

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

27th January 2023

Status: For decision

The 2023/24 Police Precept Proposal

1 Purpose

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

2 Recommendations

2.1 The Panel is asked to consider my proposal to set the Band D Police Element of the Council Tax within North Yorkshire for 2023/24 at £295.08. This is an increase of 4.99%, or £14.03 over the 2022/23 level.

2.2 The Panel is asked to support this proposal.

3 Reasons

3.1 The balance of the cost of the police service not paid for by central government is met by local taxpayers through a precept on their council tax. In North Yorkshire this will equate to just over 45% of the overall income that I will receive in 2023/24. It is the responsibility of the two local billing authorities to collect this.

3.2 Legislation requires the precept for 2023/24 to be set before 1st March 2023 and that the first step in enabling this to happen is that I am required to inform this panel of my proposed precept by the 1st February 2023. Which I did by submitting this report prior to that date.

- 3.3 In making my proposal on the Police precept I have taken into account the following:
- The views of the public of North Yorkshire
 - The financial impact on the people of North Yorkshire.
 - The financial needs of the organisation as currently projected both for 2023/24 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 the Chief Constable and engaged and consulted with the public on the options available to me.
- 3.4 Autumn Statement and subsequent Precept Announcement
- 3.5 On the 17th of November the Chancellor announced at the Autumn Statement that Departmental budgets would be maintained at the levels set out at Spending Review 2021.
- 3.6 After this the Minister of State for Crime, Policing and Fire wrote to PCCs setting out that: *"This government is committed to providing policing with the resources they need, and the Home Office will honour the increases in funding for PCCs announced at Spending Review 2021 to maintain officer numbers."*
- 3.7 And that: *"I recognise the pressures faced by policing and have listened to those PCCs that requested a greater degree of flexibility when setting budgets. **Therefore, I can confirm that the referendum limit for PCCs in England for 2023-24 will be £15 for a typical Band D property** and equivalent, raising up to an additional £349 million from precept income (on top of increases to core grant) using the latest forecasts, should all PCCs utilise the full flexibility. This is an additional £5 precept flexibility over and above the announcement made at Spending Review 2021"*
- 3.8 Police Funding Settlement 2023/24
- 3.9 After this letter, the 2023-24 Provisional Settlement was announced on the 14th of December in a written statement by the Crime and Policing Minister, Chris Philip
- 3.10 Full details of the Settlement can be found on the Home Office gov.uk pages.
- 3.11 The Government announced that *"Overall funding for policing will rise by up to £287 million compared to the 2022-23 funding settlement, bringing the total up to £17.2 billion for the policing system. Within this, funding to Police and Crime Commissioners (PCCs) will increase by up to an additional £523 million, assuming full take-up of precept flexibility. This would represent an increase to PCC funding in cash terms of 3.6% on top of the 2022-23 police funding settlement"*

- 3.12 *And that "Despite the pressures faced by all public services, we are still increasing funding into 2023-24 by providing forces with an increase to government grants of £174 million, £74 million more than announced at Spending Review 2021 (SR21), reflecting the commitments made earlier this year to support the 2022-23 pay award. By delivering on this promise, we are making sure that the police receive the funding they need to achieve and maintain their overall officer headcount, comprised of their agreed Police Uplift baseline plus their allocation of the 20,000 additional officers."*
- 3.13 Core Funding
- 3.14 Based on the analysis released by the Government Core Funding to PCC's has increased by 3.6% in 2023/24, this however assumes that all PCCs increase their Precept by £15.
- 3.15 The smallest increases in core funding were seen in London at 3.0%, with Cleveland and Merseyside both at 3.1%. In contrast there are 5 Police Force Areas (Essex, Hertfordshire, Sussex, Thames Valley and Wiltshire) who could see increases in core funding of 4.3%.
- 3.16 The Government calculate the increase in North Yorkshire (including a £15 increase in Precept) to be 4.0%.
- 3.17 This would be 0.4%, or £725k, higher than the National Average increase of 3.6%.
- 3.18 What does the Government expect to be delivered with this additional funding?
- 3.19 The Government have stated that: "... they have provided significant investment into policing over the previous four years, and so now it is only right that we hold forces to account on delivery. We therefore expect policing to approach the 2023-24 financial year with a focus on this Government's key priorities:
- Ensuring overall police officer numbers are maintained at the agreed Police Uplift baseline plus force level allocations of the 20,000 additional officers.
 - Deploying these additional officers to reduce crime and honour this Government's commitment to keep the public safe.
 - Delivering improvements in productivity and driving forward efficiencies, maximising the value of the Government's investment."

- 3.20 What does this mean for North Yorkshire in 2023/24 in terms of Funding?
- An increase in of Core Police Grant plus Police Uplift Grant of £1,653k.
 - Police Pension Grant remains at £1,449k

- 3.21 Based on the precept being proposed, of £295.09 for a Band D property, then the overall impact on the Core funding for the organisation is set to increase by 4.0%, or just over £7.2m, as set out in the table below:

Overall Government and Local Revenue Funding	2023/24	2022/23	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
Government Funding				
Police Grant	(51,178)	(50,800)	(377)	0.7%
RSG/National Non Domestic Rate	(32,589)	(32,675)	87	-0.3%
Police Officer Uplift Grant	(2,677)	(1,314)	(1,363)	103.7%
Council Tax Freeze Grant	(2,152)	(2,152)	0	0.0%
Council Tax Support Grant	(5,746)	(5,746)	0	0.0%
Police Pensions Grant	(1,449)	(1,449)	0	0.0%
Government Funding Changes	(95,790)	(94,137)	(1,653)	1.8%
Impact of a £14.03 (4.99%) Band D Precept increase				
Net Surplus on Collection Funds	(484)	(318)	(166)	
Council Tax Requirement	(91,970)	(86,556)	(5,414)	6.3%
Total Local Funding	(92,454)	(86,874)	(5,579)	6.4%
Total Government + Local Funding	(188,244)	(181,011)	(7,233)	4.0%

- 3.22 How does North Yorkshire compare to the National Picture?

- 3.23 If each PCC increased their precept by £15, combined with tax base assumptions, there will be an additional £349m of resources for policing from council tax alone.

- 3.24 Due to historic differences in council tax the proportion that £15 represents can vary significantly between force areas. The £15 increase means that Northumbria's percentage increase is 9.8%, followed by the West Midlands at 8% whereas, £15 represents a 4.7% increase for North Wales and a 4.9% increase for Gwent.

- 3.25 Assuming every force takes the £15 precept, the weighted average band D police precept in England and Wales would be £265.13. The proportion of funding raised through council tax differs significantly between forces. Northumbria's Council Tax makes up 19.3% of their total funding, followed by West Midlands at 20.7% and Merseyside at 23.4%.

- 3.26 Conversely, Surrey has 55.8% of their funding coming from Council tax, followed by Dyfed Powys at 52.4% and North Wales at 51.3%. On average, 35% of budgets are made up from Council tax, up from 34% last year.

- 3.27 A £15 increase in North Yorkshire would equate to an increase of 5.34%. This would be the 8th lowest percentage increase in England and Wales, which results from North Yorkshire having the 8th highest Policing Precept level in England and Wales.

- 3.28 If each PCC took the £15 precept, the weighted average band D police precept in England and Wales would be £265.13, with an average of 35% of core funding coming from Council Tax (in North Yorkshire this would be 50%)
- 3.29 Government Funding for 2024/25 and beyond
- 3.30 The Government have indicated that policing will receive an extra £150m in 2024/25. This would equate to an increase of only 1.7%.
- 3.31 This will not be sufficient to keep pace with either pay or non-pay inflation.
- 3.32 It is worth noting that, in the days following the Autumn Statement, whilst addressing the Commons Select Committee, the Levelling Up Secretary Michael Gove announced a review of the council tax system. He and the Chancellor have asked Lee Rowley, Local Government Finance Minister, to review the operation of the council tax system. He is expected to report in the New Year.
- 3.33 In addition to this the new Policing Minister wrote to PCCs stating that "*I heard from PCCs and Chief Constables the need to update the police funding formula. I fully recognise that the current funding formula is outdated, and I am pleased to confirm our continued commitment to continuing the Police Funding Formula Review*"
- 3.34 And that "*I have asked Home Office officials to prepare for a first public consultation in early 2023. This consultation will set out the broad principles of the Review and consult on the purpose, structure and components of a new formula.*"
- 3.35 Top Slices
- 3.36 In 2023-24 the top slices total £1,114m, a £259.7m reduction over last year (£1,373.7m). The biggest changes to funding were an £83.2m decrease in Capital Reallocations and a £80m reduction in Police Technology Programmes.
- 3.37 Pensions Grant
- 3.38 Pensions Grant allocations remain unchanged from those in 2019-20. They have not been updated to reflect the new forecasts nor increased to reflect pay inflation and therefore additional costs and pressures have to be 'absorbed'.
- 3.39 Council Tax Legacy Grant
- 3.40 The Council Tax Legacy Grants relating to Council Tax Freeze grants from 2011-12, 2013-14, 2014-15 and 2015-16 as well as Local Council Tax Support (LCTS) funding remains separately identifiable in 2023-24. These have again remained flat cash settlements and therefore take no account of any changes for inflation or local need since they were awarded and is another area where additional costs are having to be 'absorbed'.

3.41 Counter Terrorism

3.42 The Minister announced a total of £1,002.2m for Counter Terrorism (CT) policing in 2023-24. PCCs will be notified separately of force-level funding allocations for CT policing, which will not be made public for security reasons.

3.43 Ministry of Justice Grants

3.44 The PFCC expects to receive £1,976k from the Ministry of Justice in 2023/24 to deliver Victims Services.

3.45 This is almost £900k higher than the Core Grant and reflects:

- The continuation of funding for 3 additional Independent Sexual Violence Advisor posts and 9 additional Independent Domestic Violence Advisor posts that were the subject of a successful funding bid in 2021/22.
- A successful bid during 2022/23 for an additional 2 FTE Independent Domestic Violence Advisor posts and 0.8 FTE Independent Sexual Violence Advisors.
- And over £300k for additional Domestic Abuse and Sexual Violence victim support services.

3.43 MTFP Assumptions

When the 2022/23 budget was set in February 2022 the forecasts were underpinned by the following assumptions:

- Pay Awards:
 - 2022/23 – 3.5% increase
 - 2023/24 – 2.5% increase
 - 2024/25 – 2.0% increase
- Precept: Increases of:
 - 2022/23 - £10, or 3.69%
 - 2023/24 – 1.99%
 - 2024/25 – 1.99%
- Tax Base increases of:
 - 2022/23 - 1.58%
 - 2023/24 – 1.5%
 - 2024/25 – 1.2%
 - 2025/26 – 1.0%
- Government Grants increases of:
 - 2023/24 – 1.1%
 - 2024/25 – 1.7%
 - 2025/26 – 2.0%
- Impact of Funding Formula review – Nil

3.44 Clearly much has changed in the last year and therefore 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 2023/24 and beyond will assume the following:

- Pay Awards:
 - 2023/24 – 4.0% increase
 - 2024/25 – 2.0% increase
 - 2025/26 – 2.0% increase

- Precept: Increases of:
 - 2023/24 – 4.99% or £14.03
 - 2024/25 – £10 or 3.39%
 - 2025/26 – 1.99%

- Tax Base increases of:
 - 2023/24 – 1.2%
 - 2024/25 – 1.2%
 - 2025/26 – 1.0%

- Government Grants increases of:
 - 2024/25 – 1.7%
 - 2025/26 – 2.0%
 - 2026/27 – 2.0%

- Impact of Funding Formula review – Nil

4 Local Financial Context

4.1 Income Forecasts

4.2 Based on these revised assumptions and the information received and forecast around other areas of funding then the entire funding expected to be available to the PFCC for Policing for the next 4 years, in comparison to 2022/23, is as follows:

	Actual Budget 2022/23	Forecasts 2023/24	2024/25	2025/26	2026/27
Core Funding	£000s	£000s	£000s	£000s	£000s
Government Grant	(83,476)	(83,766)	(85,210)	(86,914)	(88,652)
Council Tax Precept	(86,874)	(92,454)	(95,376)	(98,233)	(101,176)
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)
Funding for Net Budget Requirement	(178,248)	(184,118)	(188,483)	(193,045)	(197,726)
%age Change in Net Budgetary Requirement	4.8%	3.3%	2.4%	2.4%	2.4%
Other Funding					
Specific Grants	(6,114)	(8,791)	(7,692)	(7,264)	(7,264)
Partnership Income/Fees and Charges	(7,130)	(8,427)	(8,505)	(8,737)	(8,909)
Total Funding	(191,491)	(201,336)	(204,680)	(209,045)	(213,898)
%age Change in Funding	4.9%	5.1%	1.7%	2.1%	2.3%

4.3 Once all funding sources have been factored in then we currently forecast that Total Funding will increase by just almost £10m, or 5.1% in 2023/24.

4.4 Pay Increases and Inflation Pressures

4.5 While the overall increases in Total Funding seem reasonable across the life of the plan, and good in 2023/24, it is important to reflect on the additional costs that need to be funded from these increases.

4.6 The 2022/23 pay budgets had forecast that pay awards would be 3.5% during 2022/23. However, given the significant increases in inflation that have occurred since that budget was set, both pay awards have been settled significantly higher than this.

4.7 Both Staff and Officers received a salary increase of £1,900 per FTE during 2022/23. The recurring impact of which is around £2.5m additional costs from 2023/24 onwards.

4.8 In addition to the current year position on pay the MTFP now forecasts that the pay award for all employees will be 4% for 2023/24.

- 4.9 The impact of these assumptions are additional costs of almost £8.5m in 2023/24, in comparison to the 2022/23 position.

Forecast additional Pay Costs			
	2023/24	2024/25	2025/26
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Impact of 22/23 Pay Awards @ £1,900 per FTE	3,100	3,160	3,220
Incremental pay increases (net of NI and Pension changes)	1,875	1,915	1,950
Assume 4% Pay Awards from Sept-23	3,500	6,125	6,250
Total Forecast Additional Pay Costs	8,475	11,200	11,420

- 4.10 The pay assumptions alone take up almost all of the increase in funding that is forecast between 2022/23 and 2023/24.

- 4.11 In addition to pay pressures however there are a significant number of non-pay pressures in 2023/24 arising mostly from inflation.

Impact of Inflation and Pressures on Non-pay Budgets:			
	2023/24	2024/25	2025/26
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Other Non Salary	330	275	235
Injury and Medical Police Pensions	360	370	470
Estates	1,020	1,130	1,245
Supplies and Services	896	1,395	1,845
Transport Pressures	489	560	625
Ministry of Justice funded investment into additional Victim Services	900		
Other Inflationary pressures	155	310	485
Total Forecast Additional Inflationary Non-Pay Costs	4,150	4,040	4,905

- 4.12 Putting together all of the cost increases results in potential additional costs and pressures of:

Forecast additional Pay Costs			
	2023/24	2024/25	2025/26
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Impact of 22/23 Pay Awards @ £1,900 per FTE	3,100	3,160	3,220
Incremental pay increases (net of NI and Pension changes)	1,875	1,915	1,950
Assume 4% Pay Awards from Sept-23	3,500	6,125	6,250
Total Forecast Additional Pay Costs	8,475	11,200	11,420
Impact of Inflation and Pressures on Non-pay Budgets:			
	2023/24	2024/25	2025/26
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Other Non Salary	330	275	235
Injury and Medical Police Pensions	360	370	470
Estates	1,020	1,130	1,245
Supplies and Services	896	1,395	1,845
Transport Pressures	489	560	625
Ministry of Justice funded investment into additional Victim Services	900		
Other Inflationary pressures	155	310	485
Total Forecast Additional Inflationary Non-Pay Costs	4,150	4,040	4,905
Potential Additional Costs from Inflation	12,625	15,239	16,325

- 4.13 There are further additional costs beyond inflation that are factored into the 2023/24 budget some of which are reflected the following section.
- 4.14 **Key areas for investment, prioritisation and improvement in 2023/24**
- 4.15 I have been clear with the Force that in asking the public of North Yorkshire to pay more they should expect more from their Police Service. With this in mind I have asked the Chief Constable to set out her priorities for 2023/24, linking to those areas that I have indicated as a priority in the Police and Crime Plan, and I will hold the Chief Constable to account for delivery of these during 2023/24.
- 4.16 As you would expect with the predicted continuing inflation and potential pay awards that the budget will continue to be a challenge and therefore the Chief Constable has indicated that an organisational and operational review will be taking place to restructure the organisation to deliver the best possible front line and visible policing services within the new future budget constraints.
- 4.17 There is also a detailed improvement plan in place based upon recent audit activity that has identified a number of areas that require investment in order to deliver and improve some core policing services. Therefore, the force needs to deliver the improvements and create the longer-term sustainable structure for the future during 23/24.
- 4.18 The precept increase will underpin these improvements and will include:
- 4.19 Customer Contact
- 4.20 A much-needed investment in the Force Control Room to improve 999 emergency call handling times, improve 101 call handling times, and expand the available methods through which the public can make contact with the police. Demand profiling has identified that in comparison to other forces, North Yorkshire Police have a significantly smaller workforce in the control room than other comparable forces.
- 4.21 As a result **an investment of around £1.9m per year** is included within these plans to fund the required increases in roles within the FCR. This will include a significant increase in the number of Communications Officers, who handle 999 and 101 calls, as well as investment in additional Dispatchers to manage the dispatch of police resources, Incident Management roles and a dedicated training team to deliver specialist FCR training.
- 4.22 Front Line Response
- 4.23 The front-line uniformed response teams are often the first on scene at most incidents and are the core visible resources in our communities alongside our neighbourhood policing teams. These officers are predominantly newly recruited and trained officers joining the service before they specialise across the service. Therefore, the continued recruitment and maintenance of these officers through the uplift retention is essential to front line visible policing.

- 4.24 On average the number of Police Officers within North Yorkshire is expected to increase from 1,620 FTEs in 2022/23 to 1,645 FTEs in 2023/24. On top of this **£1.5m investment** there is also expected to be an increase in officer numbers in each command area, as the benefits of the Uplift Programme begins to materialise.
- City Command – 87 Response Officers in 2021 – now 146
 - County Command – 142 Response Officers in 2021 – now 163
 - Coast Command – 96 Response Officers in 2021 – now 105
- 4.25 Neighbourhood Policing
- 4.26 Neighbourhood policing is a key front line visible function and essential to community engagement, prevention and early intervention in partnership with other agencies, and problem-solving community issues such as anti-social behaviour that affect quality of life.
- 4.27 During the past 2 years there has been significant and sustained recruitment of police officers coupled with a more challenging labour market for the public sector to attract individuals into police staff roles, including PCSO's, due to favourable salaries and terms and conditions in the private sector and outside of policing.
- 4.28 Despite continued and focussed recruitment campaigns for PCSO's, which have resulted in interviews taking place, the numbers and standard of applicants has failed to meet the number of vacancies by a significant number.
- 4.29 Throughout 2022/23 there have been between 30 and 50 PCSO posts that have been unable to be filled despite recruitment efforts. The volume of leavers across 2022/23 are expected to be around 20% of the overall establishment.
- 4.30 As part of the financial plans therefore, a pause on recruitment will afford an opportunity to redesign the shape of neighbourhood policing within the organisational and operational review with options such as an increased number of police officers in this function or public safety officers.
- 4.31 For context, across Policing as a whole, around 4% of staffing is in relation to PCSOs, however within North Yorkshire it is around 7%, which is the highest percentage in Policing in England.
- 4.32 Child Protection/Domestic Violence/Safeguarding the most vulnerable
- 4.33 The National Child Protection Inspection and an audit of the Safeguarding function of the force have revealed investment required in the numbers of officers and staff required in those functions due to an increase in demand. The force has attempted to deliver the same service in a landscape of increased demand by increasing demands upon the same sized workforce.

- 4.34 This is no longer sustainable and additional resources are now required. These are front line staff and officers who will be working alongside and in partnership with local authority and other agencies to directly protect children from harm, investigate serious child abuse and domestic violence offences and prevent further harm to individuals in our communities.
- 4.35 Community harm and Investigation
- 4.36 Detectives are a critical resource in investigating community harm crimes such as burglary, robbery, and serious violence. Modelling has indicated that demand has increased and the force has not increased the number of officers in these functions and has continued to increase the demands upon the staff and officers in those teams. This has now reached a point where the demands and workload are no longer manageable and an increase in resources is required. Therefore, investment is required in the resources within these teams across the force.
- 4.37 This investment will provide more front-line resources attending scenes of crime, undertaking key lines of inquiry and investigation, arresting offenders and ensuring that the perpetrators are successfully routed through the criminal justice system and convicted at court. This will directly assist in protecting future victims from harm and tackle criminality.
- 4.38 Digital Forensics Unit
- 4.39 Almost every call for service or investigation in policing now involves the use of technology with an ever-increasing number of electronic devices requiring seizure and examination to successfully progress an investigation or forms a major line of inquiry to support prosecution.
- 4.40 The Digital Forensics Unit is an essential part of that chain of events but with the ever-increasing number of devices and investigations, this team requires investment. For example, the examination and evidence from devices submitted to DFU are essential in progressing some of the most serious offences such as online child abuse and rape.
- 4.41 Victims of crimes will benefit from this investment through the improved speed of investigation assisting in bringing offenders to justice more swiftly and protecting potential future victims from harm.

4.42 **Total Expenditure Pressures**

4.43 The full impact on both the inflationary pressures being experienced within the organisation combined with a number of areas on needed investment and improvement is forecast to result in an overall increase in costs of £18m in 2023/24 as shown in the table below:

Forecast additional Pay Costs	Forecasts		
	2023/24	2024/25	2025/26
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Impact of 22/23 Pay Awards @ £1,900 per FTE	3,100	3,160	3,220
Incremental pay increases (net of NI and Pension changes)	1,875	1,915	1,950
Assume 4% Pay Awards from Sept-23	3,500	6,125	6,250
Increase Police Officers to 1,645 throughout the year	1,500	1,530	1,560
Investment in Force Control Room	1,900	1,940	1,980
Additional Staff Growth/Funded Roles/Overtime	1,975	2,015	2,055
Total Forecast Additional Pay Costs	13,850	16,685	17,015
Impact of Inflation and Pressures on Non-pay Budgets:	2023/24	2024/25	2025/26
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Other Non Salary	330	275	235
Injury and Medical Police Pensions	360	370	470
Estates	1,020	1,130	1,245
Supplies and Services	896	1,395	1,845
Transport Pressures	489	560	625
Ministry of Justice funded investment into additional Victim Services	900		
Other Inflationary pressures	155	310	485
Total Forecast Additional Inflationary Non-Pay Costs	4,150	4,040	4,905
Potential Additional Costs	18,000	20,725	21,920

4.44 **How is this going to be balanced?**

4.45 With costs and pressures expected to increase by £18m in 2023/24 and income forecast to increase by £9.8m then this **leaves £8.2m of savings and reductions to balance the budget in 2023/24.**

4.46 This gap is going to be bridged through the following actions:

4.47 The Force currently have a significant number of vacancies within both PCSOs and Staff posts that could not all be filled throughout 2023/24 even if it was financially affordable. As a result the Force is currently forecasting to operate with around 50 PCSO vacancies in 2023/24 – **reducing costs by £2m** and an increase from 50 staff vacancies to 74 staff vacancies – **reducing costs by £1.2m**

4.48 Around **£1.2m more than 2022/23 is being used from reserves** to directly mitigate the 2023/24 pressure.

4.49 Finally **£3.8m less is being provided into the Capital Programme** than was included within the 2022/23 budget.

4.50 In total we therefore expect to use around £5m of Reserves to support both the Revenue Budget and Capital Programme during 2023/24.

4.51 **Capital Programme**

4.52 There is a significant programme of investment needed across a number of areas within the Force.

4.53 After a number of years of challenges in terms of vehicle procurement there is a need for significant investment and some element of catch up in this area.

4.54 Across the 5 years of the current Capital Programme, including 2022/23 the Force have set out plans to replace vehicles that will total almost £19m.

4.55 Plans to invest in and maintain the Police Estate is expected to need investment of almost £14m over the next 5 years, while maintaining the IT infrastructure of the Force and ensuring IT equipment is replaced and kept up to date is expected to cost in excess of £13m across the next 5 years.

4.56 **Change Pipeline**

A number of items that were previously included within the Change Pipeline have now transitioned into either the Capital Programme and/or incorporated into the Revenue Budgets based on approved business cases received during 2022/23.

4.57 As a result of this, and the need to ensure it remains affordable the Change Pipeline is now forecast at £8m across the next 5 years.

4.58 It is expected that these areas will be developed into business cases and if approved added to the Capital and/or Revenue Budgets as required.

4.59 The funding for this change and investment is factored into the overall approach to financing of the Capital Programme.

4.60 A summary of the Capital Programme, the Change Pipeline and the financing of this is set out at Appendix 2.

5 Public Consultation

- 5.1 To further inform the decision around the proposed precept for 2023/24 consultation has been undertaken with the public to ascertain their feedback and thoughts on this subject.
- 5.2 The consultation was conducted via an online survey and by telephone, to ensure a representative sample of council tax payers in North Yorkshire and the City of York residents by age, gender and geography.
- 5.3 The public were asked the following question:
- 5.4 North Yorkshire Police has a budget of £191 million – around 45 per cent comes from the precept on your council tax.
- 5.5 To provide a similar level of service to now, they think they will need around an extra £12m due to salary increases and the rising cost of fuel, utilities and general cost increases.
- 5.6 The Government are expected to say that Commissioner Zoë can raise the police precept by £10 from April – that would be an increase of 3.6%, an extra 19 pence per week for an average Band D property. Even this would only raise £3.1m of that extra demand.
- 5.7 The following options are based on an average Band D property currently paying £281.06 each year for policing.
- 5.8 How much more would you be prepared to pay per year, through your council tax for policing in North Yorkshire and York?
- No more than I pay now – a precept freeze
This would be a cut to the police budget due to inflation and current service delivery could not be maintained.
 - Up to £5.60 a year more (47 pence per month), an increase of 1.99%
This would raise around £1.7 million, however is significantly below inflation and would likely lead to reductions in current levels of service delivery unless significant levels of savings could be delivered
 - Up to £10 a year more (83 pence per month), an increase of 3.6%
This would raise around £3.1 million, however is significantly below inflation and would likely lead to reductions in current levels of service delivery unless savings could be delivered.
 - Up to £18 a year more (£1.50 per month), an increase of 6.4%
This would raise around £5.6 million, is broadly in line with the organisation's inflationary pressures and would lead to no reductions in current levels of service delivery.

- 5.9 In total 2,343 responses were received with 1,341 responses via the open online survey and a further 1,002 interviews over the telephone. The open survey was published on the PFCC website and promoted widely via social media. The results of the consultation are detailed at Appendix 4.
- 5.10 Combined results (online and telephone) from the consultation show around four in ten respondents (44%) support an increase of at least £10 in the policing precept.
- 5.11 A summary of the overall results is shown in the table below:

	Total (n=2,339)	Telephone (n=1,000)	Online (n=1,339)
No more than I pay now a precept freeze	37%	42%	34%
Up to £5.60 a year more (47 pence per month), an increase of 1.99%	18%	23%	15%
Up to £10 a year more (83 pence per month), an increase of 3.6%	18%	18%	18%
Up to £18 a year more (£1.50 per month), an increase of 6.4%	26%	17%	33%
<i>TOTAL who support an increase of at least £10</i>	44%	35%	51%

*figures may not add to 100% due to rounding

Financial Implications

5.12 The Tax Base

The two local Councils have notified the PFCC of their tax bases for 2023/24 as set out in the table below:

Tax Base		
	2023/24	2022/23
	Net Tax Base	Net Tax Base
North Yorkshire County Council	243,034	239,742
York City Council	68,633	68,220
Total	311,667	307,963
Annual Increase/(Decrease)	3,704	
Percentage Increase/(Decrease)	1.20%	

- 5.13 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.
- 5.14 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.
- 5.15 As can be seen from the table above the number of Band D equivalent properties across North Yorkshire has increased in 2023-24, in comparison to 2022-23, by 3,704 – this equates to an increase of 1.20%
- 5.16 The 2023/24 tax base is therefore 311,666.69 Band D Equivalent properties
- 5.17 Setting the Council Tax
- 5.18 During 2021/22 the Councils indicated an overall deficit on their Council Tax collection funds, of which £1,018k related to Police.
- 5.19 The Government recognised the challenge of absorbing these deficits in one year and therefore provided the flexibility to all billing and major precepting authorities (including police and fire authorities) to phase the deficit over a fixed period of three years.
- The deficit is therefore being phased in three equal and fixed amounts across the financial years 2021-22, 2022-23 and 2023-24.
- 5.20 2023-24 is the final of these 3 years and therefore a £339k charge is factored into the overall collection fund position which has been reported as an overall surplus of £484k.

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

Collection Funds Surplus/ (Deficit)	
	£
North Yorkshire County Council	942,963
York City Council	(459,145)
Net Surplus/(Deficit) on Collection Fund	483,818

5.22 The surplus/deficits 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.

5.23 Financial Summary

Net Budget Requirement

Based on the proposed precept increase of 4.99% £14.03, the Net Budget Requirement (NBR) for 2023/24, in comparison to 2022/23, is set out in the table below:

Funding the Net Budget Requirement	2023/24	2022/23	(Increase)/Reduction	%age Change
	£000s	£000s	£000s	
Funding				
Police Grant	(51,178)	(50,800)	(377)	0.7%
RSG/National Non Domestic Rate	(32,589)	(32,675)	87	-0.3%
Total Formula Funding	(83,766)	(83,476)	(291)	0.3%
Council Tax Freeze Grant	(2,152)	(2,152)	0	0.0%
Council Tax Support Grant	(5,746)	(5,746)	0	0.0%
Net Deficit/(Surplus) on Collection Funds	(484)	(318)	(166)	52.1%
Council Tax Requirement	(91,970)	(86,556)	(5,414)	6.3%
Net Budget Requirement	(184,118)	(178,248)	(5,870)	3.3%

5.24 There is an increase in the Funding for Net Budget Requirement available to the PFCC of £5,870k based on a 4.99% increase in precept. This equates to an increase of 3.3%.

5.25 It is important to recognise that the Net Budget Requirement does not include the £2,677k that the PFCC will receive as part of the grant/funding that is directly linked to the recruitment of Police Officers. This will be treated as a Specific Grant, given the conditions that will be attached to the funding and therefore included elsewhere in the income analysis.

5.26 This funding is to maintain the number of Police Officers at 1,645 in 2023/24.

5.27 Precept Calculations

The final precept calculations are set out in the tables below based on a 4.99% of £14.03 increase:

Proposed Precepts - 4.99% or £14.03 Increase			
	Unadjusted Precept	Collection Fund Balance	Council Tax Requirement
	£	£	£
North Yorkshire County Council	72,659,745	942,963	71,716,782
York City Council	19,793,797	(459,145)	20,252,941
Total Precept	92,453,542	483,818	91,969,724

5.28 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. £91,969,724 by 311,666.69 giving a council tax rate for Band D properties of £295.09.

5.29 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 2022/23. It is advised that the tax rates should be calculated to more than 2 decimal places

Council Tax Band Amounts and Increases				
	4.99% or £14.03 increase			
Property Band	2023/24	2022/23	Increase per Annum	Increase per Week
	£	£	£	£
A	196.727	187.373	9.35	0.18
B	229.514	218.602	10.91	0.21
C	262.302	249.831	12.47	0.24
D	295.090	281.060	14.03	0.27
E	360.666	343.518	17.15	0.33
F	426.241	405.976	20.27	0.39
G	491.817	468.433	23.38	0.45
H	590.180	562.120	28.06	0.54

5.30 As you will see from the table above the impact of the proposal to increase the Police precept by 4.99% or £14.03 will increase a household council tax bill by 27 pence per week for a Band D property.

6 Conclusion

- 6.1 The Police Settlement for 2023/24 has provided the PFCC with an increase in Government Funding of £1,653k or 1.8%; including a Ring-fenced Grant for maintaining Police Officers of £2,677k
- 6.2 Taking into account all of the other projected changes in income, other than from a Precept increase, then the overall forecast increase in income is expected to be £5.4m.
- 6.3 Each 1% increase in the precept in North Yorkshire provides £875k of additional precept income on a recurring basis – so nearly £4.4m per year of additional income would be generated if the precept was increased by 4.99%.
- 6.4 In total therefore income would increase by £9.8m between 2022/23 and 2023/24 based on a 4.99% increase in Precept.
- 6.5 However, as set out in this report this money needs to cover the following increases in pay and non-pay costs:

Forecast additional Pay Costs	Forecasts		
	2023/24	2024/25	2025/26
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Impact of 22/23 Pay Awards @ £1,900 per FTE	3,100	3,160	3,220
Incremental pay increases (net of NI and Pension changes)	1,875	1,915	1,950
Assume 4% Pay Awards from Sept-23	3,500	6,125	6,250
Increase Police Officers to 1,645 throughout the year	1,500	1,530	1,560
Investment in Force Control Room	1,900	1,940	1,980
Additional Staff Growth/Funded Roles/Overtime	1,975	2,015	2,055
Total Forecast Additional Pay Costs	13,850	16,685	17,015
Impact of Inflation and Pressures on Non-pay Budgets:	2023/24	2024/25	2025/26
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Other Non Salary	330	275	235
Injury and Medical Police Pensions	360	370	470
Estates	1,020	1,130	1,245
Supplies and Services	896	1,395	1,845
Transport Pressures	489	560	625
Ministry of Justice funded investment into additional Victim Services	900		
Other Inflationary pressures	155	310	485
Total Forecast Additional Inflationary Non-Pay Costs	4,150	4,040	4,905
Potential Additional Costs	18,000	20,725	21,920

- 6.6 The £8.2m gap between expenditure and income will be covered as follows:
- Use of £1.2m from Reserves/Underspends
 - Reduction in Contributions to Capital - £3.8m
 - Increased Staff and PCSO vacancies – £3.2m
- 6.7 Reducing the contributions into the Capital Programme results in drawing on reserves to fund more of the Capital expenditure in 2023/24.

- 6.8 Reserves are currently forecast to reduce by around £5m during 2023/24 to support the Capital programme, and therefore ultimately the Revenue budget, to focus as much funding on service delivery as possible during 2023/24.
- 6.9 The organisational need for an increase, aligned with some significant support from the public for an increase of at least £10, at 44%, has lead me to propose a police precept for 2023/24 of £295.09 for a Band D property within North Yorkshire. This is an increase of 4.99% or £14.03 per annum, from the 2022/23 level

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

- Appendix 1 – Draft Budget based on a 4.99% or £14.03 Precept Increase
- Appendix 2 – Draft Capital Programme
- Appendix 3 – Draft Forecast Reserves Schedule
- Appendix 4 – Report on Police Precept Consultation

APPENDIX 1

PFCC Summary MTFP - Draft Projections at January 2023 based on 4.99% Precept Increase

	Actual Budget	Forecasts			
	2022/23	2023/24	2024/25	2025/26	2026/27
Core Funding	£000s	£000s	£000s	£000s	£000s
Government Grant	(83,476)	(83,766)	(85,210)	(86,914)	(88,652)
Council Tax Precept	(86,874)	(92,454)	(95,376)	(98,233)	(101,176)
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)
Funding for Net Budget Requirement	(178,248)	(184,118)	(188,483)	(193,045)	(197,726)
%age Change in Net Budgetary Requirement	4.8%	3.3%	2.4%	2.4%	2.4%
Other Funding					
Specific Grants	(6,114)	(8,791)	(7,692)	(7,264)	(7,264)
Partnership Income/Fees and Charges	(7,130)	(8,427)	(8,505)	(8,737)	(8,909)
Total Funding	(191,491)	(201,336)	(204,680)	(209,045)	(213,898)
%age Change in Funding	4.9%	5.1%	1.7%	2.1%	2.3%
Office of the PCC Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Total Planned Expenditure	1,335	1,435	1,480	1,515	1,555
Commissioned Services	£000s	£000s	£000s	£000s	£000s
Total Planned Expenditure	5,244	6,131	5,074	4,626	4,578
Asset Management	£000s	£000s	£000s	£000s	£000s
Total Planned Expenditure	585	640	750	890	1,065
Police Force Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Pay					
Police Pay	89,734	96,996	98,965	100,791	102,670
Police Overtime	2,529	2,904	2,451	2,682	3,293
PCSO Pay (incl Overtime)	8,220	6,883	7,248	7,746	8,510
Staff Pay (incl Overtime)	40,613	44,962	45,111	45,636	46,463
Pay Total	141,096	151,745	153,775	156,855	160,936
Non-Pay Budgets					
Other Non Salary	2,052	2,375	2,328	2,287	2,287
Injury and Medical Police Pensions	3,693	4,051	4,063	4,163	4,124
Premises	4,640	5,659	5,772	5,885	5,997
Supplies and Services	22,411	23,309	23,806	24,257	24,841
Transport	2,966	3,455	3,524	3,593	3,662
Non-Pay Total	35,762	38,849	39,493	40,185	40,911
Total Force Budget	176,858	190,594	193,268	197,041	201,849
%age Change in Expenditure	4.2%	7.8%	1.4%	2.0%	2.4%
Total Expenditure Budgets	184,022	198,800	200,572	204,072	209,047
(Surplus)/Deficit before Reserves/Capital	£000s	£000s	£000s	£000s	£000s
(7,469)	(2,536)	(4,108)	(4,973)	(4,851)	(4,851)
Planned Transfers to/(from) General Fund		(1,000)			
Contribution to Capital Programme	8,483	4,681	4,212	5,061	4,891
Planned Transfers to/(from) Earmarked Reserves	(1,014)	(1,145)	(104)	(88)	(40)
Net (Surplus)/Deficit After Reserves	0	(0)	(0)	(0)	0
General Reserves	£000s	£000s	£000s	£000s	£000s
General Fund Balance b/f	5,603	6,603	5,603	5,603	5,603
Proposed (Use of)/Contribution to General Fund	0	(1,000)	0	0	0
Current Year Forecast (Over)/ Under spend	1,000				
General Fund Balance c/f	6,603	5,603	5,603	5,603	5,603
Average Employee Numbers	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,620	1,645	1,645	1,645	1,645
PCSOs	229	178	184	194	209
Police Staff	1,071	1,138	1,120	1,115	1,114
Assumptions					
Staff Pay Increases	3.5%	4.0%	2.0%	2.0%	2.0%
Police Pay Increases	3.5%	4.0%	2.0%	2.0%	2.0%
Non Pay Inflation	calculated	calculated	2.0%	2.0%	2.0%
Precept Increases	3.7%	5.0%	2.0%	2.0%	2.0%
Government Grant Increases	5.6%	0.3%	1.7%	2.0%	2.0%

	APPENDIX 2				
Capital Financing and Expenditure	2022/23	2023/24	2024/25	2025/26	2026/27
	£000s	£000s	£000s	£000s	£000s
Earmarked Reserve/Funding b/f	10,927	16,124	12,128	4,966	1,921
Capital Receipts - vehicles and PPE	237	500	500	500	500
Capital Receipts from Estates Strategy	2,042	1,262	215	0	0
Contributions (to)/from Revenue	9,294	4,681	4,212	5,061	4,891
Borrowing	2,841	5,239	1,811	1,694	2,625
Projected in-year funding available	15,633	11,682	6,738	7,255	8,016
Capital and Project Plans					
ICT	2,956	3,048	4,710	1,712	1,655
Fleet	2,951	3,934	4,359	4,418	3,195
Estates	2,841	5,239	1,811	1,694	2,625
Other Rolling Programmes and Schemes	1,219	770	821	913	900
Other Schemes	460	0	0	0	0
Assumed Slippage					
Total Agreed Programme	10,427	12,991	11,701	8,737	8,376
Change Pipeline	10	2,687	2,199	1,563	1,544
Earmarked Reserve/Funding c/f	16,124	12,128	4,966	1,921	18

Forecast Usable Reserves																
APPENDIX 3																
	Balance	Tranfers	Tranfers	Balance	Tranfers	Tranfers	Balance	Tranfers	Tranfers	Balance	Tranfers	Tranfers	Balance	Tranfers	Tranfers	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
	2022	2022/23	2022/23	2023	2023/24	2023/24	2024	2024/25	2024/25	2025	2025/26	2025/26	2026	2026/27	2026/27	2027
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.																
PFCC Reserve	428	33	(33)	428			428			428			428			428
Capital Reserve	4,930	9,294	(6,378)	7,846	4,681	(10,452)	2,074	4,212	(6,259)	27	5,061	(5,011)	77	4,891	(4,841)	127
Firearms Licence Reserve	589			589		(30)	559		(30)	529		(30)	499		(30)	469
Investments Reserve	370		(176)	194			194			194			194			194
Training Reserve	400			400		(173)	227		(20)	207			207			207
Council Tax Reserve	442			442		(225)	217			217			217			217
COVID Reserve	50			50			50			50			50			50
ESMCP	787		(48)	739			739			739			739			739
FCR overtime	71			71			71			71			71			71
Commissioned Services Reserve	841			841		(243)	598		(54)	543		(58)	485		(10)	475
Total Reserves within current MTFP	8,907	9,327	(6,635)	11,599	4,681	(11,122)	5,157	4,212	(6,363)	3,006	5,061	(5,099)	2,968	4,891	(4,881)	2,978
Funding for specific projects and programmes beyond the current planning period.																
Confiscated Monies Reserve	327	130	(100)	357			357			357			357			357
Cost of Change Reserve	1,120		(819)	301	225	(393)	132			132			132			132
Total Reserves beyond current MTFP	1,447	130	(919)	657	225	(393)	489	0	0	489	0	0	489	0	0	489
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	554			554			554			554			554			554
Pay and Pensions Reserve	1,850			1,850		(300)	1,550			1,550			1,550			1,550
Major Incident Reserve	1,007			1,007			1,007			1,007			1,007			1,007
Total General Contingency Reserves	3,412	0	0	3,412	0	(300)	3,112	0	0	3,112	0	0	3,112	0	0	3,112
Total Earmarked Reserves	13,765	9,457	(7,554)	15,668	4,905	(11,815)	8,758	4,212	(6,363)	6,607	5,061	(5,099)	6,568	4,891	(4,881)	6,579
General Reserves	5,603	0	0	5,603	0	0	5,603	0	0	5,603	0	0	5,603	0	0	5,603
Total Usable Reserves	19,368	9,457	(7,554)	21,271	4,905	(11,815)	14,361	4,212	(6,363)	12,209	5,061	(5,099)	12,171	4,891	(4,881)	12,181
Capital Receipts Reserve	5,998	2,279		8,278	1,662		9,940	715	(5,679)	4,976	500	(3,608)	1,868	500	(2,483)	(115)

Precept Consultation Results 2023/24 – Policing Precept**Approach**

The Police, Fire and Crime Commissioner’s precept consultation aimed to understand how much the public would be prepared to pay via their council tax for policing and separately for the fire and rescue service next year (2023/24).

Between 5 December 2022 and 16 January 2023, an online, self-completion survey was open to the public of North Yorkshire and the City of York. The survey was promoted via media releases and social media including; Facebook, Twitter, Next Door and Commissioner Newsletter subscribers via Mailchimp. Posters and leaflets were distributed to all North Yorkshire and City of York libraries to raise awareness of the survey. All users of the Community Messaging system in North Yorkshire and the City of York were notified about the survey and an email was sent to all MPs and Councillors in December and January, to raise community awareness.

Throughout the consultation period, online results were reviewed and areas/demographics with low take-up were targeted using targeted Facebook posts.

Residents could respond via post, phone, email or online, resulting in 1,341 responses.

In addition, a representative telephone survey was conducted with 1,002 North Yorkshire and City of York residents, screened to ensure respondents were council tax payers and aged over 18. Quotas were set by gender, age and district to reflect the demography and geography of the county. The telephone interviews were undertaken by an independent market research company.

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 and rescue precept question.

Combined, the total number of responses to the Police, Fire and Crime Commissioner’s 2023/24 precept survey was 2,343.

All districts were well represented as shown in Table 1 below.

Table 1: Total responses (combined telephone and online) by district

	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	York	TOTAL
Survey responses All answering (2,298)	7%	14%	23%	7%	8%	13%	10%	19%	101%**
North Yorkshire and City of York: estimated households*	7%	11%	19%	6%	7%	14%	10%	25%	99%**

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

**Rows may not add to 100% due to rounding

Results

The results of the consultation have been analysed by methodology type (representative telephone survey vs open online survey). Responses to the online survey were more supportive of the highest precept increase option of up to £18 a year more (33% in favour online vs 17% telephone).

Those who support a freeze for the policing precept are very likely to also suggest a freeze for the fire and rescue precept. There is 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.

Responses to the policing precept question are summarised in the chart below. Around two-thirds of respondents (63%) were prepared to pay an increase of at least £5.60 in their council tax for policing next year. Overall, 44% support an increase of at least £10.

Figure 1: Policing precept response

Q. How much more would you be prepared to pay per year, through your council tax for policing in North Yorkshire and York?

