

## REPORT OF THE POLICE AND CRIME COMMISSIONER FOR BEDFORDSHIRE

<b>Date</b>	February 2020	<b>Agenda item</b>	<b>7b</b>
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### Report: Budget and Precept Report

#### Revenue Budget 2020/21

##### 1. Executive Summary

- 1.1 The 2020/21 revenue budget in keeping with previous years 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
  - It delivers a balanced budgeted through to 2021/22 and whilst savings plans need to be developed further, with the use of the budget reserve and some minor adjustments, it will be in balance through to 2022/23, (subject to receipt of the promised Special Grant in 2019/20).
  - Is able to protect and enhance front line officer numbers and local policing capability.
  - It makes the best available use of ring-fenced grants awarded via operation uplift, the Home Office's vehicle to increase officer numbers nationally
  - The proposed increase in council tax will fund further enhancements to officer numbers
- 1.2 The budget reflects the Police and Crime Plan's 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 to continuing the good work that has happened through collaboration with other Police Forces, Partners and Blue Light Services we will continue to exploit all opportunities for the force to work in new and innovative ways that may attract further funding.
- 1.3 During the 2018/19 financial year the PCC was successful in securing a special police grant for Bedfordshire equating to £4.571M. The detailed business case was submitted following campaigning by the PCC supported by the Chief Constable arguing that the nature of gang, gun &

knife issues faced by Bedfordshire represents an extraordinary challenge for a Force of our size. The argument that Bedfordshire is funded as a rural force with urban responsibilities is still valid and a further application for special grant funding was made in the current financial year, 2019/20. Twelve months on the pressures faced by Bedfordshire remain similar and the acknowledgement of the Force's poor funding position continues to impact on our ability to recruit to the numbers that the Force & PCC feel is appropriate for Bedfordshire. Without the payment of special grant in 2019/20 our reserve position and subsequent medium term projections become vulnerable and significant savings will need to be identified during 2020/21 potentially denying the PCC's desire to continue to build Bedfordshire Police to a size befitting the pressures facing the Force. Despite increasing the Force officer establishment by 184 officers during the PCC's term with Bedfordshire Police the PCC & Chief Constable still feel they require the funding for an additional 336 officers in order in Police appropriately without the need to rely on the Special Police Grant.

- 1.4 As a result of the general election called in December 2019 the Police Grant for 2020/21 and the council tax increase restrictions were announced on 22 January 2020, a month later than we would normally expect. This meant that many different scenarios were tested during the build up to the announcement to enable us to plan for different outcomes. While the announcement has been very positive for Policing generally, Bedfordshire Police continues to be treated in exactly the same way as all other Forces, despite the recognition that the demand it faces is greater than the funding it receives. Therefore by comparison the Chief Constable and the PCC feel we still require funding for a further 336 officers as a result of the circumstances that allowed us to bid for the special grant over the past two years.
- 1.5 The Finance Settlement received recognises the pledge towards policing made by the Government and for Bedfordshire results in a total increase in revenue funding available between 2019/20 and 2020/21 is an additional £9.7M if the maximum Council Tax increase of £10 is taken. The Police grant element equates to £68.9M, an increase of £4.8M compared to the previous year. The pension grant remains unchanged at £1.1M and a new ring-fenced grant known as uplift was awarded at £1.5M. The remaining £3.4M is achieved through the PCC increasing council tax by up to £10 per annum per band D property. This is partly offset by the reduction in capital funding of £0.3M which will have a marginal effect on the funding of the capital programme. It should be noted that the budget has been set on the basis that both the pension grant & uplift grant are netted off against expenditure and do not show as funding the budget, the medium term plan has been calculated on the basis that these grants will be on-going.
- 1.6 The Commissioner has to continue to make savings alongside the increase in funding and requires the Force to review the level of service it can afford to provide to the public. This is continuing to be achieved through the significant exercise started in 2019/20 known as Priority Based Budgeting (PBB).

- 1.7 In line with the Policing Ministers late draft settlement announcements the 2020/21 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 will be £10, or 83p per month, equivalent to a 4.95% increase of the Police element for Bedfordshire in 2020/21.
- 1.8 Following the settlement announcement and the tax base information from the Bedfordshire Unitary Authorities the proposed budget equates to **£120.485M** after the grants have been netted off and the proposed savings of £2.686M are taken in account. Based on the agreed council tax increase of £10 (4.95%) the funding available to the Force is **£120.485M** resulting in a balanced 2020/21 budget allowing the Force to recruit the 156 officers required by the Commissioner.
- 1.9 The recruitment of 156 officers will allow the Force to fully replace all of those police officers that leave in the next financial year, estimated to be 100 officers, as well as also increasing by a further 56 police officers and enhance the frontline through dedicated police staff roles for areas of highest priority. The significant investment, building on a similar investment last year means that it can continue to build the establishment in the highest area of need.

## **2. Purpose of report**

- 2.1 To recommend a revenue budget and precept for 2020/21.
- 2.2 To notify the Bedfordshire Police & Crime Panel of the proposed budget and precept for the Bedfordshire Police and Crime Commissioner for 2020/21 and to enable the Panel to review the proposed precept.

## **3. Background/Supporting papers/Implications**

- 2020/21 to 2023/24 Medium Term Plan (slides) PCC Exec Board & Force Exec (Aug, Dec 2019 & PCC Exec Board Jan 2020)
- 2019/20 Revenue Budget Monitoring Report – PCC Exec Board (July & Nov 2019)
- Under the Police Reform and Social Responsibility Act 2011 and the Police & Crime Panel's (Precepts and Chief Constable Appointments) Regulations 2012, the Commissioner must notify the Panel of the precept which the Commissioner is proposing to issue for the financial year by 1 February and the Panel must review the proposed precept notified to it by 8 February.

## **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 continue to deliver the Commissioner's Police & Crime Plan for Bedfordshire.

## 5. Recommendations

5.1 Subject to any variations agree that:

- I. The net revenue budget (budget requirement) for 2020/21 is set at **£120.485M**, providing the Force with the finances to recruit 156 officers in 2020/21
- II. The proposed savings plan at Appendix B is implemented
- III. The band D council tax is set at **£212.09**  
(This would result in the policing element of an average Council Tax at Band D of £212.09 per annum, an increase of £10per annum / 83p per month or 4.95% compared to 2019/20. The full report at Appendix A explains how this was arrived at, the growth and savings plan of the Force and the medium term financial projections.)
- IV. This report is presented to the Police & Crime Panel on 4 February 2020 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

Appendix A – Committed Growth

Appendix B – Proposed Savings Plan

Appendix C – Estimated Reserve Position as at 31 March 2020 and projected movements.

## 7. Introduction

7.1 This is the formal budget report to initially be considered by the PCC and subsequently reviewed by the Police and Crime Panel on 4 February 2020. It contains the appropriate information to determine the budget requirement for 2020/21 along with the Band D equivalent Council Tax and Precept.

7.2 Based upon the following assumptions and expectations it is projected that the Commissioner will face a funding gap over the medium term (i.e. 2020/21 to 2023/24) of some £10.7M:

- Central Grant will remain at a standstill position including the £4.8M granted in this Finance Settlement;
- The Police Pension Grant of £1.1M will remain
- The Police Uplift Grant will remain consistent with the number of officers recruited
- Inflation and Pay Awards totalling an estimated £10.0M
- Growth totalling £14.9M (excluding those officers funded by uplift grant from 2021/22 onwards)
- The PCC will increase Council Tax by the maximum allowed without invoking a referendum;
- Council Tax increases will be capped at 2% from 2021/22;
- Special Grant promised for 2019/20 will be received;
- Budget Reserve will be fully utilised in 2022/23.

7.3 To offset this funding gap the Commissioner and Chief Constable have created and will continue to develop a savings plan for the Medium Term that includes:

- Savings that arise from the PBB process
- Savings that arise from further budget challenges;
- Savings that are generated through new collaborative ventures in organisational and operational support services.
- Savings achieved through further efficiencies in areas that are already collaborated with our alliance and regional partners.
- Potential collaboration with other blue light services
- Potential internal reviews

7.4 These savings plans, whilst sufficient at this stage to provide balanced budgets through to 2022/23 (pending minor adjustments) will need to be developed further, especially in the latter part of the medium term plan, but these should be met through a further round of Priority Based Budgeting activity.

7.5 The Commissioner had managed to build a level of reserves, both general and earmarked but these reserves have now dropped to low level. As a result of increased central funding this budget will allow for an appropriate level of spend for the number of officers employed and as a result the Force can be confident that in the short term at least it will reduce the burden on the Commissioners reserves.

## **8. General Considerations**

- 8.1 This will be the fourth budget set by Police and Crime Commissioner Kathryn Holloway who was elected in 2016. In each of these years she has increased the budgeted establishment of officers employed within the Force. While preparing the 2020/21 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 2020/21 budget the Commissioner has ensured that the budget she is setting utilises the maximum amount of funding she can generate and that this is used efficiently to provide the Force the greatest opportunity to finalise the delivery of her own four year plan and provides sufficient funding for the next 2 years. Some of the key areas are highlighted below.
- 8.4 The additional funding provided via the increase in council tax will allow the Force to recruit 156 officers replacing all of those officers that will leave during the financial year as well as bringing a further 56 officers over and above. Recruitment in future years will be dependent upon council tax flexibility, a review of central grant allocations and the continuation of the uplift grant introduced this year.

## 9. Proposed Budget 2020/21

- 9.1 As a result of the lateness of the draft funding settlement no single draft budget has been presented to the PCC, instead a wide range of scenarios have been used incorporating a range of options for review. The proposed budget of **£120.485M** finalised on 24 January was summarised as;

	£'000
Draft Budget (November 2019 prices);	
Force	116,626
PCC	965
Community Safety Fund	839
Contingency	2,055

<b>Draft Budget</b>	<b>120,485</b>
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- 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 2019 and March 2021. This has been set at **£1.855M** which is made up of the anticipated pay award for officers and staff in September 2020 and a 1% non-pay contingency has been included in the budget for 2020/21.
- 9.3 By far the largest investment included in the draft budget is growth relating to officer numbers both via the proposed increase in precept and the impacts of Operation Uplift (the national increase in police officers). Other growth includes commitments already made such as the full year effect of last year's investment into officer and staff numbers, the unprecedented increase in the cost of the national police air service, an increase to the contribution rate for the staff pension scheme, the increase in borrowing costs based on the existing commitments within the capital programme.
- 9.4 To support the recruitment of officers further investment is required in HR & Training as well as changes in legislation will result in a need to invest in areas of Professional Standards. Additional budget has been set aside to increase the number of investigation officers employed by the Force, this is planned to be a temporary measure while we work towards increasing the number of detective constables within Bedfordshire. Finally, an allowance is given to account for the increasing cost of officers that progress through the national pay scales as increments are awarded within ranks dependent upon length of service. However, this growth will be offset by the reducing cost of police pay as new recruits join on updated terms and conditions.
- 9.5 On the basis of the maximum increase in Council Tax, of £10, the PCC will enable the Force to recruit 156 officers which will allow for replacement of all of those police officers that leave the Force as well as enhance these numbers by a further 56.
- 9.6 The total cost of standstill, mandatory and growth pressures built into the draft budget equates to **£9.877M** and the full list is detailed at Appendix A of this report.

## **10. Financial Settlement – 2020/21 for Bedfordshire**

- 10.1 This report has been based upon the final funding settlement for the Police announced on 22 January 2020. The table compares the central element of the Commissioners funding between 2019/20 and 2020/21, we have also shown the major ring-fenced grants for clarity. This shows that central funding has increased by £6.3M (9.0%) compared to 2019/20 levels.

<b>2019/20</b>		<b>2020/21</b>	<b>Change</b>	
<b>£'M</b>		<b>£'M</b>	<b>£'M</b>	<b>%</b>
64.1	Police Grant	68.9	4.8	7.5
4.6	Legacy Council Tax Grants	4.6	0.0	0.0
<b>68.7</b>		<b>73.5</b>	<b>4.8</b>	<b>7.0</b>
1.1	Pension Grant	1.1	0.0	0.0
0.0	Uplift Grant	1.5	1.5	#
<b>69.8</b>		<b>76.1</b>	<b>6.3</b>	<b>9.0</b>

10.2 The settlement provided for an increase of **£4.797M** in Police Grant along with the introduction of a new uplift grant (to support the national increase in police officers) of up to **£1.515M**. The legacy council tax grants and pension grant remain unchanged. Whilst this additional funding is welcomed it does not address the funding issues Bedfordshire face when compared to other Forces. The announcement allows for the Commissioner to increase Council Tax by up to £10 without invoking a referendum. This Council Tax flexibility means that the Commissioner can continue to increase the number of officers in Bedfordshire thus making the force more visible and providing an increase in its investigative capability. These decisions have been considered by the Commissioner and Chief Constable culminating in this formal budget paper to the Commissioner and onwards to the Police and Crime Panel on 4 February 2020. The highlights of the settlement are as follows;

- Policing Grant to increase by £4.797M (7.5%)
- Introduction of Police Uplift Grant of up to £1.515M
- Continuation of the Police Pensions Grant of £1.117M
- Legacy Council Tax grants remained unchanged.
- Precept flexibility of up to £10 for all PCCs in 2020/21
- Police Capital Grant reduced by £329K to £100K making it virtually redundant
- No update on any potential reallocation of the central police grant, something that Bedfordshire have been campaigning for some time, this is based on the requirement for Bedfordshire to apply for Special Police Grant in the current and previous financial years.

## 11. Council Tax

- 11.1 During our planning assumptions it was not known at what levels referendum principles would apply and as a result scenarios have been tested ranging from 2% (£4.02) to 11.88% (£24). However, the settlement announcement gave the PCC the ability to increase council tax by **£10** for a band D property which is equivalent to a 4.95% increase for Bedfordshire.
- 11.2 The Commissioner has a desire to protect and enhance the Force's frontline capability as well as increasing the number of specials and volunteers. The expectation before the settlement was that the Commissioner would increase Council Tax by the maximum allowed. Following the announcement she has the ability to increase it by up to £10 per annum, this would see the Band D Council Tax for Bedfordshire Police move from £202.09 to **£212.09**. The Commissioner must decide at what level to set the Council Tax and in doing so consider the potential to increase officer numbers, delay the use of the budget reserve and strengthen the medium term financial planning for the Force. Various options have been considered with associated financial modelling scenarios but the Commissioner has decided that the maximum council tax increase will be applied and the remainder of the report reflects that proposal.
- 11.3 The total amount raised via Council Tax by the Police is also influenced by the number of tax payers within the County, this figure is set by the Local Authorities in January each year. Our financial modelling was based on an increase of 2.00% but the final figure confirmed by the Local Authorities was 2.29% marginally increasing our funding by £15,000. The anticipated level of Council Tax surplus has been confirmed at £745K, an increase of £220K compared to the previous year. It should be noted that no guarantee can be given on the council tax surplus (or shortfall) available to the police each year and so this should ideally be used for short term projects.
- 11.4 At the time of writing the funding available to the Chief Constable & the Police & Crime Commissioner are shown in the table below.

<b>Funding Stream</b>	<b>Final Budget</b>
	<b>£'000</b>
Police Grant	68,887
Legacy CT Grants	4,637
Tax Base	46,216
Collection Fund	745

	<b>120,485</b>
Grants (netted off)	
Pension Grant	1,116
Uplift Grant	1,513

11.5 The funding available to the Police & Crime Commissioner is **£120.485M** as shown in the table above.

## 12. Budget Reductions 2020/21

12.1 The planned budget reductions are shown at Appendix B, totalling **£2.686M**, these are derived through a series of change initiatives and the ongoing priority based budgeting process the Force is currently engaged in.

12.2 We continue to benefit (to a lesser extent than in previous years) by the reducing average cost of employing officers (as new recruits replace officers at the top of their pay scale) and have made further reductions to the tasking budget. While we have invested in collaboration as part of our growth plans genuine savings have also been taken in joint protective services (JPS), operational and organisational support.

12.3 The PBB process continues to flourish and while a pause was put on this process in the light of the national uplift in officer numbers the full year effect of savings taken last year provide some savings and the net effect of PBB phase two also provide additional savings. The PBB process is providing further savings of £1.891M on top of the savings delivered last year, although some reinvestment (£0.451M) has also been necessary through the bedding in process experienced in 2019/20.

12.4 We are still working through the implementation costs of making these changes but expect to absorb these costs within the 2020/21 budget.

12.5 At the time of writing it is anticipated that overall officer and staffing levels increase by 42, a reduction of 14 staff **offset by an increase of 56 Police Officers**, as a result of the changes in this proposed budget and these are shown in the table below;

	<b>2019/20</b>	<b>Savings</b>	<b>Growth</b>	<b>2019/20</b>
<b>Police Officers</b>				
Force	997	(20)	76	1,053

Collaboration	181			181
ERSOU	64			64
<b>Police Officer Total</b>	<b>1,242</b>	<b>(20)</b>	<b>76</b>	<b>1,298</b>
<b>Police Staff</b>				
Force	536	(29)	19	526
Collaboration	293	(4)		289
ERSOU	197			197
<b>Police Staff Total</b>	<b>1,026</b>	<b>(33)</b>	<b>19</b>	<b>1,012</b>
<b>PCSO's</b>	<b>53</b>			<b>53</b>
<b>Grand Total</b>	<b>2,321</b>	<b>(53)</b>	<b>95</b>	<b>2,363</b>

12.6 The officer numbers quoted are based on the current policing model, our share of collaborated units and some externally funded posts. The officer numbers quoted for 2019/20 include 18 posts funded through uplift grant. We have also separated out those staff employed by Bedfordshire Police on behalf of the Eastern Region Special Operations unit made up of both the Counter Terrorism and Regional Organised Crime units, officers seconded into these areas have been excluded. These figures are our best estimate at the time of setting the budget and reflect our budgeted establishment. These figures are subject to verification once formal notifications of regional funding has been provided.

### 13 Forecast Revenue Outturn for 2019/20

13.1 The Force is predicting an over-spend of approximately £2.5M at the end of 2019/20. However, following campaigning by the PCC and the submission of a successful bid to the Home Office in 2018/19 the Force was awarded a £4.571M special grant. Following positive indications from the Government a further bid has been submitted based upon an expansion of the work included in the previous bid. This is in recognition of the Force's response to gang, gun and knife crime over the past four years. Our working assumptions have been that the bid will be successful, as this has been confirmed in writing by the Policing Minister, and will fund the Force's estimated over-spend. However, the formal outcome and notification of the actual amount to be received is still pending and the impact on our medium term plan should not be under

stated, whatever the outcome is. This could vary from a successful bid that could help to build upon a reserve balances to an unsuccessful bid that will impact of the Force’s ability to maintain a balanced budget over the medium term and our ability to achieve our recruitment ambition.

13.2 The year end position will continue to be monitored and if during the remainder of the year the overspend position changes and when the outcome of the special grant submission is known medium term projections will be reviewed taking the following points will be taken into account.

- The need to build up the capital financing reserve as a result of a reduction in the capital grant.
- 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 ability to fund one-off, non-recurring expenditure from year-end underspends.

**14.0 Medium Term Financial Strategy: Budget Reductions 2020/21 to 2023/24**

14.1 Based on the draft financial settlement the estimated medium term plan position is shown in the table below. This position has followed many scenarios that have been tested and represents the best use of funds available to the OPCC. This reflects the gross savings we can take from PBB Phase 2 & assumes a further £5.100M savings will be made from this and other processes between 2021/22 & 2023/24, which based on the outcome of phase 1 is achievable. This shows that we will need to call on the budget reserve in 2021/22 & 2022/23 in order to balance the budget and while we will be left with a small budget shortfall in 2022/23 that we expect to close prior to budget setting for that year. The balance on the budget reserve is due to be depleted during 2022/23 leaving a budget shortfall in 2023/24. These figures are based on Bedfordshire funding their expected budget overspend in 2019/20 from a special grant received from the Home Office. This is similar to the successful application from 2018/19.

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>Indicative</b>	<b>Estimated</b>	<b>Estimated</b>	<b>Estimated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Estimated draft budget (a)	123,171	124,846	127,219	129,347
Estimated funding (b)	120,485	121,852	123,788	125,803

<b>Shortfall (a-b)</b>	<b>2,686</b>	<b>2,994</b>	<b>3,431</b>	<b>3,544</b>
Savings	2,686	2,100	1,500	1,500
Use of Budget Reserve		894	1,778	
<b>Budget Shortfall</b>			<b>153</b>	<b>2,044</b>

## 15. Reserves

- 15.1 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 use of this reserve has been considered in light of the settlement information and special grant award.
- 15.2 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 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 £3M and has followed that advice.
- 15.3 Based on an increase in Council Tax of £10 in 2020/21 aligned with the expected award of the Special Police Grant in 2019/20 and the aspiration of increasing officer numbers by 56 in the next financial year a projection of reserve balances has been produced at Appendix C. Any decision regarding the use of reserves will be made by the PCC after taking advice from her Chief Financial Officer which at this stage is that any year end underspends achieved over the medium term should be used to rebuild the budget reserve while the general reserve can remain constant at £3M.

## 16. Robustness of Estimates

- 16.1 Under Section 25 of the Local Government Act 2003 the Chief Financial Officer of the Police and Crime Commissioner is required to report on the robustness of the estimates included in the proposals above.
- 16.2 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.
- 16.3 The work on the 2020/21 budget and subsequent medium term plans began in September 2019 and has been informed by settlement and grant announcements detailed earlier in this report. The delay to the 2020/21 draft settlement was expected as a result of the General Election and scenario testing helped to prepare for different budget strategies. 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.

**17. Referendum Principles**

- 17.1 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.
- 17.2 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.

**18. Tax Base, Precept and Council Tax**

- 18.1 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 2020/21 and the budget report is based on the following numbers:

<b>Unitary Council</b>	<b>Band D Equivalents</b>
Bedford Borough	60,943
Luton Borough	51,829
Central Bedfordshire	105,134
	<b>217,906</b>

- 18.2 This represents an increase in the tax base of 4,868 band D equivalent homes (2.28%) 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.
- 18.3 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 **£120.485M** and a Council Tax increase of £10. The apportionment to each of the Unitary Councils is also shown.

	<b>£'M</b>
<b>Budget Requirement</b>	<b>120.485</b>
Police Grant	(68.887)
Legacy Council Tax Grants	(4.637)
	<b>46.961</b>
Surplus on the 2018/19 Council	(0.745)
Tax collection fund	
<b>Precept</b>	<b>46.216</b>
Apportionment between Unitary Councils	
Bedford Borough	12.926
Luton Borough	10.992
Central Bedfordshire	22.298
<b>Precept</b>	<b>46.216</b>

18.4 Using the tax base data supplied by the Unitary Councils, a budget requirement of **£120.485M** would result in an average Council Tax at band D of **£212.09**. This compares to a Council Tax at band D of £202.09 in 2019/20, a rise of £10 per annum (83p per month/19p per week) or 4.95%, the maximum allowed without invoking a referendum.

18.5 The following table shows the Council Tax for all bands based on a budget requirement of **£120.485M**.

Valuation Band	Tax payable compared to band D (expressed in fractions)	Council tax for Band £
A	6/9	141.39
B	7/9	164.96
C	8/9	188.52
D	1	212.09
E	1 & 2/9	259.22
F	1 & 4/9	306.35
G	1 & 6/9	353.48
H	2	424.18

### Public Access to Information

Information in this report is subject to publication under the Freedom of Information Act 2000 and other legislation. Any information that should not be made publically available should be included in an appendix to this report and the reason for restriction given.

Is any 'restricted' information appended to this report? No

If 'yes' please advise reason for restriction.

<b>Report Author</b>	Philip Wells (CFO)
<b>Date of report</b>	27 January 2020