



Office of the  
**Police & Crime  
Commissioner**  
West Yorkshire

## **POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE**

### **REVENUE AND CAPITAL BUDGET 2018/19**

## EXECUTIVE SUMMARY

- The Police and Crime Commissioner (PCC) is required to determine the council tax requirement for 2018/19, calculate the Band D police council tax and issue the precept to the Billing Authorities by 1 March 2018.
- There is a requirement to notify the Police and Crime Panel of the proposed precept and for the Panel to issue a report to the Police and Crime Commissioner.
- The settlement was a one year only settlement which for West Yorkshire was a flat cash settlement. The written ministerial statement did indicate that the settlement for 2019/20 would be at a similar level subject to efficiency targets being met. At this stage it is not clear what the targets are.
- Levels of capital support were notified with the provisional settlement maintaining the West Yorkshire capital allocation at £1.8m
- Strategic planning has been based upon the PCC's Police and Crime Plan 2016-2021, the West Yorkshire Police Strategic Assessment, based on threat risk and harm, and organisational transformation being managed through the Programme of Change. The Police and Crime Plan was designed in partnership and then refined following consultation with a wide range of third sector, criminal justice, community safety and policing partners. The Police and Crime Plan is used for planning, commissioning and performance management purposes.
- Utilisation of surplus balances, available through early achievement of savings in previous years, has been targeted on community safety and investment in West Yorkshire Police to facilitate the delivery of the transformational change required to ensure its continuing efficiency and effectiveness in the face of the very significant budget reductions required.
- The PCC is working with partners to look at how we work better together to make the best use of diminishing resources and continue to provide improved services to the public.
- After consideration of the draft revenue budget and capital programme for 2018/19, the PCC evaluated two options, namely a £5 on the Band D equivalent increase in Police Council Tax and a £12 increase on the Band D before notifying the Police and Crime Panel of his intention to increase the Band D council tax by £12 per annum, to £162.95 allowed under the revised government's referendum criteria.
- £11.37m of reserve funding is planned to be used for the "Fusion Programme" in 2018/19. This will deliver the transformation of support services to operational staff and officers.
- The Police and Crime Panel supported the PCC's precept proposal at their meeting on 2 February 2018.
- This will result in a budget of £436.28m. The budget allows for the recruitment of 143 police officers and staff and the increase of PCSO numbers to 603 despite a further reduction of partner funding.

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## 1. PURPOSE OF THE REPORT

- 1.1 To provide the relevant information to allow the PCC to approve the revenue budget, capital budget, precept and council tax for 2018/19.

## 2. RECOMMENDATIONS

- 2.1 It is recommended that:

### Revenue

- i) The proposed budget for the Office of Police and Crime Commissioner for 2018/19, as set out in Appendix A, be approved.
- ii) The proposed budget for force requirements and the Chief Constable's proposed allocation of resources for 2018/19, as set out in the Medium Term Financial Forecast at Appendix F, be approved.
- iii) The County's taxbase for the year 2018/19, as calculated and notified by the five District Councils, be noted at 643,236.5
- iv) The PCC agrees the statutory calculations for the year 2018/19, as required by the Localism Act, 2011, as follows:

	2018/19	£
a)	The Commissioner's council tax requirement for the year. The aggregate of the amounts which the authority estimates for the items set out in section 42B of the Local Government Finance Act 1992 (as amended by section 75 of the Localism Act 2011) (gross expenditure less gross income)	104,814,929
b)	The basic amount of council tax for the year - council tax requirement divided by the taxbase. Calculated in accordance with the formula set out in section 42B of the Local government Finance Act 1992 (as amended by section 75 of the Localism Act 2011)	162.9493

- v) The Commissioner, in accordance with section 40(2) of the Local Government Finance Act 1992 (as amended by schedule 7 of the Localism Act, 2011), sets the following amounts of council tax for the year 2018/19 for the valuation bands shown below:

<b>Valuation Band</b>	<b>(£)</b>
A	108.6329
B	126.7383
C	144.8439
D	162.9493
E	199.1603
F	235.3712
G	271.5822
H	325.8986

vi) The PCC issues a precept of £104,814,929 for the financial year ending 31 March 2019 and authorises his Chief Finance Officer to issue a formal precept demand as follows:

a) to pay the following amounts, calculated in accordance with section 48 of the Local Government Finance Act 1992:

	<b>£</b>
Bradford	22,869,608
Calderdale	9,917,787
Kirklees	19,190,539
Leeds	36,672,587
Wakefield	16,164,408

b) and to make 12 equal payments to the PCC around the 15th day of each month or the following banking day.

vii) **Use of Balances**

The level of balances and reserves as set out at Appendix E be approved.

## **Capital**

- viii) The revised capital budget for 2017/18 and the capital budget for 2018/19 set out at Appendix D be approved.

## **Section 25 Report**

- ix) The Chief Finance Officer's report on the robustness of estimates and adequacy of reserves be accepted.

## **Earmarked Reserves**

- x) The protocol for earmarked reserves at Appendix G be approved.

## **3. STATUTORY REQUIREMENTS**

- 3.1 The PCC is required by the Local Government Finance Act 1992 as amended by the Localism Act 2011 to set a Council Tax Requirement and issue a Precept for the following financial year prior to 1 March. In setting a Council Tax Requirement, the PCC must calculate and agree the aggregate of revenue expenditure, contingency provision and level of reserves.
- 3.2 The Council Tax Requirement, which for the PCC is identical to the Precept, is calculated by deducting the sum of Formula Funding Grant including any addition to or contribution from reserves and after taking account of any surplus or deficit on the Billing Authorities' Collection Funds.
- 3.3 The Precept may only be issued following the conclusion of the scrutiny process by the West Yorkshire Police and Crime Panel. The PCC was required under Schedule 5 of the Police Reform and Social Responsibility Act 2011 and associated regulations to notify the Police and Crime Panel of the proposed precept for 2018/19 by 1 February 2018.
- 3.4 The Panel must review the proposed precept by 8 February and make a report to the PCC. The Panel has a right to veto the proposed precept if at least two thirds of the persons who are members of the Panel at the time when the decision is made vote in favour of making that decision.
- 3.5 The PCC must have regard to and give the Panel a response to their report. Where no veto is exercised the PCC may issue the precept. If the PCC's proposal is vetoed by the Panel, a revised proposal must be notified to the Panel by 15 February.
- 3.6 The Panel must review the revised proposal and make a report to the PCC by 22 February. The PCC must respond to the report and issue his precept by 1 March.
- 3.7 Rejection by the Panel of the revised precept does not prevent the PCC issuing it as his precept for the forthcoming financial year.
- 3.8 The Local Government Act 2003 places a duty on the PCC's Chief Finance Officer to make a report to him on the robustness of the estimates and the adequacy of the reserves, and this is included later in this paper.

## **4. FORECAST OUTTURN 2017/18**

### **PCC's budget**

- 4.1 The forecast outturn for the Office of the Police and Crime Commissioner is set out at Appendix A.

### **West Yorkshire Police Delegated Budget**

- 4.2. The latest budget monitoring report covers the period 1 April 2017 to 31 January 2018. The updated Force Revenue Budget for the year at outturn prices is £417.9m (excluding collaboration) At 31 January 2018 there was an underspend of £3.9m (1.2%) against profiled budgets to date. This reflects the significant work during the year to achieve savings plans and comprises of £2.5m underspend in pay, overtime and pension costs and a £1.4m early savings on other running costs and income budgets.
- 4.3. All individual departmental and district savings targets are on track to be achieved by 31 March 2018.
- 4.4. The latest year end forecast position is an underspend of around £3.8m but much depends on staff turnover rates, organisational change costs, operational pressures and the scale of any spending pressures bids approved by the Chief Officer Team.
- 4.5. Tight financial management continues in an effort to ensure that any emerging spending pressures are funded by in-year savings and the in-year underspend is maximised. This approach will enable West Yorkshire Police to absorb the additional costs of a number of additional spending pressures.
- 4.6. The Capital Budget 2017/18 at 31 January 2018, excluding the National Police Air Service (NPAS), is £42.963m. Expenditure as at 31 January 2018 was £31.67m, with commitments of £9.394m held on the financial system.

## 5. REVENUE RESOURCES 2018/19

### Police Grant Settlement 2018/19

5.1 The Police Settlement was announced on 19 December 2017 in a written ministerial statement and included the following key points:

- The settlement was a one year only settlement which for West Yorkshire was a flat cash settlement. The written ministerial statement did indicate that the settlement for 2019/20 would be at a similar level subject to efficiency targets being met. At this stage it is not clear what the targets are.
- The funding settlement required inflation costs and pay rises to be absorbed into the budget. For West Yorkshire unavoidable inflation and pay rise costs to be absorbed in 2018/19 are over £9m.
- An increase in top slicing from £812m in 2017/18 to £945m in 2018/19 (16% increase):

<b>Police Funding</b>	<b>2017/18 (£m)</b>	<b>2018/19 (£m)</b>
<b>Total Reallocations and adjustments, made up of:</b>	<b>812</b>	<b>945</b>
PFI	73	73
Police technology programmes (including the Emergency Services Mobile Communication Programme)	417	495
Arm's length bodies (HMICFRS, College of Policing, IPCC)	54	63
Strengthening the response to Organised Crime	28	42
Police transformation fund	175	175
Special Grant	50	93
Pre-charge bail	15	4

- Damping of the funding formula remains unchanged in 2018/19, that is, all PCCs receive the same average cut in government funding. This hits areas like West Yorkshire, with some of the greatest needs, the hardest, due to our greater reliance on government grant (75% of our direct resource allocation).
- Capping criteria has had additional flexibility built in so that Police and Crime Commissioners are able to increase the band D equivalent charge by up to £12 a year without triggering a local referendum. West Yorkshire remains the 3<sup>rd</sup> lowest Police Council Tax in England and Wales.

## Funding

### 5.2 Core Funding

	2018/19 £000	2017/18 £000
DCLG/Formula Funding	127,500	127,500
Home Office Police Grant	169,131	169,131
Total Formula Funding	<b>296,631</b>	<b>296,631</b>

### 5.3 Localised Council Tax Support and Legacy Council Tax Freeze Grant

Payment of localised council tax support and legacy council tax freeze grant is now funded through the Home Office. West Yorkshire's allocation for 2018/19 is **£16.7m**, which is in line in cash terms with the 2017/18 allocation. At this stage we do not know if the legacy council tax freeze grant will be built into the core grant in future years. The £296.631m core funding shown above added to the £16.7m referred to in this paragraph gives the total external support shown in the MTF of £313.3m.

5.4 The 2018/19 budget includes the Community Safety Fund (CSF), the grant for which was £5.292m in 2013/14 (base line). The PCC has agreed to continue to passport the CSF to local government partners for an additional year continuing his strong commitment to partnership working and joint working.

### Other Grants

### 5.5 Counter Terrorism Specific Grant

Allocations to Counter Terrorism units will be announced further into the year, but will not be made public. Funding will be increased from £670m to £757m overall nationally.

### 5.6 Capital Grant

The capital budget provisional settlement is £1.8m which is the same level in cash terms as 2017/18. £1.8m is a continued reduced level of funding for capital which again requires continued use of reserves to continue to transform the organisation, making it fit for the future.

### 5.7 Other Resources

The PCC has been notified of monies due to or from the District Councils' Collection Funds. There will be an overall surplus of £1.19m to be carried to 2018/19 and this has been included in the figures presented.

### 5.8 Council Taxbase

The taxbase, which represents the number of Band D equivalent properties in the county, was notified to the PCC by the Billing Authorities at 643,236.5, as compared with the 2017/18 figure of 628,989.26.

## 6. COUNCIL TAX REFERENDUM LIMITS

- 6.1 On 19 December, the Secretary of State for Communities and Local Government published details of the referendum principles for English local government alongside the provisional settlement. He announced that all PCCs would have the flexibility to increase their Band D precept by up to £12 (and therefore all other bands with the £12 adjusted by the proportion of Band D that their band makes up).

This revised principle is used to determine whether a police council tax increase is “excessive” which would hence trigger a local referendum.

The PCC has recently undertaken a ‘Community Conversation’ to gain views from members of the public around policing. Due to the late announcement of the draft funding settlement for policing, the survey was issued before the additional flexibilities were announced. The survey results do however still provide a clear indication on the part of the majority of respondents that they are willing to pay more to have additional front line policing. One aspect of the survey was to ask whether or not respondents would be prepared to pay additional council tax for policing next year **78.9% of respondents said they would be prepared to increase their contribution.**

## 7. CAPITAL RESOURCES 2018/19

- 7.1 Capital expenditure may be financed in the year it is incurred by a variety of means including the application of capital grants, use of capital receipts or by a charge directly on the revenue budget. Financing expenditure by loan allows the capital cost to be charged to revenue over a number of years, the charge being the minimum revenue provision or MRP. The interest due on external borrowing undertaken in support of the loan financing is also a charge to the annual revenue budget.
- 7.2 West Yorkshire’s capital allocation is as follows:

	2018/19 £m	2017/18 £m
<b>Capital Grant Allocation</b>	1.8	1.8

- 7.3 There is no restriction, other than affordability, on the amount of capital expenditure that may be financed immediately from the revenue budget, referred to as direct revenue support.
- 7.4 Under the Local Government Act 2003, the PCC is able to determine how much capital expenditure he can afford to finance by unsupported or prudential borrowing (which does not attract any government grant) having regard to the Prudential Code issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Act requires that the Police and Crime Commissioner set an affordable limit for borrowing each year in accordance with the Code, subject to the scrutiny of the external auditor. The prudential indicators, including the authorised limit for borrowing, are set out in the Chief Finance Officer’s report on treasury management.

## **8. REVENUE BUDGET 2018/19**

### **PCC Budget**

- 8.1. The draft budget for the Office of Police and Crime Commissioner is set out at Appendix A. Work is ongoing on prioritising functions within the office, and seeking alternative funding streams to enable the office to better meet the different demands required in supporting the PCC.

### **West Yorkshire Police Delegated Budget**

- 8.2 The medium term financial forecast reflects the following key issues and assumptions:
- Government funding is assumed £313.323m every year of the MTFF although the Ministerial Letter indicated this was only guaranteed to 2019/20.
  - Consolidate 1% Bonus and Pay inflation assumed at 2% per annum (effectively 3% in 2018/19 and 2% thereafter)
  - Non Pay inflation assumed at 2% per annum.
  - Precept increase has been at £12 on the band D for 2018/19
  - Back Office transformation (Fusion) costs and benefits have been taken from the latest estimates.
  - Emergency Services Network airwave menu savings of £2.6m have been built in from 20/21.
  - We have assumed a maximum of 100 officers leaving West Yorkshire Police on the voluntary exit scheme for each of the next three years, starting this financial year.
  - Where partner funding for PCSOs has decreased the gap is funded through reserves
  - £11.37m of reserve funding in 2018/19 to deliver the “Fusion Programme” to transform the functions that support operational staff and officers.
- 8.3 The summary movement statement from 2017/18 to 2018/19 is attached at Appendix B, and the impact on force strength is shown at Appendix C.

## **9. CAPITAL PROGRAMME 2018/19**

- 9.1 The draft Capital Budget for 2018/19 and forecast through to 2020/21 with associated funding is attached at Appendix D. The draft budget only includes schemes/projects that have already been considered and included in the 2017/18 budget and beyond. This includes:
- Investment in a new District Headquarters in Kirklees
  - a continuing programme of Minor Works and Health and Safety works;
  - a continuing programme of Estates/Asset Rationalisation works;
  - IT replacement programme; and
  - Vehicle Equipment replacement programmes.
- 9.2 Bids for new capital expenditure are subject to business case approval through the Joint Executive Group with final sign off from the PCC.

9.3 A funding strategy for the period of the forecast is shown at the bottom of Appendix D. It includes Capital Grant of £1.53m for each year of the programme beyond 2018/19. The level of capital receipts assumed post 2017/18 in the programme totals £12.85m and reflects the Estates Department's latest assessment based on planned disposals over the period of the forecast. Direct Revenue Support for 2018/19 is £0m reflecting the need for savings as a consequence of the late announcement of the budget reduction by the Home Office. It is anticipated that by 2018/19 an element of prudential borrowing will be required, currently forecast at £1.6m for 2018/19 £22.2m for 2019/20 and £10m for 2020/21. Final business cases requiring this funding are yet to be finalised but are nearing completion and therefore have been built into the capital programme.

9.4 While interest rate forecasts do not currently indicate any immediate prospect of sharp increases in borrowing rates, it would be prudent to have sufficient funds available to take advantage of the historically low rates currently on offer from the Public Works Loans Board should the situation look likely to change. Rather than include this in the base budget and risk continued underspends, the reserve was created to allow for the flexibility to take up part or all of the under borrowing at short notice without the need for any additional budget approval.

## 10. STRATEGIC PLANNING

10.1 Strategic planning has been based upon the PCC's Police and Crime Plan 2016-2021, the Force Strategic Assessment (based on threat risk and harm), and organisational transformation being managed through the Programme of Change. The Police and Crime Plan was designed in partnership and then refined following consultation with a wide range of third sector, criminal justice, community safety and policing partners. The Police and Crime Plan is used for planning, commissioning and performance management purposes.

## 11. OPERATIONAL CONTEXT AND WORKFORCE PLANNING

11.1 The 2018/19 budget is based upon the following numbers at 31 March 2019:

	<b>Officers</b>	<b>Staff</b>	<b>PCSOs</b>	<b>Total:</b>
Total FTEs	4,911	3442	603	8956
National or Regional Commitments including, NECTU, Regional Crime NPAS, Regional Scientific Support, VIPER and national firearms.	328	742		1070
<b>WY core availability</b>	<b>4,583</b>	<b>2700</b>	<b>603</b>	<b>7886</b>

11.2 West Yorkshire Police have appointed 481 new student officers this financial year to date and there are plans to appoint a further 48 before the end of March 2018. In addition West Yorkshire Police have appointed 82 transferees since 1 April 2017 and a further six are to be appointed in February. This takes the total number of new police officers appointed in 2017/18 to 617. This is the highest number of officers appointed in several years and a net increase of 206.

11.3 PCSO recruitment has continued throughout the year, with 131 new appointments being made to date and a further 20 being appointed in February. This means that as of 31 January 2018 the total strength was 601 PCSO's (FTE). This is following additional recruitment in 2017/18 over and above initial planning of 571 for 2017/18.

11.4 The 2018/19 proposed budget allows additional budgeted posts for West Yorkshire as at 31/3/2019 of:

- 143 officer equivalents (officer equivalents is the term used as some specialist roles for example in Cyber Crime may not require warranted officers).
- PCSO numbers protected at 603 following additional recruitment in 2017/18 over and above initial planning of 571 for 2017/18.

The Medium Term Financial Forecast has been prepared alongside current workforce planning. The continuing Programme of Change initiatives also feed into the workforce plan and may result in the re-assessment of the workforce mix going forward to meet the outcomes and priorities included in the Police and Crime Plan.

Workforce planning includes predicting police officer leavers of each rank, PCSO and police staff leavers, workforce modernisation plans and recruitment plans, including probationers and transferees. Other variables that may impact on the recruitment strategy continue to be monitored i.e. career breaks, and secondee returns.

11.5 Despite the Government rhetoric that policing has been protected, a serious concern remains about the longer term pressures given the very significant reduction in the size of West Yorkshire Police, and the increasing demand and complexity of policing activity. The following table provides further information around the types of threats, risks and harm facing West Yorkshire Police, its partners and our communities as set out in the Police and Crime Plan.

Total Crime	Total crime per 1,000 population has increased within West Yorkshire, primarily due to improved crime recording processes. The need to ensure real increases are identified is also needed to ensure risk to the public is addressed.
Missing Persons	There has been an increase of 258% in Missing People investigations since 2013 (with over 21,000 missing people investigations recorded in 2017).
Mental Health	Protecting the vulnerable continues to place a great deal of demand on the police who are working in improved partnerships to provide the right support to those with mental health issues at the right time from the right partner but as government cuts to partners hit so are the improved services we should be all be providing.
Child Sexual Exploitation	This continues to be a key risk for West Yorkshire Police and partners, with investment in historical investigations, improved confidence to report, and large scale investigations leading to

	significant increases in reports of child sexual exploitation. There has been a 150% increase in Child Sexual Exploitation offences since 2013.
Human Trafficking	This issue continues to gather momentum in a similar way to child sexual exploitation, showing an increase in recorded incidents and referrals for support. The profile of human trafficking has also increased nationally but the true scale remains unknown.
Cyber Crime	This is a growing issue that is acknowledged to be widely under reported.
Domestic Abuse	This continues to be a key priority for West Yorkshire Police and partners and has led to the creation of a West Yorkshire Domestic and Sexual Abuse Board. There has been a 35% increase in domestic abuse related incidents since 2013.
Serious Sexual Offences	This continues to be a key priority, despite an increase in conviction rates and increased reporting.
Anti - Social Behaviour	ASB is a key concern for communities.
Road Safety	Road Safety is a key concern for communities and a priority area in the Police and Crime Plan
Economic Crime / Fraud	This is a growth area nationally and again acknowledged to be under reported.
Domestic Burglary	There is still a relatively high rate of domestic burglary, and increases have been seen again primarily due to improved crime recording processes but also due to some localised increases.

- 11.6 Other issues include organised crime, terrorism, drugs, firearms, forced marriage, female genital mutilation, community cohesion, hate crime, and public order all of which will require either significant or continued investment as demand for service remains high.
- 11.7 The longer term position also needs to ensure that our operating model remains fit for purpose for the future and growing operational challenges, e.g. cybercrime, child sexual exploitation, human trafficking, sexual offences, and domestic abuse. It also needs to take into account the changing Strategic Policing Requirement, which now includes a focus on child sexual exploitation as well as counter terrorism.
- 11.8 The above threats and risks are reflected in the 2018/19 budget through:
- Retaining the mainstreaming of the operational initiatives (Cyber Crime, Child Sexual Exploitation, Human Trafficking and historic cases) which were first funded through the core budget rather than through reserve in 2016/17 (initially these teams were funded through short term reserves).
  - Continuing to set aside additional funding for the Partnership Executive Group to provide resources for improved partnership working in areas such as domestic abuse and mental health.

- Continuing to set aside additional funding for community safety projects with our CSP partners covering areas such as preventing anti-social behaviour and road safety.
- Increasing resource in priority areas in addition to the increase to neighbourhood policing in 2017/18 including:
  - Cybercrime and digital investigations
  - Safeguarding
  - Specialist Posts within Protected Services
  - Further Neighbourhood Policing Supervision

## **12. PROVISIONS, RESERVES AND BALANCES**

- 12.1. The adequacy of provisions, reserves and general balances is reviewed as part of the budget planning process and again at the year-end during the closure of accounts. The current position is shown at Appendix E.
- 12.2 Local Authority Accounting Panel Bulletin (LAAP) 77 recommends using a risk-based approach to determine the minimum prudent amount which should be held in general balances. An exercise has been undertaken to identify the main risks likely to be faced by the force, strategic, operational and financial. An assessment is made of the likely impact on force budgets and the probability of each event occurring. The overall total resulting from this exercise is around £10.7m for 2018/19.
- 12.3 The LAAP Bulletin also requires that for each earmarked reserve there should be a clear protocol setting out the reason for the reserve, how and when it can be used, and management, control and review processes. A protocol for the PCC's earmarked reserves is set out at Appendix G for approval.
- 12.4 The PCC has agreed a strategy to utilise surplus balances (generated from the early achievement of savings required) to balance the budget during the transition to the reduced levels anticipated at the end of 2018/19.
- 12.5 The Chief Constable of West Yorkshire Police continues to implement the Programme of Change to help transform the organisation to make the required savings and meet the challenging and changing policing requirements in West Yorkshire. This organisational reform has been recognised and well received by the HMIC, which has acknowledged the serious and unequal financial situation that West Yorkshire Police are in as compared to other forces.
- 12.6 The investment in the future of policing and community safety is of paramount importance to all of us as we face unprecedented cuts and work towards the shared outcome of making sure our communities are safer and feeling safer.
- 12.7 The PCC has earmarked from the general reserve an additional £1m for Community Safety initiatives across West Yorkshire and £1m for the Partnership Executive Group Innovation Fund to continue to drive collaboration across agencies in West Yorkshire.
- 12.8 The PCC has allocated £11.37m of reserve funding in 2018/19 to deliver the "Fusion Programme" to transform the functions that support operational staff and officers.

### 13 LONGER TERM PROJECTIONS

- 13.1 Recent indications from the Home Office are that the level of funding to PCCs will be maintained at a flat cash level. Clearly this would change with any revision of the funding formula that allocates central grant. We are anticipating the formula will be revised as part of the next Comprehensive Spending Review in 2020.
- 13.2 The Medium Term Financial Forecast shows a balanced positions for 2018/19 following the use of £17.37m of reserves and the position for future years as:
- 2019/20 £4.8m shortfall
  - 2020/21 £1.023m shortfall
- 13.3 It is important to note that in planning for future years, at this point in time due to uncertainty around funding, no additional officers have been forecast for 2019/20 and beyond despite current and increasing demand pressures on the police, and the increasing complexities of policing.

### 14. COUNCIL TAX OPTIONS

- 14.1 Two options have been considered by the PCC in relation to the precept:
- 1) Increasing the Council Tax by £5 (3.32%) on the Band D equivalent
  - 2) Increasing the council tax by £12 on a band D property (7.95%) to exercise the additional flexibility given to the PCCs.

Key to the discussions was the consideration of future demands on West Yorkshire Police and the uncertainty that remains over funding for West Yorkshire in the medium to long term.

The PCC continues to work with partners to look at how we can work better together to make the best use of diminishing resources and continue to provide improved services to the people of West Yorkshire.

- 14.2 The PCC has recently undertaken a 'Community Conversation' to gain views from members of the public around policing. Due to the late announcement of the draft funding settlement for policing, the survey was issued before the additional flexibilities were announced. The survey results do however still provide a clear indication on the part of the majority of respondents that they are willing to pay more to have additional front line policing. One aspect of the survey was to ask whether or not respondents would be prepared to pay additional council tax for policing next year. The survey closes towards the end of January but as at the 12th of January, **78.9% of respondents said they would be prepared to increase their contribution.**
- 14.3 The results are shown at **Appendix H** and summarised below:

Would you be prepared to pay the proposed increase on the police element of your council tax?

NB only responses where the respondent says they pay council tax and live in West Yorkshire have been included.

**% willing to pay set suggested amounts (sample 2,257)**

No increase	1% more	2% more	5% more	10% more	More than 10%
462	220	393	679	402	101
20.5%	9.7%	17.4%	30.1%	17.8%	4.5%

14.4 In context, a £12 increase in the police precept (at Band D), based on projected taxbase levels, would provide an additional £7,718,844 of funding in cash terms into the base budget in 2018/19.

Details of the impact on police council tax for the two options shown below.

Band	Current Charge *£	Charge with £5 (Option 1) £	Increase £	Charge with Band D £12 raise £ (Option 2)	Increase £
A	100.63	103.97	3.33	108.63	8.00
B	117.41	121.29	3.89	126.74	9.33
C	134.18	138.62	4.44	144.84	10.67
D	150.95	155.95	5.00	162.95	12.00
E	184.49	190.60	6.11	199.16	14.67
F	218.04	225.26	7.22	235.37	17.33
G	251.58	259.92	8.33	271.58	20.00
H	301.90	311.90	10.00	325.90	24.00

\*Third lowest Council tax in England and Wales (see Appendix E)

14.5 A £12 increase would take the Band D police council tax for 2018/19 to £162.95 a year. Approximately 61% of households in West Yorkshire are in Bands A and B, and would pay £108.63 and £126.74 respectively, an increase of approximately 15 pence per week for band A, 18 pence per week for band B and 23 pence per week for band D.

14.6 Support was given at a recent West Yorkshire Leaders meeting for the recommended precept increase on the 19 January 2018.

## 15. The Precept Proposal

15.1 Relevant considerations for the PCC in making his decision included:

- Police and Crime Plan consultation feedback.
- Operational resilience.
- Public views obtained from the Community Conversation.
- The impact on frontline policing and the potential for recruitment of police officers in 2018/19 and beyond.

- The impact on council taxpayers.
- Future financial health, including the adequacy and utilisation of reserves and balances.
- The robustness of financial and organisational management processes in place.
- Savings made to date and the capacity for future savings.

15.2 The PCC was conscious of the current level of the police council tax which is the third lowest in England and Wales, the current difficult economic climate facing the public, and the longer term requirement to make significant additional savings in the budget.

15.3 Continuing the recruitment of police officers and specialist staff, protecting the current number of PCSOs to support the frontline as far as possible are priorities for the PCC, they were election pledges and require a sustainable source of revenue funding underpinned by the Specials and police volunteers strategy going forward.

Given the continued reductions in government support faced in this CSR period, the only means of allowing for police officer recruitment above our budgeted establishment is to increase the police council tax.

This has been a difficult decision given the current economic climate, and the PCC is acutely aware of the potential financial impact on individuals within the community, but also takes note of the public feedback with a majority supporting the level of increase proposed.

The PCC feels that, despite personal impacts in communities, maintaining core operational resilience is imperative in order to keep the communities of West Yorkshire safer, and feeling safer.

15.4 The PCC has therefore decided to support Option 2, and the MTFE and summary movement statement from 2017/18 to 2018/19 are attached at **Appendices C and D**.

15.5 The PCC notifies the Panel of his intention to increase the police council tax precept by £12 (7.95% on Band D), in line with the Home Office funding statement expectations. Each 1% on the police council tax generates around £971k in precept based on the 2018/19 tax base and is built into the base budget going forward.

15.6 The PCC's proposal would result in a budget of £436.28m. Alongside the savings made through the Programme of Change, this will allow **PCSO numbers to be increased to 603** despite the further reduction in partner funding and additional Police Officer recruitment in excess of 500 which represents a **net increase of 143 officers and specialist staff**.

## 16. ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES

16.1 Section 25 of the Local Government Act 2003 requires that a report be made by the Responsible Financial Officer to the Police and Crime Commissioner when he is considering his budget and council tax. The report must deal with the robustness of estimates and the adequacy of reserves allowed for in the proposals.

16.2 As the council tax is set before the year begins and may not be increased during the year the Commissioner must consider risks and uncertainties which might result in spending more than planned. These risks and uncertainties include

- The delivery of the significant level of savings identified to balance the budget.
- The global economic climate and in particular, levels of inflation, interest rates for borrowing and investment, security of investments, availability and viability of competitive suppliers and so on.
- A high degree of uncertainty surrounding future funding assumptions
- Risk sharing in respect of the localisation of council tax benefit
- Potential reduction in external funding from partners.
- The impact of unforeseen events which would fall initially on general balances.
- The need to meet new national standards and demands.
- The impact of increasing mandation of national contracts.

16.3 Allowance is made for these risks by:

- Making prudent allowance in the estimates on each of the budget headings.
- Ensuring that there are adequate reserves to draw on if the estimates turn out to be insufficient.
- Robust financial management processes throughout the year to identify emerging spending pressures and manage them appropriately.

16.4 With reference to robustness, the budget estimates are prepared and validated by qualified staff in the force Finance Department with due care and attention and in accordance with appropriate professional standards. The estimates are consistent with the latest assumptions on timescales for delivery of the programme of change as agreed by the Chief Officer Team.

16.5. Known spending pressures have been identified and provided for within the base budget. Provision has been made for specific inflationary pressures on both pay and prices, although some budget heads have been cash limited. Savings identified have been deducted from the budget and these have been phased in such a way that there is a justifiable expectation that they will be achieved, although the assumptions made are more significant than in previous spending review periods.

16.6. The costs of borrowing and the estimate of investment interest are based on latest forecasts of interest rate movements during the year in accordance with the Treasury Management Strategy.

16.7 The position faced by the PCC following the Government's Spending Review is very challenging based on the scale of the reductions required, and this is likely to continue beyond the current Spending Review period. Substantial effort and resources have been committed to achieving a balanced budget with least impact on service delivery. The longer term strategic planning process and organisational change programme will continue to consume significant levels of resource alongside the ongoing requirements of daily business.

16.8 On adequacy of reserves, an appropriate level of general balances has been assessed using a risk-based approach in accordance with CIPFA guidance, and the budget proposals allow for this level to be maintained. While balances are currently

adequate, there are significant uncertainties in the medium term forecast as outlined above. The adequacy of the insurance provision against estimated known liabilities is assessed throughout the year and at the year-end.

## **17. NOTIFICATION TO THE WEST YORKSHIRE POLICE AND CRIME PANEL**

- 17.1 On 25th January 2018 the PCC notified the Police and Crime Panel for West Yorkshire of his proposed precept for 2018/19. The Panel formally considered the proposal on 2nd February 2018, and, as it is required to do by law, has issued a report on that proposal.
- 17.2 The Panel considered the Commissioner's proposal and supported a £12 (7.9%) per annum increase at Band D. A copy of the Panel's report, including the recommendations made to the PCC, and the PCC's response is included at Appendix I.