



OFFICE OF THE POLICE & CRIME COMMISSIONER FOR NORFOLK

ORIGINATOR: Chief Finance Officer

DECISION NO. 2019/16

REASON FOR SUBMISSION: For Decision

SUBMITTED TO: Police and Crime Commissioner

SUBJECT: 2019/20 Precept and Council Tax Requirement

SUMMARY:

1. This report describes the steps that have been taken by the PCC in determining his proposed precept and council tax requirement for 2018/19

RECOMMENDATION:

It is recommended that:

1. The PCC issues this decision report formally to record the process for finalising and issuing the 2019/20 precept and approval for the various matters detailed in paragraph 2.5.
2. The PCC issues the 2019/20 precept.

APPROVAL BY: PCC

The recommendations as outlined above are approved.

Signature

Date 04/03/19

1. INTRODUCTION

- 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 (the Panel) role in reviewing the proposed precept, its power to veto the precept and the steps to be taken if it does.
- 1.2 The Home Office has also issued detail guidance which supports this process including reporting requirements, the process for PCP scrutiny and the key (statutory) dates by which the various stages must be completed.
- 1.3 The 2019/20 budget, precept options and the Medium Term Financial Plan (MTFP) are all set out in the 'Proposed Precept for 2019/20 Report to the Norfolk PCP 5 February 2019' (the Budget Report). The Report can be found on the PCC's website here <https://www.norfolk-pcc.gov.uk/spend/budget-council-tax/>

2. FINANCIAL IMPLICATION

- 2.1 The Budget Report outlines the budget and financial impact of the four 2019/20 precept options on which the PCC consulted in January 2019 together with the Medium Term Financial Plan for the 4 years to 2022/23.
- 2.2 The four options were:
 1. To freeze council tax
 2. To increase council tax by £8 per annum at Band D (3.46%).
 3. To increase council tax by £16 per annum at Band D (6.95%)
 4. To increase council tax by £24 per annum at Band D (10.45%)

NB Increases of £24 or more would trigger a local referendum
62% of households in Norfolk are below Band D

- 2.3 There were 1,114 responses to the consultation. 68.5% of respondents said they were prepared to pay more for policing in Norfolk. Of the 68.5%
 - 12.5% said they would pay up to an extra £8 per annum (15p per week [Band D]).
 - 17.5% said they would pay up to an extra £16 per annum (31p per week).
 - 70% said they would pay up to an extra £24 per annum (46p per week).

2.4 A high level summary of the four options is set out in the tables below.

Option 1 – Freeze Council Tax

Council Tax Freeze	Budget 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23
	£000	£000	£000	£000
Total Funding (Grant + Precept)	(157,711)	(158,873)	(161,321)	(163,854)
Net Revenue Budget before changes and savings	154,843	158,167	161,556	165,011
REVENUE DEFICIT BEFORE KNOWN CHANGES	(2,868)	(707)	235	1,157
Known / Expected Changes	10,460	10,418	8,562	9,382
Planned use of reserves	(628)	(454)	2,143	1,153
REVENUE DEFICIT BEFORE SAVINGS	6,964	9,257	10,940	11,692
Planned Savings	(1,993)	(2,533)	(2,764)	(2,925)
Savings to be identified	(4,971)	(6,723)	(8,176)	(8,767)
REVENUE DEFICIT/(SURPLUS) AFTER SAVINGS	0	0	0	0

This option

- would require a further £5m of savings to be found in 2019/20 (on top of the £2m identified).
- would, for 2019/20, result in a reduction, equivalent to 90 police officers, in the Local Policing Model (Norfolk 2020) announced in October 2017, and
- was not the financial planning assumption.

Option 2 – Increase Council Tax by £8 per annum (3.46%)

£8 (3.46%) Council Tax increase	Budget 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23
	£000	£000	£000	£000
Total Funding (Grant + Precept)	(160,050)	(161,329)	(163,895)	(166,550)
Net Revenue Budget before changes and savings	154,843	158,167	161,556	165,011
REVENUE DEFICIT BEFORE KNOWN CHANGES	(5,207)	(3,162)	(2,339)	(1,539)
Known / Expected Changes	10,460	10,418	8,562	9,382
Planned use of reserves	(628)	(454)	2,143	1,153
REVENUE DEFICIT BEFORE SAVINGS	4,624	6,801	8,365	8,996
Planned Savings	(1,993)	(2,533)	(2,764)	(2,925)
Savings to be identified	(2,631)	(4,268)	(5,601)	(6,070)
REVENUE DEFICIT/(SURPLUS) AFTER SAVINGS	0	0	0	0

This option

- would require a further £2.6m of savings to be found in 2019/20 (on top of the £2m identified),
- would, for 2019/20, result in a reduction, equivalent to 45 police officers, in the Local Policing Model (Norfolk 2020) announced in October 2017,
- would increase the Band D council tax by £7.92 (15p a week) to £237.06, and
- was not the financial planning assumption.

Option 3 – Increase Council Tax by £16 per annum (6.95%)

£16 (6.95%) Council Tax increase	Budget 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000
Total Funding (Grant + Precept)	(162,416)	(163,757)	(166,387)	(169,107)
Net Revenue Budget before changes and savings	154,843	158,167	161,556	165,011
REVENUE DEFICIT BEFORE KNOWN CHANGES	(7,573)	(5,590)	(4,832)	(4,097)
Known / Expected Changes	10,460	10,418	8,562	9,382
Planned use of reserves	(628)	(454)	2,143	1,153
REVENUE DEFICIT BEFORE SAVINGS	2,258	4,373	5,873	6,438
Planned Savings	(1,993)	(2,533)	(2,764)	(2,925)
Savings to be identified	(265)	(1,840)	(3,109)	(3,513)
REVENUE DEFICIT/(SURPLUS) AFTER SAVINGS	0	0	0	0

This option would

- ensure the full roll out of the Norfolk 2020 policing model
- require a further £0.3m of savings to be found in 2019/20 (on top of the £2m identified), and
- increases the Band D council tax by £15.93 (31p a week) to £245.07.

Option 4 – Increase Council Tax by £24 per annum (10.45%)

£24 (10.45%) Council Tax increase	Budget 2019/20 £000	Forecast 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000
Total Funding (Grant + Precept)	(164,782)	(166,213)	(168,935)	(171,748)
Net Revenue Budget before changes and savings	154,844	158,167	161,556	165,011
REVENUE DEFICIT BEFORE KNOWN CHANGES	(9,939)	(8,046)	(7,379)	(6,738)
Known / Expected Changes	12,560	11,818	9,962	10,782
Planned use of reserves	(628)	(454)	2,143	1,153
REVENUE DEFICIT BEFORE SAVINGS	1,993	3,317	4,726	5,197
Planned Savings	(1,993)	(2,533)	(2,764)	(2,925)
Savings to be identified	(0)	(784)	(1,962)	(2,272)
REVENUE DEFICIT/(SURPLUS) AFTER SAVINGS	0	0	0	0

This option would

- ensure the full roll out of the Norfolk 2020 policing model, provide for 40 extra police officers/detectives, and deliver further technology to police officers
- on the basis of the current prudent assumptions (post Brexit and post Spending Review), significantly reduce the medium term revenue deficit before savings to £5.2m with £2.9m already identified, and
- increase the Band D council tax by £23.94 (46p a week) to £253.08.

2.5 The Budget Report also includes:

- Details of the Known/Expected Changes funded and included in the budget and MTFP Appendices B(i) and B(ii)
- A summary of the savings identified in the budget (Appendix B(iii))
- Capital Programme 2019/23 (Appendix E)
- Reserves Strategy and Forecast Movements (Appendix F)
- Annual Treasury Management Strategy including Prudential Code Indicators 2019/22 including the borrowing limits (Appendix G)
- The Minimum Revenue Provision Statement including the **PCC's Decision to change the MRP policy to the Annuity Method for capital expenditure chargeable as MRP for the first time after 1 April 2019.**
- The 2019/20 Precept to be levied on the collection authorities for 2019/20 (Appendix K).

3. PCC's PROPOSAL

3.1 The PCC proposed Option 4 to the Panel on the basis that the extra funding would enable the recruitment of an additional 40 police officers/detectives and the acquisition of technology to support digital forensic investigative opportunities. It would also ensure that the financing of short life capital assets remained on a firm footing, thus protecting reserves. All of this additional investment would improve police visibility, which remains the top strategic aim of the PCC and drive efficiency, which will be key to unlocking additional resources for policing via the Spending Review 2019.

3.2 **The Norfolk Police and Crime Panel considered, and unanimously supported, the PCC's proposal at its meeting on 5 February 2019.**

4. ISSUING OF THE PRECEPT

4.1 Full details of the precept to be levied on the collection authorities can be found in Appendix K to the Budget Report and attached at Appendix A to this report.

5. RECOMMENDATION

5.1 It is recommended that:

- The PCC issues this decision report formally to record the process for finalising and issuing the 2019/20 precept and approval for the various matters detailed in paragraph 2.5,
- The PCC issues the 2019/20 precept.

PUBLIC ACCESS TO INFORMATION: *Information contained within this submission is subject to the Freedom of Information Act 2000 and wherever possible will be made available on the OPCC website. Submissions should be labelled as 'Not Protectively Marked' unless any of the material is 'restricted' or 'confidential'. Where information contained within the submission is 'restricted' or 'confidential' it should be highlighted, along with the reason why.*

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	Yes
Has the PCC's Chief Finance Officer been consulted?	The PCC CFO is the originator of this report
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	Yes
Have human resource implications been considered?	Yes
Is the recommendation consistent with the objectives in the Police and Crime Plan?	Yes
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	Yes
Has communications advice been sought on areas of likely media interest and how they might be managed?	Yes
In relation to the above, have all relevant issues been highlighted in the 'other implications and risks' section of the submission?	Yes

APPROVAL TO SUBMIT TO THE DECISION-MAKER (this approval is required only for submissions to the PCC).

Chief Executive

I am satisfied that relevant advice has been taken into account in the preparation of the report, that the recommendations have been reviewed and that this is an appropriate request to be submitted to the PCC.

Signature



Date

5-3-19

Option 4 - Norfolk PCC Precept 2019/20 – £23.94 (10.45%) increase in Council Tax

		£		
Budget Requirement		164,781,589		
Less Government Funding		88,828,468		
To be met from council tax (incl. surplus)		75,953,121		
Billing Authority	Taxbase	Precept Amount £	Surplus on Collection Fund £	Total Payments Due £
BRECKLAND	43,480	11,003,868	91,415	11,095,283
BROADLAND	46,065	11,658,130	3,534	11,661,664
GT. YARMOUTH	28,560	7,227,965	107,304	7,335,269
K.LYNN & W. NORFOLK	51,179	12,952,255	396,730	13,348,985
NORTH NORFOLK	40,621	10,280,363	226,968	10,507,331
CITY OF NORWICH	36,325	9,193,131	347,204	9,540,335
SOUTH NORFOLK	49,138	12,435,845	28,410	12,464,255
	295,368	74,751,557	1,201,565	75,953,121

Valuation Band	Council Tax 2018/19 £	Council Tax 2019/20 £	Increase	
			Year	Week
A	152.76	168.72	15.96	0.31
B	178.22	196.84	18.62	0.36
C	203.68	224.96	21.28	0.41
D	229.14	253.08	23.94	0.46
E	280.06	309.32	29.26	0.56
F	330.98	365.56	34.58	0.67
G	381.90	421.80	39.90	0.77
H	458.28	506.16	47.88	0.92

- (i) As in previous years instalment payments will be made to the PCC by the district councils on the day that they receive their government grant instalments. This will minimise the cash flow effect on the collection authorities.
- (ii) Where a surplus on collection of 2018/19 council tax has been estimated, the District Council concerned will pay to the PCC its proportion of the sum by ten equal instalments, as an addition to the May 2019 to February 2020 precept payments.
- (iii) Where a deficit on collection of 2018/19 council tax has been estimated, the District Council concerned will receive from the PCC its proportion of the sum by ten equal instalments, as a reduction to the May 2019 to February 2020 precept payments.

