



COMMUNITY JUSTICE SECURITY

## **EXECUTIVE ORDER 0057**

### **BUDGET AND COUNCIL TAX PRECEPT 2016-17, CAPITAL PROGRAMME 2015-20 and MEDIUM TERM FINANCIAL PLAN 2016-21**

By the authority of the Police and Crime Commissioner as designated by the Police Reform and Social Responsibility Act 2011, and, by democratic mandate invested in me by the electorate of Northamptonshire, I have taken the following decisions:

1. To approve my formal response to the Northamptonshire Police and Crime Panel's report of 5<sup>th</sup> February 2016 following the Panel's review of my proposed precept for 2016-17;
2. To approve the publication of that report prior to notifying the relevant billing authorities of the Council Tax precept for 2016-17;
3. To note the report of the Acting Director for Resources as required by section 25 of the Local Government Act 2003 regarding the robustness of the Budget estimates and the adequacy of financial reserves;
4. To approve the net revenue budget for 2016-17 of £121.995m;
5. To approve a Band D Council Tax level of £204.96p for 2016-17, representing an increase of 1.99% over 2015-16. Accordingly, no referendum on this increase is required;
6. To approve Council Tax precepts for 2016-17 totalling £46.926m on the relevant billing authorities, as shown overleaf;
7. To approve the Capital Programme 2015-20, totalling £47.891m;
8. To approve the Medium Term Financial Plan 2016-21.

<b>District / Borough Council</b>	<b>Tax base [£]</b>	<b>Precept [£]</b>
Corby	17,892.00	3,667,144.32
Daventry	28,838.02	5,910,640.58
East Northamptonshire	30,084.00	6,166,016.64
Kettering	30,450.00	6,241,032.00
Northampton	64,357.94	13,190,803.38
South Northamptonshire	33,849.70	6,937,834.51
Wellingborough	23,480.00	4,812,460.80
<b>TOTAL</b>	<b>228,951.66</b>	<b>46,925,932.23</b>



**ADAM SIMMONDS**

NORTHAMPTONSHIRE POLICE AND CRIME COMMISSIONER

15<sup>th</sup> February 2016

### **Equality, Diversity and Human Rights**

Individual aspects of the budget plans will be subject to their own equality and diversity assessments.

### **Other Advice Taken**

Advice was taken from the Acting Director for Resources, in his report attached dated 25<sup>th</sup> January 2016

The Police and Crime Panel have scrutinised and commented on the draft Precept and Budget

## NORTHAMPTONSHIRE POLICE & CRIME PANEL

### REPORT TO THE NORTHAMPTONSHIRE POLICE & CRIME COMMISSIONER

5<sup>TH</sup> FEBRUARY 2016

<b>Subject:</b>	<b>Review of the Northamptonshire Police &amp; Crime Commissioner's Proposed Precept for 2016/17</b>
<b>Recommendations:</b>	<p><b>That the Northamptonshire Police &amp; Crime Commissioner:</b></p> <p><b>a) Has regard to this report by the Northamptonshire Police &amp; Crime Panel arising from its review of the proposed precept for 2016/17 in accordance with the Police Reform &amp; Social Responsibility Act 2011 Schedule 5 Paragraph 5(2)(a).</b></p> <p><b>b) Gives the Panel a response to this report in accordance with the Police Reform &amp; Social Responsibility Act 2011 Schedule 5 Paragraph 5(2)(b).</b></p>

#### 1. Purpose of Report

- 1.1 The report is intended to set out the results of the review by the Northamptonshire Police & Crime Panel of the Northamptonshire Police & Crime Commissioner's proposed precept for 2016/17.

#### 2. Background

- 2.1 The Police Reform & Social Responsibility Act 2011 specifies that a Police & Crime Commissioner may not issue a precept under Section 40 of the Local Government Finance Act 1992 until it has been subject to scrutiny by the relevant Police & Crime Panel according to the process specified in Schedule 5 of the 2011 Act.
- 2.2 Schedule 5 of the 2011 Act, supporting Regulations, and the Rules of Procedure for the Northamptonshire Police & Crime Panel require:
- a) The Commissioner to notify the Panel of his proposed precept by 1<sup>st</sup> February of the relevant financial year.
  - b) The Panel to review the proposed precept.
  - c) The Panel to resolve to:
    - i) Support the proposed precept without additional qualification or comment; or
    - ii) Support the proposed precept and make additional recommendations on it; or
    - iii) Veto the proposed precept provided that the Panel makes that decision by the required majority of at least two thirds of Panel members.
  - d) The Panel to make a report to the Commissioner on the proposed precept, setting out the results of its review, by 8<sup>th</sup> February of the relevant financial year.

- 2.3 If the Panel does not veto the proposed precept the Commissioner must:
- a) Have regard to the report made by the Panel
  - b) Give the Panel a response to its report and to any recommendations in the report. The response should also be published in a manner determined by the Panel.
- 2.4 The scrutiny process concludes at this point. The Commissioner may then issue the proposed precept as the precept for the next year, or issue a different precept but only if it would be in accordance with a recommendation made in the Panel's report.
- 2.5 If the Panel vetoes the proposed precept the Commissioner is required to produce a revised precept, which is then subject to further scrutiny.

### **3. Review of the Proposed Precept**

- 3.1 The Northamptonshire Police & Crime Panel met in public on 2<sup>nd</sup> February 2016 to review the Commissioner's proposed precept and budget for 2016/17.
- 3.2 The Commissioner presented his proposed precept and budget, which was the fourth and final set of proposals he would bring to the Panel during his term of office. The Commissioner advised that the budget was intended to build further on what had been achieved over the previous three years. Increasing the precept by 1.99% represented an additional 8 pence per week at Council Tax Band D, which would be used to protect the number of frontline police officers in Northamptonshire, to continue to expand the special constabulary and to continue the development of services for victims of crime and witnesses. In particular, he proposed to ring fence £910,000 funding to improve the support available to victims of Child Sexual Exploitation, to young people who had been affected by domestic violence or sexual assault and to victims of incidents on the roads. In this way the current proposals again reflected his commitment to deliver change and improvement to both Northamptonshire Police and the wider criminal justice system.
- 3.3 The Panel considered how the proposed precept and budget would support the Commissioner's outcomes of building a more visible police force, with particular reference to the future use of Police Community Support Officers (PCSOs) in Northamptonshire. A Panel member highlighted recent reductions in the number of PCSOs operating in Corby. Members subsequently suggested that future investment in visible policing could include increasing the current number of PCSOs in the county, or protecting the existing number, given their popularity with the public and their value as a link between the Police and local communities.
- 3.4 The Panel was advised that the Commissioner recognised the value put on PCSOs by members of the public and aimed to maintain existing numbers. The deployment of PCSOs was an operational matter for which the Chief Constable was responsible. Additional PCSOs had recently been deployed in East Northamptonshire as part of Northamptonshire Police's Futures Programme looking at how policing should work in the county in future. The Commissioner had encouraged that PCSOs should remain in the areas that funded them but ultimately it was not his role to determine this.

- 3.5 The Panel subsequently heard that the Commissioner had put significant investment into supporting visible policing during his term in office by developing the special constabulary and committing to maintain the number of full time officers. He was not in a position to do this and also to commit to protect the number of PCSOs and he thought that focussing on full time officers reflected residents' priorities. He expected that this approach would result in there being nearly 900 more police officers in Northamptonshire in May 2016 than when he had taken office and stood by this record. Panel members acknowledged the need for the Commissioner to prioritise and welcomed that Northamptonshire Police, unlike other forces, had not reduced frontline police officers in order to meet budget pressures.
- 3.6 In response to further questions the Commissioner confirmed that he did not see special constables as a replacement for PCSOs but thought that the two roles should complement each other. This might include a PCSO leading a team of specials in the future. However, developing the special constabulary also reflected that PCSOs were not warranted officers and their contracts could limit the flexibility to deploy them at different locations within the Force area and at different times of day to meet particular needs. The Commissioner considered that the public got more benefit from special constables than PCSOs but that the future of policing would involve both types of role as well as other volunteers working alongside full time officers.
- 3.7 A Panel member sought confirmation of the turnover rate on the 1,220 full time police officers employed by Northamptonshire Police resulting from officers retiring or moving to other forces. Further information was also sought on the average age of officers and it was queried whether there was a risk of having a large number of officers towards the upper age limit for their role. The Commissioner advised that Northamptonshire Police had the budget to employ 1,220 police officers: the actual number employed could be slightly above or below this at any given time due to normal staff turnover. The 1,220 officers included approximately 900 police constables who could be spread between the ages of 19 years to 40-50 years. It was not a particular challenge to recruit to vacancies for full time officers due to the amount of interest in the role.

#### 4. Outcome of the Review

- 4.1 At the conclusion of discussion the Panel ultimately resolved unanimously:

**To support the Northamptonshire Police & Crime Commissioner's proposed precept for 2016/17.**

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Background Papers:	Police Reform & Social Responsibility Act 2011 The Police & Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 Northamptonshire Police & Crime Panel Rules of Procedure





COMMUNITY JUSTICE SECURITY

## **NORTHAMPTONSHIRE POLICE AND CRIME COMMISSIONER**

### **The Police and Crime Commissioner's Formal Response to the Report of the Police and Crime Panel on its Review of the Commissioner's proposed Precept for 2016-17**

1. I thank the Panel for its report of 5<sup>th</sup> February 2016 which sets out the results of its review of my proposed precept for 2016-17.
2. This report is the response I am required to give to the Panel in accordance with the Police Reform and Social Responsibility Act 2011. This response is required to be published in a manner which is to be determined by the Police and Crime Panel, in accordance with schedule 5, paragraph 5(4).
3. I am grateful to the Panel for its support for my proposals for an increase in the Council Tax Band D level to £204.96p for 2016-17; this represents an increase of 1.99% [£4.00p] on the 2015-16 level of £200.96p
4. I note the points the Panel made at its meeting; summarised at paragraph 3 of the Panel's report.
5. Following publication of this response I shall approve and issue the precept based on a Band D Council Tax of £204.96p.

6. Since the Panel meeting my Office has been advised by the Billing authorities [the Northamptonshire District and Borough councils] of a small favourable change in the overall financial surplus on the Council Tax Collection Fund.
7. Accordingly the proposed increase in precept allows me to allocate a further £0.167m to the Capital and Transformation Reserve compared to the sum I reported to the Panel on 2<sup>nd</sup> February. This will be utilised primarily to help fund the change and transformation programme required to support the Strategic Alliance, Estates Strategy and proposed Funding Changes. It provides additional financial resilience to my plans.

**Adam Simmonds**

**Northamptonshire Police and Crime Commissioner**  
**17<sup>th</sup> February 2015**

**END**



## REVENUE BUDGET ESTIMATES 2016-17

### Report of the Acting Director for Resources, as required by Section 25 of the Local Government Act 2003.

#### 1 SUMMARY

- 1.1 To advise the Northamptonshire Police and Crime Commissioner on the robustness of the estimates in the proposed Budget and the adequacy of the proposed reserves before he makes decisions in respect of the Revenue Budget for 2016-17 and the Police and Crime Commission's financial reserves.

#### 2 BACKGROUND

- 2.1 The Chief Financial Officer of the Commission is required to report to the Commissioner when setting the Precept and Council Tax on:

(a) the robustness of the estimates in the budget, and

(b) the adequacy of the proposed reserves.

- 2.2 The Commissioner must have regard to this report when making decisions in respect of the Budget, Precept and Council Tax (Section 25(2) Local Government Finance Act 2003).

- 2.3 The Chief Financial Officer of the Northamptonshire Police and Crime Commission is the Acting Director for Resources.

#### 3 2016-17 REVENUE BUDGET PROCESS

- 3.1 The 2016-17 Revenue Budget is the fourth to be prepared by the Commission.
- 3.2 The Provisional Funding Settlement announced on the 17<sup>th</sup> December 2015 provided a more favourable settlement than was anticipated during 2015. However this did build on the Chancellor's Autumn Statement of 25<sup>th</sup> November 2015, which gave the first indications that the 2016-17 settlement would be similar to the 2015-16 settlement.
- 3.3 The Commissioner has provisionally proposed a Revenue Budget for 2015-16 which increases the Band D Council Tax level by 1.99% from £200.96 to £204.96p.

The Provisional Settlement confirmed that there will be no Council Tax Freeze Grant for 2016-17. However the Commissioner has reserved

his position on the precept level should circumstances change. A 1.99% increase in Precept would raise £0.9m, with the precept base being that much higher in future years.

A 2.74% increase in the tax base compared to 2015-16 has been provided for at this stage. This has been based on indicative estimates received from the Districts. Similarly allowance has been made regarding the Collection Fund surplus based on estimates provided by the Districts.

Additional Precept income of £2.149m [4.8%] has been allowed for over 2015-16. This has been based on the tax base increasing by 2.74% (£1.229m), and the precept increasing by 1.99% (£0.92m)

This increase in local taxation income compares to a reduction of £0.4m [0.6%] of government funding.

- 3.4 The Police and Crime Commissioner has proposed a budget that ensures the limited financial resources available to him are aligned to the vision in the Police and Crime Plan. He has proposed a budget architecture that recognises the wide scope, range and diversity of activity undertaken by the Commission in addition to the budget to be delegated to the Chief Constable. A total of £3.909m of the net revenue budget of £121.995m will be directly controlled by the Commission – representing 3.2% of the total.
- 3.5 For the budget of £116.224m to be achieved it is necessary for the Office of the Police and Crime Commissioner and the Force to identify savings of £7.593m. Only £5.836m has been identified so far. Saving proposals for the balance of £1.757m (Force only) are being developed and the Force Service Delivery Model is yet to report (Spring 2016). With a mixture of these along with the use of reserves, the budget will be balanced.
- 3.6 The Commissioner is facing a period of considerable uncertainty and change. On funding, the settlement is only for 2016-17, and although the Home Office has stated that funding will be reduced by 1.3% over 4 years in real terms, they have also indicated that top slicing will increase to allow for such items as Emergency Service Network, Counter Terrorism and Transformation Fund. The Home Office has also consulted on the Funding Formula, the implementation of which has been deferred to 2017-18
- 3.7 The Strategic Alliance also provides uncertainty and change. If given the go ahead (decision date currently March 2016) this will change policing in Northamptonshire as three forces (Northamptonshire, Nottinghamshire and Leicestershire) combine resources to deliver a more effective, economic and efficient provision. This alliance is not expected to be fully functional until 2020 but considerable investment

will be required (both capital and revenue) during this period before the projected savings materialise.

#### **4 CAPITAL PROGRAMME**

- 4.1 The proposed Capital Programme of some £48m is large but is capable of being funded assuming borrowing is at a level equivalent to the Operational Boundary. Even at this level the programme has no provision in for the Estates Strategy Phase 2 or the Strategic Alliance Investment.
- 4.2 The Capital Programme requires £5.2m of capital receipts to be generated, which is considered to be realistic.
- 4.3 However the Force have been requested to identify schemes currently included within the Programme which can either be deferred or cancelled and identify schemes which can be switched to the Strategic Alliance investment should it be necessary.
- 4.4 Significant investment continues on the Transformation portfolio with such schemes as agile working, Estates Programme and Kettering Northern Accommodation Hub. There are governance arrangements (Transformation Board) in place to ensure these are delivered on time and within budget
- 4.5 These governance and financial arrangements are designed to manage the challenges and risks inherent in the transformational journey to 2020.

#### **5 RESERVES**

- 5.1 The Northamptonshire Police and Crime Commissioner's Reserves Policy sets out the level of General Reserves between 2% and 3% of net budget requirement. This level of General Reserves is considered to be adequate during normal conditions, in the context of the Police and Crime Commission and equates to £2.3m to £3.5m in 2016-17. The proposed level of General Reserves at 31<sup>st</sup> March 2016 is anticipated to be £4.4m (3.8%). This level is prudent given the continuing scale of transformational change inherent in the 2016-17 Revenue Budget and over the medium term period.
- 5.2 During 2015-16 the reserves have been streamlined with a number of reserves being transferred to the Initiatives Fund, most notably the Transformation Reserve, Restructure Reserve, Specials & Volunteers Reserve, with the Insurance Reserve making a £1.5m contribution.

- 5.3 Due to the inherent risks discussed above on both the Revenue Budget and Capital Programme the Commissioner intends to create a new Capital and Transformation Reserve, which will be an earmarked Reserve within the scope of the Reserves policy. The Fund will have an initial balance of £7.597m on 1<sup>st</sup> April 2016, funded by the estimated revenue underspend for 2015-16 (£2.903m) and £4.694m top sliced from the 2016-17 settlement, precept and council tax surplus. The Medium Term Financial Plan [MTFP] assumes that £3.45m contribution to this reserve will continue through to 2020-21, resulting in an overall injection over the period of £21.397m.
- 5.4 The total of General and all Earmarked Reserves at 31<sup>st</sup> March 2016 is presently anticipated to be some £16.6m.

## **6 FUTURE YEARS**

- 6.1 No definitive announcements or commitments have been made by the Government specifically in relation to Police funding for 2017-18 and onwards, except that top slicing is likely to increase.
- 6.2 Given the uncertainty regarding Government funding of the Police and Crime Commission from 2017-18 onwards, the projections in the MTFP have been based on government announcements made so far.
- 6.3 At this stage the MTFP makes prudent assumptions regarding future levels of Police Grant and tax base increases and assumes no surplus on the Council Tax Collection Fund after 2016-17. It is assumed however that the government will continue to offer some ongoing grant within the overall Police Grant total reflecting the 2011-12 and 2013-14 Council Tax freeze grants. For planning purposes only an increase in Council Tax of 1.99% has been assumed 2017-18 to 2020-21.
- 6.4 Taken together these assumptions result in slight increases in funding over the period to 2020-21.
- 6.5 Given the unprecedented depth of recent and continuing financial austerity, the proposals for the 2016-17 budget, and the level of change and uncertainty, the Commission and Force are in a relatively strong financial position. Plans are in place to address the immediate issues which are required to enable the Commission and Force to face the future in a strong position.

## **7 CONCLUSION**

- 7.1 The Chief Financial Officer considers that the 2016-17 Revenue Budget proposals are robust and the total proposed level of reserves is adequate. There will however need to be effective action and strong

governance by the Commission and Force during 2016-17 to ensure achievement of the full savings anticipated in the 2016-17 Revenue Budget. The level of General Reserves is judged to be at a suitable level to meet unforeseen requirements during 2016-17 assuming that implementation of the 2016-17 Revenue Budget is robustly managed and monitored. The creation of the new Capital/Transformation Reserve is crucial to the proper management of the Commissions and Forces future financial plans.

- 7.2 The Chief Financial Officer considers that the 2016-17 Capital Programme proposals are acceptable for planning purposes. There will however need to be effective action and strong governance by the Commission and Force during 2016-17 to ensure achievement of a balanced programme incorporating both the Estates Strategy Phase 2 and Strategic Alliance investment (if necessary). Implementation of the 2016-17 Capital Programme must be robustly managed and monitored.

**Steve Dainty**  
**Chief Financial Officer**  
**Northamptonshire Police and Crime Commission**  
**15<sup>th</sup> February 2016.**

**END**



**Revenue Budget 2016-17**

	£'000	£
<b>Net Revenue Budget</b>	<b>121,996</b>	<b>121,995,763.23</b>
<i>less</i>		
Police Grant	73,995	73,994,814.00
Council Tax Surplus	1,075	1,075,017.00
<b>Council Tax Requirement</b>	<b>46,926</b>	<b>46,925,932.23</b>
divide by Northamptonshire Tax Base		228,951.66
<b>Band D Council Tax 2016-17</b>		<b>£204.96</b>

**Taxbase and Precept on District and Borough Councils**

Council	Taxbase	Precept (£)
Corby	17,892.00	3,667,144.32
Daventry	28,838.02	5,910,640.58
East Northamptonshire	30,084.00	6,166,016.64
Kettering	30,450.00	6,241,032.00
Northampton	64,357.94	13,190,803.38
South Northamptonshire	33,849.70	6,937,834.51
Wellingborough	23,480.00	4,812,460.80
<b>TOTAL</b>	<b>228,951.66</b>	<b>46,925,932.23</b>

Taxbase is the number of equivalent Band D dwellings, after discounts, exemptions and estimates for non-collection of Council Tax

**Council Tax for the Police and Crime Commissioner 2016-17**

Council Tax Band	Annual cost £	Weekly cost £
A	136.64	2.62
B	159.41	3.06
C	182.19	3.49
<b>D</b>	<b>204.96</b>	<b>3.93</b>
E	250.51	4.80
F	296.05	5.68
G	341.60	6.55
H	409.92	7.86





## CAPITAL PROGRAMME 2015-16 TO 2019-20

PROJECT	TOTAL COST £000	PREVIOUS YEARS £000	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000
<b>Transformation Investment</b>							
Interoperability Programme	1,971	1,103	136	732			
Agile Working	4,032	417	99	2,516	500	500	
Demand Reduction	35	5	30				
21st Century Estate (NAH)	16,188	1,433	750	13,823	182		
Sharepoint	419		419				
<b>Other Force Projects</b>							
Capital Programme Management	166	39	90	37			
Organisational Development	250	60	170	20			
Business Intelligence	284	102	182				
Policing the Future Pilots	43	24	19				
<b>Regional 4 Force Collaboration</b>							
Strategic Alliance (PBS)	724	275	348	101			
Regional Shared Information Services	3		3				
Procurement of Body Worn Video	1,103	582	20	80	80	80	261
Criminal Justice - Interoperable CJ NICHE	4,133	357	2,954	572	250		
Proof of concept project on live links and virtual courts	33	27	6				
PBS - OPA – Knowledge/Policy Management	110	85	25				
Legacy - IT	103	20	30	53			
<b>TOTAL CHANGE PROGRAMME</b>	<b>29,597</b>	<b>4,529</b>	<b>5,281</b>	<b>17,934</b>	<b>1,012</b>	<b>580</b>	<b>261</b>
<b>REPLACEMENT SCHEMES</b>							
Information Services							

## CAPITAL PROGRAMME 2015-16 TO 2019-20

PROJECT	TOTAL COST	PREVIOUS YEARS	2015-16	2016-17	2017-18	2018-19	2019-20
IT Replacement Equip.	2,754	181	200	758	455	455	705
Comms Replacement Equipment - VOIP	16	16					
IT Infrastructure Hardware Replacement	1,897	324	339	409	275	275	275
Photocopier Replacement Programme	329	23	45	165	48	48	
<b>TOTAL REPLACEMENT SCHEMES</b>	<b>4,996</b>	<b>544</b>	<b>584</b>	<b>1,332</b>	<b>778</b>	<b>778</b>	<b>980</b>
<b>OTHER SCHEMES</b>							
<b>Investment</b>							
Compact - Misper	10	10					
Corby Fuel Site	15	15					
<b>Property</b>							
Estates Investment Strategy	219	110	109				
Accessibility Fund	110	0	10	25	25	25	25
Upgrade of FCR	127	115	12				
Mereway and CJC Roundabouts	550		550				
<b>Crime and Justice</b>							
Criminal Justice Centre	45	-15		60			
CJC Intercom	29			29			
Digital Recording	179	13	2	164			
<b>Information Services</b>							
Enhancement Schemes	187	111	76				
Mobile Data (845) Replacement	8		8				
Airwave - Essential Costs	3,124	20	56	148	2,900		
Mobile Data Roadmap	2,035	2,035					
PSN (Public Service Network)	150	61	89				
Forensic System Enhancement	2	2					
<b>Vehicles</b>							
Vehicle Purchases	5,957	1,002	1,042	1,063	950	950	950
<b>Operational Equipment</b>							

## CAPITAL PROGRAMME 2015-16 TO 2019-20

PROJECT	TOTAL COST	PREVIOUS YEARS	2015-16	2016-17	2017-18	2018-19	2019-20
ANPR Equipment programme (RCU)	242	17	4	101	60	60	
<b>Other</b>							
Completed Schemes	309	309					
<b>TOTAL OTHER SCHEMES</b>	<b>13,298</b>	<b>3,805</b>	<b>1,958</b>	<b>1,590</b>	<b>3,935</b>	<b>1,035</b>	<b>975</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>47,891</b>	<b>8,878</b>	<b>7,823</b>	<b>20,856</b>	<b>5,725</b>	<b>2,393</b>	<b>2,216</b>

## CAPITAL PROGRAMME 2015-16 TO 2019-20

FINANCING	TOTAL	PREVIOUS YEARS	2015-16	2016-17	2017-18	2018-19	2019-20
	£000	£000	£000	£000	£000	£000	£000
Capital Grants	3,978	1,000	978	500	500	500	500
Innovation Funding	2,668	2057	611				
Useable Capital Receipts	5,576	335			1,764	1,827	1,650
Revenue Funded	2,995	845	1,886	66	66	66	66
Capital Reserve	3,400	3,341	59				
Prudential Borrowing	25,000	1,300	4,289	16,016	3,395		
Reserves	4,274			4,274			
<b>TOTAL</b>	<b>47,891</b>	<b>8,878</b>	<b>7,823</b>	<b>20,856</b>	<b>5,725</b>	<b>2,393</b>	<b>2,216</b>

**Medium Term Financial Plan 2016-21**  
**Financing the Budget 2061-17 and Forecasts to 2020-21**

	2016-17 proposed £'000	2017-18 plan £'000	2018-19 plan £'000	2019-20 plan £'000	2020-21 plan £'000
NNDR (DCLG) Home Office					
<b>Police Grant</b>	67,350	66,680	66,010	65,350	64,700
CT Support Grant	5,053	5,053	5,053	5,053	5,053
CSF					
<b>sub-total</b>	<b>72,403</b>	<b>71,733</b>	<b>71,063</b>	<b>70,403</b>	<b>69,753</b>
CTFG 2011-12	1,131	1,131	1,131	1,131	1,131
CTFG 2013-14	460	460	460	460	460
CTFG 2014-15	0				
<b>CTFG</b>	<b>1,591</b>	<b>1,591</b>	<b>1,591</b>	<b>1,591</b>	<b>1,591</b>
<b>Collection Fund</b>	<b>1,075</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Use of Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Precept</b>	<b>46,926</b>	<b>48,340</b>	<b>49,790</b>	<b>51,290</b>	<b>52,840</b>
<b>TOTAL</b>	<b>121,995</b>	<b>121,664</b>	<b>122,444</b>	<b>123,284</b>	<b>124,184</b>
<b>TAX BASE</b>	<b>228,952</b>	<b>231,240</b>	<b>233,550</b>	<b>235,890</b>	<b>238,250</b>
<b>Precept (£)</b>	<b>£204.96</b>	<b>£209.04</b>	<b>£213.20</b>	<b>£217.44</b>	<b>£221.77</b>





COMMUNITY JUSTICE SECURITY

## **NORTHAMPTONSHIRE POLICE AND CRIME COMMISSIONER**

**15<sup>th</sup> February 2016**

### **Report of the Acting Director for Resources**

### **BUDGET and COUNCIL TAX PRECEPT 2016-17, CAPITAL PROGRAMME and MEDIUM TERM PLAN 2016-21**

#### **Recommendations**

The Commissioner is RECOMMENDED to:

1. Have regard to the report made by the Northamptonshire Police and Crime Panel following its meeting on 2nd February 2016 to review the Commissioner's proposed precept for 2016-17 [paragraph 1.7 and appendix 1];
2. Approve the formal response to the Northamptonshire Police and Crime Panel's report referred to in recommendation 1, above [paragraph 1.8 and appendix 2];
3. Approve the publication of that report prior to notifying the relevant billing authorities of the Council Tax precept for 2016-17; [paragraph 1.9];
4. Note the report of the Acting Director for Resources as required by section 25 of the Local Government Act 2003 regarding the robustness of the Budget estimates and the adequacy of financial reserves [paragraph 2.19 and appendix 3];
5. Approve the net revenue budget for 2016-17 of £121.995m [paragraphs 2.6 and 2.15];
6. Approve a Band D Council Tax level of £204.96p for 2016-17, representing an increase of 1.99% over 2015-16. Accordingly, no referendum on this increase is required.[paragraph 3.1];
7. Approve Council Tax precepts for 2016-17 totalling £46.926m on the relevant billing authorities [paragraph 3.1 and appendix 4];
8. Approve the Capital Programme 2015-20, totalling £47.891m, set out at paragraph 4 and appendix 7;
9. Approve the Medium Term Financial Plan 2016-21 [paragraph 2.6 and appendix 6]
10. Approve the Commission's Reserves Policy for 2016-17 [appendix 5].

## 1. INTRODUCTION

- 1.1 This is the fourth Budget to be proposed by the Commissioner.
- 1.2 This report sets out the proposed Revenue Budget and Council Tax precept for Northamptonshire Police and Crime Commission for 2016-17 and the proposed Medium Term Financial Plan [MTFP] for 2016-21. The Budget and MTFP provide the financial resources through which the Commissioner's Police and Crime Plan will be delivered.
- 1.3 Under schedule 5 of the Police Reform and Social Responsibility Act 2011, the Commissioner must notify the Northamptonshire Police and Crime Panel of the precept the Commissioner is proposing to issue for the financial year 2016-17.
- 1.4 This was done through the report to the Panel on 2nd February 2016, which has been published on the Commission's website, and which included the formal report of the Acting Director for Resources as required under section 25 of the Local Government Act 2003.
- 1.5 The Panel must review the proposed precept, and make a report to the Commissioner on the proposed precept, which may include recommendations, including recommendations on the proposed precept.
- 1.6 The Panel may veto the proposed precept, and must so report to the Commissioner.
- 1.7 The Panel at its meeting on 2nd February 2016 resolved the Northamptonshire Police and Crime Commissioner's proposed precept for 2016-17 be supported. They have also made their statutory report to the Commissioner, attached as **appendix 1**.

- 1.8 Under section 5 of schedule 5 of the Police Reform and Social Responsibility Act 2011, the Commissioner must give the Panel a response to their report. That draft response is included in this report for the Commissioner's approval, as **appendix 2**. That response must be published. It is for the Police and Crime Panel to determine the manner in which the Commissioner's response is published.
- 1.9 As in previous years, the Commissioner has been requested to send his response to Northamptonshire County Council. They will publish the response on their website and also circulate it and the Panel's report on the Commissioner's precept proposals to all the District and Borough councils in the county. The Commissioner has also been requested to publish his response on the Commission's website.
- 1.10 Having so responded to the Panel and following the publication of his response as stated above, the Commissioner must issue the precept for 2016-17 by 1<sup>st</sup> March 2016.
- 1.11 The details of the calculation of the precept are set out in **appendix 4**.
- 1.12 A summary of the overall spending and financing assumptions of the Medium Term Financial Plan 2016-21, is set out at **appendix 6**.



1.13 A summary of the overall Capital programme 2015-20 is set out at **appendix 7**.

1.14 The Commissioner is also required to approve an Annual Treasury Strategy each year, setting out the details of his policy and approach to managing investments, borrowing and cash management. The Commissioner will receive recommendations on such a strategy for 2016-17 before the end of this financial year.

## **2. PROPOSALS FOR THE BUDGET 2016-17 AND MEDIUM TERM FINANCIAL PLAN 2016-21**

2.1 It is now necessary for the Commissioner to approve his Budget proposals for 2016-17, having regard to the Police and Crime Panel's report, and having made a formal response to that report.

2.2 The government published the Final Police Grant Finance Settlement for 2016-17 on 4<sup>th</sup> February 2016. No material changes are required to the assumptions previously made by the Commissioner on the basis of the provisional settlement announced in December 2015.

2.3 However there changes in the assumptions previously made regarding the Collection Fund surplus, informed by the definitive data recently received from the Council Tax Billing Authorities. These changes are summarised below.

### **Council Tax Collection Fund**

2.4 The surplus on the Fund that can now be used to support the Budget in 2016-17 is £1.075m. This compares to £0.904m assumed in the consultation report to the Police and Crime Panel.

### **Affordable budget 2016-17**

2.5 Consequently, this along with a small downward revision to the Precept calculation due to roundings (-£4k), the affordable level of the Northamptonshire Police and Crime Commissioner's net budget for 2016-17 is £121.995m. This represents an increase of £0.167m compared to the estimate reported to the Police and Crime Panel. It also represents an increase of £2.015m on the approved 2015-16 budget. The revised funding of the budget is summarised in Table 1, below.

Table 1

<b>Financing</b>	<b>2015-16 £000</b>	<b>Change £000</b>	<b>2016-17 £000</b>

Police Grant	67,737	-387	67,350
Council Tax support grant	5,053	-	5,053
Council Tax Freeze grant	1,591	-	1,591
Government grants	74,381	-387	73,994
Collection Fund surplus	818	+257	1,075
Council Tax requirement	44,781	+2,145	46,926
<b>TOTAL</b>	<b>119,980</b>	<b>-2,015</b>	<b>121,995</b>

2.6

The equivalent overall forecast affordable budgets for the medium term planning period are summarised below; further detail is set out in **appendix 6**. The additional tax revenues now identified will mitigate the previously unidentified savings requirement over the MTFP period.

Table 2

Financing	2016-17	2017-18	2018-19	2019-20	2020-21
	£m	£m	£m	£m	£m
<b>TOTAL</b>	<b>122.0</b>	<b>121.7</b>	<b>122.4</b>	<b>123.3</b>	<b>124.2</b>

## Spending proposals

2.7

In the Commissioner's report to the Police and Crime Panel on 2nd February 2016 it was noted the proposed budget for 2016-17 requires some £7.6m of savings to be delivered, and overall savings of some £15m by 2021. At this stage some £4m of savings remain to be identified.

2.8

The Commissioner also stated his intention to invest up to £0.91m towards his vision of putting victims at the heart of everything we do. In addition to investment in delivering further improvements in services for victims of child sexual exploitation, young people impacted by domestic violence and sexual assault, we shall also continue to improve services for those impacted by serious road injuries and fatalities. Investment will also help fund improved experience for witnesses and victims at court.

2.9

The Commissioner also drew attention to the unprecedented level of change the Force are facing over the medium term, including the Strategic Alliance, Estates Strategy and proposed Funding changes. For this reason the Commissioner has decide to create a new Capital/Transformation Reserve.

2.10

In his formal report to the Commissioner under s25 of the Local Government Act 2003, shared with the Police and Crime Panel, the Acting Director for Resources, noted the required savings could only be achieved by effective and strong

governance by the Commission and Force, and robust budget management. On the basis of those assumptions the level of reserves was deemed to be adequate.

- 2.11 As noted at paragraph 1.4 of the Police and Crime Panel's report, the Commissioner may only issue a different precept to that consulted upon with the Panel only if a different recommendation is in accordance with a recommendation made in the Panel's report. The Panel made no recommendations in their report on the 2015-16 proposed precept and formally supported the Commissioner's proposed precept.
- 2.12 This is the context in which the Commissioner has considered his strategy regarding the use of the additional funding now available to him as a consequence of the revised Collection Fund data.
- 2.13 It is proposed the precept for 2016-17 will be increased as previously consulted upon; and that £0.91m shall be initially paid into the Initiatives Fund, provisionally to be earmarked for investment in services to protect victims and witnesses, pending development of a strategy and delivery plan.
- 2.14 A further £164k to be added to the Capital/Transformation Reserve. This increased resource provides additional resilience to the delivery context of major transformation change over the medium term.
- 2.15 Spending proposals for 2016-17 are summarised below.

Table 3

<b>Spending OPCC and Force</b>	<b>2015-16 £000</b>	<b>Change £000</b>	<b>2016-17 £000</b>
<b>Gross Budget 2015-16</b>	127,137		127,137
Inflation			2,689
Commitments			2,643
Growth			0
Previously approved savings			-386
New proposed savings			-7,579
<b>Gross Budget 2015-16</b>	<b>127,137</b>	<b>-2,633</b>	<b>124,504</b>
Income	-7,528		-7,528
Specific grants	-752		-752
<b>Contribution to Reserves</b>			
General Reserves	123	-123	0
Initiatives Fund	1,000	-90	910
Capital/Transformation Reserve		+4,861	4,861
<b>Net Budget</b>	<b>119,980</b>	<b>+2,015</b>	<b>121,995</b>

## Reserves

2.16 As shown above, the additional funding available along with the reduction in gross expenditure has been utilised to create the new reserve which will be available to fund un budgeted costs of the major transformation and change programmes.

2.17 The report to the Police and Crime Panel noted the following forecast level of cash-backed reserves at 31<sup>st</sup> March 2016:

Table 4

Usable Reserves	£000
Forecast at 31 <sup>st</sup> March 2016	
General Reserves	4,404
Carry forward of underspends:	
OPCC	929
Force	0
Commissioner's Initiatives Fund	4,871
Capital/Transformation	2,903
Pensions	1,097
Other	2,422
<b>TOTAL</b>	<b>16,626</b>

2.18 As can be seen from Table 3 it is proposed to add a further £5.771m to reserves during 2016-17. However there are also planned drawdowns and the forecast position as at 31<sup>st</sup> March 2017 is given below:

Table 5

Usable Reserves	Forecast at 31 <sup>st</sup> March 2017	Forecast AT 31.03.16	ADDITIONS 2016-17	DRAWDOWN 2016-17	FORECAST AT 31.03.17
General Reserves		4,404			4,404
Carry forward of underspends:					
OPCC		929		-159	770
Commissioner's Initiatives Fund		4,871	910	-5,520	261
Capital/Transformation		2,903	4,861	TBA	7,764
Pensions		1,097			1,097
Other		2,422			2,422
<b>TOTAL</b>		<b>16,626</b>	<b>+5,771</b>	<b>-5,679</b>	<b>16,718</b>

2.19 The scale of these changes are considered to be immaterial and the Chief Financial Officer does not consider it necessary for a revised report as required by section 25

of the Local Government Act 2003 regarding the robustness of the Budget estimates and the adequacy of financial reserves to be issued.

2.20 The Commissioner is now **recommended** to approve the net revenue budget for 2016-17 of £121.995m.

2.21 The overall spending and financing assumptions for the Medium Term Plan 2016-21 are shown in **appendix 6**.

### 3 COUNCIL TAX PRECEPT PROPOSAL 2016-17

3.1 The Commissioner is now **recommended** to approve a Council Tax requirement of £46.926m as shown in Table 1, above resulting in a Band D Council Tax of £204.96p and the respective precepts on the relevant billing authorities as set out in **appendix 4**.

### 4 CAPITAL PROGRAMME

4.1 There are no changes to the proposed Capital Programme as reported to the Police and Crime Panel on 2nd February 2016; the capital grant funding has been confirmed by the government and is £100k less than previously assumed necessitating an additional call on capital receipts of that amount.

4.2 Spending and financing proposals are summarised below.

Spending	2014-19 £000	2019-20 £000	TOTAL £000
Approved programme 2014-19	47,601	-	47,601
Change Programme	-619	261	-358
Replacement/Renewal Schemes	-61	980	919
Other previously approved schemes	-1246	975	-271
<b>TOTAL</b>	<b>45,675</b>	<b>2,216</b>	<b>47,891</b>

Financing	2014-19 £000	2019-20 £000	TOTAL £000
Grants	3,478	500	3,978
Innovation Funding	2,668		2,668
Capital receipts	3,926	1,650	5,576
RCCO & external contributions	2,929	66	2,995

Capital Reserve	3,400		3,400
Borrowing	25,000		25,000
Reserves	4,274		4,274
<b>TOTAL</b>	<b>45,675</b>	<b>2,216</b>	<b>47,891</b>

- 4.3 It is now recommended the Commissioner approve the Capital Programme 2014-20 as summarised above and in detail in **appendix 7**.

## 5 LEGAL CONSIDERATIONS

- 5.1 The Commissioner may not issue a precept under section 40 of the Local Government Finance Act 1992 until the end of the scrutiny process as set out in schedule 5 of the Police Reform and Social Responsibility Act 2011.
- 5.2 The Police and Crime Commissioner must notify a precept to the Billing authorities prior to 1<sup>st</sup> March each year and in so doing must set a realistic revenue budget.

## 6 CONCLUSION

- 6.1 This report sets out recommendations to the Police and Crime Commissioner regarding the Revenue budget, precept, Council Tax requirement and Reserves policy for 2016-17, together with the proposed Capital Programme and Medium Term Financial Plan 2016-20.

**STEVE DAINTY**  
Acting Director for Resources

## Appendices

1	Formal report of the Northamptonshire Police and Crime Panel on the Commissioner's proposals on the Council Tax precept for 2016-17
2	Commissioner's formal response to the report of the Northamptonshire Police and Crime Panel
3	Report of the Acting Director for Resources, under section 25 of the Local Government Act 2003
4	Precepts for 2016-17 on relevant billing authorities
5	Reserves Policy 2016-17
6	Summary of the Medium Term Financial Plan 2016-21
7	Capital Programme 2015-20

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**Background Papers:**

Commissioner's report of 2nd February 2016 to the Police and Crime Panel regarding the Budget 2016-17 and Medium Term Financial Plan 2016-21

Police Grant Report 2016-17 and associated papers.

**END**





## RESERVES OF THE POLICE AND CRIME COMMISSIONER 2016-17

	Rationale	How and when used	Level	Opportunity Cost	Management and control	Risk	Review
<b>GENERAL RESERVE</b>	<p>To maintain a degree of in-year financial flexibility;</p> <p>To enable the Commission to deal with unforeseen circumstances and incidents;</p> <p>To set aside sums for known and potential liabilities;</p> <p>To provide an operational contingency at service level.</p>	<p>To meet exceptional spending needs or overspends which are unable to be otherwise financed at the year end.</p> <p>To smooth the profile of tax revenue over a medium term financial period</p> <p>To allow higher spending without raising council tax on a one-off basis</p>	Typically between 2% and 3% of net budget requirement	<p>This sum could otherwise be used to reduce taxation and /or increase spending on a one off basis; and may prejudice arguments for more third party investment or government grant</p> <p>This sum is invested which earns income to be used for revenue spending.</p>	Set out in Financial Regulations, and summarised in text above.	<p>May be inadequate for major catastrophe, which could jeopardise financial status and reputation of the Commission.</p> <p>The Commissioner would have recourse to Home Office discretionary special grant if costs exceed 1% of budget or CLG Bellwin scheme for natural disasters</p>	Annual
<b>CAPITAL</b>	Sums set aside for major capital investment schemes e.g. buildings, vehicles and ICT to smooth payments and reduce future borrowing requirements	Annual decision alongside alternatives including capital grant, capital receipts, external funds and transfer from revenue	Estimated nil at 31.3.16	<p>This sum could otherwise be used to reduce taxation and /or increase spending on a one off basis; and may prejudice arguments for more third party investment or government grant</p> <p>This sum is invested which earns income to be used for revenue spending.</p>	Set out in Financial Regulations, and summarised in text above.	Capital schemes slip or are undelivered resulting in unduly high reserves	Annual

## Appendix

	Rationale	How and when used	Level	Opportunity Cost	Management and control	Risk	Review
<b>PENSIONS</b>	To meet the costs of any ill—health or injury retirements which are unbudgeted and fall directly on the Commission..  Also to cover any significant overspend on the employer contributions to the Pension Account	Annually as required.	Estimated £1.097m at 31.3.16	This sum could otherwise be used to reduce taxation and /or increase spending on a one off basis; and may prejudice arguments for more third party investment or government grant  This sum is invested which earns income to be used for revenue spending.	Set out in Financial Regulations, and summarised in text above.	Significant ill health or injury awards beyond normal profile create pressure on reserve or leave excess funds unused.  Significant change in officer numbers or grades lead to unbudgeted employer pension contributions in-year.	Annual
<b>INSURANCE</b>	To cover the potential and contingent liabilities of uninsured risks as assessed annually by our insurers based on claims outstanding.	Balance will increase or reduce annually dependent on the Commission's outstanding claims record	Will vary according to annual risk assessment	This sum could otherwise be used to reduce taxation and /or increase spending on a one off basis; and may prejudice arguments for more third party investment or government grant  This sum is invested which earns income to be used for revenue spending.	Set out in Financial Regulations, and summarised in text above.	If no reserve is held the Commission is potentially open to significant excess and claims payments in year beyond available revenue budgets.  Assessment by insurers needs to be realistic not unduly pessimistic.	Annual
<b>EXPENDITURE b/f</b>	To hold year-end under spending by the Force as agreed by the Commissioner to be carried forward to the next financial year.  Promotes best use of limited resources.	To be used or returned to General Reserve.  Any excess unspent from reserve would require further justification for c/f	Should not exceed 1% of budget as a benchmark	This sum could otherwise be used to reduce taxation and /or increase spending on a one off basis; and may prejudice arguments for more third party investment or government grant  This sum is invested which earns income to be used for revenue spending.	Set out in Financial Regulations, and summarised in text above.	The Force have unrealistic expectations of c/f requirements.  Actual delivery and expenditure is above or below reserve level.  Reserve is used as a buffer without realistic assessment of need.	Annual

## Appendix

	Rationale	How and when used	Level	Opportunity Cost	Management and control	Risk	Review
<b>PCC INITIATIVES FUND</b>	To deliver funding to for specific initiatives of the Commission arising from the Police and Crime Plan  To provide funding to deliver radical solutions to deliver the Police and Crime Plan	As required – typically informed by approved business cases for bids on the Fund.	Estimated £4.913m at 31.3.16	This sum could otherwise be used to reduce taxation and /or increase spending on a one off basis; and may prejudice arguments for more third party investment or government grant  This sum is invested which earns income to be used for revenue spending.	Set out in Financial Regulations, and summarised in text above.	Initiatives not adequately defined or delivered hence poor VFM	Annual
<b>Safety Camera</b>	For surpluses of fines and speed awareness course income over expenditure that is reinvested in replacement equipment and road safety initiatives.	As required – typically informed by approved business cases for bids on the Fund.	Estimated £1.194m at 31.3.16	This sum could otherwise be used to reduce taxation and /or increase spending on a one off basis; and may prejudice arguments for more third party investment or government grant  This sum is invested which earns income to be used for revenue spending.	Set out in Financial Regulations, and summarised in text above	If Fund was not maintained then safety initiatives would have to be funded from the revenue budget or not implemented.	Annual
<b>Employee Benefit</b>	To cover fluctuations in the liability for accrued leave outstanding at the end of the year	As required to fund leave being paid for rather than taken	£1.145m at 31.3.16	Minimal investment opportunity for sum	Position reported annually within Statement of Accounts	Reserve is maintained as a buffer without realistic assessment of level	Annual
<b>Capital/Transformation</b>	To cover: O Unachievable 2016-17 Forces savings. O Strategic Alliance Investment (revenue and capital). O Capital Programme pressures. O Estates Programme Phase 2 investment (excess over receipts) O Government funding	As required – typically informed by approved business cases for bids on the Fund.	Estimated £2.903m at 31.3.16	This sum could otherwise be used to reduce taxation and /or increase spending on a one off basis; and may prejudice arguments for more third party investment or government grant  This sum is invested which earns income to be used for revenue spending.	Set out in Financial Regulations, and summarised in text above	If Fund was not maintained then the investments in to the pressures noted would not be able to be financed.  The Force have unrealistic expectations of c/f requirements.  Actual delivery and expenditure is above or below reserve level.	Annual

**Appendix**

	<b>Rationale</b>	<b>How and when used</b>	<b>Level</b>	<b>Opportunity Cost</b>	<b>Management and control</b>	<b>Risk</b>	<b>Review</b>
	fluctuations						