


**POLICE AND CRIME COMMISSIONER (PCC) FOR LINCOLNSHIRE
REQUEST FOR DECISION**

REF: 005/2014
DATE: 31 January 2014

SUBJECT		POLICE PRECEPT 2014-15
REPORT BY	CHIEF FINANCE OFFICER TO THE POLICE AND CRIME COMMISSIONER	
CONTACT OFFICER	Julie Flint, Chief Finance Officer 01522 947222	
EXECUTIVE SUMMARY AND PURPOSE OF REPORT		
<p>The Police and Social Responsibility Act 2011 [Schedule 5 s.2] requires the Police and Crime Commissioner (“the Commissioner”) to notify the Police and Crime Panel of the Precept and Council Tax Requirement which he is proposing to issue for 2014-15.</p> <p>The report attached at Appendix 1 presents the proposed Precept and Council Tax Requirement 2014-15 for consideration by the Commissioner.</p>		
RECOMMENDATION	<i>That the draft report at Appendix 1 be agreed.</i>	

<p>POLICE AND CRIME COMMISSIONER FOR LINCOLNSHIRE</p> <p>I hereby approve the recommendation above, having considered the content of this report.</p> <p>Signature:  Date: 31/01/14</p>

A. NON-CONFIDENTIAL FACTS AND ADVICE TO THE PCC

1. PROPOSED PRECEPT AND COUNCIL TAX REQUIREMENT 2014-15

Statutory Requirements

- 1.1 Schedule 5 of the Police Reform and Social Responsibility Act 2011 sets out the process for issuing a Precept, including the Police and Crime Panel’s role in reviewing the proposed Precept, their power to veto the Precept and the steps to be taken in the event of the proposed Precept being vetoed.
- 1.2 Attached at Appendix 2 is a detailed guidance note issued by the Home Office which supports the process described above, and includes reporting requirements together with the process for Police and Crime Panel scrutiny of the proposed Precept.

Summary of Precept and Council Tax Requirements

- 1.3 A detailed summary of the Commissioner's proposed Precept and Council Tax Requirement for 2014-15 is set out in the report attached at Appendix 1. 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%. The Commissioner is committed to maintaining police officer numbers and is therefore proposing to increase the level of Council Tax by 3.9% in 2014-15 or at the maximum permitted threshold for council tax increases, whichever is the lower.
- 1.4 The Police and Crime Commissioner's share of council tax is shown in the table below. 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

B. FINANCIAL CONSIDERATIONS

These are detailed in the report enclosed at Appendix 1.

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

These are set out in the main body of the report.

D. PERSONNEL AND EQUALITIES ISSUES

There are no direct personnel and equalities implications arising from consideration of this report.

E. REVIEW ARRANGEMENTS

The position will need to be reviewed following the government's announcement of its council tax capping criteria.

F. RISK MANAGEMENT

The risk of a shortfall in funding resulting in severe financial difficulties is highlighted in both the Police and Crime Commissioner and Force Risk Registers.

G. PUBLIC ACCESS TO INFORMATION

Information in this form along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC's website within one working day of approval. However, if release by that date would compromise the implementation of the decision being approved, publication may be deferred. An explanation for any deferment must be provided below, together with a date for publication.

<p>Is the publication of this form to be deferred? No</p> <p>If Yes, for what reason:</p> <p>Until what date:</p>
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Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate part 2 form.

<p>Is there a part 2 form? No</p> <p>If Yes, for what reason:</p>
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ORIGINATING OFFICER DECLARATION

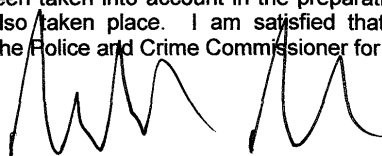
	Tick to confirm
Originating Officer: [The Chief Finance Officer recommends this proposal for the reasons outlined above.	✓
Financial advice: The CC's Chief Finance Officer has been consulted on this proposal.	✓
Monitoring Officer: The PCC's Monitoring Officer has been consulted on this proposal	✓
Chief Constable: The Chief Constable has been consulted on this proposal	✓

OFFICER APPROVAL

Chief Executive

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. Consultation outlined above has also taken place. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner for Lincolnshire.

Signature:



Date:

31/1/14

The Police and Crime Commissioner for Lincolnshire

Deepdale Lane, Nettleham, Lincoln. LN2 2LT
Telephone (01522) 947192 Fax (01522) 558739

Alan Hardwick
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 budgets summarised in Table 2 and described below.

Expenditure	2013/14	2014/15	2015/16
	£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

The Police and Crime Commissioner for Lincolnshire

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Alan Hardwick
The Police and Crime Commissioner for Lincolnshire

Date: 23rd January 2014
Our Reference: AH/kc/2013-2226

The Rt Hon Theresa May MP
Home Secretary
Home Office
2 Marsham Street
LONDON
SW1P 4DF

Dear Home Secretary

Provisional Police Funding Announcement

Thank you for your letter of 18 December 2013 in which you invite comment on the Provisional Police Grant Report 2014/15 setting out force-level allocations of central Government funding for 2014/15.

The Government's proposals are a disappointment and unhelpful to the delivery of police and crime services in Lincolnshire.

The scale of the reduction in Police Grant available for local priorities is particularly deplorable. By giving priority to national initiatives over basic local policing needs the Government is exacerbating an already difficult financial challenge.

A budget increase of some 70% for the overhead of Her Majesty's Inspectorate of Constabulary (HMIC) is wasteful and particularly galling in view of the 4.8% reduction for direct service provision. I note from the *HMIC Business Plan 2013/14* that more than 20% of their resources are allocated to "the HMIC Board and private office support". HMIC should be encouraged to become more efficient rather than seeking additional resources at the expense of local policing.

Additional funding to prop up the poorly performing Independent Police Complaints Commission again diverts some of the limited funding available out of policing and appears to be rewarding failure. It was concerning that at a meeting with Police and Crime Commissioners this week, IPCC were unable to articulate any firm plans for how these additional funds will be spent.

Cont'd 2/....

The Innovation Fund is a further unnecessary and wasteful use of the limited funding available. It is incomprehensible that the Government should target additional funding to local areas where there is acknowledged inefficiency. Local policing bodies should, and do, invest local funds to improve performance and achieve savings. Lincolnshire, for example, invested substantially in order to establish its strategic partnership with G4S without the need for government support. We continue to invest in improving performance, productivity and value for money. Police and Crime Commissioners will invest where there are convincing business cases without the need for central intervention. This is a poor use of police funding, leading to an inefficient allocation of resources, and should not continue into 2015/16.

The absence from the Announcement of council tax referendum criteria – preferably removing central control over locally elected Police and Crime Commissioners - and indicative grant allocations for 2015/16 is unhelpful.

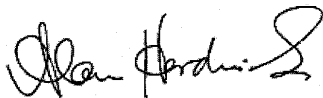
The basis of the grant distribution between local force areas fails to address the disparities in police funding. All areas will face the same percentage grant reduction irrespective of their current funding levels. Lincolnshire already spends the least per head of population on policing – if other forces spent at the same level up to £1billion could be saved. Addressing this disparity is the right way to deliver public expenditure reductions.

There is an increasing need to protect a small number of vulnerable forces where there is a potential risk of service failure. This will need to be addressed seriously for 2015/16 when further funding reductions will give some small forces unprecedented service and performance issues.

The more fundamental grant review should also be progressed more urgently as the existing, deeply flawed allocation system, based as it is on perpetuating historical spending allocations in support of inefficiency, clearly needs to be replaced with a better way of funding police services.

Overall, there is nothing in the Announcement which supports local policing and crime prevention – quite the contrary.

Yours sincerely



Alan Hardwick
The Police and Crime Commissioner for Lincolnshire

Police and Crime Panels – Scrutiny of Precepts

This guidance note explains the process for the police and crime panel's (PCP) scrutiny of the police and crime commissioner's (PCC) proposed precept and should be read alongside:

- Schedule 5 of the Police Reform and Social Responsibility Act 2011 ("the Act")
- Part 2 of the Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 ("the Regulations")

A separate guidance note setting out the scrutiny of chief constable appointments has been published alongside this guidance note.

Background

Schedule 5 of the Act sets out the process for issuing a precept, including the panel's role in reviewing the proposed precept, their power to veto the precept and the steps to be taken if they do veto the proposed precept.

The Regulations provide greater detail to the Act, including time limits applicable to the stages of the process and the process for reviewing and issuing a revised precept.

Schedule 5 requires:

- the PCC to notify the panel of his/her proposed precept;
- the panel to review the proposed precept;
- the panel to make a report to the PCC on the proposed precept (this may include recommendations);
- the panel's report (if they veto the proposed precept) to include a statement that they have vetoed it;
- a decision of veto to be agreed by two-thirds of the panel members;
- the PCC to have regard to the report made by the panel (including any recommendations in the report);
- the PCC to give the panel a response to their report (and any such recommendations);
- the PCC to publish the response.

It is for the panel to determine how a response to a report or recommendations is to be published.

If there is no veto and the PCC has published his/her response to the panel's report, the PCC may then issue the proposed precept - or a different precept (but only if in accordance with a recommendation in the panel's report to do so).

The Regulations require:

- the PCC to notify the panel of his/her proposed precept **by 1 February**;
- the panel to review and make a report to the PCC on the proposed precept (whether it vetoes the precept or not) **by 8 February**;
- where the panel vetoes the precept, the PCC to have regard to and respond to the Panel's report, and publish his/her response, including the revised precept, **by 15 February**;

- the panel, on receipt of a response from the PCC notifying them of his/her revised precept, to review the revised precept and make a second report to the PCC by 22 February;
- the PCC to have regard to and respond to the Panel's second report and publish his/her response, by 1 March.

Panel's report on the proposed precept

If the panel fails to report to the PCC by 8 February the scrutiny process comes to an end, even if the panel have voted to veto the proposed precept, and the PCC may issue the proposed precept.

PCC's response to a veto

Where the panel vetoes the proposed precept, the PCC must have regard to the report made by the panel, give the panel a response to the report and publish the response, by 15 February. In his/her response, the PCC must notify the panel of the revised precept that he intends to issue.

Where the panel's report indicates that they vetoed the precept because it was:

- too **high**, the revised precept must be lower than the previously proposed precept.
- too **low**, the revised precept must be higher than the previously proposed precept.

The PCP may only veto the first proposed precept. Such a veto must be agreed by two-thirds of PCP members (the full membership rather than those present at a meeting). Where a veto occurs, the report to the PCC must include a statement to that effect.

Panel's review of the revised precept

On receipt of a response from the PCC notifying them of the revised precept proposal, the panel must review the revised precept proposal and make a second report to the PCC on the revised precept by 22 February. This report may:

- indicate whether the panel accepts or rejects the revised precept (although rejection does not prevent the PCC from issuing the revised precept); and
- make recommendations, including recommendations on the precept that should be issued.

If the panel fails to make a second report to the PCC by 22 February, the PCC may issue the revised precept.

Issuing the precept

Excluding where the panel fails to report on the proposed precept by 8 February or make a second report on the revised precept by 22 February, the scrutiny process ends when the PCC gives the panel his/her response to their second report.

The PCC may then:

- issue the revised precept; or
- issue a different precept, although:

- they must not issue a precept that is higher than the revised precept if the revised precept was lowered following the panel's initial report on the first proposed precept indicating it was vetoed because it was too high;
- they must not issue a precept which is lower than the revised precept if the revised precept was raised following the panel's initial report on the first proposed precept indicating it was vetoed because it was too low.

Process for PCP scrutiny of PCC's proposed precept

