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2022/23 Draft budget and precept proposal

Police & Crime Panel Meeting – 27th January 2022

Background to Draft budget 2022/23

- 3 year spending review announced 27th October 2021
- Provisional Police funding settlement announced 16th December 2021
 - £10 precept flexibility
 - Increased core grant
 - Commitment to final tranche of uplift programme
 - Abolition of capital grant
 - Ending of public sector pay freeze
- Budget presented in draft – subject to final settlement, and clarity on council tax positions from billing authorities
- £9.99 proposed precept increase (3.95%) on a Band D property
- Net budget requirement £120.964m
 - £64.254m core grant
 - £56.710m estimated precept funding (including collection fund surplus)

2022/23 main assumptions

- 3% pay award in 2022/23 and increments applied as anticipated
- 55 new Uplift Police officers
- 1.7% council tax base increase (subject to final confirmation)
- £0.280m net collection fund surplus (subject to final confirmation)
- Provisional finance settlement core grant changes included as notified
- £9.99 precept increase on Band D properties (3.95% increase)
- Non pay inflation provided on specific budget heads & were contractually agreed
- £0.250m use of road safety reserve for road safety grants and projects

- Balanced draft 2022/23 budget

- Budget assumptions critical
 - Each 1% on pay award change = £0.950m (annual cost)
 - Each 1% on precept = £0.530m
 - Each £1 on precept = £0.210m

2022/23 draft budget in summary

Category of spend	2021/22 approved budget £m	2022/23 draft budget £m	Variance £m
Police officer, PCSO & staff pay related costs	87.090	95.055	7.965
Other employee expenses	2.185	2.375	0.190
Premises costs	3.027	3.523	0.496
Transport	2.790	2.847	0.057
Supplies and Services	13.958	14.709	0.751
Third party payments	13.193	11.264	(1.929)
Capital financing costs	3.262	5.176	1.914
Gross expenditure	125.505	134.949	9.444
Income	(11.272)	(13.735)	(2.463)
Net force budget	114.233	121.214	6.981
Contribution (from) reserves	0.000	(0.250)	0.250
Contribution to reserves	1.117	0.000	1.117
'Draft' Net budget requirement	115.350	120.964	5.614
Funded by:			
Core Central Grant	(62.188)	(64.254)	(2.066)
Council Tax Precept	(53.162)	(56.710)	(3.548)
Total Funding/net budget requirement	(115.350)	(120.964)	(5.614)

Anticipated benefits from the proposed 2022/23 draft budget

- Provide enhanced services for contacting the force eg face to face, digital contacts and telephone
- 55 additional police officers to provide resilience and increased visibility, supported with appropriate equipment, training and fleet.
- Strengthen the response to violence against women and girls with investment in our vulnerability teams to build capacity and capability.
- Improved investigative standards and criminal justice outcomes through investment in Evidential Review Officers to drive up file quality to increase the likelihood of positive outcomes for victims.
- Better equipment and enhanced training for Specials to further support SNT's and provide increased visibility
- Improved ICT infrastructure and systems to enable flexible and remote working on more robust Warwickshire networks, and the introduction of power applications to drive more efficient working from the recent investments.
- Improvement in the police estate and commitments to improving its sustainability.
- Increased resources for road safety and domestic and sexual abuse victims through increased Commissioners grants.

Capital, Reserves and Medium Term Financial Plan (MTFP)

- 2022/23 capital budget £4.7m, funded mainly from capital receipts and borrowing
- Total reserves 31st March 2022 estimated to be £14.0m, including the general reserve of £5.0m
- Reserves used to manage risk:
 - ICT transformation and investments
 - Significant one-off policing incidents
 - Commercial vetting service
 - Pay assumption variations
 - Legal and insurance risks
 - Funding formula review
 - Ring fenced road safety reserve
- £3m of savings required over the MTFP, Approx £1m per year from 2023/24 onwards.
- Target operating review planned to help identify potential savings options early

Summary

- 2022/23 draft budget is good and balanced, linked with Police and Crime Plan priorities and delivers benefits against which performance will be monitored
- 2021/22 forecast outturn is showing a small net underspend
- £9.99 proposed precept increase for a Band D property
 - £0.83p per month, lower banded properties pay less and vice versa
 - Government assumes that PCC's will take the maximum increase
 - Each 1% of precept = £0.530m
- Draft budget subject to final confirmations on settlement and council tax.
- Total reserves 31st March 2022 estimated to be £14.0m, including the general reserve of £5.0m
- ICT transition and transformation almost complete, but some risks remain
- Sustainable capital funding challenge required in medium to longer term
- £3m of savings required over the MTFP, approx £1m per year from 2023/24 onwards.