

DEVON AND CORNWALL OPCC - RECORD OF DECISION

PRECEPT, BUDGET AND MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2019/20 - 2022/23

DECISION RECORD PREPARED BY:

Nicola Allen

DATE OF DECISION:

8th February 2019

1.0 BACKGROUND

This decision record formalises the decision of the PCC to set the future four year financial position for the financial years 2019/20 to 2022/23 and the proposals that were presented to the 8th February 2019 Police and Crime Panel as follows:

- 1) The Police and Crime Commissioner (PCC) proposed a £24 increase in the Band D equivalent for the police element of the council tax for the 2019/20 financial year.
- 2) Further items that were presented for the Police and Crime Panel to note:
 - That the Reserves Strategy, Treasury Management Strategy and the Capital Strategy have been published online to enhance transparency.
 - That it is intended that the level of General Balances held will be no more than 5% or no less than 3% of the net annual budget at the end of the financial year.
 - Police Officers and Police Staff will be receiving an overall 2% increase in pay for the year to August 2019, in accordance with national pay settlements.

2.0 DECISION RECORD

The Police and Crime Panel approved the PCC's proposals for a £24 proposed increase in the Band D equivalent for the police element of the council tax for the 2019/20 financial year. It is therefore the PCC's decision to maximise the available resources to policing through a proposed £24 (12.75%) increase to the Band D equivalent in the police precept proportion of council tax, raising £14.3m in 2019/20. This will take the Band D equivalent from £188.28 for 2018/19 to £212.28 for 2019/20. The bands are shown in the table below:

| Valuation Band | 2018/19 £ | 2019/20 £ | Increase £ | Increase % | Increase per day £ | Increase per week £ | Increase per month £ |
|----------------|---------------|---------------|---------------|---------------|--------------------------|---------------------------|----------------------------|
| A | 125.52 | 141.52 | 16.00 | 12.75% | 0.04 | 0.31 | 1.33 |
| B* | 146.44 | 165.11 | 18.67 | 12.75% | 0.05 | 0.36 | 1.56 |
| C | 167.36 | 188.69 | 21.33 | 12.75% | 0.06 | 0.41 | 1.78 |
| D | 188.28 | 212.28 | 24.00 | 12.75% | 0.07 | 0.46 | 2.00 |
| E | 230.12 | 259.45 | 29.33 | 12.75% | 0.08 | 0.56 | 2.44 |
| F* | 271.96 | 306.63 | 34.67 | 12.75% | 0.09 | 0.67 | 2.89 |
| G | 313.80 | 353.80 | 40.00 | 12.75% | 0.11 | 0.77 | 3.33 |
| H | 376.56 | 424.56 | 48.00 | 12.75% | 0.13 | 0.92 | 4.00 |

*Please note that due to a technical adjustment Band B and Band F are 1p different than the bandings quoted in the budget report to the Police and Crime Panel on 8th February 2019.

3.0 CONSULTATION, ENGAGEMENT AND COMMUNICATION

An online poll through the Office of the Police and Crime Commissioner Website was undertaken on the council tax increase. The results indicated that the majority of those responding, 54%, would pay an extra £24 per year for policing.

As part of the consultation process the PCC contacted MP's and Council Leaders across the region. None of the respondents opposed the PCC's proposals.

The Devon and Cornwall Police and Crime Panel Chair has written to the PCC to formalise the agreement of the Police and Crime Panel at the meeting on the 8th February 2019. A copy of the letter has been provided in the supporting documents with this decision.

4.0 OPCC OFFICER ADVICE

4.1 Legal, Management and Equality Implications – Current and Future

In considering the full increase of £24 (per Band D equivalent) in council tax funding, the PCC has taken into account this year's funding settlement and seeks to ensure that funding for the force keeps pace with inflation at current levels. The increase in precept along with continued delivery of financial savings means that the MTFs can allow for some growth. The opportunity for growth is being targeted at the areas that the Chief Constable has identified to support delivery of a high quality policing service that meets the changing nature and complexity of demand. The MTFs will deliver a further increase in police officer numbers to 3,100 by the end of 2020, which is above the levels proposed in the 2018/19 budget. It also includes funds to deliver further new blue light officers.

There are new and different demands being placed upon policing and resources need to be freed up to address these. The agreement of a pay award on the overall budget has a significant impact on funding as the pay budget accounts for 83% of the total spend. This will inevitably account for a considerable proportion of the additional £2 per month (Band D equivalent) of

the Council Tax increase proposed. Many of the new areas of policing require investment in new technology before any operational savings can be generated. Increases in the council tax will allow these investments to be made and still provide opportunity for a further increase in police officer numbers and co-funded blue light officers.

4.2 Financial and Commercial – Current and Future

These proposals are not without risk - Police funding is assumed to remain constant over this MTFS based upon the Ministers predictions in the settlement being fulfilled. These predictions are far from certain and subject to more risk than normal due to the impending CSR. This can be coupled with other factors including Brexit and the national economic position. A risk register is attached as Appendix 4.

Although it is indicated that the implementation of the amended funding formula will be deferred until after the next CSR, this remains a significant future risk. The new funding formula allocation could remove annual funding. It is planned to use a significant proportion of the current reserves which will restrict any use to support a smooth transition to new base levels of expenditure. Transition to these new levels will be easier if precept levels have been maximised.

5.0 SUPPORTING DOCUMENTS:

- Letter dated 13th February 2019 from the Police and Crime Panel Chair to the PCC agreeing with the proposed council tax increase. Please find this marked as 'supporting document' on the [webpage](#).

- The PCC's precept, budget and Medium Term Financial Strategy 2019/20 to 2022/23 as presented to the Police and Crime Panel on the 8th February 2019, - [Click Here](#) - which is made up of the following documents:
 1. Precept and Budget Report
 2. Medium Term Financial Strategy (Appendix 1)
 3. Chief Constable's Letter (Appendix 2), and enclosures: Revenue Budget, Innovations and Efficiencies and Workforce Budget
 4. Reserves Strategy (Appendix 3)
 5. Budget Risk Assessment (Appendix 4)
 6. Commissioning Intentions Plan

6.0 OFFICIAL APPROVAL

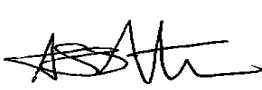

Following the appropriate approval, this decision sheet will be published, subject to FOIA classification, on the OPCC website.

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| If FOI Closed at the current date under Section 22, please provide details of the future date by which this decision can be reconsidered for publication |
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| N/A |
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| Is there a publication schedule that lists the documents relating to this decision that will also be published at a later date in the future? If yes, please attach a copy with this decision. | N/A |
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FOR OPCC OFFICE USE:

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| <p>The Recommendation for Decision as outlined in this report is formally approved and subject to Freedom of Information Classification will be published on the OPCC website:</p> | |
| <p>Police and Crime Commissioner</p>  <p>-----</p> <p>SIGNED PRINT: Alison Hernandez DATE: 19th February 2019</p> | <p>Chief Financial Officer</p>  <p>-----</p> <p>SIGNED PRINT: Nicola Allen DATE: 19th February 2019</p> |
| <p>Decision logged in register? <i>[Tick if completed]</i></p> | <p>✓</p> |
| <p>Decision published on OPCC website? <i>[Tick if completed]</i></p> | <p>✓</p> |