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Comprehensive Spending Review and Provisional Police Grant 2016/17

SUMMARY

This report gives an overarching view of the implications for West Yorkshire Police of the Comprehensive Spending Review (CSR) announced 25th November and the provisional Police Grant 2016/17 announced on 17th December 2017

CSR, AND SETTLEMENT

1. Since the beginning of austerity measures in 2010/11 to 31 March 2016 the force will have delivered £140m of savings, along with a balanced budget each year, without the use of general reserves. Much of these savings have been delivered by reducing officer, staff and PCSO numbers by 21% equating to a reduction of over 2,000FTEs.
2. On 25 November 2015 the Chancellor of the Exchequer announced the outcome of the Spending Review (SR2015) detailing spending settlements for the next four years through to 2019-20. Funding for police forces is to be maintained at current cash levels, this means forces will receive no funding increase for pay rises, inflation etc over the duration of the CSR. The chancellor also announced additional and new schemes, including mobile digital technology, closer collaboration on specialist capabilities and a transformational fund for forces which have '*strong proposals to support efficiency and reform and to help transition to new funding arrangements in future*'
3. In his speech the chancellor stated that the referendum limit for police precept will be maintained at 2% over the Spending Review period. However, additional flexibilities have been made available for the ten PCCs in England with the lowest precept levels each year. These PCC's will be able to raise the precept by up to £5 per year over the Spending Review period. West Yorkshire currently has the third lowest precept in England, excluding City of London, and thus has the ability to exercise this flexibility.
4. The spending review document refers to a statutory duty on emergency services to collaborate being introduced in early 2017 and specifies areas such as procurement, new stations and vehicle maintenance.
5. **Overall police funding, including funding for Counter Terrorism, will be cut by 1.3% in real terms over four years.** In a letter to PCCs and Chief Constables the Home Secretary and Policing Minister state that "taking into account the scope that you have to raise local council tax, this means a flat real settlement for policing as a whole." Should a PCC not wish to exercise that right it will result in a real term cut to the force.

6. The letter also indicates there will be implementation of the Police and Criminal Justice Bill which will include:
 - Greater flexibility for local workforce reform
 - Greater joint working between the fire and rescue services and local police force, plus an extension of PCC responsibilities to cover fire and rescue
 - Prevent individuals with mental health problems from being detained by the police due to the lack of a suitable alternative
7. The letter also gave expectation around further efficiency savings via:
 - Shared procurement
 - Reduction in demand through crime prevention
 - Increased mobile working through Emergency Services Mobile Communication Programme, (ESMCP)
8. At the Police Reform Summit held on 8th December 2015 the Home secretary reiterated the need to maintain the pace of change to transform policing. She was very clear that forces are expected to
'improve police productivity, make greater savings in police ICT, and ensure broad and deep collaboration in police procurement'
With a focus on capability, specialist service collaboration and prevention.
9. In July 2015 the Home Office commenced consultation on a revised funding allocation formula for policing, the consultation focused on the overarching principles of the proposed formula and no exemplifications were provided to forces. Exemplifications were provided to forces in late October and were found to contain a significant error in that an incorrect data set had been used by HO in producing exemplifications.
10. Due to the error Home Office has delayed implementation of the new formula by 1 year to 2017/18. It has also pledged that further work on the formula will take place and will include an independent peer review. Home Office will announce details of how work will be progressed on the formula, and transition scheme to new formula, in the new year
11. Whilst the force and OPCC welcome this pause in implementation, the more transparent process of determining the new formula along with transitional scheme, it recognises that force level funding over the CSR period is certain for 2016/17 only, and thus future plans will be affected, dependent upon the financial implications of funding distribution for West Yorkshire police.
12. The force and OPCC also welcome the Home Office's recognition and introduction of greater flexibility, as part of CSR, with regards precepts and the current inequity that exists across forces and that the Home Office will seek to address this further as part of the formula review.
13. The 2016/17 provisional settlement for policing was announced on 17th December 2015. The settlement includes a reduction of £1.8m and will require a precept increase of £5 to ensure there is no overall cash reduction. The minister's statement is clear that it expects PCC's to use their new freedoms in relation to precept increases. **Even with a £5 precept increase the force faces a real term reduction of 2.3% equating to £6.9m.**
14. The minister reiterates the expectations contained within the CSR that forces will continue to deliver savings from improved and better use of IT, greater collaboration and improved procurement.

15. The overall settlement contained additional funding for counter terrorism and creation of a transformation fund to develop and deliver specialist capabilities that reflect emerging threats.
16. Whilst the local settlement for capital funding has not yet been announced, the Police grant Report contained details of the overarching grant at national level. This grant has been significantly reduced and based upon WYP's allocation of 2015/16 capital grant the reduction for WYP is estimated to be £965k. This shortfall will need to be covered by a direct revenue contribution.
17. In addition to the cash reduction to WYP in central grant of £1.8m the force also faces significant increases in taxation payments to government due to legislative changes regarding both contracted out pensions £9.4m, child care vouchers £60k and apprentice levies £1.5m. **This brings the total reduction to £12.8m per annum.**

DECISION REQUIRED

18. The PCC is requested to note the report