

Councillor Carl Les
Chair
Police, Fire & Crime Panel for North Yorkshire

15th February 2019

Dear Carl

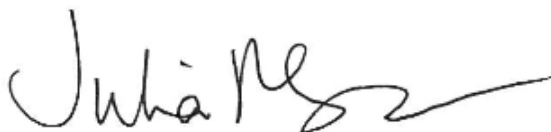
Fire Precept Proposals for 2019/20

Thank you for your report of the 7th February, which referred, amongst other items, to my proposed Fire precept for 2019/20. I would like to thank both you and the Members of the Police, Fire and Crime Panel for your support of my proposal to set the Band D Fire Element of the Council Tax, within North Yorkshire, for 2019/20, at £71.27. This is an increase of 2.99% or £2.07 over the 2018/19 level.

As you know, both the challenging financial position I inherited this year in taking on the Governance of the Fire Service and the public consultation played a large part in my decision. With consultation showing that the North Yorkshire public were in favour of raising the precept (with 75% of over 2,700 residents wanting an increase of at least 2.99%), I was therefore comfortable proposing a precept increase to the Panel.

Having received your report it is now my intention to proceed with the proposed increase and issue this as my precept for 2019/20. The issuing of this letter, in response to your report, concludes the scrutiny process for the 2019/20 precept and I will issue the precept under section 40 of the Local Government Finance Act 1992.

Yours sincerely



Julia Mulligan
North Yorkshire Police, Fire & Crime Commissioner



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

15th February 2019

Status: For decision

The 2019/20 Revised 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.
- 1.2 The Panel considered my Initial Precept Proposal at their meeting on the 5th February 2019 and informed me of their Decision to Veto the proposal. The Panel followed up this Decision with a report dated the 7th February setting out the rationale for the decision to veto and the recommendations from the Panel.
- 1.3 This paper therefore sets out to address the concerns raised by the Panel in reaching their decision to exercise their veto of the policing precept proposal **in respect of the Commissioner's proposal for a precept increase of £23.95 (for a Band D property) for 2019/20.**

2 Recommendations

- 2.1 The Panel is asked to consider my Revised proposal to set the Band D Police Element of the Council Tax within North Yorkshire for 2019/20 at £255.77. This is an increase of £22.95 over the 2018/19 level and is (£1 lower than the Initial Precept Proposal)
- 2.2 The Panel is asked to note that in line with the legislation I have proposed this revised precept having regard to the report made by the panel including any recommendations in the report.
- 2.3 The Panel is asked to note that in line with the legislation I have, by submitting this report to the panel by the 15th February, provided a response to the report and the recommendations included in the report.

- 2.4 Under the Precept Legislation there is a requirement on me to publish my response to your report however it is for the Panel to determine the manner in which a response to a report or recommendations is to be published and therefore I would welcome your determination on this point.
- 2.5 The Panel is asked to note that in making this revised proposal I have once again taken into account the results of consultation with the public of North Yorkshire in relation to the level of precept for 2019/20. This consultation had 2,741 responses, a summary of the results is provided at Appendix 4.
- 2.6 The Panel is asked to support this revised 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 nearly 50% of the overall income that I will receive in 2019/20. It is the responsibility of the eight local billing authorities to collect this.
- 3.2 Legislation requires the precept for 2019/20 to be set before 1st March 2019 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 2019. Which I did by submitting my original report prior to that date.
- 3.3 **As the Panel veto'd my original Precept Proposal legislation requires that I** submit a Revised Precept Proposal by the 15th February which I did by submitting the report on that date.
- 3.4 In making my revised 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 2019/20 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.
 - **The contents of the Panel's report on my initial Precept Proposal** including answering all of the Recommendations included within the report.

Overall Financial Context

3.4 Police Funding Settlement 2019/20

3.5 The Final 2019-20 Police Settlement was announced in a written ministerial statement by the Minister for Policing and the Fire Service Nick Hurd MP on Thursday 24 January 2019. Full details of the settlement can be found on the Home Office pages of the gov.uk website.

3.6 Headlines

The main points within the settlement are a headline of £970m additional funding for the service which includes:

- £161m additional formula funding,
- £153m of pension grant,
- £59m additional funding for Counter Terrorism,
- £90m additional funding to tackle Serious and Organised Crime and
- £509m as a result of additional council tax flexibilities.

Of the £970m approximately £813m is for local policing

- £509m precept
- £143m pension grant
- £161m additional Funding.

Precept flexibility of up to £24 for all PCCs (or equivalents) in 2019-20.

£161m additional grant funding – made up of primarily £146m increase in core grant.

3.7 The settlement, including and assuming that each Police Force area increases the Police element of council tax by £24, and pension grant, represents an average cash increase (total funding) of 7.2% between 2018-19 and 2019-20.

3.8 £160m additional Counter Terrorism funding (announced at the 2018 Autumn Budget) equivalent to an annual increase of £59m; an 8% increase on total CT funding.

3.9 New Requirements - **The minister's letter refers to the requirement to "drive efficiency, productivity and effectiveness".**

3.10 It is important to reflect that this increase in funding does not reflect the significant increased Pension costs that have been passed to Forces to pay from 2019/20 onwards.

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

3.12 The 2019-20 settlement provides more funding than had been previously expected. A letter to the Home Affairs Select Committee (HASC) outlines the **Policing Minister's 4 priority areas to "drive efficiency, productivity and effectiveness next year"**:

- Continued efficiency savings in 2019-20 through collective procurement and shared services. There will be an expectation that every force contributes substantially to procurement savings and the Home Office **will be working with the police to agree the "right force level objectives for 2019-20 and 2020-21"**.
- Major progress expected to resolve challenges in investigative resource identified by HMICFRS, including recruitment of more detectives to tackle the shortfall.
- Continue to improve productivity, including smarter use of data to deliver £50m of productivity gains in 2019-20.
- Maintain a Serious and Organised Crime response that spans identification and management of local threats as well as support for national priorities.

3.13 What does this mean for North Yorkshire in 2019/20 in terms of Funding and Costs?

- An increase in Police Grant of £1,423k or 2.1%
- **A Pension's Grant of £1,449k**

HOWEVER

- The impact of Police Pension changes to North Yorkshire is £3.6m

Therefore in overall cash terms, before Precept is considered, the organisation has less Cash than it had last year, from the Government, taking into account the additional Pensions Costs that have been passed from the Government to Local Forces.

3.14 In real terms therefore this is a further cut to Government Funding of circa £2.2m.

3.15 Based on the increase in precept being proposed then the overall impact on the Core funding for the organisation, taking into account the additional Pensions costs is set out in the table below:

Funding the Net Budget Requirement				
	2019/20	2018/19	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
Government Funding				
Police Grant	(41,994)	(41,100)	(894)	2.2%
RSG/National Non Domestic Rate	(27,191)	(26,662)	(529)	2.0%
Council Tax Freeze Grant	(2,152)	(2,152)	0	0.0%
Council Tax Support Grant	(5,746)	(5,746)	0	0.0%
Total Government Funding	(77,083)	(75,660)	(1,423)	1.9%
Additional Police Pensions Grant	(1,449)	0	(1,449)	
Additional Police Pension Contributions	3,600	0	3,600	
Actual Impact of Settlement changes	(74,932)	(75,660)	728	-1.0%
Impact of a £22.95 increase in Band D Precept - 9.86% increase				
Net Surplus on Collection Funds	(318)	(492)	175	-35.5%
Council Tax Requirement	(76,980)	(69,168)	(7,812)	11.3%
Total Local Funding	(77,298)	(69,661)	(7,637)	11.0%
Total Government + Local Funding	(152,229)	(145,320)	(6,909)	4.8%

3.16 How does North Yorkshire compare to the National Picture

3.17 Setting aside the additional Pension Costs, the government has stated that the settlement, including council tax (assuming a £24 increase for a Band D property) and pension grant, represents an average cash increase (total funding) of 7.2% between 2018-19 and 2019-20.

3.18 It is important to recognise that these increases do not take into account the additional Pension Costs, only the additional Pensions Grant.

3.19 Based on these assumptions North Yorkshire would fare better than average with a 7.65% increase. This is the equivalent to an additional £600k more than the average Police Force Area.

3.20 **The range in percentage increases (assuming all PCC's increase their precept by £24 for a Band D property) range from an increase of 5.77% in Cleveland to 8.48% in Hertfordshire.**

3.21 Given the Revised Precept Proposal of an increase of £22.95 for a Band D property then if this proposal was accepted then this would result in an overall cash increase of 7.2% (as per the National Average) before the additional Pension Costs which then reduce this down to a 4.8% increase as per the table in 3.15.

3.22 Government Funding for 2020/21 and beyond

There was no further mention of future settlements other than to repeat “this is the last settlement before the next Spending Review, which will set long term police budgets and look at how resources are allocated fairly across police forces. The Home Office is grateful to the police for the good work they are doing to build the evidence base to support that work, and we will also want to see evidence that this year’s investment is being well spent.”

3.22 There are no plans to review the Police Allocation Formula until after the **Spending Review. The reference to looking at “how resources are allocated fairly across police forces”** is likely to refer to the ongoing work between the Home Office and the Police Sector to support the submission to the Spending Review. There are work streams investigating funding streams and funding models – i.e. regional/local arrangements but no plans yet to review the current police allocation formula.

3.23 Top-slices/Reallocations totalling £1,029m have been announced for 2019/20. This is £84m, or 9% higher than 2018/19. The areas this funding will now be **spent on, instead of being allocated to PCC’s is as follows:**

Police Funding	2017/18 (£m)	2018/19 (£m)	2019-20 (£m)
o/w Reallocations and adjustments	812	945	1,029
PFI	73	73	73
Police technology programmes	417	495	495
Arm’s length bodies	54	63	63
Top-ups to NCA and ROCUs			56
Strengthening the response to Organised Crime	28	42	90
Police transformation fund	175	175	175
Special Grant	50	93	73
Pre-charge bail	15	4	4

3.24 Legacy Council Tax funding is still separately identifiable and has not changed from 2018/19.

3.25 Police Capital Grant that is to be allocated to PCC’s has been increased by **£11k (or 2.2%) with the PCC only receiving £440k which won’t even be enough to pay for the replacement of Police vehicles during 2019/20.**

3.26 Counter Terrorism (CT)

At the Autumn Budget the Chancellor announced an additional £160m for counter terrorism policing, which is a £59m increase (8%) on the 2018-19 CT funding. The Police settlement confirmed these figures saying this additional funding will bring the total CT funding to £816m, including a £24m uplift in armed policing from the Police Transformation Fund.

It is estimated that approximately £20m of this funding is likely to be capital funding but this is subject to an in-year review in consultation with the national counter terrorism policing headquarters.

3.27 Ministry of Justice (MoJ) Funding

3.28 The Ministry of Justice have confirmed the level of the Victims and Witnesses Grant for 2019/20, and while the **overall amount allocated to PCC's has** remained static at £67,855k, the grant is allocated based on population with little change seen for North Yorkshire during 2019/20.

3.29 MTFP Assumptions

When the 2018/19 budget was set in February 2018 the forecasts were underpinned by the following assumptions:

- Pay Awards: 2% increase per annum
- Precept: Increases of:
 - 2018/19 - £12 or 5.2%
 - 2019/20 - £12 or 5.15%
 - 2020/21 - 1.99%
 - 2021/22 - 1.99%
- Tax Base increases of 1.0% per annum
- Collection Surplus of £400k per annum
- Government Grants: Frozen until 2019/20 and the increases of 2% thereafter
- Impact of Funding Formula Review - Nil

3.30 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 2019/20 and beyond will assume the following:

- Pay Awards: 2% increase p.a
- Precept: Increases of:
 - 2019/20 - £22.95 or 9.86%
 - 2020/21 - £12 or 4.7%
 - 2021/22 - 1.99%
 - 2022/23 - 1.99%
- Tax Base increases 1.0% per annum, Collection Surplus £400k p.a
- Government Grants: Frozen until 2020/21 and the increases of 2% thereafter
- Impact of Funding Formula review – Nil

- 3.23 Risks and Additional Pressures that North Yorkshire may face
There are a number of areas, beyond the results of the Public Consultation, which are worth the PFCC considering before making a decision in relation to the level of Precept to propose for consideration by the Police, Fire and Crime Panel for 2019/20. These are set out in following paragraphs:
- 3.24 Police Allocation Formula
Each 1% of reduction that results from the funding formula review would reduce the government grant received by North Yorkshire by approximately £700k per annum. In terms of assessing the likely risk from a revised funding formula, the '**Simplified Funding Formula**' that was initially proposed for implementation in 2016/17 would have seen the government grant available to North Yorkshire reduce by approximately £3.5m to £4.0m per annum on a recurring basis.
- 3.25 Comprehensive Spending Review
It is likely to be difficult for Policing as a service to make the case that they need more funding if they have the opportunity to raise more money through **the Precept but decided either than they didn't need it or wouldn't.**
- 3.26 From a North Yorkshire specific perspective it might be difficult to make the case as part of the review on any Funding Formula that Policing in North Yorkshire either needs as much as it currently receives from the Funding Formula or should receive more if the opportunity to raise funds via the precept are not taken.
- 3.27 ESMCP
The Home Office (HO) are leading a national programme to deliver a replacement for the current Airwave system. This new system is called the Emergency Services Network (ESN).
- 3.28 The Programme is known as the ESMCP – (Emergency Services Mobile Communications Programme) and will oversee this updated system implementation for the three emergency services (police, fire & ambulance) and other public safety users (over 300 active user organisations).
- 3.29 ESMCP will see a fundamental change to how each force will receive critical voice and mobile broadband as part of a national Emergency Service Network for the UK.
- 3.30 The scope and complexity of the ESN roll out will have a significant impact on North Yorkshire Police. It will require a force-wide review of any plans or considerations for refreshing or awarding contracts in the areas of airwave, mobile data, mobile telephony, network replacement (or any equipment that has a SIM card, a network connection and a monthly charge), together with due consideration for collaborative and operational arrangements that the transition may impact upon.

- 3.31 Both the timing and costs of this programme of work are very difficult to assess as both have moved and continue to move significantly. The latest set of figures would suggest costs to North Yorkshire Police of circa £5.2m across the life of the MTFP.
- 3.32 Currently the MTFP does not specifically provide for any of these costs and should they prove to be in addition to the currently budgeted spend in the areas of airwave, mobile data, mobile telephony, network replacement (or any equipment that has a SIM card, a network connection and a monthly charge) then these costs will need to be funded from within current resources.
- 3.33 Police Pay
It was announced in September 2018 that Scottish police officers would receive an immediate 6.5% pay increase backdated to 1 September 2018 and which applies until 31 March 2021.
- 3.34 Given that Police Officers in England and Wales received a pay increase that, was in reality, worth less than 1% in September 2018 then there is likely to be some significant pressure for a better pay increase from September 2019.
- 3.35 There are a number of scenarios currently being modelled and all of these would cost more than the currently budgeted position of 2% increases per annum across the life of the MTFP.
- 3.36 All of these scenarios would cost more in 2019/20 – between £0.7m and £1.1m and across a 3 year period would cost more by between £1.5m and £2.5m.
- 3.37 Should any of these scenarios materialise then savings/reductions would need to be made to meet these costs. There will be no additional funds from the government to meet these costs – the Government have been clear in the recent past that the additional precept flexibility that they have provided to **PCC's would need to cover any pay awards.**
- 3.38 Staff Pay
While the above risk arises because of the settlement in Scotland it is also important to recognise that it would be very challenging to agree a Pay deal **for 'Staff' that wouldn't be along similar lines.**
- 3.39 All of these scenarios being looked at for Police, if then applicable to Staff would similarly cost more in 2019/20 than budgeted – between £0.4m and £0.7m and across a 3 year period would cost more by between £0.9m and £1.5m.
- 3.40 To mitigate the risks of the potential costs from both ESMCP and Pay Awards would require an increase in precept of between £7 and £9 on top of the £12 required to balance the current budget.

3.41 The Funding Formula is more of an unknown quantity at this stage and unlikely to have any impact before 2021/22 and therefore while the organisation needs to be mindful of this it is perhaps an area that will need to be addressed in the future

3.42 Gaps in Service Delivery and Neighbourhood Policing

Over the last few years there has been significant investment in those areas that are assessed as those providing the greater areas of Threat, Risk and Harm, this included a £3m strategy to improve protection for vulnerable people that was announced in 2016. The recent Neighbourhood Policing Survey provided a timely reminder however of the concerns that the public have about the erosion of local policing services in North Yorkshire. The summary findings of the survey were that:

- Overall, residents feel less safe than they did a year ago
- 40% of people feel crime and anti-social behaviour is getting worse in their area
- Policing comes at the bottom of the list when residents are asked to rate local public services
- Less than one third of people are satisfied with the level of police presence in their area
- Scarborough and Richmondshire are standout areas for good practice and community confidence
- There is support for partners to take more action over mental health related issues
- Communities feel they should be given a greater say on resolving anti-social behaviour issues in their area

3.43 In response to these concerns, and the strategic direction of the PFCC to **deliver the 'Reinforcing the Front Line' goal set out in the Police and Crime Plan**, the Force have drawn up plans to address the areas that were raised within this survey and have proposed the following:

- Community Resilience Teams with a visible presence dedicated to prevention and facilitating multi agency working.
- Mental Health Coordinators to support our most vulnerable residents and reduce the need for emergency secondary interventions
- Increased and structured engagement with communities to understand what matters to the place with a focus on volume acquisitive crime and volume offenders. Subsequently this will reduce the fear of crime through increased traditional community presence and engagement. This would include:
 - Integrated Offender Management
 - Neighbourhood Teams focused on volume acquisitive crime and volume crime prevention and engagement
 - Bail Management

- Creation of a Public Safety Officer across public sector organisations.
- Online PCSOs to provide prevention advice and support investigations such as online crime
- A City Task Force, focused on primary interventions to ensure that our more urban communities problems are being solved

To deliver these proposals would result in an increase in both Police Officers (51 FTEs) and PCSO's (23.5 FTEs) and once fully implementing would cost in the region of £3.3m on an annual basis. These are the priority areas, in terms of where the additional precept funding would be invested. Those risks and potential costs identified elsewhere will be funded from the internal savings and the transformation programme and the additional precept would be focussed on spend in this vital area.

The Commissioner will be closely holding the Force to account to ensure that this investment improves those priority areas identified above and this then helps improve the areas of public concerns that have been highlighted.

3.44 **Recommendations within the Panel's Report**

3.45 **In reading the recommendations within the Panel's report it was felt that 4 of these recommendations followed on from the above and are therefore addressed below:**

3.46 **Recommendation 1** - The Panel would like to see further clarity around how the Policing Priorities Fund will be used (estimated at £6.2m for 2019/20), including a breakdown of how the Commissioner envisages costs and officer numbers split across the initiatives identified, such as the City Task Force, Online PCSOs, etc.

3.47 **Recommendation 2** - Specifically, in relation to the projected spend of £3.3m on additional staffing, the Panel would like to receive an estimated breakdown of how this figure was arrived at in terms of salary costs and on-costs.

3.48 **Recommendation 3** - The Panel feel the £3.3m forecast should be part of the staffing budget rather than the Policing Priorities Fund. As a minimum the Panel would recommend that an extra line is added within the Policing Priorities section of the budget projection which outlines how much is earmarked for Reinforcing the Frontline and how much is available to invest in **other areas. This would ensure an element of 'ring-fencing' for more visible** policing.

3.49 **Recommendation 4** - The Panel would be grateful to understand how much of the £3.3m is envisaged will be required during 2019/20 due to the timing of recruiting new officers and how will the remainder of the Policing Priorities Fund be used.

- 3.50 To address recommendation 3, Appendix 1 to this report has been amended to reflect a split in the Policing Priorities section of the budget, to show a separation between the initial Policing Priorities Investment Fund and the additional funding that would be provided through this higher than originally **planned precept increase. This has been set out as 'Reinforcing the Frontline'** in line with recommendation 3.
- 3.51 **It is important to recognise that the reason this hasn't been reflected in the staffing budget, at this stage, is due to the unique Governance arrangements that exist within Policing, although it is reflected in the overall staffing numbers in line with recommendations from the Panel.**
- 3.52 In financial Governance terms, and as set out in legislation, the PFCC is the recipient of all funding, including the government grant and precept and other sources of income, related to policing and crime reduction and all funding for a force must come via the PFCC. How this money is allocated is a matter for the PFCC in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.
- 3.53 The Chief Constable has day to day responsibility for financial management of the force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC.
- 3.54 Chief Constables, as a separate corporations sole, have the ability to employ staff and are charged with the impartial direction and control of all constables and staff within the police force that they lead.
- 3.55 The direction and control of a Chief Constable will include—
(a) the ability to issue a warrant to an attested officer with which that officer may exercise their police powers;
(b) decisions in relation to the appointment and dismissal of officers and staff;
(c) decisions concerning the configuration and organisation of policing resources (or) the decision whether, or whether not, to deploy police officers and staff
- 3.56 Therefore following on from point c) above, once the PFCC provides the funding to the Chief Constable then the Chief Constable can decide where all police officers and staff are deployed – while the PFCC might want these to be deployed into Neighbourhood Policing, for example, this would ultimately be a decision for the Chief Constable.
- 3.57 By setting aside the Precept increase, outside of the budget provided to the Chief Constable, the PFCC can make available these additional funds to invest, as almost a Specific Grant, to the Police Force and therefore the Funds would only be provided to the Chief Constable on the understanding that additional resources are put into Neighbourhood Policing.

- 3.58 If the Chief Constable decides not to deploy additional officers or staff into Neighbourhood Policing then the PFCC would not provide this additional funding to the Force, in the same way as Public Organisations can only claim for Specific Grants from Government Departments if they meet the terms of the Grant agreement.
- 3.59 By managing the financial governance in this way the PFCC is not impeding on the Operation Independence of the Chief Constable and is also ensuring that the additional Precept funds are spent addressing the areas of concern within Neighbourhood Policing that the public have articulated.
- 3.60 The following sections seek to address Recommendations 1, 2 and 4:
- 3.61 The late notification of the additional precept flexibility, there was only 6 weeks between this additional flexibility being announced and precept proposals have to be submitted, provides a number of logistical challenges when the investment plans involve the recruitment of either Police Officers **and/or PCSO's**.
- 3.62 There is no pool of people in the job market who have the required skills to be able to recruit into these roles straight away. It is therefore a time consuming process to not only plan the recruitment activities but also to ensure that there is the capacity within the organisation to ensure that the required training can be delivered for a higher than expected number of recruits.
- 3.63 There are further considerations to take into account about recruiting more trainers to then provide the capacity to train the additional officers. Beyond this there are other logistical challenges in relation to uniforms, vetting, IT equipment and many other items that all need to come together in a very short period of time to be able to set out the plans in the detail required.

3.64 The Staffing Proposals of the proposed investment in Neighbourhood Policing is set out in the table below and provides part of the details requested in Recommendation 1:

Precept Investment Plans - Neighbourhood Policing Investment					
Initial Staffing Proposals	Inspector	Sgt	PC	PCSOs	Total
1. Neighbourhood Teams with visible presence dedicated to prevention and facilitating multi-agency working	1	3	18	0	22
2. Three mental health coordinators to support our most vulnerable residents and reduce the need for emergency secondary interventions	0	0	3	0	3
3. Increased and structured engagement with communities to understand the issues that really matter to the place: Integrated Offender Management (3 PCs) Uniformed PCs focused on volume acquisitive crime and volume crime prevention and engagement (18 PCs) Bail Management (1 Sgt)		1	21		22
4. Creation of a Public Safety Officer across public sector organisations				10.5	10.5
5. Online PCSOs to provide prevention advice and support investigations such as online crime				7	7
6. A City Task force Focused on primary interventions to ensure that our more urban communities problems are being solved		1	3	6	10
Total Increase in FTEs	1	5	45	23.5	74.5

3.65 As set out earlier it will not be possible to have all of these posts filled from the 1st April and therefore the Panel sort information on the timing on the recruitment and the likely costs in the first year.

3.66 This information is set out below, however it is important to recognise that in previous years (10+ years ago) increases in Precept would have been phased in line with the need in the current year (so the phased year 1 spend) and then the remainder of the full implementation spend would be included in the following years precept proposal. Unfortunately, with the current policies around precept proposals and limits, this is not possible and therefore to fully implement the proposals requires the full precept increase to be secured in the implementation year.

3.67 Recruitment Plan Assumptions

3.68 The assumptions are that both the Inspector Role and the Sgt roles would be recruited to internally, via promotions, and therefore these roles would be filled from the 1st May.

3.69 The original recruitment plan that the Force had in place to maintain 1,400 Police Officers throughout 2019/20 was based on the following recruitment plan:

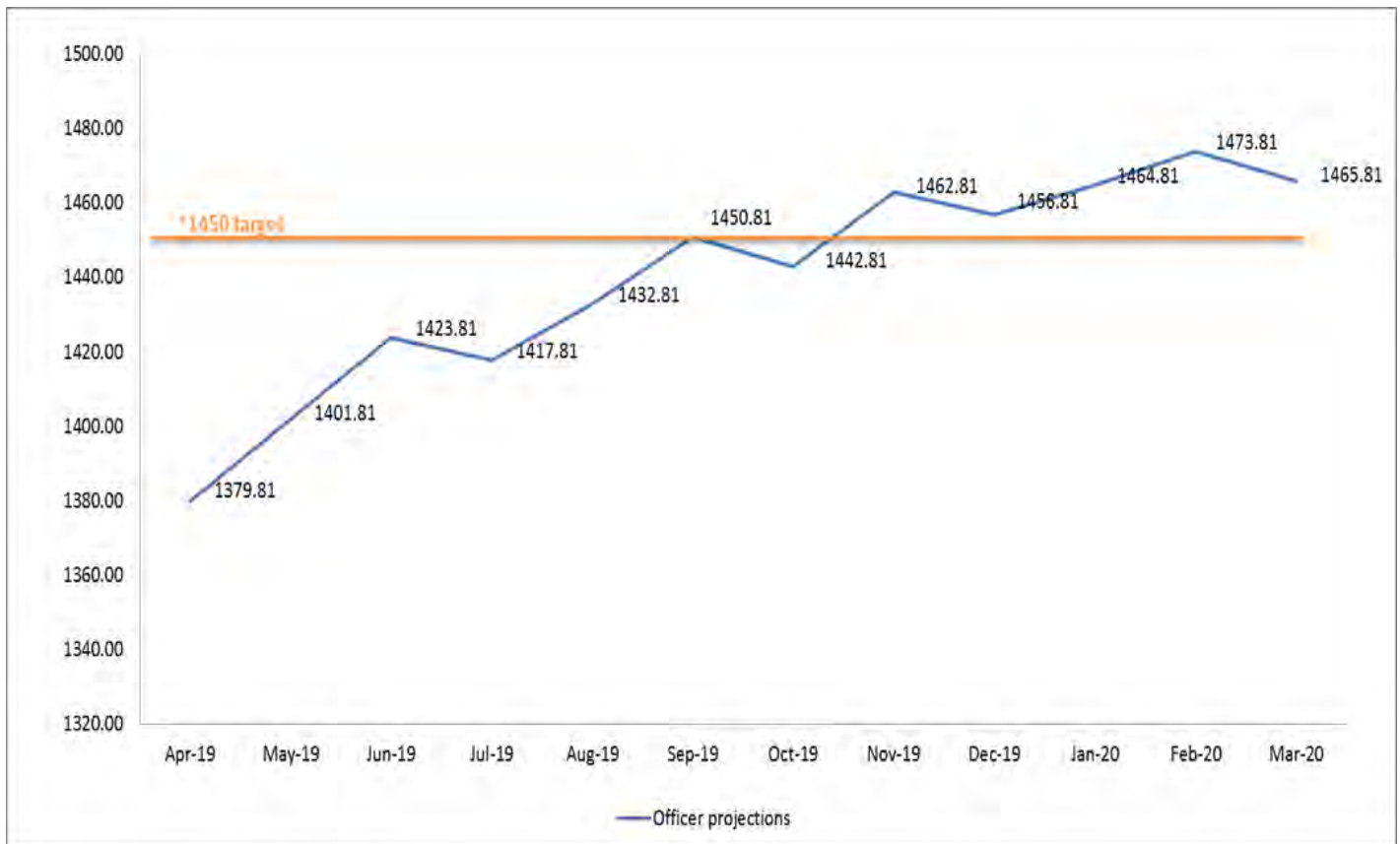
Intake	Number in intake	Date of Intake
Transferees	20	May-19
Student Officers	14	Jun-19
Transferees	14	Jul-19
Student Officers	14	Sep-19
Transferees	14	Dec-19
Student Officers	28	Jan-20
Total	104	

3.70 This has been revised to deliver the additional capacity and resources that the additional precept would provide, as the Force looks to move to a Police Officer establishment of circa 1,450 FTEs.

3.71 These additional recruitments lead to a plan to recruit 160 FTE Police Officers during 2019/20 as per the below timetable:

Police Officer Recruitment Plan	Number in intake	Date of Intake
Transferees	28	May-19
Student Officers	28	Jun-19
Transferees	20	Aug-19
Student Officers	28	Sep-19
Student Officers	28	Nov-19
Transferees	14	Jan-20
Student Officers	14	Feb-20
Total	160	

3.72 When estimated retirements, transfers and resignations are taken into account then the projected Police Officer numbers during 2019/20 are as per the below:



- 3.73 The revised Police Officer recruitment plan is forecast to deliver, on average, 1,439FTE Police Officers during 2019/20 and put the Force in a very strong position to maintain a full establishment going forward.
- 3.74 In terms of PCSOs, there is a plan to have the recruitment complete via an intake in September.
- 3.75 **It is important to recognise that the actual number of people employed will depend on many factors, including the quality and number of applicants, whether sufficient Transferees apply to come to North Yorkshire, the vetting process and also the number of officers who leave the Force, due to Retirement, Transfer and/or Resignations.**
- 3.76 Much of the costs of the proposals set out for investment in Neighbourhood Policing relate to staff costs and these are budgeted for based on the following standard costs, including on-costs of National Insurance and Pension.

Standard Budgeted Costs	Total	Gross	NI	Pensions
Uniformed PCs	£ 45,545	£ 32,542	£ 3,293	£ 9,710
Specialist PCs	£ 54,416	£ 38,714	£ 4,184	£ 11,518
Sgt	£ 61,444	£ 43,785	£ 4,907	£ 12,752
Inspector	£ 73,702	£ 51,961	£ 6,040	£ 15,701
PCSO	£ 33,141	£ 27,443	£ 2,597	£ 3,101

- 3.77 Based on these budget costs, the expected recruitment timeframes and allowing for pay awards at 2%, the project investment in Neighbourhood Policing as set out within this Revised Precept Proposal is as per the below:

Projected Cost of Investment in Neighbourhood Policing				
	2019/20	2020/21	2021/22	2022/23
Spend Area	£000s	£000s	£000s	£000s
Salary Costs	2,530	3,280	3,425	3,495
Training Costs	325	35		
Uniform and Equipment Costs	220			
Total Investment Cost	3,075	3,315	3,425	3,495

- 3.78 The combination of the information included above provides the information requested in Recommendations 2 and 4 and much of the information requested in Recommendation 1.

- 3.79 Proposed Investment beyond Neighbourhood Policing
While the focus of the proposed investment is very much on Neighbourhood Policing, in line with the Strategic direction, the Police and Crime Plan and the clear ask from the Public, the Force continue to be mindful of 2 areas of demand growth. These are Digital Forensics and Child Protection.
- 3.80 They have set out initial proposals to invest further in both areas which would result in the recruitment of 5 additional FTEs into both areas. These proposals would see these 10 FTEs in place by the 1st August, with costs in 2019/20 of £200k, and £300k per annum thereafter.
- 3.81 More information has been requested before this is committed to. This would have been funded by the difference between the £3.6m provided by the increase in Initial Precept Proposal to £23.95, from the £12 that is required to balance the current budget, and the £3.3m that is set out as the investment in Neighbourhood Policing.
- 3.82 On reflection, and in line with the general feedback from the Panel, in that **'the Panel agree the principle of delivering more visible local policing' I have** decided to remove this item from the revised precept proposals and therefore reduce the proposed increase in the Band D to £22.95 (from the £23.95 originally proposed). The impact of this is a reduction in the overall precept to be collected of £300k per year.
- 3.83 To increase the staffing and resources within this area the Force will need to consider how this can be funded from within current resources and also how this aligns with the opportunities that the Policing Priorities Fund might present.
- 3.84 Should all of the above be delivered, in line with the plan, then this would leave around £210k of the £3.3m, as unspent in 2019/20 but needed in 2020/21 and beyond.
- 3.85 To ensure that the above funds would not simply be absorbed into the wider finances of the organisation, the remaining funds will be ring-fenced with the proposal that they are split across the following areas:
- Prevention activities which the Community Safety Partnerships can bid into.
 - Road safety
 - Commissioning (for example an expansion of the NYFRS Life courses and other such activities)
 - Responding to the rural domestic abuse research that is currently underway.

- 3.86 Policing Priorities Fund and Savings Plans
- 3.87 Recommendation 1 sought further clarification on the Policing Priorities Fund and how this wider Fund is planned to be used.
- 3.88 This is usefully combined with answering **Recommendation 5** from the Panel which was - The Panel would be grateful to see further detail on the **Commissioner’s savings plans, as highlighted at the Panel meeting and would recommend that this identifies where plans are at risk.**
- 3.89 The table below sets out the assumptions within the current financial plans. As an illustration, the plan includes an assumption that £5m of savings will be delivered in 2019/20 and this would create the capacity to re-invest this in other areas. Should this be achieved then £2.7m would be available for this re-investment. This rationale continues across the plan.

	2019/20	2020/21	2021/22	2022/23
Policing Priorities Fund	£000s	£000s	£000s	£000s
Investment Fund	2,700	5,130	7,630	7,630
Future Efficiency and Savings Target	(5,000)	(7,500)	(10,000)	(10,000)
Net Position	(2,300)	(2,370)	(2,370)	(2,370)

- 3.90 At this stage no commitments have been given in relation to where this **investment will be made and none of this ‘potential’ fund has been allocated** to anyone.
- 3.91 The reason for this is that recent experience has shown how easy it is for the investments to be made, however delivering the savings, to make these affordable and sustainable, has proved much more difficult. The spend will therefore follow the delivery of the savings and plans will be drawn up during 2019/20 to consider the priority areas for this investment.
- 3.92 These plans will need to be mindful of the potential pressures outlined elsewhere within this report in relation to level of Pay awards and not only the potential costs of ESMCP but also the wider investment in ICT required to deliver against the ambitious national programmes in this area.
- 3.93 It is important to recognise that this Investment Fund only exists if savings are delivered and one of the key strands in the delivery of these savings is the Transformational Programme that is in the process of being delivered.

3.94 **What is the Transformation Programme (Transform 2020) seeking to do?**

3.95 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.

3.96 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.

3.97 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

3.98 **Where are we currently in the process?**

3.99 The design phase reached a conclusion just prior to Christmas, and a number of business cases were prepared for the Executive Team's consideration in the New Year.

3.100 The Executive Team met in January to consider outline business cases on enhancing the Force Control Room, and transforming the Enabling Services. **Each of the business cases set out the "as is" situation, and indicated the changes we would need to make in order to become a more efficient, productive and affordable service.**

3.101 As you can imagine, there were many hundreds of pages of information to assess, and a lot of careful consideration needed. However, we have drawn **the necessary "in principle" conclusions about how we intend to deliver the service in the future, and the structures we will need to have in place to do that in the most effective way.**

3.102 **With those "in principle" choices in place, we can now start to work up the detail of what the changes will mean for each individual team, including a provisional implementation timescale should the plans progress.**

3.103 This detailed work is nearing completion, and once it is completed, we will be in a position to undertake consultation with UNISON initially, then share the plans with staff, and begin a formal process of staff consultation.

3.104 Once this formal process and consultation has begun we are likely to be a position where we can share further details with the Panel. To provide the Panel with some further context the areas of the business that have been looked at as part of the Transformation programme are set out below:

- Business Admin Services
- Communications
- Digital Information and Services Group
- Finance
- HR
- Information Management
- Organisational Development
- Professional Standards
- Resource Management
- Training
- Transport, Logistics and Estates
- Customer Contact
- OPFCC

3.105 The Outline Business Cases that **have been "in principle" agreed** would deliver against the assumptions within the financial plans included within this report should they be developed into Final Business Cases with the same financial outcomes and then implemented in line with the timelines and timeframes included within the Outline Business Cases.

3.106 Risks

From a financial perspective there is little risk in being able to balance the financial plans in 2019/20 and no risk that the additional funding from this Revised Precept Proposal being required to meet any shortfall in the delivery of the savings plans within this budget.

3.107 The reason for this, and as discussed previously with the panel, is that the number of vacancies being held within the organisation has been actively increased to firstly balance the 2018/19 financial plans but also in anticipation of this transformation work and a clear expectation, based on Value for Money analysis, that this would lead to a lower number of staff employed within the organisation.

3.108 As at the end of December 2018 there were circa 90 FTE staff vacancies being held across the Police Force and Corporate Services. These vacancies, in financial terms, equate to circa £2.7m. These vacancies will therefore ensure that the financial plan balances in 2019/20 while the transformation programme has time to deliver.

3.109 Once the consultation has been completed the overall staff establishment will be adjusted to reflect the new structures, some vacancies will be permanently deleted, others will provide opportunities for staff to redeploy into, new roles will be created to develop the services in a different way and other roles might be no longer required.

- 3.110 This transformed way of working will also place a lot of focus on contracts, procurement and wider non-pay expenditure. The outline business cases highlighted an expectation that over half of the savings within this overall transformation programme will be delivered from non-pay budgets.
- 3.111 There are clearly risks in terms of the timing and delivery of these non-pay savings especially given the overall Transformation Programme has not reached the point of Full Business Cases yet.
- 3.112 This is another reason why plans to spend the Investment Fund have not been progressed and/or outlined. The Transformation Programme is a significant piece of work and we need everyone in the organisation focused on delivery of this, in the first place, and to not have their attention diverted to other areas.
- 3.113 The Executive Team will turn their attention to the Investment Fund and how these significant savings can be re-invested once Full Business Cases have been signed off and once they are confident that the money is available to be reinvested because the savings have actually been delivered.
- 3.114 **Wider Comments within the Report from the Panel**
- 3.115 The 5 specific recommendations included within the Report from the Panel have been addressed within paragraphs 3.44 to 3.113.
- 3.116 It is also felt that in addressing these recommendations that the following sections of the report have also been addressed:
- Level of detail (points a-c). In particular the presentations provided at the meeting on the 5th February are appended to this report.
 - Lack of assurance around recruitment of additional staff (points d-g)
- 3.117 In terms on Consultation (point h) - this revised report does not seek to interpret the results of the consultation and simply sets them out as part of the wider decision making process and support in proposing this revised precept.

4 **Public Consultation**

- 4.1 To further inform the decision around the proposed precept for 2019/20 consultation has been undertaken with the public to ascertain their feedback and thoughts on this subject
- 4.2 In total, 2,741 responses were received from North Yorkshire residents. The consultation was undertaken in numerous ways. A representative telephone survey was conducted, supported by an open, online survey. The open survey **was publicised on the Police, Fire and Crime Commissioner’s website and promoted via social media.** Leaflets located in libraries and other accessible locations across North Yorkshire further promoted the survey as well as providing a paper-based return option. The results of the consultation are detailed in Appendix 1.
- 4.3 The results of consultation with the public of North Yorkshire in relation to the level of precept for 2019/20, which had 2,741 responses, which is 24% more than 2018/19, has resulted in 65% of the telephone survey and 68% of the Open On-Line survey supporting an increase.
- 4.4 A summary of the results is shown below with more than two-thirds (67%) support an increase in the police precept of at least £11.50. Over a third (37%) opted for an increase in excess of the £11.50, up to the cap of £24 (includes those who said ‘more than £24’).

	Telephone (n=975)	Online (n=1732)	Total (n=2707)
Freeze	35%	32%	33%
£11.50 as per last year	34%	28%	30%
£11.50 - £24	24%	24%	24%
More than £24	7%	16%	13%
TOTAL who support an increase	65%	68%	67%

- 4.5 In looking at the public opinion, a clear majority support an increase to the precept.

4.6 The Tax Base

The eight local Councils have notified me of their tax bases for 2019/20 as set out in the table below:

Tax Base		
	2019/20	2018/19
	Net Tax Base	Net Tax Base
Craven District Council	22,525	22,455
Hambleton District Council	36,847	36,033
Harrogate Borough Council	62,461	61,898
Richmondshire District Council	19,831	19,608
Ryedale District Council	21,812	21,581
Scarborough Borough Council	38,397	38,007
Selby District Council	31,395	30,837
York City Council	67,706	66,671
Total	300,974	297,090
Annual Increase	3,884	
Percentage Increase	1.31%	

- 4.7 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.
- 4.8 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.
- 4.9 As can be seen from the table above the number of Band D equivalent properties across North Yorkshire has increased in 2019-20, in comparison to 2018-19, by 3,884 – this equates to an increase of 1.31%.
- 4.10 The financial impact of this permanent increase in the number of calculated Band D properties of 3,884 is a recurring increase in precept funding of circa £1m from 2019/20 onwards, which has helped to reduce budget reductions and savings.
- 4.11 The 2019/20 tax base is therefore 300,974.02 Band D Equivalent properties.

4.12 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.

Collection Funds Surplus/ (Deficit)	
	£
Craven District Council	98,173
Hambleton District Council	51,240
Harrogate Borough Council	(41,002)
Richmondshire District Council	(12,905)
Ryedale District Council	(13,500)
Scarborough Borough Council	168,843
Selby District Council	(23,020)
York City Council	89,709
Net Surplus on Collection Fund	317,538

4.13 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**.

4.14 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 6 years the collection surpluses have been as follows:

- 2014/15 - £385k
- 2015/16 - £757k
- 2016/17 - £971k
- 2017/18 - £993k
- 2018/19 - £492k
- 2019/20 - £318k

4.15 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.

4.16 Financial Summary

Net Budget Requirement

Based on the proposed precept increase of £22.95 the Net Budget Requirement (NBR) for 2019/20, in comparison to 2018/19, is set out in the table below:

Funding the Net Budget Requirement				
	2019/20	2018/19	(Increase)/Reduction	%age Change
	£000s	£000s	£000s	
Funding				
Police Grant	(41,994)	(41,100)	(894)	2.2%
RSG/National Non Domestic Rate	(27,191)	(26,662)	(529)	2.0%
Total Formula Funding	(69,185)	(67,762)	(1,423)	2.1%
Net Surplus on Collection Funds	(318)	(492)	175	-35.5%
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	(76,980)	(69,168)	(7,812)	11.3%
Net Budget Requirement	(154,380)	(145,320)	(9,060)	6.2%

4.17 As a result of the Government Grant settlements being better than expected, and the flexibility to increase precept by more than previously forecast, then the overall funding available to the PCC is higher than the level available to me in 2018/19 by £9.0m.

4.18 This needs to be viewed in the context of the increased Police Pension contribution requirement that totals £2.2m per annum, after allowing for an additional pensions grant. In overall terms the PCC will therefore have around £7.0m more income, at the Net Budgetary Requirement level, in 2019/20 than was expected a year ago. It is worth noting that this increase is partly absorbed by unavoidable additional costs to the organisation in 2019/20, in comparison to 2018/19, primarily from 2% National Pay Awards and more general inflation, where CPI is currently 2.1% and RPI 2.7%

4.19 This should therefore provide some opportunity to invest in 2019/20 in priority areas.

4.20 Precept Calculations

The final precept calculations are set out in the tables below based on a £22.95 increase:

Proposed Precepts - £22.95 Increase			
	Unadjusted Precept	Collection Fund Balance	Council Tax Requirement
	£	£	£
Craven District Council	5,859,392	98,173	5,761,219
Hambleton District Council	9,475,653	51,240	9,424,413
Harrogate Borough Council	15,934,574	(41,002)	15,975,576
Richmondshire District Council	5,059,275	(12,905)	5,072,180
Ryedale District Council	5,565,299	(13,500)	5,578,799
Scarborough Borough Council	9,989,644	168,843	9,820,801
Selby District Council	8,006,927	(23,020)	8,029,948
York City Council	17,406,898	89,709	17,317,189
Total Precept	77,297,663	317,538	76,980,125

4.21 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. £76,980,125 by 300,974.2 giving a council tax rate for Band D properties of £255.77.

4.22 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 2018/19. It is advised that the tax rates should be calculated to more than 2 decimal places.

Council Tax Band Amounts and Increases				
Property Band	£22.95 increase			
	2019/20	2018/19	Increase per Annum	Increase per Week
	£	£	£	£
A	170.513	155.213	15.30	0.29
B	198.932	181.082	17.85	0.34
C	227.351	206.951	20.40	0.39
D	255.770	232.820	22.95	0.44
E	312.608	284.558	28.05	0.54
F	369.446	336.296	33.15	0.64
G	426.283	388.033	38.25	0.73
H	511.540	465.640	45.90	0.88

4.23 As you will see from the table above the impact of my proposal to increase the Police precept by £22.95 will increase a household council tax bill by 44 pence per week for a Band D property.

5. Conclusion

I have addressed all of the recommendations that the Panel set out in their report of the 7th February in relation my Initial Precept Proposal. I have reconsidered various options and various factors in deliberating on my proposal for precept in 2019/20. I have spoken with the Chief Constable and have consulted with the public. I have taken into account both the current and likely risks facing the Police service in terms of finances, and have considered the clear messages within the recent Neighbourhood Policing Survey, from the public of North Yorkshire, of the need for more visible local policing.

Based on these views and the financial needs of the organisation over the medium term I formally propose a revised police precept for 2019/20 of £255.77 for a Band D property within North Yorkshire. This would be an increase of £22.95 per annum, from the 2018/19 level.

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

The initial Decision Note **on 'Proposing the 2019/20 Precept'**

Further to this the following additional Appendices are also attached:

- Appendix 1 – Draft Budget based on a £22.95 Precept Increase
- Appendix 2 – Draft Capital and Revenue Development Programme
- Appendix 3 – Draft Forecast Reserves Schedule
- Appendix 4 – Report on Police Precept Consultation

Operational Overview Presentation

Police Precept Proposal Presentation

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 2019/20

The PFCC has decided, after consultation with the public, after taking into account both the current and likely risks facing the Police service in terms of finances, and after considering the clear messages within the recent Neighbourhood Policing Survey, from the public of North Yorkshire, of the need for more visible local policing, to propose to the Police and Crime Panel a police precept for 2019/20 of £256.77 for a Band D property within North Yorkshire. This would be an increase of £23.95 per annum, from the 2018/19 level.

Background

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

The Police Settlement for 2019/20 has provided the PFCC with:

- An increase in Police Grant of £1,423k or 2.1%
- A Pension's Grant of £1,449k

HOWEVER

- The impact of Police Pension changes to North Yorkshire is increased annual costs of £3.6m.

Therefore in overall cash terms, before Precept is considered, the organisation has less Cash than it had last year, from the Government, taking into account the additional Pensions Costs that have been passed from the Government to Local Forces.

In real terms therefore this is a further cut to Government Funding of circa £2.2m.

Precept flexibility of up to £24 has been provided for all PCCs (or equivalents) in 2019-20, which means that the Band D level of the Police Precept can be increased by up to, and including, £24 before a referendum is required.

Given the above, a Precept increase of circa £12 per year, for a Band D property, would be required to deliver a standstill balanced budget and medium term financial plan, based on current assumptions. The main assumptions are that Pay Awards are no higher than 2% per annum, that there is no negative impact from the Funding Formula review on North

Yorkshire, that the Pensions Grant continues to be received and that government funding starts to increase as part of the next Comprehensive Spending Review.

Each £1 increase above £12 provides £300k on a recurring basis to invest in Policing services within North Yorkshire and/or mitigates the likelihood of cuts/reductions in service should some of the risks that currently exist materialise, the primary risks of note are:

- Funding Formula review – Potential reduction in Government funding of £3.5-£4.0m per annum.
- Emergency Services Mobile Communications Programme (ESMCP) – potential costs estimated at £5.2m across the current MTFP period. Of which £0.4m likely in 2019/20, but on average £1.3m per annum could be needed for each of the next 4 years.
- Pay Awards – estimated additional costs of £1.1m to £1.8m in 2019/20 and additional costs of £2.4m to £4.0m across a 3 year period.

To mitigate the risks of the potential costs from both ESMCP and Pay Awards would require an increase in precept of between £7 and £9 on top of the £12 required to balance the current budget.

The Funding Formula is more of an unknown quantity at this stage and unlikely to have any impact before 2021/22 and therefore while the organisation needs to be mindful of this it is perhaps an area that will need to be addressed in the future.

Consultation

The results of consultation with the public of North Yorkshire in relation to the level of precept for 2019/20, which had 2,741 responses, which is 24% more than 2018/19, has resulted in 65% of the telephone survey and 68% of the Open On-Line survey supporting an increase.

In looking at the public opinion, a clear majority support an increase to the precept. However, due to the way the options were offered, the additional amount they are prepared to pay varies.

To estimate the level of increase those who opted for an increase would be prepared to pay, a Weighted Average calculation was undertaken, based on the level of support for an increase of £11.50, an increase of £24 and an assumption that those who opted for an increase above £24 would be prepared to pay £3 per month more – so a £36 increase.

This calculation produced a Band D increase of £20.73 per annum which would be sufficient to firstly balance the 2019/20 budget and MTFP and then mitigate the risks of higher Pay Awards and the potential costs of ESMCP.

Neighbourhood Policing

Over the last few years there has been significant investment in those areas that are assessed as those providing the greater areas of Threat, Risk and Harm, this included a £3m strategy to improve protection for vulnerable people that was announced in 2016. The recent Neighbourhood Policing Survey provided a timely reminder however of the concerns that the public have about the erosion of local policing services in North Yorkshire. In response to these concerns, and the strategic direction of the PFCC to deliver the 'Reinforcing the Front Line' goal set out in the Police and Crime Plan, the Force have drawn up plans to address the areas that were raised within this survey and have proposed the following:

- Community Resilience Teams with a visible presence dedicated to prevention and facilitating multi agency working.
- Mental Health Coordinators to support our most vulnerable residents and reduce the need for emergency secondary interventions
- Increased and structured engagement with communities to understand what matters to the place with a focus on volume acquisitive crime and volume offenders. Subsequently this will reduce the fear of crime through increased traditional community presence and engagement. This would include:
 - Integrated Offender Management
 - Uniformed Officers focused on volume acquisitive crime and volume crime prevention and engagement
 - Bail Management
- Creation of a Public Safety Officer across public sector organisations.
- Online PCSOs to provide prevention advice and support investigations such as online crime
- A City Task Force, focused on primary interventions to ensure that our more urban communities problems are being solved

To deliver these proposals would result in an increase in both Police Officers (50 FTEs) and PCSO and Community Safety Staff (20 FTEs) and once fully implementing would costs in the region of £3.3m on an annual basis. These are the priority areas, in terms of where the additional precept funding would be invested. Ideally those risks and potential costs identified elsewhere would be funded from the internal savings and transformation programme and the additional precept would be focussed on spend in this vital area.

The Commissioner will be closely holding the Force to account to ensure that this investment improves those priority areas identified above and this then helps improve the areas of public concerns that have been highlighted.

Delivery Against last years' Plans

In increasing the Precept by £11.50 last year the Police and Crime Commissioner was clear that the Chief Constable needed to demonstrate real progress on delivering efficiency savings in order to justify a further increase in 2019/20.

The Chief Constable was asked 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. Significant work has been done on this objective with plans in place to deliver these savings by 2020/21.

In addition to this the Force were required to maintain and increase frontline policing and PCSO numbers, ensuring we reach our recruitment targets of 1,400 police officers (an increase of 81 from December 2017 levels) and 200 PCSOs. Both of these are expected to be broadly achieved with PCSO number expected to have averaged 200 FTEs throughout 2018/19 and Police Officer numbers expected to be in excess of 1,390 FTEs by the end of the financial year.

And finally there was a specific requirement on the Force to improve performance of the force control room (FCR) and the response to 999 and 101 calls made to the police by the public. The investment into the FCR following the precept increase in 2018/19 led to the introduction of a number of measures all aimed at improving call handling performance in respect of 999 and 101. Firstly there was an investment in people, coupled with the introduction of a learning and development hub which included a new building able to accommodate a higher number of new recruits at any one time. The FCR building itself was further extended to provide additional call handling provision and the equipment used was all upgraded to ensure that the call handlers had access to the best possible technology.

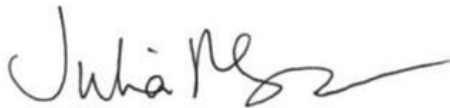
In order to enhance morale the Force have also invested in their staff by providing additional rest and refreshment facilities.

The impact has been a significant improvement to call handling performance. Demand has continued to increase and from being in a position in the Summer of 2017, where for 3 months the Force were on the Home Office list for breaching 999 response; and the average time to answer a 101 call was between 4-6minutes, the Force, after the investment, now answer all 999 calls with the average time to answer being less than 10 seconds. In addition the Force now answers 101 calls in an average of 1min 30 seconds – 48% are answered in less than 30 seconds. Now that performance has largely been stabilised, the Force is considering how further improvements can be made, which will be included in the Transform 2020 programme in due course

This would not have been possible without the investments being made. Staff morale is much higher as well which also impacts upon customer service.

Decision Record

The PFCC has decided, after consultation with the public, after taking the advice of her officers on both the current and likely financial risks facing the Police service, and after considering the clear messages within the recent Neighbourhood Policing Survey, from the public of North Yorkshire, of the need for more visible local policing, to propose to the Police and Crime Panel a police precept for 2019/20 of £256.77 for a Band D property within North Yorkshire. This would be an increase of £23.95 per annum, from the 2018/19 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 advised that

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 2019/20 to fund the organisation to deliver against the Police and Crime Plan priorities.

APPENDIX 1

PCC Summary MTFP - Draft Projections at February 2019 based on £22.95 increase

	Actual Budget 2017/18	Forecast Budget 2018/19	Forecasts			
			2019/20	2020/21	2021/22	2022/23
Core Funding	£000s	£000s	£000s	£000s	£000s	£000s
Government Grant	(67,762)	(67,762)	(69,185)	(69,185)	(70,569)	(71,980)
Council Tax Precept	(66,029)	(69,661)	(77,298)	(81,818)	(84,272)	(86,799)
Council Tax Freeze Grant	(2,152)	(2,152)	(2,152)	(2,152)	(2,152)	(2,152)
Council Tax Support Grant	(5,746)	(5,746)	(5,746)	(5,746)	(5,746)	(5,746)
Funding for Net Budget Requirement	(141,689)	(145,320)	(154,380)	(158,901)	(162,738)	(166,676)
%age Change in Net Budgetary Requirement	1.1%	2.6%	6.2%	2.9%	2.4%	2.4%
Other Funding						
Specific Grants	(3,021)	(2,900)	(4,105)	(3,827)	(3,827)	(3,827)
Partnership Income/Fees and Charges	(9,970)	(8,702)	(8,129)	(7,931)	(7,923)	(8,022)
Total Funding	(154,680)	(156,923)	(166,615)	(170,660)	(174,488)	(178,525)
%age Change in Funding	3.1%	1.4%	6.2%	2.4%	2.2%	2.3%
Office of the PCC Planned Expenditure	£000s	£000s	£000s	£000s	£000s	£000s
Total Planned Expenditure	911	1,011	1,080	1,100	1,120	1,140
Commissioned Services	£000s	£000s	£000s	£000s	£000s	£000s
Commissioned Services	3,651	3,979	3,655	3,573	3,580	3,594
Total Planned Expenditure	3,651	3,979	3,655	3,573	3,580	3,594
Policing Priorities Fund	£000s	£000s	£000s	£000s	£000s	£000s
Investment Fund	0	1,963	2,700	5,130	7,630	7,630
Reinforcing the Frontline	0	0	3,295	3,348	3,452	3,559
Total Policing Priorities Fund	0	1,963	5,995	8,478	11,082	11,189
Corporate Services	£000s	£000s	£000s	£000s	£000s	£000s
Staff Pay	7,242	7,183	7,587	7,735	7,892	8,060
Other Non Salary	271	79	75	76	78	79
Premises	4,590	4,387	4,433	4,303	4,389	4,477
Supplies and Services	8,793	8,843	9,689	10,221	10,388	10,054
Transport	635	620	729	742	757	772
Asset Management	495	906	401	493	582	635
Total Corporate Services	22,027	22,018	22,914	23,571	24,086	24,078
Police Force Planned Expenditure	£000s	£000s	£000s	£000s	£000s	£000s
Pay						
Police Pay	71,361	73,540	75,929	77,763	79,303	80,889
Police Overtime	2,005	2,070	2,033	2,073	2,115	2,157
PCSO Pay (incl Overtime)	6,717	6,605	6,719	6,853	6,990	7,130
Staff Pay (incl Overtime)	28,123	26,280	30,961	31,085	31,647	32,280
Pay Total	108,206	108,495	115,642	117,774	120,055	122,456
Non-Pay Budgets						
Other Non Salary	1,382	1,535	1,573	1,602	1,634	1,667
Injury and Medical Police Pensions	3,199	3,699	3,700	3,822	3,898	3,976
Premises	65	54	86	88	89	91
Supplies and Services	11,637	12,321	13,159	13,651	13,923	14,190
Transport	1,761	1,660	1,913	1,945	1,980	2,020
Non-Pay Total	18,044	19,269	20,432	21,108	21,525	21,944
Total Planned Force Expenditure	126,250	127,764	136,073	138,882	141,580	144,400
%age Change in Expenditure	4.0%	1.2%	6.5%	2.1%	1.9%	2.0%
Total Expenditure Budgets	152,839	156,735	169,717	175,604	181,448	184,401
Future Efficiency and Savings Target			(5,000)	(7,500)	(10,000)	(10,000)
Total Expenditure Budgets after Efficiencies and Savings			164,717	168,104	171,448	174,401
(Surplus)/Deficit before Reserves/Capital	£000s	£000s	£000s	£000s	£000s	£000s
(1,841)	(188)	(1,898)	(2,556)	(3,040)	(4,124)	
Planned Transfers to/(from) General Fund	(1,104)	(1,800)	0	0	0	0
Contribution to Capital Programme	3,885	1,492	2,342	2,771	3,010	4,094
Projects	3,586	2,219	991	140	20	0
Planned Transfers to/(from) Earmarked Reserves	(4,526)	(1,724)	(1,436)	(356)	10	30
Net (Surplus)/Deficit After Reserves	0	0	(0)	(0)	0	(0)
General Reserves	£000s	£000s	£000s	£000s	£000s	£000s
General Fund Balance b/f	9,697	6,774	5,974	5,974	5,974	5,974
Proposed (Use of)/Contribution to General Fund	(1,104)	(1,800)	0	0	0	0
Current Year Forecast (Over)/ Under spend	(1,819)	1,000				
General Fund Balance c/f	6,774	5,974	5,974	5,974	5,974	5,974
Employee Numbers	FTEs	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,363	1,390	1,450	1,450	1,450	1,450
PCSOs	200	200	223	223	223	223
Police Staff - Police Force	877	838	949	932	931	931
Corporate Services, Commissioning and Projects	292	214	223	220	217	217
OFPC Staff	13	13	14	14	14	14
Assumptions						
Staff Pay Increases	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Police Pay Increases	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Non Pay Inflation	1.3%	2.5%	2.5%	2.5%	2.5%	2.5%
Precept Increases	2.0%	5.2%	9.9%	4.7%	2.0%	2.0%
Government Grant Reductions (Cash Basis)	-1.4%	0.0%	1.9%	0.0%	2.0%	2.0%

APPENDIX 2

Capital Financing and Expenditure						
	2018/19	2019/20	2020/21	2021/22	2022/23	5 Year Total
	£000s	£000s	£000s	£000s	£000s	£000s
Earmarked Reserve/Funding b/f	4,151	98	485	35	35	
Capital Grant	431	1,248	449	458	467	3,053
Capital Receipts	169	169	169	169	169	845
Capital Receipts from Estates Strategy	0	4,129	750	0	0	4,879
Contributions from Revenue	2,152	2,342	2,771	3,010	4,094	14,370
Transfers from Earmarked Reserves	184	184	19	19	0	405
External Funding	115	0	0	0	0	115
Borrowing	1,608	1,844	1,762	1,075	-275	6,014
Projected in-year funding available	4,658	9,916	5,921	4,731	4,455	29,680
Capital and Revenue Project Plans						
Fleet	1,470	2,159	1,738	1,016	1,505	7,888
ICT	3,012	2,314	1,623	1,393	739	9,082
Estates	1,877	3,918	2,111	1,562	896	10,363
Other Rolling Programmes	428	969	758	707	1,313	4,175
Other Schemes	1,809	168	140	53	0	2,170
Externally Funded	115	0	0	0	0	115
Total Agreed Programme	8,711	9,529	6,370	4,731	4,453	33,793
Earmarked Reserve/Funding c/f	98	485	35	35	38	

Forecast Usable Reserves							APPENDIX 3						
	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	Tranfers In 2021/22 £000	Tranfers Out 2021/22 £000	Balance at 31 March 2022 £000
Insurance Reserve	438			438			438			438			438
Capital Reserve	2,528	2,152	(3,872)	807	2,342	(3,150)	(0)	2,771	(2,771)	0	3,010	(3,010)	0
PCC Community Fund Reserve	841		(250)	591		(250)	341		(299)	43		0	43
Cost of Change Reserve	268		(47)	221			221			221			221
Commissioned Services Reserve	447		(161)	286	29	(161)	154	15		168			168
Major Incident Reserve	0	500		500			500			500			500
Revenue Initiatives	184	600	(140)	644		(600)	44			44			44
Confiscated Monies Reserve	231	130	(179)	182	130	(100)	212	130	(100)	242	130	(100)	272
Total Earmarked Reserves	4,937	3,382	(4,649)	3,669	2,501	(4,261)	1,910	2,916	(3,170)	1,656	3,140	(3,110)	1,686
General Reserves	6,774	1,000	(1,800)	5,974	0	0	5,974	0	0	5,974	0	0	5,974
Total Usable Reserves	11,710	4,382	(6,449)	9,643	2,501	(4,261)	7,883	2,916	(3,170)	7,630	3,140	(3,110)	7,660
Capital Receipts Reserve	2,431	169	(2,600)	0	4,298	(3,893)	405	919	(1,324)	(0)	169	(169)	(0)

Precept Consultation Results 2019/20

Approach

The Police, Fire and Crime Commissioner’s precept consultation aimed to understand how much the North Yorkshire public would be prepared to pay via their council tax for policing and separately for the fire and rescue service next year (2019/20).

A representative telephone survey was undertaken with 1000 North Yorkshire residents, screened to ensure respondents were council tax payers, aged over 18. Quotas were set by gender, age and district to reflect the demography of North Yorkshire. The telephone interviews were undertaken by an independent market research company. In addition, an online, self-completion survey was publicised on the Police, Fire and Crime Commissioner’s website and promoted via social media and leaflets distributed to libraries and other public buildings. Residents could respond via post, phone, email or the online survey resulting in a further 1,741 responses. Combined, the total number of participants was 2,741. The consultation period ran from 8th December 2018 to 20th January 2019.

All districts were well represented:

Area	Craven	Hambleton	Harrogate	Richmondshire	Ryedale	Scarborough	Selby	York	Total
Responses	175	398	543	284	324	305	249	463	2741
% of Total	6%	15%	20%	10%	12%	11%	9%	17%	100%

Results

The results of the consultation have been analysed by methodology type (representative telephone survey vs open online survey) and are very similar.

Those who support a freeze for the fire and rescue precept are extremely likely (91%) to suggest a freeze for policing. 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 and higher income households prepared to pay in excess of the caps.

Policing

The options, based on a Band D property were:

- **No more than you pay now – a precept freeze.** This would mean a real terms cut to the police budget when inflation is taken into account
- **As per last year – an extra £11.50 per year** for a Band D property raising £3.5m
- **Between £11.50 and £24** – raising up to £7m
- **More than £24** - raising more than £7m

Over two-thirds of respondents (67%) were prepared to pay an increase of at least £11.50 in their council tax for policing next year. This correlates directly with responses from the precept survey last

year where there was support amongst two-thirds of residents for a £12 increase. In this survey, over a third (37%) would pay in excess of the £11.50, up to the cap of £24. (31% telephone survey and 40% online).

