



Mae'r ddogfen hon ar gael yn Gymraeg yn ogystal â Saesneg.

This document is available in Welsh as well as English.



**COMISIYNYDD
HEDDLU A THROSEDDU
DYFED-POWYS
POLICE AND CRIME
COMMISSIONER**

Police and Crime

Commissioner for Dyfed-Powys

2021/22 – 2025/26 Medium Term Financial Plan

Including

- a. Precept Proposal**
- b. Reserves Strategy**
- c. Capital Strategy**

January 2021





Contents

1. Police & Crime Commissioner's Summary & Precept Proposal
2. Organisational Context
3. Operational Performance
4. Covid-19 Pandemic Response and Implications
5. HMICFRS PEEL Inspection and Force Management Statement
6. Financial Context – Independent Commentary
7. Approach to Budget Setting and the MTFP for 2021/22
8. 2021/22 Police Funding Settlement
9. Council Tax Capping/ Referendum
10. Dyfed Powys Police – Financial Context & Police Precept
11. Council Tax Base
12. Police Officer and Police Staff Pensions Issues
13. Priorities & Budget Requirement 2021/22
14. Workforce Planning and Operation Uplift -20,000 officers
15. Proposed Budget 2021/22
16. Future Funding
17. Medium Term Budget 2021/22 – 2025/26
18. Section 25 & Budgetary Risk
19. Reserves
20. Capital
21. Public Consultation & Opinion
22. Conclusion

Appendices

- A. Delivery Plan
- B. Vision 2025
- C. Budget 2021/22 – 2025/26
- D. Section 25 Chief Finance Officers Report
- E. Risk Assessment of Material Budgets
- F. Reserves Strategy
- G. Reserves 2020/21 – 2025/26
- H. Capital Strategy
- I. Capital Programme 2020/21 – 2029/30



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

- 1.1 One of my key responsibilities as your Police and Crime Commissioner (Commissioner) 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 take into account a number of different factors including the Chief Constable's future resourcing requirement, the level of reserves, feedback from residents of the Dyfed-Powys area and future plans for investment in infrastructure.
- 1.2 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 the proposed precept by the 1st February.
 - The P&CP must review the proposed precept by the 8th February
 - If the P&CP vetoes the proposed precept I must notify the P&CP of my revised precept by the 15th February
 - The P&CP must review the revised precept by the 22nd February
 - I must set a precept by 1st March.
- 1.3 Within corporate governance arrangements, regular discussions take place between the Chief Constable and I about the current and future financial position of the Force which consider in detail plans for resourcing levels, demands for police services at a local, regional and national level along with future investment requirements. These are all factors which I consider carefully when determining my proposed level of Police Precept and the Force's budget for 2021/22.
- 1.4 Having recognised the critical nature of the financial situation the Chief Constable established a Finance Gold group during 2018. This Gold Group, which continued until late 2019, was chaired by the Chief Constable and attended by all senior managers ensuring that there was a very clear and co-ordinated approach to financial management and understanding of financial issues across the organisation. The work of this group has now been fully subsumed throughout the formal governance structure and specifically under the Finance, Efficiencies and Futures Board.
- 1.5 The Strategic Finance and Procurement Group and the Medium Term Financial Plan Group have continued to work in earnest over the last year, with much of this being consolidated to inform this Budget, Medium Term Financial Plan (MTFP) and my precept proposal.
- 1.6 The scale of financial challenges are well understood within the Force and my Chief Finance Officer (CFO) continues to work very closely with the Director of Finance (DOF) and his team to continue to critically review and develop financial management arrangements. It is also pleasing to report that both my CFO and the DOF lead on national sub groups, under the Chartered Institute of Finance and Accountancy (CIPFA) Financial Excellence in Policing Programme, which consider financial management and financial data and analysis.



- 1.7 The Chief Constable continues to report financial performance monthly through Policing Board and quarterly through Police Accountability Board with updates also being provided as a result of actions arising from the Finance, Efficiencies and Futures Group. My CFO meets bi weekly with the DOF and works closely with the Corporate Finance team on specific areas of action.
- 1.8 The Chief Constable strengthened his Finance team during late 2018 and these arrangements have continued to embed, facilitating significant improvements in financial management, reporting and support arrangements. Corporate Finance delivered financial management training for senior managers during 2019 and indeed received formal finance business partnering training during 2020 and it is pleasing to see that this is paying dividends in improved financial awareness and financial management throughout the organisation.
- 1.9 The impact of the Covid-19 pandemic has meant that 2020/21 has been a year like no other. The impact and implications of this have and will continue to be far reaching. The impacts on society and the economy will undoubtedly leave a long legacy and could impact significantly on the future provision of public services. Early measures were taken to postpone elections scheduled for May 2020 which included those for the Police and Crime Commissioners with terms being extended to cover the additional year. The elections are now expected to take place in May 2021.
- 1.10 There have been a significant number of operational and financial issues arising from Covid-19 which have required careful and prudent management throughout 2020/21. The financial implications have been reported on a monthly basis through Policing Board and these are outlined in more detail later in this MTFP. It was pleasing to note that additional grants have been awarded during the year to assist with meeting the significant costs of providing personal protective equipment, policing of regulations in line with the agreed strategy of engage, explain, encourage and enforce, along with the income loss recovery scheme which has partially mitigated in year losses.
- 1.11 The Chief Constable submitted the third Force Management Statement (FMS) during 2020. This statement comprehensively sets out the current position, priorities and forward plans considering financial resources, future demand for services and the assets and staffing resources which the Force will need to deliver a fit for purpose policing service in terms of capacity, capability, serviceability and wellbeing.
- 1.12 It was pleasing to see that the Force has further developed the approach to the FMS, working closely with internal stakeholders to shape the contents of the comprehensive document. The Corporate Finance team also worked with functional leads to cost all aspects and the Chief Officers held challenge sessions to risk assess and prioritise the priorities for inclusion within their budget submission for 2021/22. It was also pleasing that my CFO was invited to participate in the challenge sessions and this is again testament to the working relationship between my office and the Force which assists in providing insight and assurance. Further details of this work along with the



executive summary of the FMS is included in section 3 and the financial implications arising have been reflected within this MTFP where appropriate.

- 1.13 The most recent Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) integrated Police Efficiency Effectiveness and Legitimacy (PEEL) inspection took place in late 2018 and the results were published by in the spring of 2019. The 2020 Inspections were halted as a consequence of the pandemic but the Chief Constable continued to work in earnest to address identified areas for improvement it is reassuring to note that HMICFRS has recognised the significant progress that has been made during the year. The Force accepted an invitation from HMICFRS to be a pilot force for its new Continuous Assessment PEEL framework and this inspection is now planned for early 2021.
- 1.14 Much has been achieved over the last year with continued investment in estates, fleet and critical IT infrastructure with the commencement of a project to replace the Force's Record Management System, continued roll out of CCTV, investment in Body Worn Video and a range of IT projects to better support agile working along with progress in relation the new custody/station facility for Carmarthenshire. The scale of investment requirements in major infrastructure projects at a local, regional and national level is significant over the next 10 years but these are vital to support policing services.
- 1.15 During this unprecedented year, my Office has adapted to ensure that I continue to discharge my statutory responsibilities effectively. Scrutiny meetings and Community Engagement activity have been undertaken virtually and have been further strengthened by the reinvigoration of the Youth Engagement Forum, the establishment of the Victims Engagement Forum and enhanced social media activity, including the 'Commissioner in Conversation', a new broadcast on Facebook Live where I discuss issues with various individuals. The first session with the Chief Constable saw around 60 individuals tuning in live, with 3,500 watching on demand. Scrutiny activity has been adapted to allow continuation despite the local and national restrictions. The statutory Independent Custody Visiting Scheme has continued with custody record reviewing being undertaken by my office and Independent Custody Visitors (ICVs) making telephone and video calls, or indeed physically attending with full personal protective equipment where appropriate, to speak to detainees directly regarding their treatment. Commissioned Services have reported challenging levels of demand throughout the local lockdowns and my Office has been successful in securing additional funding through the Ministry of Justice to support services. As of 1st February 2020, my Office has also taken responsibility for the implementation of new complaints and conduct legislation arising from police integrity reforms 2019.
- 1.16 Importantly it is also very pleasing that the view of our communities on whether the police do a good or excellent good is sixth best in England and Wales at 63.8% and that Dyfed-Powys is consistently deemed to be amongst the safest places to live in England and Wales.
- 1.17 The Chief Constable undertook a thorough review of the Force's demand for the complex array of services that it provides. I am supportive of the



improvements that the Chief Constable continues to implement which seek to address issues identified within the Force Management Statement (FMS) and support the priorities that I set out in my Police and Crime Plan.

- 1.18 In terms of police funding, it is important to outline the background of the last few years.
- 1.19 In October 2018, the Government announced that after eight years of cuts and tax increases, austerity was over and pledged that, after the exit from the European Union, the government would seek to boost investment in public services while continuing to reduce debt. The Chancellor of the Exchequer's Autumn Budget 2018 announcement recognised that the Police were under pressure from the changing nature of crime and stated that there will be further consideration given to police during the provisional settlement in December.
- 1.20 To deliver this commitment, the final settlement for 2019/20 provided £970m additional funding with approximately £813m for local policing: £153m pension grant, £161m additional core grant funding to provide all forces with a 2.1% increase and £509m from additional precept flexibility to raise local taxation by raising precept by £24 per year per Band D property. The settlement also sets out a number of expectations and priorities to "drive efficiency, productivity and effectiveness." All but three Commissioners across England and Wales raised precept in line with the Government's flexibility.
- 1.21 In September 2019, the government declared that it had "turned the page on austerity" as it set out plans to raise spending across all departments. The Chancellor outlined that the government was committed to tackling crime and keeping people safe. To support this, the 2020/21 Spending Round confirmed an extra £750m for policing to begin delivery of the Prime Minister's commitment to recruit 20,000 officers by 2023, with a first tranche of 6,000 officers to be in place by March 2021. Dyfed-Powys' allocation for this first tranche was set at 42.
- 1.22 Albeit these announcements were much welcomed, representations have continued to be made by both the Chief Constable and myself as well as nationally by the Association of Police and Crime Commissioners (APCC) and National Police Chiefs Council (NPCC) to ensure the sustainability of the funding to support and underpin delivery.
- 1.23 On the 21st July 2020, the Chancellor launched the much awaited Comprehensive Spending Review but amid economic uncertainty caused by the Covid-19 pandemic, he then announced on the 21st October that only a one year provisional settlement would be set out in late November. The Chancellor stated that "in the current environment it's essential that we provide certainty.....with a total focus on tackling Covid and delivering our Plan for Jobs".
- 1.24 The Chancellor set out the CSR2020 on the 25th November which included:



- A public sector (excluding NHS) pay freeze but with lower income protection for those earning under £24,000
 - The Government continued committed to the Police Uplift Programme target with a further 6,000 to be recruited in 2021-22.
- 1.25 Clearly the impact of the continued lack of longer term clarity and uncertainties around both core and specific grant funding make both short and medium term planning very difficult and both the national Association of Police and Crime Commissioners and National Police Chief Council along with their respective working groups continue to work closely with the Home Office and make representations wherever possible.
- 1.26 Despite the government's positive commitments, it is also important to be mindful of the independent commentary over recent years in relation to Police sustainability, funding, resilience and increased burdens and pressures arising from the changing nature of crime and ever evolving challenges. These challenges have continued in earnest during 2020/21 as the service has needed to react at pace as a consequence of the Covid-19 pandemic as well as dealing with the unforeseen policing requirements arising from the Home Secretary's decision to accommodate asylum seekers in Penally. As Commissioner I have continued to articulate these concerns at every opportunity reinforcing both the impact and risks that threaten our local communities.
- 1.27 In relation to Penally, due to the unforeseen and significant operational demands, I submitted a special grant to the Policing Minister in October 2020. Albeit that it was pleasing that the bid has been successful, the Minister has confirmed that he will not be waiving the 1% threshold. The financial impact of this means that circa £1.1m will need to be borne locally with only costs over this threshold being met by special grant. I have again outlined my disappointment and reinforced the impact on both the force, local community and local tax payer.
- 1.28 Building upon the previous approach, a comprehensive timetable was set to shape the preparation of the Budget and MTFP to facilitate timely review, challenge and scrutiny sessions with the Chief Constable supported by the DOF and my CFO. These formal meetings were held on 20th October, 19th November, 21st December and 7th January considering a detailed suite of very detailed financial information. It is pleasing and reassuring that this early preparatory work allows for the presentation at the Finance Seminar to be more focussed and refined. Discussions and ad hoc meetings also that take place as issues arise or indeed after funding announcements occur.
- 1.29 The Chief Constable and I held a virtual Finance Seminar on the 5th December 2020 for members of the P&CP, Joint Audit Committee (JAC) and Audit Wales. The purpose of the event was to allow 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 therefore resource requirements for 2021/22 and beyond.



- 1.30 The seminar also covered the steps taken so far in preparing the 2021/22 budget and the draft position, including budget assumptions, pressures, funding context, savings, efficiency measures and the significant investment requirements which are needed to underpin the delivery of policing services. Our Treasury Management advisors also present on a range of wider economy and local financial considerations. This seminar allows a valuable opportunity to present on both the operational and financial challenges and context, which impact on my plans for the precept for 2021/22.
- 1.31 The Home Secretary and Policing Minister set out the provisional police grant on the 17th December 2020 recognising the police's outstanding bravery, commitment to public service and speed and flexibility in which police officers and staff have responded to the unprecedented challenges brought about by the Covid-19 pandemic. They also recognised the significant progress in delivering the first year of the Police Uplift Programme with 5,824 additional officers already recruited by the end of September with an expectation for continued momentum.
- 1.32 The 21/22 settlement provides a total of up to £15.8 billion for policing, with funding to Police and Crime Commissioners increasing by up to an additional £703m, including the assumption regarding local flexibility to increase council tax precept:
- £415m increase in Government grant funding. This additional funding will support year 2 of the Police Uplift Programme with £100m being ring-fenced and allocated according to funding formula shares and paid in line with progress on recruitment
 - Up to £288m additional funding from council tax precept, assuming all PCCs maximise their flexibility by £15 for a Band D equivalent property.
 - Expectations to build upon progress that has already been made in terms of efficiency and productivity, with £120m of efficiency savings to be achieved across the law enforcement sector.
- 1.33 The 2021/22 grant settlement for Dyfed-Powys is £59.529m being £2.921m/ 5.2% higher than 2020/21. This settlement includes the continuation of the specific grant of £1.302m which was introduced in 2019/20 to partly mitigate pressures arising from changes to the employer's contribution rate for Police Officer pensions. The 2021/22 settlement includes the additional funding for both the core and specific funding announced for 2020/21 within the baseline along with a further specific ring-fenced grant of £0.700m to support the recruitment of additional officers as part of the second tranche of the Police Uplift Programme, which will be paid subject to recruitment performance. For Dyfed Powys this equates to a further 42 officers, with 2 being ring-fenced to support the priorities and work of the Regional Organised Crime Unit (ROCU). The settlement also reflects the previous reduction to Capital grant is being maintained at £85k (cut from £325k in 2020/21).
- 1.34 As outlined above, the police grant settlement also announced precept flexibility for Police and Crime Commissioners in England of £15 per band D property, and the headline figures published in the Governments press release



have assumed that all Commissioners in England and Wales will take full advantage of this flexibility. It is however important to recognise that the arrangements between England and Wales differ and that financial positions vary considerably. More details are outlined in section 7.

- 1.35 In outlining their expectations for outcomes and efficiency, the Government has reflected £120m of savings to be delivered through a combination of improved procurement practices, including the delivery of £20m through BlueLight Commercial as well as savings in areas such as estates, agile working and shared/enabling services. The establishment of a new Efficiency in Policing Board is expected to improve the efficiencies evidence base and identify further future opportunities for gains. Further detail on the focus on improving efficiency and productivity are detailed in section 6.
- 1.36 In order to deal with the scale of financial pressures in 2020/21, I increased the council tax precept in line with the Governments flexibilities by £12. This resulted in a council tax precept in Dyfed-Powys of £260.56 for an average band D property. This was the lowest in Wales and compared with £272.72 in South Wales, £272.96 in Gwent and £290.61 in North Wales. It is also worth highlighting that Dyfed-Powys had the fifth lowest council tax precept increases in percentage terms across England and Wales since 2012/13.
- 1.37 To inform my considerations for 2021/22 and in order to fulfil my responsibilities as Commissioner, I consulted with the public to obtain their views on the level of Police Precept increase. I was delighted to see a further increase in the numbers of Dyfed-Powys residents participating in this consultation. More than six out of ten (64%) of those who responded were supportive and willing to pay an additional £1.50 or £2 each month through the Police Precept. I have considered these responses carefully in determining my precept proposal for 2021/22. The results of this consultation are outlined in section 21 of this report.
- 1.38 In deciding on a Police Precept for 2021/22, I consider very carefully the operational demands, current financial position of the organisation, future investment plans, reserves position, wider financial context, and the equality impacts of budgetary options as well as taking full cognisance of both the risks and impacts on the local community. .
- 1.39 At this point in the financial year, there have been a number of operational and organisational pressures including those associated with dealing with the Covid-19 pandemic, the extensive response required for the policing of the Asylum Accommodation at Penally, as well as a number of savings that have materialised as a direct consequence of different working arrangements. Albeit that there are still a number of assumptions as we head into the final few months, with continued focus and prudent financial management the Chief Constable is confident that the call on reserves will be less than originally budgeted for.
- 1.40 The continued investment in estate and critical IT and fleet infrastructure, use of financial reserves to support priorities and operational delivery within the revenue budget has seen the continued reduction in the level of reserves over



the medium term. Useable reserves stood at £13.283m at 31st March 2020, split between earmarked revenue reserves, capital reserves and a general reserve, but excluding those held on behalf of third parties or for collaboration. Useable reserves are predicted to reduce to £4.960m by 2025/26.

- 1.41 Albeit that this planned utilisation is very much in line with ministerial expectations in relation to the level of reserves being held, it does mean that there will be very little spare capacity to safeguard and mitigate against the costs of unexpected events and support future capital investment in critical infrastructure.
- 1.42 Much work has been undertaken during the year to consider financial and investment requirements over a longer time frame. Albeit that it contains a number of assumptions and uncertainties this MTFP includes a capital programme to cover a 10-year period. Both the capital programme and detailed schemes will be revisited, reassessed and indeed re-evaluated as clarity arises both during the year and annually, as part of the formal budget and precept setting.
- 1.43 As outlined above the maintained cut in capital grant from £325k to £85k per annum, is wholly insufficient to support the comprehensive programme of capital investment in Estates, Fleet and Information Technology that are critical to support a modern day policing service. The MTFP therefore 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 of these put considerable additional pressure on the revenue budget.
- 1.44 Whilst future funding continues to be uncertain, especially against the significant economic backdrop of the Covid-19 pandemic and Brexit, the APCC and NPCC continue to work closely with Home Office and wider policing partners to develop co-ordinated law enforcement submissions to inform Government considerations and indeed will continue to build upon the last Comprehensive Spending Review (CSR) submission.
- 1.45 There has been much discussion and significant work carried out nationally over the years to review and create a new model to distribute funds across police forces in England and Wales. There were indications last year that work was likely to recommence but there have been no recent suggestions that this work is imminent. It is important to note the significant risk as the last, unimplemented formula review would have seen Dyfed-Powys receiving £8m less in funding. Given the potential scale and impact of the outcome, the Chief Constable and I have agreed that this risk should continue to be recorded on the Strategic Risk Register but due to uncertainty, reductions have not been reflected within the MTFP. A Gold Group will be established should this scenario become more likely.
- 1.46 Given the array of pressures and service demands faced, I have carefully considered the significant impacts and risks that threaten our local communities along with the expectations detailed in ministerial statements to determine my precept proposal for 2021/22 and MTFP to 2025/26.



- 1.47 **I therefore submit my precept proposal for scrutiny by the Dyfed-Powys Police and Crime Panel which, in line with Government expectations, will raise the average band D property precept by £1.25 per month or £15 per annum to £275.56, a 5.76% increase. This increase will raise a total precept of £62.307m. This will provide a total of central and local funding of £119.834m representing a £6.924m/ 6.13% increase on funding levels in 2020/21.**
- 1.48 This level of funding will enable the Force to continue to focus on the delivery of the Police & Crime Plan, address the risk assessed priorities detailed within the Force Management Statement and continue to safeguard the communities of Dyfed-Powys.
- 1.49 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 2021/22 and beyond.
- 1.50 Finally, following the announcement in mid-December that Chief Constable Mark Collins intends to retire in spring 2021, I would like to take this opportunity to congratulate Mark on his successful career in policing and wish him well for the future. When I appointed Mark in 2016, the Force had been through a difficult period and he has worked assiduously over the last 4 years to improve the organisation. His commitment and leadership has been of tremendous benefit to the force and he has contributed significantly to positive changes that I have observed first hand. As the Police and Crime Commissioner, I am confident that I made the right decision to appoint Mark and I feel he has been a highly effective and personable leader leaving a legacy which will see the organisation go from strength to strength. He will be missed.
- 1.51 Given the close proximity to the Police and Crime Commissioner elections expected for May 2021, it has been decided not to progress with an appointment process for a new Chief Constable at this stage. Due to the importance of the relationship between the Chief and the Commissioner, I felt that this critical decision should be for the elected Commissioner to progress after the next election. Therefore, the temporary promotion of DCC Claire Parmenter to T/Chief Constable upon Mark's retirement has been announced. Claire has played a significant part in supporting Mark's leadership over the last few years and I wish her every success in her new role.



2. Organisational Context

- 2.1 Spanning 4,188 square miles, Dyfed-Powys is the largest force area in England and Wales. With 13,842 miles of roads, 2 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 515,870 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 such as Tenby and Brecon. This presents its own implications for crime, anti-social behaviour and roads policing.
- 2.3 As the largest force in England and Wales, Dyfed-Powys works in partnership with four local authorities and has coterminous local policing boroughs. Beyond the four counties, Dyfed-Powys also collaborate on an All Wales basis regarding policing responsibilities.
- 2.4 Ensuring the workforce is visible to improve victim satisfaction, protect the vulnerable, prevent crime and bring offenders to justice is challenging given the vast area policed.
- 2.5 The Dyfed-Powys Police service has invested significantly in digital policing, providing front line officers and PCSOs with access to force systems through mobile data terminals and body worn video cameras, as well as introducing vehicle based telematics to enhance incident response and rolling out an extensive CCTV programme.
- 2.6 Since the 2010 comprehensive spending review, central grant funding has reduced by 21% or £13m; the Force has been required to make savings of £30.712m.
- 2.7 Against this backdrop, demands continue to grow and become increasingly complex. The Force has experienced year on year increases in recorded crime with incidents involving mental ill-health and more complex inquiries into child sexual exploitation and cybercrime.
- 2.8 The Welsh language is spoken by 32% of Dyfed-Powys residents compared with the national average of 19%. As a service, we are committed to ensuring that the workforce is representative of the communities it serves so that members of the public are, whenever possible, afforded the opportunity to communicate with us via the medium of Welsh.
- 2.9 The Force has experienced changes to its Chief Officer team but has benefited from stable executive leadership under the Chief Constable with clear strategic direction, evidenced through assessments from external regulators. The Chief Constable announced his intended retirement for Spring 2021 and a range of temporary and acting up arrangements have been put in place. It is anticipated that these will be reviewed after the Police and Crime Commissioner elections, which are scheduled for May 2021.



2.10 The neighbourhood-policing model lies at the heart of service delivery and is underpinned by Response, Crime Investigation and Safeguarding functions. The four priorities of the Police and Crime Plan underpin all aspects of operational and organisational delivery:

- Keeping our communities safe.
- Safeguarding the vulnerable.
- Protecting our communities from serious threats.
- Connecting with our communities.

2.11 To meet the priorities of my Police & Crime Plan, the Force has developed both a delivery plan for 2017-21 and Vision for 2025, which are shown in Appendix A and B respectively. These high-level documents are underpinned by detailed plans. The plans recognise the challenging operational environment, the need for continued investment to support sustainable services and the requirement to match force resources and assets to meet force demand appropriately.

3 Operational Performance

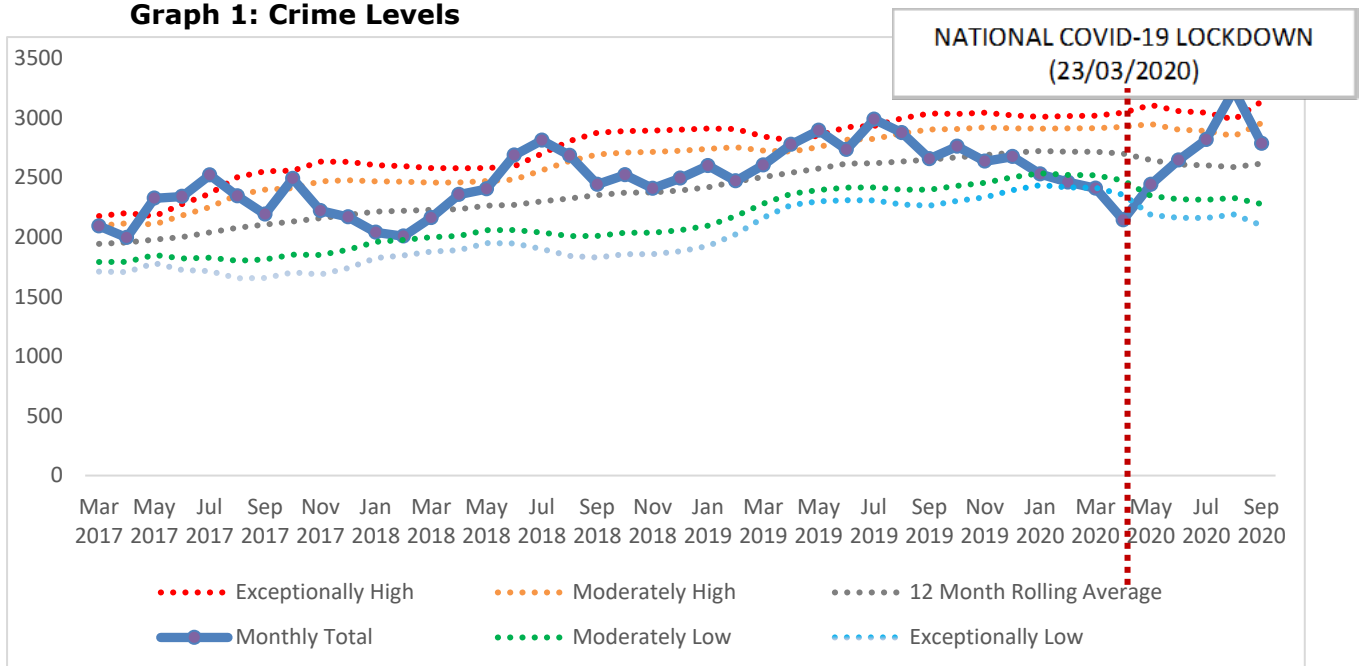
3.1 During recent years, overall recorded crime volumes in Dyfed-Powys have continued to rise, in the latter part of 2019 and early 2020 volumes suggested a relatively stable trend, however, since mid-March crime volumes have been impacted by the Covid-19 pandemic. Overall crime volumes reduced considerably in March 2020, however since April 2020 crime volumes have steadily returned to similar levels reported prior to the pandemic and associated lockdowns. The following however, highlights any notable differences in the most recent crime volumes:

- Exceptional increases in Criminal Damage offences were noted during Aug-20. Due to the seasonal nature of this offence category, there is no significant difference between the number of offences during this period and the same period last year.
- Drug offences decreased significantly following the stark increase during the first lockdown period. The COVID lockdown period also saw an increase in the number of executed drugs warrants and positive stop checks as a result of Op Dovecote. Following the easing of COVID-related restrictions, it would appear the volume of drug offences has regressed to the average.
- Public Order remains significantly high. The pandemic has been a critical factor in this increase as public tensions have been high due to COVID restrictions and regulations.
- Violence Against the Person offences increased significantly during July and August 2020, however this was largely due to an increase in alcohol-related offences following the easing of lockdown restrictions.



3.2 The following graph details overall crime levels since March 2017, albeit it should be noted that there have been changes nationally which have impacted on the reporting of crime which accounts for some of the increase. Much work has been done by the Force to improve crime data integrity and the Force’s focus on vulnerability over the last year has realised a positive increase in the reporting and recording of crimes. Despite the initial reduction in recorded crime following the national COVID lockdown, volumes during Q2 2020/21 illustrate increases that are consistent with what is expected during this time of year.

Graph 1: Crime Levels



3.3 The Crime Survey for England and Wales has measured crime since 1981. Used alongside police recorded crime data it is a valuable source of information for the government about the extent and nature of crime in England and Wales. The key findings for Dyfed-Powys Police to emerge from the latest survey are:

- The estimated percentage risk of a household being a victim of a household crime are considered exceptionally low. At 3.2%, Dyfed Powys Police has the lowest result recorded.
- Public perception of noisy neighbours and people being drunk or rowdy is statistically lower than previous quarters and is lower than the national average.
- Public perception of people using or dealing drugs is statistically lower than the national average.
- Public perception of having experienced or witnessed ASB is exceptionally lower than the national average. At 23.1%, Dyfed Powys has the lowest result recorded.



- Perceptions of whether the police would treat people with respect is higher than previous quarters, and is on par with the national average.
 - Public perceptions of whether the police are doing a good or excellent job statistically is unchanged on previous quarters, Dyfed Powys remain above the national average.
 - Perceptions of whether the police are dealing with things that matter to people in their area is slightly lower than the previous quarter. However, Dyfed Powys remain above the national average.
- 3.4 Incident volume has decreased over time. Volumes peaked this year at 13,621 recorded during August 2020, while March 2020 illustrated the lowest volume at 9,916 incidents which coincided with the first Covid-19 lockdown 23/03/2020. Interestingly year to date figures demonstrate that total incident volume has decreased by 13% since 2016 (141,190 vs. 122,626 incidents recorded, respectively).
- 3.5 Key areas of vulnerability for Dyfed-Powys Police are assessed through a risk assessment process known as a Management of Risk in Law Enforcement (MoRILE) assessment. Partners are brought together to draw on experience and evidence of key areas of threat, risk and harm so as to determine resource allocation and focus for policing. The outcomes of this exercise inform the Control Strategy for Dyfed-Powys Police. With the cross cutting themes are County Lines, Vulnerability, Digital Enabled Crime and the borders as at June 2020, the priorities are:
- Class A drugs
 - Cyber Dependent Crime
 - Domestic Abuse
 - Child Criminal Exploitation Inc. Child Sexual Exploitation and Abuse
- 3.6 Since then, much has been done to improve how we safeguard the vulnerable and give protection from serious harm. All elements of the control strategy have an associated Protect, Prevent, Prepare and Pursue action plan. The action plans are included within the Force Tasking and Co-ordinating Group Meetings that are held quarterly and chaired by the Assistant Chief Constable. Control strategy priorities are considered at Performance & Tasking meetings, while intelligence relating to the control strategy is discussed at both force and county level intelligence meetings.
- 3.7 In terms of the most serious offences Dyfed-Powys Police has recorded 37 homicides since 2014. It should be noted that both the year on year fluctuations and nature of each individual case could have significant impacts on associated costs.
- 3.8 During the period reported, HMICFRS have undertaken limited inspection activity to allow forces the opportunity to respond to the demand brought about by the COVID-19 pandemic.



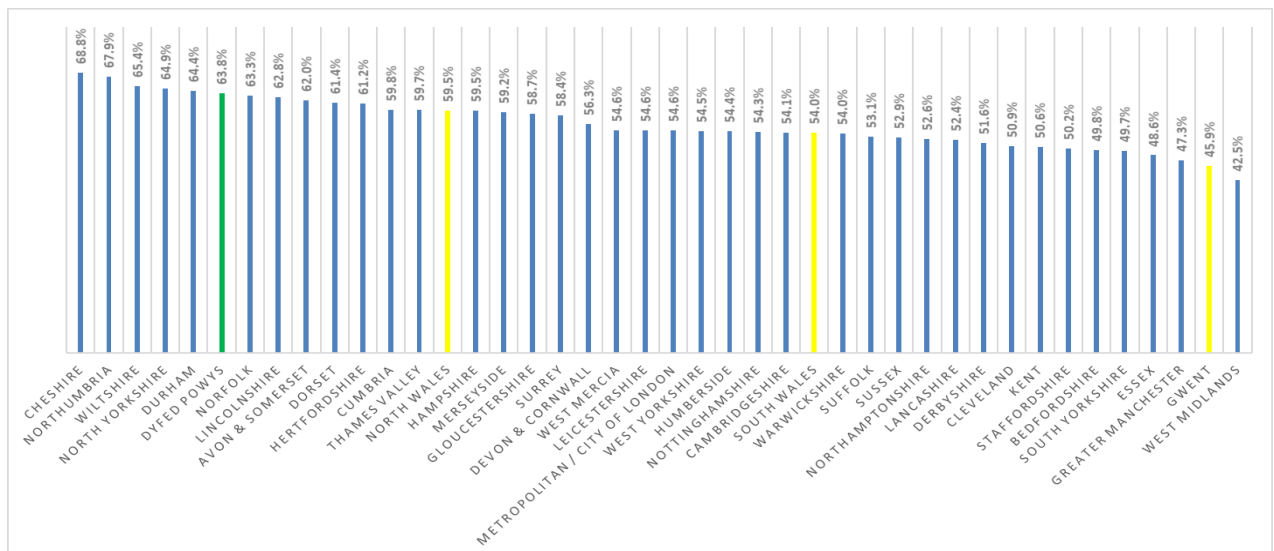
3.9 In terms of thematic activity, HMICFRS undertook Phase 2 Crime File Review during November 2019 and finalised in March 2020. After this date, however, all inspection activity was suspended to allow forces to respond to the demand that the pandemic brought. In late summer 2020, all forces were notified of the resumption of HMICFRS inspection activity and Dyfed-Powys Police were notified of the following:

- Joint Thematic Inspection [HMCPSP & HMICFRS] Pre-Charge and Use of Released Under Investigation (2019/2020) – Report due to be published 08/12/2020
- COVID Inspection - despite not being inspected, Dyfed-Powys Police were required to provide documented information to inform inspection activity of all forces.

3.10 To better understand public opinion of local policing, two key repositories of information are analysed. These are the Crime Survey for England and Wales, which offers public perception of policing, and the Victim Satisfaction Survey, which provides victim experience of policing. The CSEW is carried out by the ONS and the Victim Satisfaction Survey is carried out by the Force.

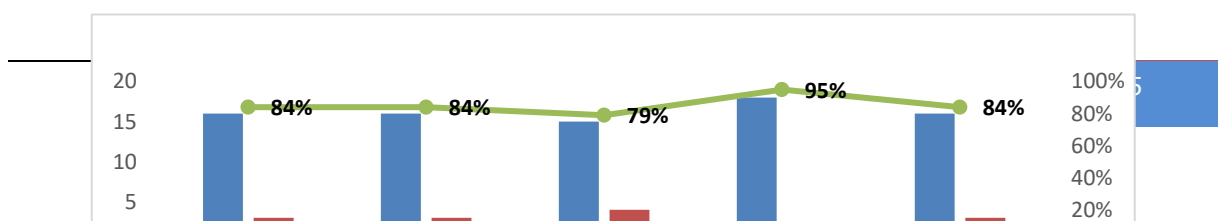
3.11 The level of public perception is one of the highest in the country with 63.8% rating the work that Dyfed-Powys Police do as good or excellent:

Graph 2: Public Perception



satisfied with their whole experience but the force recognises that there is work to do to focus on keeping victims up to date. The Commissioner is keen to strengthen the Victims Voice in policing and as such has established a Victim Engagement Forum. Working collaboratively with victims, the Commissioner aims to ensure their voices influences the scrutiny of service provision to support the delivery of an outstanding service for victims.

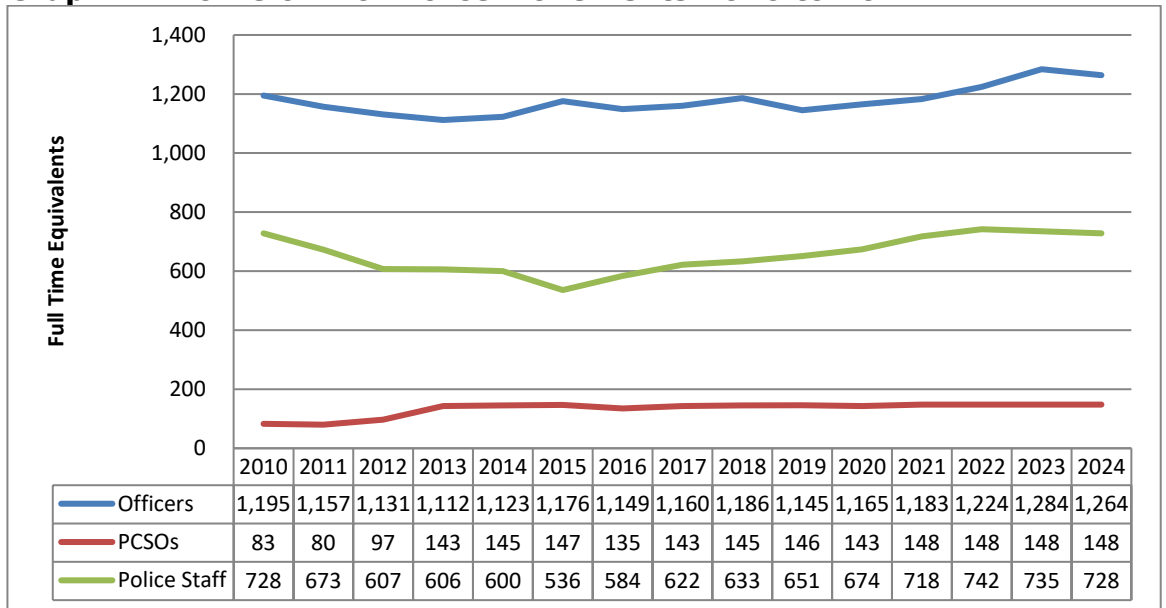
Graph 3: Victim Satisfaction





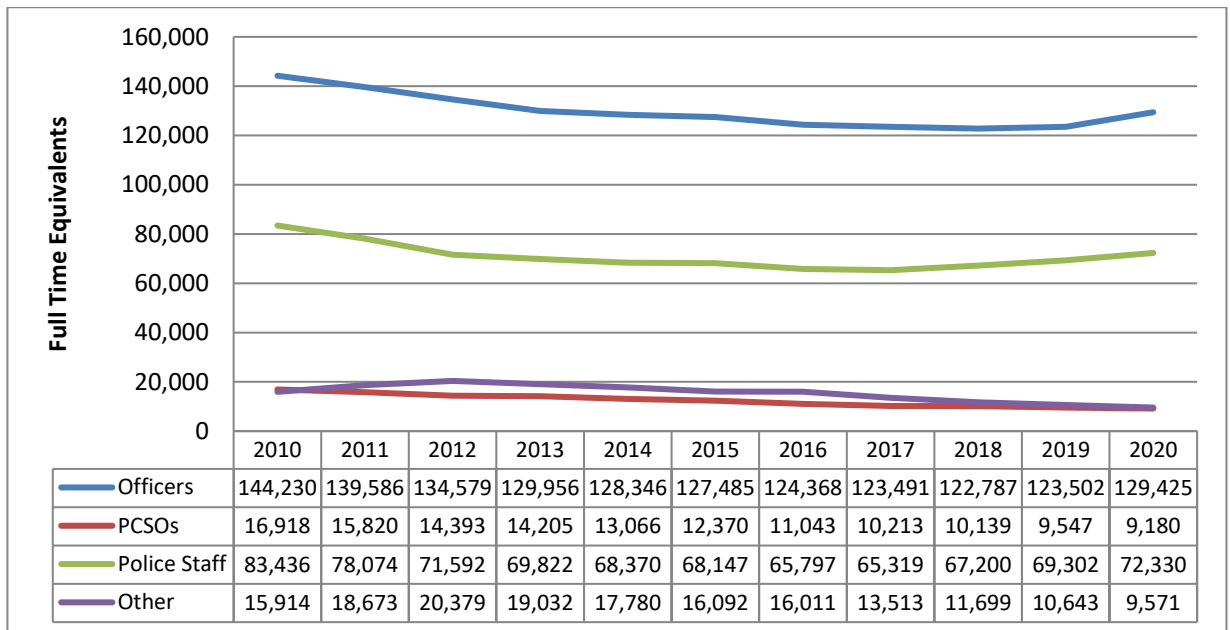
3.13 The following graphs outline the changing actual and projected profile in Police Officer, PSCO and Police Staff strength over the last 10 years against the wider national picture. The balance of resourcing levels is critical in dealing with ever evolving and changing demands and the Chief Constable manages and controls this through internal governance arrangements. Workforce planning is further detailed in section 14, which reflects the anticipated increase in Police Officer numbers.

Graph 4: Profile of Workforce Movements 2010 to 2024





Graph 5: National Profile of Workforce Movement



- Nb Other include Police Specials on headcount not full time equivalent

4 Covid-19 Pandemic Response and Implications

- 4.1 2020/21 has been a year like no other with the developing national emergency arising from the Covid19 pandemic. The response to this has been unprecedented amongst the public sector as a whole and specifically to policing as it adapted quickly to enforcing the changing UK and Wales legislation whilst maintaining service delivery and protecting its workforce.
- 4.2 Dyfed-Powys Police took a range of early steps to ensure that it was well prepared to respond at a local, regional and national level. The governance arrangements established were significant and wide ranging to ensure that all aspects of operational and organisational performance and that service delivery was optimal and dynamic to respond appropriately to the evolving position, with the health and wellbeing of the workforce being absolutely paramount. The Gold, Silver and Bronze command structures work in tandem with a Strategic Command Group, Tactical Command Group and the Local Resilience Forum.
- 4.3 The safety and well-being of the workforce have been paramount in the policing response, with various phases of workforce deployment being utilised as the emergency evolved. A considerable number of key initial steps were taken to ensure business continuity, resilience and critical service delivery. A few examples include the Force Contact Centre (FCC) being split between two sites, significant numbers of non-frontline staff working from home, reprioritising and allocation of IT to essential roles, resources being pooled to ensure service delivery and ways of working for both frontline and back office functions being adapted with both internal and external meetings being held electronically and training being delivered on-line. Many staff continue to work from home with some now back in the



- workplace with appropriate social distancing arrangements firmly in place. These arrangements have accelerated the Force's agile working project.
- 4.4 The impact of Covid-19 on resource levels has been monitored carefully across the organisation, with a peak of staff abstraction of 40% in May, albeit non-Covid19 has remained lower than usual and indeed much lower than the national averages across policing.
- 4.5 Overcoming the challenges that all sectors across the UK face with the supply of Public Protective Equipment (PPE) has required the Force to adopt emergency procurement procedures to source such equipment in a timely manner. The Force was able to maintain appropriate levels to ensure the safety and protection of the workforce. Procurement professionals have continued to work with service leads to assess and monitor the necessary supply chains and supplier base to ensure all aspects of service delivery. There have been some national pressures within the forensic market and these have mitigated as and when necessary.
- 4.6 In terms of demand, and in line with all other forces, Dyfed-Powys Police has experienced a statistically significant decrease in reported crimes. Reported incidents of Anti-Social Behaviour, however, have increased exponentially, primarily resulting from reports of breaches of lock down rules. To date, the ability to respond to these reports is good. The Force has also been proactive in dealing with the non-essential travel issues of people wishing to travel to enjoy the Force area and those wishing to visit second homes within the area. A specific operation was also run to proactively warn against potential mass gatherings during the period of national lockdown.
- 4.7 In addition, the Force, in line with best practice, has established an Organisational Learning and Recovery Cell to plan and to deal with the aftermath of the pandemic. This will encompass any lessons learned, working practices to be maintained, prioritise and plan for the resumption of strategic projects and on-going staff welfare considerations.
- 4.8 In terms of initial financial implications, spending continues to be affected by the Covid-19 outbreak with significant additional costs and losses in income being experienced throughout the year. The evolving positions on enhanced lockdown periods inevitably made forecasting difficult. The change in working practices has however realised some savings and some of these will continue to be realised over the course of the MTFP with the embedding of agile working.
- 4.9 The scale of the economic implications and indeed the Governments financial interventions has been significant. The APCC and NPCC have worked closely with the Home Office in relation to the financial implications of Covid-19 with detailed submissions being made on a monthly basis.
- 4.10 During the latter course of 2020/21 the Policing Minister and Home Office confirmed three additional grants:



- The Department of Health and Social Care will be meeting all costs of Medical Grade PPE, for Dyfed-Powys Police this equated to £347k. Future supplies of PPE are being sourced via central procurement arrangements at no cost to the Force
- £30m of surge funding for increased COVID-19 enforcement with an expectation of immediate, visible, and nationwide enhancement of police enforcement of COVID-19 restrictions. Dyfed-Powys' allocation was £212k.
- An Income loss recovery scheme for Commissioners for 2020/21 which recognises the lost income on expected sales, fees and charges as a consequence of the pandemic. This scheme will enable forces to recover 75p in every £1 of lost income once a 5% deductible has been absorbed by PCCs. Claims continue to be made on a monthly basis.

- 4.11 It is also important to note the impact of the pandemic on the global financial markets with activity being impacted in many sectors. The Statement of Accounts for 2019/20 included two reports of 'material valuation uncertainty' for both Estate and pension fund asset valuations. These valuations will be kept under review.
- 4.12 The impact on the Covid-19 pandemic has had implications for local authorities in terms of their assumptions on collection rates and indeed the economic and development factors, which contribute to the calculation of the tax base. This impact on tax base is further outlined in section 11.
- 4.13 Work will continue to assess the financial implications but this will take some time to crystallise both in terms of the local issues and impact but also within the wider economic landscape. The scale of Governments economic interventions has been vast and this may undoubtedly have significant implications for public services and funding in due course.

5 HMICFRS PEEL Inspections and Force Management Statement –

- 5.1 During October 2018 HMICFRS undertook the first annual integrated PEEL inspection of the Force. Their findings were published in late April 2019 with the following gradings:

Table 1: PEEL Inspection Outcome

Section	Test	Outcome
Effectiveness	How effectively does the Force reduce crime and keep people safe?	Good
Efficiency	How efficiently does the Force operate and how sustainable are its services to the public?	Requires Improvement
Legitimacy	How legitimately does the force treat the public and its workforce?	Requires Improvement



- 5.1 Although disappointing to see the gradings, both the Commissioner and Chief Constable are absolutely committed to providing a first class policing service to the communities of Dyfed-Powys. The Force has invested a significant amount of time in better understanding the issues highlighted and continues to focus on addressing these. The Force accepted an invitation from HMICFRS to be a pilot force for their new Continuous Assessment PEEL framework, however due to the outbreak of Covid-19 HMICFRS suspended all inspection activity. This inspection is now planned for early 2021.
- 5.2 HMICFRS has recognised the significant progress the Force is making in relation to restructuring services to deliver specialist support to communities. It is also reassuring to hear praise for the work of staff in the Force Contact Centre, who consistently identify vulnerability. HMICFRS have further provided positive feedback to progress made around the new strategic direction and model for Neighbourhood Policing. The Force was graded as good for treating the public fairly, which is testament to the work undertaken daily to support and safeguard the communities of Dyfed-Powys.
- 5.3 In the PEEL Spotlight Report May 2019, HMICFRS acknowledged that Police forces in England and Wales are straining under significant pressures as they try and meet growing and complex demand with dwindling resources. It is further anticipated that demand for Police Services will be affected by future social, economic, environmental trends in the following six key areas:
- Population
 - Health
 - Economy and infrastructure
 - Climate change
 - Land Use and Natural Resources
 - Society and Culture
- 5.4 The Chief Constable submitted his third FMS during 2020 as a self-assessment for HMICFRS. This statement is an explanation of:
- The demand the Force expects to face in the next four years.
 - How the Force will change and improve the condition, capacity, capability, serviceability, performance and security of supply of its workforce and other assets to cope with that demand.
 - How the Force will improve to make sure the gap between future demand and future capacity is as small as it can be
 - The money the Force expects to have to do all the above.
- 5.5 The Force has revised its approach to producing the FMS to address recommendations previously made by HMICFRS in relation to improving the way it plans for the future. The new approach to FMS has brought a centralised approach to the coordination of the document, which is the Force's strategic plan for the next year, with forecasted demand predicted for the forthcoming 4 years.



- 5.6 The analysis of demand data both current and predicted is carried out centrally and business leads are required to apply professional judgement and expertise to the evidence base. It is anticipated that the approach taken this year will ensure more effective strategic planning strengthening the linkages with the MTFP, Estates Strategy and Resource planning for the next few years. Vulnerabilities identified through this process will be monitored via the Force governance structure and progress against each reported periodically. Further detail on the approach to the MTFP are outlined in section 6.
- 5.7 The FMS has identified the most significant gaps and challenges to face the Force as:
- Uncertainty over the long-term financial position and the ability of the Force to deliver an effective service to our communities given the combination of the potential reduction in resources and significant increases in demand.
 - Overall sickness is increasing with Psychological Disorders being the greatest causes of absence.
 - Calls for service, in particular the increase in 999 calls and increased in complexity.
 - The scale digital and online demand and our capacity and capability to address it.
 - Outcome rated, given the volume of demand and the impact that Covid-19 is causing in creating a backlog in trials, with additional demands for Victim Services.
 - Demand in sexual offences is predicted to increase and the shape of the workforce and our capacity/capability to address this demand with the skills needed.
 - Increasing demands for ICT and Information Management to increase productivity and transparency

6 Financial Context – Independent Commentary

- 6.1 The financial challenges facing the police service have been well documented and commented upon during both 2018 and 2019 with a number of professional and independent high profile studies and reports. Although some progress has been made, the salient finance issues are highlighted as follows as they provide useful context to the financial challenges and issues faced by the service over recent years:
- 6.2 The Home Affairs Committee Policing for the Future Report issued on 22nd October 2018 is far reaching and makes 66 very critical conclusions and recommendations based upon research and substantial evidence. Specifically in relation to funding, the report states:
- a. “The Government must be clear and accurate about police funding, and the resource pressures facing forces. We welcome the Home Secretary’s commitment to prioritising police funding in the next Comprehensive Spending Review (CSR), and the Policing Minister’s clear recognition that



the service requires additional resources to enable it to meet changing demands. We agree with them. Policing urgently needs more money. We strongly recommend that police funding is prioritised in both the upcoming Budget and the next CSR.

- b. Given the complex challenges outlined in this report, we have no doubt that a failure to provide a funding uplift for policing would have dire consequences. Efficiency savings can only go so far, in the context of the challenges that forces now face: substantial increases in serious violence and volume crime; a rise in complex cases, including child sexual offences and domestic abuse; an ever-growing workload from safeguarding vulnerable people, and an explosion of internet crime, with the evidential challenges that creates. Without extra funding, something will have to give, and the police will not be able to fulfil their duties in delivering public safety, criminal justice, community cohesion and public confidence.
- c. We are extremely concerned by the National Audit Office's recent conclusion that the Home Office does not know whether or not the police system is financially sustainable, and cannot be sure that funding is being directed to the right places. Future investment must be strategic and evidence-based, ensuring that resources are focused in the areas in which they can have the most impact on crime prevention and harm reduction, and not just those areas that might attract the most favourable press coverage.
- d. The current model for police funding is not fit for purpose, and should be fundamentally revised and restructured. Such heavy reliance on the council tax precept for additional funding is also unsustainable. It is time to stop kicking this problem into the long grass, and create a funding settlement for Forces that is fit for the 21st century, recognising the true cost of policing. This must be based on robust evidence on resource requirements arising from diverse and complex demands. It is also likely to require more resource to be channelled to regional levels, to address the structural challenges outlined later in this report.
- e. The police service is playing an increasing role in managing vulnerability and risk across public services, and many individuals have complex needs, which cross-organisational boundaries. In Chapter 2, we referred to models involving the co-location of police officers or PCSOs with other agencies, to work on interventions for individuals in greater need of holistic support. The Government should undertake a review of models that enable the police to pool resources with other public agencies, and facilitate these arrangements where they would enable a more joined-up, effective and cost-efficient response.
- f. Many witnesses highlighted the challenges created by the short-term approach to police funding. This is an unnecessary obstacle to investment in innovation, and it disincentivizes medium and long-term financial planning. The Government should move to a longer-term funding structure, to enable the service to frontload investment in the



technology that will enable it to make the best use of its resources and assets. The Police Transformation Fund is a piecemeal and ad hoc method for funding innovation and new technology in policing, and a much more coordinated, long-term approach is required.”

6.3 In September 2018, the National Audit Office (NAO) released their financial sustainability report for police forces in England and Wales. In 2015, the NAO had previously reported on financial sustainability for police forces and concluded that *‘there were significant gaps in the Department’s understanding of demand and of pressures on the service, and it needed to be better informed to discharge its duties of overseeing the police and distributing funding’*.

6.3.1 The report highlights some very stark figures in relation to both the cuts and top slicing that have dramatically impacted on policing services and the increasing reliance on local funding and points to the disparity between forces’ ability to raise income through the precept. Capital funding that forces receive is now minimal with the service becoming increasingly dependent on the sale of land and assets to fund new capital expenditure, which the NAO point out that this is not sustainable.

6.3.2 The report made five recommendations:

1. *“The Department should make clear all of the accountability relationships and processes for policing, setting out who is accountable for what at all levels of the system.*
2. *The Department should develop a clearer ongoing understanding of whether police forces’ funding is sufficient to support them to deliver an efficient and effective police service.*
3. *The Department should review the funding formula and adopt an approach to funding that takes account of forces’ local circumstances more fairly.*
4. *The Department should develop an overall strategy for policing that includes clear thinking on how its support programmes, such as the Police Transformation Fund (PTF), contribute to forces’ financial position.*
5. *When developing an overall strategy for policing, the Department should identify which of its policies and programmes are best delivered locally and which are best delivered nationally and assign them to bodies with the capability to fulfil them.”*

6.3.3 The report concluded that the Home Office’s hands off approach left uncertainty that current funding arrangements secured financial sustainability. Additionally, the Home Office lacked a long-term plan for policing and that there were significant gaps in information regarding the demand on policing services and the associated costs. The way that the HO distributes funding has been too detached from the nature of policing



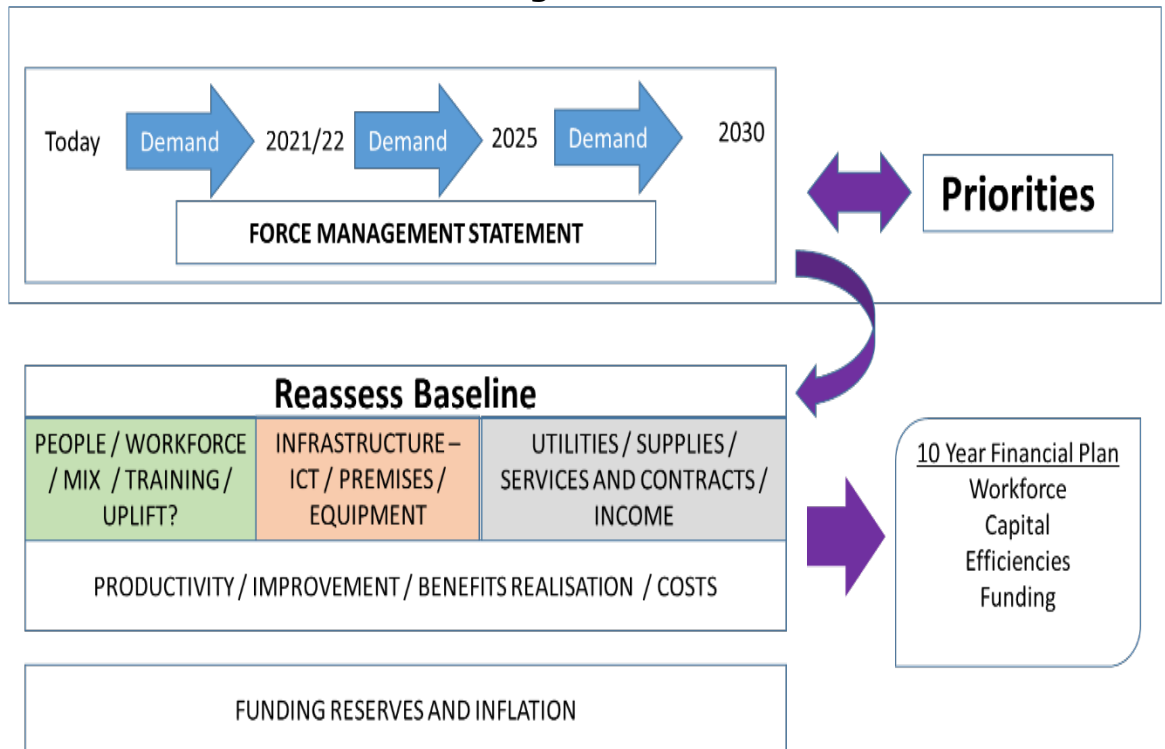
for too long, particularly with the delay of the formula review. The NAO, therefore, concluded that the HO's oversight of the police system was not assuring good value for money.

- 6.4 HMIC's report to the Secretary of State under section 54(4A) of the Police Act 1996 contains his assessment of the efficiency and effectiveness of policing in England and Wales based on inspections we carried out between May 2019 and March 2020. In relation to police funding the report states:
- 6.4.1 "There are other limitations associated with the uplift funding. These include its relatively short-term nature and the wider police funding arrangements, the formula for which continues to attract considerable criticism. There are deep-rooted problems with the funding formula, which the uplift money does not address. The Home Office should review the funding formula.
- 6.4.2 "I have said before that short-term funding is problematic for the police. Forces must balance new, longer-term capital investment (for example, in technological capability) with shorter-term funding for frontline services. Leaders must often make difficult choices. This can mean critical or mandatory services having to be prioritised at the expense of other, less urgent ones.
- 6.4.3 "An unwanted effect of short-term funding arrangements is the way they often impede new and longer-term investment. As a result, in some respects, particularly technology, policing is gradually falling further behind some other aspects of society.
- 6.4.4 "Short-term funding also hampers organisational development in other areas, such as force-level violent crime reduction units and regional-level organised crime units. Units of this nature often rely on dedicated annual funding that is made available for specific projects. More sustainable funding arrangements are undoubtedly needed. They could be implemented in the form of, say, rolling three-year programmes, adjusted each year. This would be an enormous aid to strategic planning.
- 6.4.5 "Forces also face uncertainty over the costs of delays in providing the new Emergency Services Network. This £9.3 billion programme is to replace and upgrade the police and other emergency services' mobile communication systems, but it is delayed by three years. Until December 2022, the police service will not be able to make the expected efficiency gains from the new system. And, in the interim, at least one force reports having to replace worn-out radio hardware with new but outdated hardware, to continue working on the current system. These are major financial and operational risks.

7 Approach to Budget Setting and the MTFP for 2021/22

7.1 Work has taken place during 2020 to further develop the budget setting process. This approach has seen Corporate Finance working more closely with service managers and budget holders to cost the priorities contained within the FMS, reviewing baseline budgets to more critically assess demand and pressures whilst also searching for efficiencies and savings. The relationship between in year financial monitoring and budget setting continues to strengthen.

Picture 1 – FMS and MTFP Linkage



7.2 The Finance, Efficiency and Futures Board and MTFP Group with the formal governance structure has continued to oversee the development of this approach with financial planning being a key focus for the Strategic Estates Group/ Operational Estates Group, IT Strategy Group and Fleet Strategy Group.

7.3 The use of both CIPFA and HMICFRS VFM profile benchmarking data is starting to develop and will continue over the next year as this is seen as vital in helping to assess demand and value for money considerations.

7.4 The following table provides some high level benchmarking and comparator data for 2020/21 and work will continue in earnest to review and understand the array of factors which will need careful consideration.



Table 2: Police Objective Analysis Benchmarking Data

Service Heading	Budgeted Establishment 20/21							Net Spending £'000	Proportion %	English Non Met Forces %	Difference £M
	Officers	PCSO	Staff	Toytal Employees	Special Constables	Volunteers	Total People				
	FTE	FTE	FTE	FTE	FTE	FTE	FTE				
Response and Neighbourhoods	668	148	249	1,066	129	27	1,222	45,472	40	41	0.7
Investigations	133	0	10	143	0	1	144	10,075	9	10	1.3
Custody	44	0	37	81	0	0	81	5,784	5	3	-2.3
Criminal Justice	3	0	85	88	0	0	88	2,261	2	2	0.0
Specialist Investigations	50	0	73	124	0	6	130	8,158	7	8	1.4
Protecting Vulnerble People / Monitoring Offenders	54	0	32	86	0	3	89	4,535	4	5	1.5
Firearms Units	47	0	0	47	0	0	47	3,748	3	2	-1.7
Traffic	72	0	2	74	0	0	74	4,562	4	1	-3.1
HQ Operationa Support	51	0	11	62	0	3	65	2,211	2	2	-0.3
Support Services	61	0	244	305	0	36	341	23,283	21	20	-0.2
Central and Other Costs (Including Seconded)	27	0	36	63	0	75	138	2,822	2	5	2.7
	1,212	148	780	2,139	129	151	2,419	112,910	100	100	-0.0

- 7.5 Work has continued at both a local and national level to deliver extensive efficiencies and efficiency savings through a rigorous process of financial and service delivery scrutiny and transformation. The Efficiency plan has delivered £30.7m since 2010/11. This work continues in earnest by the MTFP Group.
- 7.6 As part of their work on the Spending Review, the Home Office undertook a comprehensive exercise on productivity and efficiency during 2020. The results were published in August 2020, and provided a very useful analysis of the picture across policing and allowed internal cross referencing to ensure that all opportunities were being considered and seized:
- What local technology / change programmes are underway in your force / at regional level / jointly with other forces?
 - In the next three / four years, where do you see the major productivity opportunities for officers in your force?
 - Where are the opportunities to increase the use and / or effectiveness of PCSOs, Special Constables, and Operational Civilian Staff to release police officer capacity?
 - Where are the opportunities to increase the productivity, effectiveness and / or reduce costs within your force's support and back office functions?
 - What are the most significant opportunities to reduce non-pay expenditure within your force –premises, transport, supplies / services, ICT, other contracts?
 - What are the adaptations and changes to ways of working during the Covid response that should be sustained moving forward?
 - What are the other areas of collaboration that would potentially drive productivity and cost reduction benefits –locally, regionally and nationally? What are the factors that hinder collaboration?



- What are the additional income opportunities for your force?
 - Are there any major enablers or limitations to overcome in securing these productivity and efficiency gains?
- 7.7 Considerable efforts have been made to strengthen the focus and linkage with between the FMS and MTFP. Corporate Finance worked with service leads to cost risks identified within the FMS. Chief Officers then held a Prioritisation Day on the 10th November to comprehensively further review and challenge the existing RAG risk assessed priorities. The sessions were structured with service leads preparing on the following basis:
- Brief description of the risk
 - Outline of costs involved in addressing
 - Alternative options that can be/ were considered
 - Timeframe for implementing the action / incurring the costs
 - List of the benefits from undertaking this action
 - List of consequences/ risks of deferring action into 22/23 or later
 - Why the public should/ would be willing to pay more in Council Tax for this additional services
- 7.8 The Corporate Finance Team also undertook a series of external training sessions provided by CIPFA to enhance their finance business partnering skills to which better support the organisation from both a strategic and operational perspective, enhance the relationships with service managers and continue to develop financial awareness and management skills across the organisation.
- 7.9 A comprehensive timetable was set to shape the preparation of the Budget and MTFP, which also included review, challenge and scrutiny sessions between the Commissioner and Chief Constable supported, by the DoF and CFO. These formal meetings were held on 20th October, 19th November, 21st December and 7th January considering a detailed suite of financial information, with each sessions allowing for further refinement. This early preparatory work allows for the presentation at the Finance Seminar on the 5th December to be more focussed. Discussions and ad hoc meetings also that take place as issues arise or indeed after funding announcements are made.

8 2021/22 Police Funding Settlement

- 8.1 The Policing Minister, Kit Malthouse, announced the provisional Police Finance Settlement for 2021/22 on 17th December in a written statement. Full details of the settlement can be found on the Home Office pages of the gov.uk website. This one-year settlement is set against the backdrop of severe economic difficulties due to the ongoing Covid-19 Pandemic as well as uncertainty around Brexit. The UKs Gross Domestic Product (GDP) for the year was down 11.3%, the largest recession recorded.
- 8.2 The Welsh Government then published their Settlement for Welsh Commissioners on the same day.



- 8.3 In a letter, outlining the settlement both the Home Secretary and Minister recognised the police services' outstanding bravery and commitment to public service along with the speed and flexibility that police officers and staff had responded to the unprecedented challenges brought about by the Covid-19 pandemic. They also recognised the good progress that forces had made in the first year of the Police Uplift Programme along with their expectation to see the momentum continue for deliver year two.
- 8.4 The funding settlement also set out four priority areas to drive efficiency, productivity and effectiveness including efficiency savings through joint procurement, enhanced productivity using technological solutions, achieving best value on police technology spending and ensuring forces meet their recruitment targets for 2020/21.
- 8.5 The 21/22 settlement provides a total of up to £15.8bn for policing, with funding to Police and Crime Commissioners increasing by up to an additional £703m, including the local flexibility to increase council tax precept:
- £415m increase in Government grant funding. This additional funding will support year 2 of the Police Uplift Programme with £100m being ring-fenced and allocated according to funding formula shares and paid in line with progress on recruitment
 - Up to £288m additional funding from council tax precept, if all PCCs maximise their flexibility by £15 for a Band D equivalent property.
 - Expectations to build upon progress that has already been made in terms of efficiency and productivity, with £120m of efficiency savings to be achieved across the law enforcement sector.
 - £1.1bn for national priorities, resource and capital funding, including funding the fight against serious and organised crime including drug trafficking and child sexual exploitation and abuse, seeking to protect the National Crime Agency to ensure cohesive national, regional and local law enforcement response.
 - Continuation of the Pensions Grant, which remains unchanged at £142.6m, and has not been updated to reflect new forecasts.
 - Funding for counter-terrorism of £914m, as well as an additional £32m for a new CT Operations Centre, with this continued investment seeking to ensure the UK can respond more quickly and effectively to keep the country safe from a range of threats, wherever they take place.
- 8.6 In 2020-21 the top slices/reallocations total £1.033.5bn, £87.4m lower than last year (£1.120bn). Primarily, this difference comes from a £26m reduction in special grant, a £52m reduction in Top ups to NCAs and ROCUs (it is worth noting that this top up now only applies to ROCUs), a £14m reduction in Police technology programmes and an £8m reduction in the National Capability programmes.

Table 3: National Police Funding –Reallocations/ Adjustments


2021/22 Medium Term Financial Plan & Precept Proposal

Police Funding	2018/19 £m	2019-20 £m	2020-21 £m	2021-22 £m
Reallocations and adjustments	945	1,029	1,120.90	1,033.50
PFI	73.0	73.0	72.8	71.6
Police technology programmes	495.0	495.0	498.4	484.7
Arm's length bodies	63.0	63.0	73.1	70.5
Police Uplift Programme			16.5	14.5
National Operational Policing Units (including football policing and wildlife crime)			2.9	2.9
Top-ups to NCA and ROCUs	-	56.0	56.8	4.9
Strengthening the response to Organised Crime	42.0	90.0	140.0	146.3
Counter Terrorism			32.4	32.5
Police transformation fund	175.0	175.0		
National Capability Programmes			47.0	38.7
Forensics			28.6	25.6
Special Grant	93.0	73.0	80.9	54.8
Pre-charge bail	4.0	4.0	2.0	2.0
Serious Violence	-	-	38.9	38.9
PRUM (Transition from EU Systems)	-	-	1.8	
HO STAR (Science Technology & Research)	-	-	8.0	
Blue Light Commercial	-	-	3.7	5.0
Police Now			7.0	7.0
Safer Streets Fund			10.0	20.0
Science Tecniology and Research				5.2
International Crime Coordination Centre				5.0
National Policing Capabilities (NPCC)				3.2

- 8.7 Police Capital Grants now total £76m but only £12.3m will be allocated locally – compared to £46.9m in 2019-20 (a 74% reduction). The Ministerial Statement refers to this as “rebalancing” adding that the Commissioners are able to spend their revenue income flexibly.

Table 4 – National Police Capital Grant Allocations

2021-22	£m
Police Capital Grant	12.3
Police Live Services	9.2
National Police Air Service	11.5
Arms Length Bodies	4.0
Police Technology Programmes	15.0
Counter Terrorism	1.6
Serious and Organised Crime Programmes	9.0
Football Policing	2.0
TOTAL	64.6

- 8.8 The settlement contained no further mention of future settlements.



- 8.9 Victim's funding comes from the Ministry of Justice and announcements are not expected until later in January 2021. The additional funding to support Independent Sexual Violence Advisers of £55k is expected to continue until March 2022, which would see total funding maintained at £661k for 2020/21.
- 8.10 The settlement sets out the Government expectations for the police to continue to build on the progress made on improving efficiency and productivity in return for the significant increase in investment, specifically:
- 6,000 further officers – on top of the first tranche of 6,000 to be recruited in 2020/21 – recruited by the end of March 2022. The Government will ring-fence £100m of the funding for the uplift, which will be paid to forces in line with their progress in recruitment.
 - £120m of efficiency savings from across the law enforcement sector – which are reflected in the funding set out as part of the settlement – delivered in 2021/22. We expect these to be delivered through a combination of improved procurement practices (including the delivery of £20m of savings through BlueLight Commercial) as well as savings in areas such as estates, agile working and shared/enabling services. We expect the policing sector to work with the Home Office in setting up and supporting a new Efficiency in Policing Board. The Board will improve the evidence base on efficiencies delivered to date, identify opportunities for gains over this and future SR periods, share best practice in relation to the delivery of efficiencies, and monitor and support delivery of gains
 - Policing needs to ensure that high quality data is collected and utilised effectively to support local delivery, identify efficiencies and support the National Policing Board's drive to deliver the best possible policing outcomes for the public. The Home Office & NPCC will bring together in one document their strategies, plans and initiatives for improving data collection and use across the sector and with key delivery partners such as criminal justice agencies.



- 8.11 For Dyfed-Powys Police the 2021/22 settlement is outlined in the table below:

Table 5: Total Funding for 2021/22

	2020/21	2021/22	Change	
	£m	£m	£m	%
Core Police Grant including rule 1 and floor funding	40.967	44.497	3.530	8.6%
Welsh Government - RSG & NNDR	13.150	13.030	-0.120	-0.9%
Central Funding	54.116	57.527	3.411	6.3%
Pensions Grant	1.302	1.302	0.000	-
Uplift Grant	1.190	0.700	-0.490	-41.2%
Total	56.608	59.529	2.921	5.2%

- 8.12 In England, additional funding of £670m has been announced for the Local Council Tax Support Grant to support local authorities with mitigating the impacts of Covid-19 on their collection funds. This however does not apply to Wales
- 8.13 As a devolved area, the Welsh Government received £766m for 2021/22 for consequential of the COVID-19-related spending announcements in England. Welsh Government has not yet announced whether there will be any mitigations but have said that they are monitoring the council tax relief scheme and collection rates carefully with the WLGA on a quarterly basis. Representations will continue to be made to ensure that the impact on policing is recognised. Please see section 11 for further detail on the impact for Dyfed-Powys Police.
- 8.14 The draft settlement announced on the 21st December states "the Welsh Government intend to deploy this funding in our continuing efforts to respond to, and mitigate the impact of, the pandemic. While we now have hope through the vaccines, much uncertainty remains around the exact path the pandemic will take and the impacts this will continue to have on our public services and the wider economy into next year. In order to ensure that any decisions best meet the evolving challenges presented by the pandemic, it is prudent to retain as much flexibility as possible now and we intend to make further allocations from this funding at final Budget, as we better understand the impact of the winter months on the spread of the disease. In particular, we will consider what additional funding is needed to support the NHS and local government as they stand at the forefront of our response to the pandemic.

9 Council Tax Capping/ Referendum



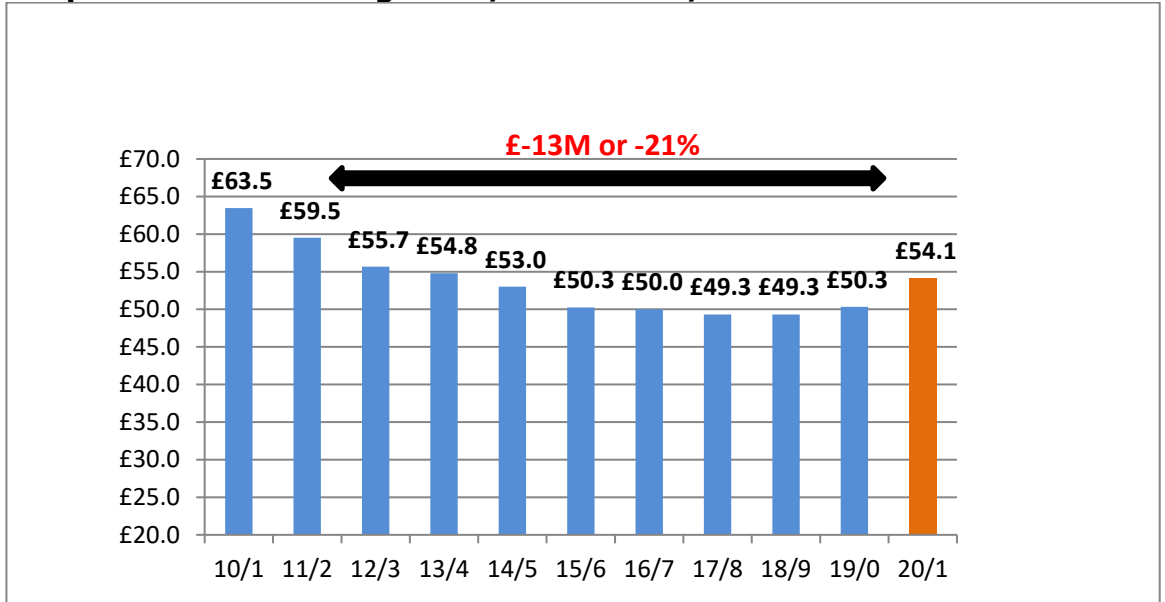
- 9.1 In England, the Ministry for Housing, Communities and Local Government publish council tax referendum principles. In 2021/22 Commissioners in England will be allowed to increase band D bills by as much as £15, without the need to call for a local referendum. The provisional settlement has assumed that Commissioners take advantage of this flexibility in the headline figures.
- 9.2 Under devolution, arrangements for Wales the power to determine capping levels on the council tax are administered by the Welsh Government.
- 9.3 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.
- 9.4 Designation requires an Authority to reduce its budget requirement and re-bill the Council Tax payers (through the Unitary Authorities). Nomination effectively puts an Authority on notice that Welsh 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.
- 9.5 Both the Commissioner and Chief Constable have maintained effective communications with both Ministers and Welsh Governments and 2020, which saw the further embedding of the Policing Partnership Board for Wales, with the Commissioner chairing Policing in Wales until July 2020. Both this along with the further strengthening of the relationship of the Police Liaison Unit have 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, and indeed the events of 2020 have exemplified this relationship.
- 9.6 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.



10 Dyfed Powys Police – Financial Context and Police Precept

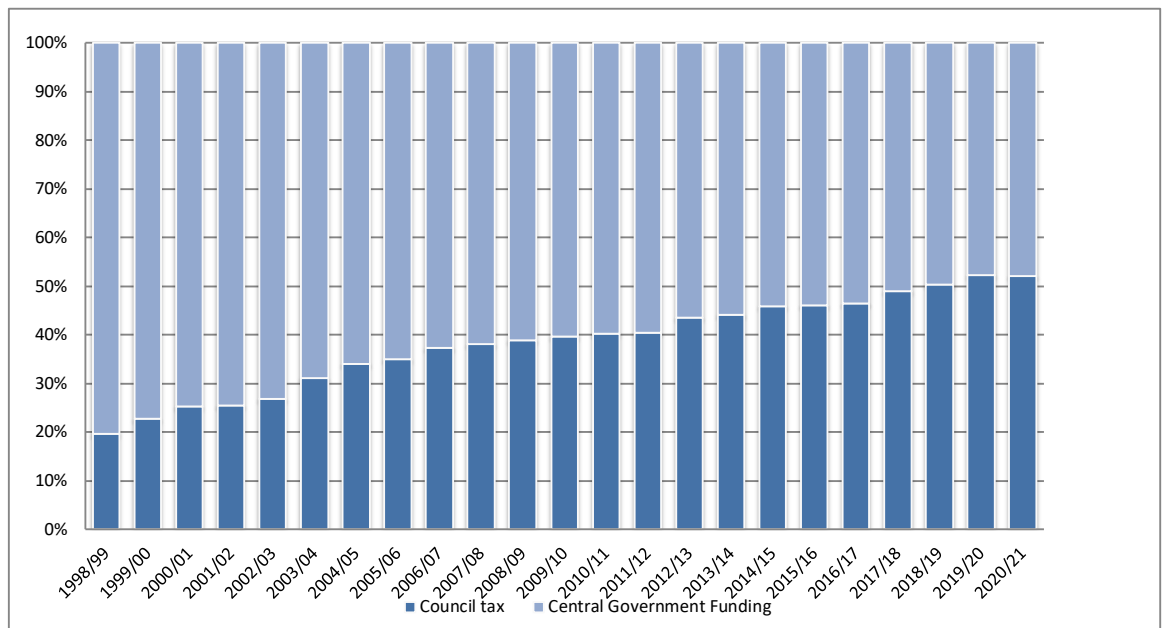
10.1 Dyfed Powys Police saw grant funding reductions of 21%, or £13m between 2010/11 and 2019/20, with additional funding being received in 2020/21 to support the Government’s commitments, as shown below:

Graph 6: Grant Funding 2010/11 to 2020/21



10.2 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 7: Proportion of Council Tax Precept to Central Government Funding %

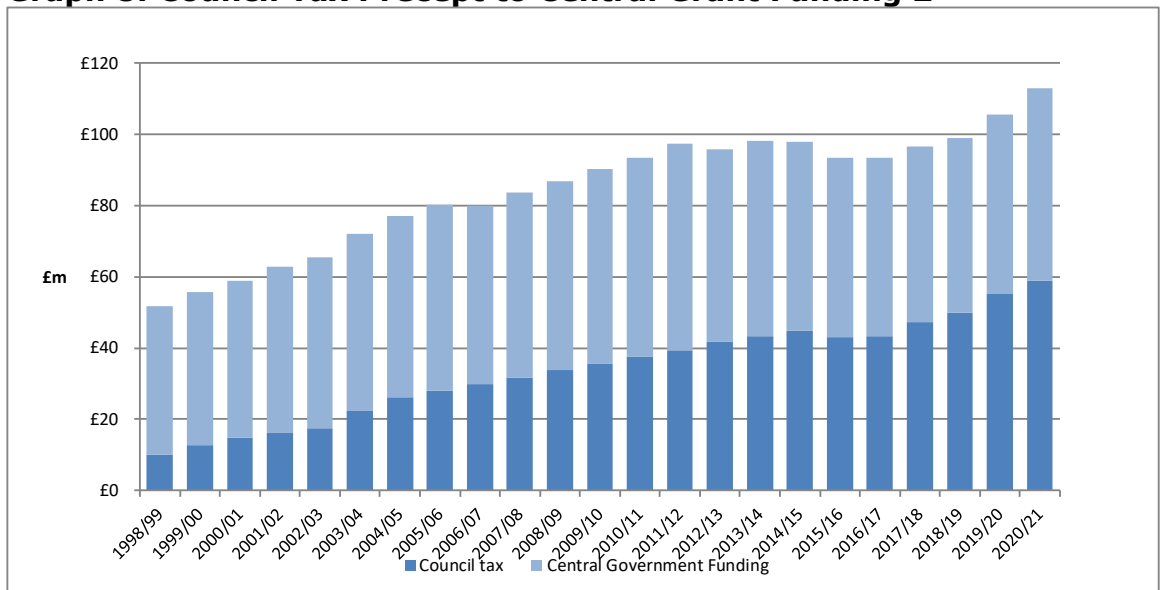




10.3 Historically, central funding provided the vast majority of Dyfed-Powys Police’s funding. The proportion received from central sources has, however, decreased significantly over time and for the first time in 2018/19, local funding was greater than central funding. The percentage of local taxation to central funding increased to 52.1% for 2020/21 with £58.793m being raised locally against core funding of £54.116m. The proportional split or ‘gearing’ will continue to increase as more funding is met from the local tax payer.

10.4 The following graph shows (in £m) the amount of funding that Dyfed-Powys Police has received from both local and central sources over time:

Graph 8: Council Tax Precept to Central Grant Funding £



10.5 The following table shows that the core grant funding per head of population for Dyfed-Powys continues to be the lowest in Wales:

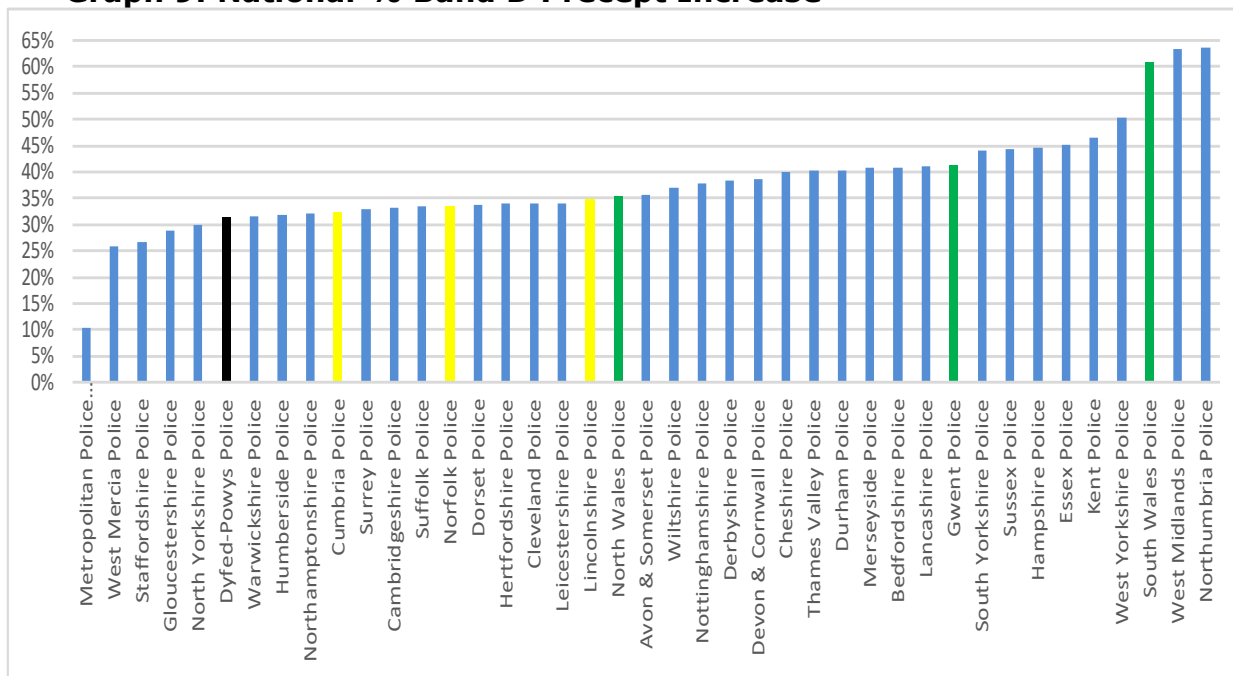
Table 7: Core Grant Funding per head of population

Grant Funding per head of population (£)	2019/20	2020/21	%
Dyfed Powys Police	97.57	104.88	7.5
Gwent Police	124.82	134.15	7.5
North Wales Police	105.40	113.29	7.5
South Wales Police	121.98	131.11	7.5
Wales	114.77	123.36	7.5



10.6 Residents in Dyfed-Powys have seen the fifth lowest increase in Band D Police Precept since 2012/13 as highlighted below:

Graph 9: National % Band D Precept Increase



*excludes Council Tax Freeze grant for England

10.7 Residents in Dyfed-Powys have the lowest Police Precept in Wales:

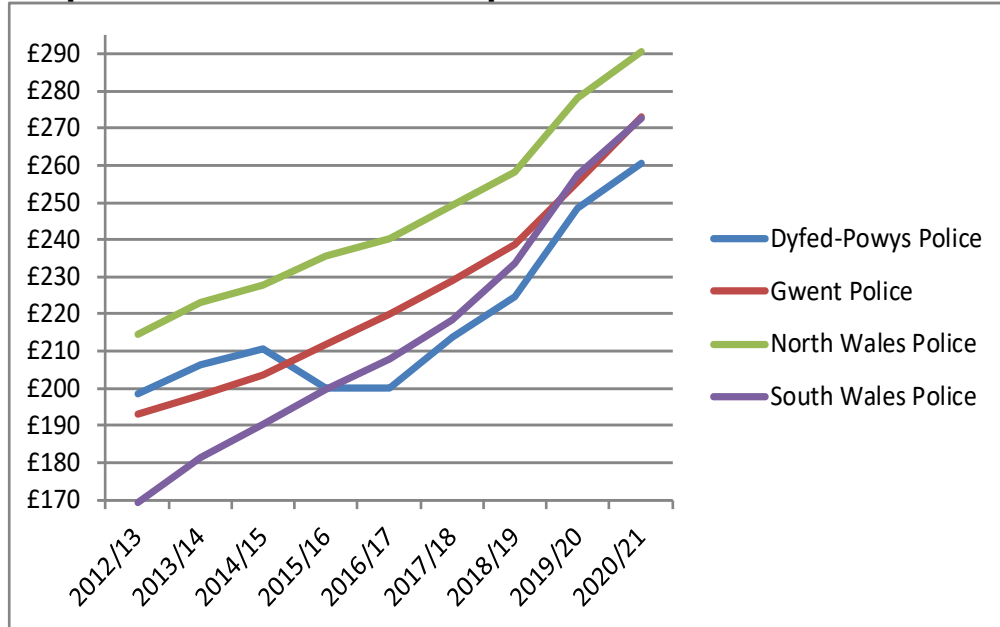
Table 8: Precept Levels Wales

Council Tax at Band D (£)	2019/20	2020/21	%
Dyfed Powys Police	248.56	260.56	4.8
Gwent Police	255.53	272.96	6.8
North Wales Police	278.10	290.61	4.5
South Wales Police	257.52	272.72	5.9
Wales	260.44	260.44	5.5



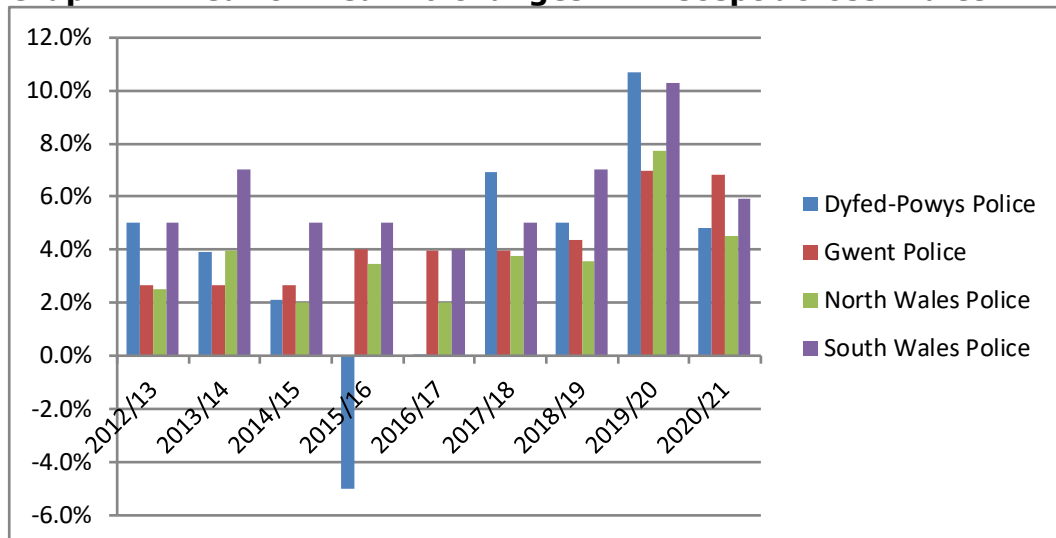
10.8 The following graph shows the change in precept levels for the forces in Wales since 2012/13:

Graph 10: Increases in Precept levels across Wales



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

Graph 11: Year on Year % changes in Precept across Wales



11 Council Tax Base

11.1 The Police Precept which is raised through local Council Tax payers is allocated to the billing councils on the basis of 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 and discounted for single occupancy,



non-payers, etc. The impact of the Covid-19 pandemic has had implications for local authorities in terms of their assumptions on collection rates and indeed the economic and development factors, which contribute to the calculation of the tax base. The tax base is expressed as a "Band D" equivalent as follows:

Table 9: Tax Base Levels

	2019/20	2020/21	2021/22	variance
Carmarthenshire	72,440.46	74,006.63	74,425.19	0.6%
Ceredigion	31,648.30	31,936.27	31,911.26	-0.1%
Pembrokeshire	56,055.84	57,301.64	57,188.46	-0.2%
Powys	62,123.50	62,396.70	62,584.26	0.3%
Taxbase	222,268.10	225,641.24	226,109.17	0.2%
	0.3%	1.5%	0.2%	

- 11.2 The Police Precept will be added to the figures for the Unitary Authorities and will form part of the overall Council Tax demand bills.
- 11.3 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.
- 11.4 It should also be noted that when announcing the police settlement, the Government makes assumptions in regard to the tax base changes using information provided by the Office of Budget Responsibility. For Wales a 0.8% increase was assumed, however the actual increase for Dyfed-Powys is actually 0.2%. The 2020/21 MTFP had assumed year on year growth of 0.8%. This lower level of increase negatively impacts on the announced headline figures both locally and nationally by c£368k for Dyfed Powys Police.

12 Police Officer and Police Staff Pensions Issues

- 12.1 As part of the 2016 Pension Valuation, Her Majesty's Treasury (HMT) announced a Public Sector Pension Valuation 'Directions' on 6th September 2018, which served to increase the Employer's Contribution rate from 2019/20 for Public Sector Pension Schemes (including the Police Pension Scheme).
- 12.2 The impact of the Valuation Directions results in a sizeable increase in the police officers employer contribution from 22.1% to 31%, albeit that 24.2% has been paid since the last revaluation. The impact of this increase was been assessed to be £330m.



- 12.3 After considerable national and political representations were made in relation to the impact of this significant and unforeseen pressure. The final settlement for 2019/20 included two elements to partially mitigate the financial impact.
- 12.4 A new specific grant was allocated to all Forces in 2019/20, based on averages of police officer pension's costs over a three-year period, for Dyfed-Powys Police this was set at £1.302m albeit left a shortfall of £0.535m to be met from the revenue budget. This specific grant has continued in 2021/22 but the risk in relation to the ongoing commitment to this specific grant must be noted.
- 12.5 It is also important to note that there are uncertainties about the future financial implications of the Supreme Court judgment in the McCloud/Sargeant case that the transitional protection contained in the Judiciary and Firefighters Pension Regulations Reform gave rise to unlawful age discrimination. Subsequently the government announced that it accepted that the judgment applies to all the main public service pension schemes, including the Police Pension Schemes.
- 12.6 Although it may take until later in 2021 for a final remedy to be determined, an actuarial estimation of the financial impact has been included as a past service cost and the potential impact to pension liability has been included in the Balance Sheet and the Comprehensive Income and Expenditure Statement for the years ended 31 March 2019 and 31 March 2020.
- 12.7 In respect of the Local Government Pension Scheme for Police Staff, as part of the triennial valuation the employer's contribution rate was increased by 1.2% from April 2020 to take account of the anticipated additional costs. For the Police Officer's Scheme, the valuation process is being initiated in 2020 with changes to the police officer pension employer's rate will not anticipated to be implemented until 2023/24, albeit may see employer contributions rates increasing to circa 45%.

13 Priorities and Budget Requirement 2021/22

- 13.1 The budget requirement for 2021/22 aims to build upon the significant investment made in 2020/21 which have led to some notable achievements service improvements and successes as follows:

Domestic Abuse and Vulnerability <ul style="list-style-type: none"> • Process Changes – Led by Assistant Director • Vulnerability Desk / Risk Assessments / Comprehensive Staff Training 	Fully Operational
Neighbourhood Policing <ul style="list-style-type: none"> • New consistent Structures across Force • Problem Solving Ethos embedded including training • Demand reductions – balance of visibility and problem solving rationalised 	Fully Operational



Investigation Standards (End to End Process Review) <ul style="list-style-type: none"> Comprehensive training, supervisory focus 	Continuing
Demand Work <ul style="list-style-type: none"> Covering Response, Investigations, response, traffic and FCC Re- centralising crime recording to take excess demand from this function Hub model / investment in Investigations and Vulnerability Significant demand reduction and efficiencies envisaged 	Complete
Operation Uplift <ul style="list-style-type: none"> Additional +82 Officer in January 20 to March 22 	On Target
Records Management System <ul style="list-style-type: none"> Procurement of a new Records Management System and CCTV 	Procurement Complete – Now Implementing

13.2 The Force has been recognised and can demonstrate some significant improvement across a range of services including the following areas during 2020/21 in relation to focus:

- Investors in people – Gold Award
- Durham University - Staff Survey results
- 42 Additional Officers (88 Recruits since Jan 2020)
- HMIC Actions / Areas for Improvement - down from 371 to 65
- Selected as a Pilot Force by HMICFRS for PEEL Assessment 2021
- 98% Development and Appraisal Exercise (DAP) Completion
- Force Management Statement Completed with Action Plan
- Review of Force Governance re efficiency and reduction of bureaucracy
- Additional focus on benefit realisation and risk management
- Social Media / Digital Desk – recently gone live via “soft launch”
- End to End Crime Review ongoing
- Significant progress against IT Strategy
 - Single Online Home / RMS /Body Worn Video /Mobile Data Device Rollout / Officer 365 rollout / Benefits Officer / Smarter Working e.g. vulnerability hub

13.3 Alongside this the Force has also had to cope with significant operational challenges and pressures including:

- Operation Carlston – Murder
- Asylum Seeker Centre - Penally – Protests / Black lives matter protests
- SWP Raves – Mutual Aid / DPP Success in combatting controlled drugs during pandemic
- Changing Crime Types and increase in complexity / Increases in reports of Anti-Social Behaviour



13.4 The budget requirement for 2021/22 and this MTFP take account of the Commissioner’s and the Chief Constable’s priorities for the next financial year. The Force’s aims and Control Strategy were outlined in the Chief Constables presentation at the Finance Seminar in December as follows:

Picture 2: Force Aims

2020: Clarity of our aims for the next stage in our journey

Improve the quality of our SERVICE TO VICTIMS **#1**
keep them informed and ensure their rights are met

Undertake QUALITY INVESTIGATIONS
follow the correct processes, ensure timeliness and demonstrate pride in products

Reduce victimisation and demand. PROBLEM ORIENTATED
solutions come from getting under the issue and gripping the cause – it saves time too

Continued investment in you - LEADERSHIP

#CORir2020

Picture 3 – Force Control Strategy

CLASS A DRUGS
Targeting the supply of Class A drugs. Focusing on County Lines offending model involving organised criminal networks who use levels of violence and intimidation as well as criminal exploitation

CHILD CRIMINAL EXPLOITATION & ABUSE

- Child Criminal Exploitation (CCE) – children who are trafficked, exploited or coerced into committing crimes are victims in need of safeguarding and support.
- Child Sexual Abuse (CSA) – forcing or enticing a child or young person to take part in sexual activities, not necessarily involving a high level of violence, whether or not the child is aware of what is happening.
- Child Sexual Exploitation (CSE) – form of sexual abuse which occurs where an individual or group takes advantage of an imbalance of power to coerce, manipulate or deceive a child or young person under the age of 18 into sexual activity.

CYBER DEPENDENT
Pure cyber-crimes – offences that can only be committed using a computer, computer network or other form of information communication technology. These acts include the spread of viruses or other malware, hacking and distributed denial of service (DDoS) attacks.

DOMESTIC ABUSE
Any incident or pattern of incidents of controlling, coercive, threatening behaviour, violence or abuse between those aged 16 or over who are or have been intimate partners or family members, regardless of gender or sexuality.

FRAUD
Targeting individuals who intentionally use deception to illegally deprive another person or entity of money, property or legal rights

CROSS CUTTING ENABLES: COUNTY LINES/DIGITALLY ENABLED CRIME/BORDERS



13.5 For the future periods i.e. 2021 to 2022, the Chief Constable highlighted the following priorities:

- Significant Capital Investment Requirements
 - 10-year Plan across ICT and Estates – Llanelli / Brecon and JFU
 - National, Regional and Local ICT and Infrastructure Investments
- Opportunities for innovation
 - Sustainability – Electric vehicles / Premises / Agile Working
 - Further Procurement Savings
 - National Shared Services and collaboration
 - Overtime Gold Group Savings – significant savings have already been delivered – overtime / Income generation / procurement
- Challenges highlighted through the FMS process
 - Specialist Investigations and Accreditation
 - Workload Increases in Business Support areas such as Legal, Vetting and Information Management
 - Agile Working / Mobile and ESN challenges

13.6 The cost consequences of delivering on these priorities alongside the additional costs of operational uplift and cost / inflationary pressures would require an investment both in terms of next year's revenue and future capital budgets. In terms of Revenue budgets, it has been estimated that a net budget of £119.834m for the 2020/21 financial year, an increase of £6.924m or 6.1% from the 2020/21 level. A breakdown of this increase is included in the table below:

Table 10 – Variation Statement

	£m	%	Variance (%)
Net Force & OPCC Budget 2020/21	112.910		
Pay and Price Inflation	1.676	1.50%	1.50%
Reserves / Capital Financing	0.496	0.40%	1.90%
Own Standstill Cost Pressures	1.240	1.10%	3.00%
One Off Cost Pressures	1.149	1.00%	3.00%
One Off Contributions From Reserves	-1.149	-1.00%	2.00%
Regional / National Standstill Pressures	0.422	0.40%	3.40%
Net Savings Plan 2020/21	-1.594	-1.40%	2.00%
Estimated Standstill Budget Requirement	115.152		2.00%
Own Investment Priorities	1.784	1.60%	3.60%
Requirement Before Uplift Costs	116.936		3.60%
Estimated Costs of Operation Uplift	2.898	2.60%	6.10%
Net Budget Requirement 2021/22	119.834	6.10%	



13.7 A further description and breakdown of the individual items included in the table above is set out in the following paragraphs:

13.7.1 **Pay and Price Inflation** - the budget allocated for 2020/21 incorporated a pay award and general inflation assumption of 2.5%. The pay award actually awarded to police officers and staff was as budgeted for i.e. 2.5% from September 2020. It has been necessary to increase the budget by £1.1m for the full year effect of the 2020 pay award. In relation to the 2021 pay award, the Chancellor announced a pay freeze for police officers and staff earning less than £24,000 with an increase of £250 for staff below this threshold. A sum of £0.250m has been incorporated in the budget for 2021/22 although the exact amount will be determined later in the year by the Police Remuneration Review Body. A general inflation increase of 2.5% has been assumed for non-pay budgets however a standstill has been assumed in relation to grants and 5% increase has been applied to utilities and fuel budgets. Non Pay inflation totals equate to £0.326m. In total these amount to an increase of around £1.676m or 1.5% compared to last year.

Table 11: Pay and Price Inflation

	£'000
Full Year Effect of Last Year Pay awards @2.5%	1,100
2021 Pay Award for those earning <£24K	250
Non Pay Heading Inflation in 2021/2	326
Total Pay and Price Increases	1,676

13.7.2 **Reserves and Capital Financing** - the budget for 2019/20 was reliant on a contribution from reserves of £0.703 m. This is unsustainable in the longer terms and a strategy of reducing reliance on reserves to fund current spending over a 5-year period is being followed. A further reduction of £0.277m has been applied leaving an annual contribution of £0.426m for the Force and Commissioner's Office, which will be reduced to £0.200M over the course of the next two years. It is considered that an annual contribution from the funds held by the Commissioner in respect of Driver Retraining, Proceeds of Crime awards and incentivization / forfeitures awarded to the Force will on average be sufficient to retain this level of contribution in support of specific Force costs included in the baseline. This represents a net increase in income of £-0.050million on the previous financial year.

A Reduction in PFI Grant support of £0.030m has also needed to be incorporated. The forward capital programme assumes additional borrowing costs of £0.240m, which will arise as the Force continues to deliver against its Capital Strategy. Additional Revenue Contributions to Capital have been incorporated in respect of Operational Uplift Costs as identified later in this Report. The MTFP has identified that this is the amount that needs to be set aside in 2020/21 to fund the forward capital programme. This will continue to increase over coming years to meet the significant capital financing pressures envisaged over the next 10 years.


Table 12: Reserves and Capital Financing

	£'000
Borrowing Costs – MTFP	240
Reduction in Reserves Contribution	277
Additional Contributions From Funds	-50
PFI Grant Reduction	30
Total Reserves and Capital Financing Movements	497

13.7.4 Own Standstill Pressures

13.7.4.1 Through detailed budget consultation exercises with internal Departments and detailed work undertaken by the Finance Department of the Force, some significant cost pressures that will impact the 2021/22 financial position which are largely unavoidable and must be incorporated in the budget. Some of these are recurring in nature whereas others are one-off cost pressures affecting the 2021/22 year only.

13.7.4.2 In respect of recurring cost pressures, Police officer and staff increments will add £0.573m to the budget requirement for next year. Other cost pressures of £0.667m have been identified mainly from an increase costs associated with the new Records Management System (RMS), increasing Insurance costs, increased costs in relation to SARC and the Diversionary Offender scheme, the full year impact of workforce changes agreed by the Force in 2020/21, interest receipt income reductions as well as other miscellaneous cost pressures.

Table 13: Recurring Cost Pressures

	£'000
Staff and Officer Increments	573
Records Management System Costs	100
OPCC - SARC / Commissioning	54
Insurance Premium / Stop Loss Increase	150
Full Year Costs of 20/21 Workforce Changes	151
Special Constable - Subscriptions to Federation	49
Interest Receipts	70
Income Reductions - Recurring	48
Medical Examination Costs	37
Other Costs Pressures	8
Total Standstill Costs - Own	1,240

13.7.4.3 Non Recurring Cost Pressures are listed in the Table below. These include the cost consequences of policing protests at the location of the Asylum Seeker Centre in 3, as well as the impact of the Covid-19 Pandemic in relation to income losses and training backlogs caused by lockdown periods.

**Table 14: One-off Cost Pressures**

	£'000
Covid-19 Cost Pressures / Income losses	200
Operation Asper - Penally	685
Training - Additional Requirement	264
Total One Off Cost Pressures	1,149

13.7.4.4 These cost pressures, which are one-off in nature, do cause some difficulties in relation to the budget setting process for next year and it has been decided with the Force that these will be funded from a one off contribution from reserves on a one-off basis. The Force will be working towards delivering a planned underspend of £750K in the current year. The Remainder of the funding will come from a re-categorisation of existing reserves, which avoids the need to increase council tax levels on a recurring basis.

Table 15: One-Off Reserves Contribution

	£'000
Carry Over Training/Force - planned Underspend 20/1	-750
Re-categorisation of Covid-19 Reserve- towards income losses	-200
Re-categorisation of Operational Reserve / Insurance Reserve	-199
Total One-Off Reserves Utilisation	-1,149

13.7.5 Regional and National Pressures

13.7.5.1 The budget includes an additional sum of £0.422m which will result from Regional and National collaborative activity. The Force faces additional charge of £0.126m for National ICT system charges as a result of pressures on Home Office Change Programmes e.g. PNC Replacement. In addition, this also includes additional costs associated with collaboration around a new National Cyber Monitoring Centre for the Police Forces. This provides good value for money compared to the costs of introducing 24/7 monitoring locally. Additional costs of £0.246m are anticipated due to cost pressures on the National Police Air Service (NPAS) as a result of moving to a Regional Funding Model. There are additional costs of £0.500m being incurred in relation to HR recruitment collaboration associated with increased volumes of applications for police staff and officer positions including as a result of Operational Officer uplift.

Table 16: Regional and National Cost Pressures

	£'000
Regional National Police Aviation Services Charge Increases	246
National Systems Charges	126
Recruitment System / Collaboration	50
Total Regional / Collaboration Cost Pressures	422

13.7.6 Net budget reducing efficiency savings



13.7.6.1 Departmental Budgets have been reduced by £1.594m reflecting savings activity across the Force and the Office of the Police and Crime Commissioner. The MTFP Group has been instrumental in identifying and delivering these savings for next year.

13.7.6.2 These are categorised as shown in the following table:

Table 17: Cost Reduction Summary 2021/22

Savings Plan	£'000
FCC - Change Programmes	-110
Business Change Dept. - Cashable Efficiency Target	-70
Emerging and Transformational Project	-50
ICT Programme	-60
Sustainability Target	-220
Income Generation	-50
Shared Service / Back Office Challenge	-547
Agile / Talla Recovery	-237
Workforce Savings	-250
Total Savings Plan	-1,594

13.7.6.3 The Delivery of Savings is overseen by the Finance, Efficiencies and Futures Board and supported by the detailed work of the MTFP Group, the Change and Transformation Group and the Strategic Finance and Procurement Group. It can be seen that the savings Programme is heavily focussed on technology and collaborative related initiatives and activity.

13.7.7 Own Investment Priorities

13.7.7.1 As detailed previously, the Force completed its FMS in September 2020 and this has allowed Chief Officers to fully consider and prioritise a re-investment of savings into areas of increased demand and operational pressure. A significant amount of work and effort has been undertaken in order to arrive at the prioritised list. These are categorised as Red and Amber risks taking account of demand in these areas compared with capacity and capability of Force workforce, assets and capabilities in these areas.

13.7.7.2 It can be seen that the investment required to meet FMS recommendations are focussed around Specialist Investigations and Accreditation requirements as well as some infrastructure and support staff headings. In total, these amount to £1.785m as set out in the following table:

**Table 18: Investment Priorities**

	£'000
Cyber/ Digital Crime - Demand Pressure	73
Economic Crime	173
Managing Offenders	20
Intelligence - ANPR Non Pay	95
Intelligence - ANPR Staff	35
Intelligence Staff - IID BI / Researchers	90
Major Crime - Pathology	50
Researcher Post - SOCT	70
SOC - New ICT Products	50
SOC Training	30
Force Communication Centre	238
Firearms	200
Legal Services	91
HR - Medical Advisor - Doctor FT	62
HR Support - Medical Cases - HR Staff	23
PSD - Vetting and Admin	65
SSU	145
RMS Including Criminal Justice	142
ICT - Robotics	40
Information Management	95
Total Force Management Statement Heading Increases 21/2	1,785

14 Workforce Planning and Operation Uplift – 20,000 officers

- 14.1 The Force is planning the significant changes to its workload as a result of Operation Uplift and as a result of the FMS and Strategic Assessment processes.
- 14.2 As part of the Government's commitment to increase officer numbers by 20,000 in England and Wales over the next three years, the Force was allocated an additional 42 Officers out of the initial tranche of 6,000. A further allocation of 42 officers has been allocated from the second tranche of 6,000 officers nationally, for recruitment by March 2022, which have been incorporated into the budget. This figure includes an additional two officers that will be recruited into the ROCU.
- 14.3 Recruitment of the initial first tranche 42 officers has already happened during 2020 and a further tranche of officers will be recruited in March 2021 (22), June 2021(20), September 2021 (20) and in March 2022 (22) in order to meet the requirement to increase officer numbers and replace those likely to leave the service over this period. The additional 22 recruits that started training on the 20th of January 2020 became operationally active in November 2020 after a period of initial training. The Force is also planning



an intake of eight transferees in February 2021 in order to ensure that target recruitment levels are met.

- 14.4 The NPCC issued comprehensive guidance on the costing assumptions that Forces should adopt in assessing the cost consequences of operational uplift going forward. This includes the cost consequences of salaries plus on-costs of the officers themselves, the costs of recruitment and training plus the costs of additional police staff and infrastructure. The estimated costs are set out in the table.

Table 19: Cost of Operation Uplift 2021/22

	£'000
Additional Full Year Effect of Last Year Recruits (+42)	193
Additional Salaries of 2021 Recruits (+42)	933
Direct Revenue Charges in Respect of ICT, Vehicles and Premises	1,002
Positive Action and Vetting	100
Recruit Training Costs	40
Other Costs	40
Additional PEQF Costs (Nicola Workings)	100
Income To Baseline Grant less Specific Grant	490
Total Operational Uplift Cost Increases	2,898

- 14.5 In respect of 2021/21, a performance related grant of £1.190m had been announced for Dyfed Powys. This has now been fully integrated in into the baseline settlement of the Force. A new Specific Grant of £0.700m has been set aside by the Home Office as a performance Grant in 2021/22. This will be payable quarterly in arrears and will be dependent on delivery against the increase in officer numbers (to 1,225 FTE or a headcount of 1,249) and any other performance criteria which may accompany this. No criteria have been communicated in respect of this at this stage however; guidance on this is expected over coming months.
- 14.6 As a consequence of Operation Uplift there will be continued focus on Police Officer numbers over coming years, and the following table outlines the anticipated recruitment for 2021/22:

Table 20: Police Officer recruitment 2021/22

	Officer Numbers FTE
Anticipated Officer Numbers net of estimated leavers during 2021/22 (excluding seconded)	1,133
Transferees (Feb 21)	8
Planned Intakes (Sept 21/ Mar 22)	42
Pre 2021/22 Uplift Numbers	1,183
Uplift – Additional Officer March 2021	22
Uplift – Additional Officers June 2021	20



Home Office Target- FTE (Headcount 1,249)	1,225
--	--------------

14.7 The 2021/22 financial year continues to build upon 2020/21 with significant and ambitious change for the Force, which will be vital in demonstrating improvements against FMS priorities, financial and operational resilience, HMICFRS recommendations and self-identified areas for improvement. These plans are anticipated to have a positive impact in maintaining and improving the standards of service that the public can expect as well making a tangible impact staff and officer workloads and wellbeing.

15 Proposed Budget for 2021/22

15.1 The overall result of the settlement and proposed precept is a total funding increase of £6.436m in 2021/22 compared with 2020/21 as shown in the table below.

Table 21: Total Funding for 2021/22

	2020/21	2021/22	Change	
	£m	£m	£m	%
Core Police Grant including rule 1 and floor funding	40.967	44.497	3.530	8.62%
Welsh Government - RSG & NNDR	13.150	13.030	-0.120	-0.91%
Central Funding	54.116	57.528	3.412	6.30%
Pensions Grant (specific grant not core)	1.302	1.302	0.000	-
Uplift Grant (specific grant not core)	1.190	0.700	-0.490	2.10%
	number/ £	number/ £	number /£	%
Council Tax Base (Band D number)	225641	226109	468	0.21%
Council Tax at Band D (£)	260.56	275.56	15.00	5.76%
Precept	58.793	62.307	3.514	5.98%
Total Funding	115.401	121.837	6.436	5.58%



- 15.2 This has resulted in the following balanced budget being prepared for 2021/22:

Table 22: Draft Revenue Budget for 2021/22

	2020/21	2021/22
	£M	£M
OPCC and Commissioning (net of reserves movement)	2.098	2.095
Estates	4.099	4.119
Force (net of reserve movements)	106.713	113.619
Total	112.910	119.834

- 15.3 A full breakdown of the proposed expenditure for 2021/22 (through to 2025/26) is provided in Appendix C.

16 Future Funding

- 16.1 Considerable uncertainty has existed over future financial settlements for some time. The political turmoil over recent years, uncertainties in relation to the impact of Brexit, the delays in the Comprehensive Spending Review and not least the considerable economic implications of the Covid-19 pandemic are all matters of concern. The much awaited CSR20 was hoped to provide some longer term certainty but, in announcing a one year only settlement the Chancellor stated "in the current environment it's essential that we provide certainty.....with a total focus on tackling Covid and delivering our Plan for Jobs".
- 16.2 In addition to this, there continues to be the risk that that a review of the police funding formula would detrimentally impact Dyfed-Powys Police.
- 16.3 Much work has been done on both a local and national level to deliver extensive efficiencies and efficiency savings through a rigorous process of financial and service delivery scrutiny and transformation. These requirements will continue in earnest.
- 16.4 Work continues through both the NPCC Finance Committee and Police and Crime Commissioners Treasurers Society to seek a consistency of approach to financial modelling and bring to bear financial influence in relation to both the Home Office and Government's considerations in relation to police funding.
- 16.5 Continued and indeed additional funding through specific grants from both the Home Office and Welsh Government also carry inherent risks in terms of their continuation. In the absence of clarity, the MTFP has assumed their continuation at the same levels, but there are no long-term guarantees.
- 16.6 Albeit that precept levels will be considered in detail by the Commissioner on an annual basis taking full cognisance of the range of impacting factors, for planning purposes, the MTFP has assumed an annual increase of 5%.



16.7 The assumed current medium term funding position is shown below:

Table 23: Total Funding for 2020/21 to 2025/26

	20/21	21/22	22/23	23/24	24/25	25/26
	£M	£M	£M	£M	£M	£M
Central Grants	-54.117	-57.527	-57.527	-57.527	-58.390	-59.266
Pensions Grants	-1.302	-1.302	-1.302	-8.130	-8.130	-8.130
Uplift Grant	-1.190	-0.700	-3.379	-3.822	-3.822	-3.822
Precept	-58.793	-62.307	-66.142	-69.935	-73.946	-78.186
Total Funding	-115.402	-121.836	-128.349	-139.414	-144.288	-149.404
Variance to prior year	-8.505	-6.434	-6.514	-11.065	-4.874	-5.117
% Change	7.96%	5.58%	5.35%	8.62%	3.50%	3.55%

16.8 The above funding position assumes the following increases in council tax precept and includes an assumption that the council tax base will increase by 1.1%, and then 0.7% per year. This is broadly in line with the Office of Budget Responsibilities (OBR) assumptions of 0.8%:

Table 24: Proposed Precept Level 2020/21 to 2025/26

	20/21	21/22	22/23	23/24	24/25	25/26
	£	£	£	£	£	£
Council Tax Precept	260.56	275.56	289.34	303.81	319.00	334.95
Increase from prior year £	12.00	15.00	13.78	14.47	15.19	15.95
% Change	4.8%	5.8%	5.0%	5.0%	5.0%	5.0%

17 Medium Term Budget 2021/22 to 2025/26

17.1 It is expected that pay and price inflation will continue to exert pressure on the costs of providing policing services over the period and the following assumptions have been made in relation to these:

Table 25: Inflation Assumptions for 2021/22 to 2025/26

Budget Assumptions (%)	21/22	22/23	23/24	24/25	25/26
Police Officers	0.0%	2.0%	2.0%	2.0%	2.0%
Police Staff	0.0%	2.0%	2.0%	2.0%	2.0%
Inflation	2.5%	2.0%	2.0%	2.0%	2.5%
Premises Fuel	5.0%	4.5%	2.0%	2.5%	2.5%
Vehicle Fuel	5.0%	4.5%	2.0%	2.5%	2.5%
Grants	0.0%	0.0%	0.0%	1.5%	1.5%
Income	2.5%	2.0%	2.0%	2.0%	2.5%
Pension	2.0%	1.5%	1.5%	1.5%	2.0%



- 17.2 In addition to these increases in base costs, an efficiency and savings plan has been developed that is due to deliver savings amounting to £5.908m over the next five years. These savings are detailed in the table below:

Table 26: Cost Reduction Summary for 2021/22 to 2025/26

Programme Activity	21/22	22/23	23/24	24/25	25/26	Total
	£'000	£'000	£'000	£'000	£'000	£'000
End to End Project	0	-100	-125	-50	0	-275
FCC - Change Programmes	-110	-155	-105	0	0	-370
Business Change Dept. - Cashable Efficiency Target	-70	-70	-70	-70	-70	-350
Emerging and Transformational Project	-50	-50	-50	-50	-50	-250
ICT Programme	-60	-50	-400	100	0	-410
Sustainability Target	-220	-175	-144	-60	-60	-659
Income Generation	-50	-100	-25	-25	-25	-225
Shared Service / Back Office Challenge	-547	-275	-250	-250	-250	-1,572
Agile / Talla Recovery	-237	0	0	0	0	-237
Workforce Savings	-250	-200	-390	-480	-240	-1,560
	-1,594	-1,175	-1,559	-885	-695	-5,633

- 17.3 The impact of the consolidation of the inflationary increases, pressures forecasted changes and resultant funding gaps are detailed as follows:


2021/22 Medium Term Financial Plan & Precept Proposal
Table 27 – Cost Variation Statement 2021/22- 2025/26

	2021/22	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000	£'000
Baseline Carry Forward Budget	112,910	119,834	123,669	127,462	132,336
Prior Year Pay Awards @ 2.5%	1,350	237	1,126	1,187	1,212
Staff and Office Increments	573	500	500	500	500
Add Cost Pressures					
Reversal of Contribution from Reserves	277	277	0	0	0
Increase in Transfer from Funds (POCA etc)	-50	0	0	0	0
Additional Capital Financing Costs	240	910	1,701	1,072	449
Additional Direct Revenue Financing / PFI	30	30	30	530	530
Pay and Non Pay Inflation	326	1,558	1,643	1,678	1,725
Estimated Pension Cost Increase	0	0	6,828	0	0
Non Pay Cost Pressures	1,090	754	352	792	1,394
One Off Cost Pressures	1,149	-1,149	0	0	0
One Off Reserves Contribution	-1,149	1,149	0	0	0
Developments					
Operational Uplift Costs	2,831	2,679	443	0	0
Estimated Cost of FMS3 Actions Taken Forward	1,361	744	0	0	0
Police Operational Uplift Funding (100%)	490	-2,679	-443	0	0
Police Pensions Funding (100%)	0	0	-6,828	0	0
Efficiency and Productivity Plan (Cashable)					
End to End Project	0	-100	-125	-50	0
FCC - Change Programmes	-110	-155	-105	0	0
Business Change Dept. - Cashable Efficiency Target	-70	-70	-70	-70	-70
Emerging and Transformational Project	-50	-50	-50	-50	-50
ICT Programme	-60	-50	-400	100	0
Sustainability Target	-220	-175	-144	-60	-60
Income Generation	-50	-100	-25	-25	-25
Shared Service / Back Office Challenge	-547	-275	-250	-250	-250
Agile / Talla Recovery	-237	0	0	0	0
Workforce Savings	-250	-200	-390	-480	-240
	119,834	123,669	127,462	132,336	137,453
Funded By	0	0	0	0	0
Baseline Carry Forward Funding	-112,910	-119,834	-123,669	-127,462	-132,336
Additional Settlement	-3,410	0	0	-863	-876
Council Tax Increase @ £15 + Taxbase (5% from 2021)	-3,514	-3,835	-3,793	-4,011	-4,241
Total Funding	0	-119,834	-123,669	-127,462	-132,336
Funding Gap	0	0	0	0	0

- 17.4 Given the scale of impact that a review of funding formula 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 Dyfed-Powys. The recommencement of national work will be monitored closely by both the CFO and DOF and a specific Gold Group would be established to develop operational models and sustainable to delivery plans to meet the potential scenarios.
- 17.5 It is also worth highlighting the potential conflict and dichotomy that may arise from future requirements in meeting the requirements of the Operation Uplift programme.
- 17.6 Work continues on a national and all-Wales basis to seek every opportunity for collaboration, consistency of approach and commercial efficiencies. The



Deputy Chief Constable currently chairs the All Wales Collaboration Board, which oversees all existing police collaborations.

18 Section 25 and Budgetary Risk

18.1 Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer 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 D.

18.2 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.

18.3 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 his CFO.

18.4 The proposed budget for 2021/22 reflects the identified and quantifiable risks. It has not, however, been possible to incorporate the following risks:

- Amendments to the final government grant notification for future years;
- Unforeseeable changes in government policy;
- Unknown financial consequences arising from the exit from the European Union (Brexit);
- Local and national financial implications arising as a consequence of the Covid-19 pandemic;
- Further future impacts of pension scheme reviews on employer contribution rates;
- Financial outcomes of national legal cases and challenges in relation to undercover policing and police pensions.

18.5 Appendix E 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.

19 Reserves

19.1 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 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.



- 19.2 The FMCoP requires the Commissioner to establish a strategy on reserves in consultation with the Chief Constable. This Strategy is shown in Appendix F and details the approach for 2021/22 and beyond.
- 19.3 The opening and estimated closing position for reserves during 2020/21 are shown in the table below.

Table 28: Reserve Balances and Utilisation during 2020/21

	Balance at 31 st March 2020 Actual £000k	Net Movement in year Estimated £000k	Balance at 31 st March 2021 Estimated £000k
General Reserve	4,032	0	4,032
Earmarked Revenue Reserves	3,571	-453	3,117
Ringfenced Revenue and Capital Reserves	1,582	0	1,582
Capital Grants	426	-426	0
Capital Reserves	4,964	-3,333	1,631
Total	14,574	-4,212	10,362

- 19.4 The MTFP includes the utilisation of a number of reserves to support identified initiatives and capital investment and the table below details how these will impact on reserves over the coming years.

Table 29: Estimated Use of Reserves

Use of Reserves	20/21 £000k	21/22 £000k	22/23 £000k	23/24 £000k	24/25 £000k	25/26 £000k
Earmarked Reserves	-453	-1,626	-294	-90	-90	-90
Ringfenced Revenue and Capital Reserves	0	0	0	0	0	0
Capital Grants	-426	0	0	0	0	0
Capital Reserves	-3,333	-1,631	0	0	0	0
Total use of Reserves	-4,212	-3,257	-294	-90	-90	-90
Balance at year end	10,362	7,105	6,811	6,721	6,631	6,541

- 19.5 The following table outlines the estimated reserves which underpin the 2021/22-2024/25 MTFP:

Table 30: Estimated Reserves at year end

	Balance at 31 st March 2021 £000k	Balance at 31 st March 2022 £000k	Balance at 31 st March 2023 £000k	Balance at 31 st March 2024 £000k	Balance at 31 st March 2025 £000k	Balance at 31 st March 2026 £000k
General Reserve	4,032	4,032	4,032	4,032	4,032	4,032
Earmarked Revenue Reserves	3,117	1,492	1,198	1,108	1,018	928
Ringfenced Revenue and Capital Reserves	1,582	1,582	1,582	1,582	1,582	1,582
Capital Grants	0	0	0	0	0	0
Capital Reserves	1,631	0	0	0	0	0
Total	10,362	7,105	6,811	6,721	6,631	6,541



- 19.6 At the end of 2025/26, the general reserve is expected to remain at £4.032m with total reserves amounting to £6.541m albeit this includes revenue and capital ring-fenced reserves being held on behalf of the 'Go Safe' Partnership and for collaborative initiatives. The percentage of general reserve against net revenue budget will fall from 3.6% at the end of 2020/21 to 2.9% by 2025/26 as the net revenue budget increases. The reserves are further detailed in Appendix G and also provide the information to accord with the Home Office and ministerial requirements.
- 19.7 The above reserve levels have been considered in the context of risk, which comply with CIPFA's 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.*"
- 19.8 Whilst risk exposure and mitigation of that risk may not necessarily drive a material increase in spending, it will influence the level of general reserves year by year.
- 19.9 Four key risks are specifically relevant to the level of general and earmarked reserves now and in the future, which are outlined below.
- Economic instability – the risk that worsening economic conditions, real terms reductions in levels of government grant and the increased resource requirements will have a significant effect on already stretched financial resources. This will result in a restriction on operational activity and developments over the next four years and beyond, for example, curbing the ability to offer the level of community policing that the public is expecting unless a bigger draw on reserves is authorised;
 - External Risks – such as Brexit, Covid-19 and the impacts of the wider global financial markets have been taken into account in setting reserves;
 - Operational major incidents and nationally and locally managed capital schemes – the likelihood and impact of a major incident that could occur within the Force area and risks attached to significant capital schemes has been considered in determining an appropriate level of reserves;
 - Council Tax – keeping council tax under control remains a priority for the Government.
- 19.10 In considering this range of resilience and sustainability factors, the Commissioner keeps his considerations for earmarked reserves under review, not only formally when completing the Statement of Accounts but also during the year when considering in financial management reports and also preparing the MTFP.



20 Capital

- 20.1 Well maintained and managed assets and critical infrastructure play a vital role in the delivery of efficient policing services. Therefore, it makes sense to plan how these assets will be maintained and managed. The Capital Strategy is shown in Appendix H and underpins the draft capital programme for 2021/22.
- 20.2 Considerable work has been undertaken during 2020/21 to consider future investment requirements over a longer period, albeit this naturally includes a number of assumptions. The Strategic Estates Group and Operational Estates Group have also developed a risk scoring mechanism to assist in the collective prioritisation of estates maintenance and investment. The ten-year programme is outlined within the Capital Strategy with the programme for the next five years being outlined in the table below:

Table 31: Draft Capital Programme for 2020/21 to 2025/26

Capital Programme	20/21	21/22	22/23	23/24	24/25	25/26	Total
	£000k	£000k	£000k	£000k	£000k	£000k	£000k
Land and Buildings	3,739	8,612	23,203	11,206	3,175	3,367	53,300
Vehicles	1,201	1,297	1,505	1,121	1,320	1,225	7,669
IT and Other Strategic Spending	3,221	5,076	6,398	4,603	3,233	3,304	25,834
Capital Expenditure	8,160	14,985	31,106	16,929	7,728	7,895	86,803
Grant Funding	-85	-85	-85	-85	-85	-85	-511
Borrowing	-3,296	-11,036	-28,213	-13,940	-4,238	-4,156	-64,879
Capital Grants	-426	0	0	0	0	0	-426
Contribution from Revenue Account	-850	-1,852	-2,604	-2,604	-3,104	-3,604	-14,619
Capital Receipts	0	-210	-50	-300	-300	-50	-910
Sustainability Reserve	-170	-170	-154	0	0	0	-494
Capital Reserve	-3,333	-1,631	0	0	0	0	-4,964
Capital Financing	-8,160	-14,985	-31,106	-16,929	-7,728	-7,895	-86,803

- 20.3 The draft capital programme requires total funding of £86.8m for 2020/21-2025/26 with £8.1m now being planned to be spent in 2020/21. For the current capital programme to be fully financed over the next six year, capital reserves will be depleted by the end of 2021/22. In addition, it is foreseen that external borrowing of £64.9m will be needed over the same period. The majority of this borrowing will fund the building of a new custody facility for Carmarthenshire; provide a solution to the ageing police facility in Brecon and the new training facility for the Joint Firearms Unit. The cost of these three capital projects are currently expected to be in the region of £35.1m. Borrowing will also be required to support the extensive investment



requirements in critical infrastructure to support the effective delivery of policing services.

21 Public Consultation and Opinion

- 21.1 On the 7th December 2020, the Commissioner launched his public consultation on police funding for 2021/22. 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 as a Police Force, Dyfed-Powys Police can continue to safeguard its communities with the highest standard of service available.
- 21.2 To assist the public in providing their views, a survey was created and both distributed and promoted widely. The Commissioner outlined the impact of what an additional £1, £1.50 and £2 per month on the Police Precept would mean to Dyfed-Powys Police and its service users. The survey closed on Sunday 3rd January 2021.
- 21.3 This year's consultation saw a consistent level of responses to the 617 responses last year.

Table 32 – 2021/22 Precept Consultation Responses

How much more would you be willing to pay each month through the Police Precept?		
Response	No. of responses	% of responses
No more	123	20%
An additional £1	101	16%
An additional £1.50	83	14%
An additional £2	307	50%
Total	614	100%

- 21.4 More than six out of ten (64%) of respondents to the Commissioner's survey would be supportive and willing to pay an additional £1.50 or £2 each month through the Police Precept with the remaining 40% willing to pay an additional £1 each month.

22 Conclusion

- 22.1 As outlined in the Commissioner's summary, given the historic funding decisions and scale of the financial challenges and operational challenges 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 the Police & Crime Plan.



- 22.2 The above report sets out the array of internal and external factors and considerations, which have informed the development of the MTFP.
- 22.3 The Commissioner submits a precept proposal for 2021/22 and assumptions that underpin the MTFP to 2025/26.
- 22.4 The Commissioner therefore submits a precept proposal for scrutiny by the Dyfed-Powys P&CP, which will raise the average band D property precept by £1.25 per month or £15 per annum to £275.56, a 5.76% increase. This increase is in accordance with the flexibilities outlined by the Government and will raise a total precept of £62.307m. This will provide a total of core central and local funding of £119.834m representing a 6.13% increase on funding levels in 2020/21.
- 22.5 The impact of this Police Precept on each property banding are shown below:

Table 33 - Council Tax Bandings

Tax Band	Basis	2020/21	2021/22	Increase
A	6/9ths	£173.71	£183.71	£10.00
B	7/9ths	£202.66	£214.32	£11.66
C	8/9ths	£231.61	£244.94	£13.33
D	9/9ths	£260.56	£275.56	£15.00
E	11/9ths	£318.46	£336.80	£18.34
F	13/9ths	£376.36	£398.03	£21.67
G	15/9ths	£434.27	£459.27	£25.00
H	18/9ths	£521.12	£551.12	£30.00
I	21/9ths	£607.97	£642.97	£35.00

- 22.6 This level of funding will allow the Force to continue to provide focused funding to meet their operational and strategic delivery plans demonstrating improvements against FMS priorities, financial and operational resilience, HMICFRS recommendations and self-identified areas for improvement. These plans are also anticipated to have a positive impact in maintaining and improving the standards of service that the public can expect as well making a tangible impact on staff and officer workloads and wellbeing.

Safeguarding our communities together: Working together to provide a first class service that is visible and accessible, ensuring that our communities remain safe. We will be there when the public need us and we will act with fairness and respect in all that we do.



Intelligence
 Dyfed-Powys Police & Crime Panel
 Commissioned services
 Office of the Police & Crime Commissioner
 Corporate communications
Local Policing
 Business Support Unit
 Continuous Improvement
 Vehicle Maintenance Unit
 Integrated Offender Management
 Equality & Diversity
 Criminal Justice
 Procurement
 Armed Response
 Custody
 School Liaison
Criminal Investigation
 Legal & Compliance
 Force communications
 Specialist Operations
 Partnerships
 Information, Communication, Technology
Department Operations
 Collaboration & Efficiency
Public Protection
 Professional Standards
 People Services
 Scientific Support
 Roads Policing
 Special Const. & Volunteers
 Crime Recording
 Civil Contingencies

POLICE & CRIME DELIVERY PLAN 2017-2021

Heddlu Dyfed-Powys Police TOWARDS 2025



Building a service fit for 2025 and beyond means working together, working smarter and striving for continuous improvement.

We will develop a police service that is forward thinking, innovative and engaged - guided by community needs, demand and intelligence.

Mark Collins, Chief Constable



Local Policing

Local policing will be tailored to the needs of our communities - Informed by their priorities and our evidence.

- Police Officers and PCSOs will be located in the places where our analysis tells us they are needed.
- We will also be visible and accessible online - Available to engage with our communities in ways that suit their needs.
- We will adopt a multi-agency problem solving approach to community problems, focusing on early intervention from the most appropriate agency.



Specialist Capabilities

We will build our capacity and continue to test ourselves, so that we are prepared and ready to respond to existing and emerging crime types.

- We will build specialist capability with other Welsh forces to respond to existing and emerging threats e.g. terrorism, serious and organised crime and cybercrime.
- We will exercise for these threats together, ensuring we are ready to respond when needed.
- We will develop one approach to accreditation of specialist services within Wales (e.g. Collision Investigation), reducing costs and avoiding duplication of effort.



Workforce

We will work to retain and recruit confident and capable professionals, empowered to do their best for the communities we serve.

- We will have a skilled and agile workforce that reflects our communities and look to standardise staff terms and conditions to allow regionalised service delivery.
- We will develop a more responsive approach to workforce planning and use sophisticated demand analysis to inform resource decisions.
- We will embed the Transformational Leadership Programme across Dyfed Powys Police as part of our leadership approach.



Digital Policing

New technology will make it easier for our communities to speak with us. It will remove waste from our work and improve processes.

- We will develop, improve and integrate our digital policing programme to support operational policing and to improve accessibility for the public.
- We will implement a new records management system, reducing bureaucracy and enhancing the scope for collaboration with other Welsh forces.
- We will make best use of digital and mobile services, maximising the time that officers remain operational within their community.



Business Delivery

We will be flexible in the way we work - Looking for opportunities to do more with others, reducing waste and duplication.

- Our procurement processes will seek to maximise on economies of scale, deliver efficiencies and secure ethical arrangements with local suppliers.
- We will actively explore delivery mechanisms for shared services across public sector, balancing the need for high quality cost effective services with the retention of local employment.
- With other public sector bodies we will reduce the public sector estate in Wales and the associated costs, by exploring co-location and limiting our carbon footprint.



Governance & Accountability

Clear arrangements for accountability and transparency will make us more agile and adaptable as circumstances change.

- We will be open to robust scrutiny and challenge, through internal quality assurance arrangements, external audit and inspection.
- We will play an active role within each Public Service Board to improve the economic, social, environmental and cultural well-being.
- We will recognise and address gaps in service through the annual production of a Force Management Statement.

Category	Original Budget 20/21 £'000	Revised Budget 20/21 £'000	21/22 £'000	22/23 £'000	23/24 £'000	24/25 £'000	25/26 £'000
Budgets Managed by the Police and Crime Commissioner							
PCC Office Costs	1,034	1,034	1,093	1,109	1,131	1,154	1,177
PCC Commissioning	1,797	1,797	1,663	1,720	1,755	1,790	1,826
Estates Spending	4,803	4,803	4,874	4,910	4,903	4,971	5,041
Estates Income	-705	-705	-755	-771	-787	-803	-819
PCC Income	-633	-633	-661	-661	-661	-661	-661
PCC Reserves	-100	-100	0	0	0	0	0
Net Costs OPCC	6,197	6,197	6,214	6,308	6,342	6,452	6,565
Budgets Managed by the Chief Constable							
Police Officer	69,944	69,944	72,731	74,574	83,972	85,373	87,095
Police Staff	32,640	32,540	34,467	35,315	35,756	36,404	37,217
Police Pensions	1,644	1,644	1,682	1,713	1,741	1,770	1,799
Indirect Staff Costs	1,433	1,058	1,945	1,853	1,566	1,598	1,630
Premises Related	450	450	485	497	507	517	528
Transport Related	2,049	1,974	2,050	2,117	2,068	2,079	2,091
Supplies and Services	10,804	10,754	11,067	11,407	11,260	11,731	11,815
Agency and Contracted	3,584	3,434	3,994	4,560	4,853	5,305	6,771
Capital Borrowing Costs	181	181	421	1,331	2,782	4,104	4,554
Direct Capital Financing	850	850	1,852	2,604	2,604	3,104	3,604
Total Gross Spending - Force	123,578	122,828	130,695	135,971	147,111	151,986	157,104
Income	-5,516	-5,516	-5,325	-5,637	-5,775	-5,917	-6,061
PUP	-1,190	-1,190	-700	-3,379	-3,822	-3,822	-3,822
Pensions	-1,302	-1,302	-1,302	-1,302	-8,130	-8,130	-8,130
Specific Grants	-7,963	-7,963	-7,933	-7,903	-7,873	-7,843	-7,813
Recharges and Apportionments	-190	-190	-190	-190	-190	-190	-190
Net Spending - Force	107,417	107,417	115,245	117,561	121,320	126,084	131,088
Use of (-) / Contribution to (+) Balance	-703	47	-1,626	-200	-200	-200	-200
Total Spending OPCC and Force	112,910	112,910	119,834	123,669	127,462	132,336	137,452
Financing							
Police Grant	-40,967	-40,967	-44,497	-44,497	-44,497	-45,164	-45,842
NNDR	-9,514	-9,514	-13,030	-13,030	-13,030	-13,225	-13,424
RSG	-3,635	-3,635	0	0	0	0	0
Precept	-58,793	-58,793	-62,307	-66,142	-69,935	-73,946	-78,186
Total Central Grants and Precept	-112,910	-112,910	-119,834	-123,669	-127,462	-132,336	-137,452
Difference - Annual Surplus (-) o	-0	-0	0	-0	0	0	-0
Taxbase	225,641	225,641	226,109	228,596	230,197	231,808	233,431
COUNCIL TAX LEVEL	£260.56	£260.56	£275.56	£289.34	£303.80	£319.00	£334.94
Council Tax Increase	4.83%	4.83%	5.76%	5.00%	5.00%	5.00%	5.00%
Taxbase @ Band D	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Carmarthenshire	74,007	74,007	74,425	75,244	75,771	76,301	76,835
Powys	62,397	62,397	62,584	63,273	63,716	64,162	64,611
Ceredigion	31,936	31,936	31,911	32,262	32,488	32,716	32,945
Pembrokeshire	57,302	57,302	57,188	57,818	58,222	58,630	59,040
Taxbase	225,641	225,641	226,109	228,596	230,197	231,808	233,431

1. Section 25 of the Local Government Act 2003 requires that the Chief Finance Officer 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 and Crime Panel are required to have regard to this report when considering and making decisions in connection with the budget.
3. The proposed budget presented in this report is based upon robust figures, prepared by the DOF but in consultation with myself, the CFO. The detailed estimates have been prepared on a realistic basis and a result of comprehensive work undertaken by Corporate Finance in liaison with senior officers across the Force and have been subject to review and discussion through formal and informal meetings.
4. The MTFP sub group, which was established during 2018, has continued in earnest to consider the array of issues and financial assumptions, which have informed this budget. Much work has also been undertaken under the direction of Finance, Efficiencies and Futures Board to consider capital requirements over a longer horizon with a particular focus on Estates investment and maintenance requirements and this will continue over coming months. There continues to be concern about the deliverability and costs of a number of national IT programmes, including the Emergency Services Mobile Communications Programme. Albeit that the capital programme contains a number of assumptions and uncertainties; it has highlighted the longer-term requirements and consequential implications for the revenue budget but these will need to kept under regular review.
5. The MTFP also takes cognisance of the critical review of service demand that has been undertaken and also addresses the risk assessed and prioritised issues identified within the FMS. Considerable efforts have been made during 2020/21 to strengthen the linkage between the FMS and MTFP. The Corporate Finance team worked with functional leads to cost the FMS and the Chief Officers held challenge sessions to risk assess and prioritise the priorities for inclusion within the budget submission for 2021/22. I participated in these sessions, which was helpful in providing insight and assurance. Further details of this work are detailed in section 7 along with the most significant gaps and challenges identified in the FMS being outlined in section 5. The financial implications arising from the risk assessed and prioritised FMS have been reflected within this MTFP where appropriate
6. Proper provision has been made for realistic pay and price increases, and achievable levels of income. To inform the assumptions both the DOF and I have taken cognisance of a wide range of financial and economic data, the Chancellor's announcement in relation to the pay freeze for public sector pay as well as continuing to engage closely with professional networks to inform assumptions.

7. The Chief Constable continues to report financial performance monthly through Policing Board and quarterly through Police Accountability Board. Updates are also provided to the Finance, Efficiency and Futures Board and also through the Finance and Procurement Group. Finance is also a standard agenda item for other governance groups to ensure the appropriate and timely escalation of issues. I meet on a bi weekly with the DOF and there is close working with the Corporate Finance team in relation to a number of specific areas, which impact on the budget preparation and the MTFP. Corporate Finance also delivered a suite of financial management training to senior managers across the organisation during 2019, and have themselves undertaken additional Business Partnering training provided by the Chartered Institute of Public Finance and Accountancy (CIPFA).
8. There has been much focus on the requirements to deliver efficiencies over the last 10 years, and the Government have set out very explicit expectations in this regard. The Efficiency Plan is therefore a structured way to reduce expenditure in a controlled manner. The assumptions for savings, efficiencies and service transformation are ambitious but should be achievable through close management and monitoring through the revised governance structure, albeit that it is recognised that the plan does carry a risk in terms of attainment.
9. The Efficiency Plan for 2021/22 is forecast to deliver sufficient savings to balance the budget but it should be recognised that savings and efficiencies are proving harder to achieve. The Force participated in a Home Office exercise on productivity and efficiency during 2020. The results provided a useful analysis of the picture across policing and allowed for internal cross-referencing to ensure that all opportunities were being explored. To meet both the Governments expectations and the future financial challenges over the period of the MTFP, there will need to be a continued focus on identifying further efficiency opportunities. This work will be driven by the Finance, Efficiencies and Futures Board with concerted effort to promote and embed the efficiency philosophy throughout the organisation.
10. Intrinsic to the delivery of this efficiency plan, the force established a Business Benefits Realisations post to work with senior managers to ensure benefits are both realised and captured appropriately. Much work has been undertaken during 2020/21 to assess and quantify business benefits for projects that have already been delivered or already in train. A new project proposal template has been developed to ensure that all aspects of projects are considered in a consistent manner. The Change and Transformation Group critically review all project proposals before giving the approval for more detailed business cases to be developed. Corporate Finance work with the Business Benefits Officer and senior managers to ensure that savings and financial benefits are reflected within financial reporting.
11. 2020/21 has been a year like no other, especially as the impacts of the Covid-19 pandemic continue to unfold. The scale of the Governments financial interventions have been huge and this will undoubtedly have consequential impacts on both the economy and future provision of public services. This economic backdrop impacts on financial planning

with continued funding uncertainties. It is vital to highlight the difficulties in planning sustainably for the medium and long term when government funding announcements are for one year only and when sometimes notified late. There are also a number of specific grants, which underpin core policing activity both locally and regionally, including the specific grants to support recruitment for Operation Uplift along with the Pensions grant. The continued uncertainty regarding future funding is not helpful for both service delivery and financial planning. Prudent assumptions have been made for the MTFP, but future years will need to be revisited as information comes to light.

12. The Comprehensive Spending Review (CSR) which was initiated in the summer of 2020 was anticipated to provide a three-year settlement but, perhaps unsurprisingly given the events of 2020, has once again only resulted in a one year settlement. The lack of clarity over future funding makes sustainable planning impossible and carries inherent risk.
13. Albeit that there have not been any recent indications, the Government may recommence their work on the review of the police funding formula. The previous iteration of this work suggested a significant impact for Dyfed-Powys Police with a loss of circa £8m grant funding. Given both the uncertainties and scale of these reductions, the MTFP does not reflect any assumptions at this stage but the risk is recorded on the corporate risk registers. Both the DOF and I will contribute to any national work on this, and work on options for viable delivery models will be developed as necessary.
14. Whilst the increase in core funding and the specific grant to support police officer recruitment through Operation Uplift have been welcomed, there remain concerns that future costs will not be met in their entirety from government grant. There are also concerns that future service transformational choices may be unduly hindered by the dichotomy and conflict against government requirements and expectations in relation to Police Officer numbers. The nuancing of these complex issues continue to be raised at a national level.
15. It is also important to note that there are uncertainties about the future financial implications of the Supreme Court judgment in the McCloud/Sargeant case that the transitional protection contained in the Judiciary and Firefighters Pension Regulations Reform gave rise to unlawful age discrimination. Subsequently the government announced that it accepted that the judgment applies to all the main public service pension schemes, including the Police Pension Schemes. Early work suggests that the employer's contribution rate for Police Officers could increase to circa 45% in 2023/24 and there is no certainty that this significant additional cost will be met by grant funding
16. The adequacy of general reserves needs to be closely monitored to ensure that it is maintained at a sustainable level. The assumed profile of funding and cost of services within the MTFP sees a reduction of General Reserves falling from 3.57% of Net Revenue Expenditure at the end of 2020/21 to 2.93% by the end of 2025/26. This reduction is due to the increases in the net revenue budget rather than the utilisation of

- general reserves. These levels assume that there are no calls on general reserves to meet unforeseen financial burdens.
17. The previous decision to use reserves to underpin the annual revenue costs has undoubtedly caused sustainability strain over the medium term. When setting last year's MTFP it was anticipated that the use of reserves would be mitigated by the end of 2020/21, however given the financial pressures and demands faced, this period has now been extended to 2021/22.
 18. Through the ongoing review against the range of reserve considerations, earmarked reserves are established 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 financial monitoring and a number of movements have been proposed to the Commissioner. For 2020/21, this will see the creation of a legal reserve to assist in mitigating exposure as a consequence of increases to insurance premiums and self-insured limits, a small reduction to the Chief Constable's Operation Contingency Fund, which is earmarked to assist in mitigating the financial impacts of annual peaks and troughs in critical and major incidents. The MTFP also includes the utilisation of the Sustainability and Transformation reserve to support innovative organisational initiatives, which will also help to realise efficiencies.
 19. There are also earmarked reserves held by the Commissioner to fund Community and Road Safety initiatives along with some ring-fenced reserves, which are effectively held on behalf of third parties for the Go Safe partnership and for the Collaborative Arrangements.
 20. As detailed in the reserves strategy the adequacy of both the General reserve and specific reserves will be kept under constant review.
 21. The robust approach on risk management and prioritisation of investment has enabled critical infrastructure developments and ensure a sustainable police service. Dyfed-Powys Police have continued to maximise on collaborative opportunities at both a regional and national level but as well as enabling efficiencies there are also cost implications of doing so.
 22. There continues to be considerable focus on the Capital Programme and Strategy under the direction of the Finance, Efficiencies and Futures Group, and albeit that it contains a number of assumptions and uncertainties, the MTFP considers the investment requirements for a ten-year period. The financing of this programme is challenging given that Capital Grant has been reduced from £325k to £85k per year and capital reserves are being utilised. This MTFP seeks to progressively increase the annual revenue contribution to capital to a sustainable level and keep the requirement of external borrowing to an affordable minimum, but this naturally causes an additional annual pressure within the revenue budget.
 23. There are three major capital developments which will need to be effectively be funded by borrowing – notably the Llanelli Custody/ Station facility, new/ refurbished station facilities in Brecon and a required new training facility for the collaborative Joint Firearms Units. The servicing of the borrowing requirements adds an additional annual

pressure to the revenue budget. All of these projects are subject to formal governance and appropriate due diligence but due to a number of issues the costs of each have increased since initially being recognised within the capital programme. Work is being undertaken to critically assess the condition of the existing facility in Brecon. Development options will then be further evaluated in due course. Governance around Estates has been strengthened over recent months and further work will continue into 2021/22 in relation to project, contract, performance and financial management.

24. Despite the assumed increases in council tax precept there is a need for continued efficiency requirements over the term of the MTFP and the uncertainties around future core and specific grant funding set against the wider economic position mean that the financial environment is likely to remain challenging for the foreseeable future.
25. This MTFP has fully considered and documented the array of known issues and assumptions which impact over the period of planning period and I am satisfied that the proposals for 2021/22 produce a balanced budget and that the current level of reserves are adequate. Dyfed Powys Police will however continue to face financial challenges and there is a need for continued focus to ensure financial resilience and sustainability to protect the communities of Dyfed-Powys.

Beverley Peatling

Chief Finance Officer to the Police and Crime Commissioner for Dyfed-Powys

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Police Officer Salary Costs	48.1%	High	<p>Overtime incurred on major incidents/operations/investigations is not controlled and monitored and therefore exceeds the budget.</p> <p>Allowances paid for bonus payments, etc. could exceed budget.</p> <p>The number of officers in post increases above the approved funded establishment.</p> <p>Assumptions have been made in relation to future pay awards but until finalised remain uncertain.</p> <p>The full costs of Operation Uplift will not be fully funded by Government Grant.</p> <p>Government expectations and conditions of grant to support Operation Uplift will contradict and hinder the force in its transformation and ability to meet future efficiency and savings requirements.</p>	<p>The Finance Gold Group established an Overtime sub group during 2018 which put in place a range additional controls in relation to all aspects of financial control and management of overtime with financial reporting being strengthened to facilitate timely and accurate monitoring. The work has now been formally subsumed into the Force Resources Group, and the strengthening of arrangements has assisted in imbedding a strong ethos and awareness of the need for financial control throughout the organisation.</p> <p>A Chief Constable Contingency Fund was established to ease the peaks and troughs of major and critical incidents. After consideration of risk and requirements, the level of this reserve is anticipated to be £311k at the end of 2020/21.</p> <p>Finance representation on all gold groups and other operational investigation groups now 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 establishment is monitored through formal governance and in detail by the Force Resources Group.</p> <p>HR has a 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 are planned and allocated accordingly with a strengthening of arrangements to ensure that</p>

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
				<p>the Home Office targets, with additional reporting to the Home Office throughout the year.</p> <p>A Gold Group was established to manage the Police Uplift Programme and the impact and implications will be escalated through the revised governance structure. Representations in relation to the wider implications and perhaps unintended consequences of Operation Uplift continue to be made. This work is now fully monitored by the Force Resources Group.</p> <p>The pay budgets are continually monitored as part of budgetary control process. With formal reporting throughout the governance structure. Financial performance is discussed regularly by the Commissioner and Chief Constable at Policing Board, Policing Accountability Board and within dedicated Finance Seminars with both the Police and Crime Panel, Joint Audit Committee and Audit Wales. Financial matters are also covered in relation with the Finance, Efficiency and Futures Board, Strategic Finance and Procurement Group and MTFP Group.</p>
Police Staff Salary Costs (including PCSO's)	29.7%	High	<p>The number of staff in post increases above the approved funded establishment.</p> <p>Projects requiring staff involvement out of normal working hours are accurately costed for additional costs such as overtime etc.</p> <p>Funding for PCSOs is reduced or ceased.</p>	<p>The establishment is monitored through formal governance and in detail by the Resource Management Board. A Gateway process has been established to monitor and control 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 budgetary control process. With formal reporting throughout the governance structure. Financial performance is discussed regularly by the PCC and CC</p>

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
				<p>at Policing Board, Police Accountability Board and within dedicated Finance Seminars with both the Police and Crime Panel, Joint Audit Committee and Audit Wales. Financial matters are also covered in relation with the Finance, Efficiency and Futures Board, Strategic Finance and Procurement Group and MTFP Group.</p> <p>Annual representations continue to be made to Welsh Government in relation to PCSO funding.</p>
Police Officer Pensions	13.1%	High	<p>The impact of the pensions Valuation Direction in 2018 resulted in a significant additional cost with employers contribution rates increasing from 22.1% to 31%. Additional funding was received to assist in mitigating the impact but there is no certainty of the continuation of the specific grant. Future changes in pension's valuations remain a risk.</p> <p>In addition to this, there are considerable uncertainties in relation to the financial implications of the Supreme Court's judgement in relation to the McCloud/ Sargeant case, which found unlawful age discrimination. The government accepted that this judgement applied to all the main public sector pension schemes including Police. The final remedy is</p>	<p>Linked to police officer salary costs above.</p> <p>Ability to amend recruitment profiles during the year, albeit must recognise the conflict of requirements of Operation Uplift.</p> <p>Historically major changes which have significant financial implications have been funded through the Home Office and then factored into subsequent actuarial reviews.</p>

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
			not expected until later in 2021 but there are indications that this could see employer's contribution rates increasing to c45%. There have been no indications that these pressures will be met from additional grant funding as yet.	
Indirect Staff Costs	1.6%	Medium	<p>These might increase above budget. Uncertainty continues around the ongoing funding of the police recruitment for the Police Education Qualification Framework (PEQF). Insurance costs pressures are being monitored</p>	<p>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.</p> <p>The Commissioner and Chief Constable continue to discuss and monitor training requirements at Policing Board.</p> <p>Discussions continue with the Home Office in relation to future funding to support PEQF.</p> <p>Insurance pressures have been recognised within the budget for 2021/22 and a new reserve is being proposed to mitigate against increases in insurance related exposure.</p>

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Premises Costs	3.8%	Medium	<p>Despite a programme of work to address the condition of the estate, increased revenue costs may be required to ensure that the estate is maintained as a safe working environment for staff and officers.</p> <p>Fluctuations in electricity and gas costs may continue as a result of market conditions and more extreme weather conditions.</p>	<p>The estates requirements of the capital programme is considered as part of Medium Term Financial Strategy and annual budget setting process and has been subject to specific review by the Finance, Efficiencies and Futures Board with an extended 10-year view for this MTFP.</p> <p>There has been a strengthening of governance arrangements around Estates during late 2021. The Strategic Estates Group brings together key staff within the Commissioner's office and from the Force 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. Matters escalated to the Finance, Efficiencies and Futures Board which is chaired by the Deputy Chief Constable.</p> <p>Review of energy utilisation to seek efficiencies and invest to save opportunities.</p> <p>Submission of grant application in relation to funding for sustainability initiatives.</p> <p>The Sustainability Group will consider further opportunities and oversee the Sustainability and Transformation Reserve.</p>

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Transport Costs	1.7%	Medium	<p>Although there are planned changes to the fleet size, the costs of fuel are prone to significant market fluctuation which could increase in running costs.</p> <p>The exit from the European Union may lead to increased fuel costs in the future and impact on the availability and costs of spare parts.</p>	<p>The fleet requirements of capital programme is considered as part of Medium Term Financial Strategy and annual budget setting process and has been subject to specific review by the Finance, Efficiencies and Futures Board with an extended 10-year view for this MTFP.</p> <p>The Strategic Vehicle Group meets to discuss the vehicle fleet – group is chaired by the Director of Finance with matters being escalated to the Finance, Efficiencies and Futures Group.</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 optimise the size of the fleet.</p> <p>The capital programme includes provision for the continued adoption of electric vehicles, which will reap efficiencies and savings.</p> <p>The potential impacts of the exit from the European Union are being monitored at a local, regional and national level.</p>

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Supplies and Services and Commissioning	10.6%	Medium	<p>Non purchase orders could result in over spends against the budget.</p> <p>The exit from the European Union may lead to shortages in supply and increases in costs.</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. Robust budget monitoring procedures are in place and adhered to.</p> <p>The establishment of BlueLight Commercial during 2020/21 should facilitate and reap some national, regional and local savings. The Force is fully engaged in the work.</p> <p>PCC's commissioned services are authorised by the Director of Commissioning and are overseen by the Commissioning Advisory Board.</p>
Agency & Contracted Services	3.3%	Medium	<p>Additional and increasing costs arising from the collaboration arrangements – specifically the Regional Organised Crime Unit, Joint Firearms Unit and its training facility.</p>	<p>Work has been ongoing to strengthen the governance and financial management arrangements surrounding collaboration with improved reporting now in place.</p>
Capital Financing	1.9%	High	<p>The scale of the capital investment requirements is significant and increases in interest rates would increase borrowing costs.</p> <p>Continued delays and increases costs for national IT 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 reviewed.</p> <p>Regular monitoring of all capital projects both local and national.</p>

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
Specific Grant	-8.2%	High	<p>Critical services that are supported by grant cannot be sustained.</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.</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 and Head of Human Resources.</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 grant.</p> <p>Commissioned services supported by specific grant are authorised by the Commissioner, Director of Commissioning after consultation with the CFO.</p>
Other Income	-4.4%	Medium	<p>Income targets are under achieved as a result of lower than forecasted activity levels.</p>	<p>The MTFP and Strategic Finance and Procurement Group consider opportunities for the maximisation of income generation with budget holders being actively encouraged to develop opportunities.</p> <p>Income is reviewed and monitored as part of financial management and budgetary control arrangements.</p>
Use of Reserves	-1.3%	High	<p>Reserves are underpinning the revenue budget which causes sustainability difficulties in future years.</p>	<p>Annual review and consideration of reserves Strategy which outlines the approach and arrangements</p> <p>MTFP reduces level of reserves which are underpinning the revenue budget over the next year.</p>

Budget area	% of net costs	Risk level	Identified Risk	Mitigating factor
			Unexpected demand led pressures on budgets cannot be met without an adverse impact.	<p>Operational reserve to mitigate peaks in critical and major incidents.</p> <p>Insurance reserve created to mitigate against increases in self-insured levels of exposure.</p> <p>The MTFP Group continues to review medium term requirements, reserves and funding with matters being escalated to the Finance, Efficiency and Futures Group as appropriate.</p> <p>Regular monitoring of the financial position occurs through the formal governance structure.</p>
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>Continued delays and increases costs for national IT programmes.</p>	<p>The capital programme is approved and monitored by through formal governance arrangements.</p> <p>There has been considerable focus through the Finance, Efficiencies and Futures 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 option 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 on-going 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** – 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 for a 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 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 has 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 s25 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 requires 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 31st March 2018 the Minister for Policing and the Fire Service published new guidance on the information that each 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 facing the organisations.

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 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:

Budget Assumptions	Financial Standing and Management
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/over spends 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 CIPFA's "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 organisations financial management arrangements.

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 fund non-recurring purchases 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 The target 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 The reason useable reserves are held will be classified in line with the new Home Office classifications as outlined above.
- 8.6 Unusable reserves currently held 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 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. This report will include as a minimum 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 local authority 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 regularly assessed.

Appendix G– Reserves 2020/21 -2025/26

Revenue & Capital Reserves	Narrative Comment	Home Office Classification	Actual 31st March 2020	Estimated Reserves at 31st March 2021	Estimated Reserves at 31st March 2022	Estimated Balance at 31st March 2023	Estimated Reserves at 31st March 2024	Estimated Reserves at 31st March 2025	Estimated Reserves at 31st March 2026
		see below	£000k	£000k	£000k	£000k	£000k	£000k	£000k
General Reserves	The requirements of operational policing vary significantly from year to year. This General Reserve ensures that funds are available to respond to and mitigating the in year financial impacts of major incidents or unknown events. The PCC considers a number of factors in determining the level of reserves namely: Overall financial position and adequacy of financial control; Risk exposure and risk assessment; and Public opinion. This reserve which equates to 3.8% of the 19/20 revenue budget may also assist in mitigating any detrimental impact as a result of the Comprehensive Spending Review and changes to the police funding formula. Further information can be found within the published Reserves Strategy.	C	4,032	4,032	4,032	4,032	4,032	4,032	4,032
General Reserve as % of net revenue budget				3.57%	3.36%	3.26%	3.16%	3.05%	2.93%
Go Safe' Road Safety Partnership Revenue Reserve	This earmarked reserve is held on behalf of the all Wales 'Go Safe' Road Safety Partnership and will be utilised in line with their business requirements which may be beyond the life of the current planning period.	B	313	313	313	313	313	313	313
Go Safe' Road Safety Partnership Capital Reserve	This ringfenced capital reserve is held on behalf of the all Wales 'Go Safe' Road Safety Partnership and will be utilised in line with their business requirements which may be beyond the life of the current planning period.	B	1,008	1,008	1,008	1,008	1,008	1,008	1,008
Regional Collaboration Reserve	This reserve represents the fair share of funds held for collaborative police services which include the Regional Organised Crime Unit and Regional Task Force. These funds will be utilised in line with business requirements to support operational delivery and subject to decisions by the Wales Collaboration Board may go beyond the life of the current planning period.	B	261	261	261	261	261	261	261
Total Ring-fenced Revenue and Capital Reserves			1,582	1,582	1,582	1,582	1,582	1,582	1,582
Earmarked Revenue Reserve	This reserve is being held to support the revenue budget over the next 3 years to mitigate future funding gaps and detrimental impact on service delivery as a direct result of the previous PCC's decision to reduce the council tax precept for 2015/16 by 5% and to utilise reserves to underpin the revenue budget.	A	775	1,286	170	170	170	170	170
Driver Retraining Scheme	This reserves is being held specifically to support activities in relation to road safety initiatives. Further opportunities will be explored to ensure that these reserves are utilised to optimal effect for the communities of Dyfed-Powys.	B	870	585	495	405	340	270	200
Proceeds of Crime Act	This reserve comes from funds which have been allocated to Dyfed-Powys as a result of confiscation orders arising from proceeds of crime. These reserves are then utilised to support operational activities which assist in bringing criminals to justice e.g. financial investigators.	A	162	117	97	77	57	37	17
Chief Constable Operational Fund	This is a new reserve being established to assist in mitigating against the consequential costs of notable peaks in operational activity.	A	485	311	311	311	311	311	311
Sustainability & Transformation Fund	This is a new reserve being established to assist in funding invest to save, sustainability and transformational initiatives.	A	494	324	154	-	-	-	-
Covid 19 Reserve	This reserve was created at the end of 19/20 to assist in mitigating against financial implications arising as a result of the Covid19 pandemic	A	650	200	-	-	-	-	-
Legal/ Insurance Reserve	As a consequence of increases in insurance premiums and self insured limits, this reserve has been established to assist in mitigating against high claim exposure	A	-	200	200	200	200	200	200
Drug Intervention	This reserve will be utilised to support drug testing.	A	135	95	65	35	30	30	30
Total Earmarked Revenue Reserves			3,571	3,117	1,492	1,198	1,108	1,018	928

Revenue & Capital Reserves	Narrative Comment	Home Office Classification	Actual 31st March 2020	Estimated Reserves at 31st March 2021	Estimated Reserves at 31st March 2022	Estimated Balance at 31st March 2023	Estimated Reserves at 31st March 2024	Estimated Reserves at 31st March 2025	Estimated Reserves at 31st March 2026
		see below	£000k	£000k	£000k	£000k	£000k	£000k	£000k
Capital Grants	These capital grants are held to specifically support IT projects within the capital programme This reserve will be utilised to support the significant capital investment in Estates, Information Technology and Fleet including a new custody and station facility within Carmarthenshire, providing a solution to ageing police facility in Brecon and will support a range of both national and local technological developments.	A	426	-	-	-	-	-	-
Capital Reserve		A	4,964	1,631	0	0	0	0	0
Total Capital Reserves			5,390	1,631	0	0	0	0	0
Total Reserves			14,574	10,362	7,105	6,811	6,721	6,631	6,541

Home Office Police Finance Res	Classifications
Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan	A
Funding for specific projects and programmes beyond the current planning period	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 on the 31st January 2018

How reserves support the priorities of the Police & Crime Plan	General Reserve	Capital Reserve
Keeping our communities safe	✓	✓
Safeguarding the vulnerable	✓	✓
Protecting our communities from serious threat	✓	✓
Connecting with communities		✓



Capital Strategy

1 Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code 2017 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 PCP on 31st March 2017. His priorities are:
- Priority One: Keeping our communities safe;
 - Priority Two: Safeguarding the vulnerable;
 - Priority Three: Protecting our communities from serious harm;
 - Priority Four: Connecting with communities.
- 1.4 The Commissioner and Chief Constable also take account of 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 & Crime Delivery Plan to support the PCP. His operational delivery, performance monitoring frameworks and financing decisions focus on these priorities. Five key delivery principles will support the PCP:
- Delivering value for money
 - Public engagement
 - Working together
 - Supporting victims
 - Strong leadership
- 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.

- 1.6 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 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 working 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 over the next two 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 is also 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.

4 Capital Programme

- 4.1 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 in providing the details for the longevity and the optimum replacement cycles for these items.
- 4.2 The Capital Programme and financing which covers the revised position for 2019/20 through to 2024/25 is summarised below:

Table 1- Capital Programme 2019/20 – 2024/25

Capital Programme	19/20	20/21	21/22	22/23	23/24	24/25	Total
	£000k	£000k	£000k	£000k	£000k	£000k	£000k
Land and Buildings	1,365	10,774	17,500	5,100	1100	600	36,439
Vehicles	1,035	1,085	1,050	1,050	1,050	1,170	6,440
IT and Other Strategic Spending	3,576	4,364	4,070	6,423	2,734	5,423	26,590
Capital Expenditure	5,976	16,223	22,620	12,573	4,884	7,193	69,469
Grant Funding	-85	-85	-85	-85	-85	-85	-510
Borrowing	-1,365	-10,773	-20,499	-10,338	-2,149	-3,958	-49,082
Driver Retraining Contribution	-243						
Capital Grants	-242	-183					-425
Contribution from Revenue Account	-500	-850	-1,600	-2,100	-2,600	-3,100	-10,750
Capital Receipts	-1,787		-250	-50	-50	-50	-2,187
Sustainability Reserve	-170	-170	-154				-494
Capital Reserve	-1,584	-4,162	-32				-5,778
Capital Financing	-5,976	-16,223	-22,620	-12,573	-4,884	-7,193	-69,469

- 4.3 Much work has been undertaken during 2019/20 by the Medium Term Financial Planning group and Finance, Efficiencies and Futures Board to consider financial and investment requirements over a longer time frame. Albeit that it contains a number of assumptions and uncertainties this Capital Strategy includes a capital programme, shown at Appendix I, which has been extended to cover a 10-year period. This programme will be revisited as clarity arises and annually, as part of the formal budget and precept setting.
- 4.4 The capital investments seeks to contribute to cashable efficiencies in the future delivery of policing in the Dyfed-Powys area in the following ways:
- A reduction in revenue expenditure through a programme of potential buildings refurbishments and rationalisation as outlined in the estates strategy;
 - Ensuring that planned building maintenance is prioritised on the basis of risk and statutory compliance;
 - Centralisation of custody in Carmarthenshire;
 - New partnership facilities in Brecon;

- New collaborative firearms Range to support the training needs and requirements of the Joint Firearms Unit;
- Delivery against the Digital Policing Strategy and Roadmap which entails investing in the National Enabling Programme, Mobile data, Emergency Services Network, record management system, digital policing and continued investment in IT systems, Body Worn Video, and ANPR technology to maintain productivity and performance levels;
- Embracing new ways of agile working which will reap and realise organisational efficiencies but require some upfront investment for both estates and IT;
- Ensuring that opportunities for service collaboration and sharing of buildings and other assets continue to be explored.

4.5 Estates

4.5.1 The Commissioner has an Estates Strategy which provides clear guidance and direction around the future strategic and operational Estates requirements for the Dyfed-Powys Force, and provides clarity for budget allocation and future investment requirements. This strategy has recently been reviewed and is due to be finalised in early 2021.

4.5.2 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

4.5.3 The main focus will be:

- Investment in the portfolio as required to bring the buildings back in line with full operational effectiveness.
- Sale of vacant and redundant properties.
- Acquisition of land and construction of the Carmarthenshire Custody Suite.
- Consolidation and collaboration with Local Service Board members and partners.
- Delivering a review of the Brecon facility to determine the way forward
- Agreement on the future of buildings that might require major investment/replacement
- in order to continue servicing the needs of the community

4.5.4 Governance arrangements around Estates have been strengthened during 2020/21 to ensure that all stakeholders are better represented and to ensure the inherent linkage between operational requirements and estate provision. These will continue to develop and embed during 2021/22.

4.5.5 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

4.5.6 The Strategic Estates Group have developed a Project Risk Based Assessment Criteria to assist with the prioritisation of capital investment:

- Risk to operational effectiveness (to include smarter working)
- Risk to not meeting a legislative or statutory requirement including ISO accreditation
- Risk to building fabric/system which increases cost with long term implications
- Risk to Force & Commissioner Reputation (including partnership arrangements)
- Risk to Health & Safety
- Risk to the Security of the Site

4.5.7 Critical to the provision of policing within Dyfed-Powys has been the requirement for improved custody and station facilities in Carmarthenshire. This project has been ongoing for a number of years and has faced a number of challenges along the way. The project is seeking to deliver an 18 cell complex with ancillary office accommodation and Police station facilities on the outskirts of Llanelli. The project has reached the end of design Royal Institute of British Architects (RIBA) stage 3 which in principal denotes that all designs and ecological, geotechnical and ground surveys have already been undertaken with planning approvals now being sought. Pre-construction costings have been received and this are currently subject to due diligence and review by the project team and quantity surveyors. This work will then lead to sign off and progression to construction. Timescales are still on track for construction to commence in late June 2021 with completion summer 2022. The project is now expected to cost in the region of £18.1m. There have been a number of factors that have led to an increase in costs including design changes/refinements, increased security requirements, increased costs for specialised equipment, inherent construction and materials cost increases as a result of the wider economy including the impact of Brexit and Covid-19. An extensive process to seek value engineering opportunities was also undertaken. The Project has formal governance arrangements in place under the Deputy Chief Constable's direction.

4.5.8 Significant refurbishment works and investment has taken place over recent years to address a considerable programme of condition survey works across the estate, however the extent and inherent deterioration of the estate means that continued investment is required across all four counties.

- 4.5.9 The previous condition survey 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. The operational requirements for estates provision is currently being reassessed by divisional commanders and the Chief Officer team.
- 4.5.10 Due to the deteriorating condition of the existing facility in Brecon, provision of £8.8m has been included for a potential new build. It had originally been hoped that a collaborative facility could be developed but unfortunately partners have been unable to commit, for a number of reasons. Given this change along with the increased build costs, the Capital Build have taken a decision to re-evaluate the options available to underpin the future direction of travel and decisions. A full intrusive condition survey is currently being initiated to provide a more accurate assessment of refurbishment requirements and costs. The operational requirements have been critically reviewed and have assessed that a considerably smaller footprint is required within Brecon. The costs of refurbishment of the existing larger facility need therefore to be considered carefully alongside the costs of a new build for a smaller facility which may also allow for the sale of the existing site/ surplus land. Albeit that this causes delay, given the scale of investment, ensuring full due diligence of options has been deemed paramount.
- 4.5.11 The requirement for a firearms training facility to support the southern Welsh Forces collaborative Joint Firearms Unit was identified during 2018/19. 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. Considerable discussion has taken place between Commissioners and Forces with a full business case being produced consider a range of options and potential locations for a new facility. Extensive due diligence has been undertaken and negotiations on land purchase are just being finalised. Total costs of circa £30m have been identified with £8.1m being Dyfed-Powys Police's share of costs profiled over the next two financial years.
- 4.5.12 In addition to these major developments, there will be 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 Custody upgrades are carried out in a phased approach based on risk and corrective actions as identified during HMIC audits. .
- 4.5.13 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. Investment has been prioritised within the capital

programme to achieve efficiencies and reap reductions in revenue expenditure within the estate.

4.5.14 The Director of Estates has continued to work closely with the force to develop and deliver the numerous requirements arising from Covid-19. The organisation is seeking to embed agile and efficient ways of working. This approach will have longer term implications for both the estate and for IT and will require some upfront investment to facilitate longer term efficiencies. Assessments of these have been included with the capital programme.

4.5.15 A Sustainability Group was established during 2019 with this groups terms of reference seeking to explore and maximise sustainability opportunities. This work was paused to prioritise the organisations response to Covid-19 but will be restarted in due course. The forward capital programme therefore includes provision for a number of initiatives which as well as considering environmental and sustainable considerations will also seek to achieve efficiencies. The Facilities Management Contract commenced in spring of 2019. A mid contract review is planned to be undertaken during early 2021. This will seek to review that the arrangements have reaped planned benefits which will inform the future direction of travel in relation to facilities management.

4.6 Fleet

4.6.1 Telematics devices were fitted into the Forces' vehicles during the course of 2017/18. This has provided the Force with the fleet utilisation and driver behaviour data which has been analysed to inform the optimal operational fleet size and deployment profile along with informing operational driver training requirements. Revenue efficiencies have already been realised as a consequential result of the installations with future efficiency targets forming part of the MTFP. An initial replacement programme has been developed and the cost implications are included in the forward capital plan.

4.6.2 Strategic Fleet Management Group meets quarterly to provide overall governance and operational assurance which in turn reports into a Finance, Efficiencies and Futures Board. Vehicle requirements are considered in detail at the vehicle user group which is attended by operational and support representatives. The strategic approach to fleet management are also informed by regional and national working groups.

4.6.3 The Force continues to utilise the National Framework agreement to procure operational vehicles. The current replacement programme is on target to fully spend the budget for the 2020/21 financial year. The Force continues to actively pursue collaboration opportunities and is fully engaged with the NPCC's work in relation to fleet efficiency and sustainability and has just taken delivery of 11 electric Vehicles of which 8 will be used by NPT and 3 will be put on the pool fleet. There is work on-going nationally to produce a requirements specification which will seek to maximise efficiencies of scale for the procurement of electric vehicles once the current contract expires.

4.7 Information Technology

4.7.1 The Force has a current ICT Strategy which covers the period from 2018 up until 2024, and sets out the Force's ambitious digital transformation aims and the essential ICT infrastructure upgrades necessary to deliver a robust, resilient and performant platform with increased capacity to support the Force's needs over the coming years.

4.7.2 The forward capital strategy takes account of a number of local strategic IT projects and also a number of re-procurement projects involving technologies and IT solutions that have reached the end of contract or end of life of essential equipment. The key IT capital projects which are planned for the 2021/22 period are:

- The implementation of the Niche RMS has begun and progress has been made in many areas such as:
 - Capturing of the as-is processes is complete – now moving to capturing the to-be processes during 2021.
 - Data quality / de-duplication activities
 - Defining the BRC and Transition specification
 - Planning is underway with the West Coast region to agree when in their roadmap Dyfed-Powys Police will be given a slot for go-live. This will be agreed in early 2021. There are a number of pre-requisites that have to be completed by West Coast region prior to DPP joining.
- Procurement of a new RMS solution will now result in the need to re-integrate / re-design the current mobile solution to work with the new RMS provider. Discussions are underway with Merseyside Police who are also Pronto users to see if Dyfed-Powys Police can utilise Merseyside's version of Pronto.
- Work has been carried out as part of the Commissioner's reinvestment in CCTV provision across the Force with phases 1 to 3 complete. The rollout is nearing completion with the remaining towns in phase 4 are planned to conclude by the March of 2021.
- Due to further delays in the delivery of ESN (Emergency Services Network) it is critical that the Force replace all old end of life Airwave handsets to enable continuity of service to frontline officers. The procurement of devices concluded in December 2019 with delivery in March/April 2020. A rolling program of replacements has been undertaken during 2020/21 with only small numbers left to be replaced in the New Year.
- A project is underway to look at the market in order to procure a new 999/101 telephony system /ICCS that is futureproof, consideration will be given to the potential for cloud hosting, support for ESN, support for modern digital channels.
- The contract has been extended with the incumbent Telematics solution provider and will end late 2021 with a replacement solution needing to be procured during 2021 to allow time to transition should the current

in car technology not be supported. The current solution has delivered significant savings in relation to fuel, servicing and tyres, whilst allowing the fleet to be managed ensuring the force has the optimum number of vehicles.

- Due to the Covid-19 pandemic the force has had to change its working practices overnight with so many staff now working from home - learning from this has been really beneficial as input to the Agile Working project – the current aim to continue with a high degree of home working post-Covid-19. This has meant a considerable uplift in the number of laptops required for home workers, and improvements in technology / infrastructure to accommodate the increase. The capital program includes a provision to increase the number of laptops replacing desktop computers, and from April 2020 ICT will be required to deliver the replacement devices on an on-going basis.
- The Force has also expanded its capacity in relation to fixed and mobile Automatic Number Plate Recognition (ANPR) with a focus on more rural parts of the Force area. Significant investment has also been made in relation to Cyber and Digital Crime capabilities in relation to ICT infrastructure and will be developed further in 2021 through joint working between ICT and the Digital Crime Unit.

4.7.3 The forward capital strategy takes account of national programmes of work that are being taken forward by the NPCC's and the Home Office. There are numerous schemes being taken forward nationally including the following:

- National Law Enforcement Database (NLEDP) programme which will replace the Police National Computer (PNC) and Database (PND), with a modern 21st century solution for policing, it is experiencing slippage at the moment – and is likely to have a program reset in the early 2021.
- NLEDP Stepping Stone A is on target to be delivered in early 2021, that of DVLA Driver Images being delivered to officer mobile data terminals.
- Digital Public Contact – Single Online Home phase 1 went live in force in the 4th Quarter 2020, with future capability being rolled out in 2021
- A National ANPR Service (NAS).
- The National Enabling Programme are delivering three separate strands:-
 - The force is currently rolling out the NEP Microsoft Office 365 productivity tools, delivered via the Microsoft Cloud based on a nationally assured solution blueprint design and template. The force is in Technical Pilot and will move to Business Pilot in the New Year.
 - IAM – Identity and Access Management.
 - NMC – National Monitoring Centre providing national level security operations capability to respond to cyber threats has been rolled

out in force and monitoring of both cloud and on premise servers has commenced.

- Emergency Services Mobile Communications Programme to replace the existing Airwave radio system.
- Home Office Biometrics.
- The Law Enforcement Community Network being rolled in 2021.

4.6.4 The force has set up an Emerging Technology and Transformation Group to explore and to capitalise on the benefits of more innovative technology options such as artificial intelligence, facial recognition, augmented reality technology and robotic process automation (RPA). An All Wales Group is being set up in early 2021 to look at RPA across the forces in Wales with the aim of benefiting all forces with the implementation of common processes, and building a centre of excellence across Wales.

5 Capital Requirements and Resources

- 5.1 There has been a significant reduction in core capital funding allocated by the Home Office over recent years. In 2021/22 a total capital grant of £85k will be available for the Commissioner to utilise to supplement the capital programme. In addition, central funding will be available to part fund the Emergency Services Network, although it is now anticipated that £12.3m of the future costs of this programme will need to be funded over the next ten years. Concerns regarding delays and cost increases of this national project has been subject to much dialogue between the APCC, the NPCC and the Home Office and these are likely to continue over 2021/22.
- 5.2 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.
- 5.3 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 2020/21 to 2025/26 totalling £86.803m.
- 5.4 In order to meet future capital investment requirements and mitigate the reductions in capital grant funding, the medium term financial plan and capital programme include increasing revenue contributions to capital from 2020/21 and also external borrowing requirements to support the Carmarthenshire Custody development, Brecon policing facility, the new Joint Firearms Unit training facility and other elements of critical investment.
- 5.5 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.

- 5.6 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. The borrowing costs are not supported by the Government so DPP 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.
- 5.7 In addition to their own capital programme, the Commissioner and Chief Constable work with partners and the Home Office to secure additional capital and revenue resources to further partnership and transformational objectives. These are dealt with through complementary processes. The resources levered in are not included in the capital programme unless they form part of a direct Dyfed-Powys Police led project. Innovation and transformation fund bids will also be considered to bolster further capital projects in future years.

6 Governance Arrangements

6.1 Identifying and Prioritising Capital Projects

- 6.1.1 As outlined the capital programme has been prioritised by 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.
- 6.1.2 The Commissioner manages his capital strategy operationally through the Policing Board, which oversees the major change projects for both capital and revenue. In addition, the Finance, Efficiency and Futures 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.
- 6.1.3 Major projects are managed in accordance with project management best practice in terms compliance with PRINCE 2 project methodology. Links have been established between benefits management on key projects, efficiency planning and costing information.
- 6.1.4 A new project proposal form has been developed to capture project considerations, risks, costings, timescales and business benefits in a consistent manner across the organisation. All project proposals will be considered by the Change & Transformation Group.

- 6.1.5 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;
 - Sustainability – whether costs are realistic and the level of future revenue implications;
 - What options have been considered;
 - What other funding sources may be available;
 - The degree to which the proposals support partnership working.
- 6.1.6 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.).
- 6.1.7 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.

6.2 Implementing and Monitoring Capital Projects

- 6.2.1 Progress against capital schemes is reported as part of financial reporting to Finance, Efficiencies and Futures Board, Policing Board, Force Executive Board and quarterly to Policing Accountability 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 IT Group and Strategic Fleet User Group, with risks and highlight reporting escalated through the governance structure as appropriate.
- 6.2.2 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.
- 6.2.3 The user representative is responsible for representing users and customers and for defining the quality requirements. Both roles reflect the underlying principles of the PRINCE 2 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.

6.3 Evaluating Completed Capital Projects

- 6.3.1 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 project report is reviewed by the Finance, Efficiency and Futures Board and escalated to the Policing Board if required.

- 6.3.2 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.
- 6.3.3 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 can then use this information to learn lessons and make any improvements identified during project implementation.
- 6.3.4 The ongoing success of projects is monitored through a number of mechanisms such as officer feedback, public consultation and customer feedback.

7 The Disposal of Assets

- 7.1 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.

8 Revenue Implications of Capital Investment

- 8.1 Particular attention has been paid to on-going 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.

9 Conclusion

- 9.1 This Capital Strategy considers all aspect of capital management, sets out the methods for assessing capital projects and assets and outlines the revised capital programme for the period 2020/21 to 2025/26 with wider outlook 2029/30. The strategy should be read in conjunction with the detailed Estates and ICT Strategies, annual Vehicle Replacement Plan and Treasury Management Strategy which covers the requirements of CIPFAs Prudential Code.

Capital Programme	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	Total
	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k	£000k
Land and Buildings	3,739	8,612	23,203	11,206	3,175	3,367	1,538	1,542	1,536	2,541	60,457
Vehicles	1,201	1,297	1,505	1,121	1,320	1,225	1,300	1,325	1,350	1,311	12,955
IT and Other Strategic Spending	3,221	5,076	6,398	4,603	3,233	3,304	5,282	5,459	3,314	5,140	45,028
Capital Expenditure	8,160	14,985	31,106	16,929	7,728	7,895	8,120	8,326	6,200	8,991	118,440
Grant Funding	-85	-85	-85	-85	-85	-85	-85	-85	-85	-85	-851
Borrowing	-3,296	-11,036	-28,213	-13,940	-4,238	-4,156	-4,380	-4,587	-2,460	-5,252	-81,558
Capital Grants	-426	0	0	0	0	0	0	0	0	0	-426
Contribution from Revenue Account	-850	-1,852	-2,604	-2,604	-3,104	-3,604	-3,604	-3,604	-3,604	-3,604	-29,036
Capital Receipts	0	-210	-50	-300	-300	-50	-50	-50	-50	-50	-1,110
Sustainability Reserve	-170	-170	-154	0	0	0	0	0	0	0	-494
Capital Reserve	-3,333	-1,631	0	0	0	0	0	0	0	0	-4,964
Capital Financing	-8,160	-14,985	-31,106	-16,929	-7,728	-7,895	-8,120	-8,326	-6,200	-8,991	-118,440