

West Mercia Police and Crime Panel

Report of the Budget Task Group to examine the Police and Crime Commissioners Proposed Budget 2023/24 and Medium Term Financial Plan (MTFP) 2023/24 – 2027/28

Purpose

1. To present the findings and details of the considerations undertaken by the Budget Task Group of the West Mercia Police and Crime Panel (PCP).

Membership

2. The Members of the Task Group were Ms B McDowall (Independent Lay Member and Lead Member), Councillor Sebastian Bowen (Herefordshire Council), Carole Clive (Independent Lay Member) and Councillor James Stanley (Worcester City Council).
3. The Task Group was supported by Phil Rook (Director of Resources, Worcestershire Children First), Paul Kinsella (Worcestershire County Council's Senior Public Health Practitioner and Lead Officer for Community Safety) and Samantha Morris (Overview and Scrutiny Manager).

Meetings

4. The Task Group has met several times to consider and discuss the information available and the Schedule of Activity is attached at Appendix 1.

Role of the Task Group

5. The Group's main role was to review and scrutinise the precept proposals and to report its findings to the PCP along with any recommendations.
6. Members of the Group were looking to evidence from the information provided whether the precept proposals would provide best value, enable the inclusion of community themes (that have emerged from public engagement exercises) whilst fulfilling the objectives of the Safer West Mercia Plan, both for the current year and future provision.

The National Picture

7. The Task Group also took account of the national economic picture, particularly around inflation and nationally agreed pay awards, which is impacting on policing with significant increases in areas such as pay, energy and fuel. This has been recognised by the government who have given all Police and Crime Commissioners (PCC's) the flexibility to increase the council tax precept by up to a maximum of £15 for the coming year. The Task Group also reviewed the MTFP and the financial resilience which is extremely important during periods of economic volatility.

8. It is clear that without adequate funding, holding the PCC to account would not be possible and therefore as part of the outcome from this process clear KPI's will be required regardless of the outcome to ensure measurable and reasonable outcomes can be evidenced.

Budget and Proposed Precept

9. The Task Group considered the PCC's Proposed Budget 2023/24 and Medium Term Financial Plan 2023/24 – 2027/28 in the context of the Safer West Mercia Plan.

Findings

10. The areas explored by the Task Group are:

Consultation

11. The PCC ran a budget consultation as a two stage process. The first part ran from the 27 April 2022 until the 11 July 2022 and was to understand the views of the public on local policing, contact and engagement and crime and anti-social behaviour issues.
12. This was followed by further consultation which was launched on 6 December 2022 and closed on 6 January 2023 at midday. At the time the Task Group met on the 6 January, 546 responses had been received with 74% of the respondents saying that they would be willing to pay on average £9.84 (3.94%) more for policing per year and 57% stating that they would be willing to pay more than 3.94%.
13. Members of the Task Group welcomed the earlier engagement in the Budget Consultation process this year and emphasised the importance of demonstrating in the Budget Consultation document the impact of the funding against outcomes.
14. Whilst acknowledging that the Consultation had received a better response rate than previous Consultations, the Task Group are aware that the number of responses couldn't be viewed as a representative sample of the population.

Revenue Budget 2023/24

15. The Police settlement and increased flexibility on council tax enables the PCC to propose an increase in the precept of 5.94%, which is £14.84 per year on a Band D property. The Budget required for 2023/24 is £286m and the funding available is £272.8m (net budget requirement). This means there is a budget shortfall of £11.2m.
16. This deficit takes into account of pay and price increases of £18.6m due to the impact of inflation, service level demands of £12.2m and identified efficiencies of £5.7m. The budget deficit has reduced through the process and initially was £13.5m. The PCC confirmed that the Budget would balance although there may be some unpalatable decisions to be made.
17. The PCC and the Treasurer have demonstrated throughout the process to the Task Group that detailed consideration has been undertaken of the following areas:

- Unavoidable changes in costs (pay, pension, contractual inflation).
- Changes to external income and specific grants.
- Priority spending areas that are essential to delivery of the Police and Crime Plan.
- Areas that improving the long-term efficiency of policing.
- Savings and efficiencies required.
- Effective management of risk.

18. The Task Group explored and challenged the PCC about how the deficit was going to be met in order to balance the budget and heard that:

- The pay award of £1,900 to all officers and staff was equivalent to a 5% increase and was significantly higher than the 2% that had been budgeted for in 2022/23 which impacted on the 2023/24 budget.
- The Force had a Budget Implementation Team to consider the choices available to bridge the deficit. It was likely however, that there would be a need to identify significant service efficiencies as well as some service reductions. The PCC reassured the Task Group that no reductions would be made in Police Officer numbers.
- Police were using a priority based approach to budgeting with the savings and efficiencies coming from 3rd party supplies and services, police staff costs and income.
- The Task Group were advised that restricted duty Police Officers could be redeployed into some civilian officer roles which the Chief Constable (CC) reassured the Task Group would provide the Police Officers who moved into these roles, the opportunity to continue to use their police skills to support victims, contribute to crime solving and provide job satisfaction.
- It was confirmed that £35m had been allocated to a 4 year IT improvement programme and that West Mercia was currently in Year 3. This year, new laptops would be rolled out to all front line staff by the end of the financial year and all of the Force by the end of the year.
- The CC explained that there had been a move away from developing bespoke IT systems to using what worked well elsewhere and examples were given of improvements to IT which had resulted in smarter working eg speaking to victims of domestic violence within a few minutes of them reporting a crime via a video link.

Reserves

19. The Task Group explored the adequacy of the general balances (£7.5m) which were marginally below the 3% Home Office Guidance. The specific reserves were £7.2m at the end of March 2023. The report provided the estimated reserve balances to the end of March 2027. This was in the context of the challenging financial environment and the PCC's Reserves Strategy. The Task Group asked the Treasurer who confirmed that the policy has been to hold a low level of reserves and that he was comfortable regarding the robustness of the budget estimates at the time the budget will be set for 2023/24.

Precept Proposal

20. On 5 December, the PCP received an early Budget Briefing and at that time the PCC was considering a 3.94% per year Council Tax increase (or £9.84 on Band D home) equating to £6.7m of funding.

21. However, the draft Government settlement announced on 14 December 2022 included an increase in the Council Tax flexibility for PCC's to raise their precept by a maximum of £15 for 2023/24 financial year. For West Mercia this would provide an additional £2.386m of funding if fully utilised.
22. The PCC advised the Task Group on 10 January 2023 via a further Briefing Note that he was minded to support a further increase in the precept of £5.00 on top of the £9.84 which was proposed in the Budget Consultation, equivalent to 5.94% (an additional 2% above the amount that was consulted through the Budget Consultation and a proposed increase of **£14.84** on a Band D home for 2023/24).
23. The Task Group asked questions around what the additional funding would achieve for West Mercia communities if the PCC took advantage of the flexibility and were advised that there would be the opportunity:
- for 20 further police officers on top of the additional 20 announced as part of the initial proposals for operational policing.
 - following the Safer Communities Project in Telford, for a two-year commitment for Safer Communities plus projects in other West Mercia areas.
 - to extend the Drive Programme to Shropshire and Telford.
 - £250k to address community concerns, tackle road safety and boost education.
 - Reduce the impact of the budget deficit of £13.5m and enable more police officers to remain in frontline roles.
 - to mitigate for the impact of inflationary and service demand pressures.
 - to retain the highest possible number of officers on operational front line duties.
 - to maintain discretionary problem-solving capabilities recently praised by HMICFRS.
24. It was questioned whether other PCC's would be using the £15 precept flexibility. The PCC explained that West Midlands PCC would be utilising the full flexibility but the other Shire PCCs were in a similar situation as West Mercia and all were in a position of considering using the full flexibility. Following the meeting, some research with other PCC's financial plans for 2023/24 has been undertaken and overall the other PCC's are also in a challenging financial position and the position in West Mercia is not unique.
25. The Task Group were very keen to see and monitor the outcomes of the funding against the PCC's priorities. It was important that the PCP understood where services had improved as a result of the additional funding.

Recommendation

Members of the Task Group recommend that the West Mercia Police and Crime Panel support the PCC's proposal for an increase of Council Tax to £14.84 (equivalent to 5.94%) providing that the Panel receives a quarterly budget monitoring report which includes key performance indicators (as detailed in Appendix 2) to monitor the outcomes against the Budget so that it is possible for the PCP to identify trends, service improvements and satisfaction against the commitments in the West Mercia PCC's Safer West Mercia Plan. This recommendation also sets out to ensure that in future years base budgets have been maintained to maximise investment and flexibility.

Conclusion

The Panel is asked to note that the process of review in place for the precept this year has provided a more in-depth understanding of the rationale to support precept recommendations. Following the Task Group meetings with the PCC's office to review the budget proposals, the above recommendation is made to the Panel for consideration based on:

- A deeper dive and review of budgetary information including reserves and balances.
- The inclusion of emerging community themes identified in survey processes and public engagement events.
- Inclusion of actions to promote achievement of criteria within the Safer West Mercia Plan.
- Incorporation of overall policing needs with beneficial initiatives such as:
 - expansion of the pursued DRIVE initiative
 - road safety funding
 - additional officer recruitment to new units to support Safer Neighbourhood Teams (SNTs) to further address key priorities within the PCC's Safer West Mercia Plan such as visibility and accessibility.
- The anticipated budget deficit of c£11.2m that will need addressing in 2023/24. With the variables unconfirmed, it is not possible to provide data to the Panel but clearly an increased precept reduces the impact of this deficit. There is a further projected £11.7m savings to deliver in 2024/25 so the additional precept flexibility in 2023/24 that is proposed will help mitigate further potential service reductions in future years by building into base budgets while flexibility exists.
- The acknowledgement of the need for shared and developed KPIs (Appendix 2).

The Task Group, on behalf of the Panel would like to thank the PCC, his office and West Mercia Police for the time that they have contributed to the review process this year.

Appendix 1

Schedule of Activity

Date	Activity
5 December 2022	<p>Early Budget Briefing for all Members of the West Mercia Police and Crime Panel by the PCC setting the context around the 2023/34 Budget for the West Mercia Police and Crime Panel.</p> <p>In attendance for this meeting: PCC, Deputy PCC, CC, Chief Executive and Treasurer.</p>
6 January 2023	<p>Task Group Meeting to discuss the developing proposals following the Provisional Police Grant Report for 2023/24 including giving PCC's revised precept flexibility to deal with inflation and increased pay demands.</p> <p>In attendance for this meeting: PCC, Deputy PCC, CC, Chief Executive, Treasurer, Deputy CC, and West Mercia Police Director of Commercial Services.</p>
10 January 2023	<p>Task Group meeting to consider further information provided by the PCC and identify further information requests.</p> <p>In attendance for this meeting: Task Group Members only.</p>
18 January 2023	<p>Task Group meeting to consider the PCC's final proposals with attendance from PCC's office for part of the meeting to further support additional information provided and provide the group to clarify any further points.</p> <p>In attendance for this meeting: Chief Executive and Treasurer.</p>

Appendix 2 Proposed KPIs

Safer West Mercia Plan	Improvement Areas	Key Performance Indicators
Putting victims and survivors first	Victim satisfaction	% of victims satisfied with service
Building a more secure West Mercia	Total recorded crime	Volume of total recorded crime
		TRC - % outcome 1 & 1A
	Violent crime	Volume of violence with injury
		Violence with injury - % outcome 1 & 1A
	Rape	Volume of rape offences
		Rape - % outcome 1 & 1A
	Robbery	Volume of Robbery offences
		Robbery - % outcome 1 & 1A
	Residential burglary	Residential Burglary
		Residential Burglary - % outcome 1 & 1A
Vehicle crime	Volume of vehicle crime	
	Vehicle crime - % outcome 1 & 1A	
Domestic abuse	Volume of domestic abuse	
	Domestic abuse - % outcome 1 & 1A	
Reassuring West Mercia's Communities	Call handling	% of 999 calls answered within 10 seconds
		% of 101 calls answered within 30 seconds
	Public confidence	Overall Confidence - % of respondents that agree or strongly agree they have confidence in local policing
		Visibility - % of respondents that report seeing a police officer or Police Community Support Officer (PCSO) at least weekly
Reforming West Mercia	Emergency response times	Median Grade 1 response time
		Median Grade 2 response time
	Finance	Financial Outturn is within the agreed budget
		Savings plan is delivered (as part of achieving financial outturn)
		Unqualified annual VFM conclusion is received from the External Auditors
Environment	Reducing the carbon footprint associated with policing	