

REPORT TO SOUTH YORKSHIRE POLICE AND CRIME PANEL

1	Meeting:	SOUTH YORKSHIRE POLICE AND CRIME PANEL
2	Date:	31 JANUARY 2014
3	Title:	PRECEPT PROPOSAL FOR THE YEAR TO 31 MARCH 2015
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 The Government's 2014/15 Referendum Criteria are yet to be announced and the proposal presented in this Report is consequently provisional and assumes that there will be a 2% limit on PCC Precept increases. However, in the event that a higher limit is imposed, the Panel's agreement to a higher Precept increase (max 2.9%; equivalent to £4.13 per annum/8p per week) will be sought in order to accelerate the planned investment in the Protection of Vulnerable People. If on the other hand the limit is set at a level below the 2% assumption, further net cost reductions will be identified in order to protect the proposed investment in that important area of activity.
- 5.3 The provisional proposal is that the precept for 2014/15 be set at a level which increases the annual Band D Council Tax amount by 2%, equivalent to an annual increase of £2.85 (6p per week).
- 5.4 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 on-going determination to reduce crime levels and maintain/increase Policing visibility
 - the need to dedicate additional resources to particular specialist areas
 - a continuing commitment to invest in Reducing Re-offending; Restorative Justice, Victim Support and Community Safety Initiatives.
 - an increased commitment to the protection of vulnerable people.

- 5.5 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 proposed amount.
- 5.6 The provisional proposal for 2014/15 is that the Precept be increased by £2.85 at Band D. Further detail on the impact of this is set out below:

	Current (2013/14) Precept		Proposed increase Weekly	2014/15 Proposal	
	Annual £	Weekly		Annual	Weekly
Band A	95.03	1.82	4p	96.93	1.86
Band B	110.87	2.13	4p	113.09	2.17
Band C	126.71	2.43	5p	129.24	2.48
Band D	142.55	2.74	6p	145.40	2.80
Band E	174.23	3.35	7p	177.71	3.42
Band F	205.91	3.96	8p	210.03	4.04
Band G	237.58	4.57	9p	242.33	4.66
Band H	285.10	5.48	11p	290.80	5.59

6. Recommendation

It is recommended that:-

- (i) In the event that the maximum Precept increase for PCCs is 2% the South Yorkshire Police and Crime Panel gives consideration to the proposals within this paper and supports the proposed precept increase for 2014/15 at £2.85 per annum (Band D);
- (ii) In the event that the maximum Precept increase for PCCs is greater than 2% the Panel considers an alternative proposal involving an increase of more than 2% (max 2.9%) with the additional income (max £400k approx.) being matched by an increased investment to accelerate new activity in the Protection of Vulnerable People.
- (iii) In the event that the maximum Precept increase for PCCs is below the current 2% assumption the Panel gives consideration to a Precept increase at that maximum level with the reduced income being matched by net cost reductions not affecting the proposed South Yorkshire Police Budget for 2014/15.

7. National context/issues

- 7.1 As expected the level of Grant from Central Government has been further reduced. On a like for like comparison this reduction amounts to £9.4m (4.5%) for 2014/15. Approximately £3m of which results from a 'top slicing' of the National Police Grant to fund National initiatives, including £50m to establish a 'Police Innovation Fund'; £18m to build up the capacity of the IPCC; £9m to increase the frequency of HMIC inspections; £3m for the College of Policing and £2m for the National Police Co-ordination Centre.
- 7.2 The reduction also takes account of the discontinuation of the Community Safety Fund (£3.2m in SY for 2013/14) which is now deemed to be part of the main Police Grant. The current intention is to continue with Community Safety funding in South Yorkshire in 2014/15 at broadly the same level as in 2013/14.
- 7.3 It is also worthy of note that the Government appears to remain committed 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.
- 7.4 Pending the outcome of any Funding Review and using available Home Office indications including the prospect of greater 'top slicing' it is currently assumed that Grant will reduce by a further £10m in 2015/16.

8. South Yorkshire Police

- 8.1 The precept proposal is predicated on a 2014/15 budget allocation to the Chief Constable of £243.725m, some £4.264m of which will be funded from Specific Grants and Contributions initially payable to the PCC leaving a Force net budget requirement of £239.461m.
- 8.2 Importantly, this budget allocation provides funding for the Chief Constable to continue to maintain PCSO numbers at the current level of 328 and also to increase the capacity within the Force to respond to emerging Crime types with a particular emphasis on Public Protection issues. In particular the proposal allocates more than £2m for additional activity in this area with an intention to increase this further in 2015/16. Furthermore, if the Precept rules allow a higher increase this would be used to accelerate this proposal in 2014/15.
- 8.3 The additional efficiency savings target which was allocated to the Force for 2013/14 is on course to be successfully delivered. It is not proposed to impose any further efficiency target for 2014/15, although an overtime reduction target (to align South Yorkshire's overtime spending with that of its 'Most Similar Group' of Forces) has been agreed with the Chief Constable.

- 8.4 In addition, the Force has been asked to seek to accommodate the costs of any necessary Voluntary Early Retirements/Redundancies within the budget amount allocated for 2014/15.

9. Other Budgets

For 2013/14 the overall PCC budget was set at the same level as had been in place for the former Police Authority in 2012/13. For 2014/15 it is intended to seek to operate within a reduced level of budget including a budget for the 'Office of the PCC' which is reduced broadly in line with the 2014/15 reduction applicable to the Force (Summary details at Appendix 1).

Other Budgetary/Funding issues

10. Allocations to Partners

- 10.1 The Panel will recall that an integral part of the 2013/14 budget decision was the allocation of £4.5m (over 3 years) from Reserves to Partner Organisations to fund their priority initiatives. 2014/15 will be the second year of this 3 year funding plan. The funding allocations underpinning that budgetary decision are attached for information at Appendix 3.

- 10.2 Also, as mentioned at paragraph 7.2, in spite of the Government removing specific funding for Community Safety activities (the Community Safety Fund), the intention is to continue the funding of such activities at the broadly the same level in 2014/15.

11. Reserves Strategy

- 11.1 The main points for noting with regard to this position can be summarised as follows. A minimum working balance has been set aside for unforeseen/unquantifiable threats and/or events. Significant earmarking/commitment of Reserves has now been attached to a number of capital projects which will produce future revenue savings and avoid additional capital financing charges. A further amount is provisionally earmarked to provide future support to the Force budget to allow effective and well planned responses to further grant reductions with a particular emphasis on minimising impacts on front-line policing.

12. Risks and Uncertainties

- 12.1 Recognising the extent of the continuing budgetary challenge the intention is to carry out a regular review of the 2014/15 Force funding level with a particular focus on any impact which it may be having on Force performance.
- 12.2 There are without doubt a number of risks and uncertainties attached to the Reserves Strategy and these will be kept under constant review as potential risks and their implications become clearer over time.

12.3 As mentioned in Section 7 the risk of the Police Funding Review producing negative outcomes for South Yorkshire has also been noted.

Background Papers and Consultation

- Appendix 1 Summary 2014/15 Budget Proposal
- Appendix 2 PCC Distribution Plan
- Appendix 3 Specific Funding Streams

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2014/15 PCC PROPOSED BUDGET – SUMMARY

	2013/14 APPROVED £M	2014/15 PROPOSED £M
Force budget	245.758	239.461
Other Budgets (see below)	<u>10.806</u>	<u>9.338</u>
	<u>256.564</u>	<u>248.799</u>
Government Grant	208.998	199.587
Precept income (£145.40 Band D)	45.752	46.680
Increase in Council Tax Base		0.625
Collection Fund Surplus	<u>0.314</u>	<u>0.407</u>
	255.064	247.299
Use of Reserves	1.500	1.500
	<u>256.564</u>	<u>248.799</u>
 <u>Other Budgets</u>		
<u>Commissioning and Partnership activities</u>	4.866	5.114
<u>Capital Financing/Insurance costs</u>	3.905	2.230
<u>Office of the PCC</u>	<u>2.035</u>	<u>1.994</u>
	<u>10.806</u>	<u>9.338</u>

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	0.035
Prisons Intelligence	0.115
Safety Camera Partnership	1.310
Barnsley Estates Action Team	0.233
Safe Transport Officer	0.032
Meadowhall	0.080
Barnsley PCSOs	0.272
Sheffield PCSOs	0.311
Disclosure and Barring	0.458
CTSA	0.099
MARAC Co-ordinator	0.030
Countywide Road Safety Officers	0.054
Lifewise Contribution	0.052
	<u>4.264</u>