

NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL

3rd February 2021

1.00pm

Remote meeting via Zoom

James Edmunds, Democratic Services Assistant Manager, Northamptonshire County Council, is managing this agenda. Tel. 07500 605276 E-mail: jedmunds@northamptonshire.gov.uk

AGENDA

* Papers enclosed > Papers to follow

Item	Subject	Page No.	Contact Officer & Tel No.
1.	Apologies for non-attendance	--	James Edmunds 07500 605276
2.	Notification of requests from members of the public to address the meeting. <i>NOTE: any requests to speak on an item on the agenda should be notified to the Chair (c/o the Committee Manager) before the meeting.</i>	--	
3.	Declaration of Members' Interests, if any. <i>Members are reminded that where they have an interest in any business to be considered at this meeting they must declare it in accordance with their respective Code of Conduct.</i>	--	
4.	Chair's announcements	--	
5.	Minutes of the Police, Fire & Crime Panel meeting held on 10 th December 2020 <i>To agree the minutes of the previous meeting.</i>	5-20	James Edmunds 07500 605276
SCRUTINY OF THE POLICE, FIRE & CRIME COMMISSIONER			
6.*	Proposed Police Precept 2021/22 (a) Police, Fire & Crime Panel statutory responsibilities (b) Proposed Police Precept and Budget <i>To review the Police, Fire & Crime Commissioner's proposed police precept for 2021/22.</i>	21-22 23-66	James Edmunds 07500 605276 Helen King 0300 111 222

Item	Subject	Page No.	Contact Officer & Tel No.
7.*	Proposed Fire & Rescue Precept 2021/22 (a) Police, Fire & Crime Panel statutory responsibilities (b) Proposed Fire & Rescue Precept and Budget <i>To review the Police, Fire & Crime Commissioner's proposed Fire & Rescue precept for 2021/22.</i>	67-70 71-110	James Edmunds 07500 605276 Helen King 0300 111 222

PANEL OPERATION AND DEVELOPMENT

8.*	Police, Fire & Crime Panel Work Programme 2020/21 <i>To consider progress with the Panel's work programme.</i>	111-118	James Edmunds 07500 605276
9.*	Complaints Monitoring Report <i>To note the report.</i>	119-120	James Edmunds 07500 605276

URGENT BUSINESS

Urgent Business Such other business which, by reasons of the special circumstances to be specified, the Chair is of the opinion is of sufficient urgency to warrant consideration. (Members who wish to raise urgent business are requested to inform the Chair, via the Committee Manager, beforehand.)

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EXEMPT ITEMS

In respect of the following items the Chair may move the resolution set out below, on the grounds that if the public were present it would be likely that exempt information (information regarded as private for the purposes of the Local Government Act 1972) would be disclosed to them: The Panel is requested to resolve:

"That under Section 100A of the Local Government Act 1972, the public be excluded from the meeting for the following item(s) of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A to the Act of the descriptions against each item would be disclosed to them".

Item	Subject	Exemption Category	Page No.	Contact Officer & Tel No. (01604)

This information can be made available in other formats upon request. Please contact James Edmunds, Democratic Services Assistant Manager, Northamptonshire County Council, on Tel. 07500 605276 or E-mail: jedmunds@northamptonshire.gov.uk.

Edwina Adefehinti, Proper Officer, Northamptonshire County Council
26th January 2021

Northamptonshire Police, Fire & Crime Panel - Role and Operation

This section of the agenda papers is intended to provide further information on the role, operation and membership of the Northamptonshire Police, Fire & Crime Panel.

What is the Northamptonshire Police, Fire & Crime Panel?

The Panel is responsible for scrutinising and holding to account the Northamptonshire Police, Fire & Crime Commissioner for the way in which the Commissioner delivers his responsibilities for setting the priorities and resources for Northamptonshire Police and for Northamptonshire Fire & Rescue Service as well as for supporting broader community safety activities in the county. The Panel is a joint body established collectively by each of the local authorities in the county, with Northamptonshire County Council acting as the host authority.

Who are the members of the Police, Fire & Crime Panel?

The membership of the Panel consists of 10 councillors drawn from each of the local authorities in Northamptonshire according to a set allocation of places and 3 independent co-opted members drawn from the local community. The current membership is as follows:

Councillor Panel Members	Substitutes	Local Authority represented
Councillor Judy Caine	Councillor John McGhee	Corby Borough Council
Councillor Richard Auger	Councillor Kevin Parker	Daventry District Council
Councillor Gill Mercer	Councillor Steven North	East Northamptonshire Council
Councillor Ian Jelley	Councillor Lesley Thurland	Kettering Borough Council
Councillor Anna King Councillor Janice Duffy	Councillor Phil Larratt Councillor Jane Birch	Northampton Borough Council
Councillor Andre Gonzalez De Savage Councillor Winston Strachan	Councillor Chris Smith- Haynes Councillor Anjona Roy	Northamptonshire County Council
Councillor Ken Pritchard	Councillor Alice Kim Ord	South Northamptonshire Council
Councillor Martin Griffiths	Councillor Tom Partridge- Underwood	Borough Council of Wellingborough
Independent Co-opted Members		
Mr Robert Mehaffy		
Mrs Anita Shields		
Miss Pauline Woodhouse		

When does the Police, Fire & Crime Panel meet?

The Panel has 5 scheduled meetings in 2020/21, although additional meetings may be called.

16 th July 2020	3 rd February 2021
24 th September 2020	17 th February 2021 (Reserve)
10 th December 2020	25 th March 2021

How can I find out about what is being discussed at Police, Fire & Crime Panel meetings?

The agenda papers for Panel meetings are published 5 working days in advance and can be obtained from County Hall or downloaded from the Northamptonshire County Council website at: <http://cmis.northamptonshire.gov.uk/cm5live/>

Can I take part in Police, Fire & Crime Panel meetings?

Panel meetings are webcast live on the Northamptonshire Democracy YouTube channel at <https://www.youtube.com/channel/UCOtMXYPYYhvEHxYkCiUdtqw> enabling members of the public to listen to discussion. Members of the public may request to address the Panel or ask a question on any item on the agenda for a particular meeting. Anyone wishing to speak at a Panel meeting should notify the Panel Secretariat (contact details are given on the front page of this agenda) by 12 noon, two working days before the date of the meeting. Individuals addressing the Panel may speak for up to 3 minutes.

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**Northamptonshire Police, Fire & Crime Panel
Minutes of the meeting held on 10 December 2020**

**Remote Meeting via Zoom
(Meeting held in public)**

PRESENT:-

Councillor Gill Mercer	East Northamptonshire Council (Chair)
Councillor Richard Auger	Daventry District Council
Councillor Judy Caine	Corby Borough Council [Items 74/20 to 79/20]
Councillor Ian Jelley	Kettering Borough Council [to Item 80/20]
Councillor Ken Pritchard	South Northamptonshire Council [to Item 80/20]
Mrs Anita Shields	Independent Co-opted Member
Councillor Winston Strachan	Northamptonshire County Council
Miss Pauline Woodhouse	Independent Co-opted Member

Also in attendance for all or part of the meeting

Stephen Mold	Northamptonshire Police, Fire & Crime Commissioner (PFCC)
Fiona Campbell	Chief Executive Officer, Voice for Victims and Witnesses
James Edmunds	Democratic Services Assistant Manager, Northamptonshire County Council
Paul Fell	Director for Delivery, Office of the Police, Fire & Crime Commissioner (OPFCC)
Helen King	Chief Finance Officer, Office of the Police, Fire & Crime Commissioner
Nicci Marzec	Director for Early Intervention, Head of Paid Service and Monitoring Officer, Office of the Police, Fire & Crime Commissioner
Sophia Nartey	Deputy Monitoring Officer, Northamptonshire County Council

The meeting commenced at 1.05pm

70/20 Apologies for non-attendance

Apologies for non-attendance were received from Councillor Gonzalez De Savage (Northamptonshire County Council) and from Mr Mehaffy (Independent Co-opted Member).

71/20 Notification of requests from members of the public to address the meeting

None received.

72/20 Declaration of Members' Interests

None declared.

73/20 Chair's Announcements

The Chair welcomed all those present to the meeting and made the following points:

- The Chair had participated in the annual Police, Fire & Crime Panel national conference on 23rd – 25th November 2020, which had been an interesting event. A report by the Chair on the conference was circulated to Panel members on 8th December 2020.

- The national conference had included the Annual General Meeting of the National Association of Police, Fire & Crime Panels. The Chair continued to be a member of the National Association executive, with a particular focus on panels' complaints function. There had been a successful forum on this subject for panel chairs at the national conference. Another forum would be held in six months' time.

[Councillor Caine entered the meeting at this point].

74/20 Minutes of previous Police, Fire & Crime Panel meetings

RESOLVED that:

- a) The minutes of the Police, Fire & Crime Panel meeting held on 24th September 2020 be agreed, subject to the addition of Councillor Judy Caine to the list of Panel members who gave apologies for non-attendance.**
- b) The minutes of the Confirmation Hearing held in public on 2nd October 2020 be agreed.**
- c) The minutes of the Confirmation Hearing held in private on 2nd October 2020 be agreed.**

75/20 Work of Voice for Victims and Witnesses

The PFCC introduced the report (copies of which had previously been circulated), highlighting the following points:

- The role of the PFCC included the statutory responsibility for commissioning support for victims and witnesses of crime.
- Voice for Victims and Witnesses Ltd had been established in 2017 as a company wholly-owned by the PFCC.
- Northamptonshire benefitted from having Ms Fiona Campbell as the Chief Executive Officer of Voice. Ms Campbell had extensive experience in the Crown Prosecution Service in the West Midlands, including dealing with Serious and Organised Crime and Rape and Serious Sexual Offences (RASSO).
- The Chief Executive Officer had established a team of over 40 people at Voice.
- Improving support for victims and witnesses of crime was a key priority in the PFCC's Police & Crime Plan.

The Chief Executive Officer went on to present an overview of the aims and activities of Voice, highlighting the following points:

- Voice represented an approach that was focussed and flexible and provided for a single point of entry to services for victims of crime, needs assessment and onward referral.
- Voice offered free and confidential support to Northamptonshire residents aged six years and over in relation to both reported and unreported crime excluding support relating to homicide, Child Sexual Exploitation and rape, which was provided by other agencies.
- Voice provided five tiers of support to victims and witnesses of crime: immediate, practical, ongoing, emotional and specialist support.
- The transfer of contract management functions from the OPFCC to Voice gave greater oversight and control. The Voice delivery model had increased the proportion of paid staff compared to volunteers.
- Contract compliance had improved under Voice.

- Voice had received 11,090 referrals for adult services in 2018/19 and 35,343 in 2019/20. It had received 40,383 referrals in total in 2019/20. The increase in referrals for adult services in 2019/20 resulted from Voice being allowed joint data control with Northamptonshire Police that year.
- In 2019/20 Voice had made initial contact with all referrals within 48 hours in 75 per cent of cases. 1,678 service users contacted had accepted support, representing 4.15 per cent of the total. In the case of victims accepting support 52.1 per cent accepted ongoing emotional support and over 3,000 hours of support had been provided.
- In 2019/20 in relation to ongoing adult services support 81.4 per cent of service users reported improved health and wellbeing; 88.2 per cent reported that they were better able to cope with everyday life; and 80.8 per cent reported feeling safer. 100 per cent of responders reported that the initial contact with them had been supportive and sensitive; and 94.4 per cent of responders were satisfied or very satisfied with the service that they received. Feedback from service users provided examples of how individuals had benefitted from support from Voice.
- Other developments in Voice's first year of operation included establishing service level agreements or referral links with key partners in the health services and emergency services; the introduction of service standards pledges across Voice teams; provision of effective staff training; and funding an additional Children and Young People's Independent Sexual Violence Advisor (ISVA) post.
- Voice made good use of technology as part of its activities. It had a well-established social media presence and used online surveys and smart forms. It had developed a Voice support hub app and an app that provided non-violent personal resilience support for parents suffering abuse from their children. Voice would be introducing a dynamic dashboard for use in responding to referrals to the Independent Domestic Violence Advisor (IDVA) and Multi-Agency Risk Assessment Conference (MARAC) services, as well as a dynamic needs assessment for victims who were not able to complete a referral during working hours.
- Voice had received 27,049 referrals from 1st April 2020 to 31st October 2020. All staff were working from home and had been provided with IT equipment to facilitate this. Support services were operating on-line.
- In October 2019 the Sunflower Centre high risk IDVA service and MARAC service had been incorporated into Voice. Co-locating these services with Voice assisted with joint-working whilst the new arrangement had provided additional resources for the services to address previous pressures on capacity. All IDVA staff were nationally accredited practitioners or would be trained to this level.
- A successful funding bid had been made to the Ministry of Justice since the COVID-19 pandemic to increase support for victims of domestic abuse and sexual violence.
- A recent staff survey had produced a range of positive feedback, such as that 98 per cent of staff said that they were satisfied or very satisfied with training provided to them.
- Voice's aims for the future included achieving Leading Light status for the IDVA service; raising the profile of Voice in Northamptonshire; and securing more sustainable long term funding for the IDVA and MARAC services.

The PFCC emphasised that the significant increase in the number of referrals to Voice in 2019/20 reflected that the force now referred all victims of crime to it. This approach benefitted the force as victims were contacted by an expert.

The Panel considered the report and the Chief Executive Officer provided additional information in response to points raised by members during the course of discussion as follows:

- Specialist support for victims of rape was provided by the Serenity ISVA service, which operated under a contract managed by Voice. Support relating to homicide was provided by a national provider, which received referrals directly.
- Voice made every effort to contact victims of crime referred to it but some did not respond and some did not want to access support. People with significant needs generally did; there was good take-up for the road harm service; and support following a burglary could also be very helpful. Victims of crime were individuals, which was why it was important to carry out a full needs assessment. These factors were reflected in the 4.15 per cent referral conversion rate in 2019/20.
- The current take-up of restorative justice in Northamptonshire was relatively low. This reflected that it required both a perpetrator who accepted that they had done harm and wanted to address this and a victim who was prepared to engage in a dialogue. Restorative justice had been used well, for example in a burglary case where the residents were reassured to hear that the perpetrator had only been in their home briefly. Voice had recently taken on a new volunteer with experience in restorative justice and this option was mentioned in correspondence to victims of crime. However, more could be done to raise the profile of restorative justice.
- Action was being taken in Northamptonshire that could help to reduce the risk of victims of crime feeling that they could not find out information about their case. The force had carried out a pilot project using a specific number to contact for case information. Voice could also help to act as a link between victims and the force. Voice fed back to the force any issues on this matter that were raised by its service users.
- Voice provided services to children aged six years and above as it was considered that younger children had not yet developed the cognitive skills necessary to engage with these services. The Early Help function was aware of all referrals to Voice, which enabled any issues affecting younger children to be addressed by the relevant service.
- Voice would close a case if a victim of crime referred to it did not engage. However, the person was provided with Voice's contact details and relevant information such as a burglary pack. A victim of crime could go to Voice for support even if they did not do so immediately after the original incident.
- Voice's witness care unit provided support to witnesses through the court process.
- Voice was currently fully staffed, taking account of normal turnover. Home working during lockdown supported productive use of time. The PFCC had also provided additional resources for the witness care unit to reflect the current backlog in court cases affecting Northamptonshire.

The PFCC made the following additional points in response to points raised by members during the course of discussion:

- The OPFCC contributed funding to the Serenity ISVA service, although the majority of its funding came from the NHS. Northamptonshire Rape Crisis was based in the same building as Voice, which assisted with joint working.
- Voice's role was to support both witnesses and victims of crime. A court case could involve more witnesses than victims. Witnesses were required to secure a successful prosecution but a long-running court case could cause difficulties for them. Witnesses

should therefore be supported in giving evidence. Voice had facilities to do this and was also assisted by being based close to Northampton General Hospital.

- The OPFCC took various actions that helped to support people with mental health needs, including young people. It commissioned Northamptonshire Healthcare NHS Foundation Trust to deploy mental health nurses in the force control room and in police cars. It funded Child & Adolescent Mental Health Services (CAMHS) to extend the hours when advice was available to young people. The targeted Youth Service supported local young people and the Adverse Childhood Experiences (ACEs) function worked with families. The OPFCC and force were currently also considering potential action to support young prospective parents. He considered that there was a holistic offer in Northamptonshire and offered to give the Panel further briefings on the Youth Service and ACEs function.

Panel members made the following points during the course of discussion:

- Restorative justice was an important tool. One prolific offender engaging in it could have a significant effect.
- The force needed to be informed about victims' views on how easy it was to get information about their cases. If the force thought that issues had been addressed but victims had a different perception then there would still be a problem.
- Voice's work was commended, given that victims of crime had often been overlooked in the past.
- The action taken to bring together Voice and the Sunflower Centre was impressive.
- Councillor Caine advised that she was currently training as a counsellor with a view to working with young people aged 11-18 years of age. She had engaged with two young people affected by domestic violence. Both had been receiving support from CAMHS but this had stopped for one of them when they reached 18 years of age. There had not been a managed handover from CAMHS to adult mental health services, which had left the young person without support.

RESOLVED that:

- a) The Panel commends the work done by Voice for Victims and Witnesses in support of victims and witnesses of crime in Northamptonshire.**
- b) The Panel agrees to seek a further update on the work of Voice for Victims and Witnesses at an appropriate point as part of its future work programme.**

76/20 Fire & Rescue Plan Delivery Update

The PFCC presented the report (copies of which had previously been circulated), highlighting the following points:

- A range of good work was being done in areas including appliance availability and response times.
- Northamptonshire Fire & Rescue Service (NFRS) had recently been subject to an inspection by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) focussed on its operation during the pandemic. He was pleased that the feedback from HMICFRS had been very positive.
- NFRS had successfully adapted its normal approach to carrying out fire protection activity during the pandemic.

- NFRS had secured additional funding to equip all of its appliances with smoke hoods as part of its response to phase one of the Grenfell Tower Inquiry.

The Panel considered the report and the PFCC made the following additional points in response to points raised by members during the course of discussion:

- New appliances on order for NFRS should be delivered during April / May 2021 and be fully available for emergency calls by the end of the year.
- The contract for IT infrastructure that was the subject of NFRS Decision Record 40 would not necessarily cease on 31st March 2021. It had been necessary to bring provision in this area up to date in the first instance. The OPFCC had recently appointed a new staff member to consider future IT service provision including opportunities to bring together the force's and NFRS's IT services.
- The new smoke hoods had several years' useful life. The Chief Finance Officer was currently leading an audit of NFRS's equipment inventory to support effective resource management.
- The force and NFRS took action that would help to enable a co-ordinated response to a terrorist incident, reflecting issues being highlighted in the Manchester Arena bombing inquiry. Regular table top exercises on responding to a marauding terrorist incident were held. The Joint Command Unit also supported co-ordinated action. Ultimately, he wanted both the force and NFRS control rooms to be in the same location, potentially using the same systems. He was providing challenge to both the Chief Constable and the Chief Fire Officer on interoperability. The principles were accepted: the difficulty was identifying resources and the right time to implement them. However, he considered that Northamptonshire was ahead of some other areas in relation to joint working between the force and NFRS.
- A head of commercial services post was currently being recruited to consider income generation opportunities across both the force and NFRS. This was a two-year project and any opportunities identified would need to complement operational efficiency.
- NFRS had previously received some income relating to the Cobra fire suppression system but this was now a diminishing return. Different opportunities should be considered such as, for example, training delivered at the Chelveston Training Centre.
- Firefighter welfare was a significant focus in Northamptonshire. NFRS was working within a tight financial envelope but its personnel were its most important asset.
- He was comfortable with NFRS's current position regarding response times. Response times were good and were sustainable. They now compared well with other services' performance, which had not been the case in the past. This had been the result of considerable effort, although additional firefighters had also been recruited. First pump attendance had been a focus for attention. Retained firefighter availability had increased during the lockdown and he had challenged the Chief Fire Officer to maintain this. Consideration had also been given to the best location for fire stations.
- NFRS had initially not been as ready for remote working during the pandemic as the force and had needed to deal with challenges relating to IT provision.
- The location of shared enabling services at Darby House would further assist with joint working in future. It was hoped that it would open in March 2021.
- His future estates strategy would need to provide for an effective combination of on-site and remote working.

The Chief Finance Officer advised that the audit of NFRS's equipment would give a good understanding of existing resources and inform a sensible replacement programme. The Fire & Rescue authority budget included an operational equipment reserve and the Chief Fire Officer also had a contingency for operational equipment.

The Director for Delivery provided additional information in response to points raised by members during the course of discussion as follows:

- NFRS used benchmarking with other services in relation to performance on appliance availability and had appropriate information on productivity and absence for staff members working remotely.
- NFRS support staff were working remotely. Levels of sickness absence had reduced during the first lockdown for both the force and NFRS. HMICFRS had given positive feedback on NFRS's overall response to the pandemic.

Panel members made the following points during the course of discussion:

- The principle that both the force and NFRS should use the same control systems was supported. It was felt that responding to an emergency incident using different systems could increase the risk to life.
- Improvements in appliance availability were welcome. NFRS also needed to ensure that it gave sufficient attention to monitoring and supporting the wellbeing of fire fighters.

RESOLVED that: the Panel notes the report.

77/20 Police & Crime Plan Delivery Update

The PFCC presented the report (copies of which had previously been circulated), advising that it included an update on performance in quarter two 2020/21 for some key Police & Crime Plan priorities as well as information on recent activity. The PFCC went on to highlight the following points:

- He was proud of positive work by the OPFCC set out in the report. The targeted Youth Service launched in January 2020 was now at full capacity and had supported 2,500 young people to date.
- Road safety was a key priority in the Police & Crime Plan. The Automatic Number Plate Recognition (ANPR) camera network in Northamptonshire was being expanded, supported by £1.3m investment. Cameras would be put in strategic locations that would include rural areas as well as particularly focusing on the main towns.
- It was expected that the reduction in residential burglary would continue.
- Work was now taking place in the county supported by Safer Streets Project funding that the OPFCC had secured from the Home Office.
- Information on the outcomes of recent Accountability Board meetings included in the report demonstrated the PFCC holding to account the Chief Constable.

The Panel considered the report and members made the following points during the course of discussion:

- Safer Streets Project work in Wellingborough was very positive. The tight timescale for using the funding had been concerning.
- Research carried out in the mid-2000s had concluded that it was difficult to demonstrate a link between investing in neighbourhood watch activity and reduced crime. It was

questioned whether the £9,500 funding that the PFCC had awarded to the Northamptonshire Neighbourhood Watch Association to establish schemes in crime hot spot areas was the most effective way to use these resources.

- Assurance was sought about the PFCC's level of confidence that the force understood and would be able to address issues causing Northamptonshire to be an outlier for performance on knife crime and RASSO.
- The report set out a range of positive activity.
- It was questioned whether any evidence was available yet showing how the rapid response Interceptor cars introduced by the force affected road crime.
- It would help the Panel for the PFCC to keep it in touch with work to address the current backlog of court cases affecting Northamptonshire.

The PFCC made the following additional points during the course of discussion:

- The timescale for using Safer Streets Project funding had been extremely tight. However, the OPFCC had been so successful with its bids that it had been invited to apply for funding that had not been used in other areas.
- He was pleased with the work done by Neighbourhood Watch in Northamptonshire and would not comment on the situation in other areas. £9,500 funding was a modest amount for the whole county and was being used to set up schemes in areas that currently did not have them. However, he always sought to use funding in a controlled way and it was not awarded without scrutiny.
- He was seeking to ensure that the force improved its outlying position in relation to performance on knife crime and RASSO, although progress had been made. The current position arose in part from secondary crime recording. The force had improved its understanding in this regard and was one of only five forces in the country rated 'good' for crime recording by HMICFRS. This contrasted with current media reports that Greater Manchester Police had not recorded one in five crimes. He was confident in the force's understanding of the current position and in its senior leadership team. He was comfortable with progress being made whilst recognising that this needed to continue.
- Leicestershire Police had recently advised that they were dealing with an increasing number of offenders who came from Northamptonshire. This could be an indication that offenders thought that they faced a tougher approach in Northamptonshire.
- Anecdotal evidence about the impact of the Interceptor cars so far was that their higher visibility meant that they were registering with motorists.
- The current backlog of court cases was a national issue. He was pleased with work being done in Northamptonshire to respond to it. Any future information provided to the Panel on this matter would need to take into account that information he received from Her Majesty's Courts & Tribunals Service was subject to a data-sharing agreement.

RESOLVED that:

- a) The Panel requests that the Police, Fire & Crime Commissioner continues to provide the Panel with updates on efforts to address the current backlog of court cases affecting Northamptonshire.**
- b) The Panel notes the report.**

78/20 Fire & Rescue Authority Budget Update

The PFCC presented the report (copies of which had previously been circulated) setting out the latest forecast outturn position, highlighting the following points:

- The forecast outturn position at the end of October 2020 was for an underspend of £87,000, which compared to a forecast underspend of £59,000 in July 2020. The forecast underspend should increase further as the year progressed.
- Any underspend at year-end would be ring-fenced to support the 2021/22 budget. NFRS would not lose any resources that were not used in 2020/21.
- Early indications were that the 2021/22 funding position for NFRS would be challenging. This was being pursued with the Ministry of Housing, Communities & Local Government and the Home Office.
- Work to inform the proposed Fire & Rescue authority precept for 2021/22 was continuing. As part of this the PFCC offered to hold a session on the development of both draft budgets with a working group from the Panel at the start of 2021: 14th January 2021 could be a potential date.

The Panel considered the report and members made the following points during the course of discussion:

- The Chair welcomed the invitation for a working group to be engaged in the development of the draft budget.
- The overall forecast underspend was positive. However, reassurance was sought about the reasons for current reported underspends on the budgets for wholetime and retained firefighters and whether this represented a risk to service delivery.
- It was hoped that any further requirement for NFRS to assist with COVID-19 vaccinations would not affect its core performance.

The PFCC made the following points during the course of discussion:

- The pandemic had increased retained firefighters' availability. This had enabled 12 additional officers to be brought in and used in a strategic way across the county to support service effectiveness. The underspends reflected smarter working not a reduction in service.
- The Local Resilience Forum (LRF) had been asked at an early stage to advise what support it would need from NFRS for vaccination. He was confident that effective plans were in place.

The Director for Delivery advised that the LRF had produced plans to use both NFRS and force personnel to support vaccination, although the role of the Armed Forces might mean that this was not required. This matter was also being discussed at national level.

RESOLVED that: the Panel notes the report.

79/20 Policing Budget Update

The PFCC presented the report (copies of which had previously been circulated) setting out the latest forecast outturn position, highlighting the following points:

- The latest forecast outturn was for an underspend of £1.2m.
- Subject to the final year-end position, he intended to make an additional revenue contribution to capital of £677,000 and to transfer the remaining £543,000 to reserves for

use in mitigating pressures on the 2021/22 budget resulting from the pandemic or the forthcoming financial settlement.

- It was expected that the policing budget would also face a challenging position in 2021/22. It was hoped that the draft financial settlement would be announced in the following week. Work to develop the proposed precept and budget was continuing.

[Councillor Caine left the meeting at this point].

The Panel considered the report and members made the following points during the course of discussion:

- It was questioned whether the Home Office was likely to provide further grant funding relating to COVID-19 during 2020/21 and, if so, what impact this would have on the policing budget.
- Concern was raised about future service delivery given that potential shortfalls had already been identified in 2021/22 and later years and the impact of other factors such as the public sector pay freeze recently announced by the government.
- It was questioned how budget-setting by the new unitary authorities in Northamptonshire would affect the PFCC's financial position for 2021/22.

The PFCC made the following points during the course of discussion:

- Action had been taken to help to mitigate pressures on resources including those arising from the response to the pandemic. The forecast underspend on the OPFCC budget was the result of considerable work done to restructure the OPFCC and deliver efficiency savings. There had also been robust discussion with the force about areas including the capital programme and IT requirements. The current priority for resources was keeping people safe in Northamptonshire, although it was also important that the force maintained recent performance improvements.
- The government had not yet set out the financial settlement for policing for 2021/22. It was believed that PFCCs would be permitted to raise the precept by up to £15, which represented a 5.88 per cent increase. If so, this would largely mitigate the pressure on the policing budget in Northamptonshire in 2021/22. The government also remained committed to the national uplift of 20,000 police officers, although the timing of funding provision in future years had not yet been confirmed.
- He still considered that Northamptonshire did not receive a fair allocation of national funding for policing. Northamptonshire was in the top national quartile in terms of the taxpayer contribution to the policing budget: 44 per cent of the policing budget came from local taxation compared to 18 per cent in Northumbria. This made the PFCC's decision on the proposed precept more challenging, as he did not think that residents would welcome a budget that risked the sustainability of the force. It also further increased the need to ensure that all resources were used as effectively as possible.
- The policing budget was now £140m compared to £110m when he had taken office.
- Local government reorganisation would create additional factors such as the effect of Council Tax harmonisation that the PFCC would need to be taken into account when deciding the precept and the resulting demand on Northamptonshire taxpayers.
- The PFCC was legally required to set a budget before the Northamptonshire local authorities set their budgets. However, the PFCC considered that he faced fewer unknown risks than the new authorities.

- Previous work to ensure that the OPFCC, the force and NFRS had a common view of the financial position would benefit the PFCC this year. The policing budget was also in a stronger position than NFRS in areas such as the level of reserves.

The Chief Finance Officer made the following points during the course of discussion:

- A significant amount of early work had been done on the Medium Term Financial Strategy for policing and for the Fire & Rescue authority. This had enabled the OPFCC to raise issues relating to the Fire & Rescue authority position with the Home Office, which recognised the challenges involved and were seeking to be supportive.
- There would be a balanced budget for the Fire & Rescue authority in 2021/22. The question to be resolved was about whether the government would provide additional funding or the PFCC would need to raise the precept. NFRS was very good at maximising available resources and providing the OPFCC with information needed to make a case about resource requirements to the government.
- Modelling work had also been done to inform development of the policing budget. The policing budget was in a better position than for the Fire & Rescue authority as reserves were available to smooth financial pressures in the next few years. More time was needed to develop the same resilience for the Fire & Rescue authority budget, although it was in a better position than in previous years.
- The Chief Finance Officer was confident that there was a good understanding of the financial position in both areas.

RESOLVED that: the Panel notes the report.

80/20 Future Operation of the Northamptonshire Police, Fire & Crime Panel

The Chair introduce the report (copies of which had previously been circulated) by the working group set up to consider the future operation of the Panel in light of the latest Local Government Association (LGA) guidance on policing and fire governance and potential changes required by Local Government Reform in Northamptonshire. The Chair highlighted the following points:

- The working group recommended various actions to improve the operation of the Panel, including the re-introduction of pre-meetings; developing arrangements to enable Panel members to send questions to the PFCC in advance of meetings; and the introduction of member champions when the 2021/22 membership was confirmed.
- The working group recommended that the current Panel should consider any learning from its previous experience or similar matters that it wished to hand over to its successor before the end of 2020/21.
- The PFCC's invitation to the Panel to establish a working group to consider the draft budgets reflected a matter considered by the working group and was welcome.
- In relation to Local Government Reform, the working group had considered how the future councillor membership of the Panel might be divided between the two new local authorities and had recommended an equal 5 / 5 split. The working group also highlighted the need for the new authorities to have regard to the Balanced Appointment objective when making councillor appointments to the Panel.
- The working group had emphasised that the Panel would need to have an appropriate web presence and training for members after 1st April 2021 and that the new authorities should agree to consider how this could be delivered.

The Panel considered the report and members made the following points during the course of discussion:

- The Directors of Transformation at the new authorities were looking at the question of which authority would host the Panel from 2021/22. They could be sent a copy of the working group's report.
- The future councillor membership of the Panel would need to be divided between the two new authorities on a considered basis that provided proportionate representation. Current councillor members of the Panel would need to be able to present to the shadow authorities any recommendation that the Panel made on this matter.
- The future councillor membership of the Panel should take account of relevant factors. The population of West Northamptonshire was particularly concentrated in Northampton, which could be an argument for greater representation on the Panel. However, the two rural areas in the authority should also be represented.
- It was important that rural areas of the county continued to be represented on the Panel.
- Splitting the councillor membership of the Panel equally was not fair as it would not reflect that West Northamptonshire Council would have approximately 60,000 more residents than North Northamptonshire Council.
- The difference in the size of the two new authorities might not be large enough in numerical terms to justify West Northamptonshire Council appointing more councillor members of the Panel than North Northamptonshire Council.
- The working group had considered how Dorset had changed the councillor membership of its panel in a similar situation to Northamptonshire. The working group had made an informed proposal that seemed to be the best approach. However, it did not represent an end to discussion.

[Councillors Jelley and Pritchard left the meeting during the preceding discussion].

The Democratic Services Assistant Manager provided additional information in response to points raised by members during the course of discussion as follows:

- There was some flexibility for local authorities to determine how the councillor membership of police & crime panels was made up within the legal parameters. The situation in Northamptonshire after 1st April 2021 was distinctive in that there would be only two authorities appointing 10 councillor members between them.
- The two Northamptonshire authorities would decide the future councillor membership of the Panel. They were not obliged to agree with a recommendation on this from the current Panel.
- It would not be productive for the Panel to seek to revise the detailed work done by the working group. However, the Panel was also not obliged to agree any of the working group's recommendations. If Panel members were not comfortable recommending a 5 / 5 split of the councillor membership then the Panel should not proceed with it. The Panel would still be able to relay comments on this matter to the new authorities, which would give them the benefit of the work done.
- The new authorities would be legally required to have regard to the Balanced Appointment objective set out in the Police Reform & Social Responsibility Act 2011

when considering future appointments to the Panel without this needing to be highlighted. This objective was intended to help to secure that panels represented their areas effectively.

- The future councillor membership of the Panel would be subject to a decision by councillors at the new authorities.

The Deputy Monitoring Officer advised during discussion that the chief executives for both new authorities were now in-post and could be informed of the points raised by Panel members regarding the future councillor membership of the Panel.

The PFCC commented during discussion that it was welcome to hear that the new authorities were considering the question of which would host the Panel in future.

The Chair re-iterated that the working group had been set up to help to highlight matters that would need to be considered by the new authorities and to help to inform their decisions. Recommendations from the Panel would not bind these decisions.

RESOLVED that: the Panel:

- a) Agrees to hold member pre-meetings immediately prior to its formal meetings to assist in the management of business.**
- b) Agrees that arrangements be made to enable Panel members to send questions to the Police, Fire & Crime Commissioner in advance of Panel meetings on the business to be considered, incorporating the following principles:**
 - **Questions provided in advance of meetings should also be answered in writing in advance as far as possible.**
 - **Panel members may still ask at a meeting a question that has not been provided or answered in advance and may ask a supplementary question on a question that has been answered in advance.**
- c) Agrees that a process for managing advance questions and responses be developed by the Panel Secretariat, informed by appropriate liaison with the Office of the Police, Fire & Crime Commissioner.**
- d) Agrees the principle of introducing member champion roles and that further consideration should be given to doing so in practice in 2021/22 once the membership of the Panel is confirmed.**
- e) Agrees to seek the views of the Police, Fire & Crime Commissioner about how the Panel could aim to gain a better understanding of his developing draft budgets before the final proposals are presented for scrutiny.**
- f) Agrees that further consideration should be given to mechanisms for councillor members to report back to their local authorities and to links with Community Safety Partnerships in 2021/22 to take account of related changes resulting from Local Government Reform.**
- g) Agrees to consider and identify before the end of 2020/21 any learning or other matters arising from its previous experience that it wishes to hand over to its successor.**
- h) Recommends that North Northamptonshire Council and West Northamptonshire Council have regard to considerations identified by the Panel Operation Working**

Group and by the Panel when determining how the 10 councillor places on the Panel should be allocated between the two authorities from 1st April 2021.

- i) Encourages that North Northamptonshire Council and West Northamptonshire Council recognise the need to have regard to the Balanced Appointment Objective when considering their appointments to the Police, Fire & Crime Panel.**
- j) Recommends that the North Northamptonshire and West Northamptonshire shadow authorities recognise that the Panel will need to have a suitable web presence from 1st April 2021 and that the shadow authorities agree to consider how this can be delivered.**
- k) Recommends that the North Northamptonshire and West Northamptonshire shadow authorities recognise the need for appropriate training for Panel members in 2021/22 and that the shadow authorities agree to consider how this can be delivered.**

81/20 Police, Fire & Crime Panel Work Programme 2020/21

The Democratic Services Assistant Manager presented the report (copies of which had previously been circulated) setting out the latest version of the Panel's work programme, highlighting the following points:

- The Panel should consider the invitation from the PFCC to set up a working group to be engaged in the development of his proposed precepts and budgets. If the Panel agreed to proceed all Panel members could be contacted for their interest in participating. A working group of around 5 members would be an appropriate size.
- The Panel had resolved at its meeting on 24th September 2020 to give further consideration to the performance information that was presented to it in future following the briefing session on policing demand and types of offences to be held ahead of the current Panel meeting. The Panel might now want to hold over consideration of this matter to a meeting when more Panel members were present. The Panel should also take into account the updated format for the Police & Crime Plan Delivery Update presented to the current meeting.

The PFCC made the following points:

- The Panel should consider having at least annual briefing sessions with the Chief Constable and Chief Fire Officer similar to the session held that day. They could provide an overview of key issues and would reflect openness. They could be augmented by additional sessions on more specific issues as might be considered necessary.
- He could provide the Panel with suggestions for further topics similar to the item on Voice for Victims and Witnesses at the current meeting that would help to inform its scrutiny of the delivery of budgets and strategic priorities.

The Panel consider the report and Panel members made the following points during the course of discussion:

- The briefing session with the Chief Constable that morning had been very useful in explaining crime in the county and it would be helpful to repeat the session in future.
- It was questioned how the Panel might follow up the issue of succession planning relating to the fixed term re-appointment of the current Chief Fire Officer, which had been the subject of the Confirmation Hearing held on 2nd October 2020.

The Chair advised that consideration of succession planning would need to take account of the respective responsibilities of the Panel and the PFCC. The PFCC subsequently advised that he was taking a proactive approach to this matter and had already discussed it with the current Chief Fire Officer. He could give a briefing to the Panel in future.

The PFCC thanked the Panel for its support in 2020, noting that there would be some challenging matters to resolve at the start of 2021 relating to budgets. The Chair thanked members for their efforts and offered best wishes for Christmas and the New Year.

RESOLVED that:

- a) The Panel agrees to establish a working group to be engaged in the development of the Police, Fire & Crime Commissioner's proposed precepts and budgets for 2021/22, reflecting the invitation received from the Commissioner.**
- b) Panel members be contacted following the current meeting to identify members interested in making up the membership of the budget working group.**
- c) The Panel agrees to delegate authority to the Chair and Deputy Chair to approve the final membership of the budget working group.**
- d) The Panel agrees that its future work programme should include annual briefing sessions with the Chief Constable of Northamptonshire Police and the Chief Fire Officer of Northamptonshire Fire & Rescue Services to give an overview of their services areas and key issues involved.**

There being no further business the meeting concluded at 4.20pm.

Next scheduled Panel meeting: 3rd February 2021 at 1.00pm.

This information can be made available in other formats upon request.
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NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL

3RD FEBRUARY 2021

**REPORT BY THE DEMOCRATIC SERVICES ASSISTANT MANAGER
NORTHAMPTONSHIRE COUNTY COUNCIL
James Edmunds**

Subject:	Northamptonshire Police, Fire & Crime Panel's statutory responsibilities relating to scrutiny of the Police, Fire & Crime Commissioners' proposed Police Precept 2021/22.
Recommendations:	That the Northamptonshire Police, Fire & Crime Panel reviews the proposed Police Precept 2021/22.

1. Purpose of Report

- 1.1 The report is intended to set out statutory requirements on the Northamptonshire Police, Fire & Crime Panel regarding scrutiny of the proposed Police Precept for 2021/22 produced by the Police, Fire & Crime Commissioner for Northamptonshire.

2. Background

- 2.1 The Police Reform & Social Responsibility Act 2011 specifies that a Police & Crime Commissioner may not issue a precept under Section 40 of the Local Government Finance Act 1992 until it has been subject to scrutiny by the relevant Police (Fire) & Crime Panel according to the process specified in Schedule 5 of the 2011 Act.

- 2.2 Schedule 5 of the 2011 Act, supporting Regulations, and the Rules of Procedure for the Northamptonshire Police, Fire & Crime Panel require:

- a) The Commissioner to notify the Panel of the Commissioner's proposed precept by 1st February of the relevant financial year.
- b) The Panel to review the proposed precept.
- c) The Panel to resolve to:
 - i) Support the proposed precept without additional qualification or comment; or
 - ii) Support the proposed precept and make additional recommendations on it; or
 - iii) Veto the proposed precept provided that the Panel makes that decision by the required majority, which is that at least two thirds of the persons who are members of the Panel at the time when the decision is made vote for it.
- d) The Panel to make a report to the Commissioner on the proposed precept, setting out the results of its review, by 8th February of the relevant financial year. If the Panel votes to veto the proposed precept the report must state that the Panel has done so and set out its reasons for doing so.

- 2.3 If the Panel does not veto the proposed precept the Commissioner must:

- a) Have regard to the report made by the Panel
- b) Give the Panel a response to its report and to any recommendations in the report.
- c) Publish the response in a manner determined by the Panel.

- 2.4 The scrutiny process concludes at this point. The Commissioner may then issue the proposed precept as the precept for the next financial year, or issue a different precept but only if it would be in accordance with a recommendation made in the Panel's report.
- 2.5 If the Panel vetoes the proposed precept the Commissioner must not issue it as the precept for the next year. By 15th February of the relevant financial year the Commissioner must:
- a) Have regard to the report by the Panel
 - b) Give the Panel a response to its report setting out the precept that the Commissioner now proposes to issue (referred to as the 'revised precept'). If the Panel vetoed the original proposed precept because it was considered to be too high the revised precept shall be lower; if the Panel vetoed the original proposed precept because it was considered to be too low the revised precept shall be higher.
 - c) Publish the response in a matter determined by the Panel.
- 2.6 The Panel is required to review the revised precept and to make a report on it to the Commissioner (referred to as the 'second report'). The second report may indicate whether the Panel accepts or rejects the revised precept and may make recommendations on it, including recommendations as to the precept that should be issued for the next year. The Panel must complete these actions by 22nd February of the relevant financial year. A reserve meeting of the Panel is scheduled if required for this purpose. The Panel does not have the power to veto the revised precept.
- 2.7 If the Commissioner receives a second report from the Panel, by 1st March of the relevant financial year the Commissioner must:
- a) Have regard to the second report by the Panel
 - b) Give the Panel a response to the second report
 - c) Publish the response.
- 2.8 The scrutiny process concludes at this point. The Commissioner may then issue the revised precept as the precept for the next financial year, or issue a different precept but only if in accordance with a recommendation made in the Panel's second report.

3. Proposed Police Precept and Budget 2021/22

- 3.1 The proposed Police Precept and Budget for 2021/22 produced by the Police, Fire & Crime Commissioner for Northamptonshire in accordance with the above responsibilities is included with the agenda for the current meeting as Agenda Item No. 6(b).

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Background Papers:	Police Reform & Social Responsibility Act 2011 Police & Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 Northamptonshire Police, Fire & Crime Panel Panel Arrangements and Terms of Reference.



NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER RESERVES STRATEGY (REVISED JANUARY 2021)

1. Reserves Strategy

- 1.1. Reserves are a key part of medium-term financial planning – other components include revenue spending plans, income forecasts, potential liabilities, capital investment plans, borrowing and council tax levels. Decisions on these are inter-linked. Consequently, some organisations will need to maintain reserves at higher levels than others.
- 1.2 All publicly funded organisations should have a reserves strategy to demonstrate transparency and accountability, to comply with best practice financial management and to justify the levels of reserves held.
- 1.3 The PFCC maintains reserves to provide a measure of protection against risk. Without this protection, any unforeseen expenditure would have to be met either by increases in Council Tax or immediate savings (potentially through reductions in service levels).
- 1.4 The term "reserves" has a variety of technical and everyday meanings, depending on the context in which it is used. For the purposes of this Strategy it is taken to mean funds set-aside at the PFCC's discretion for general or specific future purposes.
- 1.5 Reserves are required to protect and enhance the financial viability and in particular:
 - To maintain a degree of in-year financial flexibility;
 - To enable the PFCC to deal with unforeseen circumstances and incidents;
 - To set aside monies to fund major developments in future years;
 - To enable the PFCC to invest to transform and achieve improved service effectiveness and efficiency;
 - To set aside sums for known and potential liabilities;
 - To provide an operational contingency at service level.
- 1.6 Reserves should not be held to fund ongoing revenue expenditure as this is unsustainable in the long term; however, they may be important in smoothing a major financial imbalance (revenue or capital) over a longer timescale. CIPFA guidance LAAP 99 published July 2014 states:

“Balancing the annual budget by drawing on general reserves may be viewed as a legitimate short-term option. However, it is not normally prudent for reserves to be deployed to finance recurrent expenditure. CIPFA has commented that Councils should be particularly wary about using one off reserves to deal with shortfalls in current funding. Where such action is to be taken, this should be made explicit, and an explanation given as to how such expenditure will be funded in the medium to long term”

1.7 The Reserves Strategy assumes that the Medium Term Financial Plan [MTFP] is broadly balanced on a sustainable basis across the five year planning period. If the financial impact of the COVID pandemic continues to impact on taxbase and council tax levels over the medium term then this could impact on those assumptions.

1.8 Reserves should reflect the agreed financial strategy and should represent the quantified impact of risks and opportunities over the planning period, weighted for their probability.

2. National Guidance and Compliance with Home Office Guidance on Police Reserves

2.1 The 2014, CIPFA guidance included the establishment and maintenance of local authority reserves and balances, setting out the key factors that should be taken into account locally in making an assessment of the appropriate level of reserves and balances to be held.

2.2 In the written statement that accompanied the Provisional Police Grant report on 19th December 2017, the Minister stated *“you may be aware that police reserves currently stand at around £1.6bn, which compares to £1.4bn in 2011. We will be changing guidance to PFCCs to ensure that police officers and the public have access to more detailed information on how PFCCs intend to use this public money.”* This strategy complies with the Ministerial requirement.

2.3 On 31 March 2018, the Minister for Policing and the Fire Service published new guidance on the information that each PFCC must publish in terms of Police Reserves. One of the key requirements is that the information on each reserve should make clear how much of the funding falls into each of the following three categories:

- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.
- Funding for specific projects and programmes beyond the current planning period.
- As a general contingency to meet other expenditure needs held in accordance with sound principles of good financial management.

2.4 The forecast reserves as at 31/3/2021 are summarised as across the Home Office headings as follows:

Reserves Held	Balance as at 31/3/2021 £'000	Planned Expenditure on projects and programmes over next 3 years £'000	Funding for specific projects and programmes beyond 2023/24 £'000	As a general contingency or resource to meet other expenditure needs £'000
<u>Held to Meet Budgetary Risks:</u>				
Insurance	1,829	-	-	1,829
Operational Equipment	300	(100)	(200)	
	2,129	- 100	- 200	1,829
<u>Held to Support the MTFP:</u>				
Carry Forwards	-	-	-	-
Victims Services	550	(150)	(400)	
Pensions	667	(300)	(367)	
	1,217	- 450	- 767	-
<u>Held to Facilitate Change Programmes:</u>				
PFCC Initiatives	2,655	(1,309)	(1,346)	
Invest to Save	51	-	(51)	
Enabling Services Programme	208	(208)	-	-
Safer Roads	1,172	(1,172)	-	-
Additionality	1,471	(1,454)	(17)	
	5,557	- 4,143	- 1,414	-
<u>Held on behalf of others:</u>				
Collaboration	693	-	-	693
<u>Held to support the capital programme</u>				
Capital	-	-	-	-
Developer Contributions	569	-	(569)	
	569	-	- 569	-
Earmarked Reserves	10,165	- 4,693	- 2,381	2,522
General	5,000	-	-	5,000
Total Reserves	15,165	- 4,693	- 2,381	7,522

3. General Reserve

- 3.1 In order to assess the adequacy of the unallocated general reserve when setting the budget, the PFCC, on the advice of the two finance officers, should take account of the strategic, operational and financial risks facing the authority. This assessment of risk should include external risks, as well as internal risks, for example the ability to deliver planned efficiency savings.
- 3.2 Whilst there is no prescribed level of reserves that PFCCs should hold; it is influenced by individual discretion, local circumstances, and advice from external auditors, risk management arrangements and risk appetite. CIPFA guidance in LAAP Bulletin 99 (2014) specifically cautions against prescriptive national guidance for a minimum or maximum level of reserves and states:

“The many factors involved when considering appropriate levels of reserves can only be assessed properly at a local level. A considerable degree of professional judgement is required. The chief finance officer may choose to express advice on the level of balances in cash and/or as a percentage of budget (to aid understanding) so long as that advice is tailored to the circumstances of the authority”

3.3 However, the minimum level of reserves may be set for the authority by the Ministers in England and Wales where an authority doesn't act prudently, disregards the advice of its chief finance officer or is heading for financial difficulties. LAAP Bulletin 99 (2014) specifies that minimum level of reserves can be imposed on specific circumstances:

“Minimum level of reserves will only be imposed where an authority is not following best financial practice”

3.4 CIPFA indicate a general reserve level is typically between 2% and 3% of net budget requirement and this is consistent with the results of a survey by the PACCTS Technical Support Team where the majority of PFCC's across the country reporting a Strategy of holding minimum general reserves at 3% net revenue expenditure.

3.5 In determining the PFCC's position, Annexe A outlines how Northamptonshire currently comply with the 7 key CIPFA principles which can be used to assess the adequacy of reserves.

3.6 Given that the PFCC is required to meet the first 1% of any special grant requirement, and the level and range of earmarked reserves available to the PFCC, it seems prudent that the current policy is to maintain general reserves at a guideline level of 3% of annual net revenue expenditure, with a minimum of 2.5%.

3.7 The 2013/20 outturn increased the General Reserve and at present, there are no plans to use the General Reserve during the period of the MTFP. However, with forecast budget increases, there is a need to ensure the level of general reserves keeps pace to ensure minimum and guideline levels are achieved as follows:

3.8 These levels change each year and forecast general reserve plans are above the minimum level in all years and above or on the guideline level until 2024/25.

Year	Budget (£m)	£m	
		2.50%	3%
2020/21	146.77	3.7	4.4
2021/22	153.53	3.8	4.6
2022/23	159.72	4.0	4.8
2023/24	162.96	4.1	4.9
2024/25	166.61	4.2	5.0
2025/26	170.09	4.3	5.1

3.9 Where appropriate, if the budget levels are higher than those forecast in the MTFP, the PFCC will endeavor to increase general reserves from 2024/25.

4. Earmarked Reserves

4.1 In addition to the General reserve, the PFCC holds a number of reserves which are earmarked for specific purposes.

4.2 The predicted position for each earmarked reserve as at 31/3/2021, together with an outline of its specific purpose is attached at Annexe B.

4.3 At the 31/3/2021, it is estimated that the PFCC will hold £10.165m in Earmarked Reserves which are as follows:

Pensions – This reserve is used to smooth the impact of ill-health retirements and to meet the costs of any ill—health or injury retirements in excess of budget provision across years.

Insurance – This reserve holds funds set aside where considered prudent for Civil Claims (Public and Employer liability) in line with professional advice.

Invest to save – this reserve was set aside to fund specific agreed schemes that will deliver long term efficiency savings for the Force and OPFCC.

Collaboration – this reserve relates to previous years underspends on regional collaboration and funds held for regional asset replacements. Each PCC holds their share of the regional reserves and is set aside to meet future regional costs.

Carry Forwards – this reserve relates to previous years Force underspends which are ring fenced and carried forward for use in future years. None are currently anticipated.

Safer Roads – this reserve relates to funds in excess of expenditure for use in line with specific criteria for equipment or road safety initiatives. Following the 2018/19 budget initiatives, a Road Safety Alliance has been set up with partners which will produce priorities and the PFCC's reserve is used to fund specific road safety grants and is used to fund the policing priorities from this.

Additionality Reserve – this reserve is mainly used to smooth the timing impact of recruitment and staffing levels on the revenue budget.

PFCC Initiatives/Early Intervention – this is to deliver funding towards the specific initiatives of the Commissioner arising from the Police and Crime Plan.

Victims Services – this is to support investment and projects for victims services in future years. This reserve also holds any balances transferred in from Victims Voice at year end.

Operational Equipment – this is a reserve to smooth the impact on the revenue budget in respect of the cost of replacing operational equipment, rather than impacting disproportionately on the budget in any one year.

Developer Contributions – this is a reserve to collect the drawn down developer contributions awarded to the PFCC in line with S106 planning arrangements. These funds will be released in accordance with the terms of the agreements. The reserve only accounts for the estimates once they have been drawn down.

Enabling Services Programme – this reserve was created during 2018/19 to meet the programme costs of shared services, rather than impacting directly on the annual policing revenue budget. The reserve is assumed to be utilised and it is anticipated that the Enabling Services programme will bring efficiencies to the

annual revenue budgets of OPFCC and the Force, in conjunction with efficiencies in Fire.

Once the programme has identified and costed efficiencies, they will be built in to the MTFP.

- 4.4 The forecast balance on the reserves, taking into account a prudent estimate of timings for proposals which are currently being developed is detailed within Annexe C.

5. Provisions

- 5.1 The CIPFA Statement of Recommended Practice is prescriptive about when provisions are required (and when they are not permitted). Basically, a provision must be established for any material liabilities of uncertain timings or amount, to be settled by the transfer of economic benefits. In accordance with this statutory guidance, Northamptonshire established an 'Insurance Provision' which is reviewed as part of the closedown process for each year.

6. Procedures for management and control

- 6.1 Any drawdown from Reserves is subject to the approval of the PFCC, on advice from the PFCC's Chief Finance Officer (CFO); or under the delegated authority of the OPFCC CFO.
- 6.2 The Local Government Act 2003 requires the s151 officer to report annually on the adequacy of the reserves and this is included within the statement on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves.
- 6.3 The Strategy will be reviewed annually by the OPFCC CFO as part of the Budget and Precept process.

Northamptonshire Compliance with the 7 Key CIPFA Principles to assess the adequacy of reserves

Budget Assumptions (CIPFA Principles)	2021/22 Situation in Northamptonshire
The treatment of inflation and interest rates	Northamptonshire makes full and appropriate provision for pay and price increases, informed by benchmarking with peers. An informed assessment is made in the Treasury Management Strategy of interest rate movements. All income and expenditure in the budget is prepared and published at outturn prices.
Estimates of the level and timing of capital receipts	Northamptonshire has recently reviewed its estates strategy as a fundamental part of the capital programme and has made a prudent assumption of future capital receipts across the programme which are being used to fund capital expenditure and minimise the impact of borrowing on the budget.
The treatment of demand led pressures	<p>The Force is required to operate and manage within its annual budget allocation. Overtime budgets are devolved within the Force to enable operational leaders to make decisions and the Chief Constable retains an operational contingency to support additional major incidents.</p> <p>On an exceptional basis, agreement is sought from the PFCC to utilise carry forwards to meet one off demand led pressures and demand led pressures are scrutinised and built into the budget set by the PFCC.</p> <p>Northamptonshire have identified savings in previous years which mean that opportunities for efficiencies are less than in previous years. However, the PFCC will support investment in areas that reduce demand or which increase efficiency/capacity to deal with demand. General reserves are used as a last resort to manage and fund demand led pressures.</p>
The treatment of Planned Efficiency Savings/Productivity Gains	<p>The force has set the Chief Constable an expectation to identify 1% (circa £1.5m) in efficiency savings each year. These are not assumed within the reserves strategy.</p> <p>The Force operates a Change Steering Group which monitors investments, savings and efficiencies and is attended by OPFCC representatives.</p>

<p>The financial risks inherent in any significant new funding partnerships, collaboration, major outsourcing arrangements or major capital developments.</p>	<p>The financial consequences of partnership collaboration working, outsourcing arrangements or capital investment are reported to the PFCC as part of the medium term planning process. Where relevant, any additional costs are incorporated into the annual revenue budget and/or capital programme.</p> <p>There is a risk that partners will withdraw funding as their own budgets are squeezed, or that the continued viability of private sector commercial partners will be exposed to risk in the face of an economic recession.</p>
<p>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.</p>	<p>Northamptonshire have created a number of earmarked reserves and provisions to meet specific expenditure items and have added to these further in this strategy. Their use and balances as at 31/3/2021 are detailed in the attached annexe.</p> <p>Northamptonshire maintains an insurance provision, the adequacy of which is monitored in detail by the legal services insurance advisors, together with our insurance advisors. The access criteria for special grants state that PFCCS may be required to fund up to 1% of their net budget requirement themselves before the Government considers GrantAid. This applies on an annual basis.</p> <p>Northamptonshire's General Reserve provides sufficient scope to cover this eventuality.</p>
<p>The general financial climate to which the Authority is subject</p>	<p>The COVID-19 pandemic has hit the Police funding for 2021/22 and future years and reasonable assumptions have been built into the MTFP.</p> <p>Since March 2017, the PFCC has endeavoured to increase police officers by 330 to 1500 by March 2023. This will be met by the revenue budget and not by the use of reserves.</p> <p>There are shortfalls in the MTFP and the PFCC has set the Chief Constable efficiency savings to help meet and mitigate these, in addition to providing resources for further investment</p> <p>It is anticipated that after CSR2021, these funding streams will be more certain and the MTFP will be regularly updated to support operational decision making.</p>

**RESERVES OF THE POLICE AND CRIME COMMISSIONER
2021/22 to 2025/26**

	Rationale	How and when used	Level	Management and control	Risk	Review
GENERAL RESERVE	<p>To maintain a degree of in-year financial flexibility;</p> <p>To enable the Commission to deal with unforeseen circumstances and incidents;</p> <p>To set aside sums for known and potential liabilities;</p> <p>To provide an operational contingency at service level.</p>	<p>To meet exceptional spending needs or overspends which are unable to be otherwise financed at the year end.</p> <p>To smooth the profile of funding revenue over a medium term financial period</p> <p>To allow higher spending without raising council tax on a one-off basis</p>	<p>General principle of 3% of net budget requirement, with a minimum level of 2.5%</p>	<p>PFCC, on advice from PFCC CFO</p>	<p>May be inadequate for major catastrophe, which could jeopardise financial status and reputation of the Commission.</p> <p>The Commissioner would have recourse to Home Office discretionary special grant if costs exceed 1% of budget or CLG Bellwin scheme for natural disasters</p>	<p>Annual</p>
PENSIONS	<p>To meet the costs of any ill—health or injury retirements which are unbudgeted and fall directly on the Commission.</p> <p>Also, to cover any significant overspend on the employer contributions to the Pension Account</p>	<p>Annually as required.</p> <p>Transfers out depend on the amount resulted from successful claims during the year.</p> <p>Historically there has been budget provided within the Force revenue budget for approximately 6 claims in a year. Any unused budget within a year would represent transfers in.</p> <p>The consideration of utilising this reserve towards the reduction on actuarial is currently in progress</p>	<p>Will vary according to annual risk assessment</p>	<p>PFCC, on advice from PFCC CFO</p>	<p>Significant ill health or injury awards beyond normal profile create pressure on reserve or leave excess funds unused.</p> <p>Significant change in officer numbers or grades lead to unbudgeted employer pension contributions in-year.</p>	<p>Annual</p>

	Rationale	How and when used	Level	Management and control	Risk	Review
INSURANCE	To cover the potential and contingent liabilities of uninsured risks as assessed annually by our insurers based on claims outstanding.	Balance will increase or reduce annually dependent on the Commission's outstanding claims record. Currently excess limit is £150k per claim. Higher excess levels are being reviewed which may require higher reserve levels. Increased in 2017/18 following advice from external audit	Will vary according to annual risk assessment	PFCC, on advice from PFCC CFO	If no reserve is held the Commission is potentially open to significant excess and claims payments in year beyond available revenue budgets. Assessment by insurers needs to be realistic not unduly pessimistic.	Annual
INVEST TO SAVE	To fund specific agreed schemes that will deliver long term efficiency savings for the Force and OPFCC.	To access the funds business case has to be demonstrated and with specific future savings to the organisation identified	Will vary according to usage and annual risk assessment.		If funds were not maintained there would be no availability for Invest to save projects and such initiatives would have to be funded from the revenue budget or not implemented. The need of such reserve arose due to increased amount of savings that Force and the PFCC would have to find due to present economic environment and availability and funding	Annual
COLLABORATION	Transfers in relate to underspend on regional collaboration. Transfers out represent contribution towards regional decisions	Upon requirement on decision made to contribute towards projects in relation to regional collaborations. Decisions made on East Midlands PFCC and CC Boards	Will vary according to usage and annual risk assessment.	PFCC, on advice from PFCC CFO	If funds were not maintained, there would be a risk of regional projects not being supported.	Annual

CARRY FORWARDS	To fund specific expenditure requested by the force from previous year underspends in 2019/20.	Business cases provided as part of the outturn report.	Will vary according to financial outturn. Currently at NIL.	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that projects or planned expenditure would need to be found from current year's budget.	Annual
SAFER ROADS	For surpluses of fines and speed awareness course income over expenditure that is reinvested in replacement equipment and road safety initiatives. The reserve is influenced by the work of the Road Safety Alliance formed in 2018/19	As required – typically informed by approved business cases for bids on the Fund.	Will vary according to outturn and annual risk assessment.	PFCC, on advice from PFCC CFO	If Fund was not maintained then safety initiatives would have to be funded from the revenue budget or not implemented.	Annual
PFCC INITIATIVES/EARLY INTERVENTION	To deliver funding to for specific initiatives of the Commission arising from the Police and Crime Plan To provide funding to deliver radical solutions to deliver the Police and Crime Plan	As required – typically informed by approved business cases for bids on the Fund.	Will vary according to outturn and annual risk assessment.	PFCC, on advice from PFCC CFO	Initiatives not adequately defined or delivered hence poor VFM	Annual
VICTIMS SERVICES	To fund specific programmes or schemes to support victims services	To access the funds business cases, have to be provided.	Will vary according to outturn and annual risk assessment.	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that projects or planned expenditure would need to be found from current year's budget.	Annual
OPERATIONAL EQUIPMENT	To smooth the impact of operational equipment purchases on the revenue budget	To access the funds a costed request has to be provided.	Will vary according to usage and annual risk assessment.	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that equipment would have to be replaced from the current year's budget.	Annual
DEVELOPER CONTRIBUTIONS	To meet the additional cost of operational requirements	To access the funds a costed request has to be provided which is consistent with the conditions of the developer contribution.	Will vary according to usage and annual risk assessment.	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that the additional costs would have to be replaced from the current year's capital programme.	Annual

ENABLING SERVICES PROGRAMME	To meet the additional cost of the programme in the short term which will support the delivery of joint shared services across Fire and Policing.	To access the funds a costed request has to be provided.	Will vary according to outturn and annual risk assessment.	PFCC, on advice from PFCC CFO	If funds were not provided, the risk is that equipment would have to be replaced from the current year's budget.	Annual
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Summary of Revenue and Capital Reserves 2020/21 to 2025/26

Reserve	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Balance £m	Balance £m	Balance £m	Balance £m	Balance £m	Balance £m	Balance £m
	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2025	31/03/2026
<u>Held to meet budgetary risks:</u>							
Insurance	1,829	1,829	1,829	1,829	1,829	1,829	1,829
Operational Equipment	200	300	400	200	300	400	200
	2,029	2,129	2,229	2,029	2,129	2,229	2,029
<u>Held to support the medium Term Budget:</u>							
Carry Forwards	669	-	-	-	-	-	-
Victims	550	550	500	450	400	350	300
Pensions	500	667	467	417	367	317	267
	1,719	1,217	967	867	767	667	567
<u>Held to facilitate Change Programmes:</u>							
PFCC Initiatives	1,996	2,655	2,581	1,346	1,346	1,346	1,346
Invest to Save	488	51	51	51	51	51	51
Enabling Services Programme	400	208	52	-	-	-	-
Safer Roads	1,672	1,172	-	-	-	-	-
Additionality	2,201	1,471	507	17	17	17	17
	6,757	5,557	3,191	1,414	1,414	1,414	1,414
<u>Held on Behalf of others:</u>							
Collaboration	693	693	693	693	693	693	693
<u>Committed to Future Capital Programmes:</u>							
Developer Contributions	769	569	569	569	569	569	569
Capital	-	-	-	-	-	-	-
	769	569	569	569	569	569	569
Total Earmarked Reserves	11,967	10,165	7,649	5,572	5,572	5,572	5,272
General	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Total Reserves	16,967	15,165	12,649	10,572	10,572	10,572	10,272

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Agenda Item No: 6(b)

NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL

3 February 2021

REPORT BY THE POLICE, FIRE AND CRIME COMMISSIONER (PFCC) AND THE CHIEF FINANCE OFFICER

PFCC PROPOSED POLICE PRECEPT

REVENUE BUDGET 2021/22, CAPITAL PROGRAMME AND MEDIUM TERM FINANCIAL PLAN

1. Purpose of the Report

- 1.1 To present the 2021/22 Police Precept Proposal and the additional considerations contained within it.

2. Recommendation

- 2.1 The Police Fire and Crime Panel is **RECOMMENDED** to endorse:

- a. The proposal to increase the 2021/22 Police Precept by £13 per annum (5.1%) for a Band D Council Tax to **£268.04** (from £255.04 in 2020/21) for policing purposes.

- 2.2 Note the information presented in this report, including:

- a. The statement of the Chief Finance Officer as required by section 25 of the Local Government Act 2003 regarding the robustness of the Budget, the Medium Term Financial Plan and the adequacy of financial reserves, together with the other associated statutory safeguards.

- b. The total 2021/22 net budget requirement of **£153.532m**, including:

- i. The intention of the PFCC to set a Council Tax Precept Requirement for 2021/22 of **£66.852m** (£63.701m in 2020/21).
- ii. The future risks, challenges, uncertainties and opportunities included in the precept proposal, together with the financial and operational mitigations and additional considerations identified.
- iii. That any changes required, either by Government grant alterations or through amended council tax base and surplus/deficit notifications received from the

collecting authorities, may be balanced either through Force Efficiency Savings or through a transfer to or from Reserves.

- iv. The current MTFP and the anticipated savings required.
- v. The Capital Programme and the review of the ICT element within it.
- vi. The Reserves Strategy and proposed use of reserves.

3. Executive Summary

- 3.1 This report and proposal, is the culmination of several months' work by the Office of the Police and Crime Commissioner (OPFCC), supported by Force colleagues, public and stakeholder consultation and key government announcements.
- 3.2 Following the announcement of the final Police Grant settlement, the PFCC has considered current and future funding levels, together with his Police and Crime Plan, the consultation, and the Spending Review (SR2020).
- 3.3 The PFCC has received briefings from the Minister and acknowledges the expectation that PFCCs will increase their precept locally by £15 (5.8%) in 2021/22.
- 3.4 In considering the budget for 2021/22 and the proposed level of precept, the PFCC has been informed by, a consultation of 2,689 residents of Northamptonshire.
- 3.5 The budget for 2021/22 includes 140 additional police officers recruited from local and national funding over the past two years and a further increase of 76 this year. The PFCC has listened to the views of Northamptonshire residents and has worked with the Chief Constable to increase police officers where possible and affordable.
- 3.6 The Medium Term Financial Plan (MTFP) assumes a further 57 officers added to the establishment in 2022/23, thereby increasing officers to 1500. Based on these predictions, police officer numbers in Northamptonshire are due to increase by over 28% (330 police officers) between the period March 2017 to March 2023.
- 3.7 Furthermore, the PFCC has ring fenced the sum of £1m in 2021/22 and 2022/23 and will work with the Chief Constable to support investment which will make a difference in local neighbourhoods. This will include:
 - To strengthen the new focus on neighbourhood policing, with dedicated, named teams in communities across the county;
 - Develop initiatives to tackle anti-social behaviour, street level drug dealing;
 - Other issues that people have identified as their local priorities;
 - Find new ways to prevent and reduce domestic violence
- 3.8 As work continues to bring together Policing and Fire Enabling Services teams, the PFCC has also realised efficiencies within his own office. He has restructured the OPFCC and reduced the ongoing cost by £286K (20%) per annum. This has enabled funding to be allocated to the Chief Constable to help maintain the recruitment of the additional police officers.
- 3.9 The PFCC has always endeavoured to ensure that the cost of staffing the OPFCC is around 1% of the Chief Constable's force budget. This restructure continues with that commitment and OPFCC staffing now equates to approximately 0.6% of the total force budget for 2021/22.

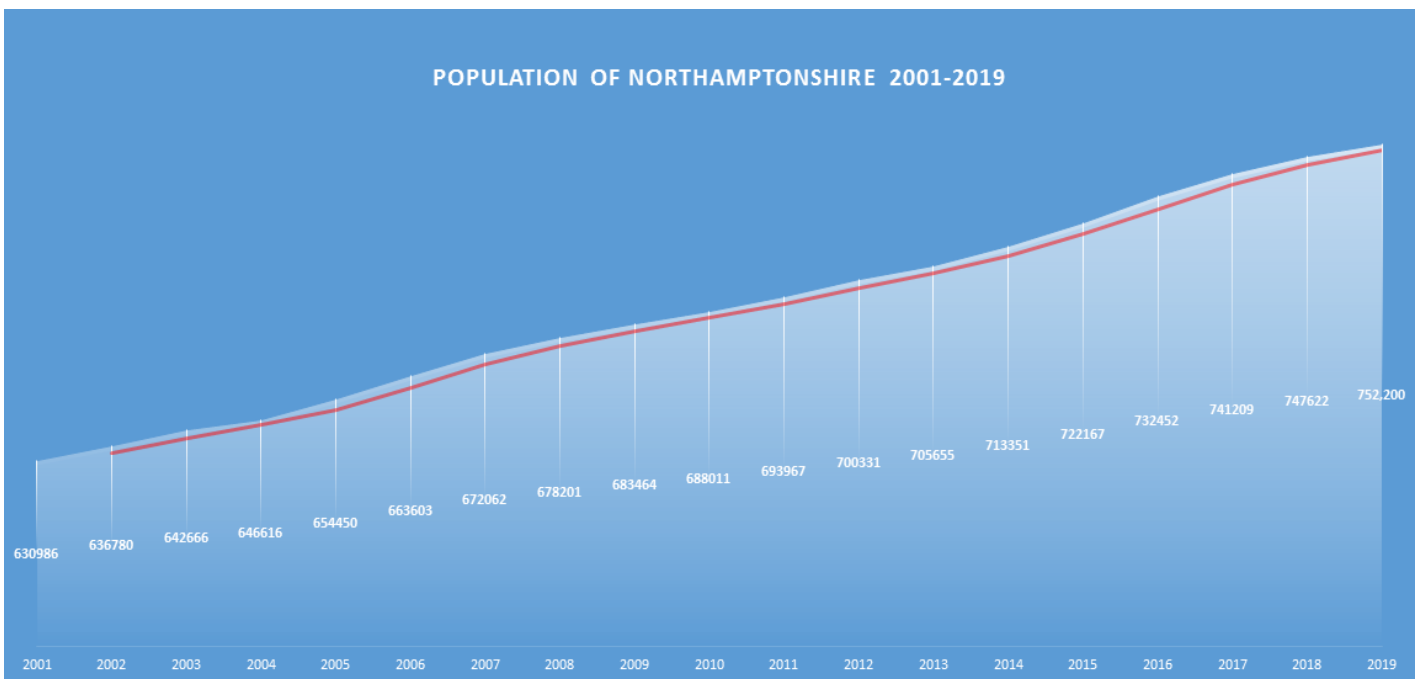
- 3.10 Within the OPFCC Commissioning and Delivery Budget, the PFCC will continue to support and embed the investments made in previous years, which includes to:
- Prioritise work to support victims and the vulnerable,
 - Take forward initiatives to reduce domestic violence,
 - Work with partners to take forward initiatives to reduce re-offending,
 - Continue to prioritise Early Intervention and engagement work,
 - Continue to prioritise Youth intervention and engagement work,
 - Continue to take forward work on crime prevention and
 - Continue to take forward work with the Road Safety Alliance, including the roll out of automatic number plate recognition (ANPR) cameras and other initiatives.
- 3.11 A Joint Communications Team has been established to work closely with the Force and provide a comprehensive and joined up approach on the work of the OPFCC, Commissioning and Delivery and Fire and Rescue.
- 3.12 The PFCC has reviewed the adequacy and level of reserves to ensure that funds are still available to support investment in innovative solutions and ensure the level is adequate to meet one off short term funding shortfalls from 2023/24 if savings and efficiencies are not identified.
- 3.13 The policing budget and precept also takes forward the statutory duty to collaborate for the three emergency services and means the services should be actively seeking opportunities to work together to deliver more efficient and effective public services. As such, both Fire and Police Budget agreements for 2021/22 will again demonstrate the PFCC commitment to collaboration, including greater integration between police and fire and rescue to reinvest in frontline services. It is the PFCC's expectation that, over time, the following areas will be delivered:
- Shared Services
 - Shared Estates Strategy
 - Shared Prevention Approaches
 - Operational Interoperability
- 3.14 The PFCC has been briefed on the current and emerging operational and demand challenges and these have informed discussion on the budget allocation to the Force for 2021/22 and future years.
- 3.15 The PFCC feels that Northamptonshire is not served well by the current grant funding formula; that the county is not fairly funded in comparison to both regional and national peers and that local residents should not pay more for their services than other counties.

After careful consideration of the factors included within this report, the PFCC is very much aware of the financial impact on households in the current time. He is, therefore, proposing a precept increase of £13 a year (25 pence per week) for 2021/22 in order to continue to increase and invest in police officers, continue to build a sustainable base budget to maintain and safeguard policing services in Northamptonshire.

Furthermore, he will make additional investment of £1m for both 2021/22 and 2022/23. He has also set the Chief Constable an annual efficiency target of 1% (approx. £1.5m) to identify savings which can contribute towards future shortfalls and be reinvested into the changing demands of Policing.

4. Background

- 4.1 In considering his precept proposal for 2021/22, the PFCC has reviewed a wide number of factors, including the significant population increase in Northamptonshire over the period 2001 to 2019. With the opportunities that an increase in population brings there is also an impact on demand for public services, especially the police.
- 4.2 The Joint Strategic Needs Assessment (JSNA) Demography Insight Pack 2019 outlines that Northamptonshire's population has increased by 29.9% over the 30 years, compared with 17.7% across England. It also estimates this will increase by a further 14% by 2041.
- 4.3 The graph below demonstrates this population increase for the period 2001 to 2019.



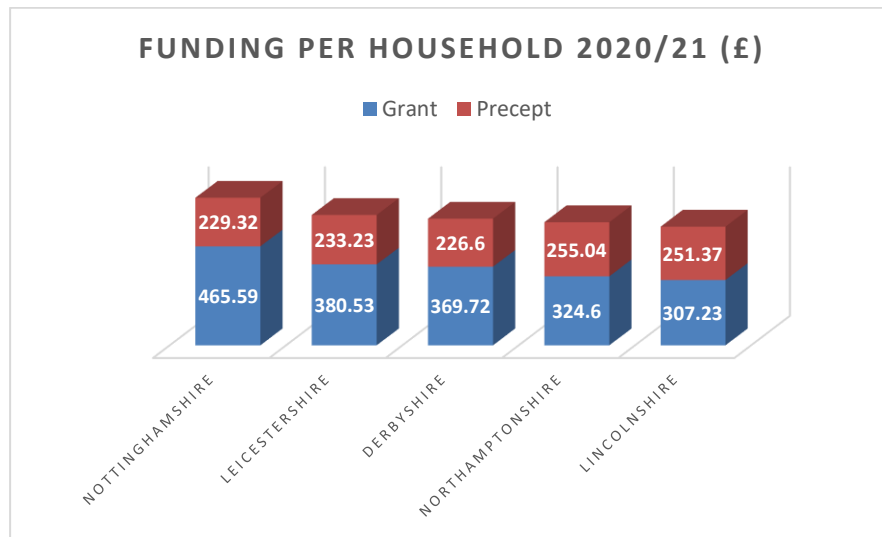
Source: ONS and JSNA

- 4.4 Police central funding has not kept pace with this population increase and whilst historical local council taxbase increases have contributed to total funding, central government grants, which form over 56% of local police funding, have not.
- 4.5 In 2021/22 and future years, the position is exacerbated by COVID-19 where it is forecast the population will increase, but the taxbase will not, and government grant which (apart from the additional officers funding) is frozen.
- 4.6 Her Majesty's Inspectorate of Policing and Fire and Rescue Services (HMICFRS) advised in 2019 that:

".....Northamptonshire has sound financial plans and a more rigorous approach to budget setting....."

But *".....it has been subject to decades of underfunding....."*

- 4.7 Recent analysis undertaken by the PFCC highlights the inequity of the current funding formula in the East Midlands Region and how taxpayers in the smaller Forces of Northamptonshire and Lincolnshire are penalised by the lower government grants per household than their regional peers, as follows:



- 4.8 For illustrative purposes, the PFCC has calculated that if Northamptonshire government grant was provided at a similar level to Nottinghamshire, Northamptonshire would receive an additional £35m per annum. Furthermore, Nottinghamshire has 28% more residents yet receives 83% more grant funding.
- 4.9 As the funding increases year on year from government grants for police uplift funding, the inequity of the formula also increases.
- 4.10 Band D Council Tax levels vary significantly for Police and Crime Commissioners across the country and the PFCC strongly believes that the current funding formula does not best serve the residents of Northamptonshire, meaning that local residents are required to fund a higher level of the policing bill than they would in other areas. He will continue to seek a fairer funding settlement on behalf of the residents of Northamptonshire.

5. Previous Precept Strategies

- 5.1 The precept proposal for 2021/22 is the fifth year of investing in Northamptonshire Police and over this period, the PFCC will have increased funding to the Chief Constable by approximately £31m (an increase of approximately 28%). He has also taken forward Commissioning and Delivery priorities over this period as follows:

2017/18

Investment in the Service Delivery Model, increasing over 50 frontline roles

2018/19

Investment in a further 22.5 posts across areas such as Serious and Organised Crime, Rape and Serious Sexual Offences, Missing persons. Police and Fire Interoperability and Inspection Assurance

2019/20

Investing In:

- 83 extra police officers over two years to enable the introduction of a geographically based policing model with increased local accountability
- Investing in essential equipment and resources to support Investigation Teams
- Increased locally available specialist operational resources in Road Crime Team and Dog Section
- Early Intervention Delivery Team
- Youth Work Delivery Team
- Counselling Support to support Early Intervention
- Developing a Rural Crime Strategy towards tackling crime in rural areas
- Establishment of the Road Safety Alliance

2020/21

Investing in:

- 83 extra police officers over two years to enable the introduction of a geographically based policing model with increased local accountability
- Together with the national uplift, investing in a further 57 police officers
- Continued operational growth and capability in Roads Policing and Dog Section
- Ring fencing the sum of £750K for operational priorities agreed with the Chief Constable (including Increase in rapid response Interceptor vehicles, increases in Police Dogs resources and Investigative support)
- Investing in Domestic Abuse support (for the estimated 16,000 victims per year)
- Supporting initiatives to reduce re-offending
- Supporting Crime Prevention Initiatives
- Continue the work of the Early Intervention Youth Grant, working with partners to provide targeted interventions to young people involved or at risk of becoming involved in serious violence
- Further resources have also been set aside to support Burglary and Serious and Organised Crime initiatives alongside expansion of the mental health triage scheme and a pilot scheme to support veterans coming into Police custody

2021/22

Continuing to embed and take forward the work from previous years and:

- Embedding the 140 officers recruited over 2021/22 and 2022/23
- Increasing the establishment by a further 76 officers, of which 19 will be funded locally in the year by the PFCC
- Continue to take forward the investment in ANPR commenced in 2020/21
- Embed the work of the Safer Streets initiatives and actively bid for further opportunities in 2021/22 to support the residents of Northamptonshire
- Setting aside the sum of £1m in 2021/22 and 2022/23 to:
 - Strengthen the new focus on neighbourhood policing, with dedicated named teams in communities across the county
 - Develop initiatives to tackle anti-social behaviour, street level drug dealing
 - Other issues that people have identified as their local priorities
 - Find new ways to prevent and reduce domestic violence

6. The Spending Review 2021 (SR2020)

- 6.1 On 25 November 2020, Chancellor of the Exchequer, Rishi Sunak MP announced the outcome of the 2020 spending review (SR2020). Sometimes referred to as the 'Spending Round' or the 'SR', the SR2020 sets out public spending totals for the financial year 2021-22.
- 6.2 Alongside the SR2020, the Office for Budget Responsibility released its Economic and Fiscal Outlook (EFO) at November 2020. The EFO highlights the significant effects that Covid-19 has had on the UK economy and the OBR's analysis suggests that spending on unprotected public services such as police, fire and local government is likely to be broadly flat in real per capita terms in 2022-23. During his speech, the Chancellor said that the SR2020 *"Delivers a once in a generation investment in infrastructure creating jobs,"* following the greatest economic decline in over 300 years.
- 6.3 SR2019 included the government's plan to recruit 20,000 additional officers by 2023, with up to 6,000 of these recruited by March 2021. SR2020 confirmed that the government remains committed to its target with a further 6,000 to be recruited in 2021-22; paid for by a £400m grant.
- 6.4 The national recruitment profile has been rephased and 2,000 officers will now be recruited to in 2022/23, rather than 2021/22 as originally planned.
- 6.5 The detail of the spending review and the implications for PCCs would be included in the Police Grant Settlement, anticipated at that time in December 2020.

7. Police Funding Formula

- 7.1 Since 2014/15, policing bodies have received their formula funding solely from the Home Office which subsumed the former DCLG grants (including previous funding from Business Rates).
- 7.2 The current formula has severe implications for Northamptonshire as it takes no account of the increasing population or number of households in the county which are well above the national average.
- 7.3 Work had been underway on a review of the formula with an initial view of implementation in 2018/19 and in his letter to PFCC's on the 19 December 2017 on the Provisional Police Grant Settlement for 2018/19, the then Minister advised: *"In the context of changing demand and following my engagement with Police leaders, providing funding certainty for 2021/22 is my immediate priority. We will revisit the funding formula at the next spending review."*
- 7.4 However, the funding formula review has not been covered within the Police Grant Settlement for 2021/22, therefore, timescales remain uncertain.
- 7.5 The PFCC still firmly believes that Northamptonshire is not served well by the current formula which does not reflect the challenges and demands of policing in the fast growing county. In October 2018, he wrote to MPs, requesting their support to review the formula. In 2019/20, the Police, Fire and Crime Panel also wrote to support such a review.

- 7.6 HMICFRS Value for Money profiles reflected that Northamptonshire received the 27th lowest grant funding per head of population across all forces. As the Northamptonshire population continues to grow at a faster rate than the national average, the gap will continue to increase if the formula is not changed.
- 7.7 The impact of this on smaller Forces such as Northamptonshire and Lincolnshire are highlighted earlier in this report.
- 7.8 The PFCC and CC will continue to take every opportunity to seek a fairer funding formula on behalf of the residents of Northamptonshire.

8. Police Grant Settlement – Precept and Police Officer Uplift Expectations

- 8.1 The 2021/22 Referendum Principles for Policing were issued alongside the local government and police grant settlements on the 17 December 2020.
- 8.2 For 2021/22 the threshold for policing has been set at £15 (compared to £10 in 2020/21 and £24 in 2019/20) in line with the joint letter from the Home Secretary, the Rt Hon Priti Patel MP and the Minister of State for Crime and Policing, the Rt Hon Kit Malthouse MP.
- 8.3 The letter set out the context behind the increased funding envelope, and the assumption that PCCs will use their precept flexibility to the maximum. It also set out expectations and conditions for the increase as follows:

“This settlement provides a total of up to £15.8 billion for policing in 2021/22, an increase of £636 million on the 2020/21 funding settlement. Available funding to Police and Crime Commissioners (PCCs) will increase by up to an additional £703 million in 2021/22, including local flexibility to increase council tax precept. This increase is broken down as follows:

- *A £415 million increase in Government grant funding to PCCs. This additional funding will support year 2 of the Police Uplift Programme. £100 million of this funding will be ringfenced and allocated according to funding formula shares, and will be paid in line with progress on recruitment.*
- *Up to £288 million additional funding from council tax precept, if all PCCs maximise their precept flexibility. We are enabling PCCs to increase precept by up to £15 for a Band D equivalent property.*

- 8.4 The letter also set out the Police Officer Uplift expectations:

“Delivering on our commitment to recruit 20,000 additional officers by March 2022/23 remains one of our top priorities. All forces have prioritised recruitment in year one and working in partnership with you we have already recruited almost 6,000 officers.

For year two of the Police Uplift Programme (PUP), we are expanding the scope of the programme to include recruitment of 300 officers into Regional Organised Crime Units (ROCUs), including the equivalent units in the Metropolitan and City of London Police, and 80 officers to bolster Counter Terrorism (CT) policing. Strengthening policing’s presence in ROCUs by 300 officers will help us meet our manifesto promise to counter the growth of serious and organised crime, including fraud, drug trafficking, child abuse and cyber-crime.”

- 8.5 This means that rather than the 76 expected in Northamptonshire for 2021/22, the national allocation is 54 with a further 3 ring fenced as the force’s contribution to ROCU officers, thereby totalling 57 officers.
- 8.6 However, the PFCC and the CC feel it is important to continue to deliver the number of officers set out their plans and to maintain the momentum achieved from the recruitment programme. The PFCC will therefore fund the recruitment of the 19 officers in 2021/22.

9. The Police Grant Settlement 2021/22

9.1 The 2021-22 Provisional Settlement was announced on 17 December 2020 in a written statement by the Policing Minister, Kit Malthouse.

9.2 The following update was provided by the Technical Team:

“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. Part of this funding allocation is to go to the recruitment of ROCU officers through the same mechanism.

Additionally, the sector was expecting last year’s PUP funding (£700m) to be rolled into the baseline. However, the WMS 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 force maximised the increase, means an extra £288m for policing in 2021-22. Furthermore more, PCCs will receive a portion of the £670m additional grant funding announced for the local council tax support as part of SR2020. “

9.3 Headlines from the settlement:

- Core Grant (including the Police Uplift Programme 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. Details awaited.
- £87.4m (8%) decrease in reallocations from £1.1bn in 2020/21 to 1.03bn 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.

9.4 Reallocations (top slices) are taken from the grant before it is allocated to PCCs in line with the funding formula. For the past four years, reallocations have increased year on year, reducing the amount available for distribution. In 2021/22, there is, however, a small reduction. Of note is the intention to continue and double the Safer Streets allocation. This is welcome as the PFCC was allocated the sum of over £1.4m in 2021/22 and would be keen to continue with these initiatives.

9.5 A summary of the final core settlement assuming that the maximum precept increase is to be levied, compared to the 2020/21 actual position is as follows:

Funding Source	2020/21	2021/22	2021/22
	Actual £m	Core Settlement £m	Increase £m
Police Grants and ex-DCLG funding	72.9	77.5	4.6
Ring fenced additional officer funding 2021/22	1.6	1.0	-0.6
Legacy Council tax grants	6.6	6.6	0.0
Additional pension grant	1.3	1.3	0.0
Total Home office Revenue Allocations	82.4	86.4	4.0
Council Tax*	63.7	66.7	3.0
Total 2020/21 Actual and 2021/22 Core Settlement	146.1	153.1	7.0

Note: The Core Settlement is based on the Home Office Council Tax assumptions, not the actual position

- 9.6 With the exception of the 2020/21 and most of the 2021/22 Police officer uplift funding added to the base budget, there was no other increase to the main grant.
- 9.7 A sum of £1m additional officer funding has been ring fenced and dependent on recruitment profiles, in line with the current practice in 2020/21, but at a lower level.
- 9.8 Whilst the core settlement includes all Home Office revenue allocations, it is based on the Office of Budgetary Responsibility (OBR) forecast taxbase estimate rather than the actual taxbase advised locally. For Police this is not dissimilar to the actual precept levied. A different methodology is used for Fire in the local government finance settlement.
- 9.9 Similarly, the core spending allocation does not include the local council tax surplus or deficit and in 2021/22 does not include the additional local council tax support (LCTS) allocation of £900K or additional council tax deficit support.
- 9.10 Taking into account the actual council tax, the one off additional LCTS support and the actual council tax deficit, the actual year on year funding comparison between 2020/21 and 2021/22 (including a £13 precept) is as follows:

Funding Source	2020/21 Actual £m	2021/22 Anticipated £m	2021/22 Increase £m
Police Grants and ex-DCLG funding	72.9	77.5	4.6
Ring fenced additional officer funding 2021/22	1.6	1.0	-0.6
Legacy Council tax grants	6.6	6.6	0
Additional pension grant	1.3	1.3	0
Total Home office Revenue Allocations	82.4	86.4	4
Local Council Tax Support (provisional allocation)	0	0.9	0.9
Council Tax	63.7	66.8	3.1
Council Tax	0.7	-0.6	-1.3
Total 2020/21 Actual and 2021/22 Settlement	146.8	153.5	6.7

10. Police Officer Recruitment, Uplift Programme (PUP) and Funding

- 10.1 In September 2019, the Government launched the national recruitment of 20,000 Police Officers. The first 6,000 of which were to be allocated in accordance with the funding formula which in Northamptonshire this equated to 19 in 2019/20 and a further 38 in 20/21, resulting in an increase of 57 officers over the period.
- 10.2 For 2021/22, Northamptonshire had forecast a further 76 officers, in line with the previous profile. However, the national profile is for 2,000 less officers and Northamptonshire will receive 54 with 3 Ring fenced for the East Midlands ROCU (a total of 57). A reduction in officers assumed of 19 for the year which would be recruited to in 2022/23.
- 10.3 However, as set out earlier, both the PFCC and the Chief Constable wish to continue the commitment they given to residents and continue with the momentum achieved in police officer recruitment. As such, Northamptonshire will continue with their existing plans to increase the establishment by the full 76 officers as originally envisaged this year, with the PFCC underwriting the cost of 19.

- 10.4 The PFCC has listened to the views of Northamptonshire residents and has worked closely with the Chief Constable to increase Police Officers wherever possible and affordable. The force has grown from 1170 police officers and by March 2023 they are forecast to have 1500. This is an increase of over 28% and the most officers the county has ever had.
- 10.5 The force is on target to achieve the agreed 1,367 police officer establishment by March 2021. The national establishment profiles to March 2023 are as follows:

Date	Number	Increase
March 2021	1,367	
March 2022	1,424	57
March 2023	1,500	76

- 10.6 The Home Office funding methodology for the police officers was in line with the best case scenario forecast in 2020/21. Therefore, the MTFP assumes this methodology will continue for the final year of the uplift programme in 2022/23.

11. Council Taxbase and Council Tax Precept Income

- 11.1 The Council Tax and the level of precept is a fundamental part of the local government finance settlement.
- 11.2 Income generated from the precept depends on both the level of the Band D precept and the taxbase – the latter being effectively the number of properties who are required to pay Council Tax.
- 11.3 The previous MTFP forecast was based on this number increasing at a prudent level of 1.75%. However, taxbase forecasts for 2021/22 have reduced, placing further pressure on the funding position.
- 11.4 For Northamptonshire, the comparison of the 2020/21 and 2021/22 taxbase is as follows:

	2020/21 (number)	2021/22 (number)	Change	
			(number)	%
Taxbase (Band D)	249,768.07	249,412.22	-355.85	-0.14%

- 11.5 The 0.14% reduction in taxbase is significantly different to the 1.75% growth previously assumed. It also impacts on future MTFP assumptions which have also been revised.

- 11.6 The table below highlights how the reduced taxbase has affected council tax receipts. In 2020/21 a £10 precept increase levied an additional £3.570m in council tax receipts. Comparatively, in 2021/22, a £13 increase will raise £3.151m as follows:

	2020/21 (at £10) £m	2021/22 (at £13) £m
Council Taxbase Changes	1.072	-0.091
Precept Increase	2.498	3.242
	3.570	3.151

- 11.7 The government have announced a one year Local Council Tax Support Scheme and Police have a provisional allocation of £922K for 2021/22 to help mitigate this loss. However, this does not meet the full cost of the taxbase change which is nearer £1.2m.
- 11.8 Moving forwards, the MTFP assumes a 0.5% increase in 2022/23 and 1% thereafter. This will be kept under regular review in conjunction with North and West Northamptonshire Unitaries.

12. Council Tax Collection Fund

- 12.1 Each year the billing authorities estimate how much of the total potential Council Tax income liability of taxpayers they will collect. They advise precepting authorities of any projected surplus or deficit on the "Collection Fund" in January of each year.
- 12.2 The PFCC is very appreciative of the hard work undertaken by the boroughs, districts and the North and West Northamptonshire Shadow Authorities who have provided regular updates throughout the year and who ensured the information was available to the PFCC for inclusion in his budget and precept considerations.
- 12.3 Despite high collection rates within Northamptonshire, COVID-19 has impacted on this area and the deficit for 2021/22 is forecast to be £630K, compared to a 2020/21 surplus of £675K, resulting in reduced funding of £1.305m.
- 12.4 Some grants will be provided to billing authorities and preceptors to mitigate this deficit over a three year period as set out in the consultation papers published at the time of the settlement.
- 12.5 However, the final process has not yet been issued and as support only relates to 2020/21 deficits (not earlier years) and will only be provided after the year end Council Tax Funds have been calculated, it is very difficult to provide an accurate forecast. Therefore, a prudent approach has been adopted and no additional Council Tax support has been assumed in this regard. If and when any is received, it will be additional funding in the year.

13. Public Consultation on the Level of the Precept

- 13.1 The 2021/22 precept proposal will be the fifth precept proposed by Stephen Mold for Policing.

- 13.2 For this year's precept, the PFCC has undertaken as wide a range of consultation as possible to obtain the views of Northamptonshire residents. This has included:
- Commissioning an independent research organisation (Social and Market Strategic Research) to undertake a consultation of 1,102 residents who pay Council Tax in Northamptonshire about the precept level and priorities for Policing and the Fire & Rescue Service for 2021/22. This process used random quota sampling to ensure the sample was representative.
 - Undertaking an online survey communicated to as wide a range of stakeholders as possible, to enable any Northamptonshire resident to share their views on the level of the precept and their priorities. The online survey received 1,587 responses for Police.
 - A Parish Councillor meeting was held on the 18 January 2021, open to all Parish Councillors. 22 Councillors attended and received a briefing on the budget and precept considerations for both Fire and Policing, together with updates on investments made to date for both services. All councillors attending were invited to undertake a summarised online survey on the precept options and at the time of writing, 17 did so. The PFCC has considered their responses and would like to thank the Parish Councillors for their engagement.
 - Furthermore, the PFCC held a panel workshop on the budget process and precept considerations for 2021/22. The PFCC would like to thank the workshop attendees for their engagement and intends to offer the budget workshop to the Panel as an annual event for consideration.
- 13.3 The online and telephone surveys were completed separately and as such, will be separately analysed.
- 13.4 However, to assist with his precept deliberations, the PFCC has considered the results of the two responses together. The results of which were:
- That around 71% of residents were prepared to pay more for Police services, of whom 57% were prepared to pay £13 or more and 49% were prepared to pay £15 or more.**
- 13.5 Respondents were also given the opportunity to comment on the consultation, together with stating how good a job the Police and the Fire and Rescue Service. Approximately 61% of residents thought the Police were doing a good or excellent role, 12% of residents advising poor or very poor, 21% of residents thought they were doing a fair job and 6% did not know.
- 13.6 The PFCC will consider the narrative comments in detail when they have been collated. There will be included where possible in the reports and will be available on the PFCC website in due course.
- 14. The Financial Challenge – Future Risks, Challenges and Uncertainties**
- 14.1 The MTFP shows that the PFCC has produced a balanced budget for 2021/22 and 2022/23.

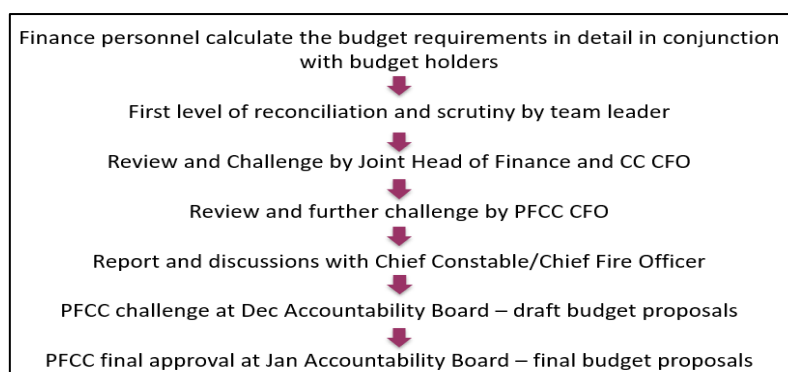
- 14.2 The consistent funding methodology for police officer uplift has been in line with the previously forecasted best case scenario. It is assumed to continue at that level in the MTFP for 2022/23.
- 14.3 Some further financial and operational risks and challenges are as follows:
- a. The unknown impact of the Funding Formula Review on Future Funding Settlements.
 - b. There is a national and a regional move to consider the charging of costs in line with a Net Revenue Expenditure (NRE) rather than a funding formula methodology. This disproportionately affects forces such as Northamptonshire who have a lower than average grant allocation and bears no correlation to increasing population or households as can be seen earlier in the report. Any movement of regional or national charging to NRE will result in cost increases to Northamptonshire.
 - c. The impact of a different core grant assumption to that estimated in the MTFP for the years after 2021/22. Of note, every 1% reduction in grant equates to circa £0.875m less available revenue per year.
 - d. The full impact of revenue and capital costs and funding arrangements for the new Emergency Services Network (ESN) are still uncertain.
 - e. The operational and financial impact of new, emerging and increasing areas of threat and demand, including, but not limited to, child sexual exploitation, adult and child sexual and domestic violent crimes and increasing cybercrime. It is anticipated that the additional officers will assist in the challenge of meeting such demands.
 - f. It is anticipated that the impact of national grants reducing or ceasing for regional developments and activities would have a significant impact.
 - g. The capital programme requirements and the investment required to take any business as usual, innovative or collaborative work forward in advance of the timings of savings. The reduction in capital grant in 2020/21 and future years has had an impact on the revenue costs of the capital programme and this is built into the MTFP.
 - h. The impact of partners' spending decisions which may affect services provided by the Force or PFCC.
 - i. The ongoing impact of the COVID-19 pandemic on Police costs, reduced income and funding levels lower than that assumed in the MTFP.
- 14.4 These risks, challenges and uncertainties are under regular review and the steps already in train to help mitigate these include:
- a. The PFCC has set an expectation with the Chief Constable to deliver 1% of efficiency savings based on his annual budget (circa £1.5m). The intention is to assist in meeting the shortfalls identified in the MTFP and to provide available funding for reinvestment in the changing demands of Policing.
 - b. PFCC and OPFCC oversight will continue to ensure rigour and commitment takes place in meetings and identifying savings and efficiencies, at a regional

and local level. This includes the regular Accountability Board, 1 to 1 meeting with the Chief Constable and attendance by the OPFCC at Force Boards to ensure scrutiny, challenge and full consideration of change and savings proposals.

- c. Taking forward the joint Estates Strategy with Fire, to maximise the opportunities for both services from sharing buildings.
- d. Regular review and scrutiny of the Capital Programme and the Treasury Management Strategy.
- e. Reviewing potential opportunities for Collaboration with other PFCCs and Chief Constables in the region.
- f. Regular review of the Reserves Strategy to ensure adequate reserves are in place and utilised appropriately to enable targeted investment and the smoothing of additional costs before longer term realisation of savings.

15. 2021/22 – Base Budget preparation, approach and scrutiny

- 15.1 The 2020/21 budget is the first budget prepared under the recently established joint Finance team and has brought an approach which has provided consistency across Fire and Police. This has enabled comparability of assumptions and principles, together with best practice, resilience and a more efficient approach applied to budgeting for all services.
- 15.2 The budget has been prepared on a zero-base where possible, in full consultation with budget holders, aligned to the Police and Crime Plan and FP25 Policing Priorities and tested against the MTFP. Efficiencies are taken from this process where possible and it ensures that only approved increases, inflation and unavoidable pressures are built in. Detailed workings are prepared, the format of the budget models is consistent and has built in checks and balances to ensure the correct information is fed through. This approach also enables resilience within the team.
- 15.3 Following the preparation of the Budget Strategy and approach in September, briefing sessions took place with all budget holders and the Strategy was shared with the Joint Independent Audit Committee (JIAC) for further scrutiny and review.
- 15.4 The table below sets out the preparation and scrutiny elements which culminated in the December and January Accountability Boards where the Chief Constable set out his budget proposals, and were scrutinised and challenged by the PFCC



15.5 For 2021/22, the budget scrutiny and challenge process has also included a Panel workshop, Parish Council and MP briefings. The PFCC is appreciative to all stakeholders who have contributed to this process, he has found their input invaluable.

16. Budget Allocations

16.1 The PFCC will be allocating the budgets for 2021/22 as follows:

2020/21 £m	Budget Breakdown	2021/22 £m
113.386	Force	119.494
21.951	Enabling Services	23.187
0.750	Ring fenced for Operational Priorities	0
136.087	Indicative Force Budget	142.681
1.406	OPFCC (Office)	1.120
5.452	Commissioning and Delivery (OPFCC)	4.749
3.726	Capital Financing Costs	4.663
0.100	Transfers to (from) reserves	-0.141
0	Investment	1.000
0	Savings already Identified	-0.540
146.771	Total Budget	153.532

16.2 The budget summary above reflects the following joint working with Fire:

- The Police budget reflects contributions from Fire for Shared Services of £866K.
- The OPFCC budget reflects a contribution of £232K (reduced from £329K in 2019/20) from Fire towards staff and office costs.
- The OPFCC budget reflects the sum of £129K from Fire towards the Joint Communications team, established in 2020.

2021/22 Budget to be delegated to the Chief Constable

16.3 The budget for 2021/22 takes account of the full year impact of the investment priorities, the additional 140 officers from local and national agreements in 2019/20 and 2020/21 and an additional 76 officers in 2021/22.

16.4 Over the past three years, the PFCC has issued a letter to the Chief Constable outlining the agreed conditions associated with the Force budget for the forthcoming year and has sought updates on their progress. This process has continued during 2020/21 and will be in place for 2021/22.

16.5 There has been a significant amount of scrutiny and challenge on the Force budget for 2021/22, and as part of these discussions and negotiations, the PFCC has sought and received assurances on how the assumptions and budgets have been calculated. With the significant financial increase in the force budget over the years, is intended to build on and develop these scrutiny arrangements further.

- 16.6 The Chief Constable has been working on the budget and assumptions since September 2020 and the negotiations with the PFCC commenced in December 2020, continued in January 2021 and have culminated in a number of far reaching and robust professional discussions on the budget requirement, the financial challenges, the precept options available, a review of the MTFP, assumptions and associated risks.
- 16.7 The proposed budget delegated to the Force for 2021/22 is £142.681m, an increase of £6.594m on 2020/21.

	£m	£m
Force Budget and Cash Limit for 2020/21		136.087
Anticipated full year costs of additional officers and pay and inflationary pressures and savings (net)	6.644	
Provisional Cash Limit for 2021/22		142.731
Removal of Pay Award assumptions	-1.560	
Transfers between PFCC and CC budgets for delivery of services	1.263	
Contractual and unavoidable pressures	0.618	
ICT Pressures	0.154	
ESN Delays	-0.563	
Staffing and Officer profile changes	-0.624	
Enabling Services Joint Posts	0.241	
Other additional pressures agreed with the PFCC	0.421	
Force Budget and Cash Limit for 2021/22		142.681

- 16.8 The following areas are highlighted:
- The full year cost of the additional officers and pay awards had already been built into the provisional cash limit for 2021/22.
 - Transfers between the PFCC and the CC mainly relate to the Custody Healthcare contract and other operational areas. Now it is established and operating well it is appropriate to reflect the costs in the organisation to which they relate.
 - In line with the spending review announcement, pay awards have only been included for staff receiving under £24K.
 - Unavoidable pressures include national and local costs, together with the costs of other regional systems.
 - ICT pressures include the costs for single online home and digital signatures.
 - ESN delays have enabled the costs to be slipped to future years, providing an in year saving.
 - Staffing and officer profile changes relate to the differences in pay and rank to the previous year and reflect less police officers in the pension scheme.

h. Joint enabling services posts have been recruited to Head of HR, Head of Fleet and Head of ICT. The PFCC will meet the first year costs from reserves. Head of Finance and Estates roles are already built into both Fire and Police base budgets.

i. Other demand pressures agreed with the PFCC mainly include fuel inflation and the estates costs of Darby House.

2021/22 Police, Fire and Crime Commissioner – Office Budget

16.9 The PFCC manages two budgets:

- The cost of running his office - the OPFCC and
- Commissioning and Delivery areas - which directly provide services to Northamptonshire residents and/or with other services.

16.10 The office budget for 2021/22, has been reduced by a net £286K compared to 2020/21 and the contribution from NCFRA also reduced by £71K as follows:

OPFCC Office Budget						
2020/21				2021/22		
OPFCC	NCFRA	Total		OPFCC	NCFRA	Total
1,197	283	1,480	Staff Costs	874	210	1,084
209	20	229	Other Office Costs	246	22	268
1,406	303	1,709	Total OPFCC Office	1,120	232	1,352

Key: NCFRA: Northamptonshire Commissioner Fire and Rescue Authority

16.11 Staff costs have reduced as part of the PFCC's commitment to shared Enabling Services. This has reduced costs in the OPFCC for Finance and a Director post. Furthermore, there have been reductions in consultation and engagement, to ensure these are delivered in the most inclusive and cost-effective way possible.

16.12 In addition to general office and travel expenses, other office costs include internal and external audit fees, Joint Independent Audit Committee (JIAC) allowances and subscriptions to the APCC. External audit fee increases are anticipated to hit the Fire and Policing sectors significantly. Additionally, engagement and consultation costs, have transferred from the Public Consultation budget following the restructure.

16.13 The PFCC has always endeavoured to ensure that the cost of staffing his office is less than 1% of the Chief Constable's force budget. This restructure continues with that commitment and OPFCC staffing now equates to approximately 0.6% of the total force budget for 2021/22.

16.14 The OPFCC provides statutory and governance services (for example the Monitoring Officer, PFCC and S151) to NCFRA. In keeping with the updated Home Office Financial Management Code of Practice; where Fire costs can be reasonably estimated, they have been; otherwise, a pro-rata funding calculation has been used, to ensure integrity and transparency of both Fire and Policing Funds.

2021/22 Police, Fire and Crime Commissioner – Commissioning and Delivery Budgets

- 16.15 The OPFCC undertakes a wide range of commissioning and delivery activities, these are reported throughout the year to the Police, Fire and Crime Panel.
- 16.16 The OPFCC Commissioning and Delivery Budgets have reduced by a net £0.703m. and NCFRA's contributions increased by a net £103K - summarised as follows:

Commissioning and Delivery Budgets						
2020/21				2021/22		
OPFCC	NCFRA	TOTAL		OPFCC	NCFRA	TOTAL
1,952		1,952	Commissioning	737		737
464		464	Continuation of Early Intervention Youth Fund Work	418		418
250		250	Crime Prevention	250		250
137	6	143	Customer Services - Complaints	125		125
131		131	Delivery and Accountability	124		124
320		320	Domestic Abuse Initiatives	674		674
290		290	Early Intervention	353		353
240		240	EI Counselling Support	240		240
15		15	ICT and Digital	15		15
60	5	65	Joint Communications Team with Fire	166	129	295
250	10	260	Police and Crime Plan Delivery Fund	250		250
32	5	37	Public Involvement			
500		500	Reducing Reoffending	665		665
83		83	Research and Analysis	-		-
225		225	Youth Offending and Safeguarding Board	201		201
503		503	Youth Work Provision	531		531
5,452	26	5,478		4,749	129	4,878

- 16.17 The main variations to 2020/21 are as follows:

- Public Involvement budgets have transferred to the office and Research and Analysis transferred to the Force as part of the restructure considerations.
- The reduction in Commissioning relates to operational contracted Custody Healthcare and other services transferred to the Chief Constable budget to align budgetary and operational responsibility now the contracts are established and embedded. Additionally, the PFCC contribution to Sunflower services has been transferred to Domestic Violence Initiatives to better transparently reflect the investment in this area.
- Early Intervention (EI), Youth Work, Early Intervention Youth Work and EI Counselling, continue to be embedded in line with previous years arrangements.
- Domestic Abuse Initiatives cover the work across EI Domestic Abuse support as well as the transfer of Sunflower contributions to Voice (which were previously included within Commissioning).
- A Joint Communications Team between OPFCC and Fire has been established as part of the move towards Enabling Services, ensuring a comprehensive support to both organisations, linking in closely with the force Communications and ensuring consistency. Fire's contribution to the team is comparable to the costs set aside by Fire to pay to Police or met internally within Fire in 2020/21.

- Customer Services relates to the team set up in early 2020 to meet the legislative changes that give Commissioner a greater role in police complaints, strengthening the independence of the process and increasing public confidence.
- Crime Prevention Initiatives will continue in 2020/21 and it is anticipated this will continue driving forward the safer Streets Initiatives and will also look at concerns such as fly tipping.
- Reducing Reoffending reflects the joint work with partners to take forward initiatives to reduce offending. Due to COVID-19 this could not be taken forward in 2020/21 and it is anticipated initiatives will be developed and taken forward in 2021/22.
- The PFCC remains keen to support initiatives which are in the early stages of planning or which arise during the year, which have not been included within 2021/22 budgets. After launching his initiative in 2018/19, he has decided to continue to ring fence the sum of £0.250m and continue with the grant schemes currently in place.

17. Medium Term Financial Plan (MTFP)

- 17.1 The Medium Term Financial Plan has been updated to 2025/26 to provide a longer term view which will enable informed decision making to take place for the period of the plan. This is not without its challenges, given that there is only a firm government announcement of funding for 2021/22 and a new spending review and funding formula is anticipated after this time.
- 17.2 The MTFP is attached in more detail at Appendix 1 and key assumptions that have been included in seeking to outline the financial challenge for the medium term are:
- The impact of COVID-19 has been forecast in the MTFP and prudent assumptions made in respect of taxbase levels, and council tax deficits.
 - That there will be no council tax surplus or deficits after 2021/22. (source: professional prudent estimate).
 - That the council taxbase grows at 0.5% in 2022/23 and 1% thereafter (source: professional prudent estimate).
 - Precept will increase by £13 in 2021/22 and thereafter on a 1.99% increase thereafter. (source: National professional assumptions).
 - There is no new council tax freeze grant from 2016/17 onwards and all existing council tax freeze grants continue (source: as detailed within the SR2015).
 - Government funding continues as existing levels, increased for officer uplift grant at 2021/22 levels. (source: PACCTS national professional assumptions).
 - Pay increases are assumed at 0% for 2021/22, 1.75% in 2022/23 and 2% thereafter (source: National professional assumptions).

- That the police officer uplift programme will continue to be allocated to provincial forces in line with the current methodology.
- No additional, unfunded responsibilities are given to the Force or the PFCC (the additional legislative responsibilities of Fire Governance and customer service complaints have been included within the budget)
- Funding for regional collaborations will remain consistent.
- Reserves can fund any invest to save projects
- Further borrowing beyond the capital programme is not required.

17.3 Taking into account the assumptions contained in this report, the MTFP has been reviewed and extended to 2025/26 as follows:

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Group Expenditure	153,072	159,586	166,946	169,890	173,652
Investment	1,000	1,000	-	-	-
Total Expenditure	154,072	160,586	166,946	169,890	173,652
Total Funding	(153,532)	(159,721)	(162,961)	(166,613)	(170,091)
Shortfall	540	865	3,985	3,277	3,561
Savings already Identified	(540)	(865)	(1,145)	(1,038)	(853)
Savings to be Identified	-	-	(2,840)	(2,239)	(2,708)
Shortfall remaining	-	-	-	-	-

17.4 The MTFP shows that the budget is balanced in 2021/22 and 2022/23 and is still available to provide £1m investment in each year.

17.5 From 2023/24, there is a shortfall forecast on the MTFP of £3.985m (approximately 2% of the revenue budget). Whilst reserves are sufficient to meet the shortfall, they cannot be used in perpetuity and should only be used for one off requirements or to smooth the impact of pressures – therefore, savings will need to be made to meet the shortfall. The PFCC has already set the following in motion:

- A further review of the approved capital programme since the time budget was agreed has already identified over savings from rephasing, additional revenue contributions to capital and lower than budgeted interest rates.
- The PFCC has set an expectation with the Chief Constable to realise 1% of efficiencies in his budget each year (approx. £1.5m). These efficiencies will be used to meet any savings requirements and provide the opportunity to reinvest in changing demands in policing.
- Whilst the budget is balanced for 2021/22, the Chief Constable has already started work on savings and efficiencies for the year and it is anticipated these will be agreed by the PFCC and Chief Constable in the budget letter for the year. For prudence, those savings have not yet been assumed within the budget.

- The PFCC expects that over time some efficiencies will be realised from Joint Shared Services and the Joint Estates Strategy. Some efficiencies have already started to come to fruition from the Finance and Estates teams. However, it is essential that disposals are taken forward in a timely manner to ensure savings and efficiencies can be realised.

18. Other Financial Risks and Uncertainties - Pensions

- 18.1 The Government introduced reforms to public service pensions in 2015 which resulted in most public sector workers being moved into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members gave rise to unlawful discrimination on the basis of age.
- 18.2 In July 2019, the Chief Secretary to the Treasury made a written ministerial statement confirming that, as 'transitional protection' was offered to members of all the main public service pension schemes, the difference in treatment will need to be removed across all those schemes for members with relevant service.
- 18.3 It is expected that the on-going cost of higher pension benefits arising from the case will be built into the scheme valuation process and reflected in the 2023/24 employer and employee contribution rates. These issues could lead to employer contribution rates increasing by up to 10.0% from 2023/24.
- 18.4 The government has provided additional grant funding for pension increases in the past for both Fire and Police, but there is a risk that authorities may need to meet some or all this increase. On police pensions alone, a 5% or 10% increase would result in a budget pressure of c. £2.8m or £5.6m respectively from 2023/24.
- 18.5 National discussions continue in this regard and the MTFP will be updated when there is a clearer understanding. At this point in time, given the potential magnitude, this is highlighted as a potential uncertainty.

19. Capital Programme 2021/22 to 2022/23

- 19.1 A Capital Programme has been approved as part of the budget setting process, which has identified significant requirements across Fleet, Estates, ICT and Operational equipment.
- 19.2 The approved Capital Programme is as follows:

Programme	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Estates	2.4	1.9	3.5	5.3
ICT & Digital	9.9	13	1.8	2.2
Vehicles & Operational Equipment	1.5	1.8	1.5	2.1
Total	13.8	16.7	6.8	9.6

- 19.3 The S151 Officer will continue to work with the Chief Constable's S151 Officer and will advise the PFCC as to the most effective way to fund capital expenditure and minimise cost on the revenue budget moving forwards. This includes considering the appropriate use of earmarked reserves, revenue contributions and unapplied grants.

- 19.4 Furthermore, all opportunities to seek and apply for other grants are taken. Most recently the PFCC has applied for decarbonisation grants which if successful, would assist in mitigating some of the Estates costs.
- 19.5 A Joint Estates Strategy is in place which promotes joint sharing of buildings and progress has already been made with the enabling developments of the shared administration and joint fleet workshops which will enable further changes to the estate. This will realise efficiencies over time when disposals are realised and over time there it is envisaged will reduce running costs for both Fire and Police.
- 19.6 Costs are often occurred ahead of any efficiencies being released, therefore, the PFCC will continue to push to ensure that any disposals are made in a timely an efficient manner to ensure the full benefits can be realised.
- 19.7 The Commissioner is required to approve a “Treasury Management Strategy” each year, setting out the detail of his policy and approach to managing investments, borrowing and cash management.
- 19.8 This is required by the Code of Treasury Management published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Prudential Code to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable and that decisions are taken in accordance with good professional practice.
- 19.9 The Treasury Management Strategy was approved at the January 2021 Accountability Board. Under established practice this will be shared with the Joint Independent Audit Committee (JIAC) for consideration prior to publication.

20. Use of Reserves

- 20.1 In considering the budget, the MTFP and level of precept options, it is important to look closely at the size, level and type of reserves held by the PFCC to ensure that they are adequate to cover the purposes for which they are held and to provide some safeguards against the future risks identified within the budget.
- 20.2 There is also a need to ensure they are not excessive. In 2018 the Home Office announced the intention to review reserves and provide greater transparency for the public. In meeting this requirement, the updated Reserves Strategy is attached at Appendix 2, and will be published on the PFCCs website for transparency.
- 20.3 Two types of Reserve are held. These, together with estimated balances are:

General Reserve

There is a General Reserve which is estimated at 31/3/21 and remains at £5m. This represents over 3% of total funding for 2021/22 and is in keeping with the PFCC’s guideline level. On current forecasts the General Reserve will remain within guideline levels until 2024/25, when it is on or above minimum levels. It is prudent to have such a reserve at this level to enable the organisation to withstand unexpected events which may have financial implications.

Earmarked Reserves

As at the 31/3/2021 it is estimated that the PFCC will hold £10.165m in Earmarked Reserves. These are detailed in the Strategy.

20.4 As a number of projects will be delivered in the next few years, the PFCC will continue to review the reserves held and determine whether they are still required.

21. Precept proposal

21.1 After careful consideration of the factors included within this report, the PFCC is proposing a precept increase of £13 (5.1%) for the 2021/22 financial year in order to continue to increase and invest in police officers, build a sustainable base budget to maintain and safeguard policing services across the force area, together with additional investment into essential and evolving demand areas for policing.

21.2 Whilst recognising the government's expectation that PCCs will increase the precept by £15, the PFCC is keen to ensure that Policing has the increase it needs to meet the current and future spending challenges, but also reflects the current financial climate and the views of those who took part in the precept surveys.

21.3 The PFCC is grateful to all those who took part in the consultation and their willingness to pay more in order to safeguard and develop policing in the county and he will continue to push the government for a fairer funding position for Northamptonshire.

22. Robustness of the Budget –Statement of the PFCC S151 Chief Finance Officer

22.1 Section 25 of the Local Government Act 2003, places a duty on the Chief Finance Officer to make a report to the PFCC on:

- The robustness of the estimates included within the budget
- The adequacy of the reserves and balances

22.2 The PFCC must have regard to this when considering the budget and the report must be shared with the Police, Fire and Crime Panel.

22.3 In her considerations, the Chief Finance Officer is mindful of other associated statutory safeguards designed to support the authority

- Section 151 of the Local Government Act 1972 which requires the authority to make arrangements for the proper administration of its financial affairs and that the chief financial officer has personal responsibility for such administration
- Sections 32, 43 & 93 of the Local Government Finance Act 1992 which requires the authority to set a balanced budget
- The Prudential Code introduced as part of the Local Government Act 2003 which sets out the framework within which the authority must manage its investments, including adequate planning and budget estimates
- The external auditor's duty to assess the adequacy of the authority's proper arrangements to secure economy, efficiency and effectiveness ('value for money')

22.4 To reinforce these obligations, section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report in consultation with the Monitoring Officer, if there is or is likely to be unlawful expenditure or an unbalanced budget

- 22.5 This report has highlighted the detailed budget setting process that has taken place and also highlighted the assumptions included within the budget and the MTFP to ensure the budget is as realistic, deliverable and achievable as possible.
- 22.6 The Office of the Police, Fire and Crime Commissioner and the Chief Constable's executive team, budget holders and the finance team have worked closely, harmoniously and with professional scrutiny and challenge to deliver the draft budget proposals.
- 22.7 The estimates and assumptions are based on the best information available at the time of formulating the budget in line with the fundamental accounting concepts and are reasonable and prudent.

The Statement of the PFCC Chief Finance Officer

The PFCC's final precept intentions of £13 takes into account public consultation alongside prudent assumptions based on the best information available, the MTFP and the reserves position and still enables an element to be ring fenced for investment in both 2021/22 and 2022/23.

At the meetings with the Force in December 2020 and January 2021, I attended, together with the Force S151 Chief Finance Officer to provide assurance to the PFCC and the CC that these factors have been considered. The CC and his team have been fully involved in the budget discussions and they have discussed revenue and capital requirements for 2021/22 and future years with the PFCC.

At the meetings and since those dates, dialogue, scrutiny and challenge has continued where new factors or information have been highlighted and discussed.

Under the newly established Joint Finance Team, the process has progressed for the 2021/22 budget and I will continue to work with the Force and the PFCC during 2021/22 to ensure the process continues to be refined for future years. During the preparation of the budget I have been given full access to the budget model and have been consulted on the assumptions being made and methodologies and where possible aligned these with national PAACTS colleagues.

The budget for 2021/22 has been a zero-based budget approach and only previously agreed growth, contractual commitments or unavoidable pressures have been built in. It is a structured and consistent process and I have received responses to queries and/or points of clarification. Where I have sought changes, they have been incorporated.

I have worked with the PFCC to agree or require changes to base budget pressures proposed by the Force.

I will work with the PFCC and the Force to review and consider any set aside proposals for investment when they have been agreed and monitor the implementation and allocate resources to meet these costs when required.

In preparing the MTFP, working with the Force S151 Officer we modelled several best, mid and worst case scenarios across council taxbase assumptions and precept increases ranging from 1.99% to £15 to help inform the PFCC considerations in determining his precept proposal for 2021/22. As the information from the settlement and taxbase became clearer, we continued to review and refine the MTFP.

I am assured that the grant allocations for 2021/22 were in line with the assumptions made in the 2021/22 budget in respect of future police officer uplift numbers under our best case scenario. I therefore feel more assured than previously as to the national future funding methodology for the remaining police officer allocations in 2022/23.

At a £13 precept, there will be a revenue shortfall of just under £4m by 2023/24 on the total £153m budget (equating to approximately 2%), which includes the impact from the timing and implementation of the Emergency Services Network arrangements.

Reserves are sufficient to meet this shortfall and still remain above minimum levels required. Additionally, from 2021/22, the PFCC has set the CC a requirement to develop efficiency plans each year equivalent to approximately 1% of the Force budget (£1.5m). Once identified and realised, these efficiencies will either be used as savings towards this shortfall or used to enable reinvestment in the policing budget in other areas.

A further review of the approved capital programme since budget approval has already realised over £1m of the required savings from rephasing, additional RCCO contributions and lower than budgeted interest rates. If additional contributions to RCCO are made (from 221/22 and 2022/23 savings already identified), then the savings identified would increase further.

I am assured that the force budget for 2021/22 is forecast to come in on or close to budget and as such will not place any pressure on 2021/22 or future years.

However, the uncertainty challenges are mitigated in part by the PFCC's continued commitment to investing in technology that provides efficiencies and supporting the work of the enabling services programme.

I am supportive of the further developments in the finance area, with particular attention to the preparations required for leaving the Multi Force Shared Service in 2022 and the work involved with new system arrangements I am assured that this will be considered as part of the accountability process to ensure that any variations from budget are quickly identified to enable early action or decisions to be taken.

I am assured by the commitment to the collaboration and enabling services work and the Joint Estates Strategy which will assist in identifying future savings; but it is essential that estate disposals and activities are undertaken in a timely manner to enable benefits and savings to be realised.

I have reviewed the detailed calculations in arriving at the budget requirement and Council Tax precept and options and find these to be robust. I also have sought and received authorisations from billing authorities in relation to taxbase and Council Tax surplus/deficits and I am grateful to all partners for their support in doing so.

It has been possible for the PFCC to develop a budget that supports most of the Force operational pressures and demands, balances the views of the public from the consultation and gives the opportunity for further investment to support the delivery of the priorities set out in the Police and Crime Plan.

There is an operational contingency available to the Chief Constable, and sufficient general reserves available should operational demands require access to these. Earmarked reserves are in place for specific requirements and in his budget the PFCC has identified further priority areas for earmarked reserves, in line with the Police and Crime Plan 2017-21.

The sections in this report on “Future Risks, Challenges and Uncertainties”, “Pensions” and the “MTFP” highlight significant unknown issues moving forwards in the medium term. The continuing impact of COVID-19, the impact of a future funding formula and the CSR for 2022/23 are all unknown. Where possible forecasts and estimates are included within the MTFP and all opportunities for government funding are pursued to ensure any financial impact on Policing is minimised.

In coming to my conclusion on the robustness of the budget I have also reviewed the Capital Programme and Reserves Strategy.

The Capital Programme is regularly reviewed and all opportunities are taken to rephase the programme, seek external funding and apply for grants. All of these would assist in mitigating costs on the revenue budget.

During 2020/21, Policing reserves were increased further, enabling General Reserves to be built and held at £5m, above both the minimum and guideline levels. Additionally, as at the 1/4/21 it is estimated that there will be over £10m of revenue reserves available to support the budget and mitigate challenges if required.

Whilst a balanced budget is available for 2021/22 and 2022/23, after that time, the landscape is less certain and it is reasonable to assume that the operational and financial challenges will continue and these are reflected as best estimates in the MTFP. Funding certainty for both precepts and Government Grant is required to enable effective planning for the PFCC and the Chief Constable for the future.

I conclude, therefore, that the budget for 2021/22:

- 1. Has been prepared on a robust basis, and*
- 2. Continues with the intention to recruit additional police officers in line with the national uplift, increasing to over 1500 by March 2023. However, long term funding certainty is essential to plan effectively.*
- 3. Includes investment to help manage demand and increase efficiency and/or capacity.*
- 4. The budget can be balanced for the next two financial years. Some savings have already been identified and work is already underway by the Chief Constable to identify the balance. Furthermore, reserves are adequate to mitigate the impact of the shortfalls in the MTFP over the five year period if savings are not forthcoming.*
- 5. The financial landscape after 2021/22 is less certain and the PFCC will continue to push for certainty. The MTFP will be under regular review as savings plans progress.*

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS

The budget and proposed precept provide the resources for the delivery of the Police and Crime Plan. Additionally, the survey is comprised of a representative sample of Northamptonshire residents.

HUMAN RESOURCES IMPLICATIONS

ENVIRONMENTAL IMPLICATIONS

None

RISK MANAGEMENT IMPLICATIONS

Risks and mitigations have been highlighted in the report.

LEGAL IMPLICATIONS

The PFCC is required to notify a precept to the billing authorities by the 1st March each year. In doing so, he must set a realistic revenue budget, informed by the report of the Chief Finance Officer

List of Appendices

Appendix 1 Medium Term Financial Plan
Appendix 2 Reserves Strategy

Background Papers

Police Grant Report – 17 December 2020

Persons to Contact

Mrs H King, Chief Finance Officer, Office of the Police, Fire and Crime Commissioner

Medium Term Financial Plan 2021/22-2025/26

2020/21 £'000		£13 Precept Increase				
		2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
74,777	Police Officers	77,686	80,447	83,422	86,030	87,047
25,284	Police Staff	26,229	26,253	26,686	27,167	27,628
3,747	PCSOs	3,739	3,770	3,829	3,892	3,956
823	Other Pension Costs	835	839	845	852	859
449	Other Employee Expenses	489	495	504	514	524
1,045	National ICT Charges (inc. PNC)	1,196	1,320	1,446	1,575	1,707
7,449	Third Party/Collaborative Arrangements	9,313	9,477	9,667	9,731	9,926
6,174	Other Non-Pay (excl. Enabling Services)	6,685	6,818	6,955	7,094	7,236
(6,062)	Income	(6,678)	(6,772)	(6,903)	(7,041)	(7,182)
(300)	Efficiency Target	-	-	-	-	-
113,386	CHIEF CONSTABLE - OPERATIONAL	119,494	122,647	126,451	129,814	131,701
21,951	ENABLING SERVICES	23,187	23,850	24,832	25,286	26,715
750	Ring-Fenced Budgets	-	-	-	-	-
136,087	CHIEF CONSTABLE BUDGET	142,681	146,497	151,283	155,100	158,416
1,406	OPFCC (Office)	1,120	1,120	1,120	1,120	1,120
5,452	OPFCC (Commissioning & Delivery)	4,749	4,749	5,049	5,049	5,349
1,756	Capital Financing - MRP	2,640	4,204	7,242	6,284	6,249
110	Capital Financing - Interest	630	830	1,152	1,238	1,418
1,860	Capital Financing - RCCO	1,393	2,172	1,000	1,000	1,000
100	Transfer to Reserves	100	100	100	100	100
-	Transfer from Reserves	(241)	(85)	-	-	-
10,684	OTHER (Inc. OPFCC & Capital Financing)	10,391	13,090	15,663	14,791	15,236
-	Investment	1,000	1,000	-	-	-
-	Savings identified	(540)	(865)	(1,145)	(1,038)	(853)
-	Savings under development	0	(0)	(2,840)	(2,239)	(2,708)
146,771	TOTAL GROUP	153,532	159,721	162,961	166,613	170,091
	Funding					
(72,877)	Main Police Grant	(77,471)	(78,471)	(84,715)	(85,986)	(87,276)
(1,272)	Pension Grant	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)
(1,602)	Officer Uplift Grant	(1,000)	(5,067)	-	-	-
(6,644)	Legacy Grants	(6,644)	(6,644)	(6,644)	(6,644)	(6,644)
-	New Council Tax Grants	(922)	-	-	-	-
(63,701)	Precept	(66,852)	(68,524)	(70,586)	(72,711)	(74,899)
(675)	Collection Fund Deficit/(Surplus)	630	257	257	-	-
(146,771)	TOTAL FUNDING	(153,532)	(159,721)	(162,961)	(166,613)	(170,091)
0	FUNDING (SURPLUS) / DEFICIT	-	-	-	-	-
	Precept					
£255.04	Band D Council Tax	£268.04	£273.37	£278.81	£284.36	£290.02
249,768	Tax Base	249,412	250,659	253,166	255,698	258,255

Note: Figures may not sum due to rounding

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NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL

3RD FEBRUARY 2021

**REPORT BY THE DEMOCRATIC SERVICES ASSISTANT MANAGER
NORTHAMPTONSHIRE COUNTY COUNCIL
James Edmunds**

Subject:	Northamptonshire Police, Fire & Crime Panel's statutory responsibilities relating to scrutiny of the Police, Fire & Crime Commissioners' proposed Fire & Rescue Precept 2021/22.
Recommendations:	That the Northamptonshire Police, Fire & Crime Panel reviews the proposed Fire & Rescue Precept 2021/22.

1. Purpose of Report

1.1 The report is intended to set out statutory requirements on the Northamptonshire Police, Fire & Crime Panel regarding scrutiny of the proposed Fire & Rescue Precept for 2021/22 produced by the Police, Fire & Crime Commissioner for Northamptonshire.

2. Background

2.1 The Policing & Crime Act 2017 specifies that a Police, Fire & Crime Commissioner may not issue a Fire & Rescue precept until it has been subject to scrutiny by the relevant Police, Fire & Crime Panel according to the process specified in Schedule 5 of the Police Reform & Social Responsibility Act 2011.

2.2 Schedule 5 of the 2011 Act, supporting Regulations, and the Rules of Procedure for the Northamptonshire Police, Fire & Crime Panel require:

- a) The Commissioner to notify the Panel of the Commissioner's proposed precept by 1st February of the relevant financial year.
- b) The Panel to review the proposed precept.
- c) The Panel to resolve to:
 - i) Support the proposed precept without additional qualification or comment; or
 - ii) Support the proposed precept and make additional recommendations on it; or
 - iii) Veto the proposed precept provided that the Panel makes that decision by the required majority, which is that at least two thirds of the persons who are members of the Panel at the time when the decision is made vote for it.
- d) The Panel to make a report to the Commissioner on the proposed precept, setting out the results of its review, by 8th February of the relevant financial year. If the Panel votes to veto the proposed precept the report must state that the Panel has done so and set out its reasons for doing so.

- 2.3 If the Panel does not veto the proposed precept the Commissioner must:
- a) Have regard to the report made by the Panel
 - b) Give the Panel a response to its report and to any recommendations in the report.
 - c) Publish the response in a manner determined by the Panel.
- 2.4 The scrutiny process concludes at this point. The Commissioner may then issue the proposed precept as the precept for the next financial year, or issue a different precept but only if it would be in accordance with a recommendation made in the Panel's report.
- 2.5 If the Panel vetoes the proposed precept the Commissioner must not issue it as the precept for the next year. By 15th February of the relevant financial year the Commissioner must:
- a) Have regard to the report by the Panel
 - b) Give the Panel a response to its report setting out the precept that the Commissioner now proposes to issue (referred to as the 'revised precept'). If the Panel vetoed the original proposed precept because it was considered to be too high the revised precept shall be lower; if the Panel vetoed the original proposed precept because it was considered to be too low the revised precept shall be higher.
 - c) Publish the response in a matter determined by the Panel.
- 2.6 The Panel is required to review the revised precept and to make a report on it to the Commissioner (referred to as the 'second report'). The second report may indicate whether the Panel accepts or rejects the revised precept and may make recommendations on it, including recommendations as to the precept that should be issued for the next year. The Panel must complete these actions by 22nd February of the relevant financial year. A reserve meeting of the Panel is scheduled if required for this purpose. The Panel does not have the power to veto the revised precept.
- 2.7 If the Commissioner receives a second report from the Panel, by 1st March of the relevant financial year the Commissioner must:
- a) Have regard to the second report by the Panel
 - b) Give the Panel a response to the second report
 - c) Publish the response.
- 2.8 The scrutiny process concludes at this point. The Commissioner may then issue the revised precept as the precept for the next financial year, or issue a different precept but only if in accordance with a recommendation made in the Panel's second report.

3. Proposed Fire & Rescue Precept and Budget 2021/22

- 3.1 The proposed Fire & Rescue Precept and Budget for 2021/22 produced by the Police, Fire & Crime Commissioner for Northamptonshire in accordance with the above responsibilities is included with the agenda for the current meeting as Agenda Item No. 7(b).

Author:	Name: James Edmunds Team: NCC Democratic Services
Contact details:	Tel: 07500 605276 Email: jedmunds@northamptonshire.gov.uk
Background Papers:	Policing & Crime Act 2017 Police Reform & Social Responsibility Act 2011 Police & Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012 Northamptonshire Police, Fire & Crime Panel Panel Arrangements and Terms of Reference.

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Agenda Item No: 7(b)

NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL

3 February 2021

REPORT BY THE POLICE, FIRE AND CRIME COMMISSIONER (PFCC) AND THE CHIEF FINANCE OFFICER

PFCC PROPOSED FIRE PRECEPT

INCLUDING THE REVENUE BUDGET 2021/22, CAPITAL PROGRAMME AND MEDIUM TERM FINANCIAL PLAN

1. Purpose of the Report

- 1.1 To present the 2021/22 Fire Precept Proposal and the additional considerations contained within it.

2. Recommendation

- 2.1 The Police, Fire and Crime Panel is **RECOMMENDED** to endorse:

- a. The intention of the PFCC for the Fire Precept be set at **£5** for the year if this is the maximum level possible before triggering a referendum. This would be an increase of **8.07%** on the 2020/21 Band D precept for Northamptonshire Commissioner Fire and Rescue Authority (NCFRA) and would increase the precept to **£66.97**.

The Panel is advised that this intention is dependent on the final government settlement providing precept flexibility for NCFRA and that this is issued before the PFCC sets his precept.

- b. If precept flexibility is not provided, the intention of the PFCC to set the 2021/22 Precept at a Band D Council Tax of **£63.20**. This is an increase of **£1.23 for the year (1.99%)** on the 2020/21 Band D precept for Northamptonshire Commissioner Fire and Rescue Authority (NCFRA).

- 2.2 Note the information presented in this report, including:

- a. The statement of the Chief Finance Officer as required by section 25 of the Local Government Act 2003 regarding the robustness of the Budget, the Medium Term Financial Plan and the adequacy of financial reserves.

- b. It is the intention of the PFCC to set a precept at £5 if permitted and this is the preferred scenario set out in this report. However, as the final local government settlement has not been published at the time of writing, this report reflects the position at both 1.99% and £5 increases.
- c. At a £5 precept this gives a total 2021/22 net budget requirement of **£26.200m**, including:
 - i. The intention of the PFCC to set the Council Tax Precept Requirement for Northamptonshire Commissioner, Fire and Rescue Authority for 2021/22 of **£16.703m**.
 - ii. At £5, the sum of £209K will be utilised from reserves, to assist in balancing the budget for 2021/22. This comprises of funds which will have been carried forward in 2020/21 specifically for this purpose.
 - iii. The current and future risks, challenges, uncertainties and opportunities included in the precept proposal, together with the financial and operational mitigations and additional considerations identified.
 - iv. That any changes required, either by Government grant alterations notified through the final settlement, amended Council Tax base and surplus/deficit notifications received from the collecting authorities, may be balanced by efficiency savings or through a transfer to or from reserves.
 - iv. The current MTFP and the anticipated savings required.
 - v. The Capital Programme
 - vi. The Reserves Strategy and proposed use of reserves.
- c. Should precept flexibility not be provided, the net budget requirement at a 1.99% precept increase would be **£25.260m**, with a council tax requirement of **£15.763m**. Savings of £489K have been identified and the use of £660K of reserves will be used in this instance.

3. Executive Summary

- 3.1 This report, details the third precept proposal for the Northamptonshire Commissioner Fire and Rescue Authority (NCFRA) which was established on the 1 January 2019.
- 3.2 The report is the culmination of several months' work by the Office of the Police, Fire and Crime Commissioner (OPFCC), supported by Fire colleagues and taking account of public and stakeholder consultation and key government announcements.
- 3.3 Following the announcement of the provisional settlement, the Northamptonshire Commissioner Fire and Rescue Authority (NCFRA) has considered current and future funding levels, the locally negotiated agreed business case for Fire Governance, the consultation, the Spending Review (SR2015) and the Chancellor's Spending Review 2020.

- 3.4 The 2018/19 notional funding position was based on a negotiated position between the PFCC and Northamptonshire County Council in line with CIPFA guidance. Given the challenging financial position of NCC at the time, this negotiated position was extremely tight. The main priority for the new authority was to build financial stability whilst investing in services and infrastructure where possible.
- 3.5 Recognising this challenge, NCFRA set in train financial plans to bring financial stability over three years. Whilst they have made good progress with their financial plans, the impact of COVID-19 on the budget for 2021/22 and future years has impacted these plans significantly.
- 3.6 As such, the PFCC has requested and has been successful in securing £1m additional funding towards reserves from the Home Office. He has also sought either additional base budget funding or precept flexibility. The response to these requests is still awaited. Should it be provided, given the financial position of NCFRA and the need to establish financial resilience as set out in this paper, it is his intention to utilise this flexibility.
- 3.6 Despite these challenges, the 2021/22 budget for NCFRA is a balanced budget in year three of the plan to build financial stability for the service. It also continues with the immediate initiatives approved in 2020/21 for Fire and Rescue to take forwards. Some key features include:
- a. Immediate approval for four fire tenders, one aerial appliance and two water carriers have been ordered or will be shortly.
 - b. Recruitment of 20 firefighters took place in February 2020 and a further intake is scheduled for Autumn 2021 to ensure firefighter strength remains in line with the establishment.
 - c. The additional 12 firefighter posts to increase the establishment from 242 to 254 funded from within the existing firefighters budget envelope were approved in 2020/21. They will be recruited to in early 2021.
 - d. The budget provides for an additional complex case officer post.
 - e. Other key features and assumptions include:
 - In line with the spending review, pay inflation has been estimated for staff earning under £24K only.
 - The additional Home Office funding has been added to the reserves strategy and the strategy has also been reviewed.
 - Funding continues to be set aside each year for the operational equipment reserve which will be used to smooth the impact of essential equipment purchases and contributions towards a transformation/investment reserves a consequence, the annual contribution has been reduced by £100K.

- 3.7 Given the significant level of capital investment requirements for the service, the PFCC has approved the capital programme for 2021/22 and future years to include these essential areas. However, there are future shortfalls on the MTFP and the cost of financing the programme is significant. Therefore, The PFCC has commissioned the Chief Fire Officer to undertake another full review to ensure operational requirements can be met alongside considering joint opportunities, deliverability and affordability.
- 3.8 The Chief Fire Officer has reviewed the findings of the Grenfell enquiry and investment requirements and priorities continue to be considered as part of the capital programme and essential investment requirements.
- 3.9 The S151 officer has reviewed the adequacy and level of reserves following the work undertaken over the last two years to build reserves and the additional funding provided by the Home Office, has concluded that whilst general reserves are at a sufficient level currently, they are not sufficient to meet future year shortfalls as identified in the MTFP.
- 3.10 In considering the Fire budget and proposed precept for 2021/22, the PFCC considered the national context and NCFRA's lower funding and reserves position relative to other Fire and Rescue Authorities.
- 3.11 In considering the proposed level of precept, the PFCC has conducted, and been informed by, a consultation of residents of Northamptonshire. The results of the surveys are summarised in this report and will be available on the PFCC website in due course.
- 3.12 Additionally, the budget and precept recognise the importance of collaborative working with Police. This includes:
- The Joint Assistant Chief Officer Support Services, together with joint Finance and Estates teams which were established during 2020/21;
 - Joint Heads of ICT, Head of Fleet and Head of HR have now been recruited and will work towards joining of these functions for Fire and Police;
 - Progressing the Joint Estates Strategy. A joint administration building will be ready for occupation in early 2021, bringing together Chief Officer teams from Fire and Policing, the OPFCC and the joint support services. Furthermore, a joint fleet workshop will be implemented later in the year. Once disposals are taken forwards, this will enable benefits and efficiencies to start to be realised.
 - Requiring the services to actively seek opportunities to work together to deliver more efficient and effective public services.
 - A Joint Communications team between the OPFCC and Fire was established during 2020/21 who work closely with the Police Communications team.

- 3.13 Both Fire and Police Budget agreements for 2021/22 will continue to demonstrate the PFCC commitment to collaboration, particularly highlighted greater integration between police and fire and rescue to reinvest in frontline services. Whilst good progress has been made on the Shared Services and Estates Strategy, this will continue and be embedded and it remains the PFCC's expectation that, over time, the following areas will be delivered:
- Shared Services
 - Shared Estates Strategy
 - Shared Prevention Approaches
 - Interoperability
- 3.14 The Fire budget is extremely tight and if any of the funding assumptions are lower than expected, or the pay freeze assumed in the budget does not come to pass, then the Fire budget could face significant pressures.
- 3.15 Additionally, with the two years of knowledge of the Fire budget, there are a number of uncertainties and pressures which can occur during the year, therefore, the PFCC has set aside a small operational contingency of **£120K** to go some way towards mitigating such eventualities.
- 3.16 With only a one year settlement and no indication of future funding for Fire and Rescue Authorities, the MTFP shows that even with a £5 precept increase there are significant financial challenges ahead, particularly with financing the capital programme. The Chief Fire Officer will need to prepare savings plans to meet these shortfalls.
- 3.17 Whilst for 2021/22 the budget can be balanced at 1.99% by using savings and reserves, it would significantly affect the initiatives being taken forward, particularly in terms of joint working with the Police and any transformation activities. Furthermore, the future shortfalls identified in the MTFP do not yet have plans in place to address them.
- 3.18 The contribution to reserves from the Home Office has enabled the PFCC to increase general reserves and to reduce some annual contributions. Whilst this is a much more resilient position, it does not meet future shortfalls set out in the MTFP at either precept scenario. At both scenarios, savings will still need to be made.

After careful consideration of the factors included within this report, the PFCC is very much aware of the financial impact on households in the current time. However, he feels that the current and future financial challenges facing NCFRA require him to propose a precept of £5 (10 pence per week), if additional base budget funding is not forthcoming and precept flexibility is provided.

This will go some way to mitigating the challenging future financial position and enable him to continue to build a sustainable base budget to maintain and safeguard Fire and Rescue Services in Northamptonshire.

4. National Context

- 4.1 The Chief Finance Officer keeps the budget and MTFP under regular review and as a result of the potential financial impact of COVID-19 on the service, the PFCC made representation to the Home Office in early 2020 for support towards the additional costs. As such the sum of £661K was allocated to NCFRA and it is envisaged that further funding will be sought in the coming months.
- 4.2 The S151 Officer has been informed by regular updates from colleagues in the Borough and District councils and the new shadow authorities in respect of the impact on the taxbase and the council tax and business rate receipts for 2021/22 and future years.
- 4.3 Early modelling of the MTFP was undertaken in Autumn 2020 and significant financial shortfalls were identified for 2021/22 and future years. Therefore, given that there was little financial resilience available within reserves to meet such shortfalls in full, the PFCC alerted Lord Greenhalgh, Luke Hall MP and the Home Office to the potential challenges. He requested that central funding is provided to mitigate any funding shortfalls rather than seeking to place this on local taxpayers or using reserves, which are not yet resilient enough to do so. If this is not possible, the PFCC has asked for precept flexibility and additional funding to support reserves. The PFCC is appreciative of the support and engagement provided by the Home Office.
- 4.4 Alongside this, the S151 and Chief Fire Officer and their teams have been working to identify savings and to carry forward any potential underspends in 2020/21 to help mitigate these challenges.
- 4.5 Furthermore, the PFCC wrote to all MPs in November and December 2020 and held a briefing with them in January 2021, seeking their support with his request. He is grateful to all MPs for their engagement and support and the lobbying they took forward with Lord Greenhalgh and the Home Office on NCFRA's behalf.
- 4.6 Since that time, the Home Office has agreed to provide £1m additional funding to support NCFRA reserves and the final local government settlement is awaited in respect of additional base budget funding or precept flexibility.

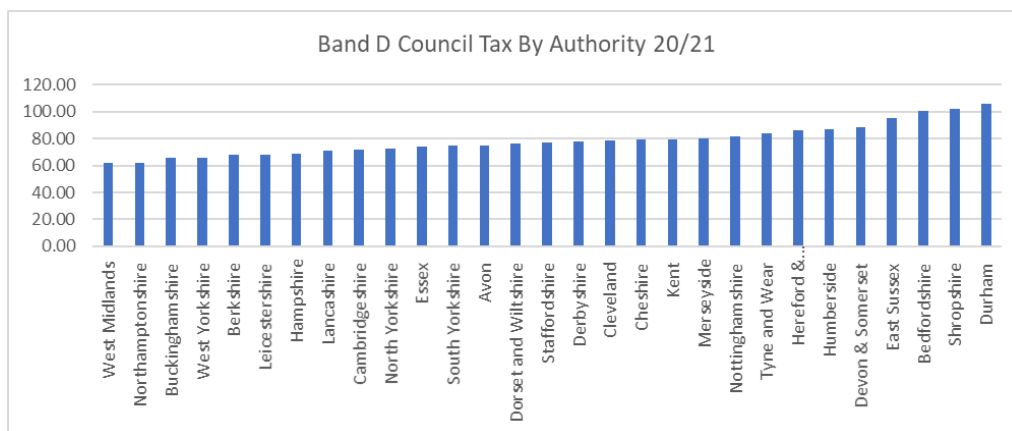
5. NCFRA Comparative Information

- 5.1 A review of other Fire and Rescue Authorities has highlighted the following:

Comparative Council Tax Levels

- 5.2 An analysis of the Band D Council Tax levels for Fire and Rescue Authorities highlights that for 2020/21, Council Tax levels varied between £61.81 and £105.48 with the average at £76.

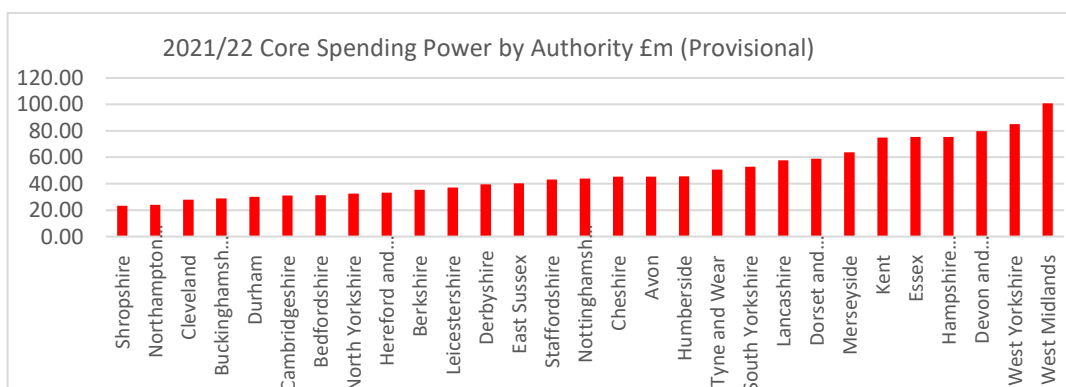
- 5.3 At £60.76, Northamptonshire were the second lowest nationally, behind West Midlands, by 16 pence, followed by Buckinghamshire, with a Council Tax of £65.85. West Midlands have the lowest council tax but second highest core spending power.



- 5.5 Even with a £5 precept increase, Northamptonshire would still be the second lowest nationally, but there would be less of a gap behind Buckinghamshire.

Comparative Core Spending Power

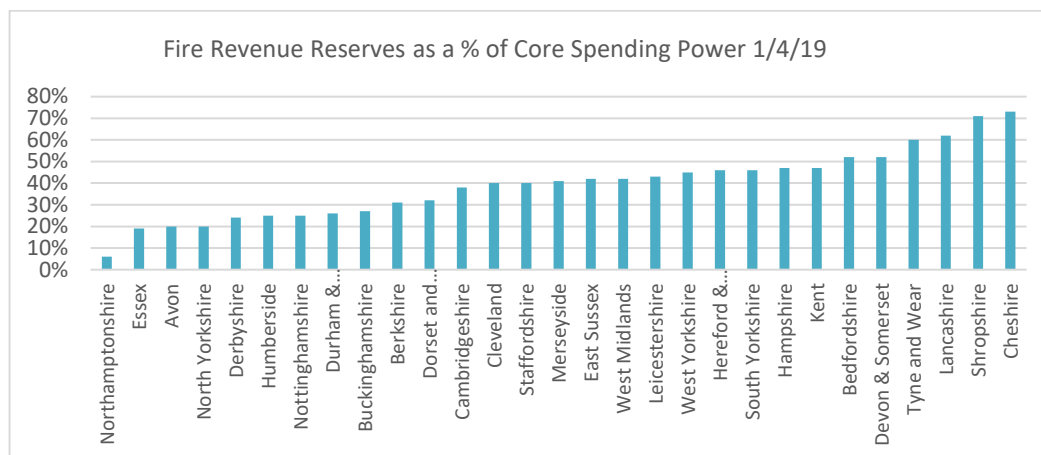
- 5.6 Core spending power (CSP) is set out in the provisional settlement and includes central settlements as well as business rates and assumed council tax receipts. As such, the assumed council tax receipts in CSP for Northamptonshire have been higher than actual receipts in both 2020/21 and 2021/22.
- 5.7 An analysis of the CSP for the provisional settlement highlighted that NCFRA were the second lowest nationally, just £0.680m behind Shropshire. There is a £4m gap between NCFRA and Cleveland (the third lowest Authority) as demonstrated below:



Comparative Level of Reserves

- 5.7 The Home Office recently published an analysis of the reserve levels for Fire and Rescue Authorities as at 31/3/19 (based on the audited accounts for 2018/19)

5.8 This analysis highlighted that revenue reserves ranged from 6% to 100.85% of Core Spending Power and at 6% Northamptonshire had the lowest level of revenue reserves nationally.



5.9 As such, NCFRA do not have the resilience either within their revenue budget or reserves to withstand significant financial challenges.

6. Provisional Local Government Finance Settlement

6.1 The Provisional Local Government Finance Settlement was announced by the Secretary of State for Housing, Communities and Local Government, Robert Jenrick MP in a written ministerial statement on Friday 20 December 2020. The announcements set out provisional allocations for 2021/22.

6.2 The Provisional Settlement publication marks the start of the four-week consultation which closes on 16 January 2021.

6.3 The national Technical Team undertook an analysis of the day's main announcements and the following announcement was available for Fire:

- Confirmation that Core Spending Power increases by an average of 4.5% (£2.2bn) – a significant proportion of this is additional council tax flexibilities for social care LAs and police.
- Standalone FRAs see their Core Spending Power increase by 2.7%.
- Precept – 1.99% basic referendum limit for Fire and Rescue Authorities.
- Rural Services Delivery Grant increased from £81m to £85m.
- Further details on the Income Guarantee Scheme (75% of irrecoverable losses) published.
- Allocations of £670m Local Council Tax Support to follow very shortly.
- The Fire Pensions Grant is not included in the Provisional Settlement – allocations are expected to be unchanged from 2020-21.

6.4 The 2021/22 Draft Referendum Principles (and Council Tax: Local Referendums Briefing Paper) were issued alongside the settlement and for 2021/22 the proposed referendum limit has been set at 2% for Fire, a consistent level to 2020/21

- 6.5 For Northamptonshire, this is a maximum increase of 1.99%, equating to £1.23 per annum (2 pence per week), as the precept has to be set below 2%, increasing the Band D council tax to £63.20 for 2021/22.
- 6.6 NCFRA have made representation to the Minister and the consultation in this regard.
- 6.7 A summary of the provisional settlement for Fire compared to the 2020/21 position is shown in the table below and is compared to precept increases at 1.99% and £5:

	Final 2020/21	1.99% 2021/22	£5 2021/22
Revenue Support Grant	2.266	2.278	2.278
Top Up Grant	2.814	2.814	2.814
Business Rates & S31 Grant	3.408	3.148	3.148
	8.488	8.240	8.240
Council Tax	15.478	15.763	16.703
Local Council Tax Support		0.224	0.224
Council Tax Surplus (Deficit)	0.167	-0.153	-0.153
Total Funding	24.133	24.074	25.014
Pensions Grant	1.186	1.186	1.186
Total	25.319	25.260	26.200

- 6.8 The table reflects the potential increase in the funding envelope settlement at the £5 precept level and is in keeping with previous forecasts. However, at 1.99%, this is lower than both 2020/21 funding and forecast levels.

7. Council Taxbase and Council Tax Precept Income

- 7.1 The Council Tax and the level of precept is a fundamental part of the local government finance settlement.
- 7.2 Income generated from the precept depends on both the level of the Band D precept and the tax base – the latter being effectively the number of properties who are required to pay Council Tax.
- 7.3 The previous MTFP forecast was based on this number increasing at a prudent level of 1.75%. However, due to COVID, taxbase forecasts for 2021/22 have reduced, placing further pressure on the already tight funding position.
- 7.4 For Northamptonshire, the comparison of the 2020/21 and 2021/22 final taxbase is as follows:

	2020/21 (number)	2021/22 (number)	Change	
			(number)	%
Taxbase (Band D)	249,768.07	249,412.22	-355.85	-0.14%

- 7.5 The 0.14% reduction in taxbase is significantly different to the 1.75% growth assumed, even more so when compared with the core spending power assumption as set out in the provisional local government settlement.

- 7.6 The government have announced a one year Local Council Tax Support Scheme and NCFRA have a provisional allocation of £224K for 2021/22 to help mitigate this loss. However, this does not meet the full cost of that loss which is over £290K
- 7.7 Moving forwards, the MTFP assumes a 0.5% increase in 2022/23 and 1% thereafter.

8. Council Tax Collection Fund

- 8.1 Each year the billing authorities estimate how much of the total potential Council Tax income liability of taxpayers they will collect. They advise precepting authorities of any projected surplus or deficit on the "Collection Fund" in January of each year.
- 8.2 The PFCC is very appreciative of the hard work undertaken by the boroughs, districts and the North and West Northamptonshire Shadow Authorities to provide regular updates throughout the year and to ensure the deficit information was available to the PFCC for inclusion in his budget and precept considerations.
- 8.3 Despite high collection rates within Northamptonshire, COVID-19 has impacted on this area and the deficits for 2021/22 are forecast to be £153K, compared to a 2020/21 surplus of £167K, resulting in a variance of £320K
- 8.4 Some grants will be provided to billing authorities and preceptors to mitigate this deficit over a three year period as set out in the consultation papers published at the time of the settlement.
- 8.5 However, the final process has not yet been issued and as support only relates to 2020/21 deficits (not earlier years) and will only be provided after the year end after work on the Council Tax Funds has been completed, it is very difficult to provide an accurate forecast. Therefore, a prudent approach has been adopted and no additional Council Tax support has been assumed in this regard. If, and when any is received, it will be as additional funding in the year.

9. Public Consultation on the Level of the Precept

- 9.1 The 2021/22 precept proposal will be the third precept proposed by Stephen Mold for NCFRA.
- 9.2 For this year's precept, the PFCC has undertaken as wide a range of consultation as possible to obtain the views of Northamptonshire residents, this has included:
- Commissioning an independent research organisation (Social and Market Strategic Research) to undertake a consultation of 1,102 residents who pay Council Tax in Northamptonshire about the precept level and priorities for Policing and the Fire & Rescue Service for 2021/22. This process used random quota sampling to ensure the sample was representative.
 - Undertaking an online survey communicated to as wide a range of stakeholders as possible, to enable any Northamptonshire resident to share their views on the level of the precept and their priorities. The online survey received 1,736 responses for Fire.
 - A Parish Councillor meeting was held on the 18 January 2021, open to all Parish Councillors. 22 attended and received a briefing on the budget and precept

considerations for both Fire and Policing, together with updates on investments made to date for both services. All councillors attending were also invited to undertake a summarised online survey. The PFCC has considered their responses and is grateful to those who attended the meeting and found their engagement extremely useful.

- Furthermore, the PFCC held a Police Fire and crime Panel workshop on the budget process and precept considerations for 2021/22. The PFCC is grateful to all panel members who attended, he found their engagement helpful and intends to offer the budget workshop to the Panel as an annual event for their consideration.

9.3 The online and telephone surveys were completed separately and will be separately analysed.

9.4 However, to assist with his precept deliberations, the PFCC has considered the results of the 2,838 responses together. The results of which were:

That around 74% of residents were prepared to pay more for Fire services, of whom 51% were prepared to pay an increase of £5 and 75% were prepared to pay £5 or more.

9.5 Respondents were also given the opportunity to comment on the consultation, together with stating how good a job the Police and the Fire and Rescue Service did. Approximately 74% of residents thought Fire were doing a good or excellent role, less than 2% of residents advising poor or very poor. 10% of residents thought they were doing a fair job and 17% did not know.

9.6 The PFCC will consider the narrative comments in detail which will be included where possible in the reports and available on the PFCC website in due course.

10. The Financial Challenge – Future Risks, Challenges and Uncertainties

10.1 The impact of a different inflation assumptions to that estimated in the MTFP are as follows:

- Every 1.0% in Council Tax equates to circa £0.160m per annum
- Every £1 in Council Tax equates to £249K per annum
- Every 1.0% in Pay equates to circa £0.150m in a full year
- Every 1.0% non-pay inflation equates to £0.055m per annum

10.2 Prudent forecasts have been included where information which has not yet been finalised. Any variations between the provisional and final local government settlements, business rates and council tax will be balanced from service savings, or reserves.

10.3 Over the past two years a better understanding is emerging in respect of operational and budgetary pressures facing NCFRA. A lot of these require investment to ensure resources, premises and equipment is at an appropriate level. These challenges will continue to be refined to enable NCFRA to have a base budget which reflects their business requirements and is able to reflect current and future demands and opportunities. This includes:

- Condition surveys have recently been undertaken on all sites and all buildings require significant investment. These surveys are currently being reviewed before being built into the capital programme. The PFCC has applied for decarbonisation grants which if successful, would assist in mitigating some of the costs.
- Work on ICT systems has identified significant capital and revenue investment requirements. Those known have been built into the financial plans but it is anticipated the requirements will increase further as this understanding continues.
- Developing a prioritised comprehensive rolling operational equipment maintenance and replacement programme. The use of the newly created operational equipment reserve will assist in mitigating this.
- Ensuring all relevant factors are considered when making decisions and supporting procurement processes to ensure that they are informed and evidenced based.
- The need to invest in support services, ideally in working with Police to build joint capacity and resilience.
- The ongoing impact of the COVID-19 pandemic on the NCFRA budget and funding levels lower than that assumed in the MTFP.

10.4 At this time, due to delays with the national Emergency Services Network (ESN) changes, the impact on Fire capital and revenue budgets are unknown, therefore, no costs have been assumed in the MTFP.

10.5 Any potential for industrial action requires contingency arrangements which have previously been managed within year. Any alternative options would need to be costed, determined and funding set aside.

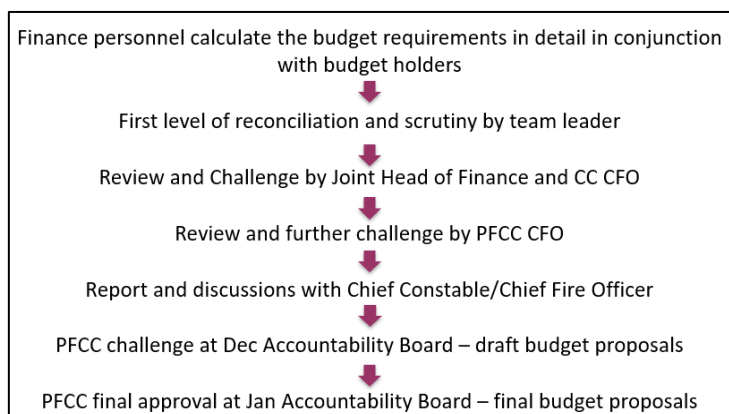
11. 2021/22 – Base Budget preparation, approach and scrutiny

11.1 The 2020/21 budget is the first budget prepared under the recently established joint Finance team and has brought an approach which has provided consistency across Fire and Police. This has enabled comparability of assumptions and principles, together with best practice, resilience and a more efficient approach applied to budgeting for all services.

11.2 The budget has been prepared on a zero-base where possible, in full consultation with budget holders, aligned to the Fire and Rescue Plan and tested against the MTFP.

11.3 Efficiencies are taken from this process where possible and it ensures that only approved increases, inflation and unavoidable pressures are built in. Detailed workings are prepared and the format of the budget models are consistent and have built in checks and balances to ensure the correct information is fed through. This approach also enables resilience within the finance team.

11.4 Following the preparation of the Budget Strategy and approach in September, briefing sessions took place with all budget holders and the strategy was shared with the Joint Independent Audit Committee (JIAC) for further scrutiny and review. The table below sets out the preparation and scrutiny elements which culminated in the December and January Accountability Boards where the Chief Fire Officer presents his budget proposals which are further scrutinised and challenged by the PFCC



11.5 For 2021/22 the budget scrutiny and challenge process has also included a Panel workshop, Parish Council and MP briefings.

11.6 These elements have resulted in the PFCC setting the following budget for NCFRA as follows:

2020/21 £'000		2021/22 £5 £'000	2021/22 1.99% £'000
14,477	Fire Fighters	13,944	13,944
3,962	Staff	4,061	4,061
1,624	Other Employee Expenses	1,849	1,849
740	IT & Communications	995	995
1,470	Estates & Facilities	1,563	1,563
489	Transport	499	499
3,167	Supplies & Services	3,948	3,948
(715)	Income	(747)	(747)
25,214	Total Service	26,112	26,112
-	Capital Financing - MRP	29	29
-	Capital Financing - Interest	67	67
75	Capital Financing - RCCO	150	150
-	Transfer to Reserves	50	50
-	Transfer from Reserves	(209)	(660)
75	TOTAL	88	(363)
-	Savings identified	-	(389)
-	Savings under development	-	(100)
25,289	TOTAL GROUP	26,200	25,260

11.7 Key Headlines are as follows:

- The reduction in firefighter costs follows a zero based review and reflects the planned retirement and recruitment profile. The prior year profile reflected the recruitment at the beginning of the year to address the significant level of vacancies held. 2021/22 plans reflect a mid-year recruitment.
- Other employee expenses include the allowances for call out arrangements to provide resilience, overtime, training and bank arrangements and are based on a zero based budget review.
- ICT and Communications reflects the additional requirements from reviewing all fire ICT systems and as highlighted earlier in the report.
- Estates costs include the costs of Darby House and with almost two years of actual data, there is a better understanding of estates costs and requirements.
- Supplies and services costs reflect the change in arrangements for Finance and Estates Services from the Police rather than in house or from LGSS. Included in this area are:
 - Shared services costs between Fire and Police £866K. Some of which relate to costs to build staffing, resilience and stability, others (estates) transferred from Fire to Police employ under TUPE and some have resulted in LGSS reductions.
- The OPFCC charge for governance and strategic support has reduced from £329K to £232K.
- The Fire element of the newly established Joint Communications Team with the PFCC is £129K. It also reflects services which were previously undertaken internally within Fire or by the Police.
- Capital Financing costs reflect the costs of financing the capital programme which are now starting to be incurred.
- Following funding from the Home Office, reserves transfers out have reduced to contributions for Equipment and Transformation reserves.
- Reserves transfers out reflect the requirements identified to balance the budget. It is anticipated that the sum of over £370K will be transferred to reserves in 2021/22 to help mitigate this.
- Savings identified and development are those identified by the service to assist in meeting the budget at a 1.99% precept level increase. These mainly relate to rationalising some training and equipment requirements, together with an efficiency target for the whole service.

12. Medium Term Financial Plan (MTFP)

12.1 This is the second five year MTFP for NCFRA as the first year's budget was based on a three year period.

12.2 However, the revenue budget and capital programme are still addressing challenges of previous years, such as backlogs in repairs and maintenance and the implications of tight financial controls. Therefore, NCFRA are still working to the three year period to build financial stability. This includes ensuring a budget and capital programme are prepared which are less subject to reactive and historic challenges and are both deliverable and affordable.

12.3 Whilst the MTFP is challenging at both £5 and 1.99% precept increases, the Chief Fire Officer continues to work closely with the PFCC and S151 Officer to ensure an appropriate balance can be reached between investing in future priorities, addressing the reactive requirements of previous years funding challenges whilst ensuring NCFRA continues to build financial stability. This is difficult to achieve with only inflationary increases per annum.

12.4 The MTFP based on the key assumptions detailed below, is attached at Appendix A and summarised as follows:

	Cumulative Shortfalls (£'000)				
	2021/22	2022/23	2023/24	2024/25	2025/26
At 1.99% Increase	-	2,049	2,603	3,054	4,062
At £5 increase	-	1,086	1,611	2,031	3,009

12.5 The plan demonstrates that without any additional growth, at current levels and within current plans, whilst 2021/22 is balanced, there are shortfalls every year thereafter.

12.6 These shortfalls have been significantly affected by the cost of funding the capital programme, which by 2025/26 equates to approximately £1m per annum. This provides little scope to invest in other priority areas in the medium term.

12.7 With the exception of the staffing changes highlighted in the executive summary, any further demand and policy developments agreed by the PFCC and Chief Fire Officer have not been included at this stage, and apart from in 2021/22, has not made any further additions for shared enabling services. The MTFP will be updated regularly to reflect any changes.

12.8 It is assumed that no additional unfunded priorities are given to the PFCC and Chief Fire Officer.

12.9 Key assumptions that have been included in seeking to outline the financial challenge for the medium term are:

- The impact of COVID-19 has been forecast in the MTFP and prudent assumptions made in respect of business rates, taxbase levels, and council tax deficits.

- That business rates will remain at the 2021/22 budgeted level (source: professional prudent estimate).
- That there will be no council tax surplus or deficits after 2021/22 (source: professional prudent estimate).
- That the council taxbase grows at 0.5% in 2022/23 and 1% thereafter (source: professional prudent estimate).
- Precept will increase by £5 in 2021/22 and thereafter on a 1.99% increase thereafter. (source: National professional assumptions).
- Government funding continues as static. (source: National professional assumptions).
- Pay increases are assumed at 0% for 2021/22 and 2% thereafter (source: National professional assumptions).
- No significant impact on grant funding has been assumed from the Funding Formula Review.
- No additional, unfunded responsibilities are given to NCFRA.
- Investment requirements can be prioritised and met from within the revenue budget or capital programme.
- Further borrowing beyond the capital programme is not required.

13 Other Financial Risks and Uncertainties - Pensions

- 13.1 The Government introduced reforms to public service pensions in 2015 which resulted in most public sector workers being moved into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members gave rise to unlawful discrimination on the basis of age.
- 13.2 In July 2019, the Chief Secretary to the Treasury made a written ministerial statement confirming that, as 'transitional protection' was offered to members of all the main public service pension schemes, the difference in treatment will need to be removed across all those schemes for members with relevant service.
- 13.3 It is expected that the on-going cost of higher pension benefits arising from the case will be built into the scheme valuation process and reflected in the 2023/24 employer and employee contribution rates. These issues could lead to employer contribution rates increasing by up to 10.0% from 2023/24.
- 13.2 The government has provided additional grant funding for pension increases in the past for both Fire and Police but there is a risk that authorities may need to meet some or all of this increase. On firefighter pensions alone, a 5% or 10% increase would result in a budget pressure of c. £2.8m or £5.6m respectively from 2023/24.
- 13.3 National discussions continue in this regard and the MTFP will be updated if required when there is a clearer understanding. At this point in time, this is highlighted as a potential uncertainty.

14. Capital Programme

14.1 A Capital Programme has been approved as part of the budget setting process, which has identified significant requirements across Fleet, Estates, ICT and Operational equipment.

14.2 The approved Capital Programme is as follows:

Programme	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
Estates	4.0	4.1	0.2	0.2	0.7	0.3
Vehicles	0.2	3.1	1.9	0.9	0.7	2
ICT	1.5	0.4	0.7	0.1	0.1	1.2
Equipment	0.3	0.3	0.1	0.1	0.2	0.2
Total	6	7.9	2.9	1.3	1.7	3.7

14.3 The S151 Officer will continue to advise the PFCC and the Chief Fire Officer as to the most effective way to fund capital expenditure and minimise cost on the revenue budget moving forwards. This includes considering the appropriate use of earmarked reserves and unapplied grants. Following representation, the Home Office have approved the reallocation of the NCFRA transformation grant towards the cost of the Joint Fleet Workshop.

14.4 Furthermore, all opportunities to seek and apply for other grants are taken, most recently the PFCC has applied for decarbonisation grants which if successful, would assist in mitigating some of the estates costs.

14.5 A Joint Estates Strategy is in place which promotes joint sharing of buildings and progress has already been made with the enabling developments of the shared administration and joint fleet workshops which will enable further changes to the estate which should realise efficiencies over time for both Fire and Police.

14.6 Costs are often occurred ahead of any efficiencies, therefore, the PFCC will continue to push to ensure that any disposals are made in a timely an efficient manner to ensure the full benefits can be realised.

14.7 The Commissioner is required to approve a "Treasury Management Strategy" each year, setting out the detail of his policy and approach to managing investments, borrowing and cash management.

14.8 This is required by the Code of Treasury Management published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Prudential Code to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice.

14.9 The Treasury Management Strategy was approved at the January 2021 Accountability Board and where possible will be available on the PFCC website by April 2021 as it is usual practice for the Joint Independent Audit Committee (JIAC) to consider this key document prior to being placed on the website.

15. Use of Reserves

- 15.1 In considering the budget, the MTFP and level of precept options, it is important to look closely at the size, level and type of reserves to ensure that they are adequate to cover the purposes for which they are held and to provide some safeguards against the future risks identified within the budget. Whilst ensuring that reserves are adequate, there is also a need to ensure they are not excessive.
- 15.2 NCFRA transferred on the 1 January 2019 with no reserves and set in place a three year financial stability plan to build reserves and made good progress in doing so. By 2020/21 they had exceeded the minimum level of general reserves as set out in the financial plans forecast at the time of the governance transfer.
- 15.3 However, NCFRA were still low compared to national FRAs as set out earlier and still did not have the resilience to meet the impact from unforeseen events, such as COVID-19.
- 15.4 When forecasting both current and future funding levels for NCFRA, it was apparent that even with a £5 precept scenario, reserves will be required to help balance the budget until such time as the taxbase starts to recover.
- 15.5 Recognising this challenge, the PFCC made representation to Lord Greenhalgh, the Fire Minister and the Home Office, seeking one off support to bolster NCFRA reserves in 2020/21 and provide some resilience in meeting COVID and other challenges. As set out earlier, the Home Office have fully engaged in these discussions and have supported this request. An additional £1m will be transferred to NCFRA to support general reserves.
- 15.6 This has enabled general reserves to be increased above the minimum level and to be stabilised at a level of £2m or 5% (whichever is the higher). This level reflects both the current uncertain environment and the minimal levels of earmarked reserves held to meet other purposes.
- 15.7 As a result at both the £5 and 1.99% precept increases, whilst general and earmarked reserves would be better placed to weather the future shortfalls if no savings are made, this is not a position that is sustainable and NCFRA will be required to find savings and efficiencies to balance the shortfalls over the period.
- 15.8 In 2020/21, it is forecast that £373K will be transferred to reserves which can all be made available to support the revenue budget for 2021/22 and mitigate the impact of reduced funding if required at 1.99%. At £5, not all of this sum is required and the balance will bolster reserves to mitigate future challenges.
- 15.9 The 2021/22 budget and future years in the MTFP will continue to contribute to reserves, but for Earmarked purposes or to support the Capital Programme. This seeks to balance the challenge on the revenue budget whilst recognising the need to develop the operational equipment and transformation reserves to facilitate investment and essential replacement expenditure. Once operational equipment replacement plans have been established, there will be calls on this reserve.
- 15.10 The reserves strategy sets out planned use of reserves across the MTFP. Of note is the use of S106, capital receipts and transformation reserves, which, alongside revenue contributions will be applied against capital expenditure to minimise and mitigate future borrowing costs where possible.

- 15.11 Types of reserves and planning assumptions are detailed within the Reserves Strategy which is attached to this report. Headlines of which are as follows:

General Reserve

Following the additional allocation from the Home Office, the S151 Officer has advised that it would be prudent to maintain and develop general reserves as follows:

- to increase the current minimum guideline level set in 2020/21 from 4% to 5% of annual budget and;
- to work towards and maintain a sustainable level of £2.0m or 5% (whichever is the higher).

- 15.12 Additionally, it is prudent to have in place earmarked reserves to better smooth the impact of replacement of essential operational equipment, to mitigate year on year funding variations and take forward transformation priorities.

Earmarked Reserves

NCFRA plan to hold a number of earmarked reserves which are set out in detail within the reserves strategy at Appendix B and summarised below as follows:

- Insurance Reserve
- Staffing
- Operational Equipment
- Funding
- Transformation
- S106
- Capital Receipts
- Capital Grants Unapplied

- 15.13 Whilst reserves are better than forecast, and some earmarked reserves are being built within the reserves strategy; challenges and uncertainties which would be appropriate to consider as part of reserves at a future stage are as follows:

- NCFRA do not currently have any financial provision for industrial action contingency arrangements as historically costs have been met from revenue budgets. It is recommended that, in time, a reserve is created for this purpose.
- At some stage it would be appropriate to work towards an ill health pension reserve to smooth the impact of ill health retirements on the revenue budget.

- 15.14 NCFRA has made good progress in establishing reserves and, following the contribution from the Home Office, it is the view of the S151 officer that whilst general reserves are now at a sufficient level, there remains a need to build earmarked reserves where possible and appropriate. This will assist in smoothing potential funding impacts and to support the funding of equipment and transformation activities. Furthermore, as general reserves have been stabilised and resilience has now been improved, it is essential that they are used in exceptional circumstances and if used, are rebuilt to the sustainable level in a timely manner.

16. Robustness of the Budget –Statement of the S151 Chief Finance Officer

16.1 Section 25 of the Local Government Act 2003, places a duty on the S151 to make a report to the authority on:

- The robustness of the estimates included within the budget
- The adequacy of the reserves and balances

The PFCC must have regard to this when considering the budget and the report must be shared with the Police, Fire and Crime Panel.

16.2 In her considerations, the S151 Officer is mindful of other associated statutory safeguards designed to support the authority

- Section 151 of the Local Government Act 1972 which requires the authority to make arrangements for the proper administration of its financial affairs and that the chief financial officer has personal responsibility for such administration.
- Sections 32, 43 & 93 of the Local Government Finance Act 1992 which requires the authority to set a balanced budget
- The Prudential Code introduced as part of the Local Government Act 2003 which sets out the framework within which the authority must manage its investments, including adequate planning and budget estimates
- The external auditor's duty to assess the adequacy of the authority's proper arrangements to secure economy, efficiency and effectiveness ('value for money')

16.3 To reinforce these obligations, section 114 of the Local Government Finance Act 1988 requires the S151 Officer to report in consultation with the Monitoring Officer, if there is or is likely to be unlawful expenditure or an unbalanced budget.

16.4 This report has set out the detailed budget setting process that has taken place and the work undertaken to ensure the budget is as realistic, deliverable and achievable as possible.

16.5 The senior management team, budget holders and the finance team have worked closely to deliver the draft budget, ensuring that effective scrutiny and challenge has taken place. The PFCC has also undertaken scrutiny and strategic review of the proposals on two occasions and has been updated regularly throughout the budget cycle as appropriate.

16.6 The estimates and assumptions are based on the best information available at the time of formulating the budget in line with the fundamental accounting concepts and are reasonable and prudent.

The S151 Chief Finance Officer statement is as follows:

“Working with colleagues we have implemented the new Joint Finance Team for Fire and Police and have refined the Fire budget model from 2021/22. I have made the assumptions based on professional estimates, peer knowledge and advice and using where appropriate assumptions included in the business case. Where possible, I have aligned these with national Fire and technical colleagues.

The Chief Fire Officer and his team have been fully involved in the budget discussions and the identification of savings at both 1.99% and £5 and I am grateful to him and his team for their engagement and commitment in doing so.

At both meetings with the PFCC and the Senior Fire team on the 8 December 2020 and the 12 January 2021, I attended as the S151 Officer, but also the strategic finance lead for Fire to provide assurance that these factors have been considered. At those meetings and since that date, dialogue, scrutiny and challenge has continued where new factors or information have been highlighted, discussed and further work continues.

I have worked closely with Fire and Finance colleagues on the early modelling of the MTFP and with the PFCC in setting out the challenges and requests for funding support. I am grateful too for the support, scrutiny and engagement of the Home Office and Ministers in considering these requests, together with the invaluable contributions from MPs, Councillors and Panel members in this process.

During the first two years of governance I have worked closely with Fire colleagues and this has helped inform and assist me in refining the budget model to ensure it supports the strategic and operational priorities in current and future years. During this time, I have found that there are a number of higher than anticipated challenges and uncertainties associated with the Fire revenue and capital budgets which need to continually be prioritised and assessed. A number of these are outlined earlier in this report.

The Chief Fire Officer is undertaking a further review of the capital programme and I recognise that a large amount of the priorities are to address issues that have arisen over a number of years with ageing equipment and a backlog of essential repair and maintenance. It is my opinion that the totality of the current programme is neither deliverable nor affordable and I welcome his review which will be considered at the Accountability Board in April 2021.

It is essential that the Chief Fire Officer and the finance team continue to work closely to ensure all pressures and challenges are identified at an early stage so they can be included within operational and financial plans. I will continue to support the Chief Fire Officer and his team in ensuring these are known and understood.

The first two years of Internal Audits have identified a number of areas where policies and procedures are in place which are developing but still need to be embedded. I will continue to work with the Chief Fire Officer and Monitoring Officer to take these recommendations forward and ensure robust internal controls and assurances are in place, supported by an Internal Audit Plan; and contribute to Fire achieving Best Value by following procurement and purchasing policies and procedures and effective asset management arrangements which meet operational requirements and stand up to external scrutiny.

I will continue to work with the Chief Fire Officer to take forward changes to support services structures with Police to build capacity and resilience in and with the finance team so that they can continue to support both organisations effectively in future years.

Given the need to ensure and build stability and resilience, minimal operational pressures have been built into the budget model and any growth or changes will need to be accommodated from within the cash limited budget set for the year. I am assured by the commitment to the collaboration and enabling services work and the Joint Estates Strategy which will assist in identifying future savings; but it is essential that disposals and activities are undertaken in a timely manner to enable benefits and savings to be realised.

I have reviewed the detailed calculations in arriving at the budget requirement and Council Tax precept and options and find these to be robust. I also have, sought and received authorisations from billing authorities in relation to taxbase and Council Tax surplus/deficits and I am grateful to all partners for their support in doing so. I have highlighted uncertainty and timing within this report and the PFCC is aware of this uncertainty and potential impact and as such has ring fenced an allocation as a contingency to mitigate this risk.

Whilst the reserves position is much better than anticipated and general reserves in isolation are now at a sustainable level, there are minimal levels of earmarked reserves to smooth funding gaps, meet budget challenges, or to invest or meet one off pressures. The MTFP does require efficiencies and savings to be made to ensure the budget can be balanced across the medium term and I will continue to support the Chief Fire Officer to ensure that savings plans and other funding streams are identified and realised to meet these challenges as reserves are not at a sufficient level to meet them.

The sections in this report on “Future Risks, Challenges and Uncertainties”, “Pensions” and the “MTFP” highlight significant unknown issues moving forwards in the medium term. The continuing impact of COVID-19, the impact of a future funding formula and the CSR for 2022/23 are all unknown. Where possible forecasts and estimates are included within the MTFP and all opportunities for government funding are pursued to ensure any financial impact on NCFRA is minimised.

Whilst a balanced budget has been achieved for 2021/22 under both precept scenarios, the £5 increase will mitigate the pressures and place NCFRA in a better position than would be the case with the 1.99% increase. After 2021/22, the landscape is less certain and it is reasonable to assume that the operational and financial challenges will continue and these are reflected as best estimates in the MTFP.

I conclude, therefore, that the budget for 2021/22:

- 1. Has been prepared on a robust basis, and*
- 2. In 2021/22, the budget is balanced with a use of reserves at a £5 precept increase within the funding set aside for this purpose from 2020/21. However, at 1.99% this will require savings which need to be achieved and use of reserves which will need to be rebuilt over time.*
- 3. General reserves are sufficient to meet essential risks and challenges and earmarked reserves will continue to be built where it is appropriate and prudent to do so.*
- 4. However, there is little financial resilience within the Fire revenue budget or reserves to manage future shortfalls, unforeseen issues or additional investment.*
- 5. The future financial landscape is uncertain and the MTFP identifies a need for further savings and it is essential that the Chief Fire officer takes these forward. The MTFP will be kept under regular review as savings plans progress. “*

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS

The budget and proposed precept provide the resources for the delivery of Fire. Additionally, the survey is comprised of a representative sample of Northamptonshire residents.

HUMAN RESOURCES IMPLICATIONS

ENVIRONMENTAL IMPLICATIONS

Environmental implications are considered as part of Fire delivery.

RISK MANAGEMENT IMPLICATIONS

Risks and mitigations have been highlighted in the report.

LEGAL IMPLICATIONS

The PFCC is required to notify a precept to the billing authorities by the 1st March each year. In doing so, he must set a realistic revenue budget, informed by the report of the Chief Finance Officer

List of Appendices

Appendix A1 and A2 – 2021/22 Budget and MTFP at £5 and 1.99% Scenarios
Appendix B – Reserves Strategy

Persons to Contact

Mrs H King, Chief Finance Officer, Northamptonshire Commissioner Fire and Rescue Authority (NCFRA), Office of the Police, Fire and Crime Commissioner

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Agenda Item No: 07(b) Appendix A1

NCFRA 2021/22 Budget and Medium Term Financial Plan (MTFP) – at £5

		21/22 £5 Council Tax precept increase & 1.99% thereafter				
2020/21		2021/22	2022/23	2023/24	2024/25	2025/26
£'000		£'000	£'000	£'000	£'000	£'000
14,477	Fire Fighters	13,944	14,175	14,525	14,961	15,346
3,962	Staff	4,061	4,218	4,374	4,577	4,796
1,624	Other Employee Expenses	1,849	1,948	1,989	2,038	2,095
740	IT & Communications	995	1,007	1,042	1,058	1,074
1,470	Estates & Facilities	1,563	1,595	1,561	2,105	2,760
489	Transport	499	446	455	464	473
3,167	Supplies & Services	3,948	3,994	4,074	4,156	4,239
(715)	Income	(747)	(420)	(436)	(451)	(464)
-	Ring-Fenced Investment	-	-	-	-	-
25,214	Total	26,112	26,963	27,584	28,908	30,319
-	Capital Financing - MRP	29	226	586	586	664
-	Capital Financing - Interest	67	180	239	254	290
75	Capital Financing - RCCO	150	50	50	50	50
30	Transfer to Reserves	50	150	150	150	150
-	Transfer from Reserves	(209)	-	-	-	-
105	TOTAL	88	607	1,026	1,041	1,154
-	Savings identified	-	-	-	-	-
-	Savings under development	-	-	-	-	-
25,319	TOTAL	26,200	27,570	28,610	29,949	31,473
	Funding					
(2,814)	Top Up Grant	(2,814)	(2,814)	(2,814)	(2,814)	(2,814)
(2,266)	Revenue Support Grant	(2,278)	(2,278)	(2,278)	(2,278)	(2,278)
(2,586)	Business Rates	(2,680)	(2,680)	(2,680)	(3,005)	(3,005)
(822)	S31 Grant - Compensation	(468)	(468)	(468)	(468)	(468)
(1,186)	Pension Grant	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)
-	New Council Tax Grants	(224)	0	0	-	-
(15,478)	Precept	(16,703)	(17,121)	(17,636)	(18,167)	(18,714)
(167)	Collection Fund Surplus/ (Deficit)	153	62	62	-	-
(25,319)	TOTAL FUNDING	(26,200)	(26,484)	(26,999)	(27,918)	(28,465)
-	FUNDING (SURPLUS) / DEFICIT	(0)	1,086	1,611	2,031	3,009
	Precept					
61.97	Band D Council Tax	£66.97	£68.30	£69.66	£71.05	£72.46
249,768.07	Tax Base	249,412.22	250,659.28	253,165.87	255,697.53	258,254.51

Note: Totals may not sum due to roundings

Agenda Item No: 07(b) Appendix A2

NCFRA 2021/22 Budget and Medium Term Financial Plan (MTFP) – at 1.99%

		1.99% Council Tax precept increase				
2020/21		2021/22	2022/23	2023/24	2024/25	2025/26
£'000		£'000	£'000	£'000	£'000	£'000
14,477	Fire Fighters	13,944	14,175	14,525	14,961	15,346
3,962	Staff	4,061	4,218	4,374	4,577	4,796
1,624	Other Employee Expenses	1,849	1,948	1,989	2,038	2,095
740	IT & Communications	995	1,007	1,042	1,058	1,074
1,470	Estates & Facilities	1,563	1,595	1,561	2,105	2,760
489	Transport	499	446	455	464	473
3,167	Supplies & Services	3,948	3,994	4,074	4,156	4,239
(715)	Income	(747)	(420)	(436)	(451)	(464)
-	Ring-Fenced Investment	-	-	-	-	-
25,214	Total	26,112	26,963	27,584	28,908	30,319
-	Capital Financing - MRP	29	226	586	586	664
-	Capital Financing - Interest	67	180	239	254	290
75	Capital Financing - RCCO	150	50	50	50	50
30	Transfer to Reserves	50	150	150	150	150
-	Transfer from Reserves	(660)	-	-	-	-
105	TOTAL	(363)	607	1,026	1,041	1,154
-	Savings identified	(389)	-	-	-	-
-	Savings under development	(100)	-	-	-	-
25,319	TOTAL	25,260	27,570	28,610	29,949	31,473
	Funding					
(2,814)	Top Up Grant	(2,814)	(2,814)	(2,814)	(2,814)	(2,814)
(2,266)	Revenue Support Grant	(2,278)	(2,278)	(2,278)	(2,278)	(2,278)
(2,586)	Business Rates	(2,680)	(2,680)	(2,680)	(3,005)	(3,005)
(822)	S31 Grant - Compensation	(468)	(468)	(468)	(468)	(468)
(1,186)	Pension Grant	(1,186)	(1,186)	(1,186)	(1,186)	(1,186)
-	New Council Tax Grants	(224)	0	0	-	-
(15,478)	Precept	(15,763)	(16,157)	(16,643)	(17,144)	(17,660)
(167)	Collection Fund Surplus/ (Deficit)	153	62	62		
(25,319)	TOTAL FUNDING	(25,260)	(25,520)	(26,007)	(26,895)	(27,411)
-	FUNDING (SURPLUS) / DEFICIT	0	2,049	2,603	3,054	4,062
	Precept					
61.97	Band D Council Tax	£63.20	£64.46	£65.74	£67.05	£68.38
249,768.07	Tax Base	249,412.22	250,659.28	253,165.87	255,697.53	258,254.51

Note: Totals may not sum due to roundings

NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL

3RD FEBRUARY 2021

**REPORT BY THE DEMOCRATIC SERVICES ASSISTANT MANAGER
NORTHAMPTONSHIRE COUNTY COUNCIL
James Edmunds**

Subject:	Northamptonshire Police, Fire & Crime Panel Work Programme 2020/21
Recommendations:	<p>That the Northamptonshire Police, Fire & Crime Panel</p> <p>a) Reviews progress with the development and delivery of its 2020/21 work programme.</p> <p>b) Agrees the proposed process for managing advance questions by Panel members to the Police, Fire & Crime Commissioner as set out in Appendix 2 to the report.</p>

1. Purpose of Report

- 1.1 The report is intended to enable the Northamptonshire Police, Fire & Crime Panel to review progress with the development and delivery of its 2020/21 work programme.
- 1.2 The report also invites the Panel to consider and agree a proposed process for managing advance questions by Panel members to the Police, Fire & Crime Commissioner in future.

2. Outline Work Programme 2020/21

- 2.1 The Northamptonshire Police, Fire & Crime Panel (the Panel) is formally responsible for scrutinising and supporting the Police, Fire & Crime Commissioner for Northamptonshire in relation to the delivery of his responsibilities.
- 2.2 It is standard practice for the Panel to agree a work programme that provides a framework for the Panel's activity through the year. The work programme is made up of a combination of statutory and discretionary business; matters relating to the operation of the Panel; and any supporting activities such as briefings or training. The work programme is kept under regular review by the Panel and modified or updated as necessary, with a view to ensuring that it is focussed on the aim of using available capacity to best effect.
- 2.3 The Panel's current outline work programme is included with this report (at Appendix 1).

3. Proposed Advance Questions Process

- 3.1 The Panel meeting on 10th December 2020 considered the report of the task-and-finish working group formed to review the current operation of the Panel in in light of the latest Local Government Association guidance on Policing & Fire Governance in order to

identify any opportunities for improvement. The Panel agreed the following recommendations proposed by the working group:

- a) That arrangements be made to enable Panel members to send questions to the Police, Fire & Crime Commissioner in advance of Panel meetings on the business to be considered, incorporating the following principles:
 - Questions provided in advance of meetings should also be answered in writing in advance as far as possible.
 - Panel members may still ask at a meeting a question that has not been provided or answered in advance and may ask a supplementary question on a question that has been answered in advance.
- b) That a process for managing advance questions and responses be developed by the Panel Secretariat, informed by appropriate liaison with the Office of the Police, Fire & Crime Commissioner.

3.2 The Panel Secretariat has subsequently developed a proposed process for managing advance questions, which is included with this report (at Appendix 2). The proposed process has been informed by consultation with the Office of the Police, Fire & Crime Commissioner and with the Panel Chair and Deputy Chair. If the proposed process is agreed by the Panel at the current meeting it is intended that it is brought into use for the Panel meeting on 25th March 2021.

4. List of Appendices

Appendix 1: Northamptonshire Police, Fire & Crime Panel Outline Work Programme for 2020/21

Appendix 2: Proposed process for managing member questions to the Police, Fire & Crime Commissioner raised in advance of Panel meetings

Author:	Name: James Edmunds Team: NCC Democratic Services
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Background Papers:	Police Reform & Social Responsibility Act 2011 Policing & Crime Act 2017 Northamptonshire Police, Fire & Crime Panel Rules of Procedure

Northamptonshire Police, Fire & Crime Panel – Outline Work Programme

MEETING DATE	STATUTORY BUSINESS	DISCRETIONARY BUSINESS	BUSINESS RELATING TO PANEL OPERATION	OTHER BUSINESS
3 February 2021	<ul style="list-style-type: none"> - PFCC's proposed Police precept and budget for 2021/22 - PFCC's proposed Fire & Rescue precept and budget for 2021/22 		<ul style="list-style-type: none"> - Work programme - Complaints monitoring report 	
17 February 2021 (Reserve meeting)	<ul style="list-style-type: none"> - PFCC's revised Police precept and budget for 2021/22 [if required] and/or - PFCC's revised Fire & Rescue precept and budget for 2021/22 [if required] 			
25 March 2021		<ul style="list-style-type: none"> - PFCC's Delivery updates - Budget updates 	<ul style="list-style-type: none"> - Handover to the 2021/22 Panel: lessons from the current Panel's experience - 2020/21 meeting dates 	
July 2021			<ul style="list-style-type: none"> - Appointment of Panel Chair and Deputy Chair - Appointment of Complaints Sub Committee members - Work programme 	

MEETING DATE	STATUTORY BUSINESS	DISCRETIONARY BUSINESS	BUSINESS RELATING TO PANEL OPERATION	OTHER BUSINESS
September 2021		- Joint Independent Audit Committee Annual Report	- Work programme	
December 2021		- Development of the PFCC's proposed precepts for 2022/23	- Work programme	
February 2022	<ul style="list-style-type: none"> - PFCC's proposed Police precept and budget for 2022/23 - PFCC's proposed Fire & Rescue precept and budget for 2022/23 		- Work programme	
February 2022 (Reserve meeting)	<ul style="list-style-type: none"> - PFCC's revised Police precept and budget for 2022/23 [if required] and/or - PFCC's revised Fire & Rescue precept and budget for 2022/23 [if required] 			

Discretionary Business

The PFCC's Delivery Updates are regular reports setting out actions by the Police, Fire & Crime Commissioner (PFCC) supporting progress towards the delivery of the strategic outcomes set out in the Police & Crime Plan and Fire & Rescue Plan. The Delivery Updates also include contextual information about Northamptonshire Police and Northamptonshire Fire & Rescue Service performance. The Panel meeting on 13th March 2020 agreed the following resolutions relating to future presentation of performance information:

- The Panel requests that future Delivery Updates include contextualised information on Northamptonshire Police's performance against the locally-focussed crime outcomes being introduced by the Chief Constable.
- The Panel requests that information on Northamptonshire Fire & Rescue Service performance be included in future Delivery Updates by the PFCC.

The Panel meeting on 24th September 2020 agreed to give further consideration to the performance information that is presented to it in future following the briefing session on policing demand and types of offences held ahead of the Panel meeting on 10th December 2020. In the meantime, the PFCC has continued to develop the format and content of the two Delivery Updates.

The Budget Updates are regular reports setting out the latest in-year position for the budgets for policing and the Office of the PFCC and the budget for the Northamptonshire Commissioner Fire & Rescue Authority.

Task-and-finish work

The Panel meeting on 10th December 2020 agreed to establish a working group to be engaged in the development of the PFCC's proposed precepts and budgets for 2021/22, reflecting an invitation received from the PFCC. Councillors Gill Mercer, Andre Gonzalez De Savage and Kevin Parker and Mrs Anita Shields made up this working group, which met on 14th January 2021.

Other potential work programme matters

The Panel has previously identified the following matters as potential topics for inclusion in its future work programme:

- The more detailed plans designed to deliver the PFCC's Estates Strategy (last considered at the Panel meeting on 13th March 2020).
- An update on the work of Voice for Victims and Witnesses (last considered at the Panel meeting on 10th December 2020).

Briefings / Training

The Panel meeting on 10th December 2020 agreed that its future work programme should include annual briefing sessions with the Chief Constable of Northamptonshire Police and the Chief Fire Officer of Northamptonshire Fire & Rescue Services to give an overview of their services areas and key issues involved. Such briefing sessions could follow a similar broad approach to the session with the Chief Constable held on 10th December 2020 referred to above.

The Panel has identified the following topics for future briefings:

- Emergency services IT systems, including the Pronto digital policing system.
- A briefing or visit to the new Wellingborough prison

The Panel has also identified the need for appropriate briefings / training at the start of 2021/22 for the new membership of the Panel.

Northamptonshire Police, Fire & Crime Panel

[Draft] Process for managing member questions to the Police, Fire & Crime Commissioner raised in advance of Panel meetings

This process is focussed on questions relating to items of business on the agenda for ordinary meetings of the Panel.

1. Panel agendas together with available reports will be published 5 working days before the meeting date. Electronic versions of the agenda papers will be sent to Panel members on the publication date, with hard copies following subject to postal delivery times.
2. Panel members wishing to ask an advance question to the Police, Fire & Crime Commissioner (PFCC) on an item on the agenda are asked to send this question by email to the Panel Secretariat at the latest by 12 noon on the third working day before the Panel meeting [for example, 12 noon on Monday for a Panel meeting on Thursday].
3. The Panel Secretariat may respond to Panel members if necessary to clarify the sense of a question, but will not seek to (re-) draft questions from members.
4. The Panel Secretariat will forward advance questions to the Office of the PFCC individually as soon as possible after they are received up to the set deadline.
5. The Panel Secretariat will circulate the list of all advance questions raised to all Panel members as soon as possible after the set deadline.
6. The Office of the PFCC will co-ordinate the provision of written answers to all advance questions forwarded to it by the Panel Secretariat. The Office of the PFCC will send written answers back to the Panel Secretariat on the last working day before the Panel meeting [for example, on Wednesday for a Panel meeting on Thursday].
7. In the event of a question requiring a complex and detailed answer that cannot be provided in the agreed timescale, the PFCC will provide an update at the Panel meeting and the full written answer will be circulated to Panel members at the earliest opportunity.
8. The Panel Secretariat will circulate the list of all advance questions and answers to all Panel members on the morning of the day of the Panel meeting.
9. The Panel Secretariat will publish copies of advance questions and answers on the host authority's website with the agenda papers for the Panel meeting. When a Panel meeting is taking place in-person, hard copies of the advance questions and answers will also be made available at the meeting.

10. Panel members will review the list of advance questions at the pre-meeting held immediately before the start of the formal Panel meeting. The Panel will be able to use the pre-meeting to check:
 - Whether all advance questions have received a written answer.
 - Whether a member who has asked an advance question wishes to follow up that written answer at the Panel meeting.
 - Whether members identify any lines of enquiry, themes or similar issues arising from written answers that the Panel as a whole should pursue with the PFCC at the Panel meeting.
 - Whether Panel members have any additional questions that were not sent in in advance of the Panel meeting that they wish to raise at the meeting.
11. The Panel Chair will use discussion at the pre-meeting to inform how business is managed at the Panel meeting in relation to matters such as the order in which members are called to speak on particular items of business.

This process is intended to reflect the following principles:

- Advance questions are not mandatory: Panel members should still be able to ask a question at a Panel meeting even if they have not raised it in advance.
- Advance questions should be about helping to get the most from Panel meetings by enabling points of factual information or clarification to be dealt with in advance where possible. Panel meetings can then focus less on gathering information and more on using information to scrutinise and support the PFCC in carrying out the PFCC's role.
- The advance questions process should not become overly prescriptive or formalised but should operate with the minimum level of procedure needed to achieve its purpose.
- The advance questions process can be developed and revised over time, or dispensed with altogether, as the Panel may decide based on the experience of operating it.

NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL

3RD FEBRUARY 2021

**REPORT BY THE MONITORING OFFICER
NORTHAMPTONSHIRE COUNTY COUNCIL
Edwina Adefehinti**

Subject:	Complaints and Conduct Matters Update
Recommendations:	That the Northamptonshire Police, Fire & Crime Panel notes the update.

1. Purpose of Report

- 1.1 The report is intended to provide the Northamptonshire Police, Fire & Crime Panel with a half-yearly update on complaints and conduct matters relating to the Police, Fire & Crime Commissioner for Northamptonshire, in accordance with arrangements agreed by the Panel.

2. Background

- 2.1 The Police Reform & Social Responsibility Act 2011 and the Elected Local Policing Bodies (Complaints & Misconduct) Regulations 2012 set out certain responsibilities on Police & Crime Panels for dealing with complaints against Police & Crime Commissioners (PCCs) and Deputy Police & Crime Commissioners (DPCCs) and conduct matters. The Regulations define these terms as follows:

- “Complaint”: means a complaint about the conduct of the PCC or DPCC.
- “Conduct”: includes acts, omissions, statements and decisions (whether actual, alleged or inferred).
- “Serious Complaint”: means a complaint made about conduct which constitutes or involves or appears to constitute or involve a criminal offence.
- “Conduct Matter”: means a case where there is an indication that the PCC or DPCC may have committed a criminal offence (for example, where an indication comes to light through media reporting).

- 2.2 In summary, the Regulations require the Panel to make suitable arrangements for:

- Receiving and recording complaints and conduct matters.
- Initial sorting of complaints and conduct matters to determine whether they appear to have a criminal element that requires referral to the Independent Office for Police Conduct (IOPC), which is the body responsible for their investigation.
- Informal Resolution of complaints that do not have a criminal element. Informal Resolution is intended to represent a locally-agreed process for resolving a complaint, involving engagement with the complainant and the person complained against. It is not an investigation of the complaint: the Panel is prohibited from taking any action intended to gather information about a complaint other than inviting the comments of the complainant and the person complained against.

- 2.3 The Northamptonshire Police, Fire & Crime Panel has agreed arrangements for delivering its statutory responsibilities relating to complaints and conduct. The main elements of these arrangements are:
- Delegation to Northamptonshire County Council's Monitoring Officer of the Panel's responsibilities for receiving, recording and referring complaints and conduct matters.
 - Establishment of a Complaints Sub Committee with delegated responsibility for the Informal Resolution of non-criminal complaints, according to an agreed Informal Resolution Protocol.
 - Provision by the Monitoring Officer of a half-yearly monitoring report to the Panel about all complaints and conduct matters dealt with in the preceding period, the actions taken (including any obligations to act, or refrain from acting, that have arisen under the Regulations but have not yet been complied with or have been contravened) and the outcome of the process.
- 2.4 The last update report was presented to the Panel at its meeting on 16th July 2020, reporting the position to the end of June 2020. This report therefore covers the period July – December 2020. No new complaints or conduct matters relating to the Police, Fire & Crime Commissioner for Northamptonshire were recorded during this period and there were no existing complaints or conduct matters outstanding.
- 2.5 As per standard arrangements this update is not presented to the Panel with a view to discussing matters relating to individual cases in detail. Rather, it is intended to provide the Panel with an overview of cases dealt with during the preceding period, in order to support the Panel's role of monitoring the operation of the arrangements that it has adopted to deliver its statutory responsibilities relating to complaints and conduct matters concerning the Police, Fire & Crime Commissioner.

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Background Papers:	Police Reform & Social Responsibility Act 2011 The Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012 Police & Crime Panel Regulations: Non-Criminal Complaints and Misconduct - Home Office Guidance Police & Crime Panels: Handling Complaints about the Police & Crime Commissioner and their Deputy - Local Government Association Guidance Northamptonshire Police, Fire & Crime Panel Rules of Procedure