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

7th February 2023

Status: For decision

The 2023/24 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 2023/24 at £290.73. This is an increase of £15, or 5.44%, over the 2022/23 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 2023/24. It is the responsibility of the four local billing authorities to collect this.

3.2 Legislation requires the precept for 2023/24 to be set before 1st March 2023 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 2023. Which I did by submitting this report prior to that date.

- 3.3 In making my proposal on the Police precept I have taken into account the following:
- The views of the public of 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 2023/24 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 Autumn Statement and subsequent Precept Announcement
- 3.5 On the 17th of November the Chancellor announced at the Autumn Statement that Departmental budgets would be maintained at the levels set out at Spending Review 2021.
- 3.6 After this the Minister of State for Crime, Policing and Fire wrote to PCCs setting out that: *"This government is committed to providing policing with the resources they need, and the Home Office will honour the increases in funding for PCCs announced at Spending Review 2021 to maintain officer numbers."*
- 3.7 And that: *"I recognise the pressures faced by policing and have listened to those PCCs that requested a greater degree of flexibility when setting budgets. **Therefore, I can confirm that the referendum limit for PCCs in England for 2023-24 will be £15 for a typical Band D property and equivalent, raising up to an additional £349 million from precept income (on top of increases to core grant) using the latest forecasts, should all PCCs utilise the full flexibility. This is an additional £5 precept flexibility over and above the announcement made at Spending Review 2021"***
- 3.8 Police Funding Settlement 2023/24
- 3.9 After this letter, the 2023-24 Provisional Settlement was announced on the 14th of December in a written statement by the Crime and Policing Minister, Chris Philip
- 3.10 Full details of the Settlement can be found on the Home Office gov.uk pages.
- 3.11 The Government announced that *"Overall funding for policing will rise by up to £287 million compared to the 2022-23 funding settlement, bringing the total up to £17.2 billion for the policing system. Within this, funding to Police and Crime Commissioners (PCCs) will increase by up to an additional £523 million, assuming full take-up of precept flexibility. This would represent an increase to PCC funding in cash terms of 3.6% on top of the 2022-23 police funding settlement"*

- 3.12 And that *"Despite the pressures faced by all public services, we are still increasing funding into 2023-24 by providing forces with an increase to government grants of £174 million, £74 million more than announced at Spending Review 2021 (SR21), reflecting the commitments made earlier this year to support the 2022-23 pay award. By delivering on this promise, we are making sure that the police receive the funding they need to achieve and maintain their overall officer headcount, comprised of their agreed Police Uplift baseline plus their allocation of the 20,000 additional officers."*
- 3.13 Core Funding
- 3.14 Based on the analysis released by the Government Core Funding to PCC's has increased by 3.6% in 2023/24, this however assumes that all PCCs increase their Precept by £15.
- 3.15 **The smallest increases** in core funding were seen in London at 3.0%, with **Cleveland** and Merseyside both at 3.1%. In contrast there are 5 Police Force Areas (Essex, Hertfordshire, Sussex, Thames Valley and Wiltshire) who could see increases in core funding of 4.3%.
- 3.16 The Government calculate the increase in Cleveland (including a £15 increase in Precept) to be 3.1%.
- 3.17 **This is 0.5%, or £785k, lower than the National Average increase of 3.6% and 1.2%, or £1.9m, lower than those 5 Police Force Areas with the highest increases.**
- 3.18 What does the Government expect to be delivered with this additional funding?
- 3.19 The Government have stated that: "... they have provided significant investment into policing over the previous four years, and so now it is only right that we hold forces to account on delivery. We therefore expect policing to approach the 2023-24 financial year with a focus on this Government's key priorities:
- Ensuring overall police officer numbers are maintained at the agreed Police Uplift baseline plus force level allocations of the 20,000 additional officers.
 - Deploying these additional officers to reduce crime and honour this Government's commitment to keep the public safe.
 - Delivering improvements in productivity and driving forward efficiencies, maximising the value of the Government's investment."

3.20 What does this mean for Cleveland in 2023/24 in terms of Funding?

- An increase in of Core Police Grant plus Police Uplift Grant of £2,037k.
- Police Pension Grant remains at £1,324k

3.21 Based on the precept being proposed, of £290.73 for a Band D property, then the overall impact on the Core funding for the organisation is set to increase by 3.2%, or just over £5.0m, as set out in the table below:

Overall Government and Local Revenue Funding				
	2023/24	2022/23	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
Government Funding				
Police Grant	(56,591)	(56,542)	(48)	0.1%
RSG/National Non Domestic Rate	(46,588)	(46,278)	(310)	0.7%
Police Officer Uplift Grant	(3,298)	(1,619)	(1,679)	103.7%
Council Tax Freeze Grant	(800)	(800)	0	0.0%
Council Tax Support Grant	(6,868)	(6,868)	0	0.0%
Police Pensions Grant	(1,324)	(1,324)	0	0.0%
Total Government Funding	(115,469)	(113,432)	(2,037)	1.8%
Impact of a £15 increase in Band D Precept - 5.44% increase				
Net Deficit on Collection Funds	273	198	75	
Council Tax Requirement	(46,652)	(43,599)	(3,054)	
Total Local Funding	(46,379)	(43,401)	(2,978)	6.9%
Total Government + Local Funding	(161,849)	(156,833)	(5,016)	3.2%

3.22 How does Cleveland compare to the National Picture?

3.23 If each PCC increased their precept by £15, combined with tax base assumptions, there will be an additional £349m of resources for policing from council tax alone.

3.24 Due to historic differences in council tax the proportion that £15 represents can vary significantly between force areas. The £15 increase means that Northumbria's percentage increase is 9.8%, followed by the West Midlands at 8% whereas, £15 represents a 4.7% increase for North Wales and a 4.9% increase for Gwent.

3.25 Assuming every force area takes the £15 precept, the weighted average band D police precept in England and Wales would be £265.13. The proportion of funding raised through council tax differs significantly between forces. Northumbria's Council Tax makes up 19.3% of their total funding, followed by West Midlands at 20.7% and Merseyside at 23.4%.

3.26 Conversely, Surrey has 55.8% of their funding coming from Council tax, followed by Dyfed Powys at 52.4% and North Wales at 51.3%. On average, 35% of budgets are made up from Council tax, up from 34% last year.

3.27 A £15 increase in Cleveland would equate to an increase of 5.44%. This would be the 13th lowest percentage increase in England and Wales, which results from Cleveland having the 13th highest Policing Precept level in England and Wales and a current Precept level that is around 10% higher than the National average.

- 3.28 If each PCC took the £15 precept, the average band D police precept in England and Wales would be £265.13 (in Cleveland this would be £290.73) with an average of 35% of core funding coming from Council Tax (in Cleveland this would be 29%)
- 3.29 Government Funding for 2024/25 and beyond
- 3.30 The Government have indicated that policing will receive an extra £150m in 2024/25. This would equate to an increase of only 1.7%.
- 3.31 This will not be sufficient to keep pace with either pay or non-pay inflation.
- 3.32 It is worth noting that, in the days following the Autumn Statement, whilst addressing the Commons Select Committee, the Levelling Up Secretary Michael Gove announced a review of the council tax system. He and the Chancellor have asked Lee Rowley, Local Government Finance Minister, to review the operation of the council tax system. He is expected to report in the New Year.
- 3.33 In addition to this the new Policing Minister wrote to PCCs stating that "*I heard from PCCs and Chief Constables the need to update the police funding formula. I fully recognise that the current funding formula is outdated, and I am pleased to confirm our continued commitment to continuing the Police Funding Formula Review*"
- 3.34 And that "*I have asked Home Office officials to prepare for a first public consultation in early 2023. This consultation will set out the broad principles of the Review and consult on the purpose, structure and components of a new formula.*"
- 3.35 Top Slices
- 3.36 In 2023-24 the top slices total £1,114m, a £259.7m reduction over last year (£1,373.7m). The biggest changes to funding were an £83.2m decrease in Capital Reallocations and a £80m reduction in Police Technology Programmes.
- 3.37 Pensions Grant
- 3.38 Pensions Grant allocations remain unchanged from those in 2019-20. They have not been updated to reflect the new forecasts nor increased to reflect pay inflation and therefore additional costs and pressures have to be 'absorbed'.
- 3.39 Council Tax Legacy Grant
- 3.40 The Council Tax Legacy Grants relating to Council Tax Freeze grants from 2011-12, 2013-14, 2014-15 and 2015-16 as well as Local Council Tax Support (LCTS) funding remains separately identifiable in 2023-24. These have again remained flat cash settlements and therefore take no account of any changes for inflation or local need since they were awarded and is another area where additional costs are having to be 'absorbed'.

3.41 Counter Terrorism

3.42 The Minister announced a total of £1,002.2m for Counter Terrorism (CT) policing in 2023-24. PCCs will be notified separately of force-level funding allocations for CT policing, which will not be made public for security reasons.

3.43 Ministry of Justice Grants

3.44 The PCCs has received communications throughout 2022/23 relating to the continuation of funding from the MOJ and the proposed budget includes £1,595k of funding specifically for Victims Services.

3.45 MTFP Assumptions

When the 2022/23 budget was set in February 2022 the forecasts were underpinned by the following assumptions:

- Pay Awards:
 - 2022/23 – 3.5% increase
 - 2023/24 – 2.5% increase
 - 2024/25 – 2.0% increase

- Precept: Increases of:
 - 2022/23 - £10, or 3.76%
 - 2023/24 – £10 or 3.63%
 - 2024/25 – £10 or 3.50%
 - 2025/26 - £10 or 3.38%

- Tax Base increases of:
 - 2022/23 - 1.29%
 - 2023/24 – 1.3%
 - 2024/25 – 1.0%
 - 2025/26 – 1.0%

- Government Grants increases of:
 - 2023/24 – 1.2%
 - 2024/25 – 1.7%
 - 2025/26 – 2.0%

- Impact of Funding Formula review – Nil

3.46 Clearly much has changed in the last year and therefore in line with good planning our assumptions remain under review and are updated with the best information available, and it is expected that the MTFP for 2023/24 and beyond will assume the following:

- Pay Awards:
 - 2023/24 – 4.0% increase
 - 2024/25 – 2.0% increase
 - 2025/26 – 2.0% increase

- Precept: Increases of:
 - 2023/24 – £15 or 5.44%
 - 2024/25 – £10 or 3.44%
 - 2025/26 - £10 or 3.33%
 - 2026/27 - £10 or 3.22%

- Tax Base increases of:
 - 2023/24 – 1.39%
 - 2024/25 – 1.2%
 - 2025/26 – 1.2%

- Government Grants increases of:
 - 2024/25 – 1.7%
 - 2025/26 – 2.0%
 - 2026/27 – 2.0%

- Impact of Funding Formula review – Nil

4 Local Financial and Service Delivery Context

Pay Awards

- 4.1 There are broadly 5 main drivers of increased pay budgets for 2023/24. These are:
- The impact of the higher than budgeted pay awards from 2022/23
 - A Forecast 4.0% pay award from the 1st September 2023
 - The reversal of the Employers National Insurance increase of 1.25%
 - Additional Funded Roles
 - Plans to increase core Police Officer numbers by a further 43 FTEs
- 4.2 The costs of these 5 items alone are projected to be:

Increases in Pay Costs	2023/24 £m
2022/23 Higher Pay Awards	1.6
Pay Awards @ 4%	3.0
Lower NI Rates	(0.9)
Additional Funded Roles/Overtime	1.0
Additional Police Officers	1.7
	6.4
This doesn't include costs of increments as these have needed to be offset through additional vacancies	

- 4.3 **The costs of increases in pay budgets alone, even after allowing for the additional income that is funding the £1m of additional roles/overtime, is higher than the additional funding of just over £5.0m, including the £15 precept increase, that was set out in paragraph 3.21.**
- 4.4 Police Officer Recruitment Plans in Cleveland
- 4.5 To be able to receive the £3,298k specific grant that is included within these financial plans and to maintain the Government targets for Police Officer increases, then Cleveland Police need to have at least 1,443 Police Officers (excluding around 28 Officers that are funded by a time limited Special Grant) by the end of March 2024.
- 4.6 The PCC has supported the Force financially and scrutinised the delivery of an accelerated recruitment programme throughout the last few years and therefore this is not expected to be a problem for the Force.
- 4.7 The PCC supports the Chief Constables plans to further increase Police Officer numbers within Cleveland and for the Force’s budget to prioritise further recruitment in this area.
- 4.8 These plans therefore seek to increase the Core number of Police Officers within Cleveland, to 1,485 FTEs, which would be 42 FTEs above the Uplift Target, and an increase of 43 core Police Officer roles within Cleveland over the 2022/23 position.

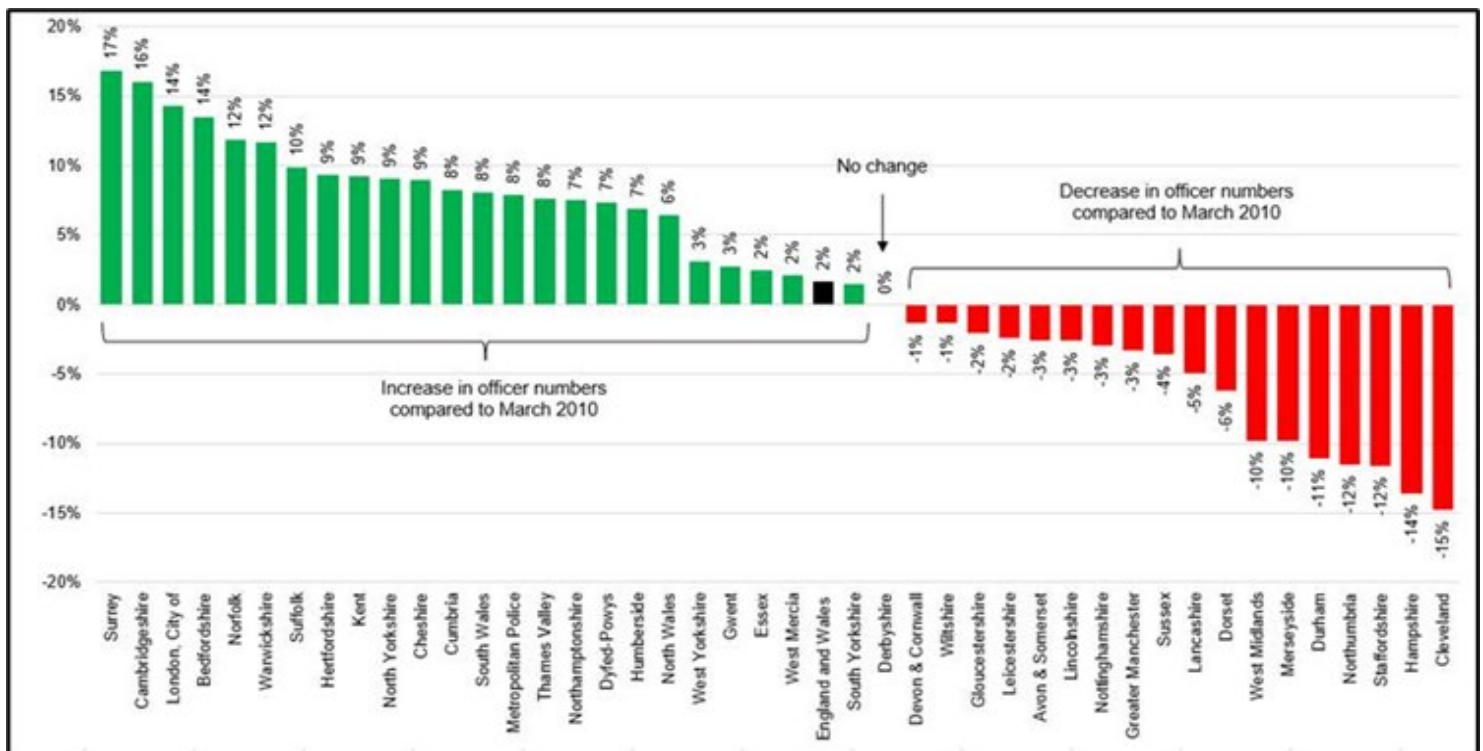
- 4.9 **The planned recruitment of just over 100 Police Officers in the final 4 months of 2022/23 should put the Force above 1,500 FTE Police Officers for the first time in over a decade.**
- 4.10 Not only is recruitment progressing well but the Force continues to make improvements in relation to both equality and diversity.
- 4.11 Data recorded and published by the Home Office shows that between April 2020 and September 2022 just over 41% of the new recruits, as part of the Uplift programme, into Cleveland Police have been Female. The same report indicates that despite this the Police Officer workforce is still only 31.2% Female in Cleveland. (Up from 30% a year ago)
- 4.12 Data recorded and published by the Home Office shows that, to the end of September 2022, 4.4% of the new recruits, as part of the Uplift programme, into Cleveland Police have indicated that their ethnicity was Black, Asian, Mixed or Other. This does however still only translate into 2.7% (Sept-21 2.5%) of the overall Police Officer workforce in Cleveland that indicate their ethnicity in this same category.

4.13 Organisational Planning and Demand Assessment

4.14 The allocation of funding and ultimately therefore Police Officers as part of the Uplift programme is based on current proportions of Government funding without any assessment of local needs and/or an any assessment of the impact of previous funding reductions and decisions.

4.15 As a result, there are areas within the Country who are now able to have more Police Officers than they have ever had in their history. Unfortunately, this is not the case in Cleveland where, at the end of the Uplift increases, the number of Police Officers within Cleveland Police will still be around 200-250 lower than they were in 2010.

4.16 The College of Policing recently provided the below information to show the range of change across England and Wales as set out in this chart below.



4.17 The PCC and the Force are in active discussions with the Home Office on how this continued shortfall of both financial and human resources can be addressed.

5 Public Consultation

- 5.1 To further inform the decision around the proposed precept for 2023/24 consultation has been undertaken with the public to ascertain their feedback and thoughts on this subject.
- 5.2 The PCC undertook a public consultation exercise for six weeks from November 2022 to mid-December 2022, focusing on several themes in relation to police funding:
- Whether people would be willing to pay more towards their police precept
 - How much additional funding people would be prepared to pay
 - Reasons behind people's opinions about funding levels
- 5.3 The consultation included an online survey, which was open from 2nd November 2022 to 12th December 2022, and which was promoted through several channels including:
- OPCC social media
 - Strategic Independent Advisory Group
 - Voluntary Development Agencies
 - Engagement with partner organisations, including:
 - Youth services
 - Groups working with ethnically diverse communities
 - Organisations for disabled people/people with learning difficulties
- 5.4 OPCC staff also held several face-to-face engagement stalls in community locations using a counter-based methodology where members of the public could place a counter to indicate what, if any, level of increased precept they would be willing to support.
- 5.5 In total 737 people completed the survey, and 455 people took part in the counter consultation, meaning that a total of 1,192 people gave their views in the consultation. **This means that the results can be considered to have a margin of error of +/- 3% and a 95% confidence level.**
- 5.6 Responses were comparable across 3 of the 4 local policing areas with considerably less respondents from the Middlesbrough area, as follows:
- Redcar and Cleveland responses – 30.5%
 - Stockton responses – 29%
 - Hartlepool responses – 25%
 - Middlesbrough responses – 15.5%

5.7 The response to the financial aspects were as follows:

5.8 Would you be willing to pay more towards local policing?

Across the whole consultation, covering both the survey and the counter exercise, 63.5% of respondents indicated that they would be willing to pay more Council Tax towards the cost of local policing

5.9 How much more would you be willing to pay towards local policing?

5.10 Respondents were asked how much more they would be willing to pay per year towards their local policing with options of no increase, £10, £18, £24 and £30.

5.11 The table below shows the full range of answers:

	£0	£10	£18	£24	£30
All	36.5%	18.1%	14.5%	11.3%	19.6%
Survey only	51.4%	13.1%	11.4%	7.6%	16.5%
Counters only	13.1%	26%	19.3%	17.1%	24.4%
Hartlepool	46.3%	14.6%	10.8%	10.1%	18.1%
Middlesbrough	38.9%	26.5%	15.7%	4.3%	14.6%
Redcar & Cleveland	28.9%	15.4%	20.7%	16.2%	18.8%
Stockton	34.8%	19.3%	10.4%	11%	24.4%

5.12 **For each of the Local Authority areas more than 50% of people who took part in the survey, from each area, supported an increase in the Police Precept of at least £10 per year for a Band D property.**

5.13 Where would you like to see additional money spent?

5.14 Many of those respondents who stated that they would be willing to pay more towards their local policing gave the caveat that additional funding would need to mean additional visible on the street police presence. Respondents from Hartlepool and Redcar and Cleveland felt particularly strongly that policing in their areas needed more investment.

5.15 Many respondents felt that local policing needed to be less reactive and focus on core problem solving activity with drugs, violence and antisocial use of motor vehicles all mentioned as key areas the police needed to focus on going forwards.

- 5.16 Combined results (online and in-person) from the consultation show the majority (63.5%) support an increase of at least £10 per year.
- 5.17 And just over 45% support an increase of £18 or more, which is higher than the £15 annual increase in precept that is set out within this report.

6 **Financial Impact of a £15, or 5.44%, increase**

6.1 Tax Base Information and Precept Calculations

The four local Councils have notified the PCC of their tax bases for 2023/24 as set out in the table below:

Tax Base		
	2023/24	2022/23
	Net Tax Base	Net Tax Base
Hartlepool Borough Council	25,342	24,928
Middlesbrough Borough Council	35,749	35,228
Redcar & Cleveland Borough Council	40,706	40,336
Stockton on Tees Borough Council	58,669	57,628
	160,466	158,121
Annual Increase/(Decrease)	2,345	
Percentage Increase/(Decrease)	1.48%	

- 6.2 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.
- 6.3 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.
- 6.4 As can be seen from the table above the number of Band D equivalent properties across Cleveland has increased by 2,345, which is a very similar level of increase as reported last year of 2,011
- 6.5 The 2023/24 tax base is therefore 160,466.0

6.6 Setting the Council Tax

6.7 During 2021/22 the Councils indicated an overall deficit on their Council Tax collection funds, of which £1,182k related to Police.

6.8 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.

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

6.10 2023-24 is the final of these 3 years and therefore a £394k charge is factored into the overall collection fund position.

6.11 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	5,042
Middlesbrough Borough Council	0
Redcar & Cleveland Borough Council	(204,403)
Stockton on Tees Borough Council	(73,706)
Net Surplus on Collection Fund	(273,067)

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

6.13 **Financial Summary**

6.14 Net Budget Requirement

6.15 Based on the proposed precept increase of £15, or 5.44%, the Net Budget Requirement (NBR) for 2023/24, in comparison to 2022/23, is set out in the table below:

Funding the Net Budget Requirement				
	2023/24	2022/23	(Increase)/Reduction	Increase/(Reduction)
	£000s	£000s	£000s	%age
Funding				
Police Grant	(56,591)	(56,542)	(48)	
RSG/National Non Domestic Rate	(46,588)	(46,278)	(310)	
Total Formula Funding	(103,179)	(102,820)	(358)	0.3%
Council Tax Freeze Grant	(800)	(800)	0	
Council Tax Support Grant	(6,868)	(6,868)	0	0.0%
Net Surplus on Collection Funds	273	198	75	38.2%
Council Tax Requirement	(46,652)	(43,599)	(3,054)	7.0%
Net Budget Requirement	(157,226)	(153,890)	(3,336)	2.2%

6.16 There is an increase in the Funding for Net Budget Requirement available to the PCC of £3,336k based on a £15 increase in precept. This equates to an increase of 2.2%.

- 6.17 It is important to recognise that the Net Budget Requirement does not include the £3,298k that the PCC will receive as part of the grant/funding that is directly linked to the recruitment of Police Officers. This will be treated as a Specific Grant, given the conditions that will be attached to the funding and therefore included elsewhere in the income analysis.
- 6.18 The Government is providing this funding to ensure Police Officer numbers are maintained at the Uplift level during 2023/24.
- 6.19 The final precept calculations are set out in the tables below based on a £15 or 5.44% increase:

Proposed Precepts - £15 or 5.44% increase			
	Adjusted Precept	Collection Fund Balance	Council Tax Requirement
	£	£	£
Hartlepool Borough Council	7,372,722	5,042	7,367,680
Middlesbrough Borough Council	10,393,307	0	10,393,307
Redcar & Cleveland Borough Council	11,630,111	(204,403)	11,834,514
Stockton on Tees Borough Council	16,983,075	(73,706)	17,056,780
Total Precept	46,379,214	(273,067)	46,652,280

- 6.20 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. £46,652,280 by 160,466.0 giving a council tax rate for Band D properties of £290.73.
- 6.21 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 2022/23. It is advised that the tax rates should be calculated to more than 2 decimal places.

Council Tax	£15 or 5.44% increase			
	2023/24	2022/23	Increase per Annum	Increase per Week
Property Band	£	£	£	£
A	193.820	183.820	10.00	0.19
B	226.123	214.457	11.67	0.22
C	258.427	245.093	13.33	0.26
D	290.730	275.730	15.00	0.29
E	355.337	337.003	18.33	0.35
F	419.943	398.277	21.67	0.42
G	484.550	459.550	25.00	0.48
H	581.460	551.460	30.00	0.58

- 6.22 As you will see from the table above the impact of the proposal to increase the Police precept by £15 will increase a household council tax bill by 29 pence per week for a Band D property

- 6.23 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.
- 6.24 The impact of my proposal to increase the Police precept by £15 for a Band D property will, in most cases, equate to an increase of 19-26p per week in a household council tax bill.

7 **Conclusion**

- 7.1 The Police Settlement for 2023/24 has provided the PCC with almost £115.5m of Government funding for 2023/24, an increase of £2.0m or 1.8% from the year before.
- 7.2 This funding includes a Ring-fenced Grant for maintaining Police Officer numbers of £3.3m.
- 7.3 Considering all projected changes in income, other than from a Precept increase, then the overall forecast increase in income is expected to be £6.0m.
- 7.4 Some of this increased funding is ring-fenced for the following and comes with corresponding additional costs:
- £1.2m has been specifically provided for year 2 of the Violence Reduction Unit
 - £0.6m has been provided for additional victim's services and safer streets
 - £0.5m for serious violence hotspot work
 - £0.3m is an increase in our ring-fenced Special Grant work
- 7.5 The remaining £3.4m needs to cover the following additional costs of £9.8m:
- £4.7m for pay inflation
 - £1.7m to increase Police Officer numbers
 - £3.4m for non-pay inflation
- 7.6 **The planned increases in Police Officers will take Cleveland Police above 1,500 FTEs for the first time in over a decade.**
- 7.7 These overall costs increases and pressures therefore total £12.4m versus £6m of income before precept is considered. So, **a gap of £6.4m**
- 7.8 Each £1 increase in the precept in Cleveland provides just over £160k of additional precept income on a recurring basis – so just over £2.4m per year of additional income would be generated if the precept was increased by the maximum amount allowed of £15.
- 7.9 As such a precept increase of £15 is proposed.

- 7.10 To mitigate the remaining £4m shortfall in 2023/24 the following is proposed:
- £2.9m less is going to be provided to the Capital Programme
 - £0.3m is going to be used from reserves
 - £0.8m of additional staff vacancies are going to be held.
- 7.11 Reserves are currently forecast to reduce by £6m during 2023/24 to support the Capital programme, which in turn means that as much funding as possible to being focussed on the Revenue budget, to focus as much funding on service delivery as possible during 2023/24.
- 7.12 In addition to the use of Reserves, the Force is also planning to hold more than 100 staff vacancies (around 11% of their assessed need) to help balance the financial plans and prioritise the increase in Police Officer numbers from 1,443 FTE Core roles to 1,485 FTEs during 2023/24.
- 7.13 The organisational need for this increase, aligned with some significant support from the public for an increase of around £15, is why I formally propose a Police precept of £290.73 for 2023/24. This is an increase of 5.44% or £15 on a Band D property from 2022/23 and I ask that this panel considers my proposal.

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

- Appendix A – Draft Budget based on a £15 or 5.44% Precept Increase
- Appendix B – Draft Capital Budget
- Appendix C – Reserves Forecast

	Actual Budget				
	2022/23	2023/24	2024/25	2025/26	2026/27
Funding	£000s	£000s	£000s	£000s	£000s
Government Grant	(102,820)	(103,179)	(104,957)	(107,056)	(109,197)
Council Tax Precept	(43,401)	(46,379)	(48,892)	(51,119)	(53,452)
Council Tax Freeze Grant	(800)	(800)	(800)	(800)	(800)
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	(6,868)	(6,868)
Funding for Net Budget Requirement	(153,890)	(157,226)	(161,517)	(165,843)	(170,317)
%age Change in Net Budgetary Requirement	4.4%	2.2%	2.7%	2.7%	2.7%
Specific Grants	(7,407)	(10,982)	(10,736)	(9,135)	(8,196)
Witness and Victims Funding	(1,165)	(1,595)	(1,595)	(714)	(714)
Partnership Income/Fees and Charges	(4,094)	(4,847)	(4,907)	(5,028)	(5,123)
Total Core Funding	(166,555)	(174,650)	(178,755)	(180,720)	(184,350)
%age Change in Core Funding	5.0%	4.9%	2.4%	1.1%	2.0%
Special Grant	(2,800)	(3,125)	(2,175)		
Total Overall Funding	(169,355)	(177,775)	(180,930)	(180,720)	(184,350)
Office of the PCC Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Total Planned Expenditure	960	1,065	1,100	1,135	1,165
Community Safety/Victims and Witness	£000s	£000s	£000s	£000s	£000s
Community Safety Initiatives	1,079	1,372	1,123	1,059	1,065
Victims and Witnesses Services	1,571	1,892	1,935	1,226	1,251
Violence Reduction Unit and Serious Violence Duty	0	1,176	1,143		
Total Planned Expenditure	2,650	4,440	4,200	2,285	2,315
Corporate Services	£000s	£000s	£000s	£000s	£000s
Staff Pay	830	860	880	900	920
Non Pay Expenditure	85	85	85	85	85
PFI Action Stations	5,670	6,025	6,175	6,400	6,935
PFI Uray Nook	2,000	2,160	2,235	2,285	1,410
Asset Management	1,715	1,575	1,770	1,770	1,770
Total Corporate Costs	10,300	10,705	11,145	11,440	11,120
Police Force Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Pay					
Police Pay	83,253	87,334	89,760	90,094	92,717
Police Overtime	2,172	2,226	2,109	2,232	2,634
Staff Pay	33,268	35,450	36,603	36,358	37,623
Police Community Support Officer Pay	3,830	3,925	4,145	4,290	4,455
Pay Total	122,523	128,935	132,617	132,974	137,429
Non-Pay Budgets					
Other Pay and Training	1,081	1,146	1,156	1,156	1,179
Injury and Medical Police Pensions	3,678	3,958	4,238	4,238	4,323
Premises	4,400	4,789	5,056	5,056	5,157
Supplies and Services	14,509	15,821	16,066	16,481	16,368
Transport	1,668	1,875	2,001	2,045	2,086
External Support	3,838	4,056	4,121	4,180	4,263
Non-Pay Total	29,174	31,645	32,638	33,156	33,376
Savings Required	(382)				
Total Planned Force Expenditure	151,315	160,580	165,255	166,130	170,805
%age Change in Expenditure	4.3%	6.1%	2.9%	0.5%	2.8%
(Surplus)/Deficit	£000s	£000s	£000s	£000s	£000s
(4,130)	(985)	770	270	1,055	
Planned Transfers to/(from) General Fund	0	0	0	0	0
Contribution to Capital Programme	4,420	1,565	470	1,965	1,995
Planned Transfers to/(from) Earmarked Reserves	(290)	(580)	(1,240)	(235)	(650)
Net (Surplus)/Deficit After Reserves	0	(0)	0	2,000	2,400
General Reserves	£000s	£000s	£000s	£000s	£000s
General Fund Balance b/f	5,042	5,042	5,042	5,042	5,042
General Fund Movements	0	0	0	0	0
In Year General Fund movements	0	0	0	0	0
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	1,442	1,485	1,500	1,500	1,500
Non-Recurring Police Officer Posts	30	28	19	0	0
PCSOs	106	106	106	106	106
Police Staff - Police Force	846	851	829	805	805
Assumptions					
Pay Awards	3.5%	4.0%	2.0%	2.0%	2.0%
Non Pay Inflation	Calculated	Calculated	2.0%	2.0%	2.0%
RPI	7.1%	10.0%	5.0%	3.0%	3.0%
Precept Increases	3.8%	5.4%	3.4%	3.3%	3.2%
Core Government Grant Movements	5.6%	0.3%	1.7%	2.0%	2.0%

PCC Summary Long Term Capital Plan Position - January 2023			APPENDIX B		
	2022/23	2023/24	2024/25	2025/26	2026/27
Future Funding Levels	£000s	£000s	£000s	£000s	£000s
Earmarked Reserve/Funding b/f	8,808	9,644	4,176	1,572	1,025
Contribution to/from Revenue	5,130	1,565	470	1,965	1,995
Capital Receipts (from Vehicle sales)	97	140	145	150	155
Capital Receipts (from Property sales)	3,109	0	0		
Projected In-year funding Available	8,336	1,705	615	2,115	2,150
Digital Strategy	3,586	3,320	1,211	934	760
Estates Strategy	997	1,196	505	475	305
Fleet Replacement Programme	2,495	2,064	1,164	1,007	930
Other Schemes	422	593	339	246	178
Total Capital Programme	7,500	7,173	3,219	2,662	2,173
Earmarked Capital Reserve/Funding c/f	9,644	4,176	1,572	1,025	1,002

Forecast Useable Reserves

APPENDIX C

	Balance at 31 March 2022 £000	Tranfers In 2022/23 £000	Tranfers Out 2022/23 £000	Balance at 31 March 2023 £000	Tranfers In 2023/24 £000	Tranfers Out 2023/24 £000	Balance at 31 March 2024 £000	Tranfers In 2024/25 £000	Tranfers Out 2024/25 £000	Balance at 31 March 2025 £000	Tranfers In 2025/26 £000	Tranfers Out 2025/26 £000	Balance at 31 March 2026 £000	Tranfers In 2026/27 £000	Tranfers Out 2026/27 £000	Balance at 31 March 2027 £000
Funding for projects & programmes over the period of the current MTFP																
Direct Revenue Funding of Capital	(2,645)	(5,130)	7,500	(275)	(1,565)	1,720	(120)	(470)	470	(120)	(1,965)	1,965	(120)	(1,995)	1,995	(120)
PCC Change Reserve	(129)			(129)			(129)			(129)			(129)			(129)
Airwaves Project	(256)		166	(90)			(90)			(90)			(90)			(90)
CP Change Reserve	(1,332)		340	(992)		160	(832)			(832)			(832)			(832)
EDI Reserve	(50)		50	0			0			0			0			0
Wide Area Network Reserve	(724)		241	(483)		240	(243)		240	(3)			(3)			(3)
Recruitment Reserve	(270)			(270)			(270)			(270)			(270)			(270)
Commissioning Reserves	(259)			(259)		35	(224)		35	(189)		35	(154)		35	(119)
Road Safety Initiatives Fund	(157)		0	(157)			(157)			(157)			(157)			(157)
Sub Total	(5,820)	(5,130)	8,297	(2,653)	(1,565)	2,155	(2,063)	(470)	745	(1,788)	(1,965)	2,000	(1,753)	(1,995)	2,030	(1,718)
Funding for projects & programmes beyond the current MTFP																
PFI Sinking Fund	(163)	(250)		(413)	(75)	30	(458)	(75)		(533)	(75)	115	(493)	(75)	530	(38)
Incentivisation Grant	(589)	(80)		(669)			(669)			(669)			(669)			(669)
Police Property Act Fund	(209)			(209)			(209)			(209)			(209)			(209)
Sub Total	(961)	(330)	0	(1,291)	(75)	30	(1,336)	(75)	0	(1,411)	(75)	115	(1,371)	(75)	530	(916)
General Contingency																
Legal/Insurance Fund	(630)			(630)			(630)			(630)			(630)			(630)
Injury Pension Reserve	(862)	(270)		(1,132)		162	(970)		160	(810)		160	(650)		160	(490)
Uray Nook TTC	(81)			(81)			(81)			(81)			(81)			(81)
NERSOU	(213)			(213)			(213)			(213)			(213)			(213)
Collaboration Reserve	(28)			(28)		28	0			0			0			0
Pay and Price Reserve	(1,000)	(600)		(1,600)			(1,600)		880	(720)			(720)			(720)
Major Incident Reserve	(1,000)			(1,000)			(1,000)			(1,000)			(1,000)			(1,000)
Sub Total	(3,813)	(870)	0	(4,683)	0	190	(4,493)	0	1,040	(3,453)	0	160	(3,293)	0	160	(3,133)
Total Earmarked Reserves	(10,594)	(6,330)	8,297	(8,627)	(1,640)	2,375	(7,892)	(545)	1,785	(6,652)	(2,040)	2,275	(6,417)	(2,070)	2,720	(5,767)
General Reserves	(5,042)	0	0	(5,042)	0	0	(5,042)	0	0	(5,042)	0	0	(5,042)	0	0	(5,042)
Total Usable Reserves	(15,636)			(13,669)			(12,934)			(11,694)			(11,459)			(10,809)
Capital Receipts Reserve	(6,163)	(3,206)		(9,369)	(140)	5,452	(4,057)	(145)	2,749	(1,453)	(150)	697	(906)	(140)	163	(883)
Total Reserves	(21,799)			(23,038)			(16,991)			(13,147)			(12,365)			(11,692)

