

CAMBRIDGESHIRE POLICE AND CRIME PANEL	Agenda Item No. 6
1st February 2023	Public Report

Report of Cambridgeshire Police and Crime Commissioner

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PRECEPT REPORT 2023/24

1.	PURPOSE
1.1	To notify the Cambridgeshire Police and Crime Panel (the “Panel”) of the Police and Crime Commissioner’s (the “Commissioner”) proposed Net Budget Requirement (NBR) and precept for 2023/24 and to enable the Panel to review the proposed precept.
2.	RECOMMENDATION
2.1	The Panel is recommended to review and make a report to the Commissioner on the proposed policing precept element of the Council Tax precept for 2023/24. The proposed Council Tax is an increase of 29p per week bringing the policing element of Council Tax (Band D equivalent) to £272.52 (an increase of £14.94 per year compared to 2022/23).
3.	TERMS OF REFERENCE
3.1	To review and make a report and recommendation (as necessary) on the proposed precept.
4.	BACKGROUND
4.1	Under the Police Reform and Social Responsibility Act 2011 (the “Act”) it is the Commissioner’s responsibility to decide the budget, allocating assets and funds to the Chief Constable, and set the precept for the force area. It is for the Chief Constable to have day to day responsibility for financial management of Cambridgeshire Constabulary (the “Constabulary”) and to decide on the configuration and organisation of policing resources.
4.2	Under both the Act and the Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012, the Commissioner must notify the Panel of the precept which the Commissioner is proposing to issue for the financial year by 1 st February. The

	Panel must review the proposed precept notified to it by 8 th February, and make a report, including recommendations.
4.3	Local Government Association (LGA) Guidance for Panels states that <i>‘Although Panels do not have a role in setting the budget, their scrutiny of the precept will need some awareness of the budget and a report will inevitably accompany the precept proposals to give background.’</i>
5.	KEY ISSUES
5.1	<p>The Comprehensive Spending Review in 2021 provided a three-year settlement for policing which stated that <i>“PCCs will have up to £10 of precept flexibility in each of the next three years to use according to their local needs”</i>.</p> <p>The Government published a Local Government finance policy statement 2023-24 to 2024-25 on 12th December which <i>“A £15 referendum principle on Band D bills for police and crime commissioners”</i> was announced.</p> <p>The Government announced the provisional funding settlement for policing on 14th December 2022. The Minister of State for Crime and Policing stated: <i>“Overall funding for policing will rise by up to £287 million compared to the 2022/23 funding settlement, bringing the total up to £17.2 billion for the policing system. Within this, funding to Police and Crime Commissioners (PCCs) will increase by up to an additional £523 million, assuming full take-up of precept flexibility.”</i></p>
5.2	<p>The funding settlement for Cambridgeshire was a net increase of £0.3m to the revenue grant which includes an increased ringfenced Uplift grant of £2.8m and a pension grant of £1.4m. The net total grant from government is £99.6m. The capital grant from government was nil.</p> <p>The government announced total additional funding for Cambridgeshire of £181.3m this assumes that the Commissioner would increase the precept by the full £15 on Band D properties, which combined with the expected growth in housing subject to council tax, would raise the remaining funds to total £181.6m.</p> <p>During 2018 there were changes to the way police pensions were calculated which saw a sharp increase in costs. During the 2019/20 Police Settlement, central Government provided Commissioner’s with an additional pension grant to go towards the additional</p>

	pension costs. This pension grant of £1.4m forms part of the settlement for 2023/24 along with a ringfenced £2.8m for Uplift which is available only if we maintain officer numbers at 1,732 headcount.
5.3	<p>The funding settlement stated <i>“It is critical, however, that beyond March 2023 officer numbers are maintained to ensure benefits of the additional 20,000 officers can be realised. Forces will need to retain both new and more experienced officers as we move into a new phase of the maintenance of officer numbers in 2023/24.”</i></p> <p>Commissioners also had to report back to the Home Office on how they would prioritise their budget, deliver efficiencies, and drive productivity improvements.</p>
6.	APPROACH TO PRECEPT SETTING
6.1	During early 2022, the Constabulary undertook their Strategic Threat and Risk Assessment (STRA) process to determine the future operational requirements of the Constabulary. This process identified pressures against the current capacity and capability of the force to manage the expected future demand and risk. Consequently, the STRA has developed informed thinking to managing the 2023/24 budget, consideration of options to close the current budget gap, understanding of future cost pressures and to provide a longer-term strategy for financial planning. The Constabulary’s Corporate Plan and the Commissioner’s Police and Crime Plan have also informed the STRA business planning model in determining what services are required for the future of Cambridgeshire communities. This assurance in business planning means that both efficiency and effectiveness, as well as future proofing of the Constabulary has been paramount.
6.2	Throughout this STRA process the Commissioner has had a series of meetings with the Chief Constable and the Constabulary’s Director of Finance & Resources to discuss the budget requirement for the Constabulary.
6.3	Savings and efficiencies of £4.15m have been identified, these are detailed in the Medium-Term Financial Strategy (MTFS) at Appendix 1.
6.4	On behalf of the Commissioner, the Office of the Police and Crime Commissioner (OPCC) launched a survey on 21 st December 2022 seeking the views of members of the public with regards to funding the Constabulary. The survey was made available online and was launched through a media release and signposting to the survey. Distribution was to local media outlets, MPs, the Panel, Community Safety Partnerships, Speedwatch, and representative groups. It was also launched via Facebook, Twitter and via Ecops (the

	Commissioner's Neighbourhood Alert channel) to around 15,000 subscribers. There was also targeted communications with seldom heard groups. Social media posts continued to be undertaken throughout the survey reminding the public of timescales, until it closed on the 13 th January 2023.
6.5	The survey provided the narrative to communities about cost pressures facing the Constabulary and explored the public expectations with respect to policing. The full survey report can be seen in Appendix 2.
6.6	Daily analysis of the survey responses took place in order that on-going consideration could be given to the responses to gauge the views of the public in respect of support, or otherwise, for an increase of 19p per week for a Band A property or 29p per week for a Band D property and their priorities for policing and crime.
6.7	The survey closed at 5pm on 13 th January 2022. In total 646 responses were received. Respondee were asked to "give their views" and 61% of the responses were generally supportive of the increase.
6.8	At the Business Co-ordination Board on 19 th January 2023, the Commissioner discussed the views from the survey and the financial position based on the draft MTFS. This enabled the Commissioner to decide on what precept level was required in order to deliver efficient and effective policing in Cambridgeshire, and then propose this to the Panel for consideration.
7.	Significant factors for consideration
7.1	The Uplift Programme has left very little/limited flexibility in the overall budget. Of the overall constabulary budget 55% is for officer pay and pension costs, and a substantial proportion of the rest of the budget funds staff and services that directly support officers. This leaves little scope for savings that will not impact on the effectiveness of officers.
7.2	Cambridgeshire has always argued that it is one of the lowest funded forces per head of population. The Commissioner will continue to lobby for fairer funding; however, it must be recognised that with the proposed precept, the overall increase to Cambridgeshire Constabulary funding is 4.1%, at a time when general inflation is running at over 10%.
7.3	The Commissioner is acutely aware of the rising cost of living and the financial pressures being faced in many communities. However, the funding make-up for Cambridgeshire

	Constabulary for 2023/24 will be 55% from Police Grant and 45% from local Precept. This means that the impact of the precept is as important as the Police Grant received.
7.4	In proposing a precept, the Commissioner is required to consider the immediate funding required for 2023/24 and the context of longer-term financial sustainability and risks. To assist with this, the MTFs has been refreshed (and as such still a working draft) detailing how this will be managed and a Medium-Term Financial Plan (MTFP) developed that contains the detailed forecasts.
7.5	A key local consideration in respect of the future funding requirements relates to police estates. There are significant borrowing requirements for planned, operationally essential developments, including the necessary replacement of Parkside police station in Cambridge with a new police station at Milton, a police facility in Cambridge City Centre, as well as replacement training facilities for public order units and firearms units. The costs of the borrowing that is required will have to be borne by the revenue budget. This increased cost of borrowing will increase future budget requirements, and a risk in this relates to future interest rate changes.
7.6	<p>The Commissioner receives external assurance in how the Constabulary is being managed to ensure that any existing funds are well used. The November 2022 Police and Crime Panel report details those assurances from a range of external bodies:</p> <ul style="list-style-type: none"> • External Auditors (BDO currently appointed) • Internal Auditors (RSM currently appointed) • Chartered Institute of Public Finance and Accountancy (CIPFA) • His Majesty's Inspectorate of Constabularies, Fire and Rescue Services (HMICFRS). <p>The Commissioner is satisfied, that before asking the public for an increased level of precept, that the Constabulary is effective and efficient in its management of resources.</p>
7.7	A further consideration is the expectation of future growth in demand. A number of factors relate to this including significant population growth in Cambridgeshire (not reflected in the funding formula), the impact of service pressures in other key public services leading to increased police demand (80% of police demand is not crime related), and the changing nature of demand. Current demand must be met, but investment in prevention, and therefore crime reduction, is also required.

7.8	In addition, a number of national policing programmes are outlined in the draft MTFS that create additional cost pressures and investment requirements that reduce the flexibility for Cambridgeshire’s budget planning.																
7.9	There are many other factors and risks to be considered concerning medium term financial sustainability.																
8.	PRECEPT PROPOSAL																
8.1	The Business Coordination Board meeting on the 19 th January 2023 further considered the approach to the draft MTFS and identified pressures against capacity and capability of the Constabulary to manage expected future demand and risk.																
8.2	<p>This will generate £82m (shown in table below)</p> <table border="1" data-bbox="236 813 1503 1261"> <thead> <tr> <th data-bbox="244 813 1273 869">Taxbase Calculation</th> <th data-bbox="1281 813 1495 869">Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="244 869 1273 925">Estimated number of band D properties 2023/24</td> <td data-bbox="1281 869 1495 925">302,348</td> </tr> <tr> <td data-bbox="244 925 1273 981">Number of Band D properties – 2022/23</td> <td data-bbox="1281 925 1495 981">296,307</td> </tr> <tr> <td data-bbox="244 981 1273 1037">Increase in tax base properties</td> <td data-bbox="1281 981 1495 1037">6,041</td> </tr> <tr> <td data-bbox="244 1037 1273 1093">Band D council tax rate</td> <td data-bbox="1281 1037 1495 1093">£272.52</td> </tr> <tr> <td data-bbox="244 1093 1273 1149">Tax base income £</td> <td data-bbox="1281 1093 1495 1149">£82.3m</td> </tr> <tr> <td data-bbox="244 1149 1273 1205">Collection Fund deficit</td> <td data-bbox="1281 1149 1495 1205">£0.3m</td> </tr> <tr> <td data-bbox="244 1205 1273 1261">Total Council Tax for 2023/24</td> <td data-bbox="1281 1205 1495 1261">£82m</td> </tr> </tbody> </table>	Taxbase Calculation	Amount	Estimated number of band D properties 2023/24	302,348	Number of Band D properties – 2022/23	296,307	Increase in tax base properties	6,041	Band D council tax rate	£272.52	Tax base income £	£82.3m	Collection Fund deficit	£0.3m	Total Council Tax for 2023/24	£82m
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8.3	The s151 Officer for the Commissioner has provided assurance under section 25 of the Local Government Act 2003. This assurance was that in his review of the draft budget he believed that the budget proposals set out by the Commissioner are robust and sustainable. He further stated that the level of reserves is sufficient to meet the known risks within the budget taking account of the Commissioner’s robust financial management framework.																
8.4	As given in the LGA Guidance for Panels, <i>‘Panels will need to understand budget material to be able to offer effective challenge and support of the commissioner on the proposed precept... The provision by the commissioner of background information explaining the budget and precept proposals will help the panel to direct its scrutiny effectively.’</i> The Guidance also goes on to state that <i>‘At a time of unprecedented financial challenge, significant changes in the nature, type, scale and complexity of crime and increasing public expectations of policing, Panels will need to be familiar with the range of challenges and</i>																

	<i>pressures on the Commissioner and the diversity of responses to those by the Commissioner, her/his office and the wider public sector.'</i>																																				
8.5	Therefore, in order to assist the Panel in understanding the budget material and to inform the Panel's consideration of the precept proposal, a Budget Presentation was given to Panel members on the 24 th January 2023 detailing the considerations of the Commissioner and Chief Constable in the development of the financial strategy for the medium-term. At the Panel meeting in November 2022, the Panel were also provided with a detailed report in terms of how the 2022/23 budget was structured and the inflexibilities that the current funding regime imposes.																																				
9.	PRECEPT RECOMMENDATION																																				
9.1	The precept proposed will ensure a £178m budget for policing in Cambridgeshire for 2023/24 and a balanced budget. This would see the policing element of a 2023/24 Band D council tax increasing from £257.58 per annum in 2022/23 to £272.52 per annum, an increase of 29p a week.																																				
9.2	A precept increase of £14.94 will generate council tax of £82m and the resultant bandings are illustrated in the table below: <table border="1" data-bbox="236 1108 1514 1556"> <thead> <tr> <th>Band</th> <th>A</th> <th>B</th> <th>C</th> <th>D</th> <th>E</th> <th>F</th> <th>G</th> <th>H</th> </tr> </thead> <tbody> <tr> <td>Proportion to Band D Charge</td> <td>6/9ths</td> <td>7/9ths</td> <td>8/9ths</td> <td>9/9ths</td> <td>11/9ths</td> <td>13/9ths</td> <td>15/9ths</td> <td>18/9ths</td> </tr> <tr> <td>2023/24 Charge £</td> <td>181.68</td> <td>211.96</td> <td>242.24</td> <td>272.52</td> <td>333.08</td> <td>393.64</td> <td>454.20</td> <td>545.04</td> </tr> <tr> <td>2022/23 Charge £</td> <td>171.72</td> <td>200.34</td> <td>228.96</td> <td>257.58</td> <td>314.82</td> <td>372.06</td> <td>429.30</td> <td>515.16</td> </tr> </tbody> </table>	Band	A	B	C	D	E	F	G	H	Proportion to Band D Charge	6/9ths	7/9ths	8/9ths	9/9ths	11/9ths	13/9ths	15/9ths	18/9ths	2023/24 Charge £	181.68	211.96	242.24	272.52	333.08	393.64	454.20	545.04	2022/23 Charge £	171.72	200.34	228.96	257.58	314.82	372.06	429.30	515.16
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11.	BACKGROUND DOCUMENTS																																				
	Police Reform and Social Responsibility Act 2011 http://www.legislation.gov.uk/ukpga/2011/13/contents																																				

	<p>Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 http://www.legislation.gov.uk/uksi/2012/2271/made</p> <p>Cambridgeshire Constabulary's Corporate Plan 2021/22 https://www.cambs.police.uk/information-and-services/About-us/Transparency/Corporate-Plan/Corporate-Plan-2021-2022</p> <p>Local Government finance policy statement 2023-24 to 2024-25 Local government finance policy statement 2023-24 to 2024-25 - GOV.UK (www.gov.uk)</p> <p>Provisional Police Grant Report (England and Wales) 2023/24, Home Office, December 2022 Provisional police grant report: 2023 to 2024 (England and Wales) (accessible) - GOV.UK (www.gov.uk)</p> <p>Ministerial statement on provisional settlement Written statements - Written questions, answers, and statements - UK Parliament</p> <p>'Policing and fire governance - Guidance for police and crime panels,' Local Government Association Guidance, 2019 https://www.local.gov.uk/sites/default/files/documents/Police%20and%20Crime%20Panel%20Guidance.pdf</p> <p>Minutes of the Business Co-ordination Board meeting on 5th January 2023 and 19th January 2023 The Police & Crime Commissioner for Cambridgeshire Business Coordination Board (BCB) (cambridgeshire-pcc.gov.uk)</p> <p>Police and Crime Panel report – Constabulary Budgetary Considerations 23 November 2022 ENTER NAME OF COUNCIL/COMMITTEE/ CABINET/SCRUTINY PANEL (peterborough.gov.uk)</p>
12.	APPENDICES
	<p>Appendix 1 – Draft Medium Term Financial Strategy 2023-24 to 2026-27</p> <p>Appendix 2 – Precept Survey Report</p>