



North Yorkshire Police, Fire & Crime Commissioner

Setting the Precepts 2024/25

Police and Fire & Rescue

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Provisional 2024-25 Police Funding Settlement – Headlines

- Up to £18.4 billion for policing in 2024/25, an increase of up to £843 million on the (restated) 2023/24 funding settlement.
- Available funding to PCCs will increase by up to an additional £922m in 2024/25, assuming full take up of local flexibility to increase council tax by the maximum amount.
- £13 precept flexibility for all PCCs, or equivalent, for 24/25
- Would equate to a national increase to PCC funding - in cash terms - of 6%

Provisional 2024-25 Police Funding Settlement – Precept

- The £922m available to PCCs is broken down as follows:
- A £150m increase in Government grant funding to PCCs. However **ALL** of this is added to the ring-fenced funding to maintain the Police Officer Uplift Programme.
- £185m to **fund last years** 7% pay award
- £259m to cover additional costs of police pension scheme contributions.
- £27m one off grant relating to costs of pension changes.
- Up to £298m additional funding from council tax precept, based on current forecasts and **assuming all PCCs** maximise their precept flexibility. The Government is enabling PCCs to increase precept by up to £13 for a Band D equivalent property.

Precept

- A £13 increase in North Yorkshire would be the equivalent of a 4.4% increase.
- The current planning assumption is for an increase in precept of 2.99% , or £8.83 extra, for a Band D property.
- Underlying Tax Base has seen growth of 1.1%.
- Depending on the position on the councils Collection Funds then the increase in core funding, in comparison to 2023/24 is expected to be around 6% (the forecast national average), even with a lower than maximum precept increase.

Impact of a 2.99% £8.83 increase in Band D Precept

Overall Government and Local Revenue Funding				
	2024/25	2023/24	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
<u>Government Funding</u>				
Police Grant	(55,615)	(54,390)	(1,225)	2.3%
RSG/National Non Domestic Rate	(33,156)	(32,589)	(567)	1.7%
Police Officer Uplift Grant	(5,096)	(2,677)	(2,420)	90.4%
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	(4,930)	(1,449)	(3,481)	240.2%
Government Funding Changes	(106,695)	(99,002)	(7,693)	7.8%
Impact of a £8.83 (2.99%) Band D Precept increase				
Net Surplus on Collection Funds	(484)	(484)	(0)	
Council Tax Requirement	(95,767)	(91,970)	(3,798)	4.1%
Total Local Funding	(96,251)	(92,454)	(3,798)	4.1%
Total Government + Local Funding	(202,946)	(191,456)	(11,490)	6.0%

Precept

- Current Council Tax/Precept Levels:
 - Band D: £295.09 – £5.66 per week
- Impact of a **£8.83, or 2.99% increase** in 2024/25
 - Would equate to around **17p extra per week** for a Band D property
 - Would provide **£2.8m additional funding** (versus 23/24 precept level)
- Impact of a **£13, or 4.4% increase** in 2024/25
 - Would equate to around **25p extra per week** for a Band D property
 - Would provide **£4.1m additional funding** (versus 23/24 precept level)

Pay Awards and Wider Inflation

Forecast additional Pay Costs	Forecasts 2024/25
	<u>£000s</u>
Impact of 23/24 Pay Awards @ 7% in 24/25	1,790
Increase in Employer Pension Contributions rate to Office Pension Scheme	2,845
Assume 2.5% Pay Awards from Sept-24	2,390
Increase Police Officers to 1,660 FTEs in 24/25	830
Investment in Force Control Room	1,065
Combination of multiple changes	(250)
Total Forecast Additional Pay Costs	8,670
Impact of Inflation and Pressures on Non-pay Budgets:	Forecasts 2024/25
	<u>£000s</u>
Other Non Salary	2,340
Injury and Medical Police Pensions	425
Estates	(160)
Supplies and Services	2,300
Transport Pressures	(410)
Commissioned Services Growth	1,370
Other Inflationary pressures net of savings target	(105)
Total Forecast Additional Inflationary Non-Pay Costs	5,760
Movement on Reserves and Capital	1,300
Potential Additional Costs	15,730

Changes Beyond Inflation

- The Force will exceed their Uplift Target of 1,644 Police Officers by the end of 2023/24 – and will be funded to exceed this by more than 20 in 2024/25.
- These additional roles are being funded by £980k additional grant from the Government. **(non-recurring)**
- **Further Investment of over £1m per year** is planned into the Force Control Room.
- Other investments are planned into Safeguarding.
- Wider staff vacancies will need to be managed to make this affordable
- Structures will be based on the recently completed organisational design review.

Additional Funding

- So we have £15.7m of additional costs and £11.5m of additional 'Core' income – Where is the rest coming from?
 - We will receive £1m to support activity designed to combat anti-social behaviour and serious violence.
 - We will receive £0.5m to support immediate justice.
 - We will receive £0.35m to continue the work on the schemes started in 2023/24 around Safer Streets.
 - We will receive £0.26m to our serious violence duty.
 - £1.8m is expected from the Apprenticeship Levy to fund Police Officer training costs.
 - We forecast an additional £0.65m from interest receivable.

Where does this leave us?

- Assuming a 2.99% precept increase, then:
- We will balance the budget across the MTFP with a small efficiency target of £250k in 2024/25, increasing to £1m per year thereafter.

Precept consultation

- **Police and Fire & Rescue** consultation
- Representative telephone interviews (target is 1,000)
- And Online survey
- Consultation closes 21st January 2024
 - Full results to Panel in February

The survey can be found at:

www.tellCommissionerZoe.co.uk

Police

- The following options are based on an average Band D property currently paying £295.09 each year 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 levels of service delivery could not be maintained
- **Up to £10 a year more (83 pence per month), an increase of 3.4%**

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 £15 a year more (£1.25 per month), an increase of 5.1%**

This would raise around £4.7 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 £20 a year more (£1.67 per month), an increase of 6.8%**

This would raise around £6.2 million, is broadly in line with the organisation's inflationary pressures and would lead to no reductions in current levels of service delivery.

Future Funding and Planning Assumptions

- Precept increases of 2.99% are included within the plans for 2025/26 and beyond.
- Government Grant increases of 2% in 25/26 and beyond are assumed
- 1.1% increase in Tax Base in 2024/25 followed by 1.4% increases thereafter.
- £600k collection surplus per annum.
- Pensions Grant continues at current level.
- Pay Awards are 2.5%, (24/25), then 2% thereafter.
- Additional funding is provided to maintain the Uplift Programme in future years.

Reserves

- General Reserves are projected to be £5.5m throughout the plan.
- This is 2.9% of Net Budget Requirement in 24/25.
- Earmarked Reserves are expected to be £14.5m at the start of 24/25.
- Capital Receipts Reserve is expected to be £9m at the start of 24/25.

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Provisional Local Government Finance Settlement

- Fire and Rescue Authorities precept flexibility remains at 3%.
- **Standalone FRAs see smallest Core Spending Power (CSP) increase of all classes - 4.6%.**
- Core Spending Power increases by an average of 6.5% across the board - this consists of £1.825bn of additional grant and £2.078bn in additional council tax (assuming all LAs levy the maximum precept allowed in 24-25).
- Services Grant reduces by 84% to £77m. Social care grants rise by 20%.
- 3% Funding Guarantee continues in 2024-25 - ensures councils get at least 3% increase in CSP, before council tax or decisions on use of reserves.
- 31 out of the 44 FRAs hit the Funding Guarantee threshold for 2024-25
- Rural Services Delivery Grant continues at £95m.
- Fire and Rescue Pensions Grant (£115m) now included within Core Spending Power

Precept

- A 2.99% increase for North Yorkshire Fire would be the equivalent of a £2.41 increase for a Band D property.
- Underlying Tax Base has seen growth of 1.1%.
- Depending on the position on the councils Collection Funds then the increase in core funding, in comparison to 2023-24 **is expected to be around 5%**. (this is expected to be around 0.4% higher than the national average for FRA's)

Impact of a £2.41 (2.99%) increase in Band D Precept

Local and Government Funding				
	2024/25	2023/24	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
<u>Government Funding</u>				
Total Settlement Funding	(11,441)	(9,284)	(2,157)	23.2%
Rural Services Grant	(604)	(604)	0	0.0%
Services Grant/Funding Guarantee	(444)	(249)	(195)	78.5%
Pensions Grant		(1,711)	1,711	-100.0%
Compensation for Underindexing of Business Rates	(1,315)	(1,088)	(228)	20.9%
Total Government Funding	(13,804)	(12,935)	(869)	6.7%
Impact of a £2.41 (2.99%) increase in Band D Precept				
Net Surplus on Collection Funds	(129)	(129)	0	
Council Tax Requirement	(26,160)	(25,123)	(1,037)	
Total Local Funding	(26,290)	(25,253)	(1,037)	4.1%
Total Government + Local Funding	(40,094)	(38,188)	(1,906)	5.0%

Precept

- Current Council Tax/Precept Levels:
 - Band D: £80.61 – £1.55 per week
- Impact of a 2.99% increase in 2024/25
 - Would equate to an annual increase of £2.41 for a Band D property. (or just under 5 pence per week)
- **Any increase above 2.99% would require a Referendum**

What has changed since Feb-23?

Staff Pay

- 2023/24 pay award – £1,925 for those earning up to £49,950 and 3.88% for higher earners - **£40k higher** than MTFP.

Inflation

- Forecast was CPI would be 5% in Sept-23, it was 6.7%.
 - This has led to higher Grant Settlement **+ £150k**
 - **BUT** higher costs (**Yes**) and pay awards (**Probably**)

Interest Rates

- Have increased from around 3% when setting the 23/24 plan, to 5.25% now.
 - This will lead to higher interest receivable **+ £170k**
 - **BUT** higher interest payable on borrowing? **£240k**

What has changed since Feb-23?

Tax Base

We had forecast a 1.2% increase in the Tax Base, it has been confirmed at 1.1% increase - **£25k** less than forecast

Pay

- In Feb-23 we assumed 2% pay awards across the rest of the MTFP period
- Current plan assumes 2.5% in 2024/25 and then 2% per year thereafter – **£145k higher**
- **Each 0.5% higher than this adds a further £145k**

What has changed since Feb-23

Non Pay Inflation and Pressures net of savings - £1,135k

- £1,685k of pressures/inflation/growth currently identified and factored into plans.
- £550k of non-pay savings identified and factored into plans.

What hasn't changed since Feb-23

RRM efficiencies still assumed

- Harrogate – 4 less FFs from April-24 - **£210k saving**
- Scarborough – 4 less FFs from April-25 - **£215k saving**
- Operational Staffing Reserve – 7 less FFs from April-25 - **£375k saving**

RRM Investments still planned

- Prevention and Protection – phase 2 + **£107k**, 2.5 FTEs from April-25
- On-Call Investment
 - 24/25 - **£332k**
 - 25/26 - **£788k**

Where does this leave us?

- We are working to have a balanced budget across the 4 years of our MTFP
- The finances continue to be exceptional tight.
- Please keep in mind that this assumes a 2.5% pay award for both staff and firefighters in 24/25.
- A pay award above this level cannot be afforded by the Service without additional funding or significant changes to the current plans.
- We have some final areas to finalise in relation to Precept and Business Rates

Fire & Rescue

- The following options are based on an average Band D property currently paying £80.61 each year for Fire and Rescue.
- **No more than I pay now – a precept freeze**

This would mean a significant cut to the fire and rescue budget due to inflation and current service delivery could not be maintained.
- **Up to £2.41 a year more (20 pence per month), an increase of 2.99%**

This would raise around £750k, however is significantly below inflation and would likely lead to reductions in current levels of service delivery.
- **Up to £5 a year more (42 pence per month), an increase of 6.2%**

This would raise around £1.6m, is broadly in line with the organisation's inflationary pressures and would lead to no reductions in planned levels of service delivery
- **Up to £7.50 a year more (63 pence per month), an increase of 9.3%**

This would raise around £2.4m, is likely to be higher than the organisation's inflationary pressures and would allow some additional investment into fire and rescue service delivery.

Future Funding and Planning Assumptions

- Precept increases of 2.99% are assumed to be possible for 2025/26 and beyond
- Government Grant increases of 2% each year
- 1.1% increase in Tax Base in 2024/25 followed by 1.4% increases thereafter.
- £160k collection surplus per annum.
- Pensions Grant continues at current level.
- Pay Awards are 2.5%, (24/25), then 2% thereafter.

Reserves

- General Reserves are projected to be £1.1m throughout the plan.
- This is 2.8% of Net Budget Requirement in 24/25.
- Earmarked Reserves are expected to be £2m at the start of 24/25.
- Capital Reserves are expected to be £1.9m at the start of 24/25.
- Further details on reserves will be provided in February