

Public Document Pack

Police & Crime Panel for Lancashire (Precept Meeting)

Tuesday, 2nd February, 2021

10.00 am

Virtual Meeting

[Join Here](#)

AGENDA

1. **Welcome and Apologies**
2. **Declarations of Interest**
3. **Police and Crime Commissioner's Budget 2021-22**
PCP - 21.22 Precept report 2 Feb 2021 **2 - 14**
4. **Urgent Business**

An item of urgent business may only be considered under this heading where, by reason of special circumstances to be recorded in the Minutes, the Chairman of the meeting is of the opinion that the Item should be considered at the meeting as a matter of urgency. Wherever possible, the Secretary of the Panel should be given advance warning of any Members intention to raise a matter under this heading.
5. **Date of Next Meeting**

The next scheduled meeting of the Police and Crime Panel (if required – dependent on Precept decision) will be held on 15th February 2021 at 5.30pm, (virtual meeting).
6. **Part 2: Items for Consideration in Private**

None.

Date Published: 25th January 2021

Police and Crime Panel

Meeting to be held on 2 February 2021

Police and Crime Commissioner's Precept Proposal 2021/22 (Appendix A refers)

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EXECUTIVE SUMMARY

This report sets out the latest forecast for the Police and Crime budgets in Lancashire for 2021/22 and the proposals in relation to the council tax precept.

RECOMMENDATION

The Police and Crime Panel is asked to;

- Note the details of the 2021/22 provisional police finance settlement, cost pressures and investments and the impact on Lancashire's budget;
- Consider the Commissioner's proposal to increase the council tax precept by £15 for a Band D property in 2021/22;
- Make arrangements to ensure that a formal written response to the proposals is sent to the Commissioner by 8th February 2020.
- Note the draft capital investment programme for the period 2021/22 to 2025/26;
- Note the position of the Commissioner's reserves in 2021/22 and future years

1. Introduction

- 1.1. The Police and Crime Commissioner has a statutory requirement to set an annual Police and Crime budget and, as part of that process, to notify the Police and Crime Panel regarding any proposals in relation to the council tax precept. This report sets out the latest forecast for the Police and Crime budgets in Lancashire for 2021/22 and the proposals in relation to the precept.
- 1.2. Included in the report is the current financial position that reflects the changes in the level of resources, additional cost pressures, reductions in the cost base and the identification of additional savings agreed by the Commissioner since setting the budget for 2020/21. The report sets out:
 - The draft revenue budget for 2021/22
 - The council tax proposal for 2021/22, and
 - The draft capital investment programme
- 1.3. In addition, the report sets out the advice of the Commissioner's Chief Finance Officer on the robustness of the budget and the adequacy of the level of reserves as required by section 25 of the Local Government Act 2003.

2. Investment in policing

- 2.1. In 2019/20 the Commissioner made a significant investment in policing increasing the total number of officers in Lancashire by 97. Of these 43 were in neighbourhood policing across the county.
- 2.2. The 2020/21 budget reflected the first full year of the national uplift programme delivering 20,000 additional police officers across the UK by 2023. In Lancashire, the Commissioner delivered the 153 additional officers required as part of this programme and of those 39 went into neighbourhood policing roles.
- 2.3. The Commissioner is committed to delivering the national uplift programme and continues to identify every opportunity to maximise his investment in neighbourhood policing as part of that programme, where appropriate.
- 2.4. In 2021/22, the national uplift programme requires the PCC to recruit an additional 150 officers in Lancashire. Government has made it clear that it expects each PCC to increase council tax by £15 for a Band D property to secure funding for their area.
- 2.5. The increase in council tax precept is vital to deliver this uplift, as well as help balance the budget and protect jobs. Without the funding that the precept increase provides the PCC would have to reduce the budget in 2021/22. This would therefore require cuts that would impact upon people's jobs and mean that uplift officers may not be placed in roles they need to go in. With the precept funding in place however, the Commissioner can balance the budget and ensure the uplift of 150 additional officers in frontline policing roles with 34 of these in to neighbourhood teams.
- 2.6. In the context of this funding envelope, the Commissioner and Chief Constable have, through an ongoing programme to identify efficiency savings across the organisation, identified savings and a reinvestment plan that will see the Commissioner creating an additional 58 police officer posts. This additional investment is only possible because the £15 precept increase proposed for the budget and because of the sound financial management and planning in the Constabulary recognised by HMICFRS in its use of resources as 'outstanding'.

- 2.7. All of these additional 58 officers will go into neighbourhood policing teams, along with 34 from within the 2021/22 uplift allocation giving an extra 92 neighbourhood police officers to be phased in over 2021/22.
- 2.8. As a result, by 31 March 2022, the Commissioner will have invested in more than 400 additional officers since April 2019, including more than 170 officers in to neighbourhood policing. This still represents a shortfall of some 300 officers on the 750 lost to Lancashire since 2010/11 because of the government's austerity programme and the Commissioner continues to engage actively with the Home Secretary to argue for all of the 750 officers to be reinstated.

3. Background

- 3.1. This report identifies the current provisional funding position for 2021/22. It also identifies the cost pressures that have emerged, savings required and investment needed for policing in Lancashire. The impact of the proposals for the 2021/22 budget are identified in an updated Medium Term Financial Strategy (MTFS) shown later in the report.
- 3.2. The budget for 2021/22 reflects the funding announcement made by the Police and Fire Minister in his Provisional Settlement statement made on 17th December 2020.
- 3.3. The Minister made it clear in his statement that additional funding for the national uplift programme for police officers was being provided but PCCs would need to utilise increased council tax to finance their budgets in 2021/22. The Minister expects every PCC to increase their respective council tax precept by £15 for a Band D property to deliver the level of funding for police set out in the provisional settlement.

4. Revenue Budget 2021/22

4.1. *Funding*

4.1.1. *Government funding*

The government announced the Provisional Police Settlement on 17th December 2020. Lancashire has been allocated police grant of £219.543m that includes funding for the costs arising due to the recruitment of an additional 150 officers as part of the national 'uplift' programme.

Also provided is a separate specific grant of £2.545m that the government has linked to the delivery of the uplift programme. This will be received during the year when recruitment of the officers is confirmed as delivered.

4.1.2. *Council Tax*

It is assumed that the council taxbase in Lancashire will **decrease by 1%** in 2021/22 based on the latest estimates received from Lancashire's billing authorities. This reflects the impact of the Covid pandemic on the ability of Councils to collect council tax.

The latest forecast provided by District and Unitary Councils in Lancashire has identified a council tax deficit in 2020/21. The government has committed to meet 75% of the deficit that has arisen due to the Covid pandemic however; the PCC faces a residual deficit to be paid in 2021/22 and the next two years. The level of deficit remains uncertain and will only be confirmed when final year-end figures have been produced, this report includes an estimate of £400,000 for the amount the PCC will be

liable to pay in 2021/22, this figure is subject to change once figures have been finalised by the billing authorities.

Final figures, for the taxbase for 2021/22 and the deficit for 2020/21, are required from billing authorities by 31st January 2021 and have not been received to be included in this report.

In line with the stated expectation of the Minister for Fire and Policing, **the Commissioner proposes to increase council tax by £15 for a Band D property in 2021/22.**

4.1.3. The funding available to the PCC in 2021/22 **if the council tax charge is increased by £15 for a Band D property is:**

	2020/21 £m
Police grant	219.543
Pensions grant	3.104
Specific grant - Uplift	2.545
Specific grants (Counter Terror team and Victim Services)	3.358
Council Tax 2021/22	99.499
Council tax deficit from 2020/21	-0.400
Total Funding	327.649

Spending requirement 2021/22

4.2. *Uplift programme (£6.401m)*

4.2.1. **Uplift**

The cost of delivering the **uplift** programme in Lancashire providing 150 officers in 2021/22 is **£6.401m**. This includes the direct pay costs of the additional officers plus the cost of support services, the infrastructure and equipment required to service the increased workforce and the investment needed in additional front line support resulting from the increased workload generated by the increase in officer numbers.

4.3. *Cost increases (£4.355m)*

4.3.1. **Pay**

Government has announced a pay freeze for Police Officers in 2021/22. Traditionally pay increases for police staff mirror the pay award for police officers and it is therefore assumed that police staff pay will also be frozen in 2021/22. Staff earning less than £24,000 per annum are exempt from the freeze giving a cost pressure of **£0.715m**.

4.3.2. **Capital financing charges**

This represents the impact of previous years' spending through the Capital Programme upon the revenue budget and reflects changes to the costs of financing the programme in particular the forecast level of borrowing in respect of major accommodation schemes. The increase in cost in 2021/22 is **£0.994m**.

4.3.3. **Increased cost of injury awards**

The costs of awards to individuals injured whilst at work has increased with a **pressure of £0.200m** in 2021/22. It is the value of each individual award that is increasing, not the number of awards made. In 2020/21, the number of awards has

reduced from previous years, however due to the increased value of each award the cost for the budget continues to rise.

The PCC scrutinises such awards and seeks to ensure the number of cases is minimised through effective working practices.

4.3.4. Insurance provision

The ongoing review of the combined liability policies has indicated that the value of historic claims combined with estimates of current claims outstrips the value of provision made to meet these liabilities. This requires an **increase in the annual provision** for these costs of **£0.100m**. This provision is for costs arising from claims that are not met through the Commissioner's insurance cover often identified as the level to which the organisation is 'self-insured'.

4.3.5. Increased contribution to North West Regional Organised Crime Unit (NW ROCU)

Lancashire's share of the cost of the North West ROCU has increased by **£0.066m**.

4.3.6. Full year effect of previously agreed commitments

Commitments agreed in setting the budget for 2020/21 have implications for the 2021/22 revenue budget with a cost increase of £0.250m for maintenance of buildings and £0.475m to reflect the Job Evaluation exercise undertaken in 2018/19 for Control Room operatives.

4.3.7. Inflation on non-pay costs

Inflation is provided for non-staff costs incurred by the organisation totalling **£0.755m**; this reflects increases that are contractually agreed as well as a general provision for increased costs.

4.3.8. National IT charges

The Home Office manages a number of national IT projects on behalf of all forces. The Home Office has reduced the financial contribution it makes to these projects as part of its own savings exercise. These costs have been passed to each PCC resulting in an increased cost for Lancashire of **£0.300m**.

4.3.9. Other costs

Various cost pressures have been identified across the organisation totalling **£0.500m**. The main elements of this cost are the impact of a recent legal process awarding essential user car allowance to all dog handlers across all forces and an increase in the cost of external forensic services.

4.4. Investment (£7.021m)

4.4.1. Increase contribution to capital investment programme

The draft capital investment programme is shown later in the report. In developing his Medium Term Financial Strategy (MTFS), the Commissioner has recognised that the resources available to invest in the capital programme from both capital grant from Government and from earmarked investment reserves have reduced considerably.

Capital investment is vital to ensure the efficient and effective operation of the organisation. It is clear that the expenditure requirements for capital are significant, due mainly to the combination of an ageing estate and the need to deliver and develop essential information technology infrastructure and the fleet renewal programme. When compared to the level of resources available, there is a clear shortfall.

To meet this requirement the annual contribution from the revenue budget is increased by **£1m**.

4.4.2. Increase to revenue budget for IT investment

The investment made by the Commissioner in supporting and delivering the IT infrastructure of the organisation is considerable. Effective systems and infrastructure are vital to ensure the effective and efficient operation of the force. The annual cost of maintaining and supporting this infrastructure and equipment has increased considerably and will increase further in future years.

To ensure the constabulary has systems, infrastructure and equipment that is fit for purpose the revenue budget is increased by **£2.962m**.

The main elements of this additional cost are £1.6m for the implementation of Microsoft windows 365 across the organisation that provides significant benefits in its operation and £0.7m in respect of the 'Pronto' system and software, that provides vital infrastructure to enable mobile working for officers.

4.4.3. Major Operations

There are a number of concurrent major investigations in operation and the budget to deliver these investigations needs to increase by **£0.900m** to meet the demand placed upon the force.

4.4.4. Overtime

It is recognised that the budget to deliver the consistent level of overtime undertaken during 'business as usual' for operational policing needs to increase by **£0.500m** to meet the demand placed upon the force.

4.4.5. Neighbourhood policing

The Commissioner and Chief Constable have identified a significant level of efficiency saving across the organisation. To meet the commitment made to the public the Commissioner intends to invest the saving in the recruitment of an additional 58 police officers in 2021/22. These officers are additional to the 150 officers provided by the uplift programme and will be assigned to Neighbourhood policing teams across the county. The cost of the 58 additional officers is **£1.659m**.

4.5. Cost reductions/Savings

4.5.1. An on-going process to review the organisation's activity and identify cost reductions and savings is in place. This is undertaken in conjunction with the Constabulary's 'Futures Team' and has identified savings that will be delivered in 2021/22 as follows:

	2021/22 £m
Efficiency savings generated through continuous review of service	0.697
Vacancy savings	2.360
Total	3.057

4.5.2. Efficiency savings

A number of savings across the organisation are realised through the on-going efficiency review. Individual savings can range in value but aggregate to a significant contribution to the revenue budget position.

4.5.3. Vacancy savings

The natural turnover of officers and staff in an organisation with over 5,000 employees is considerable and realises savings during the periods of time posts are vacant.

All vacant posts are regularly reviewed to determine if the business need for the post remains in place. Any vacant posts that do not have a prioritised business need are disestablished to realise a permanent saving.

The vacancy saving identified reflects 1% of the total pay bill for the Constabulary.

4.6. *Budget position*

4.6.1. The budget position for 2021/22, if council tax precept is increased by £15 for a Band D property, is:

	£m
Budget Requirement 2020/21	312.930
Uplift programme	6.401
Cost pressures	4.355
Investment	7.020
Budget Requirement 2021/22	330.706
Less: Savings and cost reductions	-3.057
Budget Requirement 2021/22	327.649
Funding 2021/22	327.649

4.6.2. This clearly demonstrates that the Commissioner will deliver a balanced budget in 2021/22 if Council Tax is increased by £15 for a Band D property and savings of £3.057m are delivered.

4.7. *Risks and uncertainties*

4.7.1. There are a number of risks and uncertainties that will impact upon the final position for 2021/22 and the MTFs for future years:

4.7.2. **Council Taxbase**

District and Unitary Councils have not yet provided the final taxbase figures to determine the 2021/22 budget position. There is a risk that the expected level of council tax income will therefore be significantly different to the figures included in this report.

For every 1% change in taxbase the level of income to the PCC changes by £1m

4.7.3. **Council tax deficit**

The amount of council tax deficit that requires repayment in 2021/22 will only be finalised when billing authorities have completed their respective year-end returns. As a result, the amount to be paid in 2021/22 may differ from that included in this report and the impact will have to be managed within the new financial year.

4.7.4. **Government grant support for council tax**

The government has announced two grant-funding streams to support PCCs in 2021/22 in respect of expected council tax shortfalls. These are unringfenced specific grants and the amount to be allocated to Lancashire has yet to be finalised.

The Commissioner intends to set up a reserve with this funding to mitigate any loss of council tax income over and above that reflected in this report.

4.7.5. *Impact of the Covid pandemic*

The impact of the pandemic has a direct impact on the delivery of policing services in Lancashire and the demands placed upon the force. This is expected to continue in 2021/22 with little certainty about how long and how significant the impact will be.

The broader impact of the pandemic on the economy and government finances is uncertain and it is not unreasonable to anticipate significant stress on government spending as a result.

It is widely anticipated that funding for public services in future years will be severely restricted which will in turn directly affect budgets for policing.

4.7.6. *Impact of Government policy*

Central government has made a number of funding streams available to assist in the management of the Covid pandemic. These are provided through specific grant but confirmation of such grants is often at very short notice and within strict time-bound constraint. This can be a barrier to securing maximum value for money.

Enabling such activity impacts directly on staff activity as the administration of such grants is considerable requiring a significant amount of resource to deliver them.

5. Medium Term Financial Strategy

5.1. Setting the 2021/22 revenue budget forms part of the overall Medium Term Financial Strategy (MTFS) process for the Police and Crime Commissioner. The MTFS is based on information provided by central government regarding future funding, together with professional judgement and assumptions on future levels of council tax receipts, cost pressures including inflation and pay and demand for services. From this, the level of savings required to deliver a balanced budget in future years is forecast and the Commissioner and the Chief Constable then work together to develop options to drive out further efficiencies and deliver the required savings in future years.

5.2. As identified earlier in this report, the Policing and Fire Minister announced the Provisional Funding Settlement for Policing on the 17th December 2020. The announcement provided no indication for funding beyond 2021/22.

5.3. The MTFS includes the following assumptions:

- Grant funding from government in future years will be at the same level as that provided in 2021/22. The Government has stated its intention to perform a full Spending review to deliver the Settlement for 2022/23 however this has not been formally announced.
- The council tax proposal in this report is accepted.
- The council taxbase will grow in future years by 0.5% in 2022/23, by 1% in 2023/24 and 1.5% in 2024/25
- No increase in council tax precept in future years is assumed
- The 2020/21 council tax deficit will be recovered over three years
- Pay award of 1% in each year from 2022/23.

5.4. The latest MTFS is therefore as follows:

	2021/22	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m	£m
Funding	327.649	328.146	329.146	331.061	
Budget Requirement	327.649	333.648	334.998	334.946	

Funding Gap	-	5.501	5.852	3.885	15.238
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- 5.5. This identifies a **funding gap of £15.2m to 2024/25**. This reflects that, compared to 2010/11, annual savings of £86m have been delivered and **by 2024/25 potential total annual savings of more than £106m** will be required, the equivalent of 37% of the 2011/12 budget being the year that austerity began.
- 5.6. As is always the case, the additional level of forecast savings required in future years is dependent upon future funding announcements and financial settlements. Therefore, the figures quoted above are likely to change.

5.7. *Developing Savings Options*

- 5.7.1. Lancashire is recognised by Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) as 'outstanding' in its use of resources and the efficiency of its financial management.
- 5.7.2. This has enabled the Commissioner to reinvest efficiency savings in the delivery of enhanced neighbourhood policing as set out in this report.
- 5.7.3. In future years, the requirement for further savings will be influenced directly by the level of financial support from the government.
- 5.7.4. The ability to identify savings will become increasingly challenging as more than £86m of annual savings have already been delivered since 2010/11. In the last published HMICFRS Value for Money profiles Lancashire is identified as one of the lowest cost forces for non-frontline activity in the country making the delivery of further savings increasingly difficult.
- 5.7.5. The ability to deliver savings is directly affected by the national uplift programme. In order to deliver the uplift, and ensure the additional funding provided for the programme is received, police officer number must increase by the allocated amount each year. This means that efficiency savings made in policing cannot be 'realised' through reductions in officer numbers. This increases the pressure on police staff roles and non-pay spending to deliver any savings that are required. Effectively the base budget from which savings can be taken is significantly reduced making the delivery of such savings considerably more difficult.
- 5.7.6. This therefore limits the scope for realising cash savings, however the Futures Programme continues to examine all aspects of the service to ensure efficiency is achieved, and savings taken, wherever possible. This is enabled by investment as set out above that improves productivity and increases the opportunity to deliver cash savings in the future.
- 5.7.7. The Commissioner is confident that this programme will continue to deliver savings in future years to contribute to the financial challenges that will arise.

6. Draft Capital Programme

6.1. The latest draft capital programme is:

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£m	£m	£m	£m	£m	£m
IT Strategy	4.000	4.000	4.000	4.000	4.000	20.000
Emergency Services Network (ESN)	0.199	3.900	3.900	3.800	1.300	13.100
Accommodation Strategy	22.328	30.200	36.348	30.762	15.540	135.177
Vehicle Replacement	3.500	4.000	4.000	4.000	4.000	19.500

Other Schemes	0.622	0.600	0.600	0.600	0.600	3.022
Total	30.649	42.700	48.848	43.162	25.440	190.798

- 6.1.1. The programme spend in 2021/22 reflects the latest forecast of costs that are expected to 'slip' from 2020/21. Such slippage is liable to change and the programme will be amended to reflect the final position at year-end.
- 6.1.2. The draft capital programme includes a number of projects delivering IT requirements including the replacement of equipment and mobile devices, new and replacement systems and infrastructure replacement.
- 6.1.3. A significant cost is forecast in respect of the national programme to replace the Emergency Services Network (ESN) managed by the Home Office. The costs are significant and the policing sector is negotiating with the Home Office about the level of cost that will fall to individual forces.
- The Police and Crime Panel will receive a full briefing on ESN on 24 February 2021.
- 6.1.4. The Commissioner's estate has been subject to a full programme of condition surveys and as a result, an extensive refurbishment and replacement programme for buildings and facilities has been developed. This programme reflects the significant amount of investment required to ensure the estate can sustain not only the existing organisation but meet the needs generated by the recruitment of additional officers in future years.
- 6.1.5. The main elements of the spending on accommodation are:
- £47.7m refurbishment of operating bases
 - £18.1m Blackburn police station
 - £15.7m Pendle Briefing Base
 - £15.3m Burnley police station
 - £9.7m refurbishment of custody suites
 - £8.0m East Infrastructure
 - £3.3m Skelmersdale police station
- 6.1.6. The ongoing vehicle replacement programme continues and within 'other schemes' is the proposed increase in Taser provision across the force and the upgrade to the infrastructure in the Control Room.
- 6.1.7. The final programme and its funding will be approved by the Commissioner as part of the 2021/22 budget decision which will also provide full details of the schemes within the agreed programme

7. Reserves

- 7.1. The Commissioner holds two types of reserve, general reserves and earmarked reserves.
- 7.2. General reserves are available to support the revenue budget and provide security should the organisation face an unexpected issue that realises a call on its resources. The forecast level of these general reserves for 31 March 2021 is £10.066m or 3.1% of the draft 2021/22 revenue budget.
- 7.3. General reserves at this level are considered appropriate by the Commissioner's Section 151 Officer to ensure the ability of the organisation can remain a going concern should an unexpected issue occur. This level of reserves is within the 3% to 5% range set as acceptable in the Commissioner's reserve strategy.

7.4. The Commissioner holds a number of earmarked reserves including those set aside for investment in the capital programme. At 31 March 2021 earmarked reserves are forecast to be £5.980m including £2.163m held on behalf of Lancashire Road Safety Partnership which are not available to the Commissioner for use.

7.5. The forecast position for the Commissioner's reserves at 31 March 2021 and the reasons for holding each reserve, is as follows:

	Position at 1/4/20	Forecast Position at 31/3/21
	£m	£m
<u>EARMARKED RESERVES</u>		
Reserves held for 'one-off' investment		
Transition Reserve	7.149	0.849
Reserves held to support operational policing		
Protective Clothing Reserve	0.301	0.301
Vehicle Workshop Reserve	0.040	0.040
Wellbeing reserve	0.017	0.017
Operational Policing Reserve	1.691	1.691
	2.049	2.049
Proceeds of Crime Act receipts reserve	0.919	0.919
Reserves held on behalf of other organisations:		
Forensic Partnership reserve	0.222	0
Road Safety Reserves	2.163	2.163
Total Earmarked Reserves	12.502	5.980
General Reserves	10.066	10.066

7.6. The Commissioner is required to review his reserves strategy each year and it is available here: <https://www.lancashire-pcc.gov.uk/transparency/financial-information/financial-strategy/> .

8. Engaging the Public on the Budget

8.1. The PCC has commissioned a survey of the people of Lancashire in respect of his budget proposals for 2021/22.

8.2. The survey closes on 31st January 2021 and its results will be reflected in the Commissioner's budget decision for 2021/22.

9. Equality and Diversity

9.1. The Commissioner and the Constabulary have a set up a Futures Programme to deliver the required savings through a series of reviews of the organisation's processes and operational arrangements. As each review area is progressed, an equality impact assessment is carried out to assess the impact of the proposed recommendations on service recipients and is an integral part of the process.

10. Robustness of the Budget and the Adequacy of Reserves

- 10.1. Section 25 of the Local Government Act 2003 requires the Commissioner's Chief Finance Officer to advise the Commissioner as he is making budgetary decisions on the robustness of the assumptions underlying the budget and the adequacy of the Commissioner's reserves in the context of the financial risks to which the organisation is exposed.
- 10.2. The basis of the estimates on which the budget has been prepared, as in previous years, relies on forecasts of demand and other activity prepared by the constabulary. The forecast is kept under review as part of the budget monitoring process and actions identified to identify any financial risks arising from changes in the forecast as they occur. The main risks relate to the pace and scale of increases in cost and demand placed on the service and the ability of the organisation to meet these within the required timeframes.
- 10.3. The resources available to the Commissioner to manage these risks consist of the various reserves held by the Commissioner, principally general funds and the transitional funds. At this stage, it is anticipated that general reserves will be maintained at around 3.1% of the Commissioner's budget requirement reflecting the level of financial risk that the combination of significant ongoing spending reductions and resource uncertainties creates. This should allow the Commissioner to respond to any changes that may occur in a planned way providing stability to services and certainty to communities.
- 10.4. In addition to general reserves, the Commissioner maintains a range of earmarked reserves for specific purposes shown above. The level and appropriateness of earmarked reserves is kept under review to ensure that sums are only held if required, and released when not, this will be reflected in the revised reserve strategy that will be published before 1 April 2021.

11. Role of the Police and Crime Panel

- 11.1. Schedule 5 of the Police Reform and Social Responsibility Act (2011) states that the Commissioner must notify the Police and Crime Panel, by 1 February 2021, of the precept, which the Commissioner is proposing to issue for the financial year.
- 11.2. Under the requirements of the Act, Police and Crime Panels must review the proposed precept notified to it and must make a report to the Commissioner on the proposed precept. The report may include recommendations, including recommendations as to the precept that should be issued for the financial year.
- 11.3. The Police and Crime Panel has the power to veto the proposed precept if at least two-thirds of the panel membership (the full membership rather than those present at the meeting) at the time when the decision is made vote in favour of making that decision. If the panel vetoes the proposed precept, the report made to the Commissioner must include a statement that the panel has vetoed it.
- 11.4. The Police and Crime Panel's response to the Commissioner on the precept proposal must be made by 8 February 2021. A Commissioner is unable to set a precept until the end of the scrutiny process is reached and should the Police and Crime Panel veto the proposals, the Commissioner must submit a revised precept for consideration of the panel by the 15 February 2021 to which the Police and Crime Panel must also

respond. A further response from the Police and Crime Panel must be received by 22 February 2021 after which the Commissioner must respond formally to the Police and Crime Panel setting out the precept for the forthcoming year.

12. Conclusion

- 12.1. The Panel are asked to consider this report and the proposal in respect of the increase to the council tax precept for 2021/22 within it.
- 12.2. The Panel are requested to provide their response to these recommendations in line with the responsibilities set out in paragraph 11 of this report.