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Setting and accounting for the force budget

Important facts

The police get their funding from a number of sources but the two main sources are central Government and the part of council tax which is allocated to the police (the police precept).

In terms of central Government funding, police and crime commissioners (PCCs) in England will receive funding from the Home Office and from the Department for Communities and Local Government 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 the chief constable and take into account the views of the local community and police and crime panels. The two chief finance officers and the chief executive will provide professional advice and recommendations.

As with all local authorities, final budgets for the year must be decided by the start of March in the year before the financial year to which they apply.

Background

In 2012-2013, central Government will pay around £9 billion to the police in England and Wales. Full details, broken down by police force area, are set out in a written ministerial statement issued by the Policing Minister in January 2012. See http://www.homeoffice.gov.uk/publications/about-us/parliamentary-business/written-ministerial-statement/police-grant-report-201213-wms.

What is the police precept

Each force area raises extra money to pay for policing activity through council tax.

This is called the police precept and is included in every council tax bill.

The police precept part of council tax (around £3 billion in 2012-2013) represents about a quarter of overall funding to the police service in England and Wales. The level of police precept is set locally every year (currently by police authorities but, in the future, by PCCs).

There is significant variation between police force areas in the percentage of total funding which the police precept represents, ranging from almost 50% to less than 15%.

Why is there such a significant difference between force areas in terms of the percentage of total funding that the police precept represents?

Decisions on police precept levels are made locally, currently by police authorities. This local approach will continue under the new model. However, it will be for the PCC to decide what precept level to set to deliver efficient and effective policing in their force area.

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

No. The police also receive smaller amounts of funding from other sources including providing special police services (for example, 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?

Under the Localism Act 2011, if the level of council tax in England increases by an 'excessive amount', a local referendum (vote) can be held. This makes sure that local people decide whether the increase in council tax is acceptable. This will also apply to the police precept part of council tax in England. The Secretary of State for Communities and Local Government, after consulting the Home Secretary, will decide on what is an 'excessive amount'. Council tax in Wales is governed by the Welsh Government.

