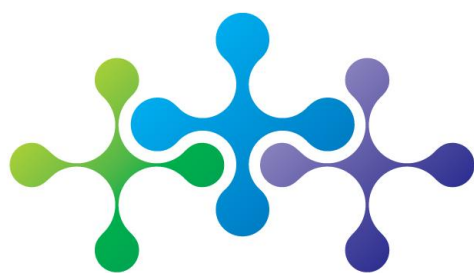


# APPENDIX A



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

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**Precept 2020-21**

January 2020

# **The Police & Crime Commissioner's**

## **Precept 2020-21**

### **Letter from the Minister**

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

- Funding nationally for Policing will increase by £915m in the form of grant for the uplift in police officer numbers and increased council tax freedoms.
- Core Police Grant will remain the same as in previous years.
- Precept freedoms allow for a £10 increase on Band D properties, raising £248m nationally.
- PTF funding will reduce from £175m to approximately £114m. This is allocated £60m for on-going programmes, £30m for SOC and £24m for Firearms.
- Funding of the Uplift of 6,000 officers by March 2021 will be provided as: £500m in core grant, £200m based on performance.
- The £700m of Uplift going to forces will be allocated via the funding formula.
- Continued support to cover the increase in pensions costs.
- An additional £90m for Counter Terrorism.
- £516m to fund ESN and other national IT projects.

### **Introduction**

In light of the assumptions and opportunity made available by the Minister the Nottinghamshire Police & Crime Commissioner is proposing a precept increase of £9.99 for the 2020-21 financial year.

This increase in the precept supports the budget report and Commissioners commitment to increase in police officer numbers in our neighbourhoods. This will be achieved through Neighbourhood proactive teams. There continues to be a focus on reducing Knife Crime and the additional funding of Surge Grant (to provide resources for Policing to respond to the increase in knife crime) and additional funding for the Violence Reduction Unit (to provide multi-agency focus on violence reduction activity); this continues to build on the good work in these areas. The outcomes of these specific pieces of work will be reported to the Audit & Scrutiny Panel during the year.

Forever, cognisant of the environment the Commissioner has identified funding specifically to pilot electric police vehicles within the force, during 2020-21. The Commissioner also supports Victims Services through formal contracts and grants with the third sector. Further priorities include Rural Crime, crime prevention and partnership working, all vital to community safety.

This budget supports fully the Police & Crime Plan for 2020-21.

## **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 additional resource to the main police grant for the Uplift of officers by 20,000 over the next 3 years. This increase is in the core police grant and is therefore likely to continue in future years, although an element is based on achieving recruitment numbers set by the Home Office and based on formula share.

The additional Treasury Grant for the remainder of the pensions funding gap continues for 2020-21.

The £10 precept freedom indicated is for one year ahead of the next CSR and potential funding formula review. 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.

The impact of the McCloud/Sarjeant case will have a major impact on the pension funds for Police Officers and Police Staff. The pressure to agree a remedy nationally to this, as soon as possible, is high, as further complications develop. Nationally the Government have set aside £4bn to manage the implications across all public sector pension schemes.

## **Supporting Reports**

The Budget Report and the Medium Term Financial Strategy Report on today's agenda details further the plans for 2020-21 and beyond.

The detailed budget for 2020-21, 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 & Crime Panel. These have been drawn together to support the Police & 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 & 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 continues to focus on the NHS and its funding requirements. The grants provided to policing for 2020-21 provide for the additional police officers promised by the Prime Minister and 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 2020-21 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 2020 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 £9.99 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 £10 increase on the precept for all Police & Crime Commissioners. The proposed increase of £9.99 is in line with this years change (further detail is provided in **Section 6**).

## 1. COUNCIL TAX BASE

For 2020-21 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 1.11% overall, this is less than last year's increase of 1.37%.

<b>Tax base</b>	<b>Band D Properties 2019-20 No</b>	<b>Band D Properties 2020-21 No</b>	<b>Change %</b>
Ashfield	33,542.50	33,695.30	0.46
Bassetlaw	34,794.99	35,373.06	1.66
Broxtowe	33,674.71	34,039.14	1.08
Gedling	37,007.37	37,387.44	1.03
Mansfield	29,219.90	29,407.70	0.64
Newark & Sherwood	38,771.64	39,229.76	1.18
Nottingham City	66,766.00	67,360.00	0.89
Rushcliffe	43,178.50	43,987.70	1.87
<b>Total</b>	<b>316,955.61</b>	<b>320,480.10</b>	<b>1.11</b>

## 2. COLLECTION FUND POSITION

Each billing authority uses a Collection Fund to manage the collection of the Council Tax. For 2020-21 the overall surplus continues to be created as collection rates are better than anticipated. A breakdown is provided in the table below:

Surplus/(deficit)	Collection Fund	
	2019-20 £	2020-21 £
Ashfield	7,664	(47,000)
Bassetlaw	61,944	55,342
Broxtowe	53,810	75,869
Gedling	Nil	Nil
Mansfield	50,073	103,363
Newark & Sherwood	Nil	Nil
Nottingham City	92,473	176,866
Rushcliffe	(99,576)	103,300
<b>Total</b>	<b>166,388</b>	<b>467,740</b>

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

## 3. OTHER GRANTS

This year the Government has announced a Specific Grant based upon performance. Those Forces achieving the number of recruits required for Uplift will receive additional support grant in the quarter following achievement. For Nottinghamshire this equates to 107 Officers (£3m grant) and we are on target for recruitment by the end of March 2020.

Council Tax Legacy Grant is received by Commissioners for each Policing area. There is no change in the Legacy Grant for 2020-21 at £9.7m. This grant will be considered as part of the Funding Formula Review.

The funding from the Ministry of Justice includes an inflationary uplift and the new Rape support fund of £4m will be allocated on a pro rata basis. The total allocated now is £1.592m. A further £1m national fund, for ISVAs over the next two years, will be launched shortly and Commissioner's will be required to submit and expression of interest.

## **4. CONSULTATION**

### **APPROACH**

The Nottinghamshire Police & Crime Commissioner (PCC) has a statutory duty under the Police Reform & 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 undertook both a robust and representative survey of public opinion on the precept for policing as part of the Commissioner's quarterly Police and Crime Survey, and held a series of local focus groups in each of the Community Safety Partnership areas across Nottinghamshire to obtain more qualitative feedback.

The Police and Crime Survey obtained the views of 4,221 residents across the force area over four quarterly waves of fieldwork which were undertaken between January and December 2019. The survey provides a stable, robust and representative sample of public opinion at CSP level by age gender, ethnicity and deprivation. Residents were asked to what extent they supported an increase in the policing precept, and if not at all, their reason for not supporting an increase. Options for an increase in the precept were set at an extra £5, £10 or £12 or £24. Although the government's referendum threshold was not known at the time of survey, the results should be interpreted with this caveat in mind.

Focus groups were undertaken in Nottingham, South Nottinghamshire, Ashfield and Newark and Sherwood during January 2020. Results are expected in the week commencing 27 January 2020 and will be reported in due course.

### **KEY FINDINGS**

Results from the Police and Crime Survey 2019 indicate that on balance, a larger proportion of residents support an increase in the council tax precept for policing than those that do not, however this margin has been diminishing year on year since March 2018. Around 53.5% of residents support an increase in the council tax precept for policing when those that are unsure are omitted from the profile, which is similar to the level of support seen in December 2016.

The proportion of residents supporting an increase within the limits of the referendum threshold fell from 45.4% in 2018 to 24.7% in 2019, while the proportion supporting a precept rise that exceeds the threshold rose from 12.0% to 28.9%. It should be noted, however, that the precept flexibility afforded to PCCs by the Government reduced from £24 to £10 over this period.

With the exception of Nottingham City, the proportion supporting an increase in the policing precept exceeded the proportion that did not across all county CSP areas. Nottingham City, however, saw the most notable decline in support for an increase, with levels having fallen from 55.1% to 48.8% during the year. Despite a 2.5% point reduction, support for an increase remains strongest in South Nottinghamshire (61.3%), while Bassetlaw, Newark and Sherwood (51.3%) and Mansfield and Ashfield (50.5%) also saw reductions of 4% pts and 2.9% pts respectively. Reflecting results from previous years, personal economic circumstances (87%) remain the most common reason for respondents not supporting a rise in the precept for policing.

The proportion of respondents feeling unable to answer the questions relating to the precept or requiring more information (22.5%) has remained stable at force level, but has risen from 22.5% to 27.5% in the city over the last year. In recognition of the high proportion of residents that felt unsure or in need of further information, the PCC commissioned a series of resident focus groups in January 2020 to obtain more detailed qualitative insight. The results of these focus groups are anticipated week commencing 27 January 2020.

The Police and Crime Survey also asks residents to what extent they agree or disagree that Nottinghamshire Police provides 'good value for money'. Positively, the proportion of residents agreeing with the statement has increased marginally over the previous year, from 38.0% to 39.6%, while the proportion of residents disagreeing with the statement has reduced from 23.0% to 19.3%.



## 5. 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. The Secretary of State is required to set out principles annually, determining what increase is excessive. For 2020-21 the principles state that, for Police && Crime Commissioners, an increase of more than £10 in the basic amount of council tax between 2019-20 and 2020-21 is excessive.

For 2020-21 the relevant basic amount is calculated as follows:

Formula:

$\frac{\text{Council Tax Requirement}}{\text{Total tax base for police authority area}}$	<div style="border: 1px solid black; padding: 5px; display: inline-block;">= Relevant basic amount of council tax</div>
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Nottinghamshire 2020-21 estimated calculation:

$\frac{\pounds 73,492,496.53}{320,480.10}$	$= \pounds 229.32$
	$(\pounds 9.99)$

This year the Referendum limit has been announced at the time of settlement notifications. It has been set at £10 for 2020-21.

## 6. **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 the 20,000 uplift in Police Officer numbers nationally, 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 2020-21 result in a Police and Crime Precept on the Council Tax of £229.32 for a Band D property, representing an increase of £9.99.

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 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 & Crime Precept on the Council Tax is as follows:

	<b>2019-20 Budget £m</b>	<b>2020-21 Budget £m</b>	<b>Increase/ Decrease £m</b>
Budget	206.3	224.6	18.3 (+)
External Income	138.6 (-)	151.1 (-)	12.5 (-)
Collection Surplus	0.2 (-)	0.5 (-)	0.3 (-)
Reserves	2.0 (+)	0.5 (+)	1.5 (-)
<b>Precept</b>	<b>69.5 (-)</b>	<b>73.5 (-)</b>	<b>4.0 (-)</b>
Council Tax Base	316,956	320,554	3,598
Council Tax Band D	£219.33	£229.32	£9.99
Council Tax Band A	£146.22	£152.88	£6.66

The overall Police & Crime Precept to be collected on behalf of the Police & Crime Commissioner for 2020-21 is:

	<b>£m</b>
Budgeted Expenditure	224.6 (+)
Less income from:	
Police & Crime Grant	136.4 (-)
Legacy Council Tax Grant	9.7 (-)
Pension Grant	2.0 (-)
Specific Grant	3.0 (-)
Collection Fund surplus	0.5 (-)
Net contribution to/from Balances	0.5 (+)
Police & Crime Precept on the Council Tax	<u>73.5 (-)</u>

**Appendix A** compares the Government Grant between 2019-20 and 2020-21.

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**

<b>Band</b>	<b>2019-20 £</b>	<b>2020-21 £</b>
A	146.22	152.88
B	170.59	178.36
C	194.96	203.84
<b>D</b>	<b>219.33</b>	<b>229.33</b>
E	268.07	280.28
F	316.81	331.24
G	365.55	382.20
H	438.66	458.64

## Amounts to be raised from Council Tax in each billing authority area 2020-21:

	Precept amount to be collected £	Collection Fund Surplus/(Deficit) £	Total amount due £
Ashfield	7,727,006.20	(47,000.00)	7,680,006.20
Bassetlaw	8,111,750.12	55,342.00	8,167,092.12
Broxtowe	7,805,855.58	75,869.00	7,881,724.58
Gedling	8,573,687.74	Nil	8,573,687.74
Mansfield	6,743,773.76	103,363.00	6,847,136.76
Newark & Sherwood	8,889,168.56	Nil	8,996,168.56
Nottingham City	15,446,995.20	176,866.00	15,623,861.20
Rushcliffe	10,087,259.36	103,300.00	10,190,559.36
<b>Total</b>	<b>73,492,496.53</b>	<b>467,740.00</b>	<b>73,960,236.53</b>

### Collection Dates

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

	£
<b><u>2020</u></b>	
20 April	7,396,024.00
28 May	7,396,024.00
02 July	7,396,024.00
06 August	7,396,024.00
11 September	7,396,024.00
15 October	7,396,024.00
19 November	7,396,024.00
<b><u>2021</u></b>	
06 January	7,396,024.00
03 February	7,396,024.00
11 March	7,396,020.52
	<b><u>73,960,236.53</u></b>

## **7. ROBUSTNESS OF THE ESTIMATES**

The Chief Finance Officer to the Police & 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 progressed slowly and could potentially impact on the delivery of the full capital programme. This is continuously being monitored to minimise any impact on the revenue budget. 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 £9.99 band D increase in Council Tax for 2020-21.

**Year on year comparison of settlement grants**  
**Nottinghamshire**

<b>Grant</b>	<b>2019-20 £</b>	<b>2020-21 £</b>	<b>Change £</b>	<b>Reason</b>
Police Core grant (HO)	78,514,341	78,514,341		
Additional £532m		9,497,498	9,497,498	Uplift for 107 officers (part)
Ex-DCLG Funding Formula	48,395,167	48,387,121	(8,046)	
<b>Sub-total core grant</b>	<b>126,909,508</b>	<b>136,398,960</b>	<b>9,489,452</b>	
Legacy Grant	9,726,194	9,726,194		
Pensions Grant	2,028,216	2,028,216		
£168m Specific Grant		2,999,210	2,999,210	Uplift Performance for 107 Officers
<b>Total Government Funding</b>	<b>138,663,918</b>	<b>151,152,580</b>	<b>12,488,662</b>	

In addition to the above Nottinghamshire receives Capital Grant. For 2020-21 this has reduced to £200,000 from £700,000 in 2019-20.