



HUMBERSIDE POLICE AND CRIME PANEL

RESPONSE TO THE HUMBERSIDE POLICE AND CRIME COMMISSIONER'S PRECEPT PROPOSALS FOR 2019/20

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 2019/20.

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 5 February 2019, the Commissioner set out his proposed Police precept for 2019/20 and the Medium Term Resource Strategy for 2019/20 to 2023/24.

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 2019/20.

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 12.04%. The financial implications for residents are that the Band D Council Tax amount would increase to £223.31 for 2019/20, an increase of £23.99.

Members were aware that since the Comprehensive Spending Review in 2010, the Police Service, along with other public sector partners, had faced significant financial pressures at the same time as having to meet increasing demands for service. Following announcements made in November 2015 the Police Service was protected but the top slicing of resources by the Home Office to support national programmes, such as the replacement of the Emergency Services Network (ESN) and to provide transformation funding to assist in the delivery of the Policing Vision 2025 meant that Police and Crime Commissioners (PCCs) continued to suffer reductions in Government support.

In 2018 the Government confirmed that in 2018/19 all PCCs would receive the same amount of general grant as they had in 2017/18. 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, all PCCs could increase their precepts by up to £12 for a Band D property before requiring a referendum. Ministers made it clear that their assumption was that all PCCs would increase their precepts by the maximum amount.

At that time, the Minister also indicated that the same arrangements would apply in 2019/20 i.e. the settlement would be flat cash and there would be another opportunity to raise the precept by a further £12, provided significant progress was made towards efficiency and productivity targets and greater transparency in relation to reserves. Members were informed that during 2018/19 the Service had responded to these requirements, providing additional information on reserves and reserves strategies as well as providing regular updates on the achievements of targets for savings and efficiency targets e.g. in relation to procurement.

Members considered the Medium Term Resource Strategy (MTRS), which provided details of the funding to be made available in terms of Police Grant in 2019/20 based on the Provisional Settlement announced on 13 December 2018, which was subsequently confirmed in the Final Police Grant Report and Ministerial Statement published on 24 January 2019. 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.

Members were aware that prior to the Settlement there had been considerable concerns over the impact of changes to employers' police officer pension contributions identified in the autumn that had not been anticipated in forces' existing financial plans.

The Settlement took into account £153 million of specific grant from Government reserves, distributed according to a methodology agreed with the Service to offset the associated cost increases. However, after taking account of Humberside's share of this and the additional general grant in the Settlement, there remained an additional cost in excess of £300,000 in 2019/20.

The PCC informed the Panel that the Minister announced that the Government were proposing to double the flexibility available to PCCs to increase the precept by £24 as opposed to the £12 increase signalled last year. The Minister also indicated that the Government had estimated that, assuming once again that all PCCs would increase their precepts by the maximum amount possible, based on its calculations, this would raise an extra £509 million.

In return for this additional support the Government expected the following:-

- Continued efficiency savings in 2019/20 through collective procurement and shared services, with an expectation that every force would contribute substantially to procurement savings and that the Home Office would be working with the police to agree the right force level objectives for 2019/20 and 2020/21.
- Major progress to resolve challenges in investigative resources identified by Her Majesty's Inspectorate of Crime and Fire and Rescue Services, including recruitment of more detectives to tackle the shortfall.
- Continued improvement in productivity, including smarter use of data that deliver £50 million of productivity gains in 2019/20.
- Maintaining a serious and organised crime response that spans the identification and management of local threats as well as support for national priorities.

The PCC reiterated that his Police and Crime Plan outlined the proposals to re-energise the local Community Safety Partnerships (CSPs). This work was significantly enhanced by the proposals in 2018/19 which included the reorganisation of the Office of the Police and Crime Commissioner and additional investment. The PCC believed this was now bearing fruit with improved input in joint working arrangements with Community Safety Partnerships and other partners. The Strategy continued to include provision to fund victims' services utilising a grant from the Ministry of Justice that has been confirmed as £1.074 million for 2019/20 (£1.119 million in 2018/19).

The PCC confirmed that the forecasts in the MTRS were based on the information from the Chief Constable's target operating model which reflected his decision to significantly increase and bring forward the recruitment of additional police officers. It also took account of the Government's decision to award a pay increase of 2% for police officers and the recently agreed offer of a similar award to police staff.

The PCC also commented on the capital programme, which provided for local expenditure and included spending on Estates, including completion of the custody facility at Birchin Way, Grimsby.

It also included proposals for a new building at Melton which would allow significant improvements to be made in efficiency and contribute to further rationalisation of the Force estate. The Programme also included provision for expenditure on IT, vehicles and equipment.

The PCC explained that as the referendum limit had been increased so significantly once again, this provided him with a range of options to consider. The precept provided the PCC with a permanent source of income in future years and in its planning the Government was now consistently assuming that all PCCs would apply the maximum possible increase. There were caveats as to whether the £12 increase for a Band D property would be available in 2019/20 but Ministers had accepted that the conditions set last year had been met. However, the assumptions about the precept increase had been superseded by the announcement that the precept flexibility next year would now be doubled to £24.

Following the increased scrutiny by the Police and Crime Panel over the level of reserves in 2018, the PCC's strategy on reserves was updated and the MTRS now incorporated the latest version, taking into account the preferred option for the increase in precept. This was now a requirement of the Financial Management Code of Practice.

Members welcomed the opportunity to discuss the two scenarios incorporated in the MTRS that illustrated the impact on staffing of the different assumptions of increases in precept next year, one being a benchmark against the projection of a £12 precept rise discussed at the Panel meeting in February 2018 against the updated spending forecast for 2019/20 and the other assuming the maximum increase allowed next year.

RECOMMENDATIONS

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

- To endorse the Commissioner's preferred option of increasing the precept for 2019/20, by 12.04 % (from £199.32 to £223.31 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

- Humberside Police has had to make significant budget cuts for 2019/20 following announcements in the autumn that all forces would have to make substantial additional contributions in respect of police officer pensions. The funding settlement announced by Government would go some way to offset that requirement which would have severely impacted on the Force's existing plans. However not all of those costs were being met for Humberside Police and the Force would still have to make cuts to meet some of those costs together with inflation and other cost and demand pressures.
- The bulk of the additional funding announced by Government would only come about if PCCs raised taxes locally to pay for it, thus asking the local taxpayer to provide the lion's share of it.

- Police and Crime and Commissioners, together with Chief Constables and MPs across the country had lobbied Government hard to address the pensions issue and to improve funding for overstretched police forces. The Government would conduct a spending review in 2019 and stakeholders were already working with the Home Office to make a clear case to Her Majesty's Treasury for all police forces to be adequately funded.
- The Office of the Police and Crime Commissioner were taking some time to work through the detail of the funding announcement and reviewing the Force's financial plans to ensure it maintained the growth in officer numbers that had been seen and improvements that Humberside Police was currently experiencing.
- The PCC was Humberside's elected representative on policing. He wanted to deliver what residents were asking of him when he was elected in 2016, by providing the resources to Humberside Police to enable them to deliver an improved service, put more police on the streets and make local communities safer.
- In the last two years, particularly since the appointment of Chief Constable Lee Freeman, the Force had worked hard to manage its finances and embark on the biggest recruitment of new officers in the force's history. By next spring Humberside Police would have around 350 more officers than it did in 2016, and the difference was being felt in local communities. The performance of the force control centre which handled calls had improved dramatically, and independent scrutiny by Her Majesty's Inspectors had been extremely positive, with inspection results to be announced next spring which were expected to show a marked improvement.
- Humberside Police was on a significant journey of improvement. Morale amongst officers and staff had greatly improved and he wanted this to continue for the benefit of all local communities, who also have their part to play in that progress.
- The PCC had options that range from not increasing the precept at all, which would lead to an immediate and damaging reversal of the advances made by the force over the past two years and a significant reduction in officers and staff, to following the presumption of the Government and raising the precept by £24 per year for a band D Property. That increase would provide an additional £3.2 million allowing a consolidation of the advances made recently with an eased requirement to make savings from reducing staffing levels in coming years. That reduced savings requirement would allow the re-established neighbourhood policing function of the force to continue to develop its offer to all our communities.
- The majority of households within the Humberside police area fall within bandings A, B and C so the financial burden would be an increase of less than £24 per year, at the maximum.

DECISION

The Police and Crime Panel considered the Commissioner's proposal to increase the precept for 2019/20, by 12.04 % (from £199.32 to £223.31 for a Band D property, an increase of £23.99).

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 reluctantly agreed the Police and Crime Commissioner's proposal to increase the police element of the council tax by 12.04% or £23.99 on a Band D property.

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

The Panel was of the opinion that it was left with no choice but to raise the amount of the Police Precept by £23.99 for Band D equivalent properties in Humberside. In 2018 the rise was £12 on a Band D property.

The Panel had supported the Commissioner, (as part of his justification for proposing an increase in the police precept for the financial years 2017-18 and 2018-19) in increasing the precept to allow for the recruitment of additional Police Officers. The Panel has also unanimously agreed to support the PCCs police precept for 2019/20.

Recommendation 1

That the Police and Crime Commissioner attend a future meeting of the Police and Crime Panel to provide clarity as to how exactly he will protect Police Officer numbers in 2019/20.

The Panel noted the Commissioners concern that he had to make over £17 million efficiency savings. The Panel believes that it would not be fulfilling its critical friend role if it did not maintain some oversight of how the efficiency savings would be achieved.

Recommendation 2

That the Police and Crime Commissioner provide regular updates to the Panel as to how the efficiency targets are being achieved.

The Panel has made it clear to the Commissioner that it will scrutinise and challenge him to account for the spending agreed at the meeting and we will be reporting to residents of Humberside through our meetings and our website to give assurances about value for money. In order for the Panel to maintain an oversight of the finances of Humberside Police, including efficiency savings and the use of reserves, then it must be more proactive in its scrutiny of the subject matter.

Recommendation 3

That 'Humberside Police Budget' be included as a standard item on all future Police and Crime Panel agendas.

The decision to reluctantly support the Commissioners police precept was a hard decision for the members on the Police and Crime Panel as it recognises that this increase is an additional burden to residents in Humberside. However this has to be balanced with the need to keep the public safe at a time of increasing demand on police services. The Panel felt that they were left with no choice but to support the increase to help maintain police officer numbers in Humberside and transform the way policing is undertaken.

The Panel are also concerned about the continued trend of replacing central funding with local taxation which puts an added burden on the poorest in our communities and we will be writing to the Government to ask for a review of this policy.

Recommendation 4

That the Secretariat to the Police and Crime Panel write to the Home Secretary and Minister for Policing to express its concern that the recently announced provisional police grant settlement for 2019/20 provided members with little reassurance, particularly as it was only a one year settlement and does not allow the Police and Crime Commissioner to plan more long term.