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

2nd February 2017

Status: For decision

The 2017/18 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 1st 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 2017/18 at £214.54. This is an increase of £4.18, or 1.99% over the 2016/17 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 below 25% of the overall income that I will receive in 2017/18. It is the responsibility of the four local billing authorities to collect this.

3.2 Legislation requires the precept for 2017/18 to be set before 1st March 2017 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 1st February 2017. 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 2017/18 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

Since I set the 2016/17 Budget there have been some significant changes to the political landscape and also a number of key financial announcements. These include the following:

- There has been a National Budget; this took place on the 16th March 2016.
- On the 23rd June the UK voted to leave the European Union
- David Cameron resigned as Prime Minister
- Theresa May subsequently became leader of the Conservative Party and on the 13th July 2016 she became Prime Minister.
- The Autumn Statement took place on the 23rd November 2016.

The key areas for these developments, in terms of financial planning and budgeting, have been incorporated into updated financial plans which are available on my website.

3.5 Provisional 2017/18 Police Funding Settlement

The Provisional 2017-18 Police Finance Settlement was announced in a written ministerial statement by the Minister of State for Policing and Fire Services, Brandon Lewis, on Thursday 15th December.

3.6 Headlines

The statement announced that 'Following the principles set out on the 4 February 2016 when publishing the final police funding settlement for 2016/17 direct resource funding for each PCC, including precept, will be protected at flat cash levels compared to 2015/16, assuming that precept income is increased to the maximum amount available in both 2016/17 and 2017/18. No PCC who chooses to maximise precept in both years will face a reduction in cash funding next year compared to 2015/16. We have updated our precept forecasts for 2017/18 since February to reflect actual tax base increases in 2016/17'

- 3.7 The reduction applied to grant funding in 2017/18 is 1.4% in cash terms, which equates to a cash reduction of £1,184k for Cleveland.

- 3.8 As expected, this provisional settlement covers just one year and confirms the previously-announced council tax flexibility whereby the 10 Policing Areas with the lowest Band D precept level can increase their Band D precept by £5. Cleveland is not one of these areas.
- 3.9 Top-slices/Reallocations totalling £812m have been announced for 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 - £417m
 - Arm's Length Bodies - £54m
 - Strengthening the response to organised crime - £28m
 - Police Transformation Fund - £175m
 - Special Grant - £50m
 - Pre-Charge Bail - £15m
- 3.10 Legacy Council Tax funding is still separately identifiable and has not changed from 2016/17. The statement confirmed that there would be no council tax freeze scheme in 2017/18.
- 3.11 Police Capital Grant that is to be allocated to PCC's has reduced by a further £8.2m, or just over 15%. This will have the impact of reducing the Capital Grant payable to Cleveland by £91k.
- 3.12 Counter Terrorism
In the statement the Minister announced that he 'will continue to allocate specific funding for counter-terrorism policing over the course of the Spending Review period to ensure that the police have the capabilities to deal with the terrorist threats that we face, in addition to the funding set out in this settlement. Funding for counter terrorism policing is protected. The indicative Spending Review profile for counter terrorism police funding in 2017/18 is £670m; this figure will be confirmed separately. In addition a further £32m will be provided for armed policing from the Police Transformation Fund in 2017/18.'
- 3.13 Individual allocations have not yet been announced and are expected to be notified during February however for security reasons these allocations will not be available in the public domain.
- 3.14 Ministry of Justice (MoJ) Funding
The Victim's Funding comes from the MoJ. The recently announced allocation to PCC's has provided me with £613k for Victims Services and a further £46k for Child Sexual Abuse services. This is £4k less than last year as this funding is allocated based on population, which has grown quicker in other parts of the country than in Cleveland.

3.15 Funding Formula

The Government has been clear that existing arrangements for distributing core grant funding to police force areas in England and Wales need to be reformed. These arrangements are complex, outdated and reflect a picture of policing risk and demand which has moved on and – fundamentally – are born out of the interaction between separate Home Office and DCLG funding formulae which can no longer be updated.

3.16 The Minister of State for Policing and the Fire Service wrote to all Police and Crime Commissioners on 14 September setting out plans for continuing work to review these arrangements, focussed on developing a new Police Core Grant Distribution Formula. The first stage of this work will be a period of detailed engagement with the policing sector and relevant experts. Any final decisions on implementation of a new formula will follow a period of public consultation.

3.17 The Review will take place between October 2016 and February 2017 and comprise a period of detailed engagement with the policing sector and relevant independent experts, which will make recommendations to the Home Office on a new formula for distributing Police Core Grant funding to PCCs (and their London equivalents) in England and Wales.

3.18 Specifically, the Review will have the following objectives:

- To agree a set of core principles that a future formula should be based on (using fairness; transparency; stability; alignment with expected relative risk and demands; and, appropriately incentivising efficiency and effectiveness as the starting point, and the balance that a new formula should strike between them;
- To develop proposals on a new police core grant distribution formula which aligns with these principles and takes account of the significant drivers of risk and demands for policing services;
- To consider whether and how to take into account regional cost variations in a new formula;
- To consider whether and how a new formula should take into account forces' local council tax base;
- To advise the Home Office on the options for transition to a new formula.

3.19 The formula will be based on 5 key principles:

- Stability
- Fairness
- Transparency
- Incentivising efficiency & effectiveness, and
- Alignment with risk.

- 3.20 These are complemented by 6 policy objectives:
- Encourages efficiency
 - Recognises local circumstances including ability to raise council tax
 - Avoids prolonged transition
 - Stable and predictable
 - Enables transformation and future proofing, and
 - Encourages upstream crime prevention.
- 3.21 There are 3 building blocks:
- Relative needs and demands (likely to be based around population, socio-economic factors, geography & environmental)
 - Relative costs and needs
 - Variation in local tax raising powers
- 3.22 While this is a new process, with a new minister, many of the key principles, objectives and building blocks are not that dissimilar to those previously looked at during the last Funding Formula Review. That review, prior to the discovery of an error in the formula by Devon and Cornwall, was forecast to result in an increase in Funding for Cleveland of around £5m per annum. After the discovery of the error in the Formula a subsequent recasting of the Formula, although on an unofficial basis, suggested an increase in funding of around £2m per annum to Cleveland.
- 3.23 The results from this original formula, across all Policing areas, were presumably acceptable to the Home Office and therefore it is unlikely that there will be any adverse impact from the Funding Formula review on Cleveland. Until further information becomes available the LTFP assumes there would be no impact on the Funding received by Cleveland as a result of any new funding formula.
- 3.25 As more information becomes available these assumptions will be reviewed.
- 3.26 LTFP Assumptions
When the 2016/17 budget was set in February 2016 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 0.5% per annum
 - Collection Surplus of £300k per annum
 - Grant Reductions of -0.6% per annum
 - Impact of Funding Formula Review - Nil

3.27 In line with good planning our assumptions remain under review and are updated with the best information available, most assumptions have not changed significantly and it is expected that the LTFP for 2017/18 and beyond will assume the following:

- Pay Awards: 1% increase p.a
- Precept: Increases of 1.99% per annum
- Tax Base increases 1.0% per annum, Collection Surplus £300k p.a
- Grant Reductions: -1.4%, until 2019/20
- Impact of Funding Formula review – Nil

3.28 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 2015/16 and 2016/17, is as follows:

	Actual		Forecasts			
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Funding	£000s	£000s	£000s	£000s	£000s	£000s
Government Grant	(85,170)	(84,684)	(83,500)	(82,331)	(81,178)	(81,990)
Council Tax Precept	(30,590)	(31,642)	(32,656)	(33,245)	(34,235)	(35,260)
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)
Funding for Net Budget Requirement	(123,428)	(123,994)	(123,824)	(123,244)	(123,081)	(124,918)
%age change in Net Budget Requirement	-1.8%	0.5%	-0.1%	-0.5%	-0.1%	1.5%
Specific Grants	(5,640)	(5,843)	(4,558)	(4,761)	(4,286)	(5,286)
Witness and Victims Funding	(599)	(663)	(659)	(659)	(659)	(665)
Partnership Income/Fees and Charges	(2,153)	(2,760)	(2,623)	(2,641)	(2,714)	(2,750)
Total Funding	(131,820)	(133,260)	(131,664)	(131,304)	(130,740)	(133,620)
%age change in Total Funding	-1.4%	1.1%	-1.2%	-0.3%	-0.4%	2.2%
NBR Forecast - February 2016	(123,428)	(123,994)	(123,799)	(124,114)	(124,373)	(126,834)
Changes to NBR Funding Forecast	0	0	(25)	871	1,292	1,916

3.29 As can be seen from the above the Net Budget Requirement¹ is still expected to reduce in 2017/18, by £170k even if the precept is increased by 1.99%, from 2016/17.

3.30 This is £25k more than the organisation was planning for 2017/18, as at February 2016, it is worth noting that the following unavoidable additional costs to the organisation in 2017/18, in comparison to 2016/17, mean that the organisation is having to make significant savings to meet this flat cash budget position:

- National Pay Award agreements - £1.0m
- Contribution to Apprentice Levy - £0.4m

¹ This is the amount the PCC estimates as its planned spending, after deducting any income it expects to raise from fees and charges, specific grants from the Government and any movements on reserves.

- 3.31 It is also important to look beyond 2017/18, when the potential impact of the revised view of what 'flat cash' means may impact negatively on the funding available for Policing and Crime within Cleveland in comparison to the forecast position 12 months ago.
- 3.32 The strong growth in the underlying Tax Base and the significant, but non-recurring Collection Surplus, have absorbed the larger than expected reductions in government grant for 2017/18. Any change to the proposed 1.99% increase in precept would therefore increase the savings needed and/or require reduced services.

4 Financial Impact of a 1.99% increase

4.1 Precept Rise of 1.99%

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 2016, 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, as in 2016-17, the threshold for triggering a council tax referendum will be 2% for most PCC's. This threshold applies to all Police Force Areas except the 10 with the lowest precepts (excluding the City of London). These 10 will be allowed to increase their Band D precept by £5. The referendum limit for everyone else remains at 1.99% with an increase of 2% or more triggering a referendum. Cleveland is not one of these 10 Police Force Areas.

- 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 2% or more for 2017/18.

4.3 Tax Base Information and Precept Calculations

The four local Councils have notified me of their tax bases for 2017/18 which total 149,076 Band D equivalent properties. This is an increase of 2,349 Band D equivalent properties from 2016/17. This 1.6% increase in the underlying Tax Base within Cleveland has provided an additional £0.5m 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 2016/17, of which a proportion will be paid to me in 2017/18. This is non-recurring funding and the 'Police element' in 2016/17 totalled a surplus of £673k across the 4 councils.

- 4.5 The precept calculations are set out below based on the proposed 1.99% increase:

Proposed Precepts - 1.99% Increase			
	Unadjusted Precept	Collection Fund Balance	Council Tax Requirement
	£	£	£
Hartlepool Borough Council	5,072,601	16,000	5,056,601
Middlesbrough Borough Council	7,314,171	250,656	7,063,515
Redcar & Cleveland Borough Council	8,238,005	32,000	8,206,005
Stockton on Tees Borough Council	12,031,190	374,545	11,656,645
Total Precept	32,655,966	673,201	31,982,765

- 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. £31,982,765 by 149,076 giving a council tax rate for Band D properties of £214.54.
- 4.7 The proposed council tax rate for each property band is set out below:

Council Tax Increases				
	1.99% increase			
Property Band	2017/18	2016/17	Increase per Annum	Increase per Week
	£	£	£	£
A	143.027	140.240	2.787	0.05
B	166.864	163.613	3.251	0.06
C	190.702	186.987	3.716	0.07
D	214.540	210.360	4.180	0.08
E	262.216	257.107	5.109	0.10
F	309.891	303.853	6.038	0.12
G	357.567	350.600	6.967	0.13
H	429.080	420.720	8.360	0.16

- 4.8 As you will see from the table above the impact of my proposal to increase the Police precept by 1.99% will increase a household council tax bill by 8 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, over 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 1.99% will, in the vast majority of cases, equate to an increase of 5-7p per week in a household council tax bill.

5. Conclusion

I have considered various options and various factors in deliberating on my proposal for precept in 2017/18. 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 1.99% for 2017/18 and ask that this panel considers my proposal.

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

- Appendix 1 – Draft Budget based on a 1.99 Precept Increase
- Appendix 2 – Draft Capital Budget

PCC Summary Long Term Financial Plan Position - January 2017

APPENDIX 1

	Actual	Actual	Forecasts			
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000s	£000s	£000s	£000s	£000s	£000s
Funding						
Total Funding	(131,820)	(133,260)	(131,664)	(131,305)	(130,740)	(133,620)
%age Change in Funding	-1.8%	1.1%	-1.2%	-0.3%	-0.4%	2.2%
Office of the PCC Planned Expenditure	£000s	£000s	£000s	£000s	£000s	£000s
Total Planned Expenditure	850	850	850	850	850	880
Community Safety/Victims and Witness	£000s	£000s	£000s	£000s	£000s	£000s
Community Safety Initiatives	1,410	1,345	978	1,001	1,001	1,001
Service Improvement and Development	0	750	1,250	1,300	1,350	1,420
Victims and Witnesses Services	715	715	1,072	1,049	1,049	1,049
Total Planned Expenditure	2,125	2,810	3,300	3,350	3,400	3,470
Corporate Services	£000s	£000s	£000s	£000s	£000s	£000s
Staff Pay	195	295	330	335	340	350
Non Pay Expenditure	40	40	40	40	40	40
PFI Action Stations	5,070	5,120	5,145	5,230	5,315	5,400
PFI Uraly Nook	1,735	1,770	1,770	1,825	1,870	1,930
Asset Management	1,950	1,625	1,605	1,850	2,150	1,625
Total Corporate Costs	8,990	8,850	8,890	9,280	9,715	9,345
Police Force Planned Expenditure	£000s	£000s	£000s	£000s	£000s	£000s
Pay						
Police Pay	67,133	66,552	66,440	66,187	66,888	67,313
Police Overtime	1,582	1,792	1,125	1,045	1,125	1,125
Police Community Support Officer Pay	3,770	4,077	4,107	4,385	4,407	4,465
Staff Pay	6,740	7,949	10,169	10,163	10,447	10,641
Pay Total	79,225	80,370	81,841	81,780	82,867	83,544
Major Contracts Total	22,095	21,585	19,910	20,212	20,586	19,936
Non-Pay Budgets						
Other Pay and Training	320	287	381	375	375	375
Injury and Medical Police Pensions	1,993	2,775	2,433	2,433	2,433	2,433
Premises	3,544	3,740	3,763	3,673	3,501	3,524
Supplies and Services	5,605	6,423	7,323	5,876	5,285	6,485
Transport	1,718	1,635	1,683	1,683	1,683	1,683
External Support	2,704	2,595	2,465	2,467	2,469	2,469
Non-Pay Total	15,885	17,455	18,049	16,508	15,747	16,970
Total Planned Force Expenditure	117,205	119,410	119,800	118,500	119,200	120,450
%age Change in Expenditure	-3.5%	1.9%	0.3%	-1.1%	0.6%	1.0%
(Surplus)/ Deficit	£000s	£000s	£000s	£000s	£000s	£000s
(2,650)	(1,340)	1,175	675	2,425	525	
Planned Transfers to/(from) General Fund	760	(1,550)	(2,000)	(750)	(1,000)	0
Contribution to Capital Programme	1,850	2,225	750	0	0	1,400
Planned Transfers to/(from) Earmarked Reserves	40	665	75	75	75	75
Net (Surplus)/ Deficit After Reserves	(0)	0	0	(0)	1,500	2,000
General Reserves	£000s	£000s	£000s	£000s	£000s	£000s
General Fund Balance b/f	8,844	8,627	8,002	6,352	5,602	4,602
General Fund Movements	760	(1,550)	(2,000)	(750)	(1,000)	0
In Year General Fund movements	735	925	350	0	0	0
General Fund Balance c/f	8,627	8,002	6,352	5,602	4,602	4,602
Employee Numbers (Average per year)	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,327	1,292	1,273	1,273	1,273	1,273
PCSOs	132	132	148	148	148	148
Police Staff - Police Force	230	230	312	312	312	312
PCC/Corporate Staff	14	14	14	14	14	14
Assumptions						
Staff Pay Increases	0.0%	1.0%	1.0%	1.0%	1.0%	2.0%
Police Pay Increases	1.0%	1.0%	1.0%	1.0%	1.0%	2.0%
Non Pay Inflation	1.8%	1.1%	1.6%	1.8%	1.9%	2.0%
RPI	2.3%	2.0%	3.0%	3.0%	3.0%	3.0%
Precept Increases	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Government Grant Movements (Cash Basis)	-5.1%	-0.6%	-1.4%	-1.4%	-1.4%	1.0%

PCC Summary Long Term Capital Plan Position - January 2017 - APPENDIX 2

	2017/18	2018/19	2019/20	2020/21	2021/22
Future Funding Levels	£000s	£000s	£000s	£000s	£000s
Earmarked Reserve/Funding b/f	2,579	586	641	488	2,004
Capital Grant	515	500	500	500	500
Contribution from Revenue	750	0	0	1,400	1,600
Capital Receipts	100	3,117	425	3,209	3,088
New Prudential Borrowing	11,000	3,000		-3,272	-4,000
Supported Capital Borrowing	760	760	760	760	760
Projected In-year funding Available	13,125	7,377	1,685	2,597	1,948
IT Investment	1,975	3,400	1,063	460	
Estates Investment	11,127	3,036	40	40	
Fleet Replacement Programme	1,482	765	493	535	
Other Equipment Replacement Programmes	533	121	244	46	
Police Force New Capital Schemes					1,500
Total Capital Programme	15,117	7,321	1,839	1,081	1,500
Earmarked Capital Reserve/Funding c/f	586	641	488	2,004	2,452

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 326 authorities (354 before 1 April 2009) 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 all 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.