



WEST YORKSHIRE POLICE AND CRIME PANEL

5 February 2016

PRECEPT PROPOSAL 2016/17

SUMMARY

This paper sets out for the Panel:

- 1. The legal requirements for notification of the precept proposal;**
- 2. The provisional police grant settlement for 2016/17;**
- 3. The medium term position;**
- 4. The draft budget for 2016/17;**
- 5. The funding strategy;**
- 6. Precept options considered by the PCC;**
- 7. The decision by the PCC;**
- 8. The PCC's recommendation to the Panel.**

1. LEGAL REQUIREMENTS FOR NOTIFICATION OF THE PRECEPT PROPOSAL

- 1.1 The Police and Crime Commissioner (PCC) is 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 2016/17 by 1 February 2016.
- 1.2 The Panel must review the proposed precept by 8 February and make a report to the PCC.
- 1.3 The PCC must have regard to and give the Panel a response to their report. The Panel has a right to veto the proposed precept if at least two thirds of the Panel vote in favour of making that decision. Where this right is not exercised the PCC 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.
- 1.4 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.
- 1.5 Rejection by the Panel of the revised precept does not prevent the PCC issuing it as his precept for the forthcoming financial year.

1.6 The PCC has a statutory duty to set a balanced budget and calculate the Police Council Tax Requirement for the forthcoming financial year. The budget report including the statutory calculations will be considered by the PCC once the Panel has reached the end of its scrutiny process.

2. THE PROVISIONAL POLICE GRANT SETTLEMENT 2016/17

Key Points

2.1 The Police Settlement was announced on 17 December 2015 in a written ministerial statement and included the following key points:

- The settlement was a one year only settlement which for West Yorkshire was a 2.25% or £6.8m real terms cut in revenue funding.
- The total level of Government revenue funding for Police in 2016/17 is 0.6% less than 2015/16 in cash terms, and all Police areas in England have been subject to the same percentage reductions. For West Yorkshire, this is a £1,726,084 reduction in cash terms.
- An increase in top slicing from £174m in 2015/16 to £227.8m in 2016/17 (31% increase):

	2015-16	2016-17
	£m	£m
College of Policing	5.0	5.0
Emergency Services Network	-	80.0
IPCC	30.0	32.0
HMIC (PEEL)	9.0	9.0
Innovation Fund	70.0	55.0
Major Projects (including Home Office Biometrics and National Police Data Programme)	40.0	21.8
Police Knowledge Fund	5.0	0
Police Special Grant	15.0	25.0
TOTAL	174.0	227.8

The topslicing represents an annual reduction of £9.34m in West Yorkshire's core grant.

- Beyond 2016/17 we do not yet know how the policing element of the £1bn investment costs of the Emergency Services Network announced in the Comprehensive Spending Review 2015 will be funded.
- Damping of the funding formula remains unchanged in 2016/17, that is, all PCCs receive the same average cut in government funding. This hits areas like West Yorkshire, with some of the greatest needs, the hardest, due to our greater reliance on government grant.
- The arrangement for reviewing the funding formula for allocating core grant was not announced, although the latest information we have suggests that it is likely to be implemented for 2017/18. As yet we do not know what the impact will be on funding for West Yorkshire, again leading to further uncertainty.
- Capping criteria has had additional flexibility built in so that a rise of 2% will trigger a referendum except for the PCCs with the ten lowest Police Precepts who are given the power to increase their band D equivalent precept by £5, West Yorkshire is the 3rd lowest and therefore has this additional flexibility.

2.2 Core Funding

- 2.3 The 2016/17 settlement including additional topslices and damping, equates to a real terms cut of 2.25%.

	2015/16 £000	2016/17 £000
DCLG/Formula Funding	130,052	129,300
Home Office Police Grant	172,510	171,500
Total Formula Funding	302,562	300,800

2.4 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 2016/17 is **£16.7m**, which is in line in cash terms with the 2015/16 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. The £300.8m core funding shown above added to the £16.7m referred to in this paragraph gives the total external support shown in the MTF of £317.5m.

- 2.5 The 2016/17 budget includes the Community Safety Fund (CSF), the grant for which was £5.292m in 2013/14 (base line). The PCC has agreed to passport the CSF to local government partners for an

additional year, reducing the allocation in line with the central grant reduction (0.6% cash reduction) continuing his strong commitment to partnership working.

Other Grants

2.6 Counter Terrorism Specific Grant

Allocations to Counter Terrorism units will be announced further into the year, but will not be made public. Funding will be increased from £564m to £640 overall nationally.

2.6 Capital Grant

The PCC has had no notification of the allocation of capital grant. This is usually received with the provisional settlement in December, which has been unhelpful in setting the budget.

Early indications from national top slice information are that the capital grant transferring to West Yorkshire in 2016/17 for NPAS is likely to amount to £16.5m.

2.8 Referendum Limit

On 17 December Greg Clark, the Secretary of State for Communities and Local Government published details of the referendum principles for English local government alongside the provisional settlement. He confirmed that as in 2015/16 the threshold for triggering a council tax referendum will be 2% and above for all local authorities, including PCCs.

However as previously announced, the 10 police force areas with the lowest precepts (excluding the City of London) will be allowed to increase their Band D precept by £5 (and therefore all other bands with the £5 adjusted by the proportion of Band D that their band makes up). These principles are used to determine whether a police council tax increase is “excessive” which would hence trigger a local referendum.

The Home Office has set a clear expectation that their statement on protecting police funding is based on the assumption that police precept flexibilities are maximised.

Our Community Conversation Survey shows that over 76% of respondents across West Yorkshire would support a police council tax increase of £5. The results of the community conversation can be found at **Appendix A**.

3. MEDIUM TERM POSITION

The Financial Context

- 3.1 Her Majesty's Inspector of Constabulary (HMIC) Value for Money Profile 2015 identifies that West Yorkshire receives £3.6m less than the average allocation for most similar forces from the government funding formula, and £6.8m less from the police precept (3rd lowest in England and Wales).
- 3.2 West Yorkshire has fewer police officers per 1,000 population than similar forces and would need an additional 566 officers to reach the same level per head as Greater Manchester Police and 1,109 to reach the level of West Midlands. Hence the need for the continued police officer recruitment, as well as offering the opportunity for Specials, PCSOs and police volunteers to apply for full-time police officer posts. Not having the opportunity to take part in a recruitment process could undermine the workforce strategy.

Operational Context and Workforce Planning

- 3.3 The 2016/17 budget is based upon the following numbers at 31 March 2017:

	Officers	Staff	PCSOs	Total:
Total FTEs	4,786	3183	565	8534
National or Regional Commitments including, NECTU, Regional Crime NPAS, Regional Scientific Support, VIPER and national firearms.	327	606		
WY core availability	4,459	2,577	565	7,601

The Medium Term Financial Forecast has been prepared alongside the 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.

The workforce planning also includes the predicting of leavers of each rank, required workforce reductions and recruitment plans, including probationers and transferees. Other variables that may impact on the recruitment strategy continue to be monitored i.e. career breaks, secondees returns etc.

The strength for Specials on 31 December 2015 was 977 (314 of these were still in training). There is still a drive to continue to increase the number of specials within the service and a further 262 Specials applicants are currently within the recruitment process. The level of Specials applications has been averaging around 20 per week, but that is expected to fall now that the Force is recruiting regular officers.

The strength for Volunteers on 31 December 2015 was 457 and recruitment continues. It is anticipated that there will be a rise in the number of community volunteers as a result of the Tour de Yorkshire and the Leeds stage of the World Triathlon Series 2016.

- 3.4 Despite the rhetoric that policing has been protected, a serious concern remains about the longer term pressures given the very significant reduction in the size of the Force, and the increasing demand and complexity of policing activity. The following table provides further information around the types of threats, risks and harm facing West Yorkshire Police, partners and its communities.

Total Crime	Total crime per 1,000 population has increased within West Yorkshire, primarily due to improved crime recording processes. The need to ensure real increases are identified is also needed to ensure risk to the public is addressed.
Domestic Burglary	There is still a relatively high rate of domestic burglary despite, and increases have been seen again primarily due to improved crime recording processes but also due to some localised increases.
Mental Health	The Force is reviewing ways in which it can protect the vulnerable, and a number of pilot schemes are being considered.
Child Sexual Exploitation	This continues to be a key risk for the Force and partners, with investment in historical investigations, improved confidence to report, and large scale investigations leading to significant increases in reports of child sexual exploitation.
Human Trafficking	This issue is gathering momentum in a similar way to child sexual exploitation, showing an increase in recorded incidents and referrals for support. The profile of human trafficking has also increased nationally.
Cyber Crime	This is a growing issue that is acknowledged to be widely under reported and has received further resource locally.
Domestic Abuse	This continues to be a key priority for West Yorkshire Police and partners and has led to the creation of a West Yorkshire Domestic Abuse Board. Over the last year there has been a slight increase in the repeat victimisation rate for domestic abuse.
Serious Sexual Offences	This continues to be a key priority, despite an increase in conviction rates and increased reporting.

Anti - Social Behaviour	ASB is a key priority for communities.
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- 3.5 Other issues include organised crime, terrorism, drugs, firearms, forced marriage, female genital mutilation, and community cohesion including hate crime, public order and road safety all of which will require either significant or continued investment as demand for service remains high.
- 3.6 The longer term position also needs to ensure that our operating model remains fit for purpose for the future and growing operational challenges, e.g. Cyber Crime, Child Sexual Exploitation, Human Trafficking, Sexual Offences, and Domestic Abuse. It also needs to take into account the changing Strategic Policing Requirement, which now includes a focus on child sexual exploitation as well as Counter Terrorism.
- 3.7 The above threats and risks are reflected in the 2016/17 budget through:
- The mainstreaming of the operational initiatives (Cyber, Child Sexual Exploitation, Human Trafficking and historic case) which will be funded within the core budget rather than through reserve.
 - Setting aside additional funding for the partnership executive group to cover areas such as domestic abuse and mental health.
 - Setting aside additional funding for community safety projects covering areas such as preventing anti-social behaviour and domestic burglary.

4. DRAFT BUDGET 2016/17

- 4.1 The MTFF includes the following main assumptions/pressures:
- Reduction of 2.25% (real terms) per year in main grant from 16-17 onwards.
 - There is no guarantee of freeze grant beyond 2016/17.
 - £5 increase in precept in 2016/17 to protect PCSO numbers and fund additional officers.
 - 1% pay award.
 - Increased employer National Insurance Contributions of £9.4m due to legislative changes.
 - Apprentice levy tax £1.5m (from 2017/18)
 - Reduction in partner funding for PCSO's in 16/17 of £1m.
 - Additional cost of Sexual Assault Referral Centre (including paediatric) £333k.
 - Revenue consequences of capital/transformational schemes £463k.

- Paper records review £682k over two years
- Reduced central Regional Organised Crime Unit funding £400k.
- Mainstreaming of operational initiatives (Cyber, Child Sexual Exploitation, Human Trafficking and historic case) from 1/4/16.
- Savings from non-pay review £2.34m.
- Additional costs for West Yorkshire Police of £300k for the National Police Air Service.
- Additional cost of recruitment, (pump prime funding) £1.5m.
- Pay inflation assumption of 1% on pay and general running costs, except where increases are specifically tied to contracts.

4.2 **While the budget balances in short term there is still a very significant challenge ahead to deliver the savings required and to improve performance in the face of further reductions in real terms to the overall budget.**

Other savings on both pay and non pay items have been built into the 2016/17 budget, including police officer and police staff pay, overtime and allowances, IT, transport and travel estates, regional working, capital financing and income.

5. FUNDING STRATEGY

Reserves and Balances

- 5.1. The PCC (and former Police Authority) agreed a strategy to utilise surplus balances (generated from the early achievement of savings required) to balance the budget during the transition to the reduced levels anticipated at the end of 2016/17. Balances transferred from the Authority were £30.7m, and at 1 April 2014 these stood at £20.4m (now allocated to various projects within the Transformation Fund). It was anticipated that the surplus amount would largely be utilised over the remaining years of the MTF.
- 5.2 An analysis of the reserves position is set out at **Appendix B**.
- 5.3 The focus of the financial strategy will be on sustainability and affordability, and therefore it has been assumed that the investment which commenced last year from the transformation fund will continue, and bring about reductions in the base budget. The utilisation of the one-off surplus balances for re-investment will enable fast diminishing numbers of staff and officers to work smarter and visible in our communities to improve service provision and contribute, with partners, to making communities safer and feeling safer. The focus of these initiatives will be on reducing demand, increasing efficiency and effectiveness and cutting costs wherever possible making the most of new mobile technology.
- 5.4 In the face of such severe cuts and high levels of demand, there is a continued need to transform the organisation to meet the policing and

community safety needs of West Yorkshire. One aspect of this is improving the technology used in preventing and detecting crime, and maximising the visibility, efficiency and effectiveness of officers on the frontline.

Work in this area continues with the further roll out of handheld devices to officers, further enhancing an improved central IT operating system and platform capability and the use of Automatic Number Plate Recognition technology.

- 5.5 The PCC will continue to consider business cases provided by the Force for utilisation of the Transformation funding, against the criteria of impact on:
- The shared outcomes of the Police and Crime Plan.
 - Critical operational and organisational issues.
 - Transforming the organisation to meet the financial challenges.
- 5.6 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. The programme of Change has been recognised and well received by the HMIC, which has acknowledged the serious and unequal financial situation that West Yorkshire Police are in.
- 5.7 The investment in the future of policing and community safety is of paramount importance to all of us as we face unprecedented cuts and work towards the shared outcome of making sure our communities are safer and feeling safer. The PCC has earmarked from the general reserve an additional £1m for Community Safety initiatives across West Yorkshire and £1m for the Partnership Executive Group innovation fund to continue to drive collaboration across agencies in West Yorkshire.

6. PRECEPT OPTIONS CONSIDERED BY THE PCC

- 6.1 Two options have been considered by the PCC in relation to the precept:
- 1) Increasing the Council Tax by 1.99%
 - 2) Increasing the council tax by £5 on a band D property (3.6%) to exercise the flexibility given to the ten PCCs with the lowest Police Precepts (West Yorkshire is the third lowest).

Key to the discussions was the consideration of future demands on West Yorkshire Police and the uncertainty that remains over funding for West Yorkshire in the medium to long term.

The PCC continues to work with partners to look at how we work better together to make the best use of diminishing resources and continue to provide improved services to the public.

6.2 Community Conversation

The PCC has recently undertaken a 'Community Conversation' to gain views from members of the public around policing. One aspect of the survey was to ask whether or not respondents would be prepared to pay the additional £5 (Band D equivalent) for policing next year. **76% of respondents said they would be prepared to pay the proposed increase.**

6.3 The results are shown at **Appendix A** and summarised below:

Would you be prepared to pay the proposed increase on the police element of your council tax?

NB only responses where the respondent says they pay council tax and live in West Yorkshire have been included.

	West Yorkshire	Bradford	Calderdale	Kirklees	Leeds	Wakefield
Yes	76.1	78.2	72.2	74.9	77.7	72.9
No	16.8	14.5	19.8	19.3	14.6	20.3
Don't know	7.1	7.4	8.0	5.9	7.7	6.8
Base:	2680	774	212	529	766	399

6.4 In context, a £5 increase in the police precept (at Band D), based on projected taxbase levels, would provide an additional £3,090,086 of funding in cash terms into the base budget in 2016/17.

Details of the impact on police council tax for the two options shown below.

Band	Current Charge *£	Charge with 1.99 raise £ (Option 1)	Increase £	Charge with Band D £5 raise £ (Option 2)	Increase £
A	93.97	95.84	1.87	97.30	3.33
B	109.63	111.81	2.18	113.52	3.89
C	125.29	127.78	2.49	129.73	4.44
D	140.95	143.75	2.80	145.95	5.00
E	172.27	175.70	3.43	178.38	6.11
F	203.59	207.64	4.05	210.81	7.22
G	234.92	239.59	4.67	243.25	8.33
H	281.90	287.51	5.61	291.90	10.00

*Third lowest Council tax in England and Wales (see Appendix E)

- 6.5 A £5 increase would take the Band D police council tax for 2016/17 to £145.95 a year. Approximately 61% of households in West Yorkshire are in Bands A and B, and would pay £97.30 and £113.52 respectively, an increase of approximately six pence per week for band A, seven pence per week for band B and ten pence per week for band D.
- 6.6 The leaders of the West Yorkshire Combined Authority were supportive of the initial precept proposal when they were consulted at a Leaders Meeting on 14th January 2016.

7. DECISION BY THE PCC

- 7.1 Relevant considerations for the PCC in making his decision included:
- Operational resilience.
 - Key recruitment strategy for Specials, PCSOs and volunteers.
 - Public views obtained from the Community Conversation.
 - The impact on frontline policing and the potential for recruitment of police officers in 2016/17 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.

West Yorkshire Combined Authority staff put together a table showing the impact on Council Tax charges across West Yorkshire for 2016/17 if all flexibilities are used (i.e. 4% council tax (to include the 2% new social care precept); 2% fire and 3.6% police). The cumulative impact is a potential increase of 3.87%.

n.b. These figures (in £s) exclude parish precepts and are for **Band D properties**, unless specified otherwise.

Authority	2015/16 Total Council Tax Bill	Indicative Council Tax	Social Care Precept	Fire precept	Police precept	Total Bill	Increase in Total Bill	Total Bill (16/17) Band A
Bradford	1,351.60	1,175.15	23.04	59.71	145.95	1,403.86	52.26	935.90
Calderdale	1,450.92	1,276.46	25.03	59.71	145.95	1,507.15	56.23	1,004.77
Kirklees	1,466.64	1,292.49	25.34	59.71	145.95	1,523.50	56.86	1,015.66
Leeds	1,368.29	1,192.18	23.38	59.71	145.95	1,421.21	52.92	947.48
Wakefield	1,360.92	1,184.66	23.23	59.71	145.95	1,413.55	52.63	942.37

- 7.2 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.

- 7.3 Continuing the recruitment of police officers and protecting the current number of PCSOs to protect the frontline as far as possible is a priority for the PCC, and one which requires a sustainable source of revenue funding and underpins the Specials and police volunteers strategy going forward.

Given the severe reductions in government support faced in the next CSR period, the only means of allowing for any police officer recruitment above our budgeted establishment (which is 1224 officers lower than 2010) is to increase the police council tax.

This has been a difficult decision given the current economic climate, and the PCC is acutely aware of the potential financial impact on individuals within the community, but also takes note of the public feedback with a majority supporting the level of increase proposed.

To put the decision in context, however:

- The Force has suffered reductions of approximately 2,000 employees (officers and staff) since 2010/11 to date.
- Cuts of £140m have been made to the funding of West Yorkshire Police.
- The demand on policing is increasing, with new threats emerging there a more complex workload which requires more resource to tackle it .With a changing crime mix the College of Policing has found that the average cost per crime has actually increased by 25%.

The PCC feels that, despite personal impacts in communities, maintaining core operational resilience is imperative in order to keep the communities of West Yorkshire safer, and feeling safer.

- 7.4 The PCC has therefore decided to support Option 2, and the MTF and summary movement statement from 2015/16 to 2016/17 are attached at **Appendices C and D**.
- 7.5 The PCC notifies the Panel of his intention to increase the police council tax precept by £5 (3.6% on Band D), in line with the Home Office funding statement expectations. Each 1% on the police council tax generates around £853k in precept based on the 2016/17 tax base and is built into the base budget.

The additional £3.09m that this precept increase would bring is 3.54% in cash terms and 1.83% (£1.59m) increase on the overall precept income in real terms.

- 7.6 The PCC's proposal would result in a budget of £408.8m. Alongside the savings made through the Programme of Change, and the zero based budgeting exercise, this will allow PCSO numbers to be protected at 565 despite the £1m reduction in partner funding and additional Police Officer recruitment of 254 officers to restore the posts removed in 2015/16.

8. RECOMMENDATIONS

- 8.1 **The PCC recommends that the Panel agrees his proposed Police precept figure of £90,199,170.43 which would result in an increase to the police council tax of 3.6%.**

This would increase the council tax for band D households from £140.95 to £145.95. However, approximately 61% of households in West Yorkshire are in Bands A and B, which would increase from £93.97 to £97.30 and from £109.63 to £113.52 respectively.

The proposed increase in Police precept would amount to less than £4 per annum for most households in West Yorkshire, an increase of less than eight pence per week.

Appendices:

- A Community Conversation results.
- B Reserves and Balances.
- C Medium Term Financial Forecast
- D Movement Statement 2015/16 to 2016/17.
- E Chart showing Band D Police Precept levels in England and Wales