



BOARD REPORT

PCC Strategic Board – 25 January 2017

Report Title: Revenue Budget 2017/18

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Report for: PCC

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1. Executive Summary

- 1.1 The 2017/18 revenue budget has been built around the Commissioner's Police and Crime Plan and has been considered by the Commissioner and Chief Constable both in the short and longer term. It has been developed to ensure that;
- It demonstrates the strongest possible management of available finances
 - While savings plans need to be developed further it will deliver a balanced budget to 2018/19.
 - Is able to protect and enhance front line officer numbers and local policing capability.
- 1.2 The budget reflects the Police and Crime Plan commitment to achieve the required savings in a transformative way, with a focus on boosting the frontline, protecting those most vulnerable and ensuring that all communities have an effective community policing capability. In addition, continuing the good work that has happened through collaboration with other Police Forces, Partners and Blue light Services as well as, the Police and Crime Commissioner's (PCC) commitment to exploring and exploiting all opportunities for the force to work new and innovative ways that may attract further funding.
- 1.3 The Police Grant for 2017/18 was announced on 15 December, this equated to £62.8M, a reduction of £862,000 compared to the previous year, a slightly higher reduction than we had anticipated. Despite this, the Police & Crime Commissioner was still in a position to be able to recommend a balanced draft budget without making material changes to the initial growth assumptions or savings plans and was confident this level of funding would allow her to deliver the priorities as set out in her Police and Crime Plan.

- 1.4 In line with the Policing Ministers expectations the 2017/18 draft budget and medium term financial forecasts have been prepared on the basis that the Commissioner will increase Council Tax by the maximum amount allowed without invoking a referendum. This has been anticipated to be just below 2% for Bedfordshire and this figure, for 2017/18, was confirmed on 15 December 2016.
- 1.5 Up until the settlement announcement and as a result of savings plans being in place the Police & Crime Commissioner (PCC) expected to be able to set a balanced budget in 2017/18 without the need to use the budget reserve. Since the announcement additional savings have been achieved and more funding has been made available from an increase in the council tax base (the number of tax payers) and the collection fund surplus (improved collection rates) provided to the PCC from the Bedfordshire Unitary Authorities. This has enabled the PCC to increase the visibility of Community Policing across the County by increasing the officer establishment by 10 which will be added to the community policing capability of the Force, one of the commitments made in her Police and Crime plan. It also provides her with the ability to increase her reserves by £250K, due to a one-off increase in the collection fund surplus from the local authorities.
- 1.6 The use of reserves in 2017/18 is likely to be limited to supporting implementation teams and set up costs of the large change programmes associated with collaboration or from the continuous improvement team within Bedfordshire.
- 1.7 Following the settlement announcement and the tax base information from the Bedfordshire Unitary Authorities the proposed budget equates to **£105.039M** before any savings are taken. The savings available for the Force equate to **£2.836M** meaning a net budget of **£102.203M** is attainable. Based on the agreed council tax increase of 1.99% the funding available to the Force is also **£102.203M** resulting in a balanced proposed 2017/18 budget that includes a contribution to reserves of **£0.250M**. The recommendation to place this amount into the budget reserve is as a result of an increase in the collection fund surplus. The level of this surplus is unlikely to be maintained so it would be unwise to build permanent changes to the budget from a funding increase that is temporary in nature.

2. Purpose of report

- 2.1 To recommend a revenue budget and precept for 2017/18, subject to any alterations required from the 2017/18 final settlement, tax base and collection fund surplus.

3. Background/Supporting papers/Implications

- 2017/18 to 2020/21 Medium Term Plan – PCC Exec Board (June 2016)
- 2016/17 Revenue Budget Monitoring Report – PCC Exec Board (Oct 2016)
- 2017/18 Provisional Budget Report – PCC Exec Board (Dec 2017)

4. Contribution to the Police and Crime Plan

- 4.1 The recommendations arising from this report and the subsequent report from the Police and Crime Panel will determine the budget available to deliver substantial elements of the Commissioner's Police & Crime Plan for Bedfordshire.

5. Recommendations

- 5.1 Subject to any variations as a result of the final police grant settlement figures and changes to the council tax base and collection fund surplus;
- I. The net revenue budget (budget requirement) is set at **£102.203M**, which includes increasing the police establishment by 10 officers.
 - II. The proposed savings plan at Appendix A is implemented
 - III. A contribution of **£250,000** to the budget reserve is included in the base budget
 - IV. The band D council tax is set at **£166.09**
 - V. This report is presented to the Police & Crime Panel on 6 Feb 2017 as an appendix to an accompanying report requesting that the Panel review and report back to the Commissioner on the proposed precept.

6. Appendices or enclosures

- 6.1 Appendix A – Proposed Savings Plan.
- 6.2 Appendix B – Committed Growth
- 6.3 Appendix C – Estimated Reserve Position as at 31 March 2017 and projected movements.

7. Introduction

- 7.1 This is the formal budget report to initially be considered by this Board and subsequently reviewed by the Police and Crime Panel on 6 February 2017. It contains the appropriate information to determine the budget requirement for 2017/18 along with the Band D equivalent Council Tax and Precept, subject to potential changes outlined at paragraph 7.2 below.
- 7.2 At the date of this report the provisional finance settlement has been received for 2017/18 as well as the data from the three Unitary Authorities with regards to tax base and collection fund information. This data is not expected to change before the meeting of the Police and Crime Panel on 6 February 2017.
- 7.3 Based upon the Provisional Settlement it is projected that the Commissioner will face a funding gap over the Medium Term (i.e. 2017/18 to 2020/21) of some £10.9M. This is comprised of:
- Reductions to Central Grant totalling an estimated £3.3M;
 - Inflation and Pay Awards totalling an estimated £4.3M
 - Unavoidable Growth totalling £3.6M
 - Estimated cost pressures over the medium term totalling £4.3M;
 - These costs being partially offset by increases in Council Tax of £4.6M

7.4 To offset this funding gap the Commissioner and Chief Constable have developed a savings plan for the Medium Term that includes:

- Savings that have been generated during the 2016/17 Financial Year;
- Savings that arise as a result of a new policing model;
- Savings that are generated through new collaborative ventures such as ICT and HR.
- Savings achieved through further efficiencies in areas that are already collaborated with our Alliance partners.

7.5 These savings plans, whilst sufficient, at this stage to provide balanced budgets for 2017/18 and 2018/19 need to be developed further, especially in the latter part of the medium term plan in order to remove the reliance on reserves in 2019/20 and reduce this reliance in future years.

7.6 The Commissioner has managed to build a level of Reserves, both general and earmarked that can be used to fund any exceptional costs, one-off costs associated with change programmes or capital investment and to smooth any budgetary pressures over the medium term.

8. General Considerations

8.1 This will be the first budget set by Police and Crime Commissioner Kathryn Holloway who was elected in 2016. In preparing the 2017/18 budget a number of factors have been taken into account and these are highlighted in the following paragraphs.

8.2 The Commissioner published her Police and Crime Plan for Bedfordshire in May 2016 which represents the strategic direction she wishes the Force to follow over the four years of her term of office. The plan was shaped around the communities of Bedfordshire and can be found on the website of the Police & Crime Commissioner.

8.3 In considering the 2017/18 budget the Commissioner has ensured that the budget she is setting provides her with, recognising its limitations in terms of the overall size of the budget for which she continues to ask for Bedfordshire to receive, a level of funding that gives the best ability to deliver against her plan. Some of the key areas are highlighted below:

- A return of more visible Community Policing across the County – the Commissioner in agreeing the 2017/18 budget has increased the police officer establishment by a further 10 officers, all of whom will be allocated to community policing and assist in enhancing the population of the 7 community hubs across Bedfordshire and Luton.
- To ensure the Police are available when we need them most – by protecting the Force budget and further enhancing the police officer capability and capacity the Commissioner has provided the Force with the ability to continue the drive to protect people in all of our communities.

- A fair deal on policing wherever you live – in the town or country – by protecting police officers and PCSOs and by further increasing the number of police officers throughout the county the Force are better placed to enhance their capability to provide effective policing in all areas of our county. The demand faced by the Force, compared to its resourcing continually makes this difficult but by providing this protection and with the Force continuing to punch above its weight the PCC is confident that all of our public will receive the same level of policing wherever they reside.
- Working with Partners to break the cycle of serial offending and to prevent crime wherever possible – the setting of this budget continues to enable partnership working with our unitary authorities, blue light services and other public sector bodies, such as the NHS. This will allow the Force and our partners to continue the excellent work that is being undertaken within our offender management programmes and allow us to work together to safeguard the vulnerable and tackle crime.
- New Crime Challenges – whilst the budget being set allows for growth in our community policing it still provides the Force to continue the good work it has undertaken in tackling new challenges which mainly centre around cyber-crime and such crimes as modern day slavery and female genital mutilation, all areas where the Force, despite its size and resourcing continues to lead nationally on.

8.4 In addition to delivering the Police & Crime Plan the Commissioner has also considered the likelihood of further reductions in Government funding in future years and what it is reasonable to ask the Bedfordshire residents to pay.

9. Draft Budget 2017/18

9.1 The draft budget of **£104.514M** published in December was summarised as;

	£'000
Draft Budget (November 2016 prices);	
Force	102,423
PCC	890
Community Safety Fund	785
Contingency	416
Draft Budget	104,514

9.2 There is a need to make an allowance, by way of a contingency provision for pay/price increases that will arise between November 2016 and March 2018. This has been set at **£0.416M** which is solely made up of the anticipated pay award for officers and staff in September 2017. No non-pay contingency has been included in the budget for 2017/18.

9.3 Also included in the draft budget was growth that has resulted from Government decisions, such as the introduction of the Apprentice Levy. The Apprentice levy will be introduced from 6 April 2017 and employers with an annual pay bill of more than £3M will need to pay the equivalent of 0.5% of their total pay bill to HMRC, for Bedfordshire Police this is estimated at £0.360M. The budget has also been increased to account for enhanced holiday pay entitlement as a result of a court case known as Bear Scotland. Following legal proceedings it was decided that an employee who works regular overtime or receives other such allowances on a regular basis is entitled to receive similar payments when they are on annual leave. The estimated cost of this decision is £0.250M to Bedfordshire Police.

9.4 We have also estimated an increase in the payroll costs for staff and officers as a result of progression through the pay scales, this has been referred to an incremental drift and is estimated at £0.395M for the Force. The staff pension scheme has been re-valued and the actuaries have recommended that the amount paid by the employer is increased by 1% from 16.4% to 17.4%. The cost of this has been estimated at £0.252M. Their recommendations are for this increase to be followed by further 1% increases through to 2019/20 when the employer contribution rate will be 19.4%.

9.5 The majority of other growth relate to collaboration initiatives, we have increased the baseline for HR to facilitate the tri-force collaboration, allowed ICT to reinvest savings that they will achieve in 2017/18 and some Custody savings planned for 2016/17 were not achieved resulting in further growth.

10. Financial Settlement – 2017/18 for Bedfordshire

10.1 This report has been based upon the provisional funding settlement for the Police announced on 15 December 2016 and these figures are expected to be confirmed on 31 January 2017. Therefore there is the potential for changes to the table below prior to the report being submitted to the Police and Crime Panel. The table compares the Central element of the Commissioners funding between 2016/17 and 2017/18. This shows that central funding has been reduced by £0.9M or 1.4%.

2016/17		2017/18	Change
£'M		£'M	%
63.7	Police Grant	62.8	-1.4
4.6	Legacy Council Tax Grants	4.6	0
68.3		67.4	

10.2 In addition to the announcement of funding for Bedfordshire the provisional settlement also included the following generic information;

- The strategy of ensuring every local policing body receives the same percentage reduction in core Government funding remains unchanged.
- Police Grant reduction of 1.4% for all Forces in England and Wales
- Legacy Council Tax grants remained unchanged.
- Top slices taken from the Policing Grant to fund Police Technology Programmes, Police Transformation Fund and arms-length bodies such as HMIC & College of Policing.
- Forces will be allowed to increase their Council Tax by up to 2% with additional flexibility given to the 10 Forces with the lowest precept bills (this does not include Bedfordshire).

10.3 At the time of reporting on the draft budget the only figures available from the Home Office relating to the Police Grant were rounded to the nearest £'000. Now that exact figures have been published the funding for Bedfordshire is **£62.772M** a reduction of £28,100 compared to that reported in December 2016.

11. Council Tax

11.1 During our planning assumptions it was expected that in line with recent years, as a general rule a 2% referendum principle would apply to most Commissioners, meaning that a positive local referendum result for a council tax increase at or above 2% would be needed. This was confirmed during the settlement announcement.

11.2 The Commissioners desire to protect the Force's frontline capability as well as increasing the number of specials and volunteers combined with forward planning to keep future budget gaps to a minimum has meant the Commissioner will increase the Council Tax by the maximum allowed in 2017/18 and is likely to continue to do this over the Medium Term, this will mean continued increases of 1.99%. In 2017/18 this will increase the Band D Council Tax for Bedfordshire Police from £162.85 to **£166.09**, an increase of **£3.24** per annum.

11.3 The total amount raised via Council Tax by the Police is also influenced by an estimate of the number of tax payers within the County (the tax base), this figure is set by the Unitary Authorities in January each year and for the 2017/18 financial year the tax base has increased by 2.3%. This is slightly higher than the 2% figure that had been factored into our budget planning assumptions and as a result an additional **£99,900** funding is available compared to the draft budget position predicated on the assumption that Band D Council Tax is set at £166.09.

11.4 The Unitary Authorities also have the responsibility of collecting Council Tax from the Bedfordshire public each year. If the number of properties they collect from varies to the estimated tax base a collection fund surplus or deficit will occur, this is then shared between the precepting authorities, including the Police & Crime Commissioner. At the time of setting the draft budget we estimated that a surplus of £400,000 would be announced. The reported figure is **£803,100** which is exceptionally high but does provide an additional £403,100 funding when compared to the draft budget. The collection fund figure will vary each year and it is likely that this figure will reduce in 2018/19 so caution should be exercised when building this into the base budget.

11.5 When taking these adjustments into account an additional £475,000 funding is available to the PCC when compared to the draft budget reported on in December 2016, as shown in the table below.

Draft Budget	Funding Stream	Final Budget	Change
£'000		£'000	£'000
62,800	Police Grant	62,772	(28)
4,637	Legacy CT Grants	4,637	-
33,891	Tax Base	33,991	100
400	Collection Fund	803	403
101,728	Total	102,203	475

11.6 The funding available to the Police & Crime Commissioner is **£102.203M** as shown in the table above.

12. Budget Reductions 2017/18

12.1 The planned budget reductions are shown at Appendix A, totalling **£2.836M**, these are derived through a series of change initiatives and income generation the Force and Commissioner have been considering over the past years. They are **£50,000** higher than presented at the draft budget following further scrutiny while reviewing the 2016/17 budgets.

12.2 The collaboration programme has slowed down over the past two years and this is the second year running we have seen savings that have been planned that have not been delivered and have had to be built back in as growth the following year.

12.3 The total savings anticipated through collaboration is £0.805M in 2017/18, and incorporates savings of £0.300M generated through collaborative ICT, savings from Joint Protective Services (JPS) having just embarked on a three year transformation plan known as JPS 2020.

12.4 Whilst growth has been built into the police pay budget because of incremental drift we also anticipate that with three intakes of new recruits planned between January and the start of the financial year that the average pay for officers will drop. Some income generation opportunities have arisen that have been built into our savings plan.

12.5 Further savings have come from the continuation of the QIP model introduced last year, these relate to supervisory posts that can now be removed from the model. Finally, during 2016/17 the Police Pension Administration Service was outsourced to Kier Business Services, this has proved to be a great success and has meant that Beds, Herts and Cambs all use the same provider and has enabled Beds to reduce it's budget by £0.100M.

13. Additional Investment

13.1 As a result of the changes that have happened since the draft budget was published the PCC has an additional **£525,000** financial resource at her disposal. £475,000 as a result of an increase in funding and £50,000 via an addition to the savings plan.

- 13.2 Whilst it is safe to assume that the increase in the tax base will be a permanent adjustment and in all likelihood this trend will continue in the medium term the increase to the collection fund is not something that is likely to continue. Our medium term financial plan makes an assumption that this figure will reduce in 2018/19 and therefore it would be unwise to build this additional income into the base budget. With this in mind it is proposed that a contribution to the budget reserve is incorporated into the final budget. This recognises that savings plans still need to be developed in 2019/20 onwards and it is something that can be taken out of the 2018/19 budget to reflect the expected drop in council tax surplus without impacting on the service the public receive.
- 13.3 It is proposed that the remaining additional funds available are invested into the Force increasing officer numbers by 10. This will enable the PCC to deliver against her pledge contained within her Policing and Crime plan to increase the visibility of Community Policing across the County. These additional officers have been budgeted part year (from August 2017) recognising the time it takes to recruit suitable officers. The part year cost equates to £296,000 and this will mean there is an automatic growth pressure of £211,000 in 2018/19 but this has already been factored into the medium term financial plan. On the assumption that the additional growth is supported the full list of growth can be found at Appendix B.

14. Budget Variations

- 14.1 On the assumption that the recommendations within this report are approved the movement from draft budget to final budget are summarised in the table below:

	Draft	Changes	Proposed Budget
	£'000	£'000	£'000
Force	102,402	296	102,698
PCC	890		890
Community Safety Fund	785		785
Contingency	416		416
Contribution to Reserves	21	229	250
	104,514	525	105,039
Proposed Savings	(2,786)	(50)	(2,836)
Funding Available	101,728	475	102,203

- 14.2 The budget reductions shown at Appendix A and detailed in section 12 reduces the budget by £2.836M giving a net revenue budget of **£102.203M** including a contribution to reserves of £0.250M.

- 14.3 Overall staffing levels remain the same as a result of these changes although there is an increase in officer numbers compensated by a reduction in staff numbers. This is illustrated in the table below:

	2016/17	2017/18
Police Officers	1,050	1,060
PCSO's	55	53
Police Staff	766	758
Bedfordshire	1,871	1,871
ERSOU	121	121
CTIU	115	115
Including Regional	2,107	2,107

- 14.4 The officer numbers quoted are based on the current policing model, our share of collaborated units and some externally funded posts. We have also separated out those staff employed by Bedfordshire Police on behalf of the eastern region for both the Counter Terrorism Investigation Unit (CTIU) and Special Operations Unit (ERSOU). Officers seconded into these units have been excluded. While actual strength will vary during the year the estimated budgeted establishment is expected to remain constant. The figures quoted for 2016/17 have been restated for comparison purposes.
- 14.5 These workings are based on the provisional settlement and assumptions concerning grant income and apportionment rates for collaborated units. Therefore changes are possible as a result of confirmation of the final grant announcement, agreed external funding and the net revenue budget of our strategic alliance partners.

15. Forecast Revenue Underspends During 2016/17

- 15.1 The prospect of revenue underspends has been regularly reported to the Commissioner during the year, the larger variances relating to Police Pay and Collaborated Units. The revenue underspend for 2016/17 is forecast to be an underspend of between **£0.750M** and **£1.500M**.
- 15.2 The year end position will continue to be monitored and if during the remainder of the year the underspend remains the same or increases the use of reserves will be reviewed to determine how they will be used and whether any transfer between reserves is appropriate. In doing so the following points will be taken into account.
- The need to build up the capital financing reserve as a result of a reduction of £0.324M to the annual capital grant awarded to Bedfordshire PCC.
 - The borrowing requirements of the PCC
 - The investment required for collaboration
 - The future reliance on the budget reserve built into the medium term financial plan.
 - The wish to fund expenditure originally planned from reserves from revenue underspends.
 - The wish to ring-fence underspends from the Camera, Tickets & Collisions unit for road safety initiatives currently estimated at £350K for Bedfordshire.
 - The ability to fund one-off, non-recurring expenditure from year-end underspends.

15.3 For the purpose of this report it has been assumed that the outturn will be an underspend of **£1.0M** of which £0.650M will be placed into the Capital expenditure reserve as a result of a continued reduction to the police capital grant and the remaining £0.350M will go towards the road safety reserve. However, this will be considered in more detail when the 2016/17 outturn is known, during June/July of this calendar year.

16. Medium Term Financial Strategy: Budget Reductions 2017/18 to 2020/21

16.1 Based on proposals contained within this report the estimated medium term plan position is shown in the table below. This is a marginally worse forecast compared to the figures presented with the draft budget. The reason for this is that the inclusion of an additional 10 officer posts does increase the base budget from 2017/18 but the Commissioner is committed to this promise. Future savings plans will be worked on by the PCC and the Chief Constable with the aim of maintaining a Force fit for purpose and reducing the projected budget gap. The Final Settlement is expected to be announced on 31 January 2017 and the medium term plan will be reviewed once that is confirmed and the 2017/18 budget is agreed.

	2017/18 Proposed	2018/19 Estimated	2019/20 Estimated	2020/21 Estimated
	£'000	£'000	£'000	£'000
Restated draft budget (a)	105,039	104,638	104,914	106,118
Estimated funding (b)	102,203	102,418	102,461	102,761
Shortfall (a-b)	2,836	2,220	2,453	3,357
Savings	2,836	2,220	1,469	275
Additional Savings Required			984	3,082

16.2 Bedfordshire, Hertfordshire and Cambridgeshire have continued to strive to develop collaborative approaches in the broad areas of:

- Protective Services;
- Operational Support Services;
- Organisational Support Services.

16.3 The potential savings in 2017/18 have been explained in section 12 and further savings are anticipated from collaboration in future years including the JPS 2020 project. We will also continue to look for budget efficiencies and anticipate a continuation of the reduction in police pay average.

16.4 As explained earlier in the report whilst the savings plan provides us with a balanced budget for 2017/18 and 2018/19 further work will need to be undertaken by both the Commissioner and Chief Constable to ensure a savings plan is in place to bridge the gap in future years and the savings being achieved through collaboration are continuously reviewed.

17. Reserves

- 17.1 It has previously been acknowledged that the use of reserves to fill long term funding gaps is not a sustainable approach to balancing budgets, but can be used to smooth the reductions over a longer period or to provide a buffer in a particular financial year. With that in mind a specific budget reserve has been created to soften the effects of austerity we are currently experiencing. The usage of this reserve will now be considered, alongside the development of a future years savings plan, having received the settlement information.
- 17.2 The Commissioner must hold a minimum level of general reserves, although neither the Audit Commission nor CIPFA feel it appropriate to stipulate what a minimum level should be, and therefore it is for the Chief Finance Officer to give advice. Based on previous advice that the level of general reserves should reflect the level of anticipated risk for exceptional expenditure arising from exceptional circumstances (i.e. the likelihood of a Soham type incident, terrorist type activity, disturbances etc.) that cannot be funded from within the Commissioners and Force's agreed revenue budgets and capital programme, the Commissioner has been advised to hold a general reserve of at least 3.0% of the net revenue budget and has followed that advice.
- 17.3 Having analysed the funding settlement and made medium term plan projections the resultant reserve forecast has been reproduced at Appendix C. This assumes that current future funding gaps will be filled by use of the budget reserve. The reality is however that as savings plans are developed the reliance on the budget reserve will be reduced. The Commissioner has also set up a Road Safety Reserve that she feels should be used to support road safety initiatives. Any decision regarding the use of reserves will be made by the PCC after taking advice from her Chief Financial Officer.

18. Robustness of Estimates

- 18.1 Under Section 25 of the Local Government Act 2003 the Chief Financial Officer of the Police & Crime Commissioner is required to report on the robustness of the estimates included in the proposals above.
- 18.2 The estimates included within this report have been compiled by qualified financial staff in consultation with budget managers, the Force Executive, the Continuous Improvement Team and have been overseen by the Chief Finance Officer.
- 18.3 The work on the 2017/18 budget began in September 2016 and has been informed by settlement and grant announcements detailed earlier in this report. The Force have had input and have been regularly briefed and updated on the budget preparation and medium term plan as the Police & Crime Commissioner has developed this via her regular one to one meetings with the Chief Finance officer and more formally via reports to the Police & Crime Commissioner's Strategic Board. The Joint Audit Committee has received internal audit reports on numerous aspects of financial management which have provided the Police & Crime Commissioner with assurances that the necessary controls are in place. The findings of the external auditors also support the assurances provided by the internal auditors.

19. Referendum Principles

- 19.1 Under the provisions of the Localism Act 2011 the Secretary of State defines a set of principles to determine if the level of Council Tax raised by a Police and Crime Commissioner (PCC) is deemed to be excessive, based on these principles the level of Council Tax presented within this report is not considered excessive by the Secretary of State.
- 19.2 Any PCC proposing an excessive increase in council tax must hold a local referendum and obtain a “yes” vote before implementing the increase. They must also make substitute calculations, based on a non-excessive council tax level. This will take effect if the excessive increase is rejected in the referendum. The current proposals do not invoke referendum principles.

20. Tax Base, Precept and Council Tax

- 20.1 The Council Tax is primarily a tax on the relative market value of property in an area based on eight valuation bands (A to H). The Council Tax base is defined in terms of the number of Band D equivalents (the “average” Band). The Unitary Councils have confirmed the final number of Band D equivalents for 2017/18 and the budget report is based on the following numbers :

Unitary Council	Band D Equivalents
Bedford Borough	56,816
Luton Borough	49,733
Central Bedfordshire	98,104
	204,653

- 20.2 This represents a large increase in the tax base of 4,603 band D equivalent homes (2.3%) compared to the previous year. We had estimated a 2.0% increase and this continues the recent trend we have seen within Bedfordshire reflecting the on-going increase in new homes across the County, the reduction in exempt properties and the reduction in single occupancy discounts.
- 20.3 The arrangements for financing the Police Service provide for the Commissioner to receive specific police grant and formula funding via the Home office along with legacy council tax grants. The amounts are fixed and do not vary with expenditure. The following table shows the level of the Precept based on a budget requirement of **£102.203M** and a Council Tax increase of 1.99%. The apportionment to each of the Unitary Councils is also shown.

	£'M
Budget Requirement	102.203
Police Grant	(62.772)
Legacy Council Tax Grants	(4.637)
	34.794
Surplus on the 2016/17 Council Tax collection fund	(0.803)
Precept	33.991
Apportionment between Unitary Councils	
Bedford Borough	9.437
Luton Borough	8.260
Central Bedfordshire	16.294
Precept	33.991

20.4 Using the tax base data supplied by the Unitary Councils, a budget requirement of **£102.203M** would result in an average Council Tax at band D of **£166.09**. This compares to a Council Tax at band D of £162.85 in 2016/17, as rise of £3.24 per annum (£0.27 per month/6 p per week) or 1.99%.

20.5 The following table shows the Council Tax for all bands based on a budget requirement of **£102.203M**.

Valuation Band	Tax payable compared to band D (expressed in fractions)	Council tax for Band £
A	6/9	110.73
B	7/9	129.18
C	8/9	147.64
D	1	166.09
E	1 & 2/9	203.00
F	1 & 4/9	239.91
G	1 & 6/9	276.82
H	2	332.18