

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 2015/16

1. Introduction

1.1 My proposals for the Police Precept 2015/16 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 The opportunity for the people of Lincolnshire to respond to my budget consultation concluded on 28 November 2014. I received 1,478 submissions which are summarised in Appendix A attached together with my response. These valuable and considered views are also reflected in my proposals.

2. Government Grant

2.1 The Home Office's provisional grant announcement on 18 December 2014 confirmed a 3.5% cash reduction in overall police funding for 2015/16 as I expected. However, Police Grant to police and crime commissioners will be reduced by 5.1%, 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 £3.2m which is £0.7m more than expected.

2.2 Indicative grant allocations beyond 2015/16 have not been published but for the purposes of my medium term financial plan (MTFP) I have assumed that Police Grant will fall by 4% each year and be distributed on a similar basis to 2015/16.

2.3 The position after 2015/16 is uncertain particularly given the General Election in May 2015. However, my medium term financial forecast assumes reductions of Police Grant of £3.2m/£2.4m/£2.3m over the period of the MTFP.

2.4 The provisional grant announcement for 2015/16 is expected to be debated by Parliament during February 2015 following which the final grant allocations will be confirmed.

2.5 The provisional grant announcement is disappointing. I have written to the Home Secretary (copy attached at Appendix B) expressing my dissatisfaction with the way in which the funding available has been allocated and setting out clearly the approach that the Home Office should take to provide a fair funding deal for the people of Lincolnshire.

2.6 Further detailed information on government grant is included within Appendix C attached.

3. Council Tax

3.1 Provisional details of the council tax base have been received from Lincolnshire district councils. These show a 1.85% increase in the tax base in 2015/16. There is also a surplus on council tax collection funds: the Police and Crime Commissioner's share of this surplus is £0.7m.

3.2 The government announced details of its Council Tax Freeze Scheme 2015/16 on 18 December 2014, alongside the provisional police grant announcement. Any police and crime commissioner who freezes or reduces their council tax in 2015/16 will receive a grant equivalent to a 1% increase in the council tax which is £0.475m for Lincolnshire. The government has indicated that this grant will be included within future funding settlements.

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 2015/16 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 2015/16 would increase the longer term risk to maintaining the number of police officers.

3.5 The government has set the threshold for council tax increases above which a local referendum would be triggered at 2%. I do not wish to trigger a costly local referendum and I am proposing an increase in the police precept of 1.95% for 2015/16.

3.6 My MTFP is based upon annual council tax increases of 2% per annum. Nevertheless, the MTFP indicates an increasing budget gap of £4.3m in 2016/17 and £7.1m in 2017/18. To achieve financial balance beyond 2015/16, it is clear that, without a more equitable slice of the national police grant, or substantial precept rises in future years, Lincolnshire would see significant degradation of service from 2016 onwards. That would undoubtedly take the form of fewer Police Community Support Officers (PCSOs), police officers and the staff who support them. The Chief Constable and I have been taking this message to the heart of Government over recent weeks and they are listening.

4. Total Income

4.1 The budget proposals described in the remainder of this report assume a 1.95% council tax increase for 2015/16 and a 2% increase for each of the subsequent 2 years of the MTFP.

4.2 Lincolnshire County Council has indicated a £0.3m reduction in its annual contribution for PCSOs; the annual contribution is assumed to continue at £1.2m over the period of the MTFP.

- 4.3 Total income is projected to reduce over the next three years as shown in Table 1 below. There is a 0.8% reduction in 2015/16 despite the increase in council tax.

	2014/15	2015/16	2016/17	2017/18
Income	£m	£m	£m	£m
Police Grant	62.246	59.065	56.675	54.380
Victims' Services Grant	0.231	0.772	0.772	0.772
Council Tax Compensation Grant	1.058	1.058	1.058	1.058
Council Tax Support Grant	5.775	5.775	5.775	5.775
LCC PCSO funding	1.500	1.200	1.200	1.200
Council tax	41.172	43.180	43.524	44.612
Total income	111.982	111.050	109.004	107.797

Table 1

5. Expenditure Plans

- 5.1 Total spending in 2015/16 will reduce in line with income so as to maintain a balanced budget. The budget assumes savings of £2.2m/£3.2m/£3.4m over the 3 years of the MTFP.
- 5.2 The budget is summarised in Table 2 and described below.

	2014/15	2015/16	2016/17	2017/18
Expenditure	£m	£m	£m	£m
PCC direct expenditure	28.545	27.775	27.411	28.151
Joint services	1.712	1.759	1.825	1.864
Chief Constable	81.725	81.516	84.062	84.833
Total	111.982	111.050	113.298	114.848

Table 2

- 5.3 My budget proposals include provision for victims' services expenditure in line with the grant of £0.7m. Provision for crime and disorder reduction grants is set at £0.8m. The budget also includes provision for strategic partnership contract payments (£22.1m) and capital financing charges (£3.1m).
- 5.4 The Chief Constable's budget includes £55.5m for police officer salaries and £4.5m for PCSO salaries. As with 2015/16, the budgets for both 2016/17 and 2017/18 are based on retaining 1,100 police officers and 149 PCSOs.
- 5.5 Cost pressures add £0.8m or 0.7% to the total budget in 2015/16. The main pressures being £0.7m for pay awards for police officers and other staff together with increased

ICT costs including from the Home Office. Savings of £2.2m or 2% are necessary to balance the budget. The main savings are in capital financing charges (£0.3m), community safety grants (£0.3m), premises, fleet, and other support costs (£0.6m), crime and operations non-staff costs (£0.3m) and police staff (£0.3m).

- 5.6 Further detailed information on revenue and capital expenditure plans, savings options, risks and reserves is attached at Appendix C.

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 1.95% increase. The additional cost to the majority of Lincolnshire council tax payers would be less than 7 pence per week.

Council Tax Band	2014/15 £	Increase £ per annum	2015/16 £	Increase Pence per week
A	129.24	2.52	131.76	5
B	150.78	2.94	153.72	6
C	172.32	3.36	175.68	6
D	193.86	3.78	197.64	7
E	236.94	4.62	241.56	9
F	280.02	5.46	285.48	11
G	323.10	6.30	329.40	12
H	387.72	7.56	395.28	15

Table 3

Alan Hardwick
 The Police and Crime Commissioner for Lincolnshire
 28 January 2015