

WYPCC – Decision

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Date: 17 February 2015

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Timing:	Pressing. The Commissioner is required to issue the precept by 28 February 2015.
Purpose:	Decision
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SUBJECT OF ADVICE Calculation of the Council Tax and Issue of the Precept for 2015/16

Summary: The attached report is provided to enable the Commissioner to determine the council tax requirement for 2015/16, calculate the Band D council tax and issue the precept to the Billing Authorities.

Recommendation: That the PCC approve the recommendations set out in the revenue and capital budget report attached.

APPENDICES:

Revenue and Capital Budget Report 2015/16.



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

POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE

REVENUE AND CAPITAL BUDGET 2015/16

EXECUTIVE SUMMARY

- The Police and Crime Commissioner (PCC) is required to determine the council tax requirement for 2015/16, calculate the Band D police council tax and issue the precept to the Billing Authorities by 1 March 2015.
- 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 Commissioner.
- The Police Grant Settlement for 2015/16 reduced formula grant to local policing bodies by 5.1% on a like for like basis compared with 2014/15. This is a reduction of £16.3m for West Yorkshire.
- The Council Tax Freeze Grant for 2011/12 (£2.2m) will continue to be paid in each year of the spending review period.
- Levels of capital support were notified on 4 February 2015 and include an additional central topslice, reducing the West Yorkshire capital allocation from £4.3m to £3.5m, a reduction of £778k, or 18.1%.
- Strategic planning has been based upon the PCC's Police and Crime Plan, the Community Outcomes Framework, 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 and Community Outcomes Framework were designed in partnership and then refined following consultation with a wide range of third sector, criminal justice, community safety and policing partners. The framework 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 the force 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 2015/16, the PCC evaluated two options, namely a freeze on the council tax and a 1.99% increase before notifying the Police and Crime Panel of his intention to increase the Band D council tax by £2.75 (1.99%) per annum, to £140.95 allowed under the government's referendum criteria.
- The Police and Crime Panel supported the PCC's precept proposal at their meeting on 6 February 2015.
- This will result in a budget of £408.1m, a 2.6 % reduction on 2014/15. The budget allows for the recruitment of 82 police officers. With forecast leavers of 314 this gives a net reduction of 232. Police staff and PCSO numbers would reduce by 274. Funding is also provided for the increased recruitment of special constables and volunteers.

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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 2015/16.

2. RECOMMENDATIONS

2.1 It is recommended that:

Revenue

- i) The proposed budget for the Office of Police and Crime Commissioner for 2015/16, 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 2015/16, as set out in the Medium Term Financial Forecast at Appendix F, be approved.
- iii) The County's taxbase for the year 2015/16, as calculated and notified by the five District Councils, be noted at 605,349.78.
- iv) The PCC agrees the statutory calculations for the year 2015/16, as required by the Localism Act, 2011, as follows:

	2015/16	£
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)	85,323,628
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)	140.9493

- 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 2015/16 for the valuation bands shown below:

Valuation Band	(£)
A	93.9662
B	109.6272
C	125.2883
D	140.9493
E	172.2714
F	203.5934
G	234.9155
H	281.8986

vi) The PCC issues a precept of £85,323,628 for the financial year ending 31 March 2015 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:

	£
Bradford	18,362,875
Calderdale	8,220,968
Kirklees	15,681,085
Leeds	30,137,032
Wakefield	12,921,668

b) and to make 12 equal payments to the PCC on 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 2014/15 and the capital budget for 2015/16 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 to the Police Reform and Social Responsibility Act 2011 and associated regulations to notify the Police and Crime Panel of his proposed precept for 2015/16 by 1 February 2015.
- 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 2014/15

PCC's budget

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

Force budget

- 4.2 The latest budget monitoring report covers the period 1 April 2014 to 31 December 2014. The updated Force Revenue Budget for the year at outturn prices is £400.940m. At 31 December 2014 there was an underspending of £2.063m (0.7%) against profiled budgets.
- 4.3 All individual departmental and district savings targets are on track to be achieved by 31 March 2015.
- 4.4 The permanent savings in advance of £15.770m that were reported at the last Budget Planning meeting have been incorporated into the revised 2015/16 Budget and Medium Term Forecast, and continue to be on track for delivery.
- 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 underspending is maximised. This approach will enable the Force to absorb the additional costs of a number of additional spending pressures.
- 4.6 The latest year end forecast position is an underspending of around £4m 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. In addition to this, there is potentially additional slippage on the 2014/15 Capital budget and this may result in reduced Direct Revenue Financing requirement in 2014/15. Any underspend on this budget will be carried forward through the Capital Financing Reserve as it is required to fund expenditure in 2015/16.
- 4.7 The Capital Budget 2014/15 at 31 December 2014, excluding the National Police Air Service (NPAS), is £25.398m. Expenditure as at 31 December 2014 was £7.701m, with commitments of £6.881m held on the financial system. The latest forecast outturn is approximately £13.4m and the budget is being revised accordingly.

5. REVENUE RESOURCES 2015/16

Police Grant Settlement 2015/16

5.1 The provisional police funding announcement for 2015/16 was made in a written ministerial statement on 17 December 2014. The final settlement was announced on 4 February 2015, and confirmed the figures previously announced. The statement included the following key points:

- 5.1% reduction in core funding, as compared with 4.9% expected nationally. This will take the overall savings target to £163m or 40% by 2016/17.
- An expectation that Forces would contribute towards the Home Office departmental reduction in funding.
- A national increase in top slicing from £90m in 2014/15 to £176.8m in 2015/16 (96% increase):
 - IPCC £30m
 - HMIC £9.4m
 - College of Policing £4.6m
 - City of London £2.8m
 - Police Innovation Fund £70m
 - Police Knowledge Fund (new) £5m
 - Major Programmes (new) £40m
 - Police Special Grant (new) £15m

This represents an annual reduction of £7.25m in West Yorkshire's core grant.

- Damping of the funding formula remains unchanged in 2015/16, that is, all PCCs receive the same average cut in government funding.
- Capping criteria has been set so that a rise of 2% will trigger a referendum, the cost of which would be too prohibitive for it to be a realistic option.
- The Chancellor's Autumn Statement to Parliament on 3 December 2014 (and associated Office of Budget Responsibility economic and fiscal outlook report), although making no announcement specifically relating to Police, would indicate that unprotected Departmental Expenditure Limits, including the Home Office, will fall from a total £147.1bn in 2014-15 to £85.6bn in 2019-20. This equates to a real terms cut over the five years of 41.8%. Police Services remain unprotected in current Government priorities.
- No announcement was made on funding for 2016/17.

Core Funding

- 5.2. Whereas in the past funding for the police came from the Department for Communities and Local Government (DCLG) as well as the Home Office all funding now comes from the Home Office, including historic council tax freeze grants and localised council tax support.
- 5.3 The 2015/16 settlement including additional topslices and damping, equates to a real terms cut of 5.1%, an increase of 0.2% on that originally forecast.

	2014/15 £000	2015/16 £000
DCLG/Formula Funding	135,099	130,052
Home Office Police Grant	183,757	172,510
Total Formula Funding	318,856	302,562

- 5.4. The 2015/16 budget includes the Community Safety Fund (CSF), the grant for which was £5.292m in 2013/14. The PCC has agreed to passport the CSF to local government partners until 31.3.16, and has protected the core amount available within the budget, despite an 8.2% funding reduction (equating to £433,000), continuing his strong commitment to partnership working.

Other Grants

5.5 Counter Terrorism Specific Grant

Allocations of Counter Terrorism units have yet to be announced, and will not be made public. It has been confirmed however that funding will be maintained at £564m nationally.

5.6 Capital Grant

Levels of capital support were notified on 4 February 2015 and include an additional topslice of £778k. This has reduced the capital allocation from £4.3m to £3.5m, a reduction of 18.1%.

5.7 Localised Council Tax Support

Payment of localised council tax support is funded through the Home Office. West Yorkshire's allocation for 2015/16 is £14.467m, a marginal decrease on 2014/15.

5.8 Council Tax Freeze Grant

Payment of the 2011/12 council tax freeze grant is also now funded through the Home Office. West Yorkshire's allocation for 2015/16 is £2.225m. However, there is no guarantee of this additional 2015/16 freeze grant amount being mainstreamed into the core budget.

5.9 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 £748,951 to be carried to 2015/16 and this has been included in the figures presented.

5.10 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 605,349.78, as compared with the 2013/14 figure of 596,170.92.

6. COUNCIL TAX REFERENDUM LIMITS

- 6.1 The Government's excessiveness limit for 2015/16, above which a public referendum is required, has been set at 2% or more than 2% increase on the band D council tax for 2014/15.

7. CAPITAL RESOURCES 2015/16

- 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:

	2012/13 £m	2013/14 £m	2015/16 £m
Announced December 2010	4.9	4.5	4.5
Announced December 2012	4.6	4.2	4.3
Announced February 2015			3.5

- 7.3. Additional national topslicing of £20m was announced on 4 February 2015 for the central communications capabilities development. This equates to a reduction of £779k for West Yorkshire, equating to 18.1% of the capital budget.
- 7.4. Receipts from the sale of capital assets (capital receipts) may be used solely to finance new capital expenditure.
- 7.5. 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.
- 7.6. 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 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 2015/16

PCC Budget

- 8.1. The draft budget for the Office of Police and Crime Commissioner is set out at Appendix A. This has been reduced from 2014/15 in proportion to the funding reductions on the force. 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.

Force Budget

- 8.2 The Draft Base Budget for 2015/16 reflects the following key issues and assumptions:

- Reduction of 3.4% per year in main grant from 16-17 onwards.
- There is no guarantee of freeze grant beyond 2015-16
- 1.99% increase in precept to fund an additional 82 officers (30 to be brought forward).
- 1% pay award.
- No inflation on devolved budgets.
- General inflation of 2% and above inflation specific inflation rates for delegated budgets e.g. energy, rent, rates IT maintenance, large contracts and fuel.
- That savings plans shown in Valuing the Police 4 deliver fully (HMIC).
- Additional realised Programme of Change savings from running costs of £4.6m across 2016/17 and 2017/18.
- Operational Initiatives (cyber crime, human trafficking and C.S.E.) will end when the £3.5m funding ceases (2 years).
- Provision of £1 million per annum due to EAT holiday pay ruling.
- 10% assumed additional savings from regional collaboration over the 2015/16-2016/17 period.
- Recurrent PFI spending pressure for business rates and energy of £355k.
- Reduction in immigration income due to changes in national rates (£120k).
- Utilisation of reserves to bridge the funding Gap (£10m, and £8.688m).

- 8.3 Other savings on both pay and non pay items have been built into the 2015/16 budget, including police officer and police staff pay, overtime and allowances, IT, transport and travel estates, regional working, capital financing and income.

- 8.4 Other funding has been directed towards key priority areas including the recruitment of Special Constables (£1.015m). An additional £3.5m has also been specifically allocated for CSE, Cyber Crime and Human Trafficking, which will include the funding of 30 safeguarding investigators and a dedicated Human Trafficking Investigation Unit (agreed as part of 2014/15 budget) over two years.

8.5 The summary movement statement from 2014/15 to 2015/16 is attached at Appendix B, and the impact on force strength is shown at Appendix C. While the budget is balanced until 2017/18, this has been achieved through the use of general fund reserves (£10m in 16/17, and £8.688m in 17/18). The longer term position is less sustainable, and demands a financial strategy that maximises the sustainable resources available and utilises as far as possible non recurring resources as a means to reduce ongoing costs and demand for the Force and partners.

9. CAPITAL PROGRAMME 2015/16

9.1 The draft Capital Budget for 2015/16 and forecast for 2016/17 to 2018/19 with associated funding is attached at Appendix D. The draft budget only includes schemes/projects that have already been considered and included in the 2014/15 budget and beyond. This includes:

- Provision for some refurbishment work at Unit 41;
- Work on Huddersfield Cells;
- continuation of the PFI/NPT works;
- 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 being dealt with through the Force Transformation Fund, described at section 12 below. These will be considered by the PCC on receipt of costed business cases.

9.3 A funding strategy for the period of the forecast is shown at the bottom of Appendix D. It includes Capital Grant of £3.5m in 2015/16, 2016/17, 2017/18 and 2018/19. The level of capital receipts assumed in 2014/15 to 2017/18 totals £18.865m and reflects the Estates Department's latest assessment based on planned disposals over the period of the forecast. Direct Revenue Support remains at £0.500m each year and the balance of funding is from prudential borrowing, the Capital Financing Reserve and/or the Transformation Fund.

9.4 A Capital Financing Reserve was established in 2013/14 to provide additional flexibility in the financing of the capital programme in the light of the ongoing treasury management strategy of deferring new long term external borrowing by use of surplus cash within the cash flow.

9.5 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, the Community Outcomes Framework, 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 and Community Outcomes Framework were designed in partnership and then refined following consultation with a wide range of third sector, criminal justice, community safety and policing partners. The framework is used for planning, commissioning and performance management purposes.

11. OPERATIONAL CONTEXT

- 11.1 A serious concern remains about the longer term prospects given the very significant reduction in the size of the Force. The following table provides further information around the types of threats, risks and harm facing West Yorkshire Police, partners and its communities.

Total Crime	Total crime per 1,000 population has improved within West Yorkshire, however, continued improvement is required.
Domestic Burglary	There is still a relatively high rate of domestic burglary despite significant and ongoing reductions.
Mental Health	The Force is reviewing ways in which it can protect the vulnerable, and a number of pilot schemes are being considered.
Child Sexual Exploitation	This continues to be a key risk for the Force and partners.
Human Trafficking	This is an emerging issue and predictions are that it will gather momentum in a similar way to Child Sexual Exploitation.
Cyber Crime	This is an emerging issue which is likely to require further resource and understanding its scale.
Domestic Abuse	Just over a third of victims have previously reported domestic abuse which continues to be a priority in the police and crime plan working with partners.
Serious Sexual Offences	This continues to be a key priority, despite an increase in conviction rates and increase reporting.
Anti Social Behaviour	ASB is a key priority for communities.

- 11.2 Other issues include non-domestic burglary, organised crime, terrorism, drugs, firearms, public order and missing persons all of which will require significant investment as demand for service remains high.
- 11.3 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. Cyber Crime, Child Sexual Exploitation, Human Trafficking, Sexual Offences, Domestic Abuse and the changing Strategic Policing Requirement taking account of Counter Terrorism issues and assessments.

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 £8.7m for 2015/16.**
- 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 (and former Police Authority) 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 2016/17. Balances transferred from the Authority were £30.7m, and at 1 April 2014 these stood at £20.4m (now allocated to various projects within the Transformation Fund). It was anticipated that the surplus amount would largely be utilised over the remaining years of the MTFF. A further £19m has been identified for utilisation in the medium term to balance the budget (£10m in 2016/17, £8.688m in 2017/18).**
- 12.5 The HMIC Valuing the Police 3 (VTP3) report was critical of the heavy reliance placed upon balances to fund recurring expenditure over the period of the MTFF, which is not recommended professional practice unless made explicit and with clear plans in place to meet the deficit in the longer term. The PCC required a change in budget presentation to better reflect the savings profile anticipated through leavers, and HMIC endorsed the significant work undertaken through the Programme of Change to identify additional savings in its VTP4 report. Moving forward, however, the financial situation is severe, with significant losses of officers and staff expected. Consequently, plans are now in place to utilise the up front savings made, whilst maintaining a balance on the police fund at minimum risk assessed levels (£8.7m) for the foreseeable future.**
- 12.6 The focus of the financial strategy will be on sustainability and affordability, and therefore it has been assumed that the investment which commenced last year from the transformation fund will continue, and bring about reductions in the base budget. The utilisation of the one-off surplus balances for re-investment will enable fast diminishing numbers of staff and officers to work smarter and visible in our communities to improve service provision and contribute, with partners, to making communities safer and feeling safer. The focus of these initiatives will be on reducing demand, increasing efficiency and effectiveness and cutting costs wherever possible making the most of new mobile technology.**

12.7 The PCC will continue to honour the two year agreements made with Council leaders around Community Safety funding, and additionally has agreed to passport the Community Safety funding until 31.3.16 at the same levels, despite cuts to the PCC base budget.

External funding agreements agreed include:

- The passporting of £5.292m Community Safety funding until 31.3.16
- Time limited top up to the Community Safety Commissioning/Grants Funding £5.5m over two years (2014/15 and 2015/16). This includes the following:

➤	Additional PCSO funding	£2.285m
➤	Domestic Violence	£1.000m
➤	ASB Co-ordinator	£0.016m
➤	Community Safety partners	<u>£2.199m</u>
➤	Total	<u>£5.500m</u>
- Partnership Executive Group Innovation Funding £1m over two years (2014-15 and 2015-16).

12.8 In the face of such severe cuts and high levels of demand, there is a continued need to transform the organisation to meet the policing and community safety needs of West Yorkshire. One aspect of this is improving the technology used in preventing and detecting crime, and maximising the visibility, efficiency and effectiveness of officers on the frontline.

Work has already commenced in this area with the roll out of handheld devices to officers, and an improved central IT operating system and platform capability. Full business cases for additional initiatives are being considered. It is too early to undertake post implementation reviews, however, it is the PCCs intention that these are undertaken in order to ascertain the success of the investment in ensuring value for money.

12.9 The PCC will continue to consider business cases provided by the Force for utilisation of the Transformation funding, against the criteria of impact on:

- The shared outcomes of the Police and Crime Plan.
- Critical operational and organisational issues.
- Transforming the organisation to meet the financial challenges.

12.10 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.

12.11 For the Chief Constable to deliver transformational change however, continued investment is fundamental. The £20m allocated from balances last year was one off funding over a two year period to ensure that the most pressing policing needs of West Yorkshire are met, and the continuation of this investment is vital in ensuring the continuing effectiveness, efficiency and sustainability of the Force

- 12.12 The funding offers a one off potential for West Yorkshire Police to make the necessary investment in ICT. For example, tried and tested vehicle and handheld devices are now in place to enable officers and staff to be more visible in going about their duties out in our communities.
- 12.13 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.
- 12.14 Both the Force and the PCC are continuing work with a range of partners to explore alternative delivery systems, and to identify projects, based on mutually desirable outcomes, which may attract external funding e.g. Home office innovation fund, Community Safety Review, Partnership Executive Group, CSP Forum, DV Group etc.
- 12.15 Work has commenced on a review of community safety funding, and in the interim, refunds to partners for PCSO vacancies have been agreed, pro-rata to their contribution where they have been successful in becoming full-time police officers and managing budget pressures towards 2015/16.

13 LONGER TERM PROJECTIONS

13.1 The MTFF (attached at Appendix F) presents a balanced budget in the medium term (2017/18) and includes the following main assumptions:

Officer numbers are reduced to 4,300, police staff and PCSO's to 2,519. Redundancies are likely to be required for both police staff and PCSOs as reductions will be needed over and above natural leavers in order to deliver the savings faster.

Given the scale of the deficit and the short time frame in which to deliver, the only options available are to reduce police recruitment, increase police staff leavers and PCSOs over the short and medium term.

The base budget requirement and funding gap after savings from 2015/16 to 2019/20 is shown in the table below:

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Base budget	408,177	408,478	396,184	393,420	395,287
Use of general reserves	0	10,000	8,688	0	0
Savings gap	0	0	0	13,117	21,904

After this (2017/18) general reserves will have been exhausted to the risk assessed minimum of £8.7m against threat and harm.

Details are as follows:

- A reduction of 200 police officers from 4,500 to 4,300. The option assumes recruitment is limited to the precept increase of 1.99% in 2015/16 (82 officers) and 2016/17 (53 officers), rising to 191 in 2017/18 giving a potential additional saving of £6.5m.
- Assumes a reduction of police staff and PCSO numbers by 250 from 1 April 2016 and a further 250 from 1 April 2017. A further reduction of 50 per annum from 2018/19 has also been included. This has potential to increase savings in the MTFF period by £13.4m and meet the projected budget shortfalls.

13.2 The savings requirement over the period from 2011/12 to 2016/17 based upon the assumptions set out above now totals £163.4m (40% of the 2010/11 budget). While the budget balances in the short term there is still a very significant challenge ahead to deliver this scale of savings and to improve performance in the face of further substantial reductions to the size of the Force.

13.3 Her Majesty's Inspector of Constabulary (HMIC) Value for Money Profiles 2014 identify that West Yorkshire receives £11.2m less in funding through government grant (£5.7m) and precept (£5.5m), and has the third lowest council tax in England and Wales.

- 13.4. West Yorkshire has fewer police officers per 1,000 population than most similar forces and would need an additional 771 officers to reach the same level per head as Greater Manchester Police and 1,019 to reach the level of West Midlands.

14. COUNCIL TAX OPTIONS

- 14.1 Two options have been considered by the PCC in relation to the precept:
- 1) No increase; and,
 - 2) Increasing the council tax by 1.99% to fall below the referendum limit of 2% to recruit 82 new police officers.

This year's referendum principles did not allow the option of increasing the council tax by the greater of the referendum limit or a specified amount as in previous years (£5 increase permitted).

Key to the discussions was the consideration of three scenarios within the medium term financial forecast, balancing the budget in the:

- Short Term (2015/16)
- Medium Term (to 2017/18); and.
- Longer term (to 2019/20).

All three versions assume that the existing programme of change savings would be delivered, and the savings gaps identified in each version is over and above existing plans.

- 14.2 The PCC has recently undertaken a 'Community Conversation' to gain views from members of the public around policing. One aspect of the survey was to ask how much extra they would be prepared to pay for policing next year. 55% of respondents would be prepared to pay 2% or more on the police council tax.

The results are shown at Appendix A and summarised below:

	West Yorkshire
Reduction	0.3
No increase	18.2
1%	13.5
2%	15.1
3%	12.3
4%	3.0
5%	22.7
Over 5%	2.4
Other	2.4
The money should come from other sources, such as central government, local government, from other non-front line services, fines, politicians.	1.7
Indications of a willingness to pay an increase but no amount specified. Sometimes conditions to an increase are stated e.g. if spent on police officers, if the service improves etc.	5.2
Reductions should be made in other areas first e.g. becoming more effective and efficient, removing internal waste, providing value for money, mergers/reorganisation, reductions in pensions.	3.2

Base: 1,713

- 14.3 In context, a 1.99% increase in the police precept, based on projected taxbase levels, would provide an additional £1,664,833 of funding into the base budget.

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. The work of the Community Safety Funding review will be important over the next 12 months in identifying a more integrated, co-located delivery of local services, as well as identifying joint solutions to reduce costs.

- 14.4 The increase in council tax for option 2 is as follows:

COUNCIL TAX BAND	Option 2 1.99% Increase £p per annum
A	1.84
B	2.14
C	2.45
D	2.75
E	3.35
F	3.97
G	4.59
H	5.50

- 14.5 A 1.99% increase would take the Band D police council tax for 2015/16 to £140.95 a year. Approximately 61% of households in West Yorkshire are in Bands A and B, and would pay £93.96 and £109.63 respectively.

15. THE PRECEPT PROPOSAL

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

- **Operational resilience.**
- **Key recruitment strategy for Specials, PCSOs and volunteers.**
- **Public views obtained from the Community Conversation.**
- **The impact on frontline policing and the potential for recruitment of police officers in 2015/16 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 to protect the frontline as far as possible is a priority for the PCC, and one which requires a sustainable source of revenue funding and underpins the Specials and police volunteers strategy going forward.

15.4 Given the severe reductions in government support faced in the next CSR period, the only means of allowing for any police officer recruitment is to increase the police council tax by 1.99%, the maximum allowed under the referendum principles (capping).

15.5 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.

To put the decision in context, however:

- **The Force has suffered reductions of approximately 1,800 employees (officers and staff) since 2010/11 to date.**
- **327 police officers and 606 staff on the West Yorkshire establishment are engaged in national and regional activities.**
- **There are other significant central demands on specialist policing from West Yorkshire, the NATO summit, the Commonwealth Games, the Regional Strategic policing requirement for example.**

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.

15.6 The PCC therefore decided to support Option 2 and notified the Panel of his intention to increase the police council tax precept by 1.99% for 2015/16 on 6 February 2015. Each 1% on the police council tax generates around £837k in precept based on the 2015/16 tax base and is built into the base budget.

Given the very significant risks and costs associated with holding a local referendum the PCC was not willing to consider this option.

15.7 The PCC's proposal would result in a budget of £408.1m, a reduction of 2.6% on 2014/15. The 15/16 budget allows for the **recruitment of 82 police officers**, as against forecast leavers of 314, a net reduction of 232, and supports the underlying Special Constable and police volunteer recruitment strategy.

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 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 30th January the PCC notified the Police and Crime Panel for West Yorkshire of his proposed precept for 2015/16. The Panel formally considered the proposal on 6th February, 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 1.99% 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.

POLICE AND CRIME COMMISSIONER BUDGET

	ORIGINAL ESTIMATE 2014/15	FORECAST OUTTURN 2014/2015	ORIGINAL ESTIMATE 2015/2016
	000		
Corporate Expenses			
Audit Fee	57	55,560	56,671
Bank Charges	24	24,000	24,000
Subscriptions	22	22,450	31,469
Sub-total	103	102,010	112,140
Members/ICV Expenses			
Audit Committee and Misconduct Panels	6	7,000	5,000
Travel and Subsistence	19	14,000	18,300
Conferences and Training	0	400	-
Sub-total	25	21,400	23,300
Commissioner's Office			
Salaries	1,090	1,107,266	1,170,990
Other Employee Costs	30	23,599	23,082
Total Employee Costs	1,120	1,130,865	1,194,072
Running Costs			
Premises	159	154,782	125,446
Supplies and Services	101	124,095	95,095
Third Party Payments	79	116,546	89,116
Travel and Subsistence	36	20,800	26,550
Income	-108	125,671	163,033
Total OPCC	1,387	1,421,417	1,367,247
Shared Internal Audit Service	129	129,000	129,000
Contingency Sum	45	15,000	20,000
TOTAL	1,689	1,688,827	1,651,687
TARGET BUDGET (including Int Audit)	1,689	1,689,000	1,652,000

SUMMARY MOVEMENT STATEMENT 2014/15 TO 2015/16

APPENDIX B

	£000	£000	%
BUDGET REQUIREMENT 2014-2015		418,680	
UNAVOIDABLE MOVEMENTS			
Pay and Prices			
Police Officer	2,387		
Police Staff	1,548		
General Inflation	<u>3,012</u>	6,946	1.66
Revenue Implications of Capital			
Transformational Bids	2,584		
Software Maintenance	<u>0</u>	2,584	0.62
Budget Increases			
Increments	6,585		
Full Year Cost of Recruits	3,704		
Programme of Change	1,943		
EAT Holiday Pay Ruling - Contribution to Provison	1,000		
Maintenance Contracts	233		
Bank Holiday Overtime	600		
Increased Direct Revenue Financing for Fleet - 15/16 only	679		
Organisational Change Costs - 15/16 only	1,500		
Vehicle Fleet Capital Financing Adjustment	240		
Other Spending Pressures Including National Police Promotion Framework, PFI Rates, CPS Lawyers.	<u>934</u>	17,418	4.16
Budget Reductions			
Ill Health Retirements	-850	-850	-0.20
Increases Funded From Reserves			
CSE, Human Trafficking and Cyber Crime	<u>1,750</u>	1,750	0.42
Income and Grants			
Loss of PCSO Funding now funded by CSF	1,098		
PCSO contributions - refunds to Local Authorities	467		
Immigration Income - change in policy	120	1,685	0.40
Force Budget Savings			
Savings in advance	-15,770		
Planned Savings 2015-16	-23,370		
Debt Charges and Interest	<u>-820</u>	-39,960	-9.54
Office of PCC Budget Savings	-77	-77	-0.02
DRAFT BASE BUDGET 2015/16		408,177	-2.51
Use Of Balances			
Use of Operational Reserve	-1,750		
Use of CSF Reserve	<u>-1,098</u>	-2,848	
Central Police Grant		-319,256	
Precept & Collection Fund Surplus		-86,073	
Total Funding		-408,177	

Force Strength 2015/16**2014/15 2015/16****No at 31 March**

Police Officers	4770	4538
Police Staff	3495	3221

In year reductions in numbers**2015/16**

Police Officers	232
Police Staff	274
Total:	506

WEST YORKSHIRE POLICE
CAPITAL FORECAST 2014/15 TO 2018/19 as at February 2015

APPENDIX D

	ORIGINAL BUDGET 2014/15	SLIPPAGE FROM 13/14	BUDGET FROM REVENUE	14/16 IN-YEAR VIREMENTS/ RECEIPTS	14/15 SAVINGS	PROPOSED RE-PHASING FROM 14/15	TOTAL REVISED BUDGET 2014/15	ORIGINAL FORECAST 15/16	PROPOSED RE-PHASING INTO 15/16	PROPOSED UPDATED RECEIPTS	PROPOSED BUDGET 2016/16	FORECAST 2016/17	FORECAST 2017/18	FORECAST 2018/19
	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000	£000	£000
ESTATES														
CUSTODY EVOLUTION PLAN	0					-3350	250		3350		3350			
RIDINGS HOUSE	0			3600		-612	330	589	612		1501			
KIRKLESDENSBURY REFURBISHMENT	870	72					75	150	0		150	150	1000	6000
NEW HUDDERSFIELD DHQ			75				0	250	0		250	2750		
HALIFAX REFURBISHMENT							0	1000	0		1000	400		
BISHOPGARTH DEMOLITION							190				0			
HUDDERSFIELD COURT CELLS			100				27		0		0			
SCIENTIFIC SUPPORT (CALDER PARK)	0	27					1287		0		0			
PFI / NPT	585	572		150			1180	1700	400		2100	1700	1700	1700
MINOR WORKS & HEALTH AND SAFETY	2514		86	-1000		-400	265	1400	25		1425	1400	1400	1400
NEW DIVISIONAL ESTATES PLAN	2825	184		-2710		-25	0	767			767	2110	1703	1302
SLIPPAGE B/w/d	1445	-1445												
Sub Total Buildings Estates Managed	8219	-500	331	31	0	-4387	3604	8158	4387	0	10543	8510	6803	10482
CTU FIT OUT AND TACT CUSTODY							0		0		0			
POC Moves			100				100				0			
Sub Total Buildings Non Estates Managed	0	0	100	0	0	0	100	0	0	0	0	0	0	0
TOTAL ESTATES	8219	-500	431	31	0	-4387	3704	8158	4387	0	10543	8510	6803	10482
INFORMATION TECHNOLOGY														
MOBILE DATA	150						150	150	0		150	300	150	150
CORVUS	40	124					164	45	0		45	45	45	45
NICHE RMS	0						0		0		0		100	
CCTV	100						100	125	0		125	125	125	125
PC REPLACEMENT	100	114					214	125	0		125	125	125	125
NETWORK HARDWARE	850						850	900	0		900	900	900	900
CONSOLIDATION (UPGRADING AND EXPAND)	100	94	13				207	100	0		100	100	100	100
DATA INTEGRITY	65						65	55	0		55	55	55	55
IAM	0	50					60		0		0			
INFRASTRUCTURE UPGRADE	250	49	32				331	250	0		250	250	250	250
NETWORK AND STORAGE UPGRADE	450			2500			2950	300	0		300	125	125	125
HR SYSTEM & FINANCE SYSTEM INTEGRATION	10						10		0		0			
DIGITAL INTERVIEW RECORDING (CJS)	0	45		-45			0		0		0			
FOREFRONT IDENTITY MANAGER	200						200		0		0			
PACS (Physical Access Control System)	180	148					328		0		0			
FIRE CONTROL CENTRE	3080	30		-2000	-510		48		0		0			
KNOWLEDGE MANAGEMENT IT SYSTEM	0	4	44				48		0		0			
AGILITY (IN VEHICLE ACCESS TO FORCE NE)	88	43	6				139		0		0			
FOI TEAM IT SYSTEM	0	58					58		0		0			
GAZETEER	0	119					119		0		0			
i2 LITE	0	51					51		0		0			
QLIKVIEW	0	153					153		0		0			
NETWORK SECURITY				800			800		0		0			
AGILE WORKING			637				637	250	0		250	150	75	
AIRWAVE COVERAGE PFI SITES				252			252		0		0			
MOBILE HANDHELD PROJECT			130	-130			0		0		0			
SLIPPAGE B/w/d	735	-735						1298			1298	2508	1283	683
Sub Total IT Managed	6378	347	864	577	-510	0	7858	3958	0	0	3958	4681	3313	2558
FINANCE UPGRADE	40	83					103		0		0			
OTHER IT SCHEMES	100	382		-381			101	100	0		100	100	100	100
Sub Total Non IT Managed	140	445	0	-381	0	0	204	100	0	0	100	100	100	100
TOTAL IT.	6518	792	864	196	-510	0	7860	3958	0	0	3958	4781	3413	2658
TRANSFORMATIONAL PROJECTS														
ANPR	0						0	2850	0		2850			
INTERNAL SHARED SERVICES	0						0		0		0	1308		
DIGITAL INTERVIEW RECORDING (CJS)				458	-458		0		0		0			
Wi-Fi							0	1700	0		1700			
BODY WORN CAMERAS							0	2850	0		2850			
PROPERTY EVIDENCE SCANNING							0	1000	0		1000			
IT TRANSFORMATIONAL PROGRAMME				4100			4100		0		0			
SCIENTIFIC EQUIPMENT		0		16			16	2000	0		2000			
MOBILE HANDHELD PROJECT				5407			5407	332	0		332	332	988	
SLIPPAGE B/w/d	0	0					0		0		0	0	0	0
TOTAL TRANSFORMATIONAL PROJECTS	0	0	0	9978	-458	0	9520	10832	0	0	10832	1532	988	0
SCIENTIFIC EQUIPMENT	0	16		-16			0	0	0		0			
EQUIPMENT	0	77					77		0		0			
CTU	0	358					358		0		0			
VEHICLES	2731	415			-400		2746	3217	0		3217	2844	2890	2891
TOTAL OTHER PLANT AND EQUIPMENT	2731	866	0	-16	-400	0	3181	3217	0	0	3217	2844	2890	2891
GRAND TOTAL	17488	1068	1295	10190	-1368	-4387	24288	23801	4387	0	28288	17466	13873	15910
SLIPPAGE														
Additional Estimated Slippage c/w/d - Estates	-1845					877	-787	-1232	-877		-2110	-1703	-1362	-2093
Additional Estimated Slippage c/w/d - IT	-1298					0	-1298	-2508	0		-2508	-1283	-683	-532
TOTAL ESTIMATED SLIPPAGE	-2940	0	0	0		877	-2083	-3738	-877	0	-4618	-2986	-2044	-2625
TOTAL EXPENDITURE TO BE FUNDED	14528	1068	1295	10190	-1368	-3510	22205	20163	3510	0	23873	14801	11829	13185
FINANCING														
CAPITAL GRANT	4300			1358			5658	3500			3500	3500	3500	3500
SPECIFIC GRANT - CTU	0	277					228							
PRUDENTIAL BORROWING	0						0				0	0	0	5172
DIRECT REVENUE SUPPORT	500		1295				1795	500			500	500	500	500
VEHICLE DIRECT REVENUE FUNDING							0	879			879			
TRANSFORMATIONAL FUND				9988	-458		9533	10487			10487			
PFI RESERVE				402			402				0			
CAPITAL FINANCING RESERVE	5774	840		-2194	-910	-3510	0	3817	3510	-730	6397	2188	8288	2753
CAPITAL RECEIPTS	3954			835			4589	1400		730	2130	8313	2573	1280
TOTAL FINANCING	14528	1068	1295	10190	-1368	-3510	22205	20163	3510	0	23873	14801	11829	13185

RESERVES POSITION - BUDGET PAPER FEB 2015.

	31 March 2014	Agreed Transfers	1 April 2014	Transfer In	Transfers Out	31 March 2015	Transfer In	Transfers Out	31 March 2016	Transfer In	Transfers Out	31 March 2017	Transfer In	Transfers Out	31 March 2018	Transfer In	Transfers Out	31 March 2019	Transfer In	Transfers Out	31 March 2020
General Fund Balance	20,463	-1823	1,635	18,770	0	21,405	3,310	-2,500	18,905	638	-1,000	8,905	832	-838	217	832	-838	217	832	-838	217
General Fund Balance Risk Matrix	1,358	882	1,358			8,692			8,692			8,692			8,692			8,692			8,692
Capital Grants Unexpended Account	4,100		4,100	2,207	-1,358	1,808	322	-2,130	0	8313	-8313	0	2573	-2573	0	1260	-1260	0	0	0	0
Capital Receipts Reserve	3,488	701	4,200		-4,200	0	2,500	-2,500	0	200	-285	0	200	-105	0	200	-400	0	2,131	0	2,226
Emergency Reserve	3,296		3,296	380	-555	3,101	300	-800	2,691	439	-798	7,988	382	-1,000	8,300	1070	-900	8,370	900	10,270	0
Development Reserve	7,072		7,072	578	-400	7,246	510	-568	7,489			0			0			0			0
Viper Reserve	0		0			0			0												
Regional Working Reserve	2,650		2,650		-170	2,480		-1420	1,080		-1000	80		-4754	80		-2471	60			60
Capital Financing Reserve	10,959	5,935	16,794			16,794		-8034	10,105		-2078	7,225			2,471			0			0
PMLD Reserve	510		510			510		-510	0						0			0			0
Operational Change Fund	4,000		4,000		-1,500	2,500		-1,200	1,300		-1,900	0			0			0			0
Insurance Reserve	2,400		2,400		-800	1,600		-800	1,200		-400	0			0			0			0
Community Safety Fund	5,800		5,800		-888	1,892		-1,892	0						0			0			0
Partnership Executive Group	1,000		1,000		-50	600		-500	0						0			0			0
Innovation, Income Generation and Investment	800	280	1,080		-40	220		-220	220						220			220			220
Force Transformation	20,000		20,000			10,028		-10,028	1,350		-1,350	0			0			0			0
Operational Reserve	41,227	3,500	44,727	938	-4074	49,652	3,310	-1,750	49,902	638	-1,950	49,950	832	-1,950	48,000	1,270	-1,100	47,170	1,100	-1,100	46,070
Subs Total Enfranchised	87,200	9,888	97,088	25,085	(22,227)	114,787	3,832	(22,069)	122,719	638	(7,393)	115,326	3,138	(15,720)	109,606	2,350	(4,583)	107,023	1,100	(1,100)	105,923
Total Available Reserves	20,463	-1823	1,635	18,770	0	21,405	3,310	-2,500	18,905	638	-1,000	8,905	832	-838	217	832	-838	217	832	-838	217

WEST YORKSHIRE POLICE MEDIUM TERM FINANCIAL FORECAST 2014/2015 TO 2019/2020

	2014/2015 Estimate at £000	Adjustments £000	2014/2015 Revised £000	Adjustments £000	Services £000	Pay and Pensions £000	2015/2016 Estimate at £000	Adjustments £000	Services £000	Pay and Pensions £000	2016/2017 Estimate at £000	Adjustments £000	Services £000	Pay and Pensions £000	2017/2018 Estimate at £000	Adjustments £000	Services £000	Pay and Pensions £000	2018/2019 Estimate at £000	Adjustments £000	Services £000	Pay and Pensions £000	2019/2020 Estimate at £000	Adjustments £000	Services £000	Pay and Pensions £000
Police Pay	312,100	0	312,100	0	-9,314	2,320	244,418	11,845	-13,828	2,413	239,248	3,600	-11,980	2,237	239,248	3,600	-11,980	2,237	239,248	3,600	-11,980	2,237	239,248	3,600	-11,980	2,237
Police Staff Pay and Allowances	98,690	0	98,690	0	-7,792	1,516	94,487	2,421	-6,266	957	92,140	1,200	-8,071	932	92,140	1,200	-8,071	932	92,140	1,200	-8,071	932	92,140	1,200	-8,071	932
Police Overtime	6,128	0	6,128	0	0	66	6,915	-2,400	0	45	4,560	1,200	0	58	6,818	-900	0	58	6,818	-900	0	58	6,818	-900	0	58
Police Staff Overtime	34,370	0	34,370	0	-18,248	3,528	34,370	11,868	-19,283	3,040	33,629	5,000	-23,878	3,274	32,429	3,000	-17,202	3,098	31,015	3,000	-17,202	3,098	31,015	3,000	-17,202	3,098
Medical Expenses	3,410	0	3,410	0	0	68	3,478	0	0	176	3,654	0	0	185	3,839	0	0	194	4,033	0	0	204	4,237	0	0	214
Grants	118	0	118	0	0	2	120	0	0	3	123	0	0	9	126	0	0	10	131	0	0	11	138	0	0	12
Travel	1,552	0	1,552	0	0	11	1,563	0	0	31	1,594	0	0	32	1,626	0	0	37	1,663	0	0	42	1,708	0	0	48
Telephone	2,244	0	2,244	0	0	78	2,301	0	0	44	2,345	0	0	48	2,393	0	0	52	2,445	0	0	58	2,503	0	0	64
Business Maintenance	20,897	0	20,897	0	-245	815	21,985	0	-970	1,043	21,989	0	-1,000	1,045	21,994	0	0	1,045	21,998	0	0	1,045	21,998	0	0	1,045
Heat and Light	5,781	0	5,781	0	0	566	6,087	0	0	533	6,619	0	0	579	7,198	0	0	579	7,797	0	0	606	8,403	0	0	633
Contracted Transport Services	1,221	0	1,221	0	0	26	1,278	0	-50	25	1,253	0	0	25	1,278	0	0	25	1,303	0	0	25	1,328	0	0	25
Contracted Transport Services	1,221	0	1,221	0	0	26	1,278	0	-50	25	1,253	0	0	25	1,278	0	0	25	1,303	0	0	25	1,328	0	0	25
Police Staff Pension	14,241	0	14,241	0	-235	448	13,916	0	-700	605	13,515	0	0	651	13,064	0	0	681	12,683	0	0	727	12,356	0	0	764
Police Staff Pension	14,241	0	14,241	0	-235	448	13,916	0	-700	605	13,515	0	0	651	13,064	0	0	681	12,683	0	0	727	12,356	0	0	764
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Police Staff Pension	14,241	0	14,241	0	-235	448																				

PROTOCOLS FOR EARMARKED RESERVES

RESERVE	DEVOLVEMENT RESERVE	VIPER RESERVE
REASON/PURPOSE	To carry forward underspendings on devolved budgets for use in the following financial year, in accordance with Financial Regulations.	To retain the operating surplus on VIPER resulting from increased efficiencies and reduction in replacement costs (net of cost savings passed on to users).
HOW AND WHEN USED	<p>Amounts underspent are transferred into the reserve at the year end.</p> <p>Expenditure in the following year is supported by a contribution from the reserve.</p>	<p>To support future replacement of equipment and research and development costs for existing or new proposed products or services.</p> <p>To meet any trading deficit should one arise.</p>
MANAGEMENT AND CONTROL	Budget holders must submit a proposal to Chief Officer Team to justify the amount carried forward and spending plans for the following year. Agreed as part of the spending pressures process.	The ACO Finance and Business Services retains management control of the reserve. (Subject to change at Stage 2)
PROCESS AND TIMESCALE FOR REVIEW	The principle of carry forward is reviewed as part of the regular update of Financial Regulations	The adequacy of the reserve is considered as part of the budget and closedown process.

RESERVE	PRIVATE FINANCE INITIATIVE RESERVE/SINKING FUND	REGIONAL WORKING RESERVE
REASON/PURPOSE	To support the delivery of the PFI scheme for police operational and training accommodation. To smooth the impact of PFI costs on the revenue budget.	Formed from an underspending in excess of the agreed carry forward, this is ringfenced to promote future collaborative activity within the region.
HOW AND WHEN USED	To finance professional consultancy costs and internal PFI project team costs over the period of preparation for delivery of the scheme. Contributions are made and drawn down annually to smooth the impact on the revenue budget.	Proposals for utilisation of this reserve are subject to a business case to be approved by the Joint Police Authorities Committee.
MANAGEMENT AND CONTROL	Utilisation of the reserve is controlled by the ACO Finance and Business Services.	Approved expenditure would be controlled by the Regional Programme Director in consultation with regional finance lead officer (ACO Finance and Business Services West Yorkshire Police).
PROCESS AND TIMESCALE FOR REVIEW	The reserve is reviewed during budget preparation and as part of the annual closure of accounts to assess its adequacy and utilisation.	The reserve is reviewed during budget preparation and as part of the annual closure of accounts to assess its adequacy and utilisation.

RESERVE	DILAPIDATIONS RESERVE	CAPITAL FINANCING RESERVE
REASON/PURPOSE	To fund the repair, redecoration and return of lease properties to their original condition.	To provide additional flexibility in the financing of the capital programme, i.e. to meet the costs of any new borrowing taken in year, pending the recurring impact being built into the base budget.
HOW AND WHEN USED	To meet the costs of repair, decoration and alteration of lease properties at the end of the lease agreement.	Funds may be drawn down when a decision is made to take new long term borrowing
MANAGEMENT AND CONTROL	The ACO Finance and Business Services retains management control of the reserve.	The PCC's Chief Finance Officer has delegated responsibility for treasury management decisions including utilisation of the reserve.
PROCESS AND TIMESCALE FOR REVIEW	The reserve is reviewed during budget preparation and as part of the annual closure of accounts to assess its adequacy and utilisation.	The reserve is reviewed during budget preparation and as part of the annual closure of accounts to assess its adequacy and utilisation.

RESERVE	PNLD RESERVE	ORGANISATIONAL CHANGE RESERVE
REASON/PURPOSE	To retain the operating surplus on PNLD resulting from increased efficiencies and reduction in replacement costs (net of cost savings passed on to users).	To meet the costs associated with Programme of Change, predominantly employee costs.
HOW AND WHEN USED	To support future replacement and development costs for existing or new proposed products or services. To meet any trading deficit should one arise.	To fund the costs of necessary organisational restructure through Programme of Change.
MANAGEMENT AND CONTROL	The PCC's Chief Executive retains management control of the reserve.	Utilisation of the reserve is controlled by the ACO Finance and Business Services.
PROCESS AND TIMESCALE FOR REVIEW	The reserve is reviewed during budget preparation and as part of the annual closure of accounts to assess its adequacy and utilisation.	The reserve is reviewed during budget preparation and as part of the annual closure of accounts to assess its adequacy and utilisation.

RESERVE	INSURANCE RESERVE	CAPITAL INVESTMENT RESERVE
REASON/PURPOSE	To provide additional funding to the Insurance Provision should the annual budgeted contribution be inadequate to meet assessed liabilities at the balance sheet date.	To provide additional funding for the approved capital programme in the event that capital receipts do not materialise in accordance with the planned schedule.
HOW AND WHEN USED	To top up the amount provided to meet known insurance liabilities at the balance sheet date.	At the year end when decisions are taken regarding funding of the capital programme
MANAGEMENT AND CONTROL	The PCC's Chief Finance Officer retains management control of the reserve.	The PCC's Chief Finance Officer retains management control of the reserve.
PROCESS AND TIMESCALE FOR REVIEW	The reserve is reviewed during budget preparation and as part of the annual closure of accounts to assess its adequacy and utilisation.	The reserve is reviewed during budget preparation and as part of the annual closure of accounts to assess its adequacy and utilisation.

RESERVE	COMMUNITY SAFETY FUND RESERVE	INNOVATION IN PARTNERSHIP DELIVERY RESERVE
REASON/PURPOSE	To provide time limited additional resources to the PCC's Community Safety Funding to partners, through either grants or commissioning, in support of the outcomes in the Police and Crime Plan.	To encourage innovation in partnership delivery in support of the outcomes in the Police and Crime Plan.
HOW AND WHEN USED	To be incorporated into the grant/commissioning round for the PCC's Community Safety Fund and utilised according to the process and principles established for that.	Bids against the reserve will be reviewed by the OPCC prior to presentation to the Partnership Executive Group for approval. A proforma will be prepared for submissions.
MANAGEMENT AND CONTROL	The OPCC will retain management control of the reserve.	The OPCC will retain management control of the reserve.
PROCESS AND TIMESCALE FOR REVIEW	The reserve is reviewed during budget preparation and as part of the annual closure of accounts to assess its adequacy and utilisation.	The reserve is reviewed during budget preparation and as part of the annual closure of accounts to assess its adequacy and utilisation.

RESERVE	WyFi RESERVE	DEBT REPAYMENT RESERVE
REASON/PURPOSE	To meet any necessary start up costs to establish the PCC's Innovation, Income and Investment entity, to work with all partners to identify opportunities to bid for funds and re-invest the surplus back into communities.	To provide funding if appropriate to repay external debt should the opportunity arise to make recurring revenue savings in the base budget.
HOW AND WHEN USED	In the development of the 3i initiative, to meet any necessary non recurring costs. Costs will be approved by the PCC, subject to normal procurement arrangements.	Subject to monitoring of the position to identify any opportunities to repay external debt and make recurring revenue savings to the base budget.
MANAGEMENT AND CONTROL	The PCC's Chief Executive will retain management control of the reserve.	The PCC's Chief Finance Officer has delegated responsibility for treasury management decisions including utilisation of the reserve, subject to approval by the PCC.
PROCESS AND TIMESCALE FOR REVIEW	The reserve is reviewed during budget preparation and as part of the annual closure of accounts to assess its adequacy and utilisation.	The reserve is reviewed during budget preparation and as part of the annual closure of accounts to assess its adequacy and utilisation.

RESERVE	FORCE TRANSFORMATION RESERVE	
REASON/PURPOSE	To reinvest in the Force for time limited or non recurring initiatives which reduce costs, increase efficiency or reduce demand, in support of the outcomes in the Police and Crime Plan.	
HOW AND WHEN USED	Bids against the reserve will be made via a business case to the Community Outcomes meeting for approval by the PCC. Bids must include costings (including any additional recurring costs), benefits, risks and links to the Police and Crime Plan.	
MANAGEMENT AND CONTROL	Management and control of the reserve will be through approval at the Community Outcome Meeting, plus regular reporting back against the business case presented, to ensure benefits are achieved.	
PROCESS AND TIMESCALE FOR REVIEW	The reserve is reviewed during budget preparation and as part of the annual closure of accounts to assess its adequacy and utilisation.	

Results – Community conversation 2014**How much extra would you be prepared to pay for policing next year?**

	West Yorkshire
Reduction	0.3
No increase	18.3
1%	13.5
2%	15.1
3%	12.3
4%	3.0
5%	22.7
Over 5%	2.4
Other	2.4
The money should come from other sources, such as central government, local government, from other non-front line services, fines, politicians.	1.7
Indications of a willingness to pay an increase but no amount specified. Sometimes conditions to an increase are stated e.g. if spent on police officers, if the service improves etc.	5.2
Reductions should be made in other areas first e.g. becoming more effective and efficient, removing internal waste, providing value for money, mergers/reorganisation, reductions in pensions.	3.2

Base: 1,713

'Other' responses

Responses under 'other' fell into a couple of categories:

- No information to gauge whether an increase is needed.
- Make police expenditure on petrol, furniture etc. tax free.
- Increases should be in line with pay increases (so if pay does not increase then neither should the police element of council tax).
- Need to explain reasons for increases before people would agree.
- Can't consider police budget in isolation from others.
- Everyone is making cuts, so should the police.
- Those in higher bands should pay the increase while those struggling should not. Target bankers and the rich.

Significant differences

- More female than male respondents said they would pay 1% (16.0% vs 11.4%) and 3% (14.7% vs 10.6%) while more male respondents said they would pay over 5% (3.4% vs 1.1%).
- Those respondents with a disability were more likely than those without to say they wanted a reduction (1.1% vs 0.1%) or no increase (22.3% vs 17.2%) while more respondents without a disability said they would pay 5% (24.6% vs 14.9%).
- More respondents aged 55+ said they would pay 2% than those aged 35-54 (17.1% vs 12.0%).
- BME respondents were more likely than white respondents to say they wanted a reduction (2.4% vs 0.2%), no increase (31.3% vs 17.3%) or money to be found from other sources (6.0% vs 1.4%).

Demographics

District	Number	%
Bradford	402	23.0
Calderdale	169	9.7
Kirklees	313	17.9
Leeds	579	33.2
Wakefield	283	16.2
West Yorkshire	1,854	

The tables below do not include 'not stated'

Age	%
Under 35	5.5
35-54	35.4
55+	59.1

Ethnicity	%
White	95.0
BME	5.0

Disability	%
Disabled	16.7
Not disabled	83.3

Gender	%
Male	56.4
Female	43.6



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

POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE

RESPONSE TO THE POLICE AND CRIME PANEL

Thank you for the report of the West Yorkshire Police and Crime Panel regarding the precept for 2015-16. We had a very useful discussion at the Panel meeting on 6th February and I felt that there was a good level of understanding of the budgetary pressures facing the police and **why** I felt it necessary to propose a 1.99% precept increase.

Responding to the points raised within paragraph 5.1 of the report in the order that they are listed:

- As discussed at the meeting we have already started the recruitment at the end of this financial year so that around 30 of the recruits can be in place at the very beginning of the 2015-16 year and I will tell the Panel what efforts are being made to improve representation when we meet on 6th March.
- I left the Panel with a briefing on the workforce strategy and expect to discuss this in more detail at an agreed session with the Panel.

- I left the Panel with a briefing on the estate strategy and we will also discuss this at an agreed Panel session. I am very supportive of co-location opportunities as demonstrated by the Pontefract Fire Station which is in place and Weetwood Fire Station scheme which is in development, for example.

- As I offered at the Panel meeting, I will review the content of my consultation ready for next year and consult appropriately with the Panel.

- While making representations to the Home Office to leave the top-sliced money in our budget I will seek to maximise the innovation funding obtained and therefore minimise the impact of the top-slicing if at all possible.

- As mentioned at the Panel meeting, post implementation reviews will be done once the projects are implemented to track that the benefits identified in the business cases have been delivered. Robust business cases will continue to be required to release funding to projects, as well as potential alternative strategies on existing projects if necessary.

In the light of the Panel's support for the proposed precept I confirm my approval of the Band D precept of £140.95 which is a 1.99% increase giving a precept figure of £85,323,628.

Mark Burns-Williamson OBE
Police and Crime Commissioner for West Yorkshire