



**Report of Police and Crime Commissioner for Northumbria**

**Report on Proposed Precept for 2015/16**

**1. Purpose of Report**

- 1.1 This report sets out my proposed council tax precept for the policing area covered by the Police and Crime Commissioner for Northumbria for the 2015/16 financial year, with a recommendation to agree to the proposal.

**2. Background**

- 2.1 The Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 specifies that the Police and Crime Commissioner shall comply with the duty under paragraph 2 of Schedule 5 (commissioner to notify the panel of proposed precept) by 1<sup>st</sup> February of the relevant financial year.

- 2.2 Some council tax key facts and figures:

- Approximately 12% of our core resource funding in 2014/15, is derived from council tax and that percentage is increasing year on year as our core funding is cut;
- The Band D tax for 2014/15 for the PCC is £86.61;
- The Northumbria precept is the lowest in the country
- The second lowest being West Midlands at £104.07
- The national average is £171.80

**3. THE BUDGET**

- 3.1 The council tax precept raises over £31.9 million towards the funding for the police and crime commissioner. However, the unrelenting cuts and top slicing of central government funding, the cap on the increase in council tax to prevent so called 'excessive' tax increases, cost inflation and use of reserves to balance the books means that every pound of council tax we can raise is essential for the delivery of the current policing requirements.

- 3.2 The attached report, at Appendix A, sets out the proposed revenue budget and capital programme for 2015/16, together with a review of the current year's budget position and future funding, and is fully aligned with the Medium Term Financial Strategy 2015/16 – 2017/18.

#### **4. PRECEPT OPTIONS**

- 4.1 The Government has announced a further council tax freeze grant for 2015/16. The grant is worth £0.392 million. It has not been confirmed if this freeze grant would be a one off payment or if it would be built into the base budget. We would therefore have to assume it is 1 year offer only.
- 4.2 It has also announced its rules for authorities that wish to increase their council tax. In common with previous years an increase at or above 2% would be deemed excessive and therefore trigger a referendum.
- 4.3 The implications of increasing the council tax above 2% and triggering a referendum have been discounted from the options due to the cost of holding a referendum and the risk of a failed vote.
- 4.4 Having discounted the referendum possibility, the funding available through the maximum permissible precept increase of 1.99% would provide an additional £0.63m in 2015/16.
- 4.5 In addition this would increase the underlying precept base and would therefore provide further benefit in future years.
- 4.6 The options therefore considered for 2015/16 have been to accept the freeze grant or increase the precept. A survey is currently underway showing a marginal preference for increase and final results will be given at the committee.
- 4.7 For context, an increase of 1.99% equates to £0.03 per week for a Band D property.
- 4.8 I have considered the options available to me at length and have taken into consideration the consultation feedback. However, my primary consideration is to ensure that the delivery of the Police and Crime Plan, and the provision of neighbourhood based policing services are maintained as far as possible. Whilst the value may not appear significant, I believe it is the right decision to recommend an increase in the precept of 1.99% to continue to support local policing services in the face of continued and increase cuts to Government funding.

#### **5. Proposals**

- 5.1 I propose that the precept is increased by 1.99%
- 5.2 The impact of this decision in 2015/16 will allow for an additional £0.63m versus £0.39m from accepting the freeze grant. Over the period of the MTFS this equates to an additional £0.72m income.
- 5.3 This proposal is made in the context of the budget and the need to balance reducing resources with essential expenditure to deliver the Police and Crime Plan.

## **6. Recommendation**

The Police and Crime Panel is asked to:

- I. Review the recommended precept proposal;
- II. Make a report to the Commissioner on the proposed precept which may include recommendations as to the precept that should be issued for the forthcoming financial year.