

**GREATER MANCHESTER COMBINED AUTHORITY
POLICE, FIRE AND CRIME PANEL**

Date: **29th January 2021**

Subject: **2021/22 PCC BUDGET AND PCC COMPONENT OF THE MAYORAL PRECEPT**

Report of: **MAYOR OF GREATER MANCHESTER**

PURPOSE OF REPORT

To notify Panel members of the proposed PCC budget for 2021/22 including the latest expected budget numbers for Greater Manchester Police and to seek a report on the Mayor's proposals for the PCC component of the Mayoral precept for 2021/22.

RECOMMENDATIONS

1. Note that the Mayor proposes to increase the police precept by £15 per year for a band D property with effect from 1 April 2021. This will take the Band D police precept to £223.30 per year (£173.67 for a Band B property).

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 Mayor to submit a revised proposed precept.
2. Note the budget assumptions relating to the budgets for 2021/22, including the proposals for the Community Safety Fund.

Background papers presented to the Police and Crime Panel:

16th November 2020 – Police precept setting process

CONTACT OFFICERS

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1. INTRODUCTION

- 1.1 There is a statutory duty to notify the Police and Crime Panel of the Police and Crime Commissioners (PCC) Precept proposal by 1st February each year. Details of the Police and Crime Panel's statutory duties in relation to the setting of the precept can be found at Appendix 1.
- 1.2 As part of the overall funding for policing in 2021/22, the Government has given PCCs the ability to raise the police element of council tax (the precept) by up to £1.25 a month, £15 a year for an average Band D property (£11.66 a year for an average Band B property).
- 1.3 The proposal to the Police and Crime Panel for Greater Manchester is to set the PCC element of the Mayoral precept for a Band D property at £223.30 (£173.67 for a Band B property). This report sets out the considerations that have been taken into account to reach this decision.
- 1.4 The report also sets out the background to the 2021/22 budget setting process for both the PCC budget and the GMP budget and confirms the high level budget for the PCC as a whole including the impact of the 2021/22 police funding settlement from Central Government.
- 1.5 If approved, this £15 increase will raise £11.2m which, after adjusting for a decrease in the Greater Manchester tax base of £1.8m, would be an increase of £9.4m. The tax base reduction reflects the council tax revenue that will not be collected as a result of existing local council support schemes provided by GM districts.
- 1.6 For 2020/21 budget there was an estimated collection fund surplus of £2.8m. Based on the latest estimates of council tax collection for 2020/21, following the impact of the pandemic and the support announced as part of the 2020 Spending Review there is an estimated collection fund deficit of £0.9m which will impact the 2021/22 budget. This is a decrease in the collection fund position by an estimated £3.7m.
- 1.7 This would be an overall funding package for police and crime in Greater Manchester that sees an increase of £29.6m. This is broken down below:

Description	2020/21 £m	2021/22 £m	Change £m
Core Grant	467.2	495.0	27.8
Precept	158.9	168.3	9.4
Collection Fund Surplus	2.8	-0.9	-3.7
Total Funding	628.9	662.4	33.5
Ring Fenced uplift grant	9.7	5.8	-3.9
Pension grant	6.6	6.6	0
Overall Total	645.2	674.8	29.6

- 1.8 The grant funding increase is expected to deliver the second year of the national expansion programme of 20,000 police officers over three years. In 2020/21 this was 6,000 officers nationally which for GM equated to 347 new officers recruited in 2020/21. It was anticipated that 8,000 officers nationally and 463 officers for GM would be recruited in 2021/22. The 2020 Spending Review provided funding for additional 6,000 which equates to 325 in 2021/22, plus 16 to support the Regional Organised Crime Unit (ROCU).
- 1.9 Funding 2020/21 included a front loaded contribution to the infrastructure costs of new officers (training, equipment etc) of £20m of which £10m will be drawn upon from reserve to support the costs of delivery in 2021/22.
- 1.10 Whilst the increase in funding and police officer numbers is a positive step, the underlying financial position for GMP is likely to remain very challenging once the expected number of police officers have been recruited.
- 1.11 The Mayoral precept, which includes the PCC component, will be set on 12th February 2021.

2. BACKGROUND

- 2.1 The police grant for 2021/22 will be £495m, an increase of £27.8m. This excludes the continued pension grant of £6.6m, from HM Treasury, to partially mitigate against rising employer pension costs for police officers.
- 2.2 In addition to the increase of £27.8m described above, there is a further allocation of £5.8m for Greater Manchester which is ring fenced against the delivery of recruitment targets in 2021/22. This relates to the recruitment of the second tranche of the promised 20,000 new officers nationwide. To ensure progress in recruitment is maintained and to track the use of this investment efficiently, the Government will ring-fence £100 million of the additional funding.
- 2.3 Within the settlement the Home Secretary announced a maximum police precept increase of £15 per year for a Band D property.
- 2.4 The context within which the police and partner agencies are working is challenging and becoming ever more complex. Greater Manchester was resolute and united in the face of terrorism – but this remains a threat. Organised crime groups are increasingly engaged in diverse serious criminal activity handling the supply of drugs, criminal and sexual exploitation of children, modern slavery and human trafficking. Cybercrime, attacks on individuals and businesses, fraud, blackmail, grooming – it's escalating and perpetrated not only by criminals in the UK, but across the world. We must respond to these threats whilst at the same time maintain our commitment to strong neighbourhood policing.
- 2.5 The 2021/22 settlement included a number of top slices made by the Home Office, which have the effect of reducing the resources available for local policing. The total value of the top slices is £1,033.5m, a decrease of £87.4m (8%).
- 2.6 Capital grant funding is unchanged from 2020/21 at £0.6m, supported by the £20m infrastructure funding for the new officers front loaded into the 2020/21 settlement. Of this funding £10m will be drawn upon from reserve to support the costs of delivery in 2021/22.

2.7 As indicated above, the medium and longer term funding settlement for the Police is far from certain and the ability to plan for the medium term is severely hampered by this one-year settlement and a number of related uncertainties. This mainly relates to the future funding for the third tranche of additional 8,000 officers, future funding of the police officer pension costs, and the prospect of a funding formula review. Further details can be found in section 6 of this report.

3. 2021/22 BUDGET

3.1 The following key budget assumptions have been made in developing the 2021/22 budget based on the one-year settlement issued by the Home Office.

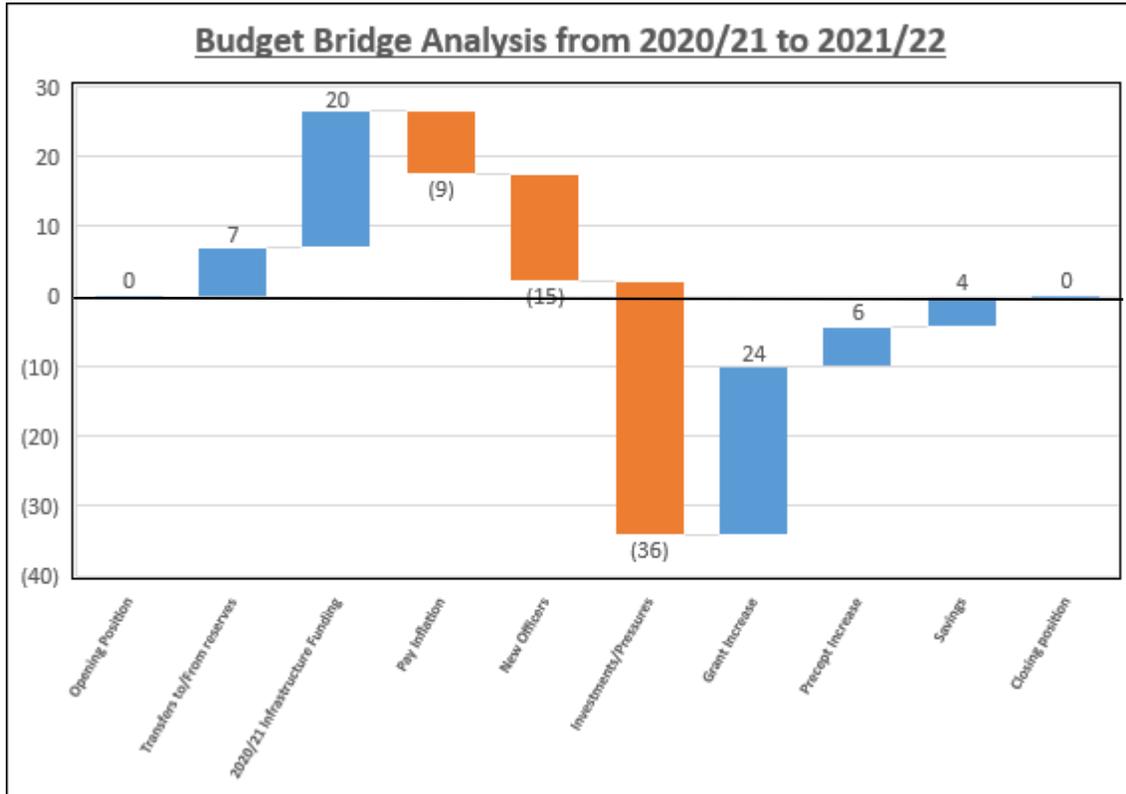
- Pay freeze
- Assume no general price inflation except specific cases
- Police officer pension contributions funding remains at £6.6m
- Police staff pension contributions remain static for the next year (tri-annual review 2020)
- Council tax base reduction of £1.8m
- Collection fund deficit of £0.9m

3.2 The 2020 Spending Review committed £670m of additional Local Council Tax Support (LTCS) grant nationally to help local authorities support more than 4 million households that are least able to afford council tax. The indicative LCTS grant for the PCC is £4.2m, which is part of £37.3m indicative allocations for GM districts and GMCA. It is anticipated as part of setting the PCC budget that all of this grant will be used in additional council tax support provided through local schemes determined by individual districts.

3.3 For 2020/21 budget there was an estimated collection fund surplus of £2.8m. The estimated position on the collection fund in relation to the PCC is a deficit of £5.4m for 2020/21, following the impact of the pandemic. The government amended regulations from 1st December 2020 to permit authorities to spread collection fund deficits over the next three years rather than the usual period of a year. The 2020 Spending Review committed £762m nationally to compensate for 75% of irrecoverable council tax and business rates revenues in 2020/21 that would otherwise need to be funded through budgets in 2021/22. The government has recently issued guidance on how the allocations will be allocated which requires interpretation by the Districts to determine impact on the Police budget. At this stage the estimated position on the collection fund for PCC is a deficit of £0.9m for 2021/22, this is a change of £3.7m from the £2.8m surplus position estimated for 2020/21.

3.2 With the uncertainty over future funding settlements, including future funding for new officers and associated infrastructure the £20m upfront funding in 2020/21 will be applied £10m in 2021/22 and £10m in 2022/23.

3.3 The movement between years is shown in the bridge chart below:



The chart shows how the impact of the above factors, including an assumed investment in infrastructure and capital break-even budget position for 2021/22.

Transfers to/From Reserves - £7m net benefit

The non-recurrent cost of delivering the new GMP Target Operating Model (TOM) has decreased from £9.8m in 2020/21 to £8.9m in 2021/22.

£10m of reserves have been allocated to support the delivery of infrastructure associated with the recruitment of new officers. This is one off funding for 2021/22.

2020/21 Infrastructure Funding - £20m benefit

In the 20/21 grant settlement there was funding for additional infrastructure costs which was held in reserves until required, this is now played into the 21/22 budget.

Pay Inflation - £9m cost

Whilst the par review settlement is zero increase there are a number of areas where pay uplifts and other pay pressures apply

New Officers Direct Cost - £15m cost

The direct cost of employing the new officers recruited in GM is £15m. This does not include the other cost pressures associated with the expanding workforce number which are included below.

Other Investments/Cost Pressures - £36m cost

There are potential pressures and investments identified of £36.2m for 2021/22.

This includes a number of proposals from chief officers which will be reviewed in conjunction with the Deputy Mayor prior to any final decision.

The costs are broken down in the table below:

Description	£'000s
Chief Officer Priorities	(11.7)
Insurance	(6.5)
Crime recording	(2.0)
Call handling	(1.6)
Covid Contingency	(3.0)
Cost of Capital Increase	(5.4)
Premises	(1.8)
ICT	(3.7)
Other	(0.5)
Total	(36.2)

4. OPERATIONAL DELIVERY

4.1 Major deliverables of the 2021/22 budget will include:

- A new approach to safeguarding with 150 officers to keep our most vulnerable victims safe
- A new city centre team concentrating on violence reduction and improving the safety of the city centre
- Investing resources to enable more young people involved with, or at risk of becoming involved in, gang activity to take part in a successful mentoring programme – the STEER project
- Pilot programme to ensure a crisis worker responds alongside a police officer to reports of rape and serious sexual offences
- Establish a mechanism for continued dialogue with victims of crime
- Transform the response to and support for victims of domestic violence
- Continue to fund the mental health tactical advice service, where mental health nurses are based in control rooms 24/7 to ensure despatchers and attending officers are able to provide the most effective service to people suffering such distress
- Analysis is underway to inform a range of initiatives to reduce death and serious injury on the roads, supporting conventional enforcement with a more localized approach to educate drivers. A number of community lead speedwatch schemes will also be piloted.

5 COMMUNITY SAFETY PARTNERSHIPS

5.1 In 2021/22 the budget continues to provide over £4m delegated to Community Safety Partnerships to support delivery of 'Standing Together' the Police and Crime Plan, collectively making our communities safer and more resilient.

Local Authority	Community Safety Grant	Children's Safeguarding Board	Adult's Safeguarding Board	Delegation of grants to Voluntary sector	Hate Crime	TOTAL
Bolton	304,523	17,296	17,296	100,000	5,000	444,155
Bury	157,973	11,850	11,850	100,000	5,000	286,673
Manchester	694,584	31,866	31,866	200,000	10,000	968,316
Oldham	262,287	12,900	12,900	100,000	5,000	393,087
Rochdale	234,000	12,150	12,150	100,000	5,000	363,300
Salford	239,306	13,500	13,500	100,000	5,000	371,306
Stockport	218,973	13,800	13,800	100,000	5,000	351,573
Tameside	243,703	13,200	13,200	100,000	5,000	375,103
Trafford	200,800	12,900	12,900	100,000	5,000	331,600
Wigan	247,614	14,400	14,400	100,000	5,000	381,414
TOTAL	2,803,763	153,862	153,862	1,100,000	55,000	4,266,487

5.2 Building on the work of previous years, CSPs have continued to work closely on both GM and local priorities, and are using Community Safety funds to support targeted work in neighbourhoods. Oversight and governance is managed through local partnership arrangements and the Deputy Mayor is informed of spending profiles through an initial proposal followed by a mid-year update on progress. The Community Safety Grant provides CSPs with local autonomy to direct funds at key police and crime priorities.

5.3 The Deputy Mayor continues to delegate Voluntary and Community sector grants (Standing Together), following consultation and feedback from CSPs who provide a mid-year progress update detailing the allocation of funds to local groups and voluntary sector organisations. The grants are being used to support communities to tackle grass roots issues of concern whilst developing resilience and cohesion as local people are contributing to achieving Standing Together priorities.

5.4 A summary of the types of schemes and initiatives that the Voluntary and Community Sector grants have funded are set out below:

- Tackling anti-social behaviour and improving behaviour through early intervention and diversionary work with young people
- Support for victims of domestic and sexual abuse, including victims from minority communities and provide prevention interventions in schools
- Advice and awareness regarding healthy relationships for young people
- Reducing the risk of exploitation of vulnerable young people
- Reducing the risk of offending and re-offending
- Community cohesion and hate crime

- Keeping children and young people safe
- Interventions and awareness to prevent serious violence and promote awareness of the consequences
- Supporting vulnerable adults and reducing isolation

6 TOP SLICING

6.1 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 2021/22 the Home Office top sliced £1,033.5m from the Police Main Grant. This is £87.4m lower than last year.

6.2 The table below details the top slices for 2021/22:

Top Slice	2020/21 £m	2021/22 £m
Private Finance Initiative (PFI)	72.8	71.6
Police Technology Programmes (including ESN)	498.4	484.7
Arm's Length Bodies	73.1	70.5
Serious and Organised Crime Strategy implementation	140.0	146.3
Top ups to National Crime Agency and ROCUs (Regional and organised crime units)	56.8	4.9
International Crime Co-ordination Centre	0	5.0
Special Grant	80.9	54.8
Pre-charge Bail	2.0	2.0
Police Uplift Programme	16.5	14.5
Police Commercial Organisation	3.7	5.0
Forensics	28.6	25.6
Police Now	7	7.0
Serious Violence Strategy	38.9	38.9
National Capability Programmes	47.0	38.7
National Operational Policing Units (including football policing and wildlife crime unit)	2.9	2.9
National Policing Capabilities (NPCC)	0	3.2
Safe Streets Fund	10.0	20.0
Science Technology and Research	8.0	5.2
Counter Terrorism	32.4	32.5
TOTAL	1,121.0	1,033.5

7 MEDIUM TERM PLANNING UNCERTAINTIES

Pensions

7.1 In 2019/20 the Home Office provided funding of £8.5m which has now been included in core grant and a further £6.6m in specific grant to cover these additional costs. The funding in core grant for 2021/22 has rolled forward again and the specific grant of £6.6m has once again been provided., however there is a risk that the grant may not continue beyond 2021/22.

Future funding for 20,000 additional officers

7.2 The new officers recruited as part of the national programme was expected to be 8,000 nationally in 2021/22, but the Government has now confirmed it will be 6,000, of which Greater Manchester’s share will be 325 plus 16 to support the Regional Organised Crime Unit (ROCU).

8 RESERVES

8.1 Reserves as at 31 March 2020 were £85.346m, and are predicted to be £92.601m at 31 March 2021. Based on the proposals in this report to apply £6.625m of reserves during 2021/22, the forecast reserves at 31st March 2022 are expected to be £85.975m. These figures assume General Fund balances will not be used to fund any future deficits.

Police Fund Earmarked Reserves	Actual 31st March 2020 £000	Planned trfs out/ (in) 2020/21 £000	Forecast 31st March 2021 £000	Planned trfs out/ (in) 2021/22 £000	Forecast 31st March 2022 £000
Police Fund General Reserve	(15,375)		(15,375)		(15,375)
Capital Finance Reserve	(3,797)		(3,797)		(3,797)
CF Smoothing Reserve	(1,316)	(204)	(1,520)		(1,520)
Commissioning Reserve	(8,966)	2,864	(6,102)	(2,025)	(8,127)
Community Crime Fund reserve	(4,071)	226	(3,845)		(3,845)
Health and Justice reserve	(276)	135	(141)		(141)
Justice and Rehabilitation reserve	(1,427)	568	(860)		(860)
Legal costs reserve	(1,855)		(1,855)		(1,855)
Sexual assault commissioning reserve	(3,374)	400	(2,974)		(2,974)
Traffic Enforcement & Road Safety Reserve	(189)		(189)		(189)
Transformation Reserve	(2,329)	500	(1,829)	(500)	(2,329)
Youth aspiration / diversion reserve	(93)		(93)		(93)
Pay reserve	0	(1,500)	(1,500)	1,500	0
Infrastructure reserve	0	(20,112)	(20,112)	10,056	(10,056)
Chief Constable’s Insurance reserve	(15,881)	1,627	(14,254)		(14,254)
PFI reserve	(11,227)	620	(10,607)		(10,607)
Revenue Expenditure Reserve	(15,170)	7,621	(7,549)	(2,406)	(9,954)
Total Police Fund Reserves	(85,346)	(7,254)	(92,601)	6,625	(85,975)

8.2 The forecast balance at 31 March 2021 includes a number of reserves set aside to meet contractual obligations in the future; these include a PFI reserve of £10.6m, an insurance reserve of £14.3m and an operational contingency reserve of £7.5m. It has been the strategy to maintain reserves at a prudent level particularly given the uncertainty of the funding landscape which includes the future levels of police grant, the potential impact of a Spending Review, increased threat levels.

9 PRECEPT PROPOSALS

9.1 In 2020/21 Greater Manchester increased the Police and Crime element of the Mayoral precept by the maximum allowed by Government of £10. This increase allowed additional police numbers to be established and further improvements to be made:

- 50 Neighbourhood beat officers, enabling the provision of a named officer for every ward
- A dedicated transport unit of 50 officers
- 40 additional call handlers to improve the 101 service
- Investment in IVR technology – an Interactive Voice Response automated telephony system
- Investment in frontline through clothing, footwear, training and equipment, including mobile applications for frontline officers
- Committed to provide a dedicated police officer in schools for those who want them, and every educational establishment will be linked to a named neighbourhood liaison officer.

9.2 Taking into consideration the factors outlined in this report, and to allow the continued investment in the priority areas funded from the £10 precept increase in 2020/21 the Mayor and Deputy Mayor are proposing a £15 increase to the PCC component of the Mayoral precept for Band D properties for 2021/22.

9.3 The public consultation will close on 28th January 2021 and final results will be shared at the Police and Crime Panel meeting.

9.4 The table below shows the impact for each Council Tax band of a £15 increase

	COUNCIL TAX BANDS							
	A	B	C	D	E	F	G	H
2021/22 proposed precept	148.86	173.67	198.48	223.30	272.92	322.54	372.16	446.60
2020/21 PCC precept	138.86	162.01	185.15	208.30	254.58	300.87	347.16	416.60
Change (£ per year)	10.00	11.66	13.33	15.00	18.34	21.67	25.00	30.00

9.5 The police precept, on average, represents 11.32% of the overall council tax bill. The impact of a £15 increase is a 7.2% increase on 2020/21, for band D properties, an increase of just 29 pence per week.

9.6 45% of Greater Manchester properties fall into the band A category, for these properties the annual increase will be £10.00, an increase of just 19 pence per week. For Band B the annual increase will be £11.66, an increase of just 22 pence per week.

10 RECOMMENDATION

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

- a) propose that the PCC 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.

10.2 Note the budget assumptions relating to the budget for 2021/22.

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

