

**GREATER MANCHESTER COMBINED AUTHORITY
POLICE AND CRIME PANEL**

Date: **31 January 2020**

Subject: **2020/21 PCC BUDGET AND PCC COMPONENT OF THE MAYORAL
PRECEPT**

Report of: **MAYOR OF GREATER MANCHESTER**

PURPOSE OF REPORT

To notify Panel members of the proposed PCC budget for 2020/21 including the latest expected budget numbers for Greater Manchester Police and to seek a report on the Mayor's proposals for the PCC component of the Mayoral precept for 2020/21.

RECOMMENDATIONS

1. Note that the Mayor proposes to increase the police precept by £10 for a band D property, £7.78 for band B with effect from 1 April 2020.

The Panel are asked to consider the content of this report, and either

- a) propose that the precept level can be issued, or
- b) make recommendations regarding the precept level, or
- c) veto the proposal and require the Mayor to submit a revised proposed precept.

2. Note the budget assumptions relating to the budgets for 2020/21, including the proposals for the Community Safety Fund.

Background papers presented to the Police and Crime Panel:

14th November 2019 – Police precept setting process

CONTACT OFFICERS

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1. INTRODUCTION

- 1.1 There is a statutory duty to notify the Police and Crime Panel of the PCC Precept proposal by 1st February each year.
- 1.2 Details of the Police and Crime Panel's statutory duties in relation to the setting of the precept can be found at Appendix 1.
- 1.3 The proposal is to set the PCC element of the Mayoral precept for a Band D property at £208.30, a £10 increase on the 2019/20 precept. This increase, along with the tax base increase will raise £10.1m. For a Band B property the increase is £7.78. This report sets out the considerations which have been taken in to account to reach this decision.
- 1.4 The report also sets out the background to the 2020/21 budget setting process for both the PCC budget and the GMP budget and confirms the high level budget for the PCC as a whole including the impact of the 2020/21 police funding settlement from Central Government.
- 1.5 If approved, the £10 increase will raise £7.6m that, together with the increase in the Greater Manchester tax base of £2.5m less a decrease of £1m in the collection fund surplus, will raise the amount collected through the Mayoral Police precept by £9.1m. This increase is part of an overall funding package for police and crime in Greater Manchester that sees an increase of £49.5m. This is broken down below:

Description	19/20 £m	20/21 £m	Change £m
Core Grant	436.5	467.2	30.7
Precept	148.8	158.9	10.1
Collection Fund Surplus	3.8	2.8	-1.0
Total Funding	589.1	628.9	39.8
Ring Fenced uplift grant	0.0	9.7	9.7
Pension grant	6.6	6.6	0.0
Overall Total	595.7	645.2	49.5

- 1.6 This government funding increase is expected to deliver the recruitment of GM's share of the first 6,000 officers as part of the eventual recruitment of 20,000 officers nationwide. For GM this equates to 347 new officers in 2020/21, which we anticipate will rise to an eventual number of 1,156, though we are yet to receive confirmation from government.
- 1.7 It is understood that the funding in 2020/21 includes a front loaded contribution to the infrastructure costs of new officers (training, equipment etc), however there remains significant uncertainty over future year's settlements prior to the expected spending review later in 2020.
- 1.8 Whilst the increase in funding and police officer numbers for 2020/21 and subsequent years is a positive step, the underlying financial position for GMP is likely to remain very challenging once the expected number of police officers have been recruited.
- 1.9 The Mayoral precept, which includes the PCC component, will be set on 14th February 2020.

2. BACKGROUND

- 2.1 The General Election in December 2019 delayed the announcement of the police funding settlement, resulting in a final settlement only on 22nd January 2020. The police grant for 2020/21

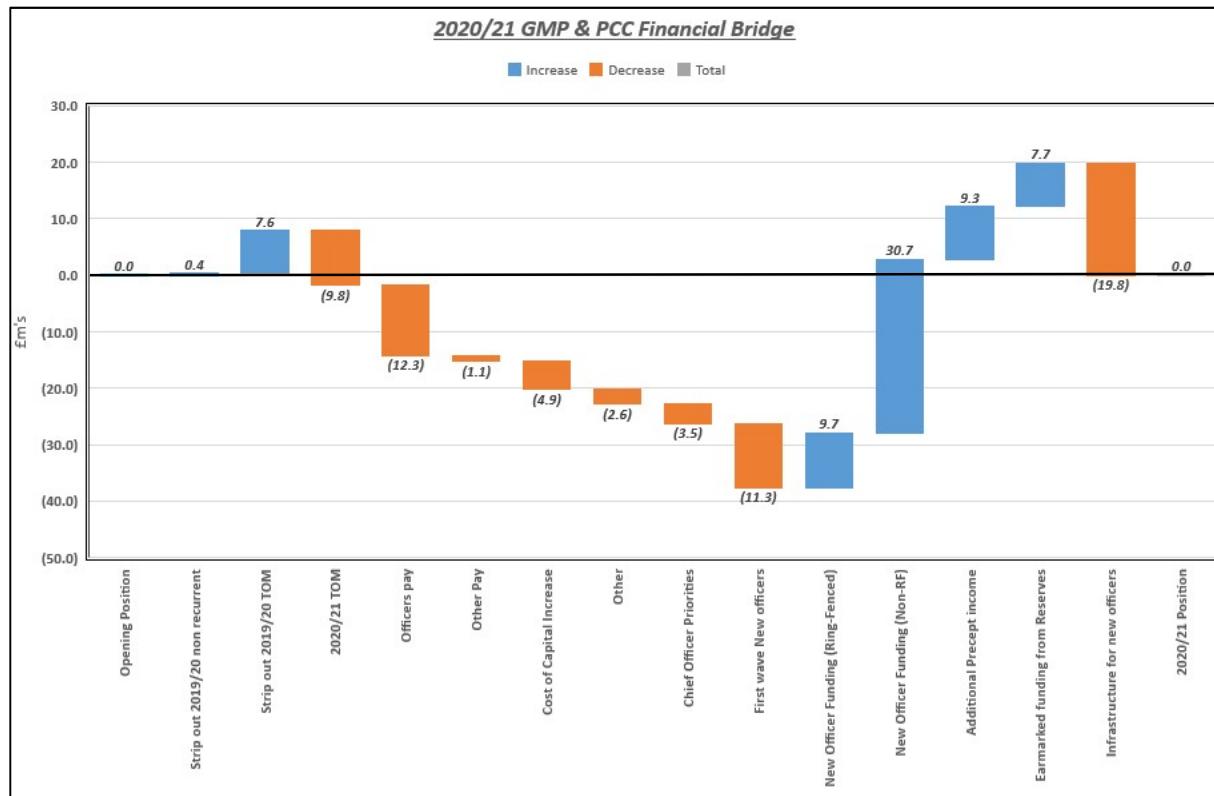
will be £467.2m, an increase of £30.7m. This excludes the continued pension grant of £6.6m, from HM Treasury, to partially mitigate against rising employer pension costs for police officers.

- 2.2 In addition to the increase of £30.7m described above, there is a further allocation of £9.7m for Greater Manchester which is ring fenced against the delivery of recruitment targets in 2020/21. This relates to the recruitment of the first tranche of the promised 20,000 new officers nationwide. The ring fenced funding for GM is part of a £168m national ring fenced funding allocation.
- 2.3 Within the settlement the Home Secretary announced a maximum police precept increase of £10. In 2019/20 the maximum increase allowed was £24.
- 2.4 The 2020/21 settlement included a number of top slices made by the Home Office, which have the effect of reducing the resources available for local policing. The total value of the national top slices is £1,120.9m, an increase of £92m over last year, £50m of which will be used centrally to support the recruitment of 6,000 officers.
- 2.5 Capital grant funding has reduced from £2.4m in 2019/20 to £621k in 2020/21, there is an indication, however that the additional revenue funding should contribute to the infrastructure costs of the new police officers. It has been further indicated that in future years the infrastructure funding for the new officers will be significantly reduced so this should be seen as front loaded into the 2020/21 settlement.
- 2.6 The context within which the police and partner agencies are working is challenging and becoming ever more complex. Greater Manchester was resolute and united in the face of terrorism – but this remains a threat. Organised crime groups are increasingly engaged in diverse serious criminal activity handling the supply of drugs, criminal and sexual exploitation of children, modern slavery and human trafficking. Cyber crime, attacks on individuals and businesses, fraud, blackmail and grooming. We must respond to these threats whilst at the same time maintain our commitment to strong neighbourhood policing.
- 2.7 As indicated above, the medium and longer term funding settlement for the Police is far from certain and the ability to plan for the medium term is severely hampered by this one-year settlement and a number of related uncertainties. This mainly relates to the future funding for the additional officers (linked to uncertainties around Spending Review), future funding of the police officer pension costs, cost for the new Emergency Services Network and the prospect of a funding formula review. Further details can be found in section 6 of this report.

3. 2020/21 BUDGET

- 3.1 The following key budget assumptions have been made in developing the budget. Ideally this would represent a four year strategy however the Home Office have only issued a one year settlement.

- Pay awards of up to 3.0%
 - Assume no general price inflation except specific cases
 - Police officer pension contributions funding remains at £6.6m
 - Police staff pension contributions remain static for the next year (tri-annual review 2020)
 - Community Safety Fund roll forward of £550k
 - Council tax base growth of 1.7%
 - Collection fund balances of £2.8m
- 3.2 There are a number of unavoidable cost pressures, these will be met in part by savings and resources raised from the increasing tax base and the proposed increase to the precept, and part funded by the additional national funding.
- 3.3 With the uncertainty over future funding settlements, including future funding for new officers and associated infrastructure it is prudent to assume any surplus following management of the cost pressures identified and the recruitment of the new officers will be required to be invested in infrastructure costs in 2020/21 or held in reserve for 2021/22. Given the reduction in capital grant funding some of this funding may also be required to fund capital investment.
- 3.4 Without further savings or additional income beyond a 2% further precept increase in 2021/22 the forecast budgetary position for 2021/22 would move to a £22m deficit. However, any increase in Government Grant in 2021/22 following the spending review would reduce this.
- 3.5 The movement between years is shown in the waterfall chart below:



Target Operating Model (TOM)

The non-recurrent cost of delivering the new GMP Target Operating Model (TOM) has increased from £7.6m in 2019/20 to £9.8m in 2020/21.

Officer Pay Costs

The assumptions on inflation described above, together with the full year effect of new officers recruited in 2019/20 lead to recurrent cost increases of £12.3m

Other Pay Pressures

The cost pressures from PCSO and police staff pay assumptions cost a further £1.1m

Cost of Capital Increase

The increased investment in capital assets has led to an increase in the revenue required to be set aside each year to fund the cost of capital. This cost is known as the Minimum Revenue Provision (MRP) and will increase by £4.9m in 2020/21

Other Cost Pressures/Savings

There are a number of other costs which, net of savings delivered by GMP, total £2.6m.

Chief Officer Priorities

The GMP Chief Officers have identified a number of priorities for investment in 2020/21. These total £3.5m.

First wave of New Officer Costs

The first 347 new officers, 117 of whom will be in place by March 2020, will be recruited in 2020/21 costing £11.7m including overhead costs

Ring fenced funding for new officers

Part of the Funding for the first wave of new officers (£9.7m) is ring-fenced in case recruitment targets are not hit. This funding model assumes the recruitment targets are met and funding is received in full.

Non ring fenced funding for new officers

The remaining funding for the GM share of new officers nationally is not ring fenced and is in excess of what is actually required for 2020/21. It is understood that this includes an element of front loaded infrastructure funding however, there remains uncertainty over future year funding levels for new officers, associated infrastructure and other cost pressures.

Additional Precept Income

A 1.7% growth in the tax base creates an additional £2.5m. With a proposed £10 increase for band D council taxpayers, a further £7.6m would be generated, resulting in a total £10.1m of additional council tax income for 2020/21. There is however, a reduction in the expected collection fund surplus for 2020/21 of £1m meaning the overall precept income for GM is increased by £9.1m

- 3.6 The chart shows how the impact of the above factors, including an assumed investment in infrastructure and capital, deliver a break-even budget position for 2020/21. However once the remaining officers are recruited the underlying position going into 2021/22 could be a deficit of up to £22m without further national funding to support the recruitment of the remaining increase in officers.
- 3.7 This means that a combination of savings and the proposed precept increase will be still be required in order for the Force to be able to manage the growing operational pressures, to continue to transform the way in which services are delivered and to absorb the impact of non-pay inflation, pay awards and other contractual cost pressures.

4. Operational Delivery in 2020/21

- 4.1 The Force remains committed to place based working but requires the ongoing support of partners to deliver this effectively. The settlement will allow the Force to increase the number of Neighbourhood Beat Officers, (NBOs), across all districts. Their precise allocation has yet to be determined but we involve community safety partnerships in conversations about resourcing. The overall number of uniform neighbourhood resources, NBOs and PCSO combined will therefore increase in 2020/21. All wards will have a named NBO and PCSO.
- 4.2 In addition, the Force will allocate full time schools based officers to the schools across Greater Manchester with the greatest need.
- 4.3 Major deliverables of the 2020/21 budget including the precept increase will include;
 - Investment in an Interactive Voice Response (IVR) automated telephony system technology. This will allow those who call 101 to contact the police to be directed to the person best placed to be able to meet their needs more effectively. This will reduce the number of people waiting to speak to a 101 call handler and reduce the waiting times for those who genuinely need to access the service.
 - Further investment in mobile applications for frontline officers allowing them to spend more time dealing with the public and resolving incidents
 - Investment in/ new digital interview recording equipment
 - The introduction of the Police Education Qualifications Framework (PEQF) for student police officers. This is a national requirement designed to professionalise police training which will ensure all newly recruited police officers complete their training and obtain an undergraduate degree in so doing.

- Adding in to the base budget funding for 40 additional call handlers. These additional call handlers, recruited this year and paid for with funds raised from the precept, have contributed to an improvement in 101 and 999 waiting times. Due to issues faced following the roll out of lops these improvements were not as great as expected. This long-term investment is being made at the same time as an action plan to deliver sustainable improvements in public contact with the police.

5 COMMUNITY SAFETY PARTNERSHIPS

- 5.1 In 2019/20 over £4m was delegated to Community Safety Partnerships to support delivery of 'Standing Together' the Police and Crime Plan, collectively making our communities safer and more resilient.

Local Authority	Community Safety Grant	Children's Safeguarding Board	Adult's Safeguarding Board	Delegation of grants to Voluntary sector	Hate Crime	Violence reduction	TOTAL
Bolton	304,523	17,296	17,296	100,000	5,000	300,000	744,155
Bury	157,973	11,850	11,850	100,000	5,000	300,000	586,673
Manchester	694,584	31,866	31,866	200,000	5,000	400,000	1,363,316
Oldham	262,287	12,900	12,900	100,000	5,000	300,000	693,087
Rochdale	234,000	12,150	12,150	100,000	5,000	300,000	663,300
Salford	239,306	13,500	13,500	100,000	5,000	300,000	671,306
Stockport	218,973	13,800	13,800	100,000	5,000	300,000	651,573
Tameside	243,703	13,200	13,200	100,000	5,000	300,000	675,103
Trafford	200,800	12,900	12,900	100,000	5,000	300,000	631,600
Wigan	247,614	14,400	14,400	100,000	5,000	300,000	681,414
TOTAL	2,803,763	153,862	153,862	1,100,000	50,000	3,100,000	7,361,487

- 5.2 Building on the work of previous years, CSPs have continued to work closely on both GM and local priorities, and are using Community Safety funds to support targeted work in neighbourhoods. Oversight and governance is managed through local partnership arrangements and the Deputy Mayor is informed of spending profiles through an initial proposal followed by a mid-year update on progress. The Community Safety Grant provides CSPs with local autonomy to direct funds at key police and crime priorities.
- 5.3 The Deputy Mayor continued to delegate Voluntary and Community sector grants (Standing Together) in 2019/20, following consultation and feedback from CSPs who provide a mid-year progress update detailing the allocation of funds to local groups and voluntary sector organisations. The grants are being used to support communities to tackle grass roots issues of concern whilst developing resilience and cohesion as local people are contributing to achieving Standing Together priorities.
- 5.4 A summary of the types of schemes and initiatives that the Voluntary and Community Sector grants have funded are set out below:
- Tackling anti-social behaviour and improving behaviour through early intervention and diversionary work with young people

- Support for victims of domestic and sexual abuse, including victims from minority communities and provide prevention interventions in schools
 - Advice and awareness regarding healthy relationships for young people
 - Reducing the risk of exploitation of vulnerable young people
 - Reducing the risk of offending and re-offending
 - Community cohesion and hate crime
 - Keeping children and young people safe
 - Interventions and awareness to prevent serious violence and promote awareness of the consequences
 - Supporting vulnerable adults and reducing isolation
- 5.5 In keeping with the Deputy Mayor's desire to further delegate funds, recognising the excellent outcomes delivered by CSPs and acknowledging the cuts to Local Authority budgets, the Deputy Mayor committed to provide an additional one off uplift to the Community safety grant in 2019/20 of £550,000 for serious violence. However, in recognition of the additional Central Government funding that had been made available in year, £3.1m of which was provided to community safety partners this uplift will be carried forward to 2020/21. In addition the Deputy Mayor has again been able to continue to earmark the community safety grant.

6 TOP SLICING

- 6.1 In order to create budgets for national initiatives the Home Office top slices the Police Main Grant. In essence, this reduces the amount which is allocated to Police and Crime Commissioners to support local policing. Within the provisional settlement for 2020/21 the Home Office top sliced £1,120.9m from the national Police Main Grant. This is an increase in the top slice of £92m (11.4%).
- 6.2 For Greater Manchester this means that £64.7m has been top sliced from the Police Grant. The table below details the top slices for 2020/21:

Top Slice	2019/20 £m	2020/21 £m
Private Finance Initiative (PFI)	73	73
Police Technology Programmes (including ESN)	495	498
Arm's Length Bodies	63	73
Serious and Organised Crime Strategy implementation	90	140
Top ups to National Crime Agency and ROCUs (Regional and organised crime units)	56	57
Police Transformation Fund (now incorporating the Innovation Fund)	175	0
Special Grant	73	81
Pre-charge Bail	4	2
Police Uplift Programme	0	17
Police Commercial Organisation	0	4
Forensics	0	29
Police Now	0	7

Serious Violence Strategy	0	39
National Capability Programmes	0	47
National Operational Policing Units (including football policing and wildlife crime unit)	0	3
Safe Streets Fund	0	10
Science Technology and Research	0	8
Counter Terrorism	0	32
TOTAL	1,029	1,121

7 MEDIUM TERM PLANNING UNCERTAINTIES

Pensions

- 7.1 The impact of the Valuation Direction on unfunded public sector pension schemes meant that costs to the Police Service have increased. In 2019/20 the Home Office provided funding of £8.5m which has now been included in core grant and a further £6.6m in specific grant to cover these additional costs. For 2020/21 the funding in core grant has rolled forward and the specific grant of £6.6m has once again been provided (but with no guarantee that it will continue beyond 2020/21).

Future funding for 20,000 additional officers

- 7.1 The value of funding and the amount of officers to be allocated to GMP is unknown beyond 2020/21 and will be determined as part of the next Spending Review.

Spending Review

- 7.2 This settlement is the last before the next Spending Review, which the Home Secretary has said will set long-term police budgets and look at how resources are allocated fairly across police forces.
- 7.3 A policing submission is being developed at a national level in collaboration between Association of Police and Crime Commissioners (APCC), National Police Chiefs Council (NPCC), National Crime Agency (NCA), College of Policing (Cop) and the Home Office. This is to ensure the best possible submission to HM Treasury which details the changing nature of demand and threat, transformation activity to deliver the Police Vision 2025 and improved efficiency, productivity and effectiveness. This approach is welcomed by Greater Manchester and we are fully committed to supporting the development of the submission.
- 7.4 The impact of both the spending review and the funding formula is significant for Greater Manchester due to the reliance upon government funding (73%) This is due to a low tax base compared to other, more affluent areas, and historic precept decisions.

Funding Formula review

- 7.5 In 2015 the Home Office launched a consultation on the future funding formula of the police grant. It was well documented that the consultation process was flawed and following the release of

exemplifications, which included the wrong dataset, the Home Office withdrew the consultation with a view to recommencing some time in 2017.

- 7.6 Detailed work was undertaken to launch a new consultation in the summer of 2017 however the General Election overtook events and the consultation was never launched.
- 7.7 There are indications that the formula review could be resurrected alongside the Spending Review. It is recognised that the current funding formula is flawed and does not reflect the demographics and demands of an area nor the ability to raise taxes. However, given the heavy reliance on government funding in Greater Manchester the impact could have a significant impact, either positively or negatively.

Emergency Services Mobile Communication Programme (ESMCP)

- 7.8 A further concern is the delay in the £1bn project to transition from Airwave radio to the new Emergency Services Mobile Communications Programme (ESMCP). The original plan was a National Shut Down (NSD) date of December 2019, which was not met. A review is underway to ascertain a revised NSD date including the associated cost increase. There is a real concern that any additional costs arising from the delay will result in dual running costs, possible further top slicing to the Police Grant and / or a transfer of costs to local policing.

8 RESERVES

- 8.1 Reserves as at 31 March 2019 were £76m, and are predicted to be £71m at 31 March 2020. Current plans show reserves falling 26% (£10m) by March 2023. These figures assume General Fund balances will not be used to fund any future deficits.
- 8.2 The total balance includes a £13m reserve held for contingency purposes and a number of reserves set aside to meet contractual obligations in the future; these include a PFI reserve of £11m, an insurance reserve of £14m and an operational contingency reserve of £8m. It has been the strategy to maintain reserves at a prudent level particularly given the uncertainty of the funding landscape, which includes the future levels of police grant, the potential impact of a Spending Review, increased threat levels, and uncertainties around the Emergency Services Mobile Communications Programme (ESMCP). However the investment reserve, currently £24m can be drawn down based on invest to save business cases which reduce demand for policing services and support the Standing Together plan.

9 PRECEPT PROPOSALS

- 9.1 In 2019/20 Greater Manchester increased the Police and Crime element of the Mayoral precept by the maximum allowed by Government of £24. This increase allowed the following areas to be prioritised:
 - Neighbourhood policing
 - Safety on the Transport network
 - Safe night time economy
 - Continue to improve the 101 service and other forms of customer contact
 - Tackling serious and violent crime
 - Tackling violence against women and girls

- Improvements to sickness absence
- 9.2 To support the delivery against the above priorities there was an increase in police officer numbers by 320, in addition to the replacement of officers who leave the force (c.500):
- Recruit 220 new Neighbourhood Police Officers (NPOs) to enable an enhanced response to calls, particularly to those most vulnerable.
 - Create a new proactive Force wide team of 50 officers to allow an effective, flexible, pro-active response to local problems and priorities
 - A new transport team, with 50 additional officers, to enable a more appropriate response to problems on the transport network, including a wider focus on other transport matters.
 - Undertake direct entry detective recruitment which will support investigations, particularly those into serious and violent crime and violence against women
- 9.3 The Force is on target to deliver the commitments made in the 2019/20 budget. By the end of March 2020 it will have recruited 170 NPOs and 50 NBOs. November 2019 saw the launch of the new transport team. It has already delivered a range of outputs in the first month. There were 35 arrests for a range of offences including drugs offences, possession of offensive weapons, wanted individuals and driving offences. 504 people were stopped and accounted, and there were 204 stop and searches undertaken. 33 cannabis street warnings were issued. 45 vehicles were seized as they were not insured. 5 weapons were recovered and seized. 22 missing people were located on the transport network. 25 positive drugs wipes indicating areas of potential drug use. 1 positive breath test. There has been wide reaching public awareness of the Transport Unit through social media campaigns resulting in 10.8 million likes and shares.
- 9.4 Due to the increasing numbers of probationer constables the Chief Constable made the decision to postpone the creation of a proactive Force wide team. Following the creation of the new transport team the immediate creation of the proactive team would have pulled a further 50 experienced constables away from districts. Instead officers were retained on districts and tutor units were created to ensure probationer constables receive enhanced support as they undertake patrol.
- 9.5 September 2019 saw the arrival of 22 student officers who are training to become detectives. This is a new scheme run by Police Now and following the evaluation of the course a further cohort of 28 students will start in January 2021. For 2020/21 the Home Secretary announced a maximum PCC precept increase of £10.
- 9.6 Taking into consideration all the factors outlined in this report, and to allow the continued investment in the priority areas funded from the £24 precept increase in 2019/20 the Mayor and Deputy Mayor are proposing a £10 increase to the PCC component of the Mayoral precept for Band D properties for 2020/21.
- 9.7 The public consultation closed on 27th January 2020 with 52% of respondents stating that they would be willing to pay an additional £2 per month or more. A further 9% of respondents thought the amount should be increased by something else; most of these were by either £5 or £10.

9.8 The table below shows the impact for each Council Tax band of a £10 increase

	COUNCIL TAX BANDS							
	A	B	C	D	E	F	G	H
2020/21 proposed precept	138.86	162.01	185.15	208.30	254.58	300.87	347.16	416.60
2019/20 PCC precept	132.20	154.23	176.27	198.30	242.37	286.43	330.50	396.60
Change (£ per year)	6.66	7.78	8.88	10.00	12.21	14.44	16.66	20.00
Proportion of Properties %	45.6	19.6	17.4	9.2	4.8	2	1.2	0.2

9.9 The police precept, on average, represents 10% of the overall council tax bill. The impact of a £10 increase would equate to 0.5% increase on the overall council tax bill for 2020/21, for band D properties, an increase of just 19 pence per week.

9.10 46% of Greater Manchester properties fall into the band A category, for these properties the annual increase will be £6.67, an increase of just 13 pence per week. For Band B the annual increase will be £7.78, an increase of just 15 pence per week.

10 RECOMMENDATION

10.1 The Panel are asked to consider the content of this report and either:

- a) propose that the PCC precept level can be issued, or
- b) make recommendations regarding the precept level, or
- c) veto the proposal and require the PCC to submit a revised proposed precept.

10.2 Note the budget assumptions relating to the budget for 2020/21, including the roll forward of the Community Safety grant.

Appendix 1

Police and Crime Panels – Scrutiny of Precepts

This appendix explains the process for the police and crime panel's (PCP) scrutiny of the police and crime commissioner's (PCC) proposed precept and should be read alongside:

- Schedule 5 of the Police Reform and Social Responsibility Act 2011 ("the Act")
- Part 2 of the Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 ("the Regulations")

Background

Schedule 5 of the Act sets out the process for issuing a precept, including the panel's role in reviewing the proposed precept, their power to veto the precept and the steps to be taken if they do veto the proposed precept.

The Regulations provide greater detail to the Act, including time limits applicable to the stages of the process and the process for reviewing and issuing a revised precept.

Schedule 5 requires:

- the PCC to notify the panel of his/her proposed precept;
- the panel to review the proposed precept;
- the panel to make a report to the PCC on the proposed precept (this may include recommendations);
- the panel's report (if they veto the proposed precept) to include a statement that they have vetoed it;
- a decision of veto to be agreed by two-thirds of the panel members;
- the PCC to have regard to the report made by the panel (including any recommendations in the report);
- the PCC to give the panel a response to their report (and any such recommendations);
- the PCC to publish the response.

It is for the panel to determine how a response to a report or recommendations is to be published.

If there is no veto and the PCC has published his/her response to the panel's report, the PCC may then issue the proposed precept - or a different precept (but only if in accordance with a recommendation in the panel's report to do so).

The Regulations require:

- the PCC to notify the panel of his/her proposed precept **by 1 February**;
- the panel to review and make a report to the PCC on the proposed precept (whether it vetoes the precept or not) **by 8 February**;
- where the panel vetoes the precept, the PCC to have regard to and respond to the Panel's report, and publish his/her response, including the revised precept, **by 15 February**;
- the panel, on receipt of a response from the PCC notifying them of his/her revised precept, to review the revised precept and make a second report to the PCC **by 22 February**;
- the PCC to have regard to and respond to the Panel's second report and publish his/her response, **by 1 March**.

Panel's report on the proposed precept

If the panel fails to report to the PCC by 8 February the scrutiny process comes to an end, even if the panel have voted to veto the proposed precept, and the PCC may issue the proposed precept.

PCC's response to a veto

Where the panel vetoes the proposed precept, the PCC must have regard to the report made by the panel, give the panel a response to the report and publish the response, by 15 February. In his/her response, the PCC must notify the panel of the revised precept that he intends to issue.

Where the panel's report indicates that they vetoed the precept because it was:

- too **high**, the revised precept must be lower than the previously proposed precept.
- too **low**, the revised precept must be higher than the previously proposed precept.

The PCP may only veto the first proposed precept. Such a veto must be agreed by two-thirds of PCP members (the full membership rather than those present at a meeting). Where a veto occurs, the report to the PCC must include a statement to that effect.

Panel's review of the revised precept

On receipt of a response from the PCC notifying them of the revised precept proposal, the panel must review the revised precept proposal and make a second report to the PCC on the revised precept by 22 February. This report may:

- indicate whether the panel accepts or rejects the revised precept (although rejection does not prevent the PCC from issuing the revised precept); and
- make recommendations, including recommendations on the precept that should be issued.

If the panel fails to make a second report to the PCC by 22 February, the PCC may issue the revised precept.

Issuing the precept

Excluding where the panel fails to report on the proposed precept by 8 February or make a second report on the revised precept by 22 February, the scrutiny process ends when the PCC gives the panel his/her response to their second report.

The PCC may then:

- issue the revised precept; or
- issue a different precept, although:
 - they must not issue a precept that is higher than the revised precept if the revised precept was lowered following the panel's initial report on the first proposed precept indicating it was vetoed because it was too high;

- they must not issue a precept which is lower than the revised precept if the revised precept was raised following the panel's initial report on the first proposed precept indicating it was vetoed because it was too low.

Process for PCP scrutiny of PCC's proposed precept

