



Police & Crime Commissioner for Cleveland

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Report of the PCC for Cleveland to the Police and Crime Panel

2nd February 2021

Status: For decision

The 2021/22 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 Police Element of the Council Tax within Cleveland for 2021/22 at £265.73. This is an increase of £5.19, or 1.99% over the 2020/21 level.
- 2.2 The Panel is asked to support this proposal.

3 Reasons

- 3.1 The balance of the cost of the police service not paid for by central government is met by local taxpayers through a precept on their council tax. In Cleveland this will equate to about 26% of the overall income that I will receive in 2021/22. It is the responsibility of the four local billing authorities to collect this.
- 3.2 Legislation requires the precept for 2021/22 to be set before 1st March 2021 and that the first step in enabling this to happen is that I am required to inform this panel of my proposed precept by the 1st February 2021. Which I did by submitting this report prior to that date.

- 3.3 In making my proposal on the Police precept I have taken into account the following:
- The plans that I am Stewarding through to the next PCC elections.
 - The views of the public of Cleveland
 - The financial impact on the people of Cleveland and the current financial environment.
 - The financial needs of the organisation as currently projected both for 2021/22 and in the future.
 - The limits imposed by the Government on a precept increase before a referendum would be triggered in Cleveland.
 - I have discussed my proposals with both the Chief Constable and engaged and consulted with the public on the options available to me.
- 3.4 Police Funding Settlement 2021/22
- 3.5 The 2021-22 Provisional Settlement was announced on 17 December in a written statement by the Policing Minister, Kit Malthouse.
- 3.6 Full details of the Settlement can be found on the Home Office gov.uk pages.
- 3.7 Unlike last year, the Home Office have opted to do a provisional settlement rather than proceeding straight to final settlement in order obtain feedback from stakeholders. The deadline for submissions to the provisional was 15 January.
- 3.8 This settlement follows the one-year SR and takes place with a backdrop of severe economic difficulties due to the ongoing Coronavirus Pandemic as well as uncertainty around Brexit. GDP for the year was down 11.3%, the largest recession recorded.
- 3.9 Prior to the publication of settlement, the sector was expecting an additional £400m for the recruitment of 6,000 officers (towards the 20,000 total). Kit Malthouse confirmed that there would be an increase of £415m for PCCs to continue to recruit officers. The document goes on to state that “to ensure...progress in recruitment is maintained, and to track the use of this investment efficiently, the Government will continue to ringfence £100 million of the additional funding”. This ring-fenced grant will be akin to the previous settlement grant of £168m and will be split according to funding formula allocation.
- 3.10 Part of this funding allocation is to go to the recruitment of ROCU officers through the same mechanism.
- 3.11 Additionally, the sector was expecting last year’s PUP funding (£700m) to be rolled into the baseline.
- 3.12 However, the Written Ministerial Statement stated that in total PCCs will get an increase of £703m assuming that the full precept flexibility is taken. As confirmed in SR2020, the council tax referendum principles will be £15 per

PCC, which, assuming every PCC maximised the increase, means an extra £288m for policing in 2021-22.

3.13 Furthermore more, PCCs will receive a portion of the £670m additional grant funding announced for the local council tax support as part of SR2020.

3.14 Headlines

3.15 Given the recent publication of the 2020 spending review (published much later in the year than previous Spending Review's), some of the settlement was already known. The headlines below build upon headlines from SR2020:

- Core Grant (including the PUP grant) increases from £7.8bn to £8.2bn, a difference of £413.6m an increase of 5.3%.
- £15 precept flexibility for all PCCs, or equivalent.
- 75% of council tax losses (due to Covid-19) to be compensated.
- £87.4m (8%) decrease in reallocations from £1.1bn in 2020-21 to £1.03bn in 2021-22.
- Flat cash pension grant allocations compared to 2020-21.
- Capital grant remains cash flat for PCCs at £12.3m
- £52.3m capital funding for national priorities and infrastructure

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

3.17 According to the statement, the Government expects the police to continue to build on the progress that has been made in terms of efficiency and productivity. The statement lays out three targets:

- Forces to recruit another 6,000 officers by the end of March 2022 (some of these officers are expected to go into Counter Terrorism Policing, ROCUs and the National Fraud Intelligence Bureau).
- £120m efficiency savings from across the law enforcement sector (reflected as part of this funding settlement). These are expected to be delivered through a combination of improved procurement practises as well as savings in areas such as estates, agile working and shared services. They are broken down as follows:
 - £95m against core grant
 - £8m against CT policing
 - £2.8m from the NCA
 - £14.2 programmes within reallocations.
- High quality data should be collected and used to support local delivery, identify efficiencies and support the National Policing Board's drive to deliver the best possible outcomes within policing.

3.18 What does this mean for Cleveland in 2021/22 in terms of Funding?

- An increase in of Core Police Grant plus Police Uplift Grant of £4,961k or 5.3%
- This includes up to £1,199k from the ring-fenced grant for the officer uplift – linked to the recruitment of 70 additional FTE Police Officers by the end of March 2022.
- Police Pension Grant remains at £1,324k
- Capital Grant remains at only £138k
- A challenge to deliver £1,065k of savings and efficiencies during 2021/22, towards the £95m of savings that have been factored into the National Core Grant allocations.

3.19 Based on the precept being proposed, of £265.73 for a Band D property, then the overall impact on the Core funding for the organisation is set to increase by 4.5%, or nearly £6.5m, as set out in the table below:

Overall Government and Local Revenue Funding				
	2021/22	2020/21	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
Government Funding				
Police Grant	(53,582)	(50,148)	(3,434)	
RSG/National Non Domestic Rate	(43,828)	(41,486)	(2,342)	
Police Officer Uplift Grant	(1,199)	(2,015)	816	
Overall Headline Funding Increase	(98,609)	(93,649)	(4,961)	5.3%
Council Tax Freeze Grant	(800)	(800)	0	
Council Tax Support Grant	(8,263)	(6,868)	(1,395)	
Police Pensions Grant	(1,324)	(1,324)	0	
Total Government Funding	(108,996)	(102,641)	(6,355)	6.2%
Impact of a £5.19 increase in Band D Precept - 1.99% increase				
Net Deficit on Collection Funds	536	(170)	706	
Council Tax Requirement	(41,483)	(40,675)	(808)	
Total Local Funding	(40,947)	(40,845)	(102)	0.3%
Total Government + Local Funding	(149,943)	(143,486)	(6,458)	4.5%

3.20 How does Cleveland compare to the National Picture?

3.21 All Police Force Areas have received the same Headline increase in Core funding of 5.3%. However the increases in precept, in percentage terms, are determined by the current level.

3.22 If each PCC increased their precept by £15, combined with tax base assumptions, there will be an additional £288m of resources for policing from council tax alone. Due to historic differences in council tax, increases for individual PCCs range from 5.4% in Surrey to 10.8% in Northumbria. The unweighted average for all PCCs is 6.6%.

3.23 A £15 increase in Cleveland would have equated to an increase of 5.76%. This would be the fifth lowest percentage increase in England, which results from Cleveland having the fifth highest Policing Precept level in England and a current Precept level that is over 15% higher than the National average.

- 3.24 If each PCC took the £15 precept, the average band D police precept in England and Wales would be £240.92 (in Cleveland this would be £275.54) with an average of 38% (in Cleveland this would 26% of total funding coming from council tax (including precept grant and legacy council tax support grants).
- 3.25 Government Funding for 2022/23 and beyond
- 3.26 The funding position for 2022/23 will be set out and determined as part of the Spending Review that will be undertaken in 2021.
- 3.27 Given the expected financial challenges that are likely to result from the costs incurred during the pandemic then the assumptions within the revised MTFP is that Core Government Grant will be frozen for the next 2 years.
- 3.28 The plan does however assume that the Police Uplift Programme will continue to be fully funded to deliver the 20,000 National Uplift.
- 3.29 There were no references within the settlement to the Funding Formula and any review of this.

4 Local Financial and Service Delivery Context

- 4.1 Pay Awards
- 4.2 At the same time as reassessing the projections on Government Grant increases the 2021/22 MTFP also reflects on the financial landscape for future pay awards. The previous plan assumed that pay awards would be at 2.5% throughout the plan, which was in line with the pay award that was expected, and ultimately paid, in September 2020.
- 4.3 Since then the Government has indicated that it intends to freeze the majority of public sector pay for 2021-22. Exceptions apply to NHS doctors, nurses and others and those who earn less than £24,000 (who will receive a pay rise of at least £250).
- 4.4 The MTFP assumes that this is delivered in 2021/22 and thereafter assumes a gradual increase in pay awards as follows:
- 2022/23 – 1%
 - 2023/24 – 1.5%
 - 2024/25 – 2%
- 4.5 It is however important to recognise that neither the PCC nor the Chief Constable have any control over the level of pay awards. These are determined at a national level.
- 4.6 The impact of pay settlements that vary from those forecast within the MTFP will have a significant impact on the finances of the organisation and will need to be closely monitored.

- 4.7 Based on these revised assumptions, and the information received and forecast around other areas of funding, then the entire funding expected to be available to me for the next 4 years, in comparison to 2020/21, is as follows:

	Actual Budget	Forecast Budget			
	2020/21	2021/22	2022/23	2023/24	2024/25
Funding	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Government Grant	(91,634)	(97,410)	(97,410)	(97,410)	(99,358)
Council Tax Precept	(40,845)	(40,947)	(42,696)	(44,085)	(45,915)
Council Tax Freeze Grant	(800)	(800)	(800)	(800)	(800)
Council Tax Support Grant	(6,868)	(8,263)	(6,868)	(6,868)	(6,868)
Funding for Net Budget Requirement	(140,146)	(147,420)	(147,774)	(149,163)	(152,942)
%age Change in Net Budgetary Requirement	6.4%	5.2%	0.2%	0.9%	2.5%
Specific Grants	(7,849)	(7,038)	(10,538)	(12,338)	(12,338)
Witness and Victims Funding	(664)	(740)	(684)	(694)	(704)
Partnership Income/Fees and Charges	(3,316)	(3,178)	(3,245)	(3,156)	(3,238)
Total Core Funding	(151,975)	(158,376)	(162,241)	(165,351)	(169,221)
%age Change in Core Funding	7.1%	4.2%	2.4%	1.9%	2.3%
Special Grant	(3,500)	(3,500)	(1,090)		
Total Overall Funding	(155,475)	(161,876)	(163,331)	(165,351)	(169,221)

4.8 Police Recruitment Plans in Cleveland

- 4.9 To be able to receive the £1,199k specific grant that is included within these financial plans, for the additional Uplift of Police Officers, Cleveland will need to have recruited 142 additional FTEs, as part of the National Uplift programme, by the end of March 2022 and have at least 1,388 FTEs by this point (including 50 FTEs that are funded by a Specific Grant and working in the Historical Investigation Unit).
- 4.10 The PCC continues to challenge and fund the Chief Constable to recruit Police Officers more quickly than the national targets and has worked with the Force to develop plans that should deliver 1,453 FTE Police Officers within 2021/22.
- 4.11 If achieved this will mean that the Force will have delivered all of the expected additional Uplift Police Officers, and slightly more, a year earlier than expected. It would also mean that the number of Police Officers within the Force will have increased by over 250 FTEs in 3 years, which is an increase of over 20%.
- 4.12 In addition to this the Force have been undertaking detailed analysis of their demand, and assessing and quantifying the Police Officer resources to be able to meet the expected levels of demand within the Force. This resourcing level is expected to be achievable within the medium term of the financial plan, based on current assumptions and based on the proposed 1.99% increase in precept in 2021/22.

- 4.13 The Force is well positioned to deliver the Police Officer recruitment with expectations that it will start 2021/22 with around 40 FTE more Officers in Force than its National target.
- 4.14 This is clearly both a significant challenge and opportunity however the Force has done an excellent job in delivering against their Police Officer recruitment plans over the last 2 years.
- 4.15 Wider Financial Impact of Operation Uplift and increased Police Officers
- 4.16 While the focus of Operation Uplift is the increase in Police Officers there is recognition that 'just' funding the salary costs of the Officers won't be sufficient.
- 4.17 The national work that is overseeing this project were clear that to enable this to happen would require funding to support the following areas:
- It was estimated that 6,500 FTE staff would be required to enable initial recruitment and then deal with the extra work generated from having 20,000 additional officers.
 - More Officers would require more capital expenditure in terms of vehicles, IT (laptops, phones, body worn video etc) and having 26,500 additional staff would require more estate.
 - All of these capital assets would incur revenue running costs.
 - More officers would require uniforms, they would work overtime and un-social hours, they would need training and would generate additional costs in areas such as custody and forensics, while also increasing general costs of 'doing business' and employing people, such as insurances.
- 4.18 The Force have assessed their needs within these areas and funds have been allocated within the Capital Programme to meet the additional IT equipment and the additional vehicles required for a larger Force, while the staff requirements have been assessed and posts created and funded to meet the additional demands here too.
- 4.19 Plans beyond Operation Uplift
- 4.20 Clearly a key area of focus of the Force will be the continued journey on their 'Towards 2025' improvement plan, addressing the 6 causes of concern raised by the HMICFRS and striving to deliver outstanding policing for the communities of Cleveland.
- 4.21 The Force will also continue to invest and develop many areas during 2021/22, many of which will be in line with the Minister's priorities identified in the last couple of years around IT and data quality.
- 4.22 The investment should then help to better understand demand, inform future ways of resourcing and working and really underpin the Towards 2025 journey.

5 Public Consultation

- 5.1 To further inform the decision around the proposed precept for 2021/22 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 in total 181 responses were received via the open online survey. The open survey was published on the PCC website and promoted widely via social media.
- 5.3 The public were provided with the following background:

Funding the Police

There are two main sources of funding for the policing budget. In 2020/21, just over 70% of Cleveland Police's budget (£99.3million) came from central government, while just under 30% (£40.8 million) came from the Police Precept (the portion of Council Tax which is used to fund local police services).

The Government's Spending Review has announced continued funding to enable forces to recruit their portion of the 20,000 new police officers being recruited nationally, but it is likely that the remainder of the core grant given to Cleveland will remain at the same level as 2020/21 in cash terms.

The Acting PCC has provided additional funding to the Chief Constable and challenged the Chief Constable to continue to recruit these additional Police Officers quicker than the National targets require, so that they can be delivering services to the communities of Cleveland as soon as possible.

To be able to continue the accelerated recruitment and also meet inflation and other costs pressures may therefore mean there is a need to raise more funding locally.

We also know that the COVID-19 pandemic has had a significant impact on the economy and public sector finances and costs for this are still being calculated. This may also mean that the overall amount of funding for policing and other public services could reduce in future years.

- 5.4 The consultation ran from the 18th December until the 15th January and 181 people completed the survey (in comparison to 252 last year). Questions 1 to 6 asked for details of the people filling in the survey.
- 5.5 Question 7 was: If this was the case (which followed on from the funding the police introduction shown in this report at 4.3), would you be prepared to pay more in Council Tax to help bridge the shortfall in the police budget? Yes/No

- 5.6 Of the 181 who completed the survey 52.2% agree that they would be prepared to pay more whereas 47.8% indicated that they were not prepared to support an increase in precept.
- 5.7 Question 8 was specifically for the 86 people who answered 'No' to question 7: Would your answer be different if it meant that, without any increases to the Police Precept (Council Tax), services provided by Cleveland Police would have to be reduced?
- Yes – I would prefer some form of council tax increase to preserve services as much as possible
 - No – my answer is the same and services will have to be reduced as a consequence
- 5.8 Of the 86 people who were not prepared to pay more Council Tax 11 (or 12.8%) indicated that they would prefer some form of council tax increase to preserve services as much as possible, although 75 or 41.4% of the overall number of people who completed the survey indicated that their preference was that services should be reduced instead of Council Tax being increased.
- 5.9 Question 9 asked: What level of Council Tax increase would you support?
- A small increase – which might mean larger savings would need to be found and services may need to reduce
 - A moderate increase – which would provide some protection for existing services but would still require some significant efficiency savings from the force
 - A larger increase – which would provide the maximum protection for existing levels of service, but still require the force to make efficiency savings
- 5.10 Of the 104 who completed this question (the remainder skipped this question as they'd answered a preference for no increase) the results were as follows:
- Small Increase – 19 or 18.3%
 - Moderate Increase – 46 or 44.2%
 - Larger Increase – 39 or 37.5%
- 5.11 Question 10 asked: If there was an increase in the police part of your Council Tax bill, do you feel this would be affordable for you? Please choose the statement below which best represents your views:
- I could afford a small increase (for example, 10 pence per week more - so £5.20 more per year on a Band D property)
 - I could afford a moderate increase (for example, between 10 pence and 20 pence more per week – so between £5.20 and £10.40 per year on a Band D property)
 - I could afford a larger increase (for example, £10.40-£15 per year on a Band D property)
 - I do not feel that any increase would be affordable to me
 - I'm not sure

- I don't pay Council Tax
- 5.12 Of the 180 who completed this question the results were as follows:
- Small Increase (£5.20) – 23 or 12.8%
 - Moderate Increase (£5.20 to £10.40) – 34 or 18.9%
 - Larger Increase (£10.40 to £15) – 68 or 37.8%
 - No Increase – 50 or 27.8%
 - I'm not sure – 4 or 2.2%
 - I don't pay Council Tax – 1 or 0.6%
- 5.13 Questions 11 asked: Please consider the following statements about grants and commissioned services and indicate how strongly you agree or disagree with them.
- 5.14 Question 12 asked: In light of the challenging position public sector finances are likely to face over the next few years, how would you change the amount of funding allocated for grants and commissioned services?
- The funding should remain the same
 - The funding should be increased
 - The funding should be decreased overall to put more into front line policing
 - Priority should be given to commissioned services for victims of crime and those protecting the vulnerable but other grants should be decreased so that more funding is available for frontline policing
- 5.15 The summary of the findings of Question 11 and 12 are as follows:
- 5.16 In terms of funding for grants and commissioned services:
- 24.7% (44) felt funding should stay at the same level
 - 38.8% (69) felt funding should be increased
 - 11.8% (21) felt funding should be decreased
 - 24.7% (44) felt that priority should be given to commissioned services for victims of crime and those protecting the vulnerable but other grants should be decreased
- 5.17 Those who worked or volunteered within policing were more likely to feel that funding should be increased (44.4% (8)).
- 5.18 In terms of where funding should be focused, several options were given, with differing levels of support. The following options are listed in order of the support received from the public:
- A recovery service should be available for children who have suffered exploitation and sexual abuse – 90% (161) supportive
 - Specialist support should be available for victims of sexual abuse and violence – 86.5% (154) supportive
 - Specialist support should be available for victims of domestic abuse – 85% (152) supportive
 - To reduce demand on police resources, a range of prevention and early intervention services should be available to address vulnerability and

prevent involvement in criminal behaviour, including serious violence – 79.5% (140) supportive

- Small grants should be available to support projects which help prevent or reduce crime or improve community safety overall – 72% (129) supportive
- Victims of crime should have easily accessible support services available, even if a crime has not been reported to the police – 66% (118) supportive
- Grants for initiatives that protect vulnerable people should be prioritised – 61.5% (108) supportive
- Any surplus generated through efficient delivery of retraining schemes for driving offences should be invested in road safety initiatives – 58.5% (105) supportive
- Drug, alcohol and mental health intervention services should be provided to reduce re-offending – 55.5% (98) supportive
- Grants should be available to help services involved in community safety cope with the impact of COVID-19 – 46.5% (82) supportive

5.19 Those who worked or volunteered within policing placed the highest importance on having support services for victims of domestic abuse. A considerably smaller proportion of these respondents supported having drug, alcohol and mental health intervention services.

5.20 Consultation results on Council Tax increase

5.21 52% (94) stated that they would be willing to pay more Council Tax to support policing. This figure rose to 58% (105) if the alternative meant cutting police services.

6 **Financial Impact of a 1.99% increase**

6.1 Tax Base Information and Precept Calculations

The four local Councils have notified me of their tax bases for 2021/22 which total 156,110 Band D equivalent properties. This is a decrease of 8 Band D equivalent properties from 2020/21.

6.2 A reduction in the overall tax base is highly unusual and was completely unexpected. This has therefore had an impact on the finances of the organisation. This small reduction, versus an expected 1% increase, equates to an overall reduction in precept income of nearly £415k. This impact has however been compensated for by an increase in the Local Council Tax Support Grant of £1,395k from the Government.

6.3 This funding is expected to be a one-off grant as it is hoped/assumed that the Tax Base will recover over the next 2/3 years. The financial plans assume quicker tax base growth of 1.5% next year and then 1.25% in each of the next 2 years. This will however be dependent on many factors which are clearly outside of the control of the organisation

- 6.4 As expected the biggest financial challenge, resulting from COVID-19, for the organisation was likely to materialise in 2021/22 with a likely recurring, but smaller impact in the years thereafter. The impact was expected to result from less Council Tax than planned being collected during 2020/21 and a further impact on the overall tax base in future years in comparison to previous plans.
- 6.5 The Government recognised this challenge and have 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 phased amount will be the entire collection fund deficit for 2020-21 as estimated on the 15 January 2021 for council tax and in the 2021-22 NNDR1 for business rates.
 - The deficit will be phased in three equal and fixed amounts across the financial years 2021-22, 2022-23 and 2023-24.
 - The amounts to be paid off during 2021-22 will therefore be only 1/3rd of each authority's share of the estimated 2020-21 deficit.
- 6.6 The Councils have indicated an overall deficit on their collection funds, of which £1,325k relates to Policing.
- 6.7 Of this overall deficit of £1,325k, there is a £142k deficit that relates to years prior to 2020/21 and is therefore treated normally. Of the £1,182k deficit that relates purely to 2020/21 this will be phased across 3 years in line with the changed legislation. The will result in a £394k charge in each of the next 3 years.
- 6.8 The precept calculation needs to take account of the net surplus and deficit on the billing authority collection funds. Projected surplus/deficits on the individual funds are shown in the table below.

Collection Funds Surplus/ (Deficit)	
	£
Hartlepool Borough Council	(113,476)
Middlesbrough Borough Council	(162,121)
Redcar & Cleveland Borough Council	(173,000)
Stockton on Tees Borough Council	(87,600)
Net Surplus on Collection Fund	(536,197)

- 6.9 The 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.

6.10 The precept calculations are set out below based on the proposed 1.99% increase:

Proposed Precepts - £5.19 or 1.99% increase			
	Adjusted Precept	Collection Fund Balance	Council Tax Requirement
	£	£	£
Hartlepool Borough Council	6,366,084	(113,476)	6,479,560
Middlesbrough Borough Council	9,001,312	(162,121)	9,163,433
Redcar & Cleveland Borough Council	10,456,545	(173,000)	10,629,545
Stockton on Tees Borough Council	15,122,972	(87,600)	15,210,571
Total Precept	40,946,913	(536,197)	41,483,110

6.11 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. £41,483,110 by 156,110 giving a council tax rate for Band D properties of £265.73.

6.12 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 2020/21. It is advised that the tax rates should be calculated to more than 2 decimal places.

Council Tax				
	£5.19 or 1.99% increase			
Property Band	2021/22	2020/21	Increase per Annum	Increase per Week
	£	£	£	£
A	177.153	173.693	3.46	0.07
B	206.679	202.642	4.04	0.08
C	236.204	231.591	4.61	0.09
D	265.730	260.540	5.19	0.10
E	324.781	318.438	6.34	0.12
F	383.832	376.336	7.50	0.14
G	442.883	434.233	8.65	0.17
H	531.460	521.080	10.38	0.20

6.13 As you will see from the table above the impact of my proposal to increase the Police precept by 1.99% will increase a household council tax bill by 10 pence per week for a Band D property.

6.14 Although Band D is set by law as the benchmark for council tax calculations, you will be aware that only a small minority of properties in Cleveland fall into Band D or above. The majority, around 80%, are in Bands A-C, and in such properties households will pay less than the Band D tax.

- 6.15 The impact of my proposal to increase the Police precept by 1.99% for a Band D property will, in the vast majority of cases, equate to an increase of 7-9p per week in a household council tax bill.

7 **Conclusion**

- 7.1 I have considered various options and various factors in deliberating on my proposal for precept in 2021/22. I have reflected on the financial plans that I am stewarding through in my role as Acting PCC and I have taken into account the needs for the continued delivery of Policing and Crime services within Cleveland. I have spoken with the Chief Constable and have consulted with the public. Based on these views and the financial needs of the organisation over the medium term I formally propose a precept increase of 1.99% or £5.19 on a Band D property for 2021/22 and ask that this panel considers my proposal.
- 7.2 The option for an increased is supported by just over half of people who responded to my consultation on the proposed increase. This option should provide sufficient funding to underpin the financial needs of the organisation for 2021/22 and continue the accelerated recruitment of Police Officers into the Force, in comparison to the Governments timeframes, with 65 FTE more Police Officers being recruited by the end of 2021/22 than the Government are initially funding.
- 7.3 The proposed precept increase will enable me, amongst other things, to provide sufficient levels of funding to the Chief Constable to support the plans and structures that the Force has articulated to me that they need through their analysis of demand and to support the delivery of the Police and Crime Plan, this includes all of the posts that the Chief Constable has indicated as required to provide the necessary support and resilience to address the concerns raised within the HMICFRS report.

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

- Appendix A –Draft Budget based on a 1.99% of £5.19 Precept Increase
- Appendix B – Draft Capital Budget

	Actual Budget	Forecast Budget			
	2020/21	2021/22	2022/23	2023/24	2024/25
Funding	£000s	£000s	£000s	£000s	£000s
Government Grant	(91,634)	(97,410)	(97,410)	(97,410)	(99,358)
Council Tax Precept	(40,845)	(40,947)	(42,696)	(44,085)	(45,915)
Council Tax Freeze Grant	(800)	(800)	(800)	(800)	(800)
Council Tax Support Grant	(6,868)	(8,263)	(6,868)	(6,868)	(6,868)
Funding for Net Budget Requirement	(140,146)	(147,420)	(147,774)	(149,163)	(152,942)
%age Change in Net Budgetary Requirement	6.4%	5.2%	0.2%	0.9%	2.5%
Specific Grants	(7,849)	(7,038)	(10,538)	(12,338)	(12,338)
Witness and Victims Funding	(664)	(740)	(684)	(694)	(704)
Partnership Income/Fees and Charges	(3,316)	(3,177)	(3,244)	(3,155)	(3,237)
Total Core Funding	(151,975)	(158,375)	(162,240)	(165,350)	(169,220)
%age Change in Core Funding	7.1%	4.2%	2.4%	1.9%	2.3%
Special Grant	(3,500)	(3,500)	(1,090)		
Total Overall Funding	(155,475)	(161,875)	(163,330)	(165,350)	(169,220)
Office of the PCC Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Total Planned Expenditure	900	920	940	960	980
Community Safety/Victims and Witness	£000s	£000s	£000s	£000s	£000s
Community Safety Initiatives	966	1,005	1,005	1,015	1,020
Neighbourhood Policing Investment	1,500				
Victims and Witnesses Services	1,269	1,465	1,420	1,440	1,480
Total Planned Expenditure	3,735	2,470	2,425	2,455	2,500
Corporate Services	£000s	£000s	£000s	£000s	£000s
Staff Pay	780	800	810	820	835
Non Pay Expenditure	80	125	125	125	125
PFI Action Stations	5,410	5,755	5,480	5,560	5,640
PFI Uraly Nook	1,855	1,865	1,885	1,930	1,980
Asset Management	1,875	1,875	1,750	1,740	1,625
Total Corporate Costs	10,000	10,420	10,050	10,175	10,205
Police Force Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Pay					
Police Pay	75,622	80,214	82,289	83,991	86,110
Police Overtime	1,860	2,103	2,093	1,956	1,904
Police Community Support Officer Pay	3,524	3,897	4,033	4,242	4,483
Staff Pay	24,841	31,433	30,825	31,824	32,942
Pay Total	105,847	117,647	119,240	122,013	125,439
Non-Pay Budgets					
Other Pay and Training	870	947	965	975	985
Injury and Medical Police Pensions	3,177	3,278	3,378	3,478	3,578
Premises	3,887	3,998	4,096	4,224	4,365
Supplies and Services	19,622	14,249	14,329	14,327	14,299
Transport	1,514	1,663	1,699	1,735	1,771
External Support	2,887	3,262	3,262	3,262	3,262
Non-Pay Total	31,958	27,398	27,730	28,002	28,261
Total Planned Force Expenditure	137,805	145,045	146,970	150,015	153,700
%age Change in Expenditure	7.5%	5.3%	1.3%	2.1%	2.5%
(Surplus)/Deficit	£000s	£000s	£000s	£000s	£000s
(3,035)	(3,020)	(2,945)	(1,745)	(1,835)	
Contribution to Capital Programme	3,365	3,600	3,200	2,000	2,000
Planned Transfers to/(from) Earmarked Reserve	(330)	(580)	(255)	(255)	(165)
Net (Surplus)/Deficit After Reserves	0	0	0	0	0
General Reserves	£000s	£000s	£000s	£000s	£000s
General Fund Balance c/f	5,042	5,042	5,042	5,042	5,042
Employee Numbers (Average per year)	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,340	1,403	1,449	1,474	1,474
Special Grant Funded Police Officers	50	50	25		
PCSOs	116	106	106	106	106
Police Staff - Police Force	635	881	866	850	850
OPCC Staff	14	13	13	13	13
Corporate/Commisioning Staff	17	16	15	15	15
Assumptions					
Pay Awards	2.5%	0.0%	1.0%	1.5%	2.0%
Non Pay Inflation	2.0%	2.0%	2.0%	2.0%	2.0%
RPI	2.1%	1.5%	1.5%	2.5%	2.5%
Precept Increases	4.0%	2.0%	2.0%	2.0%	2.0%
Core Government Grant Movements	5.1%	7.2%	0.0%	0.0%	2.0%

PCC Summary Long Term Capital Plan Position - February 2021			APPENDIX B		
	2020/21	2021/22	2022/23	2023/24	2024/25
Future Funding Levels	£000s	£000s	£000s	£000s	£000s
Earmarked Reserve/Funding b/f	4,095	3,711	4,044	5,421	2,857
Capital Grant	176	138	138	138	138
Contribution from Revenue	3,547	3,600	3,200	2,000	2,000
Capital Receipts (from Vehicle sales)	100	100	100	100	100
Capital Receipts (from Property sales)	3,109	3,188	3,109	0	0
New Borrowing	170	723			
Projected In-year funding Available	7,102	7,749	6,547	2,238	2,238
Digital Strategy	4,272	5,434	3,240	2,875	3,402
Estates Strategy	1,052	723	750	750	250
Fleet Replacement Programme	813	1,021	1,049	1,046	1,071
Other Schemes	969	238	131	131	256
Total Capital Programme	7,485	7,416	5,170	4,802	4,979
Earmarked Capital Reserve/Funding c/f	3,711	4,044	5,421	2,857	116

