



Nottinghamshire

POLICE & CRIME COMMISSIONER

Precept 2017-18

January 2017

The Police & Crime Commissioner's

Precept 2017-18

Introduction

The Nottinghamshire Police & Crime Commissioner is proposing a precept increase of 1.95% for the 2017-18 financial year.

This supports the budget report and the commitment to Rural Crime initiatives and Victims Services, a duty transferred to the Commissioner by the Ministry of Justice during 2014-15. Further priorities include crime prevention and partnership working, both vital to community safety.

Government Assumptions

In providing the grant settlement figure in December the Government has made certain assumptions in relation to the total funding available for Policing.

Included within the Governments definition of no cuts to total funding in Real Terms the Government has already assumed the following:

- Precept will increase by 2% each year (slightly more for the bottom 10 precepting PCC's)
- The Council Tax base will increase by 0.5% each year

In broad terms this means if our tax base and precept increase following the above assumptions, there would be no cut or increase in our total funding.

However, there will be slight decreases in our actual allocation of main grant as there will be a shift in the proportion available at a national level to reflect the increase in top slicing for NICC, Counter Terrorism and other initiatives ran centrally, some of which can be bid for.

Future outlook

The current Comprehensive Spending Review (CSR) period has been difficult with major cuts in grant funding, whilst costs continue to increase. Whilst the Government plans over the CSR to 2020 are better than anticipated, we still have a lot to achieve.

Costs continue to increase whilst funding reduces slightly; together with the under delivery against the 2015-16 budget plans, which required a significant use of reserves to balance the budget and the need for significant savings to balance the 2016-17 budget. And for the two years following further efficiencies will be required to reduce base expenditure.

Tri-Force Collaboration

At a meeting of PCCs and Chief Constables in June 2016, work was agreed to develop Business Cases for specific areas for the three Forces of Leicestershire, Northamptonshire and Nottinghamshire.

These business cases will be available for PCCs and CCs to review in early March 2017 and it is anticipated that this meeting will determine whether these business cases should be progressed, whether further work is required or whether to concentrate on other Collaborative opportunities within the region.

Given these timescales, and that some investment is also funded from Transformation bids, it is not possible to include this information within the three PCC budgets or Precept reports for 2017/18. Therefore, in respect of Nottinghamshire, costs for Tri-Force work if approved will be met from the small revenue budget of £300,000 and through a revised capital programme for any significant costs. It is intended that an update will be provided to a future Police and Crime Panel meeting.

The Panel are advised that the three PCC precept reports across the three Force areas will all include a similar narrative for the Tri-Force collaboration work.

Where possible, the Leicestershire, Northamptonshire and Nottinghamshire continue to work closely and where possible, all three budgets have been prepared on common assumptions for pay awards and inflation, creating a common baseline. Discussions continue nationally with the Home Office, PACCTS, Regional colleagues and the three Forces/PCCs finance teams to determine common grant assumptions.

Supporting Reports

The Budget Report and the Medium Term Financial Strategy Report on today's agenda details further the plans for 2017-18 and beyond.

The detailed budget for 2017-18, the Medium Term Financial Strategy, the Reserves Strategy, the 4 Year Capital Programme and the Treasury Management Strategy are provided for information purposes to the Police and 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 based upon the actual data provided by the Billing Authorities.

Process

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 and the forecast is better than anticipated. However, further efficiencies are required.
- **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 2017-18 and the Medium Term Financial Strategy.
- **The size and adequacy of general and specific earmarked reserves** - the current forecast of the general reserves at 31 March 2017 is £7 million. This 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 now a risk for an organisation of this size. This has been raised as a strategic risk and there are plans for the force to re-imburse the £10m+, which have been used more than resources originally allocated in 2014-15 and 2015-16. These will be met from further efficiency plans. It is noted that Nottinghamshire's reserves are amongst the lowest in the country. 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 1.95% 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 all Police and Crime Commissioners. The proposed increase of up to 1.95% is just below the limit set (further detail is provided in **Section 6**).

1. COUNCIL TAX BASE

For 2017-18 the Billing Authorities continue with the local Council Tax Support Schemes introduced in 2013-14. There have not been any significant changes affecting the individual schemes, although collection rates continue to be higher than anticipated

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. Initial estimates for the tax base show that the Billing Authorities are estimating an average 1.18% increase. This has been included in these assumptions.

The actual tax base has increased by 1.70% overall, slightly less than last year's increase of 1.84%. This information has to be confirmed in writing by 15 January, the statutory deadline.

Tax base	Band D Properties 2016-17 No	Band D Properties 2017-18 No	Change %
Ashfield	31,936.30	32,546.20	1.91
Bassetlaw	33,079.77	33,916.77	2.53
Broxtowe	32,806.55	33,126.78	0.98
Gedling	36,104.62	36,306.09	0.56
Mansfield	28,272.00	28,894.98	2.20
Newark & Sherwood	37,378.90	37,828.75	1.20
Nottingham City	62,091.00	63,368.00	2.06
Rushcliffe	40,959.60	41,777.00	2.00
Total	302,628.74	307,764.57	1.70

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

2. COLLECTION FUND POSITION

Each billing authority uses a Collection Fund to manage the collection of the Council Tax. For 2017-18 the surplus continues to increase as collection rates are better than anticipated. A breakdown is provided in the table below:

Surplus/(deficit)	Collection Fund	
	2016-17 £	2017-18 £
Ashfield	98,418	27,686
Bassetlaw	142,071	140,000
Broxtowe	82,806	82,751
Gedling	105,007	157,500
Mansfield	69,066	280,649
Newark & Sherwood	28,857	73,147
Nottingham City	420,872	442,041
Rushcliffe	77,506	17,381
Total	1,024,603	1,221,155

It is intended that the surplus will be transferred to balances to contribute towards the reserves.

3. COUNCIL TAX LEGACY GRANT

Council Tax Legacy Grant is received by Commissioners for each Policing area.

There is no change in the Legacy Grant for 2017-18 at £9.7m. This grant will be considered as part of the Funding Formula Review.

4. **CONSULTATION**

APPROACH

The Police and Crime Commissioner has a wide remit to cut crime and improve community safety in Nottingham and Nottinghamshire. Various consultation and engagement exercises were conducted in 2016-17 in line with the Commissioner's duty to consult local communities on their priorities and perceptions.

The consultation activities included:

- The Nottingham City Council and the City's Crime and Drugs Partnership Annual Respect Survey and the Nottinghamshire County Council Annual residents Satisfaction Survey 2016
- The Police and Crime Commissioner's priorities and precept consultation incorporating face-to-face engagement and online questionnaire
- Focus groups commissioned by the Police and Crime Commissioner within each of the four Community Safety partnership areas:- Nottingham City; South Nottinghamshire; Bassetlaw, Newark & Sherwood and; Mansfield and Ashfield
- Additional face-to-face local public and stakeholder engagement activity across Nottingham and Nottinghamshire.

KEY FINDINGS

Consultation with over 4,700 residents through a range of public consultation and engagement activities in 2016 identified that there is generally an even balance of support for (52%) and against (48%) an increase in the council tax precept for policing when confidence intervals and variations in consultation methods are taken into account.

The proportion of residents supporting a rise in the council tax precept for policing has fallen by around 9% points over the last year, despite a (non-significant) increase in support in the City. This has been largely driven by an increase in residents feeling they cannot afford to pay more or already pay enough.

Respondents were generally supportive of the police, with at least two thirds feeling that more funding was required. Of those that did not support a rise in the precept for policing, around a third felt that more central government funding should be made available.

Around a third did not support a rise in the precept for policing as they felt that it would have no impact on the service they received. This was often expressed amid a perceived lack of visible policing with many stating that they would support a rise in precept they could be assured that visible policing would be protected.

More detailed exploration of the Police's financial position and savings plans as part of the focus groups highlighted surprise among participants as to the scale of the challenge. These participants subsequently showed a greater tendency to support increases in the precept.

KEY RECOMMENDATIONS

The Police and OPCC should consider:

- Ensuring any proposals to increase the local precept for policing are supplemented with a clearly communicated plan for how the additional revenue would be spent. Public support and confidence appears to remain strongly linked to the force's commitment to ensuring that the service is visible, accessible and responsive to community needs
- Developing a clear strategic communication and engagement plan to demonstrate to local residents and rate payers how policing resources are being deployed and what outcomes are being delivered as a result. This is particularly important as the nature of policing business becomes increasingly concentrated in areas of high impact but often less visible aspects of policing
- Further lobbying of central government for fair and proportionate levels of police funding which takes account of the changing challenges facing the service over the current spending review period. Public support for this approach appears relatively strong.
- Continuing to raise awareness of current and emerging resourcing challenges and efficiency plans for Nottinghamshire and raise further awareness of the statutory role and activities of the Police and Crime Commissioner
- Continuing to explore opportunities to develop organisational efficiencies through greater prioritisation, reducing waste / bureaucracy and making better use of technology – all being areas in which there appears to be strong levels of public support
- Continuing to explore opportunities for more collaborative working with other partner agencies and regional forces, particularly in consolidating support / back office functions, premises and senior leadership and governance functions. The service should also seek to ensure that relevant learning from the private sector is used to inform organisational efficiency plans
- Public and stakeholder consultation on more specific proposals for further Blue Light collaboration in view of what appears to be general public support for this approach

- Further exploring the public / community offer in preventing crime and anti-social behaviour and improving community safety with the support of local service providers. This may include further work to raise awareness of volunteering roles and opportunities
- Further developing the profile of community issues and concerns as part of the new Neighbourhood-level community engagement plans and profiles, particularly in making use of community profiling and segmentation data.

6. COUNCIL TAX REFERENDUMS

The Localism Act 2011 requires authorities including Police and 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 2017-18 the principles state that, for Police and Crime Commissioners, an increase of more than 2% in the basic amount of council tax between 2016-17 and 2017-18 is excessive.

For 2017-18 the relevant basic amount is calculated as follows:

Formula:

$$\frac{\text{Council Tax Requirement}}{\text{Total tax base for police authority area}} = \text{Relevant basic amount of council tax}$$

Nottinghamshire 2017-18 estimated calculation:

$$\frac{\underline{\pounds 56,450,177.43}}{307,764.57} = \pounds 183.42 \text{ (1.95\%)}$$

With a 2% increase the Band D equivalent charge would be £183.51.

This year the Referendum limit has been announced at the time of settlement notifications. It has been set at 2% for 2017-18.

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 2017-18 result in a Police and Crime Precept on the Council Tax of £183.42 for a Band D property, representing an increase of 1.95%.

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

To achieve a balanced budget and having regard for the provisional notification of grant income an increase in the Police & Crime Precept has been required. This is on top of budget reductions and efficiencies to be achieved in year.

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

	2016-17 Budget £m	2017-18 Budget £m	Increase/ Decrease £m
Budget	190.2	190.1	0.1 (-)
External Income	135.8 (-)	134.0 (-)	1.8 (+)
Collection Surplus	1.0 (-)	1.2 (-)	0.2 (-)
Reserves	1.0 (+)	1.5 (+)	0.5 (+)
Precept	54.4 (-)	56.4 (-)	2.0 (-)
Council Tax Base	302,629	307,765	5,136
Council Tax Band D	£179.91	£183.42	£3.51
Council Tax Band A	£119.94	£122.28	£2.34

The overall Police and Crime Precept to be collected on behalf of the Police and Crime Commissioner for 2017-18 is:

	£m	
Budgeted Expenditure	190.1	(+)
Less income from:		
Police & Crime Grant	124.3	(-)
Legacy Council Tax Grant	9.7	(-)
Collection Fund surplus	1.2	(-)
Net contribution to/from Balances	1.5	(+)
Police & Crime Precept on the Council Tax	56.4	(-)

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

Band	2016-17 £	2017-18 £
A	119.94	122.28
B	139.93	142.66
C	159.93	163.04
D	179.91	183.42
E	219.89	224.18
F	259.87	264.94
G	299.85	305.70
H	359.82	366.84

Amounts to be raised from Council Tax in each billing authority area 2017-18:

	Precept amount to be collected £	Collection Fund Surplus/(Deficit) £	Total amount due £
Ashfield	5,969,624.00	27,686.00	5,997,310.00
Bassetlaw	6,221,013.95	140,000.00	6,361,013.95
Broxtowe	6,076,113.99	82,751.00	6,158,864.99
Gedling	6,659,263.03	157,500.00	6,816,763.03
Mansfield	5,299,917.23	280,649.00	5,580,566.23
Newark & Sherwood	6,938,549.33	73,147.00	7,011,696.33
Nottingham City	11,622,958.56	442,041.00	12,064,999.56
Rushcliffe	7,662,737.34	17,381.00	7,680,118.34
Total	56,450,177.43	1,221,155.00	57,671,332.43

Collection Dates

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

	£
<u>2017</u>	
20 April	5,767,133.00
26 May	5,767,133.00
03 July	5,767,133.00
07 August	5,767,133.00
12 September	5,767,133.00
17 October	5,767,133.00
21 November	5,767,133.00
<u>2018</u>	
02 January	5,767,133.00
02 February	5,767,133.00
09 March	5,767,135.43
	57,671,332.43

8. **ROBUSTNESS OF THE ESTIMATES**

The Chief Finance Officer to the Police and Crime Commissioner has worked closely with Director of Finance (Tri-Force Collaboration) and Head of Finance (Nottinghamshire Police) to obtain assurance on the accuracy of the estimates provided. There have been weekly meetings between the Commissioner, Chief Constable and their professional officers.

The impact of the difficult year of 2015-16 continues to affect our levels of reserves and therefore financial resilience. The recruitment of a Head of Finance has improved the financial control within the force and ensures that previous budgeting errors will not be replicated. This is supported through regular meetings and budget monitoring improvements.

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 this will be monitored monthly, with alternative savings needing to be identified if the initial plans cannot be delivered.

The balanced budget is based upon the recommended 1.95% increase in Council Tax for 2017-18.