



Strategic Policing and Crime Board Preliminary Revenue Budget and Capital Programme Proposals 2023/24

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1 Purpose

- 1.1 This report sets out the details of the provisional Police Grant Settlement and the preliminary revenue budget, capital programme and precept proposals for 2023/24. Further details will be presented to the Police and Crime Panel at its meeting on 6 February 2023, when the council tax base details should be available.

2 Budget Consultation

- 2.1 In view of the continued uncertainty about Government Grant levels in 2023/24, the Commissioner did not commence consultation on budget proposals for 2023/24, until the Provisional Grant announcements were reviewed on 14 December 2022. The consultation period runs until 3 February 2023.

3 2023/24 Provisional Grant Settlement

- 3.1 The total grant settlement for the West Midlands in 2023/24 is £569.7m, which is an increase of £10.3m on the 2022/23 Settlement. This is consistent with the Commissioner's medium-term financial planning assumptions. This additional grant reflects the commitments made earlier this year to maintaining the police officer uplift programme and the 2022-23 police officer pay award.
- 3.2 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 £15 per year per Band D property in 2023/24. This is an increase of £5 on the £10 announced as part of the three year Spending Review in 2021.
 - PCC's are expected to pay for the Police Staff 2022 pay award, along with 2023 pay awards from the funding settlement. This will be a significant cost to the police budget.
 - Funding for the social care levy has been removed from core funding, due to the cessation of the increased contributions in November 2022.

- PCCs will also be required to fund other significant cost pressures. These include increases in the cost of gas, electricity, fuel, and general inflation; currently at record levels, and other costs.
- Continuation of the £7m pension grant, as a flat cash grant for 2023/24.
- PCCs will have to demonstrate that they have maintained their overall headcount, comprised of their agreed Police Uplift baseline, plus their allocation of the 20,000 additional officers. For West Midlands Police (WMP) this equates to £16.8m in 2023/24, which is conditional on WMP maintaining a headcount of 7,909.
- The Government expects the police to continue to build on the progress made on improving efficiency and productivity, expecting to see at least £100m of cashable efficiency savings by 2024/25. In 2021/22, policing made efficiency savings of almost £40m, including cashable savings of £25m and non-cashable savings of £15m. In addition, the National Police Chiefs' Council has been commissioned to conduct a review of operational productivity in policing.
- For 2023/24, the Government will maintain settlement funding for programmes that prevent crime and help keep communities safe, including:
 - Funding to combat serious violence, including Violence Reduction Units and Grip 'hotspot policing' programme.
 - Delivering on the commitments made in the 10-year drug strategy, by prioritising funding to clamp down on drugs and County Lines activity, which has already achieved 2,900 county line closures since 2019.
 - Continuing to invest in tackling exploitation and abuse, including child sexual exploitation and modern slavery.
 - Prioritising Regional Organised Crime units, ensuring they are equipped with the specialist capabilities and dedicated resource needed to support law enforcement, in confronting serious and organised crime.

4 Responding to the Provisional Settlement

4.1 The Commissioner has the following observations on the provisional settlement:

- The £15 increase in the precept is required and is not discretionary for areas such as the West Midlands, that are significantly reliant on funding from Central Government and has the second lowest precept level nationally.
- Although the settlement states forces should exhaust all options to balance the budget prior to looking to increase the precept, due to the nature of West Midlands Police funding and the current financial climate, the government has effectively mandated an increase in the precept by £15 per annum, per Band D property.
- The combined increases in grant and precept will not be sufficient to cover the pay and other significant inflationary pressures for 2023/24. The harsh reality is that West Midlands Police is facing a £28.1m deficit in 2023/24.

- The ability to raise the precept by £15 continues to shift the burden of police funding from Central Government, to local taxpayers in order to maintain the current level of policing.
- On the government’s own analysis, West Midlands Police will receive the fifth worst financial settlement of any Force in the country. This will be a below inflation 3.3% rise, compared to the 4.3% rise given to areas such as Hertfordshire, Sussex and Wiltshire.
- 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.

5 Budget Proposals

5.1 In framing these outline budget and precept proposals, the Commissioner has had regard to:

- The priorities in 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 2026, leaving only those reserves that are required for the day to day operation of the Force.
- West Midlands Police continue to drive efficiency across the Force to increase capability and capacity.

5.2 The table below compares the 2022/23 budget with the updated 2023/24 Medium Term Financial Plan (MTFP).

Revenue Budget, £m	2022/23 including CWG	2023/24 MTFP
Pay Costs	656.8	672.5
Non-Pay Costs including Projects	244.2	176.3
External Income	(198.5)	(105.0)
Force Costs	702.5	743.8
Office for the PCC	2.9	3.0
Community Safety	3.9	3.9
External Commissioning	2.1	2.1
PCC Costs	8.9	9.0
Total Costs	711.4	752.8
Police Grants	(563.7)	(569.7)
Precepts	(134.6)	(149.3)
Planned Use of Reserves	(13.1)	(5.7)
Funding Gap	0.0	28.1

5.3 The 2023/24 (MTFP) outline base budget includes all 2022 pay awards, provisions for the 2023 pay award for all officers and staff at 3.0%, inflationary pressures on non-pay, and attrition and recruitment in line with the Force's workforce plan.

5.4 In line with existing planning assumptions, a funding gap of £28.1m is estimated. To address this funding gap a number of initiative's have been put into place. These include:

- For 2022/23, WMP are currently holding police staff vacancies, with operational exceptions, have frozen Police Community Support Officers (PCSO) recruitment in the short term, reduced capital expenditure for IT and fleet and have reviewed / reduced agency spend where possible. This has created an in-year underspend of £5.6m to date. This will be transferred to reserves and drawn down to help balance the 2023/24 budget, allowing time to generate more long-term solutions to balance the budget.
- Reducing the Revenue Contributions to Capital to fund the 2023/24 capital programme, without impacting on delivery of business as usual replacements, WMP have borrowed £7m to fund part of the short-term capital programme.

5.5 A priority-based budgeting style exercise is underway across WMP to review and identify how the budget gap will be managed as part of the budget build exercise. This includes reducing overtime by £4m. At the meeting of the Panel on the 6 February 2023, further details will be provided as to how the budget for 2023/24 will be balanced.

6 Council Tax Issues

6.1 In recognition of the pressures faced by policing, the provisional settlement has allowed for greater flexibility from the Spending Review 2021, when setting budgets for 2023/24. Therefore, the referendum limit for PCCs in England for 2023/24 will be

£15, an additional £5 precept flexibility over and above the announcement made at Spending Review 2021.

6.2 The following table sets out what the £15 would mean for local Council Tax Bands:

Band	Statutory Proportion	2022/23 Precept £: p	2023/24 Precept £: p	Change Annual £: p	Change Weekly £: p
Band A	6/9	125.03	135.03	10.00	0.19
Band B	7/9	145.87	157.54	11.67	0.22
Band C	8/9	166.71	180.04	13.33	0.26
Band D	9/9	187.55	202.55	15.00	0.29
Band E	11/9	229.23	247.56	18.33	0.35
Band F	13/9	270.91	292.57	21.66	0.42
Band G	15/9	312.58	337.58	25.00	0.48
Band H	18/9	375.10	405.10	30.00	0.58

6.3 The Commissioner is consulting on a precept increase of £15 per annum, per band D property. For Band D Council Taxpayers in the West Midlands this increase would be £1.25 per month. 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 £15 on average.

6.4 The graph in Appendix One shows the Council Tax precept Band D levied across all forces for 2023/24, if all Police and Crime Commissioners increase their precept by £15. The graph demonstrates the West Midlands will continue to have the second lowest policing council tax precept in the country at £202.55 for a Band D property. This is compared to £315.61 for the highest in England and significantly less than neighbouring forces.

6.5 The provisional settlement to allow flexibility to increase the Band D precept by up to £15 would generate an additional £13.1m in 2023/24. There is a risk that the council tax base will be lower than planned for 2023/24 as a result of the economic impacts of increased inflationary pressures affecting household income. We will not know the implications of this until January 2023, when local authorities declare their individual tax bases.

7 Capital Programme

7.1 The main items in the capital programme contained in the table below, include major investments in the Force Estates Strategy and maintaining the vehicle replacement programme, IT and Digital capital strategy, major equipment such as Tasers and Body Worn Video and general equipment. The capital programme will be financed by a combination of revenue contributions, capital receipts and additional borrowing as required.

Capital Programme, £m	2022/23	2023/24	2024/25	2025/26	2026/27	Total
Fleet	4.7	5.1	5.7	6.4	6.6	23.8
Body Worn Video	0.7	1.4	1.0	1.0	1.0	4.3
Taser	0.0	0.0	0.0	1.8	1.0	2.8
Mobility Devices	2.5	3.0	3.0	3.0	3.0	12.0
Laptops / Desktops	2.0	2.0	2.0	2.0	2.0	8.0
IT Infrastructure	5.9	4.0	5.5	5.5	5.5	20.5
Total Business as Usual Capital	15.8	15.5	17.2	19.7	19.1	71.4
Estates Strategy	6.6	36.8	33.0	25.0	27.5	122.3
Total Capital Programme	22.4	52.3	50.2	44.7	46.5	193.8
Business as Usual Funded by:						
Revenue Contributions	15.8	8.5	17.2	19.7	19.1	64.4
Borrowing	0.0	7.0	0.0	0.0	0.0	7.0
Estates Strategy Funded by:						
Planned Borrowing	2.0	33.6	30.0	15.0	12.3	90.9
Capital Receipts	4.6	3.2	3.0	10.0	15.2	31.4
Total Funding	22.4	52.3	50.2	44.7	46.5	193.8

8 Recommendations

8.1 The Board is asked to note the Commissioner's 2023/24 budget, which includes provision for:

- Maintaining police officers in line with 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.
- A savings requirement of £28.1m. Further details as how this will be met will be detailed in the report to Police and Crime Panel on the 6 February 2023.

8.2 Subject to the outcome of the Commissioner's budget consultation, a precept increase of £15 per annum, per Band D property and the associated increase on all other properties in 2023/24.

9 Finance Implications

9.1 This report solely deals with financial issues.

10 Legal Implications

10.1 The production of the PCC's Accounts is governed by the Local Government Act 1982 and Regulations made under that Act. The Local Government Act 1988 requires the PCCs to make arrangements for the proper administration of their financial affairs.

11 Equalities Implications

11.1 This report solely deals with financial issues.

12 Appendix One

12.1 Police Precept, England and Wales – 2023/24 Band D Precept (assuming all PCC's increase precept by £15)

