

# Agenda

**Meeting:** North Yorkshire Police, Fire and Crime Panel

**Venue:** Grand Meeting Room, North Yorkshire  
County Council, County Hall,  
Northallerton DL7 8AD

**Date:** Thursday 16 May 2019 at 10:30am

Recording is allowed at County Council, committee and sub-committee meetings which are open to the public. Please give due regard to the Council's protocol on audio/visual recording and photography at public meetings, a copy of which is available to download below. Anyone wishing to record is asked to contact, prior to the start of the meeting, the Officer whose details are at the foot of the first page of the Agenda. We ask that any recording is clearly visible to anyone at the meeting and that it is non-disruptive. <http://democracy.northyorks.gov.uk>

**Meeting to be adjourned at around 12pm, to re-convene at 12:30pm.**

## **Business**

1. **Apologies.**
2. **Minutes of the Meeting held on 21<sup>st</sup> February 2019.** **(Pages 8 to 11)**
3. **Declarations of Interest.**

4. To consider the exclusion of the public and press from the meeting during consideration of the items of business listed in column 1 of the following table on the grounds that they involve the likely disclosure of exempt information as defined in the paragraph specified in column 2 of Part 1 of Schedule A to the Local Government Act 1972 as amended by the Local Government (Access to Information)(Variation) Order 2006:-

Item Number on the Agenda	Paragraph Number
6	1

5. **Confirmation Hearing** - Following the intention of the North Yorkshire Police, Fire and Crime Commissioner to notify the North Yorkshire Police, Fire and Crime Panel of the proposed appointment of a preferred candidate to the role Chief Executive Officer, for the Police, Fire and Crime Panel to hold a Confirmation Hearing, in accordance with

Schedule 8 of the Police Reform and Social Responsibility Act 2011 (amended in accordance with the provisions of the Policing and Crime Act 2017). Papers enclosed for this item are as follows:

(i) Report from the Panel Secretariat;  
**(Pages 12 to 14)**

(ii) Supporting information from the Police, Fire and Crime Commissioner;  
**(Pages 15 to 19)**

(iii) Personal statement from the preferred appointee;  
**(Pages 20 to 23)**

**6. Closed Session** - for the North Yorkshire Police, Fire and Crime Panel to discuss and agree its recommendation following the North Yorkshire Police, Fire and Crime Commissioner's notification to the North Yorkshire Police, Fire and Crime Panel of the proposed appointment of a preferred candidate to the role of Chief Executive Officer.

**7. Public Questions or Statements to the Panel.**

- Any member of the public, who lives, works or studies in North Yorkshire and York can ask a question to the Panel. The question or statement must be put in writing to the Panel no later than midday on Monday 13<sup>th</sup> May 2019 to Diane Parsons (contact details below).
- The time period for asking and responding to all questions will be limited to 15 minutes. No one question or statement shall exceed 3 minutes.
- Please see the rules regarding Public Question Time at the end of this agenda page.

**8. Members' Questions.**

**9. Six-month progress report following the recommendations of the Complaints Sub-Committee on 24<sup>th</sup> October 2018** – report from the Police, Fire and Crime Commissioner.

**(Pages 24 to 25)**

**10. 2019/20 Budgets and Medium Term Financial Plans (MTFPs)** – report from the Police, Fire and Crime Commissioner:

**(a) MTFP 2019/20 to 2022/23 and Capital Plans 2019/20 and 2022/23 - Policing;**

**(Pages 26 to 65)**

**(b) MTFP 2019/20 to 2022/23 and Capital Plans 2019/20 and 2022/23 – Fire and Rescue .**

**(Pages 66 to 94)**

**11. Transform 2020: progress report** – report from the Police, Fire and Crime Commissioner.

**(Pages 95 to 106)**

**12. Draft Fire and Rescue Plan** - report from the Police, Fire and Crime Commissioner.  
**(separate booklet provided)**

13. **Balanced appointment objective: review of Panel membership** – report from the Panel Secretariat.

**(TO FOLLOW)**

14. **Work Programme** – report by the Panel Secretariat

**(Pages 107 to 110)**

15. **Such other business as, in the opinion of the Chairman, should, by reason of special circumstances, be considered as a matter of urgency.**

- **Dates of future meetings:**

- Thursday 18 July 2019 - 10:30am – City of York West Offices
- Thursday 19 September 2019 – 10:30am – Northallerton (tbc)
- Thursday 14 November 2019 – 10:30am – Selby District Council.

Barry Khan  
Assistant Chief Executive (Legal and Democratic Services)

County Hall  
Northallerton

**8<sup>th</sup> May 2019**

**NOTES:**

- (a) Members are reminded of the need to consider whether they have any personal or prejudicial interests to declare on any of the items on this agenda and, if so, of the need to explain the reason(s) why they have any personal interest when making a declaration.

The Panel Secretariat officer will be pleased to advise on interest issues. Ideally their views should be sought as soon as possible and preferably prior to the day of the meeting, so that time is available to explore adequately any issues that might arise.

- (b) Tea and coffee will be available outside the meeting room before the start of the meeting will Members please help themselves.

Public Question Time

The questioner must provide an address and contact telephone number when submitting a request. The request must set out the question in full. The question/statement:

1. must relate to the Panel's role and responsibilities;
2. must not be substantially the same as a question which has been put at a meeting in the past 6 months;
3. must not be defamatory, frivolous, vexatious or offensive;
4. must not require the disclosure of confidential or exempt information; and
5. must not refer to any matter of a personal nature.





At the meeting: Once the question has been approved, the questioner will be contacted to make arrangements to attend the meeting to put the question.

Questioners must attend the meeting personally to put the question. If they do not attend their question may not be answered, although they can re-submit their question at a later date.




Any questions will normally be answered at the meeting but in some cases this might not be practicable and a written answer will be provided within 14 days of the meeting.

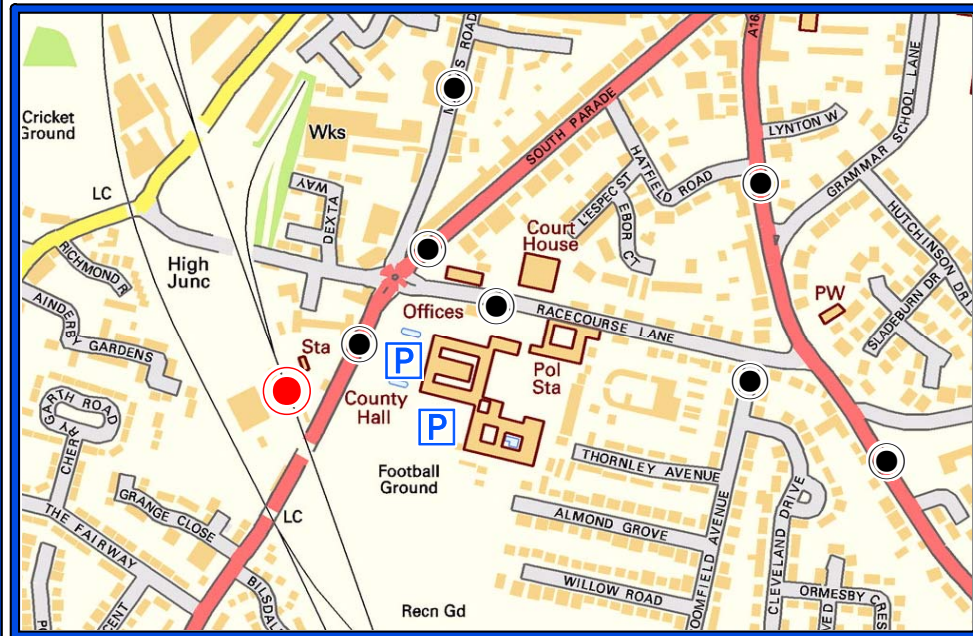
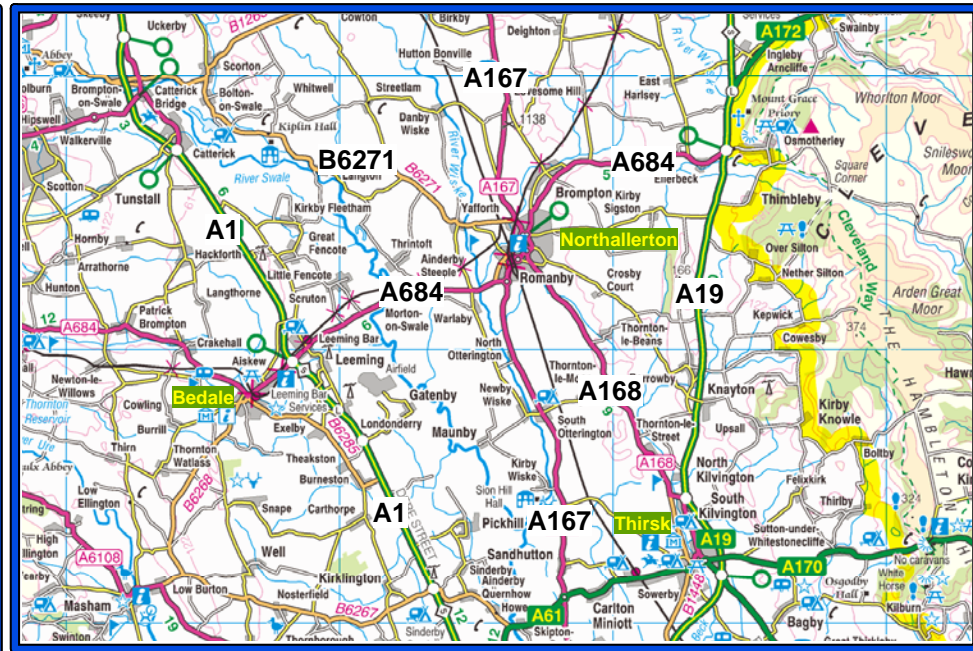
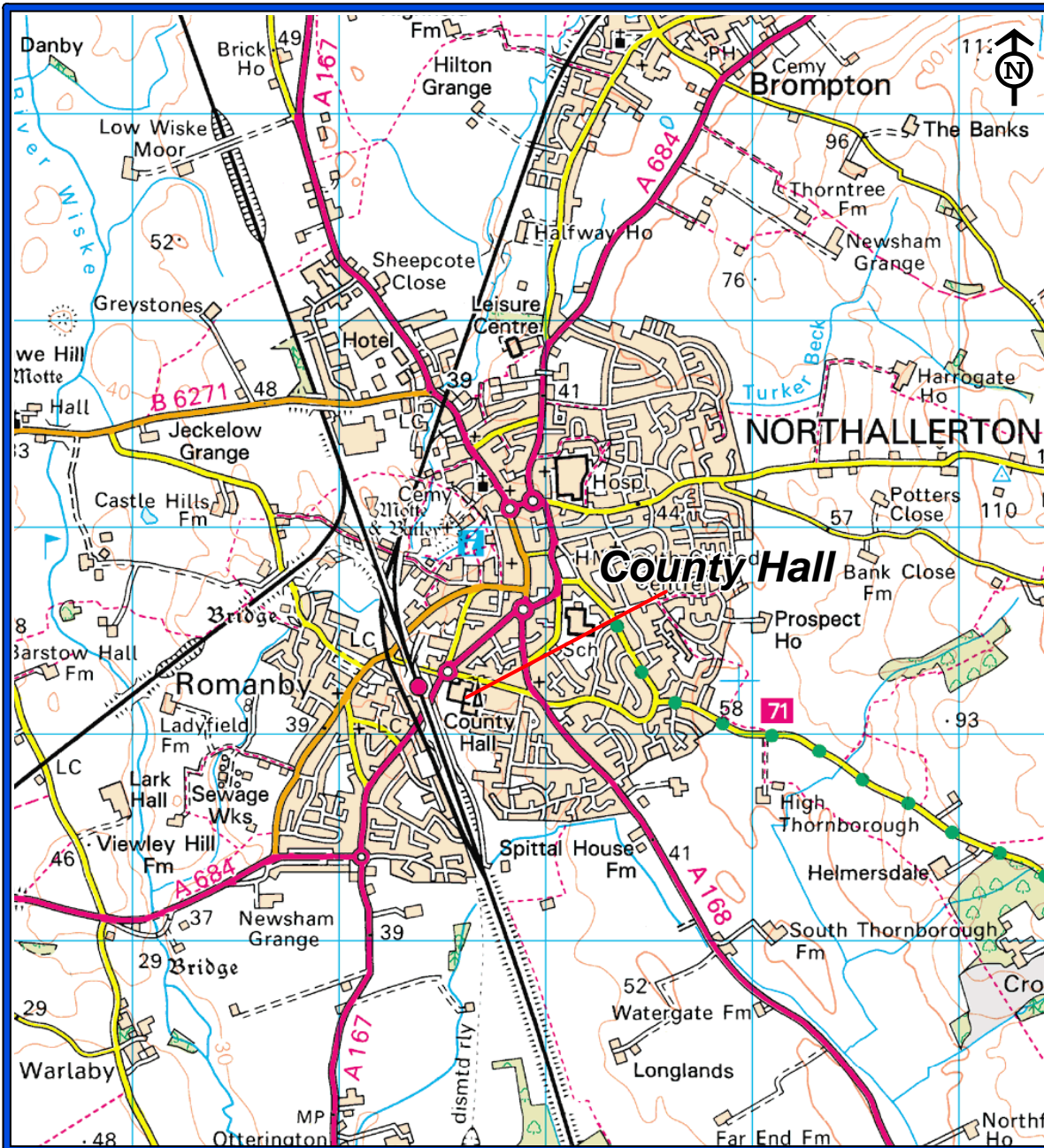
The full protocol for public questions or statements to the Panel can be found at [www.nypartnerships.org.uk/pcp](http://www.nypartnerships.org.uk/pcp)

## North Yorkshire Police and Crime Panel

	Name	Photograph	Political Party
<b>Craven District Council</b>	Cllr Peter Madeley		Labour
<b>Hambleton District Council</b>	Cllr Peter Wilkinson		Conservative
<b>Harrogate Borough Council</b>	Cllr Michael Chambers MBE		Conservative
<b>North Yorkshire County Council</b>	Cllr Carl Les		Conservative
<b>Richmondshire District Council</b>	<i>Awaiting appointment</i>	-	-

## North Yorkshire Police and Crime Panel

<b>Ryedale District Council</b>	<i>Awaiting appointment</i>	-	-
<b>Selby District Council</b>	<i>Awaiting appointment</i>	-	-
<b>Scarborough Borough Council</b>	<i>Awaiting appointment</i>	-	-
<b>City of York Council</b>	Cllr Ashley Mason JP		Liberal Democrat
<b>City of York Council</b>	<i>Awaiting appointment</i>		
<b>Community Co-opted</b>	Paula Stott		Community Co-opted
<b>Community Co-opted</b>	Santokh Singh Sidhu		Community Co-opted



Visitor Parking at County Hall



Northallerton National Rail Station



Bus Stops

### County Hall

Northallerton  
North Yorkshire  
DL7 8AD



North  
Yorkshire County Council

Tel : 0845 8 72 73 74

## North Yorkshire County Council

### Police, Fire and Crime Panel

Minutes of the meeting held on Thursday 21 February 2019, commencing at 10:30am in the Grand Meeting Room at County Hall, Northallerton.

#### Present:-

Councillors: Val Arnold (Ryedale District Council), Michael Chambers MBE (Harrogate Borough Council), Mel Hobson (Selby District Council), Carl Les (North Yorkshire County Council, in the Chair), Russell Lord (Richmondshire District Council), Chris Steward (City of York Council), Sandra Turner (Scarborough Borough Council), Peter Wilkinson (Hambleton District Council).

Community Co-opted Members: Santokh Singh Sidhu and Paula Stott.

Julia Mulligan (Police, Fire and Crime Commissioner).

Chief Constable Lisa Winward (North Yorkshire Police).

Officers from the Office of the Police, Fire and Crime Commissioner: Fraser Sampson (Interim Chief Executive Officer), Michael Porter (Chief Financial Officer), Will Naylor (Deputy Police and Crime Commissioner).

Officers from NYCC: Suzanne Truman (NYCC Finance), Diane Parsons (Panel Secretariat).

#### Copies of all documents considered are in the Minute Book

#### 360. Apologies

Apologies had been received, and were noted, from Councillor Ashley Mason.

#### 361. Minutes

##### Resolved –

That the Minutes of the meeting held on 5 February 2019, having been printed and circulated, be taken as read and be confirmed and signed by the Chairman as a correct record.

#### 362. Declarations of Interest

No declarations were made to the Panel.

#### 363. Public Questions or Statements to the Panel

A question had been submitted to the Chair and agreed in advance of the meeting from Ms Gwen Swinburn, as follows:

*Thank you Chair. I, like everyone I know, am extremely supportive of the police, particularly frontline officers. Accordingly I am predisposed to support a significant rise in my precept.*



*However a 10% rise is massive and a rise of that scale should have a proper business case, outcomes framework and so on.*

*That is why I am grateful that at your last meeting you rejected the precept. I wanted to congratulate you on your minutes and decision record.*

*I submit to you that the PCC has not met my most minimal expectations in her revised precept submission.*

*The PCC continues to misrepresent the minimal consultation she undertook. 63% of us agreed to a no or small rise. However on that basis she argues, disingenuously, that the consultation supported her much larger increase.*

*That was, and is, a trust and confidence issue to me.*

*The PCC still has made no effort to account for the £7.3m savings she promised to make over 3 years from last April. She merely informed you that 'substantial progress has been made' & now we hear posts are held empty. Her report gives little confidence savings will be achieved so will we simply be paying for unmet savings?*

*As the PCC keeps telling you, she demands that the Chief Constable submits business cases for her projects, yet all you are provided with is this. It does nothing to position you to make a decision in my view.*

*No evidence of savings, no proper justification for the skeleton proposals she puts forward, no plan, no outputs, no outcomes. All we really know is how many officers the PCC aspires to recruit. Chair, where else could such a trite case be made for such a massive increase?*

*I have no confidence in her abilities to act strategically.*

*Finally I look at the PCC's extravagant spending on luxury hotels & expensive train fares. I saw she spent nearly £1000 in 8 weeks on her tax payer funded credit card. In addition to her 17 staff she is now recruiting a new £80k Chief of Staff and a £115k plus all the trimmings new administrator. This is all money that should be going on the front line.*

*My question Chair is:*

*Can the Panel truly have confidence in the PCC's respect for public purse, based on either her first or second precept submissions?*

The Commissioner was invited to comment. A detailed breakdown of hotel expenses incurred had been passed to the Panel in advance of the meeting and the Commissioner advised that her average hotel spend was £150 per night. The Panel were informed that the Commissioner seeks best value for each booking but that it is difficult to find anything below £170 per night in London where she is regularly required to stay. Councillor Wilkinson highlighted that from his own experience of business visits to London, the Commissioner's hotel expenses did not appear to be out of the ordinary. Paula Stott offered to provide details of a company which could possibly secure cheaper rates.

A number of statements in relation to the precept setting had been submitted to the Secretariat, and shared with the Panel, from Mr P Richardson, who was not present at the meeting to ask the Panel a question. It was agreed that Michael Porter would review this correspondence and respond to Mr Richardson where appropriate.

A question was also submitted in advance to the Panel from Mr Neil Wilby, as follows:

*Good morning, Chair, Members, Commissioner, members of the public and fellow members of the fourth estate.*

*Thank you Chair for allowing this question and grateful thanks, also, to the Secretariat for their kind assistance in framing the question so that it complies with the Panel's guidance.*

*In the light of the Panel's recent concerns around lack of compliance in the Civil Disclosure Unit, do the Panel feel that the Commissioner, when setting her precept, should be earmarking further resources to ensure the improvements promised by the PCC?*

By way of response, Councillor Wilkinson highlighted that the Panel had considered in some detail the issue of compliance within the Civil Disclosure Unit at the January 2019 Panel meeting but that it would not be the Panel's role to ask the Commissioner to specifically earmark funding. He advised that the issue of compliance will be revisited in six months' time. The Commissioner also reiterated her offer for Panel members to visit her offices and meet her staff.

#### **364. Police precept proposal 2019/20: revised proposal for review by the Panel**

##### **Considered –**

The Commissioner's proposal to set the policing precept for 2019/20 at £255.77 for a Band D property, thereby representing an increase of £22.95 over the 2018/19 level.

Fraser Sampson confirmed the statutory process going forward inasmuch as the policing budget will not be set until the end of February 2019, after the precept has been set, and that therefore the budget cannot be considered in detail prior to the scrutiny process being completed. The Commissioner wished to emphasise for the Panel that the Chief Constable has operational independence in how funding is spent. As such, by putting uplift into the Commissioner's Policing Priorities Fund, the Commissioner is better able to hold the Chief to account in ensuring that the funding is directed towards boosting the frontline.

Members confirmed that they had been clear in their understanding of the budgetary principles and independence of the Chief Constable but felt that this would not give reassurance to the taxpayer and there was a concern that public expectations are met.

Members welcomed that further detail had been provided by the Commissioner ahead of the meeting held on 21<sup>st</sup> February, in response to their statutory report and the recommendations therein.

However, some concerns and anxieties were raised within the discussions regarding both the execution and effectiveness of the Commissioner's plans, as well as the actual level of the precept proposed.

Members expressed their concern that the public would need to see a visible difference to neighbourhood policing as a result of the uplift and Commissioner's plans. The Chief Constable acknowledged these concerns and sought to reassure the Panel and public that funding would be allocated as outlined in the Commissioner's proposals.

Concern was also expressed regarding the recruitment process for PCSOs and officers and the ability to recruit to target levels, particularly as a large part of the strategy appeared to focus on transferees. The Commissioner and Chief expressed confidence regarding attaining PCSO numbers. However, the recruitment of police officers was highlighted to be more problematic, in particular because the timelines for recruitment have been set against the attrition rate at North Yorkshire Police (NYP). There is a significant amount of ill-health retirement of officers mid-service and a piece of work is underway nationally to help tackle this. The Chief acknowledged that NYP need to get better at factoring this attrition into their recruitment plans.

The Panel conveyed concerns regarding the Commissioner's savings plans, in view of the difficulty identified in recent years in being able to deliver against these, and because little detail had been provided on these in the paperwork. The Commissioner advised that 11 business cases have been agreed in principle and which would generate savings in areas such as procurement. However, some of these are at a sensitive stage in respect of staffing so the Commissioner was unable to share further details, but committed to doing so for the next Panel.

Some members of the Panel expressed that they felt the level at which the precept proposal was being set was still too high, particularly where there are a lot of significant increases to Council Tax more widely. Concern was also raised that such a considerable increase may not result in a noticeable difference in policing for the public over the course of the next year. The Commissioner sought to reassure the Panel that by April 2020, officer numbers will be back to pre-austerity levels and there will be more PCSOs at NYP than there have ever been.

The Panel recognised the need for greater resources to be put into local policing, as discussed at the previous Panel meeting. Members also acknowledged that the Commissioner has no alternative but to increase the precept to the level proposed as the government will not provide this opportunity to boost resources if it is not taken up in 2019/20.

In this context - and balanced against the concerns highlighted - Panel members considered that the proposal could be accepted but that this would be done with significant reluctance. It was recommended - and agreed - that to accept the proposal would necessitate more rigorous financial monitoring going forward by the Panel around the policing budget. This would be with a view to getting the requisite assurance that adequate progress is being made against the Commissioner's plans for 'Reinforcing the Frontline' and against the Police and Crime Plan generally. In addition, more detail needed to be presented to the Panel to set out progress against savings plans and to outline the business cases which have been agreed

**Resolved -**

That the Panel:

- (a) agree the revised policing precept proposal of the Commissioner at £255.77 for a Band D property for 2019/20;
- (b) receives quarterly budget monitoring reports from the Commissioner, along with progress updates against savings plans.

The meeting concluded at 12:00pm.

DP

## **NORTH YORKSHIRE POLICE, FIRE AND CRIME PANEL**

**16 May 2019**

### **Confirmation Hearing – Acting Chief Executive**

#### **1.0 Introduction**

- 1.1 This report can be used as supporting information for the Acting Chief Executive hearing (**Agenda Item 5**) on **16<sup>th</sup> May 2019**.
- 1.2 The Police, Fire and Crime Commissioner (the Commissioner) has responsibility for appointing a Chief Executive. Before making such an appointment the Commissioner has to notify the Police, Fire and Crime Panel (the Panel) and it must review the appointment. The Panel must hold a public Confirmation Hearing prior to making a report to the Commissioner, which includes a recommendation as to whether or not the candidate should be appointed.

#### **2.0 Procedure**

- 2.1 It is important that the process relating to Confirmation Hearings is scrupulously fair. It is an unusual situation for a candidate to be ‘interviewed’ for a job in a public forum. The process outlined below has been designed to ensure rigour and fairness in all circumstances.
- 2.2 Candidates will be treated with courtesy and respect throughout the whole appointment process, including at the Confirmation Hearing and in public statements relating to recommendations made by the Panel.
- 2.3 The focus will be on the individual’s capabilities and expertise, their professional competence and personal independence. In order for the Panel to form a view on these issues, it will be important for the Commissioner to provide the Panel with reliable and objective evidence about the candidate.
- 2.4 Professional competence may include a reliable, objective assessment of the candidate’s:
  - ability to carry out the role by comparing their background and experience, for example, with the role profile
  - professional judgment and insight
  - understanding of the various stakeholders who need to be involved and engaged with, in what way and with what outcome
  - experience in the development and delivery of a major strategy.
- 2.5 Personal Independence may include a reliable objective assessment of the candidate’s:
  - ability to advise effectively
  - understanding of the separation of political and operational responsibilities
  - ability to respond constructively to situations where they might be held to account.
- 2.6 Confirmation Hearings should take place as quickly as possible with minimal time between notification of the appointment, the hearing and reports and recommendations being made to

the Commissioner. (The Act stipulates that a report and recommendation has to be sent within 3 weeks of the day that the Panel receives notification from the Commissioner.)

### **3.0 Formal Notification by the Commissioner**

3.1 The Commissioner must formally notify the Panel of the proposed appointment. At the same time, the Commissioner will supply the evidence required for the Panel to determine whether his/her judgement has been properly exercised.

### **4.0 Confirmation Hearing**

4.1 The Hearing will be held in public and the candidate will be requested to appear for the purpose of answering questions relating to the appointment.

4.2 The Panel will be seeking to establish if, in its opinion, there are any grounds to not follow the Commissioner's proposal for appointment.

4.3 The questions need to relate to two general principles –

- i. Professional Competence
- ii. Personal independence

4.4 The hearing should be a relatively focussed opportunity to explore key issues relating to these general principles. The LGA/Centre for Public Scrutiny guidance on confirmation hearings advises that a hearing should not be used as an opportunity for a Panel to explore the candidate's views on various areas of the Commissioner's policies, national policy issues or their plans once they assume the post, except insofar as those questions might relate directly to professional competence.

4.5 The hearing ought not to be used to explore hypothetical instances ie asking the candidate what they would do in a particular situation but should address issues of competence, suitability and expertise, priorities and vision, availability.

### **5.0 Decision Making by the Panel**

5.1 The Panel will exclude the press and public to come to a decision on its report and recommendation.

5.2 The Panel's decision making process is as follows :-

5.3 Taking account of the minimum standards of professional competence and personal independence does the candidate meet the criteria set out in the role profile?

- a) Do they have the Professional competence to carry out the role?
- b) Do they have the personal independence to carry out the role?

5.4 The Panel must then determine whether to recommend that the preferred candidate is appointed.

5.5 In a circumstance where the candidate meets the two standards, but there is still cause for concern about his/her suitability, the Panel may choose to outline those concerns in its response to the Commissioner.

## **6.0 Report and Recommendation**

6.1 The report and recommendation will be sent to the Commissioner within two working days of the Confirmation Hearing. (It has to be sent within three weeks of the day that the Panel received notification from the Commissioner.)

6.2 There are two options available to the Panel in considering the proposed appointee for Acting Chief Executive:

1. Report and recommendation to appoint
2. Report and recommendation not to appoint.

## **7.0 Response by the Commissioner**

7.1 The Commissioner must have regard to any report made with recommendations and then notify the Panel whether she accepts or rejects the Panel's recommendation within three working days.

7.2 The Commissioner will give reasons for her decision.

## **8.0 Publication**

8.1 The Panel will decide how and when to publish the report and recommendation. The standard procedure will be to publish it on the Panel website. It will be published in full.

8.2 The decision will be taken following consultation with the Commissioner and the candidate, and they will be given at least two working days' notice of the date of publication.

8.3 The report and recommendation will normally be published within five working days of the Commissioner taking a decision whether or not to appoint.

8.4 If a candidate withdraws after a report and recommendation has been sent to the Commissioner, the report and recommendation will still be published in accordance with the procedure set out above.

8.5 If, having regard to the report and recommendations from the Panel, the Commissioner decides not to appoint, the Commissioner will publish details of what she is going to do next in relation to the vacancy within five working days.

Diane Parsons  
Police, Fire and Crime Panel Secretariat  
7<sup>th</sup> May 2019

Background Documents - Nil

**POLICE, FIRE AND CRIME COMMISSIONER FOR NORTH YORKSHIRE**

**TEMPORARY ARRANGEMENTS FOR AN ACTING CHIEF EXECUTIVE IN COMPLIANCE WITH  
SCHEDULE 1 PARAGRAPH 7 POLICE REFORM & SOCIAL RESPONSIBILITY ACT 2011**

**REPORT TO POLICE FIRE AND CRIME PANEL**

I am required by Paragraph 7 of Schedule 1 to the Police Reform and Social Responsibility Act 2011 to appoint a person to act as my Chief Executive where the post has become vacant. I am further required by Paragraph 9 of Schedule 1 to notify members of this proposed appointment, and in notifying the Panel of a proposed senior appointment I must notify you of:

- The name of the person I am proposing to appoint to the role;
- The criteria that were used to assess the suitability of the candidate;
- Why the candidate satisfies those criteria; and
- The terms and conditions upon which the candidate is to be appointed.

This report sets out the background to (and all of the statutory details required in respect of) my proposed temporary arrangements.

**SUMMARY – THE LAW**

Schedule 1 to the Police Reform & Social Responsibility Act 2011 governs my responsibilities in terms of the appointment of a substantive and (as necessary) acting Chief Executive. Members must review my proposal, undertake a confirmation hearing and report within three weeks of being notified of my proposal.

**SUMMARY – BACKGROUND CIRCUMSTANCES**

My substantive Chief Executive Officer retired in February 2018 on medical grounds, following a period of absence. During the period of absence until 31 March 2019, this role was fulfilled with the appointment of Interim Chief Executive Officers.

From April 2016 until July 2016, under a collaboration agreement with the Police & Crime Commissioner for Cleveland, the Interim CEO was Simon Dennis, who undertook the role on a 0.20 FTE basis. Mr Dennis was confirmed by Members of this Panel on 7 April 2016.

From July 2016 until 31 March 2019, under a collaboration agreement with the Police & Crime Commissioner for West Yorkshire, the Interim CEO was Fraser Sampson, who undertook the role on a full time basis. Mr Sampson was confirmed by Members of this Panel on 18 July 2016.

I wish to extend my formal thanks to Mr Sampson for his service in the role and to the Police & Crime Commissioner for West Yorkshire for the supportive collaboration arrangement.

Under the Transform 2020 programme, my original plan had been to recruit to the role of 'Chief of Staff', a role configured to incorporate statutory Chief Executive functions and day to day leadership of the Office of the Police, Fire & Crime Commissioner but excluding those elements of the new *Enable North Yorkshire* Managing Director role which had previously formed part of the fused 'Chief Executive Officer' role profile.

Members will be aware that the recent recruitment competition for the role of 'Chief of Staff' within the Office of the Police, Fire & Crime Commissioner was unsuccessful.

I am obliged by paragraph 7 of Schedule 1 to the Police Reform & Social Responsibility Act 2011 ("the 2011 Act") to appoint a person to act as Chief Executive if and for so long as the post is vacant or the holder of the post is unable to carry out the duties of the role.

By convention, confirmation arrangements under paragraph 9 of Schedule 1 to the 2011 Act apply to Acting Chief Executive arrangements once notified to the Panel, although the requirement to ensure continuity in statutory officer provision under paragraph 7 is a mandatory stipulation. In practice, I am not allowed to have a gap in Chief Executive provision.

This report now explains

- a) The short term arrangements since 1 April 2019 made in order to comply with s7 of the 2011 Act; and
- b) By way of statutory notification, the proposed Acting Chief Executive arrangements for the time being.

Members will note that this report now proposes a further and different form of collaborative arrangement for the provision of both statutory Acting Chief Executive provision and for the ongoing leadership and senior management of the Office of the Police, Fire & Crime Commissioner.

### Collaboration Proposals

During late February 2019 the Police & Crime Commissioner for Cleveland extended an offer of collaborative support in principle, should it transpire that no other substantive or acting Chief Executive arrangements were put in place in time for the conclusion of the collaboration with West



Yorkshire. Following that dialogue and following the unsuccessful recruitment to the 'Chief of Staff' role, on 13 March 2019 I received a proposal from the Police & Crime Commissioner for Cleveland, the key features of which were as follows:

1. That the Cleveland OPCC would extend the following assistance to the North Yorkshire OPFCC:
  - a. The substantive Chief Executive & Monitoring Officer for the Cleveland OPCC be made available part time to the North Yorkshire OPFCC, principally in order to perform the statutory elements of the role; and
  - b. An additional senior officer be made available to the North Yorkshire OPFCC on a whole time basis to serve in the capacity of Assistant Chief Executive & Deputy Monitoring Officer, in order to perform the wider team leadership of the OPFCC and ensure that there is resilience in the statutory elements of the CE&MO role.
  - c. The opportunity, through those officers, of developing wider supportive links between members of our respective teams.
2. A collaboration agreement to be entered into in order to make detailed provision and in order to cater lawfully for the statutory restrictions on delegation. The features of that collaboration agreement would be
  - a. A capacity and additional responsibility honorarium arrangement for the Chief Executive & Monitoring Officer secondment to match the additional responsibility arrangements in place for the Chief Finance Officer, including a compressed hours working week of 45 hours split 50:50 across both Offices. This arrangement results in an annualised recharge of circa £77,800 between the respective Offices.
  - b. The Assistant Chief Executive secondment to be full time, on a range of PO8-PO17 on the Cleveland pay scale, would result in an annualised recharge of between £53,500 to £65,600 between the respective Offices.
  - c. Acting arrangements to commence 1 April 2019 to comply with Schedule 1 Paragraph 7 of the 2011 Act.
  - d. The collaboration be reviewed by the Chief Finance Officer in time for the second phase of T2020 change process, in respect of its effectiveness, affordability and sustainability and also to ensure that it continues to complement the T2020 staffing and corporate change process.
3. The Cleveland PCC appreciated that an offer of secondment arrangements of this kind may be advantageous to North Yorkshire in view of the need for stable leadership and advisory roles in the OPFCC during a period of significant corporate change.
4. The Cleveland PCC also asked that I considered whether the proposed arrangement carried with it any appreciable risk and wished to be assured that advice was sought and followed in

that regard, which I did by taking advice from my Monitoring Officer and subsequently my Deputy Monitoring Officer, during the latter part of March 2019.

It is important to note that the 'Chief of Staff' role within North Yorkshire OPFCC will remain unfilled for the time being. The proposal from Cleveland involves the part and whole time secondment of roles from the Cleveland structure, to meet the statutory and wider leadership requirements of the North Yorkshire OPFCC.

It follows that I accepted the offer on 28 March 2019 allowing for continuity of Chief Executive provision with effect from 1 April 2019.

### **PROPOSED APPOINTMENT**

Simon Dennis is the officer proposed for formal appointment as statutory Chief Executive under the collaboration agreement. Mr Dennis is presently Chief Executive & Monitoring Officer to the Police & Crime Commissioner for Cleveland.

Sharon Caddell is the officer proposed for secondment to the North Yorkshire OPFCC in the role of Assistant Chief Executive & Deputy Monitoring Officer. Mrs Caddell is substantively employed within Cleveland as Project Manager in respect of the Whole System Approach to Domestic Abuse programme. Although not proposed for formal confirmation, Members will have the opportunity to meet Mrs Caddell at their meeting.

The collaboration between the Cleveland and North Yorkshire Offices is by way of a service provision model under which the North Yorkshire OPFCC will receive services delivering

- i. In respect of the 'Head of Paid Service' element of the Chief Executive role, a resilient overall executive and team leadership structure consisting of part-time secondment of Mr Dennis' time and whole time secondment of Mrs Caddell, ensuring that the OPFCC has stable leadership embedded within the team at a time of significant change; and
- ii. In respect of the 'Chief Executive' element of the role, substantial capacity and expertise to ensure that the Police Fire & Crime Commissioner's programmes in respect of both Policing & Crime and Fire & Rescue, are delivered; and
- iii. In respect of the 'Monitoring Officer' element of the role, the necessary professional expertise, experience, focus and independence in order to ensure that the Commissioner has the fullest advice and guidance on the performance of the powers and duties of PFCC.

Formally therefore I propose to appoint Mr Simon Dennis as Acting Chief Executive on the above basis.

Mr Dennis has a demonstrable track record in public service which includes:

1. The necessary professional qualifications for the role, complemented by substantial post qualification experience at a senior level within complex organisations.
2. Experience of providing statutory functions to a Police and Crime Commissioner.
3. Experience of maintaining and developing governance systems.
4. A comprehensive understanding of Police Service governance arrangements and of operating within a corporate governance framework.
5. Working knowledge of North Yorkshire Police and the effective collegiate decision-making and scrutiny arrangements which are in place within the organisation.

Mr Dennis was in overall charge of the legal and compliance functions within North Yorkshire from 2004 until 2014. He was Acting Chief Executive and Monitoring Officer here in North Yorkshire from April 2016 to July 2016. I am content that Mr Dennis has the experience and skills to work efficiently and effectively with me in the role of Acting Chief Executive & Monitoring Officer. He has a significant record of operating successfully with the Police and Crime Commissioner for Cleveland, and I am sure that he will work well with other senior leaders within North Yorkshire Police.

s.18 of the Police Reform and Social Responsibility Act 2011 enables a Police and Crime Commissioner to arrange for any person (other than a Deputy Commissioner) to exercise any functions of the Commissioner, with the exception that if the person is a member of staff of another policing body they may not exercise certain specific functions (listed in s.18 (7)). I confirm that Mr Dennis will be able to discharge the responsibilities set out in the role profile without contravening this provision. The s22A Collaboration Agreement will reflect this.

#### **TERMS AND CONDITIONS OF SERVICE**

The terms of service are set out in the summary of the collaboration agreement and include the payment of a suitable fee to the Police & Crime Commissioner for Cleveland.

#### **SUMMARY**

For the reasons set out in this report I commend to the Panel the temporary arrangements proposed in respect of the statutory role of Commissioner's Chief Executive, as well as the suitability of the Mr Simon Dennis for appointment to that role.

JULIA MULLIGAN

POLICE, FIRE AND CRIME COMMISSIONER FOR NORTH YORKSHIRE

7 May 2019

## SIMON DENNIS – PERSONAL STATEMENT

7 May 2019

Dear Members

Thank you for the opportunity to submit a personal statement in support of the Police, Fire & Crime Commissioner's proposal in respect of Acting Chief Executive & Monitoring Officer provision.

As the Commissioner will have explained in her formal proposal paper, the collaborative service model proposed by the Police & Crime Commissioner for Cleveland by way of service provision to the Police, Fire & Crime Commissioner for North Yorkshire, relies upon the part-time secondment of my Cleveland role along with the whole time secondment of my colleague Sharon Caddell in the role of Assistant Chief Executive. This model reproduces this particular element of the senior executive team structure within the Office of the Police & Crime Commissioner for Cleveland and I am confident that it will equally well serve the needs of the Office of the Police Fire & Crime Commissioner for North Yorkshire.

In the brief time that Mrs Caddell and I have spent working with the staff of the North Yorkshire OPFCC between mid-April and the forthcoming Panel confirmation proceedings, we have found the North Yorkshire OPFCC team to be talented, dedicated and focussed professionals committed to their roles delivering for the public of North Yorkshire. We have joined the team at a time of significant change under the Transform 2020 programme and we welcome the opportunity to provide stability, leadership and overall development to the team over the period of the collaborative secondment. There are opportunities to strengthen links between the respective teams in Cleveland and North Yorkshire across all of the functions performed by the respective Offices. It will be a pleasure to lead the team and with Members' approval we very much look forward to doing so.

Mrs Caddell, in her substantive role within Cleveland as Project Manager for the Whole System Approach to Domestic Abuse Programme, has a demonstrable track record in public service which includes:

1. A Leadership and Management professional qualification complemented by extensive experience at a senior level within public and voluntary sector organisations.
2. An existing academic study and professional development commitment: Mst (part time) Applied Criminology & Senior Police Leadership the University of Cambridge
3. Experience of providing strategic project management capability within an Office of Police & Crime Commissioner, and leading a major transformational programme within Cleveland Police.
4. Experience of maintaining and developing governance systems.
5. Experience of designing and implementing team development programmes.
6. A comprehensive understanding of Police Service governance arrangements and of operating within a corporate governance framework.

Mrs Caddell was a principal monitoring officer for homelessness, housing allocations, domestic abuse and selective landlord licencing within Middlesbrough Council from 2007 until 2016, then led on domestic abuse transformation within Cleveland from 2016 until 2019. Within the North Yorkshire context she is developing a programme to provide leadership and senior management - developing clear, defined and achievable priorities with associated aims and objectives over the next twelve months for the staff of the North Yorkshire OPFCC, whose roles and responsibilities are in place to ensure successful delivery of the North Yorkshire Police, Fire & Crime Commissioner's programme. I am confident that Mrs Caddell is a suitable candidate to provide a collegiate senior executive service within the structure of the collaboration

agreement. She brings a wealth of skills, abilities and experience to assist in supporting the team here at the North Yorkshire OPFCC.

From a personal perspective I remain committed to my role serving the public of Cleveland whilst welcoming the opportunity to serve part time in North Yorkshire, the area in which my family and I have our home. It will be my privilege to deliver the Commissioner's programme for the public of North Yorkshire and in due course in time for the electoral cycle, to prepare the OPFCC team to support the needs of the incoming Police, Fire & Crime Commissioner.

Mindful that although the collaborative service is a collective endeavour, Members are considering my formal candidacy for the Acting Chief Executive statutory role, I have set out below in some detail my professional experience.

I look forward to meeting with Members on 16 May 2019.

Simon Dennis

7 May 2019

## POLICE & CRIME COMMISSIONER FOR CLEVELAND

CHIEF EXECUTIVE & MONITORING OFFICER 2014 – CURRENT  
(MIDDLESBROUGH, UK)  
(ALSO INTERIM CEO TO NORTH YORKSHIRE PCC) APRIL – JULY 2016  
(HARROGATE, UK)

Undertaking the duties of the Chief Executive appointed under the Police Reform and Social Responsibility Act 2011; the Head of Paid Service; and Monitoring Officer.

Providing leadership and effective, high quality guidance, advice and support to the PCC and staff within the OPCC. Leading, motivating and developing the OPCC as a team and as an organisation,

Ensuring that the Commissioner and his Office meet their statutory duties and strategic objectives ensuring legality, effective governance and the highest ethical standards. Acting as the Appropriate Authority delegate in respect of Chief Officer complaints and conduct.

Acting as the lead advisor to the Police and Crime Commissioner in the review, development and implementation of the Police and Crime Plan. Jointly and individually leading corporate programmes including transformation of standards and ethics, equality and diversity change and joint project sponsor of the partnership Community Safety Hub.

Supporting and advising the Commissioner in the development of his vision, strategy and plans, ensuring their implementation and regular review.

NORTH YORKSHIRE POLICE -&- NORTH YORKSHIRE POLICE & CRIME  
COMMISSIONER 2004 – 2014  
(NORTHALLERTON, UK)  
FORCE SOLICITOR & HEAD OF LEGAL SERVICES 2013 – 2014  
DIRECTOR OF LEGAL & COMPLIANCE SERVICES 2008 – 2013

Head of Joint Corporate Business Unit, latterly Deputy Monitoring Officer to Police & Crime Commissioner and attending Legal Advisor to the Joint Executive Board.

Provided strategic and policy-level legal/regulatory advice to Police & Crime Commissioner and Chief Officer Team, including delegated authority to act as general counsel on all civil legal claims asserted against the office of Chief Constable or Commissioner. Arranged and managed use of external legal services providers; oversaw PCC and Chief Constable litigation management and insurance arrangements. Led additional dedicated teams dealing with specific risk/compliance issues including: compliance risk management; business continuity; data protection; freedom of information; civil disclosure; and information security functions.

- Provided authoritative legal advice to senior officers and Police Authority, successfully demonstrating the value of high quality advice on risk management and other high-profile matters.
- Acted in significant police legal and ethical issues, including a period advising the Director-General-designate of the National Crime Agency in relation to high-profile police integrity investigations.
- Key leadership and executive role in the change and transition processes in respect of the establishment of Police & Crime Commissioners; worked directly to Commissioner in respect of fundamental reform of the decision-making and scrutiny system.

Established Force's first in-house legal services function, incorporating risk management and business continuity functions. Supervised and motivated specialist team of lawyers in relation to all aspects of civil law including: civil orders; licensing; police property law; employment law; police officer conduct; civil claims against Force; inquests; judicial review.

- Successfully designed and implemented first in-house legal services function - establishing all functions and teams from scratch.
- Established and embedded risk management function as a key business discipline; recruited professional risk manager delivering management of business/enterprise risk, legal/hard risk and insurance management.
- Handled claims against the organisation in-house and at low hourly rates, outsourcing specialist contentious work only where appropriate.
- Established in-house insurance management service, replacing expensive external provider with in-house service and procuring a focussed external insurance brokerage partner.
- Developed business continuity strategy/policy in line with British Standard Quality Mark; resourced small function aligned with risk management to deliver programme of identifying critical functions and establishing business continuity plans.

NORTH YORKSHIRE COUNTY COUNCIL  
(NORTHALLERTON, UK)

2003–2004

SENIOR LAWYER (LITIGATION)

Delivered legal advice on contentious legal matters to (a) the local police force/fire brigade, as external clients; and (b) the County Council's own departments. Led and developed litigation team. Member of Senior Staff Group.

CHADWICK LAWRENCE SOLICITORS  
(LEEDS/WAKEFIELD, UK)

1994 – 2003

EXECUTIVE / TRAINEE SOLICITOR / SOLICITOR

Provided timely, accurate legal advice and court advocacy covering general litigation, human rights, civil liberties, and domestic violence cases to a wide range of private and legally aided clients.

- Successfully continued development of firm's innovative human rights and judicial review department, providing publicly funded (legal aid) services in relation to criminal appeals, workplace rights, and claims against public authorities.
- Legal Aid Quality Mark Supervisor.

EDUCATION

PG Dip Legal Practice (LPC) with Commendation – Leeds Metropolitan University (2000)

PG Dip Law (CPE) with Commendation – Leeds Metropolitan University (2000)

Law/Legal Practice (Year 1 Law with Distinction) – Institute of Legal Executives (1995)

BA (Hons) 2:1 English – University College of Wales, Aberystwyth (1994)

PROFESSIONAL QUALIFICATIONS

Solicitor of the Supreme Court (admitted 2002)



## Six Month Progress Report following Recommendations of the Complaints Sub Committee to North Yorkshire Police, Fire & Crime Panel

We thank the Panel for the opportunity to provide an update following the recommendations of the Complaints Sub Committee to North Yorkshire Police, Fire & Crime Panel. Our responses are set out below.

**Recommendation 1. The PCC commissions a baseline survey of staff – via an independent body – to be carried out within the context of the findings of this report, including staff perceptions of experiencing or seeing bullying in the workplace. This survey would benefit from being repeated at regular intervals thereafter with staff. The Sub-Committee would further recommend that the terms of reference for this survey are agreed through the Panel.**

The Acting Chief Executive & Monitoring Officer and the Temporary Assistant Chief Executive & Deputy Monitoring Officer began practical induction into their interim roles commencing 15 April 2019. A twelve month Office of Police Fire Crime Commissioner (OPFCC) Development Plan is in the process of finalisation which will form the basis of their programme of leadership and management under the collective Head of Paid Service element of the Cleveland collaborative Chief Executive service provision model. The staff survey forms a key element of that OPFCC Development Plan for 2019/20. It is important that the survey work forms part of (and is not progressed in isolation from) the Development Plan.

Preparatory actions that have already been carried out to enable the survey work to be implemented include the completion of a procurement activity and the appointment of a provider to conduct the survey and collate results.

The Acting Chief Executive & Monitoring Officer and the Temporary Chief Executive & Deputy Monitoring Officer recognise the importance of the staff survey work. There is an important opportunity to use this as a foundation for the Development Plan. Both senior officers recognise the importance of this work to Members and would propose to engage formally and informally with Members as the Development Plan is progressed. It follows that further updates on this matter will be provided as part of that process.

**Recommendation 2. The findings of the staff survey would further be shared with the Panel, along with any action plan agreed by the PCC as a result. The Panel would welcome the opportunity to review progress against the actions after six and twelve months.**

As noted above, an update will be able to be provided on this recommendation when the survey has formed part of the twelve-month OPFCC Development Plan.

**Recommendation 3. The PCC is advised to reflect upon the complaints and to undertake a management and leadership development programme, which includes emphasis on understanding the implications of Duty of Care in a senior leadership role. Such a development programme can be aimed at supporting the PCC to deal appropriately with stressful situations and ensuring her desire for improving public services is met.**



One of the products of the reflections of the Police, Fire & Crime Commissioner (PFCC) is that there would be merit in providing a restatement of the clear, strategic political leadership, as well as that of thorough executive leadership to the OPFCC, which is now in place as a result of the collaborative service model provision now getting underway pursuant to the collaboration arrangement with the PCC for Cleveland.

The role of the Chief Executive is formally identified as the head of the Commissioner's staff, who exercises responsibility and all powers of the employer in respect of employees of the Commissioner, including determination of all issues relating to the conditions of service of Commissioner's Staff, provided that any such decisions are made in accordance with the law and with policies adopted by the Commissioner.

As Monitoring Officer the Chief Executive will also exercise oversight and intervention in relation to standards and ethical compliance within the OPFCC as a body corporate. The addition of a Deputy Monitoring Officer service as part of the collaboration with Cleveland, lends additional resilience to this important role.

In accordance with the governance provisions set out above, the PFCC welcomed the offer of the additional capacity, expertise and focus afforded to the OPFCC under the Cleveland collaboration of Acting Chief Executive & Monitoring Officer and the Temporary Chief Executive & Deputy Monitoring Officer service provision model proposed the members elsewhere on the agenda.

This proven executive leadership model will allow the Commissioner to focus more extensively on her strategic lead role with responsibility for the totality of policing, fire and crime services to the public of North Yorkshire.

**Recommendation 4. The PCC is advised to draw on the support of a mentor – a colleague in either a similar role or another senior managerial position – to help assist her in what is a challenging and difficult role.**

The PFCC has been engaging with, and receiving mentoring support via the Chief Executive of the Association of Police & Crime Commissioners.

**Recommendation 5. In further discharging the support and challenge role, it is recommended that the PCC updates the Panel on a six-monthly basis on progress and development in the context of the recommendations set out in this report.**

This recommendation is noted, and an update has been duly provided.

**Recommendation 6. Under section 29(3) of the Police Reform and Social Responsibility Act 2011, the Sub-Committee requests that the PCC respond in writing within 21 days to the recommendations made by the Sub-Committee.**

This recommendation has been previously noted, and an update provided accordingly.

*Office of Police, Fire & Crime Commissioner*

*May 2019*



**Report of the Chief Finance Officer of the PFCC to the Police, Fire and Crime Commissioner for North Yorkshire**

**28<sup>th</sup> February 2019**

**Status: For Decision**

**Medium Term Financial Plan (MTFP) 2019/20 to 2022/23 and Capital Plans 2019/20 to 2022/23 - Policing**

**1. Executive Summary**

**1.1 Purpose of the Report**

This report asks the PFCC to agree the Budget proposals for 2019/20 and the Medium Term Financial Plan (MTFP) for 2019/20 – 2022/23 in line with the legal requirement to set a budget prior to the 1st March each year for the following financial year. It also asks the PFCC to agree the funding for the Capital Programme for 2019/20 and the indicative allocations for the period 2020/21 to 2022/23

**2. Recommendations**

2.1 The PFCC is requested to approve the allocation of the £166,615k of revenue funding, that is forecast to be received by the PFCC in 2019/20, in the following areas:

- £1,080k to run the Office of the PCC
- £3,655k for Commissioned Services and Community Safety Initiatives
- £2,700k for Policing Priorities
- £3,295k for Reinforcing the Front Line
- £401k for Corporate Services
- £154,577k to the Police Force
- £2,342k to the Capital and Revenue Development Programme
- £1,436k from Earmarked Reserves

- 2.2 The PFCC is asked to note that the 2019/20 budget is based on the approved £22.95 increase in the level of Band D precept for 2019/20.
- 2.3 The PFCC is asked to take cognisance of the Robustness of Estimates and Adequacy of Financial Reserves section included within this report.
- 2.4 The PFCC is asked to approve the Reserves Strategy that is attached at Appendix B
- 2.5 The PFCC is asked to approve that the Capital and Revenue Development Programme is initially set at £9,529k, as set out at Appendix A, for 2019/20 and within that programme approve that:
- The small items fund for 2019/20, to be managed as set out in the Financial Regulations by the Chief Constables Chief Finance Officer.
  - Indicative approval of the 2020/21 Rolling Programme budgets as set out in Appendix A, and delegation of approval of any requests to pre-order against the 2020/21 budgets to the Commissioners Chief Finance Officer, up to 25% of each indicative budget. The 2020/21 Rolling Programmes will be submitted for formal approval at this time next year.
  - Delegation to the Commissioners Chief Finance Officer to approve, where needed and appropriate, for the carry forward of any slippage from the approved 2018/19 CRDP into 2019/20.

### **3. Planning and Funding Assumptions**

#### **3.1 Overall Financial Context**

#### **3.2 Police Funding Settlement 2019/20**

**3.3** The Final 2019-20 Police Settlement was announced in a written ministerial statement by the Minister for Policing and the Fire Service Nick Hurd MP on Thursday 24 January 2019. Full details of the settlement can be found on the Home Office pages of the gov.uk website.

#### **3.4 Headlines**

**3.5** The main points within the settlement are a headline of £970m additional funding for the service which includes:

- £161m additional formula funding,
- £153m of pension grant,
- £59m additional funding for Counter Terrorism,
- £90m additional funding to tackle Serious and Organised Crime and
- £509m as a result of additional council tax flexibilities.

#### **Of the £970m approximately £813m is for local policing**

- £509m precept
- £143m pension grant
- £161m additional Funding.

**Precept flexibility of up to £24** for all PCCs (or equivalents) in 2019-20.

**£161m additional grant funding** – made up of primarily £146m increase in core grant.

**3.6** The settlement, including and assuming that each Police Force area increases the Police element of council tax by £24, and pension grant, represents an average cash increase (total funding) of 7.2% between 2018-19 and 2019-20.

**3.7** £160m additional Counter Terrorism funding (announced at the 2018 Autumn Budget) equivalent to an annual increase of £59m; an 8% increase on total CT funding.

**3.8** New Requirements - The minister's letter refers to the requirement to "drive efficiency, productivity and effectiveness".

**3.9** It is important to reflect that this increase in funding does not reflect the significant increased Pension costs that have been passed to Forces to pay from 2019/20 onwards.

3.10 What is expected in return for this Flexibility and improved funding position?

3.11 The 2019-20 settlement provides more funding than had been previously expected. A letter to the Home Affairs Select Committee (HASC) outlines the Policing Minister's 4 priority areas to "drive efficiency, productivity and effectiveness next year":

- Continued efficiency savings in 2019-20 through collective procurement and shared services. There will be an expectation that every force contributes substantially to procurement savings and the Home Office will be working with the police to agree the "right force level objectives for 2019-20 and 2020-21".
- Major progress expected to resolve challenges in investigative resource identified by HMICFRS, including recruitment of more detectives to tackle the shortfall.
- Continue to improve productivity, including smarter use of data to deliver £50m of productivity gains in 2019-20.
- Maintain a Serious and Organised Crime response that spans identification and management of local threats as well as support for national priorities.

3.26 What does this mean for North Yorkshire in 2019/20 in terms of Funding and Costs?

- An increase in Police Grant of £1,423k or 2.1%
- A Pension's Grant of £1,449k

### **HOWEVER**

- The impact of Police Pension changes to North Yorkshire is £3.6m

3.27 Therefore in overall cash terms, before Precept is considered, the organisation has less Cash than it had last year, from the Government, taking into account the additional Pensions Costs that have been passed from the Government to Local Forces.

3.28 In real terms therefore this is a further cut to Government Funding of circa £2.2m.

3.29 Based on the increase in precept being proposed then the overall impact on the Core funding for the organisation, taking into account the additional Pensions costs is set out in the table below:

Funding the Net Budget Requirement				
	2019/20	2018/19	(Increase)/Reduction	Year on Year Change
	£,000s	£,000s	£,000s	%age
<b>Government Funding</b>				
Police Grant	(41,994)	(41,100)	(894)	2.2%
RSG/National Non Domestic Rate	(27,191)	(26,662)	(529)	2.0%
Council Tax Freeze Grant	(2,152)	(2,152)	0	0.0%
Council Tax Support Grant	(5,746)	(5,746)	0	0.0%
<b>Total Government Funding</b>	<b>(77,083)</b>	<b>(75,660)</b>	<b>(1,423)</b>	<b>1.9%</b>
Additional Police Pensions Grant	(1,449)	0	(1,449)	
Additional Police Pension Contributions	3,600	0	3,600	
<b>Actual Impact of Settlement changes</b>	<b>(74,932)</b>	<b>(75,660)</b>	<b>728</b>	<b>-1.0%</b>
<b>Impact of a £22.95 increase in Band D Precept - 9.86% increase</b>				
Net Surplus on Collection Funds	(318)	(492)	175	-35.5%
Council Tax Requirement	(76,980)	(69,168)	(7,812)	11.3%
<b>Total Local Funding</b>	<b>(77,298)</b>	<b>(69,661)</b>	<b>(7,637)</b>	<b>11.0%</b>
<b>Total Government + Local Funding</b>	<b>(152,229)</b>	<b>(145,320)</b>	<b>(6,909)</b>	<b>4.8%</b>

3.30 How does North Yorkshire compare to the National Picture

3.31 Setting aside the additional Pension Costs, the government has stated that the settlement, including council tax (assuming a £24 increase for a Band D property) and pension grant, represents an average cash increase (total funding) of 7.2% between 2018-19 and 2019-20.

3.32 It is important to recognise that these increases do not take into account the additional Pension Costs, only the additional Pensions Grant.

3.33 Based on these assumptions North Yorkshire would fare better than average with a 7.65% increase. This is the equivalent to an additional £600k more than the average Police Force Area.

3.34 The range in percentage increases (assuming all PCC's increase their precept by £24 for a Band D property) range from an increase of 5.77% in Cleveland to 8.48% in Hertfordshire.

3.35 Given the Revised Precept Proposal of an increase of £22.95 for a Band D property then this has resulted in an overall cash increase of 7.2% (as per the National Average) before the additional Pension Costs which then reduce this down to a 4.8% increase as per the table in 3.29.

- 3.36 Government Funding for 2020/21 and beyond
- 3.37 There was no further mention of future settlements other than to repeat “this is the last settlement before the next Spending Review, which will set long term police budgets and look at how resources are allocated fairly across police forces. The Home Office is grateful to the police for the good work they are doing to build the evidence base to support that work, and we will also want to see evidence that this year’s investment is being well spent.”
- 3.38 There are no plans to review the Police Allocation Formula until after the Spending Review. The reference to looking at “how resources are allocated fairly across police forces” is likely to refer to the ongoing work between the Home Office and the Police Sector to support the submission to the Spending Review. There are work streams investigating funding streams and funding models – i.e. regional/local arrangements but no plans yet to review the current police allocation formula.
- 3.39 Top-slices/Reallocations totalling £1,029m have been announced for 2019/20. This is £84m, or 9% higher than 2018/19. The areas this funding will now be spent on, instead of being allocated to PCC’s is as follows:

Police Funding	2017/18 (£m)	2018/19 (£m)	2019-20 (£m)
<b>o/w Reallocations and adjustments</b>	<b>812</b>	<b>945</b>	<b>1,029</b>
PFI	73	73	73
Police technology programmes	417	495	495
Arm’s length bodies	54	63	63
Top-ups to NCA and ROCUs			56
Strengthening the response to Organised Crime	28	42	90
Police transformation fund	175	175	175
Special Grant	50	93	73
Pre-charge bail	15	4	4

- 3.40 Legacy Council Tax funding is still separately identifiable and has not changed from 2018/19.
- 3.41 Police Capital Grant that is to be allocated to PCC’s has been increased by £11k (or 2.2%) with the PCC only receiving £440k which won’t even be enough to pay for the replacement of Police vehicles during 2019/20.
- 3.42 Counter Terrorism (CT)
- 3.43 At the Autumn Budget the Chancellor announced an additional £160m for counter terrorism policing, which is a £59m increase (8%) on the 2018-19 CT funding. The Police settlement confirmed these figures saying this additional funding will bring the total CT funding to £816m, including a £24m uplift in armed policing from the Police Transformation Fund.

3.45 Ministry of Justice (MoJ) Funding

3.46 The Ministry of Justice have confirmed the level of the Victims and Witnesses Grant for 2019/20, and while the overall amount allocated to PCC's has remained static at £67,855k, the grant is allocated based on population with little change seen for North Yorkshire during 2019/20.

3.47 MTFP Assumptions

3.48 When the 2018/19 budget was set in February 2018 the forecasts were underpinned by the following assumptions:

- Pay Awards: 2% increase per annum
- Precept: Increases of:
  - 2018/19 - £12 or 5.2%
  - 2019/20 - £12 or 5.15%
  - 2020/21 - 1.99%
  - 2021/22 - 1.99%
- Tax Base increases of 1.0% per annum
- Collection Surplus of £400k per annum
- Government Grants: Frozen until 2019/20 and the increases of 2% thereafter
- Impact of Funding Formula Review – Nil

3.61 In line with good planning our assumptions remain under review and are updated with the best information available and it is expected that the MTFP for 2019/20 and beyond will assume the following:

- Pay Awards: 2% increase p.a
- Precept: Increases of:
  - 2019/20 - £22.95 or 9.86%
  - 2020/21 - £12 or 4.7%
  - 2021/22 - 1.99%
  - 2022/23 - 1.99%
- Tax Base increases 1.0% per annum, Collection Surplus £400k p.a
- Government Grants: Frozen until 2020/21 and the increases of 2% thereafter
- Impact of Funding Formula review – Nil



### 3.62 Precept

Just over 50% of the Net Budget Requirement within North Yorkshire is now funded by the local precept and therefore this provides more financial resilience than in most Police Force areas as decisions around the Government Grant have less of an impact than in those areas that are funded by 75-80% from Government Grants, which have either been frozen or reducing over the last 7 years.

3.63 The Department for Communities and Local Government has published the final council tax referendum principles for 2019/20 which gave all PCCs the ability to increase band D bills by as much as £24 without triggering a referendum. This would represent increases of between 9.3% (North Wales) and 21.8% (Northumbria).

3.64 Consultation was undertaken within North Yorkshire and the results published as part the supporting information for the PCC's decision to propose a revised £22.95 increase in the Band D precept for 2019/20. This proposal was supported by the Police, Fire and Crime Panel and therefore this budget incorporates a Band D 'Policing' precept for 2019/20 for North Yorkshire of £255.77

3.65 For the purposes of planning, the balanced plan that is set out within this paper assumes the following:

- 2020/21 – Precept Increase of £12 per annum (4.7%)
- 2021/22 – Precept Increase of 1.99%
- 2022/23 – Precept Increase of 1.99%

3.66 Over the last 6 years there have been significant increases in both the number of calculated Band D properties within North Yorkshire and also significant 'Collection Surplus' to which the Authority benefited from. This has continued in 2019/20 but at a lower rate than the average over that 6 year period.

3.67 The number of Band D properties within North Yorkshire has increased by 3,884 (or 1.3%) to 300,974. This is the second lowest increase in the last 6 years, with 2018/19 having the lowest increase of 1.1%.

3.68 The trend therefore appears to be one of slower increase and therefore this plan assumes that the Tax Base increases by 1% per annum going forward, which is lower than the increases that the OBR is forecasting for England as a whole.

3.69 Each 0.1% increase in the Council Tax Base above the 1% growth included within the MTFP would generate additional income of just over £75k per annum.

- 3.70 For illustration purposes, if the Council Tax base was to increase across the life of the MTFP, at the same rate as reported this year, so 1.3%, this would have the following impact on the level of Council Tax income received each year:
- 2020/21 - £220k more
  - 2021/22 - £470k more
  - 2022/23 - £740k more
- 3.71 In addition to this Council Tax base growth the Collection Surplus for 2019/20 is £317,538 which is the lowest it has been in the last 6 years. This is factored into this MTFP along with an estimated Collection Surplus of £400k per annum going forward.
- 3.72 These assumptions will all be kept under review as details for future years become available and projections amended accordingly
- 3.73 The flexibility to increase the Precept by more than previously forecast has had a significant impact on the projected funding that is now available to the PFCC.
- 3.74 Specific Grants, Other Income and Partnership Fees and Charges
- 3.75 These sources of income and funding are forecast to provide between £11.8m and £12.2m across the life of the plan.
- 3.76 Within this there has been a significant increase in the area of Specific Grants – this has increased overall by £1.2m from 2018/19 which is primarily in relation to the receipt of a new Pensions Grant.
- 3.77 Pensions Grant
- 3.78 On 6 September Her Majesty's Treasury (HMT) published their draft Directions on public service pension schemes for the 2016 Valuation which comes into effect in 2019/20. The Directions set both the financial assumptions (including changes to the Discount Rate) and demographic assumptions to be used by the Government Actuary's Department (GAD) to produce the valuation results for the Police pension scheme.
- 3.79 The most significant element of the Directions is that the Superannuation Contributions Adjusted for Past Experience (SCAPE) Discount Rate, which is used in unfunded pension schemes to convert future pension payments into a present value, will reduce from 3.0% to 2.4%.
- 3.80 This is due to a more pessimistic assessment by the OBR of the long-term forecast for growth in the economy. The Discount Rate reduction has the effect of increasing the cost of future benefits and therefore the required contribution rate. Payments to beneficiaries are unchanged by the Discount Rate changes and therefore the overall impact is a reduction in the amount

paid by the Exchequer to meet the difference between contributions and payments via the Pension Top-Up Grant.

- 3.81 The changes have had the effect of increasing the employer contributions (to include ill-health costs) from 24.2% to 31.0% from April 2019. The Government Actuary's Department estimated that the additional cost to Policing as a result will be around £330m per annum.
- 3.82 HM Treasury indicated that additional funding would be provided to public sector bodies in 2019-20 to mitigate some of this increase, with the sector "paying only the additional costs announced at Budget 2016" (a reduction in the discount rate from 3% to 2.8%). This means that police will pay £187m of the additional costs in 2019-20, with the remaining £143m being provided via a grant.
- 3.83 The cost to North Yorkshire Police is estimated to be circa £3.6m per annum with the grant provided by the Treasury totalling £1,449k in 2019/20.
- 3.84 The current financial plans assume that this Pensions Grant of £1,449k will continue in future years, although there are no guarantees that this will happen. Clearly if the grant is not paid in the future then this will provide a significant gap in the current financial plan.
- 3.85 The income budget on Partnership Income, Fees and Other Charges has reduced from £8.7m in 2018/19, to £8.1m in 2019/20 and predominantly reflects the experiences of 2018/19 in terms of lower than expected income from the National Driver Offender Re-Training scheme, which is offered to motorists, under certain circumstances, when they have made certain road traffic violations.

3.86 The entire funding therefore expected to be available to the PFCC for Policing for the next 4 years, in comparison to 2018/19, is as follows:

	Actual	Forecast	Forecasts		
	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Funding</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Government Grant	(67,762)	(69,185)	(69,185)	(70,569)	(71,980)
Council Tax Precept	(69,661)	(77,298)	(81,818)	(84,272)	(86,799)
Council Tax Freeze Grant	(2,152)	(2,152)	(2,152)	(2,152)	(2,152)
Council Tax Support Grant	(5,746)	(5,746)	(5,746)	(5,746)	(5,746)
<b>Funding for Net Budget Requirement (NBR)</b>	<b>(145,320)</b>	<b>(154,380)</b>	<b>(158,901)</b>	<b>(162,738)</b>	<b>(166,676)</b>
%age change in Net Budget Requirement	2.6%	6.2%	2.9%	2.4%	2.4%
Specific Grants	(2,900)	(4,105)	(3,827)	(3,827)	(3,827)
Partnership Income/Fees and Charges	(8,702)	(8,129)	(7,931)	(7,923)	(8,022)
<b>Total Funding</b>	<b>(156,923)</b>	<b>(166,615)</b>	<b>(170,660)</b>	<b>(174,488)</b>	<b>(178,525)</b>
%age change in Total Funding	1.4%	6.2%	2.4%	2.2%	2.3%
<b>Total Funding Assumption at February 2018</b>	<b>(156,923)</b>	<b>(160,395)</b>	<b>(164,010)</b>	<b>(167,730)</b>	
<b>Changes to Total Funding Forecasts since Feb 2018</b>	<b>0</b>	<b>(6,220)</b>	<b>(6,649)</b>	<b>(6,758)</b>	

3.87 As a result of the Government Grant settlements being better than expected, the flexibility to increase precept by more than previously forecast then the overall funding available to the PFCC, even after taking into account the lower than previously budgeted income from Driver Re-training courses, is significantly higher than projected in February 2018.

3.88 The additional income of £6.2m is rationalised as follows:

- Additional Precept Flexibility - £3.3m more
- Additional Government Grant - £1.4m more
- Pensions Grant - £1.4m more
- Forecast reductions in other income - £0.9m less (mostly Safety Camera Van Income)

3.89 As mentioned elsewhere some of this increase is being absorbed by the additional £3.6m that will need to be paid into the Police Pension Fund.

3.90 The increases in funding for Net Budget Requirement are forecast to grow at a faster rate than both pay and general inflation and therefore the PCC should have a funding base from which to deliver sustainable services if these forecasts become reality.

#### **4. Expenditure Plans**

- 4.1 In setting the budget for 2019-20 the PFCC will need to make decisions on how the overall funding discussed in Section 3 is allocated. The PFCC will need to provide funding/budgets to the areas discussed in the following sections:
- 4.2 Office of the PCC  
The PCC set a budget of £1,011k for 2018-19, to reflect both the impact of pay inflation and general inflation as well as the expected phased implementation of the way that complaints would be handled, with the expectation that the full costs of complaints would be reflected in 2019/20.
- 4.3 The proposed budget in this area for 2019/20 is £1,080k which reflect the full year costs of the resourcing requirements to deliver complaints handling and a small amount of increase to reflect both pay and non-pay inflation.
- 4.4 The MTFP assumed that there will be a requirement for increases in inflation for this budget area throughout the plan.
- 4.5 No assumptions are included within the budget for the impact of any changes that might arise from the Transformation Work and the budget assumes that all costs that are incurred by the Office on behalf of Fire are charged to the Fire budget.
- 4.6 Community Safety and Victims and Witnesses Commissioning  
The role and responsibilities of the PCC is wider than Policing and this has been acknowledged with the addition of responsibilities around Community Safety and Victims and Witnesses services.
- 4.7 The Ministry of Justice have confirmed the level of the Victims and Witnesses Grant for 2019/20, and while the overall amount allocated to PCC's has remained static at £67,855k, the grant is allocated based on population.
- 4.8 The allocation of Grant to North Yorkshire for 2019/20 is £947k which is in line with the funding received in 2018/19.
- 4.9 Current plans expect that around £3.6m per annum is provided to continue to deliver those services already in place in 2018/19.
- 4.10 Further to the recurring plans, indications were received last year identifying investment in 2 additional areas, totalling £283k:
- Victims Services request for growth Counselling, Victim CMS, Child Sexual Exploitation, Target Hardening and Victim Support Training; and
  - Missing from Home additional Services.
- 4.11 Neither of these has been included with the Budget that would be delegated to this area at this stage, however these would be provided for from the Policing Priorities Investment Fund.

4.12 Corporate Services

4.13 In 2012, all Police Staff transferred employer from the Police Authority to the Police and Crime Commissioner. In 2014, some Police Staff then transferred employer to the Chief Constable, whilst others remained temporarily employed by the Police and Crime Commissioner until a suitable collaboration arrangement was identified. Now that collaboration arrangement has been agreed, the Stage 2 transfer process can be completed and the collaboration set up.

4.14 As part of the transition and the changes to governance that occurred from the 1st April 2014 (the Stage 2 Transfer) there were certain budgets and responsibilities that either needed to sit with the PCC or which were agreed to sit with the PCC. These areas were grouped under the heading of Corporate Services.

4.15 From the 1<sup>st</sup> April 2019 the remaining elements of the 'Stage 2 Transfer' will be completed and as such almost all of the budgets previously identified within Corporate Services will come under the responsibility of the Chief Constable.

4.16 In 2018/19 the budget within Corporate Services was £22,018k. The only element within this budget that will not pass to the Chief Constable will be the Asset Management budgets which reflects that only PCC's can borrow money and own assets. This budget is just over £400k.

4.17 Policing Priorities Fund

The Policing Priorities Fund that was established last year and which is going to be held under the control of the PFCC is now split into 2 distinct areas:

- Policing Priorities and Investments
- Reinforcing the Front line

4.18 The area established last year was for Policing Priorities and investments in Service Improvements and Development to enhance the service important to the public of North Yorkshire. It was funded through the additional capacity that was provided, in 2018/19, through the better than expected funding settlement and specifically the additional Precept funding that continues to be received from the increase of £11.50 per year for a Band D property in 2018/19.

4.19 It is expected that this process will continue across the MTFP where increases in Precept are added to this Fund and cost pressures from general inflation and pay awards will needed to be funded through the delivery of internal efficiencies and savings.

- 4.20 This funding will be held under the control of the PFCC has approved that is it allocated to a specific area of the organisation. Based on current projections the area will have the following funding levels:
- 2019/20 - £2.7m
  - 2020/21 - £5.1m
  - 2021/22 - £7.6m
- 4.21 These funding levels are after the investment in the Force Control Room (FCR) that was approved last year has been transferred to the Force.
- 4.22 Has this investment in the FCR improved performance?
- 4.23 There was a specific requirement on the Force to improve performance of the force control room (FCR) and the response to 999 and 101 calls made to the police by the public. The investment into the FCR following the precept increase in 2018/19 led to the introduction of a number of measures all aimed at improving call handling performance in respect of 999 and 101. Firstly there was an investment in people, coupled with the introduction of a learning and development hub which included a new building able to accommodate a higher number of new recruits at any one time. The FCR building itself was further extended to provide additional call handling provision and the equipment used was all upgraded to ensure that the call handlers had access to the best possible technology.
- 4.24 In order to enhance morale the Force also invested in their staff by providing additional rest and refreshment facilities.
- 4.25 The impact has been a significant improvement to call handling performance. Demand has continued to increase and from being in a position in the Summer of 2017, where for 3 months the Force were on the Home Office list for breaching 999 response; and the average time to answer a 101 call was between 4-6minutes, the Force, after the investment, now answer all 999 calls with the average time to answer being less than 10 seconds. In addition the Force now answers 101 calls in an average of 1min 30 seconds – 48% are answered in less than 30 seconds. Now that performance has largely been stabilised, the Force is considering how further improvements can be made, which will be included in the Transform 2020 programme in due course.
- 4.26 This would not have been possible without the investments being made. Staff morale is much higher as well which also impacts upon customer service.
- 4.27 It will be vital that this performance and improvement continues going forward and that this continues to be closely monitored to ensure that any changes as part of the Transform 2020 programme enhance the performance.

#### 4.28 Reinforcing the Frontline

Over the last few years there has been significant investment in those areas that are assessed as those providing the greater areas of Threat, Risk and Harm, this included a £3m strategy to improve protection for vulnerable people that was announced in 2016. The recent Neighbourhood Policing Survey provided a timely reminder however of the concerns that the public have about the erosion of local policing services in North Yorkshire. The summary findings of the survey were that:

- Overall, residents feel less safe than they did a year ago
- 40% of people feel crime and anti-social behaviour is getting worse in their area
- Policing comes at the bottom of the list when residents are asked to rate local public services
- Less than one third of people are satisfied with the level of police presence in their area
- Scarborough and Richmondshire are standout areas for good practice and community confidence
- There is support for partners to take more action over mental health related issues
- Communities feel they should be given a greater say on resolving anti-social behaviour issues in their area

4.29 In response to these concerns, and the strategic direction of the PFCC to deliver the 'Reinforcing the Front Line' goal set out in the Police and Crime Plan, the Force have drawn up plans to address the areas that were raised within this survey and have proposed the following:

- Community Resilience Teams with a visible presence dedicated to prevention and facilitating multi agency working.
- Mental Health Coordinators to support our most vulnerable residents and reduce the need for emergency secondary interventions
- Increased and structured engagement with communities to understand what matters to the place with a focus on volume acquisitive crime and volume offenders. Subsequently this will reduce the fear of crime through increased traditional community presence and engagement. This would include:
  - Integrated Offender Management
  - Neighbourhood Teams focused on volume acquisitive crime and volume crime prevention and engagement
  - Bail Management
  - Creation of a Public Safety Officer across public sector organisations.
  - Online PCSOs to provide prevention advice and support investigations such as online crime
  - A City Task Force, focused on primary interventions to ensure that our more urban communities problems are being solved.



- 4.30 To deliver these proposals would result in an increase in both Police Officers (51 FTEs) and PCSO's (23.5 FTEs) and once fully implementing would cost in the region of £3.3m on an annual basis.
- 4.31 These are the priority areas, in terms of where the additional precept funding (i.e. the additional £3.3m raised as a result of increasing the precept by £22.95 in comparison to a 'standstill' budget which would have required an increase of £12) will be invested.
- 4.32 The funding will only be released to the Force as Officers and Staff are specifically appointed to the 74.5 FTE roles that are set out within the proposal. Funding will also be made available in 2019/20 to enable recruitment of these additional resources and for the additional uniforms and equipment that will be needed.
- 4.33 The Commissioner will be closely holding the Force to account to ensure that this investment improves those priority areas identified above and this then helps improve the areas of public concerns that have been highlighted.

## 5. Police Force

- 5.1 The vast majority of the funding available to the PFCC will be provided to the Chief Constable, this provides the budgetary constraints in which the PFCC expects the Force to work within, in delivering against the Police and Crime Plan. It is vital that these allocations are seen as limits within which the Force must operate, as there is neither the capacity nor authority to exceed the budget provided.
- 5.2 It is also useful to consider that the budget projections for future years should be seen as limits to work within.
- 5.3 To be able to deliver an overall balanced budget for the next 4 years the PFCC forecasts to be able provide the Chief Constable with the following levels of financial resources:
- 2019/20 - £154.6m
  - 2020/21 - £154.6m
  - 2021/22 - £155.1m
  - 2022/23 - £157.8m
- 5.4 These should be seen as the maximum likely to be available and therefore the Force will need to plan to deliver within these overall limits and deliver the necessary savings and efficiencies, discussed later in this report, to be able to invest into other areas.
- 5.5 The figures set out below, which forecast expected spend over the next 4 years in comparison to 2017/18, do not include any funds for the investment in Neighbourhood Policing, that have recently been discussed, nor do they reflect future investments that might be possible from the Policing Priorities Fund.

	Actual	Forecasts			
	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Police Force Planned Expenditure</b>	£000s	£000s	£000s	£000s	£000s
<b>Pay</b>					
Police Pay	73,540	75,929	77,763	79,303	80,889
Police Overtime	2,070	2,033	2,073	2,115	2,157
Police Community Support Officer Pay	6,605	6,719	6,853	6,990	7,130
Staff Pay	26,280	38,548	38,820	39,540	40,340
<b>Pay Total</b>	<b>108,495</b>	<b>123,229</b>	<b>125,509</b>	<b>127,947</b>	<b>130,516</b>
<b>Non-Pay Budgets</b>					
Other Pay and Training	1,535	1,648	1,678	1,712	1,746
Injury and Medical Police Pensions	3,699	3,700	3,822	3,898	3,976
Premises	54	4,519	4,390	4,478	4,568
Supplies and Services	12,321	22,848	23,872	24,310	24,244
Transport	1,660	2,643	2,687	2,737	2,792
<b>Non-Pay Total</b>	<b>19,269</b>	<b>35,358</b>	<b>36,450</b>	<b>37,136</b>	<b>37,326</b>
<b>Projects</b>	2,219	991	140	20	0
<b>Efficiency and Savings Targets</b>		(5,000)	(7,500)	(10,000)	(10,000)
<b>Total Planned Force Expenditure</b>	<b>129,984</b>	<b>154,577</b>	<b>154,599</b>	<b>155,103</b>	<b>157,842</b>
%age Change in Expenditure	3.0%	18.9%	0.0%	0.3%	1.8%
<b>Employee Numbers</b>	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,390	1,450	1,450	1,450	1,450
PCSOs	200	223	223	223	223
Police Staff - Police Force	1,040	1,160	1,140	1,136	1,135

- 5.6 Part of the reason for the significant increase in the budget in 2019/20, in comparison to 2018/19 is the switch of the Corporate Services budget to sit under the responsibility of the Chief Constable as part of the completion of the Stage 2 transfer.
- 5.7 Police Pay
- 5.8 Included within the Police Pay budget is sufficient funding to maintain 1,400 FTE Police Officers throughout 2019/20 in line with the previously agreed establishment and the targets agreed with the Commissioner.
- 5.9 The Budget proposed for Police Pay for 2019/20 is nearly £2.5m (or 3.5%) higher than the budget that was set in 2018/19 and £5m higher than the forecast actual spend that is expected on Police Pay in 2018/19
- 5.10 This increase reflects the changes to Police Pension Contributions that was referred to in 3.77 to 3.84, which has increased the budget requirement by £3.6m.
- 5.11 There is then an allowance for a Police Pay award of 2% from the 1<sup>st</sup> September 2019 within the budget and the removal of a vacancy factor within the Police Pay budget.
- 5.12 Police Officer Recruitment and Investment in Neighbourhood Policing
- 5.13 In an environment of uncertain funding settlements, leading to paused recruitment activity, smaller recruitment and training teams, there has been a recurring challenge of maintaining Police Officer numbers at the level provided for within the Budget.
- 5.14 This has once again been a challenge for the Force within 2018/19 where average Police Officer levels are expected to be 1,350 FTE. It is however expected that by the end of 2018/19 that the overall number of Police Officers within the Force will be circa 1,390 FTEs. This should then provide the basis for not only maintaining Police Officer numbers at the required level but also providing the platform to deliver the additional investment in Neighbourhood Policing that will be funded via the higher than previously budget for increase in precept in 2019/20.

5.15 The Staffing Proposals of the proposed investment in Neighbourhood Policing is set out in the table below:

Precept Investment Plans - Neighbourhood Policing Investment					
Initial Staffing Proposals	Inspector	Sgt	PC	PCSOs	Total
1. Neighbourhood Teams with visible presence dedicated to prevention and facilitating multi-agency working	1	3	18	0	22
2. Three mental health coordinators to support our most vulnerable residents and reduce the need for emergency secondary interventions	0	0	3	0	3
3. Increased and structured engagement with communities to understand the issues that really matter to the place: Integrated Offender Management (3 PCs) Uniformed PCs focused on volume acquisitive crime and volume crime prevention and engagement (18 PCs) Bail Management (1 Sgt)		1	21		22
4. Creation of a Public Safety Officer across public sector organisations				10.5	10.5
5. Online PCSOs to provide prevention advice and support investigations such as online crime				7	7
6. A City Task force Focused on primary interventions to ensure that our more urban communities problems are being solved		1	3	6	10
<b>Total Increase in FTEs</b>	<b>1</b>	<b>5</b>	<b>45</b>	<b>23.5</b>	<b>74.5</b>

5.16 It will not be possible to have all of these posts filled from the 1st April and therefore it important to set out the expected timing of the recruitment and the likely costs in the first year, and then on a recurring basis thereafter.

5.17 The assumptions are that both the Inspector Role and the Sgt roles would be recruited to internally, via promotions, and therefore these roles would be filled from the 1st May.

5.18 The original recruitment plan that the Force had in place to maintain 1,400 Police Officers throughout 2019/20 was based on the following recruitment plan:

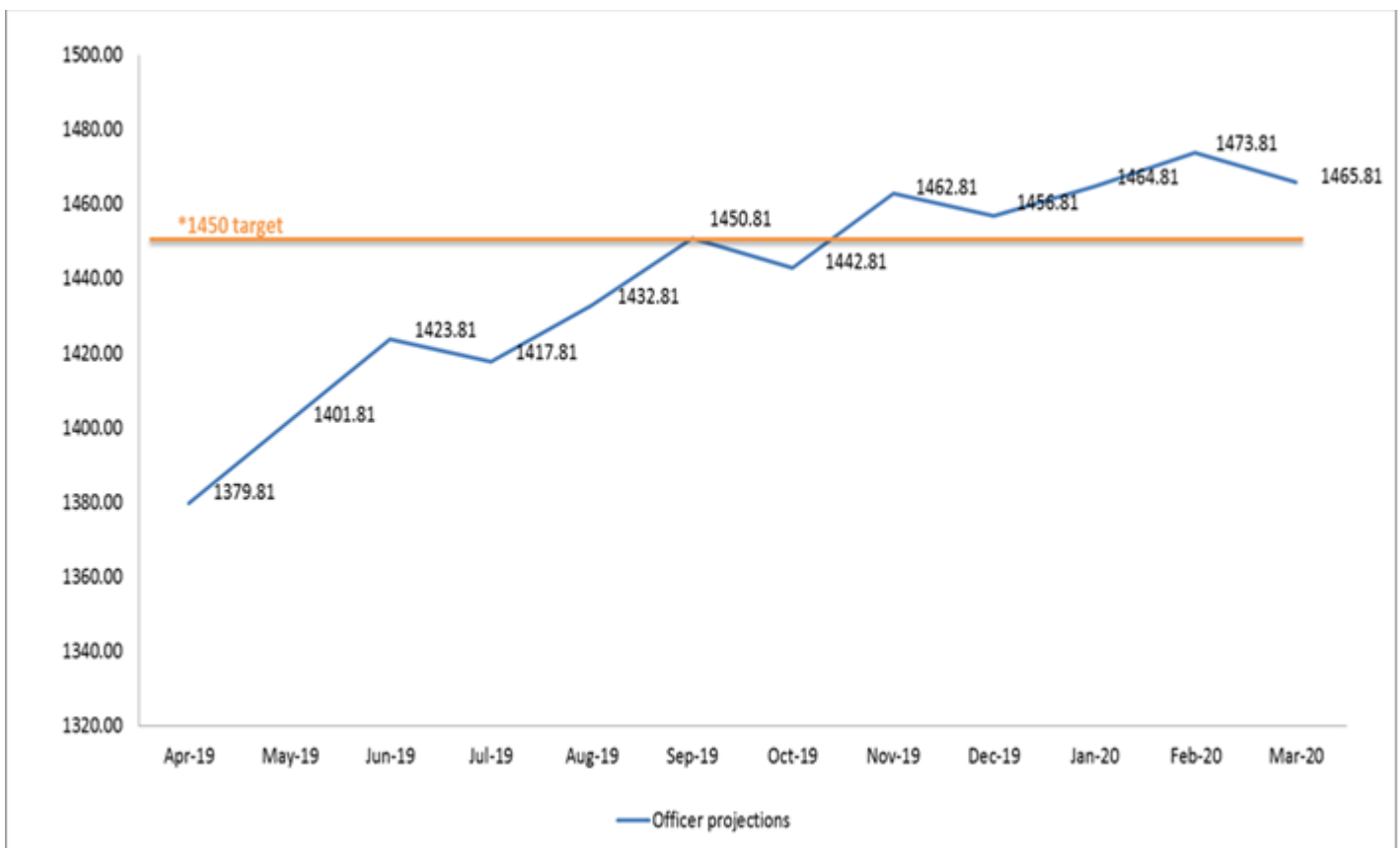
Intake	Number in intake	Date of Intake
Transferees	20	May-19
Student Officers	14	Jun-19
Transferees	14	Jul-19
Student Officers	14	Sep-19
Transferees	14	Dec-19
Student Officers	28	Jan-20
<b>Total</b>	<b>104</b>	

5.19 This has been revised to deliver the additional capacity and resources that the additional precept would provide, as the Force looks to move to a Police Officer establishment of circa 1,450 FTEs.

5.20 These additional recruitments lead to a plan to recruit 160 FTE Police Officers during 2019/20 as per the below timetable:

Police Officer Recruitment Plan	Number in intake	Date of Intake
Transferees	28	May-19
Student Officers	28	Jun-19
Transferees	20	Aug-19
Student Officers	28	Sep-19
Student Officers	28	Nov-19
Transferees	14	Jan-20
Student Officers	14	Feb-20
<b>Total</b>	<b>160</b>	

5.21 When estimated retirements, transfers and resignations are taken into account then the projected Police Officer numbers during 2019/20 are as per the below:



5.22 The revised Police Officer recruitment plan is forecast to deliver, on average, 1,439FTE Police Officers during 2019/20 and should put the Force in a very strong position to maintain a full establishment going forward.

- 5.23 In terms of PCSOs, there is a plan to have the recruitment complete via an intake in September.
- 5.24 Recruitment into the Force is clearly a significant deliverable for both 2019/20 and beyond as it has such a clear impact on the service delivered to the public of North Yorkshire. Nearly 80% of the budget available to the Force is expected to be spent on staffing costs and therefore it is vital that the recruitment plans of the Force are delivered in a timely manner.
- 5.25 This is an area that with need to be kept under close scrutiny by the PFCC and something that the Force will need to report on regularly to ensure that the Force deliver against the key area.
- 5.26 Based on budget costs, the expected recruitment timeframes and allowing for pay awards at 2%, the project investment in Neighbourhood Policing is as per the below:

<b>Projected Cost of Investment in Neighbourhood Policing</b>				
	2019/20	2020/21	2021/22	2022/23
<b>Spend Area</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Salary Costs	2,530	3,280	3,425	3,495
Training Costs	325	35		
Uniform and Equipment Costs	220			
<b>Total Investment Cost</b>	<b>3,075</b>	<b>3,315</b>	<b>3,425</b>	<b>3,495</b>

- 5.27 Should all of the above be delivered, in line with the plan, then this would leave around £210k of the £3.3m, as unspent in 2019/20 but needed in 2020/21 and beyond. It is important to recognise that these funds will only be released to the Force as these posts are filled.
- 5.28 To ensure that the above funds would not simply be absorbed into the wider finances of the organisation, the remaining funds will be ring-fenced with the proposal that they are split across the following areas:
- Prevention activities which the Community Safety Partnerships can bid into.
  - Road safety
  - Commissioning (for example an expansion of the NYFRS Life courses and other such activities)
  - Responding to the rural domestic abuse research that is currently underway

5.29 Police Pay Awards

5.30 It was announced in September 2018 that Scottish police officers would receive an immediate 6.5% pay increase backdated to 1 September 2018 and which applies until 31 March 2021.

5.31 Given that Police Officers in England and Wales received a pay increase that, was in reality, worth less than 1% in September 2018 then there is likely to be some significant pressure for a better pay increase from September 2019.

5.32 There are a number of scenarios currently being modelled and all of these would cost more than the currently budgeted position of 2% increases per annum across the life of the MTFP.

5.33 All of these scenarios would cost more in 2019/20 – between £0.7m and £1.1m and across a 3 year period would cost more by between £1.5m and £2.5m.

5.34 Should any of these scenarios materialise then savings/reductions would need to be made to meet these costs. There will be no additional funds from the government to meet these costs – the Government have been clear in the recent past that the additional precept flexibility that they have provided to PCC's would need to cover any pay awards.

5.35 Police Overtime

For the first time in at least 4 years Police Overtime is reported to be within budget for 2018/19. This has been a significant turnaround from the previous 3 years that saw overspends of at least £1m on a £2m budget.

5.36 The Value for Money indicators would suggest that an overtime budget of circa £2m is an appropriate level for a Force the size of North Yorkshire and this is the level of the budget for 2019/20. It is vital that this area is managed with the same rigor as it has been in 2019/20 and that overtime is spent in line with both need and affordability.

5.37 PCSO Pay Budget

The initial budget for PCSO's, and the one that is provided to the Chief Constable, is based on an Establishment of 200 FTEs, this is as per 2018/19 and broadly in line with the average number of PCSO's employed throughout 2018/19.

5.38 It is forecast that the number of PCSO's at the start of 2019/20 will have dipped just below 200FTEs, with estimates that circa 194/195 FTEs will be in place at the end of 2018/19.

5.39 It is important that recruitments are planned and delivered in this area, so that the overall FTEs can be firstly be maintained and then increased to ensure the investment in Neighbourhood Policing that have been reference elsewhere is delivered.

5.40 Staff Pay Budget and FTE's

5.41 2019/20 will be a year of significant change for many Police Staff as a result of the following:

- The completion of the Stage 2 transfer
- The Transformation work and the impact of the Business Cases that are due to be consulted upon with staff shortly
- The 'Enable' Collaboration with the Fire Service

5.42 Stage 2 Transfer

5.43 The completion of the Stage 2 transfer from the 1<sup>st</sup> April 2019 will see the transfer of 205 FTE permanent staff posts to the employment of the Chief Constable along with a small number of time limited Project posts. (circa 6).

5.44 The actual number of staff involved in this transfer will depend on the number of people in post at the point of transfer. As at the end of December 2018 there were 186.5 FTEs employed in this area with a further 5 FTEs on agency contracts.

5.45 The actual transfer will provide a number of challenges in terms of transferring staff from one payroll to another payroll, ensuring that their contract of employment reflect the change to employer and some staff will have different line managers going forward.

5.46 Financially there is only one potentially significant impact of this transfer that I highlighted as part of the discussions before this transfer was agreed to happen. This relates to the different percentage contributions that are made into the Local Government Pension Scheme by the Force in comparison to the PFCC.

5.47 Currently the Force has a historically low contribution rate of 11.3% however the PFCC has an even lower contribution rate at 3.9%.

5.48 Should the Force need to contribute at the rate of 11.3%, for all of the staff who transfer employment from the PFCC, then this will cost £450-500k per year more than is currently provided for within the Force's budget.

5.49 The Force is currently in discussions with the pension's provider in relation to this issue.



5.50 Transformation (T2020 Programme)

5.51 What is the Transformation Programme (Transform 2020) seeking to do?

5.52 Stage 1 – Simplify

Remove duplication of processes, define and refine what our enabling services do, ensure staff are deployed appropriately and supported to be the best they can, support managers to provide strong leadership and optimise the use of technology.

5.53 Stage 2 – Standardise

Transition to self service enabling services across the organisations, continue to improve processes, implement technology standardisation through joint procurements when upgrades are required, ongoing prioritisation in line with emerging needs of North Yorkshire Police, North Yorkshire Fire & Rescue Service and the public of North Yorkshire.

5.54 This will then lead to Stage 3 – Share – where: A completely standard set of processes are in place across North Yorkshire Police and North Yorkshire Fire & Rescue Service, underpinned by a common set of systems

5.55 Where are we currently in the process?

5.56 The design phase reached a conclusion just prior to Christmas, and a number of business cases were prepared for the Executive Team’s consideration in the New Year.

5.57 The Executive Team met in January to consider outline business cases on enhancing the Force Control Room, and transforming the Enabling Services. Each of the business cases set out the “as is” situation, and indicated the changes we would need to make in order to become a more efficient, productive and affordable service.

5.58 As you can imagine, there were many hundreds of pages of information to assess, and a lot of careful consideration needed. However, we have drawn the necessary “in principle” conclusions about how we intend to deliver the service in the future, and the structures we will need to have in place to do that in the most effective way.

5.59 With those “in principle” choices in place, work started to work up the detail of what the changes would mean for each individual team, including a provisional implementation timescale should the plans progress.

5.60 The Business Cases produced as part of this piece of work have now concluded the detailed work required to move this from an ‘in principle’ proposal to one that can now be shared with, and consulted upon, with both Unions and then Staff.

- 5.61 The PFCC is aware of the timeframes and timetables that are being worked to as part of this Transformation Programme however they can't be provided in this document given that they are not public information at this time.
- 5.62 It is possible to share the breadth of the area being looked at as part of the Transformation Programme and these are as follows:
- Business Admin Services
  - Communications
  - Digital Information and Services Group
  - Finance
  - HR
  - Information Management
  - Organisational Development
  - Professional Standards
  - Resource Management
  - Training
  - Transport, Logistics and Estates
  - Customer Contact
  - OPFCC
- 5.63 The Business Cases that have been agreed "in principle" and are now subject to both Union consultation and then staff consultation would deliver against the overall £10m savings target that has been incorporated into the financial plans.
- 5.64 The responsibility to deliver these Business Cases ultimately rests with the Chief Constable and it will therefore be vital that regular updates are provided so that the PFCC can be assured that the Chief Constable is delivering against this important area of work that will Transform a significant part of the way business is done within the Force and not only in those teams/areas that are directly impacted through a Business Case.
- 5.65 It is unlikely that the £5m savings included in the financial plans for 2019/20 will be delivered in time with the assumptions within the Financial Plan, purely from the Transformation work. The risks of this, on the overall budget, will be considered later in this report.
- 5.66 Enable – Collaboration with Fire Service
- 5.67 The process to Simplify, Standardise and Share enabling services will be one of the key areas of development over the coming financial year.
- 5.68 This aligned to the significant collaboration with the Fire Service, under a collaboration agreement, and the move to 'Enable' is expected to offer the opportunity to both improve services and deliver increased value for money.
- 5.69 This will be another key area that the PFCC will need to be kept informed of by the Chief Constable as part of the overall scrutiny of the Force during the coming year.

5.70 Staff FTE's incorporated into the Force's Budget

5.71 The completion of the Stage 2 Transfer, the inclusion of all posts within the current Police Staff Establishment, therefore removing any previous assumptions about vacancies until the Transformation Business Cases are progressed or otherwise, and the addition of the additional roles within the Force Control Room have resulted in the following:

	Actual Budget	Forecasts			
	2018/19	2019/20	2020/21	2021/22	2022/23
<b>Employee Numbers</b>	FTEs	FTEs	FTEs	FTEs	FTEs
Police Staff - Police Force	1,040	1,160	1,140	1,136	1,135

5.72 From an overall budget perspective the number of staff FTEs are now showing as 1,160, this is 120 FTEs higher than 2018/19 and results primarily from adding back the 91 FTE vacancies that were factored into the 2018/19 budget and the addition of the additional 39 FTE posts introduced into the FCR as part of the investment agreed last year.

5.73 It is important to recognise that posts will be recruited into in line with the work of the Transformation Programme to ensure that only those posts that are within any revised structures are recruited to.

5.74 It is also important to be aware of the number of staff that were in post as at the end of December 2018. This totalled 1,064 FTEs. Which is almost 100 vacancies against the budgeted position.

5.75 Based on average salaries this equates to vacancies totalling circa £3.2m that are expected to exist at the point of setting the 2019/20 budget.

5.76 It is likely that a significant number of these vacancies will not be required in any future structure, those that are required will provide opportunities for promotion, career development and/or redeployment for staff within the Force that might be at risk from the Transformed way of doing business.

5.77 These vacancies also provide some significant assurances that the £5m of savings that are factored into the overall Force budget, and are needed to enable the Force to stay within their provided budget, can be met. However as stated earlier the savings might not be exactly in line with the plans, as the transition to the new way of working, as set out within the Transformation Business Cases will take some time.

5.78 Staff Pay Awards

5.79 The MTFP assumes that staff will be awarded a 2% pay award from the 1<sup>st</sup> September each year. It is important to recognise that it would be very challenging to agree a Pay deal for 'Staff' that wouldn't be along similar lines to those agreed for Police Officers.

5.80 All of the scenarios being looked at for Police, if then applicable to Staff would similarly costs more in 2019/20 than budgeted – between £0.4m and £0.7m and across a 3 year period would cost more by between £0.9m and £1.5m

5.81 This is clearly an area that will require some significant focus and attention during both 2019/20 and beyond to deliver the required services while delivering and then embedding the Transformational change required, moving to a new structure with new ways of working and then working more closely with the Fire Service as part of this Collaboration.

5.82 It will be vital that the PFCC is provided with regular information and updates on progress across all of these areas to ensure the Chief Constable is delivering on what will be a very challenging transformation and change programme over the coming years aligned with a significant piece of collaboration.

5.83 Non-Pay Budgets

Almost all non-pay budgets are now under the control of the Chief Constable. In total this accounts for a projected £35.4m worth of expenditure in 2019/20 which is higher than the 2018/19 figure by £2.2m, or 6.2%.

5.84 Much of this increase is within Supplies and Services, which includes a significant amount and variety of budgets, and has a projected budgeted need of a further £1.7m in comparison to the budget set for 2018/19.

5.85 The main areas driving this increase are as follows:

- DISG Contractual Commitments - £0.8m
- Collaboration Costs - £0.3m
- Digital Forensics - £0.3m

5.86 The Estates budgets are about £0.2m higher than otherwise would have been expected as the sale of Newby Wiske has not yet concluded and the budget allows for some costs throughout 2019/20.

5.87 Non-pay budgets are another area of significant focus for the Transformation work and the transformed way of working will also place a lot of focus on contracts, procurement and wider non-pay expenditure. The outline business cases highlighted an expectation that over half of the savings within this overall transformation programme will be delivered from non-pay budgets.

5.88 This will therefore be a further critical piece of work that will need to be very closely monitored to ensure delivery in a timely manner.

- 5.89 It is not simply delivery of savings that are required as part of the Transformation work but a broader understanding across some areas of the business about their costs, who is responsible for the oversight of them and the ability to explain and set out for decision makers within the Force the financial impact of decisions in a clearer way.
- 5.90 The overall non-pay budget, at just over £35m, is in line with the forecast outturn for 2018/19.

## 6. Overall Financial Summary

6.1 The table below shows the current projected position of the overall finances available to the PFCC, however this is based on a significant number of assumptions, including that the Force can contain costs and deliver the level of services required within the financial constraints that were outlined above.

	Actual Budget 2018/19	Forecast Budget 2019/20	Forecasts		
			2020/21	2021/22	2022/23
<b>Core Funding</b>	£000s	£000s	£000s	£000s	£000s
Government Grant	(67,762)	(69,185)	(69,185)	(70,569)	(71,980)
Council Tax Precept	(69,661)	(77,298)	(81,818)	(84,272)	(86,799)
Council Tax Freeze Grant	(2,152)	(2,152)	(2,152)	(2,152)	(2,152)
Council Tax Support Grant	(5,746)	(5,746)	(5,746)	(5,746)	(5,746)
<b>Funding for Net Budget Requirement</b>	<b>(145,320)</b>	<b>(154,380)</b>	<b>(158,901)</b>	<b>(162,738)</b>	<b>(166,676)</b>
%age Change in Net Budgetary Requirement	2.6%	6.2%	2.9%	2.4%	2.4%
<b>Other Funding</b>					
Specific Grants	(2,900)	(4,105)	(3,827)	(3,827)	(3,827)
Partnership Income/Fees and Charges	(8,702)	(8,129)	(7,931)	(7,923)	(8,022)
<b>Total Funding</b>	<b>(156,923)</b>	<b>(166,615)</b>	<b>(170,660)</b>	<b>(174,488)</b>	<b>(178,525)</b>
%age Change in Funding	1.4%	6.2%	2.4%	2.2%	2.3%
<b>Office of the PCC Planned Expenditure</b>	£000s	£000s	£000s	£000s	£000s
<b>Total Planned Expenditure</b>	<b>1,011</b>	<b>1,080</b>	<b>1,100</b>	<b>1,120</b>	<b>1,140</b>
<b>Commissioned Services</b>	£000s	£000s	£000s	£000s	£000s
Commissioned Services	3,979	3,655	3,573	3,580	3,594
<b>Total Planned Expenditure</b>	<b>3,979</b>	<b>3,655</b>	<b>3,573</b>	<b>3,580</b>	<b>3,594</b>
<b>Policing Priorities Fund</b>	£000s	£000s	£000s	£000s	£000s
Investment Fund	1,963	2,700	5,130	7,630	7,630
Reinforcing the Frontline	0	3,295	3,348	3,452	3,559
<b>Total Policing Priorities Fund</b>	<b>1,963</b>	<b>5,995</b>	<b>8,478</b>	<b>11,082</b>	<b>11,189</b>
<b>Corporate Services</b>	£000s	£000s	£000s	£000s	£000s
Staff Pay	7,183				
Other Non Salary	79				
Premises	4,387				
Supplies and Services	8,843				
Transport	620				
Asset Management	906	401	493	582	635
<b>Total Corporate Services</b>	<b>22,018</b>	<b>401</b>	<b>494</b>	<b>583</b>	<b>636</b>
<b>Police Force Planned Expenditure</b>	£000s	£000s	£000s	£000s	£000s
<b>Pay</b>					
Police Pay	73,540	75,929	77,763	79,303	80,889
Police Overtime	2,070	2,033	2,073	2,115	2,157
PCSO Pay (incl Overtime)	6,605	6,719	6,853	6,990	7,130
Staff Pay (incl Overtime)	26,280	38,548	38,820	39,540	40,340
<b>Pay Total</b>	<b>108,495</b>	<b>123,229</b>	<b>125,509</b>	<b>127,947</b>	<b>130,516</b>
<b>Non-Pay Budgets</b>					
Other Non Salary	1,535	1,648	1,678	1,712	1,746
Injury and Medical Police Pensions	3,699	3,700	3,822	3,898	3,976
Premises	54	4,519	4,390	4,478	4,568
Supplies and Services	12,321	22,848	23,872	24,310	24,244
Transport	1,660	2,643	2,687	2,737	2,792
<b>Non-Pay Total</b>	<b>19,269</b>	<b>35,358</b>	<b>36,450</b>	<b>37,136</b>	<b>37,326</b>
<b>Projects</b>	2,219	991	140	20	0
<b>Efficiency and Savings Targets</b>		(5,000)	(7,500)	(10,000)	(10,000)
<b>Total Planned Force Expenditure</b>	<b>129,984</b>	<b>154,577</b>	<b>154,599</b>	<b>155,103</b>	<b>157,842</b>
%age Change in Expenditure	0.1%	18.9%	0.0%	0.3%	1.8%
<b>Total Expenditure Budgets</b>	<b>158,955</b>	<b>165,708</b>	<b>168,243</b>	<b>171,468</b>	<b>174,401</b>
<b>(Surplus)/ Deficit before Reserves/Capital</b>	£000s	£000s	£000s	£000s	£000s
Planned Transfers to/(from) General Fund	(1,800)	0	0	0	0
Contribution to Capital Programme	1,492	2,342	2,771	3,010	4,094
Planned Transfers to/(from) Earmarked Reserves	(1,724)	(1,436)	(356)	10	30
<b>Net (Surplus)/ Deficit After Reserves</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>
<b>General Reserves</b>	£000s	£000s	£000s	£000s	£000s
General Fund Balance b/f	6,774	5,974	5,974	5,974	5,974
Proposed (Use of)/Contribution to General Fund	(1,800)	0	0	0	0
Current Year Forecast (Over)/ Under spend	1,000				
<b>General Fund Balance c/f</b>	<b>5,974</b>	<b>5,974</b>	<b>5,974</b>	<b>5,974</b>	<b>5,974</b>

- 6.2 Based on the plans and assumption outlined within this report and some use of reserves, that will be discussed later in the report, then the organisation can demonstrate a balanced budget for the next 4 years.
- 6.3 It is however vital that the mistakes of the recent years, in relation to the following, are managed and avoided going forward:
- The failure to deliver invest to save projects, where the savings can be removed from the budgets and delivered,
  - The failure to deliver, in a timely manner, the required capital investments approved by the organisation,
  - The over optimistic assumptions included in business case, in terms of savings or income,
  - The continued over spending in certain areas; and
  - Most importantly that the organisation stops adding in unfunded growth in lieu of savings to be delivered in the future.
- 6.4 As a result of the financial flexibility that the PCC has been afforded, around Precept, then the organisation is in a strong financial position from which to address those areas of challenge that are already known about; while preparing, through Transformational Change for example, to meet the future challenges that are likely to come.

## 7. Capital Financing and Expenditure

- 7.1 The assets owned by the PFCC are a vital platform for the delivery of the Police and Crime Plan, with the overall purpose of the capital plan to provide sufficient funding to renew the asset base of the organisation, informed by condition deficiency surveys, 'fit for purpose' reviews, equipment replacement programmes, business continuity requirements and invest to save expenditure. Plans have been drawn up and are being developed for capital investment which would aid the organisation in delivering against the Police and Crime Plan.
- 7.2 Some loans and or internal borrowing are planned to be taken out in the current financial year, however this is dependent on the delivery of a significant number of Capital schemes in the last few months of the 2018/19 financial year. While this appears unlikely there will however be a need to undertake this borrowing as and when these schemes are delivered.
- 7.3 In terms of the best approach to the funding of capital expenditure it generally only makes financial sense to borrow to fund investment in long term assets, such as buildings and this is the approach that is currently being worked towards.
- 7.4 With this in mind the plans of the organisation will need to be managed within certain financial constraints and it will therefore be necessary for the organisation to prioritise the investments in wants to make as we move forward.
- 7.5 The current Capital Plans, which will be subject to review, development and refinement as 2019/20 progresses, are set out below:

<b>Capital Financing and Expenditure</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>5 Year Total</b>
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Earmarked Reserve/Funding b/f</b>	<b>4,151</b>	<b>0</b>	<b>405</b>	<b>0</b>	<b>0</b>	
Capital Grant	431	1,248	449	458	465	<b>3,051</b>
Capital Receipts	169	169	169	169	169	<b>845</b>
Capital Receipts from Estates Strategy	0	4,129	775	0	0	<b>4,904</b>
Contributions from Revenue	1,867	2,342	2,771	3,010	4,094	<b>14,085</b>
Transfers from Earmarked Reserves	186	19	19	0	0	<b>224</b>
External Funding	115	0	0	0	0	<b>115</b>
Borrowing	1,791	2,028	1,781	1,094	-275	<b>6,419</b>
<b>Projected in-year funding available</b>	<b>4,559</b>	<b>9,935</b>	<b>5,965</b>	<b>4,731</b>	<b>4,453</b>	<b>29,642</b>
<b>Capital and Revenue Project Plans</b>						
Fleet	1,470	2,159	1,738	1,016	1,505	<b>7,888</b>
ICT	3,012	2,314	1,623	1,393	739	<b>9,082</b>
Estates	1,877	3,918	2,111	1,562	896	<b>10,363</b>
Other Rolling Programmes	428	969	758	707	1,313	<b>4,175</b>
Other Schemes	1,809	168	140	53	0	<b>2,170</b>
Externally Funded	115	0	0	0	0	<b>115</b>
<b>Total Agreed Programme</b>	<b>8,711</b>	<b>9,529</b>	<b>6,370</b>	<b>4,731</b>	<b>4,453</b>	<b>33,793</b>
<b>Earmarked Reserve/Funding c/f</b>	<b>0</b>	<b>405</b>	<b>0</b>	<b>0</b>	<b>0</b>	



## 7.6 Capital Grant

The PCC is expected to receive only £440k in terms of Core Capital Grant in 2019/20, this is slightly higher than the same as the Core Capital Grant received in 2018/19 but nearly 60% lower than it was in 2014/15. If the PFCC wants, or needs, to spend more on Capital Expenditure than this Grant provides then the options are as follows:

- Borrowing money (either through loans or from current cash balances) to fund Capital Purchases.
- The sale of Capital Assets resulting in a Capital Receipt.
- A contribution from the Revenue Budget
- The Use of Reserves

7.7 The timing of the delivery of some of these plans needs to be reviewed to mitigate significant levels of slippage between financial years. The revenue consequences, both in terms of the savings that are expected to be delivered from the implementation of both the Estates strategy and the wider investment plans along with the costs of borrowing to fund the Capital programme have been incorporated into the overall MTFP.

7.8 The 2019/20 Capital Budget currently includes just over £2.5m of schemes that have been slipped from 2018/19. It is unlikely that there will not be more by the time the 2018/19 Outturn is finalised.

7.9 After a good start to delivery against the CRDP budget in 2018/19, expenditure slowed significantly during July to December, with expenditure to the end of December only £4,225k which is significantly less than the budget to date of £8,160k.

7.10 Work has been undertaken with Project Managers and Budget Holders to assess whether plans are in place to deliver their schemes this financial year and to reassess some schemes. With forecasts seeming to suggest that around £4.5m will be spent in the last 3 months of the financial year, which is more than the spend in the first 9 months.

7.11 This recurring trend of slippage will be continue to be very closely monitored in 2019/20 to ensure decisions are made at the earliest opportunity and that realistic budgets remain in place and that Project Managers and Budget Holders are robustly managing this area of expenditure.

7.12 As I have mentioned for the last couple of years the organisation needs to consider the scope and volume of how many schemes it approves and are currently factored into the next financial year and whether they all can be delivered.

- 7.13 Is it important to recognise that where new and/or additional priorities are identified that are not included within the previous forecasts that they will need to come at the expense of current schemes as there is no additional funding to support them unless they are funding from the Policing Priorities Fund.
- 7.14 It is also vitally important to recognise that there is no scope for any new schemes or additional expenditure that are proposed either in year or across the MTFP to be accommodated within the current resources unless these are minor in nature – so less than £25k – which could be funded from the small items fund.
- 7.15 Specifically the current CRDP plans do not include any costs for the Transformation programme and does not include any of the costs of any National IT development work.
- 7.16 The CIPFA Prudential Code of Practice is a key element in the system of capital finance. Under this system individual PCC's are responsible for deciding the level of their affordable borrowing having regard to the prudential code. The associated paper '2019/20 Prudential Indicators and Treasury Management' will provide the PFCC with reasonable assurance that the proposed Capital Plan and its financing are within prudential limits.

## **8. Reserves**

- 8.1 As part of the 2018/19 financial settlement PCC's were required to increase the transparency in relation to the Reserves that they held. These requirements have now been incorporated into the Financial Management Code of Practice and therefore producing a Reserves Strategy is a statutory requirement.
- 8.2 The Financial Management Code of Practice set out the requirements for PFCC's and these requirements are set out in the Reserves Strategy that is set out at Appendix B to this report, for approval, along with the detail to meet the requirements within the Code.

## 9. Risks

9.1 The major risks and unknowns surrounding the figures presented here are set out below:

- Pay Awards are higher than the assumptions within the plan
- Any differences between the future years' actual Government Grant settlements, including Legacy Council Tax Grant and the estimated figures.
- While the funding formula won't be reviewed until after the next Comprehensive Spending Review the impact of any review on the Government Grant received in North Yorkshire needs to be considered as it would fall within the timeframes of this MTFP
- Variations in future years between the estimated tax base used and the actual declared tax base.
- That the public does not support the precept increases that are factored into the current plans
- Increasing costs of the employers Pension Contribution into the Police Pension Fund.
- Increasing costs of the employers Pension Contributions into the Local Government Pension Scheme when the scheme is actuarially reviewed.
- Increasing costs of the employers Pension Contributions into the Local Government Pension Scheme for the Force as a result of the Stage 2 transfer.
- Sensitivity of assumptions, including inflation and borrowing costs.
- The ability of the Force to manage within it's allocated budget, especially around areas such as overtime
- The ability and capacity to either absorb growth/cost pressures and/or deliver savings to enable expenditure in essential areas to continue.
- Ability to deliver the savings included within the plans within the timeframes set and also to the level needed whilst delivering the required levels of service.
- The capability and capacity of the Force to manage the level of change that it is currently embarking on and deliver this as required.
- Delivery against a challenging recruitment plan while at the same time maintaining standards of training.

## **10 Robustness of Estimates and Adequacy of Financial Reserves Advice**

- 10.1 As CFO to the PFCC it is my duty to specifically comment on the robustness of the estimates put forward for the PFCC's consideration. For the reasons set out in this report and from my own review of the estimates process I am satisfied that the proposed spending plan for 2019/20 is sound and robust.
- 10.2 There are however a number of areas of savings that will need to be delivered from a revenue perspective in 2019/20 to deliver a balanced financial position. The key to most of these is the delivery of the Transformation Programme that has been discussed within this report.
- 10.3 The likely risk from a financial perspective, however, in terms of revenue spending is likely to be similar to 2018/19 where the biggest risks will be in relation to the levels of Police Officers that are employed within the year. Of key concern will be the ability of the Force to deliver the recruitment and training of additional Police Officers in line with the plans set out within this report.
- 10.4 The main risk in terms of higher than forecast spend will come from any pay awards agreed during the year.
- 10.5 It will be vital to continue to closely monitor the financial position throughout 2019/20 to ensure that the finances support the delivery and achievement of the Police and Crime Plan objectives.
- 10.6 The funding available to deliver the Capital plans of the organisation are robust and the focus will continue to be on delivering the schemes and the benefits that are expected from those scheme.
- 10.7 A review has been undertaken of the PCC's reserves and general balances. The PCC's general balances and reserves are an important part of the PCC's risk management strategy giving the financial flexibility to deal with unforeseen costs or liabilities. Assuming the approval of the plan set out in the budget report, I am satisfied that the PCC would have adequate levels of financial reserves and general balances throughout the MTFP provided that service restructuring is delivered and future growth, if any, is managed and funded from sustainable savings.
- 10.8 In overall terms the capacity to increase precept has reduced the overall risk that the organisation faces in terms of Funding in the short term. Both the next Comprehensive Spending Review and the subsequent Funding Formula review could however change this position significantly.
- 10.9 The MTFP forecasts that General Reserves will be maintain at nearly £6m across the MTFP which assumes a £1m underspend in 2018/19 is added to the general fund. This will provide a General Reserve of just under 4% of the Net Budget Requirement in 2019/20 and I believe this to be a reasonable level given the overall challenges and risks faced by the organisation.

## APPENDIX A

Details	2019/20 DRAFT PLAN	2020/21 DRAFT PLAN	2021/22 DRAFT PLAN	2022/23 DRAFT PLAN
	£'000's	£'000's	£'000's	£'000's
<b>DISG - Richard Jones with exception of 3 see below</b>				
Computers & Printers	666	296	303	402
Servers	0	92	92	92
Telephony & Communications	207	65	65	65
Network equipment	90	180	180	180
IS Strategy inc Mob	28	0	0	0
MAUDS (Mobile Asset Utilisation and Deployment Strategy)	5	0	0	0
ANPR (Automatic Number Plate Recognition Camera) (ACC Oliver)	506	0	0	0
Mobile Policing (ACC Oliver)	523	0	0	0
DFU (Digital Forensic Unit)	150	0	0	0
ESMCP (Emergency Services Mobile Communications Programme)	140	0	0	0
Operational Mobile Working (refresh)	0	361	754	0
VM Ware servers	0	290	0	0
Local Area Network	0	340	0	0
<b>Total DISG</b>	<b>2,314</b>	<b>1,623</b>	<b>1,393</b>	<b>739</b>
<b>Total Fleet Rolling Programme</b>	<b>2,159</b>	<b>1,738</b>	<b>1,016</b>	<b>1,505</b>
<b>General Equipment Rolling Programme</b>				
CC small items budget (JP)	200	200	250	250
Logistics Capital Rolling programme (RF)	28	19	20	42
Body Armour (RF)	0	0	17	421
Technical Assets Rolling Programme	0	540	420	600
P&E Other Technical	74	0	0	0
Custody- Alcohol (AO)	16	0	0	0
ANPR (Automatic Number Plate Recognition Camera) (AO)	311	0	0	0
Roads Policing (AO)	2	0	0	0
NST - Core Business (AO)	11	0	0	0
Digital Forensic Unit (AO)	104	0	0	0
Technical Surveillance Unit (AO)	50	0	0	0
CIU (Collision Investigation Unit ) (AO)	32	0	0	0
CSU (Crime Support Unit) (AO)	1	0	0	0
Firearms (AO)	20	0	0	0
MCU (Major Crime Unit) (AO)	81	0	0	0
PSU (Police Support Unit) (AO)	8	0	0	0
ADSL (Removal of old firewalls) (AO)	14	0	0	0
EGT Rolling Programme	18	0	0	0
<b>Total General Equipment Rolling Programme</b>	<b>969</b>	<b>758</b>	<b>707</b>	<b>1,313</b>
<b>Estates Rolling Programme - Richard Flint (with 3 exceptions see below)</b>				
Code used for adjustments	0	-75	-200	0
Property and Facilities Programme	301	237	207	96
Athena House - Training Facility	71	0	50	0
Easingwold	18	52	0	0
Ingleton	0	52	16	0
Boroughbridge Road	13	4	0	0
Vale house	217	0	418	89
Mast Improvement Works	120	125	0	0
Fulford Road	476	365	182	0
Force Control Room (FCRXN) - being spent with the FCR budget 6590	247	104	69	0
Force Control Room (DCC Cain)	27	0	0	0
Tadcaster	200	0	607	74
Settle	0	1	11	19
Scarborough	217	176	38	272
Leyburn	575	0	0	0
Clifton moor	28	33	2	3
Richmond	74	73	53	0
Patley Bridge	32	57	0	1
Sherburn	5	0	0	0
Whitley Bridge	5	9	10	0
Acomb	0	164	0	0
Boroughbridge Local Police Station	95	27	19	15
Crosshills Local Police Station	20	0	0	0
Eastfields Local Police Station	0	56	0	70
Grassington	20	9	0	0
Knaresborough	271	0	0	0
Malton	145	109	16	3
Skipton	135	81	0	254
Stokesley	19	25	53	0
West Ayton	22	168	0	0
Whitby	92	101	6	0
48 Bridge Road	65	31	7	0
Tynedale	112	7	0	0
Police Box	0	5	0	0
Quarry Bank	26	115	0	0
Harrogate	32	0	0	0
Custody Suite Fire Detection Systems	8	0	0	0
Estates Unallocated Slippage	230	0	0	0
<b>Total Estates Rolling Programme</b>	<b>3,918</b>	<b>2,111</b>	<b>1,562</b>	<b>896</b>
<b>Other Schemes</b>				
Origin Upgrade (RH)	28	0	0	0
Drones (AO)	0	0	33	0
NICHE (SW)	140	140	20	0
<b>Total Other Schemes</b>	<b>168</b>	<b>140</b>	<b>53</b>	<b>0</b>
<b>Total Capital and Revenue Development Programme</b>	<b>9,529</b>	<b>6,370</b>	<b>4,731</b>	<b>4,453</b>

## Appendix B

### **Reserves Strategy**

As part of the 2018/19 financial settlement PCC's have been informed by the Government that "If the police deliver clear and substantial progress against agreed milestones on productivity and efficiency in 2018, as well improve transparency about reserves, then the Government intends to maintain the protection of a broadly flat police grant in 2019/20 and repeat the same flexibility of the precept."

The Government has gone on to say that "As part of our commitment to work with the police on these reforms, today the Government is taking steps to improve transparency around financial reserves. It is necessary for police to hold financial reserves, including for emergencies and major change costs. As at March 2017 police forces held usable resource reserves of over £1.6 billion, compared to £1.4 billion in 2011. This is public money and the public are entitled to high quality and easily accessible information about reserves."

As part of these steps to improve transparency:

- Each PCC should publish their reserves strategy on their website, either as part of their medium term financial plan or in a separate reserves strategy document. The reserves strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve held for each year. The reserves strategy should cover resource and capital reserves and provide information for the period of the medium term financial plan (and at least two years ahead).
- Sufficient information should be provided to enable understanding of the purpose(s) for which each reserve is held and how holding each reserve supports the PCC's medium term financial plan.

The strategy should be set out in a way that is clear and understandable for members of the public, and should include:

- how the level of the general reserve has been set;
- justification for holding a general reserve larger than five percent of budget;
- details of the activities or items to be funded from each earmarked reserve, and how these support the PCC and Chief Constable's strategy to deliver a good quality service to the public.
- Where an earmarked reserve is intended to fund a number of projects or programmes (for example, a change or transformation reserve), details of each programme or project to be funded should be set out.

The information on each reserve should make clear how much of the funding falls into the following three categories:

- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.
- Funding for specific projects and programmes beyond the current planning period.
- As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance).

## **Reserves Policy**

The PCC has had a Reserves Policy in place throughout her time in office, which has been updated annually as part of the Budget Setting Process. The principles that underpin this area are as follows:

Reserves are maintained to:-

- (a) Create a contingency to help cushion the impact of unexpected events or emergencies - the General Reserve.
- (b) Build up funds (often referred to as earmarked reserves) to meet specific future requirements, including the smoothing out of peaks in costs and the effect of loss of external funding.

The level of reserves is taken into account when calculating the council tax requirement. This ensures a balanced budget position is maintained and enables regard to be given to affordability when considering future revenue requirements and capital programmes.

The reserves must be reported to the Police and Crime Commissioner on a regular basis as part of budget and financial monitoring. Part of this exercise is to ensure continuing relevance and adequacy and to enable the Medium Term Financial Plan to be up-dated.

The actual level of reserves, earmarking and utilisation are considered when up-dating the MTFP and as part of its on-going review.

## **General Reserve**

In setting the level of the General Reserve, consideration is given to the adequacy of financial control, the overall financial position, medium-term plans and strategic, operational and financial risks facing the Police and Crime Commissioner. The level of the General Reserve is reviewed by the Police and Crime Commissioner on the advice of the PCC's Chief Finance Officer having regard to these matters.

Key Principles are:-

- (a) The General Reserve will not be used to meet on-going revenue items.
- (b) The General Reserve may be used, on an exceptional basis, as a short-term option to balance the budget, particularly where major operations are experienced.
- (c) The Police and Crime Commissioner will aim to maintain the level of General Reserves at not less than 3% of the net revenue budget.
- (d) The level of the General Reserve is re-assessed annually as part of the annual budget-setting process.

## Reserves Forecast

The following schedule sets out the forecast movements on reserves over the life of the current long term financial plan, it is important to recognise that whilst the schedule sets out the expected use of the current reserves circumstances will change and all reserves will be reviewed at least annually. It is also important to recognise that there will undoubtedly be a need to create new reserves, in future years, to deal with risks that are currently unknown; therefore while the current schedule shows that the overall level of risks will reduce significantly, the likelihood is that they will not reduce in overall financial terms as exactly planned and that while current reserves are spent new reserves are likely to be needed to manage future risks.

	Balance at 31 March 2018 £000	Tranfers In 2018/19 £000	Tranfers Out 2018/19 £000	Balance at 31 March 2019 £000	Tranfers In 2019/20 £000	Tranfers Out 2019/20 £000	Balance at 31 March 2020 £000	Tranfers In 2020/21 £000	Tranfers Out 2020/21 £000	Balance at 31 March 2021 £000	Tranfers In 2021/22 £000	Tranfers Out 2021/22 £000	Balance at 31 March 2022 £000
<b>Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.</b>													
Revenue Initiatives	184	600	(140)	644		(600)	44			44			44
Capital Reserve	2,528	1,867	(3,989)	405	2,342	(2,748)	(0)	2,771	(2,771)	0	3,010	(3,010)	0
PCC Community Fund Reserve	841		(250)	591		(250)	341		(299)	43		0	43
Commissioned Services Reserve	447		(161)	286	29	(161)	154	15		168			168
<b>Total Reserves within current MTFP</b>	<b>4,000</b>	<b>2,467</b>	<b>(4,540)</b>	<b>1,926</b>	<b>2,371</b>	<b>(3,759)</b>	<b>539</b>	<b>2,786</b>	<b>(3,070)</b>	<b>255</b>	<b>3,010</b>	<b>(3,010)</b>	<b>255</b>
<b>Funding for specific projects and programmes beyond the current planning period.</b>													
Confiscated Monies Reserve	231	130	(179)	182	130	(100)	212	130	(100)	242	130	(100)	272
Cost of Change Reserve	268		(47)	221			221			221			221
<b>Total Reserves beyond current MTFP</b>	<b>499</b>	<b>130</b>	<b>(226)</b>	<b>403</b>	<b>130</b>	<b>(100)</b>	<b>433</b>	<b>130</b>	<b>(100)</b>	<b>463</b>	<b>130</b>	<b>(100)</b>	<b>493</b>
<b>As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance)</b>													
Insurance Reserve	438			438			438			438			438
Major Incident Reserve	0	500		500			500			500			500
<b>Total General Contingency Reserves</b>	<b>438</b>	<b>500</b>	<b>0</b>	<b>938</b>			<b>938</b>			<b>938</b>			<b>938</b>
<b>Total Earmarked Reserves</b>	<b>4,937</b>	<b>3,097</b>	<b>(4,766)</b>	<b>3,267</b>	<b>2,501</b>	<b>(3,859)</b>	<b>1,910</b>	<b>2,916</b>	<b>(3,170)</b>	<b>1,656</b>	<b>3,140</b>	<b>(3,110)</b>	<b>1,686</b>
<b>General Reserves</b>	<b>6,774</b>	<b>1,000</b>	<b>(1,800)</b>	<b>5,974</b>	<b>0</b>	<b>0</b>	<b>5,974</b>	<b>0</b>	<b>0</b>	<b>5,974</b>	<b>0</b>	<b>0</b>	<b>5,974</b>
<b>Total Usable Reserves</b>	<b>11,710</b>	<b>4,097</b>	<b>(6,566)</b>	<b>9,241</b>	<b>2,501</b>	<b>(3,859)</b>	<b>7,883</b>	<b>2,916</b>	<b>(3,170)</b>	<b>7,630</b>	<b>3,140</b>	<b>(3,110)</b>	<b>7,660</b>
<b>Capital Receipts Reserve</b>	<b>2,431</b>	<b>169</b>	<b>(2,600)</b>	<b>0</b>	<b>4,298</b>	<b>(4,298)</b>	<b>(0)</b>	<b>944</b>	<b>(944)</b>	<b>(0)</b>	<b>169</b>	<b>(169)</b>	<b>(0)</b>



## **Why have these Reserves been established and what will they used for?**

### **Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.**

#### **Revenue Initiatives and Revenue CRDP Reserve (Funding for Planned Expenditure over MTFP)**

These reserves are held to meet the forecast costs of some on-going revenue initiatives to enable one off schemes/expenditure to be funded

#### **Capital Reserve (Funding for Planned Expenditure over MTFP)**

This reserve is held to meet the forecast costs of capital schemes which will enable the capital needs of the organisation to be funded in a sustainable manner, without the need to increase borrowing beyond what is determined to be a prudent level and to also provide some contingency to fund unknown investments whether these be from local changes or national initiatives.

#### **PFCC Community Fund (Funding for Planned Expenditure over MTFP)**

The PFCC has established the reserve to support local community safety initiatives over the period of her term in Office. £250k per annum has been set aside to support this initiative.

#### **Commissioned Services Reserve (Funding for Planned Expenditure over MTFP)**

To help manage the variable nature of and short term nature of some grants provided for this area of work this Reserve has been established from previous underspends in this area to help manage the uncertainties of funding changes and invest initially in new areas of work

### **Funding for specific projects and programmes beyond the current planning period.**

#### **Confiscated Monies Reserve**

These reserves hold monies raised from confiscated assets generated through the proceeds of crime, either directly or via grant from Central Government. The reserve is utilised to support crime fighting work, subject to statutory restrictions on usage

#### **Cost of Change Reserve (Funding for Planned Expenditure over MTFP)**

This reserve is held to meet the forecast costs of change and held to enable future change programmes that might be required to help transform the organisation

### **As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance).**

#### **Insurance Reserve (General Contingency Reserve)**

The Police and Crime Commissioner operate on a self-insurance basis determined by the level of excess on the cover provided by external policies. This reserve is ring-fenced for insurance requirements only and cannot be used for other purposes. It is calculated based on an historic assessment of claims history and is subjected to an actuarial audit to validate the fund level on a three-yearly basis. This reserve is available should the Police and Crime Commissioner face exceptional costs or suffer a major catastrophic incident or face premium increases which cannot be met by budget in year.

#### **Major Incident Reserve (General Contingency Reserve)**

This reserve was established by transfer from revenue, and is held to contribute to the funding of any one off major incident revenue costs over and above the annual budget set aside for major incidents.



## **Report of the Chief Finance Officer of the PFCC to the Police, Fire and Crime Commissioner (PFCC) for North Yorkshire**

**28<sup>th</sup> February 2019**

**Status: For Decision**

### **Medium Term Financial Plan (MTFP) 2019/20 to 2022/23 and Capital Plans 2019/20 to 2022/23 - North Yorkshire Fire.**

#### **1. Executive Summary**

##### 1.1 Purpose of the Report

- 1.2 The Home Secretary announced on the 13th June 2018 that the elected Police and Crime Commissioner for North Yorkshire, will take on the governance of North Yorkshire Fire and Rescue Service. The legislation to enable this to come into effect passed on the 15th November 2018.
- 1.3 The PFCC inherited a Medium Term Financial Plan (MTFP) from the former Fire Authority that had an underlying £1.2m annual imbalance, and organisational plans that would have seen this imbalance increase to at least £2.5m across the life of that 4 year plan.
- 1.4 That MTFP assumed a 2.99% increase in 2019/20. While much work has been done to stabilise the financial position of the organisation the approved Precept increase for 2019/20 of 2.99%, that is factored into this MTFP, unfortunately does little to address the underlying budget imbalance that the PFCC inherited. Options will therefore need to be developed over the coming 2 years to return the Fire service to a recurring balanced financial position.
- 1.5 This report asks the PFCC to agree the first Budget and MTFP proposals under the new Governance arrangements.
- 1.6 The report sets out the detailed Budget for 2019/20 and the Medium Term Financial Plan (MTFP) for 2019/20 – 2022/23 in line with the legal requirement to set a budget prior to the 1st March each year for the following financial year. It also asks the PCC to agree the funding for the Capital Programme for 2019/20 and the indicative allocations for the period 2020/21 to 2022/23.

## **2. Recommendations**

- 2.1 The PFCC is requested to approve the Revenue Budget as set out within this report and in doing so the delegation of an expenditure budget to the Chief Fire Officer of £35,190k in line with the plans set out within this report.
- 2.2 The PFCC is asked to note that the Budget for 2019/20 can only be balanced through the use of £1,135k from reserves.
- 2.3 The PFCC is asked to approve the Reserves Strategy that is attached at Appendix B.
- 2.4 The PFCC is asked to note that the 2019/20 budget is based on the approved 2.99%, or £2.07, increase in the level of Band D precept for 2019/20.
- 2.5 The PFCC is asked to note the Robustness of Estimates and Adequacy of Financial Reserves Advice from the PFCCs CFO that is included within this report.
- 2.6 The PFCC is asked to approve that External Borrowing of £1,620k can be taken out during the year, if required, to fund the Capital Programme.
- 2.7 The PFCC is asked to approve that the Capital Programme is initially set at £2,801k, as set out at Appendix A, for 2019/20 and within that programme approve that:
  - Indicative approval of the 2020/21 Capital Programme budgets, as set out in Appendix B, and delegation of approval of any requests to pre-order against the 2020/21 budgets to the Commissioners Chief Finance Officer, up to 25% of each indicative budget. The 2020/21 Capital Programme will be submitted for formal approval at this time next year.
  - Delegation to the Commissioners Chief Finance Officer to approve, where needed and appropriate, for the carry forward of any slippage from the approved 2018/19 Capital Programme into 2019/20.

### **3. Planning and Funding Assumptions**

#### 3.1 Local Government Finance Settlement 2019/20

3.2 The Provisional Local Government Finance Settlement was announced by the Secretary of State for Communities and Local Government, James Brokenshire MP, in an oral statement to the House of Commons on Thursday 13 December 2018. This Provisional Settlement was confirmed as the Final Settlement on the 29<sup>th</sup> January 2019. Full details of the Settlement can be found on the GOV.UK website.

3.3 The announcements set out the allocations for 2019-20. These were originally announced in December 2015 as part of the multi-year settlement offer, accepted by 97% of local authorities.

#### 3.4 Headlines

3.5 The main points within the settlement are as follows:

- A national increase in the 2019-20 Core Spending Power of 2.8% compared to 2018-19. National Fire Chiefs Council members (exc. London) see an increase in Spending Power of 3.2%, with stand-alone fire authorities seeing an average increase of 2.2%.
- Maintained council tax referendum principles (3%) for all Fire Authorities, Shire Counties, Single Tier Unitaries, Metropolitan Districts and London Boroughs as announced in the 2018-19 Settlement. Police referendum limit raised from £12 to £24.
- Announcement of £98.5m grant allocations to support increased pension costs of £108.5m. Expected to be paid in full in early 2019-20.
- No date has yet been provided for the Comprehensive Spending Review except that it shall be conducted in time for Budget 2019.
- Publication of Business Rates Retention Consultation on Systems Design, as well as a Fair Funding Review Consultation and 2019-20 business rates pilots.
- Slight increase in Rural Services Delivery Grant to £81m (equal to 2018-19).

What Impact does this Funding Settlement have on Fire Services Funding in North Yorkshire?

3.6 Based on the information produced by Government and received to date, then the Core Spending Power for North Yorkshire Fire has increased by circa 2.6%, however this doesn't take into account the impact of changes to the contributions that will be made into the Fire Pension Fund and the part funding received for these additional costs. The calculation also fails to take into account any increase in the number of Dwellings between 2018/19 and 2019/20. The table below shows the Government's calculations:

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
<b>Core Spending Power Breakdown</b>	£000s	£000s	£000s	£000s	£000s
Settlement Funding	11,524	10,531	9,327	8,817	8,555
Under Indexing	81	81	86	136	197
Council Tax Requirement	18,229	19,002	19,744	20,559	21,534
Rural Services Grant	98	511	413	515	515
Transition Grant	0	74	94	0	0
<b>Core Spending Power</b>	<b>29,933</b>	<b>30,200</b>	<b>29,664</b>	<b>30,026</b>	<b>30,801</b>
Dwellings	367,834	370,471	374,627	378,111	378,111
<b>Core Spending Power per Dwelling</b>	<b>£81.38</b>	<b>£81.52</b>	<b>£79.18</b>	<b>£79.41</b>	<b>£81.46</b>
Year on Year change in Core Spending Power		0.2%	-2.9%	0.3%	2.6%

3.7 The Core Spending Power calculation assumed that 'Authorities' would increase their precept by the maximum allowable before triggering a referendum. In terms of the Fire Service this was 2.99% and this is the option that was approved.

3.8 When this is factored into the other changes, and compared to 2018/19 then the **actual** summary financial picture is as follows:

<b>Actual Funding Analysis</b>				
	2019/20	2018/19	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
<b>Government/Business Rates Funding</b>				
Revenue Support Grant (Government)	(2,499)	(2,897)	398	-13.7%
Business Rates Top Up (Government)	(2,939)	(2,902)	(36)	1.3%
Business Rates (Local)	(3,006)	(3,048)	41	-1.4%
<b>Total Settlement Funding</b>	<b>(8,444)</b>	<b>(8,847)</b>	<b>403</b>	<b>-4.6%</b>
Rural Services Grant (Government)	(514)	(514)	0	0.0%
Business Rates Relief Grants (Government)	(512)	(348)	(164)	46.9%
Business Rates Collection Fund (Local)	5	(1)	6	-743.4%
<b>Total Government/Business Rates Funding</b>	<b>(9,465)</b>	<b>(9,710)</b>	<b>245</b>	<b>-2.5%</b>
<b>Impact of a 2.99% increase in Band D Precept</b>				
Net Surplus on Collection Funds	(94)	(150)	55	
Council Tax Requirement	(21,450)	(20,559)	(892)	
<b>Total Local Funding</b>	<b>(21,545)</b>	<b>(20,708)</b>	<b>(836)</b>	<b>4.0%</b>
<b>Total Government + Local Funding</b>	<b>(31,010)</b>	<b>(30,418)</b>	<b>(591)</b>	<b>1.9%</b>
Additional Fire Pensions Grant	(1,466)	0	(1,466)	
Additional Fire Pension Contributions	1,615	0	1,615	
<b>Actual Impact of Settlement changes</b>	<b>(30,860)</b>	<b>(30,418)</b>	<b>(442)</b>	<b>1.5%</b>

3.9 In overall terms then, even with a 2.99% increase in Precept, the overall impact of the funding changes, once the overall financial impact of the changes to Pensions have been accounted for, will only have increased by circa 1.5%. Given that pay inflation is currently forecast to be 2% and both RPI and CPI are higher than this then the funding available to the PFCC for 2019/20 will be lower than 2018/19 in real terms by circa £170k.

### 3.10 **Funding for 2020/21 and beyond**

3.11 2019-20 represents the last year of the Multi-Year Settlement Offer from the Government. The upcoming Comprehensive Spending Review is expected to continue with Multi-Year Settlements going forward however no date has yet been provided for the CSR except that it shall be conducted in time for Budget 2019.

3.12 The Government 'recognise that early notification of final funding allocations in particular would help councils' medium term financial planning and service delivery. Given that final confirmed allocations will be subject to the timing and outcome of the planned Spending Review, the Government's current aim is to publish indicative allocations through a further stage of formal consultation before the 2020-21 provisional local government finance settlement'.

- 3.13 Given the lack of specific information to inform the future funding position then for planning purposes certain assumptions have had to be made. These are as follows:
- 3.14 Revenue Support Grant (Government) – we have assumed that this will decrease year on year by £400k per year.
- 3.15 Business Rates Top-Up (Government) - we have assumed that this will remain at the level across the MTFP.
- 3.16 Business Rates (Local) – we have assumed that this will increase by 2% per year. Which is line with CPI forecasts, this is the inflation measure to which Business Rates will be linked from April 2020.
- 3.17 Rural Services Grant (Government) – we have assumed that this Grant continues to be paid at the same level throughout the MTFP. This is an area that will need to be closely monitored and representation made to Government to ensure that this is at least maintained and ideally increased in future years.
- 3.18 Business Rates Relief Grants (Government) – we have assumed that these Grant will continue to be given/paid and that they will increase in line with CPI. It is important to recognise that these are reliefs given to the Business Rates Payer by the Government - for example, Businesses with a property with a rateable value of £12,000 and below will receive 100% relief on their Business Rates bill. Businesses with a property with a rateable value between £12,000 and £15,000 will receive tapered relief. The Government then provides 'Authorities', who would otherwise have received a proportion of these Business Rates (via Local payment), a Grant to compensate them for this 'lost' income.
- 3.19 There is a risk that these reliefs end if Government policy changes however the assumption within this plan is that if these Reliefs come to an end then this would increase the amount received within Business Rates (Local) by the same amount.
- 3.20 It is important to recognise that these are assumptions and as such could easily change. These will be kept under close scrutiny/review as the year progresses and updates provided as/when more information becomes available.

3.21 Precept

Over 70% of the Net Budget Requirement for the North Yorkshire Fire and Rescue Service is now funded by the local precept and therefore this provides more financial resilience than in most Fire Service areas, as decisions around the Government Grant have less of an impact than in those areas that are funded by a higher proportion by Government Grants.

3.22 Some areas receive only 45% of their funding from the Precept with the average nationally, across Fire and Rescue Services, about 60%.

3.23 The precept is projected to increase to over 75% of the Net Budget Requirement by the end of the planning period covered by this MTFP.

3.24 In publishing the final council tax referendum principles for 2019/20 the Department for Communities and Local Government provided Fire Authorities with the scope to increase Precept by up to 3% before triggering a local referendum. This was in line with the previous year.

3.25 Consultation was undertaken within North Yorkshire and the results published as part of the supporting information for the PFCC's decision to propose a 2.99% (or £2.07) increase in the Band D precept for 2019/20. This proposal was supported by the Police, Fire and Crime Panel and therefore this budget incorporates a Band D 'Fire' precept for 2019/20 for North Yorkshire of £71.27.

3.26 **Results from Public Consultation**

3.27 To further inform the decision around the proposed fire precept for 2019/20 consultation was undertaken with the Public to ascertain their feedback and thoughts on this subject.

3.28 The Public were asked the following question, via both a representative telephone interview and a separate Online survey the following:

3.29 How much more would you be prepared to pay per year through your council tax for the fire and rescue service?

- No more than I pay now – a precept freeze. This would mean a real terms cut to the fire and rescue budget when inflation is taken into account
- As per last year – an extra £2 per year for a Band D property raising £600k
- Between £2 and £5 – raising up to £1.5m
- More than £5 – raising more than £1.5m



- 3.30 In total, 2,741 responses were received from North Yorkshire residents. The consultation was undertaken in numerous ways. A representative telephone survey was conducted, supported by an open, online survey. The open survey was publicised on the Police, Fire and Crime Commissioner’s website and promoted via social media. Leaflets located in libraries and other accessible locations across North Yorkshire further promoted the survey as well as providing a paper-based return option.
- 3.31 The results of consultation with the public of North Yorkshire in relation to the level of fire precept for 2019/20, which had 2,741 responses, has resulted in 76% of the telephone survey and 74% of the Open On-Line survey supporting an increase.
- 3.32 Overall, a large majority (75%) support the maximum increase allowable before a referendum would be required of circa £2 in the fire and rescue precept. Half of all respondents (49%) are prepared to pay over the referendum limit of circa £2 with one in five people (22%) prepared to pay over £5, more than double the referendum limit.

	Telephone (n=975)	Online (n=1735)	Total (n=2710)
Freeze	24%	26%	25%
£2 as per last year	24%	25%	25%
£2 - £5	30%	26%	27%
More than £5	22%	22%	22%
<b>TOTAL who support an increase</b>	<b>76%</b>	<b>74%</b>	<b>75%</b>

- 3.33 How does the level of Precept in North Yorkshire compare to other areas?
- 3.34 The average level of Precept for a Band D property relating to Fire Authorities was £75.40 in 2018/19. This was £6.20, or 9%, higher than the Band D precept level in North Yorkshire for the same year.
- 3.35 In 2019/20, assuming all Fire Authorities increase their Precept by 2.99% then the Band D precept in North Yorkshire will be about £6.38 lower than the national average and will remain about 9% lower.
- 3.36 If the PFCC had the capacity to increase the Band D precept in North Yorkshire, to bring it in line with the National Average, so an increase of around £6.38 (or 9%) this would generate an additional recurring increase in precept income of about £1.9m per year.
- 3.37 Based on the indications with the Public Precept Consultation this would seem to have a certain level of public support.
- 3.38 This level of increase would also have a significant impact on the overall financial position of the Authority. The PFCC has recently written to the Minister of State for Policing and the Fire Service outlining a number of challenges in relation to funding including this.

- 3.39 For the purposes of planning, the MTFP that is set out within this paper assumes that Precept increases of 2.99% per annum are possible and occur.
- 3.40 Over the last 6 years there have been significant increases in both the number of calculated Band D properties within North Yorkshire and also significant Collection Surplus' to which the Authority benefited from. This has continued in 2019/20 but at a lower rate than the average over that 6 year period.
- 3.41 The number of Band D properties within North Yorkshire has increased by 3,884 (or 1.3%) to 300,974. This is the second lowest increase in the last 6 years, with 2018/19 having the lowest increase of 1.1%.
- 3.42 The trend therefore appears to be one of slower increases and therefore this plan assumes that the Tax Base increases by 1% per annum going forward, which is lower than the increases that the OBR is forecasting for England as a whole.
- 3.43 Each 0.1% increase in the Council Tax Base above the 1% growth included within the MTFP would generate additional income of just over £20k per annum.
- 3.44 For illustration purposes, if the Council Tax base was to increase across the life of the MTFP, at the same rate as reported this year, so 1.3%, this would have the following impact on the level of Council Tax income received each year:
- 2020/21 - £60k more
  - 2021/22 - £135k more
  - 2022/23 - £210k more
- 3.45 In addition to this Council Tax base growth the Collection Surplus for 2019/20 is £94,213 which is the lowest it has been in the last 6 years. This is factored into this MTFP along with an estimated Collection Surplus of £150k per annum going forward.
- 3.46 These assumptions will all be kept under review as details for future years become available and projections amended accordingly.
- 3.47 Specific Grants, Pensions Grant and General Income  
These sources of income and funding are forecast to provide between £3.2m and £3.6m across the life of the plan. This has increased significantly from £2.1m in 2018/19.
- 3.48 Pensions Grant
- 3.49 On 6 September Her Majesty's Treasury (HMT) published their draft Directions on public service pension schemes for the 2016 Valuation which comes into effect in 2019/20. The Directions set both the financial assumptions (including changes to the Discount Rate) and demographic assumptions to be used by the Government Actuary's Department (GAD) to produce the valuation results for the Police pension scheme.

- 3.50 The most significant element of the Directions is that the Superannuation Contributions Adjusted for Past Experience (SCAPE) Discount Rate, which is used in unfunded pension schemes to convert future pension payments into a present value, will reduce from 3.0% to 2.4%.
- 3.51 This is due to a more pessimistic assessment by the OBR of the long-term forecast for growth in the economy. The Discount Rate reduction has the effect of increasing the cost of future benefits and therefore the required contribution rate. Payments to beneficiaries are unchanged by the Discount Rate changes and therefore the overall impact is a reduction in the amount paid by the Exchequer to meet the difference between contributions and payments via the Pension Top-Up Grant.
- 3.52 The changes have had the effect of increasing the employer contributions (to include ill-health costs) from 17.6% to 30.2% from April 2019. The Government Actuary's Department estimated that the additional cost to fire as a result will be around £108.5m per annum.
- 3.53 HM Treasury indicated that additional funding would be provided to public sector bodies in 2019-20 to mitigate most of this increase, with the sector "paying only the additional costs announced at Budget 2016" (a reduction in the discount rate from 3% to 2.8%). This means that fire will pay £10m of the additional costs in 2019-20, with the remaining £98.5m being provided via a grant under section 31 of the Local Government Act 2003.
- 3.54 The cost to North Yorkshire Fire is estimated to be circa £1.6m per annum with the grant provided by the Treasury totalling £1,465k in 2019/20.
- 3.55 The current financial plans assume that this Pensions Grant of £1,465k will continue in future years, although there are no guarantees that this will happen. Clearly if the grant is not paid in the future then this will provide a significant gap in the current financial plan.
- 3.56 To provide for one of the biggest risks within the MTFP, a Pensions Reserve has been established with £1,465k in the reserve. Should the PFCC receive notification that this Grant will not continue in 2020/21 then this reserve will provide 1 years capacity to draw up and deliver alternative plans to meet what would be a very significant and additional gap within the financial plans.
- 3.57 Specific Grants
- 3.58 Included within this category are the following grants:
- PFI Grant - £649k – this Grant will continue, at the same level, until the PFI contract comes to an end.
  - Business Rates Grant - £511k – these are referred to in 3.18 to 3.20
  - ESMCP Grant - £185k
  - New Dimensions Grant - £27k
  - Firelink Grant - £223k

3.59 These final 3 grants, by their nature, fund specific work/expenditure, and should the grants reduce/stop then the work will also need to be reviewed and stopped and/or funding from alternative sources found if possible. These areas will be closely monitored across the financial year.

3.60 The entire funding therefore expected to be available to the PFCC for the next 4 years, in comparison to 2018/19, is as follows:

	Actual	Forecast	Forecasts			
	Budget	Budget				
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
<b>Funding</b>	£'000	£'000	£'000	£'000	£'000	£'000
Total Settlement Funding	(8,850)	(8,450)	(8,110)	(7,770)	(7,430)	(7,085)
Rural Services Grant	(415)	(515)	(515)	(515)	(515)	(515)
Council Tax Precept	(20,560)	(21,450)	(22,310)	(23,210)	(24,145)	(25,115)
Collection Fund Surplus/Deficit	(150)	(95)	(150)	(150)	(150)	(150)
NNDR Surplus/Deficit	0	5	0	0	0	0
<b>Funding for the Net Budget Requirement</b>	<b>(29,975)</b>	<b>(30,505)</b>	<b>(31,085)</b>	<b>(31,645)</b>	<b>(32,240)</b>	<b>(32,865)</b>
%age change in Net Budget Requirement	1.3%	1.8%	1.9%	1.8%	1.9%	1.9%
Specific Grants	(1,600)	(1,595)	(1,585)	(1,575)	(1,510)	(1,335)
Pensions Mitigation Grant	0	(1,465)	(1,465)	(1,465)	(1,465)	(1,465)
General Income	(480)	(490)	(395)	(405)	(415)	(420)
<b>TOTAL FUNDING</b>	<b>(32,055)</b>	<b>(34,055)</b>	<b>(34,530)</b>	<b>(35,090)</b>	<b>(35,630)</b>	<b>(36,085)</b>
%age change in Total Funding	3.2%	6.2%	1.4%	1.6%	1.5%	1.3%

3.61 From a Net Budget Requirement perspective the current forecasts show that income at this level is forecast to grow by just under 2% per annum across the life of the MTFP. The previous sections outlined the assumptions that underpin these forecasts and there are risks that these assumptions might be either optimistic or pessimistic.

3.62 With increases in funding for Net Budget Requirement forecast to grow at a slower rate than both pay and general inflation the PFCC will require savings from the Fire Service to enable a sustainable service to be delivered.

3.63 As referenced earlier in the report the PFCC inherited a budget with a recurring imbalance on £1.2m that was due to grow to circa £2.5m across the life of the MTFP. The current projections on funding increases, given that they are forecast to be below inflation, do not provide any capacity to mitigate this inherited imbalance.

#### **4. Expenditure Plans**

##### **4.1 What action has been taken since the Transfer of Governance?**

4.2 As mentioned throughout the development of the business case for the Transfer of Governance of the Fire Service, the previous financial plans of the Fire Authority had an unsustainable and unaffordable need to borrow to fund the Capital Programme.

4.3 The business case included savings from this area and from shared enabling support services of £550k per annum from 2020/21 on a recurring basis.

4.4 The Capital Financing area has been reviewed and a significantly reduced Capital Programme is now in place. These changes, coupled with a further review of how capital financing was managed, have resulted in reducing the projected spend in this area by £850k per annum by 2022/23.

4.5 In addition to this the first part of the work to move towards shared enabling support service is expected to begin in early 2019/20. This will result in business cases that aim to:

##### **4.6 Stage 1 – Simplify**

4.7 Remove duplication of processes, define and refine what our enabling services do, ensure staff are deployed appropriately and supported to be the best they can, support managers to provide strong leadership and optimise the use of technology.

##### **4.8 Stage 2 – Standardise**

4.9 Transition to self service enabling services across the organisations, continue to improve processes, implement technology standardisation through joint procurements when upgrades are required, ongoing prioritisation in line with emerging needs of North Yorkshire Police, North Yorkshire Fire & Rescue Service and the public of North Yorkshire.

4.10 This will then lead to Stage 3 – Share – where: A completely standard set of processes across North Yorkshire Police and North Yorkshire Fire & Rescue Service, underpinned by a common set of systems.

4.11 This is expected to lead to further savings within support services.

4.12 The business case also set out plans to reduce the expenditure on Senior Management Posts by £50k for 2019/20 and by £250k per annum thereafter. To date plans are in place and have been delivered for the start of 2019/20 that deliver £180k of these savings.

4.13 Shared Estates savings totalling nearly £300k per annum, to be delivered by 2022/23, were included within the business case. The agreed move of the Fire HQ to Alverton Court, along with this move also enabling the lease at Coxwold House to be allowed to cease, means that in excess of £400k of savings are expected to be delivered from these 2 lease properties alone by the end of 2020/21.

- 4.14 Work will then continue across all areas of the Fire and Police estate to identify and deliver further savings through better/joint use of the estate.
- 4.15 The impact that these savings have had on the overall projected deficit by 2022/23, coupled with the delivery of some procurement savings, a Management Savings Challenge and the other changes to assumptions are summarised in the table below:

Projected Savings Gap and Movements over last 12 months	£000
<b>February 2018 projected imbalance by 2022/23</b>	<b>2,510</b>
Council Tax Assumptions	(249)
Pay Assumptions	393
Funding Assumptions	(873)
Pension Changes	246
Capital Programme Review (including change to Lease Car arrangements)	(488)
Senior Mgmt Review and Governance Tfr	(214)
Insurance Contract	(122)
Rates and Hydrant cost increases	59
Small areas of Growth and Cost pressures	89
Management Challenge	(316)
<b>February 2019 projected imbalance by 2022/23</b>	<b>1,035</b>

- 4.16 It is vital that these savings are delivered and this will be monitored throughout the financial year and reported back to the PFCC on a regular basis.
- 4.17 While the projected financial picture is significantly better than the one inherited from the Fire Authority just over 3 months ago, there is a recurring imbalance of circa £1m across the life of the financial plan. A Finance Working Group has been established to 'identify one-off as well as recurring, deliverable cashable savings to enable the Service to live within its means. It will oversee all financially driven change activity undertaken by the Service. It will ensure visibility and transparency of all savings considerations and co-ordinate work to consider the capacity to deliver the savings and the impact on the wider Service.'
- 4.18 Future Savings
- 4.19 Transformation Programme
- 4.20 The process to Simplify, Standardise and Share enabling services will be one of the key areas of development over the coming financial year.
- 4.21 This aligned to the significant collaboration with the Police Service, under a collaboration agreement, and the move to 'Enable' is expected to offer the opportunity to both improve services and deliver increased value for money.
- 4.22 The 'Fire' Business Case produced as part of this piece of work has now concluded the detailed work required to move this from an 'in principle' proposal to one that can now be shared with, and consulted upon, with both Unions and then Staff.

- 4.23 There have been no assumptions, in terms of either the timing and/or level of savings that may result from this piece of work, factored into this MTFP and therefore updates on both the progress and impact of this Business Case will be included in future financial updates.
- 4.24 Integrated Risk Management Plan
- 4.25 The Fire and Rescue Service (FRS) has in place a Community Safety plan, which is effectively the Integrated Risk Management Plan (IRMP), this was produced after the Fire Cover Review in 2015 and runs through to 2020/21.
- 4.26 This Community Safety Plan sets out how the FRS will continue to protect the people and communities of North Yorkshire and the City of York and how we intend to develop so that we can continue to provide an excellent professional service, whilst delivering value for money.
- 4.27 This plan is then the basis for setting out the way that the service will be delivered and also the basis on which the organisation needs to budget to deliver this plan.
- 4.28 As set out within this MTFP there is an inherited and acknowledged financial gap, between the current cost of the service delivered, as set out in the Community Safety Plan, and the funding currently available to the service. This gap of circa £1m per annum, which has been reduced from £2.5m, is currently being funded from reserves for the next 2 financial years (so 2019/20 and 2020/21).
- 4.29 Work is therefore due to begin on a new IRMP to ensure that the service can continue to manage its service delivery risks in an affordable way. This will be another key area for development of the organisation over the medium term to ensure that the service can live within the finances it has available.
- 4.30 Updates on this will be provided as the work develops and incorporated into the overall financial plans as decisions are made.
- 4.31 Staffing and Pay Budgets
- 4.32 Beyond the changes to the management structures and those that have resulted from the transfer of governance then the overall staffing numbers remain unchanged and are set out within the table below:

	Actual	Forecast	Forecasts			
	Budget	Budget				
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Employee Numbers (Budgeted)</b>	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs
Wholtime Firefighters	300	304	302	302	302	302
Retained Duty System Firefighters	342	342	342	342	342	342
Support Staff	96	95	95	95	95	95
Control Staff	17	17	17	17	17	17

#### 4.33 Crewing on TRV's

4.34 It is important to recognise that neither the above employee numbers nor the finances within the overall budget factor in increasing the number of Wholetime Firefighters riding on TRV's to 4.

4.35 The decision taken by the former Fire Authority was to crew the day-crewed TRVs with four staff. This means Tadcaster, Ripon, Northallerton and Malton. The whole-time TRVs at Harrogate and Scarborough are to be crewed with three staff.

4.36 This continues to be the position factored into the overall budget at this time.

4.37 The costs of moving to a position of having 4 staff on each TRV would require a further 16 Firefighters with an expected cost of circa £650-700k.

4.38 With higher than expected pay awards and significantly higher pensions contributions to contend with, since the transfer of governance business case was developed and approved, neither of which have been fully funded by the government, which in total add a recurring cost of £640k to the overall financial challenge – this has absorbed the expected capacity to have been able to implement these changes, along with the worse than expected financial position that was inherited from the former Fire Authority.

#### 4.39 Pay Awards

4.40 Just over 70% of the expenditure of the Fire Service, or nearly £25m, is spent on Pay and Pensions. As such the impact of pay awards on the overall financial health of the organisation both in the next year and beyond is going to be significant.

4.41 The MTFP assumes that a 2% pay award will be made in each year of the financial plan. Each 1% above this will add a recurring pressure of circa £200k. Therefore an Earmarked Reserve has been established that should provide sufficient capacity to absorb a 3% pay increase for 2 years, if this was to happen and no further central funding was provided to pay for these additional costs.

4.42 This will then provide the time for plans to be adjusted and savings identified in a planned way to so that the impact on service delivery can be managed.

#### 4.43 Non-Pay Budgets

4.44 The non-pay budget for 2018/19 (excluding capital charges) was set as £8,325k and much work has been done to identify savings that, if delivered, will mean that these same budget 'only' total £8,195k by 2022/23. This is an overall reduction of £130k (but in real terms the reduction is closer to £800k).

4.45 These reductions are predominantly being driven by those areas highlighted earlier, such as the move to share a HQ with the Police and the ceasing of the lease at Coxwold House.

4.46 There are savings on Operating Leases as the organisation moves away from leases, especially leased cars, and funds these through capital and buying them leading to expected reduction in costs in the future.



- 4.47 Procurement savings, such as the reduced cost of insurance and overall tighter financial challenge and management focus to further reduction expenditure where ever possible.
- 4.48 Capital Financing Charges
- 4.49 The capital programme has changed significantly from the one inherited from the former Fire Authority. During the development of the transfer of governance business case it became apparent that there was an unsustainable and unaffordable need to borrow to continue to fund the Capital Programme that was then in place.
- 4.50 The Capital Programme inherited in November 2018 was based on a Capital Programme that was projected to spend £22.7m between 2018/19 and 2023/24 and to fund this it was required to borrow £20m.
- 4.51 This would have resulted in £14.4m of Debt and Interest Charges over the same 6 year period – with a recurring £3.0m per year needing to have been set aside to cover this area of the budget by 2022/23.
- 4.52 The revised Capital Programme, and the one included within this MTFP, is based on a programme of £14.2m (a reduction of £8.5m in the last 3 months) and a corresponding reduction in projected borrowing of £8.4m, to £11.6m over the same 6 year period.
- 4.53 The amount now expected to be set aside for Debt and Interest Payments, over the 6 years, has also been reduced to £11.9m (a reduction of £2.5m) with a recurring projection that 'only' £2.3m per year will need to be set aside each year in 2022/23 (so £700k less per year).
- 4.54 While this is still a substantial programme of investment there is an acknowledgement that there are significant areas of the Fire Estate and the equipment used within the service that require update.
- 4.55 Work will need to be undertaken to establish what these needs are, which are of the highest priority and then the Fire Service will therefore need to draw up affordable plans to address these issues.
- 4.56 As these plans are developed they will be shared with the PFCC.

## 5. Overall Revenue Budget Summary

5.1 Sections 3 and 4 of this report set out the details of the Income and Expenditure for both the coming financial year and the assumptions about future years. This results in the following summary revenue budget and MTFP.

	Actual	Forecast	Forecasts		
	Budget	Budget	2020/2021	2021/2022	2022/2023
	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
	£'000	£'000	£'000	£'000	£'000
<b>Funding</b>					
Total Settlement Funding	(8,850)	(8,450)	(8,110)	(7,770)	(7,430)
Rural Services Grant	(415)	(515)	(515)	(515)	(515)
Council Tax Precept	(20,560)	(21,450)	(22,310)	(23,210)	(24,145)
Collection Fund Surplus/Deficit	(150)	(95)	(150)	(150)	(150)
NNDR Surplus/Deficit	0	5	0	0	0
<b>Funding for the Net Budget Requirement</b>	<b>(29,975)</b>	<b>(30,505)</b>	<b>(31,085)</b>	<b>(31,645)</b>	<b>(32,240)</b>
%age change in Net Budget Requirement	1.3%	1.8%	1.9%	1.8%	1.9%
Specific Grants	(1,600)	(1,595)	(1,585)	(1,575)	(1,510)
Pensions Mitigation Grant	0	(1,465)	(1,465)	(1,465)	(1,465)
General Income	(480)	(490)	(395)	(405)	(415)
<b>TOTAL FUNDING</b>	<b>(32,055)</b>	<b>(34,055)</b>	<b>(34,530)</b>	<b>(35,090)</b>	<b>(35,630)</b>
%age change in Total Funding	3.2%	6.2%	1.4%	1.6%	1.5%
<b>Expenditure</b>					
Wholetime Firefighters	13,050	13,315	13,430	13,705	13,985
Retained Firefighters	2,710	2,640	2,690	2,745	2,805
Administrative & Clerical	3,505	3,525	3,500	3,570	3,645
Control Room Staff	765	790	805	820	835
<b>Direct Staff Costs</b>	<b>20,030</b>	<b>20,270</b>	<b>20,425</b>	<b>20,840</b>	<b>21,270</b>
<b>Indirect Staff Costs</b>	490	430	435	445	455
<b>Members/PFCC Staff Costs</b>	80	75	75	75	75
<b>Premises</b>	2,110	2,115	1,965	1,855	1,895
<b>Transport</b>	915	735	765	780	795
<b>Supplies and Services</b>	2,915	3,090	3,235	3,235	3,115
<b>Operating Leases</b>	220	160	110	85	90
<b>External Service Agreements</b>	220	185	190	195	195
<b>PFI (inc. capital element)</b>	1,375	1,430	1,475	1,525	1,575
<b>Total Indirect Staff and Non Staff Costs</b>	<b>8,325</b>	<b>8,220</b>	<b>8,250</b>	<b>8,195</b>	<b>8,195</b>
<b>PENSIONS</b>	3,020	4,600	4,680	4,775	4,875
<b>Provision for Debt Repayment</b>	1,225	1,095	1,175	1,290	1,360
<b>External Interest</b>	675	615	660	715	785
<b>Revenue Contribution to Capital</b>	0	390	245	80	185
<b>Total Capital Charges</b>	<b>1,900</b>	<b>2,100</b>	<b>2,080</b>	<b>2,085</b>	<b>2,330</b>
<b>TOTAL EXPENDITURE BUDGETS</b>	<b>33,275</b>	<b>35,190</b>	<b>35,435</b>	<b>35,900</b>	<b>36,665</b>
<b>(Surplus)/Deficit before Reserves</b>	<b>1,210</b>	<b>1,135</b>	<b>905</b>	<b>810</b>	<b>1,035</b>
Planned Transfers to/(from) Earmarked Reserves	(1,210)	(1,135)	(905)	0	0
Planned Transfers to/(from) General Fund	0	0	0	0	0
<b>(Surplus)/Deficit After Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>810</b>	<b>1,035</b>

- 5.2 As mentioned previously in this report despite some significant changes to the financial plans and some very good progress over the last 3 months there is still a recurring imbalance within the budget of circa £1m.
- 5.3 This recurring deficit will be funded from reserves during both 2019/20 and 2020/21 while detailed plans to address this are put in place and delivered.
- 5.4 It is vital that these plans are closely monitored and then delivered to ensure a recurring balanced position is possible for 2021/22 and beyond.

## 6. Capital Financing and Expenditure

- 6.1 The assets owned by the PFCC are a vital platform for the delivery of the Fire Service, with the overall purpose of the capital plan to provide sufficient funding to renew the asset base of the organisation, informed by condition deficiency surveys, 'fit for purpose' reviews, equipment replacement programmes, business continuity requirements and invest to save expenditure. Plans have been drawn up and are being developed for capital investment which would aid the organisation in delivering against the PFCC's plans.
- 6.2 Significant loans are planned to be taken out across the MTFP, as discussed in 4.48 to 4.56
- 6.3 In terms of the best approach to the funding of capital expenditure it generally only makes financial sense to borrow to fund investment in long term assets, such as buildings. This is an approach that the PFCC will now look to work towards however this may take some time.
- 6.4 With this in mind the plans of the organisation will need to be managed within certain financial constraints and it will therefore be necessary for the organisation to prioritise the investments in wants to make as we move forward.
- 6.5 The current Capital Plans, which will be subject to review, development and refinement as 2019/20 progresses, are set out below:

	Estimated 2018/19	Estimated 2019/20	Estimated 2020/21	Estimated 2021/22	Estimated 2022/23	Estimated 2023/24
<b>Expenditure Forecasts</b>	£000	£000	£000	£000	£000	£000
<b>Vehicles</b>	1,680	1,545	1,364	1,692	1,619	1,471
<b>Property</b>	656	420	350	350	350	350
<b>ICT</b>	376	836	254	304	246	318
<b>TOTAL</b>	<b>2,712</b>	<b>2,801</b>	<b>1,968</b>	<b>2,346</b>	<b>2,215</b>	<b>2,139</b>
<b>FUNDING</b>	£000	£000	£000	£000	£000	£000
Revenue Contribution to Capital	35	392	244	80	184	142
Capital Receipts	375	789	-	-	208	102
Internal Borrowing	2,302	-	-	-	-	-
External Borrowing	-	1,620	1,724	2,266	1,823	1,895
<b>TOTAL FUNDING</b>	<b>2,712</b>	<b>2,801</b>	<b>1,968</b>	<b>2,346</b>	<b>2,215</b>	<b>2,139</b>

- 6.6 Further details of the expenditure plans are set out in Appendix A.
- 6.7 The CIPFA Prudential Code of Practice is a key element in the system of capital finance. Under this system individual PCC's are responsible for deciding the level of their affordable borrowing having regard to the prudential code. The associated paper 'TM Strategy' will provide the PFCC with reasonable assurance that the proposed Capital Plan and its financing are within prudential limits.

## **7. Reserves**

- 7.1 The level of usable reserves of fire and rescue authorities is of particular interest at a national level and it is recognised that there is a need for greater transparency around reserves. The updated Fire & Rescue National Framework makes reference that the general fund balance of a FRA should be around 5% of the total revenue budget.
- 7.2 There is a requirement for a Reserves Strategy to be developed to provide transparency around all of the reserves that a PFCC has, why they are needed and how they are expected to be used. This Strategy is appended to this report for approval at Appendix B.

## **8. Risks**

- 8.1 The major risks and unknowns surrounding the figures presented here are set out below and have been discussed in the above report:
- Pay Awards are higher than the assumptions within the plan
  - Any differences between the future years' actual Government Grant settlements, and the estimated figures.
  - The outcome of the next Comprehensive Spending Review
  - Business Rates Retention and Fair Funding Review
  - Variations in future years between the estimated tax base used and the actual declared tax base.
  - That the public does not support the precept increases that are factored into the current plans.
  - Increasing costs of the employers Pension Contribution into the Fire Pension Fund.
  - Fire Fighters pension scheme transition protections – on 14 December 2018 the Court of Appeal handed down the judgement in the Fire fighters transitional appeals case. The case relates only to the transitional protection arrangements in the 2015 Fire fighters pension scheme, and whether these are discriminatory. It does not address the introduction of that scheme itself by the primary legislation of the Public Services Pensions Act 2013.

The Court of Appeal has overturned earlier judgements of the employment tribunal and the employment tribunal appeals and concluded that "the manner in which the transitional provisions have been implemented has given rise to unlawful direct age discrimination". The judgement remits it to the employment tribunal to consider remedy, but before that step the

Government can apply for permission to appeal to the Supreme Court. This means it is likely to be many months before the final position is clarified.

Depending on the outcome of this issue there may be additional one off and recurring costs which if not funded by the Government would result in additional unfunded budget pressures for individual Fire and Rescue authorities. This situation further highlights the complexity of pension changes and the potential financial risks for individual authorities. Further updates will be provided when more information is known

- Increasing costs of the employers Pension Contributions into the Local Government Pension Scheme when the scheme is actuarially reviewed.
- Sensitivity of assumptions, including inflation and borrowing costs.
- The ability and capacity to either absorb growth/cost pressures and/or deliver savings to enable expenditure in essential areas to continue.
- Ability to deliver the savings included within the plans within the timeframes set and also to the level needed whilst delivering the required levels of service.

## **9 Robustness Advice**

- 9.1 The Local Government Act 2003 introduced a formal requirement on authorities to consider the advice of the Treasurer/s151 Officer on the robustness of the budget proposals, including the level of reserves. If the PFCC ignores this advice the Act also requires them to record this position. This latter provision is designed to recognise the statutory responsibilities of Treasurers/Chief Finance Officers.
- 9.2 For the reasons set out in this report and from my own review of the estimates process I am satisfied that the proposed spending plan for 2019/20 is sound and robust. There are however a number of areas of savings that will need to be delivered from a revenue perspective in 2019/20 to deliver a balanced financial position. The likely risk from a financial perspective, however, in terms of revenue spending is likely to be in relation to the levels of pay awards agreed during the year.
- 9.3 It will be vital to continue to closely monitor the financial position throughout 2019/20 to ensure that the savings plans that are required to balance the plan in future years are developed and the transformation work that is required is undertaken.
- 9.4 The reliance on borrowing to fund the Capital plans of the organisation are an area of on-going concern and something that will need to be considered especially given what appears to be a need for significant investment in the asset base of the Fire Service that the PFCC has recently taken on responsibility for.
- 9.5 The plans are however robust and the focus will continue to be on delivering the schemes and the benefits that are expected from those schemes.

9.6 A review has been undertaken of Fire's reserves and general balances. The general balances and reserves are an important part of the PFCC's risk management strategy giving the financial flexibility to deal with unforeseen costs or liabilities. Assuming the approval of the plan set out in the budget report, I am satisfied that the PCC would have adequate levels of financial reserves and general balances through 2019/20 provided that service restructuring is delivered and future growth, if any, is managed and funded from sustainable savings.

## APPENDIX A

<b>CAPITAL PROGRAMME 2018/19 TO 2023/24</b>						
	Estimated 2018/19	Estimated 2019/20	Estimated 2020/21	Estimated 2021/22	Estimated 2022/23	Estimated 2023/24
<b>Expenditure Forecasts</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Vehicles</b>	<b>1,680</b>	<b>1,545</b>	<b>1,364</b>	<b>1,692</b>	<b>1,619</b>	<b>1,471</b>
<b>Property</b>	<b>656</b>	<b>420</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>
<b>ICT</b>	<b>376</b>	<b>836</b>	<b>254</b>	<b>304</b>	<b>246</b>	<b>318</b>
<b>TOTAL</b>	<b>2,712</b>	<b>2,801</b>	<b>1,968</b>	<b>2,346</b>	<b>2,215</b>	<b>2,139</b>
<b>FUNDING</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Revenue Contribution to Capital	35	392	244	80	184	142
Capital Receipts	375	789	-	-	208	102
Internal Borrowing	2,302	-	-	-	-	-
External Borrowing	-	1,620	1,724	2,266	1,823	1,895
<b>TOTAL FUNDING</b>	<b>2,712</b>	<b>2,801</b>	<b>1,968</b>	<b>2,346</b>	<b>2,215</b>	<b>2,139</b>

<b>PROPERTY CAPITAL PROGRAMME 2018/19 to 2023/24</b>						
	Estimated 2018/19	Estimated 2019/20	Estimated 2020/21	Estimated 2021/22	Estimated 2022/23	Estimated 2023/24
	£	£	£	£	£	£
Planned Capital Maintenance	170,000	420,000	350,000	350,000	350,000	350,000
<b>Major Schemes</b>						
Malton - Retaining Wall	293,282					
Northallerton	117,000					
Workshops and Stores	75,759					
<b>TOTAL</b>	<b>656,041</b>	<b>420,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>	<b>350,000</b>



<b>IT CAPITAL PROGRAMME 2018/19 TO 2023/24</b>						
	Estimated 2018/19	Estimated 2019/20	Estimated 2020/21	Estimated 2021/22	Estimated 2022/23	Estimated 2023/24
<b>Mobilising, Telephony and Bearers:</b>						
IP Telephone Replacement Programme						
Network Replacement and Upgrade Programme	40,200	15,000	15,000	15,000	15,000	15,000
Firewall Implementation Programme		9,000	9,000	9,000	9,000	9,000
Fireground Radio Replacement		155,000				
SIP Trunking		50,000				
ESN Transition			50,000	50,000		
	40,200	229,000	74,000	74,000	24,000	24,000
<b>Major IT Systems and Schemes:</b>						
Asset Database (Technical Services & Operations)	43,203					
Fleetplan/Tranman Upgrade	25,748					
Central Gazetteer				50,000		
	68,951	0	0	50,000	0	0
CHIRP: Software		6,000				
CHIRP: Documentation and Handover		15,000				
CHIRP: Contingency		75,000				
CHIRP: Project Management	50,789	15,000				
CHIRP: Project Delivery	25,000	267,350				
	75,789	378,350	0	0	0	0
	144,740	378,350	0	50,000	0	0
<b>Ancillary Hardware and software:</b>						
MDT Replacement	52,683	38,642				
Incident Command Training ICT Replacement <sup>1/5</sup>		10,000			42,000	
PC replacement / expansion programme ( per year over 5 years)	100,179	37,500	37,500	37,500	37,500	60,000
Server replacement / expansion programme ( per year over 5 years)	37,873	9,000	9,000	9,000	9,000	100,000
IaaS and SaaS Hosting		133,597	133,597	133,597	133,597	133,597
	190,735	228,739	180,097	180,097	222,097	293,597
<b>TOTAL</b>	<b>375,675</b>	<b>836,089</b>	<b>254,097</b>	<b>304,097</b>	<b>246,097</b>	<b>317,597</b>

<b>TRANSPORT CAPITAL PROGRAMME 2018/19 to 2023/24</b>						
	Estimated 2018/19	Estimated 2019/20	Estimated 2020/21	Estimated 2021/22	Estimated 2022/23	Estimated 2023/24
	£000	£000	£000	£000	£000	£000
Rescue Pumps	466,195	1,092,526	1,119,839	1,440,141	1,183,839	1,213,434
TRV	34,611					
Aerial Appliances	1,167,000					
Vans (Stn, support etc)				52,000	13,500	13,500
4x4 Vehicle (LR or equivalent)		30,000		120,000	30,000	
Globetrotter		30,000				
Trailers	12,000					
Cars		392,000	244,000	80,000	392,000	244,000
<b>TOTAL</b>	<b>1,679,806</b>	<b>1,544,526</b>	<b>1,363,839</b>	<b>1,692,141</b>	<b>1,619,339</b>	<b>1,470,934</b>

### **North Yorkshire Police Fire and Crime Commissioner Fire and Rescue Authority**

#### **Reserves Strategy**

The level of usable reserves of fire and rescue authorities is of particular interest at a national level and it is recognised that there is a need for greater transparency around reserves. The updated Fire & Rescue National Framework makes reference that the general fund balance of a FRA should be around 5% of the total revenue budget.

#### **The National Framework**

The National Framework which was published in May 2018 includes a section on reserves, the main components of which are:

- General reserves should be held by the fire and rescue authority and managed to balance funding and spending priorities and to manage risks. These should be established as part of the medium term financial planning process.
- Each fire and rescue authority should publish their reserves strategy on their website. The strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve that is held for each year. The reserves strategy should provide information for at least two years ahead.
- Sufficient information should be provided to enable understanding of the purpose for which each reserve is held and how holding each reserve supports the fire and rescue authority's Medium Term Financial Plan (MTFP).
- Information should be set out in a way that is clear and understandable for members of the public and should include:
  - How the level of general reserve has been set.
  - Justification for holding a general reserve larger than five percent of budget.
  - Whether the funds in each earmarked reserve are legally or contractually committed, and if so, what amount is committed and,
  - A summary of what activities or items will be funded by each earmarked reserve and how these support the fire and rescue authority's strategy to deliver good quality services to the public.

The information on each reserve should make clear how much of the funding falls into the following three categories:

- As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance).
- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.

- Funding for specific projects and programmes beyond the current planning period. There is not a recognised formula for determining the level of reserves that a fire authority should maintain. It is up to each authority to consider the local circumstances and the potential issues/risks that may occur across the medium term. In determining the level of reserves for the Authority the risks and issues that need to be taken into account will include the following:
  - The possibility of savings not being delivered; as austerity levels of funding continue, the need for annual reductions in spending is expected to increase in magnitude. This is likely to mean the identification of savings proposals carry a potentially greater risk of not being delivered.
  - To provide cover for extraordinary or unforeseen events occurring: given the purpose of the fire and rescue service is to respond to emergency situations, there is always the potential for additional, unexpected and unbudgeted expenditure to occur.
  - The commitments falling on future years as a result of capital plans and proposals to improve the asset base. Having reserves mitigates the impact on the revenue budget of borrowing and/or revenue contributions to capital and would support projects/programmes that will support revenue efficiencies.
  - The risk on inflation, especially pay. There remains continued pressure on pay inflation to be in excess of the 2% provided for in the MTFP.

### **Reserves Policy**

The PFCC considers Reserves annually as part of the Budget Setting Process. The principles that underpin this area are as follows:

Reserves are maintained to:-

- (a) Create a contingency to help cushion the impact of unexpected events or emergencies - the General Reserve.
- (b) Build up funds (often referred to as earmarked reserves) to meet specific future requirements, including the smoothing out of peaks in costs and the effect of loss of external funding.

The level of reserves is taken into account when calculating the council tax requirement. This ensures a balanced budget position is maintained and enables regard to be given to affordability when considering future revenue requirements and capital programmes.

The reserves must be reported to the PFCC on a regular basis as part of budget and financial monitoring. Part of this exercise is to ensure continuing relevance and adequacy and to enable the Medium Term Financial Plan to be up-dated.

The actual level of reserves, earmarking and utilisation are considered when up-dating the MTFP and as part of its on-going review.

#### General Reserve

In setting the level of the General Reserve, consideration is given to the adequacy of financial control, the overall financial position, medium-term plans and strategic, operational and financial risks facing the PFCC. The level of the General Reserve is reviewed by the Police and Crime Commissioner on the advice of the PFCC's Chief Finance Officer having regard to these matters.

Key Principles are:-

- (a) The General Reserve will not be used to meet on-going revenue items.
- (b) The General Reserve may be used, on an exceptional basis, as a short-term option to balance the budget, particularly where major operations are experienced.
- (c) The PFCC will aim to maintain the level of General Reserves at not less than 3% of the net revenue budget.
- (d) The level of the General Reserve is re-assessed annually as part of the annual budget-setting process.

## Reserves Forecast

The following schedule sets out the forecast movements on reserves over the life of the current long term financial plan, it is important to recognise that whilst the schedule sets out the expected use of the current reserves, circumstances will change and all reserves will be reviewed at least annually. It is also important to recognise that there will undoubtedly be a need to create new reserves, in future years, to deal with risks that are currently unknown; the likelihood is that they will not reduce in overall financial terms as exactly planned and that while current reserves are spent, new reserves are likely to be needed to manage future risks.

	Balance at 31 March 2018 £000	Reclass- ifications 2018/19 £000	Transfers In 2018/19 £000	Transfers Out 2018/19 £000	Balance at 31 March 2019 £000	Transfers In 2019/20 £000	Transfers Out 2019/20 £000	Balance at 31 March 2020 £000	Transfers In 2020/21 £000	Transfers Out 2020/21 £000	Balance at 31 March 2021 £000	Transfers In/Out 2021/22 £000	Balance at 31 March 2022 £000	Transfers In/Out 2022/23 £000	Balance at 31 March 2023 £000
<b>General Contingency:</b>															
Pay & Price Reserve	2,635	-2,025			610			610			610		610		610
Pensions Reserve	1,100	545			1,645			1,645			1,645		1,645		1,645
New Developments (Revenue Initiatives) Reserve	105	340	75		520		-45	475			475		475		475
Insurance Reserve	0	80			80			80			80		80		80
<b>Total General Contingency Reserves</b>	<b>3,840</b>	<b>-1,060</b>	<b>75</b>	<b>0</b>	<b>2,855</b>	<b>0</b>	<b>-45</b>	<b>2,810</b>	<b>0</b>	<b>0</b>	<b>2,810</b>	<b>0</b>	<b>2,810</b>	<b>0</b>	<b>2,810</b>
<b>Funding for Planned Expenditure over MTFP:</b>															
Medium Term Funding shortfall Reserve	0	3,245		-1,210	2,035		-1,130	905		-905	0		0		0
Earmarked Revenue Grants Reserve	130	0		-130	0			0			0		0		0
<b>Funding for Planned Expenditure over MTFP</b>	<b>130</b>	<b>3,245</b>	<b>0</b>	<b>-1,340</b>	<b>2,035</b>	<b>0</b>	<b>-1,130</b>	<b>905</b>	<b>0</b>	<b>-905</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Earmarked Reserves</b>	<b>3,970</b>	<b>2,185</b>	<b>75</b>	<b>-1,340</b>	<b>4,890</b>	<b>0</b>	<b>-1,175</b>	<b>3,715</b>	<b>0</b>	<b>-905</b>	<b>2,810</b>	<b>0</b>	<b>2,810</b>	<b>0</b>	<b>2,810</b>
<b>General Reserves</b>	<b>2,675</b>	<b>-2,185</b>	<b>595</b>	<b>0</b>	<b>1,085</b>	<b>0</b>	<b>0</b>	<b>1,085</b>	<b>0</b>	<b>0</b>	<b>1,085</b>	<b>0</b>	<b>1,085</b>	<b>0</b>	<b>1,085</b>
% of Net Budget Requirement	8.6%				3.4%			3.3%			3.3%		3.2%		3.6%
<b>Total Usable Reserves</b>	<b>6,645</b>	<b>0</b>	<b>670</b>	<b>-1,340</b>	<b>5,975</b>	<b>0</b>	<b>-1,175</b>	<b>4,800</b>	<b>0</b>	<b>-905</b>	<b>3,895</b>	<b>0</b>	<b>3,895</b>	<b>0</b>	<b>3,895</b>
<b>Capital Receipts Reserve</b>	<b>1,165</b>	<b>0</b>	<b>0</b>	<b>-375</b>	<b>790</b>	<b>0</b>	<b>-790</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **Why have these Reserves been established and what will they be used for?**

### **General Contingency Reserves:**

#### **Pay & Price Reserve**

This reserve has been built up over previous years' through the transfer of any underspends arising on staff budgets. In the short term this reserve will be used to fund pay awards that are higher than estimated in the MTFP. The proposed level is based upon a pay award being 1% higher than budgeted for (i.e. 3% v 2%) in 2019/20 and 2020/21.

#### **Pensions Reserve**

This reserve has been built up over previous years' through the transfer of any underspends arising on the cost of Firefighters' pensions charged to the Revenue Account. The proposed level is based upon:

- a) one year's estimated funding from the Home Office in mitigation of the increase in Employers Firefighters Pensions contributions arising from the Pensions 2016 Valuation which at present has only been confirmed for 2019/20, plus
- b) the estimated cost of two Firefighter ill health retirements (one lower tier, one higher tier) which are met from the Revenue budget should these occur.

#### **New Developments/Revenue Initiatives Reserve**

This reserve was established in 2010/11 to meet the forecast costs of some on-going revenue initiatives or future change programmes to help transform the organisation to enable one off schemes/expenditure to be funded. For example, non-recurring staff costs to enable a project or initiative to be delivered. The proposed level provides for project management costs for the replacement of the Asset Management system in 2019/20, and also the one-off costs to be incurred in respect of the HQ move from Thurston Road to Alverton Court, and project management costs for the Core Hardware Infrastructure Replacement Programme (CHIRP), which will be released once expenditure plans are firmed up.

#### **Insurance Reserve (General Contingency Reserve)**

The Police, Fire and Crime Commissioner operate on a self-insurance basis determined by the level of excess on the cover provided by external policies. This reserve is ring-fenced for insurance requirements only and cannot be used for other purposes. This reserve is to be established following the approval 2019/20 Budget and MTFP, the level being calculated on the basis of historic budget impact of past claims.

### **Funding for Planned Expenditure over MTFP Reserves:**

#### **Medium Term Funding Shortfall Reserve**

This reserve is to be established following the approval 2019/20 Budget and MTFP to bridge the estimated funding shortfall over the period 2018/19 to 2020/21.

#### **Earmarked Revenue Grants**

This reserve holds unspent New Dimensions grant monies of £132,000 transferred in 2017/18 for use within 2018/19 on CBRN (Chemical, biological, radiological and nuclear defence) refresher training and related equipment. Expenditure of £54,500 is planned in 2018/19 with the remaining balance to be transferred to the Medium Term Funding Shortfall reserve at the end of the financial year.

## Transform 2020



May 2019

### Update Report to the Police and Crime Panel

This report provides an update on the Transform 2020 Programme (T2020), agreed change proposals, anticipated benefits and approach to implementation.

#### 1. Background

The Commissioner has a vision that North Yorkshire Police and the Fire and Rescue Service will be synonymous with exemplary service by 2021. Following the Home Secretary's approval of the Commissioner's business case for the transfer of governance of North Yorkshire Fire and Rescue Service from the North Yorkshire Fire and Rescue Authority to the Commissioner's Office, the T2020 programme was developed jointly by the Commissioner, Chief Constable and Chief Fire Officer. The programme will fundamentally re-align the operating model of enabling services and embed collaborative working at the core of North Yorkshire Police and North Yorkshire Fire and Rescue Services.

Both the Commissioner's own assessments and HMICFRS's findings showed that some areas of enabling services in NYP, which support front-line operational services, were providing poor value for money. Furthermore, changes driven by national programmes and the changing nature of public demand and crime required a re-evaluation of the way services were being delivered. In parallel, NYFRS were found to be facing a significant financial shortfall over the next 4 years. T2020 is therefore evaluating how services can be delivered more efficiently, and will deliver £10million of recurring savings by end FY2020/2021.

However, T2020 is about more than just financial savings. It aims to help NYP and NYFRS adopt new ways of working that will allow the organisations to be more flexible, responsive to local need, driven by analytical insight and equipped to respond effectively and sustainably to future challenges.

The level of change delivered through T2020 requires a step up from previous projects and in July 2018, the Commissioner selected a business partner to support NYP and NYFRS in their assessment of the status quo, design of the programme and implementation.

PriceWaterhouseCoopers were appointed to provide this support and have been working in partnership with NYP and NYFRS under an integrated governance structure, with a joint team of programme and project staff and with key stakeholders across all organisations. 14 priority areas for investigation were identified as part of the contract, for which 11 draft business cases have been endorsed (subject to consultation), setting out a range of financial and non-financial benefits over a three year period.

Change of this degree has a fundamental impact on our people and the Commissioner, Chief Constable and Chief Fire Officer are committed to supporting our people through the changes ahead. This includes internal support delivered through the change team, line managers, Heads of Function, HR and occupational health and external support commissioned from North Yorkshire County Council. T2020 is communicating openly and honestly about the future and has adopted an approach of co-design, testing and phased roll-out of those changes that requires new ways working, so that the impact on the organisations and their people is well understood.

## 2. Approach and timeline

As set out in the report to the Police and Crime Panel dated November 2018, the programme is being delivered in three parts:

### 1. **Assess:** August – September 2018

The assess phase included data collection and analysis across operational and enabling services, meeting and workshops with key stakeholders, operational site visits, and evaluation of service strategies to identify lines of enquiry and develop the case for change.

### 2. **Design:** October – November 2018

Eleven business cases were developed, in addition to a wider report on opportunities for financial savings in Fire and Rescue Services. The business cases were aligned to the 14 priority areas and provide the rationale for both staff and non-staff savings, as well as improvements resulting in non-financial benefits. Business cases were reviewed by Heads of Function and endorsed by the Executive Board in December 2018.

### 3. **Implement:** December 2018 to March 2020

The implementation phase incorporates detailed design of the future state, testing of more complex change, roll-out to the organisation and ongoing monitoring and review to refine ways of working.

To allow a proportion of financial benefits realisation in FY2019/20, the implementation of third party spend opportunities has been prioritised and workforce changes will be delivered through two phases:

Phase 1 delivers changes to the staffing structure and roles and responsibilities that can be made relatively quickly, without major dependencies. Change proposals for all enabling services in NYP and NYFRS were developed during January and February, followed by a formal 60-day consultation period with UNISON and staff. To minimise the impact on staff whose posts were at risk of redundancy Phase 1 also included a voluntary redundancy (VR) scheme, which was open to all staff in teams affected by the T2020 proposals. This Consultation period closed on April 23<sup>rd</sup> and staff at risk of redundancy were informed of the outcome on May 1<sup>st</sup>.

Phase 2 delivers more transformational change, which is driven by process re-design, enabled by changes in technology or requires different ways of working. Although a full outline cannot be presented at this point, it is anticipated that further change proposals will be communicated in autumn 2019, with a second formal consultation taking place during winter 2019/20.



The Assessment and Design phases of the programme have now been successfully concluded, implementation of phase 1 is nearing completion and we are mobilising implementation of phase 2.

### 3. Findings

The following section sets out summaries of T2020 phase 1 change proposals in each business case area. However, due to the ongoing development of phase 2 change proposals it is not appropriate to share complete business cases. A consolidated benefit and cost profile for T2020 is presented under section 4 of this report.

#### 3.1. Assess Phase

The following key improvement themes were identified as part of the assess phase:

- **Empowerment:** Reducing bureaucracy, improving governance and giving individuals accountability for their own personal development. This theme also links to NYP's wider commitment to intent-based leadership
- **Strategic foresight:** A longer planning horizon, better visibility of future change and closer alignment to the Police and Crime Plan and nationally mandated change allows the organisations to be more strategic and less reactive. This will result in better value from change investments, as well as a more strategic approach to obtaining value from third party spend
- **Clarity:** Removal of duplicative roles within and between departments as well as clarity around service offerings so staff know how to use and engage with the services more effectively
- **Self-service:** Opportunity to give people the chance to "self-serve" using technology, introducing more responsive enabling services and reducing demand for transactional processes
- **Fairer role distribution:** Opportunities to reduce "layers" of management and realign responsibilities, ensuring fair remuneration in accordance with the role
- **Place-based approach:** Opportunities for co-location and collaboration between NYP, NYFRS and wider partners, leading to joint working and delivery of efficiencies through sharing of resources

#### 3.2. Phase 1 change proposals

##### 3.2.1. Priority 1: Enabling services

The business case articulates the opportunities that arise through the creation of a formal collaboration between NYP and NYFRS for business support services, through the transfer of staff

from the Commissioner's employment to the Chief Constable. The collaboration is to be called 'Enable' and covers all support services with the exception of joint Corporate Legal Services, for which there is an existing collaboration with Durham and Cleveland policing services, called 'Evolve'. Enable will be based at Alverton Court, Northallerton, which was recently refurbished. Although the creation of Enable sits outside the T2020 programme, the co-location of police and fire and rescue staff presents the opportunity to standardise, simplify and align services, delivering the Commissioner's pledge for greater efficiency in backoffice services but also generating the capacity for greater co-operation and flexibility when faced with changing requirements in the future.

The change proposals set out the following opportunities for improvement:

- **Estates, Transport and Logistics:** NYP and NYFRS operate a vehicle fleet supported by predominantly in house service provision and some external contracts with third parties for fleet related services. Additionally, the two services also operate logistics functions which provide for the purchasing and delivery of uniform, equipment and other supplies to the end users. In June 2017, the two partners moved their respective Transport and Logistics teams into a new, shared facility in Thirsk (Owned by NYRFS). The new Transport and Logistics Hub was jointly specified and constructed. The partners have been successfully operating from this facility for over twelve-months now.

In late 2017, following vacancies in each organisation, the partners took advantage of a further opportunity to collaborate, combining the management teams of their respective Transport and Logistics sections to create an interim collaborative structure to deliver support services to both partners. This has been in place formally since 1st December 2017.

T2020 reviewed the integrated delivery model and identified opportunities to disestablish spare capacity, deploy orderlies and surveyors more efficiently and realign the staffing structure across both organisations so that there is collaborative oversight through shared managerial roles and alignment of responsibilities, grades and remuneration.

- **Nexus:** Nexus was created to provide innovation, improvement, inspection, assurance and business insight to the Chief Constable and effectively brought together existing resources from performance and inspection (ODT) complimented by intelligence analysts, business analyst support, operational police officers and environmental scanning capability. Over the last 18 months nexus has improved its skillset, services and toolset in order to help develop the organisations understanding of demand, its operational risk and gap analysis and to enhance its ability to service HMICFRS, performance management and also offers bespoke service improvement activity.

T2020 offered nexus the opportunity to consolidate its skills requirement and develop its service offering in order to move from a predominantly descriptive /diagnostic approach to data and information to a more predictive approach. In this way the analytical offering for NYP could be enriched as a single point of truth for the benefit of the organisation. The proposal is to utilise rationalise vacancies, develop existing staff and increase the skills blend through recruitment of staff with enhanced data skills to develop internal capability aligned with a dedicated business analytical resource. Underpinning this change is the development of a cultural maturity model to place nexus as a single point of truth for analytics reducing the current fragmented analytics approach and generating capacity in other functions (currently assigned to data collection and analysis). This would provide greater understanding of data and information (including quality) to

inform decision making, enhanced understanding to facilitate more informed question setting and self-service timely information to meet HMICFRS and other organisational reporting requirements.

- **Organisational Change:** For NYP, all aspects of the current Organisation & Development team contribute to business change. This includes:

- Business Planning work with all areas of NYP to determine what their plans are and how they deliver the Police and Crime Plan and support organisational strategies;
- Governance and Delivery undertake business analysis and implement change;
- Risk and Assurance consider the risks and opportunities associated with change, ensure business continuity and determine if the change has delivered the anticipated benefits;
- Service Delivery Advisors deliver strategic change projects and report on collaboration arrangements.

FRS currently deliver change as part of their day to day business, without a dedicated team. O&D's largest team sits within Governance and Delivery which oversees some but not all 'change' activity. In the past, it has sometimes been difficult to prioritise the required resources to deliver change across the organisation. In order to deliver an evidence based approach to business change, the insight and performance analysis harvested through the roles in nexus and the business planning, project management and inspection/assurance roles in O&D can be more closely integrated. This will strengthen our business plans and in turn deliver the Police and Crime Plan. With this approach, the organisation will be in a better position to clearly demonstrate a more efficient and effective service to the communities of North Yorkshire through its investment in change. For this innovative approach to service delivery to be successful, the proposal is to combine O&D, and to be renamed Organisational Change.

- **Finance:** The NYP finance department support processes including Procure to Pay, Debt Collection and Budget Setting and Monitoring, and it is consistent with other comparable police forces in both size and shape. However, there is a general understanding that with improved processes and better utilised technology, some areas of finance can become more efficient. In addition, T2020 identified opportunities to move towards more strategic management of third party spend, creating savings from existing and new contracts. Procurement support to NYP is currently provided through a regional collaboration but the changes proposed under the Third Party Spend business case will require significant additional capacity. It is proposed that this investment is integrated into the finance function.

The current Procure to Pay sub-department is to be reconfigured as a result of the creation of the separate Procurement sub-department and the redesign of purchasing processes, which include for example improved automation of approvals, a more customer friendly procurement catalogue, and alternative approvals based on requisition value. The finance senior management team structure has also been reviewed, reflecting the reorganisation of the sub-departments and reduced demand.

- **HR and Learning and Development:** The T2020 review of the HR function found that a significant proportion of its effort is spent on manual, operational and administrative activities, meaning that there is less capacity for forward looking, strategic HR tasks. It identified the opportunity to move to more self-service and automation, freeing up capacity to spend time on higher value adding activity instead. The existing structure was reviewed to identify opportunities for re-investing into the creation of digital training developers. These roles are being introduced to design, create and implement highly interactive multimedia E-learning resources for use by all levels of police officers and police staff.

- **Business Administration Services (BAS)** was established in 2011 and has been operating in its current structure since 2016. BAS provide a centralised typing and secretarial support team, but there are also a number of dedicated roles providing support to senior officers and police staff across the organisation. The function also includes front counter teams (Customer Service Officers and Business Administration Managers), exhibits teams (Exhibits Management Support Officers and Exhibits Manager) and a service improvement function (Development Officers and Service Improvement Manager). BAS has been recognised to provide high quality services but the review found that there is an opportunity to release some capacity. Within the front counter and exhibits teams, there are opportunities to increase the level of 'self-service' within the organisation and to reduce the transactional and administrative workload of the Customer Service Officer team. By reducing the administrative burden, additional customer-focused services can be provided to support flexible and effective service delivery and a timely response to customer contact. The T2020 proposal is to dis-establish the current BAS team and the creation of new functional areas providing for both new and amended role profiles to best meet the needs of the organisation. During Phase 1 of the proposed changes, the Typing and Secretarial Team is proposed to transfer into the Estates, Transport and Logistics Function, while the externally facing elements of the function will be integrated with the Force Control Room to provide a centralised Customer Contact team.

- **Administration (Fire and Rescue Services):** The Administration functions within NYFRS are currently delivered through District Administrators as well as the Central Admin Office. These teams have a responsibility for supporting both whole time and retained firefighters, as well as officers with a variety of administrative processes. T2020 identified opportunities to implement an automated P2P process and ensure that unnecessary administrative burden is removed, for example by taking less meeting minutes.

- **DISG:** Digital capabilities are critical to the police effort, and a high performing, efficient and effective DISG function will determine the success of 'Enable'. The T2020 review found that although the function has a highly skilled internal team, the function is challenged by servicing a complex enterprise architecture. Phase 1 proposals are closely aligned to the development and confirmation of a new digital strategy and include:

- Applications Rationalisation, reducing the number applications that we run
- Migration to "Cloud"
- Changing the service delivery model for our data network
- Implementing user self-service
- Converging our unified communications tools to Skype
- Changing the service delivery model for end user devices
- Reducing the number change projects we run at any point in time

The structure of the DISG function has been realigned to provide greater strategic technical capability, helping the department to be more strategic and less reactive. This includes the addition of an ICT Enterprise Architect to create, maintain and manage the IT architecture models.

- **Communications:** The NYP communications team is small and T2020 identified limited opportunities for improvement. NYFRS does not have a dedicated communications team. A review of the NYP staffing structure and responsibilities will ensure fairer task distribution and remuneration.

- **Professional Standards (Vetting and Administration):** Against a backdrop of sharply increased demand for vetting and fluctuating workload for administrative support to the professional standards teams, T2020 explored opportunities to share workload between the two teams. This re-designed administrative team would balance peaks and troughs more effectively, safeguarding service standards and prevent future cost increases.

- **Information Management:** During 2018 changes were made to areas of responsibility within the Information Management (IM) Department due to the Data Protection Act (DPA) (2018), encompassing the General Data Processing Regulation (GDPR) and the Law Enforcement Directive. The new role of Data Protection Officer (DPO) was recruited and fell within the IM Department structure in time for the 25 May 2018 deadline. Due to the extensive compliance work required to meet the requirements of the DPA (2018), a number of temporary resource arrangements and realignments were put into place within the IM Department to support the DPO and the Records Manager. T2020 worked closely with the department to revise the permanent structure and strengthen oversight for Data Protection Act (2018) responsibilities, and align administrative duties into a central administrative team for records management and system administration. This also included a review of location of roles to reduce travel time and a revision of responsibilities across teams to achieve fairer role profiles.

- **Office of the Police, Fire and Crime Commissioner:** The OPFCC is the functional team that provides support to the corporation sole that is the Police, Fire and Crime Commissioner (PFCC) discharging its statutory duties and responsibilities, its strategic planning and delivery processes and its wide range of outcome-based delivery activities to the communities of North Yorkshire. It is made up of a 'Democratic Core' and 'Service Delivery Teams' (Commissioning and Partnerships, Victim Support and the proposed Complaints Team).

Following the transfer of Enable staff from the Commissioner's employment to the Chief Constable, and transfer of FRS governance to the North Yorkshire Police, Fire and Crime Commissioner Fire and Rescue Authority, the OPFCC structure was revised to reflect the changes in demand. This included the disestablishment of the "Chief Executive Officer" post and the new creation of a "Chief of Staff" post, which as at the date hereof remains unfilled. The statutory duties of the Acting Chief Executive & Monitoring Officer are for the time being fulfilled through a collaboration agreement with Cleveland, in respect of which the Police & Crime Panel have received a fuller proposal for the purposes of statutory confirmation. The Commissioner will also in due course implement proposals for the establishment of a Complaints & Recognition team.

### 3.2.2. Priority 9: Force Control Room (Customer Contact)

The Force Control Room (FCR) is a pivotal function in orchestrating demand for the whole force, so its efficient and effective working is not only vital for the department itself but for the whole of North Yorkshire Police.

In the last 18 months the Force Control Room has undergone a significant period of change. Despite rising call volumes and resourcing challenges in relation to high levels of attrition, the Force Control Room has continued to develop a strong service to the people of North Yorkshire.

Financially, in February 2018 the Force Control Room submitted a business case for additional funding of £4.2m over three years. This funding was secured for additional posts and extension to the estate to facilitate a better working environment.

During the last 12 months the FCR has reduced 999 call answering times by 50% and improved the 101 answering time by 1 minute. When comparing NYP's performance to other forces nationally, the performance is strong. This is against a backdrop of rising calls; in the past two years calls have risen by 21%.

The Force Control Room plays a major role in the force's wider operating model and is a key function for assessing risk and vulnerability. Taking this into consideration, despite the clear advancement of the Force Control Room in recent months, there are still a number of key drivers for change:

- Increasing call volumes
- Continued high public expectation
- The impact of decision making on the wider Force: By optimising the FCR first, resourcing in the wider Force can then be explored more efficiently
- Changing nature of crime towards more technology driven crime, where the deployment of an officer may not be the most appropriate line of investigation

The T2020 business case identified a proposal for addressing these drivers of change, through:

- Closer alignment of the staffing structure to the demand of the people of North Yorkshire.
- An alternative shift scenario has been proposed. This balances the needs to meet demand, supervisory requirements and staff welfare.
- Upskilling programme to ensure that all staff are equipped to make difficult decisions. This will also include a stronger process for onboarding and supporting new joiners
- Integration of the FCR with a wider Customer Contact Function to ensure that the strategic objectives of the organisation are met and the approach to the external customer is coherent. Customer Service Officers that currently sit within the BAS function are seen as key to assisting in effectively engaging with the people of North Yorkshire and provide consistent, high quality service.
- Meaningful metrics need to be developed that inform both staff and management of performance but also underpin a continuous improvement culture.

During the consultation, UNISON submitted a proposal of alternative shift patterns, which would address the recognised drivers for change and deliver significant financial and non-financial benefits. The original proposed shift pattern changes and the alternative UNISON proposal have now been put forward for a staff ballot.

### 3.3. Business cases not forming part of the consultation process

T2020 developed business cases that did not involve workforce changes and therefore did not form part of the Phase 1 consultation with staff. These are currently being developed further and information will be available over the coming months.

Priority area	Description	Nature of benefits
1: Enabling services	The Enabling services business case includes phase 1 and 2 workforce savings and third party spend savings within the DISG function	Financial: Staff and third party spend savings Non-financial: Optimised processes, effective enabling services
1: Third Party Spend	Analysis of third party spend and development of a more strategic approach to engaging with suppliers	Financial: Reduction in spend on third party contracts Non-financial: Contract specifications, supplier relationships
2: Digital Strategy	Review of the digital strategy to align more closely with business need	Absorbed into DISG workstream under Priority 1
3: IT Target Operating Model	Design of a future team structure for DISG	
4: Analytics	Development of five areas of priority and implementation	Non-financial: Improved operational effectiveness
5: Continuous Improvement	Development of a CI methodology	Non-financial: Increased organisational capability
6: Change	Development of a new operating model for change delivery	
8: Customer Service	Consideration of both the internal and external customer service requirements driving phase 2 design	Non-financial: Improved responsiveness to the public of North Yorkshire
10: Public Safety Service	Proposal for a pilot Public Safety Service in the Craven area	Non-financial: Stronger, safer communities

## 4. Benefits Profile

### 4.1. North Yorkshire Police

#### 4.1.1. Net benefit profile

As set out above, T2020 is not limited to delivering financial savings. The programme has been designed to deliver a fundamental change to the way NYP and NYFRS work, putting collaboration and continuous improvement at the heart of the organisations. In addition, T2020 aims to deliver £10million recurring, cashable savings for NYP by 2022/23. The PWC offer accelerated this profile to deliver £3.5million in FY19/20 and £10million by FY2020/21.

Following review of the business cases and a revised estimate of total programme costs, T2020 is anticipated to deliver in line with NYP ambitions, although FY19/20 savings are lower than proposed by PWC:

	FY2018/20	FY2019/20	FY2020/21	FY2021/22	Total (Cumulative)
Benefit		£3.5 - 4.1m	£8.8 - 10.0m	£9.1 - 10.3m	£21.3 - 24.4m
of which Third Party Spend:		£0.9 - 1.5m	£1.8 - 3.0m	£1.9 - 3.1m	£4.5 - 7.5m
Costs	-£1.1m	£ 2.3m	£ 0.7m	-	£ 4.1m
Net benefit	-£1.1m	£1.2 - 1.8m	£8.1 - 9.3m	£9.1 - 10.3m	£17.2 - 20.3m

The savings range presented above is driven by a lower and upper confidence limit on reductions in Third Party Spend. The Executive Board endorsed an ambitious target for reductions in Third Party Spend, which is identified in the higher savings range. However, realisation of savings are dependent on external factors such as the market environment at the point of procurement.

#### 4.1.2. Realised benefits as at May 2019

Excluding changes in the Force Control Room, which are subject to ballot, Phase 1 staff consultation is now complete. Consultation feedback was generally supportive of the proposed changes and led to only minor amendments to the proposals. Overall, the re-alignment will result in the disestablishment of 39.3FTE (see table below).

Phase 1 summary: Workforce impact	FTE
Posts removed	72.2
New posts created	33.0
Net reduction	39.3

Phase 1 will deliver a cumulative net saving of £3.9million over FY2019/20 to FY2021/22, and an annual, recurring saving of £2.1million from FY2021/22. As the FCR proposals currently considered under ballot are cost neutral, the following summary table includes projected benefits relating to the FCR:

£m	FY2019/20	FY2020/21	FY2021/22	Total (cumulative)
Redundancy costs*	£1.5m			£1.5m
Financial saving	£1.3m	£2.0m	£2.1m	£5.4m
			Net	£3.9m

\*Estimated, subject to conclusion of FCR consultation and re-deployment and VR acceptances

#### 4.2. North Yorkshire Fire and Rescue Services

The review of the North Yorkshire Fire and Rescue Service identified a number of efficiencies in enabling services, namely administration, IT and Transports and Logistics. Of this, both administration and T&R savings are driven through co-operation between NYP and NYFRS. The delivery of these efficiencies will drive cost reductions of approx. £180,000 by FY2020/21.



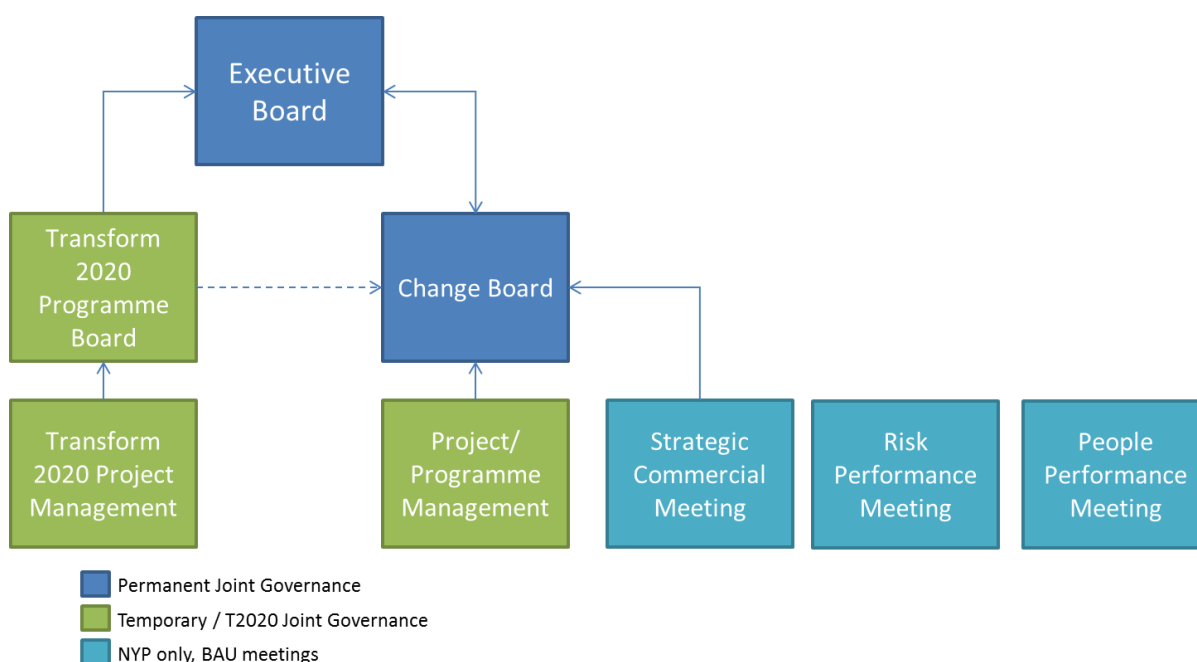
The report also includes a number of recommendations which go beyond the scope of T2020, and which will require additional activities outside the programme. This includes, for example, a fundamental review of the FRS operating model and evaluation of the Priority 10 Craven Public Safety Service following the conclusion of T2020, to capitalise on the operational opportunities for collaboration, presented by the Policing and Crime Act 2017 and the Commissioner’s local business case.

Despite the closer alignment of the services, NYP and NYFRS will retain their operational independencies, budgets and chief officers, and will continue to have distinct roles and account separately. Savings driven from the police budget will not address a financial shortfall in the NYFRS budget.

## 5. Implementation

Following the creation of Enable, NYP and NYFRS have implemented a joint governance structure for change management to simplify decision making, make accountability clearer and reduce duplication. T2020 sits within this joint change governance.

The following diagram sets out the high level change governance structure:



The T2020 Board is chaired by the **accountable** SROs for the programme, Deputy Chief Constable Phil Cain and Deputy Chief Fire Officer Jon Foster. Other board members include the T2020 Programme Director Rena Brown, T2020 Programme Manager Charlotte French, Enable Managing Director Maria Earles, NYP Chief Finance Officer Jane Palmer and NYFRS Chief Finance Officer Michael Porter.

The T2020 Board meets on a monthly basis and responsibilities include:

- Monitoring progress against the programme plan
- Oversight and tracking of programme benefits

- Management and mitigation of programme risks and issues
- Escalation of risks and issues to the EB as required
- Oversight and management of programme dependencies, including all workforce change
- Monitoring of operational impact on the business
- Management of programme communications, in line with the communications plan

Heads of Function are **responsible** for benefits delivery and manage the T2020 work-streams relating to their business areas. Where work-streams have significant activity and benefits, these are managed as formal projects under T2020. T2020 programme benefit targets will be included in FY2019/20 Service Plans and form part of PDR objectives for responsible people. Each work-stream / project is responsible for:

- Development and delivery of the implementation plan, milestones and actions
- Tracking and delivery of workstream benefits
- Monthly reporting to the T2020 Board
- Weekly reporting to the programme management team
- Identification and mitigation of work-stream risks and issues, and escalation where appropriate
- Management of work-stream resources and costs
- Identify communications requirements and feed into the programme plan

As there are significant dependencies between the work-streams, risk and issue management is co-ordinated by the programme manager and impact on the operational business of NYP and NYFRS is closely monitored. All work-streams are supported by full time corporate change resource, including a programme manager, three project managers and five business analysts. NYP has also nominated an operational change lead and a technology operational change lead to ensure that links into operational policing are managed effectively.

Where a specific workforce, commercial or people dependency has been identified, these are co-ordinated through BAU meetings. For example, all third party spend activity is overseen by the Strategic Commercial Meeting, which is chaired by Jane Palmer. Technology dependencies are managed by the DISG function, which works with the technology operational change lead and individual business area to ensure development and delivery of a coherent enterprise architecture.

Risks and issues of strategic importance, with significant financial implications or high operational risk are escalated by the T2020 Board to the Executive Board, which is chaired by the Commissioner and meets on a monthly basis.

Change activity not relating to T2020 reports into the Change Board, which provides oversight of all other NYP and NYFRS change activity, including digitally enabled change programmes.

Terms of Reference for the Executive Board, T2020 Board, Change Board and other BAU meetings are being updated to reflect the creation of Enable.

North Yorkshire Police, Fire and Crime Panel

16 May 2019

Work Programme

**1 Purpose of Report**

- 1.1 To invite the Panel to consider its work programme, providing any suggestions for future items to be taken.

**2 Background**

- 2.1 The Panel is responsible for setting its own work programme taking into account the tasks that the Panel must undertake and the priorities defined by the Commissioner within the context of the Police and Crime Plan and the Fire and Rescue Plan.
- 2.2 The work programme at Appendix A highlights those issues which have been previously agreed or which have been added since the last meeting in discussion with the Chair or Vice Chairs. Members are invited to consider where there may be additional issues to schedule into the programme.
- 2.3 There are also items detailed below which are pending scheduling into the programme as they require further consideration on their scope and/or need to be scheduled in to fit in with external review or reporting processes.
- 2.4 Members are also asked to note for the diary that there is a change to the February 2020 precept meeting date. The date currently diarised is for 5<sup>th</sup> February 2020. However this has had to be changed to **6<sup>th</sup> February 2020** at 10:30am.

**3 Recommendation**

- 3.1 It is recommended that the Panel:
- (a) agrees the current work programme; and
  - (b) notes the change in date of the February 2020 precept meeting to **6<sup>th</sup> February 2020**.

Diane Parsons  
Principal Scrutiny Officer  
North Yorkshire County Council

7<sup>th</sup> May 2019

**Background Documents:**

Appendix A – Police and Crime Panel Calendar of Meetings 2019/20

NORTH YORKSHIRE POLICE, FIRE AND CRIME PANEL – FORWARD WORK PROGRAMME 2019/20

<p><b>July 2019</b></p>	<p>Thursday 18 July 2019 at 10:30am Hudson Board Room, City of York Council West Offices, York.</p>	<p>Performance reporting update on crime and fire and rescue data – to include cover report from the PFCC. PFCC’s draft Annual Report. Annual Fire and Rescue Statement. T2020 update – policing and fire. Budget - update on progress with recruitment of officers and improvements to neighbourhood policing. Correspondence handling in the OPFCC and FoIA requests (performance review) – six-month update. Chief Financial Officer and Interim Chief Fire Officer – review of secondment arrangements (update for Panel).</p>
<p><b>September 2019</b></p>	<p>Thursday, 19 September 2019 at 10:30am Grand Meeting Room, County Hall, Northallerton.</p>	<p>Criminal justice – overview of the PFCC’s work in this area. Police complaints handling at the OPFCC (update). 101 performance update. Development of new technologies as alternatives to using 101 service to contact the police – tbc (agreed at meeting of July 2018) Annual complaints report (Panel) – tbc. <i>Community safety partnerships: update report (tbc).</i></p>
<p><b>November 2019</b></p>	<p>Thursday, 14 November 2019 at 10:30am Civic Chamber, Selby District Council, Selby.</p>	<p>T2020. Mid-year budget review – policing and fire and rescue. Update report on progress against the recommendations of the Complaints Sub-Committee report of 24<sup>th</sup> October 2018 (twelve-month progress report).</p>

POLICE, FIRE & CRIME PANEL FORWARD WORK PROGRAMME 2019/20

<b>January 2020</b>	Thursday, 16 January 2019 at 10:30am Grand Meeting Room, County Hall, Northallerton.	'Pre-precept' reports for policing and fire.
<b>February 2020</b>	Thursday, 6 <sup>th</sup> February 2020 Grand Meeting Room, County Hall, Northallerton.	PRECEPT – policing and fire.
	Thursday, 20 <sup>th</sup> February 2020 Grand Meeting Room, County Hall, Northallerton.	Precept Reserve (if needed).

<b>Other items for future consideration</b>		
<b>Commissioning</b>	Briefing on commissioned services. <i>Panel to give further consideration to scope, along with timing of re-commissioning of services.</i>	<i>Tbc</i>
<b>Body-worn cameras</b>	Panel will take this issue once a report with further recommendations is ready to go forward from NYP. Further rollout is dependent on NYP achieving planned savings.	<i>Tbc</i>
<b>County Lines – North Yorkshire briefing.</b>	<i>Panel has received a written report prior to September 2018 meeting (cancelled) – Panel to consider whether a further report is required.</i>	<i>Tbc.</i>
<b>Health and wellbeing within the police force and OPCC.</b>	Report to look at welfare of staff and officers within NYP and OPCC, particularly for more pressurised roles.	<i>Report to be re-tabled to fit within planning for Panel's extended scrutiny remit in 2019.</i>
<b>Wildlife crime</b>	Panel to revisit progress on wildlife crime.	<i>Tbc</i>

NORTH YORKSHIRE POLICE, FIRE AND CRIME PANEL – FORWARD WORK PROGRAMME 2019/20

<b>PFCC briefing on Specific Grants – outline of initiatives and success criteria</b>	<i>(agreed 15 11 18)</i>	<i>Tbc</i>
---	--------------------------	------------