

REPORT TO SOUTH YORKSHIRE POLICE AND CRIME PANEL

1	Meeting:	SOUTH YORKSHIRE POLICE AND CRIME PANEL
2	Date:	30 JANUARY 2015
3	Title:	PRECEPT PROPOSAL FOR 2015/16
4	Organisation:	POLICE & CRIME COMMISSIONER

Purpose of the Report

- 5 To notify the Police and Crime Panel (“the Panel”) of South Yorkshire Police and Crime Commissioner’s proposed council tax precept for 2015/16

Recommendation

- 6 It is recommended that the Panel considers a proposed increase in council tax of 1.95% for 2015/16, equivalent to an annual increase for a Band D property of £2.83 (6p per week).

Background

- 7 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.

Planning for 2015/16

- 8 Following the election of the new PCC for South Yorkshire on 30 October 2014 the Office of the Police and Crime Commissioner's annual strategic planning cycle has led to a refresh of the current Police and Crime Plan and the PCC's strategic priorities to reflect the needs of South Yorkshire's communities and a wide range of information gathered. The refreshed Police and Crime Plan ("the Plan") will aim to improve public trust by focusing on three strategic priorities of Protecting Vulnerable People, Tackling Crime and Anti-Social Behaviour and Fairness, with a greater emphasis on Protecting Vulnerable People.
- 9 There has been improved integration of the PCC's strategic planning and financial planning processes this year, to ensure that decisions about resource allocations are appropriately and realistically aligned to the updated priorities. In this way, public consultation, environmental scanning and police intelligence have been considered alongside the challenge of reduced Government funding for policing and crime services in South Yorkshire and the likelihood of continuing significant reductions in funding for the foreseeable future.
- 10 Attached to this report is a draft of the Plan which sets out the strategic direction for policing in South Yorkshire and provides the information necessary for the determination of the revenue budget and capital tax precept. The finalisation of this document will take place as part of the culmination of the planning process and formal approval of the budget in February 2015.
- 11 The information contained in the draft Plan includes details about the financial position for 2015/16, together with details of the medium term outlook, the capital programme and the position relating to reserves. Rather than repeat this information verbatim, this covering report summarises the overall position and the factors influencing the precept proposal for 2015/16.

National context

- 12 The overall financial outlook facing policing and crime services in South Yorkshire continues to be extremely difficult given the Government's budget deficit reduction programme. For 2014/15, what had been expected to be a 3.3% central funding reduction was ultimately announced as a 4.8% reduction due to the Home Office top slicing the amount to be distributed to PCC's to fund national initiatives such as a Police Innovation Fund, the Policing College

and the National Police Co-ordination Centre. The year on year reduction amounted to almost £9.5m for South Yorkshire.

- 13 The Finance Settlement announced in December 2013 was a one year settlement and related to 2014/15 only; this was different to the approach taken by the Department for Communities and Local Government who had issued local authorities with a two year settlement and provided “indicative” figures for 2015/16. This one year settlement has been due to the Home Secretary requiring time to consider how to manage the further 1% reduction in government department spending announced by the Chancellor in November 2013. This lack of clarity about funding for 2015/16 presented a significant planning issue for PCCs and Chief Constables.
- 14 The Provisional Funding Settlement for 2015/16 announced in December 2014 represents a reduction in funding for PCC’s of 5.1% at a national level. Once again, the Government has top sliced funding for national initiatives with new priorities such as the “Police Knowledge Fund” and “Major Programmes” now included in the top slicing. There is still uncertainty around the nature of additional charges to forces for national ICT systems and the National Police Co-ordination Centre, which potentially could have involved further top slices.
- 15 No details have yet been announced about the size of the capital grant from Government (currently amounting to £2.5m) and therefore the capital programme cannot be determined until this becomes available next month. There is a possibility that this could also be reduced to fund national programmes.

Budget Proposals for 2015/16

- 16 In the absence of an “indicative” finance settlement for 2015/16, the South Yorkshire PCC’s medium term financial strategy had been based on the assumption that funding from Government would reduce by approximately 3.2% or £6.6m. The actual reduction in grant announced in December 2014 has been almost 5% or £9.6m. The finalised settlement will be announced in February 2015.
- 17 There is a requirement to make sufficient budget provision for the effect of price inflation, pay awards and the planned resources required to address the heightened emphasis given to Protecting Vulnerable People. These additional “Pressures” amount to almost £8m for 2015/16. The combined effect of the funding reduction and pressures mean that almost £17.5m will need to be found to balance the 2015/16 budget. This will have to come from a combination of savings and additional income.

		£000
Reduction in funding from Government		9,644
"Pressures" in 2015/16		7,774
Total level of savings required		17,418

- 18 To partially mitigate the level of savings required, the options available to the PCC include acceptance of the Council Tax Freeze Grant (CTFG). This is broadly equivalent to a 1% tax increase and would amount to approximately £0.5m based on the Governments "Indicative" grant allocation figures.
- 19 The other option available to the PCC is to propose an increase in the council tax precept by an amount up to the limit that would trigger a local council tax referendum. Although the referendum principles will not be confirmed until next month, it is expected that an increase of more than 2% would trigger a referendum.
- 20 The budget proposals include an increase in the precept of 1.95%: i.e. within the referendum limit. The amount generated by a 1.95% increase is greater than that provided by the CTFG and would avoid an even greater level of savings being required from the policing budget. Increasing the council tax rather than accepting the CTFG would provide an element of stability in the long term, in so far as the council tax income would be incorporated in the base budget and successive budgets would build on this figure. Also, there are doubts as to the long term continuation of the CTFG: in past years the CTFG has been rolled up into the funding allocations for local authorities and has then been subject to an overall percentage reduction, which potentially could also happen to funding for PCCs.
- 21 The refreshed Plan provides details of the savings proposals amounting to over £12m. The majority of these proposals have been identified by the Force's review programme "Diamond" which was established in 2010 with the aim of transforming policing by using resources more effectively. In order to balance the budget, there is a requirement for further reductions of approximately £3m and these will have to come from a combination of further reductions in operational expenditure, a review of the position on capital financing costs and reductions in the PCC's partnership and commissioning budget. The work to finalise these additional savings proposals is ongoing and will be completed before the end of February.
- 22 Together with the additional income from the proposed 1.95% increase in council tax precept, the savings proposals so far identified and the additional proposals amounting to £3m to be finalised next month, collectively represent a balanced position.

	£000
Full year effect of previous savings proposals	-2,060
New savings proposals for 2015/16	-10,139
Further savings to be determined/agreed	-3,047
Total savings	-15,246
Council Tax income (Proposed 1.95% increase)	-1,862
Additional Collection Fund surplus	-310
Total savings/income	-17,418

Council Tax precept proposal

- 23 The proposal for 2015/16 is that council tax be increased by 1.95% bringing the Band D council tax to £148.16. This is equivalent to an annual increase of £2.83 or approximately 6p per week. The council tax for all bands is set out below:

	Current (2014/15) Precept		Proposed increase Weekly	2015/16 Proposals	
	Annual	Weekly		Annual	Weekly
	£	£		£	£
Band A	96.89	1.86	4p	98.77	1.90
Band B	113.03	2.17	5p	115.24	2.22
Band C	129.18	2.48	5p	131.70	2.53
Band D	145.33	2.79	6p	148.16	2.85
Band E	177.63	3.42	6p	181.08	3.48
Band F	209.92	4.04	8p	214.01	4.12
Band G	242.22	4.66	9p	246.93	4.75
Band H	290.66	5.59	11p	296.32	5.70

- 24 In summary, the rationale for this proposed increase, is as follows:

- Due to the scale of the reductions in funding from Government there is a need to avoid further cuts to the Force budget which diminish policing and crime services to South Yorkshire's communities;
- the need to dedicate resources to priority areas, especially in respect of Protecting Vulnerable People, including those who are vulnerable to Child Sexual Exploitation;
- a requirement to invest in the necessary technology and infrastructure that will generate efficiencies in operational policing and support functions in future years; and
- an ongoing determination to tackle crime and anti-social behaviour

Partnership/Commissioning Budget

25 The Panel will recall that provision has been made in previous budgets to provide funding for partner organisations to support the delivery of objectives in the Plan. The budget provisions have been supported by contributions from reserves and the medium term financial strategy envisaged the use of £1.5m from reserves to support this funding in 2015/16

26 The current Reserves Strategy maintains this contribution in 2015/16. However the overall size of the partnership/commissioning budget for 2015/16 has not been finalised and it is likely that there will be a reduction to meet the remaining gap of £3m in 2015/16. The final decision on this issue will take into account the potential impact on partner organisations and the degree to which commitments have already been entered into.

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