

REPORT TO SOUTH YORKSHIRE POLICE AND CRIME PANEL

1.	Meeting:	SOUTH YORKSHIRE POLICE AND CRIME PANEL
2.	Date:	28 JANUARY 2013
3.	Title:	PRECEPT PROPOSAL FOR THE YEAR TO 31 MARCH 2014
4.	Organisation:	POLICE & CRIME COMMISSIONER

5. Background and Summary of Proposal

- 5.1 The Police and Crime Panels (Precepts and Chief Constable's Appointments) Regulations 2012 require that The Police and Crime Commissioner (PCC) shall comply with the duty under paragraph 2 of schedule 5 of the Police Reform and Social Responsibility Act 2011, to notify the Panel of the proposed precept by 1st February of the relevant financial year.
- 5.2 Accordingly, this report proposes the precept for the financial year 2013/14.
- 5.3 The Government's 2013/14 Referendum Criteria allow PCC areas with 2012/13 Band D Council Tax demands in the lowest quartile of all Policing areas, to increase the annual Band D Council Tax by a maximum of 2% or £5 (3.6%), whichever is the greater.
- 5.4 The proposal is that the precept for 2013/14 be set at a level which increases the annual Band D amount by £5.
- 5.5 Needless to say, there are several factors which have been taken into account in reaching this position including:
- the likelihood of future Grant reductions
 - an ongoing determination to reduce crime levels and maintain/increase Policing visibility
 - the need to dedicate additional resources to particular specialist areas
 - a commitment to invest in Reducing Re-offending; Restorative Justice, Victim Support and Community Safety Initiatives.
- 5.6 The general question of 'affordability' has also played into the proposal and in particular the impact on Council Tax payers of increasing the precept by the maximum amount.

6. Recommendations

It is recommended that the South Yorkshire Police and Crime Panel give consideration to the proposals within this paper and support the proposed precept increase for 2013/14 at £5 per annum (Band D).

7. Proposals and details

- 7.1 The proposal for 2013/14 is that the Precept be increased by £5 at Band D. Further detail on the impact of this is set out below:

	Current (2012/13) Precept		Proposed increase Weekly	2013/14 Proposal	
	Annual	Weekly		Annual	Weekly
	£	£		£	£
Band A	91.70	1.76	6p	95.03	1.82
Band B	106.98	2.06	7p	110.87	2.13
Band C	122.27	2.35	8p	126.71	2.43
Band D	137.55	2.65	9p	142.55	2.74
Band E	168.12	3.23	12p	174.23	3.35
Band F	198.68	3.82	14p	205.91	3.96
Band G	229.25	4.41	16p	237.58	4.57
Band H	275.10	5.29	19p	285.10	5.48

- 7.2 The proposed increase in precept is expected to generate £1.6m in additional income and the intention would be to use this income in lieu of Reserves to help to fund the cost of replacing the Police Officers who left the Force during 2012/13. Consolidation of this element of the policing strength within the Base Budget will help to prevent 'the cliff edge' effect which reliance upon Reserves ultimately creates.
- 7.3 As expected the level of Grant from Central Government has been reduced. On a like for like comparison this reduction amounts to £3.2m (1.7%) for 2013/14.
- 7.4 It is also worthy of note that the Government has reaffirmed its commitment to a Police Funding Review. The possibility that such a Review will produce a detrimental outcome in respect of South Yorkshire has been factored into the consideration of Reserves and the strategy for their future use (see Appendix 2).
- 7.5 Pending the outcome of any Review it is currently assumed that Grant will reduce by a further £10m over the 2 year period to March 2016.
- 7.6 The former Police Authority's Medium Term Strategy was predicated upon expected Police Officers retirements of 110 in 2012/13; 60 in 2013/14 and 65 in 2014/15. In agreeing the Precept for 2012/13 the Authority did, however, agree to use the increase in 2012/13 precept income together with a contribution from Reserves to provide funding to replace and maintain the 110 2012/13 leavers for a period of three years.
- 7.7 The budget proposed for 2013/14 provides funding within the Force Revenue budget for the cost of the 110 Officers and also the 2013/14 (part year) cost of replacing the 60 anticipated 2013/14 leavers.

- 7.8 With regard to providing funding for the 60 2013/14 leavers the PCC has, in consultation with the Chief Constable, determined 50 of the 60 replacements should be allocated to Neighbourhood Policing, with the remaining 10 being allocated to Child Protection duties.
- 7.9 The Reserves Strategy outlined at Appendix 2 earmarks additional resources to support the replacement of all expected Police Officer leavers through next year and the following year for a three year period.
- 7.10 The budget proposal also accommodates the core funding for South Yorkshire's PCSOs which will from 1st April 2013 be absorbed within the main Government Grant rather than being provided through a separate Specific Grant.
- 7.11 It has been recognised that over recent years there have been a succession of annual budget underspends. These, by virtue of them being set aside in Reserves, can be viewed as positive and beneficial. However, it is now considered important that resources allocated are utilised for their intended purposes and also that accumulated Reserves are put to use in delivering key priorities.
- 7.12 With this backcloth in mind, it is proposed to distribute the projected underspend on the Force's 2012/13 budget (£4.5m) to priority areas. The planned distribution of this resource is set out for information at Appendix 3.
- 7.13 Taking all these various issues into account it is proposed that the funding allocated to support the Force's activities for 2013/14 be set at £245.2m (See Appendix 1) to include the part year cost of replacing 2013/14 Police Officer leavers and requiring an additional contribution from Force saving plans and efficiency measures of £3.4m.

8. Finance

- 8.1 Section 7 provides a commentary on the proposed mainstream budget for 2013/14 and the associated Precept proposal. However, there are certain separate (specific) funding streams which are in the process of being reviewed/confirmed (see Appendix 4). Subject to confirmation of these funds for 2013/14 further allocations will be made in respect of the specific purposes of that funding. This includes a Community Safety Fund, a new funding stream which appears to absorb a number of other previously separate funding streams but is, in total, significantly lower than the sum of the previous streams.

9. Risks and Uncertainties

- 9.1 The intention is to set a challenging savings/efficiency target for the Force in 2013/14. This has been discussed with the Chief Constable and his Director of Finance and whilst recognising the challenge ahead they are optimistic that it can be met.

- 9.2 Recognising the extent of the budgetary challenge the intention is to carry out a mid-year review of the 2013/14 funding level and also give consideration to any impact which it may be having on Force performance.
- 9.3 There are without doubt a number of risks and uncertainties attached to the Reserves Strategy and this will be kept under constant review as potential risks and their implications become clearer over time.
- 9.4 As mentioned in Section 7 the risk of the Police Funding Review producing negative outcomes for South Yorkshire has also been noted.

10. Background Papers and Consultation

- Appendix 1 Summary 2013/14 Budget Proposal
- Appendix 2 Reserves Update/Strategy
- Appendix 3 2012/13 Underspend – Distribution Plan
- Appendix 4 Specific Funding Streams (Subject to Review)

11. Contact

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2013/14 PCC PROPOSED BUDGET – SUMMARY

	2012/13 APPROVED £M	2013/14 PROPOSED £M
Force budget	251.3	247.6
Provision for replacing 60 2013/14 leavers	-	+1.0
Additional savings/efficiency target	-	-3.4
Proposed Force Budget	<u>251.3</u>	<u>245.2</u>
SYPA/PCC Budget	<u>6.3</u>	<u>6.3*</u>
	<u>257.6</u>	<u>251.5</u>
Government Grant	199.4	196.2
Precept income (£142.55 Band D)	53.0	55.3
Collection surplus Fund	<u>0.6</u> 253.0	<u>-</u> <u>251.5</u>
Use of Reserves	4.6	-
	<u>257.6</u>	<u>251.5</u>

* indicative pending extensive review of all budgets and detailed consideration of 2nd stage transfers options, but commitment to being lower than former SYPA budget

APPENDIX 2

RESERVES UPDATE/STRATEGY

	£m	£m
1. <u>'Minimum Working Balance'</u>		10.0
Set aside for unforeseen/unquantifiable threats/events e.g Hillsborough, Formula Funding Review etc		
2. <u>Earmarked Reserves</u>		
(i) Insurance Reserve		
Main threat is MMI Scheme of Arrangement (Max call is £10m+)	10.7	
(ii) Devolved Budget Reserve		1.2
Available to SY Police under current carry forward/delegation arrangements PCC Reviewing Scheme 2% cut off		
(iii) PCSO Reserve		0.7
Potential clawback of PCSO grant underspends numbers dipping below Government target		
(iv) Other minor earmarkings		0.6
Currently under review		
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3. <u>Earmarked – Budget Support</u>		13.2
(i) Approved contribution to 2012/13 Budget – using this frees up £4.5m underspend for distribution by PCC	4.6	
(ii) Provisionally set aside to support funding for replacement of (2012/15) Police Officer leavers up to 31.3.16 (annual cost beyond 2015/16 is £5m approx.)	11.6	
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4. <u>Unearmarked Reserves</u>		16.2
Potentially available for Invest to Save projects/efficiency initiatives; future budget support etc. PCC encouraging Force to develop innovative proposals		7.4
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		46.8

2012/13 POLICE BUDGET (PROJECTED) UNDERSPEND

PCC DISTRIBUTION PLAN

	2013/14 £M	2014/15 £M	2015/16 £M	3 Year Total £M
<u>SY Probation Trust</u>				
- Re-offending	0.250	0.250	0.250	0.750
- Restorative Justice	0.150	0.150	0.150	0.450
<u>SY Victim Support</u>	0.100	0.100	0.100	0.300
<u>Community Grants Scheme</u>	0.166	0.166	0.168	0.500
<u>Sheffield CC (Community Safety Initiatives)</u>	0.333	0.333	0.334	1.000
<u>Doncaster MBC (Community Safety Initiatives)</u>	0.167	0.167	0.166	0.500
<u>Rotherham MBC (Community Safety Initiatives)</u>	0.167	0.167	0.166	0.500
<u>Barnsley BMC (Community Safety Initiatives)</u>	<u>0.167</u>	<u>0.167</u>	<u>0.166</u>	<u>0.500</u>
	1.500	1.500	1.500	4.500

SPECIFIC FUNDING STREAMS
(SUBJECT TO REVIEW/CONFIRMATION)

	INDICATIVE (CURRENT) £M
Dedicated security posts	0.770
“Prevent” posts	0.341
“Prevent” channel	0.072
Local Criminal Justice Board	0.033
Prisons Intelligence	0.115
Safety Camera Partnership	1.486
Barnsley Estates Action Team	0.233
Safe Transport Officer	0.062
Meadowhall	0.080
Community Information Unit staff	0.049
Barnsley PCSOs	0.273
Sheffield PCSOs	<u>0.300</u>
	<u>£3.814m</u>
Community Safety Fund	<u>£3.187m</u>

This is a completely new funding stream; indications are that the following funding streams which are ending are included

- Drug Interventions Programme (DIP)
- DIP Drug Testing Grant
- Community Safety Partnership Funding (reduced by 60% over the last 3 years)
- Youth crime and substance misuse prevention activities
- Positive Futures