



ORIGINATOR: PCC CHIEF FINANCE OFFICER

DECISION NO. 6-2019.

REASON FOR SUBMISSION: FOR DECISION

SUBMITTED TO: POLICE AND CRIME COMMISSIONER

**SUBJECT: PROPOSED PRECEPT LEVEL AND COUNCIL TAX
REQUIREMENT 2019-20**

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 2019-20.

RECOMMENDATION:

It is recommended that:

1. The Police and Crime Panel are notified of the PCC's proposal to increase the precept by 12.6787% in 2019-20.
2. This proposal is submitted to the Police and Crime Panel for consideration at its meeting on 25 January 2019.

APPROVAL BY: PCC

The recommendations set out are agreed.

Signature *Tai Parmore*

Date

*15th January
2019.*

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 14 January 2019 (Decision number 5-2019).

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 £12 per annum for a Band D property in 2019-20 and just less than 2% in each of the three remaining years of the MTFP.

Option 2- increase council tax by just less than £24 per annum for a Band D property in 2019-20 and just less than 2% in each of the three remaining years of the MTFP.

- 2.2 The paragraphs in italics below and **Appendices A(i), A(ii), I and J** are relevant extracts from the MTFP.

CONCLUSION AND SUMMARY OF OPTIONS

The MTFP has been prepared following notification of the provisional 2019-20 government grants via the Home Office on 13 December 2018, and in conjunction with a wide range of assumptions summarised in Section 2 of this report.

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), I and J**, and summarised below*

Option 1

Based on the planning assumptions set out in this report, further savings of £4.670m are required to be made in the period 2019-20 to 2022-23 (in addition to the planned savings of £3.138m), 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, 2019-20 achieves a balanced budget position, with savings of £1.375m required to be made in the period 2021-22 and 2022-23 (in addition to the planned savings of £3.138m), in order to achieve a balanced budget over the period of the MTFP.

RECOMMENDATIONS

It is recommended that the PCC:

- (i) Takes account of the overall financial strategy, when considering the 2019-20 budget proposals, and*
- (ii) Approves the planned revenue changes summarised in **Appendix B**;*
- (iii) Approves the savings plans in **Appendix C**;*
- (iv) Approves the proposed capital programme for 2019-20 and the draft capital programme over the medium term as set out at **Appendix D**;*
- (v) Approves the Investment and Treasury Management Strategy in **Appendix E**;*
- (vi) Approves the Capital Strategy in **Appendix F**;*
- (vii) Approves the proposed use and transfer of reserve balances in **Appendix G**;*
- (viii) Approves the proposed change to the MRP policy in **Appendix H**;*
When setting the precept level and council tax requirement, consideration is given to the medium- term financial implications of Options 1 and 2, the assessment of financial risks detailed within the MTFP, and the Chief Constable's commentary on the financial position

3. RATIONALE FOR INCREASING THE PRECEPT BY 12.6787% IN 2019-20

Comparison between Options 1 and 2

- 3.1 Appendix I** 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 I**.
- 3.2 Option 1**
Based on the planning assumptions set out in this report, further savings of £4.670m are required to be made in the period 2019-20 to 2022-23, including recurring savings of £2.996m in 2019-20 (in addition to the planned savings of £3.138m), in order to achieve a balanced budget over the period of the MTFP. 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.
- 3.3 Option 2**
Based on the planning assumptions set out in this report, 2019-20 achieves a balanced budget position, with savings of £1.375m required to be made in the period 2021-22 and 2022-23 (in addition to the planned savings of £3.138m), in order to achieve a balanced budget over the period of the MTFP.
- 3.4** A decision to implement **Option 2** would provide additional funding of £3.0m more than **Option 1**, and would provide the necessary finances to deliver a balanced budget in 2019-20, and ensure Suffolk remains a safe county in which to live, work, travel and invest. In particular, it is required to:
 - Address community concerns and emerging crime patterns. Most significantly, addressing violent crime, gang violence and drug dealing;

- Enhance public trust and confidence by increasing overall police visibility. In particular on the county's roads to prevent criminal access to the county and keep road users safe through further investment in ANPR coverage across Suffolk;
 - Recruit an extra 29 police officers and 69 police staff (45 shared with Norfolk). 8 of these officers will be based in Ipswich;
 - Further invest in technology to help tackle the changing profile of criminality including ANPR equipment, a new drone and IT to tackle cyber-crime;
 - Improve the proactive capability of the Constabulary to combat all criminality but with a focus on combatting drug misuse and youth/gang violence;
 - Enhance our emergency response;
 - Increase the effectiveness of the Safer Neighbourhood Teams;
 - Provide additional police staff investigators to support detectives leading the more serious crime investigations.
 - Enable the Constabulary to address the gaps and forecasts outlined in the 2018 FMS;
 - Improve public engagement and communication, including digital media;
 - Maintain financial viability and protect reserves at an appropriate level over the period of the MTFP.
- 3.4. Monitoring delivery of improvements in performance from the additional policing resources provided through the increased budget will be at each of the quarterly public Accountability and Performance Panel meetings.
- 3.5 Under Option 2, increasing the precept by 12.6787% in 2019-20 would result in an increase in the council tax bill from £188.82 per annum to £212.76 per annum (equating to £23.94 per annum) for a council tax band D property.

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 12.6787% in 2019-20.

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.

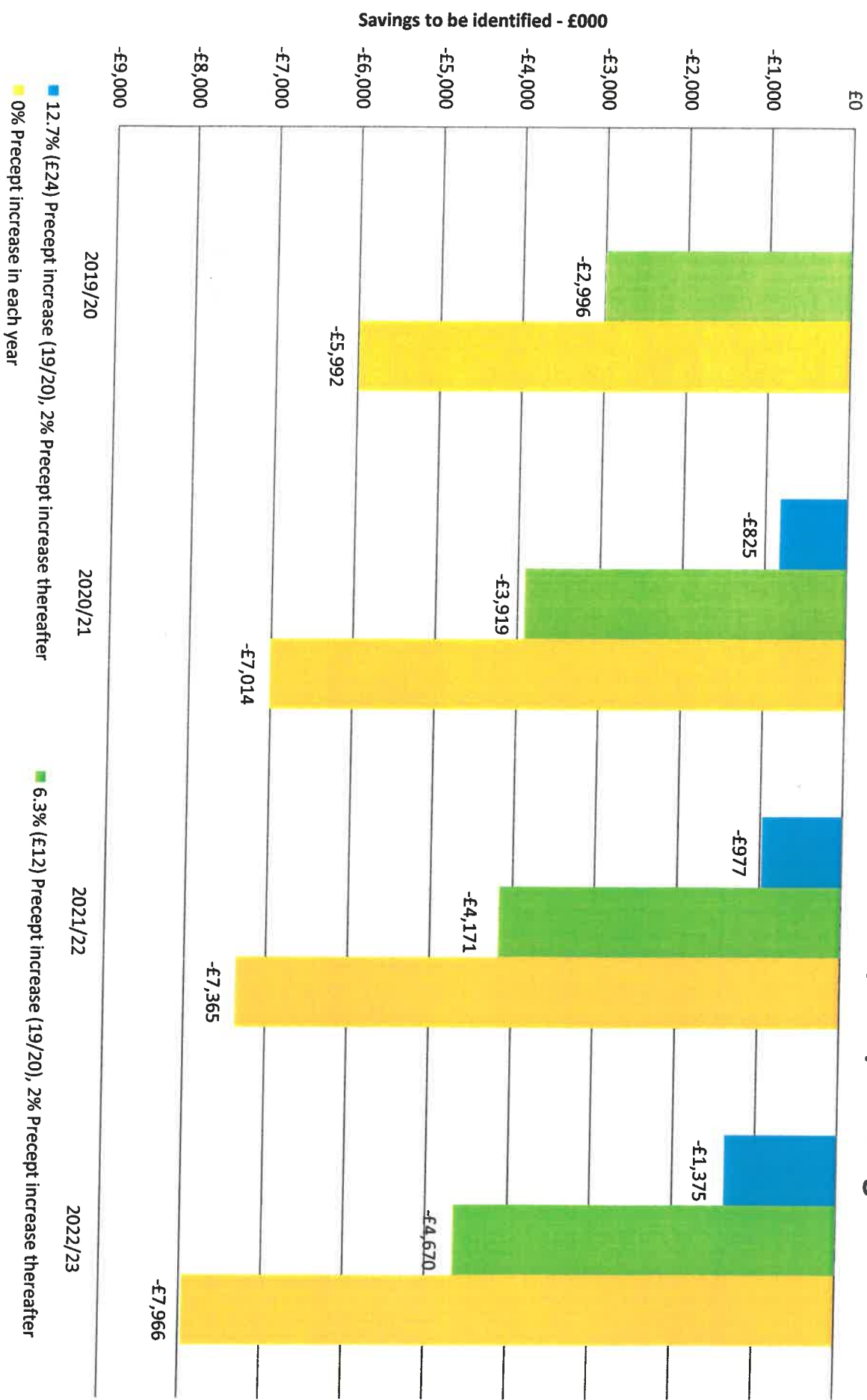
Signature: *E Hollingworth*
FOR CHIEF EXECUTIVE.

Date 15 January 2019

SUFFOLK MEDIUM TERM FINANCIAL PLAN - 4 YEAR OVERVIEW - OPTION 1					
Precept increase 6.3% plus no grant reductions					
	2019/20	2020/21	2021/22	2022/23	Comments
REVENUE FUNDING	£000	£000	£000	£000	
Home Office Grant	-64,018	-64,018	-64,018	-64,018	0% reduction in 19/20, 1% reduction thereafter
Legacy Council Tax Grants	-6,786	-6,786	-6,786	-6,786	
Precept Income	-50,563	-51,763	-53,315	-54,916	6.3% Precept Increase in 2019/20, 2% thereafter, 1% Increase in CT base
TOTAL FUNDING	(121,367)	(122,567)	(124,119)	(125,720)	
BASE REVENUE BUDGET INCLUDING INFLATION:					
Constabulary/ Revenue Budget before savings	121,668	124,199	126,699	129,249	Excludes Capital
PCC Corporate Budget	928	928	928	928	
PCC Commissioning Budget	1,719	1,639	1,639	1,639	
Revenue Funding of Capital, Minimum Revenue Provision and Interest	1,020	1,020	1,020	1,020	
Total Revenue Income Inc Specific Grants	-9,330	-9,385	-9,442	-9,499	
NET REVENUE BUDGET BEFORE KNOWN CHANGES AND SAVINGS	116,005	118,401	120,845	123,338	
REVENUE DEFICIT BEFORE KNOWN CHANGES					
	-5,362	-4,166	-3,274	-2,382	
Known / Expected Changes					
Planned (use of)/contribution to reserves	10,852	10,779	9,167	9,328	Appendix B(ii)
REVENUE DEFICIT BEFORE SAVINGS	-450	0	1,248	863	Appendix B(ii)
	5,039	6,613	7,141	7,808	
Suffolk Policing Model Savings	-700	-714	-728	-743	
Change Programme Savings	-1,343	-1,980	-2,242	-2,395	Appendix C
Total Cumulative Impact of Savings	-2,043	-2,694	-2,970	-3,138	
REVENUE (SURPLUS) / DEFICIT AFTER SAVINGS	2,996	3,919	4,171	4,670	
SURPLUS/(SAVINGS TO BE IDENTIFIED)	-2,996	-3,919	-4,171	-4,670	
REVENUE DEFICIT / (SURPLUS)	0	0	0	0	
ABOVE BASED ON FOLLOWING ASSUMPTIONS					
Police Pay awards	1.58%	2.00%	2.00%	2.00%	Impact in each year is a combination of pay awards in previous and current year Average figure. As per Provisional Settlement
Staff Pay awards	1.58%	2.00%	2.00%	2.00%	
Price Inflation	2.00%	2.00%	2.00%	2.00%	
General Grants	2.10%	0.00%	0.00%	0.00%	
Freeze Grants	0.00%	0.00%	0.00%	0.00%	
Precept - Tax base increase	1.20%	1.00%	1.00%	1.00%	
Precept - Bill increase	6.339%	1.972%	1.978%	1.983%	

SUFFOLK MEDIUM TERM FINANCIAL PLAN - 4 YEAR OVERVIEW - OPTION 2						
Precept increase 12.7% plus no grant reductions						
	2019/20	2020/21	2021/22	2022/23		Comments
	£000	£000	£000	£000		
REVENUE FUNDING						
Home Office Grant	-64,018	-64,018	-64,018	-64,018		2.1% increase in 19/20, cash flat thereafter
Legacy Council Tax Grants	-6,786	-6,786	-6,786	-6,786		
Precept Income	-53,559	-54,857	-56,509	-58,212		12.7% Precept Increase in 2019/20, 2% thereafter, 1% increase in CT base
TOTAL FUNDING	(124,363)	(125,661)	(127,313)	(129,015)		
BASE REVENUE BUDGET INCLUDING INFLATION:						
Constabulary Revenue Budget before savings	121,668	124,199	126,699	129,249		Excludes Capital
PCC Corporate Budget	928	928	928	928		
PCC Commissioning Budget	1,719	1,639	1,639	1,639		
Revenue Funding of Capital, Minimum Revenue Provision and Interest	1,020	1,020	1,020	1,020		
Total Revenue Income Inc Specific Grants	-9,330	-9,385	-9,442	-9,499		
NET REVENUE BUDGET BEFORE KNOWN CHANGES AND SAVINGS	116,005	118,401	120,845	123,338		
REVENUE DEFICIT BEFORE KNOWN CHANGES	-8,359	-7,260	-6,468	-5,678		
Known / Expected Changes						
Planned (use of)/contribution to reserves	10,852	10,779	9,167	9,328		Appendix B(ii)
REVENUE DEFICIT BEFORE SAVINGS	-450	0	1,248	863		Appendix B(ii)
Suffolk Policing Model Savings	-700	-714	-728	-743		Appendix C
Change Programme Savings	-1,343	-1,980	-2,242	-2,395		Appendix C
Total Cumulative Impact of Savings	-2,043	-2,694	-2,970	-3,138		
REVENUE (SURPLUS) / DEFICIT AFTER SAVINGS	0	825	977	1,375		
SURPLUS/(SAVINGS TO BE IDENTIFIED)	0	-825	-977	-1,375		
REVENUE DEFICIT / (SURPLUS)	0	0	0	0		
ABOVE BASED ON FOLLOWING ASSUMPTIONS						
Police Pay awards	1.58%	2.00%	2.00%	2.00%		Impact in each year is a combination of pay
Staff Pay awards	1.58%	2.00%	2.00%	2.00%		awards in previous and current year
Price Inflation	2.00%	2.00%	2.00%	2.00%		Average figure.
General Grants	2.10%	0.00%	0.00%	0.00%		As per Provisional Settlement
Freeze Grants	0.00%	0.00%	0.00%	0.00%		
Precept - Tax base increase	1.20%	1.00%	1.00%	1.00%		
Precept - Bill increase	6.339%	1.972%	1.978%	1.983%		

Additional savings to be identified under alternative precept strategies



COUNCIL TAX and BUDGET OPTIONS 2019/20				
	1		2	
Options for Percentage Increase in Council Tax Bills:	6.33940%		12.67870%	
2019/20 Recommended Budget Summary:				
	£-p		£-p	
Operational costs before Savings	120,943,630.78		120,943,630.78	
Specific Grants (excluding Council Tax Freeze Grants)	-5,960,238.00		-5,960,238.00	
New Savings from 2019/20	-2,043,270.00		-2,043,270.00	
Savings to be identified	-2,996,153.28		0	
Known Changes	10,851,500.00		10,851,500.00	
Revenue Funding of Capital	1,020,420.00		1,020,420.00	
Appropriations to / from (-) Reserves	-448,758.40		-448,758.39	
Total Budget	121,367,131.11		124,363,284.39	
Budget financed by:				
Police Grant	41,028,003.00		41,028,003.00	
Ex-DCLG Formula Funding	22,990,064.00		22,990,064.00	
Council Tax Freeze Grant (for no precept increase in 2011/12)	1,030,300.00		1,030,300.00	
Council Tax Freeze Grant (for no precept increase in 2012/13)	0.00		0.00	
Council Tax Freeze Grant (for no precept increase in 2013/14)	430,720.00		430,720.00	
Council Tax Freeze Grant (for no precept increase in 2014/15)	433,830.00		433,830.00	
Council Tax Freeze Grant (for no precept increase in 2015/16)	0.00		0.00	
Collection Fund Surplus/Deficit	303,932.00		303,932.00	
CT Support Funding Allocation	4,890,925.00		4,890,925.00	
Council Tax Requirement (based on 250,308 taxbase)	50,259,357.11		53,255,510.39	
	121,367,131.11		124,363,284.39	
Council Tax Rate Bands 19/20 (& increase over 18/19):	Rate	Annual Increase	Rate	Annual Increase
A	133.86	7.98	141.84	15.96
B	156.17	9.31	165.48	18.62
C	178.48	10.64	189.12	21.28
D	200.79	11.97	212.76	23.94
E	245.41	14.63	260.04	29.26
F	290.03	17.29	307.32	34.58
G	334.65	19.95	354.60	39.90
H	401.58	23.94	425.52	47.88

Police and Crime Panels – Scrutiny of Precepts

This guidance note explains the process for the police and crime panel's (PCP) scrutiny of the police and crime commissioner's (PCC) proposed precept and should be read alongside:

- Schedule 5 of the [Police Reform and Social Responsibility Act 2011](#) ("the Act")
- Part 2 of the [Police and Crime Panels \(Precepts and Chief Constable Appointments\) Regulations 2012](#) ("the Regulations")

A separate [guidance note setting out the scrutiny of chief constable appointments](#) has been published alongside this guidance note.

Background

Schedule 5 of the Act sets out the process for issuing a precept, including the panel's 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.

The Regulations provide greater detail to the Act, including time limits applicable to the stages of the process and the process for reviewing and issuing a revised precept.

Schedule 5 requires:

- the PCC to notify the panel of his/her proposed precept;
- the panel to review the proposed precept;
- the panel to make a report to the PCC on the proposed precept (this may include recommendations);
- the panel's report (if they veto the proposed precept) to include a statement that they have vetoed it;
- a decision of veto to be agreed by two-thirds of the panel members;
- the PCC to have regard to the report made by the panel (including any recommendations in the report);
- the PCC to give the panel a response to their report (and any such recommendations);
- the PCC to publish the response.

It is for the panel to determine how a response to a report or recommendations is to be published.

If there is no veto and the PCC has published his/her response to the panel's report, the PCC may then issue the proposed precept - or a different precept (but only if in accordance with a recommendation in the panel's report to do so).

The Regulations require:

- the PCC to notify the panel of his/her proposed precept **by 1 February**;
- the panel to review and make a report to the PCC on the proposed precept (whether it vetoes the precept or not) **by 8 February**;
- where the panel vetoes the precept, the PCC to have regard to and respond to the Panel's report, and publish his/her response, including the revised precept, **by 15 February**;

- the panel, on receipt of a response from the PCC notifying them of his/her revised precept, to review the revised precept and make a second report to the PCC **by 22 February**;
- the PCC to have regard to and respond to the Panel's second report and publish his/her response, **by 1 March**.

Panel's report on the proposed precept

If the panel fails to report to the PCC by 8 February the scrutiny process comes to an end, even if the panel have voted to veto the proposed precept, and the PCC may issue the proposed precept.

PCC's response to a veto

Where the panel vetoes the proposed precept, the PCC must have regard to the report made by the panel, give the panel a response to the report and publish the response, by 15 February. In his/her response, the PCC must notify the panel of the revised precept that he intends to issue.

Where the panel's report indicates that they vetoed the precept because it was:

- **too high**, the revised precept must be lower than the previously proposed precept.
- **too low**, the revised precept must be higher than the previously proposed precept.

The PCP may only veto the first proposed precept. Such a veto must be agreed by two-thirds of PCP members (the full membership rather than those present at a meeting). Where a veto occurs, the report to the PCC must include a statement to that effect.

Panel's review of the revised precept

On receipt of a response from the PCC notifying them of the revised precept proposal, the panel must review the revised precept proposal and make a second report to the PCC on the revised precept by 22 February. This report may:

- indicate whether the panel accepts or rejects the revised precept (although rejection does not prevent the PCC from issuing the revised precept); and
- make recommendations, including recommendations on the precept that should be issued.

If the panel fails to make a second report to the PCC by 22 February, the PCC may issue the revised precept.

Issuing the precept

Excluding where the panel fails to report on the proposed precept by 8 February or make a second report on the revised precept by 22 February, the scrutiny process ends when the PCC gives the panel his/her response to their second report.

The PCC may then:

- issue the revised precept; or
- issue a different precept, although:

- they must not issue a precept that is higher than the revised precept if the revised precept was lowered following the panel's initial report on the first proposed precept indicating it was vetoed because it was too high;
- they must not issue a precept which is lower than the revised precept if the revised precept was raised following the panel's initial report on the first proposed precept indicating it was vetoed because it was too low.

Process for PCP scrutiny of PCC's proposed precept

