



Police and Crime Panel
15 January 2018

PRELIMINARY REVENUE BUDGET AND CAPITAL PROGRAMME PROPOSALS 2018/19

Report of the Police and Crime Commissioner

PURPOSE

1. This report sets out the details of the provisional Police Grant Settlement and the preliminary revenue budget, capital programme and precept proposals for 2018/19. Further details will be presented to the Panel at its meeting on 5 February 2018, when the final grant figures and the council tax base details should be available.

BUDGET CONSULTATION

2. In view of the considerable uncertainty about Government Grant levels in 2018/19, the Commissioner did not commence consultation on budget proposals for 2018/19 until the Provisional Grant announcements were reviewed on 22 December. The consultation period runs until 2 February 2018.

2018/19 PROVISIONAL GRANT SETTLEMENT

3. The total grant settlement from government has remained at £444.1m. This is made up of £247.3m from Police Grant, £177.8m from DCLG Formula Funding and £19.0m from Council Tax Support Grant. The main points to note are as follows:
 - The settlement includes the expectation for PCC's to raise their precept by up to £12 per year per Band D property in 2018/19.
 - For 2018/19 existing formula damping arrangements remain unchanged.
 - The government expects PCCs to pay for the 2017 pay award and costs of the 2018 pay award from the funding settlement.
 - There is commitment to broadly maintain police grant in 2019/20 at the current cash levels and allow PCCs to further increase precept to a maximum of £12 in 2019/20. This is dependent on police forces delivering clear progress against agreed milestones on productivity and efficiency in 2018/19.

- Capital grant allocations of £2.5m for the West Midlands in 2018/19 are the same as the current year.
- The settlement allows PCCs to retain the full benefit from any additional local council tax income. It is assumed this means any additional funding from increased council tax base across the West Midlands are retained locally.

RESPONDING TO THE PROVISIONAL SETTLEMENT

4. The consultation period on the Provisional Funding Settlement ends on 16 January 2018, after which final allocations will be confirmed. The Commissioner has the following observations on the provisional settlement:

- The settlement is a real terms cut with an additional £22m required to standstill. The £22m is made up of a number of cost pressures detailed in the table below.

<i>Cost Pressures</i>	<i>Amount £m</i>
Pay inflation and Increments	16
Apprenticeship Levy	2
Local Government	3
Pension Fund Strain	
Other Inflationary Pressures	1
Total	22

- The average £12 increase in the precept is required and is not discretionary for areas such as the West Midlands that are very reliant on funding from Central Government and has the second lowest precept level nationally.
- There has been significant demand increases on policing the West Midlands during 2017 which has been met whilst resources have been reducing. This is shown in the following indicators that compare the last 12 months (November 2016 to October 2017) with the same period the previous year (November 2015 to October 2016):-
 - Emergency (999) calls for service up by 12%, increasing from 629,500 to 705,500 per annum
 - Total Recorded Crime up by 14%, increasing from 197,000 to 224,000 per annum
 - Violence with injury up 6%, from 24,500 to 26,000
 - Sexual offences up 25% from 4,500 to 6,000
 - Domestic violence up 8% from 22,000 to 24,000
 - Child sexual exploitation up 47% from 260 to 380
 - Modern slavery up 135% from 140 to 330
 - Gun crime up 15% from 580 to 660
 - Serious acquisitive crime (domestic burglary, robbery, theft of motor vehicles and theft from motor vehicles) is up 31%, increasing from 42,500 to 56,000
- The ability to raise the precept by £12 shifts the burden of police funding from Central Government to local taxpayers. Also even with the £12 increase the West Midlands precept will still be significantly less than neighbouring police forces (for example, Staffordshire's precept in 2017/18 is £181.16 which is £64.61 above the West Midlands).
- The existing grant damping arrangements and the application of across the board cuts in grants and "top slicing" are unfair and iniquitous, particularly to those policing

areas which currently rely on significant proportions of police grant. The damping mechanism in the current police funding formula penalises West Midlands Police by around £40 million per annum.

BUDGET PROPOSALS

5. In framing these outline budget and precept proposals the Commissioner has had regard to:-

- The priorities of the Police and Crime Plan.
- The implications of the provisional funding settlement.
- Existing budget commitments and inflationary pressures. This includes a provision for the pay award across police officers and staff of 2%. Although the police staff pay award to take effect from September 2017 has not been agreed the financial impact on the budget will be at least 2%.
- Continued support for the Innovation and Integration Partnership (IIP) to deliver the WMP2020 programme, and the requirement for the programme to deliver significant savings in the medium term. The programme will help the Force to continually challenge the way services are provided, maximise innovation and drive efficiency and productivity.
- Savings from police officer and staff retirements and turnover and non-pay savings.
- The level of reserves available to support the revenue budget because expenditure will still exceed resources over at least the next 2 financial years. In line with the current medium term financial plan the only reserves available by 2020 will be those reserves that are required for the day to day operation of the Force. This includes the general reserve, insurance, uniform and major incidents reserves. The medium term financial plan will be updated early in 2018/19 to include the impact of the police funding settlement.

6. The key budget proposals will therefore be:

- a) The continued recruitment of police officers and PCSOs to ensure that planned numbers are maintained.
- b) The provision of improved equipment and technology to frontline officers to support capability, safety and welfare.
- c) The opportunity to have a workforce more representative of the public we serve by recruiting more BME police officers, police staff and PCSOs.
- d) The growth of apprenticeships and the introduction of police cadets across the West Midlands.
- e) A precept increase of £12 in line with the Council Tax referendum limit principles that applies to West Midlands Police together with the prudent use of reserves.
- f) Maintaining Community Safety Funding at 2017/18 levels.
- g) A planned use of reserves to support the revenue budget in 2018/19 of £14.3m.

7. The implications of the 2018/19 provisional settlement are set out in the following table:

	2018/19
	£m
Base Budget	575.0
WMP2020 Net Benefits	-21.8
Efficiency & Effectiveness Review Savings	-5.0
Total Spend	548.2
Government Grants	-444.1
Precept	-89.8
Use of Reserves	14.3

8. The 2018/19 provisional base budget includes provisions for the pay award for all officers and staff, inflationary pressures on non-pay, attrition and recruitment in line with the Force's workforce plan. It is forecast that £14.3m of reserves will be needed to balance the revenue budget in 2018/19.

COUNCIL TAX ISSUES

9. All Police and Crime Commissioners in England have a Council Tax referendum threshold of £12 on average irrespective of the current level of precept. An increase above £12 would require a referendum to take place.
10. The following table sets out what the £12 would mean for local Council Tax Bands:-

Band	Statutory Proportion	2017/18	£12	Change
		Precept	Increase	Annual
		£ : p	£ : p	£ : p
<i>A</i>	<i>6/9</i>	77.70	85.70	8.00
<i>B</i>	<i>7/9</i>	90.65	99.98	9.33
<i>C</i>	<i>8/9</i>	103.60	114.27	10.67
<i>D</i>	<i>9/9</i>	116.55	128.55	12.00
<i>E</i>	<i>11/9</i>	142.45	157.12	14.67
<i>F</i>	<i>13/9</i>	168.35	185.68	17.33
<i>G</i>	<i>15/9</i>	194.25	214.25	20.00
<i>H</i>	<i>18/9</i>	233.10	257.10	24.00

11. The Commissioner is consulting on a precept increase of an average £12 per year (equivalent to 10.3%). For Band D Council Taxpayers in the West Midlands this increase would be £1 per month and the Police precept in the West Midlands would still be the second lowest in the country.
12. The graph in Appendix One shows the Council Tax precept Band D levied across all English forces for 2018/19 if all Police and Crime Commissioners increase their precept by £12. The graph demonstrate that the precept for West Midlands is significantly less than its nearest neighbours, both in terms of size and location.
13. Based on the Office of Budget Responsibility estimates the Tax Base is assumed to increase by 1.3% for 2018/19 this in conjunction with a precept increase of £12 would generate an additional £9.5m in 2018/19. The Tax Base will be confirmed by local authorities before the budget is set in February 2018 and any changes to the assumption will be reported at that time.

CAPITAL PROGRAMME

14. The main items in the capital programme contained in the table overleaf include major investments in new technology through the Connect, Emergency Services Mobile Communications Programme and Data Driven Insight Projects. In addition there is funding for the vehicle and plant replacement programme; and investment in ICT. The capital programme will be financed by a combination of revenue reserves, capital grants, capital receipts and additional borrowing as required.

15. During 2018 a revised Estates Strategy be launched. As the plans develop further the strategy and its financing will be incorporated into the overall capital programme. The estates strategy requires a detailed amount of work to establish proposals that will enable assets to be used in a more cost effective way, enable further partnership working with other bodies and deliver service benefits. The impact of future of costs and savings of the estates strategy will be brought to the Commissioner's Strategic Policing and Crime Board for detailed consideration in due course.

	2017/18 Current Budget £m	2018/19 Proposed Budget £m	2019/20 Proposed Budget £m	2020/21 Proposed Budget £m	2020/21 Proposed Budget £m	Total Prog £m
WMP2020:						
Connect	7.4	3.4	0.2	0.0	0.0	11.0
ESMCP	1.0	5.4	0.0	0.0	0.0	6.4
Data Driven Insight (DDI)	5.8	0.5	0.0	0.0	0.0	6.3
New Ways of Investigating	2.1	1.2	0.0	0.0	0.0	3.3
New Ways of Responding	2.1	0.3	0.3	0.1	0.0	2.8
Next Generation Enabling Services	2.4	0.0	0.0	0.0	0.0	2.4
Command & Control	0.4	0.7	1.0	0.0	0.0	2.1
Smarter Responding	1.8	0.0	0.0	0.0	0.0	1.8
Redesigning Investigations	0.1	0.0	0.0	0.0	0.0	0.1
Total WMP2020	23.1	11.5	1.5	0.1	0.0	36.2
Business as Usual						
Fleet	4.6	3.0	3.0	3.0	3.0	16.6
IT & Digital	5.5	1.8	1.6	0.6	0.5	10.0
Equipment	0.3	1.2	0.7	0.2	0.2	2.6
CTU	1.2	0.0	0.0	0.0	0.0	1.2
Total BAU	11.6	6.0	5.3	3.8	3.7	30.4
Total Spend	34.7	17.5	6.8	3.9	3.7	66.6
Funded By:						
Capital Grant (estimated)						-12.1
Capital Receipts						-27.2
Reserves/Borrowing						-26.1
Specific Capital Grant						-1.2
Total Funding						-66.6
Net Surplus/Deficit						0.0

KEY ISSUES FOR PANEL CONSIDERATION

17 The Panel is asked to consider the following:-

(a) The Commissioner's budget therefore includes provision for the following:-

- The commitment to maintain the numbers of police officers and PCSOs in line with the Medium Term Financial Plan.
- The provision of improved equipment and technology to frontline officers to support capability, safety and welfare.
- The costs and benefits arising from the continued support for the WMP2020 transformation programme.
- The continued commitment to maintain Community Safety Funding at 2017/18 levels.
- A planned use of reserves to support the revenue budget in 2018/19 of £14.3m.

(b) That the Commissioner is minded to set a precept increase of £12 on Band D properties and the associated increase on all other properties in 2018/19.

M Kenyon
PCC Chief Finance Officer

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Council Tax - Precept Band D with £12 Increase - 2018/19

