



Lincolnshire POLICE & CRIME COMMISSIONER

SAFER TOGETHER

REPORT TO THE POLICE & CRIME PANEL POLICE PRECEPT 2017/18

1. Introduction

1.1 My proposals for the Police Precept 2017/18 reflect the priorities set in my *Community Safety, Policing and Criminal Justice Plan for Lincolnshire April 2017 – March 2021*:

- Community safety and prevention in partnership – working together to reduce crime;
- Listening, responsive and accountable – making sure the people of Lincolnshire have their say in shaping our priorities;
- Policing that works – effective policing, there when you need it and responsive to differing community needs; and
- Protecting and supporting victims and the vulnerable – making sure the whole criminal justice system works for those that really need it.

1.2 The opportunity for the people of Lincolnshire to respond to my budget consultation concluded on 31 December 2016. I received 1,757 submissions which are analysed in Appendix A attached. My precept proposal for 2017/18 reflects careful consideration of the views expressed in response to my consultation.

2. Government Grant

2.1 The Provisional Police Grant Report accompanied by a Written Ministerial Statement was laid before Parliament on 15th December 2016. The police settlement covers just one year. In his written statement the Minister confirmed that following the principles set out on 4th February 2016, police spending would be protected at flat cash levels compared to 2015/16, assuming that precept income is maximised.

2.2 On the assumption that precept income is maximised, the inclusion of the precept means that Forces across the country will again experience different levels of increase in their total direct resource funding¹ compared with 2016/17. These range from 0% in Merseyside to 2.2% in Sussex; in Lincolnshire the increase is 1.7% based upon a precept increase of 1.99%.

2.3 The provisional grant settlement implies a grant cut of £0.821m (1.4%) for Lincolnshire for 2017/18 compared to 2016/17. The level of cash cut had been expected to be similar to that in

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

2016/17, whereas it has increased so that the total percentage reduction in grant since 2015/16 is now 2%.

2.4 Future years are specifically excluded from this announcement as it is anticipated that the Funding Formula Review will be implemented from 2018/19. The Home Office exemplifications of their previous proposals during 2015/16, indicated that Lincolnshire would have received an additional £8m of government grant each year if the proposed methodology were in place. The current review of the funding formula is not expected to report until early in the new financial year; 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 settlement is subject to consultation and I have written to the Minister of State for Policing and Fire Services expressing my views (Appendix B). The provisional settlement will be debated by Parliament during February 2017 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 1.5% increase in the tax base in 2017/18. 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 £0.565m.

3.2 The government published its proposals relating to Council tax referendum principles for 2017 on 15th December 2016. For Police & Crime Commissioners (other than the ten lowest precepting PCCs) the draft regulations state that the council tax increase would be deemed excessive at 2% or above and would therefore trigger a local referendum. In order to avoid a costly local referendum, I propose an increase in the police precept of 1.97% for 2017/18. Nevertheless, I will be unable to bridge the funding gap for 2017/18 without the use of reserves.

3.3 My medium term financial plan (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 1.97% council tax increase for 2017/18 and a 2% increase for each of the subsequent 2 years of the MTFP.

4.3 The potential impact of a revised Funding Formula within the MTFP has been included based upon a prudent assumption around the share of total funding that may be allocated to Lincolnshire. Exemplifications from the Home Office during 2015/16 showed that Lincolnshire would be allocated additional grant funding of £8m per annum under the proposed new methodology. In order to be prudent, it has been assumed that the final outcome may not be as beneficial as has been indicated thus far. Accordingly, the MTFP is based upon an 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 2018/19 and £6.0m in 2019/20.

4.4 Beyond 2017/18, the MTFP assumes further use of reserves of £1.1m across the 2 years.

4.5 To achieve financial balance beyond 2017/18, 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 2018 onwards. That would undoubtedly take the form of fewer Police Officers, Police Community Support Officers (PCSOs), and the staff who support them.

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|------------------------------------|----------------|----------------|----------------|----------------|
| Income | £m | £m | £m | £m |
| Police Grant | 58.728 | 57.907 | 57.507 | 57.107 |
| Victims' Services Grant | 0.865 | 0.865 | 0.865 | 0.865 |
| Council Tax Compensation Grant | 1.058 | 1.058 | 1.058 | 1.058 |
| Council Tax Support Grant | 5.775 | 5.775 | 5.775 | 5.775 |
| Council tax | 45.321 | 46.392 | 47.211 | 48.636 |
| Police Innovation Fund | 0.400 | 0.250 | - | - |
| Apprentice Levy clawback | - | - | 0.356 | 0.361 |
| Collaborative Services | 2.181 | 2.143 | 2.143 | 2.143 |
| Funding Formula Review | - | - | 3.000 | 6.000 |
| Total income | 114.328 | 114.390 | 117.915 | 121.945 |
| Use of Reserves | 2.461 | 3.869 | 1.187 | (0.107) |
| Total income & Reserves | 116.789 | 118.259 | 119.102 | 121.838 |

Table 1

5. Expenditure Plans

5.1 Total spending in 2017/18 has increased in the face of significant external cost pressures.

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

| Expenditure | 2016/17£ m | 2017/18£ m | 2018/19£ m | 2019/20£ m |
|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| PCC direct expenditure | 29.885 | 30.747 | 31.335 | 31.647 |
| Joint services | 1.521 | 1.219 | 1.221 | 1.221 |
| Chief Constable | 85.383 | 86.293 | 87.451 | 87.939 |
| Total | 116.789 | 118.259 | 120.007 | 120.807 |

Table 2

5.3 The budget proposals include provision for victims' services expenditure in line with estimated grant of £0.9m. Provision for crime and disorder reduction grants is set at £0.8m. The budget also includes provision for strategic partnership contract payments of £22.9m and capital financing charges of £2.3m.

- 5.4 The Chief Constable's budget includes £57.6m for police officer salaries and £4.0m for PCSO salaries. As with 2016/17, the budgets for the period to 2019/20 are based on retaining 1,100 police officers.
- 5.5 Additional cost pressures since the MTFP add a further £1.1m to the total budget for 2017/18. These include an additional £0.5m for pay awards for police officers and other staff together with the apprentice levy of £0.3m payable in 2017/18.
- 5.6 A balanced budget is proposed for 2017/18 but there currently remains a budget gap of £0.9m for 2018/19. Work is still in progress to close this gap before I make my budget decision, but the financial situation remains challenging.
- 5.7 Further detailed information on revenue and capital expenditure plans, savings options, risks and reserves is attached at Appendix C.

6. Council Tax

- 6.1 My proposed Council Tax increase for 2017/18 is 1.97%. This is £205.47 for a Band D property, an increase of £3.96 from 2016/17. This increase alone provides £0.871m of additional funding.
- 6.2 The Police and Crime Commissioner's share of council tax is shown in the table below. This illustrates the impact of a 1.97% increase. The additional cost to the majority of Lincolnshire council tax payers would be less than 8 pence per week (£4.00 per annum).

| Council Tax Band | 2016/17 £ | Increase £ per annum | 2017/18 £ | Increase Pence per week |
|-------------------------|------------------|-----------------------------|------------------|--------------------------------|
| A | 134.34 | 2.64 | 136.98 | 5 |
| B | 156.73 | 3.08 | 159.81 | 6 |
| C | 179.12 | 3.52 | 182.64 | 7 |
| D | 201.51 | 3.96 | 205.47 | 8 |
| E | 246.29 | 4.84 | 251.13 | 9 |
| F | 291.07 | 5.72 | 296.79 | 11 |
| G | 335.85 | 6.60 | 342.45 | 13 |
| H | 403.02 | 7.92 | 410.94 | 15 |

Table 3

Marc Jones
 The Police and Crime Commissioner for Lincolnshire
 6th February 2017