

Meeting: Police and Crime Panel for Essex
Date: 2.30pm; 29th January 2014
Venue: County Hall, Chelmsford

Proposed Precept for 2014/15

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Charles Garbett, Treasurer

1 Purpose of Report

- 1.1 To present the Police and Crime Commissioner's (PCC) proposed precept for 2014/15.
- 1.2 This report details the revenue and capital budget strategy which is outlined below, with financial details in Annex 1 to this report. This will support Essex Police in achieving the best policing services for the people of Essex within available resources and will also support the PCC to commission crime reduction and community safety services.
- 1.3 The financial decision being sought reflects the content of the PCC's Police and Crime Plan which was agreed by this Panel in February 2013. An update to the Plan including progress to date will be presented to the Panel at the 20th February 2014 meeting.

2 Executive Summary

- 2.1 A full analysis of the PCC's proposed budget is shown in Annex 1. The loss of central government grant from 2013/14 to 2014/15 is significant at 4.8%, equivalent to £8.4m. This loss is outside of our control and is indicatively equivalent to 165 police officers. The PCC and Chief Constable will however ensure that wherever possible and appropriate, policing numbers are protected.
- 2.2 Savings required for a balanced budget are £8.7m during 2014/15, with an additional £7.9m during 2015/16 and £12.2m during 2016/17. Total recurring savings required by 2016/17 are £28.8m
- 2.3 The PCC is proposing a precept increase of just under £5 a year (3.5%) to mitigate the reduction in central government funding. This sum would generate funds equivalent to the cost of 57 police officers.
- 2.4 In order to ensure sound financial management, we need to address some difficult legacy issues. This will help to ensure longer term stability and sustainable use of resources. As a result the PCC proposes the following:
 - l) Reduce the pension deficit period for the LGPS from 27 years to 20 years. By increasing the employer contributions by £420k per year this will reduce risk and save council tax payers a net £1.9m in the long term.

- II) Increasing the repayments for internal borrowing by £0.5m per year will reduce the remaining repayment period from approximately 18 years to 9 years on assets that are, for the most part, no longer used. It will also increase the proportion of reserves that are cash backed thus reducing the risk of expensive short term borrowing.
- 2.5 The PCC is investing £250k in order to facilitate the development and delivery of estates and IT strategies. Both of these are essential to ensuring the effective and sustainable use of the PCC assets. These assets will be key enablers for delivering efficient policing in Essex in the interests of citizens and victims.
- 2.6 The PCC remains committed to supporting community safety partnerships through his ongoing grants and commissioning programme. Through strategic collaboration with partners and the wider community the PCC will continue to support initiatives to deliver on the outcomes set out in the Police and Crime Plan.
- 2.7 Essex has one of the lowest precepts in the country which for a large police force area with close proximity to London and associated crime types brings with it some significant challenges. Increasing the precept by 3.5% will reduce the risks to the effective delivery of policing services.

3 Budget Strategies

Revenue Budget

- 3.1 The Revenue Budget strategy is to:
 - i) Maintain a balanced budget over the three year life of the 2014/15 to 2016/17 Medium Term Financial Strategy (MTFS) by achieving a profile of savings reaching a total of £28.8m per year by 2016/17.
 - ii) Increase the precept for 2014/15 by the maximum permitted by the Government before a referendum is triggered. This submission assumes an increase of £5 a year which in Essex is equivalent to 3.5%.
 - iii) Implement a new basis for commissioning of crime reduction initiatives ensuring that funding is clearly linked to outcomes in the Police and Crime Plan.
 - iv) Maintain as a minimum sufficient reserves to meet working capital needs, essential investment and unforeseen events. The significant demand on reserves over the next three years means that it is essential that a firm grip on finances is maintained.

Capital Programme

- 3.2 The PCC's capital expenditure programme will be financed from accumulated capital reserves, new capital receipts and through central government support. The Capital Expenditure strategy is to:-

- i) Advance the work on the capital strategies for the estate, IT and fleet through investment in strategic options that define the capital investment that would best meet operational policing and community requirements.
- ii) Present to the autumn meeting of this Panel a revised capital programme to reflect the new capital strategies.
- iii) Maximise capital resources from capital receipts and grants to fund both the current and emerging Capital Programme.

4. Recommendation

- 4.1 The PCC proposes to increase the precept (the policing part of the council tax) in 2014/15 to the maximum permitted by the Government before a referendum is triggered.
- 4.2 The PCC proposes a precept increase of 3.5%, equivalent to an increase of £4.95 a year from £141.48 to £146.43 for a Band D property, thus raising £2.9m of additional council tax receipts. In the event of the Government announcing a lower maximum precept level, an addendum to this report will be issued.
- 4.3 The Police and Crime Panel is invited to review and report on this proposed precept.

[Please note that an addendum to this report will be issued if the Government announces a referendum limit that is less than a 3.5% increase in precept.]