

The Police and Crime Commissioner for Lincolnshire

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The Police and Crime Commissioner for Lincolnshire

REPORT TO THE POLICE & CRIME PANEL POLICE PRECEPT 2014/15

1. Introduction

1.1 My proposals for the Police Precept 2014/15 reflect the priorities set in my *Police and Crime Plan for Lincolnshire 2013 – 2017*:

- reducing crime;
- a fair deal for the people of Lincolnshire; and
- police and services that are there when you need them.

1.2 During January, the people of Lincolnshire have responded to my budget consultation with valuable and considered views which are also reflected in my proposals.

2. Government Grant

2.1 The Home Office's provisional grant announcement on 18 December 2013 confirmed a 3.3% reduction in overall police funding for 2014/15 as I expected. However, Police Grant to police and crime commissioners will be reduced by 4.8%, reflecting the government's intention to retain additional funding for central initiatives. All police areas will receive the same percentage reduction in government funding. The reduction for Lincolnshire is £3.1m which is £1m more than expected.

2.2 Indicative grant allocations for 2015/16 have not been published. Overall police funding was planned to reduce by a further 3.2%. This reduction may be increased as a consequence of the Chancellor's Autumn Statement in December 2013. It has been assumed that Police Grant will fall by 3.8% and be distributed on a similar basis to 2014/15.

2.3 The position after 2015/16 is uncertain particularly since a General Election is scheduled for 2015. However, my medium term financial forecast indicates a budget gap of £7m in 2016/17 and £11m in 2017/18. The Chief Constable has initiated a Transformation Programme to address the budgetary shortfall which is the equivalent of broadly 140 police officers in 2016/17 and 220 in 2017/18.

2.4 The Community Safety Grant introduced in 2013/14 is now subsumed within Police Grant. A new Victim's Services Grant has been introduced: Lincolnshire's allocation will be £0.231m in 2014/15 increasing to £0.772m in the following year.

2.5 Other grants will continue as expected.

- 2.6 The provisional grant announcement for 2014/15 is expected to be debated by Parliament during February 2014 following which the final grant allocations will be confirmed.
- 2.7 The provisional grant announcement is disappointing. I have written to the Home Secretary expressing my dissatisfaction with the way in which the funding available has been allocated and setting out clearly the action that the Home Office should take to provide a fair funding deal for the people of Lincolnshire (see annex 1).

3. Council Tax

- 3.1 Provisional details of the council tax base have been received from Lincolnshire district councils. These show a 0.43% increase in the tax base in 2014/15. There is also a surplus on council tax collection funds: the Police and Crime Commissioner's share of this surplus is £0.279m.
- 3.2 The government announced details of its Council Tax Freeze Scheme 2014/15 on 15 January 2014. Any police and crime commissioner who freezes or reduces their council tax in 2014/15 will receive a grant equivalent to a 1% increase in the council tax. This grant will also be paid in 2015/16.
- 3.3 I have noted the availability of the Council Tax Freeze Grant. This would transfer some costs from local to national taxpayers. However, it would also reduce the funding available for police and crime services both in 2014/15 and on a longer term basis. My priority is to deliver my Police and Crime Plan including maintaining the number of police officers for the people of Lincolnshire.
- 3.4 Freezing council tax in 2014/15 would increase the longer term risk to maintaining the number of police officers.
- 3.5 The government has not yet set the threshold for council tax increases above which a local referendum would be triggered. The threshold set for the current year was 2%. I do not wish to trigger a costly local referendum.
- 3.6 My medium term financial strategy is based upon annual council tax increases of 2% per annum. The government's proposal to reduce Police Grant to Lincolnshire in 2014/15 by a further £1 million, equivalent to the loss of more than 20 police officer posts, leads to my proposal to increase the police precept by 3.9% in 2014/15 or at the maximum permitted threshold for council tax increases, whichever is the lower.

4. Total Income

- 4.1 The budget proposals described in the remainder of this report assume a 3.9% council tax increase in 2014/15 and a 2% increase in 2015/16.
- 4.2 Given that I do not intend to trigger a local referendum, the actual increase may therefore be lower than 3.9% in 2014/15.
- 4.3 Lincolnshire County Council's annual contribution of £1.5m for Police Community Support Officers (PCSOs) is assumed to continue.
- 4.4 Total income is projected to reduce over the next two years as shown in Table 1 below assuming a 3.9% council tax increase in 2014/15 and a 2% increase in 2015/16. There is a 0.8% reduction in 2014/15 despite the increase in council tax.

	2013/14	2014/15	2015/16
Income	£m	£m	£m
Police Grant	65.359	62.246	59.880
Victims' Services Grant		0.231	0.772
Council Tax Compensation Grant	1.058	1.058	1.058
Council Tax Support Grant	5.757	5.775	5.775
LCC PCSO funding	1.500	1.500	1.500
Council tax	39.996	41.950	42.713
Total income	113.670	112.760	111.698

Table 1

5. Expenditure Plans

5.1 Total spending in 2014/15 will reduce in line with income so as to maintain a balanced budget. The 2015/16 budget will be balanced with the use of a £1.5m reserve set aside for this purpose.

5.2 The budget is summarised in Table 2 and described below.

	2013/14	2014/15	2015/16
Expenditure	£m	£m	£m
PCC direct expenditure	29.371	29.514	29.150
Joint services	1.416	1.546	1.598
Chief Constable	82.883	81.700	82.450
Total	113.670	112.760	113.198

Table 2

5.3 My budget proposals include provision for victims' services expenditure in line with the new grant. Provision for community safety grants and contributions is maintained at its current level (£1.1m). The budget also includes provision for strategic partnership contract payments (£23.1m) and capital financing charges (£3.3m).

5.4 The Chief Constable's budget includes £56.3m for police officer salaries and £4.3m for PCSO salaries. The budgets for both 2014/15 and 2015/16 are based on retaining 1,100 police officers and 149 PCSOs as in 2013/14.

5.5 Cost pressures add £1.6m or 1.4% to the total budget in 2014/15. The main pressure being 1% pay awards for police officers and other staff, and changes in allowances for PCSOs. Savings of £2.5m or 2.2% are necessary to balance the budget. The main savings are in capital financing charges (£0.480m), premises, fleet, human resources

and other support costs (£0.745m), increased income (£0.385m) and new savings resulting from regional collaboration budgets (£0.338m).

6. Council Tax

- 6.1 The Police and Crime Commissioner's share of council tax is shown in the table below. This illustrates the impact of a 3.9% increase. The additional cost to the majority of Lincolnshire council tax payers would be less than 14 pence per week.

Council Tax Band	2013/14 £	Increase £ per annum	2014/15 £	Increase Pence per week
A	126.72	4.98	131.70	10
B	147.84	5.81	153.65	11
C	168.96	6.64	175.60	13
D	190.08	7.47	197.55	14
E	232.32	9.13	241.45	18
F	274.56	10.79	285.35	21
G	316.80	12.45	329.25	24
H	380.16	14.94	395.10	29

Table 3

Alan Hardwick
The Police and Crime Commissioner for Lincolnshire
31 January 2014