

## West Midlands Police and Crime Panel - 2pm, 31<sup>st</sup> January 2022

Sandwell Council Chamber, Freeth Street, Oldbury, B69 3DB.

This meeting will be livestreamed at <https://civico.net/sandwell>

More information about the Panel, including meeting papers and reports, can be found at [www.westmidlandspcp.co.uk](http://www.westmidlandspcp.co.uk)

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### Agenda

| Supporting Document | Item     | Topic  | Approximate timings |
|---------------------|----------|--|---------------------|
|                     | <b>1</b> | <b>NOTICE OF RECORDING AND WEBCASTING</b><br><br>This meeting will be webcast for live and subsequent broadcast and members of the press/public may record the meeting. The whole of the meeting will be filmed except where there are confidential or exempt items.   | <b>14:00</b>        |
|                     | <b>2</b> | <b>APOLOGIES</b>   |                     |
|                     | <b>3</b> | <b>PANEL MEMBERSHIP</b><br><br>To note that Councillor Alex Aitken (Birmingham) has been appointed to replace Mick Brown on the Panel for the remainder of the 2021/22 Municipal Year.   |                     |
|                     | <b>4</b> | <b>DECLARATIONS OF INTEREST (IF ANY)</b><br><br>Members are reminded that they must declare all relevant pecuniary interests and /or non-pecuniary interests relating to any items of business to be discussed at the meeting. If a pecuniary interest is declared a Member must take no part in the consideration or voting thereon unless a dispensation has been obtained from the relevant Standards Committee. Any declarations will be recorded in the Minutes of the meeting.               |                     |
|                     | <b>5</b> | <b>PUBLIC QUESTION TIME</b><br><br>To receive questions from members of the public notified to the Panel in advance of the meeting.<br><br>Any member of the public who lives, works, or studies in the West Midlands (other than police officers and police staff) can ask a question at the meeting about the Panel's role and responsibilities.<br><br>Questions must be submitted in writing 4 days before the meeting to <a href="mailto:wmpcp@birmingham.gov.uk">wmpcp@birmingham.gov.uk</a> | <b>14:05</b>        |

| <b>Supporting Document</b> | <b>Item</b> | <b>Topic</b>   | <b>Approximate timings</b> |
|----------------------------|-------------|--|----------------------------|
| To follow                  | <b>6</b>    | <b>MINUTES AND ACTION TRACKER</b><br><br>To confirm the Minutes of the meeting held on 29 November 2021, notes of 10 January 2022, and review the latest version of the action tracker.                          | <b>14:20</b>               |
|                            | <b>7</b>    | <b>WEST MIDLANDS' VICTIM'S COMMISSIONER</b><br><br>Cllr Nicky Brennan, West Midlands' Victim's Commissioner has been invited to the meeting to outline her portfolio priorities.                                 | <b>14:30</b>               |
|                            | <b>8</b>    | <b>POLICE AND CRIME COMMISSIONER'S REVENUE BUDGET AND CAPITAL PROGRAMME AND PROPOSED PRECEPT FOR 2022/2023</b>   | <b>15:15</b>               |
| Attached                   | <b>8A</b>   | Report of the Panel Lead Officer setting out the Panel responsibilities under Schedule 5 of The Police Reform and Social Responsibility Act 2011 to review the Police and Crime Commissioner's proposed precept. |                            |
| Attached                   | <b>8B</b>   | Report of the Police and Crime Commissioner setting out his precept and budget proposals   |                            |
|                            | <b>9</b>    | <b>POLICE AND CRIME COMMISSIONER UPDATE</b><br><br>The Police and Crime Commissioner will update the Panel on recent activity.   | <b>16:15</b>               |
| Attached                   | <b>10</b>   | <b>PANEL WORK PROGRAMME 2021/2022</b><br><br>To discuss the Panel's work programme   | <b>16:30</b>               |
|                            | <b>11</b>   | <b>URGENT BUSINESS</b><br><br>To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chairman are matters of urgency.                                 |                            |

Report of: The Lead Officer of the West Midland Police and Crime Panel

Date: 31 January 2022

### **Review of the Police and Crime Commissioner's 2022/23 Revenue Budget and Precept and Capital Programme**

#### **1. Introduction**

- 1.1. Under Schedule 5 of The Police Reform and Social Responsibility Act 2011 the Panel must review the Police and Crime Commissioner's proposed precept. This report sets out the legal basis and process for reviewing the precept, including the requirements and steps if a veto is imposed.
- 1.2. The Police and Crime Commissioner's report is at **Agenda Item 8B**. This sets out his precept proposal and revenue budget for 2021/22 and capital programme for 2021/22 – 2024/25, together with an updated Medium Term Financial Plan.

#### **2. Recommendation**

**The Panel is asked to note the Police and Crime Commissioner's report and do one of the following:**

- a) **Support the proposed precept without qualification or comment;**
- b) **Support the precept and make recommendations to the Police and Crime Commissioner; or**
- c) **Veto the proposed precept (by the required majority of at least two-thirds of Panel members (10 members)).**

#### **3. Background**

- 3.1. A Police Precept is issued annually by the Police and Crime Commissioner under Section 40 of the Local Government Finance Act 1992. The Precept forms part of the Council Tax bills issued by the constituent authorities within the Police Force area. The Commissioner may not issue a precept until the scrutiny process by the Police and Crime Panel has concluded.

#### **4. Legislation**

- 4.1. The process and timescales are detailed in Schedule 5 of the Police Reform and Social Responsibility Act 2011 the Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012.

#### **5. Timetable**

- 5.1 The Panel's meeting schedule reflects the statutory timetable for the PCC's formal notification of the proposed precept and the review by the Police and Crime Panel.
- 5.2 The Panel must then report back to the Commissioner by 8 February.

5.3 A provisional meeting date is also held for 14 February 2022, should the Panel use its power of veto.

## **6. Reviewing the Precept**

6.1 Having considered the precept proposals the Panel must either:

- Support the precept without qualification or comment
- Support the precept and make recommendations
- Veto the proposed precept (This requires a majority of at least two thirds of the membership of the panel at that time)

6.2 The Panel make a report to the Police and Crime Commissioner.

6.3 The Police and Crime Commissioner must have regard to the Panel's report (including any recommendations) and provide and publish a response.

## **7. Veto**

7.1 A minimum of two-thirds of the total panel membership is required to veto the proposed precept. In the West Midlands this is 10 members.

7.2 In the case of a veto the Panel report made to the Commissioner must provide the reason for the veto.

7.3 The Commissioner is required to consider the Panel's report and issue a response, including a revised precept. Where the Panel vetoed because the precept was too high the revised precept shall be lower than the original proposal. Where the Panel vetoed because the precept was too low the revised precept shall be higher than the original proposed.

7.4 The Panel would meet again on 14 February 2022 to consider the Commissioner's revised precept and make a second report indicating whether the Panel accepts or rejects the revised precept, together with any recommendations made.

7.5 Rejection of the revised precept proposal does not prevent the Commissioner from issuing this as the precept for the financial year. The Commissioner shall have regard to the Panel's second report and any recommendations and provide and publish a response.

### **Supporting report:**

Item 8B Report of the Police and Crime Commissioner

### **Contact Officers:**

Christian Scade – Interim Head of Scrutiny Services, Birmingham City Council

Sarah Fradgley – Scrutiny Officer, Birmingham City Council

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## 2022/23 REVENUE BUDGET AND PRECEPT CAPITAL PROGRAMME 2022/23 – 2025/26

Report of the Police and Crime Commissioner

There is a statutory requirement for the Police and Crime Commissioner (PCC) to set the precept by 1 March, however, the Commissioner seeks to set the annual budget and precept by mid-February to assist Billing Authorities with early despatch of Council Tax Bills.

Regulations require the PCC to notify the Panel of the proposed precept by 1 February, to enable the Panel to review the precept by 8 February 2022.

The Panel does have the power to veto the proposed level and if the veto is exercised the Commissioner would need to consider the Panel's views and respond by 15 February for review by the Panel by 22 February. The Panel must respond by 22 February but rejection cannot prevent the Commissioner from issuing the precept.

The Panel's schedule of meetings in February accommodates this timetable should it be needed.

### PURPOSE

1. To set out the Police and Crime Commissioner's proposals for the 2022/23 Revenue Budget and Precept and Capital Programme 2022/23 to 2025/26.

### BACKGROUND

2. This report follows the Police Precept paper presented to the Panel at its meeting on 10 January. The Government announced the provisional police funding settlement for 2022/23 on the 16 December 2021.

### GOVERNMENT GRANT SETTLEMENT 2022/23

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 the medium-term planning assumptions. This additional grant will 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. 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 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.

## COUNCIL TAX

4. The ability to raise the council tax police precept by £10 per Band D property will generate approximately an additional income of £9.3m. This along with the police grant still does not address the inflationary / costs pressures, therefore savings programmes have been identified to meet the resulting budget gap.
5. Therefore, the increase of £10 per Band D property is not discretionary for an area such as the West Midlands that is more reliant on funding from Central Government and has the second lowest precept level nationally.
6. With the £10 increase, the West Midlands precept will still be significantly less than neighbouring police forces (for example, Staffordshire's precept in 2021/22 was £238.97 which was £61.47 above the West Midlands) – see **Appendix 2** which details Police Precept Band D rates in 2022/23 if precepts are increased by £10.

## **CONSULTATION ON BUDGET AND PRECEPT PROPOSALS**

7. The Commissioner has been undertaking a consultation on a precept increase of £10 per Band D property for 2022/23. This consultation runs until 30th January 2022. An update will be provided at the meeting on the outcome of this consultation.
8. The Commissioner also held a consultation meeting with representatives of Business Ratepayers where no specific objections were raised on a £10 increase per Band D property in 2022/23.

### **PROPOSED REVENUE BUDGET 2022/23**

9. The Commissioner is proposing a Revenue Budget for 2022/23 based on the following: -
  - (a) The continued recruitment of Police Officers, PCSOs and Police Staff to ensure that planned numbers are maintained as detailed in paragraph 11.
  - (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 the 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 to support prevention and crime reduction activity at 2021/22 levels.
  - (h) Savings required to support the revenue budget in 2022/23 of £11.3m. This is explained in greater detail in paragraph 10 below.
  - (i) The costs and benefits arising from the continued support to the Force change programme including the completion of the Our Data Programme, the Estates Strategy and other smaller projects that are underway.
  - (j) Continued work on efficiencies and productivity to redirect resources to frontline policing as a priority.
10. The table below analyses the changes between the proposed 2022/23 Revenue Budget compared to the 2021/22 budget. The subjective analysis of the proposed 2022/23 budget is shown in Appendix 1, along with the base budget from 2021/22. This enables a comparison to be made across years. Also detailed in Appendix 1 is the proposed 2022/23 Commonwealth Games (CWG). The CWG budget is included in the proposed 2022/23 budget of the PCC. The savings requirement detailed in the table below are higher than the £6.6m previously reported to panel on the 10 January 2022. This is due to pressures relating to gas and electricity prices £2.2m, the Force's learning strategy £1.4m and mobility devices £1.1m.

| Revenue Budget Movements                                   | £m           |
|--|--------------|
| 2021/22 Base Revenue Budget                                | 640.2        |
| <b>Pressures</b>   |              |
| Pay Adjustments, Inflation & Increments (A)                | 15.1         |
| Non-Pay Inflation (B)                                      | 7.3          |
| Increase in Capital Financing Requirements (C)             | 2.2          |
| Gas & Electricity Inflation (based on a 66% increase) (D)  | 2.2          |
| Movement in Change Programme (E)                           | 3.0          |
| Learning Strategy (22/23 only) (F)                         | 1.4          |
| IT Mobility Devices (G)                                    | 1.1          |
| <b>Changes in Funding</b>                                  |              |
| National Uplift Programme                                  | 20.8         |
| Remove Guardian Grant (21/22 only)                         | 3.0          |
| Movement in Ringfenced Uplift Grant                        | -2.1         |
| Remove On-Off Local Council Tax Support Grant (21/22 only) | 3.7          |
| <b>Savings</b>   |              |
| Priority Based Budgeting Exercise (H)                      | -4.2         |
| Review of police staff roles (I)                           | -1.1         |
| Review of PCDA/DHEP training requirements (J)              | -1.9         |
| Review of the Uplift Non-Pay Costs (K)                     | -3.9         |
| <b>2022/23 Base Revenue Budget</b>                         | <b>686.8</b> |

A. Provisions have been made for the introduction of the Social Care Levy. This also includes the impact of the national 2022/23 pay award (2.5% from September 2022); incremental increases and the balance of the Pay and Conditions Review that was implemented in June 2021.

The budget includes an assumed pay award of 2.5% for police officers, staff and PCSOs. We are mindful that this may increase beyond 2.5% to around 3.5%. This would add an additional pressure of £3.5m to the 2022/23 budget.

B. Provisions have been made for Non-Pay Inflation. There is a risk these could escalate further with growing inflation rates during the year.

C. Capital Financing is increasing due to the introduction of the major technology investments over the last 3-4 years. There is now a need to build in the rolling replacement of the hardware for items such as tasers, mobility devices, body worn cameras and ESN devices. This is offset by a small increase in interest receivable from investments and a review of the debt repayment policy.

D. The gas and electricity markets are currently extremely volatile, prices are in a constant state of flux. The contract price is due to be fixed on the 1<sup>st</sup> April 2022 for 12 months. Between October 2021 and December 2021, the prices have fluctuated between a combined increase of 52% and 87% (costing between £1.75m to £3.63m). As outlined above the budget is currently set on a combined increase of 66% (£2.22m).

E. The change programme on the whole is starting to wind down with projects moving to business as usual. The Estates Strategy and Connect phase 2



are the main projects remaining in the programme. The revenue budget includes £5.5m worth of building enhancements that will be funded utilising £10m held in the change programme reserve.

- F. In August 2021, WMP completed a review of learning operations, approaches and tools in order to develop a refreshed Learning Strategy, as part of Organisation Development and Learning commitments under “This Work Matters” priorities 2021. This review made a series of detailed recommendations on the future of learning delivery within WMP. In line with the outcomes and recommendations of the learning review, a business case for implementation was presented and approved by the Force Executive Team in September 2021.
- G. As part of the commitment to support agile working the Force has revised its mobility devices policy. As devices start to be refreshed during 2022/23 we will move all basic mobile phones to basic smartphone devices, to support agile working, enabling all employees to access operational apps, emails and clocking on from work, via their phone. Included within this is the additional service support. As existing users are upgraded there are also revenue implications of the capital replacement programme.
- H. The Force is continuing to run a Priority Based Budgeting (PBB) process during 2022/23, this has seen savings of £3m identified during phase 1 in 2021/22. The Force are currently working through phase 2, January to March 2022, with the commencement of phase 3 in March / April 2022. This along with an independent review of Business Transformation and Strategy and Direction and a drive towards further income generation should see the Force deliver the £4.2m savings target during 2022/23.
- I. Review of vacant police staff roles, whilst ensuring additional staff are in place to support the police officer uplift programme.
- J. The Force have reviewed the police officer training budgets linked to the student officers training through the Police Education Qualification Framework (PEQF), specifically the PCDA/DHEP courses. This is within both within business as usual and the uplift programme, having calculated the financial implications of recruitment plans savings have been identified.
- K. The national Uplift Programme came with initial setup budget in the first 2-3 years to allow for the recruitment, training, estate, vehicles etc. Factoring in the spend to date in these areas the Force will review the continued need for these additional non-pay costs.

## FORECAST STAFFING

11. The table below details the forecast staffing levels including those relating to the national uplift programme across the Force for police officers, police staff and PCSO's. There is a continued commitment to recruit up to the number of Police Officers and PCSO's outlined below:

| Workforce Breakdown    | 31/03/2023<br>FTE | 31/03/2024<br>FTE | 31/03/2025<br>FTE | 31/03/2026<br>FTE | 31/03/2027<br>FTE |
|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Police Officers        | 7,912             | 7,912             | 7,912             | 7,912             | 7,912             |
| Police Staff           | 4,232             | 4,232             | 4,232             | 4,232             | 4,232             |
| PCSO                   | 465               | 465               | 465               | 465               | 465               |
| <b>Total Workforce</b> | <b>12,608</b>     | <b>12,608</b>     | <b>12,608</b>     | <b>12,608</b>     | <b>12,608</b>     |

12. The 2022/23 funding settlement allows officer numbers to be increased by 488, split between 462 for core policing and 26 for the Regional Organised Crime Units. Police staff numbers include the approved uplift posts, along with a balance of 40FTE to manage in year uplift requirements. During 2022/23 the FTE numbers include short term funding for the Commonwealth Games and the City of Culture, however by the 31<sup>st</sup> March 2023 these posts will all of been removed. The Commissioner and Chief Constable are also working together on continued efficiencies and increasing the capability of officers and staff.

### CHANGE PROGRAMME

13. The 2022/23 revenue budget includes £12.4m of revenue expenditure relating to the Change Programme. This is for expenditure on projects such as the Estates Strategy, the completion of the Connect project, Digital Forensics, New Ways of Public Contact and the Duty Management System.
14. During 2022/23 most of the projects are expected to be completed and once closed the budgets will be transferred into business as usual. The benefits of Connect and the Estates Strategy will be delivered beyond 2022/23.

### POLICE AND CRIME COMMISSIONER

15. The proposed budget for the Police and Crime Commissioner's office for 2022/23, compared to the budget for 2021/22 is shown in the table below. The 2022/23 budget includes provisions for the impact of the national 2022/23 pay award, staff increments, increased national insurance costs and the impact of a pay and conditions review that was implemented across WMP and PCC's office during 2021. The review removed unfairness in pay bands and reduced the risk of further costs in the future.
16. The Office supports the functions of the PCC, including commissioned services, supporting victims, engaging with the public, internal audit, running grants schemes, custody visiting, managing complaints appeals and responsibility for overseeing, scrutinising and leading the police force. The Office is responsible for victim services in the region, including supporting victims of domestic abuse and sexual assault. For many of these grant funded schemes the Office absorbs the overhead ensuring the maximum amount of money is allocated to the receivers of the services. The Office continues to support projects such as the Regional Criminal Justice Forum on behalf of the four-regional force / OPCC areas.

| <b>Office of the Police and Crime Commissioner<br/>Breakdown</b> | <b>Budget<br/>2021/22<br/>£,000</b> | <b>Proposed<br/>Budget<br/>2022/23<br/>£,000</b> |
|--|-------------------------------------|--|
| Governance   | 408                                 | 311  |
| Staff and Office Support Costs                                   | 2,009                               | 2,284  |
| Consultation, ICT and Systems                                    | 112                                 | 114  |
| Police Misconduct Hearings Inc. Legally Qualified Chairs         | 35                                  | 35   |
| Subscriptions  | 40                                  | 40   |
| Bank Charges and External Audit Fees                             | 80                                  | 85   |
| Custody Visiting   | 10                                  | 10   |
| Professional Services  | 50                                  | 66   |
| <b>Total Base Budget</b>   | <b>2,745</b>                        | <b>2,945</b>                                     |

## COMMUNITY SAFETY FUNDING

17. The Commissioner has made a commitment to maintain the levels of Community Safety Funding in 2022/23 at 2021/22 levels at £3,863,308.

## CAPITAL PROGRAMME 2022/23 to 2025/26

18. The capital programme is a mix of business as usual vehicle and technology replacement (including mobility devices, tasers, body worn video and Emergency Network Services devices) along with the delivery of the Force Estates Strategy. The Estates Strategy is part way through implementation with delivery of the Logistics Centre and partial completion of Park Lane. The strategy has recently been re-worked / re -profiled to take account of the uplift in officers, staff, COVID and unforeseen delays. The capital programme will be financed by a combination of reserves, revenue contributions to capital, capital receipts and additional borrowing as required. Although the capital grant of £0.7m has been removed, in year capital grants may still be allocated and applied.

19. The proposed capital programme is detailed below.

| Capital Programme Breakdown                | 2022/23<br>Proposed<br>Budget<br>£m | 2023/24<br>Proposed<br>Budget<br>£m | 2024/25<br>Proposed<br>Budget<br>£m | 2025/26<br>Proposed<br>Budget<br>£m | Total<br>Capital<br>Programme<br>£m |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Business as Usual:</b>                  |                                     |                                     |                                     |                                     |                                     |
| Fleet including Uplift                     | 4.6                                 | 5.1                                 | 5.7                                 | 6.4                                 | 21.8                                |
| IT & Digital BAU including uplift          | 7.3                                 | 2.9                                 | 4.1                                 | 4.1                                 | 18.4                                |
| Body Worn Video                            | 0.7                                 | 1.4                                 | 1.0                                 | 1.0                                 | 4.1                                 |
| Equipment / Major Tech Replacement         | -                                   | 7.0                                 | 7.0                                 | 7.0                                 | 21.0                                |
| <b>BAU</b>                                 | <b>12.7</b>                         | <b>16.3</b>                         | <b>17.8</b>                         | <b>18.5</b>                         | <b>65.2</b>                         |
| Estates Strategy                           | 14.7                                | 42.3                                | 35.7                                | 16.5                                | 109.1                               |
| <b>Total Capital Programme</b>             | <b>27.3</b>                         | <b>58.6</b>                         | <b>53.4</b>                         | <b>35.0</b>                         | <b>174.4</b>                        |
| <b>BAU Funded by:</b>                      |                                     |                                     |                                     |                                     |                                     |
| Revenue Contributions                      | 12.7                                | 16.3                                | 17.8                                | 18.5                                | 65.2                                |
| Capital Grant                              | -                                   | -                                   | -                                   | -                                   | -                                   |
| <b>Estates Strategy Funded by:</b>         |                                     |                                     |                                     |                                     |                                     |
| Mix of Borrowing / Capital Receipts / RCCO | 14.7                                | 42.3                                | 35.7                                | 16.5                                | 109.1                               |
| <b>Total Capital Financing</b>             | <b>27.3</b>                         | <b>58.6</b>                         | <b>53.4</b>                         | <b>35.0</b>                         | <b>174.4</b>                        |

## CAPITAL FINANCING

20. The exact combination of funding sources will depend upon:

- The extent to which reserves will be required to support total revenue spending over the medium term.
- The long-term costs of borrowing and the impact of borrowing costs on total revenue spending.
- The use of short-term internal borrowing where cash surpluses are not invested to delay the need to borrow in the low interest rate environment.

## PRECEPT PROPOSALS

21. Details of the provisional tax bases and collection fund surpluses/deficits the Commissioner is required to consider in setting the precept are set out in the table below. These are subject to final approval by the Local Authorities.

| Authority     | 2021/22 Taxbase   | 2022/23 Taxbase   | % Change    | 2021/22 Deficit / Surplus on Collection Fund £ |
|---------------|-------------------|-------------------|-------------|--|
| Birmingham    | 253,995.00        | 258,364.00        | 1.7%        | -1,855,538                                     |
| Coventry      | 82,717.10         | 84,264.30         | 1.9%        | 296,148  |
| Dudley        | 91,800.53         | 93,790.94         | 2.2%        | 32,000   |
| Sandwell      | 74,387.79         | 74,858.45         | 0.6%        | -1,352   |
| Solihull      | 77,190.00         | 78,256.00         | 1.4%        | 130,842  |
| Walsall       | 70,809.41         | 71,803.35         | 1.4%        | 26,708   |
| Wolverhampton | 63,580.55         | 64,936.94         | 2.1%        | -301,000                                       |
| <b>Total</b>  | <b>714,480.38</b> | <b>726,273.98</b> | <b>1.7%</b> | <b>-1,672,192</b>                              |

22. The above table shows an increase of 1.7% in the tax base from 2021/22. In contrast the net provisional collection fund is a £1.7m deficit from 2021/22 due to the ongoing implications of COVID on the collection funds. The deficit will be wholly funded through the COVID reserve that will be made up of the balance of the Local Council Tax Guarantee Scheme and the balance of the Council Tax Support Grant received during 2021/22. The balance of this reserve is forecast to be £2.3m at the end of 2021/22, sufficient to cover the deficit.

23. Subject to final approval by Local Authorities of their tax bases and deficits / surpluses on collection funds for 2021/22, the Commissioner will be proposing the following Budget for 2022/23. Along with a precept increase of £10 per Band D property and subsequent increases across all other bandings as set out in the following tables.

| Summary Precept Calculation          | 2021/22 £m    | 2022/23 £m    |
|--------------------------------------|---------------|---------------|
| Total Revenue Budget                 | 640.2         | 686.8         |
| Contribution to / from Reserves      | 0.9           | -8.1          |
| <b>Net Budget Requirement</b>        | <b>641.1</b>  | <b>678.7</b>  |
| Police Grant inc. DCLG               | -495.9        | -525.1        |
| Council Tax Support Grant            | -19.0         | -19.0         |
| Surplus / Deficit on Collection Fund | 0.7           | 1.7           |
| <b>Precept Requirement</b>           | <b>126.9</b>  | <b>136.2</b>  |
| Total Tax Base                       | 714,480       | 726,274       |
| <b>Band D Precept</b>                | <b>177.55</b> | <b>187.55</b> |

*\*2021/22 Surplus / Deficits are to be finalised by local authorities in due course*

24. This would produce a charge for each property band for 2022/23 as follows:

| 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              |
| <b>Band D</b> | <b>9/9</b>           | <b>177.55</b>       | <b>187.55</b>       | <b>10.00</b>      | <b>0.19</b>       |
| 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              |

25. As per the funding settlement the Commissioner is now proposing a precept increase of £10 for a Band D property per year. For Band D Council Taxpayers in the West Midlands this increase will be £0.83 per month and the Police precept in the West Midlands will still be the second lowest in the country (as shown in **Appendix 2**). It is also important to note the majority of properties in the West Midlands are lower banded properties.

## RESERVES

26. The prudent use of reserves to support spending continues to be a key factor in the Medium-Term Financial Strategy. The following table details the anticipated level of reserves at 31 March 2022 and the estimated level of reserves by 31 March 2023, as per the plans outlined within this budget report.

| Reserves                                     | 31st March<br>2022 (Forecast<br>Balance)<br>£,000 | 2022/23<br>*Movement in<br>Reserves<br>£,000 | 31st March<br>2023<br>(Forecast<br>Balance)<br>£,000 |
|--|---|--|--|
| <b>Operational Reserves</b>                  |   |  |  |
| Devolved Budget Reserve (NaBIS, ROCU & CMPG) | 4,081   | -123   | 3,958  |
| Budget Reserve                               | 3,283   | 0  | 3,283  |
| Change Programme Reserve (A)                 | 11,468  | -5,463                                       | 6,005  |
| Carry Forwards (B)                           | 5,477   | 0  | 5,477  |
| <b>Other Reserves</b>                        |   |  |  |
| Uniform and Equipment Reserve (C)            | 7,155   | -424   | 6,731  |
| POCA / Drug Squad / PPA Reserves (D)         | 1,404   | -400   | 1,004  |
| Council Tax Funding Reserve (E)              | 2,311   | -1,672                                       | 639  |
| National Contingency Reserve                 | 769   | 0  | 769  |
| Insurance Reserves                           | 8,883   | 0  | 8,883  |
| <b>Total Earmarked Reserves</b>              | <b>44,829</b>                                     | <b>-8,082</b>                                | <b>36,747</b>  |
| General Fund Reserve                         | 12,042  | 0  | 12,042   |
| <b>Total Reserves</b>                        | <b>56,871</b>                                     | <b>-8,082</b>                                | <b>48,789</b>  |

\* Provisional Surplus / Deficits on collection. Subject to final approval from Local Authorities.

The usage of the above reserves will be subject to decisions and activities in year and the 2021/22 outturn

(A) The Change Programme reserve is utilising the money held in reserve to fund part of the Estates Strategy.

(B) The Carry Forward (CWG & County Lines) reserve shows a balance at the end of March 2022, this money is planned to be utilised during 2022/23, the detail is being worked upon and the budgets will be updated during 2022/23 to draw the balance of this reserve down.

(C) The contribution from the Uniform and Equipment Reserve is utilising the balance held in reserves to partially fund replacement of Body Worn Videos.

(D) The contribution from the POCA / PPA reserve is used to partially fund the Commissioner's Active Citizen Fund (ACF) which supports projects across the West Midlands.

(E) The contribution from the COVID-19 reserve is funded the deficit on the council tax collection fund as outlined above in paragraph 21.

27. As in previous years a refresh of the financial reserves strategy will take place during the early part of 2022/23.

## MEDIUM TERM FINANCIAL PLAN

28. The Medium-Term Financial Plan has been refreshed and updated based on a number of key assumptions covering likely funding, inflationary increases, expenditure items and the continuation of the Uplift Programme. The table below outlines these assumptions.

|                         | Planning Assumptions<br>2023/24<br>% | Planning Assumptions<br>2024/25<br>onwards<br>% | 1%<br>Movement<br>£m (+/-) |
|-------------------------|--------------------------------------|---|----------------------------|
| Salaries                | 2.5%                                 | 2.0%  | 6.1                        |
| Supplies and services   | 3.0%                                 | 2.0%  | 0.6                        |
| Income                  | 1.0%                                 | 1.0%  | 0.3                        |
| Premises inc. utilities | 5.0%                                 | 5.0%  | 0.2                        |
| Fuel                    | 5.0%                                 | 5.0%  | 0.1                        |
| Other Transport         | 3.0%                                 | 2.0%  | 0.1                        |
| Third Party Payments    | 5.0%                                 | 5.0%  | 0.2                        |
| <b>Taxbase</b>          | <b>1.5%</b>                          | <b>1.2% - 1.4%</b>                              | <b>1.3</b>                 |

|             | Planning Assumptions<br>2022/23 | Planning Assumptions<br>2023/24 to<br>2024/25 | £1<br>Movement<br>£m (+/-) |
|-------------|---------------------------------|---|----------------------------|
| Precept (£) | £10                             | £10   | 0.7                        |

| Police Grant Increase<br>including Uplift | £,000 |               |
|---|-------|---------------|
| 2023/24                                   | 6,100 | 6.1% of £100m |
| 2024/25                                   | 9,150 | 6.1% of £150m |
| 2025/26                                   | 8,230 | 1.5% increase |
| 2026/27                                   | 8,353 | 1.5% increase |

29. The medium-term financial plan reflecting the assumptions outlined above is shown in the table below. Assuming a £10 precept increase throughout the medium term the forecast funding gap is current £15.3m in 2023/24 growing to £36.5m over the medium term.

| Revenue Budget £m                            | Current Budget<br>2022/23 | MTFP<br>2023/24 | MTFP<br>2024/25 | MTFP<br>2025/26 | MTFP<br>2026/27 |
|--|---------------------------|-----------------|-----------------|-----------------|-----------------|
| Pay  | 611.7                     | 624.7           | 645.6           | 666.9           | 691.1           |
| Non-Pay                                      | 213.9                     | 121.3           | 124.8           | 128.4           | 132.0           |
| PBB Saving                                   | -5.2                      | -7.2            | -7.2            | -10.2           | -10.2           |
| Capital Financing                            | 18.9                      | 22.9            | 25.2            | 25.9            | 26.0            |
| External Income                              | -173.8                    | -54.5           | -54.8           | -55.1           | -55.4           |
| Change Programme                             | 12.4                      | 2.7             | 2.6             | 2.5             | 1.1             |
| <b>Total Police Force</b>                    | <b>677.9</b>              | <b>709.9</b>    | <b>736.1</b>    | <b>758.4</b>    | <b>784.7</b>    |
| <b>Total Police &amp; Crime Commissioner</b> | <b>8.9</b>                | <b>9.2</b>      | <b>9.4</b>      | <b>9.6</b>      | <b>9.8</b>      |
| Police Grants                                | -544.2                    | -558.5          | -567.7          | -575.9          | -584.2          |
| Precept                                      | -134.5                    | -144.9          | -154.4          | -163.8          | -173.3          |
| Planned Contributions to / from Reserves     | -8.1                      | -0.4            | -0.4            | -0.4            | -0.4            |
| <b>Potential Savings Required</b>            | <b>0.0</b>                | <b>15.3</b>     | <b>23.1</b>     | <b>27.9</b>     | <b>36.5</b>     |

*Potential Savings required with £10 precept*

|                                   |            |             |             |             |             |
|-----------------------------------|------------|-------------|-------------|-------------|-------------|
| <b>Potential Savings Required</b> | <b>0.0</b> | <b>18.9</b> | <b>30.5</b> | <b>39.2</b> | <b>51.7</b> |
|-----------------------------------|------------|-------------|-------------|-------------|-------------|

*Potential Savings required with £5 precept*

|                                   |            |             |             |             |             |
|-----------------------------------|------------|-------------|-------------|-------------|-------------|
| <b>Potential Savings Required</b> | <b>0.0</b> | <b>22.6</b> | <b>37.9</b> | <b>50.5</b> | <b>67.0</b> |
|-----------------------------------|------------|-------------|-------------|-------------|-------------|

*Potential Savings required with £0 precept*

30. The table also gives an indication of the potential funding gap if the precept was set at either £5 or £0 over the medium term.

31. There are a number of outstanding risks yet to be added into the medium-term plan, these include:

- The re-profiled revenue costs associated with the Estate's Strategy including refurbishment / enhancement costs, co-habitation costs and ongoing revenue consequences of the new builds. Work is ongoing to finalise the timing and exact costs.
- The impact if pay awards are higher than the 2.5% in 2022/23 and 2023/24 and 2.0% from 2024/25 onwards assumptions.
- Higher than anticipated non-pay inflation.
- Revenue consequences of the Emergency Services Mobile Communications Programme (ESMCP).

## **APPROVAL OF THE REVENUE BUDGET AND PRECEPT**

32. When the Commissioner comes to approve the precept, he must have regard to a range of legal requirements including:
1. Ensuring that the precept is sufficient to provide for the expenditure incurred in the year.
  2. The requirement to hold a taxpayer referendum if excessive increases are proposed.
  3. The Chief Finance Officer's report on the robustness of estimates and the adequacy of financial reserves.

## **PROPOSALS**

33. The Police and Crime Panel is invited to consider the following proposals from the West Midlands Police and Crime Commissioner in respect of the 2022/23 Revenue Budget and Precept and the 2022/23 – 2025/26 Capital Budget and Programme.
- 1 Subject to confirmation of the tax bases and surpluses and deficits on collection funds that the total Revenue Budget for 2022/23 be set at **£686.8m**.
  - 2 Community Safety Funding will be maintained at 2021/22 levels.
  - 3 The Band D precept for 2022/23 should be set at **£187.55** an increase of £10 compared to 2021/22.
  - 4 The Capital Budget for 2022/23 and Capital Programme for 2022/23 – 2025/26 be as set out in paragraphs 17 and 18.

**Appendix 1 – Summary of Revenue Budget 2021/22, 2022/23**

**Appendix 2 – Indicative National Police Council Tax Precepts 2022/23 (based on maximum precept increases)**

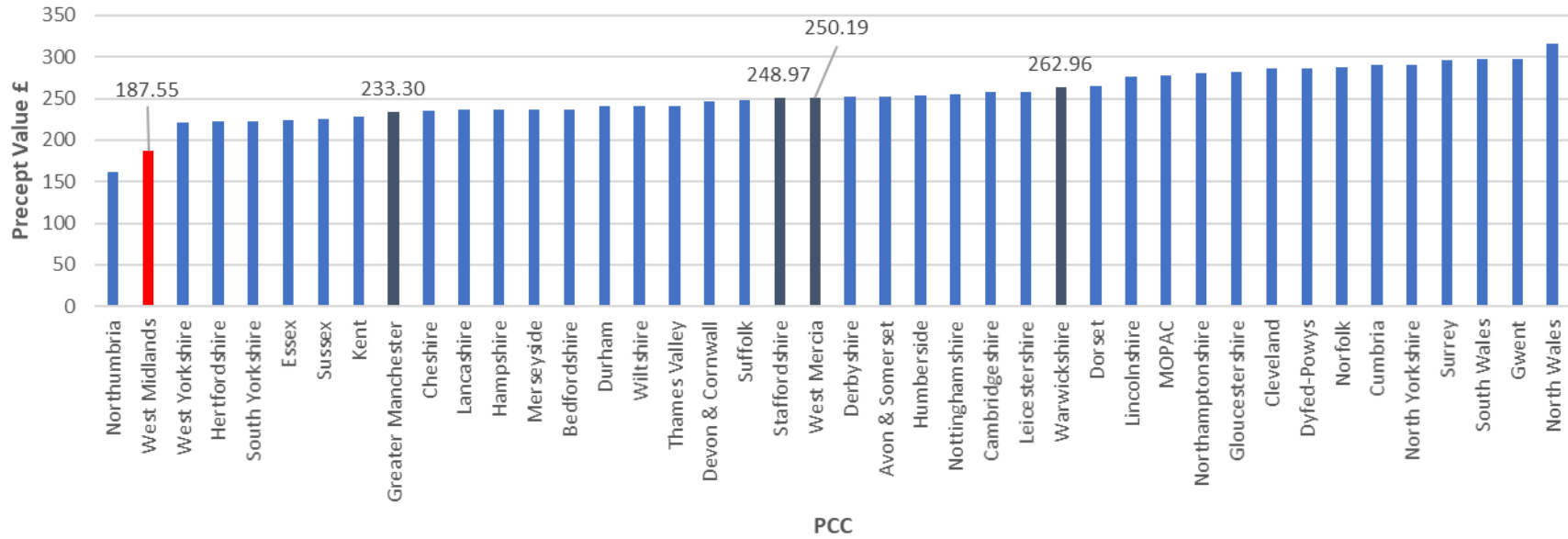


## Provisional Income and Expenditure Breakdown

|   | 2021/22<br>Original<br>Budget<br>£,000 | 2022/23<br>Proposed<br>Budget<br>£,000 | 2022/23 CWG<br>Budget<br>included<br>£,000 |
|---|--|--|--|
| <b>Income and Expenditure Breakdown</b>       |  |  |  |
| Police Pay                                    | 396,902                                | 431,484                                | 12,899                                     |
| Police Community Support Officers             | 15,612                                 | 14,999                                 | 0  |
| Police Staff Pay                              | 150,197                                | 165,228                                | 3,101                                      |
| Other Employee Expenses                       | 15,394                                 | 14,502                                 | 37   |
| <b>Sub Total</b>                              | <b>578,106</b>                         | <b>626,213</b>                         | <b>16,036</b>                              |
| Premises                                      | 19,136                                 | 21,432                                 | 119  |
| Transport                                     | 9,805                                  | 13,269                                 | 2,929                                      |
| Supplies and Services                         | 49,858                                 | 55,891                                 | 3,673                                      |
| Third Party Payments                          | 15,902                                 | 103,618                                | 88,182                                     |
| Capital Financing                             | 23,011                                 | 18,915                                 | 0  |
| External Income                               | -56,862                                | -158,615                               | -110,940                                   |
| Ring-Fenced Uplift Grant                      | -6,106                                 | -8,242                                 | 0  |
| Police Pension Grant                          | -6,965                                 | -6,965                                 | 0  |
| Local Council Tax Support Grant               | -3,732                                 | 0                                      | 0  |
| Change Programme                              | 9,357                                  | 12,380                                 | 0  |
| <b>Police Force</b>                           | <b>631,510</b>                         | <b>677,896</b>                         | <b>0</b>                                   |
| Office of Police and Crime Commissioner       | 2,745                                  | 2,945                                  | 0  |
| Community Safety Funding                      | 3,863                                  | 3,863                                  | 0  |
| Active Citizens                               | 400                                    | 400                                    | 0  |
| External Commissioning                        | 1,688                                  | 1,688                                  | 0  |
| Victim Services Expenditure                   | 3,409                                  | 3,409                                  | 0  |
| Victim Services Income                        | -3,409                                 | -3,409                                 | 0  |
| Violence Reduction Unit Expenditure           | 3,370                                  | 3,370                                  | 0  |
| Violence Reduction Unit Income                | -3,370                                 | -3,370                                 | 0  |
| <b>Total Office of the PCC</b>                | <b>8,696</b>                           | <b>8,896</b>                           | <b>0</b>                                   |
| <b>Total Revenue Budget</b>                   | <b>640,206</b>                         | <b>686,792</b>                         | <b>0</b>                                   |
| Government Grants including Uplift            | -514,908                               | -544,169                               | 0  |
| Council Tax inc. Surplus on Collection Fund * | -126,182                               | -134,410                               | 0  |
| <b>Net Use / Contribution to Reserves</b>     | <b>-885</b>                            | <b>8,213</b>                           | <b>0</b>                                   |

\* Provisional Council Tax Base and Surplus / Deficits. Subject to final approval from Local Authorities

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



Report of: Panel Lead Officer

Date: 31 January 2022

### West Midlands Police and Crime Panel Work Programme 2021/2022

#### 1. Recommendation:

The Panel consider the Police and Crime Panel Work Programme set out below.

#### 2. Work Programme

Table 1: outline work programme

| Meeting Dates                               | Items  |
|---|--|
| 12 July 2021                                | <ul style="list-style-type: none"> <li>Election of Panel Chair and Vice Chair</li> <li>Appointment of Independent Panel Member</li> <li>Panel Rules of Procedure and Panel Arrangements</li> </ul>   |
| 13 September 2021                           | <ul style="list-style-type: none"> <li>Police finance briefing for members - Informal meeting</li> </ul>   |
| 18 October 2021                             | <ul style="list-style-type: none"> <li>Review of the draft West Midlands Police and Crime Plan</li> <li>Update on Estate Strategy</li> </ul>   |
| 2 November 2021                             | <ul style="list-style-type: none"> <li>Annual National Police (Fire) and Crime Panel Conference</li> </ul>   |
| 29 November 2021                            | <ul style="list-style-type: none"> <li>PCC Annual Report 2021-March 2021 (Statutory Task)</li> <li>Panel Membership – Independent Member</li> <li>Public Confidence in Policing Panel Scrutiny Inquiry update and next steps.</li> <li>Measuring Performance – Police and Crime Plan and National Crime and Policing Measures</li> <li>Update on Estate Strategy</li> <li>PCC Key Decision and Update</li> </ul> |
| 10 January 2022<br>Online meeting           | <ul style="list-style-type: none"> <li>PCC draft policing precept and budget proposals 2022/23</li> <li>Q&amp;A with the Assistant PCCs</li> </ul>   |
| 31 January 2022<br>Sandwell Council Chamber | <ul style="list-style-type: none"> <li>Review of PCC's precept proposal (Statutory Task)</li> <li>Q&amp;A with the West Midlands Victims' Commissioner</li> </ul>  |
| 4 February 2022                             | <ul style="list-style-type: none"> <li><i>Member visit: Lloyd House, use of mobile technology, work of the Office of the Police and Crime Commissioner, contact centre</i></li> </ul>  |
| Mid Feb (Date TBC)                          | <ul style="list-style-type: none"> <li><i>Member briefing: PCC performance measurement and monitoring</i></li> </ul>   |
| 14 February 2022<br>Provisional Date        | <ul style="list-style-type: none"> <li><i>Provisional - if Precept Veto</i></li> </ul>   |
| 14 March 2022                               | <ul style="list-style-type: none"> <li>Chief Constable address to Panel</li> <li>Oversight of Police and Crime Plan 2021-2025 – WMP and rebuilding neighbourhood policing</li> <li>Monitoring Performance of the Police and Crime Plan - Quarterly report</li> <li>Panel budget and expenditure monitoring</li> <li>Panel annual complaints monitoring</li> </ul>  |

### **3. Items to be programmed**

- a) Monitoring Performance of the Police and Crime Plan - Quarterly reports. First report will be available 23 February 2022.
- b) Member visits - A programme of visits is being developed with the OPCC – to include Lloyd House, use of mobile technology, work of the Office of the Police and Crime Commissioner, contact centre, custody suite.
- c) Invitation to the Chief Constable to address the Panel. (14 March 2022)
- d) Oversight of Police and Crime Plan 2021-2025.
  - Section 1: West Midlands Police and Rebuilding Community Policing (14 March 2022)
  - Section 2: Working in Partnership Locally
  - Section 3: Police Collaboration
  - Section 4: Civic leadership and campaigning for change
  - Section 5: Good governance, transparency, equality, and public engagement
  - Section 6: Funding, grants, resources, police precept and financial planning