



**NOTTINGHAMSHIRE
POLICE & CRIME
COMMISSIONER**

Precept 2024-25

January 2024

The Police & Crime Commissioner's

Precept 2024-25

Letter from the Home Secretary and the Minister

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

- Funding nationally for Policing will increase by £843m to £18.4B.
- Up to £922m available to PCCs if precept is maximised, with £425m ringfenced for PUP target maintenance.
- Precept flexibility increased to £13, from £10 in SR2021, on Band D properties, raising up to £298m nationally if all Commissioners take this up.
- Continued support to cover the increase in pension costs, and legacy council tax grants.
- Continued support for National programmes, £1B.
- Continued focus on maintaining PUP numbers, efficiency, productivity and visibility.

Introduction

Considering the budget requirement and opportunity made available by the Minister the Nottinghamshire Police & Crime Commissioner is proposing a precept increase of £12.96 for the 2024-25 financial year.

This increase in the precept goes towards balancing the budget and Commissioner's commitment to maintaining the police officer numbers in our neighborhoods. The priorities of the revised Police and Crime Plan - the 'Make Notts Safe Plan', are fully reflected in our spending plans and include:

- Serious violence and knife crime
- Violence against women and girls
- Neighborhood crimes, including burglary, vehicle crime robbery and rural and retail crime
- Other high harm offences, such as modern slavery, exploitation, and abuse
- Building trust and confidence in the police, and improving visibility of policing.

The Commissioner also supports Victims Services through formal contracts and grants with the third sector, these are seen as having growing importance and continued funding for their activities has been provided for.

This budget reflects the Police & Crime Plan for 2024-25.

Government Assumptions

In 2021 the spending review announcement provided more detail than usual as to what could be expected in a 3 year high level settlement. It was announced that there would be further precept freedoms of up to £10 on a Band D property for the next 3 years, along with increased certainty regarding overall grant levels. The Government intention for this was to ensure adequate resources to deliver the national uplift programme, fund employers national insurance increases (subsequently reversed) and provide for pay awards.

In providing the provisional grant settlement figure in December 2023 the Government has made certain assumptions in relation to the total funding available for Policing.

Firstly, it provides additional resource to the main police grant for the national uplift of 20,000 officers. This increase is in a ringfenced grant and is therefore unclear where this will be included in future years, it is assumed it will be included in the core grant in future. The planning assumption is for target officer numbers to be maintained in 2024-25.

Secondly, the £10 precept freedom previously indicated is increased to £13. The Minister's Statement said '*the Government remains committed to ensuring the police are properly funded without placing an excessive burden on local taxpayers*'.

Future outlook

We are living in uncertain times which have a major impact on the Government funding available for the public sector. There has been pressure to provide increased pay awards across many government departments. It is reassuring to hear that Policing remains a priority, but this is alongside the NHS, education and social care budget pressures, and the cost and repayment of the national debt arising from COVID. Global and national issues impacting on economic circumstances will undoubtedly put pressure on departmental expenditure limits in the coming years. There has been an increase in the number of local authorities issuing section 114 notices, and many planning for service cuts in the forthcoming budget.

The Government remains committed to being able to balance the budget and reduce borrowing, but this is likely to be longer term.

In recent years the Home Office has relied on Police and Crime Commissioners to take advantage of Council Tax freedoms and set above inflation increases to cover some of the inflationary costs no longer provided for within the Policing Grant. For 2024-25 the maximised precept of £13 is a 4.8% increase in Nottinghamshire but this varies across PCCs, the December 2023 rate of inflation was 4%.

There are positive signs with 5 out of the 8 District/City councils declaring a surplus on the collection fund, therefore an overall surplus on collection is estimated for 2024-25.

The impact on the council tax base, which last year saw the base increase by 1.42%, looks to be declining with this year's increase of 1.2% a little below expectations.

The Government is also keen to ensure that it maintains its target of an additional 20,000 Police Officers into 2024/25.

The revaluation of the Police Pension Scheme has had further impacts on the employer's rate, and additional funding has been made available for this. The cost of the McCloud remedy being implemented has received some specific additional funding, with any further costs being considered in the next spending review.

Supporting Reports

The draft Revenue Budget, MTFP and Capital Programme decision record, and the draft Financial Strategy and VfM Financial Plan on today's agenda details further the plans for 2024-25 and beyond.

The detailed draft revenue budget for 2024-25, the draft Medium Term Financial Strategy, the draft Capital Programme and the draft Reserves position, are provided for information purposes to the Police & Crime Panel. These have been compiled to support the delivery of the Police & Crime Plan.

These reports are based upon declared information provided by the Billing Authorities to date.

Process

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

- **The Government policy on police spending** – the issues highlighted earlier mean that the Treasury continues to face competing pressures from various departments. The grants provided to policing for 2024-25 provide for the continuation of additional police officers promised by the Prime Minister but is also predicated on maximum use of precept flexibility.
- **The medium term implications of the budget and capital programme** - the separate report sets out the Medium Term Financial Plan and an affordable capital programme, which is regularly reviewed and updated. This is now a key indicator of financial sustainability.
- **The CIPFA Prudential Code** - the separate Treasury Management Strategy 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 2024-25 and the Medium Term Financial Plan. The strategy will be reviewed by the Audit Committee in March 2024 prior to publication.

- **The size and adequacy of general and specific earmarked reserves** - the current forecast of the general reserve at 31 March 2024 is £9m. This is 3.4% of NRE (Net Revenue Expenditure), higher than the minimum 2% of NRE 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% guideline set by the Home Office. The Chief Finance Officer considers that all of the earmarked reserves set out in the Reserves Strategy are valid and continues to monitor them and their planned usage. This will continue into the medium term.
- **Whether the proposal represents a balanced budget for the year** - the assurances about the robustness of the estimates are set out in the draft budget decision at annex A. The budget is in balance based upon an assumed £12.96 increase in the Police Council Tax Band D, along with efficiency savings and use of reserves.
- **The impact on Council Tax** - this is covered in **Section 6** of this report.
- **The risk of referendum** – the threshold set for requiring a referendum is a £13 increase on the precept for all Police & Crime Commissioners. The proposed increase of £12.96 is below the level that would require a referendum, (further detail is provided in **Section 5**).

1. COUNCIL TAX BASE

- 1.1 For 2024-25 the Billing Authorities continue with the local Council Tax Support Schemes introduced in 2013-14. The Billing Authorities have considered the unemployment and benefits demographics and the likelihood of further non-collection when setting the tax base for 2024-25.
- 1.2 The Billing Authorities have therefore estimated an overall increase of 1.21% which is lower than the expected increase, compared to last year's increase of 1.42%. The taxbase in 2023-24 was 332095.38. The information provided for 2024-25 currently is a taxbase of 336113.21.

2. COLLECTION FUND POSITION

- 2.1 Each billing authority uses a Collection Fund to manage the collection of the Council Tax, for 2024-25 the overall estimated surplus is currently £941k after the spreading adjustment.

3. GRANTS

- 3.1 The total core grants now stand at £188.8m, compared to £159.9¹m in 2022-23. £9m of the core grant is associated with the police officer uplift programme and is ringfenced for maintaining PUP target officer numbers (2,408 for Nottinghamshire).
- 3.2 Council Tax Legacy Grant is received by Commissioners for each Policing area. There is no change in the Legacy Grant for 2024-25 at £9.7m. This grant will be considered as part of the Funding Formula Review. The pensions grant allocation has been increased to £6.9m in 2024-25 from £2m in previous years.
- 3.3 In addition to core funding there are specific grants which fund specific activity. They are included in both income and expenditure and net to nil in the budget.

4. CONSULTATION

- 4.1 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

¹ Adjusted to include the 2023 pay award funding

local people and taxpayers on budget and precept proposals and to consult and engage with local people on policing and in setting police and crime objectives.

- 4.2 In fulfilling these requirements, the Commissioner maintains a rolling programme of social research which is designed to obtain both a robust and representative sample of views from residents across Nottinghamshire, and more detailed qualitative insight from a diverse sample of informed residents in each Community Safety Partnership area (Focus Groups), and in this year an online survey and pop up sessions were carried out to ensure the additional precept flexibility was consulted upon.
- 4.3 The full report on the consultation outcomes is contained in Appendix B.

5. COUNCIL TAX REFERENDUMS

- 5.1 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. The Secretary of State is required to set out principles annually, determining what increase is excessive. For 2024-25 the principles state that, for Police & Crime Commissioners, an increase of more than £13 in the basic amount of council tax between 2023-24 and 2024-25 is excessive.

For 2024-25 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 2024-25 estimated calculation:

| | |
|-----------------------|---|
| <u>£94,834,342.20</u> | = £282.15 (compared to £269.19 2023-24) |
| 336113.21 | (+£12.96) |

An increase of **£12.96** is **below** the threshold amount.

6. RECOMMENDATION ON THE LEVEL OF POLICE & CRIME PRECEPT ON THE COUNCIL TAX

- 6.1 As discussed in the accompanying reports resources have been allocated to support delivering 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 the 20,000 uplift in Police Officer numbers nationally, pay awards and pension liabilities, demand and inflation. Due regard has been given to the overall cost to the local council taxpayer. Consideration has also been given to the projected value of the available reserves and balances and the medium term financial assessment (both reported separately).
- 6.2 The Commissioners proposed spending plans for 2024-25 result in a Police and Crime Precept on the Council Tax of £282.15 for a Band D property, representing an increase of £12.96.
- 6.3 For calculation purposes the Council Tax for Precepting Authorities is always quoted for a Band D property. In Nottinghamshire the largest proportion of properties are in Bands A and B.

The impact per band is shown below:

| Council Tax Band | Proportion of Band D | 2023/24 Council Tax | £12.96 Annual Increase to Band D | Proposed 2024/25 Council tax | % increase | Pence per week increase |
|-------------------------|-----------------------------|----------------------------|---|-------------------------------------|-------------------|--------------------------------|
| A | 6/9 | £179.46 | £8.64 | £188.10 | 4.8% | £0.17 |
| B | 7/9 | £209.37 | £10.08 | £219.45 | 4.8% | £0.19 |
| C | 8/9 | £239.28 | £11.52 | £250.80 | 4.8% | £0.22 |
| D | 9/9 | £269.19 | £12.96 | £282.15 | 4.8% | £0.25 |
| E | 11/9 | £329.01 | £15.84 | £344.85 | 4.8% | £0.30 |
| F | 13/9 | £388.83 | £18.72 | £407.55 | 4.8% | £0.36 |
| G | 15/9 | £448.65 | £21.60 | £470.25 | 4.8% | £0.42 |
| H | 18/9 | £538.38 | £25.92 | £564.30 | 4.8% | £0.50 |