



Nottinghamshire

POLICE & CRIME COMMISSIONER

DRAFT
Precept 2016-17

January 2016

The Police & Crime Commissioner's

Precept 2016-17

Introduction

The Nottinghamshire Police & Crime Commissioner is proposing a precept increase of 1.99% for the 2016-17 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 this requires significant savings to balance the 2016-17 budget. And for the two years following further efficiencies will be required to reduce base expenditure.

Strategic Alliance

At a meeting of PCCs and Chief Constables on Thursday 17 December, it was agreed that there is a real potential for the creation of a single policing model for three forces – Nottinghamshire, Leicestershire and Northamptonshire.

As a result it was agreed that a more detailed business case will now be developed to define what such an Alliance could constitute, with an intention to introduce unified leadership, a single way of working, uniformity in systems, training, policy and procedures, to ensure a consistently high quality standard of service across the three forces.

The first phase of the Strategic Alliance will look at early alignment across the contact management departments by June 2017 and if the detailed business case proves viable, a full Alliance could be in place by 2020.

Where possible, the budgets for Leicestershire, Northamptonshire and Nottinghamshire have been prepared on common assumptions for Pay Awards, and inflation, creating a common baseline. Discussions continue nationally with the Home Office, PACCTS and the three forces/PCCs to determine common grant assumptions.

Work on the full Business Case which will be completed in Spring 2016 and this will include detailed work on the costs and timings of the Strategic Alliance, together with a preferred funding methodology.

Given these timescales, and that some investment is also subject to Innovation Fund Bids, it is not possible to include this information within the three PCC budgets or Precept reports for 2016/17. Therefore, in respect of Nottinghamshire, costs for Strategic Alliance work will be met from the Capital Programme once identified by the full Business Case and it is intended that an update will be provided on the Treasury Management Strategy and Capital Programme (including revenue consequences) to the June 2016 Police and Crime Panel meeting.

Supporting Reports

The Budget Report and the Medium Term Financial Report on today's agenda details further the plans for 2016-17 and beyond.

The detailed budget for 2016-17, 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 a DRAFT REPORT based upon estimated data.

The City and District Councils are required by law to provide actual data on the tax base and the Collection Fund Surplus/Deficit for their area by 31st January.

The Final Settlement of Grant funding will not be confirmed until the 3rd February at the earliest.

This report is written based upon the latest available estimates at the time of writing the report.

Where actual data is made available this will be tabled at the Police and Crime Panel meeting on 1st February 2016 and in the decision record that follows that meeting.

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 2016-17 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 2016 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, whilst not excessive are currently adequate to cover the purposes for which they are held and provide some robustness against the risks identified within the budget. It is noted that Nottinghamshire's reserves are the third 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 1.99% 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 all Police and Crime Commissioners. The proposed increase of up to 1.99% is just below the limit set (further detail is provided in **Section 6**).

1. COUNCIL TAX BASE

For 2016-17 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 estimated tax base as notified by the unitary and district councils (Billing Authorities) has increased by 1.84% overall, constant with last year's increase of 1.83%. This information has to be confirmed in writing by 31 January, the statutory deadline.

Tax base	Band D Properties 2015-16 No	Band D Properties 2016-17 No ESTIMATED	Change %
Ashfield	31,052.20	31,856.00	2.59
Bassetlaw	32,545.35	33,140.00	1.83
Broxtowe	32,400.60	33,048.61	2.00
Gedling	35,610.06	35,760.06	0.42
Mansfield	27,751.40	28,028.91	1.00
Newark & Sherwood	36,770.96	37,690.40	2.50
Nottingham City	61,047.00	62,091.00	1.71
Rushcliffe	39,923.10	40,960.00	2.60
Total	297,100.67	302,574.98	1.84

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 2016-17 the surplus continues to increase as collection rates are better than anticipated. A breakdown is provided in the table below:

Surplus/(deficit)	Collection Fund	
	2015-16 £	2016-17 ESTIMATED £
Ashfield	114,087	
Bassetlaw	105,189	
Broxtowe	30,472	
Gedling	83,253	
Mansfield	46,542	
Newark & Sherwood	0	
Nottingham City	252,916	
Rushcliffe	80,186	
Total	712,645	TBC

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

3. COUNCIL TAX FREEZE GRANT

For 2016-17 the Government has not offered a freeze grant equivalent to a 1.0% increase in the council tax. It has assumed that there will be a 2% increase in precepts across the Country.

4. 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 2016-17 at £9.7m. This grant will be considered as part of the Funding Formula Review.

5. 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 2015/16 in line with the Commissioner's duty to consult local communities on their priorities and perceptions. This report presents a consolidated picture of the consultation and research methods employed and their headline findings in order to inform the Police and Crime Plan 2016/18, setting of the 2016/17 precept for policing and broader policy and planning activity.

The consultation activities have included:

- Evidence collected through the Nottingham City Council and the City's Crime and Drugs Partnership Annual Respect Survey and the Nottinghamshire County Council Annual residents Satisfaction Survey 2015.
- The Commissioner's online consultation questionnaire and public opinion poll.
- Focus groups commissioned in Nottingham (City), North Nottinghamshire (Worksop) and Nottinghamshire (Mansfield).
- Additional local public engagement activity in Nottingham and Nottinghamshire.

KEY FINDINGS

Public consultation and engagement activity undertaken in 2015 indicates that the proportion of residents supporting a rise in the council tax precept for policing remains marginally higher than the proportion that do not.

Around a quarter of respondents, however, were not sure whether they supported an increase in the precept or not. Residents aged 18 to 24 appear most uncertain as to whether they support increase.

Reflecting findings from previous years, Nottingham City residents are marginally more likely to not support an increase in their council tax precept. Those that do not support an increase predominantly feel that they already pay enough or cannot afford to pay more.

Qualitative research indicates that while many residents are prepared to pay more for policing, they also require greater transparency is required with regard to spending, service delivery and value for money.

Many residents also feel that that any rise in precept should be used to protect and increase visible local policing and improve efficiency and effectiveness.

While around three quarters of all respondents to local authority level surveys felt unsure as to where future financial savings to the police service should be made, there appears to be a commonly held view that efficiencies can be made through better prioritisation, reducing bureaucracy, improving the workforce balance and reducing the senior ranks/pay.

A significant proportion of respondents also supported reductions in the cost and role of the Police and Crime Commissioner/Office, better use of specials and volunteers and exploring opportunities for fundraising and revenue.

Reflecting national findings, burglary, youth-related ASB and drug use and dealing remain the most prevalent crime and community safety related concerns for local residents.

Support for the Police and Crime Commissioner's strategic priorities appears strong – most notably with regard to the priority of protecting, supporting and responding to victims, witnesses and vulnerable people.

KEY RECOMMENDATIONS

The Police and OPCC should:

- Continue to inform, consult and engage local communities with regard to more detailed savings plans and their implications and understand the views of those who are most likely to feel unsure as to whether they would be prepared to pay more for policing (e.g. people aged 18 to 24).
- Further develop the profile of community issues and concerns, particularly through the use of segmentation tools and findings from other local engagement activity and neighbourhood level priority setting.
- Ensure community issues and concerns identified are used to inform approach to community reassurance and engagement, particularly in providing residents with the information and advice that they need to be safe and feel safe.
- Continue to ensure openness and transparency in demonstrating how value for money is being delivered. This appears to be key factor in securing public support for rises in the local council tax precept for policing.

- Continue to provide feedback to communities on the feasibility and cost/benefit of different saving options and planned activity, informed by public views presented via the 2015 consultation.
- Maximise opportunities to raise public awareness and understanding with regard to community and volunteering roles and opportunities, the role, activity and outcomes of the Police and Crime Commissioner and the way in which policing resources are used and prioritised.
- Consider opportunities to:
 - o Develop understanding of the level of increase that local residents support and explore views in respect of the referendum implications of a precept rise exceeding 1.99%
 - o Standardise question sets and develop a structured programme of public consultation and engagement activity in partnership with other agencies.
 - o Develop, co-ordinate and where possible consolidate research that explores fear and perception of crime and ASB and community priorities in order to deliver economies of scale and benchmarking opportunities.

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 2016-17 the principles state that, for Police and Crime Commissioners, an increase of more than 2% in the basic amount of council tax between 2015-16 and 2016-17 is excessive.

For 2016-17 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 2016-17 estimated calculation:

$$\frac{£54,436,264.65}{302,574.98} = £179.91 \text{ (1.99\%)}$$

With a 2% increase the Band D equivalent charge would be £179.93.

This year the Referendum limit has been announced at the time of settlement notifications. It has been set at 2% for 2016-17.

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 2016-17 result in a Police & Crime Precept on the Council Tax of £179.91 for a Band D property, representing an increase of 1.99%.

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 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:

	2015-16 Budget £m	2016-17 Budget £m	Increase/ Decrease £m
Budget	191.2	190.2	1.0 (-)
External Income	136.5 (-)	135.8 (-)	0.7 (-)
Collection Surplus	0.7 (-)	Tbc* (-)	(-)
Reserves	1.6 (-)	tbc** (-)	(-)
Precept	52.4 (-)	54.4 (-)	2.0 (-)
Council Tax Base	297,100	302,574	5,474
Council Tax Band D	£176.40	£179.91	£3.51
Council Tax Band A	£117.60	£119.94	£2.34

* Collection fund surplus/deficit total unconfirmed at time of the panel meeting transferred to reserves

** £0.0m requested to balance the budget.

The overall Police & Crime Precept to be collected on behalf of the Police & Crime Commissioner for 2016-17 is:

	£m	
Budgeted Expenditure	190.2	+
Less income from:		
Police & Crime Grant	126.1	(-)
Legacy Council Tax Grant	9.7	(-)
Collection Fund surplus	tbc	(-)
Net contribution to/from Balances	tbc	(-)
Police & Crime Precept on the Council Tax	54.4	(-)

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	2015-16 £	2016-17 £
A	117.60	119.94
B	137.20	139.93
C	156.80	159.93
D	176.40	179.91
E	215.60	219.89
F	254.80	259.87
G	294.00	299.85
H	352.80	359.82

Amounts to be raised from Council Tax in each billing authority area 2016-17:

	ESTIMATED Precept amount to be collected £	Collection Fund Surplus/(Deficit) £	Total amount due £
Ashfield	5,731,212.98		5,731,212.98
Bassetlaw	5,962,217.40		5,962,217.40
Broxtowe	5,945,775.43		5,945,775.43
Gedling	6,433,592.39		6,433,592.39
Mansfield	5,042,681.20		5,042,681.20
Newark & Sherwood	6,780,879.86		6,780,879.86
Nottingham City	11,170,791.81		11,170,791.81
Rushcliffe	7,369,113.60		7,369,113.60
Total	54,436,264.65	TBC	54,436,264.65

Collection Dates

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

	£
<u>2016</u>	
20 April	5,443,626.46
26 May	5,443,626.46
01 July	5,443,626.46
05 August	5,443,626.46
12 September	5,443,626.46
17 October	5,443,626.46
21 November	5,443,626.46
<u>2017</u>	
03 January	5,443,626.46
02 February	5,443,626.46
09 March	5,443,626.51
	54,436,264.65

8. ROBUSTNESS OF THE ESTIMATES

The Chief Finance Officer to the Police & Crime Commissioner has worked closely with Director of Finance (Strategic Alliance) 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.

2015-16 has proven to be a hard year in achieving the balanced budget set in February 2015. Errors in estimated budgets have been identified as the main cause for concern and therefore new controls have been required to ensure such errors would not recur in the future. Internal Audit has reviewed the problems that have occurred and the processes subsequently put in place by way of control.

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. There are insufficient reserves to provide relief should the efficiency plan fail to be delivered.

The balanced budget is based upon the recommended 1.99% increase in Council Tax for 2016-17.