



South Wales

Police and Crime Commissioner

Comisiynydd yr Heddlu a Throsedd

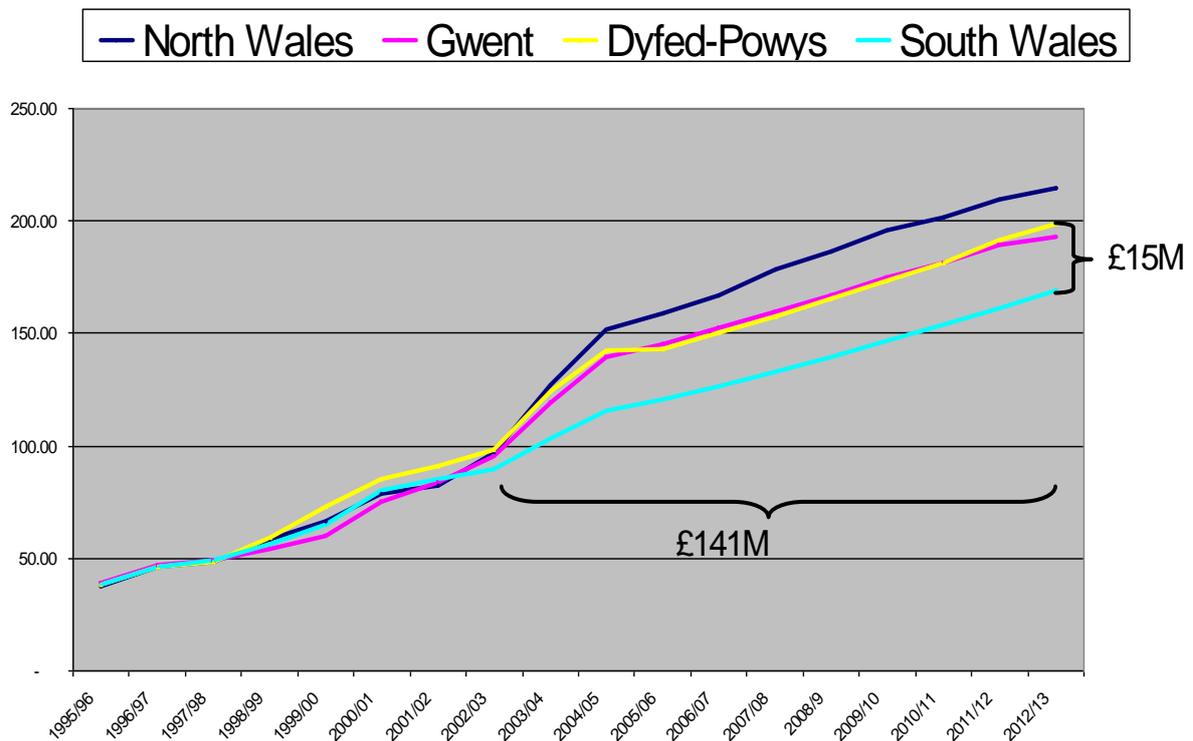
De Cymru

Precept Proposal Report 2013-14

Police finances and the precept:

When I took office as Police and Crime Commissioner, I knew that the finances would be tight and that the budget process would be particularly difficult this year, with the impact going well beyond the announcements already made in the 2010 Comprehensive Spending Review.

Nevertheless I was shocked to find how far we have been disadvantaged compared to other forces, and to discover how far the money raised locally from the police precept for South Wales Police has fallen short compared to the other Welsh police forces. This gap has arisen over a number of years, as is illustrated below.



The major consequences resulting from this historical position are that:

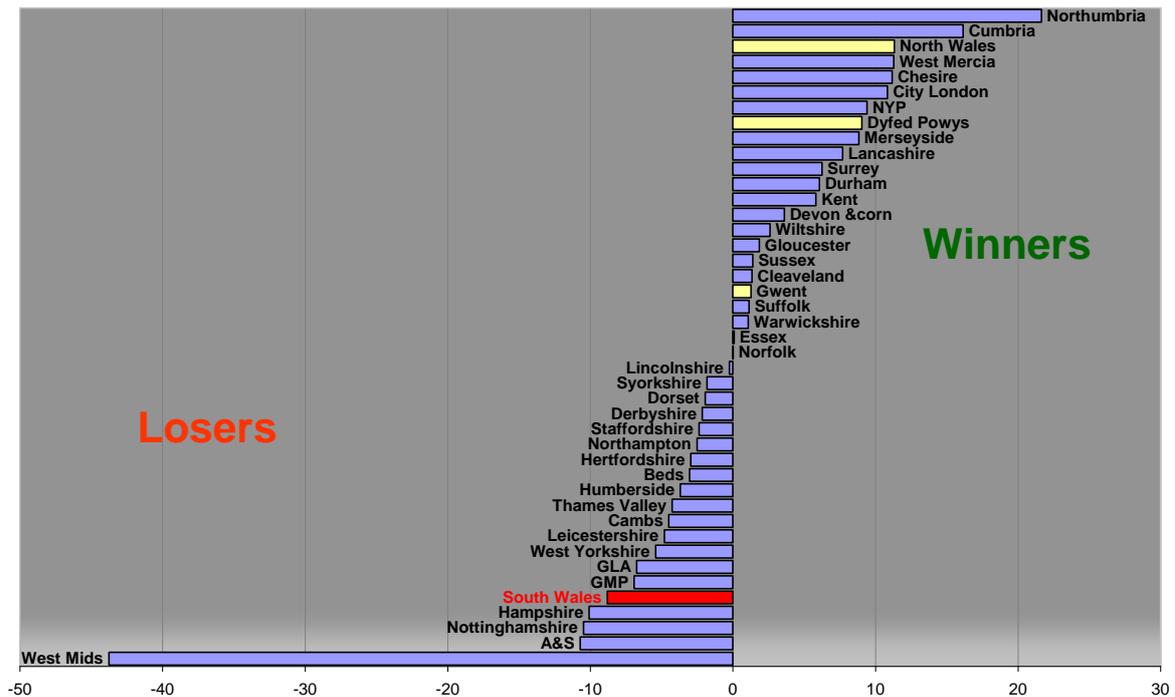
- South Wales Police have lost potential investment of £141 million and we have a legacy of obsolete police buildings and out-of-date information and communication infrastructure.
- Capital receipts and reserves have been used to fund very limited high risk capital infrastructure such as Cardiff Bay Police Station. The capital reserves are now fully committed and yet the risks associated with the police estate continue to increase.
- Some Police and Crime Commissioners have inherited large reserves and are ordering the use of those reserves to bridge their budget deficit. That option is not available to me because we simply don't have the money.

- We need to bear this problem in mind for the future as the General Reserve has been below the risk assessed target for many years, although some welcome progress has been made over the last four years.
- If the South Wales police precept had kept pace with the average in Wales then that level of annual investment (£15 million a year) would be making a huge difference to the infrastructure and day- to-day policing across South Wales.
- The level of the precept is only one of our problems, and is compounded by a number of additional inequities. The cumulative annual impact is estimated to be **£31 million** (see table below). Indeed some 18 months ago I took the Chief Constable to meet the then Minister for the Police, Nick Herbert, and we explained to him how the current arrangements act to the disadvantage of South Wales Police – a point that has been made to the Home Office repeatedly over the past five years. The Minister accepted the strength of our case and while he said that nothing could be done in the short term he promised that correcting this anomaly would be on the agenda when the funding formula is next reviewed. That review is to come about shortly and I have reminded his successor Damian Green of that promise. However, even if we succeed in winning this argument nothing will change in time to help us in the coming financial year.

Funding Inequities Impacting on South Wales Police	£ million
Police Precept Differential	15.0
Funding Formula Damping	9.0
Area Cost Adjustment	3.0
Capital City Requirements	2.6
Capital Infrastructure Funding	1.6
The estimated Cumulative Disadvantage per annum being	31.2

South Wales Police is currently denied its full allocation of money according to the Government’s formula. The funding formula is the best current measure of relative need and attempts to reflect the challenges for policing and the resources required. If the funding formula was applied consistently, we would receive an additional £9 million per annum.

Home Office decisions to protect those police forces whose formula allocation is below a minimum national level have been enormously damaging to South Wales as shown in the following chart :



- A further inequity is the application of the Area Cost Adjustment for which Wales receives no additional allocation despite facing similar cost pressures as some forces in England. This point has been acknowledged by the Home Office as a subject for consideration in a future formula review, but again that doesn't help us this year.
- Similarly the Capital City of Cardiff receives no special recognition and finance in the formula unlike London and Edinburgh.
- The funding regime for Capital infrastructure changed from direct grants to PFI credits. This has not been made available to South Wales Police.

This all comes against the background of the headline impact of the 2010 Comprehensive Spending Review (CSR) decisions which involve a cut of £25 million over the first 3 years and includes a £2.8 million reduction in 2013/14. This level of cuts results in a funding gap of £39 million to 2013/14 and these cuts have been managed through reductions in staffing levels – albeit not without considerable pain – in order to give us the baseline for the new financial year.

I have said consistently that the Government's decisions set out in the 2010 Comprehensive Spending Review, lead to reductions in money and people that go too deep, too fast and that the current Government approach to public services is inhibiting economic recovery rather than stimulating it. There are signs that the cuts could go even deeper in the next few years as a result of the continued lack of growth in the economy.

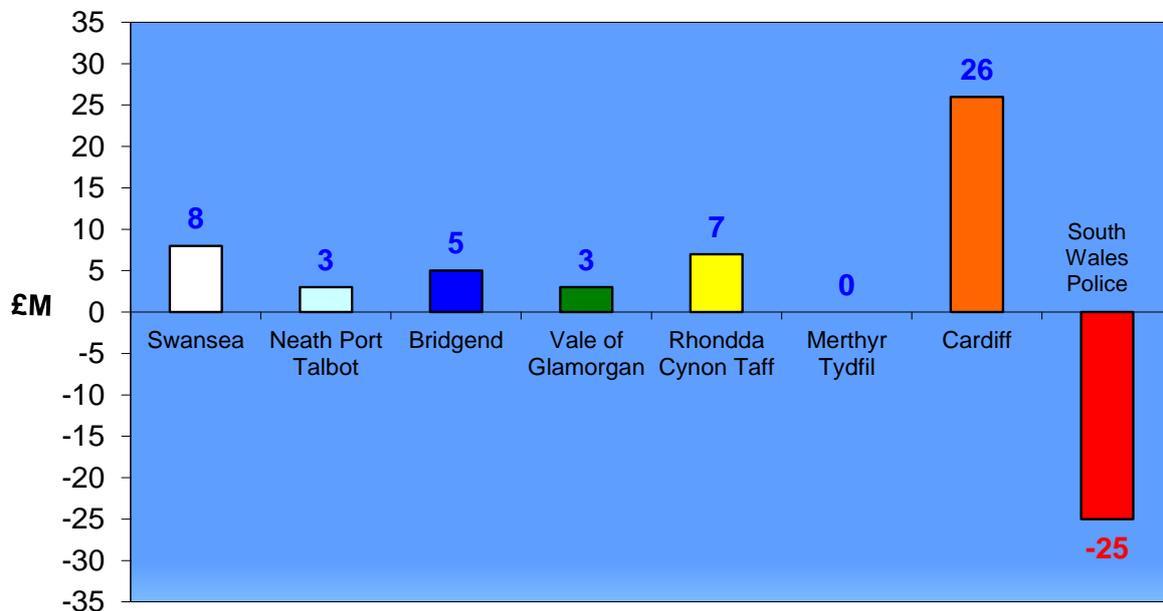
Having studied the impact on the South Wales Police, I strongly endorse the approach taken by the Chief Constable, with the support of the Police Authority, to take the pain early in

order to create stability and headroom for the later years of the 4-year Comprehensive Spending Review period.

As I said, planning ahead to balance the books is prudent but has not been achieved without pain. I fully understand the warnings given by the Police Federation about low morale as the cuts pile up and I endorse the approach of the Chief Constable in protecting the numbers of officers and police staff, in key roles, as far as it is possible to do so. During the meetings I have held in every local authority area in recent months, and in the meeting with every Council Leader and Chief Executive during December, I have heard again and again the plea for neighbourhood policing to be maintained and the plea “if you are elected you won’t be taking our PCSOs away will you ?” So as well as being realistic about the impact of reduced government funding and the need to live with quite draconian reductions, we also have to reassure and maintain the confidence of those who work for us at every level.

In addition I have compared the cuts to date over the CSR 2010 faced by the South Wales Police with our local authority partners across the area. The following table is a stark picture of the difference in cuts being faced by the different sectors. I appreciate that money is very tight for all our local authorities, and I am merely emphasising the cumulative impact of this year’s cuts on the South Wales Police compared with the way that Welsh Government has sought to fund the local authorities which are our principal partners in the campaign to reduce crime in local communities across South Wales.

Actual Settlements 2013/14 - Change Over 2010/11 base



South Wales Area Unitary Authorities and Police

The greater the reduction in central funding the higher the pressure becomes to restore the revenue raised through council tax, and my proposals are very modest given the cuts being faced. However that isn’t the end of the story.

The indications given by the Minister of Communities and Local Government are that a 5% council tax increase would not be impossible to accept, building on the trajectory that has been available to local authorities in Wales, including the police service, in the past few years.

I can see that in the last two years, sterling efforts were made to prepare a budget that would stay within this limit. That wasn't easy but it was achieved in terms of the pressures that were then known about. This year again, steps were taken by South Wales Police to try to live within the means available - and again I endorse this realistic approach.

However, this year we are being hit harder again by the adjustments in terms of formula funding reductions (an additional loss of £0.8million) and the consolidation of the Neighbourhood Policing Fund. What that means is that the money for neighbourhood policing, which has been a ring-fenced grant from the Home Office until this year, has been rolled into the funds passed to Commissioners by the Home Secretary. But instead of passing the whole of the money previously given to South Wales through the Neighbourhood Policing Fund, the amount consolidated into the main formula grant has been cut by a sum equivalent to 40 PCSOs, resulting in effect in a further cut of £1million.

At this stage then it becomes acutely difficult – if not quite impossible - to set a budget and precept which is acceptable without causing a severe level of disappointment within the police service, difficulties amongst our partners and anger from the public that we exist to serve.

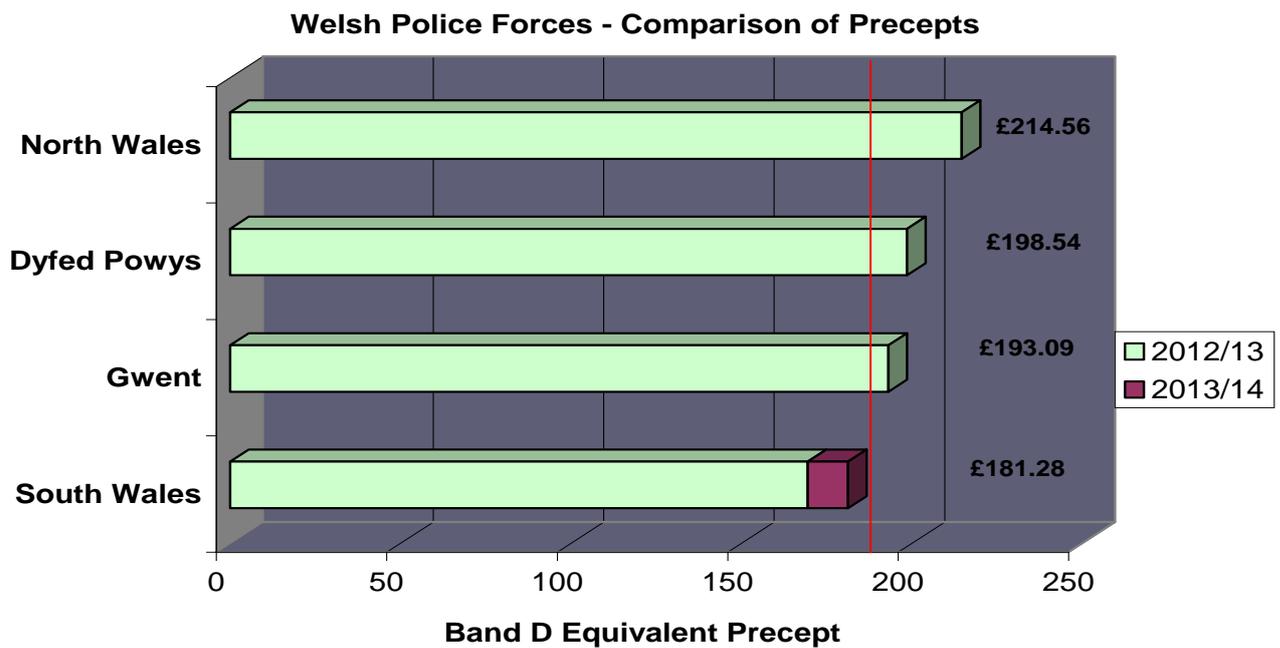
- This gap in the finances would force us to cut the number of PCSOs by about 40 or to cut the number of police staff and/or officers, or a mixture of all of these.
- The Welsh Government has offered finance for an additional 206 Community Support Officers - an enormously important resource if we are to confound the sceptics and continue the downward trajectory of crime even in a time of austerity and pay freezes throughout the Force area. But the Minister, Carl Sargeant, has made clear his reasonable expectation that these numbers will be genuinely additional and not to be used to make up a shortfall in Central Government Funding.
- The expectation on the part of Central Government is that we should not only do more with less but do it better, and while that is unreasonable we have to achieve it or let down the people and communities we exist to serve

With all these factors in mind it is my responsibility

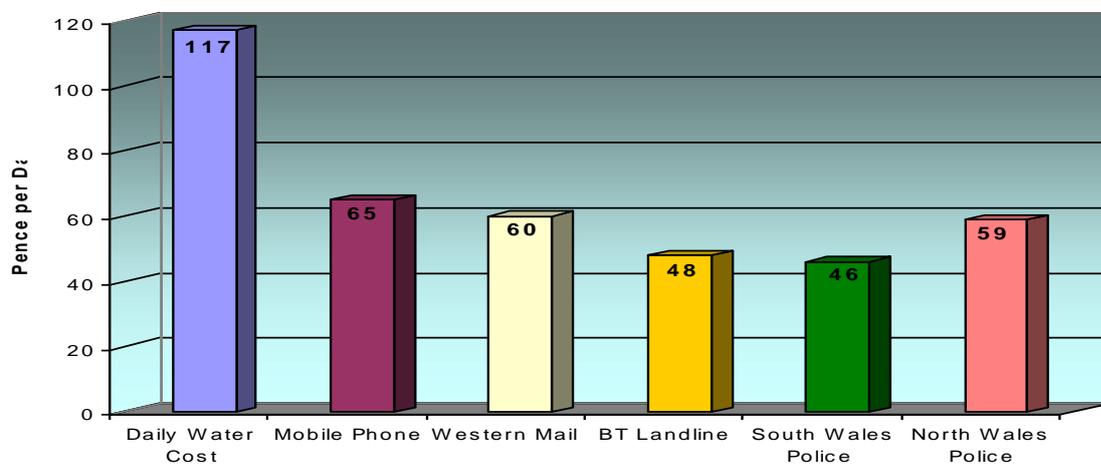
- to act responsibly and effectively to protect and maintain a high quality police service in South Wales,
- to make sure that the budget allows us to continue the downward pressure on crime and disorder even in such difficult times
- to keep faith with our partners, especially in Welsh Government and Local Government, and with the public who place enormously high value on the service they receive locally from the police.

I have therefore decided to set a Band D precept of £181.28 for 2013/2014. I must stress that this is a very low precept compared to the rest of Wales

The chart below shows the 2012/13 (the current year) police precept in Wales and my proposed precept for 2013/14. You will note that my proposals will still result in South Wales Police precept being by far the lowest in Wales even if the other forces standstill. In fact the required level of police precept for South Wales Police would need to increase by 27% to achieve parity with North Wales Police even at last year's level.



In general a precept increase amounting to 7.0% translates into an increase of well under 1% on the total council tax bill. The actual local cost of policing remains low considering the a complex range of services that are provided, and at the risk of oversimplifying the matter here are the comparisons for daily household costs :



I can confirm that we are undertaking to deliver the outcomes for which the original budget was projected (that is before the full detail of this year's settlement and pressures were known) and despite the additional burdens that have been described above, I have agreed with the chief constable that the pressures will be absorbed wherever it is possible to do so and that we will achieve two important outcomes within the budget :

- (a) that we will retain the 40 PCSOs whose jobs were under threat, thus keeping faith with Welsh Government and receiving welcome the boost in numbers promised by the Minister, Carl Sargeant AM and
- (b) we will create a £1million partnership budget, to be used to drive down crime, working with each individual local authority and other local partners – especially the NHS –to cut the crime and disorder that puts pressure on every public body as well as the public themselves. Creating some “headroom” can have positive benefits and help us all to cope with the pressures we expect to have on us next year.

Just to explain that last point, a violent incident in a town centre can absorb police officers for a considerable amount of time while they cope with the incident, take statements, arrest someone and prepare for the next stage which involves a lot of paperwork and time in court. But it also absorbs time for local authority staff as well as having an impact on the town's reputation, being bad for business and being bad for victims and their community. And it puts added pressure on the staff at Accident & Emergency and may later call for surgery and other forms of treatment. We will never eradicate violence entirely, but every reduction makes a real difference and my priority is to focus on this and other aspects of crime where there are gains to be made in order to enhance our work with partners and to continue the downward pressure on levels of offending.

I have had to take my decisions and make my precept proposal in a very short period of time this year, while also seeking to meet as many as possible of the people with whom I want to work across South Wales. During the same period I have been working on the Police and Crime (reduction) Plan which is also before the Panel today. Preparatory work had been undertaken by the staff of the former Police Authority and by the Chief Constable and his team. But the real work could only start after the election and I am grateful for the way that the Chief Constable, Peter Vaughan, and his team and the team that I have inherited have helped me up a very steep learning curve and worked tirelessly with me in order to bring forward my proposals. So I apologise for not having the time to adopt the collaborative approach this year that is my intention for future years, but I am sure you will appreciate that this follows inevitably from the decision to delay the election from May to November without relaxing any of the deadlines that we have to meet. That decision was the Government's decision, not mine, but I have had to live with the consequences.

I hope you will be enthused by the Police and Crime Plan, which opens up a quite different approach to planning compared to the approach adopted in the past. It is to be a living plan, making allowance for our approach to develop and mature as time goes on. It is both community-based and evidence-based. My personal top priority is to work with local partners - and especially each of our local authorities – to deliver the outcomes described in the Plan and to contribute to the vision for safe and healthy local communities set out in the aspirations and plans of each local council. While there wasn't time to undertake the detailed discussions that I would have liked with each council in advance of publishing the

Plan, the plan itself makes clear (a) that I will work through the detail of crime reduction in a co-operative approach over the coming weeks, making up at the local level for the truncated process at the strategic Force-wide level, and (b) that by the half-way point in my first full year in office I will start a process which engages our partners in the formative stages of a different style of decision making – as well as providing regular information on progress to the Panel – so that next year it will be “Our Plan” rather than “My Plan”. I am pleased to have the endorsement of the Chief Constable for this approach as well as the enthusiastic agreement of his staff and mine.

That is the background to this precept proposal, which despite being much lower than that of the other Forces in Wales, will enable us to build on the improvement in the services given by the South Wales Police under Peter Vaughan’s leadership in recent years. It will also build in the modest headroom that we need if we are to be able to cope with the challenge this year and in future years. As I said at the start, our strong purpose is to respond to cuts and austerity by giving an even better Police Service to the people of South Wales and to work unremittingly with our partners to continue the downward trajectory of crime in our communities across South Wales.

A handwritten signature in blue ink that reads "Alun Michael". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Rt Hon Alun Michael

Police and Crime Commissioner

January 2013