



NORTHUMBRIA POLICE AND CRIME PANEL AGENDA

**Monday, 7 February 2022 at 1.00 pm in the Council Chamber
Gateshead Civic Centre**

From the Clerk, Sheena Ramsey

Item Business

1. Apologies

2. Minutes

The Panel is asked to approve the Minutes of the last meeting held on 20 January 2022 (attached).

3. Feedback from National and Regional Events

Members are asked to give feedback on issues relevant to the Panel.

4. Proposed Precept for 2022/23

Report of the Clerk (attached).

5. Date and Time of the Next Meeting

Tuesday, 15 March 2022 at 2.00pm in Gateshead Civic Centre

Contact: Brian Wilson, Telephone: 01914332145, e mail: brianwilson@gateshead.gov.uk

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NORTHUMBRIA POLICE AND CRIME PANEL

20 January 2022

PRESENT:

Gateshead Council	Councillor A Douglas (Chair)
Newcastle City Council	Councillor D Wood
Northumberland County Council	Councillor C Hardcastle
South Tyneside Council	Councillors E Gibson and J Welsh
Sunderland City Council	Councillor P Stewart
Independent Co-opted Members	Mr J Klajn and Mr A Shepherd

ALSO IN ATTENDANCE:

Office of the Police and Crime Commissioner for Northumbria

K McGuinness	- Police and Crime Commissioner for Northumbria (PCC)
R Durham	- Chief of Staff
A Pearson	- Director of Planning and Delivery
M Tait	- Chief Finance Officer

Gateshead Council

G Morton	- Representing the Clerk to the Panel
S Stewart	- Democratic Services

APOLOGIES: Councillors C Penny-Evans (Newcastle City Council), C Burdis (North Tyneside Council) and D MacKnight (Sunderland City Council)

22. MEMBERSHIP OF THE NORTHUMBRIA POLICE AND CRIME PANEL

Councillor G Stewart has replaced Councillor C Dunbar as a representative of Northumberland County Council on the Panel.

RESOLVED - That the information be noted.

23. MINUTES

RESOLVED - That the minutes of the last meeting held on 19 October 2021 be approved as a correct record.

24. MATTERS ARISING

It was queried whether it would be possible to have some comparable data in respect of the Police and Crime Plan. The Office of the Police and Crime Commissioner advised they would look at this and determine what would be available and comparable.

25. FEEDBACK FROM NATIONAL AND REGIONAL EVENTS

Councillor J Welsh advised that she attended the National Association of Police and Crime Panels Annual Conference and that it was a little bit strange. Councillor Welsh was unable to attend all of the events as she took ill. She advised that she did not get the value from it that she usually had in previous years.

Councillor Welsh is still a member of the National Association of Police, Fire and Crime Panels Executive Committee.

RESOLVED – That the information be noted.

26. COMPLAINTS AGAINST THE POLICE AND CRIME COMMISSIONER – OCTOBER - DECEMBER 2021

In accordance with the agreed procedure, an update report about the complaints and purported complaints against the PCC and every conduct matter recorded by the Monitoring Officer for October - December 2021 was submitted.

RESOLVED - That the information be noted.

27. DELIVERY OF THE POLICE AND CRIME PLAN – IMPROVING LIVES

The PCC submitted a thematic report on improving lives setting out the aims to support this core theme and updates on the work being undertaken in regard to the two priorities support for victims and tackling domestic abuse and sexual violence in the Police and Crime Plan. Northumbria Police and Crime Plan core performance data was also provided.

Ruth Durham gave a presentation on the commissioning of victims services which included: the role of victims services, impact, core victim service, specialist services, accountability and service improvement, bringing the impact to life and commissioning cycle.

The PCC also reported on the work being done in Northumbria around violence against women and girls and the Safer Transport Northumbria App that has been launched which can be used very discreetly if a woman or girl is concerned about their safety.

Concerns have been raised about the 101 and 999 call waiting times. There are a number of reasons. This issue is being monitored weekly and 50 new call handlers are being recruited and it is firmly on the radar of the PCC.

The Panel raised the following issues:-

The Panel felt that the lateness of the settlement and the fact that it is only a yearly settlement is unacceptable. It was noted that the PCC has committed and given reassurance to the organisations that they commission and will do everything to provide funding for the three years but it is very difficult.

It was queried whether the team provides protection for victims, in particular those who are stalked or have regular damage to property.

It was noted that some victims may receive long term support and this is also one of the reasons that the team work hand in hand with the police. Nine out of ten offenders are getting away with their offending and getting victims to Court is difficult or they decide they do not want to proceed to Court. This is also the reason for the increase in body worn camera footage so if the police think the perpetrator is guilty, they can use other evidence and this reduces the barriers to prosecution.

It was also noted that Court waiting times were an issue before Covid but are not even more of an issue.

It was also noted that the support workers are commissioned by the PCC to support the victim, whilst everyone wants to see the perpetrator in Court, if the victim does not want to go to Court that has to be okay.

The work on the 101 and 999 issues which have been raised was welcomed.

RESOLVED - That the information be noted.

28. BUDGET SETTING PROCESS 2022/23

Mike Tait, the PCC's Chief Finance Officer, gave a verbal presentation. The Panel were advised that the document is being finalised and a paper will be circulated for the budget meeting on 1 February 2022. There is to be a Regional Crime Unit meeting tomorrow with the PCCs. Final figures have not yet been confirmed and times remain challenging.

The work on the Police Funding Formula is gathering pace and it is something which will need to be considered over the next twelve months. There is no news on when this will need to be implemented.

Northumbria will be getting a share of the 20,000 new officers. It would be better to have a three year settlement to manage the budget rather than short term one off funding amounts.

It was noted that with regard to the funding formula, Northumbria will put in a robust submission as to what the force needs.

The Panel was advised that Mike is retiring and the Panel will, therefore, need to hold a confirmation hearing for a new Chief Finance Officer.

29. DATE OF NEXT MEETING

Tuesday, 1 February 2022 at 2.00pm.

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NORTHUMBRIA POLICE AND CRIME PANEL

PANEL MEETING ON 7 FEBRUARY 2022

SUBJECT - PROPOSED PRECEPT FOR 2022/23

REPORT OF THE CLERK TO THE PANEL

1. Purpose of Report

- 1.1 The Panel is asked to consider the Police and Crime Commissioner's (PCC's) proposed precept for 2022/23.

2. Background

- 2.1 The PCC has provided the attached report setting out her proposed precept for policing in Northumbria for 2022/23.
- 2.2 The Panel must review the proposed precept and make a report to the PCC on the proposed precept by 8 February 2022. The report may include recommendations, including recommendations as to the precept that should be issued for the financial year.

Next steps if there is no veto

- 2.3 If the Panel decides not to veto the precept then the PCC will:
- have regard to the report referred to in 2.2 above and any recommendations made by the Panel;
 - respond to the Panel;
 - publish the response; and
 - issue the proposed precept or a different precept if this is in accordance with the Panel's recommendation

Next steps if there is a veto

- 2.4 The Panel can only veto the proposed precept if it has the agreement of at least two thirds of the Panel's members (that is 9 members).
- 2.5 If the precept is vetoed by the Panel then the PCC cannot issue the precept and by 15 February 2022 will:
- have regard to the report;
 - respond to the Panel with a revised precept; and

- publish the response.

The revised precept must reflect the Panel's recommendation ie if the Panel states that the precept is:

- too high, then the revised precept must be lower; or
- too low, then the revised precept must be higher.

2.6 By 22 February 2022 the Panel must:

- review the revised precept;
- make a second report to the PCC, accepting or rejecting the revised precept (rejection does not prevent the PCC from issuing the revised precept);
- make recommendations, including recommendations as to the precept that should be issued.

Failure to report by this date will end the scrutiny process and the PCC may issue the revised precept.

2.7 By 1 March 2022 the PCC shall:

- have regard to the second report, including any recommendations;
- give the Panel a response to the second report; and
- publish the response.

2.8 The PCC may now issue the revised precept or a different precept. The different precept must still be higher or lower than the vetoed precept as detailed above, unless the second report recommends a different level of precept.

3. Recommendation

3.1 The Panel is asked to

- (i) consider the PCC's proposed 2022/23 precept; and
- (ii) decide whether it wishes to accept or reject the proposed precept and whether it wishes to make any recommendations in its report to the PCC.

Report of Police and Crime Commissioner for Northumbria

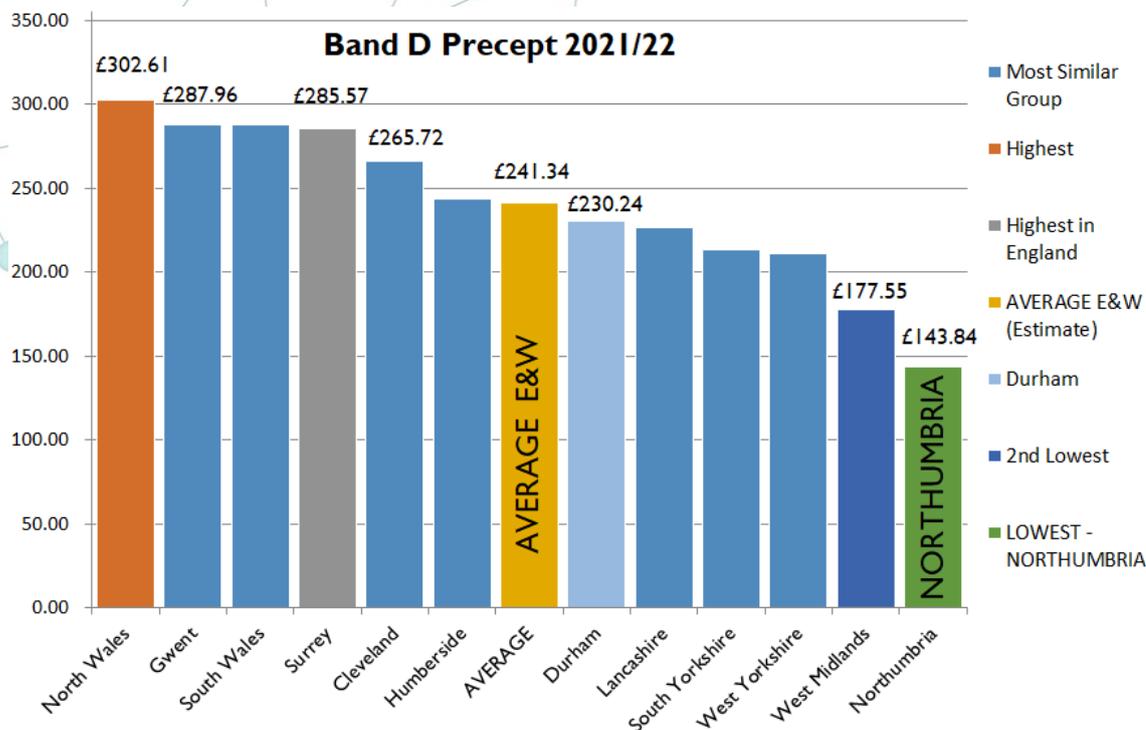
Report on Proposed Precept for 2022/23

1. Purpose of Report

- 1.1 This report sets out my proposed Council Tax Precept for the policing area covered by the Police and Crime Commissioner (PCC) for Northumbria for the 2022/23 financial year, with a recommendation to agree to the proposal.
- 1.2 I am seeking agreement on a Precept increase of £10.00 for a Band D property in order to better fund a vital public service.
- 1.3 This proposed increase is supported by the results of a public consultation, as detailed below.
- 1.4 The £4.018m raised through the precept increase will provide investment in:
 - Call handlers for 999 and 101 services.
 - Extra resources to tackle cyber-crime and serious and organised crime.
 - More civilian investigators to support investigation and free up police officers.
 - Workforce investment – supporting our officers to keep them on the beat and tackling crime.

2. Background

- 2.1 The Police Reform and Social Responsibility Act 2011 Schedule 5 states that, “A Police and Crime Commissioner may not issue a precept under section 40 of the Local Government Finance Act 1992 for a financial year until the end of the scrutiny process is reached.” The first stage of the scrutiny process is that I must notify you of the precept I am proposing to issue for the financial year 2022/23.
- 2.2 The Council Tax Precept is a source of revenue for policing in Northumbria, the following graph shows a comparison of Northumbria’s position to other Force areas for the current financial year 2021/22:



2.3 As is clear from the graph above the Northumbria Band D precept charge of £143.84 for 2021/22 is the lowest of any PCC in England and Wales. The Band D precept charge is the contribution paid toward policing by a homeowner in that category, and is the common criteria by which information and comparison is based. It should be noted that the majority of properties in the Northumbria area are Band A, i.e. the lowest banding for which the charge is £95.89. For 2021/22 18% of our core resource funding is derived from the Council Tax Precept, with the majority (82%) being through government grant.

2.4 Since 2010, Central Government's austerity drive saw unprecedented cuts to the funding provided to policing, with Northumbria being the hardest hit of any force in England and Wales. Central Government formula funding for policing in Northumbria was reduced by more than 31% in real terms between 2010/11 and 2018/19, as confirmed independently by the National Audit Office (NAO). By March 2021 Northumbria had made £148.0m of cuts and efficiencies to manage the reductions imposed by government. and officer numbers had reduced by around 1,100.

2.5 Whilst government funding for policing has increased over the last 3 years it was made clear that no inflationary increase was being provided by government, with core grant increases covering only part of the increased cost of police officer pensions for 2019/20 and delivery of the Police Uplift Programme (PUP) in 2020/21 to 2021/22.

2.6 Local precept income is therefore essential to maintain spending power and make sure the Force has the resources it needs to keep our neighbourhoods safe. The Council Tax Precept raised £56.953m towards the total funding requirement for Northumbria in 2021/22. Residents in Northumbria have provided additional funding to support Northumbria Police year-on-year and that support has been vital to help the Force deliver the Police and Crime Plan priorities.

3. Police Settlement 2022/23

3.1 The Government have provided a 3-year Spending Review settlement for 2022/23 to 2024/25 with force-level allocations for 2022/23 only and indicative national increases to police funding for 2023/24 and 2024/25.

3.2 In summary, the main elements of the 2022/23 Home Office settlement included:

- £550m increase in Government funding to PCCs to support the recruitment of an additional 8,000 officers by March 2023, the final year of the national Uplift.
- This includes £135m ring-fenced grant allocated to Forces in-line with their funding formula allocations, accessed through progression against their recruitment targets.
- Increases of £100m for 2023/24 and £150m for 2024/25 to central government funding for policing.
- Council Tax Referendum Limits - The Government has proposed precept referendum limits for the 3-year Spending Review period 2022/23 to 2024/25, that enable PCCs to raise additional funding for local priorities through an increase of up to £10.00 for a Band D property, in each year.
- Specific grant funding allocated to Forces to manage part of the increased cost of employer pensions each year since 2019/20 has been confirmed for one further year in 2022/23.
- The Local Council Tax Support (Covid) grant allocated in 2021/22 to compensate PCCs for a reduction in tax base has not been repeated for 2022/23.

3.3 Whilst the increase to government grant will enable delivery of force-level Uplift targets it does not appear to include inflationary increases or funding to meet the ever-rising costs of transforming police services and building the digital infrastructure essential to respond to emerging crime trends.

3.4 Despite the financial challenges faced by Northumbria Police the Force has continued to deliver on the priorities of its communities, reduce crime and begin the biggest digital transformation the Force has ever undertaken. The budget proposal for 2022/23 will allow the Chief Constable to continue to deliver those priorities and investment plans, maintaining the excellent level of service Northumbria Police provides.

3.5 The attached report at Appendix 1 sets out the proposed revenue budget and capital programme for 2022/23 including my precept proposal, together with a review of the current year's budget position and future funding.

4. Precept Options

4.1 In making my decision in regards to the Council Tax Precept I have considered the overall funding made available to the Force and the impact any increase will have on households. The Government has proposed a precept referendum limit for 2022/23 that enables PCCs to raise additional funding for local priorities through an increase of up to £10.00 per year for a Band D property.

4.2 In considering the right precept proposal for 2022/23 I was mindful that Northumbria Police has one of the lowest precepts in the country, and is as a result very reliant upon central government funding, over which I have no control.

4.3 The funding available through the £10 per year precept increase would provide an additional £4.018m in 2022/23. It would also increase the underlying precept base and provide continued financial benefit in future years. For context, a £10.00 per year increase for a Band D property equates to approximately 83p per month. For the majority of residents in Northumbria, those in a Band A property, the actual increase will be approximately 56p per month (£6.67 per year).

4.4 On 7 January 2022 I launched a consultation with the public on the precept, asking people how much they are prepared to pay to help fight and prevent crime across local communities. This was supported by a press release sent to local media and regular reminders to take part on social media.

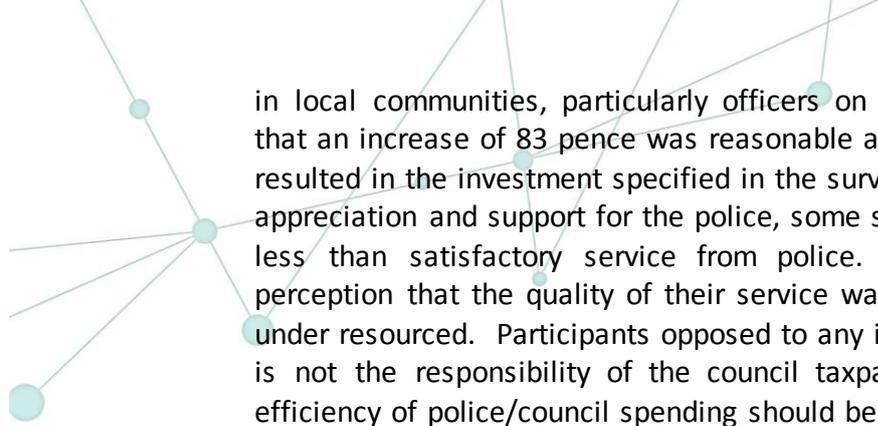
4.5 An online survey was active from 7 January until 21 January 2022, and people taking part in it were asked their view on range of actions. Respondents were asked their view on a zero council tax rise, an increase of 42 pence per month for a Band D property (£5.00 per year) and an increase of 83 pence per month (£10.00 per year). Overall, 61% of survey participants support an increase to their council tax contribution to help the police cover the shortfall in government funding and to invest in services. 39% said that they were not prepared to support any increase. Of those supporting an increase, 51% of respondents supported the 83 pence per month increase, and 10% supported the 42 pence per month increase.

4.6 Survey participants supporting the 83 pence per month increase commented that they wanted to support the police and referred to budget cuts affecting resources. Feeling that the funds should contribute to the recruitment of more officers, police visibility and that the increase was reasonable were also common themes. Those who did not support any increase to their council tax raised concerns around the rising cost of living. Other respondents suggested that the police/council should review their current budgets and expenditure to cut costs.

4.7 Over two weeks in January 2022 a telephone consultation was carried out by the Public Insight team at Northumbria Police. 606 households were contacted, averaging around 100 in each local authority area. Those taking part were asked if they would support an increase, with information provided around the monthly increase for a Band A and Band D.

4.8 Overall telephone survey results show 87% of participants would support some form of increase to their council tax to help the police cover the shortfall in government funding and to invest in services. This figure is made up of 84% who said they would back the 83 pence per month increase, and 3% said that they would not be willing to support an increase of 83 pence but would support a smaller increase of 42 pence to allow the Force to meet rising costs. The remaining respondents preferred either no increase or answered 'do not know'.

4.9 Survey participants who support an increase in the precept frequently commented on the perceived lack of police resources as a result of budget cuts. A large proportion of these survey participants expressed that they would like to see more police presence



in local communities, particularly officers on foot. Survey participants commented that an increase of 83 pence was reasonable and would be good value for money if it resulted in the investment specified in the survey. Although on the whole there was appreciation and support for the police, some survey participants recalled receiving a less than satisfactory service from police. These respondents often held the perception that the quality of their service was negatively impacted by police being under resourced. Participants opposed to any increase to the precept reasoned that it is not the responsibility of the council taxpayers to cover the cost and that the efficiency of police/council spending should be reviewed. Other themes included: not being able to afford an increase, already paying enough council tax and a perception that the current service provision did not justify an increase.

- 4.10 I have considered the options available to me and have taken into consideration the consultation feedback. My primary consideration is to ensure public safety through a well-resourced police force. This priority is reinforced in almost every consultation my office carries out. Northumbria Police provides an excellent service to the public, but after a decade of Government austerity the pressures facing the force in this mission are immense. I believe it is the right decision to recommend an increase in the precept of £10.00 per year for a Band D household, to continue to support local policing services in the face of a challenging financial situation.
- 4.11 In deciding on the 83 pence per month increase alongside the increase in grant funding, I am confident that the Chief Constable and myself will be in a good position to continue to deliver for residents in the Northumbria force area.
- 4.12 Both myself, the Chief Constable and Northumbria Police are committed to fighting crime, preventing crime and improving lives – but without appropriate and suitable funding, we will face challenges and difficult decisions ahead.

5 Proposals

- 5.1 I propose that the precept is increased by £10.00 per year for a Band D property which equates to an increase of 6.95%.
- 5.2 The impact of this decision in 2022/23 will allow for an additional and recurring £4.018m contribution to resources.
- 5.3 This proposal is made in the context of the budget needed to invest in policing resources, with essential expenditure to deliver the Police and Crime Plan.

6. Recommendation

The Police and Crime Panel are asked to:

- I. Review the recommended precept proposal.
- II. Make a report to the Commissioner on the proposed precept for the forthcoming financial year.

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Proposed Council Tax and Revenue & Capital Budgets 2022/23

1. Summary of Proposed Council Tax and Revenue & Capital Budgets 2022/23:
 - A proposed revenue budget of £339.332m for policing and crime reduction that includes:
 - Delivery of the Northumbria police officer Uplift target by March 2023.
 - Capital investment in buildings, vehicles and new technology of £27.998m.
 - Proposed increase of £10.00 per year on the Council Tax Precept for a Band D property in 2022/23 to raise an additional £4.018m income, which will provide investment in:
 - Additional call handlers to improve performance for 999 and 101 services.
 - Extra resources to tackle cyber-crime and serious and organised crime.
 - More civilian investigators to support investigations and free up officers.
 - Workforce investment – supporting our officers to keep them on the beat and tackling crime.

Considerations

2. In preparing the Revenue and Capital Budgets for 2022/23 the following have been considered:
 - The key principles underlying the Medium Term Financial Strategy (MTFS).
 - The Police Grant settlement for 2022/23 which has provided detail on Home Office core grant funding for both revenue and capital, legacy Council Tax grants, Special Pension Grant, National police officer Uplift and the referendum limits for increases to the Council Tax Precept.
 - The indicative increases to police funding provided by government for 2023/24 and 2024/25.
 - The overall financial position of the force including: The likely revenue and capital outturn for 2021/22; budget pressures and savings identified for 2022/23; and the level of reserves available to the PCC.
 - Delivery of the Police and Crime Plan.
 - Risk assessments.
 - The Prudential Code for Capital Finance in Local Authorities.

Financial Strategy

3. The 2022/23 budget is part of the four year Medium Term Financial Strategy (MTFS).

4. The overall financial strategy seeks to deliver the Commissioner's Police and Crime Plan, support the Police 2025 Strategy, the mission, vision and values of Northumbria Police and meet the requirements of the National Strategic Policing Requirement.



**NORTHUMBRIA
POLICE & CRIME
COMMISSIONER**

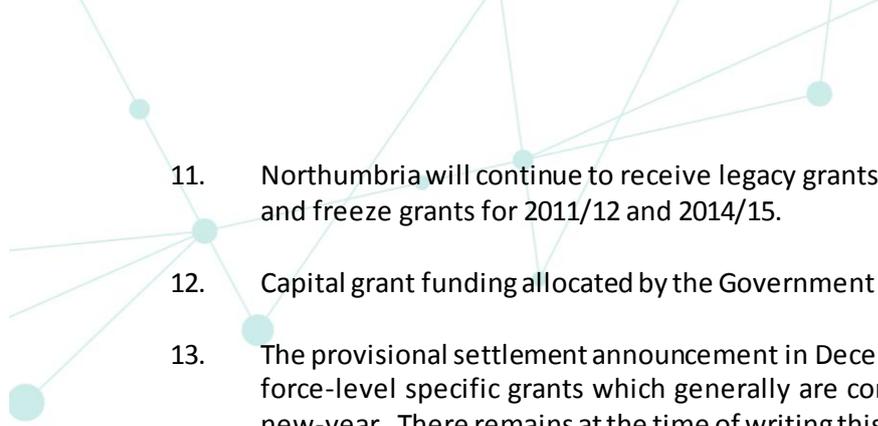


National Police Finance Settlement

5. The provisional police grant settlement was published on 16 December 2021.
6. The key headlines from the settlement are:
 - Police Core Grant – Core grant allocations to PCCs to be increased by £550m, to support the recruitment of an additional 8,000 officers by March 2023. This figure includes ring-fenced grant funding of £135m allocated to PCCs in-line with formula funding allocations and accessed through progression against their recruitment targets.
 - Minimum increases of £100m (2023/24) and £150m (2024/25) to police funding nationally.
 - Legacy grants relating to Council Tax and freeze grants for 2011/12 and 2014/15 remain payable.
 - The Local Council Tax Support (Covid) grant allocated in 2021/22 to compensate PCCs for a reduction in tax base has not been repeated for 2022/23.
 - Specific grant funding allocated to forces to manage part of the increased cost of employer pensions in 2019/20 has been confirmed for one further year only.
 - Council Tax Referendum Limits – The Government has proposed precept referendum limits for the 3-year spending review period 2022/23 to 2024/25, that enable PCCs to raise additional funding for local priorities through an increase of up to £10.00 for a Band D property in each year.
 - Police Capital Funding – The provisional settlement states that capital grants to PCCs have been stopped and will be redistributed as part of wider capital reallocations.
 - There remains at the time of writing this report, no formal confirmation of funding for Victim and Witness Services (MOJ), Violence Reduction Units (VRUs) or Serious Violence (Grip) capability.

Northumbria Settlement

7. The core grant increase for Northumbria including the Police Uplift Programme (PUP) grant is £16.750m.
8. The increase is provided for recruitment of the Northumbria share of the national Uplift target of 8,000 officers by March 2023. The Northumbria target for Uplift during 2022/23 is an additional 246 officers.
9. The increase also includes compensation for the additional cost of Employers National Insurance as a result of the Government's new Health and Social Care Levy effective 1 April 2022. The cost of the Levy for Northumbria is estimated at £1.950m.
10. It is important to acknowledge that the targeted central government funding to deliver the Police Uplift Programme will not return police officer numbers to the levels of 2010 or undo the overall funding reductions Northumbria Police have had to adjust to. Uplift targets allocated to date do not fully replace the 1,100 officers that Northumbria lost during that period.

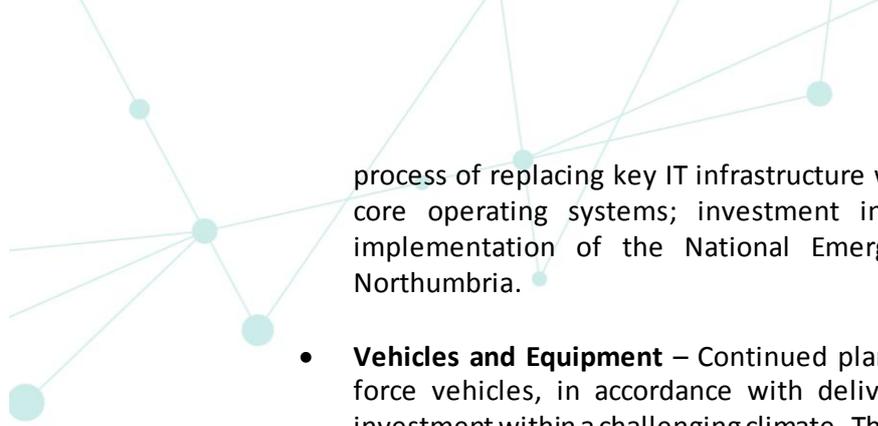
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11. Northumbria will continue to receive legacy grants totaling £8.168m, relating to Council Tax and freeze grants for 2011/12 and 2014/15.
 12. Capital grant funding allocated by the Government for Northumbria is nil (£0.338m 2021/22).
 13. The provisional settlement announcement in December did not include any information on force-level specific grants which generally are confirmed directly with forces early in the new-year. There remains at the time of writing this report no formal confirmation of funding for Victim and Witness Services (MOJ), Violence Reduction Units (VRUs) or Serious Violence (Grip) capability.
 14. **Council Tax Precept** – The Government has proposed precept referendum limits for the 3-year Spending Review period 2022/23 to 2024/25 that enable PCCs to raise additional funding for local priorities through an increase of up to £10.00 per year for a Band D property, in each of those years. However, it is for locally accountable PCCs to take decisions on local precept and explain to their electorate how the additional funding will be invested in police services.

Capital Programme

15. The Commissioner has a capital budget for 2021/22 of £21.536m. The Quarter 3 capital monitoring report outlined a revised capital estimate of £14.172m as at 31 December 2021, a reduction of £7.364m.
16. The reduction is attributed to changes in phasing of the planned programme of major refurbishments to the force estate; re-phasing of IT and Digital Transformation schemes; and continued uncertainty around the availability of vehicles as a consequence of world-wide supply chain shortages together with price increases.
17. The following table sets out the forecast outturn position for 2021/22 and a summary of the capital programme for 2022/23:

Capital Programme	Revised Budget 2021/22 £000	Forecast Outturn 2021/22 £000	Forecast Variance 2021/22 £000	Budget Estimate 2022/23 £000
Building Works	4,536	2,046	(2,490)	9,606
Information Technology and Digital Transformation	12,230	9,218	(3,012)	10,689
Vehicles and Equipment	4,770	2,908	(1,862)	7,703
	21,536	14,172	(7,364)	27,998

18. Key areas to note in the proposed capital programme are:
 - **Major and Minor Building Schemes** – The force has a programme of refurbishment and adaptation aimed at improving the condition of the estate with a focus on staff wellbeing as well as being able to fully accommodate the Uplift in officer numbers.
 - **Information Technology** – The force have a number of significant improvement schemes to deliver change and efficiency through transformation which includes considerable investment in IT and digital infrastructure. We have commenced the



process of replacing key IT infrastructure which will include the replacement of all core operating systems; investment in data and analytics; and the future implementation of the National Emergency Services Network (ESN) within Northumbria.

- Vehicles and Equipment** – Continued planned investment in the replacement of force vehicles, in accordance with delivery of the rolling programme of fleet investment within a challenging climate. The budget includes slippage of £2.703m in vehicles from the 2021/22 capital programme due to world-wide supply chain shortages and some significant price increases. The provision and upgrading of personal issue equipment including Taser capability, body-worn video and £1.220m for body worn armour replacement. Ensuring those who protect us are kept safe, and those who threaten our safety face well-equipped officers.

Revenue Budget Position 2021/22

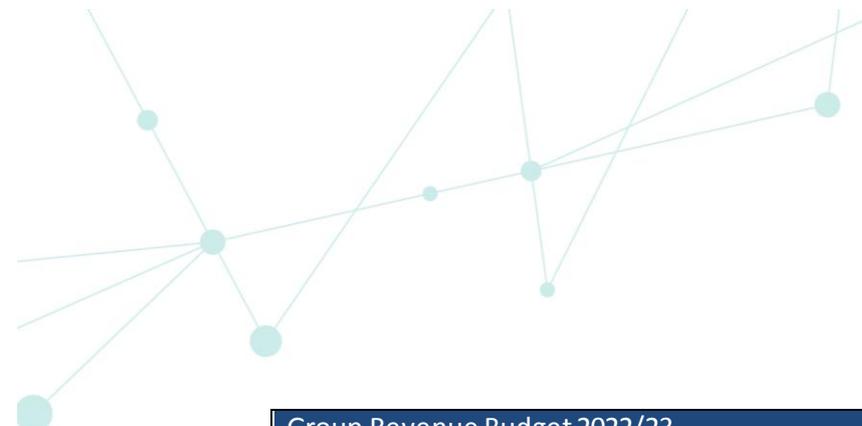
19. The Commissioner’s Group revenue budget for 2021/22 is £320.243m. The Quarter 3 revenue monitoring report shows a projected underspend of £1.851m as at 31 December 2021.

Revenue Budget 2021/22 Group Position	Approved Budget 2021/22 £000	Forecast Outturn 2021/22 £000	Forecast Variance 2021/22 £000
Chief Constable	305,927	304,393	(1,534)
Police & Crime Commissioner	2,309	2,309	-
Capital Financing	12,007	11,690	(317)
Group Position Total	320,243	318,392	(1,851)

20. The Chief Constable’s revenue budget for 2021/22 is £305.927m. The forecast outturn is within the budget allocated by the Commissioner with phasing and recruitment of police staff contributing to the underspend position, along with external training and tuition fees and income received in respect of mutual aid (COP26).
21. For Capital financing the underspend relates to the principal repayment of capital which is lower than the original budget estimate based on reduced expenditure in the final capital outturn for 2020/21. In addition interest costs for short-term temporary borrowing are lower than budget which is attributable to a reduced borrowing requirement and Bank Rate remaining at 0.1% for most of the year.
22. The overall Group forecast represents an underspend of £1.851m, a variance of less than 0.6% of budget.
23. The forecast closing position on the general reserve for 2021/22 is £10.058m which is above the minimum set out in the Commissioners reserves strategy.

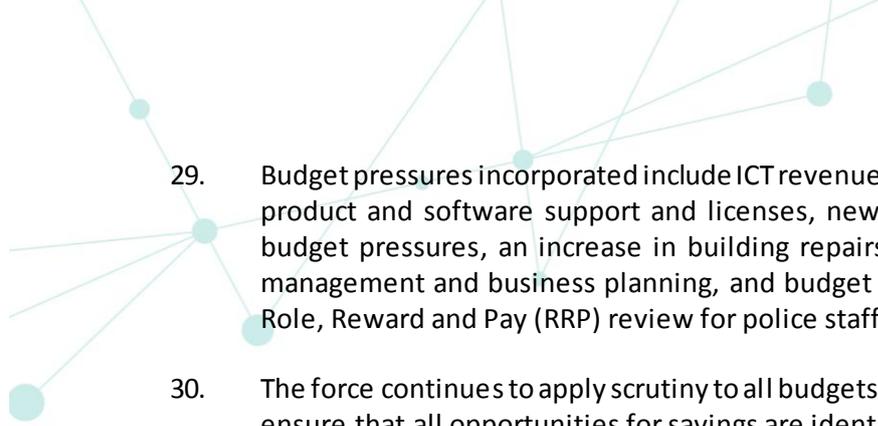
Revenue Budget 2022/23

24. For the financial year 2022/23, the proposed Group revenue budget is £339.332m as set out in the following table:



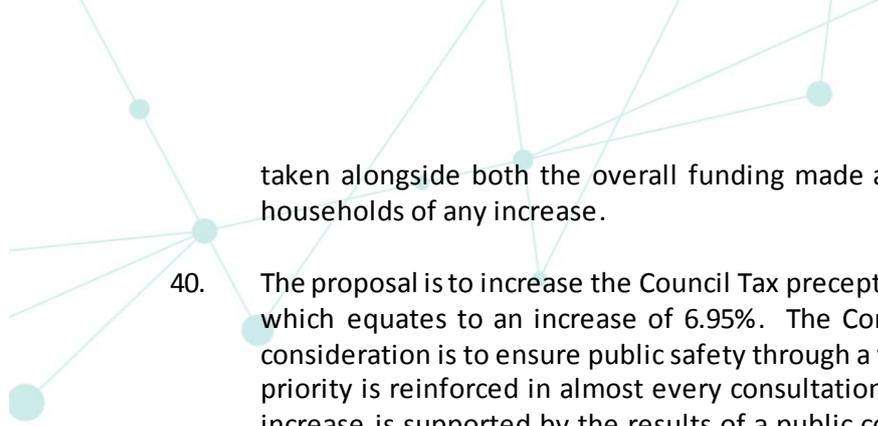
Group Revenue Budget 2022/23	Proposed Budget 2022/23 £000
Chief Constable	322,788
Office of the Police & Crime Commissioner (OPCC)	1,829
OPCC Supporting Services	1,121
Capital Financing	13,594
Net Expenditure	339,332
Central Government Grants	(276,818)
Council Tax Precept	(62,514)
Central Grant and Precept Total	(339,332)
Transfer (to)/from reserves	nil

25. The Group budget is held by the Police and Crime Commissioner who provides financial resources to the Chief Constable to deliver operational policing. The OPCC budget of £1.829m covers the running costs of the Commissioner and her office, covering all administration and governance arrangements. The OPCC Supporting Services budget of £1.121m includes the specific budget for the Commissioners Community Fund and in addition the Northumbria Sexual Assault Referral Centre (SARC), for which there has been a transfer of budget and service ownership from the Force. The Capital Financing budget comprises the revenue provision for repayment of borrowing, interest costs and investment income.
26. The proposed revenue budget for 2022/23 will fully deliver the Northumbria share of the National police officer Uplift of an additional 8,000 officers by March 2023. The Northumbria target for Uplift during 2022/23 is an additional 246 officers.
27. The increase in the Council Tax Precept for 2022/23 will provide investment in:
- Call handlers for 999 and 101 services.
 - Extra resources to tackle cyber-crime and serious and organised crime.
 - More civilian investigators to support investigation and free up officers.
 - Workforce investment – supporting our officers to keep them on the beat and tackling crime.
28. As the total cost of policing continues to rise, consideration has been given to all known budget pressures to make sure that the budget meets the challenge of providing Northumbria with the right resources to keep people safe. This includes the replacement of over 200 officer retirements and other leavers in addition to Uplift delivery. Pay progression is included for existing officers and staff along with provision for the 2022 pay award, inflationary increases on injury pensions, rents and utilities, known contract increases and other non-pay inflation.

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29. Budget pressures incorporated include ICT revenue costs associated with capital schemes, IT product and software support and licenses, new software solutions, known operational budget pressures, an increase in building repairs and servicing to support estates asset management and business planning, and budget provision to support the outcome of the Role, Reward and Pay (RRP) review for police staff in Northumbria.
 30. The force continues to apply scrutiny to all budgets, every year and on a line-by-line basis to ensure that all opportunities for savings are identified and budget increases are subject to robust challenge.
 31. Increased capital financing costs are included for 2022/23 reflecting the additional revenue cost of supporting 2021/22 capital investment through prudential borrowing. This includes the planned profile of interest costs, investment income and the principal repayment of borrowing.

Council Tax Options

32. The Localism Act 2011 introduced a power for the Secretary of State for Communities and Local Government to issue principles that define what should be considered excessive Council Tax, including proposed limits. From 2013 onwards, any PCC that wishes to raise its Council Tax above the limits that apply to them will have to hold a referendum.
33. The excessiveness limit for 2022/23 is £10.00 per year for a Band D property.
34. During 2021/22 the Council Tax base in the Northumbria force area increased by an average 1.49% to 401,844 (Band D equivalent properties). The increase in the Council Tax base for 2022/23 represents an increase of £0.848m in precept income when compared with 2021/22 which is broadly in-line with the expected increase of 1.50% within last year's MTFS forecast.
35. In addition, the net position estimated on the Commissioners share of Collection Fund balances at 31 March 2022, across the six local billing authorities, is a net surplus of £0.913m. (Deficit £0.608m as at 31 March 2021)
36. The net surplus of £0.913m will be received by the Commissioner in 2022/23.
37. In addition to the net surplus due from the six Local Authorities, there is a smaller legacy deficit payable by the Commissioner in 2022/23 and 2023/24 of £0.219m per year. This relates to the implementation of '*The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020*' which required that payment of any deficit relating specifically to the 2020/21 financial year was spread across 3 years 2021/22 to 2023/24. The net surplus receivable in 2022/23 is therefore £0.694m.
38. The PCC received additional grant funding for local council tax support in 2021/22 of £1.686m. This was a one-off grant for 2021/22 only, provided to compensate precepting and billing authorities for losses in Council Tax income as a result of the impact of the Covid-19 Pandemic on Tax Base. There has been no such grant funding allocated for 2022/23.
39. In calculating the overall settlement for policing in 2022/23 the Government has proposed enabling each PCC to raise further funding for local priorities through an increase of up to £10.00 per year for a Band D property. Consideration of the Council Tax Precept has to be



taken alongside both the overall funding made available to the force and the impact on households of any increase.

40. The proposal is to increase the Council Tax precept by £10.00 per year for a Band D property which equates to an increase of 6.95%. The Commissioner has stated that her primary consideration is to ensure public safety through a well-resourced police force and that this priority is reinforced in almost every consultation carried out by her office. The proposed increase is supported by the results of a public consultation during January 2022 and will provide additional income to continue to support local policing services in the face of a challenging financial situation.
41. The anticipated receipts of £61.820m from the Council Tax precept are fully reflected within the proposed budget for 2022/23 as set out earlier in the report.

Reserves

42. The Commissioner's reserves policy is set out in the MTFS and the Annual Reserves Strategy Statement and is subject to regular review.
43. The MTFS sets out the Commissioner's reserves strategy which is to maintain the general reserve at a minimum of 2% of the net revenue budget for the year. As at 31 March 2022 the balance is estimated to be £10.058m which equates to 3.0%.
44. Earmarked reserves are held by the Commissioner to address specific risks identified for Northumbria and these reserves will remain broadly unchanged across the 2022/23 financial year. These reserves remain appropriate, of sufficient value and fit for their intended purpose.

Adequacy of Reserves and Robustness of Budget Estimates

45. The Local Government Act 2003 requires the Joint Chief Finance Officer to undertake an assessment of the robustness of the budget estimates and the adequacy of reserves.
46. The budget and MTFS allows the Commissioner to consider the prudent use of reserves in the context of the future spending pressures and risks arising from potential changes to the funding formula without having a detrimental effect on policing.
47. In assessing the robustness of the budget, the Joint Chief Finance Officer has considered the following issues:
 - The general financial standing of the group made up of the OPCC and Northumbria Police.
 - The underlying budget assumptions, including an assessment of the estimates for pay and price increases and known budget pressures.
 - A risk assessment of expenditure and income estimates.
 - The future budget pressures identified in the MTFS.
 - The adequacy of the budget monitoring and financial reporting arrangements.
 - The adequacy of the Commissioner's governance arrangements and internal control system.

- The adequacy of general reserves to cover any potential financial risks faced by the Commissioner.
- The impact of funding cuts and the uncertainty around future budget pressures, Comprehensive Spending Review (CSR) 2021 and the levels of grant support beyond 2022/23.

48. At 31 March 2022, the Commissioner's General Reserve is estimated at £10.058m (3.0% of revenue expenditure) in addition to other reserves which are earmarked for specific purposes. In estimating the level of reserves the Joint Chief Finance Officer has taken account of known commitments and the financial risks faced by the Commissioner which could impact on the level of reserves over the MTFs period.
49. The Joint Chief Finance Officer confirms that, after taking account of these issues, the revenue and capital estimates contained in this report are considered robust and that the level of reserves is considered adequate to cover the financial risks faced by the Commissioner in 2022/23.

Council Tax Requirement

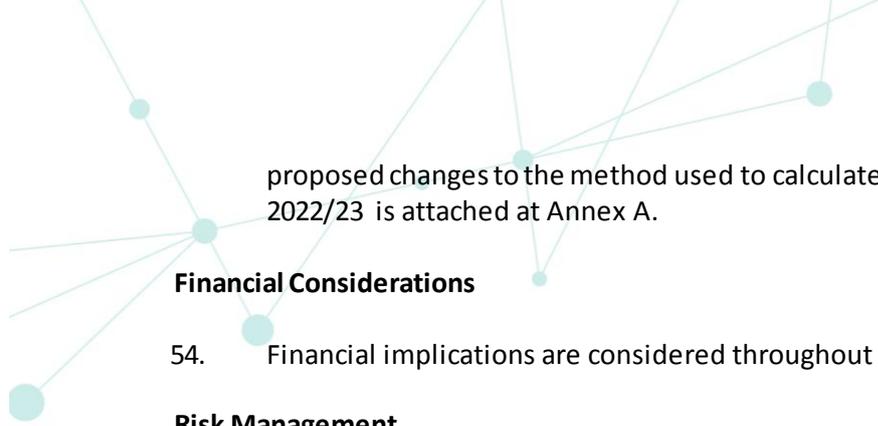
50. The notified Council Tax Base figure across the six billing authorities is a total of 401,844 for 2022/23 which is an increase of 5,894 against the previous year (1.49%).
51. The Localism Act requires the Commissioner to set a Council Tax Requirement. The calculation of the Council Tax Requirement, based on the proposed revenue budget and contribution from reserves is set out in the following table:

Council Tax 2022/23	£m	£m
Total Revenue Expenditure		339.332
Add: Appropriations to/(from) Reserves		-
Budget Requirement		339.332
Less:		
Home Office Core Grant	265.227	
Special Pension Grant	3.423	
Localised Council Tax Support Grant	6.867	
Council Tax Freeze Grant 2011/12	0.912	
Council Tax Freeze Grant 2014/15	0.389	(276.818)
Balance to be Raised Locally		62.514
Add: Estimated Net Surplus on Collection Funds		0.694
Council Tax Requirement		61.820

52. The proportion of collection funds' net surplus receivable by Northumbria Police from its constituent billing authorities is £0.913m for 2022/23 offset by the deficit payable in relation to the 2020/21 collection fund of £0.219m, resulting in a net surplus of £0.694m.

Minimum Revenue Provision (MRP)

53. Regulations came into effect from March 2008 with regard to preparing an Annual MRP Statement. MRP is the amount that needs to be set aside to reflect the depreciation of capital assets and provide funds for the principal repayment of borrowing. There are no



proposed changes to the method used to calculate MRP and the Annual MRP statement for 2022/23 is attached at Annex A.

Financial Considerations

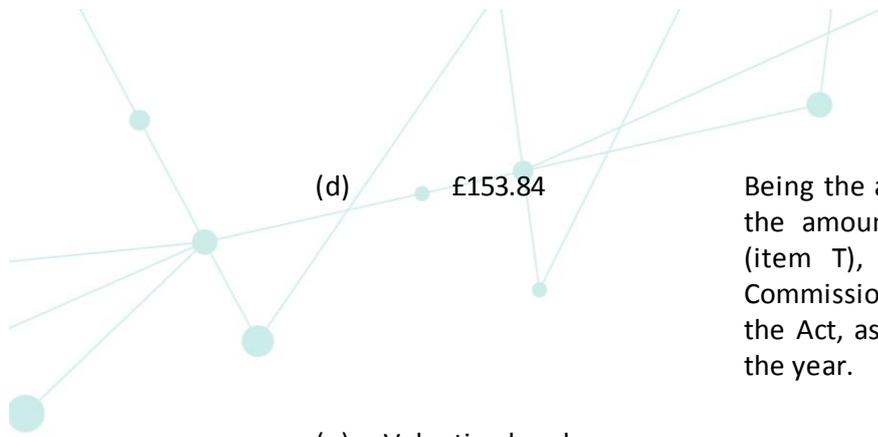
54. Financial implications are considered throughout the report.

Risk Management

55. Associated risks have been considered and recorded as appropriate, set out in Annex B

Recommendations (Proposed)

56. The Commissioner is requested to:
- I. Approve the capital programme and authorise the Joint Chief Finance Officer (Treasurer) to undertake the appropriate financing.
 - II. Approve the revenue budget.
 - III. Agree the review of the reserves policy.
 - IV. Note the recommendations of the Joint Chief Finance Officer (Treasurer) in respect of the robustness of the budget and the adequacy of reserves.
57. Note the Council Tax Base of 401,844 for the year 2022/23 as notified by the billing authorities within Tyne and Wear and Northumberland (item T in the formula in Section 42B of the Local Government Finance Act 1992, as amended).
58. Approve the following amounts for the year 2022/23 in accordance with Sections 42A, 42B and 45 to 47 of the Local Government Finance Act 1992, as amended:
- | | | |
|-----|-----------|---|
| (a) | £363.594m | Being the aggregate of the amounts which the Police and Crime Commissioner estimates for the items set out in Section 42A (2) (a) to (d) of the Act. |
| (b) | £301.774m | Being the aggregate of the amounts which the Police and Crime Commissioner estimates for the items set out in Section 42A (3) (a) to (b) adjusted for the item set out in S42A (10) of the Act. |
| (c) | £61.820m | Being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Police and Crime Commissioner in accordance with Section 42A (4) of the Act, as it's Council Tax Requirement for the year (item R in the formula is Section 42B of the Act). |



Being the amount at (c) above (item R) divided by the amount noted in Recommendation 2 above (item T), calculated by the Police and Crime Commissioner in accordance with Section 42B (1) of the Act, as the basic amount of its Council Tax for the year.

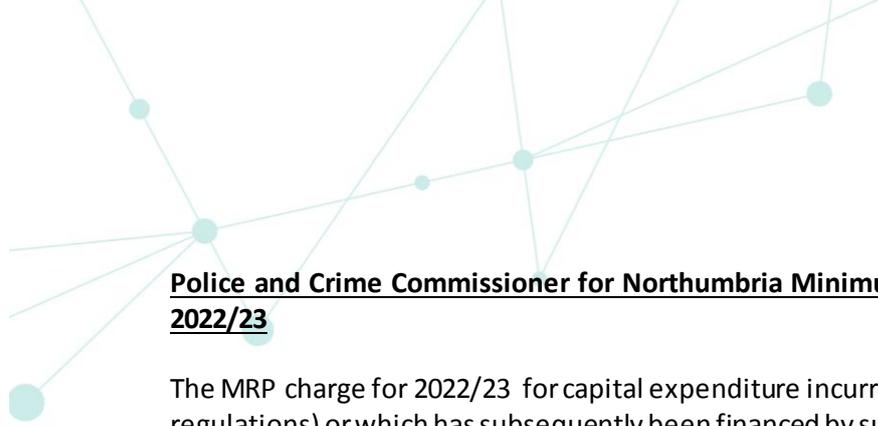
(e) Valuation bands

A	£102.56	Being the amounts given by multiplying the amount of (d) above by the number which, in the proportion set out in Section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Police and Crime Commissioner in accordance with Section 47 (1) of the Act, as the amounts to be taken into account for the year in respect of the categories of dwelling listed in different valuation bands.
B	£119.65	
C	£136.75	
D	£153.84	
E	£188.03	
F	£222.21	
G	£256.40	
H	£307.68	

- 59. Resolve that under Section 52ZB of the Local Government Finance Act, the Commissioner’s relevant basic amount of Council Tax for 2022/23 is not excessive in accordance with the principles determined under Section 52ZC (1) of the Act for 2022/23.

- 60. Resolve that in accordance with Section 40 of the Local Government Finance Act 1992, as amended, the billing authorities within the area of this authority be issued with precepts in the amount of £61,819,741 for the financial year beginning 1 April 2022, the amount of the retrospective precepts to be issued to each billing authority’s area in accordance with the Sections 42A, 42B and 45 to 48 of the 1992 Act, as amended.

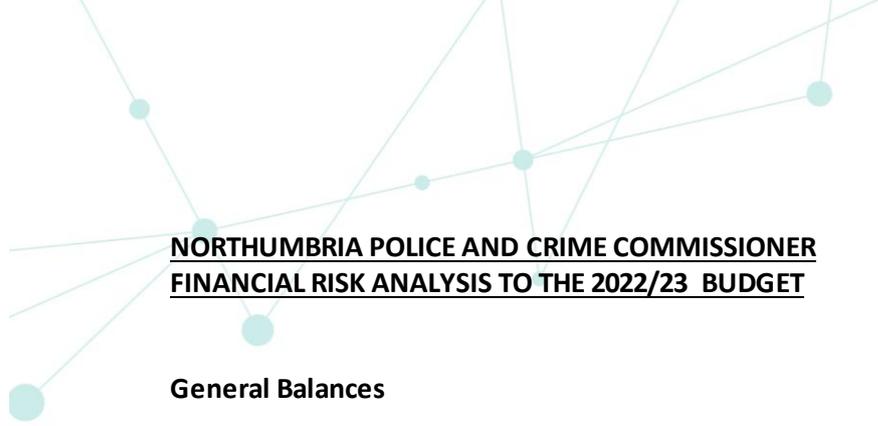
- 61. Accept the recommendation of the Joint Chief Finance Officer (Treasurer) for the method of calculating MRP for 2022/23 as set out in the Annual MRP statement at Annex A to this report.



Police and Crime Commissioner for Northumbria Minimum Revenue Provision (MRP) Statement 2022/23

The MRP charge for 2022/23 for capital expenditure incurred before 01 April 2008 (prior to the new regulations) or which has subsequently been financed by supported borrowing will be based on the previous regulatory method of Capital Financing Requirement at a minimum of 4% of the opening balance less prescribed adjustments.

For all unsupported borrowing, exercised under the Prudential Code, the MRP Policy is based on the Asset Life Method. The minimum revenue provision will be at equal annual instalments over the life of the asset. The first charge will not be made until the year after the asset becomes operational.



NORTHUMBRIA POLICE AND CRIME COMMISSIONER
FINANCIAL RISK ANALYSIS TO THE 2022/23 BUDGET

General Balances

The Commissioner's strategy for General Reserves is that these will be maintained at a minimum of 2% of the net revenue budget, to cover any major unforeseen expenditure or loss of funding. The financial risk is that the minimum level is threatened by the need to use reserves. For budgetary purposes the Commissioners MTFs plans aim to maintain a prudent General Reserve level set at 3% of net revenue budget.

The proposed budget as presented for 2022/23, and subject to robust and effective budgetary controls, does not create a risk to the General Reserve. The Commissioner is proposing a balanced budget with the forecast General Reserve remaining unchanged across the year at £10.058m representing 3.0% of net revenue budget, which is well above the minimum in the strategy.

Pay Increases

In January 2022 the National Police Chief's Council (NPCC) agreed that forces should prepare financial forecasts based on a pay award of 3.5% for 2022/23. The revenue budget for 2022/23 has therefore been set on that basis. The risk is that actual pay increases for 2022/23 exceed the level provided for within the budget.

Price Increases and Inflation

The risk is that price increases may exceed the levels provided for within the budget. This is mitigated by applying inflation on an individual basis to provide for contractual commitments and premises related expenditure. All other inflation will be managed within existing budgets reflecting the current economic climate. The risk that prices may rise is mitigated by budget monitoring arrangements and the Force's current approach to efficiency in challenging and managing spend pressures.

Capital Financing

The risk is that Capital Financing Charges will be greater than budgeted. This is mitigated by:

- Revenue implications are considered as part of the capital planning process, reviewed and revised each year as part of the budget and MTFs process. Monthly budget monitoring ensures that potential variances are identified at the earliest opportunity in order to consider remedial action.
- Advice is taken from the Commissioner's external treasury management advisers Link Asset Services (LAS) in relation to revenue estimates for borrowing and investment interest.
- The principal repayment in respect of debt is the Minimum Revenue Provision (MRP), calculated on an asset by asset basis as part of the capital planning process. Any change in interest rates will not have an effect as 100% of debt is at fixed rates and any refinancing of existing debt will only take place if it will lead to a long term saving in interest charges.



Financial Planning

Whilst every effort is taken to ensure that through all the detailed financial planning and comprehensive budget setting processes in place, there remains a risk that a major liability or commitment arises which was not foreseen at the time the budget was approved. This is mitigated by:

- The MTFS forecasts and planning processes include robust assessments of potential medium term spending pressures, to be assessed for inclusion in the Commissioner's budget, identified by the Chief Constable by reference amongst other sources to the Local Policing Plan.
- In addition, regular liaison by senior officers of the Force and the Commissioner's Office help to strengthen and coordinate the financial planning of the Commissioner.

Loss of Deposit

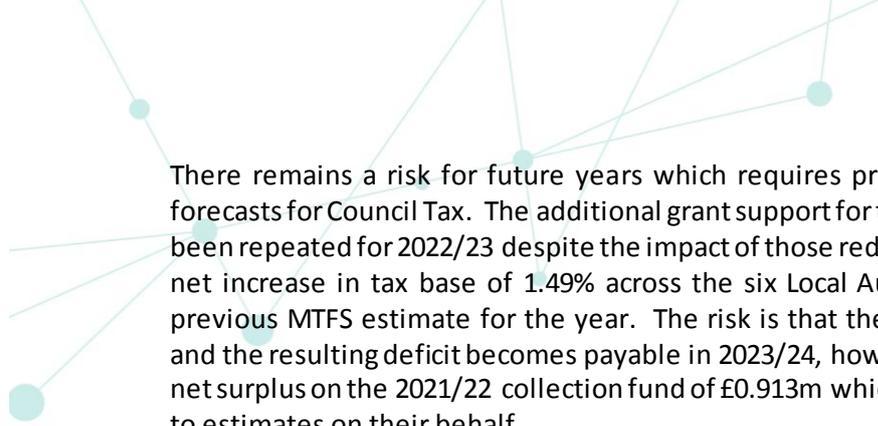
The risk is that funds deposited by the Commissioner are lost due to the collapse of the financial institution with whom the deposit is placed. The risk is limited by the controls in the Treasury Management Strategy which focus on control and safety of deposits rather than maximising investment returns. The potential impact is limited by the strategy of a diverse portfolio with strict creditworthiness criteria and regular advice on the placement of new investments provided by the Commissioner's external treasury management advisers Link Asset Services (LAS).

Interest Rates on Deposits

The risk is that interest rates will be lower than expected. As a result of the 2 emergency cuts to Bank Rate in March 2020 in response to the Covid-19 pandemic, interest rates remained at the historically low level of 0.1% during 2020/21 and for most of 2021/22, with a small increase to 0.25% in December 2021. Advice has been taken from the Commissioner's external treasury management advisers Link Asset Services (LAS) on appropriate budget rates for borrowing and investment interest and prudent assumptions on likely interest rates for 2022/23 have been incorporated into the budget. The investment income budget has been increased from £0.040m for 2021/22 to £0.090m for 2022/23 however any fluctuation below that estimate is likely to have little impact on the Group position.

Council Tax

There is a significant degree of uncertainty on all matters relating to Council Tax income as a result of the Covid-19 pandemic and the impact on both the economy and employment. For the 2021/22 financial year Local Authorities reported a fall in collection rates, slowing of the growth provided by the house building sector and greater demand placed on Local Council Tax Support Schemes, which impacted heavily on tax base estimates for 2021/22 resulting in a net reduction of 0.74% for that year. The impact on precept income for Northumbria was largely managed for 2021/22 with losses resulting from the net reduction in Tax Base across the six local authorities and the net deficit on the 2020/21 collection funds, being offset by additional grant funding for Local Council Tax Support (Covid).



There remains a risk for future years which requires prudent estimates to be applied to MTFS forecasts for Council Tax. The additional grant support for the tax base reduction in 2021/22 has not been repeated for 2022/23 despite the impact of those reductions extending into future years. The net increase in tax base of 1.49% across the six Local Authorities for 2022/23 is in-line with the previous MTFS estimate for the year. The risk is that the tax base set for 2022/23 is not achieved and the resulting deficit becomes payable in 2023/24, however the six Local Authorities returned a net surplus on the 2021/22 collection fund of £0.913m which shows evidence of a prudent approach to estimates on their behalf.

Capital Programme Implications

The risk is that the cost estimates included in the capital programme are understated, funding is not available as planned or that over spending may occur. This is mitigated by:

- Capital financing and affordability is considered in detail alongside the budget setting process. Capital expenditure in 2022/23 will be financed through a mix of capital receipts and prudential borrowing. Internal borrowing will be maximised in-year through the use of reserve balances in order to minimise borrowing costs, and short-term borrowing applied as and when required to manage cashflow.
- Quarterly capital monitoring reports to the Commissioner provide assurance in the accuracy of forecasts.

Risk Management

The risk is that all risks have not been identified when the budget has been set and that major financial consequences may result. This is mitigated by:

- Risk management arrangements.
- Comprehensive self and external insurance arrangements in place.
- Adequacy of the insurance reserve.
- Adequacy of the general balances and the overall reserves policy.

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