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## **Report of the PCC for Cleveland to the Police and Crime Panel**

**6<sup>th</sup> February 2018**

**Status: For decision**

### **The 2018/19 Precept Proposal**

#### **1 Purpose**

1.1 Legislation requires that I agree my budget and associated precept and basic council tax for the forthcoming year before 1<sup>st</sup> March each year. However before doing so I must notify this Panel of the precept which I propose to issue for the following year.

#### **2 Recommendations**

- 2.1 The Panel is asked to consider my proposal to set the Band D Police Element of the Council Tax within Cleveland for 2018/19 at £226.54. This is an increase of £12, or 5.59% over the 2017/18 level.
- 2.2 The Panel is asked to support this proposal.

#### **3 Reasons**

- 3.1 The balance of the cost of the police service not paid for by central government is met by local taxpayers through a precept on their council tax. In Cleveland this will equate to just over 25% of the overall income that I will receive in 2018/19. It is the responsibility of the four local billing authorities to collect this.
- 3.2 Legislation requires the precept for 2018/19 to be set before 1<sup>st</sup> March 2018 and that the first step in enabling this to happen is that I am required to inform this panel of my proposed precept by the 1<sup>st</sup> February 2018. Which I did by submitting this report prior to that date.

- 3.3 In making my proposal on the Police precept I have taken into account the following:
- The views of the public of Cleveland
  - The financial impact on the people of Cleveland.
  - The financial needs of the organisation as currently projected both for 2018/19 and in the future.
  - The limits imposed by the Government on a precept increase before a referendum would be triggered in Cleveland.
  - I have discussed my proposals with both the Chief Constable and engaged and consulted with the public on the options available to me.

### **Overall Financial Context**

#### 3.4 National Budget

On 22 November the Chancellor of the Exchequer, Philip Hammond, made his Autumn Budget 2017 announcement in the House of Commons. This was the Chancellor's first Autumn Budget.

- 3.5 In relation to Policing and Crime there was no specific reference to these areas, from a Budgeting/Finance perspective, that related to England.

- 3.6 The Budget contained the same Departmental Expenditure Limits for the Home Office for the next 2 years for both Revenue and Capital and therefore there is no overall additional funding for Policing.

#### 3.7 Provision Police Funding Settlement 2018/19

The Provisional 2018-19 Police Finance Settlement was announced in an oral statement by the Minister for Policing and the Fire Service Nick Hurd MP on Tuesday 19 December. This was followed by a written ministerial statement shortly after. Full details of the settlement can be found on the Home Office pages of the gov.uk website.

#### 3.8 Headlines

The main points within the provisional settlement are as follows:

- Precept flexibility to increase the level of Band D precept by up to £12 for all PCCs (or equivalents) in 2018-19
- Flat cash grant funding (i.e. the same allocations as in 2017-18 for Home Office Core Police Settlement)
- Updated assumptions around tax base growth – now assuming tax bases with grow by 1.34% in England.
- Including these assumptions on council tax and based on the 1.5% GDP deflator (the Government measure of inflation), the resulting settlement, including council tax, represents a "real terms" increase for all between 2017-18 and 2018-19

- £450m additional funding for the service – includes £130m additional reallocation and approximately £147m as a result of additional council tax flexibilities.
- £50m additional counter Terrorism funding and the remaining £123m can be considered as “new money”.
- The minister’s letter to PCCs refers to this additional funding in addition to identified efficiency savings of up to £100m (procurement) to enable “appropriate provision for likely cost increases next year”.

### 3.9 Government Funding for 2018/19 and beyond

Nick Hurd’s letter and statement both state the Home Office’s intention to offer greater certainty on plans for 2019-20. Their intention is to maintain a broadly flat Government Grant settlement with the same precept flexibility but this is dependent on progress against a number of efficiency milestones to be agreed in the New Year.

3.10 The Police Formula review is now unlikely to be revisited until the next spending review.

3.11 He went on to state that - The increase in 2018/19 funding to PCCs must be matched by a serious commitment from PCCs and chief constables to reform by improving productivity and efficiency to deliver a better, more transparent service to the public. Following my discussions with forces and Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), I have three clear priorities:

- Seek and deliver further cost efficiencies. I welcome the progress forces have made against the £350m procurement savings target set at Spending Review 2015. However, there is a lot more to do. We have helped to identify £100m of potential savings in areas such as fleet, professional services and construction. Forces will need to make greater use of national procurement through lead forces to make these savings. We are providing support through the Police Transformation Fund and we will also help establish a force-led National Centre of Excellence to drive down back-office costs, and make best use of estates.
- A modern digitally enabled workforce that allows frontline officers to spend less time dealing with bureaucracy and more time preventing and fighting crime and protecting the public. If all forces could deliver the same one hour per officer per day of productivity benefits from mobile working as the best in a recent sample with eight forces, this has the potential to free up the equivalent of 11,000 extra officers nationally to provide the proactive policing that committed police officers want to deliver. We will work with policing to set up a specialist team to make sure all police forces have access to, and make use of,

the best mobile working apps to enable forces to free up extra hours to spend at the frontline.

- Greater transparency in how public money is used locally. It is necessary for police to hold financial reserves, including primarily for contingencies, emergencies and major change costs. As at March 2017 police forces held usable resource reserves of over £1.6bn. This compares to £1.4bn in 2011. Current reserves held represent 15% of annual police funding to PCCs. There are wide variations between forces with Gwent for example holding 42% and Northumbria holding 6%. This is public money and the public are entitled to more information around police plans for reserves and how those plans will support more effective policing. So we will be improving transparency around reserves in the new year through enhanced guidance and through national publication of comparable reserves data. HMICFRS are also consulting on plans for Force Management Statements, which could make more information on police forces available to the public.

3.12 Discussions will be held with police leadership to agree milestones against these priorities that need to be achieved over 2018.

3.13 "I have listened to the views of PCCs and Chief Constables, who have requested greater certainty about future funding to help more efficient financial planning. If the police deliver clear and substantial progress against the agreed milestones on productivity and efficiency in 2018, then the Government intends to maintain the protection of a broadly flat police grant in 2019/20 and repeat the same flexibility of the precept, i.e. allowing PCCs to increase their Band D precept by a further up to £12 in 2019/20."

3.14 Top-slices/Reallocations totalling £945m have been announced for 2018/19. This is £133m, or 16% higher than 2017/18. The areas this funding will now be spent on, instead of being allocated to PCC's is as follows:

- PFI - £73m
- Police Technology Programme - £495m (£78m higher than 17/18)
- Arm's Length Bodies - £63m – (£9m higher than 17/18)
- Strengthening the response to organised crime - £42m (£14m higher than 17/18)
- Police Transformation Fund - £175m
- Special Grant - £93m (£43m higher than 2017/18)
- Pre-Charge Bail - £4m (£11m lower than 2017/18)

3.5 Legacy Council Tax funding is still separately identifiable and has not changed from 2017/18.

3.6 Police Capital Grant that is to be allocated to PCC's has been frozen with the PCC only receiving £515k

### 3.7 Counter Terrorism

Counter Terrorism funding is negotiated separately to the police settlement. So any increases should not impact on the rest of the police settlement.

The national Counter Terrorism Funding has been announced and is set to increase by £50m which is a 7% increase on last year. It is not yet known whether this additional funding is revenue or capital, however it is expected to be primarily distributed to forces with CT units.

According to the Government, this means that there will be a budget of £757m for counter terrorism in 2018-19, including £29m for armed policing.

### 3.8 Ministry of Justice (MoJ) Funding

3.9 The Ministry of Justice have confirmed the level of the Victims and Witnesses Grant for 2018/19, and while the overall amount allocated to PCC's has remained static at £63,150k, the grant is allocated based on population.

3.10 As the population of Cleveland is not growing as quickly as others areas of the country the amount that will be received by the PCC in 2018/19 will be £3,015 (or 0.46%) lower than the amount received in 2017/18, with the total grant being £656k.

### 3.11 LTFP Assumptions

When the 2017/18 budget was set in February 2017 the forecasts were underpinned by the following assumptions:

- Pay Awards: 1% increase per annum
- Precept: Increases of 1.99% per annum
- Tax Base increases of 1.0% per annum
- Collection Surplus of £300k per annum
- Grant Reductions of -1.4% per annum
- Impact of Funding Formula Review - Nil

3.12 In line with good planning our assumptions remain under review and are updated with the best information available and it is expected that the LTFP for 2018/19 and beyond will assume the following:

- Pay Awards: 2% increase p.a
- Precept: Increases of:
  - 2018/19 - £12 or 5.59%
  - 2019/20 - £12 or 5.29%
  - 2020/21 - £4.75 or 1.99%
  - 2021/22 - £4.84 or 1.99%
- Tax Base increases 1.0% per annum, Collection Surplus £250k p.a
- Government Grants: Frozen until 2019/20 and the increases of 2% thereafter
- Impact of Funding Formula review – Nil

3.13 Based on these revised assumptions, and the information received and forecast around other areas of funding, then the entire funding expected to be available to me for the next 4 years, in comparison to 2016/17 and 2017/18, is as follows:

	Actual	Actual	Forecasts			
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Funding</b>	£000s	£000s	£000s	£000s	£000s	£000s
Government Grant	(84,684)	(83,500)	(83,500)	(83,500)	(85,170)	(86,873)
Council Tax Precept	(31,642)	(32,656)	(34,582)	(36,637)	(37,738)	(38,839)
Council Tax Freeze Grant	(800)	(800)	(800)	(800)	(800)	(800)
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	(6,868)	(6,868)	(6,868)
<b>Funding for Net Budget Requirement</b>	<b>(123,994)</b>	<b>(123,824)</b>	<b>(125,750)</b>	<b>(127,805)</b>	<b>(130,576)</b>	<b>(133,380)</b>
%age change in Net Budget Requirement	0.5%	-0.1%	1.6%	1.6%	2.2%	2.1%
Specific Grants	(5,843)	(4,558)	(4,911)	(4,436)	(5,436)	(4,336)
Witness and Victims Funding	(663)	(659)	(1,246)	(820)	(669)	(682)
Partnership Income/Fees and Charges	(2,760)	(2,664)	(2,737)	(2,869)	(2,923)	(2,942)
<b>Total Funding</b>	<b>(133,260)</b>	<b>(131,705)</b>	<b>(134,644)</b>	<b>(135,930)</b>	<b>(139,604)</b>	<b>(141,340)</b>
%age change in Total Funding	1.1%	-1.2%	2.2%	1.0%	2.7%	1.2%
<b>NBR Forecast - February 2017</b>	<b>(123,994)</b>	<b>(123,824)</b>	<b>(123,244)</b>	<b>(123,081)</b>	<b>(124,918)</b>	<b>(127,430)</b>
<b>Changes to NBR Funding Forecast</b>	<b>0</b>	<b>0</b>	<b>(2,506)</b>	<b>(4,724)</b>	<b>(5,658)</b>	<b>(5,950)</b>

3.14 As a result of the Government Grant settlements being better than expected and the flexibility to increase precept by more than previously forecast then the overall funding available to the PCC is higher than projected in February 2017.

3.15 In terms of Net Budget Requirement the PCC is expected to have £2.5m more income than was forecast in February 2017, £4.7m more in 2019/20 and £5.7m more than forecast in 2020/21.

3.16 While these increases may seem significant it is also important to recognise that in percentage terms the Net Budget Requirement is expected to increase over the next 4 years by 'only' the following:

- 2018/19 – 1.6%
- 2019/20 – 1.6%
- 2020/21 – 2.2%
- 2021/22 – 2.2%

3.17 These increases should also be seen in the context of the unavoidable increases in the expenditure of the organisation where Pay Awards, which cover around 75% of current expenditure, are increasing by at least 2% per annum and current inflation in the wider economy is running at 3.0% (CPI) and 4.1% (RPI).

- 3.18 The increases in income therefore should allow the organisation to continue to deliver the current level of service but there are unfortunately no additional funds to increase the services currently being provided.

#### **4 Financial Impact of a £12 increase**

##### **4.1 Precept Rise of £12**

The Localism Act 2011 includes powers to introduce arrangements for council tax referendums. A referendum would be required in Cleveland if I set a precept increase that exceeds the agreed level. In December 2017, the Secretary of State for Communities and Local Government published details of the referendum principles for English local government alongside the provisional settlement. It was confirmed that the threshold for triggering a council tax referendum in 2018/19, from a PCC perspective, would be an increase in the Band D Police Precept by more than £12 per annum in comparison to the previous year.

- 4.2 The results of the referendum would be binding and all costs associated with the referendum would fall to the Office of the PCC to pay for. With this in mind, I have chosen not to propose a precept increase of more than £12 for 2018/19.

##### **4.3 Tax Base Information and Precept Calculations**

The four local Councils have notified me of their tax bases for 2018/19 which total 151,210.3 Band D equivalent properties. This is an increase of 2,134.3 Band D equivalent properties from 2017/18. This 1.43% increase in the underlying Tax Base within Cleveland, which is the smallest level of growth in the last 5 years, has provided an additional £480k of recurring funding to support Policing and Crime services.

- 4.4 I have also taken into account the balances on each of the council's collection funds in 2017/18, of which a proportion will be paid to me in 2018/18. This is non-recurring funding and the 'Police element' in 2017/18 totalled a surplus of £327k across the 4 councils, this is similarly the smallest surplus for the last 6 years.

- 4.5 The precept calculations are set out below based on the proposed £12 increase:

<b>Proposed Precepts - £12 Increase</b>			
	<b>Unadjusted Precept</b>	<b>Collection Fund Balance</b>	<b>Council Tax Requirement</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Hartlepool Borough Council	5,459,372	17,655	5,441,717
Middlesbrough Borough Council	7,604,900	101,669	7,503,231
Redcar & Cleveland Borough Council	8,880,962	86,000	8,794,962
Stockton on Tees Borough Council	12,637,225	121,955	12,515,270
<b>Total Precept</b>	<b>34,582,460</b>	<b>327,279</b>	<b>34,255,181</b>

4.6 The 'basic amount' of council tax is the rate for a Band D property. It is calculated by dividing the Council Tax Requirement by the total tax base i.e. £34,255,188 by 151,210.3 giving a council tax rate for Band D properties of £226.54.

4.7 The proposed council tax rate for each property band is set out below:

<b>Council Tax Increases</b>				
	<b>£12 increase</b>			
Property Band	2018/19	2017/18	Increase per Annum	Increase per Week
	£	£	£	£
A	151.03	143.03	8.00	0.15
B	176.20	166.86	9.33	0.18
C	201.37	190.70	10.67	0.20
D	226.54	214.54	12.00	0.23
E	276.88	262.22	14.67	0.28
F	327.22	309.89	17.33	0.33
G	377.57	357.57	20.00	0.38
H	453.08	429.08	24.00	0.46

4.8 As you will see from the table above the impact of my proposal to increase the Police precept by £12 will increase a household council tax bill by 23 pence per week for a Band D property.

4.9 Although Band D is set by law as the benchmark for council tax calculations, you will be aware that only a small minority of properties in Cleveland fall into Band D or above. The majority, around 80% are in Bands A-C, and in such properties households will pay less than the Band D tax.

4.10 The impact of my proposal to increase the Police precept by £12 for a Band D property will, in the vast majority of cases, equate to an increase of 15-20p per week in a household council tax bill.

## **5. Consultation**

5.1 Since the announcement of the Provisional Finance Settlement, and the limits and options around precept proposals for 2018/19, I have been consulting with the public on their opinions in relation to an increase of £12 per annum for the 'Police' element of their Council Tax Bill.

5.2 The information on the for the survey undertaken via the PCC website was as follows:

5.3 The Government has allocated the same cash grant to Cleveland Police for the next financial year as in 2017/18. When inflation, pay increases and other



rising costs are taken into account this is, in reality, a significant cut to our policing budget over the next two years.

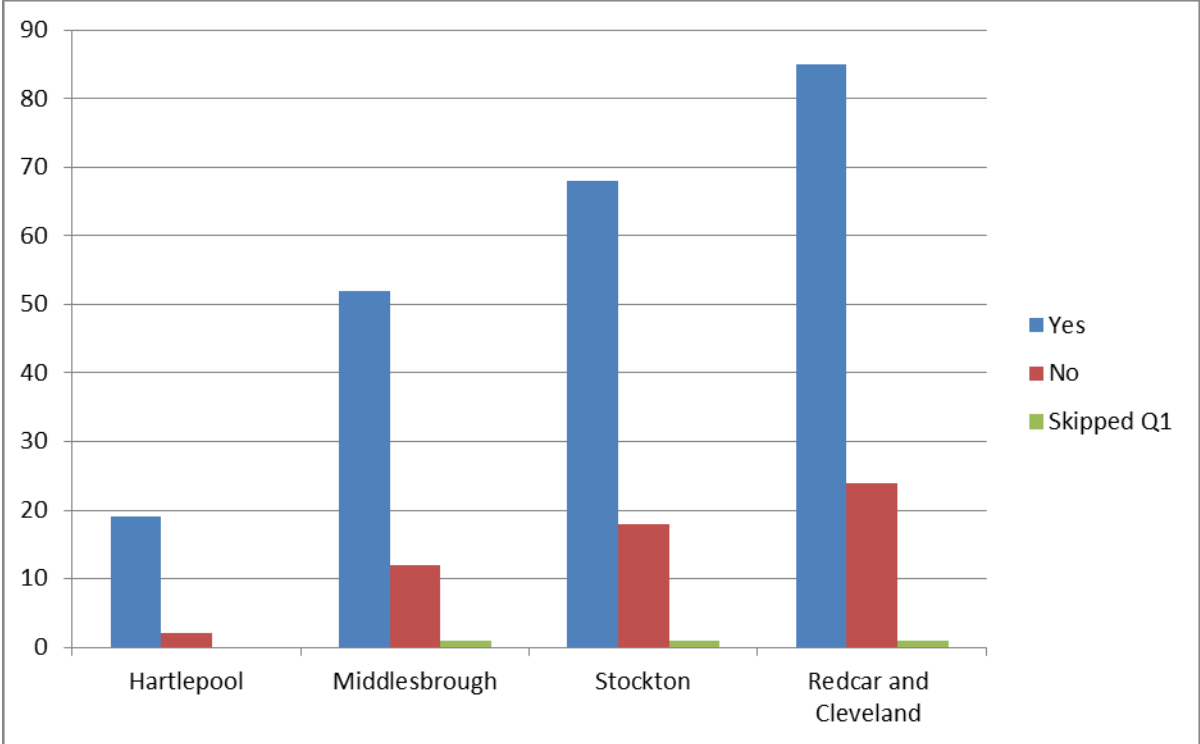
- 5.4 The Government has announced additional flexibility for PCCs around the police precept - the policing element of the council tax - which means that I can increase the amount paid by a Band D property by up to £12 a year. I understand that this means more people, who are already struggling in Cleveland, would need to pay more and the burden for trying to maintain services falls to local taxpayers instead of being addressed nationally.
- 5.5 I am therefore consulting on whether people are prepared to pay more - to maintain policing within Cleveland through an increase in the police element of their council tax
- 5.6 I want to listen to public and stakeholder views before reaching my final view, but I am minded to take the option of maximising police funding by proposing a £12 increase, which would raise around £1.8m in additional precept (above the amount raised in 2017/18). This will enable me to try to maintain current services.
- 5.7 It is important to recognise that without the proposed £1 per month increase in precept, Cleveland Police will need to make significant further cuts on top of those that have already been imposed through reduced Government Funding over the last seven years.
- 5.8 The Government has acknowledged the significant increase in demand on the police to tackle domestic abuse, modern slavery, child sex exploitation and cyber-crime but has not made any extra resources available locally, I will continue to do what I can to help to protect neighbourhood policing, but with procurement savings, digital technology embedded and plans for the use of one off reserves in place, I cannot do this through improvements in effectiveness and efficiency alone.
- 5.9 I am therefore asking whether you are prepared to pay an extra £1 per month, or an increase of £12 per year for a Band D property, to support Policing Services in Cleveland, please let me know your views:
- Yes - I am happy to pay the extra amount to support Policing Services in Cleveland
  - No – I would prefer you to cut the level of Policing Services from those currently provided in Cleveland. I am unwilling to pay the extra amount.

5.10 Consultation Results

The consultation ran from the 22<sup>nd</sup> December until the 22<sup>nd</sup> January and 284 people completed the survey. Of those 284 people who replied to the above question their answers were as follows:

- 79.93% said that they would be happy to pay the extra amount to support Policing Services in Cleveland Police; while
- 20.07% said that they would prefer me to cut the level of Policing Services currently provided in Cleveland as they were unwilling to the pay the extra amount.

5.11 Of those people who responded there was a self-selecting break down of where they live as follows and how they subsequently voted:



## **6. Conclusion**

I have considered various options and various factors in deliberating on my proposal for precept in 2018/19. I have taken into account the needs for the continued delivery of Policing and Crime services within Cleveland. I have spoken with the Chief Constable and have consulted with the public. Based on these views and the financial needs of the organisation over the medium term I formally propose a precept increase of £12 on a Band D property for 2018/19 and ask that this panel considers my proposal.

To aid the Panel in considering my proposal on Precept I attach to this report:

- Appendix A – Draft Budget based on a £12 Precept Increase
- Appendix B – Draft Capital Budget
- A copy of the presentation that I am giving to the local councils and that was also discussed with the Finance Scrutiny panel set up by the Police and Crime Panel.

## Draft PCC Summary LTFP - Jan-18

## APPENDIX A

	Actual	Forecasts			
	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Funding</b>	£000s	£000s	£000s	£000s	£000s
Government Grant	(83,500)	(83,500)	(83,500)	(85,170)	(86,873)
Council Tax Precept	(32,656)	(34,582)	(36,637)	(37,738)	(38,839)
Council Tax Freeze Grant	(800)	(800)	(800)	(800)	(800)
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	(6,868)	(6,868)
<b>Funding for Net Budget Requirement</b>	<b>(123,824)</b>	<b>(125,750)</b>	<b>(127,805)</b>	<b>(130,576)</b>	<b>(133,380)</b>
Specific Grants	(4,558)	(4,911)	(4,436)	(5,436)	(4,336)
Witness and Victims Funding	(659)	(1,246)	(820)	(669)	(682)
Partnership Income/Fees and Charges	(2,664)	(2,737)	(2,869)	(2,923)	(2,942)
<b>Total Funding</b>	<b>(131,705)</b>	<b>(134,644)</b>	<b>(135,930)</b>	<b>(139,604)</b>	<b>(141,340)</b>
%age Change in Funding	-1.2%	2.2%	1.0%	2.7%	1.2%
<b>Office of the PCC Planned Expenditure</b>	£000s	£000s	£000s	£000s	£000s
<b>Total Planned Expenditure</b>	<b>850</b>	<b>860</b>	<b>875</b>	<b>890</b>	<b>905</b>
<b>Community Safety/Victims and Witness</b>	£000s	£000s	£000s	£000s	£000s
Community Safety Initiatives	986	1,058	1,058	1,073	1,073
Service Improvement and Development	1,250	1,450	1,500	1,550	1,600
Victims and Witnesses Services	1,009	1,532	1,107	927	927
<b>Total Planned Expenditure</b>	<b>3,245</b>	<b>4,039</b>	<b>3,664</b>	<b>3,550</b>	<b>3,600</b>
<b>Corporate Services</b>	£000s	£000s	£000s	£000s	£000s
Staff Pay	330	340	350	360	370
Non Pay Expenditure	100	100	100	100	100
PFI Action Stations	5,145	5,240	5,325	5,410	5,500
PFI Urlay Nook	1,770	1,820	1,855	1,915	1,945
Asset Management	1,605	1,875	2,175	1,960	1,600
<b>Total Corporate Costs</b>	<b>8,950</b>	<b>9,375</b>	<b>9,805</b>	<b>9,745</b>	<b>9,515</b>
<b>Police Force Planned Expenditure</b>	£000s	£000s	£000s	£000s	£000s
<b>Pay</b>					
Police Pay	66,740	63,874	65,015	65,818	67,029
Police Overtime	1,375	1,456	1,541	1,621	1,780
Police Community Support Officer Pay	4,255	4,360	4,595	4,720	4,880
Staff Pay	9,755	10,525	10,999	11,321	11,636
<b>Pay Total</b>	<b>82,125</b>	<b>80,215</b>	<b>82,150</b>	<b>83,480</b>	<b>85,325</b>
<b>Major Contracts</b>					
Custody and Medical Contract	2,523	2,446	2,520	2,570	2,620
Outsourcing Contract	17,139	17,900	18,300	17,990	17,990
<b>Major Contracts Total</b>	<b>19,662</b>	<b>20,346</b>	<b>20,820</b>	<b>20,560</b>	<b>20,610</b>
<b>Non-Pay Budgets</b>					
Other Pay and Training	380	774	774	774	774
Injury and Medical Police Pensions	2,435	2,753	2,753	2,753	2,753
Premises	3,620	3,637	3,197	3,220	3,243
Supplies and Services	7,035	7,935	7,391	7,554	7,556
Transport	1,576	1,576	1,576	1,576	1,576
External Support	2,587	2,533	2,738	2,942	2,942
<b>Non-Pay Total</b>	<b>17,633</b>	<b>19,209</b>	<b>18,430</b>	<b>18,820</b>	<b>18,845</b>
<b>Total Planned Force Expenditure</b>	<b>119,420</b>	<b>119,770</b>	<b>121,400</b>	<b>122,860</b>	<b>124,780</b>
%age Change in Expenditure	0.0%	0.3%	1.4%	1.2%	1.6%
<b>(Surplus)/ Deficit</b>	£000s	£000s	£000s	£000s	£000s
Planned Transfers to/(from) General Fund	(2,000)	(950)	(850)	0	0
Contribution to Capital Programme	1,165	1,400	885	2,410	2,390
Planned Transfers to/(from) Earmarked Reserves	75	150	150	150	150
<b>Net (Surplus)/Deficit After Reserves</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>
<b>General Reserves</b>	£000s	£000s	£000s	£000s	£000s
General Fund Balance b/f	8,016	6,016	5,066	4,216	4,216
General Fund Movements	(2,000)	(950)	(850)	0	0
General Fund Balance c/f	<b>6,016</b>	<b>5,066</b>	<b>4,216</b>	<b>4,216</b>	<b>4,216</b>
<b>Employee Numbers (Average per year)</b>	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,280	1,236	1,226	1,226	1,226
PCSOs	148	147	147	147	147
Police Staff - Police Force	285	318	318	318	318
PCC/Corporate Staff	14	14	14	14	14
<b>Assumptions</b>					
Staff Pay Increases	1.0%	2.0%	2.0%	2.0%	2.0%
Police Pay Increases	1.0%	2.0%	2.0%	2.0%	2.0%
Non Pay Inflation	1.6%	2.0%	2.0%	2.0%	2.0%
RPI	3.0%	3.5%	3.0%	3.0%	3.0%
Precept Increases	2.0%	5.6%	5.3%	2.0%	2.0%
Government Grant Movements (Cash Basis)	-1.4%	0.0%	0.0%	2.0%	2.0%

<b>PCC Summary Long Term Capital Plan Position -January 2018</b>				<b>APPENDIX B</b>		
	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>Future Funding Levels</b>	£000s	£000s	£000s	£000s	£000s	£000s
<b>Earmarked Reserve/Funding b/f</b>	<b>3,924</b>	<b>246</b>	<b>1,475</b>	<b>95</b>	<b>483</b>	<b>1,302</b>
Capital Grant	515	515	515	525	535	545
Contribution to/from Revenue	1,165	1,400	885	2,410	2,390	2,250
Capital Receipts (from Vehicle sales)	100	100	100	100	100	100
Capital Receipts (from Property sales)		2,542	575	3,109	2,988	3,109
New Prudential Borrowing	11,000	3,000		-3,272	-4,000	-4,772
Supported Capital Borrowing	760					
<b>Projected In-year funding Available</b>	<b>13,540</b>	<b>7,556</b>	<b>2,075</b>	<b>2,872</b>	<b>2,014</b>	<b>1,232</b>
Community Safety Hub	11,423	2,956				
IT Replacement programme/Data Centre move	967					
Police Force New Capital Schemes	4,828	3,371	3,455	2,484	1,194	1,500
<b>Total Capital Programme</b>	<b>17,218</b>	<b>6,327</b>	<b>3,455</b>	<b>2,484</b>	<b>1,194</b>	<b>1,500</b>
<b>Earmarked Capital Reserve/Funding c/f</b>	<b>246</b>	<b>1,475</b>	<b>95</b>	<b>483</b>	<b>1,302</b>	<b>1,034</b>

## **Glossary**

**Band D council tax** - This is the council tax payable on a Band D dwelling occupied as a main residence by two adults, before any reductions due to discounts, exemptions or council tax benefit. This definition is widely regarded as a benchmark when comparing council tax levels in different areas or over time.

**Billing Authorities** - Billing authorities are the authorities that are empowered to set and collect council taxes, and manage a Collection Fund, on behalf of themselves and other local authorities in their area.

**Budget requirement** – This is an amount calculated, in advance of each year, by each billing authority, by each major precepting authority and by each local precepting authority (primarily parish councils). It is broadly the authority's net revenue expenditure allowing for movement in reserves. It is therefore, the amount to be met from revenue support grant, redistributed non-domestic rates, principal formula police grant, GLA general grant and council tax.

**Chargeable dwellings** - Those domestic dwellings in an area for which council tax is payable. It excludes dwellings on the valuation list which are exempt from paying council tax. Each chargeable dwelling is counted as one dwelling, whether or not a full council tax bill is payable for it. The total number of chargeable dwellings in an area is the denominator used to calculate the average council tax per dwelling. In April 2013 council tax exemptions for short term empty properties and properties undergoing major structural repairs were abolished and replaced with a flexible discount rate for all empty properties. This change significantly increased the number of chargeable dwellings in England,

**Collection Fund** - The fund administered by a billing authority into which council taxes are paid, and from which payments were made to the general fund of billing and precepting authorities.

**Council tax** - This is a local charge (or charges) set by the billing authority in order to collect sufficient revenue to meet their demand on the collection fund and the precepts issued by the precepting authorities. It replaced the community charge on 1 April 1993 and is calculated based on the council tax band assigned to the dwelling. The Valuation Office Agency assesses the properties in each district area and assigns each dwelling to one of eight valuation bands; A to H. Council tax is set on the basis of the number of Band D equivalent properties. Tax levels for dwellings in other bands are set relative to the Band D baseline.

**Council Tax Band** - There are eight council tax bands, A to H. Each domestic dwelling is assigned a council tax band by the Valuation Office Agency (VOA). Council tax bands are based on the value of the dwelling as at 1 April 1991. Any dwelling built after this date is given a notional 1991 value for council tax purposes.

**Council Tax Freeze Grant** – a scheme introduced in 2011-12 to pay a grant to local authorities that froze or reduced their council tax in that year. Further schemes have been offered to authorities that froze or reduced their council tax in subsequent years.

**Council Tax Referendums** - The Localism Act 2011 abolished central government capping and made provision for binding referendums to be held on excessive council tax increases. A referendum must be held where an authority's council tax increase is higher than the principles proposed annually by the Secretary of State and approved by the House of Commons.

**Council tax requirement** - This is an amount calculated, in advance of each year, by each billing authority and by each major precepting authority. It is the amount of revenue to be met from council tax, and is equivalent to an authority's Band D council tax multiplied by its council tax base.

**Localisation of council tax support** – From 1 April 2013 council tax benefit, the means of helping people on low incomes meet their council tax obligations, was replaced by new localised support schemes. This means that, at least for working age people, local councils are now free to design almost any scheme they wish to provide help with council tax.

**Local precepting authority** – parish / town councils, chairmen of parish meetings, charter trustees and the treasurers of the Inner and Middle Temples are all local precepting authorities. These local authorities make a precept on the billing authority's general fund.

**Major precepting authority** - These are county councils in two-tier areas, police and crime commissioners, fire and rescue authorities and the Greater London Authority. These local authorities make a precept on the billing authority's Collection Fund.

**Precept** - The amount of money (council tax) that a local or major precepting authority has instructed the billing authority to collect and pay over to it in order to finance its net expenditure.

**Relevant basic amount of council tax** – It is used as the basis for deciding if a referendum is required to approve or reject a local authority's level of council tax for the year.

**Tax base** - This is the number of Band D equivalent dwellings in a local authority area. To calculate the tax base for an area, the number of dwellings in each council tax band is reduced to take account of discounts and exemptions. The resulting figure for each band is then multiplied by its proportion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated. An adjustment is then made for the collection rate. The tax base figure that is used by a local authority when it sets its council tax uses an adjustment for the collection rate, the actual discount for second homes and any premium applicable to empty homes.

**Budget** - A statement of an organisation's plans in financial terms. A budget is prepared and approved before the start of each financial year and is used to monitor actual expenditure throughout the year.

**Government Grants** - Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

**National Non-Domestic Rate (NDR)** - The business rate in the pound is the same for all non-domestic ratepayers and is set annually by the government. Income from business rates goes into a central government pool that is then distributed according to resident population.

**Police Grant** - A grant paid by the government to Police and Crime Commissioners as a proportion of the Formula Spending Share or FSS.

**Precept** - The income which the Police and Crime Commissioner requires the District Council to raise from Council Tax on behalf of the Police and Crime Commissioner.

**Revenue Support Grant (RSG)** - General government grant support towards expenditure.