

Meeting: Police and Crime Panel for Essex
Date: 2.30pm: 29th January 2016
Venue: County Hall, Chelmsford

Proposed Precept for 2016/17

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1. Purpose of Report

- 1.1 To present the Police and Crime Commissioner's (PCC) proposed precept for 2016/17.
- 1.2 In support of this proposal, the PCC highlights unavoidable cost pressures of £12.4m and the need to continue the transformation of policing services across Essex in order to meet the challenges of 2020 and beyond.
- 1.3 In addition to this cover paper, the report also contains the following attachments:
 - Annex 1: Detail of proposed revenue and capital budgets and precept proposal
 - Appendix A: Budget summary,
 - Appendix B: Revenue budget summary
 - Appendix C: Police Objective Analysis
 - Appendix D: 5 Year Capital Programme
 - Appendix E: Capital resource and expenditure forecast
 - Appendix F: Reserves
- 1.4 The Police and Crime Panel is invited to review the report and comment on the precept proposal.

2. Funding Overview

- 2.1 The provisional police grant settlement announced by the Government in December 2015 contained largely good news for Essex Police because overall funding for the county has been stabilised for 2016-17 and future planning can now be undertaken with more confidence and clarity. An ambitious programme of transformation involving police estates, public contact, technology, and the police operating model that underpins it, has commenced, to help prepare Essex Police to meet the demands of today and the future.
- 2.2 A summary of the overall funding situation is as follows:

- The overall base budget for Essex Police in 2015/16 was £262.5m
- If there was no change to local funding through council tax, this would rise by £0.8m to £263.3m in 2016/17
- However, Essex Police faces new and unavoidable cost pressures of £12.4m in 2016/17. These are explained in detail in Annex 1.

3. Challenges

- 3.1 Essex Police has been historically underfunded, both in comparison with other forces and to meet the increasing levels of demand across the county. Essex has the second lowest policing precept across shire counties, with recent HMIC analysis for 2015-16 showing that for Band D properties, Essex received £27.90 less than the national average of £175.10. This means that Essex would have gained an additional £16.7m for the financial year 2016-17 if set at the national average.
- 3.2 The Home Office is continuing with its review of the national Police Funding formula. This work was due to report last year, but owing to a technical error the proposals that had been presented in draft were dropped and work is due to start again this year. Under this draft formula, Essex looked set to gain in the region of £10m. As there will be police forces that are potentially significant gainers and losers, it is not wise to anticipate an increase in grant at this stage but it is hoped that the initial work demonstrating that Essex is underfunded may be reflected in the new formula grant.
- 3.3 HMIC VFM profiles¹ have consistently shown Essex Police to be one of the most efficient forces across the country. In their 2015/16 profile, HMIC highlighted the fact that Essex Police has the lowest cost of policing to the tax payer per head of population. Essex is already made significant efficiencies. It has a deep programme of collaboration with Kent Police, including sharing of back office functions, and is collaborating ever more closely with other forces in the eastern region and with wider public sector partners.
- 3.4 In comparison with other forces PCC has the lowest revenue reserves. With a low funding base and the fact that Essex Police has already delivered considerable efficiencies, this presents a considerable challenge.
- 3.4.1 The low funding base, coupled with the fact that Essex Police has already delivered considerable efficiencies, presents challenges. This is particularly so in the light of the new and unavoidable cost pressures of £12.4m that Essex Police faces in 2016/17. (See Annex 1 for detail) and the fact that Essex Police has the lowest levels of reserves in the country

¹ <https://www.justiceinspectorates.gov.uk/hmic/publications/essex-2015-value-for-money-profile/>

4. Transformation Programme

- 4.1 Essex Police must also respond to the new and emerging crime patterns across the county. Whilst police continue to respond to acquisitive crime, they are now dealing with significant increases in cases of ‘hidden harms’ such as child sexual exploitation, domestic abuse, sexual violence and other kinds of hidden, serious crime. In addition, there is a growing increase in on-line abuse and cyber enabled crime such as fraud and data theft as examples, as perpetrators move on-line to commit offences. This necessitates a significant shift in resource and focus into these areas where the risk of harm is greatest, and which are complex in nature, officer and staff intensive and quite rightly subject to high levels of personal accountability and public scrutiny. Essex Police must be properly equipped, resourced and trained to respond to these crimes.
- 4.2 Serious and organised crime generates additional threats such as modern slavery, gang related violence and human trafficking. Terrorism has also become much more fragmented and complex in nature. This requires an aggregated response across police forces where specialist resources are brought together to ensure such threats are tackled effectively.
- 4.3 The Essex Police Transformation Programme is seeking to transform its people, estates, technology and public contact to ensure it can respond to these new and emerging crime patterns and continue to keep the public of Essex safe. This requires further investment in public protection services including more specialist police officers and staff to tackle horrific crimes such as child abuse, domestic violence and child sexual exploitation; investment in the transformation of the police estate involving the sale of old, costly and inefficient police buildings and movement into more agile and efficient ways of working; investment in mobile policing technology to reduce bureaucracy and free up officer time. This £100m investment programme will help to re-shape policing services to meet the challenges of 2020 and beyond.
- 4.4 Half of these funds can be found from efficiencies and if agreed through increased precept. However, regrettably it is local policing that has to be reduced by around £7.44m to meet these competing and serious demands. However, it is clear that it is the subject of genuine public concern. Having listened carefully to the concerns raised by the public, it is proposed to keep more PCSOs than previously announced with the number now at 90 posts in total, in addition to those funded directly by local authorities. The new Community Policing teams will work closely with response officers to continue to address local concerns and stay connected with their local communities.
- 4.5 In conclusion, despite the government’s police grant settlement, the financial position for Essex Police remains challenging. As well as the cost pressures of £12.4m for 2016/17, Essex Police will be required to make savings of £23.4m over the next 5 years. It is essential that Essex Police continues to be as efficient as it can be, and to this end the Chief Constable has committed to deliver further efficiencies through better use of technology, improvements to absence management, collaboration with other forces alongside a range of other initiatives.

5. **Budget Overview**

- 5.1 The attached Annex 1 and Appendices provide details on both the revenue and capital budget for 2016/17.
- 5.2 In order to respond to the challenges set out in sections 4 and 5, it is right to consider options to raise the police precept levels. The government has stated that in areas of historically low precept levels such as Essex, Police Crime Commissioners can increase the policing part of council tax by 3.36% which is just under 10p a week, or £4.95 a year in 2016/17. Such an increase would lead to an increase in the Essex Police budget of £3.8m, to £266.3m, from which the £12.4m cost pressures need to be absorbed.
- 5.3 Other options could be a 0% increase, or a 2% increase which is the maximum level that PCCs who are not in low precept levels can increase to. Neither the 0% nor 2% option would enable Essex Police to meet the cost pressures of 2016/17 let alone deliver on improvements needed to meet the new demands of policing.

6. **Recommendation**

- 6.1 The PCC proposes to increase the precept (the policing part of the council tax) in 2016/17 to the maximum permitted by the Government before a referendum is triggered.
- 6.2 The PCC therefore recommends a precept increase of 3.36%, equivalent to an increase of £4.95 a year from £147.15 to £152.10 for a Band D property, thus raising £3m of additional council tax receipts.
- 6.3 The Police and Crime Panel is invited to review and report on this proposed precept.