

## **DRAFT BUDGET SETTLEMENT**

### **Purpose**

1. This paper provides the panel with information on the draft budget and precept being considered.

### **Background**

2. In October 2013 the initial Medium Term Financial Strategy (MTFS) was produced and reviewed at my monitoring board. The MTFS looks at the estimated financial position of the PCC over the next 3 years and the impact this has on my ability to commission services. It acknowledges the fact that decisions I make today will impact my finances over the medium and long term.
3. The MTFS is included as an appendix to this report however it should be noted that the assumptions included are superseded by actual information as it is received.

### **The Settlement**

4. The following Police relevant information was announced in the December settlement;
  - a 3.3% cash reduction in Police Revenue funding for 2014-15
  - Top slicing of PCC Funding for the Innovation Fund (£50m), IPCC (£18m), HMIC (£9m) and other areas (£7m)
  - The protection of Police funding in 2014-15 surrounding the 1.1% reduction announced in the Autumn Statement. Any impact on 2015-16 is deferred.
  - the provision of additional council tax freeze grants in 2014-15 and 2015-16 equivalent to a 1% tax rise for those precepting bodies which decide not to increase council tax.
  - the setting of the council tax referendum threshold level would be delayed until the new year.
5. The impact of the top slicing has a significant effect on PCC funding. Using the information provided for Wiltshire a 4.3% cash reduction in central funding is proposed.

### **Council Tax Options**

6. I am currently considering 2 options surrounding the council tax;

- Option A – To increase council tax by 2% (on the assumption that this will be the maximum allowable before a referendum is called)
- Option B – To maintain council tax at the 2013-14 level

7. The table below shows the estimated funds I will have available under each option;

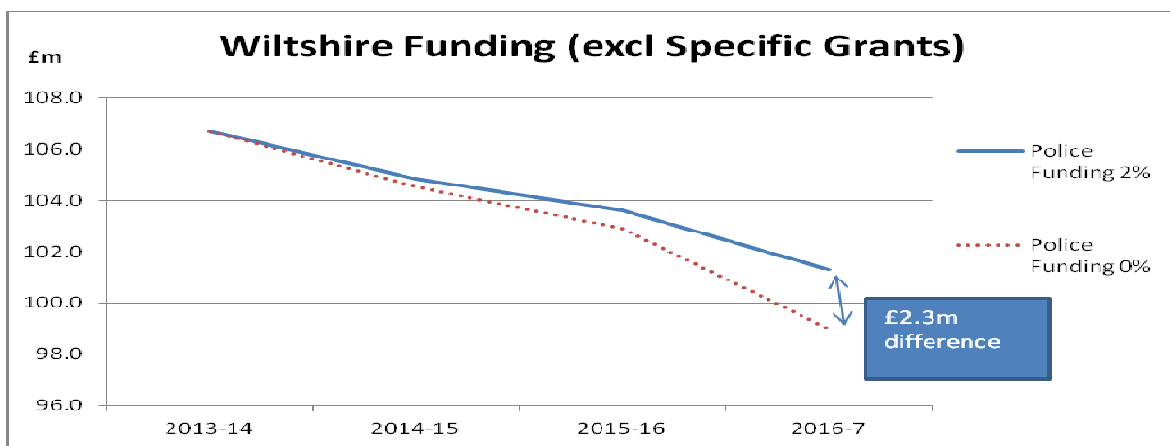
	2013-14 Budget	2014-15 0% C Tax Inc	2014-15 2% C Tax Inc
Standard Funding available to commission services (including investment income)	£106.965m	£104.765m	£105.101m
Swindon PFI Specific Grant	£2.067m	£2.067m	£2.067m
Special Policing Specific Grant	£1.145m	£1.145m	£1.145m
Victim Services Specific Grant		£0.222m	£0.222m
<b>Total</b>	<b>£110.177m</b>	<b>£108.199m</b>	<b>£108.535m</b>

8. My considerations surrounding the options focus on the long term funding position. To not increase council tax at this opportunity will have considerable impacts on my future ability to commission policing and crime services. The offer of freeze grants, whilst appreciated, reduces my future base budget. As the table shows my funding will reduce significantly under either option.

9. A 2% increase in Council Tax will result in Wiltshire's Band D council tax increasing from £157.77 to £160.92, a £3.15 increase. The table below shows that even with no increases in the rest of the region Wiltshire will remain the lowest.

	2013-14 Band D C Tax	Wiltshire 2% increase
Gloucestershire	£203.68	
Dorset	£183.51	
Avon & Somerset	£168.03	
Devon & Cornwall	£162.92	
<b>Wiltshire</b>	<b>£157.77</b>	<b>£160.92</b>

10. There is currently a great deal of discussion surrounding freeze grants and whether they will be included in future government settlements and if so in what way. The graph below shows a reduction in my funding to commission services by £2.3m in 2016-17 if no increases occur.



11. These considerations surrounding local funding levels cannot occur without taking into account the central funding position. 64% of my funding derives from central grants.
12. As the Home Secretary has not announced funding for 2015-16 or 2016-17 there is a significant risk of further large reductions (based on the Autumn Statement where a 1.1% reduction in Home Office funding). The figures used in this report are based on main funding (Police Grant and DCLG Funding) reducing by 3.5% in 2015-16 and 2016-17.

### Impact on the Chief Constable's Budget

13. As the Chief Constable receives the largest allocation of the funding he will receive the largest cut in funding. Whilst funding is reducing he wishes me to invest in the Multi Agency Safeguarding Hub and SWITCH (a programme targeting frequent offenders). This has been discussed at my monitoring board and I have agreed to make the investment. In addition to this he has to fund a 1% pay increase and other inflationary pressures such as fuel. The table below shows his current budget requirement against funding levels which I may provide him in 2014-15;

	0% CTax Inc	2% CTax Inc
Budget Requirement	£107.049m	£107.049m
Funding Available	£102.313m	£102.641m
<b>Shortfall (savings req.)</b>	<b>£4.736m</b>	<b>£4.408m</b>

14. It should be noted that based on estimates the savings requirements in 2015-16 and 2016-17 are between a minimum of £3.5m and £6.1m per annum. Taking the 3 years together the total saving estimate is;
  - 0% Ctax Increase Strategy - £14.8m (£25.8m over 6 years from 2010-11)
  - 2% Ctax Increase Strategy - £12.5m (£23.5m over 6 years from 2010-11)

### Closing the Shortfall

15. The MTFs suggested that in 2014-15 the savings requirement would be £4.214m (0% Council Tax Increase) or £3.890m (2% Council Tax increase). The requirement identified in paragraph 13 shows approximately a £0.500m increase in the target.
16. Work has been undertaken which identifies a draft savings plan of £4.315m. This is obtained by completing the final year of the Vision Change Management programme, entering into a number of collaboration agreements (local and regional) and reducing the command structure.

### Reserves

17. The reserves held by the PCC have been reviewed. The value of the general reserve has been considered and I am advised that 3% (£3.2m) is appropriate. This is a reduction from the 4% set aside in March 2013. This frees up funds for specific purposes, such as maintaining police officer numbers for a longer period and financing the transformation of the estate and ICT. The graph below represents the estimated level of reserves allocated (£12.5m) for investment and risk.



## Collaboration

18. Collaboration (local and regional) will play a large part in delivering the savings required. Examples include £1.195m for Tri-service Specialist Operations collaboration and £1.208m for the Wiltshire Council Strategic Alliance. Further collaboration savings include Forensics, Estates, Legal and Procurement.

## Conclusion

19. This paper shows the panel my MTFs and gives them my current thinking surrounding the 2014-15 precept. I believe a £3.15 Band D increase per household per year is appropriate and I am now consulting the public on this via the area and locality boards.

**Angus Macpherson**  
Police and Crime Commissioner