



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

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

### **REVENUE AND CAPITAL BUDGET 2013/14**

## EXECUTIVE SUMMARY

- The Police and Crime Commissioner (the Commissioner) is required to determine the council tax requirement for 2013/14, calculate the Band D police council tax and issue the precept to the Billing Authorities by 1 March 2013.
- 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 2013/14 reduced formula grant to local policing bodies by 1.6% on a like for like basis compared with 2012/13. This is a reduction of £5.3m for West Yorkshire. Floor damping reduced the raw formula grant allocation by some £5.4m.
- The former Neighbourhood Policing Fund (NPF) specific grant of £14.3m was rolled into general police grant in 2013/14.
- A number of funding streams relating to crime, drugs and community safety estimated at around £5.8m were amalgamated into one Community Safety Fund for use by the Commissioner. West Yorkshire's allocation is £5.3m for 2013/14.
- The Council Tax Freeze Grant for 2011/12 (£2.2m) will continue to be paid in each year of the spending review period. The grant of £2.8m paid for the freeze in 2012/13 dropped out in 2013/14 as anticipated. A further grant is available to those local policing bodies who agree to freeze the council tax again in 2013/14. This is equivalent to a 1% increase in council tax (£0.9m) and would be paid in 2013/14 and 2014/15.
- Capital support has been set at £4.6m in 2013/14, a reduction of £0.3m over the figures originally announced. This represents a top-slice to support the National Police Air Service.
- After consideration of the draft revenue budget and capital programme for 2013/14, the Commissioner evaluated three options, namely a freeze on the council tax, a 2% increase and a 3.8% increase, before notifying the Police and Crime Panel of his intention to increase the Band D council tax by £5 per annum to £135.50 (3.8%), allowed for under the government's referendum criteria.
- As a consequence of the significant and ongoing reductions resulting from the spending review, a major programme of organisational change called Operation Transform has been implemented which aims to protect frontline services as far as possible, while making savings in support functions. A process of Priority Based Budgeting is also in place, to deliver savings options and allow the organisation to slim down proportionately taking account of force priorities and risk.
- Strategic planning has been based upon the Commissioner's Community Outcome Framework which provides the outcomes the Commissioner is to achieve. It has been designed in partnership and then refined following consultation with a wide range of third sector, criminal justice, community safety and policing partners. The framework will be used for planning, commissioning and performance management purposes.
- The Police and Crime Panel unanimously supported the Commissioner's precept proposal.
- The transformation of the organisation will result in a smaller workforce. It is anticipated that force strength will be around 8,368 by 31 March 2014.
- The council tax increase will however allow for the recruitment of 44 police officers in 2013/14, which would otherwise be unaffordable in the current financial circumstances. It represents an increase of around a penny a day for the 64% of households in West Yorkshire in Bands A and B.

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## PURPOSE OF THE REPORT

1. To provide the relevant information to allow the Commissioner to approve the revenue budget, capital budget, precept and council tax for 2013/14.

## RECOMMENDATIONS

2. It is recommended that:

### Revenue

- i) The proposed budget for the Office of Police and Crime Commissioner for 2013/14, 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 2013/14, as set out in Appendix F, be approved.
- iii) The County's taxbase for the year 2013/14, as calculated and notified by the five District Councils, be noted at 587,280.19.
- iv) The Commissioner agrees the statutory calculations for the year 2013/14, as required by the Localism Act, 2011, as follows:

	<b>2013/14</b>	<b>£</b>
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)	79,577,992
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)	135.5026

- 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 2013/14 for the valuation bands shown below:

Valuation Band	(£)
A	90.3351
B	105.3909
C	120.4468
D	135.5026
E	165.6143
F	195.7260
G	225.8377
H	271.0052

vi) The Commissioner issues a precept for the financial year ending 31 March 2014 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	16,773,460
Calderdale	7,689,256
Kirklees	14,759,214
Leeds	28,256,222
Wakefield	12,099,840

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

vii) **Use of Balances**

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

## **Capital**

- viii) The revised capital budget for 2012/13 and the capital budget for 2013/14 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

## **STATUTORY REQUIREMENTS**

3. The Commissioner 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 Commissioner must calculate and agree the aggregate of revenue expenditure, contingency provision and level of reserves.
4. The Council Tax Requirement, which for the Commissioner is identical to the Precept, is calculated by deducting the sum of Police Grant and Department for Communities and Local Government (DCLG) Grant including any addition to or contribution from reserves and after taking account of any surplus or deficit on the Billing Authorities' Collection Funds.
5. The Precept may only be issued following the conclusion of the scrutiny process by the West Yorkshire Police and Crime Panel. The Commissioner 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 2013/14 by 1 February 2013.
6. The Panel must review the proposed precept by 8 February and make a report to the Commissioner. 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.
7. The Commissioner must have regard to and give the Panel a response to their report. Where no veto is exercised the Commissioner may issue the precept. If the Commissioner's proposal is vetoed by the Panel, a revised proposal must be notified to the Panel by 15 February.
8. The Panel must review the revised proposal and make a report to the Commissioner by 22 February. The Commissioner must respond to the report and issue his precept by 1 March.
9. Rejection by the Panel of the revised precept does not prevent the Commissioner issuing it as his precept for the forthcoming financial year.

10. The Local Government Act 2003 places a duty on the Commissioner'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.

## **FORECAST OUTTURN 2012/13**

### **Commissioner's budget**

11. The forecast outturn for the Office of the Police and Crime Commissioner is set out at Appendix A. Initial start up costs such as the design and implementation of the website have been funded by drawdown on the Devolvement Reserve, which was set aside for that purpose.

### **Force budget**

12. The latest detailed budget monitoring report covers the period 1 April 2012 to 31 December 2012. The updated force revenue budget for the year at outturn prices is £419.992m and at 31 December 2012 there was an underspending of £14.941m (5.1%) against profiled budgets.
13. Police officer and police staff pay budgets remain ring-fenced and are monitored centrally on a monthly basis by staff from the Human Resources and Finance Departments respectively. This ensures that vacancy savings are retained at the centre.
14. Average police officer strength has remained below that provided for in the budget profile during the period April to December. December's actual strength was 5,053, 52 below profile. Actual officer numbers to date have produced an underspending of £3.052m at standard rates.
15. The actual number of police staff in December was 3,475, 47 below profile, 43 of which are PCSO vacancies. Actual staff numbers to date have produced an underspending of £1.591m at standard rates. Part of this relates to PCSO vacancies but the Home Office has recently confirmed there is to be no clawback of Neighbourhood Policing Fund grant based on our mid year submission.
16. 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 has enabled the force to absorb the additional costs of a number of additional spending pressures.
17. The latest year end forecast position is an underspending in excess of £18m but much depends on staff turnover rates, organisational change costs and operational pressures. In addition to this, an underspend of £1.800m is forecast in Capital Financing Costs and it is planned to transfer this to a Capital Financing Reserve. An underspending of £10m has been built into the forecast level of General Balances and this is being used to help balance the budgets in 2013/14 and beyond. Devolved underspendings will be transferred to the Devolvement Reserve. Clearly anything in excess of the amounts assumed will be of additional benefit. It is planned to use any excess underspending to increase direct revenue financing of the Capital budget and reduce prudential borrowing accordingly. This will reduce future year capital financing charges.

18. The updated Capital Budget for 2012/13 is £13.606m. This reflects savings of £0.598m and the re-phasing of £4.834m of planned expenditure into 2013/14 Expenditure as at 31 December 2012 was £5.931m, with commitments of £6.310m held on the financial system.

## **REVENUE RESOURCES 2013/14**

### **Police Grant Settlement 2013/14**

19. The current formula grant distribution system based on cash amounts of grant was introduced in 2006/07. This is referred to as the four block model, comprising
- The Relative Needs Block
  - The Relative Resources Amount
  - The Central Allocation
  - The Floor Damping Block.
20. The relative needs block uses funding formulae designed to reflect the relative needs of individual authorities in providing services in seven areas including children's services, adult personal social services, police, fire etc.
21. The police funding formula distributes a basic amount per head of population plus top ups for crime, incidents, fear of crime, traffic and sparsity. There is also a basic amount per head for special events. Indicators which had previously disadvantaged West Yorkshire such as proportion of residents in terraced accommodation were removed as part of the review carried out in 2006/07 and replaced by others which have been shown to have a stronger correlation with crime levels such as density of bars within the force area.
22. The relative resource amount is a negative figure, which takes account of the fact that areas that can raise more income locally (i.e. have a high taxbase) require less support from government. The higher the RRA, the "richer" the authority, the less government support is received.
23. The amount left in the total service pot after distribution of relative needs and relative resources is distributed on a per head basis through the central allocation.
24. The floor damping block is intended to guarantee a minimum level of increase to every local policing body (the floor). The funding to pay for the floor is scaled back from those areas like West Yorkshire whose raw allocation from application of the funding formula exceeds the floor.
25. The provisional police funding announcement for 2013/14 was made in a written ministerial statement on 19 December 2012. The final Local Government Finance Settlement, including the police settlement was announced on 4 February 2013.

### **Formula Grant Funding**

26. The Home Secretary set out proposals for allocation of grant under the Police Grant Report (England and Wales) 2013/14. Police principal formula grant has been allocated using the same funding formula as the relative needs block. West Yorkshire's grant entitlement for 2013/14 is £187.770m.

27. Details of West Yorkshire's overall settlement are set out below. Changes to the Funding Formula mean that grant lost through floor damping is around £5.4m in 2013/14 and compared with £9.7m in 2012/13.

<b>Funding Formula Allocation</b>	<b>2012/13 £m</b>	<b>2013/14 £m</b>
Relative Needs	76.557	76,731
Relative Resources	-1.535	-2554
Central Allocation	75.870	72.986
Floor Damping	-9.698	-5.417
Police Grant	179.315	187.770
<b>Total Formula Allocation</b>	<b>320.509</b>	<b>329.516</b>
<b>Formula Grant Allocation</b>		
Communities and Local Government	141.194	141.746
Police Grant	179.315	187.770
Neighbourhood Policing Fund	14.332	Included in HO Grant
<b>Total Formula Grant</b>	<b>334.841</b>	<b>329.516</b>
<b>Cash Decrease</b>		<b>5.325</b>
<b>Percentage Decrease</b>		<b>1.6%</b>

28. The reduction in funding is in line with the original forecasts set out in the Government's 2012 Spending Review. Additional reductions had been anticipated as a result of announcements made by the Chancellor but these have not been passed on by the Home Office for 2013/14, although no figures have been released for 2014/15. The damping methodology remains unchanged for 2013/14 and 2014/15.
29. The police grant for 2013/14 includes the Neighbourhood Policing Fund which was paid as a specific grant in 2012/13, making the like for like reduction £5.325m or 1.6%.
30. Population projections used in the police funding formula have been updated to incorporate 2011 Census data. As much of the formula is driven by population, changes can result in significant variations. The resident population for West Yorkshire has reduced by 1.1% in comparison with the national average increase of 2.1%. This reduces the raw formula allocation and as a result the amount lost through damping has reduced from £9.7m to £5.4m.

## **Other Grant Funding**

31. Other grants payable in 2013/14 include:

- Community Safety Fund – drugs, crime and community safety funding streams amalgamated into a single Community Safety Fund for use by Commissioners. West Yorkshire’s allocation is £5.292m.
- Capital Grant – unchanged from the Written Ministerial Statement of January 2012. West Yorkshire’s allocation is £4.169m.
- Council Tax Support – this is a new specific grant paid directly to Commissioners to reflect the Government’s contribution to Council Tax Support. There is a national reduction of 10% as compared with 2012/13, but the local impact will depend upon the local schemes adopted by the Billing Authorities. West Yorkshire’s allocation is £14.422m.
- Council Tax Freeze Grant 2011/12 – continues to be paid for 2013/14 and 2014/15. West Yorkshire’s allocation is £2.225m.
- The written ministerial statement said “Specific funding will be given to cover the costs of police PFI projects which are currently operational. This funding was added to the police settlement for this specific purpose. The Home Office will also support the two police PFI projects that are currently in procurement and which are not yet operational”. The first year of PFI grant for West Yorkshire will be paid in 2013/14, with the first full year being 2014/15.

## **Other Resources**

32. The Commissioner has been notified of monies due to or from the District Councils’ Collection Funds. There will be an overall deficit of £509,369 to be carried to 2013/14 and this has been included in the figures presented.

## **Council Taxbase**

33. The taxbase, which represents the number of Band D equivalent properties in the county, is notified to the Commissioner by the Billing Authorities. The taxbase will reduce in 2013/14 as a result of the changes made by Government to the arrangements for Council Tax Benefit (CTB).

34. CTB was previously a national scheme funded by the Department for Work and Pensions. In other words the benefit awarded in line with nationally set criteria was met by grant paid to the Billing Authorities, so that there was no impact on major precepting authorities of the benefit awarded, which reduces the amount of council tax income collected. Billing Authorities are now required to set their own local schemes, subject to protection of claimants of pensionable age and public consultation.

35. The grant provided by government is also reducing by 10% as compared with 2012/13, and will no longer be paid exclusively to the Billing Authorities. The Commissioner will from 2013/14 receive a specific grant reflecting the government's contribution to council tax support. The overall impact will depend upon the local schemes implemented by the Billing Authorities.
36. The taxbase notified to the Commissioner for 2013/14 is 587,280.19 as compared with the 2012/13 figure of 686,085.31.

### **COUNCIL TAX FREEZE GRANT AND REFERENDUM LIMITS**

37. The Government has offered a further freeze grant for 2013/14, equivalent to a 1% increase in council tax and payable in 2013/14 and 2014/15. West Yorkshire's indicative allocation is £0.901m.
38. The Government's excessiveness limit for 2013/14, above which a public referendum is required, has been set at 2% other than for those local policing bodies in the bottom quartile of council tax, where the limit is £5 in cash terms. This applies to West Yorkshire and represents a 3.8% increase which is estimated to raise £2.9m.

### **CAPITAL RESOURCES 2013/14**

39. 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.
40. West Yorkshire's capital allocation is as follows:

	<b>2012/13 £m</b>	<b>2013/14</b>	<b>2014/15 £m</b>
Announced December 2010	4.9	4.5	4.5
Announced December 2012	4.6	4.2	4.3

41. The reduction on the previously announced figures represents a further topslice to support the National Police Air Service.
42. Receipts from the sale of capital assets (capital receipts) may be used solely to finance new capital expenditure. Currently the Commissioner has £1.8m of available capital receipts.
43. 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.

44. Under the Local Government Act 2003, the Commissioner 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.

## **INITIAL REVENUE BUDGET 2013/14**

### **Commissioner's Budget**

44. The draft budget for the Office of Police and Crime Commissioner is set out at Appendix A. This has been reduced from 2012/13 in proportion to the funding reductions on the force. Work is ongoing on restructuring the office within the budget provided in order to better meet the different demands required in supporting the Commissioner as opposed to the police authority.

### **Force Budget**

45. The draft force budget for 2013/14 reflects the following key issues and assumptions:
- A pay freeze in 2012 for police officers.
  - A pay freeze in 2012 for all police staff earning above £21,000 pa but a pay award of £250 for all those full time employees earning below £21,000 pa.
  - A 1% pay award for police officers and police staff in September 2013 and September 2014.
  - The full year effect of 2012/13 budget spending pressures.
  - Provision for 8 Public Holidays.
  - Additional £4.060m for the cost of police officer and police staff increments. Winsor 1 savings of £3.707m have been removed from police officer pay budgets.
  - General price increases of 2.0% and larger increases in some specific areas e.g. fuel (10%), energy (5%), rent and rates (3.5%), computer maintenance (3.5%).
  - The revenue implications of capital schemes e.g. running costs, maintenance costs etc.
  - Increased charges from the National Policing Improvement Agency (NPIA) and successor bodies.
  - An increased contribution of £0.500m to the Insurance Provision based on claims experience.
  - Increased ill health and injury pensions of £0.675m.
  - Charges for internal and external audit of the Chief Constable Corporation Sole.
  - No adjustments have been made at this stage to reflect any proposed changes of direction and control between the Chief Constable and the OPCC.
46. Details of the major movements between the original budget 2012/13 and the draft budget 2013/14 are summarised at Appendix C.

## **CAPITAL PROGRAMME 2013/14**

47. The latest Capital Programme for 2013/14 and forecast for 2014/15 to 2016/17 with associated funding is attached at Appendix D. The programme includes:
- the Huddersfield/Dewsbury Refurbishments. This is the only major new scheme and more details will be presented when it has been fully scoped;
  - PFI capital implications;
  - a continuing programme of Minor Works and Health and Safety works;
  - a continuing programme of Estates Rationalisation works
  - IT replacement programme; and
  - Vehicle and Equipment replacement programmes.
48. A funding strategy for the period of the forecast is shown at the bottom of Appendix D. It includes capital grant of £4.2m in 2013/14, £4.3m in 2014/15, £4.5m in 2015/16 and £4.5m in 2016/17. The level of capital receipts assumed in 2012/13 to 2016/17 totals £9.633m. Direct revenue support remains at £0.500m each year and the balance of funding is from prudential borrowing.
49. A Capital Financing Reserve has been established 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. This has meant that the Commissioner is currently significantly underborrowed in relation to the underlying borrowing requirement (the Capital Financing Requirement). This strategy has been adopted for a number of years as it reduces counterparty risk by minimising the amount of investable funds, and avoids the cost of carry (i.e. the difference between short term investment rates and long term borrowing rates).
50. 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 Loan Board should the situation look likely to change. Rather than include this in the base budget and risk continued underspends, it is proposed to create a reserve which would allow for the flexibility to take up part or all of the underborrowing at short notice without the need for any additional budget approval.

## **COUNCIL TAX OPTIONS**

51. As part of the budget planning process for 2013/14, the Commissioner considered three options:
- 1) Accepting the Government's offer of a precept freeze grant equivalent to a 1% increase in council tax.
  - 2) Increasing the council tax by the general referendum limit of 2%.
  - 3) Increasing the council tax by the specific referendum limit for West Yorkshire of £5 at Band D.

52. Relevant considerations for the Commissioner in making his decision included:
- The impact on frontline policing;
  - The impact on council taxpayers;
  - Future financial health, including adequacy of reserves and balances;
  - The robustness of financial and organisational management processes in place;
  - Levels of demand and force resilience;
  - Savings made to date and the capacity for future savings;
  - Public views obtained from the Listening to You First survey summarised at Appendix H.
53. The Commissioner was conscious of the very low council tax for policing in West Yorkshire, currently the third lowest in England and Wales, and the disproportionate impact that government funding reductions have had and will continue to have on the budget.
54. The only realistic prospect of recruiting police officers in 2013/14 given the medium term financial forecast set out at Appendix F is to utilise the latitude allowed by the Government to increase the council tax.
55. The Commissioner therefore decided to notify the Panel of his intention to increase the council tax at Band D by £5 per annum (3.8%).
56. The base budget with a 3.8% increase in council tax is summarised below:

	<b>£000</b>
<b>Budget Requirement 2012/13</b>	<b>411,730</b>
Movements	
Pay and Prices	5,047
Revenue Implications of Capital	-166
Budget Increases	6,609
Budget Reductions	-6563
Reduction in Income and Grants	4,663
Reduced Use of Balances	100
Force savings	-10,507
OPCC Savings	-34
Community Safety Fund	-5,292
Community Safety Fund passported to partners *	3,819
Police Officer recruits	1,404
<b>Base Budget 2013/14</b>	<b>410,810</b>

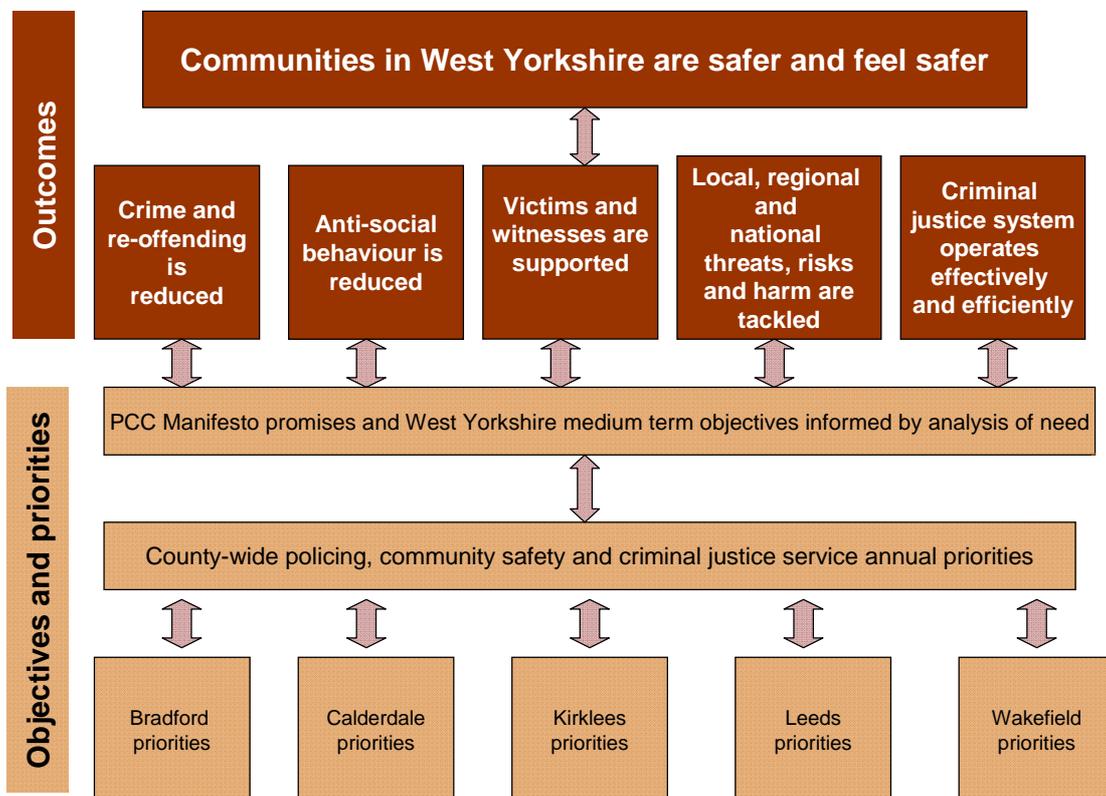
\*The remainder of the Community Safety Fund is allocated to the Force for the Drugs Intervention Programme.

## OPERATION TRANSFORM

57. The spending reductions required are a significant challenge, but the priority remains to protect frontline policing and services that protect the public from serious harm. The ongoing organisational change programme, Operation Transform, will deliver significant savings over the Spending Review period, focussing particularly on back office and support functions.
58. The very significant scale of the savings requirement over the period of the Spending Review mean it is inevitable that the size of the organisation will reduce. The latest people forecasts are shown at Appendix C. Including the police officer recruitment planned for 2013/14, it is estimated that total force strength will stand at 8,368 by 31 March 2014, made up of 4,957 police officers, 2,688 police staff and 723 PCSOs.

## COMMUNITY OUTCOME FRAMEWORK

59. Strategic planning has been based upon the Commissioner’s Community Outcome Framework which details the outcomes the Commissioner is to achieve. It has been designed in partnership and then refined following consultation with a wide range of third sector, criminal justice, community safety and policing partners. The framework will be used for planning, commissioning and performance management purposes. The ultimate outcome is that communities in West Yorkshire are safer and feel safer.
60. The final version of the Outcome Framework is provided below:



## **PROVISIONS, RESERVES AND BALANCES**

61. 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.
62. 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 £7.3m for 2013/14.
63. 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 Commissioner's earmarked reserves is set out at Appendix G for approval.

## **LONGER TERM PROJECTIONS**

64. The medium term financial forecast showing budget projections against estimated funding through to 2016/17 is attached at Appendix F. Key assumptions include
  - A 1.67% reduction in government funding as originally announced in the Spending Review, plus a further 2% announced as part of the Chancellor's Autumn Statement and an additional 2% from earlier government indications that the funding would be withdrawn in respect of the public sector pay award cap of 1%.
  - No further changes to the taxbase at this stage as a result of the localisation of council tax benefit
  - A Collection Fund deficit of £0.6m
  - Council tax increases of 2% in 2014/15 and beyond.
65. Savings of £65m have been delivered in the first two years of the Spending Review and a further £10.5m is included in the budget for 2013/14. In addition to this the medium term projections show a gap of £27.4m in 2014/15, rising to £59m by 2016/17.

## **ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES**

66. 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.

67. 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
  - Proposals for 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.
  - Ongoing transfer of costs from the NPIA for key systems
68. 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.
69. 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 organisational change programme as agreed by the Command Team.
70. 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.
71. 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.
72. The position faced by the Commissioner following the Government's Spending Review is very challenging based on the scale of the reductions required, and this is likely to continue into the medium term 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.

73. 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.

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

74. On 28th January the Commissioner notified the Police and Crime Panel for West Yorkshire of his proposed precept for 2013/14. The Panel formally considered the proposal on 5th February, and, as it is required to do by law, has issued a report on that proposal.
75. The Panel considered the Commissioner's proposal and unanimously supported a £5 per annum increase at Band D. A copy of the Panel's report, including the recommendations made to the Commissioner, and the Commissioner's response is included at Appendix I.

COMMISSIONER'S BUDGET 2013/14

APPENDIX A

	FORECAST OUTTURN 2012/2013	ORIGINAL ESTIMATE 2013/2014
<b>Corporate Expenses</b>		
Audit Fee	62	62
Bank Charges	24	24
Subscriptions	48	39
<b>Sub Total</b>	<b>134</b>	<b>125</b>
<b>Members/ICV Expenses</b>		
Member Allowances	170	6
Travel and Subsistence	21	18
Conferences and Training	1	1
<b>Sub Total</b>	<b>192</b>	<b>25</b>
<b>Commissioner's Office</b>		
Salaries	769	1,061
Other Employee Costs	33	35
<b>Total Employee Costs</b>	<b>802</b>	<b>1,096</b>
Running Costs	457	403
Income	-60	-40
<b>Sub Total</b>	<b>1,199</b>	<b>1,459</b>
<b>Shared Internal Audit Service</b>		
Salaries	393	373
Other Employee Costs	10	6
<b>Total Employee Costs</b>	<b>403</b>	<b>379</b>
Running Costs	22	48
Income	-147	-300
<b>Sub Total</b>	<b>278</b>	<b>127</b>
<b>TOTAL</b>	<b>1,803</b>	<b>1,736</b>

TARGET BUDGET

1,761

1,736

The Commissioner's Office is still in the process of organisational change and as such the estimates will be adjusted as appropriate during the year.

## SUMMARY MOVEMENT STATEMENT 2012/13 TO 2013/14

	£000	£000	%
<b>BUDGET REQUIREMENT 2012-2013</b>		411,730	
<b>UNAVOIDABLE MOVEMENTS</b>			
Pay and Prices			
Police Officer	1,548		
Police Staff	953		
General Inflation	<u>2,546</u>	5,047	1.23
Revenue Implications of Capital			
Debt Charges	-1,068		
New Buildings PFI	652		
Software Maintenance	<u>250</u>	-166	-0.04
Budget Increases			
Increments	4,060		
Olympics Mutual Aid and Overtime	-4,000		
Olympics Mutual Aid Income	4,000		
Contributions NPIA	421		
Contributions to Insurance Fund	500		
Ill Health & Injury Pensions	675		
Estates Weeding	350		
Client Lead Estates Riding House	33		
Pension Scheme Sanction Charges	300		
Internal and External Audit Fees	161		
Other	109	6,609	1.61
Budget Reductions			
Winsor Savings Police Pay	-3,707		
Agency Staff and Professional Fees Estates	-106		
Organisational Change Costs	-1,850		
Police Overtime Public Holidays	<u>-900</u>	-6,563	-1.59
Income and Grants			
DIP Grant ( Note 1)	1,686		
Loss of Income FTDC	242		
Loan Charges grant	250		
Council Tax Freeze Grant	2,686		
Interest on Revenue Balances	-35		
Neighbourhood Policing Grant	14,256		
Council Tax Benefit Grant	-14,422	4,663	1.13
Use Of Balances		100	0.02
Force Budget Savings		-10,507	-2.55
Office of PCC Budget Savings		-34	-0.01
Community Safety Fund Grant		-5,292	-1.29
Community Safety Grant Allocations ( Note 1)		3,819	0.93
Police Officer Recruits		1,404	0.34
<b>DRAFT BASE BUDGET 2013/14</b>		<b>410,810</b>	<b>-0.22</b>

## Note 1

DIP grant is now part of the Community Safety Grant . £3.819m to Partners and £1.473m included in Force base budget

## ANTICIPATED IMPACT ON FORCE STRENGTH

## STAFF NUMBER CHANGES 1 APRIL 2013 TO 31 MARCH 2014

	POLICE OFFICERS	PCSO'S	OTHER POLICE STAFF	TOTAL	
	FTE's	FTE's	FTE's	FTE's	
<b>ASSUMED BASE BUDGET 1/4/13</b>	<b>5033</b>	<b>751</b>	<b>2762</b>	<b>8,546</b>	
Variations from Assumptions ***	60	0	83	143	
External Funding Region		-3		-3	
<b>REVISED BUDGET 1/4/13</b>	<b>5,093</b>	<b>748</b>	<b>2,845</b>	<b>8,686</b>	<b>0</b>
Recruitment **	44	0	50	94	
<b>SAVINGS PROPOSALS</b>					
Vacancy Factor****		-25	0	-25	
Estimated Vacancies at 31 March 2013	-30	0	-50	-80	
Estimated Leavers to 31 March 2014	-150	0	-157	-307	
Required Leavers	0	0	0	0	
	-180	-25	-207	-412	
<b>BUDGET 31/3/14</b>	<b>4,957</b>	<b>723</b>	<b>2,688</b>	<b>8,368</b>	

\*Budget & People Forecast assumes savings for half a year from leavers during 2013-14 .Movement above reflects total number and

\*\* Assumes 50 specialist police staff posts will be recruited

\*\*\* The base budget at 1/4/13 assumed all vacant posts would be taken out of the budget for officer and staff leavers throughout the  
The numbers were based on forecasts recruitment and leavers.

\*\*\*\* Reflects average vacancies in PCSO's budget assumes recruiting to 760 but reflects the average number in post throughout the y

**WEST YORKSHIRE POLICE  
DRAFT CAPITAL FORECAST 2012/13 TO 2016/17**

**APPENDIX D**

	BUDGET 2012/13	PROPOSED BUDGET RE-PHASING INTO 2013/14	PROPOSED BUDGET SAVING	PROPOSED REVISED BUDGET 2012/13	ORIGINAL FORECAST 2013/14	PROPOSED RE-PHASING FROM 12/13	PROPOSED REVISED BUDGET 2013/14	FORECAST 2014/15	FORECAST 2015/16	FORECAST 2016/17
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>ESTATES</b>										
CUSTODY EVOLUTION PLAN	310			310			0			
KIRKLEES/DEWSBURY REFURBISHMENT	200	-150		50	3600	150	3750			
HMET RELOCATION	54			54			0			
SCIENTIFIC SUPPORT RELOCATION	1029		-430	599	430		430			
LGC ADAPTATIONS	481			481			0			
PFI / NPT	609	-470		139		470	470			
CARR GATE COMPLEX :-	0			0			0			
LAND PURCHASE	0			0			0			
PFI CAPITAL IMPLICATIONS	0			0	800		800			
MINOR WORKS & HEALTH AND SAFETY	2507	-136		2371	1800	136	1936	1700	1700	1700
ASSET RATIONALISATION WORKS	3101	-690		2411	1400	690	2090	1400	1400	1400
SLIPPAGE B/fwd	0			0	1279		1279	2132	1047	830
Sub Total Buildings Estates Managed	8291	-1446	-430	6415	9309	1446	10755	5232	4147	3930
CTU FIT OUT AND TACT CUSTODY	475	-300		175		300	300			
Sub Total Buildings Non Estates Managed	475	-300	0	175	0	300	300	0	0	0
<b>TOTAL ESTATES</b>	<b>8766</b>	<b>-1746</b>	<b>-430</b>	<b>6590</b>	<b>9309</b>	<b>1746</b>	<b>11055</b>	<b>5232</b>	<b>4147</b>	<b>3930</b>
<b>INFORMATION TECHNOLOGY</b>										
MOBILE DATA	600	-350		250	550	350	900	150	150	300
CORVUS	147			147	40		40	40	45	45
NICHE RMS	100	-100		0		100	100		100	
CCTV	100			100	100		100	100	125	125
PC REPLACEMENT	165	-25		140	125	25	150	100	125	125
NETWORK HARDWARE	875	-75		800	800	75	875	850	900	900
CONSOLIDATION	152			152	100		100	100	100	100
DATA INTEGRITY	50			50	55		55	55	55	55
IAM	312			312			0			
AIRWAVE (Replacements)	0			0			0		600	200
INFRASTRUCTURE UPGRADE	383			383	250		250	250	250	250
STORAGE	500	-120		380	250	120	370	250	250	250
HR SYSTEM	153			153			0			
DIGITAL INTERVIEW RECORDING (CJS)	74			74			0			
GIS	41			41			0			
NPAS	1065			1065			0			
FOREFRONT IDENTITY MANAGER	0			0	200		200			
PACS (Physical Access Control System)	470	-320		150		320	320			
FOLLOW ME PRINTING	0			0			0			
FIRE CONTROL CENTRE	2900	-2900		0		2900	2900			
SLIPPAGE B/fwd	0			0	777		777	1427	664	673
Sub Total IT Managed	8087	-3890	0	4197	3247	3890	7137	3322	3364	3023
FINANCE UPGRADE	178	-100		78		100	100			
IOM SYSTEM REPLACEMENT	27			27			0			
CTU	386			386			0			
OTHER IT SCHEMES	0			0			0			
Sub Total Non IT Managed	591	-100	0	491	0	100	100	0	0	0
<b>TOTAL I.T.</b>	<b>8678</b>	<b>-3990</b>	<b>0</b>	<b>4688</b>	<b>3247</b>	<b>3990</b>	<b>7237</b>	<b>3322</b>	<b>3364</b>	<b>3023</b>
SCIENTIFIC EQUIPMENT	276		-254	22			0			
3D SCANNER	126			126			0			
EQUIPMENT	750	-40		710		40	40			
VEHICLES	3631	-105		3526	2515	105	2620	2388	2538	2644
<b>TOTAL OTHER PLANT AND EQUIPMENT</b>	<b>4783</b>	<b>-145</b>	<b>-254</b>	<b>4384</b>	<b>2515</b>	<b>145</b>	<b>2660</b>	<b>2388</b>	<b>2538</b>	<b>2644</b>
<b>GRAND TOTAL</b>	<b>22227</b>	<b>-5881</b>	<b>-684</b>	<b>15662</b>	<b>15071</b>	<b>5881</b>	<b>20952</b>	<b>10942</b>	<b>10050</b>	<b>9597</b>
<b>SLIPPAGE</b>										
Additional Estimated Slippage c/fwd - Estates	-1634	269	86	-1279	-1863	-269	-2132	-1047	-830	-787
Additional Estimated Slippage c/fwd - IT	-1555	778	0	-777	-649	-778	-1427	-664	-673	-605
<b>TOTAL ESTIMATED SLIPPAGE</b>	<b>-3189</b>	<b>1047</b>	<b>86</b>	<b>-2056</b>	<b>-2512</b>	<b>-1047</b>	<b>-3559</b>	<b>-1712</b>	<b>-1503</b>	<b>-1392</b>
<b>TOTAL EXPENDITURE TO BE FUNDED</b>	<b>19038</b>	<b>-4834</b>	<b>-598</b>	<b>13606</b>	<b>12559</b>	<b>4834</b>	<b>17393</b>	<b>9231</b>	<b>8547</b>	<b>8206</b>
<b>FINANCING</b>										
CAPITAL GRANT	4600			4600	4169		4169	4300	4500	4500
SPECIFIC GRANT - OTHER	116			116			0			
SPECIFIC GRANT - CTU	553			553			0			
SPECIFIC GRANT - LGC	481			481			0			
PRUDENTIAL BORROWING	8704	-4834	-598	3272	5522	4834	10356	836	187	1456
DIRECT REVENUE SUPPORT	1586			1586	500		500	500	500	500
DIRECT REVENUE SUPPORT NPAS	1065			1065						
CAPITAL RECEIPTS	1933			1933	2368		2368	3595	3360	1750
<b>TOTAL FINANCING</b>	<b>19038</b>	<b>-4834</b>	<b>-598</b>	<b>13606</b>	<b>12559</b>	<b>4834</b>	<b>17393</b>	<b>9231</b>	<b>8547</b>	<b>8206</b>

## Reserves and Balances

## APPENDIX E

	31 March 2011 £000	Net Change 2011/12 £000	31 March 2012 £000	Net Change 2012/13 £000	31 March 2013 £000
<b>EARMARKED RESERVES</b>					
Devolvement Reserve	1,197	1,177	2,374	-2,374	0
VIPER Reserve	3,014	390	3,404	-1,000	2,404
PFI Reserve	223	48	271	-81	190
Regional Working Reserve	395	-148	247	0	247
Body Armour Reserve	1,660	0	1,660	-1,660	0
Dilapidations Reserve	0	3,000	3,000	0	3,000
Capital Financing Reserve	0	0	0	1,800	1,800
<b>GENERAL BALANCES</b>	<b>23,883</b>	<b>6,782</b>	<b>30,665</b>	<b>4,000</b>	<b>34,665</b>

**Future anticipated use of general balances**

<b>Opening balance</b>	<b>34,665</b>
2013/14	-6,000
2014/15	-6,000
2015/16	-6,000
2016/17	-6,000
<b>Closing Balance</b>	<b>10,665</b>

## WEST YORKSHIRE POLICE MEDIUM TERM FINANCIAL FORECAST 2012-13 TO 2016-17

	2012/2013 Estimate at Outturn £000	Adjustments £000	Pay and Prices £000	2013/2014 Estimate at Outturn £000	Adjustments £000	Pay and Prices £000	2014/2015 Estimate at Outturn £000	Adjustments £000	Pay and Prices £000	2015/2016 Estimate at Outturn £000	Adjustments £000	Pay and Prices £000	2016/2017 Estimate at Outturn £000
<b>DEVOLVED AND DELEGATED</b>													
Police Pay	254,758	-390	1,482	255,850	1,448	2,579	259,878	2,900	4,173	266,951	2,900	5,423	275,274
Police Allowances	7,098	0	13	7,111	0	65	7,176	0	66	7,242	0	67	7,309
Police Staff Pay and Allowances	110,338	1,183	942	112,463	500	1,132	114,095	800	1,825	116,720	800	2,362	119,882
Police Overtime	9,957	-900	53	9,110	300	94	9,505	600	160	10,265	-2,400	158	8,023
Police Staff Overtime	1,907	16	11	1,934	0	19	1,954	0	31	1,985	0	40	2,024
Sub Total Pay and Overtime	384,059	-91	2,501	386,469	2,248	3,890	392,607	4,300	6,256	403,163	1,300	8,050	412,513
Medical Expenses	4,280	0	86	4,366	0	88	4,453	0	225	4,679	0	237	4,916
Forensic	3,036	0	61	3,096	0	62	3,158	0	63	3,222	0	65	3,287
AFR	262	0	5	267	0	5	273	0	5	278	0	6	284
DNA	270	0	5	276	0	6	281	0	6	287	0	6	292
Clothing	1,353	0	27	1,380	0	28	1,407	0	28	1,436	0	29	1,465
Training	587	0	12	598	0	12	611	0	12	623	0	13	635
Computers and Communications	12,462	250	323	13,034	350	467	13,852	350	496	14,698	500	529	15,727
Buildings Maintenance	3,402	16	81	3,499	0	70	3,569	0	72	3,641	0	73	3,714
Cleaning	2,749	0	55	2,804	0	56	2,860	0	57	2,918	0	59	2,976
Rent and Rates	8,843	0	387	9,229	0	326	9,555	0	337	9,892	0	349	10,241
Energy	4,015	0	412	4,427	0	224	4,652	0	235	4,887	0	247	5,134
Contracted Support Services	307	0	6	313	0	6	319	0	6	326	0	7	332
Car Allowances & Travel	1,702	0	34	1,736	0	35	1,771	0	36	1,807	0	36	1,843
Vehicle Fleet	11,658	0	567	12,226	0	536	12,761	0	605	13,366	0	644	14,010
Internal Printing	222	0	4	226	0	5	231	0	5	235	0	5	240
Training Recharge	646	0	0	646	0	13	658	0	13	672	0	13	685
Advertising	71	0	1	72	0	1	74	0	1	75	0	2	77
Furniture and Fittings	151	0	3	154	0	3	157	0	3	160	0	3	164
Operational and Admin Equipment	2,842	0	57	2,898	0	58	2,957	0	59	3,016	0	61	3,077
Photocopying	1,115	0	22	1,137	0	23	1,160	0	23	1,183	0	24	1,207
Printing Stationery and Publications	720	0	14	734	0	15	749	0	15	764	0	15	779
Postage	382	0	8	390	0	8	398	0	8	406	0	8	414
Divisional Initiatives/Community Safety	645	0	13	658	0	13	672	0	13	685	0	14	699
ID Parades	192	0	4	196	0	4	200	0	4	204	0	4	208
Vehicle Recovery	188	0	4	191	0	4	195	0	4	199	0	4	203
Agency Staff and Professional Services	1,752	-106	33	1,680	-265	31	1,445	0	29	1,474	0	30	1,504
Helicopter	1,244	0	71	1,315	0	67	1,382	0	70	1,452	0	73	1,525
PFI	627	652	24	1,303	2,061	50	3,414	-354	64	3,125	-1,517	45	1,653
Officers From Other Forces	6,510	0	25	6,535	0	131	6,667	0	134	6,801	0	137	6,937
Subsistence Hotel & Hospitality	1,248	0	25	1,272	0	26	1,298	0	26	1,324	0	27	1,351
Other	5,185	19	108	5,312	0	134	5,445	0	137	5,582	0	140	5,722
Income	-49,789	1,928	-306	-48,168	0	-313	-48,480	0	-319	-48,799	0	-325	-49,124
Sub Total Non Pay	28,874	2,760	2,171	33,805	2,146	2,193	38,144	-4	2,477	40,617	-1,017	2,578	42,178
<b>TOTAL DEVOLVED AND DELEGATED</b>	<b>412,933</b>	<b>2,669</b>	<b>4,672</b>	<b>420,274</b>	<b>4,394</b>	<b>6,083</b>	<b>430,751</b>	<b>4,296</b>	<b>8,733</b>	<b>443,780</b>	<b>283</b>	<b>10,628</b>	<b>454,691</b>

<b>NON DEVOLVED/ DELEGATED</b>													
Pensions	4,556	975	153	5,684	0	171	5,854	0	176	6,030	0	181	6,211
Capital Financing:													
Debt Charges	10,678	-1,068	0	9,610	321	0	9,931	-373	0	9,558	500	0	10,058
Direct Revenue Support	500	0	0	500	0	0	500	0	0	500	0	0	500
Unfunded Pension Costs	204	0	4	208	0	5	213	0	5	219	0	5	224
Insurance	1,849	500	115	2,464	0	123	2,587	0	129	2,717	0	136	2,853
Prisoner Meals	160	0	3	163	0	3	166	0	3	170	0	3	173
Witness Allowances/Interpreters Fees	789	0	16	805	0	16	821	0	16	837	0	17	854
Legal Fees/Ex Gratia Payments	70	0	1	71	0	1	73	0	1	74	0	1	76
Organisational Change	3,000	-1,850	0	1,150	-50		1,100	70		1,170	50		1,220
Other	9,364	-3,839	16	5,541	0	16	5,556	0	16	5,572	0	16	5,589
PNC	1,586	421	95	2,102	240	70	2,413	0	72	2,485	0	75	2,560
Vehicle Fleet Financing	-2,864	0	0	-2,864	0	0	-2,864	0	0	-2,864	0	0	-2,864
Income General	-25,856	6,735	-37	-19,158	128	-37	-19,067	48	0	-19,019	0	0	-19,019
<b>TOTAL NON DEVOLVED/DELEGATED</b>	<b>4,036</b>	<b>1,874</b>	<b>367</b>	<b>6,277</b>	<b>639</b>	<b>368</b>	<b>7,284</b>	<b>-255</b>	<b>420</b>	<b>7,449</b>	<b>550</b>	<b>435</b>	<b>8,434</b>
<b>TOTAL FORCE BUDGET</b>	<b>416,969</b>	<b>4,543</b>	<b>5,038</b>	<b>426,550</b>	<b>5,033</b>	<b>6,452</b>	<b>438,035</b>	<b>4,041</b>	<b>9,153</b>	<b>451,229</b>	<b>833</b>	<b>11,063</b>	<b>463,125</b>
OFFICE OF THE PCC	1,761	-34	9	1,736	-33	25	1,728	0	26	1,754	0	26	1,780
COMMUNITY SAFETY FUND GRANT		-5,292		-5,292			-5,292			-5,292			-5,292
COMMUNITY SAFETY COMMISSIONING (NOTE1)		3,819		3,819			3,819			3,819			3,819
POLICE OFFICER RECRUITS		1,404		1,404			1,404			1,404			1,404
SAVINGS		-10,507		-10,507			-10,507			-10,507			-10,507
<b>TOTAL BASE BUDGET FUNDED BY</b>	<b>418,730</b>	<b>-6,067</b>	<b>5,047</b>	<b>417,710</b>	<b>5,000</b>	<b>6,477</b>	<b>429,187</b>	<b>4,041</b>	<b>9,179</b>	<b>442,407</b>	<b>833</b>	<b>11,089</b>	<b>454,329</b>
CONTRIBUTION FROM BALANCES	7,000	-100	0	6,900	0	0	6,900	-900	0	6,000	0	0	6,000
EXTERNAL SUPPORT	322,735	9,006		331,741	-17,379		314,362	-5,769		308,593	-3,178		305,415
COLLECTION FUND SURPLUS/DEFICIT	-541	32		-509	-91		-600			-600			-600
COUNCIL TAX FREEZE GRANT	0	0		0			0			0			0
<b>TOTAL FUNDING</b>	<b>329,194</b>	<b>8,938</b>	<b>0</b>	<b>338,132</b>	<b>-17,470</b>	<b>0</b>	<b>320,662</b>	<b>-6,669</b>	<b>0</b>	<b>313,993</b>	<b>-3,178</b>	<b>0</b>	<b>310,815</b>
<b>PRECEPT REQUIREMENT</b>	<b>89,536</b>	<b>-9,958</b>		<b>79,578</b>	<b>1,592</b>		<b>81,170</b>	<b>1,623</b>		<b>82,793</b>	<b>1,656</b>		<b>84,449</b>
<b>SHORTFALL</b>				<b>0</b>			<b>27,355</b>			<b>45,621</b>			<b>59,065</b>

Note 1

The Community Safety Fund includes funding for the Drugs Intervention Programme which funds Detention Officers shown in the Police Staff pay budget  
Funding for 2013-14 has been agreed at £1.473m.

**APPENDIX G**

**PROTOCOLS FOR EARMARKED RESERVES**

<b>RESERVE</b>	<b>DEVOLVEMENT RESERVE</b>	<b>VIPER RESERVE</b>
<b>REASON/PURPOSE</b>	To carry forward underspendings on devolved budgets for use in the following financial year, in accordance with Resource Standing Orders.	To retain the operating surplus on VIPER resulting from increased efficiencies and reduction in replacement costs (net of cost savings passed on to users).
<b>HOW AND WHEN USED</b>	<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>
<b>MANAGEMENT AND CONTROL</b>	Budget holders must submit a proposal to Command Team to justify the amount carried forward and spending plans for the following year.	The ACO Finance and Business Services retains management control of the reserve.
<b>PROCESS AND TIMESCALE FOR REVIEW</b>	The principle of carry forward is reviewed as part of the annual update of Resource Standing Orders.	The adequacy of the reserve is considered as part of the budget and closedown process.

<b>RESERVE</b>	<b>PRIVATE FINANCE INITIATIVE RESERVE</b>	<b>REGIONAL WORKING RESERVE</b>
<b>REASON/PURPOSE</b>	To support the delivery of the PFI scheme for police operational and training accommodation.	Formed from an underspending in excess of the agreed carry forward, this is ringfenced to promote future collaborative activity within the region.
<b>HOW AND WHEN USED</b>	To finance professional consultancy costs and internal PFI project team costs over the period of preparation for delivery of the scheme.	Proposals for utilisation of this reserve are subject to a business case to be approved by the Joint Police Authorities Committee.
<b>MANAGEMENT AND CONTROL</b>	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).
<b>PROCESS AND TIMESCALE FOR REVIEW</b>	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.

<b>RESERVE</b>	<b>BODY ARMOUR RESERVE</b>	<b>DILAPIDATIONS RESERVE</b>
<b>REASON/PURPOSE</b>	To fund the purchase of replacement body armour.	To fund the repair, redecoration and return of lease properties to their original condition.
<b>HOW AND WHEN USED</b>	The reserve will be utilised during 2012/13.	To meet the costs of repair, decoration and alteration of lease properties at the end of the lease agreement.
<b>MANAGEMENT AND CONTROL</b>	Utilisation of the reserve is controlled by the Head of Procurement in consultation with the ACO Finance and Business Services.	The ACO Finance and Business Services retains management control of the reserve.
<b>PROCESS AND TIMESCALE FOR REVIEW</b>	The reserve is non recurring and any surplus or deficit as compared with the actual cost of the body armour contract will be returned to/met from general balances.	The reserve is reviewed during budget preparation and as part of the annual closure of accounts to assess its adequacy and utilisation.

<b>RESERVE</b>	<b>CAPITAL FINANCING RESERVE</b>	<b>PFI SINKING FUND</b>
<b>REASON/PURPOSE</b>	To provide additional flexibility in the financing of the capital programme.	To smooth the impact of PFI costs on the revenue budget.
<b>HOW AND WHEN USED</b>	Funds may be drawn down when a decision is made to take new long term borrowing	Contributions made and drawn down annually for the purpose above.
<b>MANAGEMENT AND CONTROL</b>	The Commissioner's Chief Finance Officer has delegated responsibility for treasury management decisions including utilisation of the reserve.	The ACO Finance and Business Services retains management control of the reserve.
<b>PROCESS AND TIMESCALE FOR REVIEW</b>	Reviewed annually as part of the budget planning process process.	Reviewed annually as part of the budget planning process process.

Listening to You First Survey Findings

		All respondents
<b>Q10 Would you be prepared to pay more than 2% extra on your police council tax this year?</b>	Yes	57.4
	No	42.6

Base: 1,982

Significant differences
<ul style="list-style-type: none"> <li>Those with a disability were less likely to say yes</li> <li>Those from a BME background were less likely to say yes</li> </ul>

		All respondents
<b>Q11 How much extra would you be prepared to pay for policing next year?</b>	Reduction	0.2
	No increase	26.0
	1%	8.5
	2%	17.9
	3%	13.9
	4%	7.9
	5%	18.3
	Over 5%	2.2
	Other	5.0

Base: 1,939

Significant differences
<ul style="list-style-type: none"> <li>Those who were contacts were less likely to say they would pay 5% more than those who were not</li> <li>Males were less likely to say they would pay 3% extra but more likely to agree to pay 5% extra</li> <li>Those from a BME background were more likely to say they wanted to pay no increase and less likely to say they would pay an extra 3%</li> <li>Younger respondents indicated they were happier to pay 5% or more than those over the age of 55</li> </ul>

		Q10 Would you be prepared to pay more than 2% extra on your police council tax this year?	
		Yes	No
<b>Why do you say that?</b>	Policing is important	31.0	-
	To ensure communities are safe	25.2	-
	Small amount to pay	21.8	-
	To increase police officer/staff numbers	9.3	-
	Other - yes	7.1	-
	No reason provided or just caveats given	5.6	-
	Increases are not affordable	-	42.6
	Changes need to be made	-	22.7
	Other - no	-	9.4
	Increase not justified	-	7.8
	Not value for money	-	7.1
	Everyone has to make cuts	-	6.1
	No reason provided	-	4.2

<b>Significant differences - yes</b>
<ul style="list-style-type: none"> <li>Males were more likely to give another reason when saying why they would pay more than 2% while females were more likely to give either no reason or provide caveats attached to the extra increase</li> </ul>
<ul style="list-style-type: none"> <li>Bisexual respondents were more likely to say they would pay extra to increase police officer/staff numbers than heterosexual respondents</li> </ul>
<ul style="list-style-type: none"> <li>Those with a disability were happy to pay extra to ensure communities are safe but less likely to say it was a small amount to pay</li> </ul>
<ul style="list-style-type: none"> <li>Those aged 34 or under were more likely to say it was a small amount to pay than those aged 55 or over</li> </ul>

<b>Significant differences - no</b>
<ul style="list-style-type: none"> <li>Males were more likely to say they wouldn't pay more than 2% because changes need to be made while females were more likely to say that increases are not affordable</li> </ul>
<ul style="list-style-type: none"> <li>Those from a BME background were more likely to say that the police/increases did not provide value for money</li> </ul>

**Q10 Would you be prepared to pay more than 2% extra on your police council tax this year?**

**Yes**

<b>To increase police officer/staff numbers</b> <ul style="list-style-type: none"><li>• Includes visibility</li><li>• PCSOs and staff</li><li>• Frontline policing</li></ul>
<b>To ensure communities are safe</b> <ul style="list-style-type: none"><li>• Maintain law and order</li><li>• Quality of life</li></ul>
<b>Small amount to pay</b> <ul style="list-style-type: none"><li>• Affordable</li><li>• Good value</li><li>• Current rate of inflation</li></ul>
<b>Policing is important</b> <ul style="list-style-type: none"><li>• Needs funding</li><li>• Maintain/improve service</li><li>• To cover inflation</li><li>• You get what you pay for</li><li>• Tax hasn't increased for 2 years so needs to</li><li>• Need to support the police</li></ul>
<b>No reason provided/caveats</b> <ul style="list-style-type: none"><li>• E.g. wants proof of where it's being spent, that it's being spent effectively, or providing value for money</li><li>• 'Only if I could see it making a difference' but not indication of what that difference is</li></ul>
<b>Other</b> <ul style="list-style-type: none"><li>• If it's needed, it's needed</li><li>• If police are ineffective then why pay at all?</li><li>• All need to take ownership of our society</li><li>• No choice/obliged to pay whatever we ask</li><li>• If we get policing right now, then potentially could reduce the tax in future years</li></ul>

Many comments that people should pay more than others if they earn more or they live in more demanding areas.

## No

### **Increases are not affordable**

- Times are tight
- Unemployed
- Reduce pay/pension
- No wage increases
- Other costs increasing

### **Changes need to be made**

- Balance of taxes
- Inefficiencies
- Services offered (e.g. helicopter)

### **Not value for money**

### **Increase not justified**

- Funding received is sufficient
- Pay enough tax already
- Paying for a service never see/use

### **Everyone has to make cuts**

### **No reason provided**

### **Other**

- More funds from Government
- Chase non payers
- Use criminal assets
- Make criminals pay more
- Disagrees in principal with increases
- Stop Government giving money to other countries
- Make changes to local authorities



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

### **RESPONSE TO THE POLICE AND CRIME PANEL**

#### **INTRODUCTION**

On 28<sup>th</sup> January I notified the Police and Crime Panel for West Yorkshire of my proposed precept for 2013/14. The Panel formally considered the proposal on 5<sup>th</sup> February, and, as it is required to do by law, has issued me with a report on that proposal.

I proposed a precept of £79,577,993 representing a 3.8% increase in the police council tax, which makes up around 10% of the overall council tax bill. In doing so I was conscious of the very low council tax for policing in West Yorkshire, currently the third lowest in England and Wales, and the disproportionate impact that government funding reductions have had and will continue to have on the budget.

My proposal, which means an increase of around a penny a day for the 64% of households in West Yorkshire in Bands A and B, also reflects feedback from my Listening to You First survey which has informed decision making regarding priorities and overall support for the approach.

The only realistic prospect of recruiting police officers in 2013/14 given the medium term financial position is to utilise the additional latitude allowed by the government for those Commissioners with council tax levels in the bottom quartile nationally. This will allow for the recruitment of 44 police officers in 2013/14.

#### **THE PANEL'S CONCLUSIONS**

The Panel issued its report on 8<sup>th</sup> February and this is attached at Appendix A. I have a duty to take into account the recommendations made to me by the Panel and to issue a public response to it.

## THE COMMISSIONER'S RESPONSE

I welcome the Panel's unanimous support for a £5 per annum council tax increase at Band D.

My response to the specific recommendations set out in the Panel's report is as follows:

<b>Panel Recommendation</b>	<b>Commissioner's Response</b>
5.1.1	Agreed
5.1.2	Agreed
5.1.3	Agreed
5.1.4	Agreed
5.1.5	Agreed
5.1.6	Agreed
5.1.7	<p>The initial restructure of the Commissioner's office is being conducted under the Organisational Change procedure and as such is subject to consultation with the staff involved and the Trades Unions. Once this has been completed I am happy to share details of my agreed staffing structure.</p> <p>I am also required to submit a stage 2 transfer scheme to the Home Secretary setting out my intentions as regards those staff who will transfer to the Chief Constable Corporation Sole.</p> <p>I will be looking at both of these issues in the round and in consultation with the Chief Constable, to ensure that an appropriate scheme is submitted in accordance with the Home Office deadlines.</p>
5.1.8	<p>Of the estimated number of police staff leaving due to natural turnover during 2013/14, provision is made in the budget for 50 to be replaced where in the opinion of the force Resourcing Panel the post is essential to the effective operation of the force. It is not possible to predict where vacancies will arise during the year or the number which will need to be filled. The estimated cost of filling these vacancies is based upon past experience. The remaining cost of police staff leavers is removed from the base budget.</p> <p>The police staff budget provides for the cost of increments and phased savings resulting from regional collaborative activity have been deducted.</p>

5.1.9	<p>The medium term financial forecast shows the net cost of PFI at £1.303m in 2013/14, £3.414m in 2014/15, £3.125m in 2015/16 and £1.653m in 2016/17.</p> <p>This reflects the fact that the scheme becomes operational during 2013/14 for a part year, with a full year cost in 2014/15 and beyond. Costs include the Commissioner’s contribution to the sinking fund which is being used to smooth the impact on the revenue budget, plus staffing, utilities and non domestic rates.</p> <p>Savings are also phased and include benefits realisation as well as reductions in running costs resulting from disposal of the existing estate. The actual timing will depend upon when the disposals take effect, and best estimates have been used for the purposes of the medium term forecast.</p>
5.1.10	<p>The impact of the council tax benefit localisation scheme will be kept under review as part of the annual budget planning process.</p>



**Report of the West Yorkshire Police and Crime Panel  
Precept Proposal 2013/14  
Wednesday 6 February 2013**

**1. Executive Summary**

- 1.1 This document constitutes the report and recommendations of the West Yorkshire Police and Crime Panel (hereafter referred to as 'the Panel') in respect of the Commissioner's proposed precept for 2013/14.
- 1.2 This report is submitted to the West Yorkshire Police and Crime Commissioner in accordance with the requirements of Paragraph 3, Schedule 5 of the Police Reform and Social Responsibility Act 2011.
- 1.3 The Panel endorses the Commissioner's proposal to increase the Council Tax at Band D by £5 per annum<sup>1</sup> on the basis of commitments made by the Commissioner at the meeting on February 5<sup>th</sup> 2013.

**2. West Yorkshire Police and Crime Panel**

- 2.1 Those Panel Members present to consider the proposed precept were as follows:
- Cllr Peter Box Wakefield (Chair)
  - Cllr Sarah Ferriby Bradford
  - Cllr Imran Hussain Bradford
  - Cllr Michael Walls Bradford
  - Cllr Steve Sweeney Calderdale
  - Cllr David Hall Kirklees
  - Cllr Alison Lowe Leeds
  - Cllr Mohammed Iqbal Leeds
  - Cllr Les Carter Leeds
  - Cllr Jean Askew Wakefield
  - Jo Sykes Independent Member
  - Roger Grasby Independent Member

**3. Powers of the West Yorkshire Police and Crime Panel**

- 3.1 The Panel have the functions conferred by Schedule 5 Part 1 of the Police Reform and Social Responsibility Act 2011 (Issuing Precepts.) This enables them to:
- (i) Review the proposed precept notified by the Commissioner
  - (ii) Make a report to the Commissioner on the proposed precept
  - (iii) Include recommendations within the report as to the precept that should be issued for the financial year

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<sup>1</sup> Cost implications for the different Council Tax bands can be found in Appendix A

- 3.2 The Panel may, having reviewed the proposed precept, veto the proposed precept:
- (i) If the Panel vetoes the proposed precept, the report must include a statement that the Panel has vetoed it
- 3.3 If the Panel does not veto the precept:
- (i) The Police and Crime Commissioner must have regard to the Panel's report and recommendations and publish a response to it.
  - (ii) It is for the Panel to decide in what way the Commissioner's response is published.
- 3.4 If the Panel does veto the precept:
- (i) The Police and Crime Commissioner must not issue the proposed precept
  - (ii) The Police and Crime Commissioner must issue a revised precept-
    - Lower than the originally proposed precept if the Panel indicated it was too high
    - Or:
    - Higher than the originally proposed precept if the Panel indicated it was too low
  - (iii) The Panel must then review the revised precept and submit a second report to the Commissioner including recommendations as to the precept that should be issued.
- 3.5 The Police and Crime Commissioner will then:
- (i) Have regard to the second report and publish his response to it.

#### **4. Panel's Consideration of the Precept Proposal**

- 4.1 The Panel received notification from the Office of the West Yorkshire Police and Crime Commissioner of the proposed precept on January 28th 2013.
- 4.2 The Panel considered the precept proposal at their meeting on February 5<sup>th</sup> 2013 in the Old Court Room, Wakefield Town Hall. The Police and Crime Commissioner attended to present his proposal and take questions from the Panel. The meeting was held in public.
- 4.3 The Panel asked the Commissioners a series of questions which related to his precept proposal, the budget assumptions which underpinned it and his future financial plans.
- 4.4 The questions covered:
- The ways in which future savings will be made whilst protecting frontline policing
  - The £10 million underspend in 2012/13
  - The intended approach to utilising existing reserves
  - The overall increase in the cost of staff within the Commissioner's Office
  - The staffing structure/ resource within the Office of the Police and Crime Commissioner
  - The proposed recruitment of Specialist Police staff

- The future costs associated with the PFI scheme
- Assumptions around the Council Tax support grant and implications of potentially reduced collections rates
- The timescales for the recruitment of 44 new police officers

## **5. Panel's Decision**

5.1 The Panel, through its discussion with the Commissioner on February 5th, agreed to endorse the proposal to increase the Council Tax by £5 per annum at Band D<sup>2</sup> on the grounds that:

- 5.1.1 The £1.4 million of additional funding generated by increasing the Council Tax by 3.8% as opposed to 2% is invested in the recruitment of 44 front line police officers to be situated within the Neighbourhood Policing Teams across West Yorkshire.
- 5.1.2 The recruitment and training of the 44 front line police officers is initiated immediately and in a way which promotes diversity with the Force.
- 5.1.3 Future efforts to realise savings focus on back office functions within the Police Force so front line policing is protected wherever possible and funding should be prioritised accordingly.
- 5.1.4 Significant efficiency savings are sought in 2013/14 and beyond, through delivering services jointly with local authorities and criminal justice agencies in addition to the on-going work with other Police Forces in the country.
- 5.1.5 The existing reserves are used in a prudent way in 2013/14 and beyond which helps to meet budget shortfalls whilst also protecting the Force against any potential emergencies.
- 5.1.6 The overall cost of the Office of the Police and Crime Commissioner (OPCC) is reduced in 2013/14 in line with the reductions faced by the Force.
- 5.1.7 Detailed information on the OPCC staffing structure is supplied to the Panel with a view to progressing a future re-organisation/ review of requisite staffing resources.
- 5.1.8 Further information is provided to confirm that the 50 Specialist Police staff posts referred to in the Commissioner's budget paper do not amount to an additional cost to the Force.
- 5.1.9 That further information is supplied to confirm the assumptions upon which the future costs attached to the PFI scheme do reduce over time.
- 5.1.10 The budget is sufficiently flexible so as to address the additional pressures created by future cuts in Council Tax Benefit.

## **6. Conclusions and Recommendation**

- 6.1 On the basis of the commitments made by the Commissioner, as specified above, the Panel unanimously agreed to support a £5 Council Tax increase per annum for Band D properties<sup>3</sup>.
- 6.2 The Panel confirmed this approval was based on their recognition of the importance of front line policing and thus the belief that the public would sufficiently benefit from their investment in 44 new police officers across West Yorkshire.

### **RESOLVED:**

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<sup>2</sup> Cost implications for the different Council Tax bands can be found in Appendix A

<sup>3</sup> Cost implications for the different Council Tax bands can be found in Appendix A

**That the Police and Crime Commissioner increases the Council Tax by £5 per annum/ 3.8% for Band D properties in 2013/14.<sup>4</sup>**

**Appendix A: Cost Implications of 2013/14 Precept Level by Council Tax Band**

Council Tax Band	Increase £p per annum
A	3.34
B	3.89
C	4.45
D	5.00
E	6.11
F	7.23
G	8.34
H	10.00

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<sup>4</sup> As above