



## **WEST YORKSHIRE POLICE AND CRIME PANEL**

**3 February 2017**

### **PRECEPT PROPOSAL 2017/18**

#### **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 2017/18;**
- 3. The medium term position;**
- 4. The draft budget for 2017/18;**
- 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 of the Police Reform and Social Responsibility Act 2011 and associated regulations to notify the Police and Crime Panel of his proposed precept for 2017/18 by 1 February 2017.
- 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 2017/18

### Key Points

- 2.1 The Police Settlement was announced on 15 December 2016 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 2.67% or £6.8m real terms cut in revenue funding.
  - The total level of Government revenue funding for Police in 2017/18 is 1.4% less than 2016/17 in cash terms, and all Police areas in England have been subject to the same percentage reductions. For West Yorkshire, this is a £4.2m reduction in cash terms.
  - An increase in top slicing from £584.4m in 2016/17 to £812m in 2017/18 (39% increase):

	2016-17	2017-18
	£m	£m
PFI	73	73
Police Technology Programmes (including ESN)	305.8	417
Arms Length Bodies	36.6	54
Innovation Fund	55.0	0
Police Transformation Fund	76.4	175
Strengthening the Response to Organised Crime	13	28
Pre-Charge Bail	0	15
Police Special Grant	25	50
<b>TOTAL</b>	<b>584.4</b>	<b>812</b>

*\*presented in more detail by the Home Office for 2017/18 and therefore the 2016/17 figures will not replicate those in the report last year.*

- Beyond 2017/18 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 2017/18, 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 2018/19. As yet we do not know what the impact will be on funding for West Yorkshire, again leading to further uncertainty.
- Capping criteria has, in line with 2016/17, 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 3<sup>rd</sup> lowest and therefore has this additional flexibility.

## 2.2 Core Funding

- 2.3 The 2017/18 settlement including additional topslices and damping, equates to a real terms cut of 2.67%.

	2016/17 £000	2017/18 £000
DCLG/Formula Funding	129,300	127,500
Home Office Police Grant	171,500	169,131
Total Formula Funding	<b>300,800</b>	<b>296,631</b>

## 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 2017/18 is **£16.7m**, which is in line in cash terms with the 2016/17 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 £296.631m core funding shown above added to the £16.7m referred to in this paragraph gives the total external support shown in the MTF of £313.3m.

- 2.5 The 2017/18 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 (1.4% 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 £640m to £670m overall nationally.

#### **2.7 Capital Grant**

The capital budget provisional settlement is £1.8m this is a further reduction of 15.5% further reducing the funding available for capital projects and requiring the use of reserves to continue to transform the organisation.

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 £12.2m.

#### **2.8 Referendum Limit**

On 15 December, 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 2016/17 the threshold for triggering a council tax referendum will be 2% and above for PCCs.

However as was the case in 2016/17, it was announced that 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 Minister for Policing and the Fire Service stated within the accompanying letter to the Written Ministerial Sentence “I have decided that direct resource funding for each PCC, including precept, will be protected at flat cash levels compared to 2015/16 assuming that precept income is increased to the maximum amount available within the referendum limits in both 2016/17 and 2017/18.”

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 £4.4m less than the average allocation for most similar forces from the government funding formula, and £6.4m less from the police precept (3<sup>rd</sup> lowest in England and Wales).
- 3.2 The Medium Term Financial Forecast provided for the 2016/17 precept setting panel meeting showed a balanced position for 2016/17 with deficits for the subsequent three years as follows:
  - 2017/18 £7.093m
  - 2018/19 £13.110m
  - 2019/10 £16.192m
- 3.3 The Medium Term Financial Forecast presented today shows a balanced positions for 2017/18 following the use of £11.578m of reserves and the position for future years as:
  - 2018/19 £17.069m
  - 2019/20 £24.383m
  - 2020/21 £30.842
- 3.4 Whilst the forecast maintains an ambitious recruitment profile, clearly it sets a very challenging financial landscape. The two major contributing factors to the downturn in the financial outlook are:
  - The Policing and Fire Service Minister announced the provisional settlement figures for 2017/18 which showed a cash cut of 1.4% which equates to £4.169m in cash terms. This is nearly £2.5m higher than that forecast. Our forecasting was in line with the Treasurers' Society guidance on the basis that the Home Office had stated that they would maintain a flat cash position on funding. We have now assumed the 1.4% cash cut throughout the remaining years of the MTFF.
  - The triennial pension valuation, of which were notified in December, has seen a 3.3% annual increase in pension contributions for police staff that are to be implemented from 1<sup>st</sup> of April 2017. Any previous pension revaluation has been phased in over a number of years so this is a break from the norm. It is forecast that this will cost and

additional £4m in 2017/18 and each year thereafter increasing in line with salary increases.

## Operational Context and Workforce Planning

3.5 The 2017/18 budget is based upon the following numbers at 31 March 2018:

	Officers	Staff	PCSOs	Total:
Total FTEs	4,958	3487	571	9,016
National or Regional Commitments including, NECTU, Regional Crime NPAS, Regional Scientific Support, VIPER and national firearms.	343	696		1039
<b>WY core availability</b>	<b>4,615</b>	<b>2,791</b>	<b>571</b>	<b>7977</b>

The 2017/18 proposed budget allows **additional budgeted posts for West Yorkshire** as at 31/3/2018 of:

- 200 officers
- 150 staff
- 6 PCSOs (despite further partner funding withdrawals)

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.

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. Other variables that may impact on the recruitment strategy continue to be monitored i.e. career breaks, and secondees returns.

As at the 31 December 2016 there were 4,626 police officers in West Yorkshire Police. This is a significant increase from 31 December 2015 and is due to the intensive recruitment campaign that has been taking place since the beginning of 2016/17. To date 399 new student have been appointed this year with a further 164 to start prior to 31 March 2017. Together with the transferees from other Forces that have, or will be appointed, again prior to the end of this financial year, it is predicted that this will help us achieve our target strength.

PCSO recruitment is ongoing and plans are in place such that by the end of March 2017 the recruitment level will be such that all PCSO posts within the budgeted structure will be filled. Recruitment activities

during 2017/18 will be such that we plan to over recruit above the structure to ensure numbers are maintained.

The strength for Specials on 31 December 2016 was 597, of which 121 are in training. It will be noted that this is a decrease in the number of Special Constables in West Yorkshire Police since December 2015, however, this was inevitable with the massive amount of regular police officer recruitment that has taken place since the beginning of the financial year. There is still a drive to continue to increase the number of specials within the service and six new recruit cohorts are planned for 2016/17.

The position for volunteers and others is as follows:

Volunteer Type	Number
Police Support Volunteers	290
Community Volunteers	138
Safer Community Advocates	38
Student Guardians	11
Police Cadets (These are currently just in Bradford but a decision has been taken to rollout the initiative to all districts.)	26
Explorers	179
<b>Total</b>	<b>682</b>

- 3.6 Despite the Government rhetoric that policing has been protected, a serious concern remains about the longer term pressures given the very significant reduction in the size of West Yorkshire Police, 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, its partners and our communities as set out in the Police and Crime Plan.

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.
Missing Persons	During 2016 West Yorkshire Police investigated 2841 high risks incidents of missing persons, by way of comparison, the number of high risk incidents of missing persons investigated was 305.
Domestic Burglary	There is still a relatively high rate of domestic burglary, and increases have been seen again primarily due to improved crime recording processes but also due to some localised increases.

Mental Health	Protecting the vulnerable places a great deal of demand on the police who are working in improved partnerships to provide the right support to those with mental health issues at the right time from the right partner but as government cuts to partners hit so are the improved services we should be all be providing.
Child Sexual Exploitation	This continues to be a key risk for West Yorkshire Police 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 but the true scale remains unknown.
Cyber Crime	This is a growing issue that is acknowledged to be widely under reported and has also received further resource from the PCC.
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 concern for communities.

- 3.7 Other issues include organised crime, terrorism, drugs, firearms, forced marriage, female genital mutilation, community cohesion, hate crime, public order and road safety all of which will require either significant or continued investment as demand for service remains high.
- 3.8 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.
- 3.9 The above threats and risks are reflected in the 2017/18 budget through:



- Retaining the mainstreaming of the operational initiatives (Cyber Crime, Child Sexual Exploitation, Human Trafficking and historic case) which were first funded through the core budget rather than through reserve in 2016/17.
- Continuing to set aside additional funding for the partnership executive group to provide resources for improved partnership working in areas such as domestic abuse and mental health.
- Continuing to set aside additional funding for community safety projects with our CSP partners covering areas such as preventing anti-social behaviour and road safety.

#### 4. DRAFT BUDGET 2017/18

4.1 The MTFE includes the following main assumptions/pressures:

- A Home Office funding reduction of £4.169m in cash terms
- An employer pensions contribution additional annual cost of £4m.
- Reduction of 2.67% (real terms) per year in main grant from 17-18 onwards.
- There is no guarantee of the £16.7m legacy council tax grants beyond 2017/18.
- £5 increase in precept in 2017/18 to protect PCSO numbers and fund additional officers.
- Apprentice levy tax £1.7m
- Loss of partner funding of £1m.
- Additional cost of Sexual Assault Referral Centre (including paediatric) due to NHS England cuts of £175k.
- Pay inflation assumption of 1% on pay.
- Additional recruitment costs £300k
- Force Crime Management Unit staff increase £657k
- ESMCP project team £300k

4.2 **While the budget balances in the short term, this has required use of reserves and 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 2017/18 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 An analysis of the reserves position is set out at **Appendix B**.
- 5.2 The focus of the financial strategy will be on sustainability and affordability, and therefore it has been assumed that the investment which commenced in 2015/16 from the transformation fund will continue, and help to combat some of the impact of increasing demand. The utilisation of the one-off surplus balances for re-investment will enable staff and officers facing increasing demands to work smarter and be more 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. Examples of these projects include:
- **Digital Mobile Policing** - equipping officers with mobile devices has fundamentally changed the nature of some policing activity. Digital devices allow officers to directly input police data into back office systems, provide real time access to the Police national Computer and allow in-field forensic submissions. This provides officers with the ability to remain longer on the frontline without returning to Police Stations, therefore providing an increasing level of visibility and reassurance to the public whilst simultaneously fast tracking crime and intelligence data onto force systems.
  - **Body Worn video** is being rolled out across West Yorkshire Police (50% coverage so far) and the positive benefits are far reaching including anticipated reduction in officer injuries, increased early guilty pleas, reduction in complaints and investigation time, reduced witness attendance at court and increased positive outcomes within custody. All of which will ensure West Yorkshire Police maximises the time available for frontline policing as opposed to losing time at court or through sickness absence.
  - The development of **Predictive Policing Analytics** utilises technology that supports operational deployment, with key deliverables of increasing police visibility, reducing crime, incidents and ultimately demand on Police Resources.
  - **Digital Interview Recording** in all interview suites and the development of a secure portal for other criminal justice agencies to access will streamline criminal justice processes, reduce costs on tapes and postage and will improve the timeliness of prosecutions whilst improving the quality of victim and witness support.

- 5.3 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 further 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 enhancements to the handheld devices, further enhancing an improved central IT operating system, and platform capability, use of body worn video cameras, broadening the use of automatic number plate recognition technology and being one of the National leaders in the Transforming Forensics Programme.

- 5.4 The PCC will continue to consider business cases provided by West Yorkshire Police 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.

- 5.5 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.

- 5.6 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. In line with 2016/17 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.

- 5.7 Whilst deficits are currently forecast for 2018/19 and beyond there are change programmes in place which should significantly reduce the deficit, and the ability to reduce recruitment if savings are not realised through the Programme of Change at the level required. For that reason the reserves plan does not reflect the currently forecast deficit position for 2018/19 and beyond.

## 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 (3.43%) 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 can 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. **77% 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 %	77.2	76.7	80.0	76.3	79.0	74.2
No %	17.3	17.0	15.0	20.1	16.2	19.0
Don't know %	5.5	6.3	5.0	3.6	4.8	6.9
Base number:	2076	734	180	274	582	306

6.4 In context, a £5 increase in the police precept (at Band D), based on projected taxbase levels, would provide an additional £3,144,946 of funding in cash terms into the base budget in 2017/18.

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	97.30	99.24	1.94	100.64	3.33
B	113.52	115.78	2.26	117.41	3.89
C	129.73	132.32	2.58	134.18	4.44
D	145.95	148.85	2.90	150.95	5.00
E	178.38	181.93	3.55	184.49	6.11
F	210.81	215.01	4.20	218.03	7.22
G	243.25	248.09	4.84	251.58	8.33
H	291.90	297.71	5.81	301.90	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 2017/18 to £150.95 a year. Approximately 61% of households in West Yorkshire are in Bands A and B, and would pay £100.64 and £117.41 respectively, an increase of approximately seven 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 five West Yorkshire Local Authorities gave their support to the recommended precept increase at a West Yorkshire leaders meeting on the 26 January 2017.

## 7. DECISION BY THE PCC

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

- Police and Crime Plan consultation.
- Operational resilience.
- Public views obtained from the Community Conversation.
- The impact on frontline policing and the potential for recruitment of police officers in 2017/18 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.

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 are priorities for the PCC, they were election pledges and require a sustainable source of revenue funding underpinned by the Specials and police volunteers strategy going forward.

Given the continued reductions in government support faced in this CSR period, the only means of allowing for police officer recruitment above our budgeted establishment 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:

- West Yorkshire Police has suffered reductions of approximately 2,000 employees (officers and staff) since 2010/11 to March 2016.
- Cuts of over £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 MTFF and summary movement statement from 2016/17 to 2017/18 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 (3.43% on Band D), in line with the Home Office funding statement expectations. Each 1% on the police council tax generates around £918k in precept based on the 2017/18 tax base and is built into the base budget.
- 7.6 The additional £3.14m that this precept increase would bring is 3% in cash terms.
- 7.7 The PCC's proposal would result in a budget of £420.7m. Alongside the savings made through the Programme of Change, this will allow **PCSO numbers to be increased to 571** despite the further reduction

in partner funding and additional Police Officer recruitment in excess of 500 which represents a **net increase of 200 officers**.

## **8. RECOMMENDATIONS**

- 8.1 The PCC recommends that the Panel agrees his proposed Police precept figure of £94,945,489 which would result in an increase to the police council tax of 3.4%.**

**This would increase the council tax for band D households from £145.95 to £150.95. However, approximately 61% of households in West Yorkshire are in Bands A and B, which would increase from £97.30 to £100.64 and from £113.52 to £117.41 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 2016/17 to 2017/18.
- E Chart showing Band D Police Precept levels in England and Wales