



# **MEDIUM TERM FINANCIAL STRATEGY**

**2013 - 2017**

Incorporating

REVENUE BUDGET 2013/14

REVENUE FORECASTS 2013 - 2017

CAPITAL STRATEGY 2013 - 2017

&

VALUE FOR MONEY PLAN 2011 - 2017

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## **Executive Summary**

The Office of the Police and Crime Commissioner was established on the 22<sup>nd</sup> of November 2012 and replaced the governance arrangements previously managed by the South Wales Police Authority. The Police and Crime Commissioner for South Wales Police is required to prepare a Medium Term Financial Strategy (MTFS) and a Police and Crime Reduction Plan that reflects the resources and public consultations across South Wales. These plans are subject to scrutiny by the Police and Crime Panel of South Wales Police. The key priorities within the Police and Crime Reduction Plan are:

- Crime reduction and prevention
- Reduction of reoffending
- Strong and swift response to anti-social behaviour
- Youth offending and youth justice
- Putting victims at the heart of the service
- Tackling violence against women and children
- Early intervention on domestic violence
- Working with partners on the causes of crime
- Making it easier for the public to communicate with the police
- Tackling on-line crime and on-line child abuse
- Restorative justice
- Making the public feel safer

This MTFS covers the 4 year period April 2013 to March 2017 and sets out the assumptions and considerations by the Commissioner in arriving at the recommended budget for 2013/14 and the necessary police precept to achieve the net budget requirement.

### **Operational Context**

South Wales Police provides a policing service to 1.3 million people covering 42% of the total Welsh population with around 47% of the total crime in Wales. The Force area includes 63 of the 100 most deprived communities in Wales (and indeed Europe). The policing area is diverse with urban and rural policing challenges including two of the largest cities in Wales, Cardiff and Swansea. The Capital City of Wales presents some additional policing challenges which receive no special recognition within the funding formula. The scale and complexity of incidents routinely dealt with by South Wales Police make it unique within Wales with demand for policing services being the 6<sup>th</sup> highest across the 43 police forces in Wales and England.

South Wales Police is also recognised as the lead regional force on Serious and Organised Crime and receives specific ring fenced funding for an all Wales Extremism and Counter Terrorism Unit, a Regional Intelligence Unit, a Regional Asset Recovery Team and has established through collaborative funding a Regional Task Force to tackle cross border issues with other police forces in Wales and England.

In this context of local and regional policing requirements, the impact of the largest reduction in police funding in a generation presents significant challenges in maintaining an effective police service and improve performance.

## **National Economic Context**

The present Government was elected in 2010 and made a revised assessment of the national economic circumstance. The outcome of the assessment was the Comprehensive Spending Review 2010 (CSR2010) which is a four year plan to address the national structural budget deficit of £149B with a specific aim over the CSR2010 to reduce public expenditure by £81B. The impact of this on South Wales Police was a reduction in resources of 20% in real terms with 85% of the reductions falling within the first two years of the CSR2010.

The Chancellors autumn statement announced on the 5<sup>th</sup> December 2013 has revised some of the national projections on economic growth and budget deficit and made further reductions on Departmental Expenditure Limits of 1% in 2013/14 and a further 2% in 2014/15. The Home Office has absorbed the further 1% reduction without reducing the police settlement but is unlikely to absorb the further 2% for 2014/15. Consequently the South Wales Police budget deficit has been revised upwards for 2014 to 2017 to reflect the Chancellor's latest announcements.

Looking ahead, the current indications from the Office of Budget Responsibility are that the national structural budget deficit is unlikely to be met before 2018. Therefore given the record of economic projections to date it is highly likely that austerity measures will continue to 2020. Whilst this extends beyond the period of this MTFS the planning assumptions need to reflect the longer term contraction in central government funding for policing.

## **Local Economic Context**

The funding for South Wales Police is a combination of central grants and local police precept however the proportion of funding from precept varies across England and Wales from less than 20% to over 50% of the total police budget. South Wales Police has the lowest police precept in Wales and is the 20<sup>th</sup> lowest amongst the 43 police forces.

South Wales Police does not get the level of funding that it should if the funding formula was allowed to be applied as intended. The amount of funding that South Wales Police loses through non- application of the formula has increased in 2013/14 by £0.8m to annual loss of £9M (equivalent to 176 Police Officer or more than 300 Police Community Support Officer posts).

The Home Secretary has confirmed that the current damping mechanism will continue to apply, as such, the loss in funding to date of £37M will increase to £46M by the end of 2014/15. This formula damping mechanism has now been in place since 2006 and given the proposed introduction of a new funding formula in 2015/16 it is likely that some form of damping will continue through to the end of next CSR in 2020.

The full impact of the CSR2010 on South Wales Police was assessed to be a budget deficit of £47M to March 2015. The subsequent settlements for 2011-12, 2012-13 and now 2013-14 have been in line with force projections and **£25M of cash reductions** have now been realised over the three years.

## NOT PROTECTIVELY MARKED

It is important to note that as funding has been reduced, inflation has increased, which adds to the upward pressure on expenditure requirements. The projections for 2013/14 were a cumulative budget gap of £39M rising to £47M for 2014/15. The updated budget requirement for 2013/14 confirms the cumulative gap at £39M in line with original projections made in 2010/11.

The updated MTFS shows a budget deficit for the period 2016/17 of £72M which, if the precept strategy is maintained, still leaves a value for money savings requirement of £46M of which £24M has been achieved to date and is shown below :

SUMMARY REVENUE ACCOUNT	CSR 10					
	2011/12 £M	2012/13 £M	2013/14 £M	2014/15 £M	2015/16 £M	2016/17 £M
Net Revenue Expenditure (Pre VFM)	272	273	285	290	299	309
Total Resources	(254)	(242)	(246)	(240)	(240)	(236)
Cumulative Unfunded Expenditure	18	31	39	50	59	72
Precept increase 7% 13/14 (5% thereafter)	(4)	(7)	(13)	(17)	(21)	(26)
Value For Money Plan Savings Required	15	24	27	34	38	46
Current Value For Money Plan	19	24	27	33	38	38
Net VFM Plan Surplus/Deficit	(4)	(0)	(1)	0	(0)	8

## Value for Money and Financial Management

The Commissioner and the Chief Constable have agreed the Mission (Keeping South Wales Safe) and the Vision (being the best at understanding and responding to our communities needs) and the Commissioner has established an effective governance process to secure continuous improvements in service delivery and sound financial management.

The Commissioner and the Chief Constable are independently assessed on the delivery of value for money by both Her Majesty's Inspectorate of Constabulary and the Wales Audit Office. Both bodies have provided positive assurances on financial management and value for money including the improvements in operational delivery. South Wales Police is forecasted to have delivered over £100M of efficiency improvements by the end of the current CSR2010.

Given that over 80% of the police budget is on pay then reductions in staffing levels for both police officers and staff are unavoidable. The MTFS is therefore based on reduction of 688 staff being 256 police officers and 432 police staff over the CSR2010 period. The forecast to March 2013 is a cumulative reduction of 176 officers and 392 police staff posts.

However, the force has established a critical mass in respect of police officer numbers of 3,000 to ensure resilience and the planned reductions take the force below this threshold, whilst recognising the need for cost reduction to address the funding cuts. Efforts should continue to be made to return to this level of establishment as soon as practically possible. The simple fact is that if the current funding anomalies of police precept and funding formula damping were properly addressed then there would be sufficient funding for an additional 480 police officers, more than sufficient to achieve the critical mass.

The Reform Programme implemented by the Chief Constable has made a significant contribution to the £24M of cash releasing savings delivered over the past two years in

line with the Value for Money Plan whilst at the same time improving operational performance over the past 5 years as follows:

- The level of crime is now at a 29 year low
- Crimes detection levels have increased from 25% to 32%.
- Victim satisfaction has improved from being the worst performing to the 19<sup>th</sup> best in Wales and England.
- The measure of Public Confidence has increased from 38% to 61%

Project Reform has and will continue to ensure that the public remain at the centre of the service delivery model and deliver the agreed joint vision.

## **Risk Management and Infrastructure**

The Commissioner has adopted a strategic risk and evidenced based approach to investments and service delivery and two major initiatives endorsed by the previous Police Authority have now moved to implementation.

A contract for the design and build of two Bridewells in Central and Northern BCU's have commenced with a completion date of March 2014.

The contract to replace a number of obsolete support systems with a single Fully Integrated Resource Management System has been awarded and is expected to have phased implementation during 2013/14.

These two initiatives will not only improve operational policing and policing services but will provide significant cash releasing efficiency savings toward the Value for Money Plan.

## **Statutory Requirements**

The Local Government Finance Act 1988 and the Police Act 1996 and the Police Reform and Social Responsibility Act 2011 requires the Commissioner to set a balanced budget for the forthcoming year and to advise the billing authorities on the amount of precept to be collected by the 1<sup>st</sup> of March at the latest.

The provisions of the Local Government Act 2003 require adequate consideration of the following:

1. Government policy on police spending, and its implication for South Wales Police.
2. The medium term implications of the Budget and Capital Programme
3. The CIPFA Prudential Code
4. The risk assessed size and adequacy of general and specific earmarked balances, against the backdrop of sustained reductions in police funding for the foreseeable future.
5. Whether the proposals represent a balanced budget for the year
6. The impact on the Council Tax
7. The threat or risk of capping
8. The underlying pressure for infrastructure and service developments and associated risk to performance.

This MTFs must provide the necessary level of supporting information to enable an effective discharge of this responsibility.

## Precept Considerations

The economic and operational context and the risks facing South Wales Police require careful consideration on the level of police precept to ensure an adequate level of resources to maintain an effective policing service over the medium term.

The Commissioner has minimal influence on the level of central grants he receives but the decision on the level of police precept is determined by both the Police and Crime Panel and the Commissioner following consultation with the Chief Constable and the people of South Wales in respect of the policing priorities.

The 7% option would enable the retention of PCSO numbers at the target level of 506 as well as the creation of a £1M partnership fund to be allocated in consultation with local authorities and other public sector/voluntary bodies to reduce pressure on services resulting from anti-social behaviour, domestic violence and protecting the vulnerable. The Commissioner will establish a partnership process to determine the most effective allocation of this fund to make a real difference to the level of demand being experienced by partners on the same issues, such as mental health, problem families, violence against women, children and vulnerable adults; domestic violence and anti social behaviour. The specific areas where this fund could make a positive impact in relation to the police and crime reduction priorities are:

- Youth offending and youth justice
- Tackling violence against women and children
- Early intervention on domestic violence
- Working with partners on the causes of crime
- Making the public feel safer

A 7% increase would add £11.86 to the annual Band D precept which equates to an increase of 23p per week. However, the Council Tax Property analysis shows that 65% of the residents in the South Wales Police Area are below Band D and the majority would pay between 15p and 20p extra per week if they are not in receipt of any council discounts or benefits. This one-off increase helps to mitigate the latest announcements of further anticipated cuts in funding as indicated by both the Chancellor and the Office of Budget Responsibility.

Therefore the recommended option is for a Police Precept increase of 7% which keeps faith with the agreed medium term precept strategy and ensures that we can maintain PCSO numbers at 506 to police local communities and enable a £1M partnership fund to make a significant difference to our local communities. **It is important to note that South Wales Police will still have the lowest cost of policing for the tax payer in Wales.** The decision of the Panel and the Commissioner is subject to subsequent capping judgment if it is deemed to be excessive by the Welsh Government.

**POLICE AND CRIME PANEL MEETING  
28 JANUARY 2013**

<b>SUBJECT</b>	
<b>MEDIUM TERM FINANCIAL STRATEGY 2013 to 2017</b>	
<b>REPORT BY</b>	<b>SOUTH WALES POLICE AND CRIME COMMISSIONER</b>
<b>CONTACT OFFICER</b>	<b>UMAR HUSSAIN , CHIEF FINANCIAL OFFICER TELEPHONE: (01656 869204)  GWYN WILLIAMS ASSISTANT DIRECTOR OF FINANCE TELEPHONE: (01656 869204)</b>
<b>SUMMARY AND PURPOSE OF REPORT</b>  To inform the Police and Crime Panel on the medium term financial resource implications for both the Revenue and Capital Accounts for financial years 2013-2017.  To facilitate the approval of a balanced budget and the resulting Police Precept on Council Tax for 2013/14.	
<b>RECOMMENDATIONS</b>	<b>That the Police and Crime Panel approves:</b>  <ol style="list-style-type: none"><li><b>1. A 7% increase to the Police precept on council tax resulting in an annual precept on a Band D property of £181.28 giving a total precept requirement of £84,365,530 and that this sum be precepted on the relevant billing Authority in accordance with Appendix 8.</b></li><li><b>2. The Resulting Net Revenue Budget Requirement for 2013/14 will be £258,554,934 and this reflects the Capital and Value For Money Plans.</b></li></ol>



## **A. SUPPORTING INFORMATION**

The Office of the Police and Crime Commissioner was established on the 22<sup>nd</sup> of November 2012 and replaced the governance arrangements previously managed by the South Wales Police Authority. The Police and Crime Commissioner for South Wales Police is required to prepare a Medium Term Financial Strategy (MTFS) and a Police and Crime Reduction Plan that reflects the resources and public consultations across South Wales. These plans are subject to scrutiny by the Police and Crime Panel of South Wales Police.

This report sets out the key issues to be considered in determining an appropriate level of budget and resulting precept necessary to provide an efficient and effective police service to all the citizens across South Wales.

The Police and Crime Commissioner and the Chief Constable are duty bound to secure Value for Money and this is independently examined by the Wales Audit Office (WAO) and by Her Majesty's Inspectorate of Constabulary (HMIC).

The current period of Comprehensive Spending Review 2010 (CSR2010) set out the proposed police funding levels from 2011 to 2015 and has already been acknowledged as the most financially challenging in a generation (Source HMIC).

Over the period 2011 to 2015 police funding would be reduced by 20% in real terms with 85% of the reductions in central grants falling within the first two years. HMIC have stated the police service could manage a target of 12% cash releasing efficiencies over the four years without affecting the frontline services. A 20% target is therefore understandably challenging if frontline services are to be maintained.

The 2013/14 financial year is the third consecutive year of a sustained period of grant reductions and the actual £2.813M reduction for the year is further augmented by the impact from additional inflationary pressures (£3.3M), particularly in relation to energy, fuel and contracted services as well as the proposed 1% increase in employee costs.

The initial MTFS established in 2011/12 in response to the cuts from CSR2010 has proven to be accurate and successful. The funding gap to date has been met through the combination of the police precept strategy and delivery of the Value for Money Plan. In addition as a consequence of the approach adopted by the Chief Constable performance has significantly improved over the period despite the level of transformational change and resource contraction.

The MTFS now extends the planning horizon to 2016/17 and updates some of the assumptions on inflation, Winsor pay reform as well as the Force's Project Reform to ensure the South Wales Police remains on course to deliver the Force Vision.

## **1.0 OPERATIONAL CONTEXT**

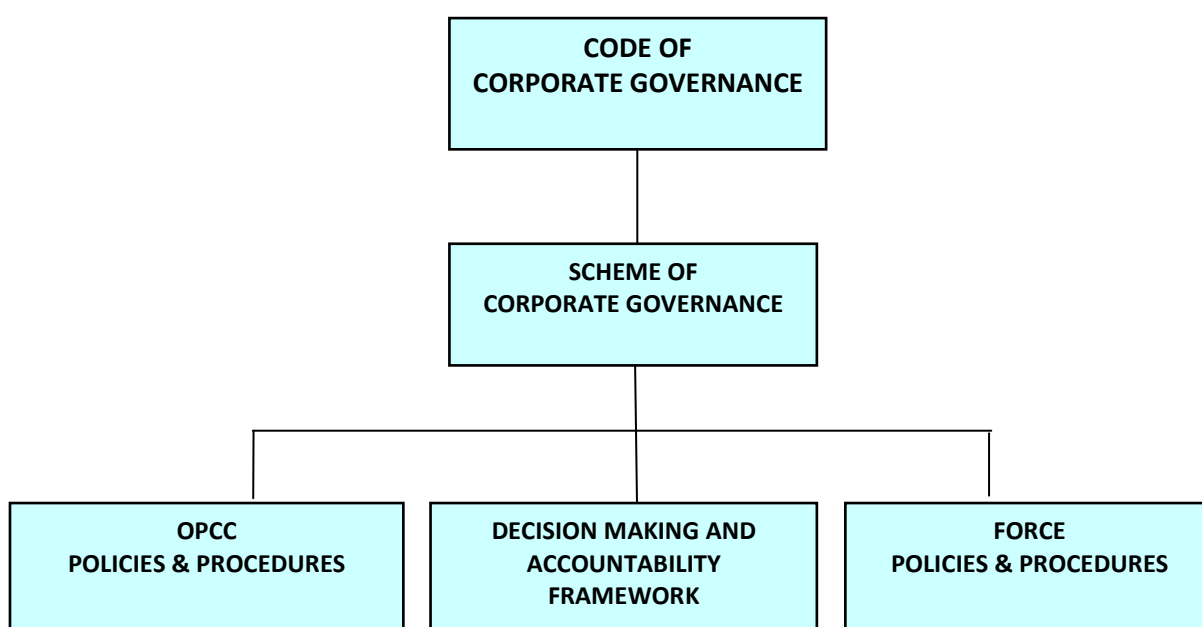
- 1.1 South Wales Police provides a policing service to 1.3 million people covering 42% of the total Welsh population with around 47% of the total crime in Wales. The Force area includes 63 of the 100 most deprived communities in Wales (and indeed Europe). The policing area is diverse with urban and rural policing challenges including two of the largest cities in Wales, Cardiff and Swansea. The Capital City of Wales presents some additional policing challenges which receive no special recognition within the funding formula. The scale and complexity of incidents routinely dealt with by South Wales Police make it unique within Wales with demand for policing services being the 6<sup>th</sup> highest across the 43 police forces in Wales and England.
- 1.2 South Wales Police has shown to be highly effective in improving policing services to the public and has delivered a sustained reduction in overall crime which has continued against the backdrop of funding reductions.
- The level of crime is now at a 29 year low
  - Crimes detection levels have increased from 25% to 32%.
  - Victim satisfaction has improved from being the worst performing to the 19<sup>th</sup> best in Wales and England.
  - The measure of Public Confidence has increased from 38% to 61%
- 1.3 South Wales Police is also recognised as the lead regional force on Serious and Organised Crime and receives specific ring fenced funding for an all Wales Extremism and Counter Terrorism Unit, a Regional Intelligence Unit, a Regional Asset Recovery Team and has established through collaborative funding a Regional Task Force to tackle cross border issues with other police forces in Wales and England.
- 1.4 The four Chief Constables across Wales continue to provide substantial commitment to combating criminality operating at regional and national level which not only benefits the communities of the South Wales Police force area but also those in our neighbouring forces. Tarian is our joint operations unit for serious and organised crime and the continued support of the Welsh Government in recognising this threat to the communities in Wales is essential. Further collaboration opportunities underway are in the areas of Forensic Services, Specialist Crime and Firearms, which will further bolster the operational capabilities and effectiveness of regional resources.
- 1.5 In this context of local and regional policing requirements, the impact of the largest reduction in police funding in a generation with strong indications of a protracted period of further austerity measures presents a significant challenge to maintain an effective police service and continue to dramatically improve performance.

1.6 The Commissioner and the Chief Constable have established the following key priorities within the Police and Crime Reduction Plan:

- Crime reduction and prevention
- Reduction of reoffending
- Strong and swift response to anti-social behaviour
- Youth offending and youth justice
- Putting victims at the heart of the service
- Tackling violence against women and children
- Early intervention on domestic violence
- Working with partners on the causes of crime
- Making it easier for the public to communicate with the police
- Tackling on-line crime and on-line child abuse
- Restorative justice
- Making the public feel safer

## **2.0 GOVERNANCE AND ACCOUNTABILITY ARRANGEMENTS**

- 2.1 The Police Reform and Social Responsibility Act 2011 together with The Financial Management Code of Practice set out the revised governance arrangement for policing with effect from 22<sup>nd</sup> November 2012. The Act established two Corporation soles and a Police and Crime Panel to scrutinise the Police and Crime Commissioner.
- 2.2 The South Wales Police Authority established a Police and Crime Commissioner Transition Board to ensure a smooth transfer of responsibilities. The Transition Board developed a Manual of Corporate Governance which has subsequently been approved by the Police and Crime Commissioner and is now in effect.
- 2.3 The approved Manual of Corporate Governance outlines the following framework under which the two corporation soles (The Police and Crime Commissioner and the Chief Constable) will govern both jointly and separately.



- 2.4 The core statutory functions of a Police and Crime Commissioner are to secure the maintenance of the police force, secure that the force is efficient and effective, and hold the Chief Constable to account for the exercise of his functions and the functions of persons under his direction and control. The Police and Crime Commissioner must not restrict the operational independence of the police force and the Chief Constable who leads it.
- 2.5 The Police and Crime Commissioner is the legal contracting body who owns all the assets and liabilities, with responsibility for the financial administration of his office, including all borrowing. The Chief Constable is precluded from any borrowing arrangements.

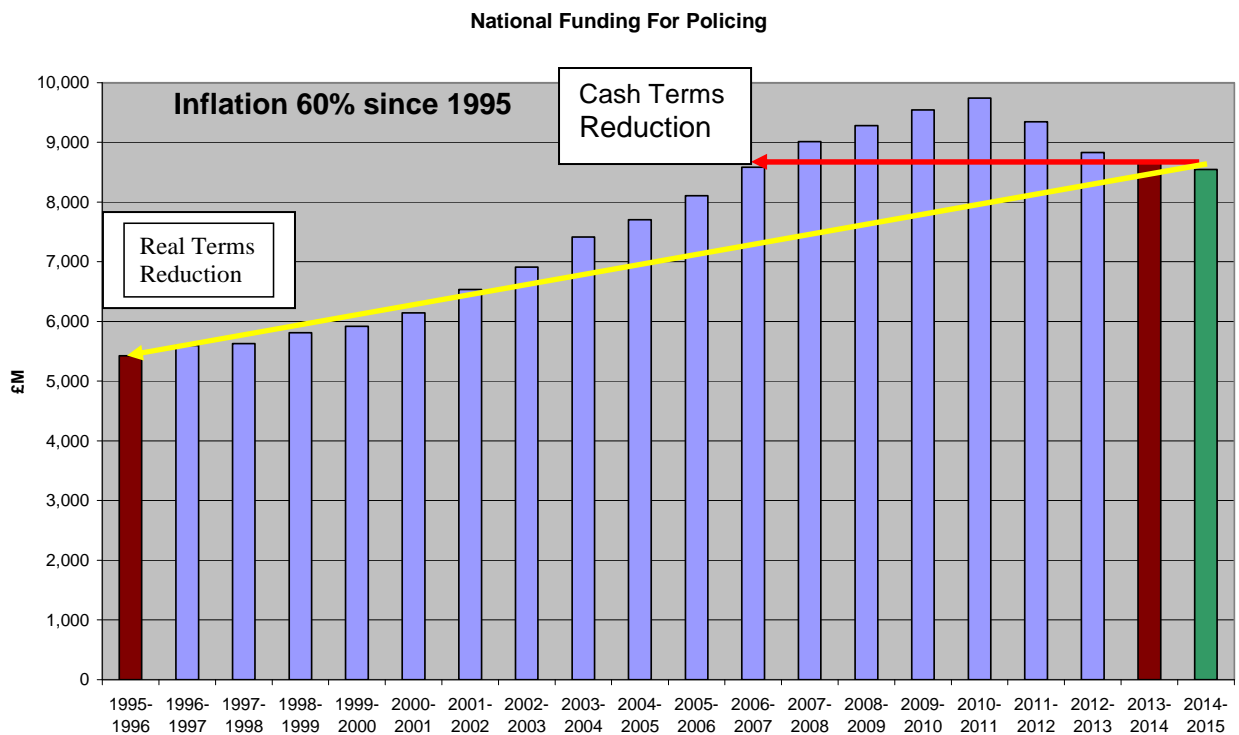
- 2.6 The Police and Crime Commissioner is the recipient of all funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. Therefore all funding for the Force will come via the Police and Crime Commissioner. How this money is allocated is for the Police and Crime Commissioner to determine in consultation with the Chief Constable, and in accordance with any specific grant terms and conditions.
- 2.7 The Police and Crime Commissioner is responsible for approving the policy framework and budget, monitoring financial outcomes and the approval of medium term financial plans in consultation with the Chief Constable. He is responsible for approving the overall framework of accountability and control, and monitoring compliance. This includes:
- Police and Crime Plan
  - Medium Term Financial Strategy
  - Annual revenue budget
  - Capital Programme
  - Treasury Management Strategy, including the Annual Investment Strategy
  - Asset Management Strategy
  - Risk Management Strategy
  - Governance policies
- 2.8 The Police and Crime Commissioner is responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions. The Police and Crime Commissioner is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
- 2.9 The Police and Crime Commissioner will be responsible for handling any complaints and conduct matters in relation to the Chief Constable, monitoring complaints against officers and staff, and complying with the requirements of the Independent Police Complaints Commission (IPCC).
- 2.10 In addition the Wales Audit Office (WAO) provides statutory review of the governance arrangements and the key messages within the 2012 Annual Audit Letter were:
- The Authority's resources were, in all material respects, properly used and accounted for.
  - The Authority's 2011-12 accounts were properly prepared and materially accurate.
  - The Authority met its revenue budget for 2011-12, and continues to be well placed to deliver its response to the significant financial challenges ahead.
  - The Authority has an effective internal control environment to reduce the risk of material misstatement to the financial statements.

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- The Authority's significant financial systems were appropriately controlled and operated as intended.
- The Authority has appropriate corporate arrangements in place to support effective use of resources.
- The Authority had proper arrangements in 2011/12 to help it achieve economy, efficiency and effectiveness in its use of resources.
- Financial pressures are being managed through a long-term plan and which is supported by a number of initiatives to maintain effective policing.
- Effective arrangements are in place for the transition to the Police and Crime Commissioner.

### 3.0 EXTERNAL FUNDING – THE NATIONAL POSITION

- 3.1 The 2010 Comprehensive Spending Review (CSR2010) announcement covered the central government funding allocations for the four years 2011/12 to 2014/15. On the 20<sup>th</sup> of October 2010, the Chancellor of the Exchequer, George Osborne MP set out the Government's spending plans for this period, heralding a prolonged period of financial contraction in public service finances.
- 3.2 The Chancellor announced that departmental spending would fall by 19% over the next four years, in order to save £81B. This is in keeping with the Government's policy to remove the 'structural' deficit by 2014/15 primarily by cutting spending, rather than increasing taxes.
- 3.3 As a consequence the central government police funding would reduce by 20% in real terms by 2014/15. The Home Office's (HO) departmental budget would reduce by 33% in real terms over the same period. The HO has stated that it will manage these reductions by focusing spending where it matters most – protecting the public, and ensuring the security of our borders. The counter-terrorism specific policing will be protected with a smaller percentage cut (10%) compared to the general police funding allocations.
- 3.4 The overall impact of the reductions to police funding resulting from the CSR2010 are illustrated below. The graph shows the police cash allocations by the Home Office since 1995/96 and whilst the cuts implemented under CSR2010, in cash terms, are equivalent to same level of funding as 2006/07, the real term reduction presents a much different picture. Taking inflation into account prices have actually risen by 60% since 1995 which effectively means **that the purchasing power and hence the level of funding is in fact equivalent to that of 1995/96 which wipes 18 years of growth off the settlements.**



- 3.6 In the November 2011 Autumn Statement the Chancellor announced a reduction to all Departmental Expenditure Limits (DEL) to reflect the public sector pay restraint policy.
- 3.7 The Policing Minister, Damian Green MP, published a written ministerial statement on the 19<sup>th</sup> of December 2013 that included details of revenue allocations for 2013/14 only and capital allocations for 2013/14 and 2014/15.
- 3.8 The Home Office has decided to defer publication of 2014/15 revenue funding allocations in view of the announcement of the further 2% reduction to the Home Office's budget for that year as outlined by the Chancellor in his autumn statement of 5<sup>th</sup> December 2013.
- 3.9 The Home Office **Police** Settlement for the CSR period to 2014/15 is shown below and reflects the cash allocations for each year. There have been no announcements in respect of 2015 to 2017 and the 2014/15 announcements are expected to reduce further in line with chancellors 2% DEL reductions as applied to the Home Office.

	2010/11 (base)	2011/12	2012/13	2013/14	2014/15	Total
	£M	£M	£M	£M	£M	£M
Cash Allocation	9,709	9,341	8,830	8,660	8,546	
Grant Reductions		(368)	(512)	(169)	(114)	(1,163)
Percentage Reduction		3.8%	5.0%	1.9%	1.3%	12.0%

- 3.10 The Police Funding Announcement (19<sup>th</sup> December 2012) confirmed that the total revenue provision for policing across England and Wales to be supported by grant in 2013/14 will be £8,660M. This is in accordance with the CSR2010 and represents a further decrease, in cash terms, of 1.6% and covers both grant allocated through the funding formula and centrally funded policing measures.



A summary of the Police revenue funding announcement for 2013/14 is as follows:

	<b>2013/14 £M</b>
<b>Total Formula Funding:</b> <i>Comprising...</i>	
Police Core settlement	4,725
<i>of which</i> Home Office Police Main Grant	4,540
<i>of which</i> National, International and Capital City Grant (MOPAC only)	185
DCLG General Grant	3,144
<i>of which</i> council tax (12/13) freeze grant – England	75
<i>of which</i> Ordnance Survey	2
Welsh Government	148
<b>Total Home Office Specific Grants:</b> <i>Comprising...</i>	
<b>Welsh Top-up</b>	13
Counter Terrorism Specific Grant	563
NPoCC	1
PFI Grant	60
<b>Total Government Funding</b>	<b>8,660*</b>
<b>% cash change in Total Government Funding</b>	<b>-1.9%**</b>

\* - includes a small contingency

\*\* - This is the difference in total central Government funding to the police compared to 2012/13 which included additional funding for Police & Crime Commissioner elections. The reduction in core Government funding (i.e. funding that is damped) is 1.6%.

- 3.11 In keeping with the CSR2010 announcement the damping level applied to the Home Office Police Core Settlement (Police Main Grant and the National, International and Capital City Grant) and Revenue Support Grant and National Non-Domestic Rates from the Department of Communities and Local Government (DCLG) and the Welsh Government, has been set at the level of the average cash reduction for 2013/14 (1.6%). This means that every force will receive the same percentage reduction in their cash funding from these sources compared to 2012/13. To reflect this in Wales, the Home Office provides an additional cash sum of £13M to North Wales, Dyfed and Gwent Police forces and also applies a Rule 1 Grant reduction of £9M to the South Wales Police formula allocation.

## SPECIFIC GRANTS

The Home Office has also published allocations for a number of specific grants. The details of which are set out below.

### Neighbourhood Policing Fund

As previously announced the Neighbourhood Policing Fund has been rolled into the Home Office Police Grant. The 2012/13 baseline for Police Grant has been adjusted to include 2012/13 Neighbourhood Policing Fund (NPF) allocations, before damping was

applied. This reflects that NPF allocations were made on a different basis to Police Grant.

### **Community Safety Funding**

From April 2013 a total of £90m will be made available to Police and Crime Commissioners to replace numerous funding streams for drugs, crime and community safety. These are currently paid by the Home Office to various organisations and will end in March 2013. The Government has not published a list of these funding streams; officials have previously indicated to the Technical Support Team that baselines for these funding streams were not readily available. However, the Home Office state that funding has been allocated to policing bodies according to the funding streams' current distribution. The Community Safety Fund will be a non - ringfenced grant in 2013/14, before being rolled into Police Main Grant from 2014/15. The 2013/14 Police Grant baseline will therefore be adjusted to include this funding, before damping is applied to 2014/15 allocations.

### **Localised Council Tax Support Funding**

Details of localised council tax support funding for Police and Crime Commissioners in England have yet to be published by DCLG. However, DCLG previously indicated Police and Crime Commissioners would receive a separate grant, as outlined in the [update](#) on funding arrangements, published in November 2012. In Wales there are separate arrangements for local council tax support and ***Police and Crime Commissioners will not receive a grant.***

### **2011/12 Council Tax Freeze Funding**

Funding for the 2011/12 council tax freeze (England only) will be paid to policing bodies by DCLG at the same level in 2013/14 as in 2011/12 and 2012/13. This funding is in addition to the DCLG formula funding; allocations for the 2011/12 council tax freeze grant were not set out in the Home Office written ministerial statement or accompanying information, but remain the same as in previous years.

### **Counter Terrorism Specific Grant**

Total funding for counter terrorism remains as set out in CSR2010. Policing bodies will receive details of their allocations in early 2013, which, as usual, will not be made publically available.

### **PFI Grant**

PFI grants will be made available for those PFI projects currently operational, as set out in CSR2010. The Home Office will also provide support for two PFI projects currently under construction.

### **Capital Funding**

Capital funding for 2013/14 and 2014/15 remains as set out in the January 2012 written ministerial statement, which confirmed a larger top-slice to fund the National Police Air Service (NPAS).

### **National Police Coordination Centre**

The police settlement for 2013/14 includes funding for a new National Police Coordination Centre (NPoCC), which is being set up in response to the August 2011 riots. Funding from the police settlement total £1m in 2013/14.

### **Beyond 2014/15**

The Home Office confirmed that the Home Secretary 'will be commissioning a fundamental review of the Police Funding Formula once Police and Crime

Commissioners are established in their roles and able to engage fully in the review process'. This is expected to begin in early 2013.

In the Autumn Statement 2012 the Chancellor announced that a spending review would take place in the first half of 2013 to set detailed spending plans for 2015/16 only. A further spending review for the years beyond 2015/16 is therefore expected in late 2015, following the general election.

#### 4.0 EXTERNAL FUNDING - SOUTH WALES POLICE GRANT POSITION

4.1 The CSR2010 funding allocations for South Wales Police have been confirmed for 2013/14. It should be noted that allocations for 2014/15, 2015/16 and 2016/17 remain provisional. It is assumed at this stage that there will be a further reduction in grant funding of 3.4% for 2014/15 and given that 2015/16 is an election year an assumption of no further reduction in central funding has been made which may turn out to be optimistic. However 2016/17 is anticipated to be the first year of CSR2015 and a 2% reduction is forecasted based on the Office of Budget Responsibility projections of continued austerity to at least 2018. The resulting analysis over this period is set out in the following table.

Source of Funding	2012/13 £M	2013/14 £M	Indicative		
			2014/15 £M	2015/16 £M	2016/17 £M
Police Grant	92.690	97.560	92.403	92.403	89.054
Revenue Support Grant	39.342	42.038	41.618	41.618	41.618
Non-Domestic Rates	38.241	34.592	34.246	34.246	34.246
<b>Total Formula Based Grant</b>	<b>170.273</b>	<b>174.190</b>	<b>168.267</b>	<b>168.267</b>	<b>164.918</b>
Specific Grants -NPF	6.730				
<b>Comparable Funding</b>	<b>177.003</b>	<b>174.190</b>	<b>168.267</b>	<b>168.267</b>	<b>164.918</b>
Percentage Reduction		-1.6%	-3.40%	0.0%	-2.0%
<b>Rule 1 Floor Funding Adjustment</b>	<b>(7.985)</b>	<b>(8.809)</b>	<b>(8.809)</b>	<b>(8.809)</b>	<b>(8.809)</b>

4.2 In relation to specific grants, the ring fenced funding in respect of the Neighbourhood Policing Fund (NPF) of £6.7M has now been consolidated into the Funding Formula however the actual increase reflected in the police grant allocation has only increased by £5.7M reflecting a net loss of £1M this is broadly equivalent to 40 PCSO posts.

4.3 Although the quantum of the net Police Grant figure for South Wales Police is the same as that reported in the CSR2010 announcement the 'Rule 1' floor funding adjustment has in fact increased by £0.824M to £8.809M per annum. The formula allocation (based on need) would actually result in an increase of grant funding for SWP of 3.4%, however, as a consequence of the Home Secretary's decision that no police force should receive a grant reduction of more than 1.6% (and the resulting equalisation process) £8.809M is removed from SWP for redistribution to the other three Welsh Forces, which is similar to the adjustments in England. Therefore over the next three years this results in a further potential loss in funding of £27M in addition to £37M already forgone to date as part of the damping regime since 2006.

- 4.4 The Home Secretary has confirmed that damping will continue to apply in the same way for 2014/15 and the introduction of a new funding formula suggests continued damping of some form until at least 2020.

## **5.0 FUNDING INEQUITIES AFFECTING SOUTH WALES POLICE**

### **5.1 Funding Mechanism**

The 43 police forces across England and Wales are funded through a combination of Central Government Grants and Police Precept (which is decided locally). The Government determines a total sum of money for Central Grants and this is then distributed through the application of a needs based formula

The formula used for distributing the Home Office Police Main Grant is the same as the Police Relative Needs Formula used by the Department for Communities and Local Government (CLG) in England and the Welsh Government (WG) in Wales. The formula divides funds between the different activities that the police undertake. These activities, or workloads, can be broken down into five key areas:

- Crime (of which there are seven sub-categories)
- Incidents (e.g. public disorder)
- Traffic (e.g. assistance at road traffic accidents)
- Fear of Crime (e.g. public reassurance)
- Special Events (e.g. football matches).

A portion of total funding is also distributed according to population sparsity, to address the specific needs of rural forces. South Wales Police is detrimentally affected by some specific issues within the current funding mechanism in the following areas:

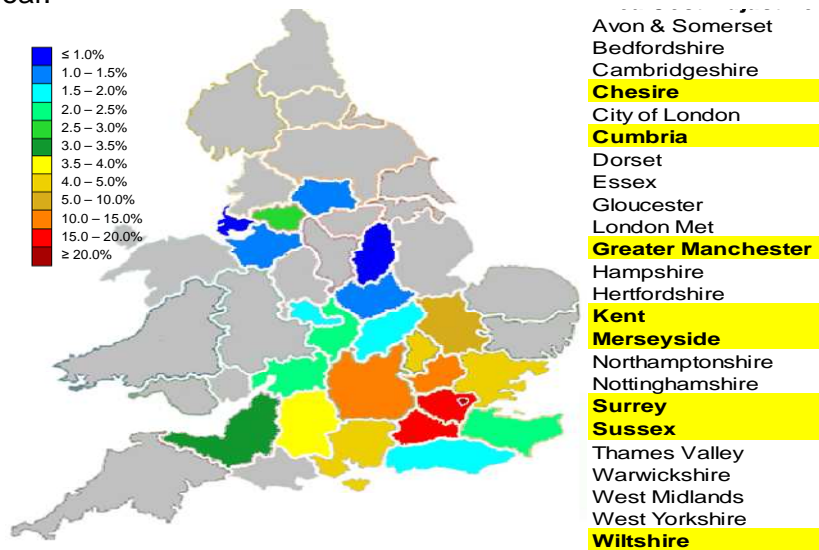
- Area Cost Adjustment
- Formula Allocation - Floor Funding Mechanism and Precept Yield.
- Capital Expenditure Funding
- Lack of recognition of Cardiff as the Capital City of Wales for funding purposes.

### **5.2 Area Cost Adjustment**

The Area Cost Adjustment (ACA) was introduced to recognise the costs of public services in different geographical parts of the country. The application of which raises concerns on a number of grounds for the police service, namely:

1. The police officer pay is nationally determined and except for specific issues around London this is consistent across the country.
2. Similarly the police staff pay increases are determined nationally and are broadly similar except in cases of market forces and this could be argued more for London.
3. The remainder of non-pay expenditure (20%) is subject to a variety of procurement routes including national frameworks.
4. Therefore only a limited argument could be made for local variation. Yet the ACA is applied to the whole of the Formula Allocation as the final reallocation adjustment.

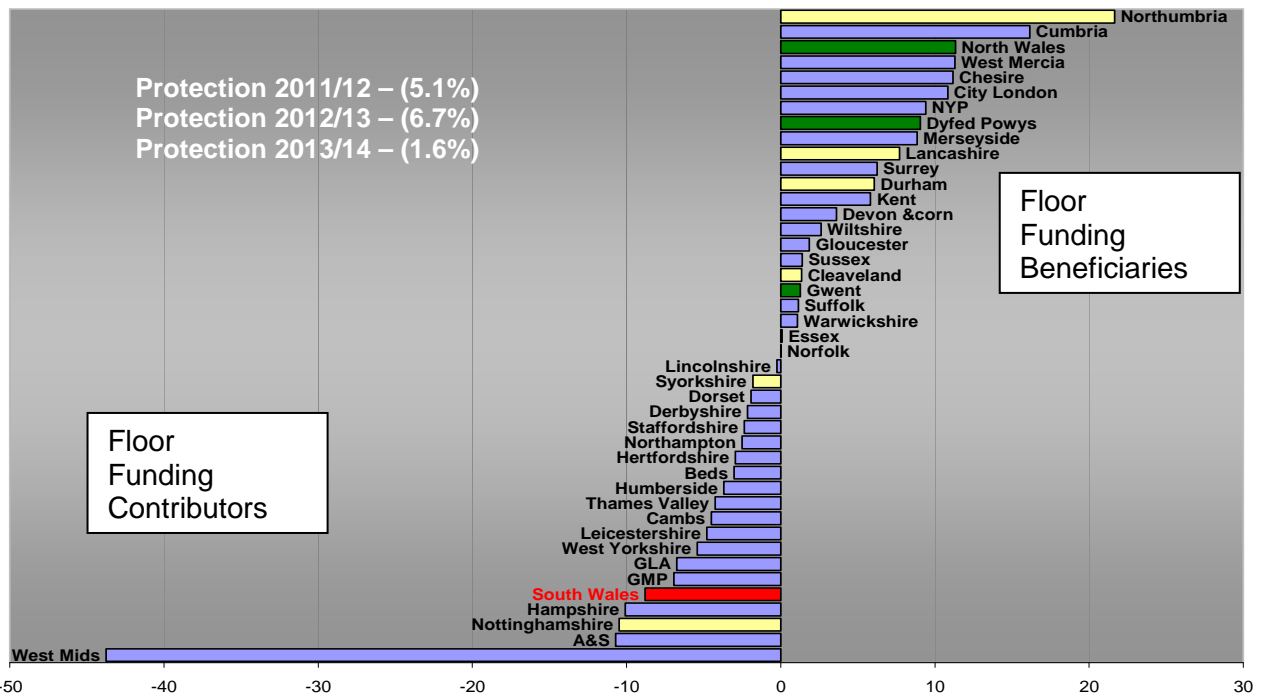
5. The expansion of ACA across the country is now significantly distorting the formula grant allocation and has expanded over a wider area over the last decade as shown overleaf:



Whilst it is understandable to apply the ACA to a restricted area in the South East region this should be constrained to those elements of policing costs that are directly affected by geographic price variations. It is clear from the above that the ACA goes much wider than the South East of England. In addition, the area cost adjustment ignores Wales as a country completely and yet the areas of South and North Wales are not dissimilar in economic terms to some of the areas where the ACA currently applies.

### 5.3 Formula Allocation, Floor Funding Mechanism and Precept Yield

In addition to the disparities caused by the ACA we are concerned that there is no progress on an alternative mechanism to address the floor funding deductions. South Wales Police is currently contributing £8.8M annually towards the Floor Funding mechanism and has now moved nationally from 7<sup>th</sup> to the 4<sup>th</sup> highest floor funding contributor.



The analysis shows that the floor funding mechanism takes no account of the totality of funding available to a police force including precept or the precept yield per head of population. There are clear disparities where a potential reallocation of grant funding from deprived areas to less deprived areas is taking place as a result of floor funding.

The allocations would be different if a more sophisticated approach was taken. However, it would be far more preferable that additional funding is found to protect those forces below the floor until such time as the funding formula is properly reviewed.

#### **5.4 Capital Funding**

The continued contraction in capital funding reduces the capacity to address legacy issues on an obsolete estate and increases the risks on health and safety considerations. The current funding requirement to address property condition surveys exceeds available funding by a factor of 10. An alternative mechanism to address capital estate funding is long overdue particularly as PFI funding is no longer accessible to the Police Service in Wales.

#### **5.5 Capital City**

The South Wales Police area contains around 42% of the Welsh population. It includes the capital city - Cardiff (12<sup>th</sup> largest city in the UK based upon population), Swansea and the South Wales Valleys. The policing challenges include significant number of major events, serious organised crime activity as well as the policing of National and Sporting Events with around 11 Million visitors to the area per annum.

The presence of the National Assembly for Wales has required a dedicated policing unit responsible for its security. As a consequence of having this seat of devolved government is the requirement to investigate fraud allegations in the public sector arena. These result in complex and technical investigations, with implications for public confidence in both policing and wider government.

We have long argued that there are unique costs associated with a capital city and this is acknowledged by the Scottish Parliament which contributes around a £1M per annum to policing Edinburgh and by the Home Secretary in respect of London. There is no comparable contribution for policing the capital city of Wales and indeed independent analysis work on the police funding formula has shown that there is no specific recognition within the formula for such responsibilities. In essence the formula allocates the same sum per head of population for major events as that given to a rural force area.

We have undertaken a detailed analysis of the resources needed to meet the additional demands of a capital city around number of incidents, visitor numbers, retail crime, night-time economy, major sporting events, student population and associated crime, serious and organised crime threat of terrorism and this is equivalent to £2.6 Million per annum in addition to the expected core policing costs of an average large non-capital city.

A number of representations have and continue to be made to MPs in Westminster, with the Welsh Government and the Secretary State for Wales as well as Policing Ministers and we will continue to press for a redress on what is clearly an inequitable funding situation.



**6.0 REVENUE BUDGET 2013/14 AND REVENUE FORECAST TO 2016/17**

6.1 At the Police and Crime Panel Seminar in January 2013, members of the panel were presented with the estimated expenditure requirements for the medium term based on the continuance of the CSR2010 funding reductions adjusted for the latest announcements for pay awards and estimated changes to grant funding.

6.2 It is important to recognise that in a climate of funding cuts, inflation pressures add to the financial gap created by grant reductions. The base central grant funding before the CSR2010 announcements was £199M (including the NPF Grant) the level of funding anticipated by the end of 2016/17 is £165M, a reduction therefore of £34M which when taking into account inflation pressures over the period results in a overall resource gap in excess of £72M as shown below.

SUMMARY REVENUE ACCOUNT	CSR 10					
	2011/12 £M	2012/13 £M	2013/14 £M	2014/15 £M	2015/16 £M	2016/17 £M
Net Revenue Expenditure (Pre VFM)	272	273	285	290	299	309
Total Resources	(254)	(242)	(246)	(240)	(240)	(236)
Cumulative Unfunded Expenditure	18	31	39	50	59	72
Precept increase 7% 13/14 (5% thereafter)	(4)	(7)	(13)	(17)	(21)	(26)
Value For Money Plan Savings Required	15	24	27	34	38	46
Current Value For Money Plan	19	24	27	33	38	38
Net VFM Plan Surplus/Deficit	(4)	(0)	(1)	0	(0)	8

6.3 The £72M total forecasted cumulative resource gap to 2016/17, if the assumptions are accurate, will not be delivered by the current Value for money Plan. The current financial strategy to bridge this gap is a combination of cash releasing efficiency savings and increases in police precept. Even if the precept strategy is maintained it will require the Force to deliver cash releasing efficiency savings to 2016/17 of £46M, of which £24M has been achieved and a further £14M identified within the revised VFM plan leaving a residual gap of £8M which remains highly challenging to say the least.

6.4 The detailed medium term financial projections 2013 to 2017 are shown at Appendix 1 and are summarised below in broad income and expenditure classifications:

SUMMARY REVENUE ACCOUNT	CSR 10				
	2012/13 £M	2013/14 £M	2014/15 £M	2015/16 £M	2016/17 £M
Employees	233.1	234.5	238.0	245.9	254.1
Indirect Staff	1.0	0.9	0.9	0.9	1.0
Premises	8.2	8.8	9.2	9.4	9.6
Transport	8.2	7.7	8.0	8.2	8.5
Supplies and Services	16.9	16.8	17.6	18.0	18.5
Agency Services	10.6	15.5	16.0	16.3	16.6
Capital Financing Costs	5.0	5.1	5.1	5.0	4.9
<b>Gross Expenditure</b>	<b>283.1</b>	<b>289.3</b>	<b>294.8</b>	<b>303.7</b>	<b>313.2</b>
Less income & specific grants	(28.5)	(28.4)	(28.6)	(28.6)	(28.6)
<b>Net Expenditure</b>	<b>254.6</b>	<b>260.9</b>	<b>266.2</b>	<b>275.1</b>	<b>284.6</b>
External grants	(170.3)	(174.2)	(168.3)	(168.3)	(164.9)
Precept based on 7% 13/14 (5% thereafter)	(79.1)	(84.4)	(88.6)	(93.0)	(97.7)
<b>Total Resources</b>	<b>(249.3)</b>	<b>(258.6)</b>	<b>(256.9)</b>	<b>(261.3)</b>	<b>(262.6)</b>
<b>Cumulative Unfunded Expenditure 2013/14 onwards</b>	<b>5.2</b>	<b>2.3</b>	<b>9.3</b>	<b>13.8</b>	<b>22.0</b>
Value For Money Plan Achieved	(5.2)				
<b>Revised Unfunded Expenditure</b>	<b>0.0</b>	<b>2.3</b>	<b>9.3</b>	<b>13.8</b>	<b>22.0</b>

6.5 A comprehensive reconciliation of the requirements between the two financial years 2012/13 and 2013/14 is detailed at Appendix 2 with further analysis of the revenue budget changes in Appendix 3. This shows a shortfall in funding on a standstill basis of £6.2M, (before the application of further Value for Money Plan savings and precept increase) and reflects the following assumptions.

a) Pay Awards and Inflation

Pay awards for 2013/14 and 2014/15 have been uplifted in accordance with the Chancellors autumn statement in November 2011 which set out that public sector pay awards would average at 1% for the last two years of the spending review. It is estimated that there will be more significant increase for 2015/16 and 2016/17 of 2.5%.

	<b>2013/14</b>	<b>2014/15 estimate</b>	<b>2015/16 estimate</b>	<b>2016/17 estimate</b>
	%	%	%	%
Police Officers	0.58*	1.0	2.5	2.5
Police Staff	0.58*	1.0	2.5	2.5

\* - Pro rata as pay awards are implemented in September

The budget requirement for 2013/14 recognises the specific inflationary requirements especially in relation to utility costs that have again seen significant price increases in excess of 10%. In addition suitable contractual uplifts have been recognised along with a general inflationary uplift of 2.5%.

b) Pensions & National Insurance

The employers' contribution rate for police officer pensions remains at 24.2% for 2013/14. The Government Actuary is currently carrying out a review and this may lead to changes in contribution levels for 2014/15.

The last Local Government Pension Scheme (LGPS) triennial actuarial review was undertaken in 2010 which revised the basis for the calculation of employer contribution rate. The review outlined that there would be an annual increase required to the lump sum payment equivalent to 5% for 2014/15 this slightly increases the composite rate to between 15% and 16%.

In addition, the government has announced a simplification of the state pension scheme and plans to introduce a single 'flat rate' state pension from April 2017. In effect this will remove the lower contracted out National Insurance contribution rate for the both the employees and employers. Initial assessment indicates an increase in the Employers National Insurance costs for South Wales Police of approximately £4.3M; this has not been factored into any of the projections.

In terms of current National Insurance rates there have been minor changes to earnings thresholds resulting in a £0.13M reduction in employer's contributions. This will take effect for 6 April 2013.



c) Establishment Police Officers and Staff

The proposed budgets for 2013/14 reflect a zero-base budget for all staff drawing a salary. The zero-base ensures appropriate budget provision for each individual based on their specific entitlements including increments and cost savings from individuals who leave the organisation.

Using the revised base budgets, all calculations on potential savings resulting from a reduction in staffing levels are undertaken on real costs to ensure budget accuracy.

d) Winsor Phase 1/2

The Home Secretary has now agreed to accept in full the recommendations of the Police Arbitration Tribunal to apply the negotiated Winsor review of police pay and conditions. The formal application of the Winsor 2 recommendations will be incorporated within amended Police Regulations, which is awaited. The MTFs reflects the implications of these recommendations and the overall impact is an increase in the pay bill over the longer term. There are however some non-recurrent savings arising from the freeze in awards and incremental pay. This however will reverse towards the end of the planning horizon. A summary of the agreed Winsor Recommendations and proposed actions are attached at Appendix 4.

e) Office of the Police and Crime Commissioner

The Office of the Police and Crime Commissioner budget has been maintained at the level of the previous Police Authority (£0.845M) and in addition the Home Office has allocated specific Community Safety funding of £3.5M. Information from the Home Office is still awaited in order to establish how the grant was distributed across the South Wales Police Area to enable determination on its future allocation. The table below reflects best information to date.

<b>Fund</b>	<b>Allocation 2011-12</b>	<b>Allocation 2012-13</b>
Drug Intervention Programme (Home Office) [funding paid to statutory authorities banking on behalf of DIP Boards, not to CSPs]	2,670,000	2,456,052
Community Safety Fund (Home Office)	1,117,297	565,244
Communities Against Guns (Home Office)		50,000
Local Authority and Partnerships	661,468	419,043
	4,448,765	3,490,339
<b>Actual Allocation 2013/14</b>		<b>3,476,000</b>
<b>Shortfall</b>		<b>(14,339)</b>

## **7.0 BUSINESS RISK**

- 7.1 Over the last few years a robust risk management framework and business process has been maintained which drives resource decisions to mitigate the identified risk. This process has been independently examined and deemed to be fit for purpose.
- 7.2 The greatest number of risks currently are identified within Value for Money portfolio which is linked to the present financial circumstance and is well documented within this report.
- 7.3 The detailed risk registers have been considered by the Audit and Scrutiny Group and will continue to be monitored by the new Joint Audit Committee. This MTFs has recognised some of the resources required to mitigate the highest risks presented as follows:
- The requirement to address custody provision (Bridewells) and operational hubs
  - The requirement to address Fleet Maintenance provision and realise collaborative opportunity
  - The requirement to address poor business support systems and establish a Fully Integrated Resource Management System (FIRMS)
  - Increase the encryption level security of the Public Service Broadband Aggregation infrastructure
  - Ensure adequacy and disaster recovery of core information and technology systems.
  - Sustained contraction in the level of police resources for the foreseeable future.
- 7.4 The overall condition of the police estate requires a significant investment that is no longer funded from either direct capital grant allocation or supported PFI funding. The current investment requirement is around £30M and this remains an outstanding risk. These issues continued to be risk managed going forward.
- 7.5 In addition, the reductions in staffing locally and nationally bring a risk of resilience at the various levels. The critical mass for police officer numbers in South Wales Police is estimated at 3000 full time equivalent officers, however, as a consequence of the cuts in funding in the CSR2010, the police officer establishment is anticipated to be 255 officers short of this critical mass.

**8.0 FINANCIAL STANDING 2013 - 2017**

- 8.1 There is an obligation on the Police and Crime Commissioner to have proper regard to the totality of the settlement when considering the approach to the budget for 2013/14 and subsequent years, including an assessment of the contingency reserve.
- 8.2 There is a requirement to maintain a prudent level of balances in line with the sound financial management principles and guidelines. It is even more important in times of austerity (when budget flexibility is severely constrained) that an adequate level of contingency reserves is maintained to avoid adverse impact on policing plans in the event of a critical incident.
- 8.3 Sound financial principles would therefore advocate a provision of at least 1% for major incidents, 1% for day to day operating cashflow risk and 1% for other unknown events. This would suggest that a General Reserve should be maintained at a level of 3% of the gross operating expenditure. This would result in maintaining a General Reserve of £8.4M.
- 8.4 The table below provides a forecast estimate of the reserves and provisions at the end of the 2012/13 financial year against the target level and shows a shortfall in contingency reserves of £31.6M.

<b>Reserves and Provisions</b>	<b>Balances 01/04/2012 £M</b>	<b>Forecast 2012/13 £M</b>	<b>Target 2012/13 £M</b>	<b>Shortfall 2012/13 £M</b>
<b>Unallocated Reserves</b>				
General Reserve	7.3	8.1	8.4	0.3
Reform Reserve	6.5	1.0	1.0	-
Capital Reserve	-	-	29.1	29.1
<b>Earmarked Reserves</b>				
Icelandic Banks Impairment	2.5	1.7	1.7	-
Specific Events	9.2	2.0	2.0	-
POCA Reserve	0.7	0.7	1.2	0.5
Capital	14.5	28.1	28.1	-
<b>Provisions</b>				
Insurance Liabilities	3.1	2.9	3.5	0.6
Other Provisions	0.4	0.4	1.5	1.1
<b>Total</b>	<b>44.2</b>	<b>44.9</b>	<b>76.5</b>	<b>31.6</b>

- 8.5 It is pleasing to note however, that the level of general reserves has improved towards the target as a result of ongoing repayments from Icelandic bank investments. The target level of General Reserve is expected to be achieved by the end of 2013/14. This represents a considerable achievement over the past four years and reflects positively on the financial standing of the force. Given the future austere environment a risk assessed reserve is vital to maintain an effective service.
- 8.6 The specific provisions above are necessary to address known liabilities and the current forecasted level of provisions will need to be reassessed at the year end.
- 8.7 The material cause for concern continues to be the Capital Reserve shortfall with increasing health and safety concerns resulting from the property condition survey assessment.

## 9.0 CAPITAL PROGRAMME

### CAPITAL STRATEGY

9.1 Given the prudential regime, it is important to prepare a statement and approve a capital strategy. The statement is intended to describe how the Police and Crime Commissioner and the Chief Constable collectively determine the programme of capital investments including how key priorities are identified. The Capital Strategy is important because:-

- a) It promotes the most effective use of capital resources by ensuring that the capital investment programme is closely aligned to key priorities;
- b) Its assessment by HMIC and External Audit contributes to both the financial and operational management of the police service.

9.2 The Capital Strategy is based on policing priorities within the context of the agreed financial framework of sustainable policing through effective infrastructure management.

9.3 The detailed requirements will be informed by:

- An Asset Management Plan
- Capital Programme Monitoring Board
- Appropriate Planning Seminars
- The Performance Management regime
- And the Risk Management Strategies.

## 10.0 APPROVED INVESTMENTS 2013 TO 2017

10.1 The medium term Capital Programme has been developed in accordance with approved strategies for Estates, ICT and Fleet. A fully costed programme in line with these strategies is included in summary form at Appendix 5 and summarised below:

	2013/14 £M	2014/15 £M	2015/16 £M	2016/17 £M	Total £M
Estate	24.417	1.572	11.298	22.564	59.851
ICT/Communications	4.103	2.463	1.904	1.376	9.846
Vehicles	1.743	1.908	1.975	2.045	7.671
<b>TOTAL</b>	<b>30.263</b>	<b>5.943</b>	<b>15.177</b>	<b>25.985</b>	<b>77.368</b>

10.2 The above Capital Programme is currently not fully funded and existing sources including capital grants, revenue contributions, capital reserves, capital receipts, and prudential borrowing are planned to contribute £48.2M (summarised overleaf) of the total £77.4M requirement. The remaining shortfall of £29.2M reflects the estimated funding requirement for the refurbishment of Cardiff Central and the significant requirements of the Property Condition Survey assessment.

Available funding for 2013/14 to 2016/17 comprises the following:

- The Welsh Government has confirmed general capital funding in 2013/14 of £2.25M net of the expected reduction relating to the National Police Air Support (NPAS) top slice. It is expected that this level of grant will be maintained for 2014/15.
- The estimated annual revenue contribution will be approximately £1.9M per annum.
- Prudential recurrent borrowing of £1.7M per year.
- Capital reserves/ receipts of £14.5M.
- The balance of funding for the Capital Programme is met from earmarked capital reserves which roll forward from previous years.

**11.0 TREASURY MANAGEMENT POLICY AND PRUDENTIAL BORROWING**

11.1 South Wales Police borrowing requirements are determined by the application of the Prudential Code which is designed to ensure that any borrowing is affordable and sustainable.

11.2 The prudential indicators are summarised below and the detail is contained within the Treasury Management Policy which will be considered in a separate report.

No.	PRUDENTIAL INDICATORS FOR PRUDENCE	2012/13	2013/14	2014/15	2015/16	2016/17
		Estimated	Estimated	Estimated	Estimated	Estimated
		£M	£M	£M	£M	£M
1	Estimates of Capital Expenditure	19.081	30.263	5.943	15.177	25.985
2	Capital Financing Requirement (CFR) (as at 31 March)	27.033	28.178	29.379	30.641	31.966
3	External Borrowing	21.423	20.916	20.462	20.077	19.715

11.3 The Capital Financing Requirement measures the underlying need to borrow for capital purposes and is linked to asset values and proposed capital expenditure. In accordance with best practice there is no association between individual loans and particular types of expenditure. External borrowing arises as a result of both capital and indirectly, revenue expenditure and funding. Therefore, the Capital Financing Requirement and actual external borrowing can be very different. The revenue budget requirement proposed for the medium term includes appropriate provision to meet repayments with regard to all existing borrowings.

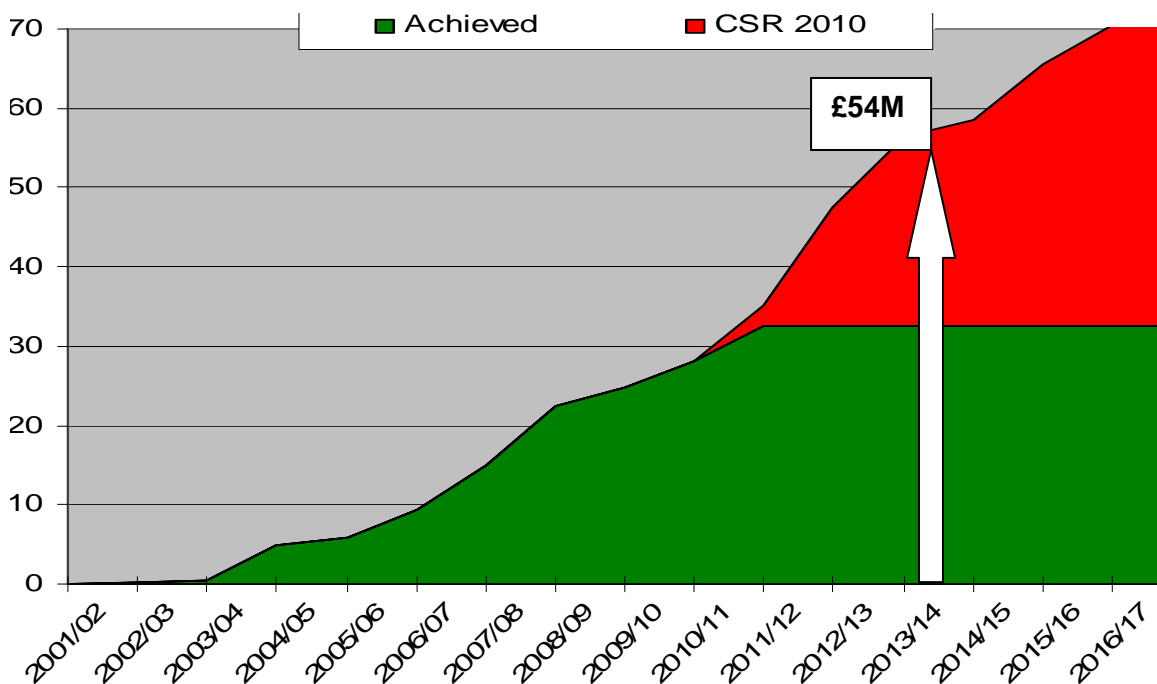
12.0 VALUE FOR MONEY

12.1 The confirmation of the third year settlement of CSR2010 continues to highlight the on-going importance of efficiencies in meeting resource pressures for the Police Service.

12.2 The requirement to develop annual efficiency plans in the police service was introduced in 1999/2000, with an annual efficiency target of 2%, being 1% cash releasing efficiency savings and 1% non-cash releasing (productivity improvements). The target was increased in 2005/06 to 3% annual efficiency savings with half of these being cash releasing. However, due to the historic under funding, the Force has had to exceed the national targets to achieve a balanced budget, which in latter years have been achieved through budget cuts.

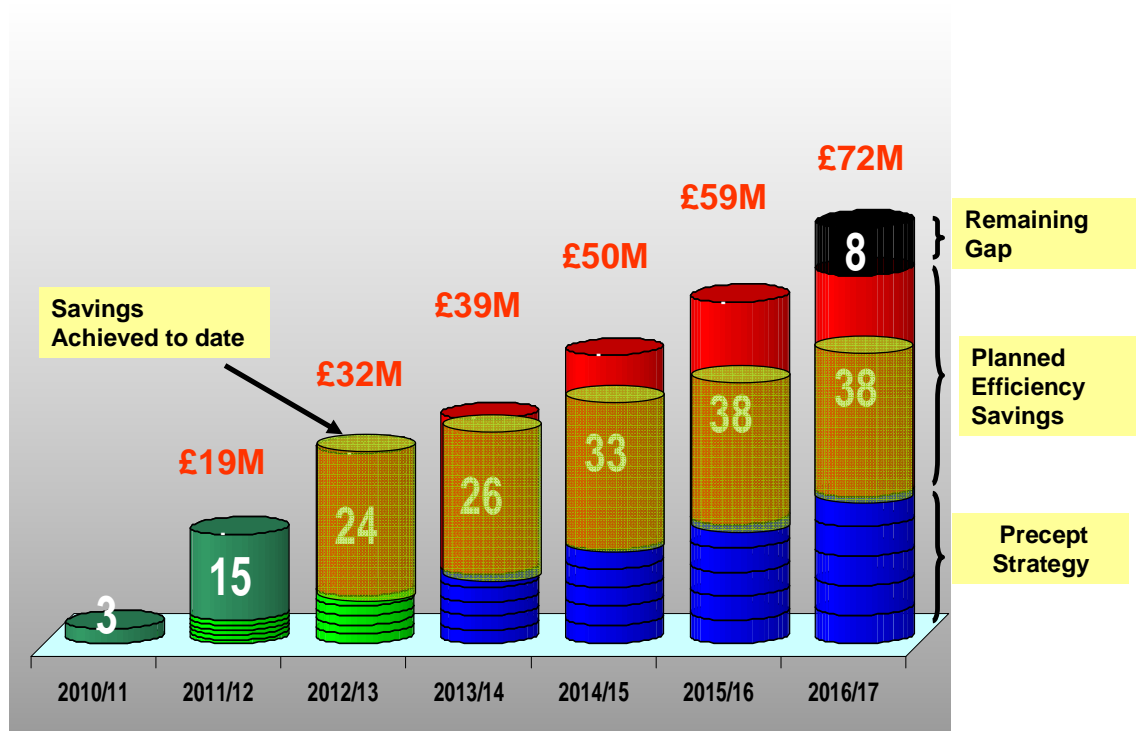
12.3 In 2007/08, Police Authorities were expected to deliver a further efficiency target of 9.3% (£27M) productivity/efficiency gains based on gross revenue expenditure (£300M) for the period 2008/09 to 2010/11. During 2009/10 this efficiency target was increased yet again with a requirement to deliver a further 1% of efficiency and productivity gains of increasing the overall target to 10.3% by 2011.

12.4 The graph below outlines both the achieved cashable efficiencies and those required to address the CSR2010 funding reductions as well as the period to 2016/17. In context, it is worth noting that during the period 2001 to 2011 the Force achieved over £30M of cashable efficiencies. A further £24M of efficiencies have been achieved from 2011 to 2013. An estimated additional £22M of further cost reduction/efficiency savings are needed to be delivered by 2016/17.



12.5 The cumulative productivity and planned cash releasing gains results in a total efficiency improvement of **well in excess of £100M or 33% of gross expenditure.**

12.6 The MTFS sets out the scale of the task arising from the funding reductions imposed by CSR2010. The diagram below brings together the Force targets and what has been achieved over the last three years and the effect of these savings for the remainder of the planning horizon. The diagram shows the effect of the £24M of efficiencies (shaded area) delivered in 2011/12 and 2012/13 and the corresponding proposed precept increase. A further £22M of savings are still to be delivered by 2017 based on forecasted funding (assuming the continuation of the 5% precept strategy post 2013/14).



12.7 Whilst the detailed plan (outlined at Appendix 7) comprises reductions in both pay and non-pay budgets, it is a fact that the majority of the required savings would need to be achieved through a reduction in staffing levels.

12.8 The plan continues to assume a reduction (full time equivalent) in police staff numbers of 432 and a police officer reduction of 256 against a base budget for police officers of 3,009 and 2,419 for police staff in respect of the CSR2010.

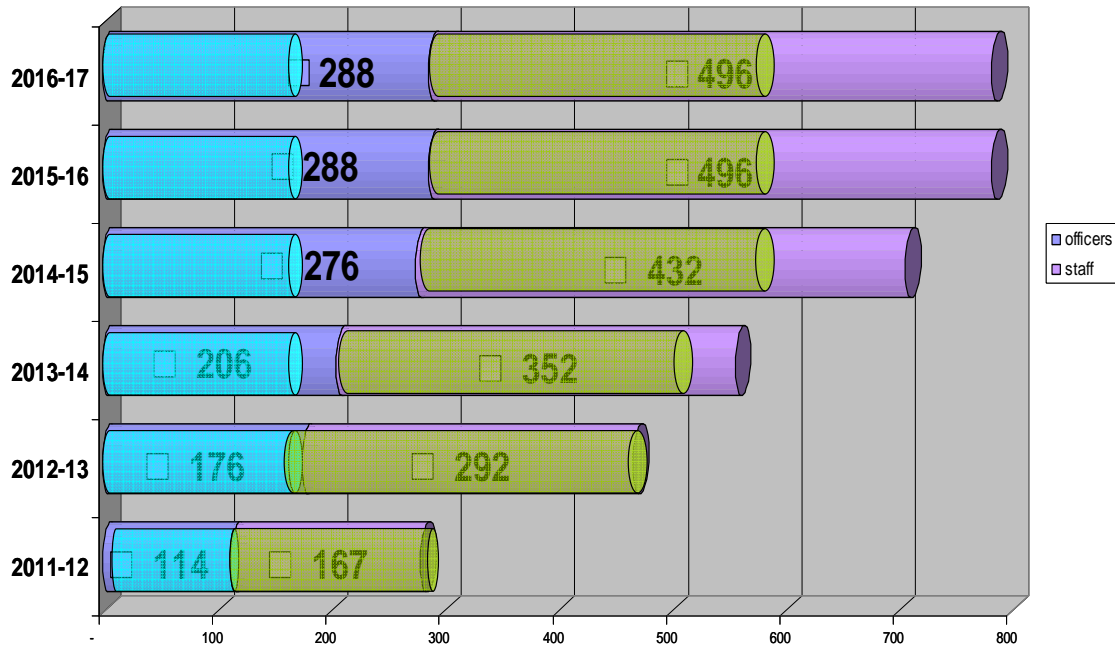
12.9 However, as a result of strong indications from the Chancellor in respect of continued reductions in Departmental Expenditure Limits in CSR2015, the Value for Money Plan has had to be updated for the financial years 2014 to 2017. The revised reductions by 2017 are anticipated as 288 less police officers and 496 fewer police staff. A reconciliation of the proposed establishment changes is detailed at Appendix 6.

12.10 It is important to note that these levels of reduction are highly challenging and will be difficult to achieve in the timescales and are likely to have a serious negative impact on performance. In addition, even if this level of reduction was achievable there still remains an £8M forecasted deficit to be addressed. In the ensuing period there is a significant



amount of uncertainty particularly around a general election in 2015, future pay awards and financial settlements.

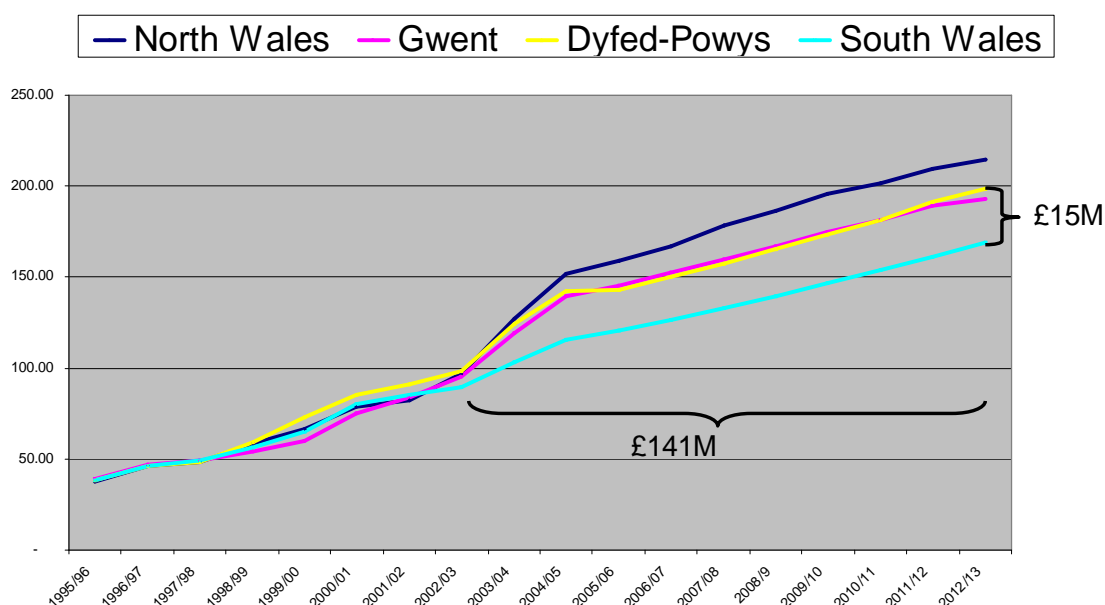
12.11 The following diagram illustrates the required and achieved reductions over the CSR 2010 and anticipated CSR2015.



12.12 There is therefore, a considerable operational risk if the financial strategy is not implemented fully (i.e. combination of efficiencies and modest precept increases). Each 1% increase in police precept has a £3M funding stream consequence over the CSR2010 period, which equates to 60 police officers or 120 police staff. These further reductions would compound the Force resilience issues and the policing capability and capacity. The critical mass for officer numbers is 3,000 and as identified in the Risk Assessment (section 7), the preferred objective would be to restore police officer establishments to this level as soon as practically possible.

### 13.0 POLICE PRECEPT AND BUDGET REQUIREMENT FOR 2013/14

- 13.1 Set out below is the history and context of police precept levels (based on a Band D property) since 1995 across police forces in Wales.
- 13.2 The chart shows that South Wales Police has the lowest level of police precept in Wales and has been able to maintain relatively low precept increases in over the last decade.
- 13.3 It has been acknowledged by ministers that police forces with lower levels of police precept as a proportion of their total budgets will face a greater financial challenge as the cuts are in central grant funding only. It is clear that South Wales Police has the lowest proportion of its funding from police precept in Wales and is 20<sup>th</sup> lowest in England and Wales.



- 13.4 The current average level of Police Precepts in Wales, including that of South Wales Police, is £193.90. South Wales Police precept is currently £169.42 or £24.48 below the average which is equivalent to annual additional investment of £15M (£141M over the decade) or 300 police officers.
- 13.5 It is important to note that the £15M differential in local funding coupled with £8.8M of formula allocation that is redistributed away from South Wales Police as part of the floor funding guarantee amounts to a loss in funding of almost £24M, which in police officer number terms equates to 480 constables. It is also important to note that the floor funding guarantee takes no account of local police precept levels and the clear differentials shown above.
- 13.6 The level of precept in 2012/13 for each constituent Welsh force is:

Force	2012/13 £	Potential Impact of a 1% increase £
North Wales	214.56	2.15
Dyfed Powys	198.54	1.99
Gwent	193.09	1.93
South Wales	169.42	1.69

- 13.7 In essence the higher the current precept base the greater the amount of local income that can be generated for the same percentage increase. For example, a 1% increase for North Wales Police (£2.15) would require a 1.3% increase in South Wales Police to achieve the same cash increase.
- 13.8 The Commissioner and the Police and Crime Panel have considered the medium term financial implications in briefings and seminars during the current 2012/13 planning process, as such, members of the Panel will be conversant with issues concerning the poor financial position facing South Wales Police and the potential for major shortfalls in funding over the medium term.
- 13.9 Whilst recognising the pressures to comply with government guidance on council tax increases there are a limited number of alternative options to bridge the budget gap:
- Generating additional cash releasing efficiencies
  - Phasing development requirements in line with delivery of efficiencies
  - Increasing borrowing for long life assets
  - Minimising developmental expenditure
  - Making service cuts
  - Raising additional income through police precept/grants.
- 13.10 In preparing the detailed budget, all the above factors have had to be considered and addressed. Cash releasing efficiencies of £24M over two years are unprecedented in the history of South Wales Police. Previous plans have already delivered some unpalatable reductions through police officer numbers and realignment of ranks, BCU mergers, overtime reductions and changes in traffic management and Project Reform. The Value for Money Plan (section 12) has documented the value for money compliance and independent scrutiny has provided further assurance on the successful delivery of value for money.
- 13.11 The determination on the level of police precept is a combination of operational need, judgments on affordability and Welsh Government powers to limit increases if deemed by ministers to be excessive. Whilst there is no expectation that the historic differential in police precepts can be bridged over the medium term or indeed longer term, the strategy of modest increases in precept alongside efficiency cuts is sound.
- 13.12 It is important to recognise that the Financial Strategy matches every £1 increase in police precept with £2 of cash releasing efficiency savings thus clearly demonstrating the balanced approach taken to provide an effective service within the given circumstance and recognise the implications of the wider economic downturn.

13.14 The 2013/14 financial settlement presents two specific challenges which the Chief Constable and the Police and Crime Commissioner wish to rectify as follows:

**Neighbourhood Policing**

- As a consequence of the consolidation of the Neighbourhood Policing Fund into the funding formula it is evident that there is an overall reduction in the settlement resulting in an estimated £1M shortfall in the required funds to maintain the Home Office funded PCSO numbers (300).
- The previous Police Authority gave commitments to increase the number of PCSO's across South Wales to 506 through additional Welsh Government funding . However the funding cuts result in a shortfall of 40 PCSO's against this commitment and therefore the Chief Constable and the Police and Crime Commissioner wish to keep faith with the original commitments by raising the required sums through police precept.
- The Communities of South Wales Police are supportive of Neighbourhood Policing in their local areas and given our vision of being the best at understanding and responding to our communities needs and reduction in Neighbourhood resources would be unwelcome.

**Community Safety**

- In addition a key new responsibility of the Police and Crime Commissioner is to work in partnership to enhance community safety. The 7% proposal enable the creation of a £1M specific communities and partnership fund to be allocated in consultation with local authorities and other public sector/ voluntary bodies to reduce pressure on services resulting from anti-social behaviour, domestic violence and protecting the vulnerable. The specific areas where this fund could make a positive impact in relation to the police and crime reduction priorities are:
  - Youth offending and youth justice
  - Tackling violence against women and children
  - Early intervention on domestic violence
  - Working with partners on the causes of crime
  - Making the public feel safer

13.13 The financial implication of a 7% police precept are outlined below and detailed at Appendix 8.

<b>Proposed Precept Implications</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Band D Precept	£169.42	£181.28	£190.34	£199.86	£209.85
Annual Increase in Precept	£8.07	£11.86	£9.06	£9.52	£9.99
Weekly Increase in Precept	£0.15	£0.23	£0.17	£0.18	£0.19
Percentage increase	5.00%	7.00%	5.00%	5.00%	5.00%

- 13.14 A 7% increase would add £11.86 to the annual Band D precept which equates to an increase of 23p per week. However, the Council Tax Property analysis shows that 65% of the residents in the South Wales Police Area are below Band D and the majority would pay between 15p and 20p extra per week if they are not in receipt of any council discounts or benefits.
- 13.15 Therefore the recommended option is for a Police Precept increase of 7% which keeps faith with the agreed medium term precept strategy and ensures that we can maintain PCSO numbers at 506 to police local communities and enable a £1M partnership fund to make a significant difference to our local communities. **It is important to note that South Wales Police will still have the lowest cost of policing for the tax payer in Wales.**

#### 14.0 CAPPING CONSIDERATION

- 14.1 Under devolution arrangements the power to determine capping levels on the council tax are administered by the Welsh Government. The current arrangements for capping are set out below.
- 14.2 There are two forms of capping – designation and nomination. The WG may designate or nominate an Authority for capping its precept if in their opinion its budget requirement is excessive.
- 14.3 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 the WG will stipulate a budget limit for the following year.
- 14.4 The WG 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.

Effective communications have been maintained with WG including the impact of the unprecedented cuts being faced by the police service which are considerably greater than the cuts being faced by many other public bodies in Wales. We remain confident that the proposed 7% precept rise is unlikely to trigger any capping implications.

- 14.5 The South Wales Police share of the overall Council Tax Bill in a Local Authority area is around 12%, therefore, if all other factors remain equal then the impact of the police precept on the total council tax bill would be 0.9%.

**15.0 COUNCIL TAX BASE**

15.1 The Council Tax to be paid has to be 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 tax base is expressed as a “Band D” equivalent as follows:–

	Band D Equivalent Properties		Change
	2012/13	2013/14	
<b>Councils</b>			
Cardiff County Council	137,951.00	137,979.00	28.00
City & County of Swansea	87,806.00	87,519.00	-287.00
Bridgend County Borough	49,691.74	50,075.92	384.18
Merthyr Tydfil County Borough	17,484.37	17,323.67	-160.70
Neath Port Talbot County Borough	45,766.95	45,715.29	-51.66
Rhondda Cynon Taff County Borough	72,780.37	72,409.07	-371.30
The Vale of Glamorgan Council	55,190.00	54,375.00	-815.00
<b>Total Properties</b>	<b>466,670.43</b>	<b>465,396.95</b>	<b>-1,273.48</b>

15.2 The implementation of the localisation of council tax support has by its very nature reduced the prevailing tax bases of precepting bodies. The national scheme adopted in Wales provides for a maximum of 90% council tax support. This means that all claimants will now have to meet an element of their council tax bills. The unitary authorities have already recognised this and amended their collection rates accordingly. This has resulted in a reduction in the ‘Band D properties of 1,273 (0.3%). A further reduction in 2014/15 may occur once the actual impact is known.

15.3 Using the above tax base the impact of the police precept on property bandings for each local authority area is detailed at Appendix 8. Additional details are provided at Appendices 10 and 11 in relation to the options outlined in Section 13.

15.4 The Force precept will be added to the figures for the Unitary Authorities and will form part of the overall Council Tax demand bills. 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.

## **16.0 CHIEF FINANCIAL OFFICER'S (CFO) COMMENTS**

- 16.1 The Local Government Act 2003, Part 2 Section 25, requires additional statements by the CFO to be included in the budget report. The CFO is required to report to the Authority on the robustness of the estimates, which underpin the budget requirement, and the adequacy of the proposed financial reserves. The Panel is required to have regard to this report when making decisions on the budget.
- 16.2 The proposed budget presented in this report is based upon robust figures, prepared by the Assistant Director of Finance and his team and being the third year of CSR2010 come as no surprise. The confirmation of the very bleak public finances is a testament of the forward planning undertaken within Force and has been properly highlighted in previous planning seminars and financial reports. Members will also be aware of the tough actions taken to achieve a balanced budget £24M of efficiencies over the past two years, the largest reduction in expenditure since the inception of the Police Authority in 1995/96. This is more impressive in the context of year on year efficiency improvements delivered in previous years. The Authority can evidence cumulative efficiency savings in excess of £100M for the period to 2015.
- 16.3 The detailed estimates have been prepared on a realistic basis. A wide range of Senior Officers have been involved in the budget process. Proper provision has been made for pay and price increases, achievable levels and deliverable efficiency savings.
- 16.4 There is a detailed monthly budget monitoring system in place involving all budget holders and reports are provided to the Performance Management Group. The WAO have commented favourably on the Financial Arrangements within South Wales Police in the Annual Audit Management Letter. The most recent report reflects positively on the approach taken by the Force and Authority on tackling the funding cuts and the effectiveness of the measures in place to achieve a balanced budget. Members will also be aware that from an independent examination by the HMIC and Wales Audit Office that SWP has adopted a successful a financial strategy which puts it in a more favourable position than a number of other forces.
- 16.5 As predicted the economic circumstance continues to worsen and we are still faced with tough choices of balancing our duty to deliver an efficient and effective police service against a climate where individuals across the police force area are facing cost of living pressures.
- 16.6 The strategy on addressing the adequacy of General Reserve has proven to be successful and organisation is finally on course to deliver its General Reserve Target within the MTF5 cycle.
- 16.7 The force has made good progress in reducing the budgetary pressures resulting from the CSR2010 and has an excellent track record of managing the finances to plan.
- 16.8 Similarly the robust approach on risk management has enabled critical infrastructure developments and ensure a sustainable police service, however the Estate condition continues to be a cause for concern.
- 16.9 The establishment of Project Reform to identify and deliver efficiency savings whilst improving operational performance has proven to be effective. The depth and breadth of reviews being undertaken are unprecedented and the Authority's role in this process was well judged and appropriate given the potential for radical change. The project will need to retain its high priority status throughout the CSR2010 period if the ambition of



transformational change is to be realised. The pace of change being evidenced by the force already is to be commended particularly when this is not matched by many other forces.

- 16.10 The comprehensive Value for Money plan is the sensible and measured way to reduce expenditure in a controlled and structured manner. It is recognised however, that the Value for Money Plan carries a higher risk than the budget in terms of attainment. The force will need to continue to develop contingency schemes to supplement any cash releasing efficiency measures that are subsequently not attainable. The sensitivity analysis work on the plan has been conducted and it remains attainable at this stage.
- 16.11 Informal discussions with WG indicate an acceptance and acknowledgement on the necessity of a 7% increase in police precept, which whilst clearly insufficient to address fully the medium term budget requirement, remains the recommended option for the Service.

### **17.0 LOCAL GOVERNMENT ACT 2003 – “SECTION 25” STATEMENT**

- 17.1 When setting the Budget and Capital Programme for the forthcoming year the Police and Crime Commissioner must be satisfied that adequate consideration has been given to the following,
- a) Government policy on police spending, as applied to the Police.
  - b) The medium term implications of the Budget and Capital Programme
  - c) The CIPFA Prudential Code
  - d) The size and adequacy of general and specific earmarked balances
  - e) Whether the proposals represent a balanced budget for the year
  - f) The impact on the Council Tax
  - g) The threat or risk of capping
  - h) The prevailing pressure for service development and associated risk to performance.

This Financial Strategy has fully considered and documented the requirements above.

### **18.0 CONCLUSION**

- 18.1 Whilst the current national economic climate has a significant bearing on the acceptability in level of police precept to be levied on local taxpayers it is also recognised that in times of economic decline the requirements for an efficient and effective police service rise considerably.
- 18.2 This MTFS has attempted to balance the difficult equation of risk, demand, affordability and the threat of capping. The need to make £2.3M of further cuts on top of the £24M delivered in 2011 to 2013 is unprecedented.
- 18.3 Project Reform has made a significant contribution to both operational performance and Value for Money and needs to remain as a continuous improvement programme over the next CSR. It is important to note that the VFM plan is insufficient to deliver the anticipated further reduction in central funding and precept considerations remain the only flexibility going forwards.



## **19.0 RECOMMENDATIONS**

That the Police and Crime Panel approves:

- **A 7% increase to the Police precept on council tax resulting in an annual precept on a Band D property of £181.28 giving a total precept requirement of £84,365,530 and that this sum be precepted on the relevant billing Authority in accordance with Appendix 8.**
- **The Resulting Net Revenue Budget Requirement for 2013/14 will be £258,554,934 and this reflects the Capital and Value For Money Plans.**

### **B. LEGAL AND HUMAN RIGHTS CONSIDERATIONS**

The Commissioner is required to set a balanced budget, determine the rate of Council Tax and issue a precept in accordance with the Local Government Finance Act 1988 and the Police Act 1996.

Under the Police Reform and Social Responsibility Act 2011 the Commissioner may only issue a precept after consultation with the Police and Crime Panel.

### **C. PERSONNEL, EQUAL OPPORTUNITIES AND DIVERSITY ISSUES**

The reductions in staffing levels are fully supported by an effective governance process and structured business process reviews including Equality Impact assessments.

### **D. REVIEW ARRANGEMENTS**

There will be regular monitoring of the 2013/14 Revenue Budget, Capital Programme and Value for Money by the Commissioner and Police and Crime Panel .

### **E. RISKS**

1. The risk of capping has been mitigated through discussions with WG and a 7% precept is not expected to initiate capping action.
2. The main uncontrolled risk relates to the long term estate issues and these are reviewed regularly to ensure legislative compliance is not compromised.
3. The VFM plan is by its nature a fluid process and will need careful monitoring to achieve the targeted level of savings.

### **F. LIST OF BACKGROUND PAPERS**

Local Government Finance Report 2013 to 2014 (National Assembly for Wales)  
Police Grant Report England and Wales 2013 to 2014 (Draft)

## *Schedule of Appendices*

- Appendix 1 South Wales Police Budget Summary 2012/13 to 2016/17
- Appendix 2 Reconciliation of Changes on Revenue Budget 2012/13 to 2013/14
- Appendix 3 Detailed Analysis of Revenue Budget Changes 2012/13 to 2013/14
- Appendix 4 Winsor 1& 2 Recommendations Update Summary
- Appendix 5 Summary Capital Programme and Financing Arrangements 2012/13 to 2016/17
- Appendix 6 Reconciliation of Establishment Changes
- Appendix 7 Value for Money Plan 2011/12 to 2016/17
- Appendix 8 Police Precept on Council Tax – 7%

**SOUTH WALES POLICE  
DRAFT REVENUE BUDGET  
2012/13 - 2016/17**

**APPENDIX 1**

	<b>Actual Budget 2012/13 £000</b>	<b>Forecast Budget 2013/14 £000</b>	<b>Forecast Budget 2014/15 £000</b>	<b>Forecast Budget 2015/16 £000</b>	<b>Forecast Budget 2016/17 £000</b>
<b>Employees</b>					
Police Officers	133,371	132,254	134,327	139,114	144,021
Police Staff	65,751	71,933	72,902	74,975	77,099
Police Pensions (net)	30,253	30,291	30,777	31,901	33,053
<b>Total Employee Costs</b>	<b>229,375</b>	<b>234,478</b>	<b>238,006</b>	<b>245,990</b>	<b>254,173</b>
<b>Running Exps</b>					
Non Pay to be split below		Nominal Split			
Indirect Staff	854	887	925	948	973
Premises Costs	8,455	8,782	9,157	9,386	9,636
Transport Costs	7,427	7,714	8,043	8,244	8,465
Supplies and Services	16,218	16,845	17,564	18,003	18,484
Agency and Contracted Services	10,607	15,493	15,963	16,250	16,566
<b>Total Running Expenses</b>	<b>43,561</b>	<b>49,721</b>	<b>51,652</b>	<b>52,831</b>	<b>54,124</b>
Capital Financing Costs	5,036	5,136	5,075	4,938	4,938
<b>Total Expenditure</b>	<b>277,972</b>	<b>289,335</b>	<b>294,733</b>	<b>303,758</b>	<b>313,235</b>
<b>Income</b>					
Specific Grants	(21,222)	(21,162)	(21,162)	(21,162)	(21,162)
Other Income	(7,415)	(7,321)	(7,394)	(7,468)	(7,468)
<b>Total Income</b>	<b>(28,637)</b>	<b>(28,483)</b>	<b>(28,556)</b>	<b>(28,630)</b>	<b>(28,630)</b>
<b>TOTAL NET REVENUE EXPENDITURE</b>	<b>249,335</b>	<b>260,852</b>	<b>266,176</b>	<b>275,128</b>	<b>284,605</b>
<b>Grants and Precepts - Based on</b>					
Police Grant	(100,675)	(106,369)	(101,212)	(101,212)	(97,863)
Rule 1	7,985	8,809	8,809	8,809	8,809
NNDR/RSG	(77,583)	(76,630)	(75,864)	(75,864)	(75,864)
<b>Total External Support</b>	<b>(170,273)</b>	<b>(174,190)</b>	<b>(168,267)</b>	<b>(168,267)</b>	<b>(164,918)</b>
Precepts on Billing Authorities	(79,062)	(84,366)	(88,584)	(93,013)	(97,664)
<b>TOTAL RESOURCES</b>	<b>(249,335)</b>	<b>(258,556)</b>	<b>(256,851)</b>	<b>(261,280)</b>	<b>(262,582)</b>
<b>Cumulative Unfunded Expenditure</b>	<b>(0)</b>	<b>2,296</b>	<b>9,326</b>	<b>13,848</b>	<b>22,023</b>
Balance of VFM Plan	(0)	(3,375)	(9,225)	(14,175)	(14,175)
Shortfall	(0)	(1,079)	101	(327)	7,848
<b>TAXBASE</b>	<b>466,670.43</b>	<b>465,396.95</b>	<b>465,396.95</b>	<b>465,396.95</b>	<b>465,396.95</b>
<b>BAND D PRECEPT AT 5% INCREASE</b>	<b>£169.42</b>	<b>£181.28</b>	<b>£190.34</b>	<b>£199.86</b>	<b>£209.85</b>

NOT PROTECTIVELY MARKED

APPENDIX 2

REVENUE BUDGET 2013/14  
RECONCILIATION OF CHANGES 2012/13 to 2013/14

Increases in Budget above 2012/13

Unavoidable Costs

	Expenditure		Band D Equivalent Tax Net of External Funding as per settlement	
	£000	%	£	%
Pay Inflation and Incremental Drift (inc Winsor)	5,104	1.99%	10.97	6.5%
Other Inflation	1,232	0.48%	2.65	1.6%
Base Budget Adjustments and Re-allocations	5,121	1.99%	11.00	6.5%
Specific Grant Allocations	60	0.02%	0.13	0.1%
Revised Police Grant/RSG/NNDR	(3,917)	(1.52)%	(8.42)	(5.0)%
Tax Base Decrease	216	0.08%	0.46	0.3%
<b>Standstill Budget Requirement</b>	<b>7,816</b>	<b>3.0%</b>	<b>16.79</b>	<b>9.9%</b>

Budget Balance Actions

Additional Value For Money Plan Savings	(2,296)	(0.89)%	(4.93)	(2.9)%
Balance of Funding from Police Precept Increase	(5,520)	(2.15)%	(11.86)	(7.0)%
<b>Residual Balance</b>	<b>-</b>			

NOT PROTECTIVELY MARKED

**SOUTH WALES POLICE  
ANALYSIS OF REVENUE BUDGET CHANGES  
2012/13 to 2013/14**

**APPENDIX 3**

£'000      £'000

**Pay & Pensions Inflation and Incremental Drift**

**TOTAL**

Police Officers

Pay Award & National Insurance	495
Rank Structure/ Pay Base Revision	(704)
Changes in Externally Funded Posts	(350)

Overheads & Allowances

Housing, Rent & CRTP	(406)
Overtime	(114)

(1,079)

Police Staff

Pay Award / National Insurance / Pension / Increments/Vacancy Factor/ PCSO's	2,212
Work Force Transformation	67
Office of Police & Crime Commissioner Staff Costs	223
Changes in Externally Funded Posts (incl WG funded PCSOs)	3,681

6,183

**Sub - Total Pay & Pensions Inflation and Incremental Drift** **5,104**

**Other Inflation**

Inflation, Contracts & Utilities	1,296
Inflationary Increases on Income	(64)

**Sub - Total Other Inflation** **1,232**

**Base Budget Adjustments and Re-allocations**

Net Base Budget Adjustments	381
Investment Income reduction	100
Rental Income CPS	(103)
Office of Police & Crime Commissioner reduction Members Allowances	(223)
Capital Financing	100
Community Partnerships	1,000
Changes in External Funding (incls £3476k Community Safety Fund)	3,866

**Sub - Total Base Budget Adjustments and Re-allocations** **5,121**

**Specific & General Grant**

Neighbourhood Policing Fund - incorporated into Main Grant from 13/14	6,730
Increase Welsh Govt funded PCSOs	(3,645)
Community Safety Fund	(3,476)
Misc Changes in Specific External Funding	451
Increase in Police Grant/RSG/NNDR - CSR 2010	(3,917)

**Sub - Total Specific & General Grant** **(3,857)**

Tax Base Decrease (0.27%) - Localisation of Council Tax 216

**Total Standstill Budget Requirement** **7,816**

5% Precept Increase (5,520)

**Total Unfunded Expenditure** **2,296**

**WINSOR 1 REVIEW UPDATE**

<b><u>Recommendation Number</u></b>	<b><u>Content</u></b>	<b><u>Outcome/Result</u></b>
Recommendation 1	The Police Service of Northern Ireland and the Northern Ireland Policing Board should review the Northern Ireland Transitional allowance with a view to increasing the rate by 12.5% to £2,994 for September 2010/11.	<b>Not applicable to the Police service in England &amp; Wales</b>
Recommendation 2	Police constables, sergeants, inspectors and chief inspectors should receive an additional 10% of their basic pay, on a hourly basis, for hours worked between 8:00 pm and 6:00am (non-pensionable)	<b>ACCEPTED</b>
Recommendation 3	Police staff should not receive additional shift premium for w/e day work if part of normal contracted hours. Routine public holiday working should be dbl time only. Should be agreed in Police Staff Council and noted in contracts of employment.	<b>Still pending - awaiting outcome from Police Staff Council</b>
Recommendation 4	Recommendation 4 – The Office of National Statistics should consider disaggregating police staff in their Annual Survey of Hours and Earnings in the future, so that their pay can be more easily compared and understood	<b>Referred to the Office of National Statistics - outcome awaited.</b>
Recommendation 5	Determination Annex E, made under Regulation 22 of the Police Regulations 2003, should be amended to require the chief officer to consult, rather than agree, with the local joint branch board and individual officers in connection with the bringing into operation of a variable shift arrangement. That consultation should take place over a period of at least 30 days. Before making his decision, the chief officer should be required to consult the affected officers and take full account of their individual circumstances, including the likely effects of the new arrangement on their personal circumstances. New shift arrangements should not be brought into effect earlier than 30 days after the communication of the decision of the chief officer.	<b>ACCEPTED</b>
Recommendation 6	Replace time and a third premium pay for casual overtime with plain time. Minimum hours for being recalled between duty should be abolished and paid at plain time for hours worked + travel time.	The premium rate of time and one third to be retained for casual overtime, with payment of travelling time for recalls between tours of duty. The minimum hours payment for being recalled to be abolished as proposed - <b>MODIFIED</b>
Recommendation 7	Remove double time premium pay and notice period of 5 days for working on a rostered rest day. Time and 1/2 premium should be payable for working a rostered rest day with less than 15 days' notice.	<b>ACCEPTED</b>
Recommendation 8	Allow payment of overtime at dbl time for 25/12 and 7 other days chosen from the next financial year by the officer before 31 Jan. Cancellation with less than 15 days' notice to require the authority of ACC.	<b>ACCEPTED</b>
Recommendation 9	Provide for payment of additional hours of Sunday working at time and a half. Should be agreed in PSC and incorporated into contracts of employment.	<b>Still pending - awaiting outcome from Police Staff Council</b>
Recommendation 10	Police staff should receive dbl time for working 25/12 + 7 other public holidays - chosen from the next financial year by the employee before 31/1. Cancellation with less than 15 days' notice to require the authority of ACC. To be agreed in PSC and incorporated into contracts of employment.	<b>Still pending - awaiting outcome from Police Staff Council</b>

**WINSOR 1 REVIEW UPDATE**

<b><u>Recommendation Number</u></b>	<b><u>Content</u></b>	<b><u>Outcome/Result</u></b>
Recommendation 11	Offs on mutual aid service should be paid for the hours they are required to work each day, plus travelling time to and from place of duty. If hours coincide with unsocial hours period, or duty required at short notice and officer is eligible for new overtime rates, the officer should be paid at premium rate.	Both sentences of Recommendation 11 are accepted as worded. In addition, officers on mutual aid who are unable to return home are to receive a new 'Away from Home Overnight Allowance' of £50 per night. <b>MODIFIED</b>
Recommendation 12	'Proper accommodation' definition be revised to describe a single occupancy room with en-suite facilities. The officer should receive £30 per night if not provided. Current definition of 'higher standard accommodation' should be removed and not replaced.	<b>ACCEPTED</b>
Recommendation 13	Officers held in reserve on a day and who have not been paid for any mutual aid tour of duty that day, should receive the on-call allowance of £15 for that day.	Officers held in reserve who are unable to return home are to receive the new 'Away from Home Overnight Allowance' of £50 per night. <b>MODIFIED</b>
Recommendation 14	The Police Advisory Board should establish and publish improved guidance as to the types of outside jobs and business interests which are likely to lead to the rejection of applications in this respect. This should be done after consultation with potentially affected parties or their representatives.	<b>Referred to Police Advisory Board - awaiting outcome</b>
Recommendation 15	Regulation 7(5) of the Police Regulations 2003 should be amended to remove the Secretary of State from the appeals process	<b>Referred to Police Advisory Board - awaiting outcome</b>
Recommendation 16	Medals should be awarded for five years' service as a special constable.	<b>Further information awaited</b>
Recommendation 17	Special constables should be eligible for police team recognition awards alongside regular police officers and staff	<b>Further information awaited</b>
Recommendation 18	Special constables should be eligible for all new police medals.	<b>Further information awaited</b>
Recommendation 19	The Special Constables (Amendment) Regulations 2002 should continue to be used in connection with the provision of financial rewards for special constables, where police forces consider that they will be effective and represent value for money, but the role of the Home Secretary in approving those schemes should be removed.	<b>ACCEPTED</b>
Recommendation 20	Officers and staff below the top of their pay scale should be suspended at that increment for a 2 year period commencing Sept 2011	Suspension of incremental progression. The first 3 steps on the Constables scale to be excluded from the proposed suspension. All other progression on the police officers pay scales to be suspended as proposed - <b>MODIFIED</b>
Recommendation 21	The current systems of performance-related pay should be suspended until September 2013	<b>ACCEPTED</b>
Recommendation 22	Forces reviewing their performance and development systems and training for managers should do so in the knowledge that they may be used in determining pay within the next two to three years.	<b>ACCEPTED</b>

**WINSOR 1 REVIEW UPDATE**

<b><u>Recommendation Number</u></b>	<b><u>Content</u></b>	<b><u>Outcome/Result</u></b>
Recommendation 23	There should be no changes to the present basic pay arrangements for CCs and DCCs	<b>ACCEPTED</b>
Recommendation 24	ACCs should move from their current pay scales onto a single rate for the job based on the weight of what they do, in the same way as their CC and DCC colleagues. Part 2 of this review will set out in more detail how such a scheme should be implemented	<b>The senior salaries review body will set out the pay of ACPO ranks by 2014</b>
Recommendation 25	Ch Offs bonus scheme should be suspended for a 2 year period commencing Sept 2011	<b>ACCEPTED</b>
Recommendation 26	Post-related allowance for Ch Supts should be retained at present level for the short-term.	<b>ACCEPTED</b>
Recommendation 27	Bonus scheme for Supts and Ch Supts should be suspended for a 2 year period commencing Sept 2011	<b>ACCEPTED</b>
Recommendation 28	The higher basic pay for London inspectors and chief inspectors should be retained for the short term	<b>ACCEPTED</b>
Recommendation 29	C RTP should be abolished from 31/8/11 and all outstanding payments up to that date to be paid on a pro-rata basis.	C RTP to remain in place for those who already receive them, but there should be a 2 year freeze on new applications - <b>MODIFIED</b>
Recommendation 30	Ch Offs to continue to make ex gratia payments of £50 - £500 to an officer in recognition of work which is outstandingly demanding, unpleasant or important work, or outstanding work for the public.	<b>ACCEPTED</b>
Recommendation 31	Ch Offs should recognise whole teams, both officers and staff, with a team recognition award payment of £50 - £100 each for outstandingly demanding, unpleasant or important work, or outstanding work for the public.	<b>ACCEPTED</b>
Recommendation 32	ACPO and the Police Federation of England and Wales, along with other interested parties, should convene a working group to establish a series of new national policing awards	<b>ACCEPTED</b>
Recommendation 33	SPPs should be abolished from 31 Aug 2011 and all outstanding SPPs up to that date should be paid on a pro-rated basis	<b>ACCEPTED to cease wef 01/04/12</b>
Recommendation 34	An interim Expertise and Professional Accreditation Allowance of £1,200 <i>per annum</i> should be introduced from September 2011 for officers meeting the skills or length of service criteria in the four stated priority functions. It should be paid monthly and pro-rated where an officer works part-time. It should be removed when an officer leaves the qualifying role.	<b>REJECTED</b>
Recommendation 35	The Expertise and Professional Accreditation Allowance should be expanded or replaced where a more sophisticated system of job banding or professional accreditation is established and has been introduced.	<b>NO AWARD - REFERRED TO WINSOR 2 (RECOMMENDATION 94 - rejected)</b>
Recommendation 36	Arrangements for police forces to recognise the skills of police staff should remain unchanged in the short term	<b>ACCEPTED</b>
Recommendation 37	Police Authorities should be required to pay all reasonable costs arising from the sale and purchase of a Ch Off's house, and should pay all tax liabilities arising from any relocation packages, so that, for the Ch Off concerned, there is no personal financial disadvantage.	<b>ACCEPTED</b>



**WINSOR 1 REVIEW UPDATE**

<b><u>Recommendation Number</u></b>	<b><u>Content</u></b>	<b><u>Outcome/Result</u></b>
Recommendation 38	Police Authorities should publish details of all benefits for Ch Offs and their values in their annual reports, itemised by officer	<b>ACCEPTED</b>
Recommendation 39	Chief officers should provide receipts for all expenses, and information as to expenses above £50 paid to chief officers should be published quarterly on the police Authority's website.	<b>ACCEPTED</b>
Recommendation 40	The section on officer accommodation in the 'Guide to conditions of service for police officers seconded to central services' should be revised. The presumption should be that officers are accommodated in property owned by the relevant organisation or wider police service. Only when no such property is available should private rental property be used, and the cost of accommodation should be kept to a reasonable minimum, including an expectation of approximately 30 minutes' travelling time to work. Officers should only be reimbursed for actual accommodation or purchase of a property in exceptional circumstances.	<b>ACCEPTED</b>
Recommendation 41	Receiving organisations should list where they have agreed exceptional accommodation charges with officers in their annual report on anonymised basis.	<b>ACCEPTED</b>
Recommendation 42	Regional allowances should remain unchanged in the short term.	<b>ACCEPTED</b>
Recommendation 43	Replacement allowance for housing should remain. However, the amount an officer receives should not increase from 31 Aug 2011 with changes in personal circumstances, such as promotion. The existing framework, by which the amount an officer receives reduces when he lives with another officer also receiving the allowance, should remain.	<b>ACCEPTED</b>
Recommendation 44	A national on-call allowance for the Federated ranks should be introduced from Sept 2011. The amount should be £15 for each occasion of on-call after the officer has undertaken 12 on-call sessions in the year beginning on 1 Sept. An on-call occasion should be defined as the requirement to be on-call within any 24 hour period related to the start-of-the-police-day.	<b>NO AWARD - REFERRED TO WINSOR 2 (RECOMMENDATION 112 - MODIFIED AND ACCEPTED)</b>
Recommendation 45	National on-call allowance should be reviewed by the Police Negotiating Board three years after its introduction in the context of better management data.	<b>NO AWARD - REFERRED TO WINSOR 2 (RECOMMENDATION 112 - MODIFIED AND ACCEPTED)</b>
Recommendation 46	The link between the Motor Vehicle Allowance for police officers and that for local authorities should be re-established from Sept 2011	<b>ACCEPTED</b>
Recommendation 47	First-class travel expenses for the ranks of Supt and above should be published quarterly on the Force's website	<b>Further information awaited</b>
Recommendation 48	Officers' maternity entitlement should increase to 18 wks full pay, with off's having the option, with the agreement of their Ch Off, to spread the final 5 weeks of maternity pay over 10 weeks at reduced rate	<b>ACCEPTED</b>
Recommendation 49	Staff standby allowance should be reduced to £15 from Sept 2011	<b>Still pending - awaiting outcome from Police Staff Council</b>

**WINSOR 1 REVIEW UPDATE**

<b><u>Recommendation Number</u></b>	<b><u>Content</u></b>	<b><u>Outcome/Result</u></b>
Recommendation 50	First-class travel expenses for police staff members should be published quarterly on the Force's website.	<b>Further information awaited</b>
Recommendation 51	Regulation 13 of the Police Regulations 2003, which allows for the dismissal of officers, should be retained for probationary officers.	<b>ACCEPTED</b>
Recommendation 52	All police forces should take steps to learn from those police forces which have attained best practice in the area of the handling of poor performance and discipline, including in the training of supervisors who may have to use UPP procedures.	<b>ACCEPTED</b>
Recommendation 53	Police forces should collaborate to identify a cadre of Assistant Chief Constables who specialise in unsatisfactory performance and attendance procedures and hear cases across police force boundaries.	<b>ACCEPTED IN PRINCIPLE</b>
Recommendation 54	The Police (Performance) Regulations 2008 should be amended to provide that if a police officer has had two or more adverse determinations made against him, on substantive (rather than procedural) grounds, in concluded UPP proceedings within the past five years, subsequent UPP proceedings should begin at Stage 3.	<b>Referred to Police Advisory Board - awaiting outcome</b>
Recommendation 55	The Police Pension Regulations should be amended to allow chief officers to make a choice in relation to the time at which their pension benefits crystallise.	<b>ACCEPTED IN PRINCIPLE</b>
Recommendation 56	The existing regime concerning the severance terms which may be provided to Chief Constables and Deputy Chief Constables should be retained in the short-term.	<b>ACCEPTED</b>
Recommendation 57	The criteria for the use of the powers in Regulation A19 should be amended, with service-critical skills and performance being explicit considerations.	<b>ACCEPTED</b>
Recommendation 58	As quickly as possible, police forces should be provided with the ability to offer voluntary exit terms to police officers, substantially on the terms contained in the Civil Service Compensation Scheme 2010.	<b>Referred to Winsor 2 - ACCEPTED wef January 2013</b>
Recommendation 59	Regulation 5(4) of the Police Regulations 2003 should be amended so that an officer giving written notice to return from part-time to full-time working, must be appointed by the Police Authority within two months if the force has a suitable vacancy, and within four months of the notice being received.	<b>ACCEPTED</b>
Recommendation 60	The current system of severance for police staff, with its local flexibility, is appropriate and should remain	<b>ACCEPTED</b>
Recommendation 61	Forces and their occupational health departments should continue to develop and improve schemes to monitor the use of long-term sickness, recuperative duty and restricted duty, to improve the management of those on restricted duties and work with officers to bring them back to full duties as quickly as possible.	<b>ACCEPTED</b>

**WINSOR 1 REVIEW UPDATE**

<b><u>Recommendation Number</u></b>	<b><u>Content</u></b>	<b><u>Outcome/Result</u></b>
Recommendation 62	Current sickness policies should remain unchanged in the short term.	<b>ACCEPTED</b>

## WINSOR 2 REVIEW

	<u>Winsor Recommendation</u>	<u>Outcome</u>	<u>Comment</u>
<b>Recommendation 46</b>	The Police Regulations 2003 should be amended to create a system of compulsory severance for police officers with less than full pensionable service from April 2013	NO DECISION. The Sides are to be given up to July 2013 to conclude negotiations on this issue	N/A until July 2013
<b>Recommendation 47</b>	The Police Regulations 2003 should be amended to provide for the payment of financial compensation to police officers with less than full pensionable service who leave the police service by reason of compulsory severance. Forces should be empowered to offer financial compensation on the same terms as are available under the Civil Service Compensation Scheme.	NO DECISION pending the outcome of negotiations relating to Recommendation 46	N/A until July 2013
<b>Recommendation 48</b>	Officers who have been subject to compulsory severance should have access to employment tribunals if they wish to allege that their severance has been unfair.	NO DECISION pending the outcome of negotiations relating to Recommendation 46	N/A until July 2013
<b>Recommendation 74</b>	Chief Constables should be given discretion to pay regional allowances up to the current maximum level, as set out in Determination Annex U made under Regulation 34 of the Police Regulations 2003, and the discretion to apply eligibility criteria based on location and performance.	MODIFIED – Chief Constables and the Commissioners of the Metropolitan and City of London Police are to be given discretion to vary levels of payment up to the maximum, but with no performance linkage.	N/A to SWP
<b>Recommendation 83</b>	Competence Related Threshold Payments should be abolished by April 2013 at the latest, and all accrued CRTP payments up to that date should be made on a pro-rated basis.	MODIFIED – CRTPs are to be phased out over three years from April 2013 to April 2016 as follows: April 2013 - £900 April 2014 - £600 April 2015 - £300 The freeze on new applications would continue until CRTP's are phased out	All officers currently in receipt of CRTP's will have the current amount of £1212 p/a reduced over a 3 year period.
<b>Recommendation 94</b>	An interim Expertise and Professional Accreditation Allowance (EPAA) should be introduced from April 2013. It should reward qualifying officers for the skills they use in the four stated priority functions: neighbourhood policing; public order; investigation; and firearms. The EPAA should be £600 per annum, and should be paid monthly. It should be removed when an officer leaves the qualifying role. The EPAA should be abolished when the Specialist Skills Threshold is introduced.	REJECTED	N/A
<b>Recommendation 112</b>	A national on-call allowance for the Federated ranks should be introduced from April 2013. The amount of the allowance should be £15 for each daily occasion of on call after the officer in question has undertaken 12 on-call sessions in the year beginning on 1 April.	MODIFIED - The rate of £15 per session is to be applied but there is no requirement for any 'qualifying' sessions. The tribunal's award is made on the strength of the assurance given by the Official side that there would be no change to the basis on which officers undertake on-call. The tribunal understands that being on-call is a voluntary not a mandatory activity. The allowance should be reviewed in 2 years time.	A new scheme will have to be introduced and the current scheme (linked to the Bonus Scheme) disbanded. Currently officers receive £25 with a minimum of 20 claims per month and a maximum of 20. HR to advise if the new scheme will be linked to the same posts the allowance currently attracts.
<b>Recommendation 54</b>	A new shorter pay scale for constables should be introduced for new entrants from April 2013 as outlined in Table 7.12 of the report. It should have a lower starting salary than the current scale, but should allow constables to move to the maximum more quickly.	The Official Side's proposed pay scale is ACCEPTED	Two pay scales for intakes will be in operation side by side.

**Capital Programme Budget (updated to Period 9 2012/13)**

**APPENDIX 5**

Description	Suggested Revised Budget Profile					
	2012/13	2013/14	2014/15	2015/16	2016/17	4 year Future Total
	Final £'000	£'000	£'000	£'000	£'000	£'000
Estates - Recurrent Schemes	1,676	1,460	1,572	11,298	2,564	16,894
Estates - Projects	10,098	22,957	0	0	20,000	42,957
Vehicle Replacement Programme	2,513	1,733	1,898	1,965	2,035	7,631
IS - Projects	2,383	1,853	1,127	0	0	2,980
IS - Infrastructure Development	2,296	2,250	1,336	1,904	1,376	6,866
Other Capital Expenditure	115	10	10	10	10	40
<b>TOTAL Capital Programme</b>	<b>19,081</b>	<b>30,263</b>	<b>5,943</b>	<b>15,177</b>	<b>25,985</b>	<b>77,368</b>

Summary of Funding - Revised Programme	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	4 year Future Total £'000
Capital Grants	2,700	2,250	2,250	2,400	2,400	9,300
Additional Grants - Mobile Data £0.7M 12/13, Nodor £5.0M 13/14	5,700	0	0	0	0	0
Additional Contribution - SCP max £1.2m	415	0	0	0	0	0
Revenue Contribution	1,182	1,914	1,914	1,914	1,914	7,656
Additional Revenue Contribution / external funding	433	0	0	0	0	0
Usable Capital Receipts - Misc	0	364	0	0	0	364
Bridewell	3,000	13,684	0	0	0	13,684
Unsupported Borrowing	1,671	1,671	1,671	1,671	1,671	6,684
Earmarked Capital Reserve	14,510	10,530	150	42	0	10,530
<b>Total Funding Available</b>	<b>29,611</b>	<b>30,413</b>	<b>5,985</b>	<b>6,027</b>	<b>5,985</b>	<b>48,218</b>
<b>Capital Reserve Balance Carried Forward</b>	<b>10,530</b>	<b>150</b>	<b>42</b>	<b>0</b>	<b>0</b>	
<b>Funding Shortfall</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(9,150)</b>	<b>(20,000)</b>	<b>(29,150)</b>

SOUTH WALES POLICE  
2013/14 BUDGET  
ESTABLISHMENT MOVEMENTS FTE

APPENDIX 6

	Officers	Target	Total Funded Establishment
	FTE	FTE	FTE
2010/11 year end establishment	3,021		
<b>Value For Money Plan Reductions</b>			
2011/12	114	2,907	
2012/13	62	2,845	
2013/14	30	2,815	
2014/15	70	2,745	
2015/16	12	2,733	
2016/17	-	2,733	
	288		
<b>Police Officer Establishment 2012/13</b>			
Police Officer Establishment 2012/13			2,947
<u>movements</u>			
Regional Asset Recovery Team			(2)
Safety Camera Partnership			1
Seconded Officers			(7)
Channel Project/ Prevent			1
Counter Terrorism Intelligence Unit			2
			2,942
<u>Planned Efficiency Reductions</u>			
Efficiency Plan Reductions			(30)
<b>Total Planned Police Officer Reductions</b>			<b>(30)</b>
<b>Total Police Officers Funded Establishment in 2013/14</b>			<b>2,912</b>
Of Which External Funded Officers are		97	
<b>SWP Funded Police Officer Establishment</b>	<b>2,815</b>		<b>2,912</b>
<b>PCSO Establishment 2012/13</b>		300	
Welsh Government Funded (206) Phased intake 2013/14		206	
<b>Total PCSO Establishment 2013/14</b>		<b>506</b>	<b>506</b>
<b>Total Uniformed Resources 2013/14</b>			<b>3,401</b>
	Staff	Target	
2010/11 yr end SWP establishment	1,997		
<b>Value For Money Plan Reductions</b>			
2011/12	167	1,830	
2012/13	125	1,705	
2013/14	60	1,645	
2014/15	80	1,565	
2015/16	64	1,501	
2016/17	-	1,501	
	496		
<b>Police Staff Establishment 2012/13</b>			<b>1,705</b>
<u>Planned Efficiency Reductions</u>			
Efficiency Plan Reductions - VFM Plan			(60)
<b>Targeted Police Staff Establishment</b>			<b>1,645</b>
Other Changes			
Work Force Transformation			3
Collaboration Posts			4
Post Funded from non pay budget			1
Net Adj External/ FTC/ Temporary posts			4
Office of Police & Crime Commissioner			2.8
<b>Overall Police Staff funded Establishment</b>			<b>1,660</b>
<b>TOTAL FUNDED ESTABLISHMENT 2013/14</b>			<b>5,078</b>

Efficiency Project Name	Lead Dept	Chief Officer	Original Target 11/12 to 14/15	Cumulative basis							Comments
				2011/12 Target	2012/13 Target	Cumulative anticipated actual	2013/14 Target	2014/15 Target	2015/16 Target	2016/17 Target	
				£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Value For Money Financial Target</b>			<b>31,824</b>	<b>14,792</b>	<b>5,239</b>	<b>24,278</b>	<b>2,296</b>	<b>9,326</b>	<b>13,848</b>	<b>22,023</b>	Annual 5% precept assumption
<b>Cashable Savings</b>											
<b>Project Reform</b>											
Cash releasing savings and post reductions	FABS	FD	2,600	2,600	-	2,600	-	-	-	-	Achieved as part of Medium Term Financial Plan
Impact of Winsor Review	HR	DHR	5,000					850	1,350	1,350	Awaiting final confirmation in Police Regulations
Review of Ranks and Acting Up (Officers)	Reform	DCC	1,000	500	-	2,636	-	-	-	-	Achieved as part of Medium Term Financial Plan
Fleet rationalisation	FABS	FD	1,000	500	500	1,000	-	-	-	-	Achieved as part of Medium Term Financial Plan
Procurement Savings	FABS	FD	1,500	500	634	1,000			1,000	1,000	Continual review of contracts and non pay expenditure
Traffic Management	FABS	FD	783	783	-	783	-	-	-	-	Achieved as part of Medium Term Financial Plan
Workstreams Staff	Reform	DCC	7,000	500	1,000	1,000	1,875	3,875	3,875	3,875	Work in Progress
Workstreams Officers	Reform	DCC	3,000	-	-	-	1,000	2,000	2,000	2,000	Work in Progress
Airport	Ops	ACC	1,230	1,230	-	1,030	-	-	-	-	Achieved as part of Medium Term Financial Plan
Workforce Transformation	Reform	DCC	500	500	-	-	-	-	-	-	Achieved as part of Medium Term Financial Plan
Learning Development Services - Officers	HR	DHR	1,250	1,250	-	-	-	-	-	-	Achieved as part of Medium Term Financial Plan
Learning Development Services - Staff	HR	DHR	250	250	-	-	-	-	-	-	Achieved as part of Medium Term Financial Plan
Learning Development Services- Non Pay	HR	DHR	-			493	-	-	-	-	Achieved as part of Medium Term Financial Plan
UPSI	LSD	DLS	300		150	150	-	-	-	-	Achieved as part of Medium Term Financial Plan
Central Services	FABS	FD	500	500	105	500	-	-	-	-	Achieved as part of Medium Term Financial Plan
Estates Strategy	FABS	FD				-			500	500	Reduction in Estates running costs through rationalisation
Cardiff Bay	FABS	FD	300	300	-	300	-	-	-	-	Achieved as part of Medium Term Financial Plan
Income Generation	FABS	FD			100	100	-	-	-	-	Achieved as part of Medium Term Financial Plan
<b>Total Planned Savings</b>			<b>26,213</b>	<b>9,413</b>	<b>2,489</b>	<b>11,592</b>	<b>2,875</b>	<b>6,725</b>	<b>8,725</b>	<b>8,725</b>	
<b>Balance</b>			<b>5,611</b>	<b>5,379</b>	<b>2,750</b>	<b>12,686</b>	<b>(579)</b>	<b>2,601</b>	<b>5,123</b>	<b>13,298</b>	
Specialist Crime									1,200	1,200	2:1 ratio 12 officers 24 staff
Demand management	Ops	ACC							1,000	1,000	40 staff
Grey Fleet Costs	FABS	FD							250	250	Review of Essential User and other travel costs.
Bridewells	FABS	FD						1,000	1,000	1,000	20 Custody sergeants
Reduction in Officer Establishments	Reform	DCC	7,000	2,900	2,750	6,706	500	1,500	2,000	2,000	A19/A20 and Turnover
Police Staff Reductions	Reform	DCC	1,925	1,800	-	5,301	-	-	-	-	Achieved as part of Medium Term Financial Plan
PCSO - Vacancy management	TP	ACC- Kirby	679	679	-	679	-	-	-	-	Achieved as part of new Policing Model
<b>Additional savings</b>			<b>9,604</b>	<b>5,379</b>	<b>2,750</b>	<b>12,686</b>	<b>500</b>	<b>2,500</b>	<b>5,450</b>	<b>5,450</b>	
<b>Revised balance - Deficit /(Surplus)</b>			<b>(3,993)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,079)</b>	<b>101</b>	<b>(327)</b>	<b>7,848</b>	

SOUTH WALES POLICE  
REVENUE BUDGET 2013/14  
PRECEPT @ 7% INCREASE

## APPENDIX 8

A		BUDGET AND COUNCIL TAX REQUIREMENT		£
		TOTAL BUDGET		279,716,483
		LESS: Specific Grants		21,161,549
		BUDGET REQUIREMENT		258,554,934
		LESS: Revenue Support Grant		42,038,343
		NADR		34,591,751
		Police Specific Grant		97,559,310
		SOUTH WALES POLICE AUTHORITY PRECEPT		84,365,530
B	SWPA ELEMENT OF COUNCIL TAX BY PROPERTY		Proportion of Band D	Council Tax £
	Band A		6/9	120.85
	Band B		7/9	140.99
	Band C		8/9	161.13
	Band D		9/9	181.28
	Band E		11/9	221.56
	Band F		13/9	261.84
	Band G		15/9	302.13
	Band H		18/9	362.55
	Band I		21/9	422.98
C	PRECEPTS ON UNITARY AUTHORITIES	No. of Band D Equivalent Properties		SWPA Precept £
	Cardiff County Council	137,979.00		25,012,350
	City & County of Swansea	87,519.00		15,865,138
	Bridgend County Borough	50,075.92		9,077,588
	Merthyr Tydfil County Borough	17,323.67		3,140,374
	Neath Port Talbot County Borough	45,715.29		8,287,108
	Rhondda Cynon Taff County Borough	72,409.07		13,126,063
	The Vale of Glamorgan Council	54,375.00		9,856,910
		465,396.95		84,365,530