

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

28th January 2022

Status: For decision

The 2022/23 Fire Precept Proposal

1 Purpose

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

2 Recommendations

- 2.1 The Panel is asked to consider my proposal to set the Band D Fire Element of the Council Tax within North Yorkshire for 2022/23 at £75.61. This is an increase of 1.98% or £1.47 over the 2021/22 level.
- 2.2 The Panel is asked to note that in making this proposal I have taken into account the limits placed on precept increases for Fire Authorities by the Government before having to undertake a costly referendum, and the results of consultation with the public of North Yorkshire in relation to the level of precept for 2022/23. This consultation had 2,513 responses, a summary of the results is provided at Appendix 4.
- 2.3 The Panel is asked to support this proposal.

3 Reasons

- 3.1 The balance of the cost of the fire service not paid for by central government is met by local taxpayers through a precept on their council tax. In North Yorkshire this will equate to just over 62% of the overall income that I will receive in 2022/23. It is the responsibility of the eight local billing authorities to collect this.
- 3.2 Legislation requires the precept for 2022/23 to be set before 1st March 2022 and that the first step in enabling this to happen is that I am required to inform this panel of my proposed precept by the 31st January 2022. Which I did by submitting this report prior to that date.

- 3.3 In making my proposal on the Fire precept I have taken into account the following:
- The views of the public of North Yorkshire
 - The financial impact on the people of North Yorkshire.
 - The financial needs of the organisation as currently projected both for 2022/23 and in the future.
 - The limits imposed by the Government on a precept increase before a referendum would be triggered in North Yorkshire.
 - I have discussed my proposals with the Chief Fire Officer and engaged and consulted with the public on the options available to me.

Overall Financial Context

3.4 Financial Position on Transfer of Governance

The Home Secretary announced on the 13th June 2018 that the elected Police and Crime Commissioner for North Yorkshire, now the PFCC, would take on the governance of North Yorkshire Fire and Rescue Service. The legislation to enable this to come into effect was passed on the 15th November 2018.

- 3.5 The financial position of the Fire Authority, at the time of the announcement and at the point of subsequent transfer of Governance, was set out in a report to the Fire Authority dated the 27th June 2018. A copy of this report was provided to the Panel as part of the precept proposals for 2019/20.

3.6 In Summary the position was as follows:

- The Authority agreed the 2018/19 Budget and the Medium Term Financial Plan which took the Authority up to and including 2022/23 at its meeting on 16 February 2018. The MTFP identified a shortfall of £2,810k on a recurring basis over the period. The Plan set out to use reserves for 2018/19 to 2020/21 in order to bridge the funding shortfall during that period.
- The June 2018 report then set out the review that this MTFP underwent, how savings opportunities were identified (£920k), assumptions were revisited (£300k) and additional costs of £985k identified. This resulted in the PFCC inheriting a MTFP that required £1.2m from reserves to balance the budget in 2018/19 and plans that lead to an imbalance that would rise to nearly £2.6m by 2022/23 **AND** no firm plans to address this imbalance beyond the use of reserves to provide some time to develop savings.

- 3.7 Since the Transfer of Governance a significant amount of work has been undertaken on the finances of the Fire Authority with a balanced Medium Term Financial Plan set out in February 2020, further to this the Financial Plans set out in February 2021 forecast a balanced plan by 2023/24, with some use of reserves in the 3 years prior to this.

Current Financial Position and Context

3.8 Local Government Finance Settlement 2022/23

3.9 On 16 December 2021, the Secretary of State for Levelling Up, Housing and Communities Michael Gove MP, set out the Provisional Local Government Finance Settlement for 2022-23 in the form of a Written Ministerial Statement. Alongside the statement, details of the provisional settlement have been published on the Gov.uk website. The Secretary of State stated that the proposals announced today “focuses on providing stability” for local authorities over the next 12 months.

3.10 Headlines

3.11 Due to the timing and detail of local government finance announcements at the 2021 Spending Review (SR2021)), the majority of the settlement was already known.

- Core Spending Power increases by an average of 6.9% (£3.46bn) – assuming all authorities levy the maximum precept allowed in 2021-22.
- Standalone Fire and Rescue Authority’s CSP increases by 4.7% (£71m).
- New grant funding has been allocated as follows:
 - £822m one-off 2022-23 Services Grant (through Settlement Funding Assessment)
 - £636m Social Care Grant
 - £72.5m additional Settlement Funding Assessment
- The Rural Services Delivery Grant for 2022-23 is cash flat. Allocations are unchanged from 2021-22, with the total funding equalling £85m.
- Additional SFA is un-ring fenced but is expected to cover additional costs due to pay, inflation, the increased National Insurance levy and all other pressures.
- The government “is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources,” - the fire and rescue part of the current funding formula is not expected to change.
- Fire Pensions Grant have been confirmed at Flat Cash.

3.12 Council Tax Precepts

3.13 The Provisional Settlement sets council tax referendum thresholds for FRAs as the Basic Precept referendum limit will be a 1.99% increase for 2022-23 with a new £5 referendum principle being introduced for the eight lowest-charging FRAs.

3.14 Core Spending Power

3.15 The core settlement is made up of Baseline Funding Levels and RSG. Settlement Funding Assessment (SFA) will rise by £72.5m in 2022-23 with an additional £822m for a one-off 2022-23 Services Grant based on SFA but not included within the SFA total. This one-off grant would be excluded from any proposed baseline for transitional support as a result of any proposed system changes.

3.16 Baseline funding levels (BFL) which are funded through Business Rates, are flat in cash terms as the government announced at the Autumn Budget that the Business Rate multiplier will be frozen next year, but Authority's will be compensated through Section 31 grant in the usual way for indexation compensation grants.

3.17 Council Tax Base Assumptions

3.18 The provisional settlement includes an assumption around council tax base growth. The Government have taken each local authority's average annual growth in their tax base between 2017-18 and 2021-22 and used it to project a tax base figure for 2022-23.

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

3.20 Based on the information produced by the Government and received to date, then the Government calculate that the Core Spending Power for North Yorkshire Fire is projected to increase by circa 4.1%, between 2021/22 and 2022/23.

3.21 The projected 4.1% is significantly below the average increase expected for Standalone Fire and Rescue Authority's at 4.7% and is also the 3rd lowest increase in the country. Further details on the projected settlements are set out below:

| Core Spending Power: 2022-23 compared to 2021-22 | Percentage change in Core Spending Power from 2021-22 to 2022-23 | Allowable Increase in 2022/23 | 2022/23 Band D level based on maximum allowable increases |
|--|--|-------------------------------|---|
| Fire and Rescue Authority | Percentage Increase | %age | £ |
| Hereford and Worcester Fire | 4.0% | 1.99% | £89.42 |
| East Sussex Fire | 4.1% | 1.99% | £99.37 |
| North Yorkshire Police, Fire and Crime Commissioner | 4.1% | 1.99% | £75.61 |
| Dorset and Wiltshire Fire | 4.2% | 1.99% | £79.43 |
| Devon and Somerset Fire | 4.2% | 1.99% | £91.79 |
| Buckinghamshire Fire | 4.2% | 7.44% | £72.16 |
| Berkshire Fire | 4.4% | 7.25% | £73.95 |
| Kent Fire | 4.5% | 1.99% | £82.43 |
| Hampshire and Isle of Wight Fire and Rescue | 4.5% | 7.10% | £75.43 |
| Staffordshire Police, Fire and Crime Commissioner | 4.5% | 1.99% | £80.35 |
| Essex Fire | 4.5% | 1.99% | £75.36 |
| Bedfordshire Fire | 4.6% | 1.99% | £104.45 |
| Shropshire Fire | 4.7% | 1.99% | £106.27 |
| Cambridgeshire Fire | 4.7% | 1.99% | £74.99 |
| Derbyshire Fire | 4.7% | 1.99% | £80.85 |
| Cheshire Fire | 4.7% | 1.99% | £82.48 |
| Avon Fire | 4.7% | 1.99% | £77.95 |
| Durham Fire | 4.7% | 1.99% | £109.69 |
| Nottinghamshire Fire | 4.7% | 1.99% | £84.60 |
| Lancashire Fire | 4.9% | 6.92% | £77.27 |
| Northamptonshire Police, Fire and Crime Commissioner | 4.9% | 7.91% | £68.20 |
| Humberside Fire | 5.0% | 1.99% | £90.11 |
| Tyne and Wear Fire | 5.0% | 1.99% | £87.34 |
| Leicestershire Fire | 5.0% | 7.22% | £74.29 |
| West Yorkshire Fire | 5.0% | 7.44% | £72.18 |
| South Yorkshire Fire | 5.0% | 1.99% | £77.58 |
| Merseyside Fire | 5.1% | 1.99% | £83.63 |
| West Midlands Fire | 5.3% | 7.93% | £68.04 |
| Cleveland Fire | 5.4% | 1.99% | £81.93 |
| Stand Alone Fire Service Core Spending Power Totals | 4.7% | 3.48% | £82.66 |

** Those services highlighted in Orange in the above table have the ability to increase their Precept by £5 in 2022/23. The percentage increases in Core Spending Power above currently do not reflect this.

3.22 Percentage change in Core Spending Power from 2021-22 to 2022-23

3.23 If North Yorkshire had received an average increase in Core Spending Power (of 4.7%) then this would have equated to £186k more funding

3.24 If North Yorkshire had received an increase in Core Spending Power of 5.4% (as Cleveland could receive) then this would have equated to £403k more funding.

3.25 Funding beyond Core Spending Power

3.26 Pensions Grant

In early September 2018 HM Treasury announced changes to the discount rate for unfunded public-sector pensions including fire. This, combined with the earlier announcement at Budget 2016, has resulted in a reduction to the discount rate from 3% to 2.4% and has the effect of increasing the employer contributions (to include ill-health costs) from 17.6% to 30.2% from April

2019. The Government Actuary's Department estimated that the additional cost to fire as a result will be around £108.5m per annum.

- 3.27 HM Treasury indicated that additional funding would be provided to public sector bodies in 2019-20 to mitigate most of this increase, with the sector "paying only the additional costs announced at Budget 2016" (a reduction in the discount rate from 3% to 2.8%). This means that fire will pay £10m of the additional costs in 2020/21, with the remaining £98.5m being provided via a grant under section 31 of the Local Government Act 2003. Although FRAs have some cost to bear they have come out relatively well when compared to the Police.
- 3.28 This Grant seems to be now embedded within the financial settlements and whilst it hasn't been included within the Core Spending Power and Government Grant funding, it is expected that the grant will continue at the same cash level over the life of the spending review period. The plans therefore include this grant at £1,711k each year. Clearly if this grant ends then there will be a significant impact on the current MTFP.
- 3.29 Rural Services Delivery Grant (RSDG)
North Yorkshire Fire receives £540k in terms of Rural Services Delivery Grant, this has remained the same cash value as 2021/22 and therefore in real terms this grant has decreased.
- 3.30 One-off 2022-23 Services Grant
The Government have set out that this new grant, worth £424k to North Yorkshire Fire, is for 2022/23 only. The Government has indicated that 'we will work with the sector on how we distribute this funding from 2023/24 onwards.' This grant will be un-ring-fenced with authorities best placed to understand local priorities.
- 3.31 This funding stream makes up the vast majority of the increase in Government that the Fire Service will get in 2022/23 and while this is a one-off grant the plan assumes that this funding will be incorporated into the Baseline Funding in the future and increased in line with inflation. Clearly if this does not happen there will be a significant challenge in the future financial years.
- 3.32 **Funding for 2023/24 and beyond**
- 3.33 On 27 October 2021, the government announced the outcome of Spending Review 2021. 'This Spending Review will provide local government with a strong foundation for the next three years, with around £1.6 billion of additional grant in each year of the Spending Review period, including for the Supporting Families Programme, and additional funding to tackle cyber security challenges facing councils. This will be delivered outside of the Local Government Finance Settlement and further detail will follow in due course.'

3.34 Further to this the Government announced that 'To prioritise certainty for 2022/23, we propose delivering a one-year local government finance settlement.'

3.35 There was however no specific reference to Fire Funding within the Spending Review and unfortunately the one-year settlement has not provided any further surety about future levels of funding to enable better financial planning.

3.36 We have therefore assumed the Total Settlement Funding will increase by 2% per year.

3.37 MTFP Assumptions

A review of the assumptions within the MTFP has been undertaken, these will remain under review and are updated with the best information available, the current assumptions incorporated into the MTFP for 2021/22 and beyond are as follows:

- Pay Awards: Pay Increase of 3% in 2022/23, followed by a 2.5% increase in 23/24, and then 2% increases thereafter
- Precept: Increases of 1.99% per annum
- Tax Base increases 1.5% in 2023/24, 1.2% in 2024/25 before returning to 1% increases,
- Government Grants: Increase by 2% per year.
- Pensions Grant continued to be paid at £1,711k per annum.
- Nil impact from any Fair Funding/Funding Formula review
- Nil impact from Business Rates Retention
- Rural Service Delivery Grant continues at £540k per annum.
- One-off Services Grant is added into the overall funding baseline.
- Inflation: 2% for most non-pay areas

3.43 Based on these revised assumptions and the information received and forecast around other areas of funding then the entire funding expected to be available for the Fire Service for the next 4 years, in comparison to 2021/22, is as follows:

| | Actual | Forecast | Forecasts | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Budget | Budget | 2023/2024 | 2024/2025 | 2025/2026 |
| | 2021/2022 | 2022/2023 | 2023/2024 | 2024/2025 | 2025/2026 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Funding | | | | | |
| Total Settlement Funding | (8,660) | (8,860) | (9,037) | (9,218) | (9,402) |
| Rural Services Grant | (540) | (540) | (540) | (540) | (540) |
| Council Tax Precept 1.99% | (22,477) | (23,285) | (24,106) | (24,881) | (25,630) |
| Council Surplus/Deficit | 63 | (87) | (8) | (100) | (100) |
| NNDR Surplus/Deficit | 1,665 | 10 | 10 | (12) | (12) |
| Funding for the Net Budget Requirement | (29,949) | (32,762) | (33,681) | (34,751) | (35,684) |
| %age change in Net Budget Requirement | | 9.4% | 2.8% | 3.2% | 2.7% |
| S31 NDR Grants and Specific Grants | (3,657) | (2,196) | (2,201) | (2,184) | (2,244) |
| Pensions Mitigation Grant | (1,711) | (1,711) | (1,711) | (1,711) | (1,711) |
| National Insurance increase Mitigation Grant | 0 | (0) | 0 | (0) | (0) |
| General Income | (620) | (567) | (441) | (456) | (471) |
| TOTAL FUNDING | (35,936) | (37,236) | (38,034) | (39,102) | (40,110) |
| %age change in Total Funding | | 3.6% | 2.1% | 2.8% | 2.6% |

3.44 While the overall increases in Total Funding seem reasonable across the life of the plan, it is important to reflect on the additional costs that need to be funded from these increases:

| | 2022/2023 |
|--------------------------------------|------------------|
| | £'000 |
| Overall Increase in Funding | (1,300) |
| Unavoidable additional costs | |
| 2021/22 unfunded pay award | 287 |
| Future Pay Awards | 392 |
| 1.25 % National Insurance Increase | 224 |
| Non-pay Inflation | |
| Utilities and Premises costs | 200 |
| Fuel and motor parts inflation | 50 |
| Operational Equipment and Uniforms | 212 |
| Insurance Premiums | 141 |
| Other inflation and cost pressures | 170 |
| Increase in unavoidable costs | 1,677 |

3.45 As can be seen from the above the total increase in unavoidable costs, in 2022/23 alone, is almost £400k more than the increased level of funding.

3.46 Projected increases in income in future years are expected to be more than absorbed by increases in both Pay and Non-Pay inflation. This will therefore require the Service to become either more efficient and/or change its future operating model to be able to balance the budget in the future.

3.47 **However** as referred to previously there are a number of areas within the Service that require investment, some of which are currently being profiled to match future savings plans, or unfortunately have been delayed until they can be afforded. The current financial settlements and projections doesn't therefore provide any real scope for investment.

3.48 The strive to therefore become more efficient and/or change its future operating model will therefore need to go beyond 'just' balancing the budget, if the Service is going to make the investments that it needs in the coming years.

3.49 The search for savings and efficiencies continues to receive a lot of focus and a further £513k of savings/reductions have been factored into the 2022/23 MTFP, these are summarised within the table below:

| | 2022/2023 |
|---|--------------|
| | £'000 |
| Savings plans | |
| Rates and Rent Costs | (213) |
| Motor Insurance and other transport savings | (44) |
| Supplies and Services | (90) |
| Training and Overtime | (63) |
| Capital Charges | (104) |
| Total Savings | (513) |

3.50 These have helped mitigate the unavoidable cost increases that haven't been covered by increases in income.

3.51 What does this mean for the overall Financial Position in 2022/23?

3.52 The impact of the financial settlement, the proposed precept, the savings plans, the changes in assumptions and the impact of other pressures within the Fire and Rescue Service has culminated in the following impact on the MTFP before the use of reserves:

| | Actual | Forecast | Forecasts | | |
|--------------------------------|------------|--------------|--------------|------------|------------|
| | Budget | Budget | 2023/2024 | 2024/2025 | 2025/2026 |
| | 2021/2022 | 2022/2023 | £'000 | £'000 | £'000 |
| Deficit before Reserves | 343 | 1,223 | 1,132 | 825 | 799 |

3.53 It is clear that the deficits before reserves have increased significantly over the last 12 months, it is important however to reflect that some of this increase is planned, and therefore expected to be funded from reserves or funded from money that the Government has already given the Service and is currently sat within the Reserves and will be used to match the expenditure plans.

3.54 After these transactions are taken into account then the 'actual' deficits are as follows:

| | Actual | Forecast | Forecasts | | |
|---|------------|--------------|--------------|------------|------------|
| | Budget | Budget | 2023/2024 | 2024/2025 | 2025/2026 |
| | 2021/2022 | 2022/2023 | £'000 | £'000 | £'000 |
| Deficit before Reserves | 343 | 1,223 | 1,132 | 825 | 799 |
| Transfers from Earmarked Reserves for specific spend | | | | | |
| New Developments Reserve | 0 | (239) | (187) | (124) | 0 |
| Pensions Grant | | (45) | | | |
| ESMCP/Local Transition Resource Reserve | 0 | (94) | (18) | (18) | (18) |
| Home Office Protection Uplift Grant Reserve | 0 | (417) | (82) | 0 | 0 |
| Collection Fund reserve | | (22) | (22) | (22) | |
| Deficit after release of Reserves linked to spend | 343 | 407 | 823 | 662 | 781 |

3.55 The proposed plans will then use wider reserves to balance the plans for the next 2 years, based on current assumptions. This is reflected in the table below:

| | Actual | Forecast | Forecasts | | |
|--|------------|--------------|--------------|-------------|-------------|
| | Budget | Budget | 2023/2024 | 2024/2025 | 2025/2026 |
| | 2021/2022 | 2022/2023 | 2023/2024 | 2024/2025 | 2025/2026 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Deficit before Reserves | 343 | 1,223 | 1,132 | 825 | 799 |
| Transfers from Earmarked Reserves for specific spend | | | | | |
| New Developments Reserve | 0 | (239) | (187) | (124) | 0 |
| Pensions Grant | | (45) | | | |
| ESMCP/Local Transition Resource Reserve | 0 | (94) | (18) | (18) | (18) |
| Home Office Protection Uplift Grant Reserve | 0 | (417) | (82) | 0 | 0 |
| Collection Fund reserve | | (22) | (22) | (22) | |
| Deficit after release of Reserves linked to spend | 343 | 407 | 823 | 662 | 781 |
| Transfers from Earmarked Reserves to balance the budget | | | | | |
| Revenue Budget Support | (343) | (119) | (695) | | |
| Pay and Price Reserve | | (288) | (128) | | |
| (Surplus)/Deficit After Reserves | 0 | 0 | 0 | 662 | 781 |
| Deficit as a %age of Overall Expenditure | | 1.1% | 2.1% | 1.7% | 1.9% |
| Deficit as a %age of Non- Pay | | 3.4% | 6.6% | 5.2% | 5.8% |

3.56 This is likely to be subject to some changes as the final plans are confirmed during February along with confirmation of the level of Business Rates which will be payable to the PFCC from the Local Councils.

3.57 Work is also on-going to review how best to use what little reserves the Authority has, combined with the Capital plans for the organisation, to provide the time needed to implement future changes to service delivery and/or deliver additional efficiencies.

3.58 The summary of the overall revenue budget is set out at Appendix 1.

3.59 Capital Investment Plans

3.60 As previously mentioned there is a need for some significant investment within the Estate from which the Fire Service operates. Some of this requires immediate attention to ensure that the building are both more accessible to a more diverse workforce and the public, and funds have been set aside to address these, with the work expected to be completed in 2022/23.

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

| | Estimated 2022/23 £000 | Estimated 2023/24 £000 | Estimated 2024/25 £000 | Estimated 2025/26 £000 | Estimated 2026/27 £000 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Capital Reserves brought forward | 974 | | 0 | 52 | 68 |
| FUNDING | £000 | £000 | £000 | £000 | £000 |
| Revenue Contribution to Capital | 431 | 863 | 896 | 943 | 715 |
| Capital Contribution from NYP (Ripon) | 430 | | | | |
| Capital Receipts | 52 | 221 | 236 | 142 | 196 |
| Borrowing | 5,606 | 3,550 | 5,391 | 5,335 | 5,205 |
| TOTAL FUNDING | 6,519 | 4,634 | 6,523 | 6,420 | 6,116 |
| EXPENDITURE: | | | | | |
| TRANSPORT excluding Cars | 4,755 | 2,187 | 2,857 | 1,505 | 1,284 |
| TRANSPORT - Cars | 198 | 570 | 216 | 347 | 570 |
| ESTATES | 1,805 | 863 | 2,518 | 3,814 | 3,921 |
| INFORMATION TECHNOLOGY | 685 | 514 | 880 | 738 | 341 |
| LOGISTICS | | 500 | | | |
| TLT DELEGATION | 50 | | | | |
| TOTAL | 7,493 | 4,634 | 6,471 | 6,403 | 6,116 |
| Capital Reserves carried forward | | 0 | 52 | 68 | 68 |

3.62 The current Capital plans factor in the need to replace almost 200 fleet 'assets' over the next 5 years, including the replacement of 4 Fire Appliances each year, 2 Aerial Ladder Platforms across the plan and an Incident Command Vehicle.

3.63 The Estates plans include the start of replacing 3 Fire Stations within the County, while there are also plans to replace the Breathing Apparatus within the Service.

3.64 All of these plans will be refreshed, refined, prioritised and kept under close review to ensure that they are both affordable and necessary.

4 Public Consultation

- 4.1 To further inform the decision around the proposed precept for 2022/23 consultation has been undertaken with the public to ascertain their feedback and thoughts on this subject.
- 4.2 The consultation was conducted via an online survey and by telephone, to ensure a representative sample of North Yorkshire and the City of York residents by age, gender and geography.
- 4.3 The public were asked the following:
- 4.4 Last year, the precept cap was below inflation making it difficult to maintain current service delivery and did not allow for any investment. We've made significant savings to protect frontline services, but new financial pressures, such as unfunded pay increases, mean we are now forecasting an annual £1 million budget deficit for the next 4 years which is not sustainable.
- 4.5 This year, the Government is likely to cap the fire and rescue precept at 1.99% which is a maximum increase of £1.47 per year for an average Band D property.
- 4.6 This will again be below inflation, meaning a cut to the Fire Service's budget.
- 4.7 The Commissioner is making the case to Government for precept flexibility for Fire, which the public have supported in previous years, but we want to know whether you continue to support that.
- 4.8 An increase beyond the 1.99% cap, would help remove the budget deficit and allow investment in our on-call firefighters to improve how often your on-call fire engines are available, and in our fire engines and fire stations to ensure our equipment and facilities are fit for purpose.
- 4.9 The following options are based on an average Band D property currently paying £74.14 each year for Fire and Rescue. How much more would you be prepared to pay per year, through your council tax for fire and rescue services?
 - No more than I pay now – a precept freeze
This would mean a significant cut to the fire and rescue budget due to inflation and current service delivery could not be maintained.
 - Up to £1.47, an increase of 1.99%
This would raise £450k, which is expected to be below inflation making it very difficult to maintain current service delivery with no additional investment in Fire and Rescue services.

- Up to £5, an increase of 6.7%
This would raise £1.5 million, which exceeds inflation, and would help reduce the financial shortfall and allow some investment in the areas mentioned.
- Up to £10, an increase of 13.5%
This would raise £3.0 million, which exceeds inflation, and would help reduce the financial shortfall and allow significant investment in the areas mentioned.

4.10 In total 1,502 responses were received via the open online survey and a further 1,011 interviews over the telephone. The open survey was published on the PFCC website and promoted widely via social media. The results of the consultation are detailed at Appendix 4.

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

| | Total (n=2513) | Telephone (n=1011) | Online (n=1502) |
|---|---------------------------|-------------------------------|----------------------------|
| No more than I pay now – a precept freeze | 29% | 28% | 30% |
| Up to £1.47, an increase of 1.99% | 21% | 20% | 21% |
| Up to £5, an increase of 6.7% | 30% | 32% | 29% |
| Up to £10, an increase of 13.5% | 20% | 20% | 21% |
| <i>TOTAL who support an increase of at least £1.47/1.99%</i> | <i>71%</i> | <i>72%</i> | <i>70%</i> |
| <i>TOTAL who support an increase of at least £5/6.7%</i> | <i>50%</i> | <i>52%</i> | <i>50%</i> |

*figures may not add to 100% due to rounding

4.12 Combined results (online and telephone) from the consultation show a clear majority (71%) support an increase of up to £1.47 in the fire and rescue precept. With 50% also supporting an increase of £5.

5. Financial Implications

5.1 The Tax Base

The eight local Councils have notified the PFCC of their tax bases for 2022/23 as set out in the table below:

| Tax Base | 2022/23 | 2021/22 |
|---------------------------------------|----------------|----------------|
| | Net Tax Base | Net Tax Base |
| Craven District Council | 23,234 | 22,363 |
| Hambleton District Council | 37,907 | 37,343 |
| Harrogate Borough Council | 65,125 | 63,985 |
| Richmondshire District Council | 19,787 | 19,704 |
| Ryedale District Council | 22,227 | 21,801 |
| Scarborough Borough Council | 38,694 | 38,401 |
| Selby District Council | 32,768 | 32,065 |
| York City Council | 68,220 | 67,512 |
| Total | 307,963 | 303,174 |
| Annual Increase/(Decrease) | 4,789 | |
| Percentage Increase/(Decrease) | 1.58% | |

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 bounced back from a small decrease during 2021/22 and has increased in 2022-23, in comparison to 2021-22, by 4,789 – this equates to an increase of 1.58%

5.5 The 2021/22 tax base is therefore 307,962.84 Band D Equivalent properties

5.6 Setting the Council Tax

5.7 During 2021/22 the Councils indicated an overall deficit on their Council Tax collection funds, of which £277k related to Fire.

5.8 The Government recognised the challenge of absorbing these deficits in one year and therefore provided the flexibility to all billing and major precepting authorities (including police and fire authorities) to phase the deficit over a fixed period of three years.

- The deficit is therefore being phased in three equal and fixed amounts across the financial years 2021-22, 2022-23 and 2023-24.

5.9 2022-23 is the second of these 3 years and therefore a £92k charge is factored into the overall collection fund position to produce an overall surplus of £87k.

5.10 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 | 11,967 |
| Hambleton District Council | 42,063 |
| Harrogate Borough Council | (23,225) |
| Richmondshire District Council | (26,081) |
| Ryedale District Council | 11,811 |
| Scarborough Borough Council | 41,087 |
| Selby District Council | 29,386 |
| York City Council | 0 |
| Net Surplus on Collection Fund | 87,008 |

5.11 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.

5.12 Financial Summary

Net Budget Requirement

Based on the proposed precept increase of 1.98% the Net Budget Requirement (NBR) for 2022/23, in comparison to 2021/22, is set out in the table below:

| Funding the Net Budget Requirement | Budgeted Figures | | (Increase)/Reduction | %age Change |
|--------------------------------------|------------------|-----------------|----------------------|-------------|
| | 2022/23 | 2021/22 | | |
| | £000s | £000s | £000s | |
| Funding | | | | |
| Total Settlement Funding | (8,860) | (8,660) | (200) | 2.3% |
| Rural Services Grant | (540) | (540) | 0 | 0.0% |
| Council Tax Precept | (23,285) | (22,477) | (808) | 3.6% |
| Collection Fund/NNDR Surplus/Deficit | (81) | (23) | (58) | 250.6% |
| Net Budget Requirement | (32,766) | (31,700) | (1,066) | 3.4% |

5.13 As can be seen from the above the NBR is expected to increase in 2022/23, by £1,066k (or 3.4%,) if the precept is increased by 1.98%.

5.14 Precept Calculations

The final precept calculations are set out in the tables below based on a 1.98% increase:

| Proposed Precepts - 1.98% Increase | | | |
|---|---------------------------|--------------------------------|--------------------------------|
| | Unadjusted Precept | Collection Fund Balance | Council Tax Requirement |
| | £ | £ | £ |
| Craven District Council | 1,768,720 | 11,967 | 1,756,754 |
| Hambleton District Council | 2,908,242 | 42,063 | 2,866,179 |
| Harrogate Borough Council | 4,900,854 | (23,225) | 4,924,079 |
| Richmondshire District Council | 1,470,009 | (26,081) | 1,496,090 |
| Ryedale District Council | 1,692,383 | 11,811 | 1,680,572 |
| Scarborough Borough Council | 2,966,751 | 41,087 | 2,925,664 |
| Selby District Council | 2,506,975 | 29,386 | 2,477,588 |
| York City Council | 5,158,144 | 0 | 5,158,144 |
| Total Precept | 23,372,078 | 87,008 | 23,285,070 |

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. £23,285,070 by 307,962.84 giving a council tax rate for Band D properties of £75.61.

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 2021/22. It is advised that the tax rates should be calculated to more than 2 decimal places.

| Council Tax Band Amounts and Increases | | | | |
|---|-----------------------|---------|--------------------|-------------------|
| Property Band | 1.98% increase | | | |
| | 2022/23 | 2021/22 | Increase per Annum | Increase per Week |
| | £ | £ | £ | £ |
| A | 50.407 | 49.427 | 0.98 | 0.02 |
| B | 58.808 | 57.664 | 1.14 | 0.02 |
| C | 67.209 | 65.902 | 1.31 | 0.03 |
| D | 75.610 | 74.140 | 1.47 | 0.03 |
| E | 92.412 | 90.616 | 1.80 | 0.03 |
| F | 109.214 | 107.091 | 2.12 | 0.04 |
| G | 126.017 | 123.567 | 2.45 | 0.05 |
| H | 151.220 | 148.280 | 2.94 | 0.06 |

6. Conclusion

I have considered various options and various factors in deliberating on my proposal for precept in 2022/23. I have taken into account the needs for the continued delivery of high levels of Fire and Rescue Services within North Yorkshire. I have spoken with the Chief Fire Officer and have consulted with the public. Based on these views, the limits imposed by the Government on precept increases for Fire Authorities before a referendum is required and the financial needs of the organisation over the medium term I formally propose a precept increase of 1.98%, or £1.47, for a Band D property for 2022/23, which would result in Band D Fire precept for 2022/23 of £76.61 and ask that this panel considers my proposal.

Further to this the following additional Appendices are also attached:

- Appendix 1 – Draft Budget based on a 1.98% or £1.47 Fire Precept Increase
- Appendix 2 – Draft Capital Budget
- Appendix 3 – Draft Forecast Reserves Schedule
- Appendix 4 – Report on Fire Precept Consultation

| APPENDIX 1 | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Actual | Forecast | Forecasts | | |
| | Budget | Budget | | | |
| | 2021/2022 | 2022/2023 | 2023/2024 | 2024/2025 | 2025/2026 |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Funding | | | | | |
| Total Settlement Funding | (8,660) | (8,860) | (9,037) | (9,218) | (9,402) |
| Rural Services Grant | (540) | (540) | (540) | (540) | (540) |
| Council Tax Precept 1.99% | (22,477) | (23,285) | (24,106) | (24,881) | (25,630) |
| Council Surplus/Deficit | 63 | (87) | (8) | (100) | (100) |
| NNDR Surplus/Deficit | 1,665 | 10 | 10 | (12) | (12) |
| Funding for the Net Budget Requirement | (29,949) | (32,762) | (33,681) | (34,751) | (35,684) |
| %age change in Net Budget Requirement | | 9.4% | 2.8% | 3.2% | 2.7% |
| S31 NDR Grants and Specific Grants | (3,657) | (2,196) | (2,201) | (2,184) | (2,244) |
| Pensions Mitigation Grant | (1,711) | (1,711) | (1,711) | (1,711) | (1,711) |
| National Insurance increase Mitigation Grant | 0 | (0) | 0 | (0) | (0) |
| General Income | (620) | (567) | (441) | (456) | (471) |
| TOTAL FUNDING | (35,936) | (37,236) | (38,034) | (39,102) | (40,110) |
| %age change in Total Funding | | 3.6% | 2.1% | 2.8% | 2.6% |
| Expenditure | | | | | |
| Wholetime Firefighters | 17,139 | 18,293 | 18,553 | 18,836 | 19,089 |
| On Call Firefighters | 3,342 | 3,481 | 3,559 | 3,630 | 3,703 |
| Administrative & Clerical | 3,423 | 3,821 | 3,743 | 3,765 | 3,841 |
| Control Room Staff | 789 | 838 | 858 | 875 | 892 |
| Direct Staff Costs | 24,694 | 26,433 | 26,713 | 27,106 | 27,525 |
| Indirect Staff Costs | 453 | 525 | 470 | 478 | 484 |
| PFCC Staff Costs | 76 | 76 | 77 | 79 | 80 |
| Premises | 2,090 | 2,101 | 2,087 | 2,127 | 2,168 |
| Transport | 794 | 854 | 865 | 878 | 892 |
| Supplies and Services | 3,344 | 3,840 | 3,467 | 3,423 | 3,491 |
| Operating Leases | 51 | 39 | 39 | 40 | 41 |
| External Service Agreements | 212 | 200 | 198 | 201 | 205 |
| PFI (inc. capital element) | 1,480 | 1,553 | 1,560 | 1,599 | 1,639 |
| Total Indirect Staff and Non Staff Costs | 8,500 | 9,187 | 8,762 | 8,826 | 9,000 |
| PENSIONS | 819 | 831 | 847 | 862 | 880 |
| TOTAL EXPENDITURE BEFORE CAPITAL CHARGES | 34,013 | 36,451 | 36,322 | 36,794 | 37,405 |
| Provision for Debt Repayment | 1,132 | 1,060 | 1,402 | 1,613 | 1,835 |
| External Interest | 530 | 517 | 578 | 623 | 728 |
| Revenue Contribution to Capital | 585 | 431 | 863 | 896 | 943 |
| Total Capital Charges | 2,248 | 2,008 | 2,843 | 3,132 | 3,505 |
| TOTAL EXPENDITURE BUDGET | 36,260 | 38,459 | 39,165 | 39,927 | 40,910 |
| Deficit before Reserves | 343 | 1,223 | 1,132 | 825 | 799 |
| Transfers from Earmarked Reserves for specific spend | | | | | |
| New Developments Reserve | 0 | (239) | (187) | (124) | 0 |
| Pensions Grant | | (45) | | | |
| ESMCP/Local Transition Resource Reserve | 0 | (94) | (18) | (18) | (18) |
| Home Office Protection Uplift Grant Reserve | 0 | (417) | (82) | 0 | 0 |
| Collection Fund reserve | | (22) | (22) | (22) | |
| Deficit after release of Reserves linked to spend | 343 | 407 | 823 | 662 | 781 |
| Transfers from Earmarked Reserves to balance the budget | | | | | |
| Revenue Budget Support | (343) | (119) | (695) | | |
| Pay and Price Reserve | | (288) | (128) | | |
| (Surplus)/Deficit After Reserves | 0 | 0 | 0 | 662 | 781 |
| Deficit as a %age of Overall Expenditure | | 1.1% | 2.1% | 1.7% | 1.9% |
| Deficit as a %age of Non- Pay | | 3.4% | 6.6% | 5.2% | 5.8% |
| General Reserves | | | | | |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| General Fund Balance b/f | 995 | 1,075 | 1,075 | 1,075 | 1,075 |
| General Fund Balance c/f | 1,075 | 1,075 | 1,075 | 1,075 | 1,075 |
| Employee Numbers (Budgeted as at 1st April) | | | | | |
| | FTEs | FTEs | FTEs | FTEs | FTEs |
| Wholetime Firefighters | 306.0 | 311.0 | 308.0 | 307.0 | 305.0 |
| Retained Duty System Firefighters | 342.0 | 342.0 | 342.0 | 342.0 | 342.0 |
| Support Staff | 88.1 | 92.5 | 92.5 | 89.5 | 90.5 |
| Control Staff | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 |
| Assumptions | | | | | |
| Staff Pay Increase | 0.0% | 3.0% | 2.5% | 2.0% | 2.0% |
| Non Pay Inflation | 1.5% | calculated | 2.0% | 2.0% | 2.0% |
| Precept Increase | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Council Tax Base Increase | -0.2% | 1.7% | 1.5% | 1.2% | 1.0% |

APPENDIX 2

CAPITAL PROGRAMME 2022/23 TO 2026/27

| | Estimated | Estimated | Estimated | Estimated | Estimated |
|---|--------------|--------------|--------------|--------------|--------------|
| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
| | £000 | £000 | £000 | £000 | £000 |
| Capital Reserves brought forward | 974 | | 0 | 52 | 68 |
| FUNDING | £000 | £000 | £000 | £000 | £000 |
| Revenue Contribution to Capital | 431 | 863 | 896 | 943 | 715 |
| Capital Contribution from NYP (Ripon) | 430 | | | | |
| Capital Receipts | 52 | 221 | 236 | 142 | 196 |
| Borrowing | 5,606 | 3,550 | 5,391 | 5,335 | 5,205 |
| TOTAL FUNDING | 6,519 | 4,634 | 6,523 | 6,420 | 6,116 |
| EXPENDITURE: | | | | | |
| TRANSPORT excluding Cars | 4,755 | 2,187 | 2,857 | 1,505 | 1,284 |
| TRANSPORT - Cars | 198 | 570 | 216 | 347 | 570 |
| ESTATES | 1,805 | 863 | 2,518 | 3,814 | 3,921 |
| INFORMATION TECHNOLOGY | 685 | 514 | 880 | 738 | 341 |
| LOGISTICS | | 500 | | | |
| TLT DELEGATION | 50 | | | | |
| TOTAL | 7,493 | 4,634 | 6,471 | 6,403 | 6,116 |
| Capital Reserves carried forward | | 0 | 52 | 68 | 68 |

APPENDIX 3

| | Balance | Transfers | Transfers | Balance | Transfers | Transfers | Balance | Transfers | Balance | Transfers | Balance |
|---------------------------------------|--------------|------------|-------------|--------------|-----------|---------------|--------------|---------------|--------------|-------------|--------------|
| | at 31 March | In | Out | at 31 March | In | Out | at 31 March | In/Out | at 31 March | In/Out | at 31 March |
| | 2021 | 2021/22 | 2021/22 | 2022 | 2022/23 | 2022/23 | 2023 | 2023/24 | 2024 | 2024/25 | 2025 |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Pay & Price Reserve | 757 | | -262 | 495 | | -288 | 207 | -128 | 79 | | 79 |
| Pensions Reserve | 1,860 | | -20 | 1,840 | | | 1,840 | | 1,840 | | 1,840 |
| New Developments Reserve | 1,125 | | -9 | 1,116 | | -779 | 338 | -187 | 151 | -124 | 27 |
| Revenue Budget Support Reserve | 849 | | -131 | 719 | 95 | -119 | 695 | -695 | 0 | | 0 |
| Insurance Reserve | 80 | | | 80 | | | 80 | | 80 | | 80 |
| Recruitment Reserve | 175 | | | 175 | | | 175 | | 175 | | 175 |
| Hydrants Reserve | 200 | | | 200 | | | 200 | | 200 | | 200 |
| COVID19 Reserve | 132 | | -105 | 27 | | | 27 | | 27 | | 27 |
| Collection Fund Reserve | 161 | | | 161 | | -117 | 44 | -22 | 22 | -22 | 0 |
| HO Grant - Protection Funding Reserve | 790 | 192 | | 982 | | -417 | 565 | -82 | 483 | | 483 |
| HO Grant - ESMCP Reserve | 347 | | -44 | 303 | | -94 | 209 | -18 | 191 | -18 | 173 |
| Total Earmarked Reserves | 6,476 | 192 | -571 | 6,098 | 95 | -1,814 | 4,380 | -1,132 | 3,248 | -164 | 3,084 |
| Earmarked Capital Reserve | 400 | 574 | 0 | 974 | | -974 | 0 | | 0 | | 0 |
| General Reserves | 1,075 | | | 1,075 | | | 1,075 | | 1,075 | | 1,075 |
| Total Usable Reserves | 7,951 | | | 8,147 | 95 | -2,788 | 5,455 | -1,132 | 4,323 | -164 | 4,159 |

APPENDIX 4

Precept Consultation Results 2022/23 – Fire and Rescue Precept

Approach

The Police, Fire and Crime Commissioner’s precept consultation aimed to understand how much the public would be prepared to pay via their council tax for policing and separately for the fire and rescue service next year (2022/23).

Between 13th December 2021 and 13th January 2022, an online, self completion survey was open to the public of North Yorkshire and the City of York. The survey was promoted via media releases and social media including; Facebook, Twitter, Instagram and social media accounts. All users of the Community Messaging system in North Yorkshire and the City of York were notified about the survey and an email was sent to all MPs and Councillors in December and January, to raise community awareness. Residents could respond via post, phone, email or online, resulting in 1,502 responses.

In addition, a representative telephone survey was conducted with 1,011 North Yorkshire and City of York residents, screened to ensure respondents were council tax payers and aged over 18. Quotas were set by gender, age and district to reflect the demography and geography of the county. The telephone interviews were undertaken by an independent market research company.

Questions around both precepts were combined within one survey. The order in which people considered each precept was rotated; 50% answered the policing precept question first, 50% the fire and rescue precept question.

Combined, the total number of responses to the Police, Fire and Crime Commissioner’s 2022/23 precept survey was 2,513.

All districts were well represented as shown in Table 1 below.

Table 1: Total responses (combined telephone and online) by district

| | Craven | Hambleton | Harrogate | Richmondshire | Ryedale | Scarborough | Selby | York | TOTAL |
|--|--------|-----------|-----------|---------------|---------|-------------|-------|------|--------------|
| Survey responses | 7% | 14% | 21% | 7% | 8% | 13% | 9% | 20% | 100% |
| North Yorkshire and City of York: estimated households* | 7% | 11% | 19% | 6% | 7% | 14% | 10% | 25% | 99%** |

*Household district estimates, Data North Yorkshire

[**Rows may not add to 100% due to rounding](#)

Results

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

Those who support a freeze for the fire and rescue precept are extremely likely to also suggest a freeze for the policing precept. There is a strong correlation between the amount

people are prepared to pay and household income with lower income households most likely to opt for a freeze in both precepts.

Responses to the fire and rescue precept question are summarised in the chart below. Seven in ten respondents (71%) were prepared to pay an increase of at least £1.47 in their council tax for fire and rescue services next year.

Figure 1: Fire and rescue precept response

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

