

Economic Note	Number: HOEN 0040		
Title of regulatory proposal	The transfer of Police and Crime Commissioner functions to the Mayor of the West Midlands to be exercised from the May 2024 elections.		
Lead Department/Agency	Home Office		
Expected date of implementation	07 May 2024		
Origin	Domestic		
Date	08/02/2024		
Lead Departmental Contact	Lauren.Day1@homeoffice.gov.uk Peter.Cordingley1@homeoffice.gov.uk		
Departmental Assessment	GREEN		
Rationale for intervention, objectives and intended effects It is the government's ambition, as set out in the Levelling Up White Paper (2022), to see all combined authority mayors exercise police and crime commissioner (PCC) functions where feasible. The oversight of policing by a combined authority preserves the democratic accountability already established under the PCC model and joins up oversight of public services, promoting greater collaboration and ensuring a wider perspective is taken into consideration when tackling crime and public safety.			
Policy options (including alternatives to regulation) Option 1: 'Do-nothing' Option 2: Transfer PCC functions to the Mayor of the West Midlands Combined Authority. This is the government's preferred option, as it achieves government ambitions to see more combined authority mayors exercise PCC functions. There are no sufficient non-regulatory alternatives.			
Costs and benefit summary There are no monetised costs for this policy. The benefits consist of savings from PCC elections, which will no longer take place and savings made from no longer paying a salary to the PCC and instead potentially increasing the mayoral allowance. It is not possible to monetise potential benefits derived from improvements to the oversight of policing governance and a more joined up approach to tackling crime. This will depend on factors that will result from the decision making of a future unknown elected official.			
Risks Estimated uplifts to mayoral allowances are based on mayoral allowances of other areas. In practice this allowance is set by an independent remuneration body so may differ from this estimate. There is also a risk that election schedules could differ from the current planned schedule used in modelling. However, the risk of election delays or by-elections remains whether or not PCC functions are transferred.			
Total Cost £m PV	Transition Cost £m	Cost to Business £m	Total Benefit £m PV
0	0	0	2.41
NPSV (£m)	BNPV (£m)	EANDCB (£m)	BIT Score (£m)
2.41	0	0	0
Price Base Year	PV Base Year	Appraisal period	Transition period
FY 2024/45	2024	10 years	N/A
Departmental sign-off (SCS): Kayleigh Chapman Date: 08/02/2024			
Chief Economist sign-off: Tim Laken Date: 09/02/2024			
Better Regulation Unit sign-off: Emma Kirk Date: 09/02/2024			

Evidence Base

1. Background

1. The Police Reform and Social Responsibility Act 2011¹ established directly elected PCCs in 41 forces, replacing Police Authorities. The first PCC for West Midlands was elected in 2012. PCCs are responsible for holding the Chief Constable of their police force to account for the full range of their responsibilities. PCCs are directly accountable to the electorate through the ballot box and their decisions are scrutinised by their local Police and Crime Panel.
2. The Cities and Local Government Devolution Act 2016² amended the Local Democracy, Economic Development and Construction Act 2009³ to enable PCC functions to be transferred to combined authority mayors. This created one directly elected leader accountable for both combined authority and PCC functions.
3. There are currently two combined authority mayors who exercise PCC functions, the Greater Manchester Mayor who took them on in 2017, and the West Yorkshire Mayor who took them on in 2021. The Mayor of London also exercises functions equivalent to a PCC. As part of the York and North Yorkshire Devolution Deal⁴, the first directly elected Mayor of the York and North Yorkshire Combined Authority will exercise the functions from 7 May 2024 onward.
4. A six-week public consultation on the proposed transfer of PCC functions to the West Midlands Mayor was conducted between 20 December 2023 and 31 January 2024⁵. A total number of 7,103 people responded to the consultation.

Groups/individuals affected

- The West Midlands Mayor
- Elected officials within the West Midlands Combined Authority
- Individuals who work in the West Midlands Combined Authority
- The West Midlands Combined Authority
- Individuals who live or work within the West Midlands Combined Authority geography
- The West Midlands Police Force
- The West Midlands Police and Crime Commissioner
- The Office of the West Midlands Police and Crime Commissioner

2. The policy issue and rationale for government intervention

5. The government's Levelling Up White Paper (2022)⁶ outlines the key leadership role that combined authority mayors have in public safety and improving public health. It set out the government's aspiration to have combined authority mayors take on the PCC role, where feasible. Part One of the government's PCC Review (the Review)⁷, cemented government's

¹ Police Reform and Social Responsibility Act 2011 (legislation.gov.uk): <https://www.legislation.gov.uk/ukpga/2011/13/contents/enacted>

² Cities and Local Government Devolution Act 2016 (legislation.gov.uk): <https://www.legislation.gov.uk/ukpga/2016/1/contents/enacted>

³ Local Democracy, Economic Development and Construction Act 2009 (legislation.gov.uk): <https://www.legislation.gov.uk/ukpga/2009/20/contents>

⁴ York and North Yorkshire devolution deal - GOV.UK (www.gov.uk): <https://www.gov.uk/government/publications/york-and-north-yorkshire-devolution-deal/york-and-north-yorkshire-devolution-deal>

⁵ The transfer of Police and Crime Commissioner functions to the Mayor of the West Midlands: [Transfer of PCC functions to the Mayor of the West Midlands \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

⁶ The Levelling Up White Paper – GOV.UK: assets.publishing.service.gov.uk/media/61fd3c71d3bf7f78df30b3c2/Levelling_Up_WP_HRES.pdf

⁷ Written statements - Written questions, answers and statements - UK Parliament: <https://questions-statements.parliament.uk/written-statements/detail/2021-03-16/hcws849>

view that the join up of public safety functions under a combined authority mayor has the potential to offer wider levers to prevent crime⁸.

6. The oversight of policing by a combined authority mayor not only preserves the democratic accountability already established under the PCC model but, by joining up oversight of public services, promotes greater collaboration and ensures a wider perspective is taken into consideration when tackling crime and public safety.
7. The Levelling-up and Regeneration Act 2023⁹ places new requirements on the Secretary of State for the Home Department (Home Secretary), when taking a decision to make an order that would transfer the functions of a PCC to a combined authority mayor. The Home Secretary must, before making an order to enable such a transfer: conduct a public consultation (unless one has been conducted by the combined authority as part of their proposal for an order); consider that the transfer is likely to improve the economic, social and environmental well-being of some or all of the people who live or work in the area; and consider that it is appropriate having regard to the need to secure effective and convenient local government and to reflect the identities and interests of local communities.
8. The Home Secretary therefore launched a six-week public consultation that ran from 20 December 2023 to 31 January 2024 to gather views to support him in taking a decision, alongside consideration of the statutory tests, on the making of an order (subject to Parliamentary approval) to transfer PCC functions to the Mayor of the West Midlands from the point of the next mayoral election in May 2024. The Home Secretary has taken the decision to proceed with the process of making an order to enable the transfer of PCC functions to the Mayor of the West Midlands at the May 2024 election.

3. Policy objectives and intended effects

9. The aim of the policy is to transfer PCC functions to be exercised by the Mayor of the West Midlands from the point of the May 2024 election. Currently, the functions are exercised by the PCC who was elected in May 2021 on a three-year term to May 2024.
10. The intended effect of the transfer is to provide for the mayor to be treated, in relation to the exercise of their PCC functions, as PCC for the purposes of all PCC enactments. It will abolish the existing office of PCC for the West Midlands.
11. Enabling the Mayor of the West Midlands Combined Authority to exercise PCC functions intends to preserve the democratic accountability of policing governance, join up oversight of public services, promoting greater collaboration and ensuring a wider perspective is taken into consideration when tackling crime and public safety.

4. Policy options considered, including alternatives to regulation

12. Two options have been considered:

- **Option 1: 'Do nothing'.**

Option 1 would entail no government intervention through changes to legislation. The PCC functions would not be transferred to the Mayor, and the next scheduled PCC elections would take place in May 2024. A PCC would exercise PCC functions after being elected at those elections. The West Midlands Mayor's current electoral term will continue until 2024 and the next Mayor will be elected as planned.

⁸ Home Secretary (2021), Concluding Part One of the PCC Review, Written statements - Written questions, answers and statements - UK Parliament: <https://questions-statements.parliament.uk/written-statements/detail/2021-03-16/hcws849>

⁹ Levelling-up and Regeneration Act 2023 (legislation.gov.uk): <https://www.legislation.gov.uk/ukpga/2023/55/enacted>

Option 1 does not meet the government's objectives.

- **Option 2: Transfer PCC functions to the Mayor of the West Midlands Combined Authority.**

The government would make a statutory instrument that would transfer PCC functions for the West Midlands to the West Midlands Combined Authority (WMCA) to be exercised by the Mayor at the May 2024 election. **This is the government's preferred option.**

Non-regulatory options

13. There are no non-regulatory options for this policy. PCC functions can only be transferred to a combined authority mayor by an Order (statutory instrument), as per section 107F of the Local Democracy, Economic Development and Construction Act 2009¹⁰.

5. Appraisal

General assumptions and data

14. The following general assumptions are used in this economic note (EN) which is in line with the guidance set out in HM Treasury (2022) Green Book¹¹.
 - The appraisal period used is 10 years 2024 to 2034
 - The Price Base year used is FY 2024/25
 - The Present Value base year 2024
 - The HM Treasury GDP deflator, 2023
15. Data and estimates have been drawn from several sources including;
 - PCC salary estimates from the Report on Senior Salaries by the Review Body on Senior Salaries 2023¹²
 - Mayoral allowance from the West Midlands accounts by West Midlands Mayoral Combined Authority 2022/23¹³
 - Combined Mayoral allowance of Greater Manchester from a review of Allowances at West Midlands Combined Authority by the Independent Remuneration Panel 2022¹⁴
 - PCC 2024 expected election cost estimates from the Department for Levelling Up, Housing and Communities (DLUHC)
 - Greater Manchester and West Midlands population estimates from the ONS¹⁵

¹⁰ Local Democracy, Economic Development and Construction Act 2009 (legislation.gov.uk): <https://www.legislation.gov.uk/ukpga/2009/20/section/107F>

¹¹ The Green Book (2022) - GOV.UK (www.gov.uk): <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020>

¹² Forty-Fifth Annual Report on Senior Salaries 2023 (publishing.service.gov.uk): https://assets.publishing.service.gov.uk/media/64b01436fe36e000d6fa955/SSRB_45th_Report_2023_Accessible.pdf

¹³ <https://www.wmca.org.uk/media/od4kn3om/wmca-2022-23-unaudited-accounts.pdf>

¹⁴ <https://governance.wmca.org.uk/documents/s7729/Appendix.pdf>

¹⁵ <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/populationestimatesforukenglandandwalesscotlandandnorthernireland>

Costs

16. There are no monetised costs in this EN given that all resources are transferred from the PCC to the Mayor. When PCC functions are transferred from the PCC to the Mayor, all staffing budgets and buildings are transferred. Whilst the Mayor could decide to reduce or increase staffing levels, this is at the discretion of the elected Mayor as is currently the case with an elected PCC. Thus, any resulting staffing changes do not result from this change in regulation. They remain a decision of whomever is elected, whether that be the Mayor or a PCC.

Transition costs

17. There are no transition costs calculated as the costs of transferring PCC functions are either negligible or unknown.
18. The transfer of PCC functions will occur at the point of election. Regardless of whether there is a PCC or a mayor with PCC functions, both officials would require briefing. There currently is no evidence of a significant difference in the time and resources required to brief a newly elected PCC and time and resources required to brief a newly elected mayor on PCC functions. Therefore, no cost of briefing has been estimated.
19. Any other transition costs related to the transfer of PCC functions are dependent upon how the area chooses to conduct the transfer process. At this stage, these transition costs are unknown and therefore not estimated.

Sunk Costs

20. There is likely to be a one-time sunk cost of preparing materials, such as poll cards and postal vote packs for the election of the West Midlands PCC in 2024 which will cease should the proposed policy be implemented. This will cease as no PCC will be elected and only a mayor will be elected instead. The exact value of this sunk cost is not known due to a lack of data at this point in time. Early estimates from West Midlands Combined Authority indicate this could be around £100,000, but the final cost is not yet known.

Benefits

Monetised Benefits

22. There are two benefits that are monetised;
 1. Savings derived from no longer running PCC elections;
 2. Savings derived from changes to salaries and remuneration.

Benefit 1: Savings from no longer running a PCC election

23. Under Option 1 (Do-nothing), election cycles for the West Midlands PCC and Mayor are expected to continue as they currently are throughout the appraisal period.
24. Under Option 2 the PCC election will no longer occur. This means there is a saving of PCC election expenses that, should the current election schedule have continued, would have been reimbursed from the Consolidated Fund that no longer will be.
25. The 2024 PCC expected election cost of £2,739,210 was provided by DLUHC. A portion of this cost represents costs that are specific to the PCC election itself. The remainder of that figure represents the relevant share of the costs that are shared between the different polls taking place at the same time that would fall on the PCC election specifically.
26. Whilst the exact proportions of this split can vary and depend on a number of factors each election cycle, it is assumed that approximately 25 per cent of the conduct costs would be poll specific (for example, only relevant to the PCC) with the remaining costs being shared equally between the different polls.
27. Whilst all of this cost will no longer be withdrawn from the Consolidated Fund, only part of this represents a saving. This is because the shared costs, such as the costs of polling venues

and staffing them, will still exist even without a PCC election. These costs will need to be covered by remaining elections that continue to run, thus this represents a transfer rather than a saving.

28. The benefit of savings from no longer running a PCC election have been calculated as 25 percent of the estimated cost of a standalone PCC election of £5,737,321, provided by DLUHC. 25 per cent of this standalone figure represents the costs that are PCC specific without overlapping with costs that are shared amongst elections. In these calculations, we assume the current expected election schedule will continue uninterrupted.
29. Table 1 below shows the estimated benefits from no longer running PCC elections in present value terms.

Table 1 - Benefit from no long running PCC elections (£ million, Price year 24/25, PV base year 2024)

Year	0	1	2	3	4	5	6	7	8	9	TOTAL
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
PCC election savings	1.43	0.00	0.00	0.00	1.25	0.00	0.00	0.00	1.09	0.00	3.77

Source: Home Office Internal Analysis using DLUHC election costings, 2024

30. The total benefit from no longer running the PCC elections is **estimated to be £3.77 million in PV terms**

Benefit 2: Savings derived from changes to salaries and remuneration

31. No changes to the PCC salary or mayoral allowances will result directly from Option 1.
32. Under Option 2, the PCC will no longer exist so the salary of the PCC will be saved. Mayoral allowances are decided by an Independent Remuneration Panel. There may therefore be a future uplift in allowance for the Mayor if the Remuneration Panel felt that an uplift was needed to reflect their taking on PCC functions. However, as that would be a matter for the Panel, it is difficult to make any assessment about what any such uplift might look like. Despite this, current data on comparable areas has been used as the best indicator of future remuneration.
33. To estimate the future uplift of mayoral allowance, an area of comparable population where the mayor holds PCC functions has been used. Greater Manchester has a population close to that of the West Midlands and currently has a Mayor who holds PCC functions (and Fire and Rescue Authority functions). The population of Greater Manchester is 2,868,387 and the population of the West Midlands is 2,916,132. The current allowance for the Mayor of Greater Manchester of £110,000¹⁶ (in 2021 prices) is used as the central estimate for the future allowance of the Mayor of the West Midlands.
34. To estimate the uplift to the West Midlands Mayoral allowance, the Greater Manchester and current West Midlands mayoral allowances were put into 2024/25 prices. The difference between the two allowances represents the central estimate for the expected uplift to the West Midlands Mayoral allowance. The estimated uplift was then subtracted from the current PCC salary to estimate the expected total benefit of the changes to remuneration.
35. To account for uncertainty, high and low scenarios have been included in which the central estimate of the uplift is adjusted up and down 25 per cent. In the high scenario, the highest benefit is estimated. This means that the uplift in mayoral allowance is the lowest as this then leads to the greatest saving.
36. The annual and total benefits of the changes to salaries are shown in Table 2 below in present value terms.

¹⁶ <https://governance.wmca.org.uk/documents/s7729/Appendix.pdf>

Table 2 -1 Benefit from changes to salaries and remuneration (£ million, Price year 24/25, PV base year 2024)

Year	0	1	2	3	4	5	6	7	8	9	TOTAL
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Low	0.06	0.06	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.04	0.52
Central	0.07	0.07	0.07	0.06	0.06	0.06	0.06	0.06	0.05	0.05	0.61
High	0.08	0.08	0.07	0.07	0.07	0.07	0.07	0.06	0.06	0.06	0.69

Source: Home Office internal analysis, 2024

37. The estimated benefit of the savings from salary changes is estimate between £520,800 and £691,000 with a **central estimate of £605,900 in PV terms**. Given this is the only monetised benefit this also represents the total benefit.

Total monetised benefits

38. Table 3 below shows estimated total benefits for the appraisal period in present value terms.

Table 3 2 - Total monetised benefits (£ million, Price Year 2024/25, PV Base Year 2024)

Year	0	1	2	3	4	5	6	7	8	9	TOTAL
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
Low	1.49	0.06	0.06	0.05	1.30	0.05	0.05	0.05	1.14	0.04	4.29
Central	1.50	0.07	0.07	0.06	1.31	0.06	0.06	0.06	1.14	0.05	4.38
High	1.51	0.08	0.07	0.07	1.32	0.07	0.07	0.06	1.15	0.06	4.46

Source: Home Office internal analysis, 2024

39. The total benefit for the savings made is estimated to be between £4.29 million and £4.46 million **with a central estimate of £4.38 million (PV)**.

Benefit of increased efficiency

40. Government's ambition in transferring PCC functions to combined authority mayors (where possible) is to realise the benefits that a mayor can bring to the oversight of policing governance. It is expected that the Mayor will be able to take a more joined-up, collaborative and strategic approach to tackling crime through a greater oversight of public services, and as the Mayor will be taking on the functions at the point of the May 2024 elections, the democratic accountability of the PCC model is maintained. It is government's view that through the higher profile and a greater oversight of public services that mayors have, a wider perspective will be taken into consideration when tackling crime and public safety.

41. At this stage it is not possible to monetise this efficiency since the realisation of this benefit will depend on factors that will result from the decision making of a future unknown elected official. Whilst it is the government's view this will create opportunities for greater efficiencies, the extent to which this will be actioned in practice is unknown and thus unmonetisable.

Value for money metrics

42. As there is no monetisable cost and no impact to business, both the Business Net Present Value (BNPV) and the equivalent annual net direct cost to business (EANDCB) are zero. The total benefits and NPSVs are shown in Table 4 below.

Table 4 3 - Total Benefits, Total Costs and NPSVs (£ million, Price Year 2024/25 PV Base Year 2024)

	Low	Central	High
Total Benefits	4.29	4.38	4.46
Total Costs	0.00	0.00	0.00
NPSV	4.29	4.38	4.46

Source: Home Office internal analysis, 2024

43. The NPSV ranges between £4.29 million and £4.46 million **with a central estimate of £4.38 million (PV)**.

Small and Micro Business Assessment (SaMBA)

44. Given that this measure is not a regulatory provision this policy is not anticipated to have any impacts on business.

6. Risks and unintended consequences

Uncertainty of current estimates of future Mayoral Allowance

45. The expected uplift to the mayoral allowance assumes that the future West Midlands mayoral allowance will be similar to the Greater Manchester mayoral allowance. This is based on the assumption that combined authority areas of similar population sizes where the mayors both hold PCC functions will likely have comparable mayoral remuneration.
46. In practice, mayoral allowances are decided by an Independent Remuneration Panel therefore the West Midlands mayoral allowance could differ somewhat from the Greater Manchester allowance. To account for this uncertainty estimates were increased and decreased by 25 per cent to examine a potentially higher and lower benefit scenarios.
47. Given that there are no monetisable costs and just two benefits in all scenarios, the NPSVs remains positive.

Uncertainty of Future Election schedules

48. Currently the estimated savings from elections assume that the current four-year election cycle continues uninterrupted for the entire appraisal period. There is a risk that this may not happen if additional by-elections are held, or an election is delayed.
49. If an election were to occur as a by-election or due to a delay, then there is the potential that would be a standalone election. This would lead to an increased cost since none of the costs would be shared. For example, the 2024 PCC expected election cost of £2,739,210 increases to £5,737,321 if the election is run as a standalone election. Therefore, if any elections don't align to the current election schedule there is a considerable additional cost.
50. However, changes to the election schedule could occur whether the roles of mayor and PCC remain separate or are combined. There is no evidence to suggest that the transfer of PCC functions makes a change to the election schedule more or less likely.

7. Implementation, monitoring and evaluation

51. The approach to monitoring of this legislation is that combined authorities are required under the devolution agreements reached with the government to put in place an extensive programme of evaluation, agreed with HM Treasury, of the devolution agreements. Government intends to review the impacts of the transfer after implementation (May 2024) onwards.

Specific Impact Test Checklist

Mandatory specific impact test - Statutory Equalities Duties	Complete
<p data-bbox="204 591 584 624">Statutory Equalities Duties</p> <p data-bbox="204 642 1347 860">A Public Sector Equality Duty Impact Assessment has been produced for this Order. The functions being transferred already exist in the area, as does the principle of the people of West Midlands directly electing an individual to exercise those functions, so it is not anticipated that the amendment of the Mayoral election or the transfer of PCC functions to the Mayor will have an impact on people with protected characteristics.</p> <p data-bbox="204 880 711 913">The SRO has agreed these findings.</p>	<p data-bbox="1414 741 1469 775">Yes</p>