



OFFICE OF POLICE AND CRIME COMMISSIONER FOR NORTH YORKSHIRE

DECISION NOTICE – PART 1

RECORD OF DECISION MADE BY THE COMMISSIONER

Decision Notice Number/Date (xx/2017)

Title/Description:

2017/18 Precept Proposal

Executive Summary and Recommendation:

Legislation requires that the Police and Crime Commissioner (PCC) agrees their budget and associated precept and basic council tax for the forthcoming year before 1st March each year. However before doing so the PCC must notify the relevant Police and Crime Panel, by the 31st January, of the precept which they propose to issue for the following financial year.

The PCC has been informed by the Home Office that *'Following the principles laid out on the 4 February, when setting out the final police funding settlement for 2016/17, I have decided that direct resource funding for each PCC, including precept, will be protected at flat cash levels compared to 2015/16, assuming that precept income is increased to the maximum amount available within the referendum limits in both 2016/17 and 2017/18. No PCC who chooses to maximise precept within the referendum limits in both years will face a reduction in cash funding next year compared to 2015/16. We have updated our precept forecasts for 2017/18 since February to reflect actual tax base increases in 2016/17. In 2017/18 PCCs will be able to increase their police precept by up to 2%'*

The results of consultation with the public of North Yorkshire in relation to the level of precept for 2017/18, which had 1,550 responses, has resulted in 65% voting for a precept increase of 1.99%, with 3% voting for an increase above 1.99% and 32% voting for a precept freeze.

The current financial plans of the organisation for 2017/18 included a planning assumption of an increase in precept of 1.99%. This would provide just over £1.2m of recurring funding to spend on Policing and Crime above the option of a precept freeze.

It is therefore recommended that the Commissioner gives approval to propose, to the Police and Crime Panel, the Police Precept for 2017/18 as £221.32, for a Band D property within North Yorkshire. This would be an increase of 1.99%, or £4.32 per annum (around 8 pence per week), from the 2016/17 level.

Decision	
Police and Crime Commissioner decision* Or Officer decision under urgency powers* (*delete as appropriate)	
Signature:	Date:
Title:	
1. Introduction and Background	

1. Introduction and background

The balance of cost of the police service not paid for by central government is met by local taxpayers through a precept on their council tax. It is the responsibility of the eight local billing authorities namely, Craven District Council, Hambleton District Council, Harrogate Borough Council, Richmondshire District Council, Ryedale District Council, Scarborough Borough Council, Selby District Council and York City Council to collect this.

Legislation requires the precept for 2017/18 to be set before 1st March 2017. The precept on each of the eight billing authorities is set taking account of their individual surpluses/deficits on collection funds.

The PCC's attention is drawn to the following:

- The police and crime commissioner must notify the relevant police and crime panel of the precept which the commissioner is proposing to issue for the financial year (the "proposed precept") by the 31st January 2017.
- A Police and Crime Panel (PCP) can veto the proposed precept from the PCC if 2/3rds of the Membership of the panel vote to do so. In the case of the PCP for North Yorkshire 9 out of the 13 Members would have to vote against the proposed precept for it to be vetoed.
- The PCP are required to issue a report to the PCC on the proposed precept, by the 8th February 2017, including any recommendations that they may have on the proposal and also whether they have voted to veto the proposal.
- If the PCP **do not** veto the proposed precept:

The PCC must:

- Have regard to the report made by the panel including any recommendations in the report,
- Give the panel a response to the report and any recommendations; and
- Publish the response.

The PCC may then:

- Issue the proposed precept as the precept for the financial year, or
- Issue a different precept, but only if it would be in accordance with a recommendation made in the report to do so.
- If the PCP veto the proposed precept then the PCC must not issue the precept and further steps must be undertaken in line legislation. Further information will be provided on this should it be necessary.
- 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 this scrutiny process is reached.

2. Consultation

To further inform the decision around the proposed precept for 2017/18 consultation has been undertaken with the Public to ascertain their feedback and thoughts on this subject.

The public were asked 'which of these statements best reflects your views on this proposal?' There were three options:

- Freeze the precept. Meaning no more to pay locally, but harder for the police to deliver services and balance the books.
- Increase the precept by 1.99 per cent in order to raise just over £1.2million for next year and subsequent years, but avoid a costly local referendum. This would mean the average household paying 8p a week more.
- Put the precept up by more than 1.99 per cent which could raise more money, but will mean at least £700,000 spent on a referendum on the proposals.

The results from this consultation, based on the 1,550 responses that made a choice, were:

- 32% thought that precept should be frozen.
- 65% thought that the precept should increase by 1.99%.
- 3% thought that the precept should be increased by more than 1.99%.

Further details of this consultation are attached to this report at Appendix 1.

3. Contribution to Police and Crime Plan Priorities

The recommendations in this Decision Notice are offered on the basis that they support the finances of the organisation and therefore underpin all of the Police and Crime Plan priorities.

4. Financial Implications

The Tax Base

The eight local Councils have notified the PCC of their tax bases for 2017/18 as set out in the table below:

Tax Base	2017/18	2016/17
	Net Tax Base	Net Tax Base
Craven District Council	22,093	21,825
Hambleton District Council	35,640	35,088
Harrogate Borough Council	61,480	60,196
Richmondshire District Council	19,607	19,097
Ryedale District Council	21,277	20,943
Scarborough Borough Council	37,624	36,935
Selby District Council	30,568	30,154
York City Council	65,570	64,200
	293,858	288,439

The tax base is expressed in terms of Band D equivalent properties. Actual properties are converted to Band D equivalent by allowing for the relevant value of their tax bands as set down in legislation (ranging from 2/3rds for Band A to double for Band H; discounts for single person occupation, vacant properties, people with disabilities etc;) and a percentage is deducted for non-collection. Allowance is also made for anticipated changes in the number of properties.

The tax base calculated by the billing authorities differ from the figures used by the Government (which assumes 100% collection) in calculating Grant Formula entitlements.

As can be seen from the table above the number of Band D equivalent properties across North Yorkshire has increased in 2017-18, in comparison to 2016-17, by 5,419 – this equates to an increase of 1.88%.

The financial impact of this permanent increase in the number of calculated Band D properties of 5,419 is a recurring increase in precept funding of £1.2m from 2017/18 onwards, which has helped to reduce budget reductions and savings.

The 2017/18 tax base is therefore 293,858 Band D Equivalent properties.

Setting the Council Tax

The precept calculation needs to take account of any net surplus or deficit on the billing authority collection funds. Projected surplus/deficits on the individual funds are shown in the table below.

Collection Funds Surplus/ (Deficit)	£
Craven District Council	99,141
Hambleton District Council	11,000
Harrogate Borough Council	84,251
Richmondshire District Council	34,728
Ryedale District Council	43,700
Scarborough Borough Council	258,854
Selby District Council	81,963
York City Council	379,130
Net Surplus on Collection Fund	992,767

The surpluses that have arisen need to be returned through the precept. The final precept to be levied will reflect the position on each council's collection fund.

In the 6 years prior to the Localisation of Council Tax benefits, the overall surplus on the collections funds of the 8 Councils, averaged just under £140k per annum. In the following 4 years the collection surpluses have been as follows:

- 2014/15 - £385k
- 2015/16 - £757k
- 2016/17 - £971k
- 2017/18 - £993k

This results, in part, from continued house building, changes made to Localisation of Council Tax benefit schemes, a review of single person discounts and the implementation of new powers on council tax application, such as on empty properties. There is however no guarantee that this level of surplus will continue into future years and therefore the current financial plans assume a surplus on the collective collection funds of £300k per annum across the eight councils.

Financial Summary:Net Budget Requirement

Based on the proposed precept increase of 1.99% the Net Budget Requirement (NBR)¹ for 2017/18, in comparison to 2016/17, is set out in the table below:

Funding the Net Budget Requirement	2017/18	2016/17	(Increase)/Reduction
	£000s	£000s	£000s
Funding			
Police Grant	(41,100)	(41,682)	582
RSG/National Non Domestic Rate	(26,662)	(27,041)	379
Total Formula Funding	(67,762)	(68,723)	961
Net Surplus on Collection Funds	(993)	(971)	(21)
Council Tax Freeze Grant	(2,152)	(2,152)	0
Council Tax Support Grant	(5,746)	(5,746)	0
Council Tax Requirement	(65,037)	(62,591)	(2,445)
Net Budget Requirement	(141,689)	(140,183)	(1,506)

¹ This is the amount the PCC estimates as its planned spending, after deducting any income it expects to raise from fees and charges, specific grants from the Government and any movements on reserves.

As can be seen from the above the NBR is expected to increase in 2017/18, by £1.5m (or almost 1.1%,) if the precept is increased by 1.99%. While this is better than the organisation was planning, it is worth noting that this increase is absorbed by unavoidable additional costs to the organisation in 2017/18, in comparison to 2016/17, such as 1% National Pay Awards - £1m and the Apprentice Levy - £0.4m. This is before any unavoidable increases in contract and non-pay costs are taken into account.

Therefore despite a better funding position than previously forecast there is still a need for the organisation to generate savings, to not only balance the budget but also to aid investment in priority areas. Any change to the proposed 1.99% increase in precept would therefore increase the savings needed and/or require reduced services.

Precept Calculations

The final precept calculations are set out in the tables below based on a 1.99% increase:

Proposed Precepts - 1.99% Increase			
	Unadjusted Precept	Collection Fund Balance	Council Tax Requirement
	£	£	£
Craven District Council	4,988,733	99,141	4,889,592
Hambleton District Council	7,898,761	11,000	7,887,761
Harrogate Borough Council	13,691,080	84,251	13,606,829
Richmondshire District Council	4,374,070	34,728	4,339,342
Ryedale District Council	4,752,752	43,700	4,709,052
Scarborough Borough Council	8,585,729	258,854	8,326,875
Selby District Council	6,847,228	81,963	6,765,265
York City Council	14,891,082	379,130	14,511,952
Total Precept	66,029,435	992,767	65,036,668

The 'basic amount' of council tax is the rate for a Band D property. It is calculated by dividing the Council Tax Requirement by the total tax base i.e. £65,036,668 by 293,858 giving a council tax rate for Band D properties of £221.32.

The proposed council tax rate for each property band is determined in accordance with the statutory proportions and is set out in the table below. It is advised that the tax rates should be calculated to more than 2 decimal places.

Council Tax		1.99% increase	
Property Band	Proportion	Council Tax to 2 Decimal Places	Council Tax to 3 Decimal Places
		£	£
A	2/3rds	147.55	147.547
B	7/9ths	172.14	172.138
C	8/9ths	196.73	196.729
D	1	221.32	221.320
E	1&2/9ths	270.50	270.502
F	1&4/9ths	319.68	319.684
G	1&2/3rds	368.87	368.867
H	2	442.64	442.640

The impact of a 1.99% increase in the 'Police' element of the council tax is shown in the table below.

Council Tax Band Increases				
	1.99% increase			
Property Band	2017/18	2016/17	Increase per Annum	Increase per Week
	£	£	£	£
A	147.55	144.67	2.88	0.06
B	172.14	168.78	3.36	0.06
C	196.73	192.89	3.84	0.07
D	221.32	217.00	4.32	0.08
E	270.50	265.22	5.28	0.10
F	319.68	313.44	6.24	0.12
G	368.87	361.67	7.20	0.14
H	442.64	434.00	8.64	0.17

5. Compliance Checks

Financial Implications/Value for money:

This Decision Note has been compiled by the Chief Finance Officer for the PCC and therefore the financial implications are outlined within the report and reflect the comments, advice and recommendations of the post holder.

Legal Implications:

The Legal and Legislative requirements for the process for setting the Precept are set out within the Decision Note by the PCC CFO.

Human Resources Implications:

There are no HR Implications arising from this Decision

Public Access to information

As a general principle, the Commissioner expects to be able to publish all decisions taken and all matters taken into account when reaching the decision. This Notice will detail all information which the Commissioner will disclose into the public domain. The decision and information will be made available on the Commissioner's website.

Only where material is properly classified as Restricted under the Government Protective Marking Scheme or if that material falls within the description at 2(2) of The Elected Local Policing Bodies (Specified Information) Order 2011 will the Commissioner not disclose decisions and/or information provided to enable that decision to be made. In these instances, Part 2 will be used to detail those matters considered to be restricted. Information in Part 2 will not be published.

All decisions taken by the Commissioner will be subject to the Freedom of Information Act 2000 (FOIA).

Is there a Part 2 to this Notice – **NO**
If Yes, what is the reason for restriction

Report Information

Author(s) and Executive Group Sponsor: Michael Porter, PCC Chief Finance Officer
Date created: 17 January 2017

Background documents:

Report on Police Precept Consultation

I confirm that all the above advice has been sought and received against this and any associated Part 2 information and I am satisfied that this is an appropriate request to be submitted for a decision

Signature: Michael Porter

Date: 24 January 2017

APPENDIX 1

Police Precept Consultation Results 2017/18

The consultation aimed to understand the public’s view on the amount they should pay in their council tax toward running North Yorkshire Police in 2017/18. The options being consulted on included: to freeze the amount paid, increase the amount paid by 1.99%, or to increase the amount paid by more than 1.99%.

Overall 1610 people responded to the survey. This included a representative survey of 803 individuals from across the county, screened to ensure they were council tax payers, who were interviewed by an independent research organisation. This randomly contacted a representative number of people by gender and age in each district or borough. The final number of people contacted in each area was:

Area	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	York	Total
Number of People	60	90	160	60	61	110	103	159	803

The other respondents answered an open survey which was publicised on the Police and Crime Commissioner’s website and social media, and via leaflets located in libraries and other locations in communities. The public could respond via post, phone, email or online.

The results show that a clear majority favour a 1.99% increase in the policing precept as can be seen below. As the charts show, the results from the open survey and the representative sample provide similar results.

