



STRATEGIC POLICING AND CRIME BOARD 1 December 2015

Comprehensive Spending Review 2015 and 2016/17 Budget Setting Process

PURPOSE OF REPORT

1. This report provides an update on the Comprehensive Spending Review (CSR) 2015 and the budget process to be followed to set the police precept for 2016/17.

BACKGROUND

2. The CSR announced by central government on 25 November 2015 set out the government's spending plans for the four financial years starting April 2016.
3. Although the CSR provides an indication of the level of police funding over the next four financial years, the West Midlands police funding settlement for 2016/17 will not be known until 17 December 2015 when the government announces funding levels for each force.

CSR 2015 AND THE IMPACT ON POLICE FUNDING

4. The main headlines from the CSR 2015 include:-
 - Central Government resource for funding to policing will be reduced by 1.3% in real terms over 4 years. This was confirmed in a letter from the Home Secretary on the 25 November 2015.
 - The government will invest £500m in counter terrorism which is a 30% increase on current spending to protect the UK from the on-going threat posed by terrorism.
 - Investment of nearly £1 billion in new mobile technology through the Emergency Services Mobile Communications Programme. Also up to £1.65 billion of funding to drive closer collaboration between forces on specialist capabilities.
 - Providing flexibility to PCC's in areas which have historically kept council tax precepts low which includes West Midlands Police. This is through allowing council tax precepts to rise by £5 per year rather than 2% per year over the spending review period.

- An apprenticeship levy will be introduced in April 2017 at a rate of 0.5% of an employer's pay bill, to deliver 3 million apprenticeship starts by 2020.
 - The government forecasts £350m can be saved from police collaborative procurement. Details on how this can be achieved and the effect of this assumption on individual force settlements is unclear.
5. At this stage it is difficult to forecast the level of resources available to West Midlands until the Police Funding settlement is announced on 17 December 2015. In addition, although the overall police spending is protected the investment in mobile technology, counter terrorism and other areas may be funded through increased top slicing of the police main grant reducing individual Force settlements.
 6. There is expected to be only a one year funding settlement for Forces in 2016/17. This is due a further review of the police funding formula taking place in time for 2017/18. Dependent on the outcome of this review there may be a requirement for transitional support to implement the revised formula.

BUDGET SETTING PROCESS 2016/17

7. Section 40 of the Local Government Finance Act 1992 requires the Police Crime Commissioner to set a budget and precept for policing in the West Midlands by the 1st March each year. To meet this deadline the Police Reform and Responsibility Act 2011 specifies the following key dates:-
 - The PCC must issue the proposed precept relating to the budget to the West Midlands Police and Crime Panel by the 31 January each year.
 - The panel then has to respond to the Commissioner with its report on the proposed precept by the 7th February. This can include support for the proposed precept without additional qualification, support with additional recommendations and if it resolves to by the appropriate majority, to veto the precept.
 - The Commissioner then has to respond to the Panel's report on the precept by the 15 February.
 - The Panel must then finally respond to the Commissioner by 22 February.
 - The precept must be notified by the Commissioner to the Crime Panel and billing authorities by 1 March in each year.
8. To meet the above timelines a preliminary revenue budget and capital programme for 2016/17 will be considered by the board on the 5 January 2016.

FINANCIAL IMPLICATIONS

9. This report solely deals with financial issues.

LEGAL IMPLICATIONS

10. Section 40 of the Local Government Finance Act 1992, requires the Commissioner to set budget and precept by 1st March each year. The Police Reform and Responsibility Act 2011 specifies the key deadlines and process to be followed when setting the annual precept.

RECOMMENDATIONS

11. The Board is asked to note the contents of this report.

Mark Kenyon
CFO to the PCC

David Wilkin
WMP Director of Resources