



WEST YORKSHIRE POLICE AND CRIME PANEL

11 December 2015

Budget Update

1. Purpose

- 1.1 To update Panel members on the position against the 2015/16 budget and provide a brief summary of the policing element of the Comprehensive Spending Review (CSR) announced on the 25th of November 2015.
- 1.2 For this briefing, the Panel are presented with the following information:
 - i. A brief overview of the policing element of the CSR
 - iii. An update on the current position relating to the 2015/16 budget

2. Policing Element of the Comprehensive Spending Review

- 2.1 In the last update report in September we were anticipating a fundamental funding formula change in addition to a Spending Review (SR) grant funding reduction of more than 25%. The position now is that the existing funding structure will be retained for 2016/17, and the Chancellor's announcement on SR15 means that, according to interpretation, resources for Policing will be broadly protected for the next four years.
- 2.2 The Chancellor's formal statement contains the following key points in relation to policing:
 - The government will "protect overall police spending in real terms"
 - It will "protect overall force budgets at current cash levels"
 - It will also "invest £500 million in counter terrorism to increase the capabilities of the police"
 - It "will invest nearly £1 billion in new mobile technology through the Emergency Services Mobile (ESM) communication programme"
 - It will allow the ten PCCs whose precepts are in the bottom quartile (of which West Yorkshire is one) to increase their precept by up to £5
- 2.3 The Home Secretary followed the CSR announcement with a letter stating that "Total central Government resource funding to policing, including funding for

counter terrorism, will be reduced by 1.3% in real terms over four years. Taking into account the scope that you have to raise local council tax, this means a flat real settlement for policing as a whole.”

- 2.4 The two issues of the funding formula review and CSR interpretation are now in a state of flux. The Home Office has yet to set out how it proposes to use the additional period of research and development on the funding formula, and the Chancellor’s CSR statements are still being analysed in order to determine the final expected impact on the local element of Policing. In respect of the CSR, it is clear that at a local level, Force budgets will have to consume inflation and absorb some significant top slices. The most significant top slices, as expected, will be in respect of the ESM programme and Counter Terrorism.
- 2.5 We are expecting to receive the indicative Police Grant allocation on the 17th of December 2015 from which we will determine the Medium Term Financial Forecast and shape the 2016/17 budget. We will then have a clearer picture of the impact of the top slicing of the overall policing budget on the allocation to West Yorkshire, which is envisaged to be significant.

3. Update on the 2015/16 budget position

- 3.1 In line with the HMIC PEEL efficiency assessment, the force has taken a prudent approach to expenditure control and financial planning in 2015/16.
- 3.2 The Force revenue budget (excluding collaborative budgets) for 2015/16 is £402.617m (Detailed at Appendix A). As at 31st October 2015, the budget had a favourable variance of £9.806m against plan. This represents 2.4% favourable variance against total budget. This is comprised in the main, of a £4.126m favourable variance in pay, overtime and pension costs, in addition to an £4.995m favourable variance on other running cost and income budgets.
- 3.3 As at 31st October 2015 the main variances are:
 - £3.372m Police Pay and Allowances due to the Force being 111 FTEs under budget profile, of which 92 are PCs.
 - There is currently a £4.995m favourable variance in devolved and delegated non pay costs which includes the following variances:
 - Computer and Communications (£1.122m) largely due to efficiencies on the telephony and IT contracts
 - Tools and Domestic Equipment (£1.089m) mainly due to efficiencies on the cleaning contract
 - Building maintenance (£0.468m) due to the reduction in the estate
 - Energy (£0.363m) due to lower than expected energy prices
- 3.4 The total annual budget has been reduced by £2.832m to reflect that the CSE, Human Trafficking and Historical Cases Teams are to be funded in year rather

than through the Operational Initiatives Reserves, this will ensure that the targeted work can continue for an additional year.

- 3.5 Early discussions are taking place following the CSR announcement regarding priorities for the 2016/17 budget. Budget seminars are set to further develop this following the December 17th indicative allocations.