



Nottinghamshire

POLICE & CRIME COMMISSIONER

Precept 2019-20

January 2019

The Police & Crime Commissioner's

Precept 2019-20

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 £970m of which £813m will be for local policing.
- This will be made up of £509m from precept, £143m pension grant and £161m in additional core grant funding.
- Precept flexibility has been provided and therefore Commissioners will be able to increase their council tax precept levels by £24, 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 £509m.
- Increased investment will be made in national priorities, such as police technology and an increase to Counter Terrorism of £280m.
- Commissioners and Chief Constables must continue to reform and improve productivity and efficiency, with a target of £50m for 2019-20.

Introduction

In light of the assumptions and opportunity made available by the Minister the Nottinghamshire Police & Crime Commissioner is proposing a precept increase of £23.94 for the 2019-20 financial year.

This increase in the precept supports the budget report and Commissioners commitment to increase in police officer numbers in our neighbourhoods and in a dedicated robbery team; a further commitment to Rural Crime initiatives and a focus on Knife and Hate Crime prevention activity aimed at the younger people in our communities. The Commissioner also supports Victims Services through formal contracts and grants with the third sector. Further priorities include crime prevention and partnership working, all vital to community safety.

This budget supports fully the Police & Crime Plan for 2019-20.

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.

Firstly, it provides some additional resource to the main police grant, which will assist with the increased cost pressures. This increase is in the core police grant and is therefore likely to continue in future years.

There has also been an additional Treasury Grant for the remainder of the funding gap unintentionally created by changes to the assumptions for the triennial valuation of police pensions. However, this is likely to be a one year grant, therefore creating a gap in future years.

The £12 precept freedom indicated as part of the two year settlement in December 2017 has now been increased to £24. The impact of Brexit is that it is uncertain there will be any additional funding available for Policing within the next CSR period. The Home Office have commented that it expects any future funding gap, from inflationary pressures, to be resourced from continued precept freedoms. Further detail on what impact this will have in Nottinghamshire is provided in the Medium Term Financial Strategy.

Future outlook

The Government settlement will allow for operational plans to increase police numbers and capabilities in new crime areas to continue. 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.

This year a triennial valuation of the Police Pension Fund was undertaken by the Government Actuaries. This has had a significant impact on budget and medium term financial planning. The additional grants for 2019-20 were welcome and cover the anticipated increase in costs. However, one of the grants is not likely to continue and this then becomes an issue for the CSR planned to take place this year.

The Minister has again announced a national efficiency target which will be met through procurement savings and increased shared services for support functions.

Supporting Reports

The Budget Report and the Medium Term Financial Strategy Report on today's agenda details further the plans for 2019-20 and beyond.

The detailed budget for 2019-20, the Medium Term Financial Strategy, the Reserves Strategy, the 4 Year Capital Programme, the Capital Strategy 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 declared 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 impact of Brexit is uncertain. The Treasury focussed on the NHS and its funding requirements. The grants provided to policing for 2019-20 ensure a stable financial position, but this is not guaranteed other than through continued precept freedoms into the future.
- **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. This is now a key indicator of financial sustainability.
- **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 2019-20 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. This is lower than the 5% limit set by the Home Office. The Chief Finance Officer considers that all of the earmarked reserves set out in the Reserves Strategy remain a risk and continues to monitor them and their planned usage. This will continue into the medium term.
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 £23.94 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 £24 increase on the precept for all Police and Crime Commissioners. The proposed increase of £23.94 is in line with this years change (further detail is provided in **Section 6**).

1. COUNCIL TAX BASE

For 2019-20 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 1.37% overall, slightly less than last year's increase of 1.60%.

| Tax base | Band D Properties 2018-19 No | Band D Properties 2019-20 No | Change % |
|-------------------|---------------------------------------|---------------------------------------|-------------|
| Ashfield | 33,140.50 | 33,542.50 | 1.21 |
| Bassetlaw | 34,231.95 | 34,794.99 | 1.64 |
| Broxtowe | 33,448.29 | 33,674.71 | 0.68 |
| Gedling | 36,637.56 | 37,007.37 | 1.01 |
| Mansfield | 28,905.50 | 29,219.90 | 1.09 |
| Newark & Sherwood | 38,320.19 | 38,771.64 | 1.18 |
| Nottingham City | 65,389.00 | 66,766.00 | 2.11 |
| Rushcliffe | 42,610.10 | 43,178.50 | 1.33 |
| Total | 312,683.09 | 316,955.61 | 1.37 |

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 2019-20 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 | |
|-------------------|-----------------|----------------|
| | 2018-19 £ | 2019-20 £ |
| Ashfield | 32,202 | 7,664 |
| Bassetlaw | nil | 61,944 |
| Broxtowe | 42,810 | 53,810 |
| Gedling | nil | Nil |
| Mansfield | nil | 50,073 |
| Newark & Sherwood | 59,043 | Nil |
| Nottingham City | 370,813 | 92,473 |
| Rushcliffe | (35,499) | (99,576) |
| Total | 469,369 | 166,388 |

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 2019-20 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 and to consult and engage with local people on policing and in setting police and crime objectives.

In fulfilling these requirements, Nottinghamshire OPCC consulted 4,100 residents across the force area representative at CSP level by age gender, ethnicity and deprivation. The consultation was undertaken over four quarterly waves between January and December 2018 as part of the Commissioner's Police and Crime Survey and provided a more stable, robust and representative sample of public opinion on the precept than has ever previously been achieved.

Residents were asked to what extent they supported an increase in the policing precept up to or exceeding the referendum threshold, and if not, their reason for not supporting an increase. Options were based on the revised threshold flexibility provided in December 2017 (£12 cap) and were unable to take account of subsequent government announcements on 13th December 2018 which extended the referendum cap to £24 per year for a Band D property. Questions contained within the Police and Crime Survey in 2019 will be 'future-proofed' to take account of any further flexibilities or restrictions imposed going forward. Wave 6 of the survey will report mid-March and includes revised questions on the additional precept freedoms.

KEY FINDINGS

Results from the Police and Crime Survey 2018 indicate that on balance, there remains strong support for an increase in the council tax precept for policing among local residents. Around 58% of residents support an increase in the council tax precept for policing when those that are unsure are omitted from the profile. This represents remains similar to findings obtained in 2017.

The proportion supporting an increase within the limits of a £12 referendum threshold increased from 40% to 45.4% in 2018, while the proportion supporting a precept rise that substantially exceeds the threshold fell from 19% to 12%. It is not known to what extent the government's decision extend the referendum cap would have had on responses this question, however it is

reasonable to assume that a larger proportion of respondents would have supported the higher band increase with the knowledge that a referendum not be triggered.

Across all CSP areas, the proportion supporting an increase in the policing precept exceeds the proportion that does not. Support remains strongest in South Nottinghamshire (64%), but has fallen markedly across Bassetlaw, Newark and Sherwood from 62% to 55%. The proportion of respondents feeling unable to answer the question or requiring more information also increased from 18% in 2017 to 22% in 2018, indicating opportunities for further qualitative engagement.

Personal economic circumstances remain the most common reason for respondents not supporting a rise in the precept for policing, with previous qualitative research highlighting objections to central government cuts to policing more generally. Public awareness of the level of cuts to policing (64%) has remained relatively stable over the last year, with those that are aware of the scale of cuts remaining more likely to support an increase in the precept.

The proportion of respondents that feel funding cuts have affected policing in their area increased by a further 3.3% points in 2018, from 51.1% to 54.4%. This remains significantly higher in Bassetlaw, Newark and Sherwood and Mansfield and Ashfield where 61% and 57% of respondents respectively feel that cuts have affected policing in their area. Reduction in neighbourhood policing presence was the most commonly cited impact across all areas.

KEY RECOMMENDATIONS

The Police and OPCC should consider:

- Maximising use of the Police and Crime Survey to improve targeted communications and engagement on police spending and priorities – particularly among those feeling unsure or that more information is required.
- Providing further detail on proposals for how additional revenue from the precept would be spent and working to ensure public expectations of the service are effectively managed.
- Further proactive engagement with local residents and rate payers to demonstrate how police resources are currently used and what outcomes are being achieved - particularly in less visible areas of safeguarding and public protection.

- Revise Police and Crime Survey question set to account for the revised precept flexibilities announced by central government on 13 December 2018 and 'future-proof' the survey against any further changes in precept flexibility afforded in 2019.

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 2019-20 the principles state that, for Police and Crime Commissioners, an increase of more than £24 in the basic amount of council tax between 2018-19 and 2019-20 is excessive. For 2019-20 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 2019-20 estimated calculation:

$$\frac{\underline{\pounds 69,517,873.94}}{316,955.61} = \pounds 219.33$$

(£23.94)

This year the Referendum limit has been announced at the time of settlement notifications. It has been set at £24 for 2019-20.

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 2019-20 result in a Police and Crime Precept on the Council Tax of £219.33 for a Band D property, representing an increase of £23.94.

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:

| | 2018-19 Budget £m | 2019-20 Budget £m | Increase/ Decrease £m |
|--------------------|----------------------------------|----------------------------------|--------------------------------------|
| Budget | 193.1 | 206.3 | 13.2 (+) |
| External Income | 133.9 (-) | 138.6 (-) | 4.7 (-) |
| Collection Surplus | 0.5 (-) | 0.2 (-) | 0.3 (+) |
| Reserves | 2.4 (+) | 2.0 (+) | 0.4 (-) |
| Precept | 61.1 (-) | 69.5 (-) | 8.4 (-) |
| Council Tax Base | 312,683 | 316,956 | 4,273 |

| | | | |
|--------------------|---------|---------|--------|
| Council Tax Band D | £195.39 | £219.33 | £23.94 |
| Council Tax Band A | £130.26 | £146.22 | £15.96 |

The overall Police and Crime Precept to be collected on behalf of the Police and Crime Commissioner for 2019-20 is:

| | | |
|---|-----------|-----|
| | £m | |
| Budgeted Expenditure | 206.3 | (+) |
| Less income from: | | |
| Police & Crime Grant | 126.9 | (-) |
| Legacy Council Tax Grant | 9.7 | (-) |
| Pension Grant | 2.0 | (-) |
| Collection Fund surplus | 0.2 | (-) |
| Net contribution to/from Balances | 2.0 | (+) |
| Police & Crime Precept on the Council Tax | 69.5 | (-) |
| | | |

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

| Band | 2018-19 £ | 2019-20 £ |
|----------|---------------|---------------|
| A | 130.26 | 146.22 |
| B | 151.97 | 170.59 |
| C | 173.68 | 194.96 |
| D | 195.39 | 219.33 |
| E | 238.81 | 268.07 |
| F | 282.23 | 316.81 |
| G | 325.65 | 365.55 |
| H | 390.78 | 438.66 |

Amounts to be raised from Council Tax in each billing authority area 2019-20:

| | Precept amount to be collected £ | Collection Fund Surplus/(Deficit) £ | Total amount due £ |
|----------------------|--|---|-----------------------|
| Ashfield | 7,356,876.53 | 7,664.00 | 7,364,540.53 |
| Bassetlaw | 7,631,585.16 | 61,944.00 | 7,693,529.16 |
| Broxtowe | 7,385,874.14 | 53,810.00 | 7,439,684.14 |
| Gedling | 8,116,826.46 | 0 | 8,116,826.46 |
| Mansfield | 6,408,800.67 | 50,073.00 | 6,458,873.67 |
| Newark & Sherwood | 8,503,783.80 | 0 | 8,503,783.80 |
| Nottingham City | 14,643,786.78 | 92,473.00 | 14,736,259.78 |
| Rushcliffe | 9,470,340.41 | (99,576.00) | 9,370,764.41 |
| Total | 69,517,873.95 | 166,388.00 | 69,684,261.95 |

Collection Dates

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

| | £ |
|--------------------|--------------|
| <u>2019</u> | |
| 18 April | 6,968,427.00 |
| 29 May | 6,968,427.00 |
| 03 July | 6,968,427.00 |
| 07 August | 6,968,427.00 |
| 12 September | 6,968,427.00 |
| 17 October | 6,968,427.00 |
| 21 November | 6,968,427.00 |
| <u>2020</u> | |
| 02 January | 6,968,427.00 |

| | |
|-------------|----------------------|
| 06 February | 6,968,427.00 |
| 13 March | 6,968,418.95 |
| | <hr/> |
| | 69,684,261.95 |

8. **ROBUSTNESS OF THE ESTIMATES**

The Chief Finance Officer to the Police and Crime Commissioner has worked closely with the 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 replenishment of reserves has not progressed as well as it had in previous years this will potentially impact on the delivery of the full capital programme; which requires funding for a significant investment in the estate. Work has already commenced on a new Custody Suite.

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 £23.94 band D increase in Council Tax for 2019-20.