



## **Report of the PCC for North Yorkshire to the Police and Crime Panel**

**30<sup>th</sup> January 2018**

**Status: For decision**

### **The 2018/19 Precept Proposal**

#### **1 Purpose**

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

#### **2 Recommendations**

- 2.1 The Panel is asked to consider my proposal to set the Band D Police Element of the Council Tax within North Yorkshire for 2018/19 at £232.82. This is an increase of £11.50 over the 2017/18 level.
- 2.2 The Panel is asked to note that in making this proposal I have taken into account the results of consultation with the public of North Yorkshire in relation to the level of precept for 2018/19. This consultation had 2,122 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 police service not paid for by central government is met by local taxpayers through a precept on their council tax. In North Yorkshire this will equate to just over 45% of the overall income that I will receive in 2018/19. It is the responsibility of the eight local billing authorities to collect this.
- 3.2 Legislation requires the precept for 2018/19 to be set before 1<sup>st</sup> March 2018 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 1<sup>st</sup> February 2018. 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 2018/19 and in the future.
  - The limits imposed by the Government on a precept increase before a referendum would be triggered in North Yorkshire.
  - I have discussed my proposals with both the Chief Constable and engaged and consulted with the public on the options available to me.

### **Overall Financial Context**

3.4 Provision Police Funding Settlement 2018/19

The Provisional 2018-19 Police Finance Settlement was announced in an oral statement by the Minister for Policing and the Fire Service Nick Hurd MP on Tuesday 19 December. This was followed by a written ministerial statement shortly after. Full details of the settlement can be found on the Home Office pages of the gov.uk website.

3.5 Headlines

The main points within the provisional settlement are as follows:

- Precept flexibility to increase the level of Band D precept by up to £12 for all PCCs (or equivalents) in 2018-19 without triggering a referendum
- Flat cash grant funding (i.e. the same allocations as in 2017-18 for Home Office Core Police Settlement)
- Updated assumptions around tax base growth – now assuming tax bases with grow by 1.34% in England.
- Including these assumptions on council tax and based on the 1.5% GDP deflator (the Government measure of inflation), the resulting settlement, including council tax, represents a “real terms” increase for all between 2017-18 and 2018-19
- £450m additional funding for the service – includes £130m additional reallocation and approximately £147m as a result of additional council tax flexibilities.
- £50m additional counter Terrorism funding and the remaining £123m can be considered as “new money”.
- The minister’s letter to PCCs refers to this additional funding in addition to identified efficiency savings of up to £100m (procurement) to enable “appropriate provision for likely cost increases next year”.

### 3.6 Government Funding for 2018/19 and beyond

Nick Hurd's letter and statement both state the Home Office's intention to offer greater certainty on plans for 2019-20. Their intention is to maintain a broadly flat Government Grant settlement with the same precept flexibility but this is dependent on progress against a number of efficiency milestones to be agreed in the New Year.

3.7 The Police Formula review is now unlikely to be revisited until the next spending review.

3.8 He went on to state that - The increase in 2018/19 funding to PCCs must be matched by a serious commitment from PCCs and chief constables to reform by improving productivity and efficiency to deliver a better, more transparent service to the public. Following my discussions with forces and Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS), I have three clear priorities:

- Seek and deliver further cost efficiencies. I welcome the progress forces have made against the £350m procurement savings target set at Spending Review 2015. However, there is a lot more to do. We have helped to identify £100m of potential savings in areas such as fleet, professional services and construction. Forces will need to make greater use of national procurement through lead forces to make these savings. We are providing support through the Police Transformation Fund and we will also help establish a force-led National Centre of Excellence to drive down back-office costs, and make best use of estates.
- A modern digitally enabled workforce that allows frontline officers to spend less time dealing with bureaucracy and more time preventing and fighting crime and protecting the public. If all forces could deliver the same one hour per officer per day of productivity benefits from mobile working as the best in a recent sample with eight forces, this has the potential to free up the equivalent of 11,000 extra officers nationally to provide the proactive policing that committed police officers want to deliver. We will work with policing to set up a specialist team to make sure all police forces have access to, and make use of, the best mobile working apps to enable forces to free up extra hours to spend at the frontline.
- Greater transparency in how public money is used locally. It is necessary for police to hold financial reserves, including primarily for contingencies, emergencies and major change costs. As at March 2017 police forces held usable resource reserves of over £1.6bn. This compares to £1.4bn in 2011. Current reserves held represent 15% of annual police funding to PCCs. There are wide variations between forces with Gwent for example holding 42% and Northumbria holding 6%. This is public money and the public are entitled to more

information around police plans for reserves and how those plans will support more effective policing. So we will be improving transparency around reserves in the new year through enhanced guidance and through national publication of comparable reserves data. HMICFRS are also consulting on plans for Force Management Statements, which could make more information on police forces available to the public.

3.9 Discussions will be held with police leadership to agree milestones against these priorities that need to be achieved over 2018.

3.10 "I have listened to the views of PCCs and Chief Constables, who have requested greater certainty about future funding to help more efficient financial planning. If the police deliver clear and substantial progress against the agreed milestones on productivity and efficiency in 2018, then the Government intends to maintain the protection of a broadly flat police grant in 2019/20 and repeat the same flexibility of the precept, i.e. allowing PCCs to increase their Band D precept by a further up to £12 in 2019/20."

### 3.11 Ministry of Justice (MoJ) Funding

The Ministry of Justice have confirmed the level of the Victims and Witnesses Grant for 2018/19, and while the overall amount allocated to PCC's has remained static at £63,150k, the grant is allocated based on population.

3.12 As the population of North Yorkshire is not growing as quickly as others areas of the country the amount that will be received by the PCC in 2018/19 will be £3,289 (or 0.35%) lower than the amount received in 2017/18, with the total grant being £945k.

### 3.13 MTFP Assumptions

When the 2017/18 budget was set in February 2017 the forecasts were underpinned by the following assumptions:

- Pay Awards: 1% increase p.a
- Precept: Increases of 1.99% per annum
- Tax Base increases 1.0% per annum, Collection Surplus £300k p.a
- Grant Reductions: -1.4%, until 2019/20
- Impact of Funding Formula review – Annual reductions of £1m
- Inflation: 1.25% for most areas, 2.5% for Utilities, Petrol and Rates

3.14 In line with good planning our assumptions remain under review and are updated with the best information available, the current assumptions incorporated into the MTFP for 2018/19 and beyond are as follows:

- Pay Awards: 2% increase p.a
- Precept: Increases of £11.50 in 18/19, £12 in 19/20 and then 1.99% per annum thereafter
- Tax Base increases 1.0% per annum, Collection Surplus £400k p.a

- Government Grants: Frozen until 2019/20 and then increased by 2% thereafter
- Impact of Funding Formula: Nil
- Inflation: 2.0% for most areas

3.15 Based on these revised assumptions and the information received and forecast around other areas of funding then the entire funding expected to be available to me for the next 4 years, in comparison to 2017/18, is as follows:

	Actual	Forecasts			
	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Funding</b>	£000s	£000s	£000s	£000s	£000s
Government Grant	(67,762)	(67,762)	(67,762)	(69,117)	(70,499)
Council Tax Precept	(66,029)	(69,848)	(73,860)	(76,076)	(78,352)
Council Tax Freeze Grant	(2,152)	(2,152)	(2,152)	(2,152)	(2,152)
Council Tax Support Grant	(5,746)	(5,746)	(5,746)	(5,746)	(5,746)
<b>Funding for Net Budget Requirement (NBR)</b>	<b>(141,689)</b>	<b>(145,508)</b>	<b>(149,520)</b>	<b>(153,091)</b>	<b>(156,749)</b>
%age change in Net Budget Requirement	1.1%	2.7%	2.8%	2.4%	2.4%
Specific Grants	(3,021)	(2,900)	(2,375)	(2,375)	(2,375)
Partnership Income/Fees and Charges	(9,970)	(8,702)	(8,500)	(8,544)	(8,605)
<b>Total Funding</b>	<b>(154,680)</b>	<b>(157,110)</b>	<b>(160,395)</b>	<b>(164,010)</b>	<b>(167,730)</b>
%age change in Total Funding	3.1%	1.6%	2.1%	2.3%	2.3%
<b>Total Funding Assumption at February 2017</b>	<b>(154,680)</b>	<b>(153,313)</b>	<b>(153,523)</b>	<b>(156,039)</b>	
<b>Changes to Total Funding Forecasts since Feb 2017</b>	<b>0</b>	<b>(3,797)</b>	<b>(6,872)</b>	<b>(7,971)</b>	

- 3.16 As a result of the Government Grant settlements being better than expected, the flexibility to increase precept by more than previously forecast and the Funding Formula review not going ahead in the short term, then the overall funding available to the me is significantly higher than projected in February 2017.
- 3.17 In 2018/19 I am expected to have £3.8m more income than was forecast in February 2017, £6.9m more in 2019/20 and nearly £8m more than forecast in 2020/21 assuming that the Precept increases discussed in this report are approved.
- 3.18 While this is better than the organisation was planning for, it is worth noting that this increase would be absorbed by the unavoidable additional costs to the organisation in 2018/19, which are higher than previously forecast, in comparison to 2017/18, primarily from 2% National Pay Awards and more general inflation, where CPI is currently 3.0% and RPI 4.1%.
- 3.19 Therefore despite a better funding position than previously forecast there is still a need for the organisation to generate savings, to not only balance the budget but also to aid investment in priority areas. Any change to the

proposed £11.50 increase in precept would therefore increase the savings needed and/or require reduced services.

- 3.20 In addition to having more money than forecast in February 2017, I also expect to see year on year increases in the total funding available to me in line with inflation and therefore I should have a funding base from which to deliver sustainable services if these forecasts become reality.
- 3.21 I am very aware that the Precept is hard-earned public money, and I am therefore determined that the uplift from the Precept should be spent on the public's priorities. As such I expect efficiency savings to pay for improved wage increases and other inflationary pressures, and have set a focus around transformational change for the organisation. I will also create a new policing priorities fund to align public and police priorities and development.
- 3.22 Transformational Change, Value for Money, Efficiencies and Investments  
There are a number of areas of focus for the organisation over the coming months and years, one of these key areas is around Value for Money and the delivery of efficiencies.
- 3.23 This focus has already started to deliver savings, for example, the proposed budget for Corporate Services, of £22,063k is £731k (or 3.2%) lower than the projected budget for this area, as at February 2017, despite higher levels of pay inflation.
- 3.24 The main areas of savings factored into this area are:
- ICT savings of £690k relating to Unified Communications
  - Estates savings of £500k relating to the move to Alverton and the NYFRS Transport Hub
  - Increased staffing vacancies - £345k
- 3.25 This focus will need to continue into 2019/20 and beyond.
- 3.26 Policing Priorities Fund  
One new area of the budget, which is going to be held separately under the control of the PCC relates to a fund for Service Improvements and Development. It is funded through the additional capacity that has been provided, in 2018/19, through the better than expected funding settlement and specifically the additional Precept funding that would be received if the increase of £11.50 per year for a Band D property is agreed.
- 3.27 This funding will be held under the control of the PCC until the PCC has approved that it is allocated to a specific area of the organisation. Based on current projections, and an expectation that future increases of precept will be used in a similar way, then this area will have the following funding levels:
- 2018/19 - £1.9m

- 2019/20 - £3.8m
- 2020/21 - £6.0m
- 2021/22 - £8.5m

3.28 Through the Police and Crime Plan, the public have set four very clear priorities, and bids to this fund will need to clearly demonstrate how they deliver across all four of these. In this year it is expected that areas that may be considered for funding are:

- Investment in the Force Control Room to improve performance and customer service
- Maintaining and increasing frontline policing and PCSO numbers, helping the Chief Constable and me to reach our goal of 1,400 police officers (an increase of 81 from December 2017 levels) and 200 PCSOs.
- Investment in services for Victims
- Transformational Change

3.29 Transformational Change

To be able to deliver service improvements going forward, to be able to deliver the necessary investment in new technology and new ways of working that are being developed at a national level, to be able to meet the requirements set out by the Policing Minister for future funding flexibility and to meet increasing demands and new and developing areas of service need; the organisation will need to embrace and deliver transformational change. This will also need to address the improvements required in efficiency and effectiveness within the organisation as highlighted through the Value for Money indicators and the recent inspection by HMICFRS.

3.30 With this in mind the Policing Priorities Fund for 2018/19 is likely to be needed to fund some work in this area, but ultimately it is expected that this work will need to deliver significant savings, in line with the additional efficiency targets set within the plan – totalling £7.5m over the next 4 years - whilst also covering its costs.

3.31 The ability to maintain previous investment in vulnerability, rural crime, cybercrime, mental health service and make new ones, such as investment into the Force Control Room, is predicated on the precept proposal that I set out today and also on the assumptions outlined within this report.

## 4 Public Consultation

- 4.1 To further inform my decision around the proposed precept for 2018/19 consultation has been undertaken with the Public to ascertain their feedback and thoughts on this subject.
- 4.2 The results of consultation with the public of North Yorkshire in relation to the level of precept for 2018/19, which had 2,212 responses, which is over 40% more than 2017/18, has resulted in 75% of the public of North Yorkshire supporting an increase.

	Telephone (n=728)	Online (n=1,412)	Total (n=2,140)
Freeze	20%	28%	25%
Increase by 1.99%	74%	64%	68%
More than 1.99%	6%	8%	7%
Increase by £12	67%*	56%*	62%*

\* Telephone n=604 / Online n=577 / Total n=1181 due to question being included part-way through consultation following government announcement

- 4.3 Those who approved an increase by, or more than, 1.99% were also asked how much more they would be willing to pay:
- More than £10 per year – 17% telephone, 26% on-line
  - £5-10 per year – 53% telephone, 43% on-line
  - Up to £5 per year – 30% telephone, 31% on-line
- 4.4 Once the £12 option had been approved by government, this was also added to the consultation and 62% said that they would be happy to pay £12.
- 4.5 In looking at the public opinion, a clear majority support an increase to the precept. Of those who answered before the £12 question was added a majority supported a rise of up to £10. Since then a majority support an increase to £12. As this is not a significant difference and given the support for this, I believe it is acceptable to suggest that the majority of all respondents would support a £11.50 increase.
- 4.6 The consultation was undertaken in numerous ways. An open online survey was carried out as well as a telephone survey of a representative sample. The open survey was publicised on the Police and Crime Commissioner’s website and social media, and via leaflets located in libraries and other locations in communities. The results of the consultation can be seen in Appendix 4.



## 5 Financial Implications

### 5.1 The Tax Base

The eight local Councils have notified me of their tax bases for 2018/19 as set out in the table below:

<b>Tax Base</b>	<b>2018/19</b>	<b>2017/18</b>
	Net Tax Base	Net Tax Base
Craven District Council	22,455	22,093
Hambleton District Council	36,033	35,640
Harrogate Borough Council	61,898	61,480
Richmondshire District Council	19,608	19,607
Ryedale District Council	21,581	21,277
Scarborough Borough Council	38,007	37,624
Selby District Council	30,837	30,568
York City Council	66,671	65,570
<b>Total</b>	<b>297,090</b>	<b>293,858</b>
<b>Annual Increase</b>	<b>3,231</b>	
<b>Percentage Increase</b>	<b>1.10%</b>	

- 5.2 The tax base is expressed in terms of Band D equivalent properties. Actual properties are converted to Band D equivalent by allowing for the relevant value of their tax bands as set down in legislation (ranging from 2/3rds for Band A to double for Band H; discounts for single person occupation, vacant properties, people with disabilities etc;) and a percentage is deducted for non-collection. Allowance is also made for anticipated changes in the number of properties.
- 5.3 The tax base calculated by the billing authorities differ from the figures used by the Government (which assumes 100% collection) in calculating Grant Formula entitlements.
- 5.4 As can be seen from the table above the number of Band D equivalent properties across North Yorkshire has increased in 2018-19, in comparison to 2017-18, by 3,231 – this equates to an increase of 1.10%. This is the smallest increase in the last 5 years.
- 5.5 The financial impact of this permanent increase in the number of calculated Band D properties of 3,231 is a recurring increase in precept funding of £754k from 2018/19 onwards, which has helped to reduce budget reductions and savings.
- 5.6 The 2018/19 tax base is therefore 297,089.53 Band D Equivalent properties.

## 5.7 Setting the Council Tax

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

<b>Collection Funds Surplus/ (Deficit)</b>	
	<b>£</b>
Craven District Council	99,141
Hambleton District Council	11,390
Harrogate Borough Council	23,014
Richmondshire District Council	(35,279)
Ryedale District Council	29,700
Scarborough Borough Council	171,288
Selby District Council	93,559
York City Council	286,654
<b>Net Surplus on Collection Fund</b>	<b>679,467</b>

5.8 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.

5.9 In the 6 years prior to the Localisation of Council Tax benefits, the overall surplus on the collections funds of the 8 Councils, averaged just under £140k per annum. In the following 5 years the collection surpluses have been as follows:

- 2014/15 - £385k
- 2015/16 - £757k
- 2016/17 - £971k
- 2017/18 - £993k
- 2018/19 - £679k

5.10 This results, in part, from continued house building, changes made to Localisation of Council Tax benefit schemes, a review of single person discounts and the implementation of new powers on council tax application, such as on empty properties. There is however no guarantee that this level of surplus will continue into future years and therefore the current financial plans assume a surplus on the collective collection funds of £400k per annum across the eight councils.

## 5.11 Financial Summary

### Net Budget Requirement

Based on the proposed precept increase of £11.50 the Net Budget Requirement (NBR) for 2018/19, in comparison to 2017/18, is set out in the table below:

<b>Funding the Net Budget Requirement</b>	<b>2018/19</b>	<b>2017/18</b>	<b>(Increase)/Reduction</b>	<b>%age Change</b>
	£000s	£000s	£000s	
<b>Funding</b>				
Police Grant	(41,100)	(41,100)	0	0.0%
RSG/National Non Domestic Rate	(26,662)	(26,662)	0	0.0%
<b>Total Formula Funding</b>	<b>(67,762)</b>	<b>(67,762)</b>	<b>0</b>	<b>0.0%</b>
Net Surplus on Collection Funds	(679)	(993)	313	-31.6%
Council Tax Freeze Grant	(2,152)	(2,152)	0	0.0%
Council Tax Support Grant	(5,746)	(5,746)	0	0.0%
Council Tax Requirement	(69,168)	(65,037)	(4,132)	6.4%
<b>Net Budget Requirement</b>	<b>(145,508)</b>	<b>(141,689)</b>	<b>(3,818)</b>	<b>2.7%</b>

5.12 As can be seen from the above the NBR is expected to increase in 2018/19, by £3.8m (or 2.7%,) if the precept is increased by £11.50. While this is better than the organisation was planning, it is worth noting that this increase is absorbed by unavoidable additional costs to the organisation in 2018/19, in comparison to 2017/18, primarily from 2% National Pay Awards and more general inflation, where CPI is currently 3.0% and RPI 4.1%.

5.13 Therefore despite a better funding position than previously forecast there is still a need for the organisation to generate savings, to not only balance the budget but also to aid investment in priority areas. Any change to the proposed £11.50 increase in precept would therefore increase the savings needed and/or require reduced services.

## 5.14 Precept Calculations

The final precept calculations are set out in the tables below based on a £11.50 increase:

<b>Proposed Precepts - £11.50 Increase</b>			
	<b>Unadjusted Precept</b>	<b>Collection Fund Balance</b>	<b>Council Tax Requirement</b>
	£	£	£
Craven District Council	5,327,114	99,141	5,227,973
Hambleton District Council	8,402,493	13,278	8,389,215
Harrogate Borough Council	14,434,027	23,014	14,411,013
Richmondshire District Council	4,527,851	(37,167)	4,565,018
Ryedale District Council	5,054,275	29,700	5,024,575
Scarborough Borough Council	9,020,043	171,288	8,848,755
Selby District Council	7,273,029	93,559	7,179,470
York City Council	15,809,020	286,654	15,522,366
<b>Total Precept</b>	<b>69,847,851</b>	<b>679,467</b>	<b>69,168,384</b>

- 5.15 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. £69,168,384 by 297,089.53 giving a council tax rate for Band D properties of £232.82.
- 5.16 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 2017/18. It is advised that the tax rates should be calculated to more than 2 decimal places.

Council Tax Band Amounts and Increases				
	£11.50 increase			
Property Band	2018/19	2017/18	Increase per Annum	Increase per Week
	£	£	£	£
A	155.213	147.547	7.67	0.15
B	181.082	172.138	8.94	0.17
C	206.951	196.729	10.22	0.20
D	232.820	221.320	11.50	0.22
E	284.558	270.502	14.06	0.27
F	336.296	319.684	16.61	0.32
G	388.033	368.867	19.17	0.37
H	465.640	442.640	23.00	0.44

- 5.17 As you will see from the table above the impact of my proposal to increase the Police precept by £11.50 will increase a household council tax bill by 22 pence per week for a Band D property.

## 6. Conclusion

I have considered various options and various factors in deliberating on my proposal for precept in 2018/19. I have taken into account the needs for the continued delivery of high levels of Policing and Crime services within North Yorkshire. I have spoken with the Chief Constable and have consulted with the public. Based on these views and the financial needs of the organisation over the medium term I formally propose a precept increase of £11.50 for 2018/19 and ask that this panel considers my proposal.

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

A Decision Note on 'Proposing the 2018/19 Precept'

Further to this the following additional Appendices are also attached:

- Appendix 1 – Draft Budget based on a £11.50 Precept Increase
- Appendix 2 – Draft Capital and Revenue Development Programme
- Appendix 3 – Draft Forecast Reserves Schedule

- Appendix 4 – Report on Police Precept Consultation

### **Glossary**

**Band D council tax** - This is the council tax payable on a Band D dwelling occupied as a main residence by two adults, before any reductions due to discounts, exemptions or council tax benefit. This definition is widely regarded as a benchmark when comparing council tax levels in different areas or over time.

**Billing Authorities** - Billing authorities are the 326 authorities (354 before 1 April 2009) that are empowered to set and collect council taxes, and manage a Collection Fund, on behalf of themselves and other local authorities in their area.

**Budget requirement** – This is an amount calculated, in advance of each year, by each billing authority, by each major precepting authority and by each local precepting authority (primarily parish councils). It is broadly the authority's net revenue expenditure allowing for movement in reserves. It is therefore, the amount to be met from revenue support grant, redistributed non-domestic rates, principal formula police grant, GLA general grant and council tax.

**Chargeable dwellings** - Those domestic dwellings in an area for which council tax is payable. It excludes dwellings on the valuation list which are exempt from paying council tax. Each chargeable dwelling is counted as one dwelling, whether or not a full council tax bill is payable for it. The total number of chargeable dwellings in an area is the denominator used to calculate the average council tax per dwelling. In April 2013 council tax exemptions for short term empty properties and properties undergoing major structural repairs were abolished and replaced with a flexible discount rate for all empty properties. This change significantly increased the number of chargeable dwellings in England,

**Collection Fund** - The fund administered by a billing authority into which council taxes are paid, and from which payments were made to the general fund of billing and precepting authorities.

**Council tax** - This is a local charge (or charges) set by the billing authority in order to collect sufficient revenue to meet their demand on the collection fund and the precepts issued by the precepting authorities. It replaced the community charge on 1 April 1993 and is calculated based on the council tax band assigned to the dwelling. The Valuation Office Agency assesses the properties in each district area and assigns each dwelling to one of eight valuation bands; A to H. Council tax is set on the basis of the number of Band D equivalent properties. Tax levels for dwellings in other bands are set relative to the Band D baseline.

**Council Tax Band** - There are eight council tax bands, A to H. Each domestic dwelling is assigned a council tax band by the Valuation Office Agency (VOA). Council tax bands are based on the value of the dwelling as at 1 April 1991. Any dwelling built after this date is given a notional 1991 value for council tax purposes.

**Council Tax Freeze Grant** – a scheme introduced in 2011-12 to pay a grant to local authorities that froze or reduced their council tax in that year. Further schemes have been offered to authorities that froze or reduced their council tax in all subsequent years.

**Council Tax Referendums** - The Localism Act 2011 abolished central government capping and made provision for binding referendums to be held on excessive council tax increases. A referendum must be held where an authority's council tax increase is higher than the principles proposed annually by the Secretary of State and approved by the House of Commons.

**Council tax requirement** - This is an amount calculated, in advance of each year, by each billing authority and by each major precepting authority. It is the amount of revenue to be met from council tax, and is equivalent to an authority's Band D council tax multiplied by its council tax base.

**Localisation of council tax support** – From 1 April 2013 council tax benefit, the means of helping people on low incomes meet their council tax obligations, was replaced by new localised support schemes. This means that, at least for working age people, local councils are now free to design almost any scheme they wish to provide help with council tax.

**Local precepting authority** – parish / town councils, chairmen of parish meetings, charter trustees and the treasurers of the Inner and Middle Temples are all local precepting authorities. These local authorities make a precept on the billing authority's general fund.

**Major precepting authority** - These are county councils in two-tier areas, police and crime commissioners, fire and rescue authorities and the Greater London Authority. These local authorities make a precept on the billing authority's Collection Fund.

**Precept** - The amount of money (council tax) that a local or major precepting authority has instructed the billing authority to collect and pay over to it in order to finance its net expenditure.

**Relevant basic amount of council tax** – It is used as the basis for deciding if a referendum is required to approve or reject a local authority's level of council tax for the year.

**Tax base** - This is the number of Band D equivalent dwellings in a local authority area. To calculate the tax base for an area, the number of dwellings in each council tax band is reduced to take account of discounts and exemptions. The resulting figure for each band is then multiplied by its proportion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated. An adjustment is then made for the collection rate. The tax base figure that is used by a local authority when it sets its council tax uses an adjustment for the collection rate, the actual discount for second homes and any premium applicable to empty homes.

**Budget** - A statement of an organisation's plans in financial terms. A budget is prepared and approved before the start of each financial year and is used to monitor actual expenditure throughout the year.

**Government Grants** - Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

**National Non-Domestic Rate (NDR)** - The business rate in the pound is the same for all non-domestic ratepayers and is set annually by the government. Income from business rates goes into a central government pool that is then distributed according to resident population.

**Police Grant** - A grant paid by the government to Police and Crime Commissioners as a proportion of the Formula Spending Share or FSS.

**Precept** - The income which the Police and Crime Commissioner requires the District Council to raise from Council Tax on behalf of the Police and Crime Commissioner.

**Revenue Support Grant (RSG)** - General government grant support towards expenditure.



## Police Precept Proposal 2018/19

The PCC has decided, after consultation with the public, to propose to the Police and Crime Panel a police precept for 2018/19 of £232.82 for a Band D property within North Yorkshire. This would be an increase of £11.50 per annum, from the 2017/18 level

### Background

Legislation requires that the Police and Crime Commissioner (PCC) agrees their budget and associated precept and basic council tax for the forthcoming year before 1<sup>st</sup> March each year. However before doing so the PCC must notify the relevant Police and Crime Panel, by the 31<sup>st</sup> January, of the precept which they propose to issue for the following financial year.

The PCC has been informed by the Home Office that ‘In 2018/19, we will provide each PCC with the same amount of core Government grant funding as in 2017/18. Protecting police grant means PCCs retain the full benefit from any additional local Council Tax income. Alongside this, we are providing further flexibility to PCCs in England to increase their Band D precept by up to £12 in 2018/19 without the need to call a local referendum. This is equivalent to up to £1 per month for a typical Band D household. It means that each PCC who uses this flexibility will be able to increase their direct resource funding by at least an estimated 1.6% (which maintains funding in real terms).’

The results of consultation with the public of North Yorkshire in relation to the level of precept for 2018/19, which had 2,212 responses, which is over 40% more than 2017/18, has resulted in 75% of the public of North Yorkshire supporting an increase. Once the £12 option had been approved by government, this was also added to the consultation and 62% said that they would be happy to pay £12.

	Telephone (n=728)	Online (n=1,412)	Total (n=2,140)
Freeze	20%	28%	25%
Increase by 1.99%	74%	64%	68%
More than 1.99%	6%	8%	7%
Increase by £12	67%*	56%*	62%

\* Telephone n=604 / Online n=577 / Total n=1181 due to question being included part-way through consultation following government announcement

However, it is clear that a balance is needed and in addition, analysis by the Police and Crime Commissioner demonstrates that there is further scope for efficiency and productivity improvements. She has therefore asked the Chief Constable to implement a programme of

organisational change over the next two to three years, with a clear objective of saving £7.5m on top of those efficiencies and savings factored into the 2018/19 budget.

This is also in line with the findings from the latest inspection from HMICFRS, which highlighted opportunities for efficiency improvements, as well as Ministerial criteria for increasing the precept. This states, “I welcome the progress forces have made against the £350m procurement savings target set at Spending Review 2015. However, there is a lot more to do. We have helped to identify £100m of potential savings in areas such as fleet, professional services and construction. Forces will need to make greater use of national procurement through lead forces to make these savings. We are providing support through the Police Transformation Fund and we will also help establish a force-led National Centre of Excellence to drive down back-office costs and make best use of estates.” And “A modern digitally enabled workforce that allows frontline officers to spend less time dealing with bureaucracy and more time preventing and fighting crime and protecting the public. If all forces could deliver the same one hour per officer per day of productivity benefits from mobile working as the best in a recent sample with eight forces, this has the potential to free up the equivalent of 11,000 extra officers nationally to provide the proactive policing that committed police officers want to deliver.”

Going forwards, the Police and Crime Commissioner therefore expects efficiency savings to pay for improved wage increases and other budgetary / inflationary pressures being experienced by the organisation.

Given these factors, the Police and Crime Commissioner is proposing to increase the precept by just under the £12 level at £11.50, which will increase the Net Budget Requirement by £3.8m (or 2.7%).

The Police and Crime Commissioner is very aware that this is hard-earned public money and is therefore keen to spend that money on the public’s priorities.

Through the Police and Crime Plan, the public have set a clear priority to ‘Reinforce Local Policing’ and ‘Enhance the Customer Experience’. The Police and Crime Commissioner has therefore decided to create a ‘Policing Priorities Fund’, to which the Chief Constable will have to apply. This will help ensure alignment of public and policing priorities and in the first instance; we have identified two principal priorities:

1. Improving performance of the force control room and the response to 999 and 101 calls made to the police by the public
2. Maintaining and increasing frontline policing and PCSO numbers, helping the PCC and NYP to reach their goal of 1,400 police officers (an increase of 81 from December 2017 levels) and 200 PCSOs.

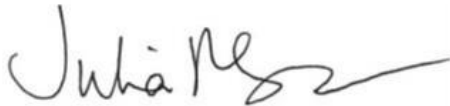
In addition to being able to increase the precept by up to £12 this year, the Government also gave PCCs the option of increasing it by the same amount next year. The Police and Crime Commissioner is clear that the Chief Constable needs to have demonstrated real progress on delivering efficiency savings in order to justify a further increase of this level in 2019/20.



## Decision Record

The PCC, having consulted with the public and taken their opinion on board, has reviewed the advice of her officers on the financial position of North Yorkshire Police.

With this in mind, the PCC has decided to propose to the Police and Crime Panel a precept for 2018/19 of £232.82 for a Band D property within North Yorkshire. This would be an increase of £11.50 per annum (around £0.96 per month), from the 2017/18 level.



Julia Mulligan  
Police and Crime Commissioner for North Yorkshire

## Statutory Officer Advice

### Legal, Management and Equality Implications

The PCC's CEO and Monitoring Officer has no additional comment to that of the CFO and S151 Officer below.

### Financial and Commercial

The PCC's Chief Finance Officer and S151 Officer has advised that the financial implications of this Decision are set out in the Executive Summary and/or the attached report. The decision will ensure that the PCC meets her legislative requirements in relation with the Police element of the precept and will also ensure that there is sufficient funding available in 2018/19 to fund the organisation to deliver against the Police and Crime Plan priorities.

## APPENDIX 1

## PCC Summary MTFP - Draft Projections at January 2018 based on £11.50 increase

	Actual Budget	Forecast Budget	Forecasts		
	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Core Funding</b>	£000s	£000s	£000s	£000s	£000s
Government Grant	(67,762)	(67,762)	(67,762)	(69,117)	(70,499)
Council Tax Precept	(66,029)	(69,848)	(73,860)	(76,076)	(78,352)
Council Tax Freeze Grant	(2,152)	(2,152)	(2,152)	(2,152)	(2,152)
Council Tax Support Grant	(5,746)	(5,746)	(5,746)	(5,746)	(5,746)
<b>Funding for Net Budget Requirement</b>	<b>(141,689)</b>	<b>(145,508)</b>	<b>(149,520)</b>	<b>(153,091)</b>	<b>(156,749)</b>
%age Change in Net Budgetary Requirement	1.1%	2.7%	2.8%	2.4%	2.4%
<b>Other Funding</b>					
Specific Grants	(3,021)	(2,900)	(2,375)	(2,375)	(2,375)
Partnership Income/Fees and Charges	(9,970)	(8,702)	(8,500)	(8,544)	(8,605)
<b>Total Funding</b>	<b>(154,680)</b>	<b>(157,110)</b>	<b>(160,395)</b>	<b>(164,010)</b>	<b>(167,730)</b>
%age Change in Funding	3.1%	1.6%	2.1%	2.3%	2.3%
<b>Office of the PCC Planned Expenditure</b>	£000s	£000s	£000s	£000s	£000s
<b>Total Planned Expenditure</b>	<b>911</b>	<b>1,010</b>	<b>1,061</b>	<b>1,061</b>	<b>1,061</b>
<b>Commissioned Services</b>	£000s	£000s	£000s	£000s	£000s
Commissioned Services	3,651	3,983	3,572	3,580	3,588
<b>Total Planned Expenditure</b>	<b>3,651</b>	<b>3,983</b>	<b>3,572</b>	<b>3,580</b>	<b>3,588</b>
<b>Policing Priorities Fund</b>	£000s	£000s	£000s	£000s	£000s
Investment Fund	0	1,900	3,800	6,000	8,500
<b>Total Policing Priorities Fund</b>	<b>0</b>	<b>1,900</b>	<b>3,800</b>	<b>6,000</b>	<b>8,500</b>
<b>Corporate Services</b>	£000s	£000s	£000s	£000s	£000s
Staff Pay	7,242	7,255	7,368	7,515	7,665
Other Non Salary	271	79	76	77	79
Premises	4,590	4,388	4,286	4,372	4,457
Supplies and Services	8,793	8,843	8,999	9,050	9,231
Transport	635	620	629	639	649
Asset Management	495	878	975	975	975
<b>Total Corporate Services</b>	<b>22,027</b>	<b>22,063</b>	<b>22,333</b>	<b>22,628</b>	<b>23,057</b>
<b>Police Force Planned Expenditure</b>	£000s	£000s	£000s	£000s	£000s
<b>Pay</b>					
Police Pay	71,361	73,542	74,542	76,518	78,049
Police Overtime	2,005	2,082	2,122	2,164	2,208
PCSO Pay (incl Overtime)	6,717	6,670	6,804	6,939	7,077
Staff Pay (incl Overtime)	28,123	26,765	26,850	27,273	27,789
<b>Pay Total</b>	<b>108,206</b>	<b>109,060</b>	<b>110,318</b>	<b>112,894</b>	<b>115,123</b>
<b>Non-Pay Budgets</b>					
Other Non Salary	1,382	1,535	1,561	1,593	1,624
Injury and Medical Police Pensions	3,199	3,720	3,795	3,871	3,948
Premises	65	54	55	56	58
Supplies and Services	11,637	12,321	12,551	12,801	13,058
Transport	1,761	1,331	1,358	1,378	1,402
<b>Non-Pay Total</b>	<b>18,044</b>	<b>18,962</b>	<b>19,321</b>	<b>19,700</b>	<b>20,090</b>
<b>Total Planned Force Expenditure</b>	<b>126,250</b>	<b>128,021</b>	<b>129,638</b>	<b>132,594</b>	<b>135,213</b>
%age Change in Expenditure	4.0%	1.4%	1.3%	2.3%	2.0%
<b>Total Expenditure Budgets</b>	<b>152,839</b>	<b>156,978</b>	<b>160,405</b>	<b>165,863</b>	<b>171,418</b>
<b>Future Efficiency and Savings Target</b>			<b>(2,500)</b>	<b>(5,000)</b>	<b>(7,500)</b>
<b>Total Expenditure Budgets after Efficiencies and Savings</b>			<b>157,905</b>	<b>160,863</b>	<b>163,918</b>
<b>(Surplus)/Deficit before Reserves/Capital</b>	£000s	£000s	£000s	£000s	£000s
<b>Planned Transfers to/(from) General Fund</b>	<b>(1,841)</b>	<b>(132)</b>	<b>(2,489)</b>	<b>(3,147)</b>	<b>(3,811)</b>
Planned Transfers to/(from) General Fund	(1,104)	(1,800)			
Contribution to Capital Programme	3,885	1,908	2,709	3,367	3,781
Projects	3,586	246	90	20	20
Planned Transfers to/(from) Earmarked Reserves	(4,526)	(223)	(310)	(240)	10
<b>Net (Surplus)/Deficit After Reserves</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>
<b>General Reserves</b>	£000s	£000s	£000s	£000s	£000s
General Fund Balance b/f	9,697	6,443	4,643	4,643	4,643
Proposed (Use of)/Contribution to General Fund	(1,104)	(1,800)	0	0	0
Current Year Forecast (Over)/ Under spend	(2,150)				
General Fund Balance c/f	<b>6,443</b>	<b>4,643</b>	<b>4,643</b>	<b>4,643</b>	<b>4,643</b>
<b>Employee Numbers</b>	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,367	1,400	1,400	1,400	1,400
PCSOs	200	200	200	200	200
Police Staff - Police Force	895	829	829	829	829
Corporate Services, Commissioning and Projects	292	213	209	209	209
PCC Private Office Staff	13	13	13	13	13
<b>Assumptions</b>					
Staff Pay Increases	1.0%	2.0%	2.0%	2.0%	2.0%
Police Pay Increases	1.0%	2.0%	2.0%	2.0%	2.0%
Non Pay Inflation	1.3%	2.5%	2.5%	2.5%	2.5%
Precept Increases	2.0%	5.2%	5.2%	2.0%	2.0%
Government Grant Reductions (Cash Basis)	-1.4%	0.0%	0.0%	2.0%	2.0%

**APPENDIX 2**

<b>Capital Financing and Expenditure</b>						
	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>5 Year Total</b>
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Earmarked Reserve/Funding b/f</b>	<b>4,542</b>	<b>500</b>	<b>1,249</b>	<b>468</b>	<b>42</b>	
Capital Grant	1,238	431	431	440	450	<b>2,991</b>
Capital Receipts	169	169	170	170	170	<b>848</b>
Capital Receipts from Estates Strategy	780	2,958	544	0	0	<b>4,282</b>
Contributions from Revenue	2,885	1,908	2,709	3,367	3,781	<b>14,650</b>
External Funding	799	115	0	0	0	<b>914</b>
External Borrowing	7,000	1,000	1,500	1,500	0	<b>11,000</b>
Internal Borrowing	3,299					<b>3,299</b>
<b>Projected in-year funding available</b>	<b>16,171</b>	<b>6,581</b>	<b>5,354</b>	<b>5,477</b>	<b>4,401</b>	<b>37,983</b>
<b>Capital and Revenue Project Plans</b>						
Fleet	1,371	1,714	1,889	1,738	1,016	<b>7,728</b>
ICT	8,339	913	1,925	1,681	1,017	<b>13,875</b>
Estates	6,296	2,384	1,350	1,675	1,697	<b>13,403</b>
Other Rolling Programmes	618	682	971	809	706	<b>3,786</b>
Other Schemes	3,539	23	0	0	0	<b>3,562</b>
Externally Funded	799	115	0	0	0	<b>914</b>
Assumed Slippage/Underspend	-750					<b>-750</b>
<b>Total Agreed Programme</b>	<b>20,213</b>	<b>5,832</b>	<b>6,135</b>	<b>5,903</b>	<b>4,437</b>	<b>42,519</b>
<b>Earmarked Reserve/Funding c/f</b>	<b>500</b>	<b>1,249</b>	<b>468</b>	<b>42</b>	<b>7</b>	

Forecast Usable Reserves											APPENDIX 3		
	Balance at 31 March 2017 £000	Tranfers In 2017/18 £000	Tranfers Out 2017/18 £000	Balance at 31 March 2018 £000	Tranfers In 2018/19 £000	Tranfers Out 2018/19 £000	Balance at 31 March 2019 £000	Tranfers In 2019/20 £000	Tranfers Out 2019/20 £000	Balance at 31 March 2020 £000	Tranfers In 2020/21 £000	Tranfers Out 2020/21 £000	Balance at 31 March 2021 £000
Insurance Reserve	326			326			326			326			326
Capital Reserve	2,853	2,885	(5,738)	0	1,908	(1,908)	0	2,709	(2,709)	0	3,367	(3,367)	0
PCC Community Fund Reserve	1,049		(299)	750		(250)	500		(250)	250		(250)	0
Cost of Change Reserve	582		(314)	268		(268)	0			0			0
Commissioned Services Reserve	322			322		(161)	161		(161)	0			0
Major Incident Reserve	500		(500)	0	500		500			500			500
Revenue Initiatives	347		(236)	111		(111)	0			0			0
Revenue CRDP Reserve	174		(174)	0			0			0			0
Confiscated Monies Reserve	358		(254)	105			105			105			105
<b>Total Earmarked Reserves</b>	<b>6,511</b>	<b>2,885</b>	<b>(7,515)</b>	<b>1,882</b>	<b>2,408</b>	<b>(2,698)</b>	<b>1,592</b>	<b>2,709</b>	<b>(3,120)</b>	<b>1,181</b>	<b>3,367</b>	<b>(3,617)</b>	<b>931</b>
<b>General Reserves</b>	<b>9,697</b>	<b>(2,150)</b>	<b>(1,104)</b>	<b>6,443</b>	<b>0</b>	<b>(1,800)</b>	<b>4,643</b>	<b>0</b>	<b>0</b>	<b>4,643</b>	<b>0</b>	<b>0</b>	<b>4,643</b>
<b>Total Usable Reserves</b>	<b>16,208</b>	<b>735</b>	<b>(8,619)</b>	<b>8,325</b>	<b>2,408</b>	<b>(4,498)</b>	<b>6,235</b>	<b>2,709</b>	<b>(3,120)</b>	<b>5,824</b>	<b>3,367</b>	<b>(3,617)</b>	<b>5,574</b>
<b>Capital Receipts Reserve</b>	<b>1,515</b>	<b>949</b>	<b>(2,964)</b>	<b>(500)</b>	<b>3,127</b>	<b>(1,379)</b>	<b>1,248</b>	<b>714</b>	<b>(1,495)</b>	<b>467</b>	<b>170</b>	<b>(631)</b>	<b>6</b>

## APPENDIX 4

### Police Precept Consultation Results 2018/19

The consultation aimed to understand the public's view on the amount they should pay in their council tax toward running North Yorkshire Police in 2018/19.

The options consulted on were:

- freeze the amount paid
- increase the amount paid by 1.99%
- increase the amount paid by more than 1.99%

In total 2,212 people responded to the consultation. This included a representative telephone survey of 800 North Yorkshire residents, screened to ensure they were council tax payers and were aged over 18, undertaken by an independent research organisation. This contacted a randomly selected, representative number of people by gender and age in each district or borough. The final number of people contacted in each area was:

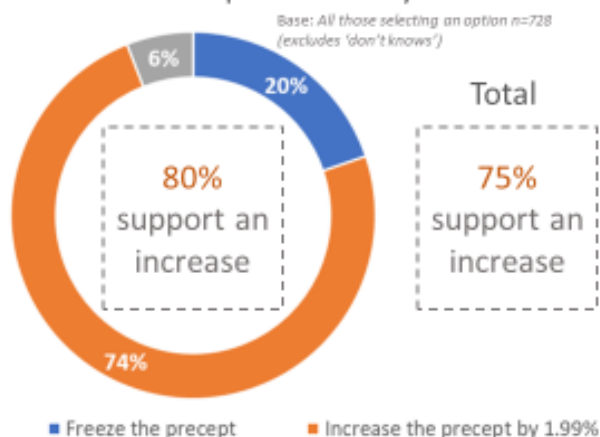
Area	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	York	Total
Number of People	60	90	165	60	60	106	100	159	800

The other respondents answered an open survey which was publicised on the Police and Crime Commissioner's website and social media, and via leaflets located in libraries and other locations in communities. The public could respond via post, phone, email or online survey.

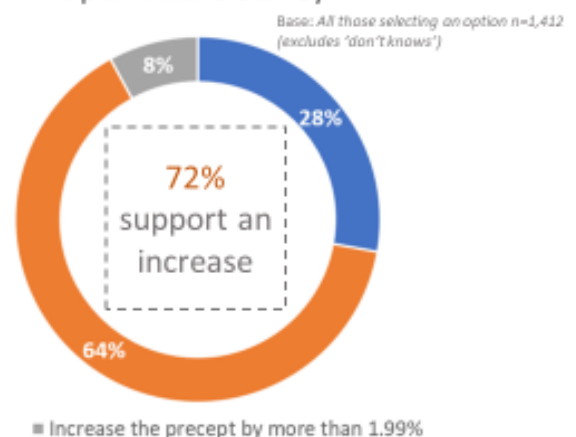
The results show that a clear majority favour a 1.99% increase in the policing precept as can be seen below. As the charts show, the results from the open survey and the representative sample provide similar results.

#### Q Which of these statements best reflects your views?

##### Representative telephone survey



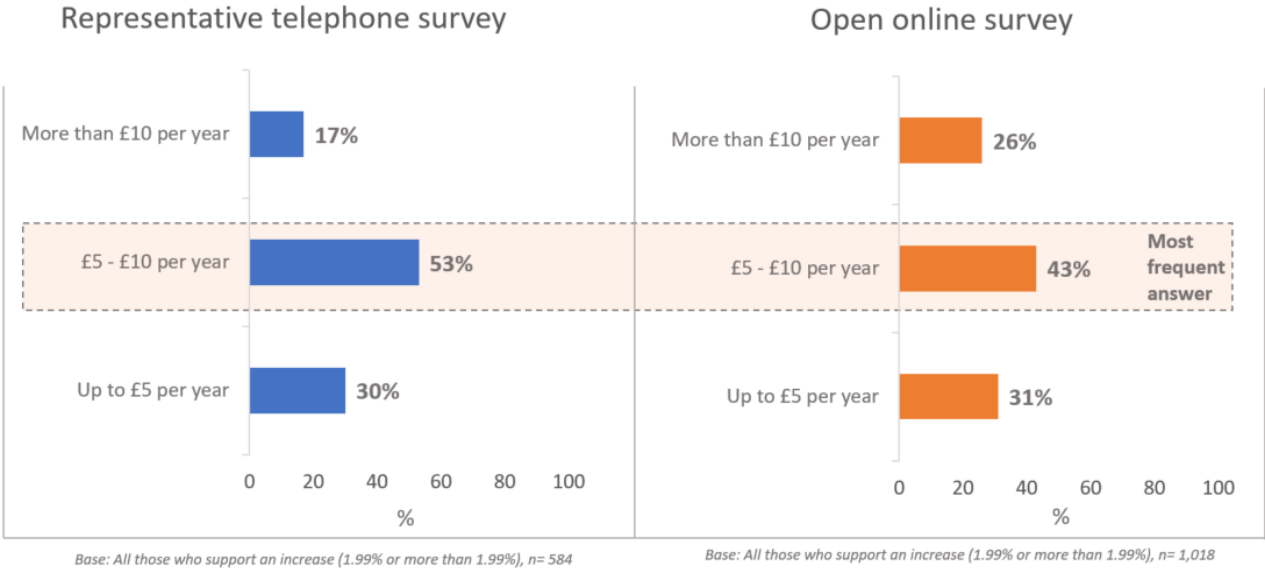
##### Open online survey



Total  
75% support an increase

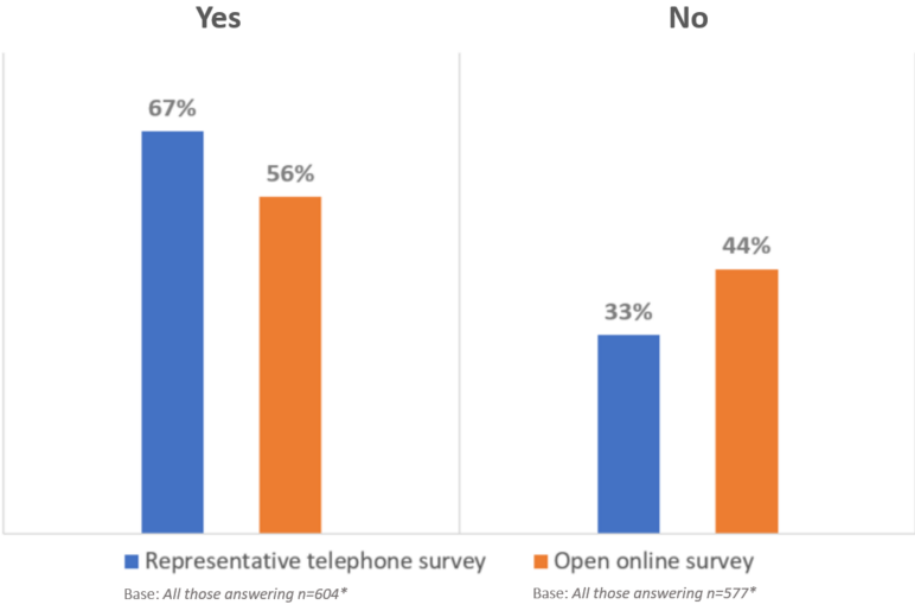
Those who supported an increase were asked how much more they would be prepared to pay per year. As the chart below shows, the most frequent answer was to pay between £5 and £10 more.

**Q In the future how much more would you be prepared to pay per year, through you council tax, for policing in North Yorkshire?**



In mid-December (part way through fieldwork), the Government announced that it would be empowering locally elected Police and Crime Commissioners to raise council tax contributions by up to £1 per month per household. The majority would be prepared to pay £12 more per year.

**Q Police and Crime Commissioners have been given the flexibility to raise the precept by £12 per year (£1 per month) (based on a Band D property). Would you be prepared to pay this?**



*\*This question was added to the survey part way through fieldwork following the Government's announcement.*