

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

28th January 2021

Status: For decision

The 2021/22 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 2021/22 at £271.06. This is an increase of £5.29, or 1.99% over the 2020/21 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 nearly 45% 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 1st February 2021. 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 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 Constable and engaged and consulted with the public on the options available to me.

Overall Financial Context

- 3.4 Police Funding Settlement 2021/22
- 3.5 The 2021-22 Provisional Settlement was announced on 17 December in a written statement by the Policing Minister, Kit Malthouse.
- 3.6 Full details of the Settlement can be found on the Home Office gov.uk pages.
- 3.7 Unlike last year, the Home Office have opted to do a provisional settlement rather than proceeding straight to final settlement in order obtain feedback from stakeholders. The deadline for submissions to the provisional was 15 January.
- 3.8 This settlement follows the one-year SR and takes place with a backdrop of severe economic difficulties due to the ongoing Coronavirus Pandemic as well as uncertainty around Brexit. GDP for the year was down 11.3%, the largest recession recorded.
- 3.9 Prior to the publication of settlement, the sector was expecting an additional £400m for the recruitment of 6,000 officers (towards the 20,000 total). Kit Malthouse confirmed that there would be an increase of £415m for PCCs to continue to recruit officers. The document goes on to state that "to ensure...progress in recruitment is maintained, and to track the use of this investment efficiently, the Government will continue to ringfence £100 million of the additional funding". This ring-fenced grant will be akin to the previous settlement grant of £168m and will be split according to funding formula allocation.
- 3.10 Part of this funding allocation is to go to the recruitment of ROCU officers through the same mechanism.
- 3.11 Additionally, the sector was expecting last year's PUP funding (£700m) to be rolled into the baseline.

3.12 However, the Written Ministerial Statement stated that in total PCCs will get an increase of £703m assuming that the full precept flexibility is taken. As confirmed in SR2020, the council tax referendum principles will be £15 per PCC, which, assuming every PCC maximised the increase, means an extra £288m for policing in 2021-22.

3.13 Furthermore more, PCCs will receive a portion of the £670m additional grant funding announced for the local council tax support as part of SR2020.

3.14 Headlines

3.15 Given the recent publication of the 2020 spending review (published much later in the year than previous Spending Review's), some of the settlement was already known. The headlines below build upon headlines from SR2020:

- Core Grant (including the PUP grant) increases from £7.8bn to £8.2bn, a difference of £413.6m an increase of 5.3%.
- £15 precept flexibility for all PCCs, or equivalent.
- 75% of council tax losses (due to Covid-19) to be compensated.
- £87.4m (8%) decrease in reallocations from £1.1bn in 2020-21 to 1.03bn in 2021-22.
- Flat cash pension grant allocations compared to 2020-21.
- Capital grant remains cash flat for PCCs at £12.3m
- £52.3m capital funding for national priorities and infrastructure

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

3.17 According to the statement, the Government expects the police to continue to build on the progress that has been made in terms of efficiency and productivity. The statement lays out three targets:

- Forces to recruit another 6,000 officers by the end of March 2022 (some of these officers are expected to go into Counter Terrorism Policing, ROCUs and the National Fraud Intelligence Bureau).
- £120m efficiency savings from across the law enforcement sector (reflected as part of this funding settlement). These are expected to be delivered through a combination of improved procurement practises as well as savings in areas such as estates, agile working and shared services. They are broken down as follows:
 - £95m against core grant
 - £8m against CT policing
 - £2.8m from the NCA
 - £14.2 programmes within reallocations.
- High quality data should be collected and used to support local delivery, identify efficiencies and support the National Policing Board's drive to deliver the best possible outcomes within policing.

3.18 What does this mean for North Yorkshire in 2020/21 in terms of Funding?

- An increase in of Core Police Grant plus Police Uplift Grant of £4,026k or 5.3%
- This includes up to £973k from the ring-fenced grant for the officer uplift – linked to the recruitment of 58 additional FTE Police Officers by the end of March 2022.
- Police Pension Grant remains at £1,449k
- Capital Grant remains at only £116k
- A challenge to deliver £892k of savings and efficiencies during 2021/22, towards the £95m of savings that have been factored into the National Core Grant allocations.

3.19 Based on the precept being proposed, of £271.06 for a Band D property, then the overall impact on the Core funding for the organisation is set to increase by 3.6%, or just over £6m, as set out in the table below:

Overall Government and Local Revenue Funding				
	2021/22	2020/21	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
Government Funding				
Police Grant	(48,392)	(45,291)	(3,102)	6.8%
RSG/National Non Domestic Rate	(30,658)	(29,072)	(1,586)	5.5%
Police Officer Uplift Grant	(973)	(1,635)	662	-40.5%
Headline Government Funding Increase	(80,024)	(75,998)	(4,026)	5.3%
Council Tax Freeze Grant	(2,152)	(2,152)	0	0.0%
Council Tax Support Grant	(6,901)	(5,746)	(1,155)	20.1%
Additional Police Pensions Grant	(1,449)	(1,449)	0	0.0%
Additional Government Funding Changes	(10,502)	(9,347)	(1,155)	12.4%
Impact of a 1.99% (£5.29) Band D Precept increase				
Net Surplus on Collection Funds	233	(360)	593	-164.7%
Council Tax Requirement	(82,178)	(80,734)	(1,444)	1.8%
Total Local Funding	(81,945)	(81,094)	(851)	1.0%
Total Government + Local Funding	(172,470)	(166,439)	(6,031)	3.6%

3.20 How does North Yorkshire compare to the National Picture?

3.21 All Police Force Areas have received the same Headline increase in Core funding of 5.3%. However the increases in precept, in percentage terms, are determined by the current level.

3.22 If each PCC increased their precept by £15, combined with tax base assumptions, there will be an additional £288m of resources for policing from council tax alone. Due to historic differences in council tax, increases for individual PCCs range from 5.4% in Surrey to 10.8% in Northumbria. The unweighted average for all PCCs is 6.6%.

3.23 A £15 increase in North Yorkshire would have equated to an increase of 5.64%. This would be the second lowest percentage increase in England, which results from North Yorkshire having the second highest Policing Precept

level in England and a current Precept level that is over 17% higher than the National average.

- 3.24 If each PCC took the £15 precept, the average band D police precept in England and Wales would be £240.92 (in North Yorkshire this would be £280.77) with an average of 38% (in North Yorkshire this would 49% of total funding coming from council tax (including precept grant and legacy council tax support grants).
- 3.25 Government Funding for 2022/23 and beyond
- 3.26 The funding position for 2022/23 will be set out and determined as part of the Spending Review that will be undertaken in 2021.
- 3.27 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 Grant will be frozen for the next 3 years.
- 3.28 The plan does however assume that the Police Uplift Programme will continue to be fully funded to deliver the 20,000 National Uplift.
- 3.29 There were no references within the settlement to the Funding Formula and any review of this.
- 3.30 In 2021-22 the top slices/reallocations total £1.033.5bn, £87.4m lower than last year (£1.120bn). Primarily, this difference comes from a £26m reduction in special grant, a £52m reduction in Top ups to National Crime Agency and Regional and Organised Crime Units, a £14m reduction in Police technology programmes and an £8m reduction in National Capability programmes.
- 3.31 Pensions Grant
- 3.32 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'.
- 3.33 Council Tax Legacy Grant
- 3.34 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 2020-21. 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'.
- 3.35 National and International Capital City Grant (NICC)
- 3.36 In 2021-22 the NICC grant for the City of London and MOPAC (which used to be referred to as the Met special Payment) have remained frozen in cash terms at £4,834,086 and £185,339,439 respectively.

3.37 Capital Funding

3.38 Total Police Capital Grants are now worth £64.6m but only £12.3m will be allocated locally.

3.39 This means that the Total Capital Grant for policing the whole of North Yorkshire is only £116k. When this Grant is compared to a Capital Programme of around £7m to £10m per year it means there is a significant need to use Revenue Funding to fund the Capital Programme.

3.40 Counter Terrorism

3.41 The Minister announced a total of £914m for Counter Terrorism (CT) policing in 2021-22. This is £46m lower than the previous year. However, the Minister makes it clear that continued investment in CT policing will support record high numbers of counter terrorism policing investigations across the UK.

3.42 Ministry of Justice Grants

3.43 PCCs have yet to be notified of their 2021-22 allocations for commissioning of victims' services and therefore allocations are assumed to be in line with last year at £964k.

How has Funding changed for Policing since 2010/11?

3.43 Using the latest Gross Domestic Product deflation factors from the Treasury then:

- In cash terms, funding has increased, on average, by 9.2% between 2010-11 and 2021-22.
- However, when we account for inflation, this figure drops to -10.7%.

3.44 In terms of core grant:

- The cash cut between 2010-11 and 2020-21 is -17%.
- However, once inflation is considered, that figure drops to -27%. This is an improvement on last year's figure of -30.6%.

3.45 MTFP Assumptions

When the 2020/21 budget was set in February 2020 the forecasts were underpinned by the following assumptions:

- Pay Awards: 2.5% increase p.a
- Precept: Increases of:
 - 2020/21 - £10 or 3.91%
 - 2021/22 - 1.99%
 - 2022/23 - 1.99%
 - 2023/24 - 1.99%
- Tax Base increases 1.0% per annum, Collection Surplus £400k p.a
- Government Grants: Increases of 3% from 2021/22 onwards
- Impact of Funding Formula review – Nil

3.46 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 2021/22 and beyond will assume the following:

- Pay Awards:
 - 2021/22 - Freeze
 - 2022/23 - 1.0% increase
 - 2023/24 – 1.5% increase
 - 2024/25 – 2% increase

- Precept: Increases of:
 - 2021/22 - 1.99%
 - 2022/23 - 1.99%
 - 2023/24 – 1.99%
 - 2024/25 – 1.99%

- Tax Base increases of:
 - 2021/22 - 1.5%
 - 2022/23 - 1.5%
 - 2023/24 – 1.2%
 - 2024/25 – 1.0%

- Government Grants: Frozen for next 3 years
- Impact of Funding Formula review – Nil

4 Local Financial and Service Delivery Context

4.1 Pay Awards

- 4.2 At the same time as reassessing the projections on Government Grant increases the 2021/22 MTFP also reflects on the financial landscape for future pay awards. The previous plan assumed that pay awards would be at 2.5% throughout the plan, which was in line with the pay award that was expected, and ultimately paid, in September 2020.
- 4.3 Since then the Government has indicated that it intends to freeze the majority of public sector pay for 2021-22. Exceptions apply to NHS doctors, nurses and others and those who earn less than £24,000 (who will receive a pay rise of at least £250).
- 4.4 The MTFP assumes that this is delivered in 2021/22 and thereafter assumes a gradual increase in pay awards as follows:
- 2022/23 – 1%
 - 2023/24 – 1.5%
 - 2024/25 – 2%
- 4.5 It is however important to recognise that neither the PFCC nor the Chief Constable have any control over the level of pay awards. These are determined at a national level.
- 4.6 The impact of pay settlements that vary from those forecast within the MTFP will have a significant impact on the finances of the organisation and will need to be closely monitored.
- 4.7 If pay assumptions were returned to the previous assumption of 2.5% increases then this would have the impact of adding the following costs into the current balanced financial plan:

Financial Impact of Pay Awards at 2.5% versus	2021/22	2022/23	2023/24	2024/25
Current Assumptions	£000	£000	£000	£000
September 2021 Pay Award	1,940	3,370	3,412	3,420
September 2022 Pay Award	0	1,185	2,047	2,055
September 2023 Pay Award	0	0	791	1,370
September 2024 Pay Award	0	0	0	400
Impact of increasing pay assumptions to 2.5%	1,940	4,555	6,250	7,245

4.8 Police Recruitment Plans in North Yorkshire

- 4.9 To be able to receive the £973k specific grant that is included within these financial plans, for the additional Uplift of Police Officers, and to meet the Government targets for Police Officer increases then North Yorkshire Police need to recruit an additional 58 FTEs by the end of March 2022, and have at least 1,567 FTEs by this point.

- 4.10 This follows closely on the back of recruiting the additional 51 Officers during 2019/20 and the recruitment of 58 additional Officers in 2021/22.
- 4.11 It is also expected that a further additional 78 Officers will be needed in 2022/23 to deliver the overall National Uplift programme by March 2023. If these forecasts become a reality this would result in North Yorkshire having 1,645 FTEs by March 2023.
- 4.12 The Force is well positioned to deliver the Police Officer recruitment required for 2021/22 with expectations that it will start 2021/22 with around 1,519 FTE Officers in Force.
- 4.13 To enable the growth in Police Officer numbers being targeted by the Government it is projected that North Yorkshire Police will need to recruit the following number of Police Officers to reach these targets, while replacing those who will leave or retire:
- 2021/22 – 130 FTEs
 - 2022/23 – 140 FTEs
- 4.14 These continued levels of recruitment are clearly both a significant challenge and opportunity, however the Force has done an excellent job in delivering against their Police Officer recruitment plans over the last few years.
- 4.15 Not only is recruitment progressing well but the Force are also making significant improvements in relation to both equality and diversity.
- 4.16 Prior to the start of Operation Uplift around 37% of Police Officers within North Yorkshire were Female. Data recorded and published by the Home Office shows that to the end of December 2020 just over 54% of the new recruits into North Yorkshire Police have been Female.
- 4.17 Prior to the start of Operation Uplift around 2.5% of Police Officers within North Yorkshire indicated that their ethnicity was Black, Asian, Mixed or Other. Data recorded and published by the Home Office shows that, to the end of December 2020, 7.4% of the new recruits into North Yorkshire Police have indicated that their ethnicity was Black, Asian, Mixed or Other.

- 4.18 Wider Financial Impact of Operation Uplift and increased Police Officers
- 4.19 While the focus of Operation Uplift is the increase in Police Officers there is recognition that 'just' funding the salary costs of the Officers won't be sufficient.
- 4.20 The national work that is overseeing this project were clear that to enable this to happen would require funding to support the following areas:
- It was estimated that 6,500 FTE staff would be required to enable initial recruitment and then deal with the extra work generated from having 20,000 additional officers.
 - More Officers would require more capital expenditure in terms of vehicles, IT (laptops, phones, body worn video etc) and having 26,500 additional staff would require more estate.
 - All of these capital assets would incur revenue running costs.
 - More officers would require uniforms, they would work overtime and un-social hours, they would need training and would generate additional costs in areas such as custody and forensics, while also increasing general costs of 'doing business' and employing people, such as insurances.
- 4.21 Many of these areas are those that would have been expected to deliver savings as part of the Transform 2020 programme however in many instances will have been superseded from the projected increase in Police Officers of 194 FTE (or 13%) across the 3 years of the National Uplift Programme.
- 4.22 Transform 2020 Programme
- 4.23 The Transform 2020 Programme was established in mid-2018, with the following vision:
A police service transformed to provide an exemplary and continuously developing and improving service to the public of North Yorkshire, able to meet diverse and complex local needs and adapt sustainably to incorporate local and national change.
- 4.24 The Goal for our Transform 2020 work was that it will achieve a new NYP Operating Model delivering £10m annual savings by 2022/23 which are being reinvested in line with public expectation and changing demand via an embedded, organisation wide approach to continuous improvement and change management.
- 4.25 A Programme Management approach was adopted for the Programme with a separate temporary governance structure established for the T2020 Programme. The Transform 2020 Board, chaired by DCC Phil Cain as the accountable person for the programme, was established to facilitate decision making and maintain an oversight of the programme, as well as holding responsible persons to account for the delivery of assigned savings.

This programme was set up to deliver in the following 3 stages:

- Stage 1 – Simplify

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

- Stage 2 – Standardise

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

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

- 4.26 The overall financial aim of the programme was to deliver £10m of savings.
- 4.27 Just over £7.8m of these savings have been delivered and removed from the budgets. The remaining savings have been superseded by the significant investment that is taking place within policing, as part of the National Police Officer Uplift Programme, and which were not known about when the Transform 2020 Programme was completed.
- 4.28 The National Uplift programme is increasing Police Officer numbers within North Yorkshire by over 13% across 3 years, with an assessment that an additional 63 Staff roles would also be required to meet the additional demands and work generated by the increased work force.
- 4.29 These additional staff roles – would cost circa £2.5m. In addition to this the additional non-staff revenue costs of the whole Uplift Programme, are estimated at a recurring cost of £2.3m and there is also a further recurring need to invest around £1.2m into Capital items.
- 4.30 Many of these areas of investment would have generated additional savings within the original Transform 2020 programme. For example the more efficient use of the vehicle fleet would have resulted in a smaller fleet (a reduction of 62 was identified as part of the programme), doing less miles and requiring less repairs and maintenance. However the increased number of Police Officers are estimated to require a further 72 vehicles.
- 4.31 This is replicated across most areas of the business.

4.32 Plans beyond Operation Uplift

4.33 The Force will continue to invest and develop many areas during 2021/22, many of which will be in line with the Minister's priorities identified in the last couple of years. A number of these are referenced below:

- Force Control Room Critical Systems Upgrade
- Single On-Line Home
- National Enabling Programme & Communications
- Development of the Change Pipeline in line with National IT programmes

4.34 Beyond the development and investment in IT there will also be continued work across the following areas:

- Enable
- Public Safety Service
- Development of the Target Operating Model

4.35 Enable

4.36 Many of the aspects of the Transform 2020 Programme will continue within the Enable collaboration which has a vision for a more strategic transformation of police and fire collaboration that can deliver genuine change, focussing on outcomes for the public rather than organisational sovereignty.

4.37 The collaboration relates to the provision of Financial, People, ICT, Assets, and Business Design and Assurance services to support the OPFCC and front-line Fire and Police operations. It is the subject of an agreed collaboration agreement and protocols that provide for its legitimate right to operate.

4.38 The 5 Business Areas are currently going through a Change Process where:

- All functions will follow same governance route
- All functions will follow the same consultation and implementation process – adapted to include the shared learning gained through People Services implementation

4.39 The Business Areas are being developed on the back of engagement with client Function Heads and are continuing, with all proposals based on client feedback about:

- The services they need – e.g. developing service and tactical plans
- The services we already provide - e.g. BAU Service Catalogues being developed
- Any future plans

- 4.40 In addition to the Enable collaboration the Force are developing and identifying the Change that is likely to impact in the coming years. Many of these will cover those areas specifically referred to by the Policing Minister as they fall within the following National Programmes of work:
- Agile
 - Digital
 - Channel
- 4.41 Some 25 Projects/Programmes are currently identified as part of this Change Pipeline with varying degrees of confidence in both the timeframes and costs involved. From a financial perspective costs are indicated to be just in excess of £10m, across timeframes that extend to the end of the current financial plan.
- 4.42 Given the continued significant levels of Change that are happened within the organisation and the expectation that this change will continue, then the organisation is proposing to develop a Portfolio Programme Management Approach to Change with the aim:
- To improve the oversight and management of change activity across NYFRS, NYP and OPFCC
 - To improve our effectiveness in planning and delivering change
 - To enable us to deliver more successful programmes of work in a structured and resilient manner
 - To ensure we realise the benefits and demonstrate value for money and a return on the investment for our communities
 - Allows swift identification and resolution of problems
- 4.43 Some funding is available within this financial plan to support both the establishment of the Portfolio Programme Management Approach and the delivery of some aspects of the Change Pipeline as business cases are developed and approved, however there will be a requirement to prioritise the Change that is undertaken so that it is both manageable within the organisation and affordable.
- 4.44 Wider Service Delivery and Investment in 2021/22
In addition to the delivery of the Uplift Programme, embedding and delivery of the Enable Collaboration and the development of the Change Programme there are other areas of significant work that continue including:
- 4.45 Commissioning
- 4.46 A number of commissioned serviced have started during 2020/21 and/or will start early in 2021/22 including:
- Diversion services - £470k per annum
 - Adult Male (18-25) – referrals from partners when risk identified or by NYP at the point of arrest
 - Adult Female (18+) – referrals from partners when risk identified or by NYP at the point of arrest

- Young People (10-17) – referrals from partners when risk identified (we already have a point of arrest process i.e. the YOP)
- Young People within Domestic Abuse Households service – cope and recovery service for those 17 and under exposed to Domestic Abuse - £330k over 3 years
- Street Triage service – expansion of the existing services delivered across Scarborough and the surrounding area, and York into Harrogate and the surrounding area - £160k per annum
- Respect Young People’s service – expansion of existing service for young people displaying the use of medium risk violence/abuse in close relationships to support those displaying high risk violence/abuse.

5 Public Consultation

- 5.1 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.
- 5.2 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.
- 5.3 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 1.
- 5.4 The public were asked the following question:
- 5.5 Last year, your precept was spent on improving support to frontline officers helping those in mental health crisis, on improving services for victims of domestic abuse and stalking, on improving customer service to calls into the Control Room, and on the introduction of specialist programmes to reduce reoffending.
- 5.6 This year, if the precept exceeds inflation we will invest in services to better support victims of child exploitation, fraud and stalking, in improving customer service to those experiencing lower level crimes and anti-social behaviour, and in safeguarding training, cyber-crime expertise and intelligence gathering capabilities.
- 5.7 The Government has said that Police and Crime Commissioners can increase the policing precept by up to £15 which is 5.6% for an average Band D property.
- 5.8 The following options are based on an average Band D property currently paying £265.77 each year for policing. How much more would you be prepared to pay per year, through your council tax for policing?
 - 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 £5.29, an increase of 1.99%
This would raise £1.6 million, keeping up with inflation to maintain current service delivery but no investment in policing services
 - Up to £7.97, an increase of 3%
This would raise £2.4 million, exceeds inflation and would mean an investment in the policing services mentioned

- Up to £15, and increase of 5.6%
This would raise £4.5 million, exceeds inflation and would mean a significant investment in the policing services mentioned

5.9 A summary of the results is shown below with nearly two-thirds (64%) supporting an increase in the police precept of at least 1.99%. Around a fifth (21%) opted for an increase up to 3% while over a sixth (17%) opted for an increase of up to 5.6%. The consultation questions did not include an option this year for an increase that would require a referendum.

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

	Total (n=3071)	Telephone (n=975)	Online (n=2096)
No more than I pay now – a precept freeze	36%	37%	35%
Up to £5.29, an increase of 1.99%	26%	27%	25%
Up to £7.97, an increase of 3%	21%	20%	21%
Up to £15, and increase of 5.6%	17%	16%	18%
<i>TOTAL who support an increase of at least 1.99%</i>	64%	63%	65%

*figures may not add to 100% due to rounding

5.10 Combined results (online and telephone) from the consultation show a clear majority (64%) support an increase of up to £5.29 in the policing precept which is the level of increase being proposed.

Financial Implications

5.11 The Tax Base

The eight local Councils have notified me of their tax bases for 2021/21 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%	

- 5.12 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.
- 5.13 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.
- 5.14 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%.
- 5.15 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 nearly £1m. This impact has however been compensated for by an increase in the Local Council Tax Support Grant of £1,155k from the Government.
- 5.16 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.

5.17 The 2021/22 tax base is therefore 303,173.8 Band D Equivalent properties

5.18 Setting the Council Tax

5.19 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.

5.20 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.

5.21 The Councils have indicated an overall deficit on their collection funds, of which £912k relates to Policing.

5.22 Of this overall deficit of £912k, there is a £106k surplus that relates to years prior to 2020/21 and is therefore treated normally. Of the £1,018k 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 £339k charge in each of the next 3 years.

5.23 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)	
	£
Craven District Council	(17,547)
Hambleton District Council	(7,489)
Harrogate Borough Council	(93,193)
Richmondshire District Council	(74,422)
Ryedale District Council	(43,697)
Scarborough Borough Council	(5,190)
Selby District Council	8,591
York City Council	0
Net Surplus on Collection Fund	(232,947)

5.24 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.

5.25 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	2021/22	2020/21	(Increase)/Reduction	%age Change
	£000s	£000s	£000s	
Funding				
Police Grant	(48,392)	(45,291)	(3,102)	6.8%
RSG/National Non Domestic Rate	(30,658)	(29,072)	(1,586)	5.5%
Total Formula Funding	(79,050)	(74,363)	(4,687)	6.3%
Council Tax Freeze Grant	(2,152)	(2,152)	0	0.0%
Council Tax Support Grant	(6,901)	(5,746)	(1,155)	20.1%
Net Surplus on Collection Funds	233	(360)	593	-164.7%
Council Tax Requirement	(82,178)	(80,734)	(1,444)	1.8%
Net Budget Requirement	(170,048)	(163,355)	(6,693)	4.1%

5.26 There is an increase in the Funding for Net Budget Requirement available to the PFCC of £6,693k based on a 1.99% increase in precept. This equates to an increase of 4.1%.

5.27 It is important to recognise that the Net Budget Requirement does not include the £973k 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.

5.28 The Government is providing this funding to increase the number of Police Officers by a further 58 FTEs (to 1,567 FTEs) by the end of March 2022.

5.29 Precept Calculations

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

Proposed Precepts - 1.99% or £5.29 Increase			
	Unadjusted Precept	Collection Fund Balance	Council Tax Requirement
	£	£	£
Craven District Council	6,044,149	(17,547)	6,061,696
Hambleton District Council	10,114,674	(7,489)	10,122,164
Harrogate Borough Council	17,250,551	(93,193)	17,343,744
Richmondshire District Council	5,266,669	(74,422)	5,341,091
Ryedale District Council	5,865,718	(43,697)	5,909,414
Scarborough Borough Council	10,403,851	(5,190)	10,409,040
Selby District Council	8,700,035	8,591	8,691,444
York City Council	18,299,694	0	18,299,694
Total Precept	81,945,340	(232,947)	82,178,288

5.30 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. £82,178,288 by 303,173.8 giving a council tax rate for Band D properties of £271.06.

5.31 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% or £5.29 increase			
Property Band	2021/22	2020/21	Increase per Annum	Increase per Week
	£	£	£	£
A	180.707	177.180	3.53	0.07
B	210.824	206.710	4.11	0.08
C	240.942	236.240	4.70	0.09
D	271.060	265.770	5.29	0.10
E	331.296	324.830	6.47	0.12
F	391.531	383.890	7.64	0.15
G	451.767	442.950	8.82	0.17
H	542.120	531.540	10.58	0.20

5.32 5.22 As you will see from the table above the impact of the proposal to increase the Police precept by 1.99% will increase a household council tax bill by 10 pence per week for a Band D property

6 Conclusion

- 6.1 The Police Settlement for 2021/22 has provided the PFCC with an increase in Government Funding of £5.2m or 6.1%; including a Ring-fenced Grant for increases in Police Officers of £973k. Taking into account all other projected changes in income, other than from Precept, then the overall forecast increase in income is expected to be £4.5m.
- 6.2 This money needs to deliver 58 additional police officers during 2021/22, all of the additional support costs required to enable this to happen and all of the costs to enable these officers to undertake their role.
- The National costing model for this work indicated the costs for North Yorkshire would be around £4.5m.
 - In addition to this the organisation is subject to nationally agreed pay awards of 2.5% for last year, which have a knock on impact into 2021/22 of circa £1.4m.
 - Other pressures around non-pay, combined with specific areas of market cost pressures, such as vehicle insurance, contributions to national IT programmes, higher contributions to the National Police Air Support Unit and Regional Collaborations add significant further costs. All of which are being predominantly offset/absorbed by savings plans.
- 6.3 Whilst precept flexibility of up to £15 has been provided for all PFCCs (or equivalents) in 2021-22, which means that the Band D level of the Police Precept can be increased by up to, and including, £15 before a referendum is required, there is clear evidence from the reduction in the overall Tax Base and the Deficits on the Council Tax Collection Funds that the financial situation that people find themselves in during the pandemic is very challenging.
- 6.4 In addition to this there was only support from a sixth of people surveyed to increase the precept by the maximum permitted before a referendum is required.
- 6.5 As such a precept increase of 1.99% is proposed within the numbers contained within this report. This will provide sufficient funding to deliver the increased levels of Police Officers, as required by the Government, and meet the 2021/22 costs from the nationally agreed pay awards last year. All other costs and pressured are however going to need to be absorbed.
- 6.6 Each £1 increase in the precept in North Yorkshire provides just over £300k of additional precept income on a recurring basis – so nearly £3m per year of additional income would be generated if the precept was increased by the maximum amount allowed.

6.7 After taking into account the results of the consultation with the public of North Yorkshire, taking into account the clear financial challenges that are being felt within the communities of North Yorkshire right now, the financial needs of the Force to be able to deliver against the North Yorkshire share of the national increase in Police Officers and to be able to meet the unavoidable increases in costs that result from nationally agreed pay awards, I propose a police precept for 2021/22 of £271.06 for a Band D property within North Yorkshire. This is an increase of £5.29 per annum, or 1.99%, from the 2020/21 level

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

- Appendix 1 – Draft Budget based on a £5.29 or 1.99% Precept Increase
- Appendix 2 – Draft Capital Programme
- Appendix 3 – Draft Forecast Reserves Schedule
- Appendix 4 – Report on Police Precept Consultation

APPENDIX 1

PCC Summary MTFP - Draft Projections at January 2021 based on 1.99% Precept Increase

	Actual Budget	Forecasts			
	2020/21	2021/22	2022/23	2023/24	2024/25
Core Funding	£000s	£000s	£000s	£000s	£000s
Government Grant	(74,363)	(79,050)	(79,050)	(79,050)	(79,050)
Council Tax Precept	(81,094)	(81,945)	(85,131)	(88,126)	(91,565)
Council Tax Freeze Grant	(2,152)	(2,152)	(2,152)	(2,152)	(2,152)
Council Tax Support Grant	(5,746)	(6,901)	(5,746)	(5,746)	(5,746)
Funding for Net Budget Requirement	(163,355)	(170,048)	(172,079)	(175,074)	(178,513)
%age Change in Net Budgetary Requirement	5.8%	4.1%	1.2%	1.7%	2.0%
Other Funding					
Specific Grants	(5,887)	(5,259)	(9,813)	(9,833)	(9,853)
Partnership Income/Fees and Charges	(7,982)	(7,273)	(6,574)	(6,644)	(6,782)
Total Funding	(177,224)	(182,579)	(188,466)	(191,550)	(195,148)
%age Change in Funding	6.4%	3.0%	3.2%	1.6%	1.9%
Office of the PCC Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Total Planned Expenditure	1,150	1,175	1,250	1,300	1,350
Commissioned Services	£000s	£000s	£000s	£000s	£000s
Total Planned Expenditure	4,101	5,486	5,753	5,558	5,578
Policing Priorities Fund	£000s	£000s	£000s	£000s	£000s
Investment Fund	3,544	0	0	0	0
Total Policing Priorities Fund	3,544	0	0	0	0
Asset Management	689	660	745	820	965
Police Force Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Pay					
Police Pay	83,180	84,810	87,509	90,685	92,308
Police Overtime	2,101	2,312	2,312	1,966	1,850
PCSO Pay (incl Overtime)	7,651	7,672	7,742	7,939	8,178
Staff Pay (incl Overtime)	37,023	37,963	37,951	38,681	39,820
Pay Total	129,956	132,756	135,514	139,271	142,156
Non-Pay Budgets					
Other Non Salary	1,656	1,721	1,698	1,726	1,752
Injury and Medical Police Pensions	3,709	3,871	3,885	3,845	3,835
Premises	4,277	4,319	4,322	4,386	4,450
Supplies and Services	21,759	23,242	23,446	23,887	24,273
Transport	2,667	2,761	2,786	2,827	2,868
Non-Pay Total	34,069	35,914	36,136	36,671	37,178
Projects	1,202	1,368	2,536	1,535	1,087
Total Planned Force Expenditure	165,227	170,039	174,186	177,477	180,421
%age Change in Expenditure	6.9%	2.9%	2.4%	1.9%	1.7%
Total Expenditure Budgets after Efficiencies and Savings	174,711	177,359	181,933	185,156	188,314
(Surplus)/Deficit before Reserves/Capital	£000s	£000s	£000s	£000s	£000s
Planned Transfers to/(from) General Fund	0	0	0	0	0
Contribution to Capital Programme	2,715	5,476	6,670	6,365	6,804
Planned Transfers to/(from) Earmarked Reserves	(202)	(256)	(137)	30	30
Net (Surplus)/Deficit After Reserves	0	(0)	(0)	0	(0)
General Reserves	£000s	£000s	£000s	£000s	£000s
General Fund Balance b/f	5,759	5,759	5,759	5,759	5,759
Proposed (Use of)/Contribution to General Fund	0	0	0	0	0
General Fund Balance c/f	5,759	5,759	5,759	5,759	5,759
Employee Numbers	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,509	1,567	1,645	1,645	1,645
PCSOs	221	221	221	221	221
Police Staff	1,065	1,086	1,078	1,072	1,067
Assumptions					
Staff Pay Increases	2.5%	0.0%	1.0%	1.5%	2.0%
Police Pay Increases	2.5%	0.0%	1.0%	1.5%	2.0%
Non Pay Inflation	2.5%	1.5%	1.5%	1.5%	2.0%
Precept Increases	3.9%	2.0%	2.0%	2.0%	2.0%
Government Grant Increases	7.5%	6.3%	0.0%	0.0%	0.0%

	APPENDIX 2				
Capital Financing and Expenditure	2021/22	2022/23	2023/24	2024/25	2025/26
	£000s	£000s	£000s	£000s	£000s
Earmarked Reserve/Funding b/f	1,648	98	914	118	394
Capital Grant	116	116	116	116	116
Capital Receipts - vehicles	169	169	169	169	169
Capital Receipts from Estates Strategy	2,052	2,500	770	0	0
Contributions (to)/from Revenue	5,476	6,670	6,365	6,804	6,000
Borrowing	2,048	1,957	2,677	3,123	2,450
Projected in-year funding available	9,861	11,411	10,096	10,211	8,734
Capital and Project Plans					
ICT	5,313	4,708	5,095	2,095	2,095
Fleet	1,877	2,239	1,460	2,142	1,534
Estates	2,048	1,957	2,677	3,123	2,450
National IT and Change Programme	1,600	1,000	1,000	1,900	1,900
Other Rolling Programmes and Schemes	573	692	660	675	1,139
Total Agreed Programme	11,411	10,596	10,892	9,934	9,118
Earmarked Reserve/Funding c/f	98	914	118	394	11

Forecast Usable Reserves							APPENDIX 3						
	Balance at 31 March 2020	Tranfers In 2020/21	Tranfers Out 2020/21	Balance at 31 March 2021	Tranfers In 2021/22	Tranfers Out 2021/22	Balance at 31 March 2022	Tranfers In 2022/23	Tranfers Out 2022/23	Balance at 31 March 2023	Tranfers In 2023/24	Tranfers Out 2023/24	Balance at 31 March 2024
	£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.													
Revenue Initiatives	436	33	(101)	368	33	(33)	368	33	(33)	368	33	(33)	368
Capital Reserve	0	2,715	(2,715)	(0)	5,476	(5,476)	(0)	6,670	(6,670)	(0)	6,365	(6,365)	(0)
Firearms Licence Reserve	590			590			590			590			590
PCC Community Fund Reserve	308		(250)	58			58			58			58
Investments Reserve	817		(300)	517		(237)	280		(167)	114			114
Training Reserve	190			190			190			190			190
Commissioned Services Reserve	534		(114)	420		(44)	376			376			376
Total Reserves within current MTFP	2,875	2,747	(3,479)	2,143	5,509	(5,789)	1,862	6,702	(6,869)	1,695	6,397	(6,397)	1,695
Funding for specific projects and programmes beyond the current planning period.													
Confiscated Monies Reserve	160	130	(100)	190	130	(100)	220	130	(100)	250	130	(100)	280
Cost of Change Reserve	220			220			220			220			220
Total Reserves beyond current MTFP	380	130	(100)	410	130	(100)	440	130	(100)	470	130	(100)	500
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	511			511			511			511			511
Pay and Pensions Reserve	1,012			1,012			1,012			1,012			1,012
Major Incident Reserve	1,114			1,114			1,114			1,114			1,114
Total General Contingency Reserves	2,637			2,637			2,637			2,637			2,637
Total Earmarked Reserves	5,892	2,877	(3,579)	5,190	5,639	(5,889)	4,940	6,832	(6,969)	4,803	6,527	(6,497)	4,833
General Reserves	5,603	0	0	5,603	0	0	5,603	0	0	5,603	0	0	5,603
Total Usable Reserves	11,495	2,877	(3,579)	10,793	5,639	(5,889)	10,542	6,832	(6,969)	10,406	6,527	(6,497)	10,436
Capital Receipts Reserve	1,979	1,419	(1,750)	1,648	2,221	(3,772)	97	2,669	(1,853)	913	939	(1,735)	117

APPENDIX 4

Precept Consultation Results 2021/22 – 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 (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 policing precept are very likely to also suggest a freeze for the fire and rescue precept (71%). 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. Over two-thirds of respondents (64%) were prepared to pay an increase of at least £5.29 in their council tax for policing next year.

Figure 1: Policing precept response

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

