



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

POLICE AND CRIME COMMISSIONER FOR WEST YORKSHIRE

REVENUE AND CAPITAL BUDGET 2021/22

EXECUTIVE SUMMARY

- The Police and Crime Commissioner (PCC) is required to determine the council tax requirement for 2021/22, calculate the Band D police council tax and issue the precept to the Billing Authorities by 1 March 2021.
- 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 Police and Crime Commissioner.
- The settlement was a one year only settlement which for West Yorkshire was a flat cash settlement plus additional funding for the national Police Officer Uplift Programme.
- Levels of capital support were notified with the provisional settlement retaining the much reduced West Yorkshire capital allocation of £0.45m.
- Strategic planning has been based upon the PCC's refreshed Police and Crime Plan 2016-2021 (refreshed 2021), the West Yorkshire Police Strategic Assessment, based on threat risk and harm, and organisational transformation being managed through the Programme of Change. The Police and Crime Plan was designed in partnership and then refined following consultation with a wide range of third sector, criminal justice, community safety and policing partners. The Police and Crime Plan is used for planning, commissioning and performance management purposes.
- In continuing to passport the £5.2m Community Safety Funding across West Yorkshire the PCC is working with CSP partners to fund important local initiatives around Domestic Violence, Youth Offending and drugs intervention programmes and to look at how we work better together making the best use of diminishing resources and continuing to provide improved services to the public.
- After consideration of the draft revenue budget and capital programme for 2021/22, public consultation survey feedback and ongoing impact of COVID19, the PCC evaluated two options, namely the flexibility to raise £15 on the Band D equivalent increase in Police Council Tax and a 4.99% increase on the Band D before notifying the Police and Crime Panel of his preferred option and intention to increase the Band D council tax by £15 per annum, to £211.28 allowed under the revised government's referendum criteria. However, with most properties in Bands A to C in West Yorkshire, the average rise will be around £11 annually or about 26p per week.
- The Police and Crime Panel supported the PCC's precept proposal at their meeting on 7 February 2020 following lengthy debate and recognition by the PCC of the difficult choices to be made during COVID19 and the priorities around protecting the public.
- The PCC's proposal will result in a budget of £501.289m. Alongside the savings made through the Programme of Change, this will allow non partner-funded PCSO numbers to be built back at up to 566 as a key commitment to the Neighbourhood Policing footprint, and ongoing recruitment of an additional 251 police officers and 73 police staff into various specialist roles in helping to meet the overall shared vision of 'keeping West Yorkshire Safe and Feeling Safe' as set out in his Police and Crime Plan.

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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 2021/22.

2. RECOMMENDATIONS

- 2.1 It is recommended that:

Revenue

- i) The proposed budget for the Office of Police and Crime Commissioner for 2021/22, 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 2021/22 as set out in the Medium Term Financial Forecast at Appendix F, be approved.
- iii) The County's taxbase for the year 2021/22, as calculated and notified by the five District Councils, be noted at 654,242.72
- iv) The PCC agrees the statutory calculations for the year 2021/22, as required by the Localism Act, 2011, as follows:

		£
	2021/22	
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)	138,227,159
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)	211.28

- 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 2021/22 for the valuation bands shown below:

Valuation Band	(£)
A	140.8521
B	164.3274
C	187.8027

D	211.2781
E	258.2287
F	305.1795
G	352.1302
H	422.5561

vi) The PCC issues a precept of £138,227,159 for the financial year ending 31 March 2022 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	30,001,490.20
Calderdale	12,991,063.59
Kirklees	25,179,604.21
Leeds	48,486,042.15
Wakefield	21,568,958.67

b) and to make 12 equal payments to the PCC around 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 2020/21 and the capital budget for 2021/22 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 of the Police Reform and Social Responsibility Act 2011 and associated regulations to notify the Police and Crime Panel of the proposed precept for 2021/22 by 1 February 2021.
- 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 2020/21

PCC's budget

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

West Yorkshire Police Delegated Budget

- 4.2 The latest budget monitoring report covers the period 1 April 2020 to 31 January 2021. The updated Force Revenue Budget for the year at outturn prices is £466.8m (excluding collaboration). At 31 January 2021 there was a forecast early savings of £3m. This reflects both the decision taken to over recruit following the announcement of the national 20,000 officer uplift to ensure that West Yorkshire was in a position to be able to meet any target set, and ensure additional resources

could be deployed to keeping communities safe as quickly as possible but also the significant savings made in year to mitigate the impact of the cost of the additional officers.

- 4.3. When the 2020/21 budget was set it was considered likely that an appropriation from General Reserves of £2m would be required. This has not been required and the net revenue budget has been adjusted accordingly.
- 4.4. Tight financial management continues in an effort to ensure that where possible any underspend can be transferred to specific reserves and the general reserve to negate the impact of the challenging funding position.
- 4.5. The Capital Budget 2020/21 at 31 January 2020, excluding the National Police Air Service (NPAS), is £17.5m. Expenditure as at 31 January 2021 was £10.1m, with commitments of £7.8m held on the financial system.

5. REVENUE RESOURCES 2021/22

Police Grant Settlement 2021/22

- 5.1 The provisional 2021/22 Police Finance Settlement was announced on 17th December 2020 in a written statement by the Policing Minister, Kit Malthouse.

Ahead of the 2021/22 Police Settlement, the Chancellor announced that Police and Crime Commissioners (PCCs) will be able to raise their council tax precepts by up to £15 (for Band D); this equates to between the lowest 5.4% (Surrey PCC) and highest 10.8% (Northumbria PCC). In West Yorkshire, this would represent 7.64% based on a £15 Band D increase. West Yorkshire is the third lowest Police Band D level in England and Wales.

The key points to note from the statement are:

- A national increase in Government grant for Policing to support the national Police Uplift Programme (6000 additional officers nationally for 2021/22)
- Precept referendum limit of £15 for PCCs
- An element of Local Council Tax Support grant will be paid direct to PCCs to mitigate the impact of a reduced taxbase
- Grant to support 75% funding of 2020/21 Collection fund deficits (further detail to be provided by MHCLG on how this will be determined)
- Confirmation for continuing Pension Grant at a flat rate
- Flat capital grant allocation for PCC - £0.45m for West Yorkshire
- The maintenance of police officer number targets
- Continued significant top slices from local budgets to fund national programmes
- A decrease in reallocations (topsllices) for national programmes and services, albeit the value is still over £1bn show in the table below:

Police Funding	2021/22 (£m)	2020/21 (£m)
Total Reallocations (topslice) and adjustments made up of:	1,033.5	1,120.9

PFI	71.6	72.8
Police technology programmes (including the Emergency Services Mobile Communication Programme)	484.7	498.4
Arm's length bodies (HMICFRS, College of Policing, IPCC)	70.5	73.1
Police Uplift Programme	14.5	16.5
Strengthening the response to Organised Crime	146.3	140
Counter Terrorism	32.5	32.4
National Operational Policing Units (including football policing and wildlife crime)	2.9	2.9
Top Ups to NCA and ROCUs (as of 2021/22 this is only top ups to ROCUs)	4.9	56.8
National Capability Programmes	38.7	47
Special Grant	54.8	80.9
Forensics	25.6	28.6
Pre-charge bail	2	2
Serious Violence	38.9	38.9
PRUM (Transition from EU systems)	-	2
HO STAR (Science, Technology and Research)	-	8
Blue Light Commercial	5	3.7
Police Now	7	7
Safer Streets Fund	20	10
Science Technology and Research	5.2	-
International Crime Coordination Centre	5	-
National Policing Capabilities (NPCC)	3.2	-

- Capping criteria was set so that all Police and Crime Commissioners are able to increase the band D equivalent charge by up to £15 a year without triggering a local referendum and it is assumed in the overall Government headline figure for Policing. West Yorkshire remains the 3rd lowest Police Council Tax in England and Wales.

Funding

5.2 Core Funding

	2021/22 £m	2020/21 £m
DCLG/Formula Funding	146.9	139.2
Home Office Police Grant	199.1	186.4
Uplift Grant	4.3	7.2
Total Formula Funding	350.3	332.8
Pensions Grant	5.1	5.1
CT Freeze Grant	16.7	16.7

Total Central Funding	372.1	354.6
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5.3 Localised Council Tax Support and Legacy Council Tax Freeze Grant

Payment of localised council tax support and legacy council tax freeze grant is now funded through the Home Office. West Yorkshire's allocation for 2021/22 is **£16.69m**, which is in line in cash terms with the 2020/21 allocation. At this stage we do not know if the legacy council tax freeze grant will be built into the core grant in future years which adds uncertainty.

5.4 Additional Precept Related Grants

The Local Government settlement announcement included two specific funding streams relating to council tax income which will impact on PCCs in England: a 75% income guarantee for irrecoverable losses in local tax income in 2020/21, and a £670m grant for local council tax support pressures in 2021/22 and beyond. The final irrecoverable losses, against which the 75% guarantee applies, will be determined based on outturn data provided by billing authorities after the end of the financial year. To date we have received early indications of the value from four of the five West Yorkshire Billing Authorities.

The 2021/22 budget includes the Community Safety Fund (CSF), the grant for which was £5.292m in 2013/14 (base line). The PCC has agreed to continue to ring-fence and passport the CSF to local government partners for an additional year continuing his strong commitment to partnership working and joint working through each of the Community Safety Partnerships in each Council district.

Other Grants

5.5 Counter Terrorism Specific Grant

Allocations to Counter Terrorism units will be announced further into the year by Government, but will not be made public. Funding will be reduced £960m to £914m overall nationally.

5.6 Capital Grant

The capital budget provisional settlement is £0.45m which in line with 2020/21, is a 74% cut from 2019/20. This is a continuation of the reduced level of funding for capital which again requires use of phased reserves to help continue to transform the organisation, making it fit for the future.

5.7 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 654,242.72 as compared with the 2019/20 figure of 662,447.59 in 2020/21, a reduction of 1.24%.

6. COUNCIL TAX REFERENDUM LIMITS

- 6.1 Capping criteria enables all PCCs to raise the policing element of local taxation to increase the Band D equivalent charge by £15. The PCC intends to use the precept flexibility to increase the Band D equivalent charge by £15 (7.64%) to invest in front line policing. Within West Yorkshire, around 70% of Council Tax payers are in bands A, B and C which in reality will mean a less than 26 pence per week increase for most Council Tax Payers.

The PCC has recently undertaken a 'Budget Survey' to gain views from members of the public around policing. The survey results provide a clear indication on the part of the majority of respondents that they support the PCC in raising the band D equivalent of the policing element of Council Tax by £15 to provide investment into additional front line policing. **80% of respondents said they would be prepared to increase their contribution on the proposal set out.**

7. CAPITAL RESOURCES 2021/22

- 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:

	2020/21 £m	2021/22 £m
Capital Grant Allocation	0.45	0.45

- 7.3 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.
- 7.4 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 Police and Crime 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 2021/22

PCC Budget

- 8.1. The draft budget for the Office of Police and Crime Commissioner is set out at Appendix A.

West Yorkshire Police Delegated Budget

- 8.2 The Medium Term Financial Forecast includes the following main assumptions/pressures:

- Increase in Government funding assumed at flat grant for 2021/22(not including uplift funding) and beyond
- Pay inflation assumed at 0% from 2021/22, although includes the full year effect of September 2020 2.5% increase with 2% each year thereafter, in line with other forces
- Precept has been included as £15 on the Band D for 2021/22 then £5 on the Band D thereafter subject to CSR precept flexibility guidelines
- Non-pay inflation included at 1% for 2021/22 and 2% thereafter
- There remains uncertainty around the impact of EU Exit in terms of operational, interest rates, exchange rates and inflation impact but continues to be monitored

- 8.3 The summary movement statement from 2020/21 to 2021/22 is attached at Appendix B, and the impact on force strength is shown at Appendix C.

9. CAPITAL PROGRAMME 2021/22

- 9.1 The draft Capital Budget for 2021/22 and forecast through to 2024/25 with associated funding is attached at Appendix D. The draft budget only includes schemes/projects that have already been considered and included in the 2019/20 budget and beyond. This includes:

- Investment in a new District Headquarters in Kirklees
- Digital Forensics Unit Investment;
- a continuing programme of Estates/Asset Rationalisation works;
- IT replacement programme; and
- Vehicle Equipment replacement programmes.

- 9.2 Bids for new significant capital expenditure are subject to business case approval through the Joint Executive Group with final sign off from the PCC.

- 9.3 A funding strategy for the period of the forecast is shown at the bottom of Appendix D. It includes Capital Grant of £0.47m for each year of the programme beyond 2021/22. The level of capital receipts assumed post 2020/21 in the programme totals £6.6m and reflects the Estates Department's latest assessment based on planned disposals over the period of the forecast. Prudential borrowing over the period of the capital plan is estimated to be £54m in order to fund the Estates Programme. Final business cases for all significant capital investment items will be approved by the PCC.

10. STRATEGIC PLANNING

10.1 Strategic planning has been based upon the PCC's refreshed Police and Crime Plan 2016-2021, 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 was designed in partnership and then refined following consultation with a wide range of third sector, criminal justice, community safety and policing partners. The Police and Crime Plan is used for planning, commissioning and performance management purposes.

11. OPERATIONAL CONTEXT AND WORKFORCE PLANNING

11.1 The 2021/22 budget is based upon the following numbers at 31 March 2022:

	Officers	Police Staff	PCSOs	Total:
Total FTEs	5,569	3,861	566	9,996
National or Regional Commitments including, NECTU, Regional Crime NPAS, Regional Scientific Support, VIPER and national firearms.	350	841	0	1,246
WY core availability	5,219	3,020	566	8,750

11.2 West Yorkshire Police have appointed 301 new student officers this financial year To date and there are plans to appoint a further 132 before the end of March 2021. In addition West Yorkshire Police have appointed 23 transferees since 1 April 2020 and a further 9 are to be appointed by the end of January. This takes the total number of new police officers appointed in 2020/21 to 465 a **net increase of 201 officers** once all retirees and leavers are taken into account **(in addition to the 240 officers that were over-profile as at the 31st March 2020.)**

PCSO recruitment has paused during the year due to the funding position with the anticipated year end position being 539.

The 2021/22 proposed budget allows **additional budgeted posts for West Yorkshire** as at 31/3/2022 of:

- 196 Officers (net) (311 were included in 20/21)
- 73 Police Staff
- Building back the non-partner funded PCSO establishment

The Medium Term Financial Forecast has been prepared alongside current workforce planning. The continuing Programme of Change initiatives also feed into the workforce plan and may result in the re-assessment of the workforce mix going forward to meet the outcomes and priorities included in the Police and Crime Plan.

Workforce planning includes predicting police officer leavers of each rank, PCSO and police staff leavers, workforce modernisation plans and recruitment plans, including probationers and transferees. The national uplift programme is also factored in. Other variables that may impact on the recruitment strategy continue to be monitored i.e. career breaks, and secondee returns.

11.3 Early work on West Yorkshire Police’s Force Management Statement 3 (FMS3) outlines a number of positive achievements of West Yorkshire Police over the last 12 months including a reduction in calls for service and improved performance around 101, reductions in total crime, improvements in outcome rates, improvements in victim satisfaction and a stable trend for public confidence. West Yorkshire Police is seen in a positive light by HMICFRS and increased growth over the last few years has been invested in key areas of threat, harm and risk. However, FMS3 also finds that there remains some significant challenges facing West Yorkshire Police set within the contest of significant reductions in the police budget over the last ten years, increasing financial pressures over the next few years and increasing complexity of policing demand outlined in the table below:

Responding to the Public	West Yorkshire Police has higher levels of demand and also attends a higher proportion of incidents than similar forces. Calls for service are now stable, however this is not necessarily translating into less demand for Districts as the volume of incident attendance is stable, meaning that rates of attendance are actually increasing.
Anti-Social Behaviour (ASB)	ASB is a key concern for communities and presents high volume demand for West Yorkshire Police. ASB had been on a reducing/stable trend although the 12 months to September 2020 saw an 11% increase, with 50,000 incidents reported. West Yorkshire Police is also second highest in the MSG for perceptions of ASB, although satisfaction is improving. The strong focus on neighbourhood policing and early action given investment over the last few years aims to achieve long term demand and harm reduction through effective problem solving.
Total Crime	Total crime per 1,000 population has been falling in West Yorkshire over the last two years and although events as a consequence of COVID19 gave these reductions a further impetus, the long term reductions pre-date COVID19. Good reductions have been achieved in most crime types including burglary, vehicle crime, robbery, sexual offences and violent crime. West Yorkshire Police now has the second highest crime rate nationally, which is an improvement on previous years and is also within the context of West Yorkshire Police being graded as “Outstanding” by HMICFRS for crime recording. Whilst volume may be reducing in traditional crime areas, it is however, becoming increasingly complex and nationally there is a reported shift to virtual crimes such as cyber-crime and fraud. In addition, serious and organised crime and safeguarding still present significant threats to West Yorkshire Police.
Cyber Crime	Nationally the nature and scale of both cyber-enabled and cyber-dependent crime is still not fully understood. However both are predicted to increase given the exponential growth in technology, which is facilitating a broad range of organised crime such as fraud, drugs and online CSEA. ‘Crime-as-a Service’, is enabling technically less adept criminals to hire or purchase the tools to commit cyber-crime. FMS3 predicts an increase in cyber-crime over the next four years.
Fraud/	Collectively fraud and cyber-crime are estimated to account for around 44% of all crime nationally, although it

Economic Crime	is acknowledged that fraud is significantly under reported, with an estimated 15% of offences reported and even less in the private sector. In particular FMS3 predicts that online fraud will increase and highlights the link between fraud and vulnerability with young people being used as 'money mules' for money laundering and elderly people being befriended and coerced into giving/lending monies. Money laundering remains a cross cutting threat area relied upon to facilitate all serious and organised crime and is therefore an ongoing threat.
Investigative Demand	Whilst reductions in total crime, mean that the volume of investigative demand is reducing, the growth in technology is leading to more complex crime investigations with most investigations having some digital footprint. FMS3 predicts that this complexity will continue given the shift in crime to the virtual sphere and that West Yorkshire Police does not have sufficient capacity and capability to meet this growing demand.
Domestic Abuse	Improved recording, victim confidence and better identification of vulnerability by officers has resulted in a significant increase in domestic abuse incidents over the past five years. Whilst the last 12 months have shown a stable trend (with around 65,000 reported domestic incidents) the proportion that result in a crime being recorded is increasing (63% in 2017 compared to 79% in 2020), which clearly has implications for officer workload. The Domestic Abuse Bill will create a statutory definition of domestic abuse which could widen what is included as an offence. The appointment of a Domestic Abuse Commissioner is likely to increase focus on this area and the introduction of new powers, whilst providing real opportunities for policing will also create more demand. Of concern is that in around 30% of incidents a child is present, which is a recognised Adverse Childhood Experience (ACE) and the ACE most likely to lead to a future violent offence.
Child Sexual Exploitation and Abuse	CSEA remains a key risk for West Yorkshire Police. Whilst offences have stabilised over the last 12 months (and stand at 6,200 offences) this is an area of hidden demand and it is likely that offences will continue to increase. Non-recent offences still account for 30% of offences and are predicted to rise. West Yorkshire Police currently has 47 non-recent investigations which are complex and protracted and have required the abstraction of already stretched safeguarding resources.
Mental Health	Demand associated with mental ill health has increased significantly over the last five years and currently stands at around 25,000 incidents. In line with all other forces, a "one day snapshot" of demand was undertaken which suggested only a third of all mental health incidents were recorded. Mental health cuts across the full range of policing functions from contact (initial calls for service), neighbourhood policing/response (responding to incidents), investigations (victims/offenders with mental health issues), criminal justice/offender management (as many offenders have at least one mental health issue) and Learning and Organisational Development (ensuring officers and staff have good awareness of mental health

	issues). FMS3 predicts a continuing increase in mental health incidents. In addition to volume there continues to be insufficient beds/specialist beds and lack of capacity within partnerships, leaving policing to deal with the consequences of this area of vulnerability.
Adult Safeguarding	HMICFRS describe Adult Safeguarding as the 'Poor Relation' as less focus is given to this, given competing areas of safeguarding demand. Understanding of the scale and threat around adults at risk is limited however, trends would suggest that Adult Safeguarding crime/demand will increase, as the elderly population are growing at the fastest rate and nationally it is expected that 2.8 million people aged over 65 will be in need of nursing and social care by 2025. The potential for neglect and crimes against elderly people is therefore increasing and as more consistent processes and structures are put in place, it is likely that more demand will be identified.
Modern Slavery/Human Trafficking (MSHT)	There has been a slowing down of the rate of increase in relation to MSHT, although it is recognised nationally that the true scale of the threat remains unknown. Criminal Exploitation has now overtaken forced labour as the most common exploitation type and has clear connections with drugs (cannabis grows and county lines). FMS3 predicts almost a 13% increase in MSHT offences in the next four years and although numbers are not huge, investigations are complex and time consuming.
Missing Persons	Over the last two years missing persons have been on a downward trend. Whilst volume is reducing, risk levels are increasing with almost 82% graded as high or medium risk, compared to 72% three years ago. For children there are a number of vulnerabilities, including almost 40% being 'looked after' and 16% at risk of CSE (these are also risk factors for child criminal exploitation). For adults there are links with mental health, which is a particular risk for men over 40 who are more at risk of suicide.
Criminal Justice and Integrated Offender Management (IOM)	Significant criminal justice reform is/will create significant demand for policing and in particular around investigations and disclosure. The revised Attorney General Guidelines on Disclosure and Criminal Procedure and Investigations Act will increase demand around disclosure and file build. Other areas such as Digital Case File, Two Way Interface and the strong focus on rape and serious offences, both nationally and locally is impacting on demand. COVID19 has had a particular impact on criminal justice in terms of backlogs on magistrates and crown court, witness care and custody policies/processes. The joint inspection of IOM by HMICFRS and HMI Prisons, found that IOM has 'lost its way' and West Yorkshire Police's internal review has found a fragmented and inconsistent approach across Districts.
Serious and Organised Crime	Serious and organised crime (SOC) presents a significant threat in West Yorkshire and it is predicted that most areas will increase. West Yorkshire Police has been an early adopter of SOC Systems Tasking which allows West Yorkshire Police to map serious and organised crime threats across individuals, locations, vulnerabilities and

	<p>groups to develop a richer picture of the threat. Drugs is the most prominent activity of Organised Crime Groups (OCGs), followed by county lines and there are strong connections between drugs, gangs, violent crime and vulnerability. Whilst the numbers of firearms discharges has reduced and is low compared to similar forces, there is a connection between firearms and OCGs and offences can therefore be unpredictable given the nature of the threat.</p>
Violent Crime	<p>Most serious violence, knife crime and robbery have all reduced over the last 12 months given the strong investment in Violence Reduction Units, which has included 'surge funding'. However, this funding is temporary in nature and it is recognised that a whole systems/public health approach is needed to reduce violent crime long term, particularly given its links to gangs and serious and organised crime.</p>
Organised Exploitation of Children and Vulnerable Adults and County Lines	<p>Organised Exploitation of Vulnerable People is illustrative of the complex interplay between gangs, most serious violence and vulnerability manifested in county lines and criminal exploitation. County lines is now the second most prominent activity of OCGs and criminal exploitation is the most common exploitation type in MSHT. A number of Regional Pilots will be developing the approach to TOEX (Tackling Organised Exploitation) to join the dots between organised crime, violence and vulnerability.</p>
National Threats (SPR)	<p>SPR threats are predicted to increase. The threat level for terrorism has increased to Severe with increasing threat from the extreme right wing and online radicalisation. Intelligence, investigations and prevent referrals are also increasing. The Public Order Threat Assessment identifies key threats from the extreme right wing, however there is also the threat of counter protest from the extreme left wing and Extinction Rebellion. Civil emergency threats such as cyber-attacks, severe weather and seasonal flu are now threats which require active management.</p>
COVID19	<p>FMS3 has included narrative about COVID19 for each area of demand. Overall, during the initial lockdown period (March to June) crime reduced by 18.1% (compared to 20.5% nationally) and immediately after the lockdown crime started to increase (though the long term reductions in crime pre-pandemic were maintained). Demand on 999 and priority calls reduced but online increased. Some areas of demand did increase during the lockdown including drug offences (as dealers were more visible in communities) fraud and cyber-crime. There are also a number of potential threats that may come to fruition later down the line such as online CSEA (as more children and potentially offenders spent more time on-line), child neglect/abuse (as children spent more time at home and were less visible to professionals) and domestic abuse (calls to refuge increased by 80% in June 2020 and access to sheltered accommodation increased by 54%). There are also longer term socio-economic implications associated with COVID, which may lead to an increase in crime and demand, particular in those areas of multiple disadvantage which already have higher levels of crime</p>

	and harm. COVID is also likely to worsen mental health. ONS figures report that the number of people with depression has doubled with almost one in five experiencing symptoms.
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- 11.4 The longer term position needs to ensure that the West Yorkshire Police operating model remains fit for purpose for the future, so that the Force has the capacity and capability to deal with the growing and changing operational challenges highlighted above. This includes the role that technology is having as an enabler of crime and the impact this then has on investigative capabilities, the complex relationship between serious and organised crime, violent crime and vulnerability (organised exploitation of vulnerable people) and the connection/interdependency between many areas of vulnerability.
- 11.5 Policing is operating in a complex environment in which civil emergency threats such as cyber-attacks, severe weather and flu/pandemic all require active management with partners concurrently and there is also a need to take into account our responsibilities under the Strategic Policing Requirement (which covers organised crime, public order, civil contingencies, terrorism, CSEA and a major cyber incident).
- 11.6 The above threats and risks are reflected in the budget through increased resources being allocated to:
- **Neighbourhood Policing Teams** - HMICFRS assess West Yorkshire Police (WYP) as 'Good' for preventing crime. Investment in Neighbourhood Policing over the last two years has strengthened the Neighbourhood Policing model and enabled WYP to focus more on problem solving and community engagement. However, the Neighbourhood Policing preventive model is threatened due to financial pressures on policing and Local Authority partners (e.g. PCSO funding and prevention/early action programmes) in addition to the time lag that new student officers can be deployed to the front line because of the length of time spent in the new national training and qualification framework.
 - **Digital Forensics Investment (DFU)** – investment in this area is ensuring West Yorkshire Police improves its capacity and capability to respond to the changing nature of crime/investigations. The DFU backlog is reducing as staffing has increased in this area, but this still remains a huge challenge in building the appropriate investigative skills and capacity, in order to achieve better criminal justice outcomes for victims of crime.
 - **Critical Communications Infrastructure** - Investment in Digital Policing recognises the importance of digital transformation to improve the efficiency and effectiveness of policing and enables the Force to better respond to the large number of local and national digital programmes. Some of our critical communications infrastructure has now reached end of life or is not compatible with upcoming national digital programmes (for example the Emergency Services Network rollout) and therefore requires replacement. In addition, there is also an opportunity to further improve the way the Customer Contact Environment manages demand with the introduction of a Customer Relationship Management system (CRM) by providing a more informed

and personalised response to incoming calls from the public and increasing public satisfaction.

- Other key demand pressure areas that will see increased investment are safeguarding teams, forensics and specialist collision investigations

In addition to this investment the PCC will continue to set aside £5.2m of key additional funding for community safety projects with our CSP partners in each of the five districts covering areas such as preventing anti-social behaviour, road safety and domestic violence amongst others.

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 £10.7m for 2021/22.
- 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 has over the last five years agreed a strategy to utilise surplus balances (generated from the early achievement of savings required) to balance the budget to rebuild front line numbers faster.
- 12.5 The core focus of the financial strategy is on sustainability and affordability. Whilst again an element of revenue reserves (£0.9m) will be used to fund spending plans. The Reserves Strategy reflects significant investment in transformation over the short to medium term with reserves held for risk, in line with the CIPFA 2014 guidance, and PFI costs only by the end of financial year 2024/25. If the Home Office capital funding position does not change for the next CSR period (currently it is £0.45m per year) this strategy will need to be revisited to ensure that there is sufficient funding to continue to refresh vital digital capabilities that help to maximise front line visibility and efficiency.
- 12.6 The current level of general balances is around 2.7% of the net revenue budget.
- 12.7 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.

13 LONGER TERM PROJECTIONS

13.1 The Medium Term Financial Forecast presented today shows a balanced position for 2021/22 following the use of £0.9m of revenue reserves and using the £15 precept flexibility. The position for future years, if the significant saving plans in place are met, as:

- 2022/23 £16.6m shortfall
- 2023/24 £20.6m shortfall
- 2024/25 £24m shortfall

13.2 There is considerable uncertainty around future police funding over the medium to long term due to:

- A new CSR for 2022/23 to 2026/27
- An intended review of the methodology for allocating police funding across policing areas

14. COUNCIL TAX OPTIONS

14.1 Two options have been considered by the PCC in relation to the precept:

- 1) Increasing the Police Precept by £15 on the Band D equivalent to exercise the up to £15 flexibility given to all PCCs for 2021/22
- 2) Increasing the Police Precept by 4.99% (£9.79)

Key to the discussions was the consideration of future demands on West Yorkshire Police, feedback from the public budget survey and the uncertainty that remains over funding for West Yorkshire in the medium to long term, set out within this report.

The PCC continues to work closely with partners to look at how we can work better together to make the best use of available resources and continue to provide improved community safety outcomes and sustainable policing services to the people of West Yorkshire with Neighbourhood Policing at its core.

14.2 The PCC has recently undertaken a 'Budget Survey' to gain views from members of the public around policing. The survey results provide a clear indication on the part of the majority of respondents that they support the PCC in raising the band D equivalent of the policing element of Council Tax by £15 (29p per week) to provide vital investment into West Yorkshire Police. **80% of respondents said they would be prepared to increase their contribution on the proposal set out.**

14.3 The results are shown at **Appendix H** and summarised below:

Q: Respondents' Council Tax Band	% of all respondents	No. of respondents	% supporting precept increase
A	15%	281	81%
B	13%	241	76%
C	16%	303	82%
D	23%	434	80%
E	9%	162	81%
F	5%	86	85%
G	3%	50	84%
H	1%	13	85%
Don't know / not specified	15%	283	79%
<i>Total</i>	100%	1853	80%

14.4 A £15 increase would take the Band D police council tax for 2021/22 to £211.28 a year. Approximately 61% of households in West Yorkshire are in Bands A and B, and would pay £140.85 and £164.32 a year respectively, an increase of approximately 19 pence per week for band A, 22 pence per week for band B and 29 pence per week for band D.

15. The Precept Proposal

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

Relevant considerations for the PCC in making his decision included:

- Police and Crime Plan consultation feedback
- Operational resilience
- Public views obtained from the Budget Survey
- The impact on frontline policing and the potential for recruitment of police officers in 2021/22 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
- The uncertainty of future funding for the change in pensions costs
- The uncertainty of funding in the next Comprehensive Spending Review (CSR)
- The uncertainty of the outcome to a change in the police funding formula which accounts for around 72% of the West Yorkshire budget

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 and specialist staff, protecting the current number of non-partner funded PCSOs to support the frontline as far as possible are priorities for the PCC, they were his election pledges and require a sustainable source of revenue funding underpinned by the Special Constables and police volunteers strategy going forward.

This has been a challenge given the current economic climate and ongoing impact of COVID19, and the PCC is acutely aware of the potential financial impact on individuals within the community, but also takes note of the wider public views and feedback who see policing as a priority with a majority (80%) supporting the level of increase proposed.

The PCC feels that, despite personal impacts in communities, maintaining and rebuilding core front line operational resilience is imperative in order to keep the communities of West Yorkshire safe and feeling safe and this view is supported by the majority of the survey respondents and other key stakeholders in protecting key police staff jobs.

This has been a challenge 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 wider public views and feedback with a majority (80%) supporting the level of increase proposed.

The PCC feels that, despite personal impacts in communities, maintaining and rebuilding core operational resilience is imperative in order to keep the communities of West Yorkshire safe and feeling safe and this view is supported by the majority of the survey respondents.

- 15.4 The PCC has therefore decided to support Option 1, and the MTFE and summary movement statement from 2020/21 to 2021/22 are attached at **Appendices F and B**.
- 15.5 The PCC notifies the Panel of his intention to increase the police precept by £15 on Band D. Each 1% on the police precept generates around £1.28m based on the 2021/22 tax base and would be built into the base budget going forward to provide more certainty around resources.
- 15.6 The PCC's proposal would result in a budget of £501.289m. Alongside the savings made through the Programme of Change, this will allow non partner-funded **PCSO numbers to be built back up to 566** and recruitment of an additional 251 officers.

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 Police and Crime 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
 - 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 mandating 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 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 28th January 2021 the PCC notified the Police and Crime Panel for West Yorkshire of his proposed precept for 2021/22. The Panel formally considered the

proposal on 7th February 2021, 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 £15 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.