



**Police and Crime Panel
10 January 2022**

PRELIMINARY REVENUE BUDGET AND CAPITAL PROGRAMME PROPOSALS 2022/23

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 2022/23. Further details will be presented to the Panel at its meeting on 31 January 2022, when the council tax base details should be available.

BUDGET CONSULTATION

2. In view of the continued uncertainty about Government Grant levels in 2022/23, the Commissioner did not commence consultation on budget proposals for 2022/23 until the Provisional Grant announcements were reviewed on 17 December 2021. The consultation period runs until 30 January 2022.

2022/23 PROVISIONAL GRANT SETTLEMENT

3. The total grant settlement for the West Midlands in 2022/23 is £559.4m which is an increase of £30.7m on the 2021/22 settlement. This is consistent with our medium-term planning assumptions. This additional grant is to enable WMP to recruit an additional 488 police officers during 2022/23 as part of the national uplift programme up to the target of 1,200 officers.
4. Headline figures for 2023/24 and 2024/25 indicate that nationally police grants are expected to grow by £100m in 2023/24 (on 2022/23 grant level) and by £150m in 2024/25 (on 2023/24 grant level). West Midlands Police could expect their portion of this grant increase to be £6.1m and £9.1m respectively.
5. The other main points to note from the settlement are as follows: -
 - The settlement includes the opportunity for PCC's to raise their precept by up to £10 per year per Band D property in 2022/23. This opportunity will remain in place for the 3-year life of the Comprehensive Spending Review.
 - Pay freeze lifted for all officers and staff for the 2022 pay award, with the PCC expected to pay for the 2022 pay award from the funding settlement. This will be a significant cost to the police budget.

- PCCs are expected to fund the social care levy that will see increased employer's national insurance contributions from April 2022.
- PCCs will also be required to fund other significant cost pressures. These include increases in the cost of gas, electricity, fuel and other costs.
- Continuation of the £7m pension grant as a flat cash grant for 2022/23.
- Capital grant allocation of £0.7m for the West Midlands in 2022/23 has been removed.
- The Government expects the police to continue to build on the progress made on improving efficiency and productivity and has set targets for the police service to deliver efficiencies over the settlement period. Specifically, the Government expect to see over £100m of cashable efficiency savings delivered from force budgets by 2024/25. For 2022/23 the Government is expecting to see £80m of efficiency savings (reflected as part of the settlement). In addition, forces will need to demonstrate improvements in productivity through the use of modern technology infrastructure and interoperable systems
- An additional £42 million will be given to the police nationally for new programmes that reduce crime and drugs misuse. This is in addition to funding already provided for Safer Streets funding and enforcement to tackle drugs misuse through the County Lines programme. The allocation of this funding for West Midlands Police is not clear from the settlement.
- The spending review will provide £125 million revenue funding in 2022-23 as well as £121m capital funding for the Emergency Service Mobile Communications Programme. Again, the allocation of this funding to West Midlands Police is not clear from the settlement.

RESPONDING TO THE PROVISIONAL SETTLEMENT

6. The Commissioner has the following observations on the provisional settlement:
- The £10 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.
 - The government is essentially mandating PCCs to increase precepts by £10 as set out in the Ministerial Statement announcing the settlement.
 - The increase in grant is to support the Police Uplift Programme and funding raised through increasing the precept by £10 will not be sufficient to cover the pay and significant inflationary pressures for 2022/23.
 - The ability to raise the precept by £10 continues to shift the burden of police funding from Central Government to local taxpayers in order to maintain the current services. Also, even with the £10 increase the West Midlands precept will still be significantly less than neighbouring police

forces (for example, Staffordshire's precept in 2022/23 is expected to be £248.97 which is £61.42 above the West Midlands).

- The programmes that have been put in place in West Midlands Police have increased the efficiency and productivity of the Force. This includes the difficult decisions that have been made to sell some police buildings to protect and increase police officer numbers in the West Midlands. The benefits of these programmes will help meet the national efficiency savings included in the funding settlement.
- The existing grant damping arrangements and real terms 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

7. 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.
- Continued support for the Estates strategy, and implementation of Continuous Improvement methodology and Priority Based Budgeting to deliver savings and efficiencies in the short to medium term. These will help the Force to continually challenge the way services are provided, maximise innovation and drive efficiency and productivity.
- Determining the level of reserves available to support the revenue budget to balance expenditure against resources and support the Estates Strategy and continuous improvement programmes. Current planning assumptions in the medium-term financial plan are to utilise the balance of the Project and Programme reserves by 2023 leaving only those reserves that are required for the day to day operation of the Force.
- West Midlands Police continuing to drive efficiency across the Force to increase capability and capacity.

8. The key budget proposals will therefore be:

- a) The continued recruitment of police officers, PCSOs and Police Staff to ensure that planned numbers are maintained.
- b) Deliver the Police Uplift Programme for West Midlands Police.
- c) The provision of improved equipment and technology to frontline officers to support capability, safety and welfare.

- d) The opportunity to have a workforce more representative of the public we serve by recruiting more police officers, police staff and PCSOs from underrepresented groups.
- e) The continuation to support apprenticeships and the drive to increase and develop our police cadets' scheme, volunteers and specials across the West Midlands.
- f) A precept increase of £10 in line with the Council Tax referendum limit principles that applies to West Midlands Police together with the prudent use of reserves.
- g) Maintaining the Community Safety Funding and External Commissioning grants to support prevention and crime reduction activity at 2021/22 levels.
- h) Savings required to support the revenue budget in 2022/23 of £6.6m. This is based on the initial announcements and we will continue to work through the detail.

9. The implications of the 2022/23 provisional settlement are included in the table below including the 2021/22 position.

| | £m | £m |
|---|--------------|--------------|
| Pay Costs | 569.6 | 602 |
| Non-Pay Costs | 155.2 | 136.9 |
| External Income | -70.5 | -42.3 |
| Force Costs | 654.3 | 696.5 |
| Office for the PCC | 2.8 | 2.9 |
| Community Safety | 6.4 | 4.1 |
| External Commissioning and Active Citizens Fund | 2.2 | 2.1 |
| PCC Costs | 11.4 | 9.1 |
| PBB Savings | -3 | -5 |
| Total Costs | 662.7 | 700.6 |
| Police Grants | -528.6 | -559.4 |
| Precept | -126.2 | -135 |
| Planned Use of Reserves | -7.9 | 0.4 |
| Savings Required | 0 | 6.6 |

10. WMP's 2022/23 provisional base budget includes provisions for the 2022 pay award for all officers and staff at 2.5%, inflationary pressures on non-pay, attrition and recruitment in line with the Force's workforce plan and pay and non-pay budgets in relation to the uplift of officers. It is forecast that £6.6m of savings will be needed to balance the revenue budget in 2022/23, however we continue to work through the details, in the coming weeks. In addition to the £6.6m savings requirement, we are expecting to set a priority-based budgeting savings target as well as undertake thematic reviews. At the meeting of the panel on the 31 January 2022 further details will be provided as how the budget for the 2022/23 will be balanced.

COUNCIL TAX ISSUES

11. The 2021 spending review and budget provides Police and Crime Commissioners (PCCs) in England with the flexibility to increase funding, in each year of the spending review period, with a £10 council tax increase based on a Band D property. An increase above £10 would require a referendum to take place.
12. The following table sets out what the £10 would mean for local Council Tax Bands: -

| Band | Statutory Proportion | 2021/22 Precept £: p | 2022/23 Precept £: p | Change Annual £: p | Change Weekly £: p |
|---------------|----------------------|-------------------------|-------------------------|-----------------------|-----------------------|
| Band A | 6/9 | 118.37 | 125.03 | 6.66 | 0.13 |
| Band B | 7/9 | 138.09 | 145.87 | 7.78 | 0.15 |
| Band C | 8/9 | 157.82 | 166.71 | 8.89 | 0.17 |
| Band D | 9/9 | 177.55 | 187.55 | 10.00 | 0.19 |
| Band E | 11/9 | 217.01 | 229.23 | 12.22 | 0.24 |
| Band F | 13/9 | 256.46 | 270.91 | 14.45 | 0.28 |
| Band G | 15/9 | 295.92 | 312.58 | 16.66 | 0.32 |
| Band H | 18/9 | 355.10 | 375.10 | 20.00 | 0.38 |

13. The Commissioner is consulting on a precept increase of £10 per year based on a Band D property. For Band D Council Taxpayers in the West Midlands this increase would be 83 pence per month and the police precept in the West Midlands would still be amongst the lowest in the country. It is important to note the majority of properties in the West Midlands are below Band D so the increase will be less than £10 on average.
14. The graph in Appendix One shows the Council Tax precept Band D levied across all forces for 2022/23 if all Police and Crime Commissioners increase their precept by £10. The graph demonstrates the West Midlands will continue to have the second lowest policing council tax precept in the country at £187.55 for a Band D property. This is compared to £315.61 for the highest and significantly less than its nearest neighbours and other similar forces. For example, neighbouring police Band D council tax precepts with a £10 increase in 2022/23 will be as follows:
- Staffordshire £248.97
 - Warwickshire £262.96
 - West Mercia £250.19
15. The provisional settlement to allow flexibility to increase the Band D precept by up to £10 would generate an additional £8.9m in 2022/23. There is a risk that the council tax base will reduce in 2022/23 as a result of the economic impacts of COVID-19 and increased inflationary pressures affecting household incomes. We will not know the implications of this until January 2022 when local authorities declare their individual tax bases.

CAPITAL PROGRAMME

16. The main items in the capital programme contained in the table below include major investments in the Force Estates Strategy and the capital investment required for the national uplift in officers. In addition, there is funding for the vehicle replacement programme, IT and Digital capital strategy and general equipment. The capital programme will be financed by a combination of revenue contributions, capital receipts and additional borrowing as required.

| Capital Programme Breakdown | 2021/22 Current Budget £m | 2022/23 Proposed Budget £m | 2023/24 Proposed Budget £m | 2024/25 Proposed Budget £m | 2025/26 Proposed Budget £m | Total Capital Programme £m |
|---|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|----------------------------------|
| Business as Usual: | | | | | | |
| Fleet | 4.0 | 4.3 | 4.6 | 4.7 | 4.8 | 22.4 |
| Fleet Uplift | 0.7 | 0.3 | 0.5 | 0.5 | 0.5 | 2.6 |
| IT & Digital BAU | 9.4 | 9.8 | 2.6 | 3.8 | 3.8 | 29.5 |
| IT & Digital Uplift | 0.4 | 0.5 | 0.2 | 0.2 | 0.2 | 1.6 |
| Body Worn Video | 0.7 | 0.7 | 1.4 | 1.0 | 1.0 | 4.8 |
| Equipment / Major Tech Replacement | - | - | 7.0 | 7.0 | 7.0 | 21.0 |
| BAU | 15.1 | 15.7 | 16.3 | 17.3 | 17.4 | 81.8 |
| Control Works | 0.3 | - | - | - | - | 0.3 |
| Estates Strategy | 9.2 | 14.7 | 42.3 | 35.7 | 16.5 | 118.3 |
| Total Capital Programme | 24.6 | 30.3 | 58.6 | 52.9 | 33.9 | 200.4 |
| BAU Funded by: | | | | | | |
| Revenue Contributions | 14.8 | 15.2 | 14.8 | 14.5 | 17.4 | 76.8 |
| Use of Reserves as RCCO | - | 0.4 | 1.5 | 2.8 | - | 4.7 |
| Capital Grant | 0.7 | - | - | - | - | 0.7 |
| Estates Strategy Funded by: | | | | | | |
| Mix Borrowing / Capital Receipts / RCCO | 9.2 | 14.7 | 42.3 | 35.7 | 16.5 | 118.3 |
| Total Capital Financing | 24.6 | 30.3 | 58.6 | 52.9 | 33.9 | 200.4 |

KEY ISSUES FOR PANEL CONSIDERATION

17. The Panel is asked to consider the following: -

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

- The commitment to maintain the numbers of police officers and PCSOs in line with the Medium-Term Financial Plan.
- Deliver the Police Uplift Programme for West Midlands Police.
- 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 Estates Strategy, Continuous Improvement Programme and Priority-Based budgeting.
- The continued commitment to maintain the Community Safety Funding and External Commissioning at 2021/22 levels.
- A savings requirement of £6.6m. Details as how this will be met will be detailed in the report to panel on the 31 January 2022.

(b) Subject to the outcome of the Commissioner's budget consultation, a precept increase of £10 on Band D properties and the associated increase on all other properties in 2022/23.

Mark Kenyon
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Appendix One

Police Precept, England and Wales - 2022-23 Band D Precept (assuming all PCCs increase precept by £10)

