



Nottinghamshire

POLICE & CRIME COMMISSIONER

Precept 2018-19

January 2018

The Police & Crime Commissioner's

Precept 2018-19

Letter from the Minister

In announcing the Provisional Settlement figures for Police Grant the Minister has made the following comments:

- The total increase to Police funding will be up to £450m.
- The Flat Cash settlement of the last two years would not continue. Forces would receive the same amount of grant in 2018-19 as it received in 2017-18. The Flat cash settlement would have seen a reduction in Police grant of £60m nationally.
- Precept flexibility has been provided and therefore Commissioners will be able to increase their council tax precept levels by £12, before the need to call a referendum. This gives Commissioners flexibility for their area to protect the front line. If all Commissioners use this flexibility there will be a total increase in funding of £270m.
- Increased investment will be made in national priorities, such as police technology and Special Grant, increasing by £130m compared with 2017-18, and an increase to Counter Terrorism of £50m.
- The protection offered by this settlement must be matched by a serious commitment from Commissioners and Chief Constables to reform and improve productivity and efficiency.

Introduction

In light of the assumptions and opportunity made available by the Minister the Nottinghamshire Police & Crime Commissioner is proposing a precept increase of £11.97 for the 2018-19 financial year.

This increase in the precept supports the budget report and Commissioners commitment to increase in police officer numbers and a further commitment to Rural and Knife Crime initiatives and Victims Services. Further priorities include crime prevention and partnership working, all vital to community safety.

This budget supports fully the Police & Crime Plan for 2018-19.

Government Assumptions

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

Previous reductions to grant reflecting potential precept are no longer continuing. This ensures that resources raised locally will remain local. Grant will remain at the same level for the next two financial years.

The Government has also announced a relaxation in the precept cap and Commissioners have the opportunity to increase precept by up to £12 on a Band D property. The indication is that this relaxation will continue into 2019-20.

This is better news than originally forecast for Nottinghamshire.

Future outlook

The Government settlement will allow for operational plans to increase police numbers and capabilities in new crime areas to take place. However, there needs to be careful consideration of the effect of recruiting significant numbers of police officers and the impact of incremental progression that will occur assuming precept is capped at the current rate of 2% from 2020-21 onwards.

Early in the New Year the Minister will be issuing targets for each force relating to efficiency and productivity. The Commissioner has been discussing these targets directly with the Home Office. The force will have to report regularly on activity in achieving these targets.

Supporting Reports

The Budget Report and the Medium Term Financial Strategy Report on today's agenda details further the plans for 2018-19 and beyond.

The detailed budget for 2018-19, 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 is currently out for consultation.

This report is based upon actual information 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 Strategy, 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 2018-19 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, remain a risk for an organisation of this size, although the risk is now lower as the Force have made additional contributions to reserves within 2016-17. This will continue into the medium term. 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 £11.97 increase in the Police & Crime Precept on the Council Tax Band D.
- **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 £12 increase on the precept for all Police and Crime Commissioners. The proposed increase of £11.97 is in line with this years change (further detail is provided in **Section 6**).

1. COUNCIL TAX BASE

For 2018-19 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. The actual tax base has increased by 1.60% overall, slightly less than last year's increase of 1.70%.

| Tax base | Band D Properties 2017-18 No | Band D Properties 2018-19 No (act.) | Change % |
|-------------------|---|--|---------------------|
| Ashfield | 32,546.20 | 33,140.50 | 1.83 |
| Bassetlaw | 33,916.77 | 34,231.95 | 0.93 |
| Broxtowe | 33,126.78 | 33,448.29 | 0.97 |
| Gedling | 36,306.09 | 36,637.56 | 0.91 |
| Mansfield | 28,894.98 | 28,905.50 | 0.04 |
| Newark & Sherwood | 37,828.75 | 38,320.19 | 1.30 |
| Nottingham City | 63,368.00 | 65,389.00 | 3.19 |
| Rushcliffe | 41,777.00 | 42,610.10 | 1.99 |
| Total | 307,764.57 | 312,683.09 | 1.60 |

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 2018-19 the surplus continues to be created as collection rates are better than anticipated. A breakdown is provided in the table below:

| Surplus/(deficit) | Collection Fund | |
|-------------------|------------------------|----------------|
| | 2017-18 | 2018-19 |
| | £ | £ |
| Ashfield | 27,686 | 32,202 |
| Bassetlaw | 140,000 | nil |
| Broxtowe | 82,751 | 42,810 |
| Gedling | (157,500) | nil |
| Mansfield | 280,649 | nil |
| Newark & Sherwood | 73,147 | 59,043 |
| Nottingham City | 442,041 | 370,813 |
| Rushcliffe | 17,381 | (35,499) |
| Total | 906,155 | 469,369 |

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 2018-19 at £9.7m. This grant will be considered as part of the Funding Formula Review.

4. CONSULTATION

APPROACH

The Nottinghamshire Police and Crime Commissioner (PCC) has a statutory duty under the Police Reform and Social Responsibility Act 2011 to obtain the views of local people and ratepayers' on budget and precept proposals; consult with local people on policing and engage with local people in setting police and crime objectives.

In fulfilling these duties, Nottinghamshire OPCC directly engaged with over 3,000 residents during 2017 in addition to supporting local authority consultation with a further 3,750 residents. The PCC's newly commissioned Police and Crime Survey was central to this approach and is now providing a more robust and representative sample of public opinion than has ever been achieved previously.

KEY FINDINGS

Findings from the Police and Crime Survey 2017 indicate that there is, on balance, strong and increasing support for an increase in the council tax precept for policing among local residents.

Around 59% of residents support an increase in the council tax precept for policing when those that are unsure are omitted from the profile. This represents a 7% point increase when compared to results obtained in 2016.

The proportion supporting an increase within the limits of the referendum threshold increased by around 8% points to 40% in the last year while the proportion supporting a precept rise in excess of the £12 per annum referendum threshold saw a marginal (non-significant) increase of 2% pts to 19%.

Personal economic circumstances remain the most common reason for respondents not supporting a rise in the precept for policing, with previous qualitative research indicating widespread objections to central government cuts to policing more generally. For many, support for an increase in policing precept was offered on the condition that this supported an uplift in visible neighbourhood presence.

While over a third of all respondents (36%) were not aware of the scale of cuts to policing funding since 2010, the areas which had greatest awareness were also more likely to support an increase in the precept for policing.

Just over half of all respondents (52%) felt that funding cuts had affected policing in their area, with the impact most often being reported as a reduction in neighbourhood policing presence. This reflects findings nationally which indicate reductions in perceived officer foot patrols in local areas.

KEY RECOMMENDATIONS

The Police and OPCC may wish to consider:

- Maximising use of the newly commissioned Police and Crime Survey to improve targeted communications and engagement on police spending and priorities – particularly among communities feeling more information was required.
- Providing residents with further information as to how any additional revenue from the precept would be spent and working to ensure public expectations of the service are effectively managed.
- Further proactive communication with local residents and rate payers to demonstrate what is being delivered and achieved by the service - particularly in areas of high impact but often less visible policing.
- Further lobbying of central government for increases in police funding given strong public support for this approach.
- Continuing to drive organisational efficiencies through greater prioritisation, reducing waste / bureaucracy and making better use of technology.
- 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.
- Further exploring the public / community offer in preventing crime and ASB 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. The Secretary of State is required to set out principles annually, determining what increase is excessive. For 2018-19 the principles state that, for Police and Crime Commissioners, an increase of more than £12 in the basic amount of council tax between 2017-18 and 2018-19 is excessive. For 2018-19 the relevant basic amount is calculated as follows:

Formula:

| | |
|--|--|
| <u>Council Tax Requirement</u> | = Relevant basic amount of council tax |
| Total tax base for police authority area | |

Nottinghamshire 2018-19 estimated calculation:

| | |
|-----------------------|-----------|
| <u>£61,095,148.96</u> | = £195.39 |
| 312,683.09 | (£11.97) |

This year the Referendum limit has been announced at the time of settlement notifications. It has been set at £12 for 2018-19.

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 2018-19 result in a Police and Crime Precept on the Council Tax of £195.39 for a Band D property, representing an increase of £11.97.

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:

| | 2017-18 Budget £m | 2018-19 Budget £m | Increase/ Decrease £m |
|--------------------|----------------------------------|----------------------------------|--------------------------------------|
| Budget | 190.1 | 193.1 | 3.0 (+) |
| External Income | 134.0 (-) | 133.9 (-) | 0.1 (+) |
| Collection Surplus | 0.9 (-) | 0.5 (-) | 0.4 (+) |
| Reserves | 1.2 (+) | 2.4 (+) | 1.2 (+) |
| Precept | 56.4 (-) | 61.1 (-) | 4.7 (-) |
| Council Tax Base | 307,765 | 312,683 | 4,918 |
| Council Tax Band D | £183.42 | £195.39 | £11.97 |
| Council Tax Band A | £122.28 | £130.26 | £7.98 |

The overall Police and Crime Precept to be collected on behalf of the Police and Crime Commissioner for 2018-19 is:

| | |
|---|-----------|
| | £m |
| Budgeted Expenditure | 193.1 (+) |
| Less income from: | |
| Police & Crime Grant | 124.2 (-) |
| Legacy Council Tax Grant | 9.7 (-) |
| Collection Fund surplus | 0.5 (-) |
| Net contribution to/from Balances | 2.4 (+) |
| Police & Crime Precept on the Council Tax | 61.1 (-) |

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 | 2017-18 £ | 2018-19 £ |
|-------------|----------------------|----------------------|
| A | 122.28 | 130.26 |
| B | 142.66 | 151.97 |
| C | 163.04 | 173.68 |
| D | 183.42 | 195.39 |
| E | 224.18 | 238.81 |
| F | 264.94 | 282.23 |
| G | 305.70 | 325.65 |
| H | 366.84 | 390.78 |

Amounts to be raised from Council Tax in each billing authority area 2018-19:

| | Precept amount to be collected £ | Collection Fund Surplus/(Deficit) £ | Total amount due £ |
|----------------------|--|---|-----------------------|
| Ashfield | 6,475,322.30 | 32,202.00 | 6,507,524.30 |
| Bassetlaw | 6,688,580.71 | Nil | 6,688,580.71 |
| Broxtowe | 6,535,461.38 | 42,810.00 | 6,578,271.38 |
| Gedling | 7,158,612.85 | Nil | 7,158,612.85 |
| Mansfield | 5,647,845.65 | Nil | 5,647,845.65 |
| Newark & Sherwood | 7,487,381.92 | 59,043.00 | 7,546,424.92 |
| Nottingham City | 12,776,356.71 | 370,813.00 | 13,147,169.71 |
| Rushcliffe | 8,325,587.44 | (35,499.00) | 8,361,086.44 |
| Total | 61,095,148.96 | 469,369.00 | 61,564,517.96 |

Collection Dates

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

| | £ |
|--------------------|-----------------------------|
| <u>2018</u> | |
| 20 April | 6,156,456.00 |
| 29 May | 6,156,456.00 |
| 03 July | 6,156,456.00 |
| 07 August | 6,156,456.00 |
| 12 September | 6,156,456.00 |
| 17 October | 6,156,456.00 |
| 21 November | 6,156,456.00 |
| <u>2019</u> | |
| 02 January | 6,156,456.00 |
| 06 February | 6,156,456.00 |
| 13 March | 6,156,413.96 |
| | <u>61,564,517.96</u> |

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.

2016-17 was a turnaround year for the Force Finances. The improved internal controls and tighter management has resulted in more of the reserves being replenished earlier than originally estimated. Indications to date are that the force will exceed the level of efficiencies required to balance the budget for 2017-18.

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 £11.97 band D increase in Council Tax for 2018-19.