

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 2016/17

1. Introduction

1.1 My proposals for the Police Precept 2016/17 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 15 January 2016. I received 1,766 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 17 December 2015 confirmed the announcement by the Chancellor in November that overall Home Office spending on police would be protected in real terms as long as precept income is maximised. Although overall spending is protected, for Police and Crime Commissioners (PCCs), the settlement indicates a flat rate 0.6% reduction in cash terms for all police areas (in Lincolnshire £337k). The settlement includes the effect of an assumed precept increase of 2% across all areas resulting in a £196 million (1.7%) increase in the resources available overall to PCCs.

2.2 Force areas across the country will experience different levels of increase in their total resource funding¹; in Lincolnshire the increase indicated by the government is 0.7%.

2.3 Future years beyond 2016/17 are specifically excluded from the announcement, but for the purposes of my medium term financial plan (MTFP) I have assumed that Police Grant will fall by 0.7% each year.

2.4 The government has acknowledged that the current funding formula used to distribute government grant is not fit for purpose and it has committed to introducing a revised methodology. In exemplifying its proposals, the Home Office indicated that Lincolnshire would have received an additional £8m of government grant each year if the proposed methodology were in place. It is disappointing that, because of an error

¹ This includes all formula grant, legacy council tax grants and police precept.

in the Home Office's calculations, the introduction of the new methodology has been paused. In the meantime, I have assumed that by the end of the current planning period, Lincolnshire's share of government grant will increase by £6m per annum.

- 2.5 The provisional grant announcement for 2016/17 is subject to consultation and I have written to the Home secretary expressing my views (Appendix B). The provisional settlement will be debated by Parliament during February 2016 following which the final grant allocations will be confirmed.
- 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 2.3% increase in the tax base in 2016/17. There is also a surplus on council tax collection funds: the Police and Crime Commissioner's share of this surplus is currently forecast to be £0.5m.
- 3.2 The government has not announced a Council Tax Freeze Scheme in 2016/17.
- 3.3 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 1.96% for 2016/17. Nevertheless, I will be unable to bridge the funding gap for 2016/17 without the use of reserves.
- 3.4 My MTFP is based upon annual council tax increases of 2% per annum, in line with the government's own assumptions

4. Total Income

- 4.1 Total income is projected over the next four years as shown in Table 1 below. There is an assumption that the council tax base will increase by 1% per annum, an increase from that previously assumed of 0.5% in accordance with the Government's house building projections.
- 4.2 The budget proposals described in the remainder of this report assume a 1.96% council tax increase for 2016/17 and a 2% increase for each of the subsequent 3 years of the MTFP.
- 4.3 Lincolnshire County Council has indicated a £0.830m reduction in its annual contribution for PCSOs; the annual contribution is assumed to continue at £0.370m over the period of the MTFP.
- 4.4 I have submitted an application to the Home Office for Police Innovation Fund Grant to assist with the remodelling of the Lincolnshire Policing Model in order to meet the changing requirements of policing in terms of protecting the most vulnerable and meeting the challenge of hi-tech crime. If this bid is successful, this will reduce the demand from reserves to £1.8m in the year.
- 4.5 I have modelled the potential impact of a revised Funding Formula within my MTFP, making a prudent assumption around the share of total funding that may be allocated to Lincolnshire. Exemplifications from the Home Office showed that Lincolnshire would be allocated additional grant funding of £8m per annum under the proposed new

methodology. In order to be prudent, I have assumed that the final outcome may not be as beneficial as has been indicated thus far. Accordingly, my MTFP is based upon and increase in government grant of £6m per annum by the end of the planning period, and that transitional arrangements would result in an increase of £3m in 2017/18 and £4.5m in 2018/19.

- 4.6 Beyond 2016/17, my MTFP assumes further use of reserves of £0.3m across the 3 years.
- 4.7 To achieve financial balance beyond 2016/17, 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 2017 onwards. That would undoubtedly take the form of fewer Police Officers, Police Community Support Officers (PCSOs), and the staff who support them. The Chief Constable and I have been taking this message to the heart of Government over recent months and they are listening.

	2015/16	2016/17	2017/18	2018/19	2019/20
Income	£m	£m	£m	£m	£m
Police Grant	59.065	58.728	58.328	57.928	57.528
Victims' Services Grant	0.802	0.772	0.772	0.772	0.772
Council Tax Compensation Grant	1.058	1.058	1.058	1.058	1.058
Council Tax Support Grant	5.775	5.775	5.775	5.775	5.775
LCC PCSO funding	1.200	0.370	0.370	0.370	0.370
Council tax	43.180	44.724	45.616	47.017	48.461
Police Innovation Fund		1.600	1.550		
Funding Formula Review	-	-	3.000	4.500	6.000
Total income	111.080	113.027	116.469	117.420	119.964
Use of Reserves	-	1.790	0.002	0.789	(0.503)
Total income & Reserves	111.080	114.817	116.471	118.209	119.461

Table 1

5. Expenditure Plans

- 5.1 Total spending in 2016/17 has increased in the face of significant external cost pressures.
- 5.2 The budget is summarised in Table 2 and described below.

Expenditure	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
PCC direct expenditure	27.565	27.611	28.209	29.336	29.906
Joint services	1.406	1.521	1.554	1.561	1.566
Chief Constable	82.109	86.387	86.708	87.312	87.989
Total	111.080	114.817	116.471	118.209	119.461

Table 2

- 5.3 My budget proposals include provision for victims' services expenditure in line with estimated 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 of £22.4m and capital financing charges of £2.3m.
- 5.4 The Chief Constable's budget includes £57.0m for police officer salaries and £4.7m for PCSO salaries. As with 2016/17, the budgets for the period to 2019/20 are based on retaining 1,100 police officers and 149 PCSOs.
- 5.5 Cost pressures add £4.1m or 3.8% to the total budget in 2016/17. The main pressures being £1.8m for the removal of the National Insurance "contracting out" rebate; £0.7m for pay awards for police officers and other staff together with increased ICT & contract costs, including from the Home Office. Savings achieved since 2010 amount to £22.6m per annum.
- 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 1.96% increase. The additional cost to the majority of Lincolnshire council tax payers would be less than 7 pence per week.

Council Tax Band	2015/16 £	Increase £ per annum	2016/17 £	Increase Pence per week
A	131.76	2.58	134.34	5
B	153.72	3.01	156.73	6
C	175.68	3.44	179.12	7
D	197.64	3.87	201.51	7
E	241.56	4.73	246.29	9
F	285.48	5.59	291.07	11
G	329.40	6.45	335.85	12
H	395.28	7.74	403.02	15

Table 3

Alan Hardwick
The Police and Crime Commissioner for Lincolnshire
27 January 2016