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Police and Crime
Commissioner
for Warwickshire

Report to the Police and Crime Panel on the revised budget for 2022/23

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Disclosable under Freedom of Information Act?	Yes

1. Purpose of the Report

This report outlines the Commissioner's revised budget for 2022/2023 following the Police and Crime Panel's decision to exercise their right to veto the original proposed precept increase of £9.99 on a Band D property. The revised precept increase will be £9.75.

The final budget for 2022/23 is summarised as part of this report based on the revised precept increase, the final police funding settlement for 2022/23 and the confirmed council tax base and collection fund surplus positions all notified recently.

2. Budget 2022/23 and precept proposal

In accordance with Schedule 5 of the Police Reform and Social Responsibility Act 2011, the Commissioner proposed a precept increase of £9.99 for a Band D property for 2022/23 to the Police and Crime Panel at their meeting on the 27 January 2022. He provided a full and detailed report outlining the 2022/23 draft budget, including the capital programme, Medium Term Financial Plan and reserves position, based on a £9.99 band D precept increase.

The Panel reviewed the proposed precept and chose not to support the proposed increase for 2022/23, exercising their right to veto, by issuing a report to the PCC on the 3 February 2022. The PCC has considered the comments and report from the Panel and in doing so has issued his revised precept for 2022/23.

Since the 27 January Panel meeting, final confirmation of the police funding settlement, the collection fund surplus/deficit information and the council tax base positions for each authority has been received, this has enabled the 2022/23 budget to be finalised. No further changes in the core government grant have been notified, but districts have confirmed an improved position against the draft budget with a total net collection fund surplus of £0.470m and council tax base of 215,689.50.

The draft budget had included an estimated collection fund surplus of £0.279m. The revised actual collection fund surplus therefore represents an additional £0.191m. This is one-off money.

Based on a precept increase of £9.75 the increased council tax base will generate an additional £0.233m of base line funding, compared to the draft budget previously presented to the Panel. This additional funding has provided the Commissioner with the flexibility to make changes to the 2022-23 funding arrangements.

In response to the Panel's concerns, the Commissioner now proposes to make a reduction in the precept increase, from £9.99 to £9.75. This would equate to a rise of 3.85%, which is further below the rate of inflation than the original proposal.

However, he also proposes to use some of the additional money from the improved funding position to provide further enhancements to services. These include:

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- funding for five additional Police Community Support Officers, allocated at one in each district/borough across the county, at a cost of £0.174m. They will be targeted in urban areas to improve visibility and public engagement. They will also support the work to address violence against women and girls, increasing the patrolling capability in areas that the public have reported feeling unsafe as part of the Street Safe project.
- An additional £0.050m for the Commissioner's grants scheme, to further support victims,
- and an additional £0.200m to expedite the sustainability work that the force can access and bid against in 2022/23 from a new 'sustainability' reserve. This will help the force to roll out infrastructure improvements to the estate, such as solar panels and electric vehicle charging points.
- The table below shows the final budget position for 2022/23, compared to the budget for 2021/22 and the draft budget presented to the panel previously.

Category of spend	2021/22 approved budget £m	2022/23 vetoed £9.99 precept increase budget £m	2022/23 final approved budget, based on a £9.75 precept increase £m
Police officer, PCSO & staff pay and overtime	87.090	95.055	95.229
Other employee expenses	2.185	2.375	2.375
Premises costs	3.027	3.523	3.523
Transport	2.790	2.847	2.847
Supplies and Services	13.958	14.709	14.709
Third party payments	13.193	11.264	11.314
Capital financing costs	3.262	5.176	5.176
Gross expenditure	125.505	134.949	135.173
Income	(11.272)	(13.735)	(13.735)
Net force budget	114.233	121.214	121.438

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Contribution to/(from) reserves	1.117	(0.250)	(0.050)
Net budget requirement	115.350	120.964	121.388
Funded by:			
Core Central Grant	(62.188)	(64.254)	(64.254)
Council Tax Precept requirement	(53.162)	(56.710)	(57.134)
Total Funding/net budget requirement	(115.350)	(120.964)	(121.388)

A precept rise of £9.75 is equivalent to a 3.85% increase. This level will see Warwickshire PCC amongst the lowest precept increases in the country, with almost all other PCC precept increases being supported by their respective panels at £9.99 or £10.00.

The precept is a progressive tax, and residents living in lower banded properties will pay a smaller proportion of any increase and vice versa. The table below indicates the total police precept charges for each banding and the annual increases that residents living in each band will incur in 2022/23.

It should be noted that 62% of properties across Warwickshire fall in bands A – C, so the majority of residents will be paying less than the £9.75 precept increase outlined. The Chancellor has also recently announced a £150 council tax rebate to help those living in band A – D properties manage recent cost of living increases as part of a package of new measures.

Valuation Banding	% of Warwickshire properties currently falling in this band	2022/23 Annual Increase £	2022/23 Actual PCC precept £
Band A (6/9th)	16.7%	6.50	175.14
Band B (7/9th)	19.8%	7.58	204.33
Band C (8/9th)	25.2%	8.67	233.52
Band D	15.7%	9.75	262.71
Band E (11/9th)	10.6%	11.92	321.09
Band F (13/9th)	6.5%	14.08	379.47
Band G (15/9th)	4.8%	16.25	437.85
Band H (18/9th)	0.6%	19.50	525.42

To further mitigate the impact of precept increases, each billing authority has a statutory responsibility to set and administer a local council tax reduction scheme

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which is reviewed and approved through their internal governance processes each year. These schemes apply to all elements of the precept including the PCC's. Whilst the schemes differ between each authority across Warwickshire, they all provide support to protect working age residents from the impact of precept charges, if they meet the scheme eligibility criteria. Those who receive the maximum reduction will typically pay between 8.5% and 20% of the total council tax charge dependent on where they live in Warwickshire. There is no restriction for eligible older people who are entitled to 100% support as set by central government.

The Commissioner also remains very mindful of the operational and funding requirements of the Chief Constable to deliver effective policing in Warwickshire as the final transition from the former alliance is completed. He is aware of a number of continuing risks, referred to in the previous panel report and at the meeting. In summary these include, the increasing cost base of the force, the outcome of government's funding formula review, commercial service risks, the final delivery and next phase of work on our ICT project to drive out efficiency savings, future funding of our capital programme and the Medium Term Financial Plan which indicates a savings requirement of £3m over the next few years.

In respect of the policing priorities; the Commissioner has set out his priorities in the Police and Crime Plan, which was discussed and supported by the Panel last autumn. The Chief Constable has accepted the priorities that relate to the force, and putting them together with her Fit for the Future Strategy, and the priorities she has outlined in the Empower programme; there is a clear direction of travel for the force. The Chief Constable has shared some headlines of where she seeks to make improvements to operational policing, which were outlined and discussed at the meeting on 27 January. The Commissioner will hold the Chief Constable to account using the formal governance mechanisms which are well established in Warwickshire.

The implication of the revised precept proposal and finalised council tax information from districts, over the medium term is summarised in the table below. This constitutes a new summarised Medium Term Financial Plan and includes the anticipated reserve levels following the revisions referred to in this report, to the 2022/23 funding.

	2022/23	2023/24	2024/25	2025/26	2026/27
Net force budget	121.438	126.083	130.866	135.073	138.692
Reserve movement	(0.050)	(0.150)	(0.100)	(0.100)	(0.100)
Net budget requirement	121.388	125.933	130.766	134.973	138.592
Funded by:					
Precept funding	57.134	59.809	63.036	65.558	68.181
Core funding	64.254	64.945	65.970	66.578	67.191

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Total funding:	121.388	124.754	129.006	132.136	135.372
Remaining budget gap requiring savings to be identified	0.000	1.179	1.760	2.837	3.220
Reserves levels at the end of each year	13.978	13.828	13.728	13.628	13.528

The Treasurer's statement regarding the adequacy of reserves remains applicable and reserve levels remain resilient into the medium term for managing known risk.

Despite the challenges of setting up a standalone force following the enforced ending of the former strategic alliance, the force has a good track record of delivering efficiency savings. To put this into context, in April 2021 £4.000m of savings were delivered, in addition to a further £0.800m of savings during the course of the year. The 2022/23 budget includes a further £0.200m of efficiency savings. In order to plan effectively for the further £3m of savings identified in the Medium Term Financial Plan, the Chief Constable has already commenced work on a review of the target operating model, as part of the Empower programme, to identify efficiency saving options for meeting the annual budget gaps. This work will continue to be progressed and will be presented to the Commissioner in the early summer.

3. Conclusions

The PCC has listened to and taken note of the views of the Chief Constable, the issues raised in the Panel report and those of residents and stakeholders in the various consultation meetings, engagements he has held and also through the online public consultation. The Commissioner's assessment is that a precept increase of £9.75 or 3.85% on a band D property in 2022/23 will address the issues that have been raised and still help to ensure that the force is properly funded, resilient and viable into the future, and mitigate the identified risks. This budget with the revised funding levels is balanced, however, the Medium Term Position still requires the force to improve their efficiency and productivity and deliver improvements to policing services in Warwickshire.

4. Recommendations

The Panel note the summarised 2022/23 final budget, reserves position and the effect of the funding changes on the Medium Term Financial Plan.

The Panel note the Commissioner's revised precept proposal for a band D property of an increase £9.75 for 2022/23. The revised precept proposal will increase the actual band D charge from £252.96 to £262.71 in 2022/23.