



HUMBERSIDE POLICE AND CRIME PANEL

RESPONSE TO THE HUMBERSIDE POLICE AND CRIME COMMISSIONER'S PRECEPT PROPOSALS FOR 2018/19

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 2018/19.

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 2018, the Commissioner set out his proposed Police precept for 2018/19 and the medium term resource strategy for 2018/19 to 2022/23.

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 2018/19.

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 6.40 %. The financial implications for residents are that the Band D Council Tax amount would increase to £199.32 for 2018/19, an increase of £11.99.

The Panel was aware that the Police Service was protected following announcements made in November 2015 but that there was significant uncertainty over the funding available to Police and Crime Commissioners (PCCs) beyond the current financial year. This was due to two main factors, namely the proposals to consider a revised formula for the distribution of Government grant and the top slicing of resources by the Home Office to support national programmes.

Members considered the Medium Term Resource Strategy (MTRS). The document provided details of the funding to be made available in terms of Police Grant in 2018/19 based on the Provisional Settlement announced on 19 December 2017. It took into account increases in the tax base and assumptions of Collection Fund surpluses based on estimates from the four billing authorities in the Humberside Police Force area.

The Provisional Settlement confirmed that all PCCs would receive the same amount of general grant next year as they were receiving in the current financial year. The referendum principles for 2018/19 were also confirmed at the same time.

After a number of years when the maximum increase in precept allowed was 2% for the majority of PCCs (and with those whose precepts were in the lowest quartile allowed to increase by £5), the Minister announced that for 2018/19 all PCCs could increase the precept by up to £12 for a Band D property before requiring a referendum.

The Panel acknowledged that the Police and Crime Plan outlined the PCC's proposals to re-energise the local Community Safety Partnerships (CSPs). They were also reassured that the MTRS incorporated provision for continued support for these organisations together with the costs associated with the restructuring of the Office of the Police and Crime Commissioner (OPCC) in order to provide additional resources for community engagement. The Strategy also included provision to fund victims' services utilising a grant from the Ministry of Justice that had been confirmed as £1.078m for 2018/19 (£1.084m in 2017/18).

Members noted that after the change in the construction of pay budgets implemented in the MTRS 2017/18 – 2021/22 and the decisions to significantly increase police officer numbers, considerable effort had gone into workforce planning. The Panel supported the decision of the PCC and the Chief Constable to speed up the recruitment process, supported by the use of additional reserves.

In addition, members noted that the Force had now developed a target operating model to determine how the resources will be deployed based on assessment of demand. This has provided greater clarity in terms of police officer, PCSO and police staff numbers and timings on which to base financial forecasts.

The Panel acknowledges that the MTRS reflected changes to pay estimates that had been made to take into account the Government's decision to award a pay increase of 1%, plus an additional 1% non-consolidated to police officers in 2017 thus breaking the established public sector pay policy assumption included in the original MTRS. Members noted that an identical offer had been made to police staff but this had yet to be agreed by the staff side.

Members listened with interest to the update on the capital programme, and the spending on Estates, including the new custody facility at Birch Way, Grimsby, which was now under construction and due for handover at the end of 2018, as well as expenditure on IT, vehicles and equipment.

The panel noted that although the announcement that PCCs will receive the same grant in 2018/19 and that, providing the conditions were met, the £12 referendum limit would also apply in 2019/20 provided more certainty than in previous years.

The Commissioner informed the Panel that as the referendum limit had been increased so significantly, it provided the PCC with a wider range of options to consider. In previous years, the precept provided the PCC with a permanent source of income, however, the Government was now consistently assuming that all PCCs would apply the maximum possible increase.

Members acknowledged that there were caveats as to whether the £12 increase for a Band D property would be available in 2019/20. In the absence of any guidance on the referendum principles beyond that and with inflation likely to fall back from the current level of around 3% down towards the Bank of England target rate of 2%, it was widely anticipated that the £12 increases would be a temporary measure. The established public sector pay policy provided a considerable degree of certainty over a key component of the police budget within the MTRS but the breach this year adds to the complexity in developing medium term forecasts.

Members welcomed the opportunity to discuss the three scenarios incorporated in the MTRS that illustrated the impact on the funding gap of the different assumptions of increases in precept and pay awards, including a benchmark against the original projection of 2% precept rises.

The Panel noted that there was now increased scrutiny over the level of reserves held by PCCs. The policy on reserves within the MTRS had been reviewed and developed and more detailed information on the projections for use of reserves had been included.

The PCC informed the Panel of the agreement that the General Reserve should be maintained at 3% of the net revenue budget.

This was very much in line with the provision made by other PCCs and is well within the 5% figure that the Home Office had suggested should be the maximum. Any amount in excess of this would be viewed as being excessive.

RECOMMENDATIONS

The recommendation which the Police and Crime Panel was asked to consider by the Police and Crime Commissioner was as follows –

- To endorse the Commissioner's preferred option of increasing the precept for 2018/19, by 6.40 % (from £187.33 to £199.32 for a Band D property), the increase that the Commissioner consulted upon.

POLICE AND CRIME COMMISSIONER'S EXPLANATION FOR THE PROPOSED INCREASE IN POLICE PRECEPT

- Mr Hunter informed the meeting that when he was elected into office as Police and Crime Commissioner, the results of Government budget cuts to policing had seen Humberside Police lose around a quarter of its police officers since 2010. The effects of such a drastic change had been clear for all to see and police forces nationwide were struggling to cope with increased demand and the complex challenges of modern policing.
- The PCC stated that every community he had spoken to said they wanted to see more police officers on the streets, they need to feel safe and reassured. It was disappointing therefore that the Government had not responded with improved funding but had moved the burden onto local taxpayers. In essence, the PCC had been given more flexibility to increase funding through the police precept portion of the council tax to deliver what communities were asking him for, or if not, the Force would stay as it was.
- The PCC had the flexibility to raise the policing precept by 6.4% which equated to £12 per year extra, or 23p per week for a Band D property. However over 80% of properties in the Humberside Police area were in bands A, B and C, therefore the impact on the majority would be less.
- The PCC stated that since his election, he had worked hard to make the best use of resources available which had enabled the Chief Constable to boost officer numbers, resulting in the biggest recruitment of new police officers in the force's history. Taking account of inflationary pressures and the desire to continue the existing recruitment drive for a longer period than the current finances allow, he wanted to use this perhaps short-lived opportunity to secure extra funding for more police officers.
- Increasing the precept to the maximum permitted by Government, the current recruitment plans would take the Force from the planned 1,867 police officers in 2019, up to 1,925 officers by 2020. The PCC stated that he was elected on a pledge to the public to provide more officers on the streets, and this increased funding would enable him to adhere to his manifesto pledge.

DECISION

The Police and Crime Panel considered the Commissioner's proposal to increase the precept by 6.40 % and the reasoning behind that proposal.

Having considered the evidence submitted by the Commissioner, Miss Cook, Chief Executive of the Office of the Police and Crime Commissioner and Mr Bates, Deputy Chief Executive and Treasurer at the Office of the Police and Crime Commissioner, and their responses to questions from members –

The Humberside Police and Crime Panel unanimously agreed to endorse the Commissioner's preferred option of increasing the precept for 2018/19, by 6.40 % (from £187.33 to £199.32 for a Band D property).

In doing so, the Panel made the following observations and agreed to attach the following recommendations -

The Panel noted that the Commissioner, (as part of his explanation for proposing an increase in the police precept for the financial years 2017-18 and 2018-19) stated that the increase was to allow for the recruitment of additional Police Officers. This was therefore two concurrent years that the Commissioner had proposed to increase the precept in order to recruit additional officers.

Recommendation 1

That the Police and Crime Commissioner and the Chief Constable of Humberside Police provide direct evidence to the Panel of –

- **The actual number of Police Officers that the increase in police precept will deliver?**
- **When the officers would be recruited; where they would be located and the role that they would be undertaking?**
- **How the recruitment would be communicated to the tax payers of Humberside?**

The Panel noted that following your election, there were 1,416 Humberside Police Officers. However, the support of the Panel to endorse both your 2017-18 and 2018-19 police precepts has assisted you in projecting an increase in Police Officers to 1,925. Whilst the Panel acknowledges the decision of the Commissioner and Chief Constable to speed up the recruitment process of Police Officers, supported by the use of additional reserves, the Panel believes that this substantial increase in Police Officer numbers **MUST** bring about an improvement in the performance of the Force.

Recommendation 2

That the Police and Crime Commissioner accept the invitation of the Police and Crime Panel to work in partnership to develop a framework that would allow all interested parties to evaluate and improve the performance of Humberside Police.

Recommendation 3

That Recommendation 2 and 3 be actioned as a matter of urgency.