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**PROPOSED PRECEPT FOR 2014-15**

**Purpose**

1. This paper notifies the panel of the precept I am proposing for 2014-15.

**Background**

2. In January 2014 I presented to the panel a paper which disclosed my thinking surrounding the 2014-15 budget. This paper, which also included a copy of my Medium Term Financial Strategy (MTFS), reported that I was thinking of increasing the Band D Precept by 1.99% to £160.92, a £3.15 increase from the 2013-14 Council Tax of £157.77. This would be the first increase in the police precept in four years.
3. At the January meeting I also gave to the panel the presentation I would be giving to area boards and locality meetings during January and February which would be part of my consultation strategy. This disclosed a significant reduction in central funding in the last 3 years and a forecast that this would continue over the next 3 years. The central funding reduction for the total 6 years is estimated at £17m, 23% of budget.

**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 to improve transparency. 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 14 Area Boards in Wiltshire and 3 Locality meetings in Swindon (as per paragraph 3).
5. The response to the consultation has been mixed. As of 22nd January 79 Formal responses had been received. 31 responses were in favour of the increase and 29 were against. The remaining 19 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 1.99% was based on an expectation that the Government would announce 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 £300,000 I had decided that I did not wish to spend public money on such a course of action. Unfortunately at the time of writing this paper the government has yet to determine the 'trigger' level.

7. If the Government change the 'trigger' level I will propose a revised precept in a new paper.
8. Clarification of the consolidation of 'freeze' grants into the main Home Office funding grant remains outstanding. Uncertainty still remains as to whether historic and future freeze grants will be consumed into base funding, this would assist the long term funding of the office.

### The Funding Available

9. The table below outlines the funding available to me based on a 1.99% precept increase. This table assumes that the provisional central funding allocations are confirmed.

	2013-14	2014-15
Main Home Office Grant	£41.714m	£40.158
Main DCLG Grant	£23.022m	£21.494
Localisation Grant	£3.830m	£3.842
Freeze Grant 2011-12	£0.991m	£0.991
Freeze Grant 2013-14	£0.363m	£0.401
Total Central Funding	£69.920m	£66.886
Precept Income	£36.287m	£37.588
Council Tax Collection Fund Surplus	£0.488m	£0.625
Total Funding Available	£106.695m	£105.099

10. The table above shows a £3.034m, 4.3% reduction in central funding.
11. Wiltshire Council and Swindon Borough Council have reported a new council tax base of 233,580; this is a 1.5% increase on 2013-14. This with the 1.99% increase in precept will result in an additional £1.3m of local funding.
12. Overall, even with a 1.99% precept increase, my funding has reduced by £1.6m, 1.5%. This reduction needs to be considered in a period when inflation is running at approximately 2.5%.

### Funding Allocation

13. 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 as £0.271m in 2013-14 and £0.300m in 2014-15). Therefore my funding available to commission with is £105.399m in 2014-15.
14. I am intending protecting the funds I have to commission non-police services. The reduction in funding will then be split equally. The table below identifies the impact of my decision.

	2013-14	2014-15
OPCC Office Costs	£0.937m	£0.923m
OPCC Capital Contribution	£0.750m	£0.739m
OPCC External Funding Allocations	£0.790m	£0.790m
OPCC Chief Constable Allocation	£104.489	£102.947m
	£106.966m	£105.399m

### Impact on the Chief Constable's Budget

15. 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 the funding I intend to provide him in 2014-15;

	2014-15 CC Budget
Budget Requirement	£107.069m
Funding Available	£102.947m
<b>Shortfall (savings req.)</b>	<b>£4.122m</b>

16. In recognition that a significant level of savings is required the Chief Constable has produced an Efficiency Strategy which identifies how the savings will be delivered. The strategy targets collaboration and empowerment as 2 main drivers. The collaboration area identifies savings achievable working with both police and council partners. The empowerment strand looks at reducing management and merging areas to enable better services to be provided at a lower cost.
17. Whilst the strategy is clear I do not question the focus and work required to continually deliver this level of savings year on year. My reserves do provide me with some cover if there is some slippage in the delivery of some of the savings hence reducing 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 Constables 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 £37.588m. This will require council tax to be set on all property bands based on £160.92 for a Band D property. This represents a £3.15 (1.99%) increase on the 2013-14 level. This precept is conditional on the 'trigger' level for a referendum being 2%. The Panel is asked to endorse this maximum increase. If there is any reduction in the trigger level I will review my precept proposals in the light of restrictions placed by Government.

**Angus Macpherson**

Police and Crime Commissioner