

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

26th January 2024

Status: For decision

The 2024/25 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 2024/25 at £83.02. This is an increase of £2.41, or 2.99%, over the 2023/24 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 2024/25. This consultation had 2,680 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 around 60% of the overall income that I expect to receive in 2024/25. It is the responsibility of the two local billing authorities to collect this.
- 3.2 Legislation requires the precept for 2024/25 to be set before 1st March 2024 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 2024. 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 2024/25 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.

Current Financial Position and Context

3.4 Local Government Finance Settlement 2024/25

3.5 On 18 December 2023, the Secretary of State for Levelling Up, Housing and Communities Michael Gove MP, set out the Provisional Local Government Finance Settlement for 2024-25 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 "...will provide councils with the support they need. It ensures stability, delivers additional resources for social care, and maintains balance on council tax"

3.6 It is important to note that many smaller grants have not been announced as part of the Provisional Settlement and are announced separately. The Home Office is expected to announce a series of Fire and Rescue grants in January and February 2024.

3.7 Subsequent to this initial announcement and based on consultation feedback on the provisional settlement the Secretary of State provided a further Statement on the 24th January 2024 setting out the following:

- An additional £500 million of funding for local government to deliver social care
- An increase to the Funding Guarantee to 4%, ensuring that all authorities see a minimum increase in Core Spending Power of 4%, before local decisions on council tax - a key ask of district councils.
- Increased support for rural councils by increasing the Rural Service Delivery Grant by £15m

3.8 Headlines

3.9 Last year, in early December 2022, the Department for Levelling Up, Housing and Communities (DLUHC), published a policy statement which included some broad indications for the 2024-25 Settlement, but still left several unknowns. On 5 December 2023, DLUHC published a second "policy statement" which contained more indications of what the 2024-25 announcement would include. These statements are intended to assist local authorities with their planning, especially when Provisional Settlements are announced so late in the year

3.10 The Settlement and Update Settlement went on to confirm much of the policy statement and provided the following headlines:

- Fire and Rescue Authorities' precept flexibility remains at 3%.
- Standalone FRAs see smallest Core Spending Power increase of all classes.
- Core Spending Power increases by an average of 7.5% across the board.
- Services Grant reduces by 84% to £77m. Social care grants rise by 20%.
- 4% Funding Guarantee continues in 2024-25 - ensures councils get at least 4% increase in Core Spending Power, before council tax or decisions on use of reserves.
- Rural Services Delivery Grant increased from £95m to £110m.
- Fire and Rescue Pensions Grant (£115m) now included within Core Spending Power

3.11 Fire Pensions Grant

3.12 Last year a total of four grants rolled into Revenue Support Grant (RSG) and this year the Fire Pensions Grant worth £115m is also rolled in. The distribution of the Fire Pensions grant is remaining the same and the funding is being transferred after the RSG inflationary uplift. This means that in future years this funding will also increase by the increase in the small business rate multiplier.

3.13 The Home Office have announced that there will be a further 2024-25 Fire Pensions Grant of £85.3m, this is to compensate for an increase in the Employers Pension Contribution Rate into the Fire Pension Fund of 8.8%. This will be a separate grant with allocations expected in January 2024. Calculated based on a four-year average of employer's contributions.

3.14 In addition to this a Grant of £6m towards pension administration costs

3.15 It is expected that the additional Pensions grant funding (as well as other specific grants for fire and rescue) will **only** be allocated on a one-year basis by the Home Office, with future years subject to Spending Review in the usual way.

3.16 Funding Guarantee

3.17 In 2023-24, DLUHC used £25m of the legacy New Homes Bonus and the Lower Tier Services Grant (£111m in 22-23) to fund what was described at

the time as a “one-off funding guarantee”. However, this has been extended to a second year.

- 3.18 The Funding Guarantee for 2024/25 now ensures that all Local Authority’s will see at least a 4% increase in Core Spending Power before ‘organisational efficiencies’ (i.e., internal savings), use of reserves and council tax precept increases (although taxbase growth will be included).
- 3.19 Over 75% of the 44 English fire and rescue authorities receive an allocation from the Funding Guarantee. This is because the guarantee applies before additional council tax income, and therefore authorities for which council tax makes up a significant portion of their Core Spending Power are more likely to hit the 4% threshold.
- 3.20 Services Grant (£77m)
- 3.21 Last year’s Services Grant was described as “one off” but is continuing in 2024/25. In 2022-23 the Services Grant was £822m and in 2023-24 it was £483m. The 2024-25 provisional settlement announcement indicates the grant is falling further to just £77m – a reduction of £406m.
- 3.22 Rural Services Delivery Grant
- 3.23 The Rural Services Delivery Grant has now increased by £15m to £110m in 2024-25, after increasing by £10m last year.
- 3.24 Business Rates
- 3.25 Up until April 2024, the Small Business Rate Multiplier (SBRM) and the Standard Multiplier have been linked (standard is 1.3p more than SBRM).
- 3.26 This has meant that either they both increase or are both frozen. However, earlier this year, the Government consulted on changes to Business Rates, which included decoupling the increase in the SBRM from the increase in the standard rate.
- 3.27 This means that, from April 2024, the two rates can be set independently. The 2023 Autumn Statement announced that the SBRM was to be frozen at 49.9p in the pound, whilst the Standard Multiplier is increasing by the CPI increase 6% to 54.6p. This decoupling affects under-indexing compensation payments as well as Baseline Funding Levels and Tariffs/Top-ups.

- 3.28 What does this mean for North Yorkshire Fire in 2024/25 in terms of Funding?
 3.29 Based on the precept being proposed, of £83.02 for a Band D property, then the overall impact on the Core Spending Power for the organisation is set to increase by 6.3%, or just over £2.4m, as set out in the table below:

Local and Government Funding				
	2024/25	2023/24	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
Government Funding				
Total Settlement Funding	(11,441)	(9,284)	(2,157)	23.2%
Rural Services Grant	(699)	(604)	(95)	15.8%
Services Grant/Funding Guarantee	(783)	(249)	(534)	214.7%
Pensions Grant		(1,711)	1,711	-100.0%
Compensation for Underindexing of Business Rates	(1,315)	(1,088)	(228)	20.9%
Total Government Funding	(14,239)	(12,935)	(1,304)	10.1%
Impact of a £2.41 (2.99%) increase in Band D Precept				
Net Surplus on Collection Funds	(205)	(129)	(76)	
Council Tax Requirement	(26,160)	(25,123)	(1,037)	
Total Local Funding	(26,365)	(25,253)	(1,113)	4.4%
Total Government + Local Funding	(40,604)	(38,188)	(2,416)	6.3%

- 3.30 These numbers are subject to potential changes when the final settlement figures are providing during February and when projections of Business Rates funding for 2024/25 is confirmed from the 2 Councils.
- 3.31 Funding beyond Core Spending Power
 3.32 Firelink Grant
 3.33 The Home Office had previously written to Fire Authorities during 2022/23 indicating that this grant will be phased out by 2026/27. Therefore the £230k that was received by North Yorkshire in 2021/22 will reduce by £45k per year. The grant is not included within the Core Spending Power analysis.

Funding for 2025/26 and beyond

- 3.34 2024/25 is the final year of the current Spending Review period and therefore there is very little formal guidance for future plans.
- 3.35 The current plan has therefore assumed that Government Funding will continue to increase by CPI and that this will be 2%.
- 3.36 The current plan also assumes that Fire Authorities will continue to be afforded, at least, the same opportunity to consider a precept increase of up to 3% per year, and therefore this plan assumes a 2.99% increase each year.
- 3.37 The current plan does not consider any changes to funding that may occur as a result of the Fire Authority becoming part of the Mayoral Combined Authority in May 2024.

3.38 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 2024/25 and beyond are as follows:

- Pay Awards: Pay Increase of 3% in 2024/25, followed by 2% increases thereafter
- Precept: Increases of 2.99% per annum
- Tax Base increases 1.2% in 2024/25 with increased of 1.4% thereafter,
- Government Grants: 2024/25 – CPI increase of 2% per year
- Nil impact from any Fair Funding/Funding Formula review
- Nil impact from Business Rates Retention
- Rural Service Delivery Grant continues at £699k per annum.
- One-off Services Grant is added into the overall funding baseline.
- Inflation: 2% for most non-pay areas from 25/26 onwards.
- Any pensions changed are fully funded by the Government.

3.43 **Income Forecasts**

3.44 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 2023/24, is as follows:

	Actual Budget 2023/24 £'000	Forecast Budget 2024/25 £'000	Forecasts		
			2025/26	2026/27	2027/28
			£'000	£'000	£'000
Funding					
Total Settlement Funding	(8,918)	(11,163)	(11,386)	(11,614)	(11,846)
Rural Services Grant	(604)	(699)	(604)	(604)	(604)
Council Tax Precept	(25,123)	(26,160)	(27,320)	(28,530)	(29,795)
Council Surplus/Deficit	(129)	(205)	(160)	(160)	(160)
NNDR Surplus/Deficit	56	(60)	0	0	0
Funding for the Net Budget Requirement	(34,719)	(38,287)	(39,470)	(40,908)	(42,405)
%age change in Net Budget Requirement	10.6%	10.3%	3.1%	3.6%	3.7%
S31 NDR Grants and Specific Grants	(4,833)	(4,147)	(3,856)	(3,871)	(3,392)
General Income	(718)	(1,197)	(1,061)	(1,078)	(1,096)
TOTAL FUNDING	(40,269)	(43,631)	(44,387)	(45,857)	(46,893)
%age change in Total Funding	7.8%	8.3%	1.7%	3.3%	2.3%

3.45 Once all funding sources have been factored in then we currently forecast that Total Funding will increase by just over **£3.3m**, or 8.3% in 2024/25.

3.46 It is important to reflect that while total income is expected to be around £900k higher than the increase in Core Spending Power, this £900k doesn't provide any real net benefit to the Authority, for the following reasons:

- £325k is a result of higher interest rates –which is offset by higher external interest payments.
- £300k is expected to be the level of Specific Grant relating to Protection Uplift which is matched to additional expenditure
- £120k is additional secondment income – which is offset by higher costs to cover for those people on secondment.
- £100k is a reclassification of income for the sale of vehicles between Capital and Revenue and therefore provides no net benefit to the Service.

3.47 **Pay Increases and Inflation Pressures**

3.48 While the overall increases in Total Funding seem reasonable across the life of the plan, and very good in 2024/25, it is important to reflect on the additional costs that need to be funded from these increases.

3.49 The 2023/24 pay budgets had forecast that pay awards would be 5% during 2023/24. While this was agreed for Firefighters prior to the budget being set the increase for staff was not agreed.

- 3.50 Given the significant increases in inflation that occurred during 2023/24 the increase for staff was agreed at a rate higher than the 5% budgeted, that being an increase of £1,925 for those earning up to £49,950 and 3.88% for higher earners. This settlement equated to an overall increase of just over 6%, and an additional cost of £42k which has a recurring impact within the financial plans
- 3.51 In addition to the current year position on pay the MTFP now forecasts that the pay award for Firefighters will be 3% and for Staff it will be 2.5% for 2024/25.
- 3.52 Each 0.5% higher than these assumption would add a further £145k to the position in this report.
- 3.53 The impact of these assumptions are additional costs of over £0.7m in 2024/25, in comparison to the 2023/24 position. The costs make up the majority of the £1.3m increase in the forecast pay budget, with the other items included within the table below:

Forecast additional Pay Costs			
	2024/25	2025/26	2026/27
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Impact of 23/24 Support Staff Pay Award	45	45	45
Assume 3%/2.5% Pay Awards in 24/25	705	855	875
Additional costs of secondments and Grant Funded Posts	170	120	120
Staff Growth	285	145	145
Other sundry movement	195	140	140
Total Forecast Additional Pay Costs	1,400	1,305	1,325

- 3.54 In addition to pay pressures, there are a significant number of non-pay pressures in 2024/25 arising mostly from inflation.

Impact of Inflation and Pressures/Growth on Non-pay Budgets:			
	2024/25	2025/26	2026/27
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Indirect Staff Costs	150	80	110
Premises	235	300	355
Transport	70	115	140
Supplies and Services	495	530	540
External Agreements	10	10	10
PFI	195	240	300
Capital Financing	375	715	1,335
Pensions	155	85	85
Total Forecast Additional Non-Pay Costs	1,685	2,075	2,875

- 3.55 The areas of significant increase are as follows:
- 3.56 **Indirect Staff Costs** are forecast to increase by £150k, before savings, predominantly as a result of increased need for operational training.
- 3.57 **Premises Costs** are forecast to increase by £235k before savings, mostly as a result of higher business rates (£160k) and then wider general inflation.

- 3.58 **Transport Costs** are forecast to increase by £70k, before savings, this is being driven by higher insurance costs and higher use of fuel due to increased prevention and protection work.
- 3.59 **Supplies and Services Costs** are forecast to increase by £495k, before savings, predominantly as a result of:
- Breathing Apparatus contract costs as the Service switches to new equipment with improved functionality- £100k,
 - Higher operational equipment costs - £70k,
 - Higher Uniform and Work wear costs - £85k
 - Higher ICT costs due to inflation - £185k
- 3.60 **PFI Costs** are forecast to increase by £195k as the contract price is linked to RPI increases.
- 3.61 **Capital Financing Costs** are forecast to increase by £375k in 2024/25. Most of this relates to increases in interest payable on the loans required to fund the Capital Programme.
- 3.62 Putting together all of the cost increases, along with movements on reserves, results in potential additional costs and pressures of just over £3m as set out within the table below:

Forecast additional Pay Costs			
	2024/25	2025/26	2026/27
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Impact of 23/24 Support Staff Pay Award	45	45	45
Assume 3%/2.5% Pay Awards in 24/25	705	855	875
Additional costs of secondments and Grant Funded Posts	170	120	120
Staff Growth	285	145	145
Other sundry movement	195	140	140
Total Forecast Additional Pay Costs	1,400	1,305	1,325
Impact of Inflation and Pressures/Growth on Non-pay Budgets:			
	2024/25	2025/26	2026/27
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Indirect Staff Costs	150	80	110
Premises	235	300	355
Transport	70	115	140
Supplies and Services	495	530	540
External Agreements	10	10	10
PFI	195	240	300
Capital Financing	375	715	1,335
Pensions	155	85	85
Total Forecast Additional Non-Pay Costs	1,685	2,075	2,875
Changes to Reserve Movements	825	1,055	1,205
Potential Additional Costs and Pressures	3,910	4,435	5,405

- 3.63 As set out above the vast majority of these increases are unavoidable costs.

3.64 These costs absorb all of the forecast increase in income in 2024/25 of £2,860k, leaving savings of £545k to be delivered to balance the budget in 2024/25.

3.65 Projected increases in income in future years are expected to be 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 invest further in the future beyond the currently agreed RRM proposals.

3.66 **'Normal' Savings Plans**

3.67 The search for savings and efficiencies continues to receive a lot of focus and a further **£545k of non-pay savings/reductions** (equivalent to around 5% of our Indirect staff and non-staff costs) have been factored into the 2024/25 MTFP, these are summarised below:

- Supplies and Services - £345k
- Indirect Staff Costs - £90k
- Premises Costs - £70k
- PFI - £20k
- Transport - £15k
- Other - £5k

3.68 **Risk and Resource Model**

3.69 On the 27th September 2022 the Commissioner [approved](#) the new North Yorkshire Fire and Rescue Service Risk and Resource Model 2022-25, subject to stipulations placed on some proposals.

3.70 The changes that have the most impact in terms of cashable efficiencies were as follows:

- That the proposal to change Huntington to an On-call fire station be approved. – **this was implemented in 2023/24**
- That the proposal to replace the Tactical Response fire engine at Harrogate with an Emergency Rescue fire engine which will be crewed only during peak demand hours be approved. – planned implementation in 2024/25 saving £210k.
- That the proposal to replace the Tactical Response fire engine at Scarborough with an Emergency Rescue fire engine which will be crewed only during peak demand hours be approved, subject to certain stipulations. planned implementation in 2025/26 saving £215k

- 3.71 The financial plans for 2024/25 and beyond assume that all of the remaining proposals set out within this decision are implemented including the investment in On-Call availability and investment in Prevention and Protection removing the need to staff an Operational Staffing Reserve – saving £375k from 2025/26.
- 3.72 The timing of the actual delivery of these changes will be tracked through the year to inform financial forecasts and to ensure future plans align with their delivery.
- 3.73 **Transformation and Investment**
- 3.74 As well as the above efficiencies the new RRM approved a number of investments as part of the transformation of the service.
- 3.75 Those investments covered the following areas:
- That the proposal to enhance prevention and protection services and increase resources with additional firefighter and non-firefighter roles be approved and adopted – **phase 1 of this investment was agreed during 2023/24 with recruitment in roles to take place.** Phase 2 remains planned from 2025/26.
 - That the introduction of a swift water rescue capability at Skipton be expedited – **this was implemented during 2023/24**
 - That plans to reform, improve and enhance the On-call service in North Yorkshire be progressed to full business case.
- 3.76 A number of the plans in this area will continue to be developed and firmed up however for financial planning purposes there is an assumed phased implementation in line with the below:
- Prevention and Protection – phase 2 + £107k, 2.5 FTEs from April-25
 - On-Call Investment
 - 24/25 - £332k
 - 25/26 - £788k
- 3.77 As set out within the RRM consultation and subsequent decision making all of the efficiencies from the RRM work are planned for re-investment into the Service and have not been used to balance the budget.
- 3.78 To ensure financial balance the implementation of all aspects of the RRM will need to align to ensure that the investments are not undertaken in advance of the delivery of the efficiencies.
- 3.79 Where the efficiencies can be delivered sooner than assumed this will allow for some elements of the Transformation and Investment programme to be brought forward too.

3.80 What does this mean for the overall Financial Position in 2024/25?

3.81 There are a number of areas that remain outstanding at this point in the development of the 2024/25 budget and the MTFP however a summary of the current position is shown below:

	Actual Budget 2023/24 £'000	Forecast Budget 2024/25 £'000	Forecasts		
			2025/26 £'000	2026/27 £'000	2027/28 £'000
Funding					
Total Settlement Funding	(8,918)	(11,163)	(11,386)	(11,614)	(11,846)
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%age change in Total Funding	7.8%	8.3%	1.7%	3.3%	2.3%
Expenditure					
Wholetime Firefighters	19,205	19,554	19,193	19,517	19,963
On Call Firefighters	4,000	4,253	4,797	4,893	4,991
Support Staff - Fire	1,596	2,665	2,628	2,635	2,698
Support Staff - Enable	2,830	2,508	2,492	2,557	2,628
Control Room Staff	891	946	942	966	988
Direct Staff Costs	28,523	29,924	30,052	30,567	31,268
Indirect Staff Costs	590	651	579	607	582
PFCC Staff Costs	83	83	85	87	88
Premises	2,395	2,563	2,629	2,684	2,736
Transport	1,052	1,108	1,153	1,176	1,200
Supplies and Services	3,936	4,033	4,070	4,078	4,135
Operating Leases	2	2	2	2	2
External Service Agreements	263	268	274	279	285
PFI (inc. capital element)	1,709	1,883	1,928	1,991	1,260
TLB allocation	50	50	50	50	50
Total Indirect Staff and Non Staff Costs	10,031	10,641	10,770	10,955	10,339
PENSIONS	892	1,044	975	976	962
TOTAL EXPENDITURE BEFORE CAPITAL CHARG	39,446	41,609	41,796	42,498	42,569
Provision for Debt Repayment	1,044	1,137	1,405	1,757	1,879
External Interest	675	856	1,195	1,465	1,644
Revenue Contribution to Capital	265	368	99	97	556
Total Capital Charges	1,984	2,361	2,699	3,319	4,079
TOTAL EXPENDITURE BUDGET	41,430	43,970	44,495	45,817	46,648
(Surplus)/Deficit before Reserves	1,161	339	108	(40)	(245)
Planned Transfers to/(from) Earmarked Reserves:					
New Developments Reserve	(334)	(318)			
RRM	(400)				200
ESMCP/Local Transition Resource Reserve	(57)				
Home Office Protection Uplift Grant Reserve	(321)	(74)	(148)		
Collection Fund reserve	(22)	(22)			
Planned Transfers to/(from) General Fund	0	75	40	40	45
(Surplus)/Deficit After Reserves	0	0	0	0	0

3.82 The Service is projecting a balanced MTFP after the use of Earmarked Reserves in 2024/25 of £339k, with smaller use of Earmarked Reserves in 2025/26. However the Service will **generate a surplus** in 2026/27 and 2027/28 to repay the ESMCP Reserve that the Home Office have given authorisation to use to accelerate the investment in the on-call service and also to add to General Reserves to maintain this at the minimum level.

- 3.83 What about the use of Reserves?
- 3.84 It was agreed that the **New Development Reserve** would fund the Transformation Team to the end of 2024/25. It was then expected that these roles would cease unless savings/efficiencies could be found to make them permanent.
- 3.85 The 2024/25 MTFP has incorporated these roles into the revised and agreed Business Design and Assurance Team with these resources permanently funded from 2025/26 in line with previous planning assumptions.
- 3.86 The Home Office wrote to the Service to provide authorisation to use £400k of the funding that was sat within Earmarked Reserves, for **ESMCP**, to accelerate the investment in the On-Call Service. This funding was released during 2023/24 in line with this agreement.
- 3.87 The release of the £400k was subject to repayment and there are plans in place to ensure this happens in the final year of this MTFP.
- 3.88 The Home Office have previously provided funding to enable the Service to invest in **Protection services and 'Uplift'** the resources in that area. This funding has specific terms that mean it can only be used for certain areas of work. The Grant is being released from Reserves to meet the costs of undertaking this specific work.
- 3.89 It was previously expected that if the grant funding stopped that these roles would also come to an end and therefore the use of these reserves did not support core work.
- 3.90 The proposed investment in the Prevention and Protection area, aligned with the continued delivery of savings and efficiencies means that it is now forecast that these roles will be incorporated into the permanent structures of the service when/if the additional funding from the Home Office comes to an end.
- 3.91 The use of Reserves in the manner set out is therefore not a concern for the Service, the Reserves are funding additionality that could be removed if financially necessary however the current financial plans forecast that this won't be needed.
- 3.92 How do Reserves in North Yorkshire Fire compare to others?
- 3.93 Attached at Appendix 3 is a forecast on the levels of Reserves within North Yorkshire Fire over the period of the Medium Term Financial Plan.
- 3.94 Overall reserves are forecast to reduce from £7.4m at the start of 2023/24 to around £3.4m by the end of 2027/28.
- 3.95 The last [national publication setting out reserves across Fire](#) was as at the 31st March 2021 – at that point North Yorkshire Fire had around £8m of reserves

which equated to 25% of Core Spending Power. This was the 5th lowest in both percentage and monetary terms in the country.

- 3.96 Reserves are therefore reducing from an already low base.
- 3.97 The impact of the financial settlement, the proposed precept, and the savings and efficiency plans, has enabled the Service to meet the significant financial pressures from both pay and non-pay inflation. As well as this the Service has incorporated into its balanced MTFP its plans for investing and transforming the Service and has also set out a recurring balanced MTFP that is projected to show a surplus in year 3 and 4 of the plan, to replace an Earmarked Reserve that is being used in 2023/24 and bring its General Fund balance up to the minimum level.
- 3.98 It is important to recognise that there will be some changes to these financial plans and these will be confirmed as part of the budget setting process at the end of February.
- 3.99 This will be especially the case for the confirmation of the level of Business Rates which will be payable to the PFCC from the Local Councils.

4 CAPITAL

4.1 Capital Investment Plans

- 4.2 As previously mentioned there is a need for some significant investment within the Estate from which the Fire Service operates. Some of this has required immediate attention to ensure that the buildings were both accessible to a more diverse workforce and the public where needed. Funds were set aside to address these with the work expected to be completed in 2023/24.
- 4.3 It has also been mentioned that 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 continue to be developed. The current Capital plans are set out at Appendix 2.
- 4.4 In addition to the need to invest in the Estate it has also been a challenge to replace some elements of the Fire Fleet over the last couple of years primarily due to the pandemic. This was expected to change during 2023/24, or early into 2024/25, as the Service has placed orders for 16 new Fire Appliances, delivery of the first 12 will now take place in 2024/25 with a further 4 to follow. In total these 16 new Fire Appliances will cost around £5.3m.
- 4.5 Delivery of new Breathing Apparatus is expected during 2024/25, with £1.9m set aside to fund this. This will be a significant investment by the Service with options to bring this vital piece of equipment fully up to date.
- 4.6 All of these plans will be refreshed, refined, prioritised and kept under close review to ensure that they are both affordable and necessary.

5 Public Consultation

- 5.1 To further inform the decision around the proposed precept for 2024/25 consultation has been undertaken with the public to ascertain their feedback and thoughts on this subject.
- 5.2 The consultation was conducted via an online survey and by telephone, to ensure a representative sample of North Yorkshire and the City of York residents by age, gender and geography.
- 5.3 The public were asked the following:
- 5.4 North Yorkshire Fire and Rescue Service has a budget of £40 million – the majority of that, over 60 per cent, comes from the precept on your council tax.
- 5.5 To provide a similar level of service to now, they think they will need around an extra £2.5m – £3m due to salary increases and the rising cost of fuel, utilities and interest on loans.
- 5.6 The Government are expected to say that Commissioner Zoë can raise the fire precept by £5 from April – that would be an increase of 6.2%, an extra 10 pence per week for an average Band D property. Even this would only raise £1.6m of that extra demand
- 5.7 The following options are based on an average Band D property currently paying £80.61 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 £2.41 a year more (20 pence per month), an increase of 2.99%
This would raise around £750k, however is significantly below inflation and would likely lead to reductions in current levels of service delivery.
 - Up to £5 a year more (42 pence per month), an increase of 6.2%
This would raise around £1.6m, is broadly in line with the organisation's inflationary pressures and would lead to no reductions in planned levels of service delivery.
 - Up to £7.50 a year more (63 pence per month), an increase of 9.3%
This would raise around £2.4m, is likely to be higher than the organisation's inflationary pressures and would allow some additional investment into fire and rescue service delivery.

5.8 In total 1,684 responses were received via the open online survey and a further 996 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.

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

	Total (n=2,680)	Telephone (n=996)	Online (1,684)
No more than I pay now a precept freeze	31%	35%	28%
Up to £2.41 a year more (20 pence per month), an increase of 2.99%	15%	17%	15%
Up to £5 a year more (42 pence per month), an increase of 6.2%	31%	32%	31%
Up to £7.50 a year more (62 pence per month), an increase of 9.3%	23%	16%	27%
TOTAL who support an increase of at least 2.99%	69%	65%	72%

5.10 Combined results (online and telephone) from the consultation show a majority (69%) support an increase of at least 2.99% in the fire and rescue precept, which is the level proposed within this report.

5.11 Had there been the scope to increase the precept by £5, which was provided last year, then around 54% of those surveyed supported this option.

5. Financial Implications

5.1 The Tax Base

The two local Councils have notified the PFCC of their tax bases for 2024/25 as set out in the table below:

Tax Base		
	2024/25	2023/24
	Net Tax Base	Net Tax Base
North Yorkshire County Council	246,010	243,034
York City Council	69,098	68,633
Total	315,107	311,667
Annual Increase/(Decrease)	3,441	
Percentage Increase/(Decrease)	1.10%	

5.2 The tax base is expressed in terms of Band D equivalent properties. Actual properties are converted to Band D equivalent by allowing for the relevant value of their tax bands as set down in legislation (ranging from 2/3rds for Band A to double for Band H; discounts for single person occupation, vacant properties, people with disabilities etc;) and a percentage is deducted for non-collection. Allowance is also made for anticipated changes in the number of properties.

5.3 The tax base calculated by the billing authorities differ from the figures used by the Government (which assumes 100% collection) in calculating Grant Formula entitlements.

5.4 As can be seen from the table above the number of Band D equivalent properties across North Yorkshire has increased in 2024-25, in comparison to 2023-24, by 3,441 – this equates to an increase of 1.10%

5.5 The 2024/25 tax base is therefore 315,107.29 Band D Equivalent properties

5.6 Setting the Council Tax

5.7 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)	
	£
North Yorkshire County Council	241,366
York City Council	(36,163)
Net Surplus/(Deficit) on Collection Fund	205,203

5.8 The surpluses/deficit that have arisen need to be returned through the precept. The final precept to be levied will reflect the position on each council's collection fund.

5.9 Financial Summary

Net Budget Requirement

Based on the proposed precept increase of £2.41, or 2.99%, the Net Budget Requirement (NBR) for 2024/25, in comparison to 2023/24, is set out in the table below:

Funding the Net Budget Requirement	Budgeted Figures		(Increase)/Reduction	%age Change
	2024/25	2023/24		
	£000s	£000s	£000s	
Funding				
Total Settlement Funding	(11,441)	(10,995)	(446)	4.1%
Rural Services Grant	(699)	(604)	(95)	15.8%
Council Tax Precept	(26,160)	(25,123)	(1,037)	4.1%
Collection Fund/NNDR Surplus/Deficit	(205)	(74)	(132)	178.8%
Net Budget Requirement	(38,506)	(36,796)	(1,710)	4.6%

5.10 As can be seen from the above the NBR is expected to increase in 2023/24, by £1,710k (or 4.6%) if the precept is increased by 2.99%.

5.11 Please note that the 2023/24 comparator has been increased by £1,711k to reflect that this was added into the Total Settlement Figure in 2024/25 and this therefore enables an accurate year on year comparator.

5.12 In addition to this the current year figures are not yet finalised with the information due from the Councils on Business Rates due towards the end of January.

5.13 Precept Calculations

The final precept calculations are set out in the tables below based on a £2.41 or 2.99% increase:

Proposed Precepts - £2.41, 2.99% Increase			
	Unadjusted Precept	Collection Fund Balance	Council Tax Requirement
	£	£	£
North Yorkshire County Council	20,665,090	241,366	20,423,724
York City Council	5,700,320	(36,163)	5,736,483
Total Precept	26,365,410	205,203	26,160,207

5.14 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. £26,160,207 by 315,107.29 giving a council tax rate for Band D properties of £83.02.

5.15 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 2023/24. It is advised that the tax rates should be calculated to more than 2 decimal places.

Council Tax Band Amounts and Increases				
	£2.41 or 2.99% increase			
Property Band	2024/25	2023/24	Increase per Annum	Increase per Week
	£	£	£	£
A	55.347	53.740	1.61	0.03
B	64.571	62.697	1.87	0.04
C	73.796	71.653	2.14	0.04
D	83.020	80.610	2.41	0.05
E	101.469	98.523	2.95	0.06
F	119.918	116.437	3.48	0.07
G	138.367	134.350	4.02	0.08
H	166.040	161.220	4.82	0.09

6. Conclusion

I have considered various options and various factors in deliberating on my proposal for precept in 2024/25. I have taken into account the needs for the 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 £2.41 or 2.99%, for a Band D property for 2024/25.

This would result in Band D Fire precept for 2024/25 of £83.02 and I ask that this panel considers my proposal.

Further to this the following additional Appendices are also attached:

- Appendix 1 – Draft Budget based on a £2.41 or 2.99% 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	2025/26	2026/27	2027/28
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Funding					
Total Settlement Funding	(8,918)	(11,163)	(11,386)	(11,614)	(11,846)
Rural Services Grant	(604)	(699)	(604)	(604)	(604)
Council Tax Precept	(25,123)	(26,160)	(27,320)	(28,530)	(29,795)
Council Surplus/Deficit	(129)	(205)	(160)	(160)	(160)
NNDR Surplus/Deficit	56	(60)	0	0	0
Funding for the Net Budget Requirement	(34,719)	(38,287)	(39,470)	(40,908)	(42,405)
%age change in Net Budget Requirement	10.6%	10.3%	3.1%	3.6%	3.7%
S31 NDR Grants and Specific Grants	(4,833)	(4,147)	(3,856)	(3,871)	(3,392)
General Income	(718)	(1,197)	(1,061)	(1,078)	(1,096)
TOTAL FUNDING	(40,269)	(43,631)	(44,387)	(45,857)	(46,893)
%age change in Total Funding	7.8%	8.3%	1.7%	3.3%	2.3%
Expenditure					
Wholetime Firefighters	19,205	19,554	19,193	19,517	19,963
On Call Firefighters	4,000	4,253	4,797	4,893	4,991
Support Staff - Fire	1,596	2,665	2,628	2,635	2,698
Support Staff - Enable	2,830	2,508	2,492	2,557	2,628
Control Room Staff	891	946	942	966	988
Direct Staff Costs	28,523	29,924	30,052	30,567	31,268
Indirect Staff Costs	590	651	579	607	582
PFCC Staff Costs	83	83	85	87	88
Premises	2,395	2,563	2,629	2,684	2,736
Transport	1,052	1,108	1,153	1,176	1,200
Supplies and Services	3,936	4,033	4,070	4,078	4,135
Operating Leases	2	2	2	2	2
External Service Agreements	263	268	274	279	285
PFI (inc. capital element)	1,709	1,883	1,928	1,991	1,260
TLB allocation		50	50	50	50
Total Indirect Staff and Non Staff Costs	10,031	10,641	10,770	10,955	10,339
PENSIONS	892	1,044	975	976	962
TOTAL EXPENDITURE BEFORE CAPITAL CHARGE	39,446	41,609	41,796	42,498	42,569
Provision for Debt Repayment	1,044	1,137	1,405	1,757	1,879
External Interest	675	856	1,195	1,465	1,644
Revenue Contribution to Capital	265	368	99	97	556
Total Capital Charges	1,984	2,361	2,699	3,319	4,079
TOTAL EXPENDITURE BUDGET	41,430	43,970	44,495	45,817	46,648
(Surplus)/Deficit before Reserves	1,161	339	108	(40)	(245)
Planned Transfers to/(from) Earmarked Reserves:					
New Developments Reserve	(334)	(318)			
RRM	(400)				200
ESMCP/Local Transition Resource Reserve	(57)				
Home Office Protection Uplift Grant Reserve	(321)	(74)	(148)		
Collection Fund reserve	(22)	(22)			
Planned Transfers to/(from) General Fund	0	75	40	40	45
(Surplus)/Deficit After Reserves	0	0	0	0	0
General Reserves	£'000	£'000	£'000	£'000	£'000
General Fund Balance b/f	1,075	1,075	1,150	1,190	1,230
Proposed (use of)/contribution to General Fund	0	75	40	40	45
Current Year Forecast	0	0	0	0	0
General Fund Balance c/f	1,075	1,150	1,190	1,230	1,275
Employee Numbers (Budgeted as at 1st April)	FTEs	FTEs	FTEs	FTEs	FTEs
Wholetime Firefighters	308.0	286.0	272.0	272.0	272.0
On Call Firefighters	342.0	342.0	342.0	342.0	342.0
Support Staff - Fire	32.0	63.0	58.0	58.0	58.0
Support Staff - Enable	61.5	51.0	51.0	51.0	51.0
Control Staff	17.5	18.5	18.5	18.5	18.5
Assumptions					
Firefighter/Staff Pay Increase	5.0%	3%/2.5%	2.0%	2.0%	2.0%
Non Pay Inflation	calculated	calculated	2.0%	2.0%	2.0%
Precept Increase	6.6%	2.99%	2.99%	2.99%	2.99%
Council Tax Base Increase	1.2%	1.1%	1.4%	1.4%	1.4%

NORTH YORKSHIRE PFCC (FIRE AND RESCUE AUTHORITY)

Appendix 2

CAPITAL PROGRAMME 2023/24 TO 2027/28

	Estimated 2023/24 £000	Estimated 2024/25 £000	Estimated 2025/26 £000	Estimated 2026/27 £000	Estimated 2027/28 £000
FUNDING					
Reserve Brought Forward	2,995	1,898	1,051	659	392
Revenue Contribution to Capital	217	368	99	97	556
Capital Receipts	52				
Borrowing	2,971	6,634	5,417	3,083	2,520
Estates Replacement Borrowing	100	1,573	2,608	3,340	3,221
TOTAL FUNDING	3,340	8,575	8,124	6,520	6,297
EXPENDITURE					
Transport excluding Cars	1,962	3,934	4,617	2,383	120
Transport - Cars	829	301	148	118	0
Estates	1,009	800	800	700	700
ICT	537	915	342	246	510
Control System					1,700
Logistics	0	1,900	0	0	0
TOTAL APPROVED CAPITAL PROGRAMME	4,337	7,849	5,907	3,447	3,030
ESTATES REPLACEMENT PROGRAMME	0	100	1,573	2,608	3,340
TOTAL CAPITAL PROGRAMME	4,337	7,949	7,480	6,055	6,370
Reserve Carried Forward	1,898	1,051	659	392	438

Reserves Forecasts

	Balance	Transfers	Balance	Transfers	Balance	Transfers	Balance	Transfers	Balance	Transfers	Balance
	March	In/Out	March	In/Out	March	In/Out	March	In/Out	March	In/Out	March
	2023	2023/24	2024	2024/25	2025	2025/26	2026	2026/27	2027	2027/28	2028
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Pensions, Pay & Price	1,021	-531	490	0	490	0	490	0	490	0	490
New Developments	884	-334	550	-318	232	0	232	0	232	0	232
Insurance	80	0	80	0	80	0	80	0	80	0	80
Recruitment	175	0	175	0	175	0	175	0	175	0	175
Hydrants	100	0	100	0	100	0	100	0	100	0	100
Collection Fund	44	-22	22	-22	0	0	0	0	0	0	0
RRM	400	-200	200	0	200	0	200	0	200	200	400
HO Grant - ESMCP/LTR	129	37	166	0	166	0	166	0	166	0	166
HO Grant - Protection Uplift	456	-225	231	-74	157	-148	9	0	9	0	9
Total Earmarked Reserves	3,289	-1,275	2,014	-414	1,600	-148	1,452	0	1,452	200	1,652
Earmarked Capital Reserve	2,995	-1,097	1,898	-847	1,051	-392	659	-267	392	46	438
General Reserves	1,075	0	1,075	70	1,145	40	1,185	40	1,225	45	1,270
% of Net Budget Requirement	3.4%		3.1%		-3.0%		-3.0%		-3.0%		-3.0%
Total Usable Reserves	7,359	-2,372	4,987	-1,191	3,796	-500	3,296	-227	3,069	291	3,360

APPENDIX 4

Precept Consultation Results 2024/25 – 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 (2024/25).

Between 4 December 2023 and 21 January 2024, 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, Next Door and Commissioner Newsletter subscribers via Mailchimp. Posters and leaflets were distributed to all North Yorkshire and City of York libraries to raise awareness of the survey. 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 local MPs and Councillors in December and January, to raise community awareness.

Throughout the consultation period, online results were reviewed and areas/demographics with low take-up were targeted using targeted Facebook posts.

Residents could respond via post, phone, email or online, resulting in 1,691 responses.

In addition, a representative telephone survey was conducted with 1,000 North Yorkshire and City of York residents, screened to ensure respondents were council tax payers and aged over 18. Quotas were set by gender, age and district to reflect the demography and geography of the county. The telephone interviews were undertaken by an independent market research company.

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

Combined, the total number of responses to the Police, Fire and Crime Commissioner’s 2024/25 precept survey was 2,691.

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 All answering (2,621)	6%	13%	20%	11%	7%	13%	10%	19%	99%
North Yorkshire and City of York: estimated households*	7%	11%	20%	6%	7%	14%	11%	24%	100%

*Household district estimates, [Population and household estimates, England and Wales - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/population-and-household-estimates)

Results

The results of the consultation have been analysed by methodology type (representative telephone survey vs open online survey) and are broadly 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. Around seven in ten respondents (69%) were prepared to pay an increase of at least £2.41 in their council tax for fire and rescue services next year. The majority of respondents (54%) would support an increase of at least £5 in the fire and rescue precept.

Figure 1: Fire and rescue precept response

Q. How much extra are you willing to pay for fire and rescue services in North Yorkshire and York?

