



## **Report of the PFCC for North Yorkshire to the Police, Fire and Crime Panel**

**30<sup>th</sup> January 2020**

**Status: For decision**

### **The 2020/21 Fire Precept Proposal**

#### **1 Purpose**

- 1.1 Legislation requires that I agree my budget and associated precept and basic council tax for the forthcoming year before 1<sup>st</sup> March each year. However before doing so I must notify this Panel of the precept which I propose to issue for the following year.

#### **2 Recommendations**

- 2.1 The Panel is asked to consider my proposal to set the Band D Fire Element of the Council Tax within North Yorkshire for 2020/21 at £72.69. This is an increase of 1.99% or £1.42 over the 2019/20 level.
- 2.2 The Panel is asked to note that in making this proposal I have taken into account the limits placed on precept increases for Fire Authorities by the Government before having to undertake a costly referendum, and the results of consultation with the public of North Yorkshire in relation to the level of precept for 2020/21. This consultation had 2,213 responses, a summary of the results is provided at Appendix 4.
- 2.3 The Panel is asked to support this proposal.

#### **3 Reasons**

- 3.1 The balance of the cost of the fire service not paid for by central government is met by local taxpayers through a precept on their council tax. In North Yorkshire this will equate to over 60% of the overall income that I will receive in 2020/21. It is the responsibility of the eight local billing authorities to collect this.
- 3.2 Legislation requires the precept for 2020/21 to be set before 1<sup>st</sup> March 2020 and that the first step in enabling this to happen is that I am required to inform this panel of my proposed precept by the 31<sup>st</sup> January 2020. Which I did by submitting this report prior to that date.

- 3.3 In making my proposal on the Fire precept I have taken into account the following:
- The views of the public of North Yorkshire
  - The financial impact on the people of North Yorkshire.
  - The financial needs of the organisation as currently projected both for 2020/21 and in the future.
  - The limits imposed by the Government on a precept increase before a referendum would be triggered in North Yorkshire.
  - I have discussed my proposals with both the Chief Fire Officer and engaged and consulted with the public on the options available to me.

### **Overall Financial Context**

3.4 Financial Position on Transfer of Governance

The Home Secretary announced on the 13th June 2018 that the elected Police and Crime Commissioner for North Yorkshire, now the PFCC, would take on the governance of North Yorkshire Fire and Rescue Service. The legislation to enable this to come into effect was passed on the 15th November 2018.

- 3.5 The financial position of the Fire Authority, at the time of the announcement and at the point of subsequent transfer of Governance, was set out in a report to the Fire Authority dated the 27<sup>th</sup> June 2018. A copy of this report was provided to the Panel last year as part of the precept proposals for 2019/20.

3.6 In Summary the position was as follows:

- The Authority agreed the 2018/19 Budget and the Medium Term Financial Plan which took the Authority up to and including 2022/23 at its meeting on 16 February 2018. The MTFP identified a shortfall of £2,810k on a recurring basis over the period. The Plan set out to use reserves for 2018/19 to 2020/21 in order to bridge the funding shortfall during that period.
- The June 2018 report then set out the review that this MTFP underwent, how savings opportunities were identified (£920k), assumptions were revisited (£300k) and additional costs of £985k identified. This resulted in the PFCC inheriting a MTFP that required £1.2m from reserves to balance the budget in 2018/19 and plans that lead to an imbalance that would rise to nearly £2.6m by 2022/23 **AND** no firm plans to address this imbalance beyond the use of reserves to provide some time to develop savings.

3.7 Local Government Finance Settlement 2020/21

- 3.8 The Provisional Local Government Finance Settlement was announced by the Secretary of State for Communities and Local Government, Robert Jenrick MP, in a written statement to the House of Commons on Friday 20 December 2019.

3.9 The announcement set out provisional allocations for 2020-21; these allocations are based on the Spending Round 2019 (SR2019) and represent further details, but no significant changes, from the technical consultation carried out in October 2019.

### 3.10 Headlines

3.11 The main points within the settlement are as follows:

- No changes to methodology and allocations proposed in the settlement's technical consultation.
- Basic precept threshold at 2%.
- Continuation of 100% pilots in Devolution Deal Areas; no further pilots planned for 2020-21.
- As set out earlier in 2019, £1bn of new social care funding will be added to the £410m Social Care Support Grant. Allocations remain unchanged to those published in the Technical Consultation.
- New homes bonus continuing for 2020-21; future years unknown.
- The Adult Social Care precept threshold will remain at 2%.

### 3.12 Council Tax Referendum Principles

3.13 The Secretary of State announced the Government's proposed referendum principles for 2020-21 in the draft principles report. These include the following thresholds:

- 2% for fire and rescue authorities, counties, London boroughs, unitaries and metropolitan districts.
- Continuation of the 2% Adult Social Care precept.
- Shire district councils will be allowed increases of up to 2%, or up to and including £5, whichever is higher.
- Police and Crime Commissioners referendum thresholds (for Policing) are unknown at this stage.

### 3.14 Core Spending Power

3.15 The Minister announced that Core Spending Power (CSP) is set to increase from £46.2bn in 2019-20 to £49.1bn in 2020-21, a cash-increase of 6.3%. The 2020-21 Core Spending Power consists of:

- Settlement Funding Assessment (Revenue Support Grant and Baseline Funding)
- S31 compensation grant for changes in the uprating of the business rate multiplier from RPI to CPI
- Council Tax (the product of the maximum council tax precept that the Local Authority can raise and its taxbase)
- Improved Better Care Fund (including unringfenced Winter Pressures)
- Social Care Support Grant (including £1bn new funding)
- New Homes Bonus
- Rural Services Delivery Grant

- 3.16 What Impact does this Funding Settlement have on Fire Services Funding in North Yorkshire?
- 3.17 Based on the information produced by the Government and received to date, then the Government calculate that the Core Spending Power for North Yorkshire Fire is projected to increase by circa 3.2%, between 2019/20 and 2020/21 as set out in the table below:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Core Spending Power Breakdown</b>	£000s	£000s	£000s	£000s	£000s	£000s
Settlement Funding	11,524	10,531	9,327	8,817	8,555	8,695
Under Indexing	81	81	86	136	197	247
Council Tax Requirement	18,229	19,002	19,744	20,559	21,450	22,235
Rural Services Grant	98	511	413	515	515	515
Transition Grant	0	74	94	0	0	0
<b>Core Spending Power</b>	<b>29,933</b>	<b>30,200</b>	<b>29,664</b>	<b>30,026</b>	<b>30,717</b>	<b>31,691</b>
Year on Year change in Core Spending Power		0.9%	-1.8%	1.2%	2.3%	3.2%

- 3.18 This however assumes an increase in Council Tax Requirement of 3.66% which includes an assumed 1.99% increase in the overall Band D level.
- 3.19 The Government has therefore assumed that the Council Tax Base in North Yorkshire (so the overall number of Band D equivalent properties) will increase by 1.67%, in calculating this 3.2% increase, from the level reported in 2019/20. This assumption is significantly different to the real level of increases being report by the Council's within North Yorkshire, where the overall level of Tax Base growth is only 0.93%. The impact of this is that the real increase in Core Spending Power will only be 2.7% as shown in the table below.

	2019/20	2020/21
<b>Core Spending Power Breakdown</b>	£000s	£000s
Settlement Funding	8,555	8,694
Under Indexing	197	247
Council Tax Requirement	21,450	22,081
Rural Services Grant	515	515
Transition Grant	0	0
<b>Core Spending Power</b>	<b>30,717</b>	<b>31,537</b>
Year on Year change in Core Spending Power	2.3%	2.7%

- 3.20 How does this compare to what we planned for when the MTFP was approved in February 2019?
- 3.21 In overall terms the funding at this level, for 2020/21, is around £350k higher than we forecast it would be a year ago. This has resulted from an increase of 1.7%, or £140k, in the Settlement Funding, in comparison to a forecast reduction of £445k assumed a year ago, offset by lower than forecast Council Tax income of £230k, predominantly resulting from a lower council tax limit of 1.99%, in comparison to a planning assumption of 2.99%.

- 3.22 In overall terms then, with a 1.99% increase in Precept, the overall impact of the funding changes are expected to result in circa 2.7% more income than the PFCC received in 2019/20. Given that assumptions of pay inflation has been revised upwards to a forecast of 2.5% then the funding available to the PFCC for 2020/21 would have been sufficient to maintain current service levels **IF** the organisation already had a balanced financial plan. The settlement does not however provide any significant capacity for addressed the underlying imbalance inherited by the PFCC nor the need for investment in the Fire Service.
- 3.23 This investment will therefore need to be self-funded and delivered through a save to invest approach.
- 3.24 It is important to recognise that a number of these figures are estimates at this stage and should be finalised during February. It is unlikely however that any will change significantly.
- 3.25 Pensions Grant  
In early September 2018 HM Treasury announced changes to the discount rate for unfunded public-sector pensions including fire. This, combined with the earlier announcement at Budget 2016, has resulted in a reduction to the discount rate from 3% to 2.4% and has 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.
- 3.28 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 2020/21, with the remaining £98.5m being provided via a grant under section 31 of the Local Government Act 2003. Although FRAs have some cost to bear they have come out relatively well when compared to the Police.
- 3.29 No assurances have been given that this Grant, which for North Yorkshire Fire now totals £1,711k, will continue beyond 2020/21 however the current financial plans assume this will happen. Clearly if this grant ends then there will be a significant impact on the current MTFP.
- 3.30 Rural Services Delivery Grant (RSDG)  
North Yorkshire Fire receives £515k in terms of Rural Services Delivery Grant, this has remained at the same level as previous years and therefore in real terms this grant is being reduced year on year.

### 3.31 **Funding for 2021/22 and beyond**

3.32 Following the expected comprehensive Spending Review in 2020 (CSR2020), it is expected that multi-year settlements will resume however at this stage no detail is available to help with planning in future years.

### 3.33 **MTFP Assumptions**

A review of the assumptions within the MTFP has been undertaken, these will remain under review and are updated with the best information available, the current assumptions incorporated into the MTFP for 2020/21 and beyond are as follows:

- Pay Awards: 2.5% increase p.a
- Precept: Increases of 1.99% per annum thereafter
- Tax Base increases 1.0% per annum, Collection Surplus £100k p.a
- Government Grants: Continue to increase by 1.6% per annum.
- Pensions Grant continued to be paid at £1,711k per annum.
- Nil impact from Fair Funding review
- Nil impact from Business Rates Retention
- Rural Service Delivery Grant continues at £515k per annum.
- Inflation: 2.0% for most non-pay areas

3.34 Based on these revised assumptions and the information received and forecast around other areas of funding then the entire funding expected to be available for Fire Services for the next 4 years, in comparison to 2019/20, is as follows:

<b>DRAFT BUDGET</b>	Actual	Forecast			
	Budget	Budget	Forecasts		
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	£'000	£'000	£'000	£'000	£'000
<b>Funding</b>					
Total Settlement Funding	(8,449)	(8,694)	(8,834)	(8,975)	(9,118)
Rural Services Grant	(515)	(515)	(515)	(515)	(515)
Council Tax Precept	(21,450)	(22,081)	(22,750)	(23,437)	(24,144)
Collection Fund Surplus/Deficit	(94)	(111)	(94)	(94)	(94)
NNDR Surplus/Deficit	5	5	5	5	5
<b>Funding for the Net Budget Requirement</b>	<b>(30,503)</b>	<b>(31,396)</b>	<b>(32,187)</b>	<b>(33,016)</b>	<b>(33,867)</b>
%age change in Net Budget Requirement	0.0%	2.9%	2.5%	2.6%	2.6%
Specific Grants	(1,596)	(1,658)	(1,611)	(1,662)	(1,712)
Pensions Mitigation Grant	(1,466)	(1,711)	(1,711)	(1,711)	(1,711)
General Income	(490)	(547)	(551)	(555)	(558)
<b>TOTAL FUNDING</b>	<b>(34,055)</b>	<b>(35,313)</b>	<b>(36,060)</b>	<b>(36,943)</b>	<b>(37,848)</b>
%age change in Total Funding	3.0%	3.7%	2.1%	2.4%	2.5%

3.35 As can be seen from the projected percentage changes to the Net Budget Requirement then providing expenditure inflation (both Pay and Non-Pay) can be contained at circa 2.5% per annum, which is likely to very dependent on pay settlements given that CPI is currently 1.3% and RPI is 2.2%, then the Fire Service would have a chance of maintaining current service levels.

3.36 **However** as referred to earlier the underlying financial plan, that was inherited by the PFCC, did not balance by £1.2m per annum and this was set to grow to an imbalance of £2.6m by 2022/23.

3.37 Significant action was taken when setting the budget for 2019/20 to stabilise the financial position and the MTFP approved in February 2019 reduced the recurring imbalance to around £1m per year, as per the table below:

Recurring Savings Requirement	2018/19	2019/2020	2020/2021	2021/2022	2022/2023
	£000	£000	£000	£000	£000
Total Funding	(32,055)	(34,055)	(34,530)	(35,090)	(35,630)
Total Expenditure	33,265	35,190	35,435	35,900	36,665
<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) General Fund	(1,210)	(1,135)	(905)	0	0
<b>(Surplus)/Deficit After Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>810</b>	<b>1,035</b>

3.38 With savings and reductions made across the following areas:

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>

3.39 In setting the 2019/20 Budget and MTFP we highlighted a number of areas that would be developed to move the Service to a recurring balanced financial plan, these were broadly around 2 areas:

- Transformation Programme
- Integrated Risk Management Plan

3.40 Transform 2020

3.41 This programme set out a plan to deliver £470k of savings across staffing, senior management, agency costs and procurement savings.

3.42 Elements of this were delivered in 2019/20 as shown in the table above at 3.38 where savings are shown against the 'Senior Mgmt Review and Governance Tfr'

3.43 In addition to this further savings of £293k have been removed from the Budget for 2020/21 in terms of staff and agency savings as part of this programme. While procurement savings totalling £70k have also been removed from the 2020/21 budget.

3.44 Beyond this, savings of £220k are expected to be realised from the sharing of Fire and Police HQ at Alverton Court in 2020/21, with full year savings of £355k expected to be delivered in future years.

3.45 Integrated Risk Management Plan

3.46 A Finance Working Group was established to identify one-off, as well as recurring, deliverable cashable savings to enable the Service to live within its means. It was tasked with overseeing all financially driven change activity undertaken by the Service. It was to 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.

3.47 Within the terms of reference of this group was consideration of work in relation to the Integrated Risk Management Plan and this led to the development, by the Fire and Rescue Service, of the following proposals and recommendations to improve service efficiency and to help deliver around £500k savings. The proposals were as follows:

3.48 Supervisory manager review at Day-Crewed and Wholetime Shift 'one pump/engine' stations has shown that a reduction in the amount of Watch Managers (WMs) is possible. This could be achieved by utilising a single WM across two watches rather than one per watch under the current model. It would balance fluctuations in crewing levels whilst achieving significant recurring financial savings. If implemented in full, savings of approximately £500k per year could be achieved.

3.49 By adopting a revised supervisory manager structure, there would be no change to the current level of operational fire cover or to response times to incidents because fire engines will deploy in exactly the same way as they do now.

3.50 Whilst there are options around Day-Crewed and Wholetime Shift 'one pump/engine' stations, the initial proposal is to undertake a trial at Day-Crewed Stations prior to further implementation.



- 3.51 Recommendation: to run temporary trials at two Day-Crewed stations from October 2019 where WM vacancies currently exist.
- 3.52 Bank Holiday staffing has also been reviewed, and it is clear crewing flexibility could be increased by using spare personnel, including Day Crewed staff, to undertake cover moves when required. Benefits of implementing this include;
- A higher degree of resilience provided for fulltime crewing levels to cover short term absences occurring on these days
  - Using spare crew members provides additional flexibility in covering On-Call appliance unavailability when required
- 3.53 Recommendation: to make best use of spare personnel on Bank Holidays, including Day-Crewed staff, to undertake cover moves when required as a norm.
- 3.54 Tactical Response Vehicles at On-Call Stations could be better utilised. Four Tactical Response Vehicles (TRVs) were not being used following their removal from operational service in April 2018. Since then, independent testing of the vehicles has confirmed that the vehicles meet all necessary safety requirements. Two of the six vehicles have been reintroduced into service, one each at Harrogate and Scarborough. The reintroduction of four Tactical Response Vehicles (TRVs) into service is necessary.
- 3.55 There is an opportunity to improve On-Call appliance availability levels by placing the TRVs at On-Call stations. In usual circumstances, the On-Call TRVs will operate with a minimum crew of four and will attend the full range of incidents as the standard On-Call fire engine does now.
- 3.56 This crewing figure would be planned for as it is now, however, when the available crewing number drops to three firefighters, using a TRV in the place of standard fire engine will mean firefighters can still be deployed to an incident, albeit to a smaller range of incidents. Analysis has been undertaken to identify the most suitable locations based on current appliance availability; station risk scores; and geographical aspects.
- 3.57 Recommendation: To introduce TRVs into operational service at four on-call stations from the 16th December 2019. Although this was revised to three as part of the review and consultation process with the fourth TRV being used for training.
- 3.58 Further efficiency proposals will be explored as part of the full Risk and Resource Model review from December 2019.

3.59 What does this mean for the overall Financial Position in 2020/21?

3.60 The impact of the financial settlement, the proposed precept, the savings plans, the changes in assumptions and the impact of other pressures within the Fire and Rescue Service has culminated in the following impact on 2020/21:

<b>Changes to the 2020/21 financial position</b>	<b>£k</b>
Pay Inflation	485
Non Pay Inflation	105
Funding Assumptions	(880)
Increase in Grants	(410)
Unavoidable Cost Pressures and Growth	620
<b>Total Pay, Funding and Cost Pressures</b>	<b>(80)</b>
<b>Savings Plans to be implemented in 2020/21</b>	
Risk & Resource Model - Supervisory Manager Review	(70)
Staff T2020 Phase 1 Savings	(295)
Alverton Court move	(220)
Procurement Savings	(70)
Capital Review/Investment	(170)
<b>Total savings factored into 2020/21 budget</b>	<b>(825)</b>
<b>Overall Reduction in previous imbalance</b>	<b>(905)</b>

3.61 The proposed plans will reduce the need for the use of reserves to balance the budget from £1,135k, which was the position as at February 2019, to less than £200k.

3.62 This may be subject to some slight changes as the final plans are confirmed during February along with confirmation of the level of Business Rates which will be payable to the PFCC from the Local Councils.





3.63 What does this mean for the overall Financial Position beyond 2020/21?

3.64 The impact of the assumptions set out for the MTFP, as per paragraph 3.33, combined with the impact of the full year effect to the savings set out within 2020/21 are forecast to result in a recurring balanced budget from 2021/22. The summary of this is set out at Appendix 1.

## **4 Public Consultation**

- 4.1 To further inform the decision around the proposed fire precept for 2020/21 consultation has been undertaken with the Public to ascertain their feedback and thoughts on this subject.
- 4.2 The Public were asked the following question, via an Online survey:
- 4.3 Last year's precept raise of 2.99% was sufficient to cover the rise in inflation and to meet some of the financial shortfall in North Yorkshire Fire and Rescue Service's budget the Commissioner inherited.
- 4.4 The Service is in real need of investment in its estate and fleet which are outdated and in great need of repair, and to improve prevention work across the county to make us safer.
- 4.5 An average Band D property pays £71.27 per year for the fire and rescue service. The Government is considering two options for Julia to raise this either by 1.99% which is £1.42 for a Band D property, or by £5, whichever is the greater. 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 cut to the fire and rescue budget due to inflation.
  - A 1.99% increase (equivalent to a £1.42 increase for a Band D property).  
This would raise £430k but is below inflation and would make it difficult for North Yorkshire Fire & Rescue to maintain the current service.
  - A £5 increase (equivalent to a 7% increase for a Band D property).  
This would raise £1.5 million and would mean an investment in fire and rescue services.
  - More than £5.  
This would raise over £1.5 million and would mean a significant investment in fire and rescue services.
- 4.6 In total, 2,213 responses were received from North Yorkshire residents. The consultation was undertaken by an open, online survey. The open survey was publicised on the Police, Fire and Crime Commissioner's website and promoted via social media. The results of the consultation are detailed in Appendix 1.
- 4.7 The results of consultation with the public of North Yorkshire in relation to the level of fire precept for 2020/21, has resulted in around three-quarters of respondents support a precept increase of at least 1.99%. A high proportion of respondents (58%) support an increase of £5 plus which equates to more than three times the referendum limit of £1.42.

4.8 A summary of the overall results is shown in the table below:

How much more would you be prepared to pay per year, through your council tax for your fire and rescue service?				
			%*	No.
1	<b>No more than I pay now – a precept freeze.</b> This would mean a cut to the fire and rescue budget due to inflation		24%	529
2	<b>A 1.99% increase (equivalent to a £1.42 increase for a Band D property).</b> This would raise £430k but is below inflation and would make it difficult for North Yorkshire Fire & Rescue to maintain the current service		18%	397
3	<b>A £5 increase (equivalent to a 7% increase for a Band D property).</b> This would raise £1.5 million and would mean an investment in fire and rescue services		37%	813
4	<b>More than £5.</b> This would raise over £1.5 million and would mean a significant investment in fire and rescue services		21%	473

4.9 In looking at the public opinion, a clear majority support an increase to the precept.

## 5. Financial Implications

### 5.1 The Tax Base

The eight local Councils have notified the PFCC of their tax bases for 2020/21 as set out in the table below:

<b>Tax Base</b>	<b>2020/21</b>	<b>2019/20</b>
	<b>Net Tax Base</b>	<b>Net Tax Base</b>
Craven District Council	22,617	22,526
Hambleton District Council	37,256	36,847
Harrogate Borough Council	63,425	62,461
Richmondshire District Council	19,981	19,831
Ryedale District Council	22,062	21,812
Scarborough Borough Council	38,627	38,397
Selby District Council	31,989	31,395
York City Council	67,813	67,706
<b>Total</b>	<b>303,771</b>	<b>300,975</b>
<b>Annual Increase</b>	<b>2,796</b>	
<b>Percentage Increase</b>	<b>0.93%</b>	

- 5.2 The tax base is expressed in terms of Band D equivalent properties. Actual properties are converted to Band D equivalent by allowing for the relevant value of their tax bands as set down in legislation (ranging from 2/3rds for Band A to double for Band H; discounts for single person occupation, vacant properties, people with disabilities etc;) and a percentage is deducted for non-collection. Allowance is also made for anticipated changes in the number of properties.
- 5.3 The tax base calculated by the billing authorities differ from the figures used by the Government (which assumes 100% collection) in calculating Grant Formula entitlements.
- 5.4 As can be seen from the table above the number of Band D equivalent properties across North Yorkshire has increased in 2020-21, in comparison to 2019-20, by 2,796 – this equates to an increase of 0.93%.
- 5.5 The financial impact of this permanent increase in the number of calculated Band D properties of 2,796 is a recurring increase in precept funding of £200k from 2020/21 onwards, which has helped to reduce budget reductions and savings, however is lower than forecast.
- 5.6 During the period 2014/15 to 2017/18 the overall Tax Base for North Yorkshire (based on the number of Band D equivalent properties) grew by an average of 1.77%.
- 5.7 However in the last 3 years this has slowed significantly to an average of 1.1% and in 2020/21 the collective growth across North Yorkshire is only 0.93%. This is the lowest level of tax base growth since 2012/13.

5.8 The 2020/21 tax base is therefore 303,770.8 Band D Equivalent properties.

5.9 Setting the Council Tax

The precept calculation needs to take account of any net surplus or deficit on the billing authority collection funds. Projected surplus/deficits on the individual funds are shown in the table below.

<b>Collection Funds Surplus/ (Deficit)</b>	
	<b>£</b>
Craven District Council	7,611
Hambleton District Council	(10,290)
Harrogate Borough Council	10,785
Richmondshire District Council	0
Ryedale District Council	9,450
Scarborough Borough Council	71,417
Selby District Council	22,217
York City Council	0
<b>Net Surplus on Collection Fund</b>	<b>111,190</b>

5.10 The surpluses/deficit that have arisen need to be returned through the precept. The final precept to be levied will reflect the position on each council's collection fund.

5.11 The collective collection surplus is broadly the same as last year, which was £94k and this was the lowest that it has been since 2013/14. This general trend may suggest that the collection of Council Tax is becoming more challenging.

5.12 As a result of this the financial plans have been revised to forecast a surplus on the collective collection funds of £100k per annum across the eight councils, which is £50k per annum lower than previous forecasts.

5.13 Financial Summary

Net Budget Requirement

Based on the proposed precept increase of 1.99% the Net Budget Requirement (NBR) for 2020/21, in comparison to 2019/20, is set out in the table below:

<b>Funding the Net Budget Requirement</b>	<b>Budgeted Figures</b>		<b>(Increase)/Reduction</b>	<b>%age Change</b>
	<b>2020/21</b>	<b>2019/20</b>		
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	
<b>Funding</b>				
Total Settlement Funding	(8,695)	(8,555)	(140)	1.6%
Rural Services Grant	(515)	(515)	0	0.0%
Council Tax Precept	(22,081)	(21,450)	(631)	2.9%
Collection Fund/NNDR Surplus/Deficit	(111)	(94)	(17)	18.0%
<b>Net Budget Requirement</b>	<b>(31,402)</b>	<b>(30,615)</b>	<b>(788)</b>	<b>2.6%</b>

- 5.14 As can be seen from the above the NBR is expected to increase in 2019/20, by £788k (or 2.6%,) if the precept is increased by 1.99%.
- 5.15 This is however absorbed by unavoidable additional costs to the organisation in 2020/21, in comparison to 2019/20, primarily from assumed 2.5% National Pay Awards and more general inflation, where CPI is currently 1.3% and RPI 2.2%.
- 5.16 Therefore despite what appears to be better a funding position than previously forecast there is still a need for the organisation to deliver savings, to not only balance the budget but also to address the underlying budget imbalance, that the PFCC inherited from the Former Fire Authority, which was an initial recurring imbalance of £1.2m.
- 5.17 Any reduction from the proposed 1.99% increase in precept would therefore increase the savings needed and/or require reduced services.
- 5.18 Precept Calculations  
The final precept calculations are set out in the tables below based on a 1.99% increase:

<b>Proposed Precepts - 1.99% Increase</b>			
	<b>Unadjusted Precept</b>	<b>Collection Fund Balance</b>	<b>Council Tax Requirement</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Craven District Council	1,651,641	7,611	1,644,030
Hambleton District Council	2,697,879	(10,290)	2,708,169
Harrogate Borough Council	4,621,129	10,785	4,610,344
Richmondshire District Council	1,452,429	0	1,452,429
Ryedale District Council	1,613,142	9,450	1,603,692
Scarborough Borough Council	2,879,237	71,417	2,807,820
Selby District Council	2,347,498	22,217	2,325,280
York City Council	4,929,334	0	4,929,334
<b>Total Precept</b>	<b>22,192,288</b>	<b>111,190</b>	<b>22,081,098</b>

- 5.19 The 'basic amount' of council tax is the rate for a Band D property. It is calculated by dividing the Council Tax Requirement by the total tax base i.e. £22,081,098 by 303,770.8 giving a council tax rate for Band D properties of £72.69.
- 5.20 The proposed council tax rate for each property band is determined in accordance with the statutory proportions and is set out in the table below, it also shows the increases for each Band in comparison to 2019/20. It is advised that the tax rates should be calculated to more than 2 decimal places.

Council Tax Band Amounts and Increases				
	1.99% increase			
Property Band	2020/21	2019/20	Increase per Annum	Increase per Week
	£	£	£	£
A	48.460	47.513	0.95	0.02
B	56.537	55.432	1.10	0.02
C	64.613	63.351	1.26	0.02
D	72.690	71.270	1.42	0.03
E	88.843	87.108	1.74	0.03
F	104.997	102.946	2.05	0.04
G	121.150	118.783	2.37	0.05
H	145.380	142.540	2.84	0.05

## 6. Conclusion

I have considered various options and various factors in deliberating on my proposal for precept in 2020/21. I have taken into account the needs for the continued delivery of high levels of Fire and Rescue Services within North Yorkshire. I have spoken with the Chief Fire Officer and have consulted with the public. Based on these views, the limits imposed by the Government on precept increases for Fire Authorities before a referendum is required and the financial needs of the organisation over the medium term I formally propose a precept increase of 1.99%, or £1.42, for a Band D property for 2020/21, which would result in Band D Fire precept for 2020/21 of £72.69 and ask that this panel considers my proposal.

Further to this the following additional Appendices are also attached:

- Appendix 1 – Draft Budget based on a 1.99% or £1.42 Fire Precept Increase
- Appendix 2 – Draft Capital Budget
- Appendix 3 – Draft Forecast Reserves Schedule
- Appendix 4 – Report on Fire Precept Consultation



	APPENDIX 1				
	Actual Budget	Forecast Budget	Forecasts		
	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	£'000	£'000	£'000	£'000	£'000
<b>Funding</b>					
Total Settlement Funding	(8,449)	(8,694)	(8,834)	(8,975)	(9,118)
Rural Services Grant	(515)	(515)	(515)	(515)	(515)
Council Tax Precept	(21,450)	(22,081)	(22,750)	(23,437)	(24,144)
Collection Fund Surplus/Deficit	(94)	(111)	(94)	(94)	(94)
NNDR Surplus/Deficit	5	5	5	5	5
<b>Funding for the Net Budget Requirement</b>	<b>(30,503)</b>	<b>(31,396)</b>	<b>(32,187)</b>	<b>(33,016)</b>	<b>(33,867)</b>
%age change in Net Budget Requirement	0.0%	2.9%	2.5%	2.6%	2.6%
Specific Grants	(1,596)	(1,658)	(1,611)	(1,662)	(1,712)
Pensions Mitigation Grant	(1,466)	(1,711)	(1,711)	(1,711)	(1,711)
General Income	(490)	(547)	(551)	(555)	(558)
<b>TOTAL FUNDING</b>	<b>(34,055)</b>	<b>(35,313)</b>	<b>(36,060)</b>	<b>(36,943)</b>	<b>(37,848)</b>
%age change in Total Funding	3.0%	3.7%	2.1%	2.4%	2.5%
<b>Expenditure</b>					
Wholetime Firefighters	16,483	16,733	17,122	17,225	17,626
On Call Firefighters	3,164	3,325	3,408	3,494	3,581
Administrative & Clerical	3,522	3,183	3,262	3,344	3,500
Control Room Staff	790	765	785	805	842
<b>Direct Staff Costs</b>	<b>23,959</b>	<b>24,006</b>	<b>24,577</b>	<b>24,867</b>	<b>25,549</b>
<b>Indirect Staff Costs</b>	429	440	455	465	475
<b>PFCC Staff Costs</b>	73	105	105	110	110
<b>Premises</b>	2,116	2,111	1,916	1,954	1,993
<b>Transport</b>	726	792	809	813	832
<b>Supplies and Services</b>	3,103	3,467	3,186	3,326	3,452
<b>Operating Leases</b>	159	75	50	71	42
<b>External Service Agreements</b>	185	196	197	202	205
<b>PFI (inc. capital element)</b>	1,431	1,461	1,474	1,518	1,597
<b>Total Indirect Staff and Non Staff Costs</b>	<b>8,220</b>	<b>8,646</b>	<b>8,192</b>	<b>8,459</b>	<b>8,705</b>
<b>PENSIONS</b>	912	912	862	943	967
<b>TOTAL EXPENDITURE BEFORE CAPITAL CHARGES</b>	<b>33,091</b>	<b>33,563</b>	<b>33,632</b>	<b>34,269</b>	<b>35,221</b>
<b>Provision for Debt Repayment</b>	1,093	1,004	1,101	1,153	1,248
<b>External Interest</b>	613	636	688	730	771
<b>Revenue Contribution to Capital</b>	392	245	593	654	397
<b>Total Capital Charges</b>	<b>2,098</b>	<b>1,885</b>	<b>2,382</b>	<b>2,537</b>	<b>2,416</b>
<b>TOTAL EXPENDITURE BUDGET</b>	<b>35,189</b>	<b>35,448</b>	<b>36,013</b>	<b>36,806</b>	<b>37,637</b>
<b>(Surplus)/Deficit before Reserves</b>	1,134	136	(46)	(137)	(210)
Planned Transfers to/(from) Earmarked Revenue Budget Sup	(1,134)	(178)			
Planned Transfers to/(from) Earmarked Capital Reserve		42	46	137	210
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>0</b>	<b>0</b>
<b>General Reserves</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Fund Balance b/f	995	1,051	1,051	1,051	1,051
Proposed (use of)/contribution to General Fund	0	0	0	0	0
Current Year Forecast	56	0	0	0	0
General Fund Balance c/f	<b>1,051</b>	<b>1,051</b>	<b>1,051</b>	<b>1,051</b>	<b>1,051</b>
<b>Employee Numbers (Budgeted)</b>	<b>FTEs</b>	<b>FTEs</b>	<b>FTEs</b>	<b>FTEs</b>	<b>FTEs</b>
Wholetime Firefighters	306.0	304.0	301.0	294.0	294.0
Retained Duty System Firefighters	342.0	342.0	342.0	342.0	342.0
Support Staff	93.3	84.8	84.8	84.8	84.8
Control Staff	17.2	17.5	17.5	17.5	17.5
<b>Assumptions</b>					
Staff Pay Increase	2.0%	2.5%	2.5%	2.5%	2.5%
Non Pay Inflation	2.0%	2.0%	2.0%	2.0%	2.0%
Precept Increase	2.0%	2.0%	2.0%	2.0%	2.0%
Council Tax Base Increase	1.0%	0.9%	1.0%	1.0%	1.0%

NORTH YORKSHIRE FIRE AND RESCUE AUTHORITY					APPENDIX 2	
<u>CAPITAL PROGRAMME 2019/20 TO 2024/25</u>						
	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Expenditure Forecasts</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Vehicles	1,664	1,792	1,597	1,669	1,466	1,816
Property	337	355	352	350	352	350
ICT	852	206	171	113	184	676
Breathing Appartus					500	
<b>TOTAL</b>	<b>2,853</b>	<b>2,353</b>	<b>2,120</b>	<b>2,132</b>	<b>2,502</b>	<b>2,842</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 - Cars	432	244	80	184	142	37
Revenue Contribution to Capital		42	559	607	465	
Capital Receipts	789	0	0	208	102	43
Internal Borrowing	0	0	0	0	0	
External Borrowing	1,632	2,147	1,949	2,019	1,818	2,166
<b>TOTAL FUNDING</b>	<b>2,853</b>	<b>2,433</b>	<b>2,588</b>	<b>3,018</b>	<b>2,527</b>	<b>2,246</b>
<b>Capital Reserve carried forward</b>	<b>0</b>	<b>80</b>	<b>548</b>	<b>1,434</b>	<b>1,459</b>	<b>863</b>

## APPENDIX 3

	Balance	Transfers	Transfers	Balance	Transfers	Transfers	Balance	Transfers	Balance	Transfers	Balance	Transfers	Balance
	at 31 March	In	Out	at 31 March	In	Out	at 31 March	In/Out	at 31 March	In/Out	at 31 March	In/Out	at 31 March
	2019	2019/20	2019/20	2020	2020/21	2020/21	2021	2021/22	2022	2022/23	2023	2023/24	2024
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Pay & Price Reserve	610			610			610		610		610		610
Pensions Reserve	1,645			1,645			1,645		1,645		1,645		1,645
Recruitment Reserve	300		-300	0			0		0		0		0
New Developments Reserve	490		-150	340		-20	315		315		315		315
Medium Term Funding shortfall Reserve	2,035		-1,130	905		-180	725		725		725		725
Insurance Reserve	80			80			80		80		80		80
<b>Total Earmarked Reserves</b>	<b>5,160</b>	<b>0</b>	<b>-1,580</b>	<b>3,580</b>	<b>0</b>	<b>-200</b>	<b>3,375</b>	<b>0</b>	<b>3,375</b>	<b>0</b>	<b>3,375</b>	<b>0</b>	<b>3,375</b>
<b>General Reserves</b>	<b>995</b>	<b>55</b>	<b>0</b>	<b>1,050</b>	<b>0</b>	<b>0</b>	<b>1,050</b>	<b>0</b>	<b>1,050</b>	<b>0</b>	<b>1,050</b>	<b>0</b>	<b>1,050</b>
% of Net Budget Requirement	3.3%			3.4%			3.3%		3.3%		3.2%		3.1%
<b>Total Usable Reserves</b>	<b>6,160</b>	<b>55</b>	<b>-1,580</b>	<b>4,630</b>	<b>0</b>	<b>-200</b>	<b>4,430</b>	<b>-200</b>	<b>4,430</b>	<b>0</b>	<b>4,430</b>	<b>0</b>	<b>4,430</b>
<b>Capital Receipts Reserve</b>	<b>795</b>	<b>0</b>	<b>-794</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>	<b>0</b>	<b>0</b>

## APPENDIX 4

### Precept Consultation Results 2020/21 – Fire Precept

#### Approach

The Police, Fire and Crime Commissioner’s precept consultation aimed to understand how much the North Yorkshire public would be prepared to pay via their council tax for policing and separately for fire and rescue next financial year (2020/21).

Between 15<sup>th</sup> and 28<sup>th</sup> January 2020, an online, self-completion survey was published on the Commissioner’s website. The survey was promoted via social media with leaflets distributed to libraries and other public buildings across the county. The public could respond via post (by downloading the survey), email, online and by phoning into the office. In total 2213 responses were received.

Questions around both precepts were combined within one survey. The order in which people considered each precept was rotated; 50% answered the policing precept question first, 50% the fire precept question.

All districts were well represented:





	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	York	TOTAL
survey responses	5%	17%	19%	8%	12%	9%	14%	15%	99%**
NY households*	7%	11%	19%	6%	7%	14%	10%	25%	100%

\*Household estimates to 2020, Data North Yorkshire <https://hub.datanorthyorkshire.org>

\*\*Figures may not add to 100% due to rounding

#### Results

The responses to the fire precept question are detailed in the table below. The vast majority (76%) supported an increase of at least the 1.99%/£1.42 cap in their council tax for fire and rescue. Of note was the significant proportion of residents (58%) who would be prepared to pay £5 plus, in excess of three times the referendum limit.

How much more would you be prepared to pay per year, through your council tax for your fire and rescue service?			
			%* No.
1	<b>No more than I pay now – a precept freeze.</b> This would mean a cut to the fire and rescue budget due to inflation		24% 529
2	<b>A 1.99% increase (equivalent to a £1.42 increase for a Band D property).</b> This would raise £430k but is below inflation and would make it difficult for North Yorkshire Fire & Rescue to maintain the current service		18% 397
3	<b>A £5 increase (equivalent to a 7% increase for a Band D property).</b> This would raise £1.5 million and would mean an investment in fire and rescue services		37% 813
4	<b>More than £5.</b> This would raise over £1.5 million and would mean a significant investment in fire and rescue services		21% 473

Base: all respondents answering (2212)

Those who wished to freeze the fire precept were extremely likely to support a freeze in the policing precept. There was a strong correlation between the amount people are prepared to pay and household income with lower income households most likely to opt for a freeze in both precepts and higher income households generally prepared to pay considerably more.