



POLICE AND CRIME PANEL

5 February 2015

PROPOSED PRECEPT FOR 2015-16

Purpose

1. This paper notifies the panel of the precept I am proposing for 2015-16.

Background

2. In January 2015 I presented to the panel a paper which disclosed my thinking surrounding the 2015-16 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 1.9% to £163.98, a £3.06 increase from the 2014-15 Police part of the Council Tax of £160.92.
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 a significant reduction in central funding in the last 4 years and a forecast that this would continue over the next 3 years. The central funding reduction for the total 7 years is estimated at £25m, 24% of the 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. 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. The response to the consultation has been mixed. As of 23rd January 134 responses had been received. 63 responses were in favour of the increase and 32 were against. The remaining 28 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.

7. 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 amalgamated into base funding, this would assist the long term funding of the office. Clarification is not expected this side of the general election.

The Funding Available

8. The table below outlines the funding available to me based on a 1.9% precept increase. The funding is slightly higher than that reported in January due to notification by Wiltshire Council of a larger collection surplus than originally forecast. This table assumes that the provisional central funding allocations are confirmed.

	2014-15	2015-16
Main Home Office Grant	£40.158m	£37.700m
Main DCLG Grant	£21.494m	£20.802m
Localisation Grant	£3.842m	£3.842m
Freeze Grant 2011-12	£0.991m	£0.991m
Freeze Grant 2013-14	£0.401m	£0.401m
Total Central Funding	£66.886m	£63.736m
Precept Income	£37.588m	£39.109m
Council Tax Collection Fund Surplus	£0.625m	£0.860m
Total Funding Available	£105.099m	£103.705m

9. The table above shows a £3.150m, 4.7% reduction in total central funding (a 5.1% reduction in main grants).
10. Wiltshire Council and Swindon Borough Council have reported a new council tax base of 238,502; this is a 2.1% increase on 2014-15. This with the 1.9% increase in precept will result in an additional £1.5m of local funding.
11. Overall, even with a 1.9% precept increase, my funding has reduced by £1.4m, 1.3%. This reduction needs to be considered in a period when inflation during the year has been running at just over 1%.

Funding Allocation

12. I am expected to commission services from the funding available. In addition to the funding reported in the table in paragraph 8 I do receive investment income (estimated as £0.30m in 2014-15 and £0.250m in 2015-16). Therefore my funding available to commission with is £103.955m in 2015-16. 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.

	2014-15 (r)	2015-16
OPCC Office Costs	£0.709m	£0.699m
OPCC Capital Contribution	£0.739m	£0.729m
OPCC External Funding Allocations	£1.004m	£1.004m
OPCC Chief Constable Allocation	£102.947m	£101.523m
	£105.399m	£103.955m

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 the Chief Constable must fund the 1% Police Officer pay increase and the 2.2% 18 month Police Staff pay increase. This will put pressure on him when setting a balanced budget.
14. The table below shows his current budget requirement against the funding I intend to provide him in 2015-16;

	2015-16 CC Budget
Budget Requirement	£104.218m
Funding Available	£101.523m
Shortfall (savings req.)	£2.695m

15. In addition to this a shortfall in 2014-15 savings needed to be resolved. £0.386m of savings surrounding the alliance with Wiltshire Council has not been delivered. When taking this into consideration the savings required are £3.081m (£2.695m+£0.386m).
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.

Savings Delivered

18. Since funding started to reduce in 2011-12 the Chief Constable has had to deliver considerable savings. The table below shows in what areas the savings have been made. These savings are those delivered and do not include those required to balance the 2015-16 budget.

Area	Savings delivered £000's
Performance	155
ICT	261
Corporate Communications	109
Finance & Admin	738
Management	1,557
Justice	794
Information Management	326
Custody	304
Citizen Focus	867
Investigation	850
Intelligence	1,537
HQ Operations	1,735

Fleet & Stores	102
People Services	1,707
Contact Management	494
General Expenditure	2,702
Estates	321
Total	14,559

Legal

19. 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

20. After carrying out the necessary consultation I am minded to set a precept of £39.109m. This will require council tax to be set on all property bands based on £163.98 for a Band D property. This represents a £3.06 (1.9%) increase on the 2014-15 level.

Angus Macpherson

Police and Crime Commissioner