



POLICE AND CRIME PANEL
4 February 2016

AGENDA ITEM NO:

PROPOSED PRECEPT FOR 2016-17

Purpose

1. This paper notifies the panel of the precept I am proposing for 2016-17.

Background

2. In January 2016 I presented to the panel a paper which disclosed my thinking surrounding the 2016-17 budget. This paper, which also included a copy of my Medium Term Financial Strategy (MTFS), reported that I was thinking of increasing the Police part of the Band D Precept by 1.9% to £167.10, a £3.12 increase from the 2015-16 Police part of the Council Tax of £163.98.
3. At the January meeting I also informed the panel of a presentation I would be giving to area boards and locality meetings which would be part of my consultation strategy. This disclosed that initially savings of between £2m and £3m would still be required in 2016-17 with the increase.

Consultation

4. I have raised the profile of the decision by having a consultation strategy. The strategy was to involve as much of the community as possible. The strategy included;
 - Press releases identifying the proposal and highlighting to the public how they can make their views heard via the PCC's website.
 - Contacting Councillors and MP's asking for their views on behalf of the people they serve
 - Writing to the Business Community, via a number of forums, to obtain views
 - Presenting the proposal to Area Boards and Locality meetings.
5. As of 21 January 2016, 95 formal responses had been received. 49 responses were in favour of the increase and 16 were against. The remaining 30 were non-committal. I do intend providing you with the latest information on the feedback at the panel meeting.

The Precept

6. My initial proposal to increase the precept by 1.9% was based on the knowledge that the Government has announced 2% as the referendum 'trigger' level, i.e. any increase of 2% and above would require a referendum to validate the decision. With the cost of a referendum estimated at over £300,000 I have decided that I do not wish to spend public money on such a course of action.

The Funding Available

7. The table below outlines the funding available to me based on a 1.9% precept increase. The table assumes that the provisional central funding allocations are confirmed.

	2015-16	2016-17
Main Home Office Grant	£37.700m	£37.485m
Main DCLG Grant	£20.802m	£20.683m
Legacy Council Tax Grants	£5.235m	£5.235m
Total Central Funding	£63.737m	£63.403m
Precept Income	£39.109m	£41.160m
Council Tax Collection Fund Surplus	£0.860m	£0.882m
Total Funding Available	£103.706m	£105.445m

8. The table above shows a £0.334m reduction in total central funding. The Legacy Council Tax includes the grant payable surrounding Council Tax Localisation and any previous freeze grants.
9. Wiltshire Council and Swindon Borough Council have reported a new council tax base of 246,326; this is a 3.3% increase on 2015-16. This with the 1.9% increase in precept will result in an additional £2m of local funding.

Funding Allocation

10. I am expected to commission services from the funding available. In addition to the funding reported in the table in paragraph 7 I do receive investment income (estimated at £0.250m in both 2015-16 and 2016-17). Therefore my funding available to commission with is £105.695m in 2016-17. The table below identifies how I intend using these resources.

	2015-16	2016-17
OPCC Office Costs	£0.699m	£0.712m
OPCC Capital Contribution	£0.729m	£0.741m
OPCC Commissioning Funds	£1.004m	£1.021m
OPCC Chief Constable Allocation	£101.523m	£103.221m
	£103.955m	£105.695m

Impact on the Chief Constable's Budget

11. The Chief Constable has identified a budget requirement of £105.815m (this is disclosed in the MTFs). When compared to my funding allocation to him (£103.221m) a financial gap of £2.594m exists. With 81% of his budget spent on staff the only way to close a gap this size would be to reduce staff.
12. During 2016-17 I expect the national police formula funding review to be completed. I expect that the outcome will provide additional funds for Wiltshire as we are the 3rd lowest funded area per head of population in the country. I therefore need to consider and where possible smooth out funding swings. With this in mind I intend providing additional one off funding to the Chief Constable to reduce the gap this year.

13. A review of my reserves has been undertaken with the section 151 officer. He has identified £1.605m of reserves which can be used in 2016-17. This can only occur for one year. I have also reviewed my commissioning funds and identified £0.315m of funds to assist the Chief Constable.
14. This reduces the savings the Chief Constable has to find and enables him to maintain Police Officer numbers. The new savings requirement is reported below;

	2016-17 CC Budget
Initial Funding gap	£2.594m
Use of reserves	-£1.605m
Use of OPCC Commissioning Funds	-£0.315m
New Savings requirement	£0.674m

15. The Chief Constable will identify non-police officer efficiencies and collaboration savings to meet this reduced savings requirement.

Risk

16. The strategy to maintain officer numbers is clear. It is only viable in the medium term if the formula funding review occurs. I have considered the outcome if this is not forthcoming and identified a way of balancing budgets in this circumstance; this would include a reduction in officer numbers in 2017-18.
17. The risk is partly mitigated by having reserves. The strategy sees the estimated reserves at 1 April 2016 of £9.3m dropping to £5.9m by 31 March 2017. Within this figure is a £2.6m (2.5%) general reserve.

Legal

18. I am required to receive advice from my Chief Financial Officer surrounding the budget and my reserves. The Chief Financial Officer is content that my budget and the Chief Constable's budget are sound and deliverable. He has also confirmed that he believes my reserves are adequate to manage risk.

Recommendation

19. After carrying out the necessary consultation I am minded to set a precept of £41.160m. This will require council tax to be set on all property bands based on £167.10 for a Band D property. This represents a £3.12 (1.9%) increase on the 2015-16 level.

Angus Macpherson
Police and Crime Commissioner