

PROPOSED PRECEPT FOR 2018-19

Purpose

1. This paper notifies the Panel of the precept I am proposing for 2018-19.

Background

2. In January 2018 I presented to the Panel a paper which showed that the government has made decisions surrounding both local and central funding which has a significant impact on the funding options available to me.
3. In light of these I have revised my Medium Term Financial Strategy (MTFS), this is attached as an appendix. The new MTFS also provides some additional information as requested by panel members.
4. The paper I provided in January concluded with me suggesting that a £12 increase in the Police part of the Band D Precept (a 7% increase) was appropriate. This would result in the Band D police part of the precept rising from £170.27 to £182.27 in 2018-19.
5. At the January meeting I also informed the Panel on how I would be consulting with the public this year. There is a separate paper on the agenda informing the panel of the outcome from my consultation exercise however in summary the majority of respondents are supportive of a £12 increase.

The Precept

6. My proposal to increase the precept by £12 was based on the Minister for Policing and the Fire Service recognising the demands placed on policing and allowing an increase to this level before a referendum would be triggered. I and many of my PCC colleagues have met with the minister and outlined the pressures facing policing.
7. The Government also announced that core police funding would not change in 2018-19 (i.e. a cash flat settlement).
8. Considering the pressures on the police and no additional central grant, to increase the police part of the council tax by £12 is attractive. The MTFS shows that by utilising this opportunity I can maintain local policing whilst also ensuring a strong base budget is in place for future years.

The Funding Available

9. The table below outlines the funding available to me based on a £12 increase in the Band D precept. The table assumes that the provisional central funding allocations are confirmed.

	2017-18	2018-19
Main Home Office Grant	£36.961m	£36.961m
Main DCLG Grant	£20.393m	£20.393m
Legacy Council Tax Grants	£5.235m	£5.235m
Total Central Funding	£62.589m	£62.589m
Precept Income	£42.457m	£46.589m
Council Tax Collection Fund Surplus	£0.602m	£0.781m
Total Funding Available	£105.648m	£109.959m

10. The Legacy Council Tax Grants includes the grant payable surrounding Council Tax Localisation and any previous freeze grants.
11. Wiltshire Council and Swindon Borough Council have reported a new council tax base of 255,604; this is a 2.5% increase on 2017-18. This with the £12 increase in precept will result in additional funding of £4.311m (4%).

Funding Allocation

12. I am expected to commission services from the funding available. In addition to the funding reported in the table in paragraph 9 I do receive investment income (estimated at £0.200m in 2018-19 and £0.250m in 2017-18). Therefore my funding available to commission with is £110.159m in 2018-19. The table below identifies how I intend using these resources.

	2017-18	2018-19
OPCC Office Costs	£0.713m	£0.737m
OPCC Capital Contribution	£0.742m	£0.766m
OPCC Commissioning Funds	£1.229m	£1.270m
OPCC Chief Constable Allocation	£103.215m	£107.386m
	£105.899m	£110.159m

Impact on the Chief Constable's Budget

13. The Chief Constable has identified a budget requirement of £108.979m (this is disclosed in the MTFs). When compared to my funding allocation to him (£107.386m) a financial gap of £1.593m exists.
14. A review of my reserves has been undertaken with the section 151 officer. He has identified £0.253 of reserves which can be used in 2018-19 and a medium term plan which removes the reliance on reserves.
15. This reduces the savings the Chief Constable has to find. The new savings requirement is reported below;

	2018-19 CC Budget
Initial Funding gap	£1.593m
Use of reserves	-£0.253m
New Savings requirement	£1.340m

16. The Chief Constable has identified a plan (included within the MTFs) which will deliver this savings requirement.

Risk

17. The use of reserves is based on a risk review. The MTFS has considered the long term funding of Wiltshire. The planned use of reserves to cover risks and early thinking about future precept levels reduces risk. Having general reserves of 2.5% and a 1% operational reserve also helps reduce risk.

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 £46.589m. This will require council tax to be set on all property bands based on £182.27 for a Band D property. This represents a £12 (7%) increase on the 2017-18 level.

Angus Macpherson
Police and Crime Commissioner