

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

28th January 2021

Status: For decision

The 2021/22 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 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 Fire Element of the Council Tax within North Yorkshire for 2021/22 at £74.14. This is an increase of 1.99% or £1.45 over the 2020/21 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 2021/22. This consultation had 3,085 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 just over 62% of the overall income that I will receive in 2021/22. It is the responsibility of the eight local billing authorities to collect this.
- 3.2 Legislation requires the precept for 2021/22 to be set before 1st March 2021 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 31st January 2021. 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 2021/22 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 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 27th June 2018. A copy of this report was provided to the Panel 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 Since the Transfer of Governance a significant amount of work has been undertaken on the finances of the Fire Authority with a balanced Medium Term Financial Plan set out in February 2020, in addition to this an assessment of the Transfer of Governance business case was undertaken. From a financial perspective the savings outlined within the Transfer of Governance business case were assessed as part of the '[One-Year On](#)' report

which highlighted that the financial savings were expected to have exceeded those set out within the business case.

Current Financial Position and Context

3.8 Local Government Finance Settlement 2021/22

3.9 On 17 December 2020, the Secretary of State for Housing, Communities and Local Government Robert Jenrick MP, set out the Provisional Local Government Finance Settlement for 2021-22 in the form of a Ministerial Statement in the House of Commons. Alongside the statement, details of the provisional settlement have been published on the Gov.uk website.

3.10 Headlines

3.11 Due to the timing and detail of local government finance announcements at the 2020 Spending Review (which was published much later in the year than previous SRs), the majority of the settlement was already known. The headlines below build upon headlines from SR2020:

- Pensions Grant – Cash Flat.
- Confirmation that Core Spending Power (CSP) increases by an average of 4.5% (£2.2bn) – a significant proportion of this is additional council tax flexibilities for social care Local Authority's and police.
- Standalone FRAs see their CSP increase by 2.7%.
- Precept – 1.99% basic referendum limit for FRAs.
- Rural Services Delivery Grant increased from £81m to £85m.
- Further details on the Income Guarantee Scheme (75% of irrecoverable losses) published.
- Allocations of £670m LCTS to be applicable to Fire.
- Underspend in New Homes Bonus. This has been allocated as follows:
 - £261m for the lower tier fund and half of the additional social care grant.
 - £13m to fund the increase in SFA
 - £4m Rural Service Delivery Grant uplift

3.12 Council Tax Precepts

3.13 The Provisional Settlement sets council tax referendum thresholds for FRAs at 1.99% for 2021-22. As set out in SR2020, there is an additional 3% flexibility for the Adult Social Care authorities, a 1.99% or £5 (whichever is higher) principle for shire districts and a £15 Band D increase limit for police. As previously, there are no council tax referendum principles for Mayoral Combined Authorities or parishes.

3.14 Core Spending Power

3.15 The core settlement is made up of Baseline Funding Levels and Revenue Support Grant (RSG). RSG has increased in real terms (September 2020 CPI = 0.55%). Baseline funding levels (BFL) which are funded through Business Rates, are flat in cash terms as the government has announced that the Business Rate multiplier will be frozen next year. The real terms (0.55%) increase in the Baseline Funding Levels will arrive via a Section 31 grant as per previous indexation compensation grants.

3.16 Council Tax Base Assumptions

3.17 Council tax bases have been assumed to increase by an average of the annual growth between 2016-17 and 2020-21. This means the MHCLG are not using the OBR's -0.2% forecast for tax base growth. The Core Spending Power Explanatory Note also explains that they are assuming all authorities maximise their precept in 2021-22.

3.18 Council Tax and Business Rates income guarantee scheme

3.19 The government has published a consultative policy paper on Covid-19 funding for local government in 2021-22. The government has said that it is setting out how losses in scope of the guarantee will be measured. For council tax, this is broadly a comparison of each authority's council tax requirement and an adjusted Net Collectable Debit. For business rates, this is broadly a comparison of income as calculated in the National Non-Domestic Rates ('NDR') statistical collection forms 1 and 3.

3.20 SR2020 stated that the government forecasted the guarantee scheme to total £762m but there have been concerns that this will be insufficient. It is expected that the promise is for 75% of irrecoverable losses, (rather than capped at £762m) so this funding is anticipated to increase as required to meet the 75% guarantee.

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

3.22 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 2.7%, between 2020/21 and 2021/22 as set out in the table below:

3.23

	2020/21	2021/22
Core Spending Power Breakdown	£000s	£000s
Settlement Funding	8,694	8,708
Under Indexing	247	321
Council Tax Requirement	22,081	22,815
Rural Services Grant	515	540
Core Spending Power	31,537	32,385
Year on Year change in Core Spending Power	2.4%	2.7%

3.24 This however assumes an increase in Council Tax Requirement of 3.32% which includes an assumed 1.99% increase in the overall Band D level.

3.25 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 1.33%, in calculating this 3.32% increase, from the level reported in 2020/21.

3.26 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 has seen a reduction of 0.2%. The impact of this is that the real increase in Core Spending Power will only be 1.4% as shown in the table below. This also does not taken into account the deficit on the Council Tax Collection Fund

	2020/21	2021/22
Core Spending Power Breakdown	£000s	£000s
Settlement Funding	8,694	8,708
Under Indexing	247	247
Council Tax Requirement	22,081	22,477
Rural Services Grant	515	540
Core Spending Power	31,537	31,972
Year on Year change in Core Spending Power		1.4%

3.27 The income at this level is £413k lower than assumed by the Government in their announcement that Standalone Fire and Rescue Authority’s would see an increase of 2.7% in their Core Spending Power.

3.28 Some of this lower income will be offset by an additional Local Council Tax Support Grant of £315k.

3.29 How does this compare to what we planned for when the MTFP was approved in February 2020?

3.30 In overall terms the funding for 2021/22 is almost exactly the same as that forecast a year ago. This results from the lower Council Tax income being offset by the one-off Council Tax Support Grant and higher levels of other income than forecast a year ago.

3.31 Given that assumptions of pay inflation have been revised downwards, from forecast increases of 2.5% per annum, to the following:

- 2021/22 - Pay Freeze
- 2022/23 – 1% increase
- 2023/24 – 1.5% increase
- 2024/25 – 2% increase

3.32 Then the Service has been able to broadly absorb the pressures within the budget, however it is expected to use some reserves to balance the budget in 2021/22.

3.33 The settlement does not however provide any significant capacity for investment and this will therefore need to be self-funded and delivered through a save to invest approach.

3.34 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.

3.35 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.

3.36 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.

3.37 No assurances have been given that this Grant, which for North Yorkshire Fire now totals £1,711k, will continue beyond 2021/22 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.

3.38 Rural Services Delivery Grant (RSDG)

North Yorkshire Fire now receives £540k in terms of Rural Services Delivery Grant, this has increased by £25k since 2020/21 and therefore in real terms this grant has increased. This is a welcome development and one that is hoped continues into future years to reflect the additional unavoidable costs that are incurred in delivering a Fire Service across a large geographical area.

3.39 **Funding for 2022/23 and beyond**

3.40 The funding position for 2022/23 will be set out and determined as part of the Spending Review that will be undertaken in 2021.

3.41 Given the expected financial challenges that are likely to result from the costs incurred during the pandemic then the assumptions within the revised MTFP is that Core Government funding will be frozen for the next 3 years.

3.42 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: Pay Freeze in 2021/22, followed by a 1% increase in 21/22, a 1.5% increase in 22/23 and then 2% increases thereafter
- Precept: Increases of 1.99% per annum
- Tax Base increases 1.5% per annum for the next 2 years and then 1.2% in 2024/25 before returning to 15 increases,
- Government Grants: Are frozen for the next 3 years.
- Pensions Grant continued to be paid at £1,711k per annum.
- Nil impact from any Fair Funding/Funding Formula review
- Nil impact from Business Rates Retention
- Rural Service Delivery Grant continues at £540k per annum.
- Inflation: 1.5% for most non-pay areas

3.43 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 2020/21, is as follows:

DRAFT BUDGET	Actual	Forecast	Forecasts		
	Budget	Budget	2022/2023	2023/2024	2024/2025
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	£'000	£'000	£'000	£'000	£'000
Funding					
Total Settlement Funding	(8,631)	(8,708)	(8,708)	(8,708)	(8,708)
Rural Services Grant	(515)	(540)	(540)	(540)	(540)
Council Tax Precept	(22,081)	(22,477)	(23,272)	(24,093)	(24,944)
Council Surplus/Deficit	(100)	63	0	10	(100)
NNDR Surplus/Deficit	6	6	0	7	6
Funding for the Net Budget Requirement	(31,322)	(31,656)	(32,520)	(33,324)	(34,286)
%age change in Net Budget Requirement	0.0%	1.1%	2.4%	2.5%	3.1%
S31 NDR Grants and Specific Grants	(1,682)	(2,048)	(1,691)	(1,733)	(1,779)
Pensions Mitigation Grant	(1,711)	(1,711)	(1,711)	(1,711)	(1,711)
General Income	(547)	(620)	(611)	(619)	(632)
TOTAL FUNDING	(35,261)	(36,035)	(36,532)	(37,387)	(38,408)
%age change in Total Funding		2.2%	1.1%	2.4%	3.0%

3.44 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 within current forecasts, which is likely to very dependent on pay settlements, then the Fire Service would have a chance of maintaining current service levels.

- 3.45 **However** as referred to previously there are a number of areas within the Service that require investment, some of which are currently being profiled to match future savings plans, or unfortunately have been delayed until they can be afforded. The current financial settlements and projections doesn't therefore provide any real scope for investment.
- 3.46 Significant action was taken in the first 2 financial years after the Transfer of Governance to mitigate the projected £2.5m imbalance in the Medium Term Financial plan that was forecast to materialise by 2022/23.
- 3.47 This resulted in a Medium Term Financial Plan that was approved in February 2020 that required the use of £282k of Reserves in 2020/21 to balance the financial plan and no requirement for the use of reserves thereafter. This was summarised in the table below:

Approved MTFP - February 2020	2020/21	2021/2022	2022/2023	2023/2024
	£'000	£'000	£'000	£'000
Total Funding	(35,261)	(36,024)	(36,906)	(37,810)
Total Expenditure	35,544	36,024	36,906	37,810
(Surplus)/Deficit before Reserves	282	0	0	0
Planned Transfers to/(from) Earmarked Reserves	(282)			
(Surplus)/Deficit before Reserves	0	0	0	0

- 3.48 One of the areas of savings that was set out within the 2020/21 budget and precept proposal to achieve the future balanced financial plan was from a Supervisory review at Day-Crewed and Wholetime Shift 'one pump/engine' stations.
- 3.49 The review was to show that a reduction in the amount of Watch Managers (WMs) was possible in these stations through a trial at Day-Crewed Stations prior to further implementation. 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.
- 3.50 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.
- 3.51 This review concluded during 2020/21 and it has been decided at this time not to implement this proposal. The expected savings and the forecast reductions in Watch Managers has therefore been added back into the financial plans.

- 3.52 The search for savings and efficiencies continues to receive a lot of focus and a further £500k of savings/reductions have been factored into the 2021/22 MTFP, these are summarised within the table below:

Savings included in 2021/22 MTFP		£k
ICT Contract savings		98
Equipment and PPE Savings		54
Hire and Contract savings		70
Pensions		80
Other Staff, Travel and Subsistence Savings		97
PFI Contract Savings and Capital Charges		67
Inflation and other savings		34
Total Savings		500

- 3.53 These have helped mitigate increased costs to maintain a building estate that is increasingly in need of significant investment, to meet higher than previously expected pay awards that occurred during 2020 and the need to remove the savings that were expected to be delivered from the Watch Manager review that was referred to above.

3.54 What does this mean for the overall Financial Position in 2021/22?

- 3.55 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 the MTFP before the use of reserves:

Draft MTFP - January 2021	2020/21	2021/2022	2022/2023	2023/2024	2024/25
	£'000	£'000	£'000	£'000	£'000
Total Funding	(35,261)	(36,035)	(36,532)	(37,387)	(38,408)
Total Expenditure	35,544	36,341	36,851	37,387	38,408
(Surplus)/Deficit before Reserves	282	306	319	(0)	0
Planned Transfers to/(from) Earmarked Reserves	(282)				
(Surplus)/Deficit before Reserves	0	306	319	(0)	0

- 3.56 The proposed plans will require the use of reserves during the next 2 years, based on current assumptions. Most of this is expected to be funded for the COVID funding that was received during 2020/21 that is not all currently expected to be used. This will help mitigate some of the impact of the lower than expected income from a Council Tax perspective over the next few years, in comparison to previous plans.
- 3.57 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.

3.58 The impact of the assumptions set out for the MTFP, as per paragraph 3.42, combined with a return to normal council tax levels over the life of the plan and the impact of the full year effect of the identified savings are forecast to result in a recurring balanced budget from 2023/24. The summary of this is set out at Appendix 1.

3.59 Capital Investment Plans

3.60 As previously mentioned there is a need for some significant investment within the Estate from which the Fire Service operates. Some of this requires immediate attention to ensure that the building are more accessible to a more diverse workforce and the public and funds have been set aside to address these over the next 2 years.

3.61 Beyond this timeframe there is a need to assess entire buildings and determine whether they are suitable for the delivery of modern day services. While affordability will remain a key challenge plans to refresh the estate are being developed and based on current financial projections it is hoped that options may be available towards the end of the life of this financial plan to begin this investment. The current Capital plans are summarised in the table below:

CAPITAL PROGRAMME 2021/22 to 2024/25				
	Estimated	Estimated	Estimated	Estimated
	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Capital Reserve carried forward	136	201	467	29
FUNDING	£000	£000	£000	£000
Revenue Contribution to Capital - Cars	81	340	211	0
Revenue Contribution to Capital	558	564	529	988
Capital Receipts - Cars	311	160	47	323
Borrowing	3,891	3,102	2,457	4,396
TOTAL FUNDING	4,841	4,166	3,244	5,708
EXPENDITURE				
Vehicles exc. Pool and Response cars	2,848	2,270	1,594	1,879
Pool and Response Cars	392	500	258	75
Property	1,043	832	863	2,518
ICT	377	299	467	898
Logistics	116	0	500	0
TOTAL EXPENDITURE	4,775	3,901	3,682	5,369
Capital Reserve carried forward	201	467	29	367

4 Public Consultation

- 4.1 To further inform the decision around the proposed precept for 2021/22 consultation has been undertaken with the public to ascertain their feedback and thoughts on this subject.
- 4.2 The consultation was conducted via an online survey and by telephone, to ensure a representative sample of North Yorkshire and the City of York residents by age, gender and geography.
- 4.3 The public were asked the following question:
- 4.4 Last year, the precept rise was in line with inflation to maintain current service delivery but did not allow for investment.
- 4.5 If funding from this year's precept exceeds inflation, we can reduce the annual budget shortfall of £500k and start to make much needed investment in the estate and fleet to improve service delivery and ensure facilities are appropriate for a diverse workforce.
- 4.6 The Government has capped the fire and rescue precept at 1.99% which is a maximum increase of £1.45 for an average Band D property.
- 4.7 The following options are based on an average Band D property currently paying £72.69 each year for fire and rescue services. How much more would you be prepared to pay per year, through your council tax for fire and rescue services?
- No more than I pay now – a precept freeze
This would mean a cut to the fire and rescue budget due to inflation and current service delivery could not be maintained
 - Up to £1.45, an increase of 1.99%
This would raise £432k, keeping up with inflation to maintain current service delivery but no investment in its services
 - Up to £5, an increase of 6.9%
This would raise £1.5 million, exceeds inflation, would help reduce the financial shortfall and allow investment in the areas mentioned
 - Up to £10, an increase of 13.8%
This would raise £3 million, exceeds inflation, would help reduce the financial shortfall and allow significant investment in the areas mentioned
- 4.8 In total 2,121 responses were received via the open online survey and a further 1,000 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.

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

	Total (n=3085)	Telephone (n=974)	Online (n=2111)
No more than I pay now – a precept freeze	28%	29%	28%
Up to £1.45, an increase of 1.99%	28%	24%	31%
Up to £5, an increase of 6.9%	26%	29%	24%
Up to £10, an increase of 13.8%	18%	19%	17%
<i>TOTAL who support an increase of at least 1.99%</i>	72%	71%	72%

*figures may not add to 100% due to rounding

4.10 Combined results (online and telephone) from the consultation show a clear majority (72%) support an increase of up to £1.45 in the fire and rescue precept.

5. Financial Implications

5.1 The Tax Base

The eight local Councils have notified the PFCC of their tax bases for 2021/22 as set out in the table below:

Tax Base		
	2021/22	2020/21
	Net Tax Base	Net Tax Base
Craven District Council	22,363	22,617
Hambleton District Council	37,343	37,256
Harrogate Borough Council	63,985	63,428
Richmondshire District Council	19,704	19,981
Ryedale District Council	21,801	22,062
Scarborough Borough Council	38,401	38,627
Selby District Council	32,065	31,989
York City Council	67,512	67,813
Total	303,174	303,774
Annual Increase/(Decrease)	(600)	
Percentage Increase/(Decrease)	-0.20%	

- 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 decreased in 2021-22, in comparison to 2020-21, by 600 – this equates to a decrease of 0.2%.
- 5.5 A reduction in the overall tax base is highly unusual and was completely unexpected. This has therefore has an impact on the finances of the organisation. A 0.2% reduction, versus an expected 1% increase, equates to an overall reduction in precept income of around £270k. This impact has however been compensated for by a Local Council Tax Support Grant of £315k from the Government.

- 5.6 This funding is expected to be a one-off grant as it is hoped/assumed that the Tax Base will recover over the next 2/3 years. The financial plans assume quicker tax base growth of 1.5% in each of the next 2 years. This will however be dependent on many factors which are clearly outside of the control of the organisation.
- 5.7 The 2021/22 tax base is therefore 303,173.8 Band D Equivalent properties
- 5.8 Setting the Council Tax
- 5.9 As referred to in the financial updates throughout 2020/21 the biggest financial challenge, resulting from COVID-19, for the organisation was likely to materialise in 2021/22 with a likely recurring, but smaller impact in the years thereafter. The impact is expected to result from less Council Tax than planned being collected during 2020/21 and a further impact on the overall tax base in future years in comparison to previous plans.
- 5.10 The Government recognised this challenge and have 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 phased amount will be the entire collection fund deficit for 2020-21 as estimated on the 15 January 2021 for council tax and in the 2021-22 NNDR1 for business rates.
 - The deficit will be phased in three equal and fixed amounts across the financial years 2021-22, 2022-23 and 2023-24.
 - The amounts to be paid off during 2021-22 will therefore be only 1/3rd of each authority's share of the estimated 2020-21 deficit.
- 5.11 The Councils have indicated an overall deficit on their collection funds, of which £248k relates to Fire.
- 5.12 Of this overall deficit of £248k, there is a £29k surplus that relates to years prior to 2020/21 and is therefore treated normally. Of the £277k deficit that relates purely to 2020/21 this will be phased across 3 years in line with the changed legislation. The will result in a £92k charge in each of the next 3 years.
- 5.13 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.

Collection Funds Surplus/ (Deficit)	
	£
Craven District Council	(4,799)
Hambleton District Council	(1,695)
Harrogate Borough Council	(25,489)
Richmondshire District Council	(20,355)
Ryedale District Council	(11,951)
Scarborough Borough Council	(1,419)
Selby District Council	2,350
York City Council	0
Net Surplus on Collection Fund	(63,359)

5.14 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.

5.15 Financial Summary

Net Budget Requirement

Based on the proposed precept increase of 1.99% the Net Budget Requirement (NBR) for 2021/22, in comparison to 2020/21, is set out in the table below:

Funding the Net Budget Requirement	Budgeted Figures		(Increase)/Reduction	Percentage Change
	2021/22	2020/21		
	£000s	£000s	£000s	
Funding				
Total Settlement Funding	(8,708)	(8,631)	(77)	0.9%
Rural Services Grant	(540)	(515)	(25)	4.9%
Council Tax Precept	(22,477)	(22,081)	(396)	1.8%
Collection Fund/NNDR Surplus/Deficit	69	(105)	175	-165.9%
Net Budget Requirement	(31,656)	(31,333)	(323)	1.0%

5.16 As can be seen from the above the NBR is expected to increase in 2021/22, by £323k (or 1.0%,) if the precept is increased by 1.99%.

5.17 Precept Calculations

The final precept calculations are set out in the tables below based on a 1.99% increase:

Proposed Precepts - 1.99% Increase			
	Unadjusted Precept	Collection Fund Balance	Council Tax Requirement
	£	£	£
Craven District Council	1,653,188	(4,799)	1,657,988
Hambleton District Council	2,766,907	(1,695)	2,768,602
Harrogate Borough Council	4,718,351	(25,489)	4,743,840
Richmondshire District Council	1,440,534	(20,355)	1,460,889
Ryedale District Council	1,604,384	(11,951)	1,616,336
Scarborough Borough Council	2,845,648	(1,419)	2,847,068
Selby District Council	2,379,623	2,350	2,377,273
York City Council	5,005,310	0	5,005,310
Total Precept	22,413,945	(63,359)	22,477,304

5.18 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. £22,477,308 by 303,173.8 giving a council tax rate for Band D properties of £74.14.

5.19 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 2020/21. 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	2021/22	2020/21	Increase per Annum	Increase per Week
	£	£	£	£
A	49.427	48.460	0.97	0.02
B	57.664	56.537	1.13	0.02
C	65.902	64.613	1.29	0.02
D	74.140	72.690	1.45	0.03
E	90.616	88.843	1.77	0.03
F	107.091	104.997	2.09	0.04
G	123.567	121.150	2.42	0.05
H	148.280	145.380	2.90	0.06

6. Conclusion

I have considered various options and various factors in deliberating on my proposal for precept in 2021/22. 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 £1.45, for a Band D property for 2021/22, which would result in Band D Fire precept for 2021/22 of £74.14 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 £1.45 Fire Precept Increase
- Appendix 2 – Draft Capital Budget
- Appendix 3 – Draft Forecast Reserves Schedule
- Appendix 4 – Report on Fire Precept Consultation

APPENDIX 1					
DRAFT BUDGET	Actual	Forecast	Forecasts		
	Budget	Budget			
	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
	£'000	£'000	£'000	£'000	£'000
Funding					
Total Settlement Funding	(8,631)	(8,708)	(8,708)	(8,708)	(8,708)
Rural Services Grant	(515)	(540)	(540)	(540)	(540)
Council Tax Precept	(22,081)	(22,477)	(23,272)	(24,093)	(24,944)
Council Surplus/Deficit	(100)	63	0	10	(100)
NNDR Surplus/Deficit	6	6	0	7	6
Funding for the Net Budget Requirement	(31,322)	(31,656)	(32,520)	(33,324)	(34,286)
%age change in Net Budget Requirement	0.0%	1.1%	2.4%	2.5%	3.1%
S31 NDR Grants and Specific Grants	(1,682)	(2,048)	(1,691)	(1,733)	(1,779)
Pensions Mitigation Grant	(1,711)	(1,711)	(1,711)	(1,711)	(1,711)
General Income	(547)	(620)	(611)	(619)	(632)
TOTAL FUNDING	(35,261)	(36,035)	(36,532)	(37,387)	(38,408)
%age change in Total Funding		2.2%	1.1%	2.4%	3.0%
Expenditure					
Wholetime Firefighters	16,721	17,186	17,288	17,526	17,815
On Call Firefighters	3,325	3,342	3,368	3,414	3,478
Administrative & Clerical	3,319	3,390	3,424	3,528	3,598
Control Room Staff	765	789	795	822	837
Direct Staff Costs	24,130	24,707	24,875	25,289	25,728
Indirect Staff Costs	440	453	450	456	462
PFCC Staff Costs	74	76	78	80	82
Premises	2,111	2,090	2,122	2,153	2,186
Transport	792	794	804	828	846
Supplies and Services	3,472	3,362	3,181	3,199	3,273
Operating Leases	75	51	41	46	14
External Service Agreements	196	212	215	219	222
PFI (inc. capital element)	1,461	1,480	1,507	1,534	1,562
Total Indirect Staff and Non Staff Costs	8,620	8,518	8,398	8,515	8,646
PENSIONS	912	819	855	891	908
TOTAL EXPENDITURE BEFORE CAPITAL CHARGES	33,662	34,044	34,128	34,695	35,282
Provision for Debt Repayment	991	1,128	1,237	1,355	1,411
External Interest	550	530	582	597	612
Revenue Contribution to Capital	340	639	904	740	1,103
Total Capital Charges	1,882	2,297	2,723	2,692	3,126
TOTAL EXPENDITURE BUDGET	35,544	36,341	36,851	37,387	38,407
(Surplus)/Deficit before Reserves	282	306	319	(0)	(0)
Planned Transfers to/(from) Earmarked Reserves	(282)	(306)	(319)	0	0
(Surplus)/Deficit After Reserves	0	0	0	0	0
General Reserves					
	£'000	£'000	£'000	£'000	£'000
General Fund Balance b/f	995	995	995	995	995
Proposed (use of)/contribution to General Fund	0	0	0	0	0
Current Year Forecast	0	0	0	0	0
General Fund Balance c/f	995	995	995	995	995
Employee Numbers (Budgeted as at 31st March)					
	FTEs	FTEs	FTEs	FTEs	FTEs
Wholetime Firefighters	306.0	308.0	305.0	305.0	305.0
Retained Duty System Firefighters	342.0	342.0	342.0	342.0	342.0
Support Staff	84.8	84.8	84.8	84.8	84.8
Control Staff	17.2	17.5	17.5	17.5	17.5
Assumptions					
Staff Pay Increase	2.0%	0.0%	1.0%	1.5%	2.0%
Non Pay Inflation	2.0%	1.5%	1.5%	1.5%	1.5%
Precept Increase	2.0%	2.0%	2.0%	2.0%	2.0%
Council Tax Base Increase	1.0%	-0.2%	1.5%	1.5%	1.5%

NORTH YORKSHIRE PFCC (FIRE AND RESCUE AUTHORITY)		APPENIDX 2		
CAPITAL PROGRAMME 2021/22 to 2024/25				
	Estimated	Estimated	Estimated	Estimated
	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Capital Reserve carried forward	136	201	467	29
FUNDING	£000	£000	£000	£000
Revenue Contribution to Capital - Cars	81	340	211	0
Revenue Contribution to Capital	558	564	529	988
Capital Receipts - Cars	311	160	47	323
Borrowing	3,891	3,102	2,457	4,396
TOTAL FUNDING	4,841	4,166	3,244	5,708
EXPENDITURE				
Vehicles exc. Pool and Response cars	2,848	2,270	1,594	1,879
Pool and Response Cars	392	500	258	75
Property	1,043	832	863	2,518
ICT	377	299	467	898
Logistics	116	0	500	0
TOTAL EXPENDITURE	4,775	3,901	3,682	5,369
Capital Reserve carried forward	201	467	29	367

APPENDIX 3

FORECAST RESERVES POSITION	Balance	Transfers	Transfers	Balance	Transfers	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
	2020 £000	2020/21 £000	2020/21 £000	2021 £000	2021/22 £000	2021/22 £000	2022 £000	2022/23 £000	2023 £000	2023/24 £000	2024 £000
Pay & Price Reserve	721			721			721		721		721
Pensions Reserve	1,711			1,711			1,711		1,711		1,711
Recruitment Reserve	211			211			211		211		211
New Developments Reserve	344		-38	306			306	-38	268		268
Medium Term Funding shortfall Reserve	244		-244	0			0		0		0
Insurance Reserve	80			80			80		80		80
Hydrants Reserve	388			388			388		388		388
Collection Fund	202	385		587		-306	281	-281	0		0
IHR Employer Contributions	0	90		90			90		90		90
Total Earmarked Reserves	3,901	475	-282	4,094	0	-306	3,788	-319	3,469	0	3,469
Earmarked Capital Reserve	0	135	0	135	0	0	135	0	135	0	135
General Reserves	995	612	-610	997	0	0	997	0	997	0	997
% of Net Budget Requirement	3.1%			3.2%			3.1%		3.0%		0
Total Usable Reserves	4,896	1,222	-892	5,226	0	-306	4,920	-319	4,601	0	4,601
Capital Receipts Reserve	54	0	0	54	0	0	54	0	54	0	54

APPENDIX 4

Precept Consultation Results 2021/22 – Fire and Rescue 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 (2021/22).

Between 16th December 2020 and 13th January 2021, 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, Instagram and Nextdoor social media accounts. All 27,556 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, to raise community awareness. Residents could respond via post, phone, email or online, resulting in 2,121 responses.

In addition, a representative telephone survey was conducted with 1,000 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 2021/22 precept survey was 3,121.

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	7%	13%	17%	10%	9%	10%	14%	20%	100%
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) and are very similar.

Those who support a freeze for the fire and rescue precept are extremely likely to also suggest a freeze for the policing precept (90%). 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 fire and rescue precept question are summarised in the chart below. Almost three-quarters of respondents (72%) were prepared to pay an increase of at least £1.45 in their council tax for fire and rescue services next year.

Figure 1: Fire and rescue precept response

Q. How much more would you be prepared to pay per year, through your council tax for fire and rescue services?

