



Nottinghamshire

POLICE & CRIME COMMISSIONER

Precept 2013-14

The Police & Crime Commissioners

Precept 2013-14

The Nottinghamshire Police & Crime Commissioner is proposing a precept increase of 1.95% for the 2013-14 financial year.

This ensures that the commitment made during the election campaign to increase the number of police officers by 150 and the number of Police Community Support Officers (PCSO's) by 100 can be met even though there is a reduction in the amount that can now be raised through precept.

The detailed budget for 2013-14 and the Medium Term Financial Plan are provided for information purposes to the Police & Crime Panel. These have been drawn together to support the draft Police and Crime Plan which the panel have received and which is currently out for consultation.

Members of the Police & Crime Panel have agreed at the meeting on 6th February 2013 to support this decision of the Commissioner to raise the precept by 1.95%.

This report has been updated to include the final tax base and collection fund balances that was circulated separately to the Police & Crime Panel.

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

- **The Government policy on police spending** – The current economic climate remains bleak and continues to drive the Government policy on reducing public sector spending.
- **The medium term implications of the budget and capital programme** - The separate report sets out the Medium Term Financial Plan, which is regularly received and updated.
- **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 2013-14 and the Medium Term Financial Plan.
- **The size and adequacy of general and specific earmarked reserves** - the current forecast of the general reserves at 31 March 2013 is £7 million which 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. The Chief Finance Officer considers that all of the earmarked reserves set out in the Reserves Strategy, are adequate to cover the purposes for which they are held and provide some robustness against the risks identified within the budget. 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 **paragraph 8** of this report. The proposals within this report do represent a balanced budget based upon an assumed 1.95% increase in the Police & Crime Precept on the Council Tax.
- **The impact on Council Tax** - This is covered in **paragraph 7** of this report.
- **The risk of referendum** – The limit set for requiring a referendum is a 2% increase on the precept for Police and Crime Commissioners. The proposed increase of 1.95% is just below the limit set. (further detail is provided in **paragraph 6**).

1. COUNCIL TAX BASE

For 2013-14 the Government has made changes to the Council Tax Support Grant received by the Billing Authorities. Whilst this has localised some decisions that can be made about Council Tax Benefits it has been introduced with a 10% reduction in grant.

The Billing Authorities are introducing local changes to the benefits provided and this has had a significant impact on the tax base as the collection rates are anticipated to fall.

The tax base as notified by the unitary and district councils (Billing Authorities) has decreased by 14.48% overall. This information has to be confirmed in writing by 31 January, the statutory deadline.

Tax base	Band D Properties 2012/13 No	Band D Properties 2013/14 No	Change %
Ashfield	35,620.00	29,870.30	(1.72)
Bassetlaw	36,427.23	31,409.55	(1.50)
Broxtowe	35,658.24	31,907.95	(1.12)
Gedling	38,435.35	34,396.13	(1.21)
Mansfield	31,864.50	26,524.26	(1.60)
Newark & Sherwood	39,373.97	36,015.10	(1.00)
Nottingham City	75,411.00	56,786.00	(5.57)
Rushcliffe	41,459.00	38,948.00	(0.75)
Total	334,249.29	285,857.29	(14.48)

It is intended that any impact from a change between the estimated tax base and the actual tax base will be met from reserves.

The overall reduction in the council tax base will have a negative impact on the total that can be raised through the precept.

2. COLLECTION FUND POSITION

Each billing authority uses a Collection Fund to manage the collection of the Council Tax. In 2012-13 this provided the Police and Crime Commissioner with a total surplus amount of £130,267. This has decreased to £95,610 for 2013-14. A breakdown is provided in the table below:

Surplus/(deficit)	Collection Fund	
	2012-13	2013-14
	£	£
Ashfield	(70,026)	0
Bassetlaw	40,073	0
Broxtowe	21,914	8,764
Gedling	31,874	53,885
Mansfield	16,750	9,040
Newark & Sherwood	3,429	0
Nottingham City	0	0
Rushcliffe	86,253	23,921
Total	130,267	95,610

It should be noted that the potential for surplus on the Collection Fund in future years could be adversely affected by the economy and the public's ability to pay promptly.

3. COUNCIL TAX FREEZE GRANT

In 2011-12 the Government offered a freeze grant equivalent to a 2.5% increase in the council tax for four years. This continues to be received until March 2015.

This year the government has offered a further freeze grant equivalent to a 1% increase in Council Tax, but this is just for one year. Consequently, the freeze grant offer for 2013-14 does not provide financial stability for the long term and this has been considered against increasing the council tax charge for the people of Nottinghamshire.

4. COUNCIL TAX SUPPORT GRANT

There are two elements of the Council Tax Support Grant.

- The New Burdens element being paid to those Billing Authorities that adopt schemes that comply with the criteria set by Government to ensure that low income households do not face an extensive increase in their council tax. This will be made available to those Billing Authorities and respective Precepting Authorities. To date we have received £27,000 direct. And are awaiting confirmation of any further amounts due.
- As part of the settlement announcement the DCLG have made a further grant payment as Council Tax Support Grant which reflects the removal of police and crime from the redistributed business rates system. This amounts to £8,367,876 for 2013-14.

5. CONSULTATION

Business Community

The Police & Crime Commissioner is no longer required to undertake statutory consultation with the business community as it no longer receives any funding from redistributed business rates. However, the Commissioner is keen to engage with all sectors and representatives including the public, business community and third sector and as such all have been invited to the various consultation events for the police and crime plan which incorporates the budget and precept plans.

The Commissioner has also specifically met with representatives from the County and City business communities at a meeting on the 14th January of the Nottinghamshire County Council Business Engagement Group and the 2013-14 Police budget was the main agenda item. Members of the group represent 18,000 businesses.

Consultation with the Public, Stakeholders and Interested Parties

During December 2012, an independent research company carried out three focus group surveys and 400 telephone surveys to seek views on the Commissioner's draft Police and Crime Plan priorities and a proposal to increase the precept.

Focus Groups

Groups were held in the following locations across the county:

- Tuxford, Newark;
- Meadows, Nottingham City;
- East Leake.

Attendees were advised that to fulfil the Commissioner's commitment to increase the number of Police Officer's and PCSO's that the additional cost will be met through increasing the amount households are asked to pay towards policing. At each group attendees were asked if they would be prepared to continue their support to pay more towards this commitment.

Two of the three groups stated they would be willing to pay more towards additional policing. However, the majority of attendees at the third group would not confirm whether they would be willing to pay an increased amount. Most of the third group also adding that with more information they may be willing to do so. Overall, in all three focus groups, attendees stipulated that an increase should be dependent on an individual's ability to pay. This is the case and is linked to the Council Tax benefit schemes that the billing authorities operate and outside the scope of responsibilities for the Commissioner.

Telephone Surveys

A survey was conducted with a representative sample of 401 residents from across Nottinghamshire. Eight out of ten respondents stated they would be prepared to pay an increased amount towards increasing the number of Police Officers and PCSO's and a further 13% said they may be prepared to pay such an increase. The remaining 7% of respondents said they would not be prepared to pay an increased amount.

Web survey on NOPCC website

The questionnaire used for the telephone survey mentioned above is available for completion on the NOPCC website until close of business on 15th February 2013. The web survey has been supported by:

- a media campaign;
- a message via the Nottinghamshire Police Alert system to 18,000 recipients;
- Information to contacts on the NOPCC databases, Community Safety Partnerships, Independent Advisory Groups and for circulation via NAVO and City and District CVS.

The consultation on the draft Police & Crime plan will continue to mid-February and there are further consultation meetings planned to facilitate this and the website survey.

Mounted Section

The Police & Crime Commissioner having listened to the public, promised within his election campaign to review the decision of disbanding the Mounted Section as part of the budget process. This has resulted in a Public Discussion meeting to consider: the report of the Chief Constable on the cost of re-instating the Mounted section and that this is desirable rather than essential for operational policing; and to consider the alternative views of those that wish to see the section re-instated.

Consultation has taken place via the website survey, written correspondence and the public discussion meeting.

The issue has been given thorough consideration and the current financial circumstances and operational requirements have formed part of this consideration. Whilst the decision reached was not to re-instate the section in 2013-14 it is acknowledged that ACPO are undertaking a national review and Nottinghamshire will take on board its role in any national requirements.

6. 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. From 2012-13 onwards, the Secretary of State is required to set out principles annually, determining what increase is excessive. For 2013-14 the principles state that, for Police and Crime Commissioners, an increase of more than 2% in the basic amount of council tax between 2012-13 and 2013-14 is excessive. This is significantly less than 2012-13 where the referendum limit was 4% and less than budget assumptions of 3%.

For 2013-14 the relevant basic amount is calculated as follows:

Formula:

$$\frac{\text{Council Tax Requirement}}{\text{Total tax base for police authority area}} = \text{Relevant basic amount of council tax}$$

Nottinghamshire 2013-14 calculation:

$$\frac{\underline{\pounds 48,495,689.25}}{285,857.29} = \pounds 169.65 \text{ (1.95\%)}$$

With a 2% increase the Band D equivalent charge would be £169.74.

7. 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 draft police and crime plan. In assessing appropriate spending levels, consideration has been given to the significant unavoidable commitments facing the Police & Crime Commissioner including 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 2013-14 result in a Police & Crime Precept on the Council Tax of £169.65 for a Band D property, representing an increase of 1.95%.

For comparison purposes the Council Tax for Precepting Authorities is always quoted for a Band D property. In Nottinghamshire by far the largest number of properties are in Band A.

To achieve a balanced budget with reduced grant income an increase in the Police & Crime Precept has been required. This is on top of significant budget reductions and efficiencies to be achieved in year.

The calculation of the Police & Crime Precept on the Council Tax is as follows:

	2012-13		2013-14		Increase/ Decrease
	Budget		Budget		
	£m		£m		£m
Budget	197.3*		196.9		0.4 (-)
External Income	141.1* (-)		150.0 (-)		8.9 (-)
Collection Surplus	0.1 (-)		0.1 (-)		0.0 ()
Reserves	0.5 (-)		1.7 (+)		1.2 (+)
Precept	56.6 (-)		48.5 (-)		8.1 (+)

* This has been adjusted for comparable purposes to include Neighbourhood Policing grant now rolled into main police grant

Council Tax Base	334,249	285,995	(48,254)
Council Tax Band D	£166.41	£169.65	£3.24
Council Tax Band A	£110.94	£113.10	£2.16

The overall Police & Crime Precept to be collected on behalf of the Police & Crime Commissioner for 2013-14 is:

	£m	
Budgeted Expenditure	196.9	+
Less income from:		
Police Grant & DCLG Grant	137.5	(-)
Community Safety Grant	2.8	(-)
Council Tax Freeze Grant	1.3	(-)
Collection Fund surplus	0.1	(-)
Council Tax Support Grant	8.4	(-)
Net contribution to Balances	1.7	(+)
Police & Crime Precept on the Council Tax	48.5	(-)

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

Band	2012-13 £	2013-14 £
A	110.94	113.10
B	129.43	131.95
C	147.92	150.8
D	166.41	169.65
E	203.39	207.35
F	240.37	245.05
G	277.35	282.75
H	332.82	339.30

Amounts to be raised from Council Tax in each billing authority area:

	Precept amount to be collected £	Collection Fund Surplus/(Deficit) £	Total amount due £
Ashfield	5,067,496.40	0	5,067,496.40
Bassetlaw	5,328,630.16	0	5,328,630.16
Broxtowe	5,413,183.72	8,764	5,421,947.72
Gedling	5,835,303.45	53,885	5,889,188.45
Mansfield	4,499,840.71	9,040	4,508,880.71
Newark & Sherwood	6,109,961.72	0	6,106,961.72
Nottingham City	9,633,744.90	0	9,633,744.90
Rushcliffe	6,607,528.20	23,921	6,631,449.20
Total	48,495,689.25	95,610	48,591,299.25

Collection Dates

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

	£
<u>2013</u>	
19 April	4,859,129.00
29 May	4,859,129.00
01 July	4,859,129.00
05 August	4,859,129.00
11 September	4,859,129.00
16 October	4,859,129.00
20 November	4,859,129.00
23 December	4,859,129.00
<u>2014</u>	
03 February	4,859,129.00
10 March	4,859,138.25
	48,591,299.25

8 ROBUSTNESS OF THE ESTIMATES

The Chief Finance Officer to the Police & Crime Commissioner has worked closely with the Head of Finance & Business to ensure assurance on the accuracy of the estimates can be provided. Refinements have been made to some calculations and the bottom up budget agrees in total to the budget proposed for 2013-14.

The budget proposed within this report represents a balanced budget. The Force has provided assurances that the required reduction of £8.5m is achievable in year and the Office of the Commissioner will make a further saving of £0.1m. Risks relating to the achievement of the required savings have been identified and if necessary will be met from reserves.

The balanced budget is based upon the recommended 1.95% increase in Council Tax for 2013-14.