

**2 FEBRUARY 2016**

**PROPOSED PRECEPT 2016/17 – REPORT OF THE POLICE  
AND CRIME PANEL TASK GROUP**

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**Recommendation**

1. It is recommended that the Panel:
  - a) notes the conclusions made and the evidence considered by the Task Group and detailed in this report; in order to assist its Scrutiny of the Police and Crime Commissioners Precept Proposals.
  - b) notes the guidance and information on Timings and Options attached at Appendix 7.

**Purpose**

2. To present the findings and details of the considerations undertaken by the Precept Task and Finish Group of the West Mercia Police and Crime Panel.

**Background**

3. Membership  
Councillor Paul Middlesborough (Chair)  
Mrs Helen Barker  
Councillor Sebastian Bowen
4. Role of the Task Group  
To consider the draft policing budget and draft policing precept. The precept is the amount of money that the PCC proposes to levy on council taxpayers for the local force. The budget will set out how both the money raised from the precept will be spent, and also how other funds will be spent for which the PCC has overall responsibility

**Evidence Presented to the Task Group**

5. The Police and Crime Commissioner (PCC) presented his budget and precept proposal to the Police and Crime Panel Precept Task Group on the 13<sup>th</sup> January 2016. The proposal presented was a 'draft' with some data relating to Council tax bases and surpluses/deficits on collection from Councils outstanding.
  6. In presenting his proposal to the Task Group the PCC provided the following information:
    - Paper 1: Key Points from the Provisional Police Finance Settlement
    - Paper 2: Draft Report – Budget 2016/17 and Medium Term Financial Plan 2016/17 to 2019/20
    - Paper 3: Draft Medium Term Financial Plan
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- Paper 4: Budget Summary and Analysis of Movement in the Base Budget
- Paper 5: Reserves Sensitivity

7. The Task Group met on the 13<sup>th</sup> January 2016 to consider the budget and precept proposal of the PCC, and to question the PCC, his Deputy, the Chief Executive, Treasurer and Deputy Treasurer of the PCCs office on the content of that proposal

8. Details of the information presented to the Task Group are attached in the appendices to this report.

9. The Key Points presented to the Precept Task Group are attached in Appendix 1.

### **Considerations of the Task Group**

10. The Treasurer presented an over view of the Provisional Police Financial Settlement. The key points were:

- Unlike in Local government the grant settlement is for 2016/17 only with the expectation that there will be a further review of the police funding formula in 2017/18 and beyond.
- The Police Minister (Mike Penning MP) had stated *“For 2016/17, direct resource funding for each PCC, including precept will be protected at flat cash levels, assuming that precept income is increased to the maximum amount available. This means that no PCC will face a reduction in cash funding next year compared to this year and the majority will see marginal increases in funding”*.
- There are national initiatives regarding IT which will require commitment of local resources.
- The Commissioner has undertaken a consultation on Council Tax increases and whilst the figures were predicated on a 1.99% increase in Council Tax he was not yet committed to that level of change.
- The Alliance with Warwickshire Partnership and partnerships with Local Government, and Criminal Justice Services remains vital to reduce crime, support victims and continue cost reductions to reflect the national economic position.

11. Against this background the panel examined the pressures on the budget proposals and noted the £6.1m gap in the budget between spending and funding which will be met from reserves. In arriving at the figure, attention was drawn to the new National Insurance Levy and inflation which increase expenditure by £6.6 million. Growth bids of £3.0m were offset by continued new savings of £6.5m. After allowing for the 1.99 % increase in Council Tax the shortfall would be taken from balances of £57.3m.

12. The report highlighted the significant capital investment for the Alliance with payments of £31.8m in 2016/17. This is to be funded from a combination of borrowing, grants and receipts. The group discussed the merits of borrowing and felt more consideration should be given to using revenue resources to fund capital.

13. The Medium Term financial plan demonstrated that balances would fall to £26.2m by March 2020. This was considered in the context of a risk analysis presented by

the Treasurer. This concluded that £12.5 million is the minimum level for balances. The Panel heard that this was a minimum and should be viewed in the context of a change in the Police Funding Formula next year the consequences of which are unknown.

14. In looking at the detail of the budget special attention was given to the costs of the Commissioner's office. The budget remained effectively static at £1.4m. The Chief Executive stated that the reason for this was to give the new Commissioner full flexibility once they had taken office, and not to pre-empt decisions.

15. In relation to the precept it was noted that the County Council and Unitary Authorities had the opportunity to increase Council Tax by up to 4%, the districts by up to 2% or £5 for a 'band d' property.

16. The Commissioner's Treasurer presented a draft report and took the panel through the key issues. The Commissioners team responded to points put to them by the panel. It was noted that some of the figures may change as more information becomes available.

## **Conclusions of the Task Group**

17. After considering the evidence presented to them and after questioning the PCC and others on the proposed budget and precept, the Task Group agreed the following conclusions that it wished to present to the Police and Crime Panel:

### Conclusion 1

18. There is recognition that the current reserves are very healthy but that these need to be utilised in the way that was being proposed in the medium term financial plan, and that the PCP have previously called for. Although there are currently favourable conditions for borrowing, the reserves should be utilised to ensure a balanced portfolio. This time next year the PCC will need to carefully consider the balance between the use of reserves and the use of prudent borrowing and how treasury management decisions are taken.

### Conclusion 2

19. The announcement in the Autumn statement about no cuts to police funding was welcomed although this is based upon an assumption that the PCC precept of 1.99% would have to be implemented in full to secure this position and retain a strong base budget position. This is a fundamental issue and has to be considered against the backdrop of other precept decisions for Local Authorities such as the possible 2% precept increase for adult social care, also set out in the Autumn statement. It was noted that the PCC was, prior to the Autumn statement, preparing for a possible cut in police budgets of 20%.

### Conclusion 3

20. The Task Group recognised the risks of not increasing the precept under these circumstances, that the funding base would be lower in future years if it were not increased and there are potentially other funding pressures and potential downward

pressures to come through the system. There are around £6m of external pressure outside the PCCs control.

#### Conclusion 4

21. Members felt that the current response levels to the PCC consultation on the setting of the precept were very low and that Local Authorities who have sound experience in consultation may be able to advise in future. It was not clear if these numbers enabled the response to be statistically relevant.

#### Conclusion 5

22. The rapidly changing nature of crime with the focus on cyber- crime as well as challenges in relation to domestic abuse, sexual violence and CSE requires a significant change in the skill set required by the Force. Investment in training, highly qualified personal and IT solutions would be vital.

#### Conclusion 6

23. The Task Group felt that there was more that could be done on efficiencies if the two PCCs (West Mercia and Warwickshire) co-operated more effectively and there was potentially room for a focus on the back office support, albeit the new PCC may have views on this.

#### Conclusion 7

24. The question about the contribution to the Police Federation was raised by the PCP last year and the figures need to be presented this year as well.

#### Conclusion 8

25. The Task Group highlighted that going forward there are many changes including the election of a new PCC, and potential changes being considered by the Home Office to expand the PCC remit to include Fire Services.

#### Conclusion 9

26. Challenge should be made to the PCC as to what he would do if the consensus including public opinion was that the precept should be less than 1.99%.

#### Conclusion 10

27. The Task Group were unhappy at the idea of PCSOs being trained and operated as retained firemen in addition to their normal duties.

### **Relevant Legislation**

28. There are a number of statutory instruments, laid in Parliament further to the Police Reform and Social Responsibility Act, which directly refer to Panels and their powers. They are:

- Police and Crime Panels (Precepts and Chief Constable Appointments)
- Regulations 2012, SI No. 2271 (laid before Parliament 6 September 2012)

- Police and Crime Panels (Application of Local Authority Enactments) Regulations 2012, SI No. 2734 (laid before Parliament 1 November 2012)
- Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012, SI No. 62 (made 10 January 2012)
- Police and Crime Panels (Nominations, Appointments and Notifications) Regulations 2012, SI No. 1433 (laid before Parliament 7 June 2012)
- Police and Crime Panels (Modification of Functions) Regulations 2012 SI No. 2504 (made 2 October 2012).

## **Contact Point**

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## **Supporting Information**

- APPENDIX 1: Key Points from the provisional Police Finance Settlement.
- APPENDIX 2: WEST MERCIA BUDGET 2016/17 & MEDIUM TERM FINANCIAL PLAN 2016/17 TO 2019/20
- APPENDIX 3: Draft Medium Term Financial Plan
- APPENDIX 4: Summary of Budget Movements 2015/16 to 2016/17
- APPENDIX 5: Budget Movements 2015/16 to 2016/17
- APPENDIX 6: Reserves Sensitivity Analysis 2016/17
- APPENDIX 7: Police and Crime Panels – Guidance on Scrutiny of Precepts