

ITEM 5



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

WEST YORKSHIRE POLICE AND CRIME PANEL

1 February 2019

PRECEPT PROPOSAL 2019/20

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 2019/20;
3. The medium term position;
4. The draft budget for 2019/20;
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 2019/20 by 1 February 2019.
- 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 2019/20

Key Points

- 2.1 The Police Settlement was announced on 13 December 2018 in a written ministerial statement and included the following key points:
- The settlement was a one year only settlement
 - Of the additional £11.726m per year pension costs through the change in the calculation of charges by Treasury, £5.107m will be funded through a pensions grant
 - The remaining £6.620m will be funded through the increase in grant to cover inflation costs and pay increases
 - The funding settlement therefore requires inflation and pay increases to be funded through a combination of efficiencies and an increase in the policing element of Council Tax
 - An increase in national top slicing from £945m in 2018/19 to £1,029m in 2019/20 (9% increase):

Police Funding	2018/19 (£m)	2019/20 (£m)
Total Reallocations and adjustments, made up of:	945	1029
PFI	73	73
Police technology programmes (including the Emergency Services Mobile Communication Programme)	495	495
Arm's length bodies (HMICFRS, College of Policing, IPCC)	63	63
Strengthening the response to Organised Crime	42	90
Top Ups to NCA and ROCUs	0	56
Police transformation fund	175	175
Special Grant	93	73
Pre-charge bail	4	4

- Damping of the funding formula remains unchanged in 2019/20, 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 in 2018/19 was grant funded, compared to less than 50% in some areas).
- Capping criteria has had additional flexibility built in so that all Police and Crime Commissioners are able to increase the band D equivalent charge by up to £24 a year (£2 per month) without triggering a local referendum. West Yorkshire remains the 3rd lowest Police Council Tax in England and Wales, with around 71% of properties falling in bands A, B and C which would therefore equate to an increase of less than £2 per month.

2.2 Core Funding

	2018/19 £000	2019/20 £000
DCLG/Formula Funding	127,500	130,051
Home Office Police Grant	169,131	172,809
Total Formula Funding	296,631	302,860

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 2019/20 is **£16.69m**, which is in line in cash terms with the 2018/19 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. The £302.860m core funding shown above added to the £16.69m referred to in this paragraph gives the total external support shown in the MTF of £319.552m.

- 2.4 The 2019/20 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

2.5 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 increased from £757m to £816m overall nationally.

2.6 Capital Grant

The capital budget provisional settlement is £1.8m which is the same level in cash terms as 2018/19. 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.

3. MEDIUM TERM POSITION

The Financial Context

3.1 The Medium Term Financial Forecast presented today shows a balanced position for 2019/20 following the use of £3.7m of revenue reserves and the position for future years, if the significant saving plans in place are met, as:

- 2020/21 £0.385m shortfall
- 2021/22 £2.068m shortfall
- 2022/23 £0.188m shortfall

3.2 It is important to note that in planning for future years, at this point in time due to uncertainty around funding, only 50 additional officers have been forecast for 2020/21 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 2019/20 budget is based upon the following numbers at 31 March 2020:

	Officers	Staff	PCSOs	Total:
Total FTEs	5198	3629	603	9430
National or Regional Commitments including, NECTU, Regional Crime NPAS, Regional Scientific Support, VIPER and national firearms.	377	808		1185
WY core availability	4,821	2821	603	8245

West Yorkshire Police have appointed 299 new student officers this financial year to date and there are plans to appoint a further 120 before the end of March 2019. In addition West Yorkshire Police have appointed 58 transferees since 1 April 2018 and a further ten are to be appointed in February. This takes the total number of new police officers appointed in 2018/19 to 487 a **net increase of 94 officers** once all retirees and leavers are taken into account (in addition to the 81 officers that were over-profile as at the start of 2018/19.)

PCSO recruitment has continued throughout the year, with 48 new appointments being made to date and a further 28 being appointed by 31st March 19 and therefore forecast to be 603 FTEs by 31st March 19.

The 2019/20 proposed budget allows **additional budgeted posts for West Yorkshire** as at 31/3/2020 of:

- 264 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

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 (around 2000 police jobs lost following cuts of £140m in West Yorkshire since 2010), a serious concern remains about the longer term pressures given the very significant reduction in the size of West Yorkshire Police’s budget 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 (captured in the most recent Force Management Statement), 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. Recorded crime for the first eight months of 2018/19 (to November 2018) is 13.3% higher than in the same period last year. Analysis indicates that around 6% of this increase is associated with a genuine risk of victimisation in areas such as
-------------	---

	possession of weapons, personal robbery, violence with or without injury and theft of motor vehicle. The remainder of the increase is associated with improved crime recording processes. West Yorkshire Police does record more crime per 1000 population than most other forces nationally, however, the crime increases in West Yorkshire are now much more consistent with the average increases reported nationally.
Missing Persons	There has been an increase of 208% in Missing People investigations since 2013 (with over 19,000 missing people investigations recorded in 2018). The Force Management Statement (FMS) predicts an increase of 14.5% for missing and absent occurrences by 2021 (an additional 3216 incidents). Around two thirds of misper occurrences involve children and over a third of these are at risk of CSEA. A recent reduction in missing persons and the number of people who go missing repeatedly, offers encouragement that problem solving activity is having a positive effect on those people who are particularly vulnerable.
Mental Health	Protecting the vulnerable continues to place a great deal of demand on the police who are working in improving partnerships to provide the right support to those with mental health issues at the right time from the right partner. Over 21,000 incidents were reported in 2018 where mental health was identified as being a factor. This is a 65% increase compared to 2013. The FMS shows that in 2017 around 43% of all arrestees had an entry on their mental health risk assessment. The FMS predicts a continuing increase in mental health incidents, given the strong correlation with other areas of vulnerability such as missing persons (around 22% of missing person occurrences involve mental health, which increases to 60% for those over 65). In addition to volume there are capacity and capability issues with insufficient health based places of safety.
Child Sexual Exploitation	This continues to be a key resource risk for West Yorkshire Police and partners, with investment in non-recent investigations, improved confidence to report, and large scale investigations leading to significant increases in reports of Child Sexual Exploitation and Abuse (CSEA). There has been a 176% increase in CSEA offences since 2013 (5828 offences). The FMS predicts that CSEA offences could increase to over 11,000 incidents by 2022. Non-recent investigations account for around a third of all offences recorded and work at a national level (Independent Inquiry into Child Sexual Abuse) suggests the increase will continue. The FMS highlights in particular, concern around on-line CSE and livestreaming which nationally are predicted

	to increase.
Modern Slavery/ Human Trafficking (MSHT)	This issue continues to gather momentum in a similar way to Child Sexual Exploitation. West Yorkshire is one of the highest referrers of Potential Victims of Trafficking to the National Referral Mechanism with significant increases over the last few years. These offences result in particularly complex investigations and have increased from 19 offences in 2013 to 537 in 2018 (398 of which were in the West Yorkshire). The FMS predicts that the volume of reported offences will more than double by 2021 as it is widely recognised that the true scale and nature of MSHT is not known. The NCA estimate there are around 13,000 victims of MSHT.
Cyber Crime	The nature and scale of both cyber-enabled and cyber dependent crime is still not fully understood and as such both are predicted to increase in light of the proliferation of technology and the increasing prevalence of the 'online world'. There is an increasing use of technology to facilitate a wide range of organised crime including CSEA, Human Trafficking, Fraud, Radicalisation and Cyber enabled/dependent crime and we predict that this will continue to increase.
Domestic Abuse	Improved recording, victim confidence and better identification of vulnerability by officers has resulted in a 51% increase in domestic abuse reports since 2013 (58,000 incidents). The FMS highlights domestic abuse as a particular area of concern, predicting a 44% increase (or an additional 26,000 incidents) by 2022. The analysis also shows that the repeat rate for both victims and offenders is increasing and that the level of risk has increased. Of concern is that in around 30% of incidents a child is present, which is a key predictor for future offending and a recognised Adverse Childhood Experience.
Sexual Offences	Increased victim confidence in reporting sexual offences has contributed to a significant increase in offences (to 7,690) since 2013, an increase of 173%. The FMS predicts that by 2021 over 12,000 incidents will be recorded each year.
Anti - Social Behaviour	ASB is a key concern for communities and presents high volume demand for West Yorkshire Police. Last year there were around 60,000 incidents of which over half were attended, the remainder supported by other means. Analysis shows that there are almost 900 locations across West Yorkshire that have at least five incidents of ASB reported (six months to August 2017). These are high demand generators for the police and partners and therefore require multi-agency problem solving. The FMS predicts that ASB is likely to increase

	over the next four years, although the stronger focus on Neighbourhood Policing and Early Intervention given recent investment, is aimed at long term demand reduction through effective problem solving.
Road Safety	Road Safety is a key concern for communities and a priority area in the Police and Crime Plan. Our recent assessment shows that the numbers of people who are killed or seriously injured has increased by 2.7% in the first nine months of the year, to 640. Fatal accidents have increased more significantly, with 56 fatalities from January-September 2018 compared to 21 in same period last year. ASB related to road safety (inconsiderate parking for example) continues to be an issue raised in confidence surveys across all Districts.
Economic Crime / Fraud	Fraud is predicted to increase and whilst it is now reported to be the most frequently experienced crime it is still significantly under reported. The National Audit Office predict that online fraud could increase to 2.9m incidents nationally by 2021. In particular the FMS predicts that the cyber element of fraud will increase and that the 11% we record does not reflect the true scale of the problem. Money laundering remains a cross cutting threat area relied upon to facilitate all serious and organised crime and is therefore an ongoing threat
Residential Burglary	West Yorkshire has a high rate of residential burglary, although over the last year there has been a small reduction in offences. There is also an element of burglary which is associated with organised crime.
Violent Crime	Whilst the level of violent crime resulting in physical injury remains low in comparison to other crime types, over the last two years and in line with most other forces, there has been an increase, which is also associated with an increase in knife crime.
Registered Sex Offenders	The number of Registered Sex Offenders has increased by 91% from 1859 in 2013 to 3981 in 2018 and it is predicted that this increase will continue over the next few years. The FMS predicts a 32% increase in RSOs by 2021 significantly increasing demand on West Yorkshire Police.
Child Criminal Exploitation and County Lines	Forces are starting to uncover new threats around the criminal exploitation of children and vulnerable adults. This is associated with a number of crime types including drugs distribution, preparation and storage (county lines) and organised theft. This is an area of increasing focus for West Yorkshire Police as we seek to both address and understand the complex relationship between organised crime and the exploitation of vulnerable people.

Calls for Service	In 2017 West Yorkshire Police received just over 1.5m calls for service. The FMS predicts that over the next four years this will increase by 10.7% to over 1.6m, with particular concerns around the predicted increase in 999 calls (predicted to increase by 20.2% to 83,627).
-------------------	---

- 3.5 Other issues for a large metropolitan force such as West Yorkshire include the high level of threat presented by organised crime (and the links between drugs and firearms). With the threat level for terrorism raised to CRITICAL twice in 2017, and West Yorkshire Police being the lead for the North East Counter Terrorism Unit; terrorism and the impact it can have on community cohesion, public order and hate crime remains a very real threat. All these areas require either significant or continued investment as demand for service remains high.
- 3.6 The longer term position also needs to ensure that the operating model remains fit for purpose for the future and growing operational challenges, e.g. cybercrime, child sexual exploitation, human trafficking, domestic abuse, violent crime, criminal exploitation of children and vulnerable adults and Registered Sex Offenders. It also needs to take into account of the Strategic Policing Requirement (which covers organised crime, public order, civil contingencies, terrorism, CSEA and major cyber incidents).
- 3.7 The above threats and risks are reflected in the budget through increased resources being allocated to:
- District Policing (including Neighbourhood Policing)
 - Cyber Crime and Digital Investigations, including Fraud
 - Safeguarding
 - Organised Crime
 - Operational Support
 - Criminal Justice
 - Training and Development
- 3.8 The operational benefit sought by increasing resource in each of these are detailed in Appendix F.
- 3.9 In addition to this investment the PCC will:
- continue to set aside additional funding for partnership working to provide resources for improved partnership working in areas such as domestic abuse and mental health.
 - continue 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 2019/20

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

- A change in the way that Police Office pensions costs are calculated by the Treasury has resulted in an estimated annual cost pressure of £11.726m
- £5.1m of this cost in 2019/20 is being covered by a specific grant from the Home Office. It is not clear at this stage whether or not this grant will be received annually.
- Government funding is assumed to raise in line with inflation.
- Pay inflation assumed at 2%
- Non Pay inflation assumed at 2% per annum.
- Precept increase at £24 on the band D for 2019/20
- Back Office transformation (Fusion) costs and benefits have been taken from the latest estimates from the Fusion Board.

4.2 While the budget balances in the short term to medium term there are significant savings required to achieve this and a very uncertain funding landscape beyond 2019/20.

Savings on both pay and non pay items have been built into the 2019/20 budget, including police officer and police staff pay, overtime and allowances, transport and travel, estates, and savings that are anticipated through the back office (Fusion) review.

At this point it is unclear what the settlement will be for Policing in the next Comprehensive Spending Review (CSR). Significant work is being undertaken to highlight the pressures on Policing, but additional funding is by no means guaranteed and therefore remains a considerable pressure in addition to the impact of BREXIT.

The fact that it is still intended that there will be a funding formula change impacting the allocation of Police Grant across PCCs. Again this adds to the uncertain position on the medium to long term funding, given that over 70% of funding in West Yorkshire is made up of core police grant.

4.3 Referendum Limit

Capping criteria has had additional flexibility built in to enable all PCCs to raise the policing element of local taxation to increase the Band D equivalent charge by £24. The PCC intends to use the precept flexibility to increase the Band D equivalent charge by £24 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 less than a £2 per month increase for most Council Tax Payers.

Our budget Survey currently shows that 72% of respondents across West Yorkshire would support a police council tax increase of £24. The detailed results of the survey are shown at **Appendix A**.

The survey commenced on the 18th of December and closed on the 16th of January 2019 including both on-line and postal returns giving a good snap-shot of views across West Yorkshire.

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 revenue reserves (£3.7m) will be used to mitigate the impact of reductions in partner funding for PCSOs and to fund transformation, this is to further ensure the “front-line” numbers do not reduce further while organisational transformation continues that will reduce costs in future years.
- 5.3 Work on digital transformation continues with enhancements to mobile handheld devices, further enhancing an improved central IT operating system, and platform capability, increased use of body worn video cameras and continuing to broaden the use of Automatic Number Plate Recognition (ANPR) technology.
- 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 to implement the new structures and processes that should realise significant recurring financial savings. A fundamental element will be the procurement and implementation of an Enterprise Resource Planning (ERP) system. This required investment, funded through the use of reserves, ensures the technology is in place to transform 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 and achieve the required savings and meet the challenging and changing policing requirements in West Yorkshire.
- 5.6 The investment in the future of policing and community safety is of paramount importance to all of us as we have faced unprecedented cuts and austerity in recent years, as we work towards the shared vision of making sure West Yorkshire is safe and feels safe. In line with 2018/19 the PCC has earmarked from the general reserve an

additional £1m for Community Safety initiatives across West Yorkshire and £1m for the Partnership working to continue to drive collaboration across agencies in West Yorkshire through a range of initiatives to tackle violent crime and improve criminal justice outcomes.

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 Police Precept by £12 on the Band D equivalent (based on the 2018/19 flexibility)
- 2) Increasing the Police Precept by £24 (46 pence per week) on a band D property to exercise the additional flexibility given to all PCCs for 2019/20

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

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

6.2 Budget Survey

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 £24 to provide investment into additional front line policing. **72% of respondents said they would be prepared to increase their contribution on the proposal set out.**

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

Q: Respondents' Council Tax Band	% of all respondents	No. of respondents	% supporting precept increase
A	19%	533	67%
B	15%	412	69%
C	16%	436	74%
D	21%	577	73%
E	7%	206	68%
F	3%	92	71%
G	2%	65	78%
H	1%	27	67%
Don't know	15%	407	73%
Total	100%	2755	-

- 6.4 A £24 increase would take the Band D police council tax for 2019/20 to £186.95 a year. Approximately 61% of households in West Yorkshire are in Bands A and B, and would pay £124.63 and £145.41 a year respectively, an increase of approximately 31 pence per week for band A, 36 pence per week for band B and 46 pence per week for band D.

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 Budget Survey
 - The impact on frontline policing and the potential for recruitment of police officers in 2019/20 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) including the impact of BREXIT
 - The uncertainty of the outcome to a change in the police funding formula which accounts for over 70% of the West Yorkshire budget
- 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 his election pledges and require a sustainable source of revenue funding underpinned by the Special Constables and police volunteers strategy going forward.

Given the continued financial pressures faced in this CSR period, the only means of allowing for significant police officer recruitment in the short to medium term is to increase the police precept as proposed in the absence of any real increases in core grant.

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 (72%) 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.

- 7.4 The PCC has therefore decided to support Option 2, and the MTFF and summary movement statement from 2018/19 to 2019/20 are attached at **Appendices C and D**.
- 7.5 The PCC notifies the Panel of his intention to increase the police precept by £24 on Band D in line with the Home Office funding statement expectations. Each 1% on the police precept generates around £1.06m based on the 2019/20 tax base and would be built into the base budget going forward to provide more certainty around resources.
- 7.6 The PCC's proposal would result in a budget of £445.476m. Alongside the savings made through the Programme of Change, this will allow **PCSO numbers to be maintained at 603** despite the further reduction in partner funding and additional Police Officer and staff recruitment in excess of 500 which represents a **net increase of 264 officers and specialist staff invested into front-line policing (See Appendix F which provides detail on the benefits that the proposed investment would bring)**.

8. RECOMMENDATIONS

- 8.1 The PCC recommends that the Panel agrees his proposed Police precept figure of £122,017,800 which would result in an overall increase to the police council tax of £17.203m.

This would increase the council tax for band D households from £162.95 to £186.95. However, approximately 61% of households in West Yorkshire are in Bands A and B, which would increase from £108.63 to £124.63 and from £126.74 to £145.40 respectively per year.

The proposed increase in police precept would amount to less than £22 per annum for most households in West Yorkshire, an increase of less than 50 pence per week to help secure extra investment into front-line policing.

Appendices:

- A Budget Survey Results.
- B Reserves and Balances.
- C Medium Term Financial Forecast
- D Movement Statement 2018/19 to 2019/20.
- E Chart showing Band D Police Precept levels in England and Wales
- F Operational Benefit of the Investment