AGMA POLICE AND CRIME PANEL

Date: 27th January 2017
Subject: POLICE AND CRIME COMMISSIONER’S 2017/18 PRECEPT AND BUDGET PROPOSALS
Report of: POLICE AND CRIME COMMISSIONER

PURPOSE OF REPORT

To notify Panel members of the Police and Crime Commissioner’s precept and budget proposals for 2017-18. Also to advise of the process and context for setting the precept.

RECOMMENDATIONS

1. Note that I propose to increase the police precept by £5 for a band D property with effect from 1 April 2017. This equates to £3.33 for a band A property.

2. The Panel are asked to consider the content of this report and either
   a) propose that the precept level can be issued, or
   b) make recommendations regarding the precept level, or
   c) veto the proposal and require the PCC to submit a revised proposed precept.

3. Note the latest revenue budget projections and the proposals for achieving a balanced budget in 2017-18.

4. Note the budget assumptions relating to the budgets for 2017/18, including the proposals for the Community Safety Fund.

PRIORITY

BACKGROUND DOCUMENTS

<table>
<thead>
<tr>
<th>Wider Team</th>
<th>Leadership</th>
<th>AGMA Police and Crime Steering Group</th>
<th>TfGMC</th>
<th>Scrutiny Pool</th>
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POLICE AND CRIME COMMISSIONER’S
2017/18 PRECEPT AND BUDGET PROPOSALS

REPORT OVERVIEW:

The Provisional Funding settlement announced on 15th December and increasing costs mean that this is a cuts budget.

The Index of Demand records that Greater Manchester is the most challenging area for policing in England and Wales. Greater Manchester is significantly higher in the Index than the Metropolitan Police area.

When considering the precept level I also have to take account of rising crime levels, increasing threats identified by the Chief Constable and the impact of the cumulative cuts since 2010.

2016/17 saw the first year since austerity began that I was able to provide a budget to the Chief Constable which allowed him to undertake recruitment. The recruitment sustains police officer numbers at c. 6,300, in essence replacing officers who leave the force through natural turnover. This is anticipated to be 500 officers per year. Both the Chief Constable and I view this as an exciting opportunity to transform the diversity of GMP’s police officers.

Accordingly I am proposing to increase the police precept by £5 for a band D property, the band A property equivalent is £3.33 per annum and equates to a weekly increase of 10 pence and 6 pence respectively. This will allow me to provide the Chief Constable with the resources for him to maintain as high a level of police officers, PCSOs and support staff as is practicable.

This precept increase will raise additional income of £3.6m, which equates to the average cost of 70 police constables. My commitment is to see the precept used for front line policing.

The investment will allow support to continue for innovative projects which both reduce demand on public services e.g. place based integration and also to improve the outcomes for vulnerable people like victims of child abuse, modern slavery, historic abuse cases, female genital mutilation and women offenders who are often victims of Domestic abuse and suffer mental health conditions.

I intend to formally set the precept on 15th February 2017.
1. **INTRODUCTION**

1.1 I have a statutory duty to notify the Police and Crime Panel of my Precept Proposals by 1\(^{st}\) February each year.

1.2 Details of the Police and Crime Panel’s statutory duties in relation to the setting of the precept can be found at Appendix 1.

1.3 It is my intention to increase the Council Tax precept for policing by £5 in 2017/18 for a band D property, equivalent to a 3.18% increase on the 2016/17 police precept.

1.4 I intend to formally set the precept on 15\(^{th}\) February 2017.

2. **BACKGROUND**

2.1 Following review of my proposals by the Police and Crime Panel I have a statutory duty to formally set a balanced budget. If this is agreed by the panel I intend to formally declare my precept and budget on 15\(^{th}\) February.

2.2 The provisional settlement received on 15\(^{th}\) December indicated that the police grant for 2017/18 will be cut in cash terms by 1.4%, this is a greater reduction than that of 0.6% in 2015/16. For Greater Manchester this means a grant cut of £5.7m. This is in contrast with the Government’s declaration in the 2016 Autumn Statement that police spending would be protected in real terms over the period of the spending review. Coupled with increasing costs this is a cuts budget with an estimated savings requirement for 2017/18 of £14m.

2.3 When considering the precept level I also have to take account of rising crime levels, increasing threats identified by the Chief Constable and the impact of the cumulative cuts since 2010. Accordingly I am proposing to increase the police precept by £5 per annum for a band D property (£3.33 for a band A property). This will allow me to provide the Chief Constable with the resources for him to maintain as high a level of police officers, PCSOs and support staff as is practicable. The £5 precept increase will raise additional income of £3.6m, which equates to the average cost of 70 police constables.

2.4 2016/17 saw the first year since austerity began that I was able to provide a budget to the Chief Constable which allowed him to undertake recruitment. The recruitment sustains police officer numbers at around 6,300, in essence replacing officers who leave the force through natural turnover. This is anticipated to be 500 officers per year. Both the Chief Constable and I view this as an exciting opportunity to transform the diversity of GMP’s police officers. Further detail can be found at section 3.2 of this report.

2.5 The provisional settlement included a number of top slices made by the Home Office, which have the effect of reducing the resources available for local policing. In 2016/17 the total value of the top slices was £499m, in 2017/18 the proposal is a top slice of £739m, a 48% increase. Detailed information regarding top slicing can be found in section 3.5 of this report.
2.6 Greater Manchester’s 2016/17 gearing ratio, that is the proportion of total funding received via grant funding, is 80%, this compares to a national average of 70%, with individual forces ranging from 47% to 87%. In practical terms this means that reductions in central funding have hit GMP harder than the majority of other police forces.

2.7 In setting the budget for 2016/17 I approved a savings plan to achieve £29.6 million in year. This plan has been achieved and it is currently estimated that the current year’s expenditure will outturn at the budgeted level.

2.8 There is no doubt the cuts faced over the last 6 years have seriously impacted on many capabilities required by the Force to deliver against its vision of “Protecting society and helping keep people safe”. The number of Police Officers has reduced by 2000 since 2010. The Force faces increased threats from terrorism, serious and organised crime, child sexual exploitation, serious sexual offences and cyber-crime.

2.9 This report must also be viewed in the context of recorded crime levels and comparisons of GMP to the national average.

- In the 12 months ended 31 December 2016 GMP has recorded 216,493 victim-based crimes.
- Comparatively victim-based crime rate in Greater Manchester is 77 crimes per 1,000 residents against a national average of 62 per 1,000. As of the end of November 2016 Greater Manchester recorded the third highest victim-based crime rate across all forces.
- National value for money statistics show that in 2015/16 (data to the end of November 2016), GMP received more priority calls, relative to population, of any police force in England and Wales (183 priority calls per 1,000 residents, against a national average of 69 and an average of 105 for the most similar forces)
- Index of Demand\(^1\) records that Greater Manchester is the most challenging area for policing in England and Wales. Greater Manchester is significantly higher in the Index than the Metropolitan Police area.

2.10 Over the next 4 years I estimate having to find £44m of savings. However there are a number of uncertainties, for example the outcome of the police funding formula review and the cost for the new Emergency Services Network, which mean that planning for the medium term is challenging. Further details can be found in section 3.6 of this report.

3. DETAILED ISSUES

3.1 2017/18 BUDGET

3.1.1 The following key budget assumptions have been made in developing the budget. Ideally this would represent a four year strategy however the Home Office have only issued a one year settlement due to the delay of the funding formula review.

- Pay awards of 1%
- Assume no price inflation unless evidence suggests otherwise
- Apprentice Levy of 0.5% of the wage bill from 1 April 2017
- Pension contributions remain static for the next 3 years
- Community Safety Fund to remain at the same level as 2016/17

\(^1\) Her Majesty’s Inspectorate of Constabulary (HMIC) commissioned from the London School of Economics an Index of Demand, which takes account of crime, other demand on policing and socio-economic factors
• Increase the police precept for 2017/18 by £5 for a Band D property
• Estimated council tax base and collection fund balances

3.1.2 The savings requirement for 2017/18 is estimated at £14m and will be finalised following receipt of the final settlement on 2nd February. We will use some one-off earmarked reserves and funding from the Transformation Reserve to help reduce the budget savings to £10.2m. The majority of these savings will come from Salaries as a result of on-going reviews and Police Officer pay differentials as those officers leaving the Force are replaced with new recruits.

3.1.3 With regard to operational transformation GMP is progressing on its journey to develop the new target operating model, which will ensure GMP is equipped and trained for the demands of the 21st Century. The target operating model is underpinned by 5 key principles:

1. **Committed to Place**

   Commitment to Place Based working is about working closely with partners at frontline, borough and force levels. By sharing information and resources that can tackle the issues people care about in their local area, we can identify root causes of problems in communities and work to find the solution. Prioritising the people who are vulnerable, in need or have complex dependencies, Place Based working makes sure that the right services are given by the most relevant organisation.

2. **Establish a “Citizen Contract**

   Keeping Greater Manchester safe isn’t just down to GMP, the public have to play their part in supporting policing by working with us. We need to have an honest conversation about what we can do and confirm our capacity to them so that we can provide the best possible service.

   Over the coming months conversations will be taking place both internally with officers and staff, as well as externally with the public to make sure that we can manage expectations and ensure the contract best reflects what both parties need/expect. Also, a number of digital channels will open for the public to interact with GMP in a way that suits them.

3. **Continue to refine our approach to Threat, Harm and Risk**

   Threat, harm and risk is a fundamental factor in every decision that is made in our organisation. The aim of the threat, harm and risk review that is currently ongoing is to reshape GMP’s investigative and safeguarding response. By reviewing our approach to threat, harm and risk, we can support and deliver on the core principles of the Target Operating Model, making sure we use our resources as effectively and efficiently as possible.

4. **Continue to develop and support our workforce**

   To change and adapt the way we police, we need a workforce that is engaged in what they do and proactive about how they do it. We will be investing in opportunities for officers and staff to learn, develop and improve, so that we have a proactive workforce where people are able to drive their own careers with the support of clearly developed pathways.

   Staff well-being will be at the heart of what we do and the recent staff engagement survey will help us to focus on areas for improvement, as it showed that generally, job satisfaction is high, with officers and staff feeling highly committed to the public. Still, we know that more needs to be done to make sure people feel valued and supported in
their roles, which is why we already have a well-being strategy in place. As a result, the behaviour change team will be working with local senior leadership teams on improvements that will make GMP a better place to work. With a supportive environment and well-being assistance, we are ensuring recognition for achievements takes place at all levels.

5. **Continue to embrace information and technology**

By making better use of information that we hold and access through public sector and other partners, we can support efficient decision making for both people and places. New technology has already been introduced to support frontline officers and staff, including the roll out of 8000 mobile devices such as smartphones and tablets. Body Worn Video has already generated over 5,500 pieces of footage; 8% of which is retained as evince with resulting successful convictions.

In 2017 a new integrated Operational Policing System will be introduced to replace GMPICs, OPUS, KIM, ICIS and Case and Custody. This approach will ensure we are able to work smarter and faster, maintaining a visible presence in the neighbourhoods across Greater Manchester.

### 3.2 RECRUITMENT

3.2.1 2016/17 saw the first year since austerity began that I was able to provide a budget to the Chief Constable which allowed him to undertake recruitment. The recruitment sustains police officer numbers at around 6,300, in essence replacing officers who leave the force through natural turnover. This is anticipated to be around 500 officers per year. The Chief Constable and I view this as an exciting opportunity to transform the diversity of GMP’s police officers.

3.2.2 Currently, five percent of police officers within GMP are from BME backgrounds, with the remaining 95 percent drawn from white British backgrounds. The 2.7million population of Greater Manchester is, however, made up of somewhere in excess of 17 percent BME backgrounds. GMP therefore is currently neither representative nor reflective of the communities it serves.

3.2.3 GMP has established a small dedicated Positive Action Team which sits within the overall recruitment team at the Force Headquarters (HQ). The team is made up of three police officers and headed by a Detective Chief Inspector (DCI) who are all drawn from BME backgrounds.

3.2.4 Building upon the lessons learnt from the Operation PEEL initiative some years ago, which significantly improved BME representation amongst Police Community Support Officer’s (PCSO’s) joining GMP, the Positive Action Team developed a strategy and program of continuing support and mentoring for those applicants coming from under-represented BME backgrounds. To date, the Positive Action Team has developed a database of more than 1,600 Expressions of Interest for the police officer vacancies, of which 85 percent have come from applicants from BME backgrounds.

3.2.5 For the current 2016/17 year, the profile of the 553 new officers has been broken down as follows:—

- 153 transferees from other Home Office forces
- 200 internal recruits
- 200 external recruits.

<table>
<thead>
<tr>
<th></th>
<th>% BME</th>
<th>% White British</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal recruits</td>
<td>200</td>
<td>20</td>
</tr>
<tr>
<td>External recruits</td>
<td>200</td>
<td>40*</td>
</tr>
</tbody>
</table>

6
*% of the first round of external applicants (100), recruitment of the next cohort is underway therefore actual results are not yet known

The table does not show transfeerees as these were not part of the initiatives which GMP have undertaken regarding internal and external recruitment.

3.3 COMMUNITY SAFETY BUDGET

3.3.1 In relation to the Community Safety Fund, it is my clear expectation that this fund is used to support my Police and Crime Plan, collectively making our communities safer and more resilient. To demonstrate my commitment to partnership working and in recognition of the cuts to Local Authority budgets I intend to continue earmarking the fund to work with Community Safety Partnerships across Greater Manchester and for 2017/18 to maintain the funding at 2016/17 levels.

3.4 OPCC BUDGET AND ACTIVITY TO DELIVER THE POLICE AND CRIME PLAN

3.4.1 The police grant and the council tax precept also funds the work of my office. Since I came to office the running costs of my office have reduced by 33% creating a more efficient and effective team. My office continues to work in partnership with all those who have a stake in community safety to deliver my Police and Crime Plan, ensuring we work better together to put citizens at the centre of everything we do. Recent successes include:

3.4.2 Mental Health crisis care – chaired by Jim Battle, my Deputy Commissioner, the Mental Health Partnership has made significant progress in terms of both staff training and development and engagement with the voluntary sector. In September we hosted a conference for voluntary sector and faith partners to provide an opportunity for them to shape the direction of travel for our mental health work and in particular talked about how our local community assets can support the well being of communities. To ensure that our staff are well equipped in terms of identifying and responding to people with mental ill health, we have provided Connect 5 training which provides basic awareness of mental illness and suicide to frontline workers.

3.4.3 Integrated custody healthcare and wider liaison and diversion - From 1st February a new integrated service will operate in all of Greater Manchester’s custody suites and the courts. This will include both healthcare provision in custody and wider liaison and diversion support. This is a jointly funded project between the OPCC and NHSE and is the first of its kind in the country. The project seeks to prevent reoffending for some of the most vulnerable people in our community by offering people appropriate support at the earliest point of their contact with the criminal justice system.

3.4.4 Justice Devolution - A groundbreaking Justice Devolution deal was agreed with government and a Memorandum of Understanding was signed with the Ministry of Justice in July 2017 to cement this work which seeks to find opportunities to transform services in order to reduce reoffending.

3.4.5 Women Offenders – Key work under this banner is the whole system approach to dealing with women offenders, recognising that many women who end up in prison are themselves victims of crime such as domestic violence and sexual abuse. The whole systems approach has gone from strength to strength with an award of funds from the Big Lottery for three years and a re-offending rate of 15% which demonstrates an improvement and also compares favourably to similar metropolitan areas.

3.4.6 Transforming Youth Justice - A significant programme of work has been undertaken to re-design the delivery of youth justice services with a child-first approach and a focus on Looked After Children, which has included provision of direct safeguarding support at Wetherby YOI for young people and their families from Greater Manchester.
3.4.7 **Intensive Community Orders** - This scheme diverts 500 men per year aged 18-24 from prison custody and provides intensive support to tackle risky and offending behaviour. The results so far indicate an 18.5% reduction in frequency of offending.

3.4.8 **Public Service Reform** – I have focused my work on moving from theory and pilots to supporting implementation as a key part of service redesign in the way our partners work together. I have actively supported this transition, through leadership and a £2m investment, to ensure we play a pivotal role in making Greater Manchester a safer place to live, whilst protecting the vulnerable and supporting victims of crime. I am committed to developing new ways of joint working in our neighbourhoods, taking an evidence based place based approach.

3.4.9 **STRIVE** - The roll out of the STRIVE Domestic Abuse early intervention and prevention programme has continued through this year which tries to help people resolve issues before they escalate and has seen the creation of a network of volunteers and the development of an innovative behaviour change programme for people in crisis.

3.4.10 **Putting Victims First** – since April 2015 I have had responsibility for commissioning victims services. Putting victims at the centre of services is vital and by building on the website [www.gmvictims.org](http://www.gmvictims.org) and other PCC commissioned services, such as support for victims of domestic abuse, sexual assault and rape, a new integrated and co-located referral and assessment service is being commissioned to help support vulnerable people at their time of need. This includes the establishment of 11 victims services coordinators across Greater Manchester and an independent service provider working in hand with police and partners to help victims cope and recover. This new service which will be implemented from April 2017. The service will act as a ‘gateway’ for all victims of crime whether they choose to report to the police or not.

3.4.11 The service will provide emotional, practical and advocacy support and will involve working closely with partners to ensure the right agencies are supporting their needs effectively, to help them cope and recover from the impact and consequence of crime. Furthermore, we are investing in Victim Services Coordinators to be placed in each of the districts to support the development and delivery of improved services for victims and to provide a more join-up and streamlined service for victims, across GMP and partners.

3.4.12 **Tackling Child Sex Exploitation** – The OPCC continues to support the Phoenix peer reviews and the Its Not Okay weeks of action. This year, I have asked Ann Coffey to undertake a review of the Real Voice report she produced two years ago. This will be published in the near future and will give a good indication of what progress has been made over the course of the last two years and where the challenges continue to be. Early indications suggest that the police flagging systems are being much better used, which means there is much more intelligence to work with. Quality assurance panels continue to be held and to support the review a dip sample of “NFA” (no further action cases) were considered. Whereas in the initial Real Voices report there was some concern in terms of the rationalisation of an NFA decision in those cases that were dip samples and where an NFA had been agreed, in the cases that were dip sampled, there appeared to be a clear move to decision making where the interest of the child was a primary factor.

3.4.13 **Female Genital Mutilation** - Greater Manchester, through the Domestic Abuse Partnership Board has established key priorities in terms of FGM. Following the production of the FGM prevalence report, that was commissioned by Tony an FGM strategy has been produced, which focussed on some key gaps. An FGM protocol for Greater Manchester has been agreed and launched, which outlines procedures for professionals and more recently the “Guardian Project” was launched. This project is intended to provide support to professionals, victims and their families where there is a
risk of FGM and is the first of its kind in the country to focus primarily on support for children and young people.

3.4.14 **Missing Children** - A Greater Manchester missing children project will commence on the 1st February 2017, which is designed to enhance the offer of support that is currently received by children who go missing. The cohort of children who will benefit from this project are those children who go missing between 2-5 times, as there is strong evidence to suggest that by providing early intervention and support when a child first goes missing, reduces the likelihood of these episodes becoming a regular occurrence. As well as reducing the vulnerability of those children within this cohort, there are also anticipated benefits for the police in terms of demand reduction.

3.4.15 **Sexual Assault Referral Centre** - The OPCC and NHS England continue to jointly fund the Greater Manchester Sexual Abuse Centre, which this year received an uplift in funding to address both capacity issues and also the waiting lists for children’s therapeutic support. Investing in the paediatric service has enabled us to realise a reduction in the waiting lists for counselling.

3.4.16 **Investing in our communities** – I have distributed over £3m of funding to community safety partnerships for projects which seek tackle local priorities, for example domestic violence, anti social behavior, hate crime. Recognising the importance of active citizenship and building safe and resilient communities, I have awarded funding of over £200,000 in 2015/16 (ACF £173,483 and CNF £51,025 Jan 2016). In 2016/17 I have recently committed to award a further £200,000 (ACF £ 219,951 Sept 2016) to support more active citizen schemes to build on local assets and continue to support the development of stronger communities.

3.4.17 **Empowering young people** – in 2015/16 (YAF £676,023 Jan 2016) I distributed £0.67m to fund over 30 initiatives to give young people across Greater Manchester the opportunity to learn new skills and make a positive contribution to their local communities. I have recently launched the fund again for 2017/18 (YAF Jan 2017) and will also be exploring how I can provide continued support to those schemes that demonstrate a positive impact on young people in Greater Manchester.

3.4.18 **Domestic abuse campaign** - The Police and Crime Commissioner’s office brought together local authorities, Greater Manchester Police, Transport for Greater Manchester, and Independent Choices to deliver a groundbreaking new awareness campaign on domestic abuse. The campaign aimed to be empowering, positive, approachable and flexible with imagery and messaging that was clear and bright as a contrast to previous campaigns. The campaign was fully integrated involving: online and offline advertising on radio, across the Metrolink network, on bus rears, pub washrooms and across Twitter and Facebook; the creation of a bespoke landing page which signposted to the revamped endthefear website; a video; media engagement; and public engagement events. It focussed on a bright yellow sofa, with clear messaging on domestic abuse and posing the question, “does that sit right with you?”

3.4.19 The campaign was incredibly well received. The video reached more than a quarter of a million people, several thousand people were spoken to at the public engagement events, the campaign was covered by all local media outlets, and created significant social media “buzz” – reaching more than a million people on Facebook, and 300,000 on Twitter. The landing page received more than 10,000 unique visitors, and endthefear saw a 26% uplift in visitors to their website over the course of the campaign.

3.4.20 **Hate crime** – The Police and Crime Commissioner’s office has continued to prioritise how Greater Manchester responds to hate crime. We have worked with such as the LGBT Foundation, CST and Tell MAMA to build resilience within communities of identity, provide support to hate crime victims, and encourage reporting. We have also built on the successful on the more collaborative work around hate crime awareness
week in February, and in February 2017 will be delivering a fully integrated, Greater Manchester-wide partnership campaign.

3.5  TOP SLICING

3.5.1 In order to create budgets for national initiatives the Home Office top slices the Police Main Grant. In essence this reduces the amount which is allocated to Police and Crime Commissioners to support local policing. Within the provisional settlement for 2017-18 the Home Office top sliced £739m (9%) from the Police Main Grant, when compared to £499m in 2016/17 this represents a 48% increase.

3.5.2 For Greater Manchester this means that £37m has been top sliced from the Police Grant. This is an increase of £12m on last year’s top slicing. The table below details the top slices for 2017/18:

<table>
<thead>
<tr>
<th>Top Slice</th>
<th>National figure 2016/17 £m</th>
<th>National figure 2017/18 £m</th>
<th>Change £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police Technology Programmes (including ESN)</td>
<td>284</td>
<td>417</td>
<td>133</td>
</tr>
<tr>
<td>Arms Length Bodies</td>
<td>37</td>
<td>53</td>
<td>16</td>
</tr>
<tr>
<td>Strengthening the response to Organised Crime</td>
<td>0</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Police Transformation Fund (now incorporating the Innovation Fund)</td>
<td>131</td>
<td>176</td>
<td>45</td>
</tr>
<tr>
<td>Special Grant</td>
<td>25</td>
<td>50</td>
<td>25</td>
</tr>
<tr>
<td>Pre-Charge Bail</td>
<td>0</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Major Programmes</td>
<td>22</td>
<td>0</td>
<td>(22)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>499</strong></td>
<td><strong>739</strong></td>
<td><strong>240</strong></td>
</tr>
</tbody>
</table>

3.5  MEDIUM TERM PLANNING

3.6.1 There are a number of uncertainties which impact on my ability to plan for the medium term, mainly the delay of the police funding formula and also the cost of the new Emergency Services Network.

3.6.1 The consultation exercise for the review of the police funding formula was launched during summer 2015. During this period the government refused to release the exemplifications which would have facilitated a meaningful consultation, the subsequent release of the exemplifications highlighted that the wrong data set had been used. As a result of this the Home Office delayed the consultation. The new Policing minister, Brandon Lewis, has requested a review of the formula to assess whether or not a new formula could be implemented during this Parliament. The outcome of this review will be known in February. If the outcome is that a formula change is feasible a further consultation will be undertaken in the summer period with the new formula in place for the 2018/19 settlement, albeit with a transitional arrangements.

3.6.2 Another material uncertainty is the cost of the Emergency Services Network. The Government is committed to replacing the current Airwaves system, the radio system which connects blue light services. The total cost of this investment and how it will be resourced is estimated at £1bn. The cost which will fall within the medium term budget has had to be estimated as there is a lack of detail, nationally. Savings are expected, however they have not been quantified and are unlikely to be realised until at least 2020.
3.7 PRECEPT PROPOSALS

3.7.1 The 2016/17 police precept for a band D property in Greater Manchester is £157.30. The government has provided flexibility for police forces with the lowest council tax bills to raise income from council tax by £5 rather than 2%. Greater Manchester currently has the 9th lowest precept in England and therefore qualifies for the additional flexibility. On the current precept this represents a 3.18% increase and will raise additional income of £3.6m for policing services, this can be equated to the average cost of an extra 70 police constables.

3.7.2 The cut to the police grant and increasing costs means that this is a cuts budget. When considering the precept level I also have to take account of rising crime levels, increasing threats identified by the Chief Constable, the impact of the cumulative cuts since 2010. Accordingly I am proposing to increase the police precept by £5 for a band D property. This will allow me to provide the Chief Constable with the resources for him to maintain as a high a level of police officers, PCSOs and support staff as is practicable. This will result in a Council Tax precept of £162.30 for a band D property.

3.7.3 The table below shows the impact for each Council Tax band:

<table>
<thead>
<tr>
<th>COUNCIL TAX BANDS</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/17 (£ per year)</td>
<td>104.87</td>
<td>122.34</td>
<td>139.82</td>
<td><strong>157.30</strong></td>
<td>192.26</td>
<td>227.21</td>
<td>262.17</td>
<td>314.60</td>
</tr>
<tr>
<td>Proposed 2017/18 (£ per year)</td>
<td><strong>108.20</strong></td>
<td>126.23</td>
<td>144.27</td>
<td><strong>162.30</strong></td>
<td>198.37</td>
<td>234.43</td>
<td>270.50</td>
<td>324.60</td>
</tr>
<tr>
<td>Change (£ per year)</td>
<td>3.33</td>
<td>3.89</td>
<td>4.45</td>
<td><strong>5.00</strong></td>
<td>6.11</td>
<td>7.22</td>
<td>8.33</td>
<td>10.00</td>
</tr>
</tbody>
</table>

3.7.4 The police precept, on average, represents 10% of the overall council tax bill. The impact of a £5 increase would equate to 0.3% increase on the overall council tax bill for 2017/18, for band D properties, an increase of just 10 pence per week.

3.7.5 46% of Greater Manchester properties fall into the band A category, for these properties the annual increase will be £3.33, an increase of just 6 pence per week.

3.7.6 Scrutiny of the budget has been undertaken by Leaders and Treasurers from Manchester and Rochdale, and in consultation with Bury Council’s Leader and Chief Executive, AGMA leads for Police and Crime.

3.7.7 At the time of writing a public consultation exercise on my precept proposals is under way.

3.8 IMPACT ON BALANCES

3.8.1 I am estimating that the level of general revenue balances will be £13.1 million at 31st March 2017. This is within the prudent limits which have been set by my Chief Finance Officer.

3.8.2 This Reserves Strategy will be kept under review and adjusted to reflect changes to risks and the financial performance.

3.8.3 A number of ear marked reserves also exist totalling £40 million, of which £16 million is earmarked for delivery of the target operating model and Strategic Core Review. The majority of the remaining reserves are earmarked to support the delivery of my Police and Crime plan where it can be demonstrated that the activity reduces demand for police services and / or improves community resilience. My reserves equate to less than
10% of the annual revenue budget and are conservative in comparison to other forces, some who hold reserves of more than 30% of their annual revenue budget.

3.9 CAPITAL PROGRAMME

3.9.1 The provisional settlement indicated that the capital grant allocations for 2017/18 will be reduced from £66m to £46m, a 30% reduction, this is on the back of a 40% reduction in the 2016/17 settlement. For Greater Manchester this means a loss of £0.4m.

3.9.2 The Force has embarked up on the delivery of a £60m investment in an Information Services Transformation Programme (ISTP) which will continue into 2018/19. This programme is made up of a number of projects to replace key operational policing systems, ageing infrastructure & architecture and technology which will facilitates the mobilisation of the force. The programme will remove the significant risk of IT failure which the current platform presents and act as a key enabler facilitate the changes in practices to make policing more effective and efficient. Details of the funding of the proposed capital programme are included in the table below:

<table>
<thead>
<tr>
<th>Branch</th>
<th>17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Support - Estates</td>
<td>9.776</td>
</tr>
<tr>
<td>Business Support - Fleet</td>
<td>3.008</td>
</tr>
<tr>
<td>Business Change</td>
<td>2.842</td>
</tr>
<tr>
<td>IS</td>
<td>6.045</td>
</tr>
<tr>
<td>ISTP</td>
<td>28.067</td>
</tr>
<tr>
<td>Operational Communications</td>
<td>0.435</td>
</tr>
<tr>
<td>Other</td>
<td>0.510</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td><strong>50.683</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Funded by</th>
<th>17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Capital Grant</td>
<td>- 2.321</td>
</tr>
<tr>
<td>Specific grants received in yr</td>
<td>- 2.325</td>
</tr>
<tr>
<td>Direct Revenue Funding/Trf from Reserves</td>
<td>- 10.003</td>
</tr>
<tr>
<td>Capital Receipts</td>
<td>- 0.726</td>
</tr>
<tr>
<td>Borrowing - Balance</td>
<td>- 35.308</td>
</tr>
<tr>
<td><strong>Total Funding</strong></td>
<td><strong>- 50.683</strong></td>
</tr>
</tbody>
</table>

4. RECOMMENDATIONS

4.1 Note that I propose to increase the police precept by £5 for a band D property with effect from 1 April 2017. This equates to £3.33 for a band A property.

4.2 The Panel are asked to consider the content of this report and either

   a) propose that the precept level can be issued, or
   b) make recommendations regarding the precept level, or
   c) veto the proposal and require the PCC to submit a revised proposed precept.

4.3 Note the latest revenue budget projections and the proposals for achieving a balanced budget in 2017-18.

4.4 Note the budget assumptions relating to the budgets for 2017/18, including the proposals for the Community Safety Fund.
5. CONCLUSIONS

5.1 Contrary to this Government’s rhetoric this is a cuts budget. I will continue to work with the Chief Constable and other public sector partners to ensure that cost savings will continue to be delivered. However to provide the Chief Constable with the resources for him to maintain as a high a level of police officers, PCSOs and support staff as is practicable. I have therefore concluded that I must propose a precept increase of £5 per band D property.

5.2 Subject to the considerations of the Police and Crime Panel I propose to formally set the precept in 15th February 2017, however if the Panel chose to veto my proposal to increase the police precept I have until the 1st March to formally set the precept.
Police and Crime Panels – Scrutiny of Precepts

This appendix explains the process for the police and crime panel’s (PCP) scrutiny of the police and crime commissioner’s (PCC) proposed precept and should be read alongside:

- Schedule 5 of the Police Reform and Social Responsibility Act 2011 (“the Act”)
- Part 2 of the Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 (“the Regulations”)

Background

Schedule 5 of the Act sets out the process for issuing a precept, including the panel’s role in reviewing the proposed precept, their power to veto the precept and the steps to be taken if they do veto the proposed precept.

The Regulations provide greater detail to the Act, including time limits applicable to the stages of the process and the process for reviewing and issuing a revised precept.

Schedule 5 requires:

- the PCC to notify the panel of his/her proposed precept;
- the panel to review the proposed precept;
- the panel to make a report to the PCC on the proposed precept (this may include recommendations);
- the panel’s report (if they veto the proposed precept) to include a statement that they have vetoed it;
- a decision of veto to be agreed by two-thirds of the panel members;
- the PCC to have regard to the report made by the panel (including any recommendations in the report);
- the PCC to give the panel a response to their report (and any such recommendations);
- the PCC to publish the response.

It is for the panel to determine how a response to a report or recommendations is to be published.

If there is no veto and the PCC has published his/her response to the panel’s report, the PCC may then issue the proposed precept - or a different precept (but only if in accordance with a recommendation in the panel’s report to do so).

The Regulations require:

- the PCC to notify the panel of his/her proposed precept by 1 February;
- the panel to review and make a report to the PCC on the proposed precept (whether it vetoes the precept or not) by 8 February;
- where the panel vetoes the precept, the PCC to have regard to and respond to the Panel’s report, and publish his/her response, including the revised precept, by 15 February;
- the panel, on receipt of a response from the PCC notifying them of his/her revised precept, to review the revised precept and make a second report to the PCC by 22 February;
- the PCC to have regard to and respond to the Panel’s second report and publish his/her response, by 1 March.
Panel’s report on the proposed precept
If the panel fails to report to the PCC by 8 February the scrutiny process comes to an end, even if the panel have voted to veto the proposed precept, and the PCC may issue the proposed precept.

PCC’s response to a veto
Where the panel vetoes the proposed precept, the PCC must have regard to the report made by the panel, give the panel a response to the report and publish the response, by 15 February. In his/her response, the PCC must notify the panel of the revised precept that he intends to issue.

Where the panel’s report indicates that they vetoed the precept because it was:

- too high, the revised precept must be lower than the previously proposed precept.
- too low, the revised precept must be higher than the previously proposed precept.

The PCP may only veto the first proposed precept. Such a veto must be agreed by two-thirds of PCP members (the full membership rather than those present at a meeting). Where a veto occurs, the report to the PCC must include a statement to that effect.

Panel’s review of the revised precept
On receipt of a response from the PCC notifying them of the revised precept proposal, the panel must review the revised precept proposal and make a second report to the PCC on the revised precept by 22 February. This report may:

- indicate whether the panel accepts or rejects the revised precept (although rejection does not prevent the PCC from issuing the revised precept); and
- make recommendations, including recommendations on the precept that should be issued.

If the panel fails to make a second report to the PCC by 22 February, the PCC may issue the revised precept.

Issuing the precept
Excluding where the panel fails to report on the proposed precept by 8 February or make a second report on the revised precept by 22 February, the scrutiny process ends when the PCC gives the panel his/her response to their second report. The PCC may then:

- issue the revised precept; or
- issue a different precept, although:
  - they must not issue a precept that is higher than the revised precept if the revised precept was lowered following the panel’s initial report on the first proposed precept indicating it was vetoed because it was too high;
  - they must not issue a precept which is lower than the revised precept if the revised precept was raised following the panel’s initial report on the first proposed precept indicating it was vetoed because it was too low.
Process for PCP scrutiny of PCC’s proposed precept

- **PCC notifies PCP of proposed precept**
  - By 1 February

- **PCP reviews precept and makes report to PCC**
  - By 8 February

- **Veto used?**
  - NO
    - PCC responds to PCP’s report and publishes this response
    - PCC issues proposed precept or different precept
  - YES
    - PCC must not issue the proposed precept
    - PCC responds to PCP’s report, including his revised precept, and publishes this
    - PCP makes second report to PCC
      - By 22 February
    - PCC responds to PCP’s second report and publishes this response
      - By 1 March
    - PCC issues revised precept or different precept
      - By 15 February