

## ITEM 5



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

### WEST YORKSHIRE POLICE AND CRIME PANEL

2 February 2018

### PRECEPT PROPOSAL 2018/19

#### 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 2018/19;
3. The medium term position;
4. The draft budget for 2018/19;
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 the proposed precept for 2018/19 by 1 February 2018.
- 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 2018/19

### Key Points

- 2.1 The Police Settlement was announced on 19 December 2017 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 flat cash settlement. The written ministerial statement did indicate that the settlement for 2019/20 would be at a similar level subject to efficiency targets being met. At this stage it is not clear what the targets are.
  - The funding settlement required inflation costs and pay rises to be absorbed into the budget. For West Yorkshire unavoidable inflation and pay rise costs to be absorbed in 2018/19 are over £9m.
  - An increase in top slicing from £812m in 2017/18 to £945m in 2018/19 (16% increase):

<b>Police Funding</b>	<b>2017/18 (£m)</b>	<b>2018/19 (£m)</b>
<b>Total Reallocations and adjustments, made up of:</b>	<b>812</b>	<b>945</b>
PFI	73	73
Police technology programmes (including the Emergency Services Mobile Communication Programme)	417	495
Arm's length bodies (HMICFRS, College of Policing, IPCC)	54	63
Strengthening the response to Organised Crime	28	42
Police transformation fund	175	175
Special Grant	50	93
Pre-charge bail	15	4

- Damping of the funding formula remains unchanged in 2018/19, 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 (75% of our direct resource allocation).
- Capping criteria has had additional flexibility built in so that Police and Crime Commissioners are able to increase the band D equivalent charge by up to £12 a year without triggering a local referendum. West Yorkshire remains the 3<sup>rd</sup> lowest Police Council Tax in England and Wales.

## 2.2 Core Funding

	2018/19 £000	2017/18 £000
DCLG/Formula Funding	127,500	127,500
Home Office Police Grant	169,131	169,131
Total Formula Funding	<b>296,631</b>	<b>296,631</b>

## 2.3. 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 2018/19 is **£16.7m**, which is in line in cash terms with the 2017/18 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.

- 2.4 The 2018/19 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 passport the CSF to local government partners for an additional year continuing his strong commitment to partnership working and joint working.

### Other Grants

## 2.5 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 £670m to £757m overall nationally.

## 2.6 Capital Grant

The capital budget provisional settlement is £1.8m which is the same level in cash terms as 2017/18. £1.8m is a continued reduced level of funding for capital which again requires continued use of reserves to continue to transform the organisation, making it fit for the future.

### 3. MEDIUM TERM POSITION

#### The Financial Context

3.1 The Medium Term Financial Forecast presented today shows a balanced positions for 2018/19 following the use of £17.252m of revenue reserves (£11.37m of which is specifically for organisational transformation) and the position for future years, if the significant saving plans in place are met, as:

- 2019/20 £4.800m shortfall
- 2020/21 £1.023m shortfall
- 2021/22 £balanced

3.2 It is important to note that in planning for future years, at this point in time due to uncertainty around funding, no additional officers have been forecast for 2019/20 and beyond despite current and increasing demand pressures on the police, and the increasing complexities of policing.

#### Operational Context and Workforce Planning

3.3 The 2018/19 budget is based upon the following numbers at 31 March 2019:

	Officers	Staff	PCSOs	Total:
Total FTEs	4,911	3442	603	8956
National or Regional Commitments including, NECTU, Regional Crime NPAS, Regional Scientific Support, VIPER and national firearms.	328	742		1070
<b>WY core availability</b>	<b>4,583</b>	<b>2700</b>	<b>603</b>	<b>7886</b>

West Yorkshire Police have appointed 481 new student officers this financial year to date and there are plans to appoint a further 48 before the end of March 2018. In addition West Yorkshire Police have appointed 82 transferees since 1 April 2017 and a further six are to be appointed in February. This takes the total number of new police officers appointed in 2017/18 to 617. This is the highest number of officers appointed in several years and a **net increase of 206**.

PCSO recruitment has continued throughout the year, with 131 new appointments being made to date and a further 20 being appointed in

February. This means that as of 31 January 2018 the total strength was 601 PCSO's (FTE). This is following additional recruitment in 2017/18 over and above initial planning of 571 for 2017/18.

The 2018/19 proposed budget allows **additional budgeted posts for West Yorkshire** as at 31/3/2019 of:

- 143 Officer equivalents (officer equivalents is the term used as some specialist roles for example in Cyber Crime may not require warranted officers).
- PCSO numbers protected at 603 following additional recruitment in 2017/18 over and above initial planning of 571 for 2017/18.

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

3.4 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	There has been an increase of 258% in Missing People investigations since 2013 (with over 21,000 missing people investigations recorded in 2017).
Mental Health	Protecting the vulnerable continues to place 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. There has been a 150% increase in Child Sexual Exploitation offences since 2013.
Human Trafficking	This issue continues to gather 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.
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 and Sexual Abuse Board. There has been a 35% increase in domestic abuse related incidents since 2013.
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.
Road Safety	Road Safety is a key concern for communities and a priority area in the Police and Crime Plan
Economic Crime / Fraud	This is a growth area nationally and again acknowledged to be under reported.
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.

3.5 Other issues include organised crime, terrorism, drugs, firearms, forced marriage, female genital mutilation, community cohesion, hate crime, and public order 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. cybercrime, 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 2018/19 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 (initially these teams were funded through short term reserves).
- 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.
- Increasing resource in priority areas in addition to the increase to neighbourhood policing in 2017/18 including:
  - Cybercrime and digital investigations
  - Safeguarding
  - Specialist Posts within Protected Services
  - Further Neighbourhood Policing Supervision

#### **4. DRAFT BUDGET 2018/19**

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

- Government funding is assumed £313.323m every year of the MTFE although the Ministerial Letter indicated this was only guaranteed to 2019/20.
- Consolidate 1% Bonus and Pay inflation assumed at 2% per annum (effectively 3% in 2018/19 and 2% thereafter)
- Non Pay inflation assumed at 2% per annum.
- Precept increase has been at £12 on the band D for 2018/19
- Back Office transformation (Fusion) costs and benefits have been taken from the latest estimates.
- Emergency Services Network airwave menu savings of £2.6m have been built in from 20/21.
- We have assumed a maximum of 100 officers leaving West Yorkshire Police on the voluntary exit scheme for each of the next three years, starting this financial year.
- Where partner funding for PCSOs has decreased the gap is funded through reserves

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 core grant with a continuing increase in demand pressures and complexities.

Other savings on both pay and non pay items have been built into the 2018/19 budget, including police officer and police staff pay, overtime and allowances, IT, transport and travel, estates, and savings that are anticipated through the back office (Fusion) review.

#### 4.3 Referendum Limit

Capping criteria has had additional flexibility built in to enable PCCs to raise the policing element of local taxation to increase the Band D equivalent charge by £12. The PCC intends to use the precept flexibility to increase the Band D equivalent charge by £12 (7.95%). Within West Yorkshire, over 61% of Council Tax payers are in bands A and B.

Our Community Conversation Survey currently shows that over 78.9% of respondents across West Yorkshire would support a police council tax increase. Over 50% of respondents said they would be prepared to pay more than a 5% increase. The results of the community conversation can be found at **Appendix A**.

The survey commenced on the 13<sup>th</sup> of December and due to the delay in the settlement announcement (19<sup>th</sup> of December), at the time of publication, we were unaware of the additional flexibilities that had been granted to PCCs and therefore the questions were not as clearly linked to precept options as previous years.

## 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. Whilst again a significant level of reserves will be used to balance the budget, this is to ensure the police officer number does not reduce further while organisational transformation continues that will reduce costs in future years.
- 5.3 Work on digital transformation 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 back office (Fusion review) covers support functions such as Human Resources, ICT, Estates, Finance and Corporate Services. Part of the ongoing review is to ensure the technology is in place to modernise the back office by streamlining processes and focusing on the end user of services. Work is ongoing at the moment following a collaborative review by Ernst and Young that could realise significant recurring financial savings. In order to achieve this investment is required, funded through reserve funding to ensure the technology is in place to do this and to enable workforce modernisation.
- 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 HMICFRS, 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 vision of making sure West Yorkshire is safer and feel safer. In line with 2017/18 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 2019/20 and 2020/21 there are change programmes in place which should significantly reduce the deficits, 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 2019/20 and 2020/21.

## **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 £5 (3.32%) on the Band D equivalent
  - 2) Increasing the council tax by £12 on a band D property (7.95%) to exercise the additional flexibility given to the PCCs.

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 people of West Yorkshire.

## 6.2 Community Conversation

The PCC has recently undertaken a 'Community Conversation' to gain views from members of the public around policing. Due to the late announcement of the draft funding settlement for policing, the survey was issued before the additional flexibilities were announced. The survey results do however still provide a clear indication on the part of the majority of respondents that they are willing to pay more to have additional front line policing. One aspect of the survey was to ask whether or not respondents would be prepared to pay additional council tax for policing next year. The survey closes towards the end of January but as at the 12<sup>th</sup> of January, **78.9% of respondents said they would be prepared to increase their contribution.**

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.

**% willing to pay set suggested amounts (sample 2,257)**

No increase	1% more	2% more	5% more	10% more	More than 10%
462	220	393	679	402	101
20.5%	9.7%	17.4%	30.1%	17.8%	4.5%

6.4 In context, a £12 increase in the police precept (at Band D), based on projected taxbase levels, would provide an additional £7,718,844 of funding in cash terms into the base budget in 2018/19.

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

Band	Current Charge *£	Charge with £5 (Option 1) £	Increase £	Charge with Band D £12 raise £ (Option 2)	Increase £
A	100.63	103.97	3.33	108.63	8.00
B	117.41	121.29	3.89	126.74	9.33
C	134.18	138.62	4.44	144.84	10.67
D	150.95	155.95	5.00	162.95	12.00
E	184.49	190.60	6.11	199.16	14.67

<b>F</b>	218.04	225.26	7.22	235.37	17.33
<b>G</b>	251.58	259.92	8.33	271.58	20.00
<b>H</b>	301.90	311.90	10.00	325.90	24.00

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

6.5 A £12 increase would take the Band D police council tax for 2018/19 to £162.95 a year. Approximately 61% of households in West Yorkshire are in Bands A and B, and would pay £108.63 and £126.74 respectively, an increase of approximately 15 pence per week for band A, 18 pence per week for band B and 23 pence per week for band D.

6.6 Support was given at a recent West Yorkshire leaders meeting for the recommended precept increase on the 19 January 2018.

## **7. DECISION BY THE PCC**

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

- Police and Crime Plan consultation feedback.
- Operational resilience.
- Public views obtained from the Community Conversation.
- The impact on frontline policing and the potential for recruitment of police officers in 2018/19 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 specialist staff, protecting the current number of PCSOs to support 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.

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 2017/18 to 2018/19 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 £12 (7.95% on Band D), in line with the Home Office funding statement expectations. Each 1% on the police council tax generates around £971k in precept based on the 2018/19 tax base and is built into the base budget going forward.
- 7.6 The PCC's proposal would result in a budget of £436.28m. Alongside the savings made through the Programme of Change, this will allow **PCSO numbers to be increased to 603** despite the further reduction in partner funding and additional Police Officer recruitment in excess of 500 which represents a **net increase of 143 officers and specialist staff**.

## **8. RECOMMENDATIONS**

- 8.1 **The PCC recommends that the Panel agrees his proposed Police precept figure of £104,815,019 which would result in an increase to the police council tax of 7.89%.**

**This would increase the council tax for band D households from £150.95 to £162.95. However, approximately 61% of households in West Yorkshire are in Bands A and B, which would increase from £100.63 to £108.63 and from £117.41 to 126.74 respectively.**

**The proposed increase in police precept would amount to less than £10 per annum for most households in West Yorkshire, an increase of less than 20 pence per week.**

### **Appendices:**

- A Community Conversation results.
- B Reserves and Balances.
- C Medium Term Financial Forecast
- D Movement Statement 2017/18 to 2018/19.
- E Chart showing Band D Police Precept levels in England and Wales