



HUMBERSIDE POLICE AND CRIME PANEL

RESPONSE TO THE HUMBERSIDE POLICE AND CRIME COMMISSIONER'S PRECEPT PROPOSALS FOR 2024-25

PURPOSE OF THE REPORT

The purpose of this report was to set out the Humberside Police and Crime Panel's formal response to the Humberside Police and Crime Commissioner's precept proposals for 2024-25.

INTRODUCTION

The Police and Crime Commissioner had a statutory requirement to set an annual Police and Crime budget and, as part of that process, to consult with the Police and Crime Panel regarding any proposals in relation to the council tax precept.

At the meeting of the Police and Crime Panel on 7 February 2024, the Commissioner set out his proposed Police precept for 2023-24 and the Medium-Term Resource Strategy for 2024-25 to 2028-29.

ROLE OF THE POLICE AND CRIME PANEL

Schedule 5 of the Police Reform and Social Responsibility Act (2011) stated that the Commissioner must notify the Police and Crime Panel, by 1 February, of the precept which the Commissioner was proposing to issue for the financial year 2024-25.

Under the requirements of the Act, the Police and Crime Panel must review the proposed precept notified to it and must make a report to the Commissioner on the proposed precept. The report may include recommendations, including recommendations as to the precept that should be issued for the financial year.

The Police and Crime Panel had the power to veto the proposed precept if at least two-thirds of the Police and Crime Panel members (the full membership rather than those present at a meeting) vote in favour of making that decision.

If the Panel vetoed the proposed precept, the report made to the Commissioner must include a statement that the panel has vetoed it.

POLICING ELEMENT OF COUNCIL TAX

As part of the budget setting process, the Commissioner was required to consider whether or not to propose any changes to council tax. The amount of the council tax precept was a decision for the Commissioner who would take account of the views of the Police and Crime Panel and the Government's Council Tax increase limit in making that decision.

The Commissioner had proposed a precept increase of 4.84%. The financial implications for residents are that the Band D Council Tax amount would increase to £281.18 for 2024-25, an increase of £12.99.

MEDIUM TERM RESOURCE STRATEGY

The panel considered the Medium-Term Resource Strategy (MTRS) of the Police and Crime Commissioner for Humberside, which covered a period of five years. It described the financial direction of the organisation and outlined financial pressures.

The MTRS provided options for delivering a sustainable budget and capital programme over the medium term. It also sets out how the Commissioner could provide the Chief Constable with the resources to deliver the priorities in the Police and Crime Plan within the challenging financial climate.

The MTRS sets the financial context for the Commissioner's revenue budget, capital programme and precepting decisions.

The overall financial strategy sought to deliver the Commissioner's Police and Crime Plan, 2021 - 2025 and meet the requirements of the National Strategic Policing Requirement.

FINANCIAL CONTEXT

Funding Formula - The Funding formula used to distribute grant between Forces (Police Allocation Formula (PAF)) was introduced in 2006-07 and much of the data used had not been updated. There had been recognition for many years that the formula no longer reflected needs, but previous attempts at reform of the PAF had not come to fruition due to various technical/political considerations. No change was anticipated to the PAF formula until at least 2025-26 at the earliest and therefore, the MTRS had made no assumptions in this regard.

Police Finance Settlement and Council Tax Precept - The Provisional Police Finance Settlement for 2024-25 was announced on 14 December 2023. The final Police Finance Settlement would be released in February 2024. The headlines from the Police Finance Settlement for Humberside were as follows:

- Police core grants of £147.3m
- Legacy grants of £10m

The Secretary of State determined the maximum increase PCCs can make to council tax precept without requiring a referendum and in 2024-25, is more than £13 per year on a Band D property.

The Band D council tax precept set by the Commissioner for the year 2024-25 is £281.18.

The Commissioner had also ran a public consultation on the level of the council tax precept for 2024-25. There had been 1,238 responses to the consultation. 49% of these responses agree with a £12.99 increase or more in a Band D council tax precept.

The Panel was informed that the MTRS as presented included an increase in the precept of £12.99 for a Band D property for 2024-25 and an increase of £9.99 in future years. Final decisions on the actual precept would be made each year by the Police and Crime Commissioner based on the financial circumstances at the time.

Ministry of Justice Grant - The Ministry of Justice (MOJ) allocated a grant to the Commissioner each year for local commissioning of victim services. The grant was allocated between Police and Crime Commissioners on the basis of population. A total of £1.090m was allocated to the Police and Crime Commissioner for Humberside for 2023-24. The amount for 2024-25 was yet to be confirmed.

The MOJ grant was held outside of the Police General Fund and the Commissioner made decisions on the commissioning of services on an annual basis, within the grant funding available. The commissioning of victim services therefore had no impact on Force budgets.

The Panel heard that the group budget was held by the Police and Crime Commissioner who provided financial resources to the Chief Constable to deliver operational policing. The PCC had a small specific budget for funding of partnerships and the OPCC running costs. The Capital Financing budget comprised the revenue provision for repayment of borrowing, interest costs and investment income.

Members acknowledged that the overall Group forecast represented an overspend of £0.995m or 0.4%. The forecast closing position on reserves for 2023-24 was £23.6m.

MEDIUM TERM BUDGET PRESSURES IN HUMBERSIDE

When calculating the medium-term budget projections for Humberside consideration had been given to several budget pressures including:

- Pay and price increases;
- Budget pressures;
- Revenue implications of the capital programme.

Pay and price increases - Indicative budget forecasts for 2024-25 to 2028-29 reflected the impact of inflation on budgets wherever possible such as energy, business rates and rent increases along with known contract increases.

In addition, estimates for future pay awards at 2.5% for 2024-25 and 2% for the following years are provided for.

Budget pressures - The MTRS also included estimates of the impact of the annual cost of officer pay progression under police regulations and the triennial review of the Local Government Pension Scheme (LGPS), this review was completed for 2023-24 and the following two years and an increase in contributions was not required.

Revenue implications of the capital programme - A revised five-year capital programme had been produced. The implications of this programme were fully reflected in the MTRS.

Members were informed that throughout the MTRS period efficiencies would continue to be delivered wherever possible, to sustain the investment in policing, to continue to support local policing services in the face of a challenging financial situation and balance the budget, for example:

- Corporate Programme of efficiency and continuous improvement reviews;
- Non pay savings;
- Savings through procurement through the continued use of national frameworks;
- Maximising income generation wherever possible.

Productivity initiatives had been delivered in the areas described below;

- Operation Uplift - Deployment of additional officers using demand data to inform organisation design;
- Right Care, Right Person – Working with health partners to ensure the most appropriate organisation provides timely care to individuals as required;
- Call Demand Productivity – Software was utilised to predict call volumes based on previous historical information which then provides a basis to allocate appropriate resources.

DECISION

The Police and Crime Panel considered the Commissioner's proposal to increase the precept for 2024-25, by 4.84% (from £268.19 to £281.18 for a Band D property, an increase of £12.99).

Having considered the evidence submitted by the Commissioner and Mr Ransom, Chief Finance Officer at the Office of the Police and Crime Commissioner, and their responses to questions from members, it was unanimously agreed that the Humberside Police and Crime Panel support the precept without qualification or comment.

However, with rising inflation and the impact of the cost of living crisis, the Panel was acutely aware of the impact the increase in the precept may have on some residents in Humberside.

The Panel acknowledged that Humberside Police continues to make great progress in improving the service it provided to local communities. The Panel agreed with the Commissioner that this was not the time to reduce the resources available to Humberside Police, instead investing in further developments to drive the force forward.

The Panel heard that Humberside Police had, as of 31 December 2023, 2325 Police Officers (including 322 uplift allocation). There were 1510 Police Staff including PCSO's, 116 Special Constable's and 74 volunteers. However, there was an expectation by the Panel that in agreeing to the Commissioners precept increase, that there would be no reduction in these numbers.

In future, the Panel respectfully requests that the Commissioner's precept report include additional financial information which clearly states the financial impact to both Humberside Police and local residents of the proposed precept options.