

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

**Report on Proposed Precept for 2020/21**

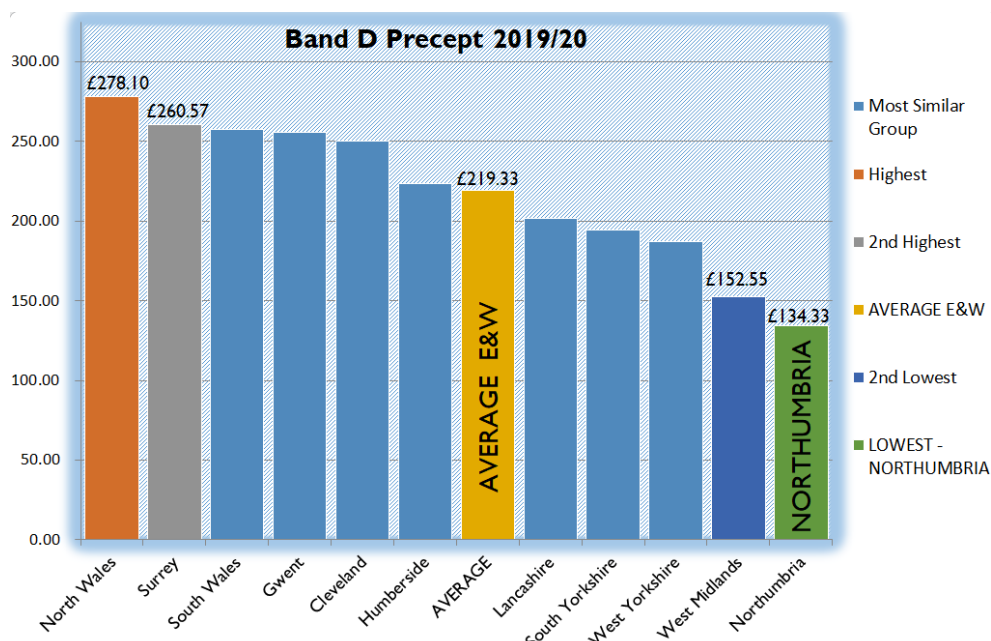
**1. Purpose of Report**

1.1 This report sets out my proposed Council Tax Precept for the policing area covered by the Police and Crime Commissioner (PCC) for Northumbria for the 2020/21 financial year, with a recommendation to agree to the proposal. I am seeking agreement on a 1.99% precept rise. This I believe is fair on households dealing with their own cost issues while at the same time ensuring Northumbria Police is well positioned to tackle emerging crime trends using additional funds made available in the latest settlement.

**2. Background**

2.1 The Police Reform and Social Responsibility Act 2011 Schedule 5 states that, “A Police and Crime Commissioner may not issue a precept under section 40 of the Local Government Finance Act 1992 for a financial year until the end of the scrutiny process is reached.” The first stage of the scrutiny process is that I must notify you of the precept I am proposing to issue for the financial year 2020/21.

2.2 The Council Tax Precept is a source of revenue for policing in Northumbria, the following graph shows a comparison of Northumbria’s position to other Force areas for the current financial year 2019/20:



2.3 As is clear on the graph the Northumbria Band D precept charge of £134.33 is the lowest of any PCC in England and Wales. Band D precept charge is the contribution paid toward policing by a homeowner in that category and is the common criteria by which information and comparison is based. It should be noted that the majority of properties in the Northumbria area are Band A, i.e. the lowest banding for which the precept charge is £89.55. Currently 19% of our core resource funding in 2019/20, is derived from Council Tax.

### 3. The Budget and Settlement

3.1 In summary, the main elements of the 2020/21 Home Office settlement included:

- £700m increase in Government funding to PCCs to support recruitment of up to 6,000 additional officers by the end of March 2021:
  - £532m paid directly to PCCs through core grant funding to support recruitment of up to 6,000 additional officers by the end of March 2021. The increase will be paid to all 43 forces and allocated in-line with formula funding such that all forces will see an increase in their core funding equivalent to 7.5%.
  - £168m ring-fenced grant allocated to forces in-line with their funding formula allocations, accessed through progression against their recruitment targets.
- The precept referendum limits for 2020/21 have been set by Government to enable PCCs to raise further funding for local priorities, through an increase of up to £10.00 per Band D property.
- Specific grant funding allocated to forces to manage part of the increased cost of employer pensions in 2019/20 has been confirmed for one further year.

3.2 Northumbria has taken the largest financial cut of all Forces in England and Wales through both the 2010 and 2015 Comprehensive Spending Review (CSR) periods, as reported by the National Audit Office. Central Government formula funding for policing in Northumbria was reduced by more than 31% in real terms between 2010/11 and 2018/19.

3.3 The current financial climate remains a difficult and challenging one. The last 10 years have seen unprecedented cuts to the funding provided by the Government to Police and Crime Commissioners in England and Wales. By the end of 2019/20 Northumbria will have made £144.3m of cuts and efficiencies to manage the reductions imposed by government over that period.

3.4 For a number of years now, the severe restrictions on funding from Central Government have been delivered with the continued expectation that the shortfall is met locally by tax payers through the precept.

3.5 Local precept income is essential to maintain spending power and preserve the high standards of policing that we have in Northumbria. The Council Tax Precept raised £52.769m towards the total funding requirement for Northumbria in 2019/20. Residents in Northumbria have provided additional funding to



support Northumbria Police year-on-year and that support has been vital to help the force deliver the Police and Crime Plan priorities.

3.6 Northumbria have argued for a number of years that the Government settlement should deliver the additional funding required by forces to deliver policing services to the public and that the responsibility should not simply be pushed onto local tax payers. Whilst this settlement appears to go some way towards that principle, there remains a lack of clarity over longer term funding certainty and the messaging from HM Treasury is that the CSR 2020 is expected to be tough and future settlements less favourable.

3.7 The attached report at **Appendix 1** sets out the proposed revenue budget and capital programme for 2020/21 including my precept proposal, together with a review of the current year's budget position and future funding.

#### 4. Precept Options

4.1 Consideration of the Council Tax Precept has to be taken alongside both the overall funding made available to the force and the impact on households of any increase. The Government has proposed precept referendum limits for 2020/21 that enable PCCs to raise additional funding for local priorities through an increase of up to £10.00 for a Band D property. For residents in Northumbria this would equate to a further 7.44% on Council Tax bills for 2020/21.

4.2 The settlement issued by the Government delivers additional core grant funding for Northumbria of £16.387m which represents an increase equivalent to 7.5%. In addition, ring-fenced funding of £5.175m will be allocated as the force progresses against its recruitment target for 2020/21.

4.3 When calculating the overall settlement for policing in 2020/21 the Government has assumed that each PCC will raise the precept by the maximum amount of £10.00 for a Band D property. This Government-expected precept rise would have meant households in Northumbria experiencing a 7.44% increase in the precept for 2020/21.

4.4 I believe that moving the full cost of an adequate police budget increase to the local tax payer would be difficult to justify at a time when the Government settlement has increased. Therefore my decision is to propose an increase of only 1.99% on the precept.

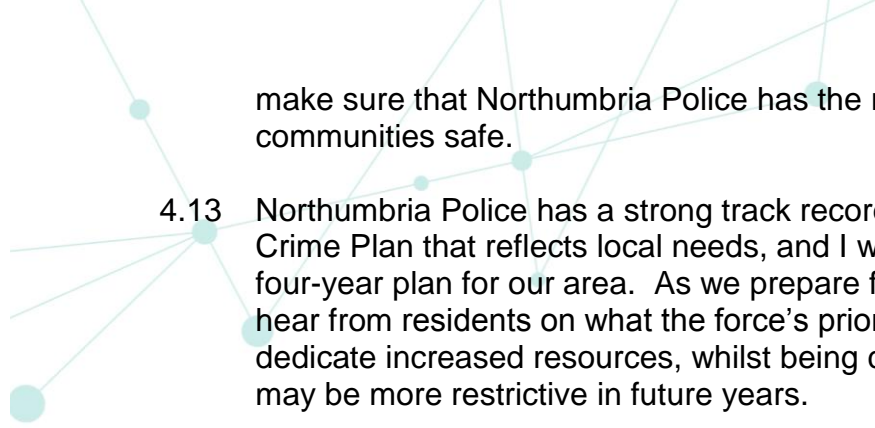
4.5 The funding available through the precept increase of 1.99% on the tax base would provide an additional £1.065m in 2020/21. It would also increase the underlying precept base and provide continued financial benefit in future years. For context, an increase of 1.99% equates to £2.67 per year for a Band D property, approximately 22p per month. For a large proportion of the residents in Northumbria, those in a Band A property, the actual increase will be approximately 15p per month (£1.78 per year).

4.6 On 09 January 2020 I launched a consultation with the public on the precept, asking people how much they are prepared to pay to support their police force. A press release was issued and featured in several local publications. The consultation was also supported through social media channels. An invitation to complete the on-line survey was also shared with the Office of the Police and



Crime Commissioner's contact lists. These lists included the advisory groups and scrutiny panels and other interested stakeholders.

- 4.7 The online was active from 9 January 2020 until 22 January 2020, in which people were asked their view on range of actions. As the consultation was taking place before the Government had announced the funding settlement it was agreed that the consultation would include a range of options. Respondents were asked their view on a zero council tax rise, an increase of 22 pence per month for a Band D property (1.99%), an increase of 45 pence per month (3.99%), and a 78 pence per month increase (6.99%). Of the 264 responses received from the on-line survey 64% were supportive of some form of increase to the Council Tax precept.
- 4.8 During the same period a telephone consultation was carried out by the Public Insight team at Northumbria Police. 1,200 households were contacted, 200 in each local authority area. In order to ensure a higher success rate in the phone calls, just two options were used compared to the four in the online consultation. Those taking part were asked if they would support an increase, with options of a 22p a month (1.99%) and a 78p (6.99%) increase put to those taking part. 86% of respondents agreed that they would support a 22p increase per month. When asked about a higher amount, 75% of respondents agreed they would support a 78p increase for the same purpose. The responses show that Northumbria Police is held in high regard by many residents and they appreciate that policing needs more investment. There continues to be a sense of pride in our local policing service and it is clear that people want to ensure the services of the police are available if they ever need them.
- 4.9 Reasons frequently cited by respondents in support of the increase referred to wanting to support the police; a desire to see more police on the streets and for public safety. In contrast, those that disagreed to any increase expressed sentiments that it should be the responsibility of the Central Government and that they felt they were already paying enough council tax. A small proportion of respondents also referred to preferring the lower 22 pence increase, due to concerns over their pensions and previous council tax increases
- 4.10 I have considered the options available to me and have taken into consideration the consultation feedback. My primary considerations are to ensure the effective delivery of the Police and Crime Plan, protecting communities and the most vulnerable, and maintaining the provision of neighbourhood based policing services as far as possible and to keep police officers 'on the beat'. Alongside that I have to take in to account the impact on residents of any rise in household bills. I believe it is the right decision to recommend an increase in the precept of 1.99% (£2.67 per year for a Band D household), to continue to support local policing services in the face of a challenging financial situation.
- 4.11 In deciding on a 22 pence per month increase of 1.99% alongside the increase in grant funding, I am confident that the Chief Constable and myself will be in a good position to continue to deliver for residents in the Northumbria force area.
- 4.12 The Chief Constable and I continue to take tough decisions to prioritise resources and to ensure that services are reviewed and challenged to demonstrate value for money. We have listened carefully to local residents and we will invest the money into policing to recruit additional officers and staff and



make sure that Northumbria Police has the resources it needs to keep communities safe.

4.13 Northumbria Police has a strong track record of delivering against a Police and Crime Plan that reflects local needs, and I will shortly be consulting on the next four-year plan for our area. As we prepare for that process to start I am keen to hear from residents on what the force's priorities should be, and how we should dedicate increased resources, whilst being cautious that funding settlements may be more restrictive in future years.

4.14 I think it is also important to acknowledge that this increase in central government funding does not yet undo the impact of ten years of austerity and the overall funding reductions Northumbria Police have had to adjust to. Indeed, this is only a one-year settlement which does not provide any certainty beyond March 2021. The force may well face further budget pressures in the upcoming Comprehensive Spending Review and future settlements are unlikely to be as favourable.

## **5 Proposals**

5.1 I propose that the precept is increased by 1.99% which equates to £2.67 per year for a Band D property.

5.2 The impact of this decision in 2020/21 will allow for an additional and recurring £1.065m contribution to resources.

5.3 This proposal is made in the context of the budget needed to invest in policing resources, with essential expenditure to deliver the Police and Crime Plan.

## **6. Recommendation**

The Police and Crime Panel are asked to:

- I. Review the recommended precept proposal.
- II. Make a report to the Commissioner on the proposed precept for the forthcoming financial year.