

# Have you got what it takes?

Setting and accounting for the force budget



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### Important facts

The police get their funding from a variety of sources but the two main sources are Central Government and the police precept component of council tax.

In terms of central Government funding, PCCs in England will receive funding from the Home Office, while PCCs in Wales will receive funding from the Home Office and the Welsh Government.

PCCs will be responsible for setting the annual budget for their police force area, including the level of police precept. In doing so, PCCs should consult with the Chief Constable and take into account the views of the local community and Police and Crime Panels. The statutory officers of the PCC and Chief Constable (the two Chief Finance Officers and the Chief Executive) will provide professional advice and recommendations.

As with all local authorities, final annual budgets must be decided by the end of February in the year before the financial year to which it applies.

### Background

In 2016/17 Central Government funding for the police will total around £8.4bn. Details of the 2016/17 Provisional Police Settlement, broken down by police force area, are set out in a Written Ministerial Statement issued by the Policing Minister in December 2015:

[www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2015-12-17/HCWS426/](http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2015-12-17/HCWS426/)

The police precept component of council tax (of around £3.2bn in 2016/17) represents about a quarter of overall funding to the police service. The level of police precept is set locally by PCCs, in consultation with their local Police and Crime Panels and taxpayers, on an annual basis. There is significant variation in the proportion of total funding which the police precept represents, ranging from almost 51% to less than 13%.

### What is the police precept?

Each force area raises additional money to fund policing activity through council tax. This is called the police precept and is billed to every household and business as part of their council tax bill.

### Why is there such significant variation between force areas on the proportion of total funding that the police precept represents?

The decision on the police precept component of council tax is taken locally by the PCC, who decides what precept level to set in order to deliver efficient and effective policing in their force area.

### Are Central Government and police precept the only sources of funding to the police?

No. The police also receive smaller amounts of funding from other sources including the provision of special police services (e.g. policing a football match or concert), bank interest, fees, rent and from other local authorities and partnerships.

## Will large increases in police precept trigger a local referendum?

The Localism Act 2011 sets out a process by which increases in the level of council tax in England, over an 'excessive amount', are subject to a local referendum. This ensures that local people are able to veto an excessive increase in their council tax. The referendum limits apply to police precept in England. The council tax in Wales remains a matter for the Welsh Government.

The Government has announced a referendum limit of 2% for PCCs in each year of the Spending Review period. Additional flexibility will be provided to the ten PCCs in England with the lowest precept levels each year, so that they can set a Band D cash increase of more than 2% and up to £5 without triggering a referendum.

