



ORIGINATOR: PCC CHIEF FINANCE OFFICER

DECISION NO. 2 - 2018

REASON FOR SUBMISSION: FOR DECISION

SUBMITTED TO: POLICE AND CRIME COMMISSIONER

SUBJECT: PROPOSED PRECEPT LEVEL AND COUNCIL TAX REQUIREMENT 2018-19

SUMMARY:

1. This paper describes the steps that have been taken by the Police and Crime Commissioner in determining his proposed precept level and council tax requirement for 2018-19.

RECOMMENDATION:

It is recommended that:

1. The Police and Crime Panel are notified of the PCC's proposal to increase the precept by 6.7684% in 2018-19.
2. This proposal is submitted to the Police and Crime Panel for consideration at its meeting on 26 January 2018.

APPROVAL BY: PCC

The recommendations set out are agreed.

Signature

Tina Pannone

Date

*16th January
2018.*

DETAIL OF THE SUBMISSION

1. INTRODUCTION

- 1.1 Schedule 5 of the Police Reform and Social Responsibility Act 2011 sets out the process for issuing a precept, including the Police and Crime Panel's (PCP) role in reviewing the proposed precept, their power to veto the precept and the steps to be taken if they do veto the proposed precept.
- 1.2 Attached as **Appendix 1** is a detailed guidance note issued by the Home Office on 14 November 2012, which supports the process described above, and includes requirements of Section 5 of the Act, the Regulations' requirements, and reporting requirements, together with the process for PCP scrutiny of the PCC's proposed precept, including key dates.
- 1.3 This report is based on figures within the Medium Term Financial Plan (MTFP) 2018-19 to 2021-22, the recommendations within which were approved by the PCC on 16 January 2018 (Decision number 1-2018).

2. FINANCIAL IMPLICATIONS

- 2.1 The MTFP includes particular sections and appendices relating to the 2 options under consideration, which are:
 - **Option 1**- increase council tax by just less than 2% in each year of the MTFP
 - **Option 2**- increase council tax by 6.8% in 2018-19, and assumes a council tax increase of 6.3% in 2019-20 and 2% in each of the two remaining years of the MTFP.
- 2.2 The paragraphs in italics below and **Appendices A(i), A(ii), E and G** are relevant extracts from the MTFP.

CHIEF CONSTABLE'S COMMENTARY ON THE FINANCIAL POSITION

The MTFP considers, amongst other issues, the financial implications of two alternative options which are to increase the precept by just less than 2% in each year of the MTFP (Option 1), and increase the precept by just less than £12 per annum for 2018-19 and 2019-20, and just less than 2% for the two remaining years of the MTFP (Option 2).

A decision to implement Option 1 would present significant operational and financial challenges for the Constabulary, and could jeopardise delivery of key objectives within the PCC's Police and Crime Plan 2017-2021.

A decision to implement Option 2 would provide the necessary funding required to:

- *Maintain police visibility on the county's roads to prevent criminal access to the county and keep road users safe;*
- *Further invest in technology to help tackle the changing profile of criminality;*
- *Improve the proactive capability of the Constabulary to help combat drug misuse and youth gang violence;*
- *Improve emergency response;*
- *Enhance the effectiveness of the Safer Neighbourhood Teams; and*
- *Maintain financial viability and protect reserves at an appropriate level over the period of the MTFP.*

CONCLUSION AND SUMMARY OF OPTIONS

The MTFP has been prepared following notification of the provisional 2018-19 government grants via the Home Office on 19 December 2017, and in conjunction with a wide range of assumptions summarised in Section 2 of this report.

As a consequence of the grant funding settlement, the Constabulary will be required to make significant recurring savings in order to meet inflationary cost pressures, statutory and service pressures, as well as pressures from the changing nature of crime.

As a result, the Constabulary remains committed to finding further savings, and drive out efficiencies through organisational change and continuing to modernise the policing model and work with other partner agencies, as well as other police forces.

*The two alternative budget options are proposed to the PCC for consideration, the financial consequences of which are contained in **Appendices A(i), A(ii) and G**, and summarised below:*

Option 1

Based on the planning assumptions set out in this report, further savings of £7.663m are required to be made in the period 2018-19 to 2021-22 (in addition to the planned savings of £4.424m), in order to achieve a balanced budget over the period of the MTFP.

Option 2

Based on the planning assumptions set out in this report, 2018-19 and 2019-20 achieve a balanced budget position, with savings of £3.198m required to be made in the period 2020-21 and 2021-22 (in addition to the planned savings of £4.424m), in order to achieve a balanced budget over the period of the MTFP.

3. RATIONALE FOR INCREASING THE PRECEPT BY 6.8% IN 2018-19

3.1 Comparison between Options 1 and 2

3.2 Appendix E shows graphically the level of cumulative savings to be achieved for both options, in order to achieve a balance financial position over the financial planning period. For comparative purposes, the financial impact of not increasing council tax over the period of the MTFP has been included in Appendix E.

3.3 Option 1 (increasing the precept by nearly 2% in each year (**Appendix A(i)**) results in the requirement to identify recurring savings of £7.663m over the MTFP period (in addition to delivering those savings already planned of £4.4m). A decision to implement Option 1 would present significant operational and financial challenges for the Constabulary, and could jeopardise delivery of key objectives within the PCC's Police and Crime Plan 2017-2021.

3.4 Option 2 (increasing the precept by 6.8% in 2018-19, 6.3% in 2019-20 and just less than 2% for the two remaining years (**Appendix A (ii)**) results in a balanced financial position for 2018-19 and 2019-20, and the requirement to identify recurring savings of £3.2m by 2021-22 (in addition to delivering those savings already planned of £4.4m).

3.5 Under Option 2, increasing the precept by 6.7684% in 2018-19 would result in an increase in the policing element of the council tax bill from £176.85 per annum to £188.82 per annum (equating to £11.97 per annum) for a council tax band D property. This would provide the necessary funding required to:

- Maintain police visibility on the county's roads to prevent criminal access to the county and keep road users safe;
- Further invest in technology to help tackle the changing profile of criminality;
- Improve the proactive capability of the Constabulary to help combat drug misuse and youth gang violence;
- Improve emergency response;
- Enhance the effectiveness of the Safer Neighbourhood Teams; and
- Maintain financial viability and protect reserves at an appropriate level over the period of the MTFP.

Summary

3.6 In summary, after consideration of the detailed financial and non-financial aspects of the MTFP, the preferred option is to increase the precept by 6.7684% in 2018-19.

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	Yes
Has the PCC's Chief Finance Officer been consulted?	Yes
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	Yes
Have human resource implications been considered?	Yes
Is the recommendation consistent with the objectives in the Police and Crime Plan?	Yes
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	Yes
Has communications advice been sought on areas of likely media interest and how they might be managed?	Yes
In relation to the above, have all relevant issues been highlighted in the 'other implications and risks' section of the submission?	Yes

APPROVAL TO SUBMIT TO THE DECISION-MAKER

Chief Executive

I am satisfied that relevant advice has been taken into account in the preparation of the report and that this is an appropriate request to be submitted to the PCC.

Signature:



Date 16 January 2018