



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

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**Precept 2014-15**

3<sup>rd</sup> February 2014

# **The Police & Crime Commissioners**

## **Precept 2014-15**

The Nottinghamshire Police & Crime Commissioner is proposing a precept increase of up to 1.96% for the 2014-15 financial year.

This builds upon the commitment made during the election campaign to increase the number of police officers and Police Community Support Officers (PCSO's). Although this has been difficult with further cuts in funding, numbers have increased in 2013-14 and further recruitment will take place in 2014-15. The budget report on today's agenda details further the plans for 2014-15 and the potential risks relating to the efficiencies that need to be achieved.

The detailed budget for 2014-15, the Medium Term Financial Plan, the Reserves Strategy, the 4 Year Capital programme and the Treasury Management Strategy are provided for information purposes to the Police & Crime Panel. These have been drawn together to support the Police and Crime Plan, which has been refreshed and which the panel have received and which is currently out for consultation.

**This report is an update on that issued for the agenda papers today. This is due to timing: the billing authorities are not required to provide final tax base calculations and collection fund balances until 31<sup>st</sup> January. The final submissions were received late on Friday and therefore the report has been updated and tabled to today's meeting with actual figures declared.**

When setting the budget and capital programme for the forthcoming financial year the Police and Crime Commissioner must be satisfied that adequate consideration has been given to the following:

- **The Government policy on police spending** – The current economic climate is improving slowly, but the Government policy continues to reduce public sector spending.
- **The medium term implications of the budget and capital programme** - The separate report sets out the Medium Term Financial Plan, which is regularly received and updated.
- **The CIPFA Prudential Code** - the separate Treasury Management Strategy report covers the CIPFA Prudential Code, which evaluates whether the capital programme and its revenue implications are prudent, affordable and sustainable. The implications of borrowing to finance the unsupported element of the capital programme are incorporated within the proposed revenue Budget for 2014-15 and the Medium Term Financial Plan.
- **The size and adequacy of general and specific earmarked reserves** - the current forecast of the general reserves at 31 March 2014 is £7 million which is higher than the minimum 2% level in the approved reserves strategy and is considered by the Chief Finance Officer to be an adequate level for the year ahead. The Chief Finance Officer considers that all of the earmarked reserves set out in the Reserves Strategy, are adequate to cover the purposes for which they are held and provide some robustness against the risks identified within the budget. The Chief Finance Officer also confirms that the budgeted insurance provision is fully adequate to meet outstanding claims.
- **Whether the proposal represents a balanced budget for the year** - the assurances about the robustness of the estimates are covered in **Section 8** of this report. The proposals within this report do represent a balanced budget based upon an assumed 1.96% maximum increase in the Police & Crime Precept on the Council Tax.
- **The impact on Council Tax** - This is covered in **Section 7** of this report.
- **The risk of referendum** – The limit set for requiring a referendum is a 2% increase on the precept for Police and Crime Commissioners. The proposed increase of up to 1.96% is just below the limit set (further detail is provided in **Section 6**).

## 1. **COUNCIL TAX BASE**

For 2014-15 the Billing Authorities have consulted on proposed changes to the local Council Tax Support Schemes introduced in 2013-14. There continues to be an impact on collection rates as a result of the changes that have had to be introduced locally, to meet the 10% cut in Government grant funding.

The Billing Authorities are working hard to keep collection rates up and as a consequence all have seen an increase in estimated tax bases. This is also partly due to an increase in the number of new properties in each area.

The estimated tax base as notified by the unitary and district councils (Billing Authorities) has increased by 2.06% overall. This information has to be confirmed in writing by 31 January, the statutory deadline.

<b>Tax base</b>	<b>Band D Properties 2013/14</b>	<b>Band D Properties 2014/15</b>	<b>Change %</b>
	<b>No</b>	<b>No</b>	
Ashfield	29,870.30	30,256.20	1.29
Bassetlaw	31,409.55	31,893.84	1.54
Broxtowe	31,907.95	32,188.65	0.88
Gedling	34,396.13	34,912.38	1.50
Mansfield	26,524.26	26,943.82	1.58
Newark & Sherwood	36,015.10	36,233.47	0.61
Nottingham City	56,786.00	59,949.00	5.57
Rushcliffe	38,948.00	39,373.00	1.09
<b>Total</b>	<b>285,857.29</b>	<b>291,750.36</b>	<b>2.06</b>

It is intended that any negative impact from a change between the estimated tax base and the actual tax base will be met from reserves.

## 2. COLLECTION FUND POSITION

Each billing authority uses a Collection Fund to manage the collection of the Council Tax. In 2013-14 this provided the Police and Crime Commissioner with a total surplus amount of £95,610. This has increased to £447,893 for 2014-15. A breakdown is provided in the table below:

Surplus/(deficit)	Collection Fund	
	2013-14	2014-15
	£	£
Ashfield	0	62,867
Bassetlaw	0	57,929
Broxtowe	8,764	26,288
Gedling	53,885	57,966
Mansfield	9,040	0
Newark & Sherwood	0	0
Nottingham City	0	147,589
Rushcliffe	23,921	95,254
<b>Total</b>	<b>95,610</b>	<b>447,893</b>

It is intended that the surplus will be transferred to balances to contribute towards the request for use of reserves for the transformational change programme.

### **3. COUNCIL TAX FREEZE GRANT**

In 2011-12 the Government offered a freeze grant equivalent to a 2.5% increase in the council tax for four years. Within the June 2013 Comprehensive Spending Review this grant has been extended until March 2016.

For 2014-15 the government has offered a further freeze grant equivalent to a 1% increase in Council Tax.

Consequently, the Police & Crime Commissioner has had to consider how taking the freeze grant with a short term benefit compares with a rise in the level of precept, and how each impact on the council tax paying people of Nottinghamshire.

The freeze grant would mean that the council tax payers would not see an increase in the police and crime element of their bills. However, the freeze grant will cease to exist after 2015-16 and therefore creates a further gap in balancing the income and expenditure of the OPCC.

An increase in the precept in 2014-15 would see a long term benefit to the funding of the OPCC, but would also require the council tax payers to pay an additional £3.33 per annum (Band D equivalent properties).

Therefore, the freeze grant proposal for 2014-15 does not provide financial stability for the long term and consequently, the decision taken has been to increase the council tax charge.

### **4. COUNCIL TAX SUPPORT GRANT**

There are two elements of the Council Tax Support Grant received by Commissioners for each Policing area:

- The New Burdens element being paid to those Billing Authorities that adopt schemes that comply with the criteria set by Government to ensure that low income households do not face an extensive increase in their council tax. There has been no indication that this funding will continue for precepting authorities.
- As part of the settlement announcement the Home Office has combined the payment relating to freeze grants with the amount identified last year as Council Tax Support. These will be treated outside the grant system as Legacy Council Tax Grants and total £9.7m for 2014-15.

### **5. CONSULTATION**

#### **Business Community**

The Commissioner has specifically met with representatives from the County and City business communities at a meeting on the 28<sup>th</sup> November 2013 of the Nottinghamshire County Council Business Engagement Group; the 2014-15 budget was the main agenda item. Members of the group represent 18,000 businesses. The Commissioners proposed Budget and precept consultation documents were circulated to NBEG members.

### **Consultation with the Public, Stakeholders and Interested Parties**

The Commissioner and his Deputy have consulted and engaged with members of the public, stakeholder businesses and partner organisations as part of the in Police and Crime Plan and deciding upon the proposed precept levels.

Throughout the last year the Commissioner has attended approximately 140 local events and meetings to discuss local policing concerns with residents, victims of crime and partners. This has helped shaped the refreshing of the plan.

The Commissioner met with representatives of the business community of the City and County on the 28th November 2013 at a meeting at the Nottinghamshire County Council Business Engagement Group.

The Commissioner's consultation programme will not be fully completed until the end of January 2014.

Nottinghamshire County Council Citizen's survey (2013) findings show that the majority of the respondents (56%) would continue to pay more towards policing, with 13% saying they would not.

In relation to making potential further savings across areas of police business the most popular response were savings could be generated was the Office of the Police and Crime Commissioner (41%) and policing support functions (back office) 30%. The least favoured by respondents were local policing (89%) and investigative support (88%).

With regard to the refreshing of the police and crime plan priorities nearly all respondents (95%) rated all current priorities as important or very important. Some respondents (17%) provided further details of other priorities they felt could be added. Top three priorities were:

- Improving response times and more police officers on the beat (49%)
- Be tough on offenders and give harsher sentences (10%)
- Re-open police statistics and more staffed police stations? (9%)

### **Public Stakeholder Forum - BMER Communities**

On the 7<sup>th</sup> January 2014 the Commissioner met with representatives from BMER communities at Nottinghamshire Deaf Society. Attendees identified a

number of priority areas in which they wish to see improvement by Nottinghamshire Police. These included:

- community engagement and empowerment;
- communication and listening to the communities' needs;
- community confidence in local policing;
- police representation of their communities;
- victim focus;
- respect for individuals;
- capability and competence of officers;
- accessibility and visibility of policing within local communities.

### **Public Stakeholder Forum – Women's Groups**

On the 14<sup>th</sup> January 2014 the Deputy Commissioner met with representatives of Women's groups. The discussion saw the identification of aftercare support for survivors and victims after investigation and training for staff to raise their awareness of cultural sensitivity when dealing with victims of child sexual exploitation and grooming.

With regard to the proposed precept increase, 20% (2) stated they would be prepared to pay more towards policing. This compared to 50% (5) who stated they were not and a further 30% (3) who stated that they may be prepared to pay more.

In relation to identifying which business areas where possible savings could be made, the group suggested the following:

- Roads Policing;
- Specialist Operations;
- Support Functions;
- Nottinghamshire Office of the Police and Crime Commissioner.

Further consultation is being undertaken by the Commissioner with other stakeholders and young people groups during January 2014. An update on the findings from these engagement events and City Respect survey 2013 will be provided at the Police and Crime Panel meeting on the 3<sup>rd</sup> February 2014.



## 6. COUNCIL TAX REFERENDUMS

The Localism Act 2011 requires authorities including Police & Crime Commissioners to determine whether their 'relevant basic amount of council tax' for a year is excessive, as excessive increases trigger a council tax referendum. From 2012-13 onwards, the Secretary of State is required to set out principles annually, determining what increase is excessive. For 2014-15 the principles state that, for Police and Crime Commissioners, an increase of more than 2% in the basic amount of council tax between 2013-14 and 2014-15 is excessive.

For 2014-15 the relevant basic amount is calculated as follows:

Formula:

$\frac{\text{Council Tax Requirement}}{\text{Total tax base for police authority area}}$	<div style="border: 1px solid black; padding: 5px; display: inline-block;">= Relevant basic amount of council tax</div>
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Nottinghamshire 2014-15 calculation:

$$\frac{\pounds 50,470,404.01}{291,770.17} = \pounds 172.98 \text{ (1.96\%)}$$

With a 2% increase the Band D equivalent charge would be £173.04.

At the time of writing this report there was a risk relating to the date that the Referendum Limit would be set and that this could be as low as 1.5%. Therefore, the Panel are requested to support an increase up to a maximum of 1.96% allowing the Commissioner to reconsider if the Referendum limit is lower than the 2% shown in the calculations above.

## 7. **RECOMMENDATION ON THE LEVEL OF POLICE & CRIME PRECEPT ON THE COUNCIL TAX**

As discussed in the Budget report resources have been allocated to support the police and crime plan. In assessing appropriate spending levels, consideration has been given to the significant unavoidable commitments facing the Police & Crime Commissioner including pay awards, and pension liabilities. Due regard has been given to the overall cost to the local council tax payer. Consideration has also been given to the projected value of the available reserves and balances and the medium term financial assessment (both reported separately).

The Commissioners proposed spending plans for 2014-15 result in a Police & Crime Precept on the Council Tax of £172.98 for a Band D property, representing an increase of 1.96%.

For comparison purposes the Council Tax for Precepting Authorities is always quoted for a Band D property. In Nottinghamshire by far the largest number of properties are in Band A.

To achieve a balanced budget with reduced grant income an increase in the Police & Crime Precept has been required. This is on top of significant budget reductions and efficiencies to be achieved in year.

The calculation of the Police & Crime Precept on the Council Tax is as follows:

	<b>2013-14</b>	<b>2014-15</b>	<b>Increase/ Decrease</b>
	<b>Budget</b>	<b>Budget</b>	
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Budget	196.9	193.8	3.1 (-)
External Income	150.0 (-)	143.3 (-)	6.7 (+)
Collection Surplus	0.1 (-)	0.5 (-)	0.4 (-)
Reserves	1.7 (+)	0.5 (+)	1.2 (-)
<b>Precept</b>	<b>48.5 (-)</b>	<b>50.5 (-)</b>	<b>2.0 (-)</b>
Council Tax Base	285,857	291,770	5,913
Council Tax Band D	£169.65	£172.98	£3.33
Council Tax Band A	£113.10	£115.32	£2.22

The overall Police & Crime Precept to be collected on behalf of the Police & Crime Commissioner for 2014-15 is:

	<b>£m</b>	
Budgeted Expenditure	193.8	+
Less income from:		
Police & Crime Grant	133.6	(-)
Legacy Council Tax Grant	9.7	(-)
Collection Fund surplus	0.5	(-)
Net contribution to/from Balances	0.5	(+)
Police & Crime Precept on the Council Tax	50.5	(-)

The resulting precept and Council Tax levels derived from the measures contained in this report are detailed below:

**Police & Crime element of the Council Tax**

<b>Band</b>	<b>2013-14 £</b>	<b>2014-15 £</b>
A	113.10	115.32
B	131.95	134.54
C	150.80	153.76
<b>D</b>	<b>169.65</b>	<b>172.98</b>
E	207.35	211.42
F	245.05	249.86
G	282.75	288.30
H	339.30	345.96

Amounts to be raised from Council Tax in each billing authority area 2014-15:

	Precept amount to be collected £	Collection Fund Surplus/(Deficit) £	Total amount due £
Ashfield	5,233,717.48	62,867	5,296,584.48
Bassetlaw	5,516,966.44	57,929	5,574,925.44
Broxtowe	5,567,992.68	26,288	5,594,280.68
Gedling	6,039,143.49	57,966	6,097,109.49
Mansfield	4,660,741.98	0	4,660,741.98
Newark & Sherwood	6,267,665.64	0	6,267,665.64
Nottingham City	10,369,978.02	147,589	10,517,567.02
Rushcliffe	6,810,741.54	95,254	6,905,995.54
<b>Total</b>	<b>50,466,977.27</b>	<b>447,893</b>	<b>50,914,870.27</b>

**Collection Dates**

The dates, by which the Commissioners bank account must receive the credit in equal instalments, otherwise interest will be charged.

	£
<b><u>2014</u></b>	
17 April	5,091,487.00
28 May	5,091,487.03
02 July	5,091,487.03
06 August	5,091,487.03
11 September	5,091,487.03
16 October	5,091,487.03
20 November	5,091,487.03
29 December	5,091,487.03
<b><u>2015</u></b>	
03 February	5,091,487.03
10 March	5,091,487.03
	<b><u>50,914,870.27</u></b>

## **8. ROBUSTNESS OF THE ESTIMATES**

The Chief Finance Officer to the Police & Crime Commissioner has worked closely with the ACO Resources and Head of Finance & Business to ensure assurance on the accuracy of the estimates can be provided. There have been weekly meetings between the Commissioner, Chief Constable and their professional officers.

The budget proposed within this report represents a balanced budget. To achieve this, the force has provided detail on how efficiencies and savings will be delivered. There are some potential risks to the full amount of savings being achieved and should this be the case then recruitment may need to be slowed or stopped and reserves may need to be used to smooth the implementation of change. The Force will work hard to achieve required reduction of £12.6m and this will be monitored by the Commissioner. There will be a further saving of £0.1m within the budgets of the Office of the Commissioner.

The balanced budget is based upon the recommended 1.96% increase in Council Tax for 2014-15.