

## SURREY POLICE AND CRIME PANEL

### Surrey Police & Crime Commissioner's Proposed Precept Setting Proposal for the Financial Year 2013/14

6<sup>th</sup> February 2013

#### **BACKGROUND**

Under Schedule 5 of the Police Reform and Social Responsibility Act 2011, as Police & Crime Commissioner, I have to notify the Police & Crime Panel of the precept that I propose to issue under section 40 of the Local Government Finance Act 1992.

The Police & Crime Panel must review the proposed precept notified to it and make a report to me on the proposal by 8<sup>th</sup> February. The report may agree with my proposals, or include recommendations on a different precept proposal, or the Panel may decide to veto the proposal if at least two thirds of its members vote in favour of making that decision.

I have to give regard to the report made by the Panel and provide a response to it, which has to be published. If the proposal is not vetoed, I can issue the proposed precept, or issue a different precept provided that it is in accordance with a recommendation made in the Panel report. If the proposal is vetoed by the Panel, I must advise the Panel of a revised precept by 15<sup>th</sup> February. The Panel then has to review the revised precept by 22<sup>nd</sup> February and issue a further report to me. Again, I have to consider the Panel's recommendations and publish a response. If the Panel accepts the revised precept, I can issue it. If the Panel does not accept the revised precept, I can ignore the Panel recommendations and issue the precept, or I can issue a different precept, taking into account the Panel recommendations, provided that if the original precept was vetoed because it was considered to be too high, the revised precept is not higher and vice versa if the original precept was vetoed for being too low.

I cannot issue the actual precept notice before the 1<sup>st</sup> March unless the Panel scrutiny process has been completed.

#### **PRECEPT PROPOSAL**

For the Financial year 2013/2014 in line with the legislation, I am proposing to set a precept of £207.55 (for a Band D property) an increase of 1.99% on the 2012/2013 precept of £203.49 (for a Band D property).

I have decided not to accept the Council Tax Freeze Grant which the Government is offering in return for freezing the precept at the previous year's level. This grant, which is payable for a period of only two years, would result in a

permanent reduction to our long term income base of £1.9 million. This is equivalent to the cost of employing 40 police constables. With Surrey Police already having to find efficiencies and savings to cope with central government funding reductions, I have carried out consultation exercises and events with the Surrey public on my precept proposals and could not find any significant support for a policy of reducing front line policing in the County. This could well be the long term result if I had been minded to recommend freezing the precept at last year's level.

In any event, a 2% precept increase is in fact a real terms reduction on the previous year as the Government's own figures show inflation running at 2.7% according to the Consumer Price Index (Dec 2012) and 3.1% according to the Retail Price Index (Dec 2012). For Band D tax payers the increase will amount to a weekly increase of approximately 8p per week, while even for the highest band taxpayers (Band H), the increase amounts to only an additional 15p per week.

When I look at the longer-term financial position of Surrey Police and consider the further reductions that the Government has already signalled, I estimate that over the next four years it will be necessary to identify savings of approximately £7million (equivalent to the cost of employing 147 police constables) to balance the Surrey Police budget. I hope that the Panel will agree with me that this makes the case for increasing the precept by 1.99% overwhelming. This is particularly so as the Secretary of State for Communities and Local Government has just stated that for next year, he is minded to lower the current threshold of 2% which determines the point at which an expensive referendum must be held to approve any precept increase. Thereby making the task of balancing future years' budgets, without resorting to service level reductions, even more difficult to achieve.

## **SUPPORTING INFORMATION**

Although the Panel is not required to approve the budget or make recommendations on the allocation of the resources contained within it, I nevertheless think it is important that the Panel is provided with the background information to help it make an informed decision on my precept proposal.

Appendix A shows how the precept requirement is arrived at. The Gross Budget is split down by operational strands and departments and from the total of £207.7million, the central government grants are deducted and adjustment made for changes to reserves, to arrive at a precept requirement of £98.3 million.

Appendix B shows the budget split by staff costs and non-staff related costs.

Appendix C shows the changes that have been made to the budget that I inherited last year from Surrey Police Authority. The Chief Constable, in line with the six strategic objectives that I set out following my election as Surrey Police & Crime Commissioner, has achieved savings in back office functions and from

increased collaboration with other police forces. This has enabled the budget to be balanced and has also allowed for additional investment to be made in areas of policing activity that support my stated six strategic objectives as Appendix C demonstrates.

## **CONCLUSION**

Under section 25 of the Local Government Act 2003, my Chief Finance Officer is required to report on the robustness of the estimates made for purpose of the budget and precept calculations. I can report that my Chief Finance Officer has given me an assurance that the estimates used are robust as they are based on the methodology used successfully in previous years when budgets have not been exceeded. In addition, under section 25 of the Local Government Act 2003, the Chief Finance Officer has to report on the adequacy of the financial reserves, taking account of such factors as the previous Police Authority's track record in budget and financial management and the adequate arrangement of insurance provisions to meet unplanned expenditure. I can report that my Chief Finance Officer has assured me that the balance held in reserves can be considered to be adequate given the longer term financial uncertainties that Surrey Police faces.

## **RECOMMENDATION**

That the Police and Crime Panel agree the proposed precept of £207.55 for a Band D Property as set out in this paper.

**Kevin Hurley Surrey Police & Crime Commissioner**

**31<sup>st</sup> January 2013**

**LEAD/ CONTACT OFFICER:**

Ian Perkin

**TELEPHONE NUMBER:**

01483 630200

**E-MAIL:**

Perkin11584@surrey.pnn.police.uk

**REVENUE BUDGET 2013/14  
BY OPERATIONAL STRAND & DEPT**

	2012 / 2013	2013/14	Variation	
	£m	£m	£m	%
Investigation	53.3	53.6	0.3	1%
Joint Command	13.3	12.4	(0.9)	(7%)
Neighbourhoods	27.7	27.9	0.2	1%
Response	48.5	48.3	(0.2)	(0%)
Tasking & Co-Ordinating	18.6	18.6	0.0	0%
sub total	<b>161.4</b>	<b>160.8</b>	<b>(0.6)</b>	<b>0%</b>
ACPO	4.4	3.2	(1.2)	(27%)
PSD	2.3	2.3	0.0	0%
Force Improvement	0.0	(1.0)	(1.0)	
Strategic Planning	0.2	0.2	0.0	0%
Diversity	0.2	0.2	0.0	0%
F&S	12.4	11.8	(0.6)	(5%)
HR	11.7	11.8	0.1	1%
Shared Services	2.2	2.1	(0.1)	(5%)
ICT	9.8	10.7	0.9	9%
sub total	<b>43.2</b>	<b>41.3</b>	<b>(1.9)</b>	<b>(4%)</b>
Corporate	2.9	3.7	0.8	28%
sub total	<b>2.9</b>	<b>3.7</b>	<b>0.8</b>	<b>28%</b>
<b>Sub-Total Force</b>	<b>207.5</b>	<b>205.8</b>	<b>(1.7)</b>	<b>(1%)</b>
Office of the Police & Crime Commissioner	1.3	1.9	0.6	46%
<b>GROSS BUDGET</b>	<b>208.8</b>	<b>207.7</b>	<b>(1.1)</b>	<b>(1%)</b>
<b>Grants</b>				
Principle Formula Grant	(65.0)	(69.3)	(4.3)	7%
Redistributed Business Rates	(33.2)	(31.7)	1.5	(4%)
Neighbourhood Policing Grant	(4.4)			
Precept Freeze Grant (re 2011/12)	(2.5)	(2.5)	0.0	
Community Safety Fund		(0.7)		
<b>Total Grants</b>	<b>(105.1)</b>	<b>(104.2)</b>	<b>(2.8)</b>	<b>3%</b>
<b>Use of Reserves</b>	<b>(1.0)</b>	<b>1.5</b>	<b>2.5</b>	
Precept Localisation grant	0.0	(6.7)	(6.7)	
<b>NET PRECEPT REQUIREMENT</b>	<b>102.7</b>	<b>98.3</b>	<b>(4.4)</b>	<b>(4%)</b>

APPENDIX B

**REVENUE BUDGET 2013/14  
SPLIT BY PAY & NON-PAY**

	2012/13	2013/14	Variation	
	£m	£m	£m	%
<b>EMPLOYEE COSTS</b>				
Police Officer Sals/Pension/NI/Allowances	110.4	110.4	0.0	0%
Police Staff Sals/Pension/NI/Allowances	72.2	71.3	(1.0)	(1%)
<b>Sub - Total</b>	<b>182.6</b>	<b>181.6</b>	<b>(1.0)</b>	<b>(1%)</b>
<b>PREMISES RELATED COSTS</b>	8.7	8.0	(0.6)	(7%)
<b>SUPPLIES &amp; SERVICES</b>	26.5	27.2	0.7	3%
<b>TRANSPORT &amp; TRAVEL COSTS</b>	5.0	5.0	0.0	0%
<b>INCOME</b>	(14.0)	(14.2)	(0.2)	2%
<b>GROSS BUDGET</b>	<b>208.8</b>	<b>207.7</b>	<b>(1.1)</b>	<b>(1%)</b>
<b>Grants</b>				
Principle Formula Grant	(65.0)	(69.3)	(4.3)	7%
Redistributed Business Rates	(33.2)	(31.7)	1.5	(4%)
Neighbourhood Policing Grant	(4.4)	0.0		
Precept Freeze Grant 2011/12	(2.5)	(2.5)	0.0	
Community Safety Fund		(0.7)		
<b>Total Grants</b>	<b>(105.1)</b>	<b>(104.2)</b>	<b>(2.8)</b>	<b>3%</b>
<b>Use of Reserves</b>	(1.0)	1.5	2.5	(254%)
Precept Localisation Grant	0.0	(6.7)	(6.7)	
<b>NET PRECEPT REQUIREMENT</b>	<b>102.7</b>	<b>98.3</b>	<b>(4.4)</b>	<b>(4%)</b>

**Budget 2013/14 - Net Budget Changes**

	£
<b>2012/13 Budget</b>	<b>208.8</b>
<b>Zero Tolerance Policing</b>	
Protecting front line officers- reduce back office	(1.4)
<b>Visible Street Policing</b>	
Broaden Communication Channels - Social Media	0.1
<b>Victim Centred Criminal Justice</b>	
Collaboration	(1.3)
<b>Your say on street Policing</b>	
Community safety funding	0.8
<b>Protect your Local policing</b>	
Technology to support local accessibility - Neighbourhood Teams	0.1
Operational High Availability of technology for front line officers	0.5
<b>Uncompromising on Police Standards</b>	
Maintaining Funding of Professional Standards Department	0.1
<b>2013/2014 Budget</b>	<b>207.7</b>