to record this eventuality on the Strategic Risk Register. There is no doubt that any significant reductions in central grant funding would have serious implications on police services and the communities of the Dyfed-Powys area. A specific Gold Group would be established to develop sustainable plans for operational and organisational models to meet the potential scenarios.

11.13 For MTFP purposes, a forward precept assumption of 5% was initially incorporated in the previous MTFP along with an assumed taxbase increase of 0.7%. Measures and pressures included in the budget for 2025/6 however have pushed the requirement to 8.63% for that year with 5.75% now being required for 2026/7 reflecting the additional full year implications of measures part implemented in 2025/6.

## 12 Future Savings/ Cost Reduction Plan and Force Review

12.1 In addition to increases in base costs, a cost and service reduction plan has been developed that aims to deliver additional savings over the next five years, this is in addition to the £6.3m achieved in 2023/24.

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**Table 19 – Savings Plan/ Force Review**

Category	23/4	24/5	25/6	26/7	27/8	28/9	29/0	30/31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Ill Health Budget Reduction	(200)	-	-	-	-	-	-	-
Direct Revenue Financing	(657)	-	-	-	-	-	-	-
Non-Pay Equipment	(101)	-	-	-	-	-	-	-
Officer Recruitment / Workforce Mix	(493)	(110)	(586)	(416)	-	-	-	-
Officer Allowances	(29)	(78)	(50)	(10)	-	-	-	-
Procurement Savings	(610)	(400)	(200)	(500)	(850)	(500)	(350)	(100)
Initial Training Cost	-	(336)	-	(180)	-	-	-	-
Loss of WG Funded PCSOs	(227)	(619)	(257)	-	-	-	-	-
Collaboration Budget Savings	-	-	(200)	-	-	-	-	-
Police Staff Reductions	(165)	-	-	-	-	-	-	-
Capital Financing Savings	-	-	(74)	-	-	-	-	-
Staff Pension Reductions	(290)	-	-	-	-	-	-	-
OPCC Savings	(161)	-	-	-	-	-	-	-
Departmental Non-Pay Savings	(558)	-	-	-	-	-	-	-
Estates-Facilities Management	(185)	(25)	-	-	-	-	-	-
Estates – Sustainability	(60)	(195)	(200)	-	-	-	-	-
Estates - Income Generation	(59)	(30)	(184)	-	-	-	-	-
Estates - Premises Review	(59)	(242)	-	-	-	-	-	-
ICT Contractual Savings	(81)	(74)	(75)	-	-	-	-	-
Firearms Income	-	(75)	(229)	37	40	91	(15)	-
Driver Training Income	(216)	180	-	-	-	-	-	-
Short Term Staff Vacancies	-	(404)	(609)	245	-	-	-	-
Force Review - Staff Positions	(1,829)	185	(161)	-	-	-	-	-
Compulsory, Voluntary and Early Retirements	(311)	-	-	-	-	-	-	-
	(6,292)	(2,222)	(2,826)	(824)	(810)	(409)	(365)	(100)

12.2 The Force review will continue to further develop the forward savings/ cost reduction plan aligned with the force operating model. As previous, there is a keen desire to protect police staff jobs where possible and minimise functions where police officers will be undertaking work that would more appropriately and economically delivered by police staff, although this will be kept under active review as part of financial sustainability, recognising the constraints of the police uplift targets.

12.3 The Force Review has now formally entered a third and final year with the following objectives:



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- Continue to meet the objectives of both the PCC's Police Crime Plan and Chief Constable's priorities, thereby improving the quality of service to the communities of Dyfed-Powys Police.
- Improve the response to victims of Domestic Abuse,
- Review resourcing and supervision within Uniform Response Policing to improve resilience and safety.
- Prioritise a programme of continuous improvement to enhance productivity, effectiveness, and efficiency.
- Improve crime and incident triage, assessment and recording processes to reduce demand.
- Review the current and future service delivery model within Dyfed-Powys Police.
- Support the wellbeing of officers and staff to increase engagement and retention.
- Improve the wider police officer supervision model including spans of command and command resilience.
- Articulate potential issues resulting from the decommissioning of, or decisions to deprioritise areas of work, supporting operational and strategic objectives.
- Support the delivery of further procurement and non-pay savings,
- Maximise opportunities for collaboration.
- Explore opportunities to deploy emerging technologies to maximise efficiency and effectiveness.
- Continue to review assets including premises, ICT and fleet.
- Maximise opportunities to enable sustainability and income generation.

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### 13 Capital Investment Plans

13.1 Assets are vital to the delivery of efficient services and should be well managed and maintained. Strategies for Estates Management, ICT and Vehicle replacements underpin the Capital Strategy, as detailed in Appendix F. Capital Investments are also critical in driving forward innovation, carbon reduction / sustainability, revenue cost reductions as well as being vital for ongoing service delivery.

13.2 The Capital Programme and financing which covers the revised position for 2024/25 through to 2033/34 is summarised below:

**Table 20- Capital Programme 2024/25 – 2033/34**

Capital Programme 2024 - 2034											
Scheme / Project	2024/5	2025/6	2026/7	2027/8	2028/9	2029/30	2030/31	2031/32	2032/33	2033/34	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Major Estates Schemes</b>											
Carmarthenshire Custody Facility	1	-	-	-	-	-	-	-	-	-	1
New Station - Brecon	399	2,102	5,989	-	-	-	-	-	-	-	8,490
Joint Firearms Training Facility	6,554	7,158	1,066	-	-	-	-	-	-	-	14,778
Relocation (Buy) - Pembroke Dock (Argile street)	428	172	-	-	-	-	-	-	-	-	600
Relocation (Rent) - Fishguard	60	-	-	-	-	-	-	-	-	-	60
Relocation (Buy) - Crosshands	-	-	190	-	-	-	-	-	-	-	190
Relocation (Rent) - Machynlleth	-	-	25	-	-	-	-	-	-	-	25
Relocation (Rent) - Ystradgynlais	-	-	30	-	-	-	-	-	-	-	30
Sustainability Schemes	1,229	2,862	1,020	900	900	275	175	175	175	175	7,886
Maintenance and Replacements	2,145	4,038	4,311	1,900	1,900	1,900	1,900	4,391	1,900	1,900	26,285
	<b>10,816</b>	<b>16,332</b>	<b>12,631</b>	<b>2,800</b>	<b>2,800</b>	<b>2,175</b>	<b>2,075</b>	<b>4,566</b>	<b>2,075</b>	<b>2,075</b>	<b>58,345</b>
<b>Fleet / Boat</b>											
Replacements	2,701	1,500	1,530	1,607	1,807	1,771	1,860	1,953	2,050	2,153	18,932
Electric Vehicles / Sustainability	-	391	180	180	180	180	180	180	180	180	1,831
	<b>2,701</b>	<b>1,891</b>	<b>1,710</b>	<b>1,787</b>	<b>1,987</b>	<b>1,951</b>	<b>2,040</b>	<b>2,133</b>	<b>2,230</b>	<b>2,333</b>	<b>20,763</b>
<b>ICT and Equipment</b>											
Control Room / ESN	1,019	771	1,509	1,528	863	965	1,317	870	1,453	1,455	11,750
Infrastructure Projects (Telephony / WAN / ESN)	976	665	445	265	655	205	205	245	645	495	4,801
Device Replacements	719	2,972	2,212	1,209	1,143	664	1,761	1,491	1,739	789	14,699
Other Equipment	357	846	619	726	724	725	725	724	725	725	6,896
	<b>3,071</b>	<b>5,253</b>	<b>4,785</b>	<b>3,728</b>	<b>3,385</b>	<b>2,559</b>	<b>4,008</b>	<b>3,330</b>	<b>4,562</b>	<b>3,464</b>	<b>38,145</b>
<b>Contingency / Slippage</b>											
Capital Contingency / Assumed Slippage	-	700	800	800	-	-	-	-	-	-	2,300
	-	<b>700</b>	<b>800</b>	<b>800</b>	-	-	-	-	-	-	<b>2,300</b>
<b>Total Planned Spending</b>	<b>16,588</b>	<b>24,176</b>	<b>19,926</b>	<b>9,114</b>	<b>8,172</b>	<b>6,685</b>	<b>8,123</b>	<b>10,029</b>	<b>8,867</b>	<b>7,872</b>	<b>119,552</b>
<b>Own Financing</b>											
Direct Revenue Financing	(2,718)	(2,718)	(3,143)	(3,933)	(4,522)	(4,522)	(4,522)	(4,663)	(4,599)	(4,416)	(39,756)
Capital Receipts	(1,084)	(294)	(50)	(820)	(50)	(50)	(50)	(50)	(50)	(50)	(2,548)
Capital Reserves & Grants	(3,004)	(4,376)	(1,852)	-	-	812	574	-	(812)	-	(8,658)
<b>Additional Capital Financing Requirement (Borrowing)</b>	<b>(9,782)</b>	<b>(16,788)</b>	<b>(14,881)</b>	<b>(4,361)</b>	<b>(3,600)</b>	<b>(2,925)</b>	<b>(4,125)</b>	<b>(5,316)</b>	<b>(3,406)</b>	<b>(3,406)</b>	<b>(68,590)</b>
Cumulative Capital Financing Requirement	(33,535)	(49,794)	(63,940)	(66,914)	(68,664)	(69,551)	(71,482)	(74,266)	(74,938)	(75,375)	-
Assumed External Borrowing	(9,113)	(30,686)	(49,653)	(54,668)	(55,873)	(56,280)	(60,482)	(63,266)	(63,938)	(64,375)	-
%age	5.09%	4.90%	4.00%	4.00%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	

13.3 Work has continued through the Strategic Finance and MTFP Board to consider and prioritise financial and investment requirements over a longer time frame. Whilst it contains several assumptions and uncertainties, the Capital Programme covers a 10-year period. This programme will be revisited as clarity arises and annually, as part of the formal budget and precept setting.

13.4 The draft capital programme requires total funding of £120m for 2024/25 to 2033/34 with £16.6m now being planned to be spent in 2024/25. For the

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current capital programme to be fully financed over the next five years, capital reserves will be depleted by the end of 2026/27.

- 13.5 It is foreseen that an external borrowing increase from £9m in April 2024 to £64m (currently at £30m) will be needed to fund the programme from 2024/25 to 2033/34 and the full debt charges associated with this have been built into future revenue budgets in this medium-term financial plan. Most of this borrowing will be linked to new assets and fund the building of a new station and custody facility for Brecon; along with providing a solution to the ageing firearms training facility for the Joint Firearms Unit.
- 13.6 Borrowing will also be required to support the extensive investment requirements in maintaining the estate and critical ICT infrastructure to support the effective delivery of policing services, as well as for cost saving sustainability schemes.
- 13.7 A strategy of increasing Direct Revenue Financing over the medium term continues, which along with additional borrowing cost requirements, continue to provide a challenging revenue budget pressure albeit against predicted interest rate reductions in the next two years.

### **14 Impact on Reserves**

- 14.1 In accordance with the Home Office Financial Management Code of Practice (FMCoP), the Commissioner considers the role of reserves when compiling the MTFP and annual budget. The Commissioner, supported by his Chief Finance Officer (CFO), holds the responsibility for ensuring the adequacy of reserves each year so that unexpected demand-led pressures on the budget can be met, without adverse impact on the achievement of the key priorities.
- 14.2 The FMCoP requires the Commissioner to establish a strategy on reserves in consultation with the Chief Constable. This Strategy is shown in Appendix D and details the approach for 2024/25 and beyond.
- 14.3 In considering resilience and sustainability factors, the Commissioner keeps earmarked reserves under review, not only formally when completing the Statement of Accounts, but also during the year when considering financial management reports and preparing the MTFP. These assessments and in-year financial position have allowed for some planned mitigation of one-off pressures and cost burdens to be met by reserves.
- 14.4 As part of the proactive steps taken during the year by both the Commissioner and Chief Constable, the General Reserve was increased at the end of 2023/24 to £5.5m which undoubtedly provides some improvement in financial resilience. Additional grant was received in year to assist in meeting the 4.75% pay award.
- 14.5 With prudent financial management, financial resilience, and sustainability in mind, the 2024/25 in-year forecasted financial position and existing reserves have been critically reassessed with some reclassifications where appropriate.

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This will allow for the creation of a Budget Mitigation Reserve to be used to smooth peaks in expenditure and fund one-off pressures in the next few financial years, therefore easing the budget requirement burden.

14.6 The following table provides a summary position with further detail provided in Appendix E.

**Table 21 – Reserves Projections 2024/25 to 2029/30**

Reserve Heading	FINAL CLOSING BALANCE 2023/24	FINAL CLOSING BALANCE 2024/25	FINAL CLOSING BALANCE 2025/26	FINAL CLOSING BALANCE 2026/27	FINAL CLOSING BALANCE 2027/28	FINAL CLOSING BALANCE 2028/29	FINAL CLOSING BALANCE 2029/30
General Reserves	-5,511,704	-5,511,704	-5,511,704	-5,511,704	-5,511,704	-5,511,704	-5,511,704
<b>Total General Reserve</b>	<b>-5,511,704</b>	<b>-5,511,704</b>	<b>-5,511,704</b>	<b>-5,511,704</b>	<b>-5,511,704</b>	<b>-5,511,704</b>	<b>-5,511,704</b>
Sexual Assault Referral Centre (SARC) Reserve	-107,144	-53,572	0	0	0	0	0
Pay Inflation Reserve	-402,500	0	0	0	0	0	0
Insurance and Litigation Reserve	-400,624	-410,574	-410,574	-410,574	-410,574	-410,574	-410,574
Budget Mitigation Reserve	-639,555	-556,458	-101,632	-0	-0	-0	-0
Forensic Alliance - Reserve	-340,139	-137,618	0	0	0	0	0
Police Education Qualifications Framework (PEQF) Reserve	-323,862	-85,814	0	0	0	0	0
Chief Constable Operational Fund	-545,755	-545,755	-545,755	-545,755	-545,755	-545,755	-545,755
Driver Retraining Scheme Reserve - Chief Constable	-340,804	-340,804	0	0	0	0	0
Revenue Transformational Projects Reserve	-495,000	-252,625	0	0	0	0	0
Proceeds of Crime Act Reserve	-421,591	-427,591	-433,591	-439,591	-445,353	-451,353	-457,353
Commissioner's Fund	-292,733	-167,733	-42,733	0	0	0	0
Go Safe Force Contingency Reserve	-329,000	0	0	0	0	0	0
Forfeiture Reserve	-100,733	-100,733	-100,733	-45,832	-6,691	-6,691	-6,691
Sale of Found Property Reserve	-19,424	-19,424	-19,424	-19,424	-19,424	-19,424	-19,424
Driver Retraining Scheme Reserve - Commissioner	-1,037,600	-773,116	-504,203	-239,344	-218,057	-117,629	-17,201
Drug Intervention Prog Reserve	-10,740	-10,740	-10,740	-10,740	-10,740	-10,740	-10,740
<b>Total Specific Earmarked Revenue Reserves</b>	<b>-5,807,204</b>	<b>-3,882,557</b>	<b>-2,169,385</b>	<b>-1,711,260</b>	<b>-1,656,594</b>	<b>-1,562,166</b>	<b>-1,467,738</b>
<b>Year End 2023/4 Entries</b>			0	0	0	0	0
Welsh Language/Translation Reserve	-51,000	0	0	0	0	0	0
Police Race Action Reserve	-76,790	-76,790	-36,897	0	0	0	0
Innovation Reserve (RPA)	-640,381	-640,381	-390,381	-140,381	0	0	0
People Services and Organisational Development Reserve	-125,680	-125,680	0	0	0	0	0
Disciplinary Hearing Reserve	-42,375	-42,375	0	0	0	0	0
Office of Police and Crime Commissioner Reserve	-37,091	0	0	0	0	0	0
PCC Innovation Funding Reserve	-1,000,000	-1,000,000	-750,000	-500,000	-250,000	0	0
<b>Total Specific Earmarked Revenue Reserves</b>	<b>-1,973,317</b>	<b>-1,885,226</b>	<b>-1,177,278</b>	<b>-640,381</b>	<b>-250,000</b>	<b>0</b>	<b>0</b>
Other Earmarked Capital Reserves	-7,314,567	-5,145,567	-1,519,567	-0	-0	-0	-812,000
RPU Vehicle Reserve (Year End to DRF / Capital)	-235,000	0	0	0	0	0	0
Capital Reserve - CCTV	0	-1,081,830	-331,830	0	0	0	0
Sustainability Fund	-493,793	0	0	0	0	0	0
General Capital Grant	-106,446	0	0	0	0	0	0
<b>Total Earmarked Capital Reserves</b>	<b>-8,149,806</b>	<b>-6,227,397</b>	<b>-1,851,397</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>	<b>-812,000</b>
Collaboration Revenue Reserve	0	0	0	0	0	0	0
Go Safe' Road Safety Partnership Reserve	0	0	0	0	0	0	0
<b>Total Ringfenced Revenue and Capital Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL USEABLE RESERVES</b>	<b>-21,442,031</b>	<b>-17,506,885</b>	<b>-10,709,765</b>	<b>-7,863,346</b>	<b>-7,418,299</b>	<b>-7,073,871</b>	<b>-7,791,443</b>
Less General Capital Grant	106,446	0	0	0	0	0	0
<b>Transfer to/from Reserves (Note to the Accounts)</b>	<b>-21,335,586</b>	<b>-17,506,885</b>	<b>-10,709,765</b>	<b>-7,863,346</b>	<b>-7,418,299</b>	<b>-7,073,871</b>	<b>-7,791,443</b>

14.7 The General Reserve is planned to be maintained at £5.51m over the course of the MTFP period, which sees overall reserves available for utilisation by the Commissioner fall in a planned manner from £17.5m in March 2025 to £7.8m by 2031. In terms of financial resilience and prudent financial management, the existence of reserves built up in recent years has been fundamental in allowing the Commissioner to fund one-off costs pressures, ease burdens arising from peaks in expenditure profiles and allowed a balanced budget.

## 2025/26 Medium Term Financial Plan and Precept Proposal

### 15 Medium-Term Financial Plan Summary

15.1 Based on the assumptions detailed above and taking cognisance of forecasted pressures and cost savings/ reductions, a summarised revenue budget position covering the period April 2025 to March 2030 is shown in Appendix A, with a variation statement shown below for the period of the MTFP:

**Table 22 – MTFP Variation Statement 2025/26 to 2030/31**

	25/6	26/7	27/8	28/9	29/30	30/31
	£'000	£'000	£'000	£'000	£'000	£'000
<b>National Issue Cost Pressures</b>						
Correct for Pay Award - Sept. 2024 (2.5% to 4.75% for 7 months)	1,754	0	0	0	0	0
Full Year Effect - Sept. 2024 pay award (4.75% for 5 months)	2,719	1,715	1,450	1,354	1,386	1,351
Part Year Impact of Sept 2025 Pay Award (2.8%) (7 months)	2,302	1,952	1,826	1,869	1,823	1,864
Employers National Insurance Increase (Threshold +Rate)	2,625	0	0	0	0	0
National Insurance Grant	-2,130	-43	-43	-44	-45	-46
General/Specific Inflation 24/5	944	630	573	618	652	725
Starting Salary to Point 2 (Recruit start salary £30K to £31K)	100	0	0	0	0	0
Officer and Staff Increments	-174	473	433	433	433	433
Minimum Wage / Bank Holidays / Dog Kennelling Costs	251	349	175	110	110	0
Expected PCSO Grant Loss	0	0	0	0	0	0
Pension Grant Reductions – Removal of McCloud Remedy Grant	335	0	0	0	0	0
Uplift Grant - Expected Increases	484	0	0	0	0	0
Uplift to CT and Other Grants Required	-435	0	0	0	0	0
Legislative Requirements - Disciplinary Hearings	100	0	0	0	0	0
	<b>8,875</b>	<b>5,078</b>	<b>4,414</b>	<b>4,341</b>	<b>4,359</b>	<b>4,328</b>
<b>Local Cost Pressures / Service Improvements</b>						
Minimum revenue provision and interest on capital	577	689	1,130	449	219	243
Forensic Medical Contract / Sexual Assault Referral Centre Costs	893	12	0	0	0	0
Other Cost Pressures	80	12	828	1,949	3,106	3,215
OPCC Growth	119	0	0	0	0	0
Welsh Language Scheme Costs	40	0	0	0	0	0
FCC Growth (Full Year Impact)	141	0	0	0	0	0
Discipline, standards and Vetting	151	0	-40	0	0	0
Salary Regrading - Custody	166	0	0	0	0	0
Coroners Support	39	0	0	0	0	0
Occupational Health and Wellbeing	236	0	0	0	0	0
Interest Receipts	-200	250	200	50	0	0
Direct Revenue Financing Increase	0	425	790	589	0	-0
Savings Plan*	-2,826	-644	-810	-409	-365	-100
Net Reserves Movements	-209	370	90	0	0	0
	<b>-793</b>	<b>1,114</b>	<b>2,189</b>	<b>2,628</b>	<b>2,960</b>	<b>3,357</b>
Planning and Assurance Cycle Departmental Requests						
PAC Process Submissions	5,402	0	0	0	0	0
PAC Process Submissions Not Approved	-4,081	753	36	0	0	0
	<b>1,321</b>	<b>753</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>0</b>
Ideal Budget Requirement	<b>9,403</b>	<b>6,944</b>	<b>6,639</b>	<b>6,969</b>	<b>7,319</b>	<b>7,685</b>
	0	0	-0	-0	0	-0
<b>Settlement - Based on NPCC Discussion @ 6.1%</b>	<b>-2,401</b>	<b>-1,339</b>	<b>-1,366</b>	<b>-1,393</b>	<b>-1,421</b>	<b>-1,449</b>
<b>Council Tax at 5% Band D Increase plus taxbase base changes</b>	<b>-7,002</b>	<b>-5,605</b>	<b>-5,273</b>	<b>-5,576</b>	<b>-5,898</b>	<b>-6,236</b>
	<b>-9,402</b>	<b>-6,944</b>	<b>-6,639</b>	<b>-6,969</b>	<b>-7,319</b>	<b>-7,685</b>
<b>Expenditure / Funding Gap</b>	<b>0</b>	<b>-0</b>	<b>-0</b>	<b>0</b>	<b>-0</b>	<b>0</b>

15.2 Although a balanced budget is presented for future years, it is important to recognise that the cost reduction plan is reflected and note the risks regarding uncertainties around inflation, core and specific grant funding, service demands and the formula funding review.

### 16 Section 25 and Budgetary Risk

16.1 Section 25 of the Local Government Act 2003 requires that the Chief Finance

## 2025/26 Medium Term Financial Plan and Precept Proposal

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Officer (CFO) report to the Commissioner, at the time the budget is being set, on the risks and uncertainties that might require more to be spent on the service than planned, and the adequacy of financial reserves. This report is shown in Appendix B.

16.2 Allowance is made for these risks by:

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

16.3 It is important that budgetary risk has been minimised when the budget is set. The level of budgetary risk must be formally considered by the Commissioner, informed by the advice and judgement of their CFO.

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

### 17 Public Consultation and Opinion

On the 6th December 2024, the Commissioner launched a public consultation on the police precept for 2025/26. It was important to the Commissioner that he sought the views of the public and the Dyfed-Powys Police workforce. He urged all to voice their opinion on this critical issue, to ensure that Dyfed-Powys Police can continue to safeguard its communities with the highest standard of service available.

To assist the public in providing their views, a survey was created and promoted widely. Below are the three options proposed:

#### **Which one of these options do you most support:**

##### **A. An approximate increase of £3.50 a month**

*This would provide a **balance budget** and allow services to be maintained, as well as investing in additional resourcing to support front line response and neighbourhood policing.*

##### **B. An approximate increase of £2.50 a month**

*This would leave a **funding gap of £2.8M** and would represent a modest increase in funding when compared to our overall budget, allowing for most services to be maintained at current level but likely to restrict investment in infrastructure and innovation in improving policing services.*

##### **C. An approximate increase of £1.50 a month**

*This would result in a **funding gap of £5.7M**, which would require significant reductions to current service levels, including some front-line services.*

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**Table 23 Public Consultation Responses**

Options	Responses
<b>An approximate increase of £3.50 a month</b>	<b>387 (54.7%)</b>
<b>An approximate increase of £2.50 a month</b>	<b>147 (20.8%)</b>
<b>An approximate increase of £1.50 a month</b>	<b>173 (24.5%)</b>
<b>Total</b>	<b>707</b>

- 17.1 It was pleasing to see an increase in responses this year's consultation, and 54.7% supporting the higher increase which would maintain current service levels and invest additional resourcing in neighbourhood and front-line policing services.
- 17.2 Respondents were also given the opportunity to provide comments, which have been analysed with some broad themes seeing significant levels of support, importance of police visibility, concerns regarding crime levels, Government policy, some critical commentary on service delivery, and concerns around the impact of the cost-of-living crisis.

### **18 Conclusion**

- 18.1 As outlined in the Commissioner's summary, given the historic funding decisions and ongoing financial challenges and operational requirements that both Dyfed-Powys Police and the wider police service face, it is vital to secure a police precept which will safeguard policing and support the continued delivery of the priorities set out in the Police and Crime Plan in both a sustainable, but prudent manner.
- 18.2 The content of this report sets out the array of internal and external factors and considerations, which have informed the development of the MTFP.
- 18.3 The Commissioner submits a precept proposal for 2025/26 and assumptions that underpin the MTFP to 2030/31, which will seek to raise the average band D property precept by £2.39 per month or **£28.65 per annum to £360.68, an 8.6% increase**. This increase will raise a total precept of £86.365m. This will provide a total of core central and local funding of £153.303m, representing an 6.5% increase on the funding level set in 2024/25.

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

## 2025/26 Medium Term Financial Plan and Precept Proposal

**Table 24 - Council Tax Bandings**

Tax Band	Basis	2024/25	2025/26	Increase
A	6/9ths	£ 221.35	£ 240.45	£ 19.10
B	7/9ths	£ 258.25	£ 280.53	£ 22.28
C	8/9ths	£ 295.14	£ 320.61	£ 25.47
<b>D</b>	<b>9/9ths</b>	<b>£ 332.03</b>	<b>£ 360.68</b>	<b>£ 28.65</b>
E	11/9ths	£ 405.81	£ 440.83	£ 35.02
F	13/9ths	£ 479.60	£ 520.98	£ 41.38
G	15/9ths	£ 553.38	£ 601.13	£ 47.77
H	18/9ths	£ 664.06	£ 721.36	£ 57.30
I	21/9ths	£ 774.74	£ 841.59	£ 66.85

- 18.4 After taking account of the cost reduction plan, this level of funding will seek to allow the Force to continue to deliver their operational and strategic plans, provide investment to workforce modernise officer posts to be re- deployed to uniform policing as well as increase staff in the Criminal Justice Department that will free officers from time consuming disclosure, redaction and PNC check administrative processes.
- 18.5 The investment in resourcing included in the 2024/5 budget process to ensure the Force Control Centre was adequately resourced and fit to respond to the increasing demand has been vital in improving services to the public and this budget continues to build further on front line operational capacity. This level of funding should positively impact the standards of service that the public can expect. The financial and operational landscape will undoubtedly remain challenging and will continue to be an area of focus for future strategic planning.



# Appendix A – Budget 2024/25 – 2030/31



<b>Appendix A - Revenue Budget 2024 - 2031</b>								
Heading	Original Budget 2024/25	Revised Budget 2024/5	25/26	26/27	27/8	28/9	29/30	30/31
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Budgets Managed by the Police and Crime Commissioner</b>								
PCC Office Costs	1,504	1,529	1,908	1,954	1,997	2,039	1,825	1,862
PCC Commissioning	2,745	2,745	3,043	3,125	3,191	3,258	3,323	3,390
PCC Income	-1,412	-1,412	-1,386	-1,386	-1,386	-1,386	-1,386	-1,386
Transfer from Reserves - PCC	0	-25	-275	-275	-275	-275	-25	-25
<b>Net Costs OPCC</b>	<b>2,837</b>	<b>2,837</b>	<b>3,289</b>	<b>3,418</b>	<b>3,526</b>	<b>3,635</b>	<b>3,737</b>	<b>3,840</b>
<b>Budgets Managed by the Chief Constable</b>								
Police Officer	91,049	90,139	95,135	97,431	99,807	102,152	104,486	106,825
Police Staff	41,682	42,266	48,719	50,684	51,766	52,943	54,215	55,490
Police Pensions	1,849	1,809	1,873	1,919	1,960	2,002	2,042	2,083
Indirect Staff Costs	1,903	1,879	1,917	1,877	1,918	1,958	1,998	2,038
Premises Related	5,989	5,968	6,024	6,464	6,778	7,033	7,286	7,432
Transport Related	2,448	2,345	2,351	2,405	2,455	2,507	2,557	2,608
Supplies and Services	13,829	13,760	15,342	14,930	15,222	17,019	20,170	23,750
Agency and Contracted	5,771	5,410	5,291	5,389	5,444	5,558	5,669	5,783
Capital Borrowing Costs	1,080	1,155	1,659	2,348	3,478	3,928	4,146	4,389
Direct Capital Financing	2,718	2,718	2,718	3,143	3,933	4,522	4,522	4,522
<b>Total Gross Spending - Force</b>	<b>168,319</b>	<b>167,449</b>	<b>181,029</b>	<b>186,590</b>	<b>192,762</b>	<b>199,621</b>	<b>207,091</b>	<b>214,919</b>
Income	-10,023	-9,703	-10,386	-10,335	-10,257	-10,333	-10,559	-10,774
PUP	-3,490	-3,490	-3,006	-3,006	-3,006	-3,006	-3,006	-3,006
Pensions	-4,067	-4,067	-3,731	-3,731	-3,731	-3,731	-3,731	-3,731
Home Office Neighbourhood Policing Guarantee Grant	0	0	-1,417	-1,417	-1,417	-1,417	-1,417	-1,417
Welsh Government PCSO Grant	-4,067	-2,294	-2,361	-2,361	-2,361	-2,361	-2,361	-2,361
National Insurance Grant	0	0	-2,130	-2,173	-2,216	-2,260	-2,306	-2,352
Specific Grants	-8,450	-5,176	-5,401	-5,376	-5,354	-5,334	-5,316	-5,300
Recharges and Apportionments	-96	-524	-646	-646	-646	-646	-646	-646
<b>Net Spending - Force</b>	<b>142,194</b>	<b>142,194</b>	<b>151,951</b>	<b>157,546</b>	<b>163,774</b>	<b>170,533</b>	<b>177,750</b>	<b>185,332</b>
Use of (-) / Contribution to (+) Balances	-1,129	-1,129	-1,938	-717	-413	-313	-313	-313
<b>Total Spending OPCC and Force</b>	<b>143,902</b>	<b>143,902</b>	<b>153,303</b>	<b>160,247</b>	<b>166,887</b>	<b>173,856</b>	<b>181,174</b>	<b>188,859</b>
% Increase in Budget	7.9%		6.5%	4.5%	4.1%	4.2%	4.2%	4.2%
<b>Financing</b>								
Police Grant	-64,538	-64,538	-66,938	-68,277	-69,643	-71,035	-72,456	-73,905
Precept	-79,364	-79,364	-86,365	-91,970	-97,245	-102,820	-108,718	-114,954
	<b>-143,902</b>	<b>-143,902</b>	<b>-153,303</b>	<b>-160,247</b>	<b>-166,887</b>	<b>-173,856</b>	<b>-181,174</b>	<b>-188,859</b>

1. Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer (CFO) report to the Commissioner, at the time the budget is being set on the following matters:
  - the robustness of the estimates made for the purposes of calculations.
  - and the adequacy of the proposed financial reserves.
2. Both the Commissioner and Police & Crime Panel (P&CP) are required to have regard to this report when considering and making decisions in connection with the budget.
3. As we know, the last few years have been unprecedented for a variety of reasons, but 2024/25 has once again continued in this vein with an unsettled economy, continued high interest rates, wars in both Ukraine and Gaza, and funding uncertainties with one-year settlements.
4. Extensive pressures within the public sector continue to be well documented which are now seeing implications for service provision and specific grant funding.
5. Detailed discussions have been ongoing throughout 2024/25 in relation to in-year financial management and the MTFP. These have taken place within both an informal setting between the Director of Finance (DoF) and I, within a formal Force and Office of the Police and Crime Commissioner (OPCC) governance structure, as well as the series of precept and MTFP meetings between the Commissioner, Chief Constable, DoF and myself.
6. Having recognised the extent of the future financial challenges, the Chief Constable established a Force Review team in mid-2022. The team is well established and proactively review current operating practices and research best practice across policing to ensure Dyfed-Powys is fit for the future.
7. In order to set a balanced budget for 2024/25, the Force identified a savings plan and have been successful in delivering this. A further savings plan of £2.8m has been identified for 2025/6 which is included within the budget. It is however recognised that efficiencies and cost reductions are proving harder to achieve and the constraints of the Uplift Programme continue to inhibit the optimal resource mix for the Force.
8. The proposed budgets that have been presented during the year are based on a comprehensive line-by-line assessment of inflation assumptions. To inform the assumptions, both the DoF and I have taken cognisance of a wide range of financial and economic data, including the very comprehensive report issued by the Office of Budget Responsibility (OBR) as well as continuing to engage closely with professional networks.
9. The Chief Constable has transparently set out his budget requirement at each stage and has documented the changes as they have materialised or crystallised during this period. It must be recognised that a considerable number of assumptions and estimates are used to construct the budget requirement. This is not and cannot be an exact science, and variations will be inevitable.
10. Although the MTFP has sought to make proper provision for realistic pay and price increases, and achievable levels of income, it must be recognised that there is climate of risk due to complexity of issues that are currently at play.

11. Whilst additional grant has been allocated on a recurring basis to assist in meeting the 4.75% pay award for 2024/25, the settlement does not adequately take cover the total cost of the pay and National Insurance increase or wider inflationary pressures for 2025/26. Clearly with such a large proportion of the expenditure budget circa 75% being spent on pay, any variance between assumed and actual pay awards can have significant ramifications. For scale and sensitivity purposes, a 1% variation would have a part year effect of £852k (award from September).
12. Having taken cognisance of public sector inflation forecasts, the planning assumptions include a 2.8% pay award for staff and officers from September 2025.
13. Risks have previously been highlighted in relation to uncertainties regarding specific grants. The previous impacts of Welsh Government's financial deficits have unfortunately seen these risks materialise with significant reductions to PCSO funding and the complete withdrawal of the All-Wales Schools Programme. These two instances highlight the precarious nature of policing activities which are underpinned by specific grant funding. Dealing with these cuts is not only impactful for service delivery, but in some instances is intertwined with requirements for the Police Uplift Programme.
14. There are also risks with uncertainties around the formula funding review, and the lack of multi-year funding settlements which provide no certainty for robust strategic and financial planning.
15. There was an overall increase in tax base by 0.2% for 2025/26, this increase is lower than previous years and follows a change in decision by one local authority in relation to premiums for second homes and empty properties. Clearly significant changes in the profile of these could impact on future tax base calculations and this should be noted as a risk.
16. Reserve levels are considered in the context of risk, which comply with The Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines, which state that "*in order to assess the adequacy of unallocated general reserves.... take account of the strategic, operational and financial risks facing the authority.*"
17. The adequacy of general reserves continues to be closely monitored to ensure that it is maintained at a sustainable level.
18. The assumed profile of funding and cost of services within the MTFP sees a reduction of the General Reserve falling from 3.83% of Net Revenue Expenditure at the end of 2024/25, to 3.17% by the end of 2028/29. This reduction is due to the increases in the net revenue budget rather than the utilisation, with general reserves remaining at £5.51M. It is vital and prudent that this balance is maintained to allow for unforeseen burdens and operational requirements. It is also important to note that even in a scenario where there may be eligibility for a Special Grant, costs up to the equivalent of 1% of net revenue budget (£1.439M for 2024/25) would ordinarily need to be met locally.
19. Ongoing review and consideration are given to earmarked reserves to assist in meeting particular initiatives or to mitigate against specific risks. In preparing the MTFP, consideration has been given to the anticipated in-year

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financial monitoring and a number of movements and reallocations have been proposed to the Commissioner to assist in mitigating one-off pressures, but this will not be finalised until the year end.

20. Despite the assumed increases in council tax precept, there will be a need for continued savings/efficiency requirements over the term of the MTFP and the uncertainties around future core and specific grant funding set against the wider economic landscape, meaning that the financial environment is likely to remain challenging for the foreseeable future.
21. I am content that the MTFP has fully considered and documented the array of known issues and assumptions which impact over the planning period to produce a balanced budget for 2025/26. I can confirm that the revenue and capital estimates contained in this MTFP are considered robust and that the level of reserves is considered adequate. Dyfed-Powys Police will however continue to operate in a challenging environment and there is a need for continued focus to ensure financial resilience and sustainability to protect the communities of the Dyfed-Powys area.

**Nicola Davies**

**T/Chief Finance Officer (CFO) to the Police and Crime Commissioner for  
Dyfed-Powys**

## Appendix C -Risk Assessment of Material Budgets



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Police Officer Salary Costs and Pensions	62.1%	High	<p>Assumptions have been made in relation to future pay awards but until finalised remain uncertain.</p> <p>This budget is very sensitive to changes in police officer numbers and the complexities in managing retirements, ill-health retirements, retention, recruitment of new recruits.</p> <p>Meeting the requirements attached to the Police Uplift programme.</p> <p>Operational demands require overtime.</p> <p>Future changes in pension's valuations remain a risk.</p>	<p>The assumptions around pay awards are based upon an array of financial and economic information which is reviewed on an ongoing basis.</p> <p>People Services has a strategic workforce recruitment plan for the year ahead based on the projected number of police officer retirements, leavers, transferees, and additional officers as part of the Police Uplift Programme. The required intake of probationers is planned and allocated accordingly, with strengthening of arrangements to ensure that the Home Office targets are met, with additional reporting to the Home Office throughout the year.</p> <p>There is tight financial control and management of overtime, both by budget holders and Overtime Group (chaired by the Assistant Chief Constable).</p> <p>Budget holders are aware of the financial challenges and their responsibilities for prudent financial management, with a strong ethos and awareness of the need for financial control.</p> <p>A Chief Constable Contingency Fund was established to ease the peaks and troughs of major and critical incidents.</p>

## Appendix C -Risk Assessment of Material Budgets



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
				<p>Finance representation on all gold groups and other operational investigation groups occurs as a matter of course. This enables overtime and other costs to be closely monitored at each meeting, with timely reporting facilitating decision making.</p> <p>The pay budgets are continually monitored as part of the budgetary control process, with formal reporting throughout the governance structure. Financial performance is discussed regularly by the Commissioner and Chief Constable at Policing Board and financial matters are also covered in the Strategic Finance Board.</p>
Police Staff Salary Costs (including Police Community Support Officers [PCSO's])	31.4%	High	<p>Assumptions have been made in relation to future pay awards but until finalised remain uncertain.</p> <p>Meeting Welsh Government PCSO targets attached to grant conditions.</p> <p>Overspends within overtime as a consequence of organisational, operational demands and vacancy levels.</p>	<p>The assumptions around pay awards are based upon an array of financial and economic information which is reviewed on an ongoing basis.</p> <p>The establishment is monitored through formal governance and in detail by the Resource Management Board. A Gateway process monitors and controls all changes to establishment and indeed all posts are reviewed and considered fully before being advertised.</p> <p>The pay budgets are continually monitored as part of the budgetary control process, with formal</p>

## Appendix C -Risk Assessment of Material Budgets



Budget area		% of net costs	Risk level	Identified Risk	Mitigating factor
					<p>reporting throughout the governance structure. Financial performance is discussed regularly by the Commissioner and Chief Constable at Policing Board and financial matters are also covered in the Strategic Finance Board.</p> <p>Staff pay budgets and overtime are routinely and closely monitored with Finance Business Partners closely engaged with Budget Holders.</p>
Indirect Costs	Staff	1.3%	Medium	The cost of the training plan continues to increase to meet increased demand in upskilling staff and officers. Maintaining the uplift requirement and an increase in attrition rates are contributed to this risk.	Training budgets have been set to reflect operationally critical requirements. Budgets are monitored on a monthly basis and a Training Prioritisation Group considers training priorities before training is delivered.

## Appendix C -Risk Assessment of Material Budgets



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Premises Costs	4.0%	Medium	<p>Despite a programme of work to address the condition of the estate and maintenance backlogs, increased revenue costs may be required to ensure that the estate is maintained as a safe working environment for staff and officers.</p> <p>Uncertainties around future utilities cost remain and extreme weather conditions.</p>	<p>The estates requirements of the capital programme are considered as part of Medium-Term Financial Strategy and annual budget setting process and have been subject to specific review by the Finance and Strategy Board.</p> <p>The Strategic Estates Group brings together key staff from the Commissioner's office and the Force to meet monthly to discuss estates matters including finances. Considerable work has been undertaken by this group to develop a risk-based prioritisation methodology for maintenance works.</p> <p>National negotiation of energy contracts through Bluelight Commercial.</p> <p>Review of energy utilisation to seek efficiencies and 'invest to save' opportunities.</p> <p>The Sustainability Group will consider further opportunities and oversee the Sustainability and Transformation Reserve.</p>



## Appendix C -Risk Assessment of Material Budgets



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Transport Costs	1.6%	Medium	<p>Fuel costs are prone to significant market fluctuation which could increase in running costs.</p> <p>Increase costs to sourcing parts and challenges within the supply chain.</p>	<p>Fuel prices are monitored, and their impact regularly assessed through the robust budget monitoring procedures that are in place.</p> <p>Telematics data is allowing the Force to monitor vehicle usage and driver behaviour.</p> <p>The capital programme includes provision for the continued adoption of electric vehicles, which will reap efficiencies and savings.</p> <p>Market conditions continue to be monitored at a local, regional and national level.</p>

## Appendix C -Risk Assessment of Material Budgets



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Supplies and Services and Commissioning	9.8%	Medium	<p>Orders outside of the approved procurement framework could result in overspends against the budget.</p> <p>Market conditions continue to be challenging as a consequence of world events and economic landscape.</p> <p>Continued pressures and impacts of inflationary increases within Commissioned Services could impact on service delivery.</p>	<p>Purchase orders are processed with a built-in budget check for high value items.</p> <p>The Procurement Department ensure that the procurement of goods and services are made in accordance with Financial Regulations and Procedures.</p> <p>Robust budget monitoring procedures are in place and adhered to.</p> <p>The establishment of Bluelight Commercial continues to facilitate and reap some national, regional and local savings. The Force is fully engaged in the work.</p> <p>The Commissioner's commissioned services are managed and authorised by the Director of Commissioning and are overseen by the Commissioning Advisory Board. Additional bids for funding are submitted wherever possible.</p>
Agency and Contracted Services	3.4%	Medium	<p>Additional and increasing costs arising from the collaboration arrangements – specifically the Regional Organised Crime Unit (ROCU), Joint Firearms Unit (JFU) and its training facility.</p>	<p>Continued strengthening of governance, financial management and scrutiny surrounding collaborative arrangements.</p>

## Appendix C -Risk Assessment of Material Budgets



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Capital Financing & Borrowing	2.9%	High	<p>The scale of the capital investment requirements is significant and increases in interest rates would increase borrowing costs.</p> <p>Fluctuations and increases in interest rates cause additional financial pressures.</p> <p>Continued delays and increased costs for ICT programmes.</p> <p>Increased costs for capital projects.</p>	<p>External advice from Treasury Management Consultants.</p> <p>The Capital Strategy, Investment Strategy and Medium-Term Financial Plan are aligned.</p> <p>Capital investment requirements will continue to be actively reviewed by relevant boards and parties.</p> <p>Regular monitoring of all capital projects, both local and national.</p> <p>Robust assessment and prioritisation of capital investment requirements through appropriate governance.</p>

## Appendix C -Risk Assessment of Material Budgets



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Specific Grant	-12.2%	High	<p>Critical services that are underpinned by specific grants cannot be sustained causing significant impacts for operational and organisational delivery.</p> <p>Additional financial burdens incurred as a result of lost/ reduced grant funding.</p> <p>Grants should be utilised in accordance with the terms and conditions of grant.</p> <p>Grant providers may cease payments of grant with minimal notice.</p>	<p>Local, regional and national representations continue to be made in relation to the range of specific grants that underpin core policing emphasising the need for longer term certainty.</p> <p>The assumptions in relation to all specific grants are considered on an annual basis and routinely as part of financial monitoring.</p> <p>Posts funded by grants should be recruited on a temporary basis for the duration of the grant, wherever possible, with all changes to these posts being scrutinised by the Establishment Control Group and authorised by the Director of Finance (DoF) and Head of People Services.</p> <p>All terms of grant are authorised by the CFO.</p> <p>Comprehensive exit plans continue to be developed for each specific activity supported by external grants.</p> <p>Commissioned services supported by specific grants are authorised by the Commissioner and the Director of Commissioning after consultation with the CFO.</p>
Other Income	-6.8%	Medium	<p>Income targets are under achieved as a result of lower than forecasted activity levels.</p>	<p>The Strategic Finance and Procurement Group consider opportunities for the maximisation of income generation, with budget holders being actively encouraged to develop opportunities.</p>

## Appendix C -Risk Assessment of Material Budgets



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
				Income is reviewed and monitored as part of financial management and budgetary control arrangements.
Use of Reserves	-1.3%	High	<p>Unexpected demand-led pressures on budgets cannot be met without an adverse impact.</p> <p>Inflationary pressures higher than those assumed.</p> <p>Reduced financial resilience as reserves reduce.</p>	<p>Annual review and consideration of the Reserves Strategy, which outlines the approach and arrangements.</p> <p>Operational reserve to mitigate peaks in critical and major incidents.</p> <p>Other specific reserves considered as appropriate to mitigate against one-off pressures.</p> <p>Formal governance arrangements continue to review medium-term requirements, reserves and funding matters.</p> <p>Regular monitoring of the financial position occurs through the formal governance structure.</p>

## Appendix C -Risk Assessment of Material Budgets



Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Capital	N/A	High	<p>The size, high cost and complexity of capital projects increases the risk of exceeding budgets, time overruns and not achieving the objectives of the original business case.</p> <p>Considerable strains in market conditions as a consequence of world events and economic landscape.</p> <p>Continued delays and increased costs for national ICT programmes.</p>	<p>The capital programme is approved and monitored through formal governance arrangements.</p> <p>There has been considerable focus through the Finance and Strategy Board, MTFP Group and within the Strategic Estates, ICT and Fleet Groups to critically review infrastructure requirements over a 10-year period.</p> <p>There has been ongoing strengthening in relation to project proposals and business cases and this work will continue in earnest, to ensure that all investments are fully considered, and options appraised, with business benefits being clearly identified.</p> <p>Regular monitoring of all capital projects both local and national.</p>

### RESERVES STRATEGY

#### RESERVES, BALANCES AND PROVISIONS

##### 1 Introduction

- 1.1. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 which require local authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement.
- 1.2. The Financial Management Code of Practice states that the Police and Crime Commissioner (Commissioner) should establish a strategy on reserves (including how they might be used by the Chief Constable) and provisions in consultation with the Chief Constable. This should have due regard to the need to ensure the ongoing funding of policing activities and the requirement to meet exceptional or extraordinary policing operations.
- 1.3. Reserves are an essential part of financial management. They help the Commissioner and Chief Constable cope with unpredictable financial pressures and plan for future spending commitments.
- 1.4. All reserves will be held by the Commissioner and managed to balance funding and spending priorities and to manage risks. This forms an integral part of the medium-term financial planning process.

##### 2. Definitions

- 2.1. Reserves and balances are different from provisions from an accounting perspective. In the case of useable reserves (as opposed to unusable reserves) and provisions, both amounts represented on the balance sheet should be matched by physical cash balances, unless internal borrowing has taken place.
- 2.2. **Usable Reserves** – these are balances which are generally held for three specific purposes and are categorised as general reserves or earmarked reserves:
  - A working balance to help smooth the impact of uneven cash flows – general reserves.
  - A contingency to deal with unexpected events – general reserves.
  - A means of building up funds to meet known or predicted requirements – earmarked reserves.
- 2.3. **Earmarked Reserves** – these are balances that are being held by the Commissioner for specific initiatives and purposes.
- 2.4. **Ring-fenced Reserves** - these are balances that are being held by the Commissioner on behalf of third parties and cannot therefore be utilised without specific direction.

- 2.5. **Unusable Reserves** - do not have equivalent cash balances and are held for accounting purposes.
- 2.6. **Provisions** – are required for any liabilities of uncertain timing or amount that have been incurred.

### 3. Governance Arrangements

- 3.1. Minimum governance requirements in respect of reserves and balances are:
- The Commissioner has a soundly based strategy on the level and nature of reserves and balances it needs which will be considered by the Joint Audit Committee;
  - The required levels of reserves and balances should be reflected in the annual budget and Medium-Term Financial Plan (MTFP);
  - The Commissioner monitors and maintains the level of reserves and balances within the range determined by its agreed policy, advised by the CFO who will ensure that there are clear protocols for their establishment and use;
  - The Commissioner retains adequate reserves so that unexpected demand-led pressures on budgets can be met without adverse impact on the achievement of the key priorities;
  - The Commissioner’s strategy for reserves and balances is based on a thorough understanding of needs and risks and is properly and clearly reported at the same time the budget and precept are set. The level of balances is kept under review and managed to ensure that financial standing is sound and supports the Commissioner in the achievement of their long term objectives;
  - Where target levels for reserves and balances are exceeded, the opportunity costs of maintaining these levels have been established, compared to the benefit accrued.
- 3.2. Locally agreed Financial Regulations and the Scheme of Consent should:
- Contain full details of how the Reserves and Balances strategy will operate locally;
  - Ensure that the annual budget includes a realistic amount of operational contingency that is available to the Chief Constable for operational priorities, without the need for additional approval; and
  - Make provision, where appropriate, for budgets to be carried forward from one financial year to the next.



### Statutory Responsibilities

- 3.3. The "CIPFA Statement on the Role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable" sets out the five principles that define the core activities and behaviours that belong to the role of the CFO and the organisational arrangements needed to support them.
- 3.4. For each principle, the Statement sets out the governance arrangements required within an organisation to ensure that CFOs are able to operate effectively and perform their core duties.
- 3.5. Governance arrangements required in respect of reserves and balances, and which are the responsibility of the CFO are:
  - Ensuring that advice is provided on the levels of reserves and balances in-line with good practice guidance;
  - To report at the time the budget is considered, and the precept set on the robustness of the budget estimates and the adequacy of financial reserves, as required by Section 25 of the Local Government Act 2003, and in line with CIPFA guidance.
- 3.6. Both should be undertaken in consultation with the Director of Finance (CFO Chief Constable).
- 3.7. There are also a range of safeguards in place that militate against the Commissioner over-committing financially. These include:
  - The balanced budget requirement;
  - Chief finance officers' Local Government Finance Act 1988 Section 114 powers, which require the Chief Finance Officer to report if there is, or is likely to be, unlawful expenditure or an unbalanced budget; and
  - The external auditor's responsibility to review and report on financial standing includes a review of the level of reserves, taking into account their knowledge of the organisation's performance over a period of time. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual organisations.

### 5. Home Office Guidance on Police Reserves

- 5.1 On 31<sup>st</sup> March 2018 the Minister for Policing and the Fire Service published new guidance on the information that each Police and Crime Commissioner (PCC) must publish in terms of police reserves.
- 5.2 One of the key requirements is that the information on each reserve should make clear how much of the funding falls into each of the following three categories:
  - Funding for planned expenditure on projects and programmes over the period of the current medium-term financial plan.
  - Funding for specific projects and programmes beyond the current planning period.

- As a general contingency to meet other expenditure needs, held in accordance with sound principles of good financial management.

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

### **6. Assessing the Appropriate Level of Reserves**

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

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

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

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

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

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

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

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

approved, forces are expected to meet the additional costs of the event up to 1% of the revenue budget.

- 6.8 An effective reserves and balances strategy should consider the organisations approach to treasury management, capital expenditure plans and the need for external borrowing, against the use of balances and reserves.
- 6.9 CIPFA guidance suggests that in addition to cash flow requirements, the following factors should be considered:

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

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

- 6.11 The Chief Constable will ensure that the annual revenue budget is sufficient to finance foreseeable operational needs, by presenting a business case as part of the MTFP and annual budget setting process to the CFO (Commissioner) and Commissioner, for one-off expenditure items to be funded from earmarked reserves.
- 6.12 The business case should include consideration of the level of reserves required for major incident investigations and other operational requirements, the amount of reserves required and timescales for their use.
- 6.13 Approval of business cases for the use of reserves will be subject to the authorisation limits set out in Financial Regulations, to assist with day-to-day operational decision making.

### **7. General Reserves**

- 7.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) *"Guidance Note on Local Authority Reserves and Balances"* states that a General Reserve is required to act as *"a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves."* A General Reserve is also required to act as *"a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves."*
- 7.2 Whilst CIPFA does not stipulate a minimum or optimal level of general reserve, its general guidance is to establish a reserve representing *"resources set aside for purposes such as general contingencies and cash flow management."*
- 7.3 Setting the level of earmarked and general reserves is just one of several related decisions in the formulation of the MTFP and the budget for a particular year. Account should be taken of the key financial assumptions underpinning the budget, alongside a consideration of the organisation's financial management arrangements.

The General Reserve General Reserve will be retained at £5.512m which will provide financial resilience to mitigate extraordinary and unforeseen burdens.

### **8. Earmarked Reserves including Ring-fenced Reserves**

- 8.1 The current accounting Code requires the purpose, usage and basis of transactions of earmarked reserves to be clearly identified. A review of the purpose and level of reserves will be carried out annually during the budget setting process and details of the use of reserves included in the relevant note to the Statement of Accounts.
- 8.2 Earmarked reserves are categorised as either "usable" reserves or "unusable" reserves. Usable reserves can be applied to fund expenditure. Unusable

reserves are not resources backed and therefore do not have equivalent cash balances.

- 8.3 It is the Commissioner's policy to use reserves to assist in funding non-recurring purchases and mitigate peaks in spending profiles to reduce the impact on the council tax precept. This includes using capital reserves to reduce the Capital Financing Requirement (CFR), if appropriate, which in turn will reduce the Minimum Revenue Provision charged to the revenue account annually.
- 8.4 Reserves will be assessed annually as part of the MTFP process but also both during the year and formally at year end. Considerations will be given to the continued requirement of all reserves which may be reallocated as appropriate. The level of earmarked reserves will therefore fluctuate annually but will always be justifiable and monitored to ensure levels of earmarked reserves are not too high or too low. Should the Commissioner deem that the level of usable reserves that he holds is above and beyond the levels reasonably required and specifically earmarked for future projects, the Commissioner may return reserves to the public. This is to be achieved by first utilising reserves to fund one-off investments.
- 8.5 There are also a number of unusable reserves currently held which include:
- **Revaluation Reserve** - The Revaluation Reserve contains the gains arising from increases in the value of Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are revalued downwards or impaired, consumed through depreciation, or disposed of and the gains are realised;
  - **Capital Adjustment Account** - The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions;
  - **Accumulated Absences Account** - The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g., annual leave entitlement carried forward at 31<sup>st</sup> March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account;
  - **Pensions Reserve** - The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

### 9 Reporting Framework

- 9.1 The Commissioner has a fiduciary duty to local taxpayers and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.
- 9.2 The level and utilisation of reserves will be informed by the advice and judgement of the CFO (Commissioner). To enable the Commissioner to reach their decision, the CFO (Commissioner) will report the factors that influenced their judgement and ensure that the advice given is recorded formally within the MTFP. As a minimum, this report will include a statement:
- detailing the level of general reserve and any movements on the fund;
  - on the adequacy of the earmarked reserves, relative to spending and an estimate of provisions in respect of the forthcoming financial year and the MTFP;
  - how reserves have changed over time;
  - on the annual review of earmarked reserves including estimates of the year-end balances. The statement will list the various reserves, their purpose, when they will be utilised and appropriate level; and
  - an assessment of the risk of major incidents (operational and non-operational) occurring, which is reflected in the budget and MTFP.
- 9.3 This report will be provided annually, based on estimates, to the Commissioner prior to approval of the council tax precept, with the reserves position also being considered annually as part of the Commissioners approval of the Statement of Accounts.
- 9.4 As outlined above, the Home Office issued specific guidance on Police Finance Reserves in January 2018 which seeks enhanced transparency across the service to demonstrate clear utilisation plans. The reporting framework detailed above addresses these requirements.

### 10 The “Opportunity Cost” of Holding Reserves

- 10.1 The external auditor encourages a statement within the Reserve Policy on the opportunity cost of holding reserves. “Opportunity Cost” is an economic theory term, which means if you spend something on one thing you cannot spend it on something else.
- 10.2 Applied to reserves, this means that if reserves are held which are too high, then an organisation is foregoing the opportunity to lower the Council Tax. This theory does not however lend itself well in practice where levels of council tax increase can be capped.
- 10.3 During the budget setting process, the Commissioner considers using reserves for one-off investments. This is considered a more sustainable use of ‘excess’ reserves and reduces the impact on the council tax precept. As reserves reduce, the opportunity to do this reduces.

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

### **11 Provisions**

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

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

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

11.3 The requirement for provisions will be regularly assessed.

## Appendix E – Reserves Strategy

Reserve & Capital Reserves	Description	Home Office Classification	Closing Balance 2024/25	Closing Balance 2025/26	Closing Balance 2026/27	Closing Balance 2027/28	Closing Balance 2028/29	Closing Balance 2029/30
General Reserves	In accordance with CIPFAs Guidance Note on Local Authority Reserves and Balances, the Commissioner also maintains a General Reserve to act as a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing, and	C	-5,511,704	-5,511,704	-5,511,704	-5,511,704	-5,511,704	-5,511,704
<b>Total General Reserve</b>			<b>-5,511,704</b>	<b>-5,511,704</b>	<b>-5,511,704</b>	<b>-5,511,704</b>	<b>-5,511,704</b>	<b>-5,511,704</b>
Sexual Assault Referral Centre (SARC) Reserve	To mitigate anticipated costs arising from the regionalisation project for Sexual Assault Referral	A	-53,572	0	0	0	0	0
Insurance and Litigation Reserve	To assist in mitigating the financial impacts of changes	C	-410,574	-410,574	-410,574	-410,574	-410,574	-410,574
Budget Mitigation Reserve	Reserve to support one-off cost pressures	A	-556,458	-101,632	-0	-0	-0	-0
Forensic Alliance - Reserve	Reserve to support one-off cost pressures	A	-137,618	0	0	0	0	0
Police Education Qualifications Framework (PEQF)	Reserve to support peak in costs from PEQF programme	A	-85,814	0	0	0	0	0
Chief Constable Operational Fund	Reserve to mitigating against the consequential costs of notable peaks in operational activity.	C	-545,755	-545,755	-545,755	-545,755	-545,755	-545,755
Driver Retraining Scheme Reserve - Chief Constable	Reserve to support activities in relation to road and community safety initiatives.	A	-340,804	0	0	0	0	0
Revenue Transformational Projects Reserve	Reserve to fund activities seeking to deliver organisational transformational projects.	A	-252,625	0	0	0	0	0
Police Race Action Reserve	Reserve to fund a Police Race Action Plan Co-ordinator position to take forward this piece of work	A	-76,790	-36,897	0	0	0	0
Innovation Reserve (RPA)	Reserve to enhance the delivery of RPA, continuous development, and Power BI dashboard development.	A	-640,381	-390,381	-140,381	0	0	0
People Services and Organisational Development Reserve	Reserve to fund changes within the People Services Department. This includes appointing a Head of Training/Talent, Wellbeing Lead, and Counselling Support to manage the wider recruitment and retention	A	-125,680	0	0	0	0	0
Disciplinary Hearing Reserve	Reserve to fund a part time post to manage the workloads of disciplinary hearings.	A	-42,375	0	0	0	0	0
<b>PCC Reserves - Force</b>			<b>-3,268,445</b>	<b>-1,485,239</b>	<b>-1,096,710</b>	<b>-956,329</b>	<b>-956,329</b>	<b>-956,329</b>



## Appendix E – Reserves Strategy

Reserve & Capital Reserves	Description	Home Office Classification	Closing Balance 2024/25	Closing Balance 2025/26	Closing Balance 2026/27	Closing Balance 2027/28	Closing Balance 2028/29	Closing Balance 2029/30
Commissioner's Fund	Reserve to support the Police & Crime Plan priorities	A	-167,733	-42,733	0	0	0	0
Forfeiture Reserve	Money seized under Section 27 Misuse of Drugs Act 1971 and following forfeiture at Court is transferred to the Forfeiture Reserve for use by the Commissioner. The reserves are utilised to fund operations targeting drug related crime and drug abuse.	A	-100,733	-100,733	-45,832	-6,691	-6,691	-6,691
Proceeds of Crime Act Reserve	Funds are allocated as a result of confiscation orders arising from proceeds of crime. The reserves are utilised to support operational activities which assist in bringing criminals to justice.	B	-427,591	-433,591	-439,591	-445,353	-451,353	-457,353
PCC Innovation Funding Reserve	To deliver innovation projects in line with the Commissioners priorities e.g. Rural Crime initiatives/pilot projects.	A	-1,000,000	-750,000	-500,000	-250,000	0	0
Sale of Found Property Reserve	The Sale of Found Property Fund is made up of monies received by the Commissioner from the sale of found property. It is current policy to provide annual donations to local charities.	A	-19,424	-19,424	-19,424	-19,424	-19,424	-19,424
Driver Retraining Scheme Reserve - Commissioner	The Sale of Found Property Fund is made up of monies received by the Commissioner from the sale of found property. It is current policy to provide annual donations to local charities.	A	-773,116	-504,203	-239,344	-218,057	-117,629	-17,201
Drug Intervention Prog Reserve	This reserve will be utilised to support drug testing.	A	-10,740	-10,740	-10,740	-10,740	-10,740	-10,740
<b>PCC Reserves - OPCC/ Commissioning</b>			<b>-2,499,337</b>	<b>-1,861,424</b>	<b>-1,254,931</b>	<b>-950,265</b>	<b>-605,837</b>	<b>-511,409</b>
Other Earmarked Capital Reserves	To support the capital programme	A	-5,145,567	-1,519,567	-0	-0	-0	-812,000
Capital Reserve - CCTV	To support the capital programme	A	-1,081,830	-331,830	0	0	0	0
<b>PCC Reserves - Capital</b>			<b>-6,227,397</b>	<b>-1,851,397</b>	<b>-0</b>	<b>-0</b>	<b>-0</b>	<b>-812,000</b>
<b>Total Usable Reserves</b>			<b>-17,506,885</b>	<b>-10,709,765</b>	<b>-7,863,346</b>	<b>-7,418,299</b>	<b>-7,073,871</b>	<b>-7,791,443</b>

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

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



### Capital Programme and Strategy

#### 1 Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2021 requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in-line with desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability.
- 1.2 This Capital Strategy sets out the principles that underpin the production of the Police and Crime Commissioner's (Commissioner) forward capital programme. It provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It also provides an overview of the governance arrangements for approval and monitoring of capital expenditure, outlines how associated risk is managed and considers the implications for future financial sustainability.
- 1.3 The priorities for policing in the local area are detailed in the Police and Crime Plan (PCP). This document is compiled by the Commissioner in consultation with the Chief Constable. The priorities take account of the views of local people and partners, as well as the Commissioner's priorities as the elected representative. The Commissioner published his new PCP in January 2025, and the following priorities will underpin all aspects of operational and organisational delivery:
  - **Supporting Victims and Preventing Victimisation**
  - **Supporting Safe Communities by Preventing Harm**
  - **Supporting a More Effective Justice System**
- 1.4 The Commissioner and Chief Constable also take account of the Strategic Policing Requirements issued by the Home Secretary. The Chief Constable is responsible for supporting the Commissioner in the delivery of the priorities set out in the PCP and has developed a Police and Crime Delivery Plan to support the PCP. His operational delivery, performance monitoring frameworks and financing decisions focus on these priorities. The Chief Constable also has developed three priorities for the Force which will also support the PCP:
  - The elimination of domestic abuse, stalking and harassment;
  - Making the Heddlu Dyfed-Powys Police area hostile to those that deal drugs;
  - A compassionate response to victims of rape and sexual assault and the relentless pursuit of offenders.
- 1.5 The Capital Strategy is a tool to support planning and corporate working across the two Corporations Sole helping to ensure that assets are used and managed well. The Capital Strategy shows how we prioritise, monitor, deliver and evaluate our capital programme using the basic principles of the project methodology.

## **Appendix F – Capital Programme and Strategy**

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

### **2 Key Partnerships**

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

### **3. Financial Sustainability**

- 3.1 For many years Dyfed-Powys Police has benefitted from significant levels of capital reserves which have been supplemented by the sale of operational buildings or police houses.
- 3.2 These reserves have historically underpinned capital investment, but recent years the position moves away from the use of reserves into a position of funding through either direct revenue financing or borrowing. This therefore adds pressures to the revenue budget and consequentially to the council tax precept. It must also be noted that it is in a continued period of revenue pressures, increased demand and funding uncertainty.
- 3.3 The strategic approach is therefore to invest in core infrastructure now, that will not only offer overall service improvements to the public, but also maximise revenue savings into the future, through more efficient and mobile use of police personnel, enabled by improved Information and Communication Technology systems and other core infrastructure, for example, connected vehicle fleet and building assets.
- 3.4 Capital investment will also be influenced by and take account of national visions for policing, the strategic policing requirement and both regional and local priorities.
- 3.5 All project proposals and business cases for capital investments will focus very clearly on business benefit realisation, both from a financial perspective and also from a non-financial perspective, which will provide a sound basis to inform critical decision making.

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### 4 Environmental Sustainability and Decarbonisation

- 4.1 The UK Government has set a challenging timeframe for the UK to be Net Zero / Carbon Neutral by 2050 (*Net Zero Strategy: Building Back Greener 2021*). The Police and Crime Commissioner and Force have recognised the importance of acting in the light of the climate emergency and making early progress against reducing carbon emissions. The Commissioner and Chief Constable have adopted a Sustainability Strategy that is being implemented across Policing in Wales as a collaborative programme.
- 4.2 As part of the All-Wales approach, Dyfed-Powys Police are firmly committed to playing their part within this strategic context which sets out the ambition for decarbonisation and commitment to a long term, future sustainable police service. Achieving net zero carbon will require a thorough transformation of the systems that make up the backbone of our operations, including transport, energy use, procurement of goods and services and the built environment.
- 4.3 A Force Policy has also been approved to underpin the wider All-Wales Strategy. This commits Dyfed-Powys Police to becoming a sustainable police force – it aims to deliver social, economic and environmental benefits each of the Local Policing Areas (LPAs) through the provision of a safe place to live and work, that aligns with our Strategic Organisational Plan:
- Establishing a carbon footprint baseline;
  - Identifying mitigation potential;
  - Developing plans for decarbonisation;
  - Developing plans for sustainable goals;
  - Monitoring progress;
  - Quantifying benefits.
- 4.4 Using the three pillars of sustainability (social, economic and environment), Dyfed-Powys Police aims to build a solid platform from which to deliver its objective outcomes.
- 4.5 Dyfed-Powys Police is very conscious of its obligations in relation to environmental sustainability and these considerations will form an intrinsic part of all capital investment proposals.

### 5 Capital Programme

- 5.1 Assets are vital to the delivery of efficient services and should be well managed and maintained. Strategies for Estates Management, Information and Communication Technology (ICT) and Vehicle replacements underpin the Capital Strategy, in providing the details for the longevity and the optimum replacement cycles for these items.
- 5.2 The Capital Programme and financing which covers the revised position for 2024/25 through to 2029/30 is summarised below:

## Appendix F – Capital Programme and Strategy

**Table 1- Capital Programme 2024/25 – 2029/30**

Capital Programme	24/25	25/26	26/27	27/28	28/29	29/30	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Land and Buildings	10,816	17,032	13,431	3,600	2,800	2,175	49,854
Vehicles	2,701	1,891	1,710	1,787	1,987	1,951	12,027
IT and other strategic Spending	3,071	5,253	4,785	3,728	3,385	2,559	22,781
<b>Capital Expenditure</b>	<b>16,588</b>	<b>24,176</b>	<b>19,926</b>	<b>9,114</b>	<b>8,172</b>	<b>6,685</b>	<b>84,661</b>
Grant Funding	(106)	-	-	-	-	-	(106)
Borrowing	(9,782)	(16,788)	(14,881)	(4,361)	(3,600)	(2,925)	(52,337)
Contributions from Revenue Account	(2,718)	(2,718)	(3,143)	(3,933)	(4,522)	(4,522)	(21,556)
Capital Receipts	(1,084)	(294)	(50)	(820)	(50)	(50)	(2,348)
Earmarked Reserves	(2,898)	(4,376)	(1,852)	-	-	812	(8,314)
<b>Capital Financing</b>	<b>(16,588)</b>	<b>(24,176)</b>	<b>(19,926)</b>	<b>(9,114)</b>	<b>(8,172)</b>	<b>(6,685)</b>	<b>(84,661)</b>

5.3 Work has continued through the Strategic Finance and MTFP Board to consider financial and investment requirements over a longer time frame. Whilst it contains a number of assumptions and uncertainties, this Capital Strategy includes a capital programme, shown at Appendix G, which covers a 10-year indicative period. This programme will be revisited as clarity arises and annually, as part of the formal budget and precept setting.

## 6 Estates

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

6.2 The aim of this strategy is to:

- Create an efficient, fit for purpose and sustainable estate that delivers value for money and facilitates flexible working in-line with the Police and Crime Plan;
- Deliver an estate which provides an appropriate level of security for officers and staff and information;
- Provide a visible and accessible service which enables multi-agency working and promotes visible policing.

6.3 The main focus will be:

- Investment in the portfolio, as required, to maintain full operational effectiveness;
- Sale of vacant and redundant properties;
- Consolidation and collaboration with Local Service Board members and partners;
- Delivering the new Brecon facility to provide collaborative Policing and Custody facility in South Powys;

## Appendix F – Capital Programme and Strategy

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- Provide clarity on the future decarbonisation investment plan required to meet the 2030/2050 targets.
- 6.4 Governance arrangements around Estates continue to be reviewed and have continued to provide robust scrutiny during 2024/25. This has ensured that all stakeholders are better represented and the inherent linkage between operational requirements and estate provision are better aligned to support policing services.
- 6.5 All intended investment and decisions will be assessed to consider the following criteria:
- Location: Operationally Fit for Purpose;
  - Public Facing Status - Customer Facing;
  - Overall Condition of Property and Financial Burden;
  - Where energy generation or energy reduction is a key driver, return on investment is assessed.
- 6.6 The Strategic Estates Group continue to use the Project Risk Based Assessment Criteria to assist with the prioritisation of capital investment aligned with financial affordability criteria:
- Risk to operational effectiveness (to include smarter working);
  - Risk to not meeting a legislative or statutory requirement including International Standards Organisation (ISO) accreditation;
  - Risk to building fabric/system, which increases cost with long term implications;
  - Risk to Force and Commissioner Reputation (including partnership arrangements);
  - Risk to Health and Safety;
  - Risk to the Security of the Site.
  - Environmental/Sustainability benefit to the organisation (new in 24/25 Year)
- 6.7 Significant upgrade works aligned to the historic condition surveys and agreed plan have been delivered within the last period. Grant funding has been sought where possible to deliver such schemes, but availability and successful applications are very low across policing due to the limited funds and volume of work required nationally. This approach for funding opportunities aligned to collaborative ventures continue to be investigated.
- 6.8 The previous condition survey, benchmarking, and crime recording/response times analysis has helped inform the Estates Strategy in determining which properties to retain and where future moves and accommodation changes need to be planned to meet operational requirement. This work continues to provide clarity on the optimum operational locations for policing hubs and has provided direction for future collaboration opportunities. The Pembrokeshire Estate Strategy has been a

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key area of focus which has allowed us to identify new locations which have been progressed to delivery stage for two locations during the year.

- 6.9 Due to the historic condition report for the existing facility in Brecon, provision of £8.5m has been included and detailed initial design and agreement with a local service board member for a potential new build alongside an existing all electric building is progressing. Heads of Terms have been agreed for the property ownership subject to planning, and good progress is being made to provide a robust operationally fit for purpose facility. The timing of the scheme delivery aligned with the planning process is currently anticipated to be across the 2025/26 and 2026/27 financial years pending planning/construction timelines.
- 6.10 The requirement for a firearms training facility to support the southern Welsh Forces collaborative Joint Firearms Unit continues. The existing range has been deemed not fit for purpose and a new facility is required to meet the very extensive training needs and legal requirements for firearms officers. The new scheme total cost of circa £59.3M with £15.8M being Dyfed-Powys Police proportionate share, is progressing well with ground works and structures being delivered with a 2- week delay on the scheme to date. Robust governance at all levels continues with a Platinum Board chaired by our Commissioner.
- 6.11 In addition to these major developments, there will be a continued risk assessed programme for planned and reactive maintenance. Prioritisation of works is reviewed based on risk factors aligned to condition of fabric and to the occupant, legislative requirements and business continuity considerations, which inform the decision-making process and timescales. Condition surveys have previously been carried out across the whole estate determining the level of investment required at each location by each sub fabric element.
- 6.12 It is also worthy of note that Photovoltaic Solar panel installation have been delivered across out sub divisional HQ sites which will provide resilience and reduced running cost/carbon footprint for years to come. This is also supported by an array of sustainability focussed solution such as LED lighting at Sub divisional headquarters and all electric heating solutions being mobilised where improved insulation and fabric first elements have already been carried out. The feasibility for a solar farm at Police Headquarters is progressing well and we aim to have National Grid cost and recommendations concluded shortly.
- 6.13 The capital budget supplements a centralised revenue budget for planned and cyclical major buildings works, which are programmed based on risk and future strategies for each building. Revenue resources are also held and managed locally for smaller scale repairs, upkeep, and maintenance initiatives/programmes. Pressure in this area has been experienced due to sudden plant or equipment failure which we are managing closely aligned to financial pressures. Aligned to

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this investment has been prioritised within the capital programme to achieve efficiencies and reap reductions in revenue expenditure within the estate where possible.

- 6.14 Significant financial pressures on utilities continues to be focussed upon with income generation opportunities and further saving initiatives being investigated to mitigate as much cost to the organisation as possible.
- 6.15 The organisation continues to embed decarbonisation of the estate aligned with agile and efficient ways of working. This approach will have further longer-term implications for both the estate and for ICT, which may require some upfront investment to facilitate longer term efficiencies. Assessments of these, where required, have been included with the capital programme aligned with possible expansion of income generation through third part leases at Buildings and Tower sites.
- 6.16 A Sustainability Group was established during 2019 with a target to deliver a net-zero operation by 2050. This work has continued in the last year, with an all-Wales strategy and resource pool being used to provide a national unified approach and direction, aligned with National Police Estates Group and Bluelight Commercial initiatives and direction. The forward capital programme includes provision for a number of initiatives, which as well as considering environmental and sustainable considerations, will also seek to achieve financial efficiencies. Effective and consistent Carbon Footprint/Global Warming Gas emissions measurement is a critical focus area for the whole operation in the coming year, aligned with effective assessment of the impact on all force and Estates investment decisions. The robust application of the All-Wales Carbon Reporting tool in the coming period will formalise the process and provide an evidence-based approach for year to come.
- 6.17 The Facilities Management service provision working with other public sector parties for the tendering of specific service contracts, has brought further procurement leverage this year. Detailed management information aligned with robust statutory compliance delivery and reporting has allowed us to demonstrate value and rigour in the way the estate is managed and maintained providing assurance the governance of the function and assurance for investment where required.

### 7 Fleet

- 7.1 The Force has a good understanding of the demand for fleet through telematics. Arrangements are in place to ensure that the Fleet make-up continues to match demand and the evolving operational requirement through the Fleet User Group and the Strategic Fleet Management Group as well as national guidelines set by the National Police Chiefs' Council (NPCC) and the National Association of Police Fleet Managers (NAPFM).



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- 7.2 The 10-year capital programme fully reflects the replacement requirements, based upon value for money considerations around replacements versus servicing costs. Telematics data has been, and will continue to be, used regarding monitoring vehicle utilisation and adjustments to vehicle demand within certain areas are being continually assessed by fleet.

Dyfed-Powys Police is aware of its obligations in terms of sustainability and has invested in electric vehicles and charging infrastructure. An Initial target of 18.25% for electric and hybrid vehicles set for 2024/25 has been achieved, with a current fleet being 19.7% electric. As part of our Electric vehicle transition Dyfed-Powys are the first Welsh force to introduce full marked electric vehicle beat vehicles with a further six vehicles arriving by March 2025.

- 7.3 Further work is being undertaken collaboratively with Blue Light services and other public sector partners to scope and plan the requirements, particularly in relation to carbon neutrality and phasing out of diesel vehicles. The four Welsh Forces have written the "All-Wales Police Sustainability and Decarbonisation Strategy" which sets the objectives for the vehicle and fleet arenas of all Welsh Forces. There is a timeline against the Policy and in 2023, 20% of non-operational vehicles are to be electric, 2024/25 50% of new vehicles procured to be ULEV and 2026 onwards, all non-operational vehicles to be ultra-low emission (hybrid and/or electric). The increase of EV/Hybrid vehicles should also see a reduction in maintenance and fuel costs. Due to issues within marked policing and EV technology and infrastructure, Dyfed-Powys Police will also continue to explore options around alternative fuel solutions such as Hydrogen and synthetic fuel and seek to find a resolution shared with guidance from the NPCC and NAPFM to ensure Dyfed-Powys Police reach their carbon footprint reduction goals, as well as ensuring we can reach our front-line Policing targets.
- 7.4 A focus group has been implemented to monitor driver behaviour and styles using telematics. The aim of the group is to make employees accountable and promote positive behaviour. This in turn will support reducing accident rates, fuel costs, tyre costs and maintenance costs.
- 7.5 The Force continues to exploit collaboration through a shared fleet management system across southern Wales, as well as meeting servicing requirements of partner agencies. Dyfed-Powys Police will also continue to collaborate with NAPFM (National Association of Fleet Managers) to continually assess emerging technologies whilst linking in with other Police forces nationally.

### 8 Information Technology

- 8.1 The new ICT Digital Strategy for the period 2024 – 2030 - builds on the successes and building blocks that have been set in place through the previous strategy, and clearly sets out the digital aspirations and supporting infrastructure required for the next six years. It reflects the PCC's priorities and the linked Chief Constable's delivery plan objectives. It also incorporates the aims of the National Police DDAT (Digital, Data and Technology) Strategy, and the goals set out in the UK Government's Cyber Strategy. Since the launch of the new Force ICT Digital Strategy in 2024 the focus has been on delivering to the plan articulated in the strategy.
- 8.2 In 2024 we have introduced the DIAG (Digital Ideas Assessment Group) to provide a single channel for submission of digital ideas and to provide a consistent method of assessment and provide clear and strong governance. Any officer or member of staff can submit a digital idea to the group, it then follows a stage gate process of assessment and scored against a decision matrix which is then approved or not by a group of stakeholders from key departments, such as ICT, Information Management and Performance. The group also decide what is the most appropriate digital technology platform solution – either to create a template in Niche, a robotic process automation (RPA) process, a Power App or a Power BI dashboard. The group is functioning well, and a regular stream of ideas are being submitted.
- 8.3 Automation is an area of high interest across the force. Automation in its various guises is seen as a realistic and proven approach to deliver savings and increase resource capacity. So far, RPA has been successfully used to automate processes in the Vulnerability Hub, since Niche has gone live the process has had to be remodelled, the new process is proving to be very successful with a success rate of 96%. The focus next will be on three other processes relating to separate business areas, Finance, Vetting and Firearms licencing. Similarly, we have established the Centre of Excellence for the area of Microsoft 'Power Applications' and 'Power Automate' to ensure proper governance and controls are in place. Numerous requests have been received from the business where we have either managed to exploit and adapt existing national apps or developed our own. Examples of available apps are the Aide Memoire Search and the Crime Outcome Assistant.
- 8.4 In 2024 we have also set up an IT User Group with membership being made up of officers and staff from across the force. The focus of the group is to provide a voice for our user community and for us to hear firsthand of any issues or frustrations they may be experiencing, it is also a great opportunity for us as a department to share what is in the pipeline, good practice and key messages.

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- 8.5 The renewal of our Microsoft Enterprise agreement is due in April 2025, to this end we have joined a Crown Commercial Services Aggregation for this procurement. Microsoft in the interim have released a new pricing framework, SPA24 (Strategic Partnership Arrangement 2024). The cost of the contract will increase due to the growth in users, additional servers for the CMS solution and general price increases.
- 8.6 The forward capital strategy takes account of a number of local strategic ICT projects, as well as a number of re-procurement projects involving technologies and ICT solutions that have reached the end of contract or end-of-life of essential equipment. The key ICT capital projects which are planned for the 2025/26 period are:
- 8.6.1 The phase 1 of new Contact Management System successfully moved into live operation in November 2024, phase 1 covers emergency telephony, Integrated Communication Control System (ICCS). Phase 2 will see the implementation of the CRM (Customer Relationship Management) element, it is anticipated that this will be delivered late 2025. The new CMS will integrate with both Niche and STORM systems.
- 8.6.2 The ongoing investment in our strategic RMS Niche continues with :
- Additional modules – such as “Missing from Home” will be implemented in 2026, development work will start in May 2025 provided the SME is in place by then – no additional cost as it is included in the licence.
  - DCF (Digital Case File) is anticipated to be included in the 2026 Niche upgrade. South Wales Police as the lead force are expected to go live in the Summer/ Autumn of 2025 - provided testing continues successfully. WCC DCF working group has been set up and will commence in Jan 2025 with a view that the DCF module is accessible in both the Development and pre-production environments from July 2025 onwards.
- 8.6.3 Pronto Mobile Data Application.

The force continues investing in the ongoing development of PRONTO:  
2024 key updates:

S163 Traffic Stops went live in October 2024 - this ensured the force is compliant with the Home Office Annual Data Return.  
eBit Crime Screening for Common Assault and Public Order - Section 4 and 4a went live in October 2024.

2025 Key planned updates:

CRASH 10 changes being developed – plan to go live in January 2025 - this will ensure our collision data continues to be successfully sent from PRONTO into CRASH for the management of collision data.

eBit Crime Screening phase 2 - Criminal Damage being progressed in February 2025

Reviewing the Niche upgrade changes to ensure PRONTO remains compatible with the latest version of Niche - Niche upgrade planned to go live in May 2025.

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Later in 2025 eBit phase3 – looking at Shoplifting, DARA and Stalking & Screening toolkit and Mental Health form.

- 8.6.4 Work has been carried out as part of the Commissioner's reinvestment in CCTV provision across the Force. A new contract for the Support and Maintenance of the force public space CCTV system has been awarded and started in September 2024. Work has begun with the new contractor carrying out a first round of Planned Preventative Maintenance (PPM) which will review the current infrastructure, report on the status of the equipment deployed and produce a plan for the replacement of the equipment as it reaches end of usable life. The wireless network replacement was included in the new contract and this work will be carried out in the next 12 months. This continued investment in CCTV will ensure the solution remains secure and operationally effective.
- 8.6.5 Further Wide Area Network (WAN) improvements are required over the coming years. The force is investing in additional hardware to provide the encryption layer which includes devices at HQ and each station. The equipment at HQ is end of life in 2025/26 and will need replacing with the divisional equipment needing replacing in 2027/28 to ensure continuity of service.
- 8.6.6 Digital Video Evidence - The implementation of the new Axon Digital interviewing equipment was successfully delivered in 2024.
- 8.6.7 Law Enforcement Community Network (LECN) - With the introduction of (LECN) as a replacement for the Public Services Network for Policing (PSNFP), PSNFP equipment provided by Vodafone has been decommissioned earlier than planned.
- 8.6.8 Corporate telephony is largely covered by either MS Teams Voice or MDTs. There is a need for shared desk phones in certain areas across the force, such as within the Custody suites. For this reason, the Microsoft Teams Shared Device Licence will be purchased along with Teams-capable phones. The investment in devices will be funded from capital budget and the licences from the revenue budget.
- 8.6.9 In respect to M365 backups, even though M365 data is replicated multiple times and there are controls in place such as Data Loss Prevention (DLP), this does not guarantee against data loss/corruption. Microsoft state that it is the organisation's duty to backup its own data. The procurement of a suitably secure M365 backup solution is nearing completion and should be in place in early 2025.
- 8.6.10 BT Lines - With the implementation of new SIP circuits and BT announcing end of analogue telephony services the ICT department will be removing analogue telephone lines from the estate.
- 8.6.11 In 2025 the force will have to migrate across to Windows 11 before October as Windows 10 will no longer be supported, some laptops do not support

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Windows 11 and will need replacing – the standard laptop replacement budget will be sufficient to cover this requirement.

- 8.6.12 A reserve of MDTs (Mobile Data Terminals) has been purchased - the intention is to minimise the spend in 2024/25.
- 8.6.13 VMWare - The current BlueLight Commercial (BLC) VMware Enterprise License Agreement (ELA) ends in December 2024. A new agreement is being managed by BLC. VMware was acquired by Broadcom in November 2023 and now operates as one organisation. This has resulted in a number of changes to the products available within the portfolio. VMware now only offer subscription licenses in a vastly reduced and simplified product set. Pricing has been provided by BLC which sees a significant increase over what the force previously paid.
- 8.6.14 The forward capital strategy takes account of national programmes of work that are being taken forward by The National Police Chiefs Council (NPCC) and the Home Office. There are numerous schemes being taken forward nationally including the following:
- 8.6.14.1 National Law Enforcement Database (NLED) programme has adopted a new approach to deliver the replacement for PNC. They are taking a product centric approach which is proving to be very successful and is well-liked by the forces. The force has adopted all available products so far. The Property module has gone live in 2024 with significant push in 2025 to complete and rollout of the Person module.
- 8.6.14.2 NIAM – National Identity Access Management is now live in force and being used for access to NLEDs. The force is currently working on the RBAC requirement that needs to be in place for NLEDs going forward. In early 2025 the intention is to internally develop a mechanism to allow automated management of the RBC process.
- 8.6.14.3 Digital Public Contact – Single Online Home has a detailed future capability roadmap that is planned over the next few years, which will require continued support from the organisation to ensure our public facing website develops in-line with the national programme and has the latest advancements.
- 8.6.14.4 National Automatic Number Plate Recognition Service: there is a lot of change happening at national level and this is being monitored closely.
- 8.6.14.5 The National Enabling Programme has now come to a close and the work is continuing under three strands:
- The ongoing management of the M365 Blueprint and Design Refreshes is being undertaken on behalf of policing by PDS. We are currently in the process of promoting the use of the full functionality of Microsoft Teams – aiming to get wider adoption of its rich feature set. This includes simple compliant methods for requesting a guest and a team. The project team are assisting with the migration of on-premise documents and files across onto

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SharePoint online – it is being done on a departmental basis – with the intention of adding in methods that will provide staff with a simple way to set appropriate nationally directed retention labels.

- IAM – Identity and Access Management is now embedded with work ongoing with South Wales Police (SWP) and Gwent Police to assist with collaboration across the region. The Connect project has been set-up which sets out the clear scope and aspirations for this project and is being driven forward by the Assistant Chief Constable (ACC) for Collaboration.
- NMC – National Monitoring Centre has been in place for some time and is functioning well. As an enhancement to the service, we have moved to using Microsoft Sentinel, a cloud-native security information and event management (SIEM) platform - the Force is alerted to issues identified and passed to the force to address.

8.6.14.6 Emergency Services Network (ESN) Mobile Communications Programme is going through another programme reset with re-lotting taking place for certain key services. The current project re-start date for ESN is 2025 with delivery planned between 2028 – 2030. It is difficult to have any confidence in the programme at this stage. This has led to the need to consider (at a national level) Airwave sustainability and how best to keep the Airwave network fit for purpose until 2026 and beyond. This means we will continue to need Airwave radios and Mobile Data Terminals (MDTs) for the foreseeable future. The force has purchased two years extended support for the current devices rather than purchasing new, this option is a significantly lower cost. By extending the support it allows the force to sweat the existing assets and await clarity from the ESN program as to delivery timescales and what devices will be available to replace the Airwave equipment.

8.6.14.7 Dynamic Decision and Case Management System – a procurement exercise is under way to acquire (for policing) a national interoperable ICT solution, providing a coordinated and consistent capability to record operational action and information, informing decision making at the highest level, supporting end-to-end case management. Current plans show that the product is unlikely to be ready for rollout to forces until mid-2027.

## 9 Capital Requirements and Resources

9.1 Since the withdrawal of central government capital funding in 2023/4, this erosion has caused additional burden on revenue budgets with capital funding needing to be met from reducing capital reserves, increased direct revenue contributions from revenue and prudential borrowing, which brings long term additional burdens on the revenue budget to fund both interest and minimum revenue provisions.

9.2 In addition to the array of investment requirements for critical local and regional infrastructure, there are also financial burdens arising from a number of mandatory national Information and Communication Technology projects, which in the main, are outside of the control of Dyfed-Powys Police. These projects continue to cause concern both in terms of delays and cost increases, with much dialogue continuing between the Association of Police and Crime Commissioners

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(APCC), the NPCC and the Home Office. The HMICFRS State of Policing report for 2021 also made specific critical comment.

- 9.3 As part of his integrated service and financial planning arrangements, the Commissioner estimates the level of capital resources available for subsequent years in order to draw up a forward capital programme.
- 9.4 The Commissioner and Chief Constable have prioritised investment in the capital programme towards strategic priorities, unavoidable spending and towards areas that reduce future revenue expenditure and a revised capital programme for 2024/25 to 2033/34 totalling £119.552M.
- 9.5 In order to meet future capital investment requirements and mitigate the cessation of capital grant funding, the medium-term financial plan and capital programme include an increasing trajectory of revenue contributions to capital with external prudential borrowing to support investment in critical infrastructure.
- 9.6 The profiled level of capital investment and external resources are used to assess the need for both short and long-term borrowing. The strategy also feeds into the considerations that the Commissioner makes annually in setting prudent, sustainable and affordable borrowing levels and indicators.
- 9.7 Local Authorities, including the Police, can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. Borrowing costs are not supported by the UK Government, so Dyfed-Powys Police needs to ensure it can fund the repayment costs. The authority's Minimum Revenue Provision (MRP) Policy sets out a prudent approach to the amount set aside for the repayment of debt. These are set out separately under the Treasury Management Strategy, which is considered and approved by the Joint Audit Committee. The Code is explicit that the authority must not borrow to invest primarily for financial return.
- 9.8 In addition to their own capital programme, the Commissioner and Chief Constable work with other partners to secure additional capital and revenue resources to further partnership, transformational and sustainability objectives wherever and whenever possible. These are dealt with through complementary processes.

### **10 Governance Arrangements**

- 10.1 As outlined, the capital programme has been prioritised by the Commissioner and Chief Constable, who appraise requirements against strategic priorities. The processes recognise the varying scale and complexity of capital projects and incorporate a proportionate approach to capital project appraisal, monitoring and evaluation.
- 10.2 The Commissioner manages his capital strategy operationally through the Policing Board, which oversees the major change projects for both capital and

## Appendix F – Capital Programme and Strategy

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revenue. In addition, the Finance and Strategy Board will support delivery and monitor specific programme risks. Detailed implementation work is assigned to key individuals and overseen by the Strategic Estates, Strategic ICT and Strategic Vehicle User Groups or at specific Project Boards, including the Capital Build Group, which are established to oversee and govern major capital schemes.

- 10.3 Major projects are managed in accordance with project management best practice in terms of compliance with PRINCE2® project methodology. Links have been established between benefits management on key projects, efficiency planning and costing information.
- 10.4 A project proposal form has been developed to capture project considerations, risks, costings, timescales and business benefits in a consistent manner across the organisation. A projects and funding group has been established to review all requests for funding which will be escalated to the change and Transformation Group for consideration.
- 10.5 The Capital project proposals are considered and prioritised with reference to a business case and are considered against the following factors:
  - Strategic importance - how the bid supports the Commissioner's priorities and wider national and regional priorities;
  - The outcomes that will be achieved and the specific benefits and impacts;
  - Financial sustainability – whether costs are realistic and the level of future revenue implications;
  - Environmental sustainability;
  - What options have been considered;
  - What other funding sources may be available;
  - The degree to which the proposals support partnership working.
- 10.6 Particular consideration is given to ongoing revenue costs stemming from capital projects within the appraisal process. All potential capital bids identify ongoing revenue costs and consider how these can be met. Revenue costs stemming from capital schemes including any prudential borrowing requirements, are built into the medium-term financial plan.
- 10.7 Prioritisation is then made, based on four categories, which are listed below in order of priority:
  - Unavoidable (statutory, contractual or tortuous liability);
  - Corporate Priority (relating directly to the Corporate Aims and priorities for improvement);
  - Service Priority (meeting stated service priorities);
  - Other (payback, invest to save, leverage of external funding, etc.).
- 10.8 Lower priority projects which cannot be delivered within available resources can only be considered and undertaken if additional resources or an under-spend on the approved capital programme is identified during the year.



## Appendix F – Capital Programme and Strategy

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- 10.9 Progress against capital schemes is reported as part of financial reporting to the Finance and Strategy Board and Policing Board. Specific projects and reports are also considered by the respective governance groups, which sit below these Boards i.e. Strategic Estates Group, Capital Build Group, Strategic ICT Group and Strategic Fleet User Group, with risks and highlight reporting escalated through the governance structure as appropriate.
- 10.10 Following approval of the capital programme, a project manager and a user representative is identified for each capital project. The project manager is responsible for managing the project implementation and delivering its objectives. For all projects within the capital programme, an officer is identified as project sponsor.
- 10.11 The user representative is responsible for representing users and customers and for defining the quality requirements. Both roles reflect the underlying principles of the PRINCE2® project management methodology. The project manager produces a project plan for approval. Progress against the project plan is reported to the Programme Management Board and Project Sponsor.
- 10.12 Once projects have been completed, the project manager completes a post implementation review for the major capital projects. This includes identifying at what stage the post project review will be carried out. The post implementation report is reviewed by the Change and Transformation Group and escalated to the Policing Board, if required.
- 10.13 To evaluate the actual success and outcomes of capital projects, a post project review is also carried out. The depth of this review is proportionate to the scale of the project and the benefits set out in the initial Project Initiation Documentation.
- 10.14 This review is in effect, a check of performance against the original proposal. It focuses on the outcomes achieved, the extent to which the benefits claimed are being realised, the actual costs, both revenue and capital, and the impact of other funding and partnership working. Dyfed-Powys Police can then use this information to learn lessons and make any improvements identified during project implementation.
- 10.15 The ongoing success of projects is monitored through a number of mechanisms such as officer feedback, public consultation and customer feedback.

### **The Disposal of Assets**

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

### **11 Conclusion**

11.1 This Capital Strategy considers all aspects of capital management, sets out the methods for assessing capital projects and assets and outlines the revised capital programme for the period 2024/25 to 2029/30, with wider outlook to 2033/34. The strategy should be read in conjunction with the detailed Estates, ICT and Fleet Strategies, Sustainability and Decarbonisation Strategy and the Treasury Management Strategy, which covers the requirements of CIPFAs Prudential Code.

## Appendix G –Capital Programme 2024/25 to 2033/34



Capital Programme	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000	29/30 £'000	30/31 £'000	31/32 £'000	32/33 £'000	33/34 £'000	Total £'000
Land and Buildings	10,816	17,032	13,431	3,600	2,800	2,175	2,075	4,566	2,075	2,075	60,645
Vehicles	2,701	1,891	1,710	1,787	1,987	1,951	2,040	2,133	2,230	2,333	20,763
IT and other strategic spending	3,071	5,253	4,785	3,728	3,385	2,559	4,008	3,330	4,562	3,464	38,145
<b>Capital Expenditure</b>	<b>16,588</b>	<b>24,176</b>	<b>19,926</b>	<b>9,114</b>	<b>8,172</b>	<b>6,685</b>	<b>8,123</b>	<b>10,029</b>	<b>8,867</b>	<b>7,872</b>	<b>119,552</b>
Grant Funding	(106)	-	-	-	-	-	-	-	-	-	(106)
Borrowing	(9,782)	(16,788)	(14,881)	(4,361)	(3,600)	(2,925)	(4,125)	(5,316)	(3,406)	(3,406)	(68,590)
Contributions from Revenue Account	(2,718)	(2,718)	(3,143)	(3,933)	(4,522)	(4,522)	(4,522)	(4,663)	(4,599)	(4,416)	(39,756)
Capital Receipts	(1,084)	(294)	(50)	(820)	(50)	(50)	(50)	(50)	(50)	(50)	(2,548)
Earmarked Reserves	(2,898)	(4,376)	(1,852)	-	-	812	574	-	(812)	-	(8,552)
	-	<b>(16,588)</b>	<b>(24,176)</b>	<b>(19,926)</b>	<b>(9,114)</b>	<b>(8,172)</b>	<b>(6,685)</b>	<b>(8,123)</b>	<b>(10,029)</b>	<b>(7,872)</b>	<b>(119,552)</b>