



ORIGINATOR: PCC CHIEF FINANCE OFFICER

DECISION NO. 4-2016

REASON FOR SUBMISSION: FOR DECISION

SUBMITTED TO: POLICE AND CRIME COMMISSIONER

SUBJECT: PROPOSED PRECEPT LEVEL AND COUNCIL TAX REQUIREMENT 2016-17

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 2016-17.

RECOMMENDATION:

It is recommended that:

1. The Police and Crime Panel are notified of the PCC's proposal to increase the precept by 1.958% in 2016-17.
2. This proposal is submitted to the Police and Crime Panel for consideration at its meeting on 29 January 2016.

APPROVAL BY: PCC

The recommendations set out are agreed.

Signature *Tim Parnmore* Date *18th January 2016*

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) 2016-17 to 2019-20, the recommendations within which were approved by the PCC on 18 January 2016 (Decision number 3-2016).

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 1.958% in 2016-17, and assumes a council tax increase in each of the remaining years of the MTFP of nearly 2%;
 - **Option 2-** no increase in council tax over the period of the MTFP.
- 2.2 The paragraphs in italics below and Appendices A(i), A(ii), and G are relevant extracts from the MTFP.

CONCLUSION AND SUMMARY OF OPTIONS

The MTFP has been prepared following notification of the 2016-17 government grants via the Home Office on 17 December 2015 and in conjunction with a wide range of assumptions summarised in Section 2 of this report.

Despite the improved settlement the constabulary is committed to continuing to find savings, and drive out efficiencies through continuing to modernise the policing model.

Under both options, whilst it is planned to provide a balanced budget in 2016-17, it will be necessary to consider the operational, staffing and financial implications of the emerging plans which will not only address the remaining savings requirement, but will also provide funding for further investment in policing priority areas over the period of the MTFP.

*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:*

As a consequence of delivering the planned savings of £5.035m in 2016-17, both options provide funding of £939k for additional police officers and staff in priority areas.

Option 1

Based on the planning assumptions set out in this report, further savings of £1.231m are required to be made in the period 2017-18 to 2019-20, in order to achieve a balanced budget over the period of the MTFP. In addition, Option 1 would secure additional recurring income of £830k from the precept increase, which would be invested in 20 additional police officers and 3 PCSOs.

Option 2

Based on the planning assumptions set out in this report, further savings of £3.909m are required to be made in the period 2017-18 to 2019-20, in order to achieve a balanced budget over the period of the MTFP.

Appendix E showing graphically the annual impact on cumulative savings to be achieved for Options 1 and 2.

RECOMMENDATIONS

It is recommended that the PCC:

- (i) Takes account of the overall financial strategy, when considering the 2016-17 budget proposals;*
- (ii) Approves funding of the known changes to the 2015-16 base revenue budget set out at **Appendix B**;*
- (iii) Approves the savings plans in **Appendix C**;*
- (iv) Approves the proposed capital programme for 2016-17 and the draft capital programme over the medium term as set out at **Appendix D**;*
- (v) Approves the Treasury Management Strategy, Prudential Indicators, Treasury Management Indicators, Borrowing Limits in **Appendix H**, and Lending Limits and List of Approved Institutions in **Appendix I**;*
- (vi) Approve the proposed use and transfer of reserve balances in **Appendix F**;*
- (vii) 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 response to the Spending Review 2015.*

3. RATIONALE FOR INCREASING THE PRECEPT BY 1.958% IN 2016-17

3.1 There are a number of financial and non-financial factors which have been considered in assessing the relative merits of increasing the precept in 2016-17, namely:

Past and current financial performance

3.2 The Constabulary has a proven track record of delivering the savings plans approved as part of the MTFP, whilst also underspending the approved budget in each financial year. In respect of 2015-16, the Constabulary is on track to deliver the planned saving programme of £5.369m and are forecasting a year-end underspend in the order of £150k.

3.3 A significant proportion of the forecast savings are one-off benefits in 2015-16 arising from: the high level of mutual aid provided by the Constabulary: the decision to only fill vacant posts for business critical reasons: and the holding vacant posts which will be removed from the funded establishment in 2016-17 as part of the planned savings programme.

Comparison between Options 1 and 2

- 3.4 Appendix E illustrates graphically the impact on the savings to be achieved both precept options over the period of the MTFP, with Option 1 (increasing the precept by nearly 2% in each year) clearly presenting the most financially advantageous position, requiring £1.231m recurring saving still to be delivered by 2019-20.
- 3.5 Option 2 (no increase in precept over the period of the MTFP) results in the requirement to identify recurring savings of £3.909m by 2019-20.
- 3.6 Increasing the precept by 1.958% in 2016-17 would result in an increase in the council tax bill from £170.10 per annum to £173.43 per annum for a council tax band D property, generating additional recurring income of £830k. This would be invested in 20 additional police officers and 3 PCSOs.

Public opinion

- 3.7 Results from the surveys of ratepayer representatives and members of public will be presented to the Police and Crime Panel at its meeting on 29 January 2016.

Summary

- 3.8 In summary, after consideration of the detailed financial and non-financial aspects of the MTFP, the preferred option is to increase the precept by 1.958% in 2016-17.

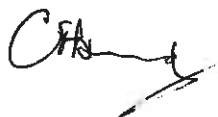
ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	Yes
Has the PCC's Chief Finance Officer been consulted?	Yes
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	Yes
Have 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
Have all relevant ethical factors been taken into consideration in developing this submission?	Yes

APPROVAL TO SUBMIT TO THE DECISION-MAKER (this approval is required only for submissions to the PCC).

PCC Chief Finance Officer

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

18 January 2016