



NORTHUMBRIA POLICE AND CRIME PANEL AGENDA

Tuesday, 7 February 2023 at 2.00pm in the Bridges Room, Gateshead Civic Centre

From the Clerk, Sheena Ramsey

Item Business

1. Apologies

2. Minutes

The Panel is asked to approve the Minutes of the Confirmation Hearing for the Appointment of the Chief Constable of Northumbria Police and the last ordinary meeting held on 13 December 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 2023/24

Report of the Clerk (attached).

5. Date and Time of the Next Meeting

Tuesday, 21 March 2023 at 2.00pm in Gateshead Civic Centre

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

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NORTHUMBRIA POLICE AND CRIME PANEL

**CONFIRMATION HEARING FOR THE APPOINTMENT OF CHIEF CONSTABLE OF
NORTHUMBRIA POLICE**

13 DECEMBER 2022

PRESENT:

Gateshead Council	Councillor A Douglas (Chair)
Newcastle City Council	Councillor J Sathian
North Tyneside Council	Councillor C Johnson
Northumberland County Council	Councillors C Horncastle and G Stewart
Sunderland City Council	Councillor P Stewart
Independent Co-opted Members	Mr J Klajn

ALSO IN ATTENDANCE:

Gateshead Council

A Simmons-Mather - Representing the Clerk to the Panel
B Wilson - Democratic Services

Office of the Police and Crime Commissioner for Northumbria

K McGuinness - Police and Crime Commissioner for Northumbria
R Durham - Chief of Staff

APOLOGIES: Councillors P Maughan (Gateshead Council), K Robinson (Newcastle City Council), C Burdis (North Tyneside Council), J Foreman and J Welsh (South Tyneside Council) and C Rowntree (Sunderland City Council)

19. PROPOSED APPOINTMENT OF CHIEF CONSTABLE FOR NORTHUMBRIA POLICE

This meeting constituted the Confirmation Hearing for the proposed appointment of a new Chief Constable for Northumbria Police required to be held under Schedule 8 to the Police Reform and Social Responsibility Act 2011 (the Act) to enable the Panel to report to the Police and Crime Commissioner for Northumbria (PCC) on that proposed appointment.

The Panel considered the report of the PCC in respect of the proposed appointment of Vanessa Jardine as Chief Constable of Northumbria Police which, in accordance with the requirements of the Act, provided details of:-

- The criteria used to assess the candidate's suitability for appointment
- Why the candidate satisfied those criteria
- The terms and conditions on which the candidate was proposed to be appointed

Members of the Panel questioned Ms Jardine in relation to her proposed appointment. At the conclusion of their questions, the Panel thanked Ms Jardine and the PCC for attending the hearing.

20. EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED - That the press and public be excluded from the meeting during consideration of the following business in accordance with Paragraph 1 of Schedule 12A to the Local Government Act 1972.

21. CONSIDERATION OF THE PANEL'S REPORT AND RECOMMENDATIONS TO THE PCC IN RESPECT OF THE PROPOSED APPOINTMENT OF CHIEF CONSTABLE OF NORTHUMBRIA POLICE

The Panel Members considered Ms Jardine's responses to the questions relating to her proposed appointment as Chief Constable of Northumbria Police and were unanimous that the PCC should be recommended to proceed with Ms Jardine's appointment.

In reaching this decision, the Panel commented in particular that:-

- Ms Jardine had provided excellent responses to all of the Panel's questions in a strategic and detailed manner.
- Ms Jardine considered that with her experience and understanding of policing, she would bring strong leadership and governance to Northumbria Police.
- It was considered that Ms Jardine had the required leadership qualities to bring all Northumbria police officers and staff on board with her ideas and vision for the force in the future.
- Ms Jardine was committed to focusing on neighbourhood policing and engaging with the community and working with the local authorities and third sector to identify rural or urban impact areas to make a big difference.
- Ms Jardine stated that she would be a visible Chief Constable and would get the officers' perspective on policing as well as having direct contact with the community as part of the two way communication.

The Panel also noted that the report provided by the Independent Member on the recruitment panel confirmed that the recruitment and selection process had complied with the principles of merit, fairness and openness and that the PCC had

followed the College of Policing guidance on the recruitment and selection of Chief Officers and acted in accordance with the spirit of this guidance.

RESOLVED - That the PCC be recommended to proceed with the appointment of Vanessa Jardine to the post of Chief Constable of Northumbria Police on the terms and conditions set out in the report submitted to the Panel.

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NORTHUMBRIA POLICE AND CRIME PANEL

13 December 2022

PRESENT:

Gateshead Council	Councillor A Douglas (Chair)
Newcastle City Council	Councillor J Sathian
North Tyneside Council	Councillor C Johnson
Northumberland County Council	Councillors C Horncastle and G Stewart
Sunderland City Council	Councillor P Stewart
Independent Co-opted Member	Mr J Klajn

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
R Snaith	- Director of Commissioning and Policy
K Laing	- Chief Finance Officer

Gateshead Council

A Simmons-Mather	- Representing the Clerk to the Panel
B Wilson	- Democratic Services

APOLOGIES: Councillors P Maughan (Gateshead Council), K Robinson (Newcastle City Council), C Burdis (North Tyneside Council), J Foreman and J Welsh (South Tyneside Council) and C Rowntree (Sunderland City Council)

22. MINUTES

RESOLVED - That the minutes of the last meeting held on 25 October 2022 be approved as a correct record.

23. APPOINTMENT PANEL FOR AN INDEPENDENT MEMBER OF THE PANEL

The Panel received the minutes of the meeting of the above Panel held on

5 December 2022. The Panel recommended that Kami Kundi be appointed as an Independent Member of the Panel.

- RESOLVED -
- (i) That the Minutes of the Appointment Panel held on 5 December 2022 be agreed.
 - (ii) That Kami Kundi be appointed as an Independent Member of the Panel until the PCC elections in May 2024.

24. FEEDBACK FROM NATIONAL AND REGIONAL EVENTS

There were no national and regional events reported.

RESOLVED – That the information be noted.

25. COMPLAINTS AGAINST THE POLICE AND CRIME COMMISSIONER – OCTOBER - NOVEMBER 2022

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 - November 2022 was submitted.

RESOLVED - That the information be noted.

26. 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.

The PCC emphasised how important the work supporting victims was and the systems in place needed to be on their side. There had been some horrific crimes and she outlined the work that was being undertaken in the area. The force still had over 400 less officers than it had in 2010. Northumbria has the lowest precept in the country and there were significant financial pressures because of the rising inflation. Greater Government investment in public services was needed.

Rachel Snaith gave a presentation on Victims' commissioning impact so far this year, Victims' Champions, Violence Against Women and Girls Commissioning Forum, Sexual Assault Referral Centre and Safer Streets Fund Round 4.

The Panel raised the following issues:-

There were a lot of important work and projects being undertaken by the PCC and the community safety partnerships which the police officers and police community support officers had very limited knowledge about. The PCC replied that the officers build up intelligence and awareness of their local areas and the context of the police and crime plan but were not expected to be aware of the strategic issues discussed at the Panel meetings, etc.

The proposals for a new Sexual Assault Referral Centre (SARC) would be a great improvement. The PCC replied that the victims needed to feel safe and supported after what had happened to them and in their drive towards getting justice.

Hate crime remained high but this was because of the increased confidence of victims to report this to the police. Hate crime was unacceptable, support was provided to victims and there were specialist officers in the engagement teams to help address these issues. Campaigns have focused on reducing hate crime and young people have received hate crime awareness sessions.

The PCC was working with the police, Councils and others to tackle anti-social behaviour and was listening to residents to see how progress could be made together.

The funds from the recovery and confiscation of proceeds from criminal activities were reinvested back into the community with grants of up to £5,000 available for projects to reduce crime, anti-social behaviour and violence and there had been some good results.

The issue of young people getting home safely from work was raised. There were some good Council projects which could be extended to other areas

The HALO project and the SARC were good examples of what can be achieved when all stakeholders, etc worked together to provide support to victims. An explanation of the process for victims to access services was given.

RESOLVED - That the information be noted.

27. BUDGET SETTING PROCESS 2022/23

Kevin Laing, the PCC's Chief Finance Officer, gave a verbal presentation on financial planning 2023/24, budget setting/business planning process, Autumn Statement 2022, precept consultation 2023/24, budget setting timeline and medium term financial plans.

The Panel raised the following issues:-

Concern was raised at the lateness of the Government's settlement announcement and that it would only be for one year even though there was a four year Police and Crime Plan. The settlement also needed to take into account the increased costs due to the rising inflation.

RESOLVED - That the information be noted.

28. DATE OF NEXT MEETING

Tuesday, 7 February 2023 at 2.00pm.

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NORTHUMBRIA POLICE AND CRIME PANEL

PANEL MEETING ON 7 FEBRUARY 2023

SUBJECT - PROPOSED PRECEPT FOR 2023/24

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 2023/24.

2. Background

- 2.1 The PCC has provided the attached report setting out her proposed precept for policing in Northumbria for 2023/24.
- 2.2 The Panel must review the proposed precept and make a report to the PCC on the proposed precept by 8 February 2023. 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 2023 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 2023 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 2023 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 2023/24 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

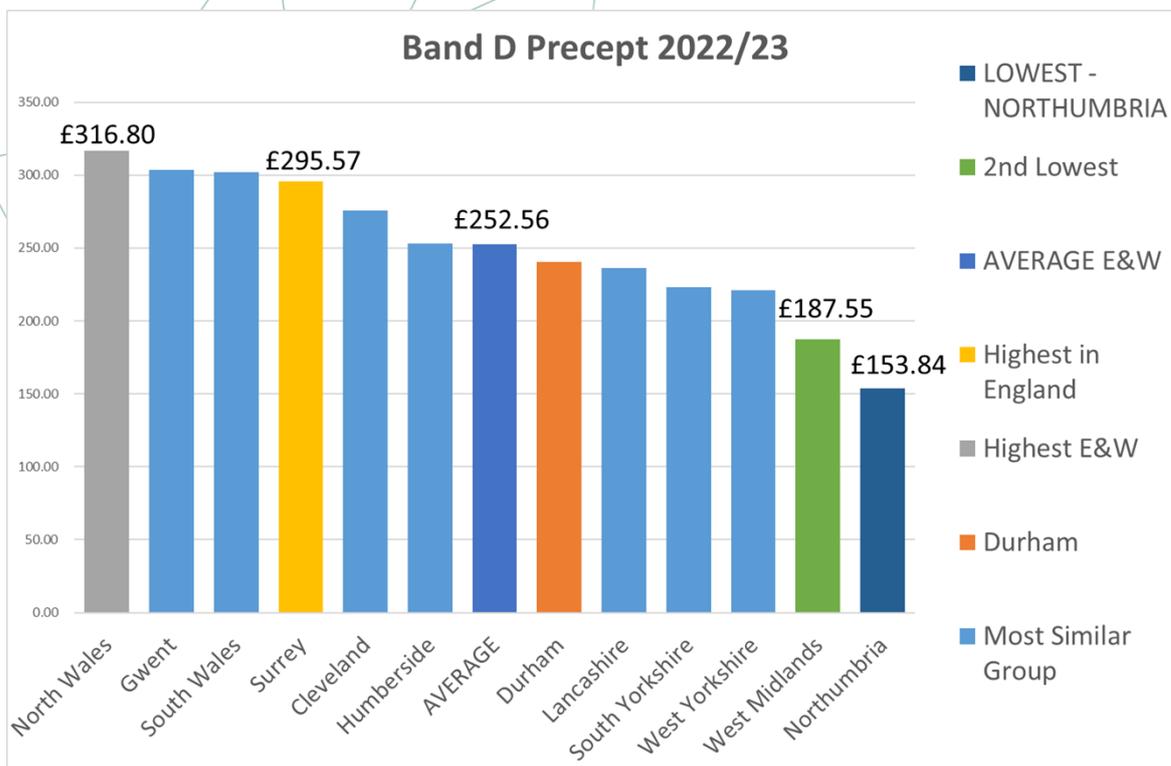
Report on Proposed Precept for 2023/24

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 2023/24 financial year, with a recommendation to agree to the proposal.
- 1.2 I am seeking agreement on a Precept increase of £15.00 per year for a Band D property to better fund a vital public service. Band A households make up the largest share of properties in the Northumbria force area, and for them the increase is 83p a month (£10.00 per year).
- 1.3 This proposed increase is supported by the results of a public consultation, as detailed below.
- 1.4 The proposed increase would raise an additional £6.120m income, which will:
 - Deliver a restructure of neighbourhood policing, allocating 134 new officers into specialist frontline roles to take on the fight against crime, and;
 - Help protect the force from the impact of significant budget pressures and spiraling inflation.

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 2023/24.
- 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 2022/23:



2.3 As is clear from the graph above the Northumbria Band D precept charge of £153.84 for 2022/23 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 £102.56. For 2022/23 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). As a result, police officer numbers in Northumbria reduced by more than 1,100 between March 2010 and March 2019. By March 2021 the force had made £148.000m of cuts and efficiencies to manage the reductions imposed by government.

2.5 Whilst government funding for policing has increased over the last 4 years there have been no inflationary increases provided by government, with core grant covering only part of the increased cost of police officer pensions for 2019/20 and delivery of the Police Uplift Programme (PUP) over 2020/21 to 2022/23.

2.6 The significant levels of inflation emerging in the economy over 2022/23 are expected to continue to impact on force budgets over the medium-term. There has been no additional financial support from government to recognise the unprecedented scale of inflation that forces are having to deal with. Inflation and other budget pressures identified for 2023/24 are now more than £15.000m greater than anticipated within the Medium-Term Financial Strategy (MTFS) approved last year. Utilities, fuel, insurances, pay awards, building maintenance, digital policing and all major contracts have been

significantly impacted through recent challenges to the economy, inflation, energy shortages and the cost-of-living crisis.

2.7 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 £61.820m towards the total funding requirement for Northumbria in 2022/23. 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

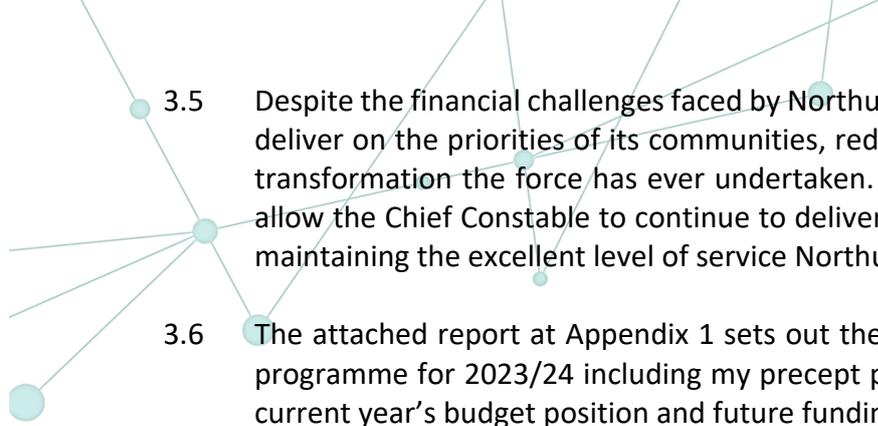
3.1 Last year the Government provided a 3-year Spending Review settlement for 2022/23 to 2024/25, with force-level allocations for 2022/23 only and indicative national increases to police funding for 2023/24 and 2024/25.

3.2 The provisional police grant settlement for 2023/24 was published on 14 December 2022 and set out force-level allocations for the 2023/24 financial year only.

3.3 In summary, the main elements of the 2023/24 Home Office settlement included:

- Police Core Grant – Core grant allocations to PCCs to be increased by £174.000m, comprising:
 - The additional £100.000m committed in the 2021 Spending Review.
 - The £140.000m allocated to cover the additional cost of the 2022 police officer pay award has been added to the ring-fenced Uplift grant.
 - A reduction of £69.000m due to the reversal of the employer NI increase in relation to the Health and Social Care Levy.
 - Minor increase of £5.000m to legacy council tax grants.
- Legacy grants relating to Council Tax and freeze grants for 2011/12 and 2014/15 remain payable.
- Specific grant funding allocated to forces to manage part of the increased cost of employer pension contributions in 2019/20 has been confirmed for a further year.
- Council Tax Referendum Limits – In the Autumn Budget and Spending Review 2021 referendum limits were set for the 3-year spending review period 2022/23 to 2024/25. PCCs were told they could approve an increase of up to £10.00 for a Band D property in each year. The referendum limit for 2023/24 has now been increased to £15.00 for a Band D property, with no change to the £10.00 limit for 2024/25.
- Police Capital Funding – For the second year running there is no capital grant funding allocated to police forces in the settlement.

3.4 Whilst the increase to government grant will enable the force to maintain the Uplift target delivered by March 2023, it does not include any increase to manage the spiraling levels of inflation or funding to meet the ever-rising costs of transforming police services and building the digital infrastructure essential to respond to emerging crime trends.



3.5 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 2023/24 will allow the Chief Constable to continue to deliver those priorities and investment plans, maintaining the excellent level of service Northumbria Police provides.

3.6 The attached report at Appendix 1 sets out the proposed revenue budget and capital programme for 2023/24 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 regard 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 2023/24 that enables PCCs to raise additional funding for local priorities through an increase of up to £15.00 per year for a Band D property.

4.2 In considering the right precept proposal for 2023/24 I was mindful that Northumbria Police has the lowest precept 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 £15.00 per year precept increase would provide an additional £6.120m in 2023/24. It would also increase the underlying precept base and provide continued financial benefit in future years. For context, a £15.00 per year increase for a Band D property equates to approximately 125p per month. For the majority of residents in Northumbria, those in a Band A property, the actual increase will be approximately 83p per month (£10.00 per year).

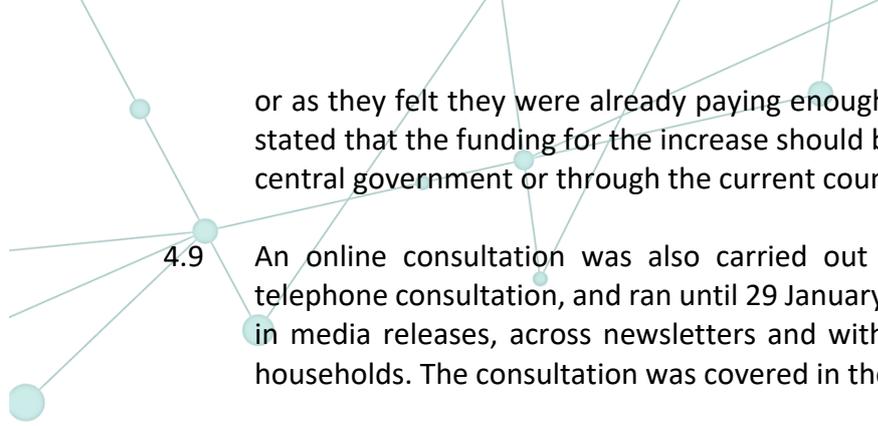
4.4 On 9 January 2023 I launched a consultation with the public on the precept, asking people whether they would support an increase to their police precept.

4.5 Telephone surveys were carried out by the Northumbria Police Public Insight Team at random with residents in the force area to ask if they would support an increase to their police precept Council Tax contribution. 604 residents were surveyed with approximately 100 from each Local Authority area.

4.6 70% of survey participants said they would support an increase to offset the budget pressures facing the force.

4.7 Residents supportive of an increase often acknowledged the economic pressures facing the police and other public services. These residents expressed support for the police and the view that they would require additional funding to carry out their roles effectively in the current economic climate. The absence of police visibility and a desire to see more police visible in local areas, were also frequently commented on by supportive survey participants. Some participants perceived that previous budget cuts and pressures had negatively impacted the current service provision and that they would support an increase if it resulted in service improvements.

4.8 Residents that opposed the increase to their precept council tax contribution cited reasons such as not being able to afford an increase due to the rise in the cost of living



or as they felt they were already paying enough council tax. Other survey participants stated that the funding for the increase should be sourced from elsewhere, such as the central government or through the current council tax provision.

4.9 An online consultation was also carried out across the force area, alongside the telephone consultation, and ran until 29 January 2023. This consultation was promoted in media releases, across newsletters and with a leaflet through the door of 70,000 households. The consultation was covered in the local news media.

4.10 As with the telephone survey, residents taking part in the survey were asked to choose between an increase equal to £15.00 for a Band D property or no increase. 1,124 residents took part in the online survey. 62% of respondents from within the force area agreed that they would support an increase to offset the rising costs facing the force and prevent deeper cuts to police budgets.

4.11 Residents were given the option of providing feedback on the financial challenges facing policing. The majority of those that were in favour of the precept increase cited that they would be willing to increase their contribution but would expect to see an improved service and increased police visibility. Residents were clear in their responses that they would only be willing to fund increase should the funds be directed to frontline neighbourhood policing.

4.12 The most common response from those who selected option two, no increase to my council tax, was that they don't believe the current fee is value for money as they don't see any visible local policing. Residents highlighted the lack of neighbourhood policing local to them or poor experiences they've had in dealings with the force as reasons for not wanting to contribute the higher proposed fee.

4.13 The precept consultation carried out in January was the second police precept consultation carried out this financial year. In December the public were consulted on their views on a £10.00 increase, in-line with the Government's then maximum precept increase. While this consultation was being carried out the Government updated its advice to PCCs by raising the precept level to £15.00.

4.14 In the £10.00 consultation the public backed the increase by 72% in an online poll. The reasons for and against the increase were similar to those in the later consultation.

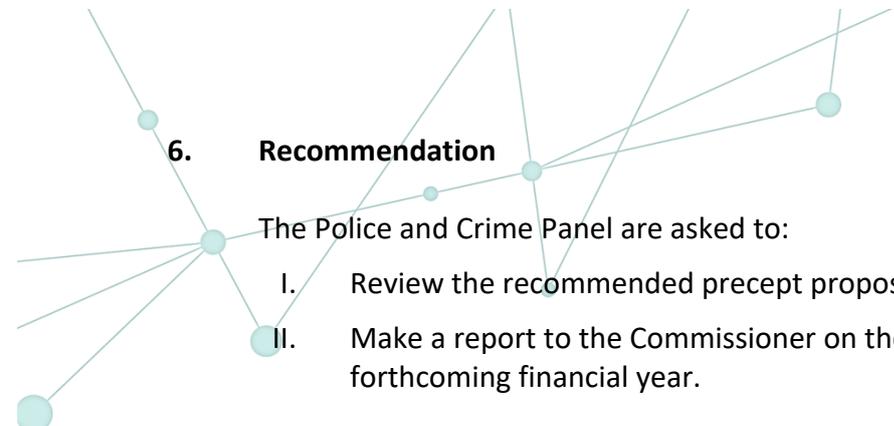
4.15 Both myself, the Chief Constable and Northumbria Police are committed to fighting crime, preventing crime and improving lives – but without appropriate and suitable funding, we will face challenges and difficult decisions ahead.

5 Proposals

5.1 I propose that the precept is increased by £15.00 per year for a Band D property which equates to an increase of 9.75%.

5.2 The impact of this decision in 2023/24 will allow for an additional and recurring £6.120m 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.

Proposed Council Tax and Revenue & Capital Budgets 2023/24

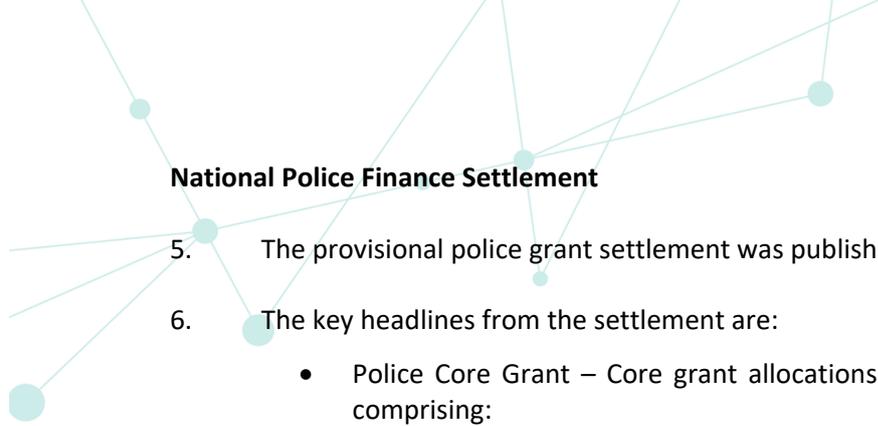
1. Summary of Proposed Council Tax and Revenue & Capital Budgets 2023/24:
 - A proposed revenue budget of £355.584m for policing and crime reduction that includes:
 - Maintaining the Northumbria police officer Uplift delivered by March 2023.
 - Capital investment in buildings, vehicles, and new technology of £33.376m.
 - Proposed increase of £15.00 per year on the Council Tax Precept for a Band D property in 2023/24 to raise an additional £6.120m income, which will:
 - Deliver a restructure of neighbourhood policing, allocating 134 new officers into specialist frontline roles to take on the fight against crime, and;
 - Help protect the force from the impact of significant budget pressures and spiraling inflation.

Considerations

2. In preparing the Revenue and Capital Budgets for 2023/24 the following have been considered:
 - The key principles underlying the Medium Term Financial Strategy (MTFS).
 - The Police Grant settlement for 2023/24 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 increase to police funding provided by government for 2024/25.
 - The overall financial position of the force including: The likely revenue and capital outturn for 2022/23; budget pressures and savings identified for 2023/24; 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 2023/24 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.



National Police Finance Settlement

5. The provisional police grant settlement was published on 14 December 2022.

6. The key headlines from the settlement are:

- Police Core Grant – Core grant allocations to PCCs to be increased by £174.000m, comprising:
 - The additional £100.000m committed in the 2021 Spending Review.
 - The £140.000m allocated to cover the additional cost of the 2022 police officer pay award has been added to the ring-fenced Uplift grant.
 - A reduction of £69.000m due to the reversal of the employer NI increase in relation to the Health and Social Care Levy.
 - Minor increase of £5.000m to legacy council tax grants.
- The Government's key priorities are outlined in the [Written Ministerial Statement \(WMS\)](#) on the Provisional Police Grant Report 2023/24, with the expectation that these are a focus for policing in 2023/24:
 - Ensuring overall police officer numbers are maintained at the agreed Police Uplift baseline plus force level allocations of the 20,000 additional officers.
 - Deploying these additional officers to reduce crime and honour this Government's commitment to keep the public safe.
 - Delivering improvements in productivity and driving forward efficiencies, maximizing the value of the Government's investment.
- The ring-fenced grant income allocated to PCCs in 2022/23 of £135.000m is therefore increased (by the £140.000m) to £275.000m. Allocation of this ring-fenced grant is in line with formula funding percentages, and in previous years it has been accessed through progression against force Uplift targets. For 2023/24 the ring-fenced grant will be 'paid out subject to forces maintaining their officer numbers'.
- At the time of writing this report the Government are yet to provide the detail of the ring-fenced grant mechanism, payment points and criteria to claim the funding. PACCTS have raised concerns on this matter with the Home Office in their response to the 2023/24 provisional settlement, with the additional concern that this significant and crucial funding stream for policing has not been baselined in core grant, providing a lack of certainty for the future.
- The minimum increase of £150.000m committed to police funding nationally for 2024/25 (Police Settlement 2022/23) was not specifically re-confirmed. However, the WMS on the Provisional Police Grant Report states that the 'Chancellor confirmed at the Autumn Statement that departmental budgets set out at Spending Review 2021 will be maintained to 2024/25'. On that basis it is assumed that the commitment to the £150.000m in 2024/25 remains.
- Legacy grants relating to Council Tax and freeze grants for 2011/12 and 2014/15 remain payable.
- Specific grant funding allocated to forces to manage part of the increased cost of employer pension contributions in 2019/20 has been confirmed for a further year.

- Council Tax Referendum Limits – In the Autumn Budget and Spending Review 2021 referendum limits were set for the 3-year spending review period 2022/23 to 2024/25. PCCs were told they could approve an increase of up to £10.00 for a Band D property in each year. The referendum limit for 2023/24 has now been increased to £15.00 for a Band D property, with no change to the £10.00 limit for 2024/25.
- Police Capital Funding – For the second year running there is no capital grant funding allocated to police forces in the settlement.

Northumbria Settlement

7. The total grant increase for Northumbria including the ring-fenced grant and the reduction for the removal of the Health and Social Care Levy is £5.232m.

Northumbria Settlement	£m
Core Grant – formula funding share (3.08%) of £100.000m committed in SR 2021	3.080
Increase in ring-fenced grant - formula funding share (3.08%) of £140.000m	4.312
Removal of funding associated with the Health and Social Care Levy	(2.160)
Total Increase in Funding	5.232

8. The Uplift target set for Northumbria of 615 officers is expected to be maintained. Ring-fenced grant income of £8.470m will be paid as Special Grant during the year. This comprises the level of grant allocated in 2022/23 of £4.158m, plus the increase of £4.312m for 2023/24. For 2023/24 the ring-fenced grant will be ‘paid out subject to forces maintaining their officer numbers’. As set out previously in this report, the Government are yet to provide the details, mechanism and payment points associated with the receipt of this funding.
9. The 2022/23 settlement included £69.000m for police forces to manage the cost of the Health and Social Care Levy effective 1 April 2022. As this Levy was removed from November 2022, the 2023/24 settlement has reduced police funding by this amount. The reduction for Northumbria is approximately £2.160m.
10. Northumbria will continue to receive legacy grants totaling £8.168m, relating to Council Tax and freeze grants for 2011/12 and 2014/15.
11. Capital grant funding allocated by the Government for Northumbria is nil, as for 2022/23.
12. **Council Tax Precept** – The Government has proposed a precept referendum limit for 2023/24 that enables PCCs to raise additional funding for local priorities through an increase of up to £15.00 per year for a Band D property. 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

13. The Commissioner has a capital budget for 2022/23 of £39.387m. The Quarter 3 capital monitoring report outlined a revised capital estimate of £22.364m as at 31 December 2022, a reduction of £17.023m.

14. 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 slippage in vehicle delivery dates as a consequence of ongoing world-wide supply chain shortages.

15. The following table sets out the forecast outturn position for 2022/23 and a summary of the capital programme for 2023/24:

Capital Programme	Revised Budget 2022/23 £000	Forecast Outturn 2022/23 £000	Forecast Variance 2022/23 £000	Budget Estimate 2023/24 £000
Building Works	9,920	4,768	(5,152)	9,583
Information Technology and Digital Transformation	21,086	12,956	(8,130)	13,863
Vehicles and Equipment	8,381	4,640	(3,741)	9,930
Total	39,387	22,364	(17,023)	33,376

16. 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 has 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 investment required in preparation for 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 2023/24 budget includes slippage of £2.343m in vehicles from the 2022/23 capital programme due to on-going supply chain shortages and some significant price increases. The provision and upgrading of personal issue equipment including Taser capability, £0.900m for body-worn video and £1.391m 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 2022/23

17. The Commissioner’s Group revenue budget for 2022/23 is £339.332m. The Quarter 3 revenue monitoring report shows a projected underspend of £2.758m as at 31 December 2022.

Revenue Budget 2022/23 Group Position	Approved Budget 2022/23 £000	Forecast Outturn 2022/23 £000	Forecast Variance 2022/23 £000
Chief Constable	322,788	322,216	(572)

Office of the Police & Crime Commissioner	1,829	1,765	(64)
OPCC Supporting Services	1,121	1,020	(101)
Capital Financing	13,594	11,573	(2,021)
Group Position Total	339,332	336,574	(2,758)

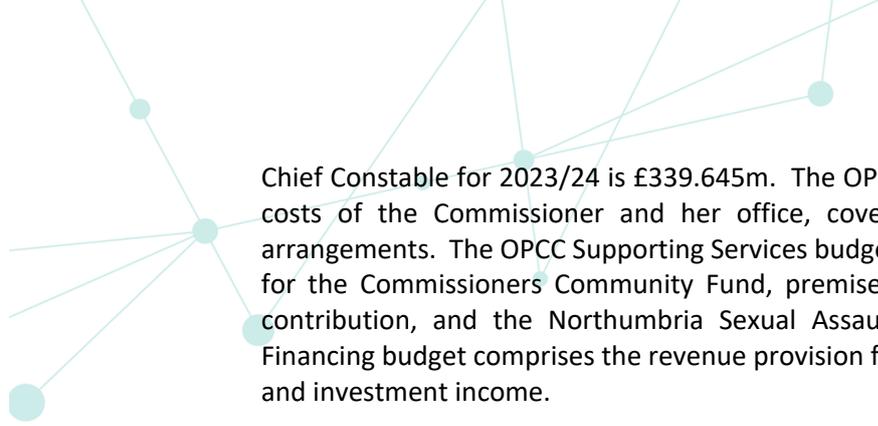
18. The Chief Constable's revenue budget for 2022/23 is £322.788m. The forecast outturn is within the budget allocated by the Commissioner with phasing and recruitment of police staff contributing to the underspend position along with additional grant income from government relating to Uplift delivery. Significant inflationary pressures of £4.661m have been managed during the year, within the outturn position. These include pressures on utilities, fuel, office supplies, software, and vehicle recovery contracts.
19. For Capital financing the underspend relates to:
- The principal repayment of capital which is lower than the original budget estimate by £1.011m, based on reduced expenditure in the final capital outturn for 2022/23.
 - The succession of Bank Rate increases during the year and higher reserve balances have led to an increase in investment income of £0.767m.
 - Prudential borrowing requirements for the year were reduced as a result of slippage in the capital programme and interest on borrowing has contributed £0.243m to the underspend position.
20. The overall Group forecast represents an underspend of £2.758m, a variance of less than 0.9% of budget.
21. The forecast closing position on the general reserve for 2022/23 is £10.563m which is above the minimum set out in the Commissioners reserves strategy.

Revenue Budget 2023/24

22. For the financial year 2023/24, the proposed Group revenue budget is £355.342m as set out in the following table:

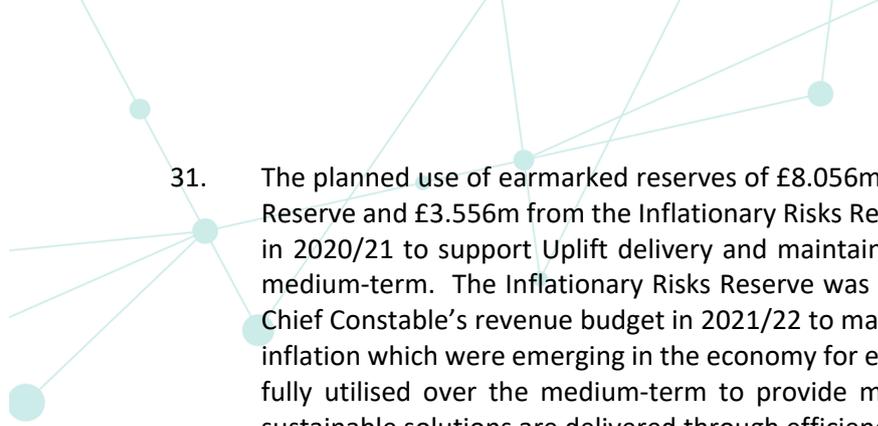
Group Revenue Budget 2022/23	Proposed Budget 2023/24 £000
Chief Constable	339,645
Office of the Police & Crime Commissioner (OPCC)	1,823
OPCC Supporting Services	1,231
Capital Financing	12,885
Net Expenditure	355,584
Central Government Grants	277,738
Council Tax Precept	69,790
Central Grant and Precept Total	347,528
Transfer (to)/from reserves	8,056

23. The Group budget is held by the Police and Crime Commissioner who provides financial resources to the Chief Constable to deliver operational policing. The budget delegated to the



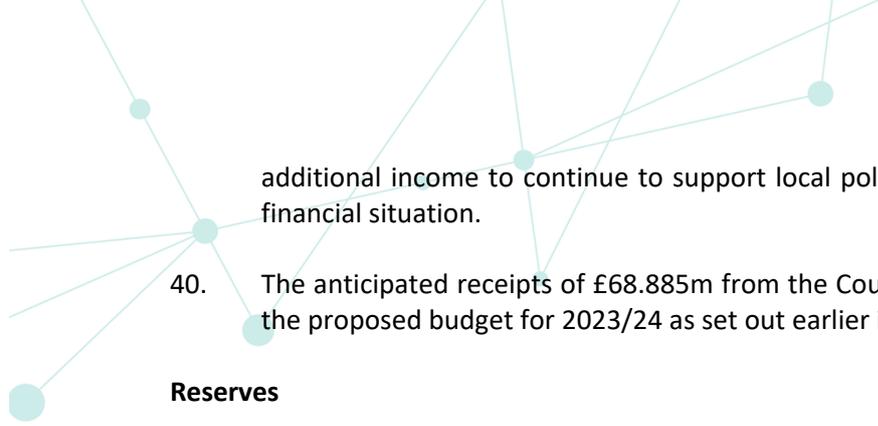
Chief Constable for 2023/24 is £339.645m. The OPCC budget of £1.823m covers the running costs of the Commissioner and her office, covering all administration and governance arrangements. The OPCC Supporting Services budget of £1.231m includes the specific budget for the Commissioners Community Fund, premises expenditure, the Police Digital Service contribution, and the Northumbria Sexual Assault Referral Centre (SARC). The Capital Financing budget comprises the revenue provision for repayment of borrowing, interest costs and investment income.

24. The proposed revenue budget for 2023/24 will fully maintain the Northumbria share of the National police officer Uplift.
25. 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 220 officer retirements and other leavers in order to maintain the Uplift target delivered by 31 March 2023. Pay progression is included for existing officers and staff along with provision for the 2023 pay award (estimated at 3.0%), inflationary increases on injury pensions, rents and utilities, known contract increases and other non-pay inflation.
26. The significant levels of inflation emerging in the economy over 2022/23 are expected to continue to impact on force budgets over the medium-term. There has been no additional financial support from government to recognise the unprecedented scale of inflation that forces are having to deal with. Inflation and other budget pressures identified for 2023/24 are now more than £15.000m greater than anticipated within the MTFS approved last year. Utilities, fuel, insurances, pay awards, building maintenance, digital policing and all major contracts have been significantly impacted through recent challenges to the economy, inflation, energy shortages and the cost-of-living crisis.
27. The force began work early in 2022/23 to establish and monitor the scale of the impact of inflation and economic pressure on force budgets, both for the current year and looking ahead to the next medium term financial planning period through to 2026/27. Whilst inflationary pressures of £4.661m have been managed within the revenue budget for 2022/23 it was recognised that this could not be sustained in future years.
28. A significant programme of work commenced in the summer to review the capacity across the force operating model to deliver efficiencies whilst maintaining performance and identifying opportunities to improve policing services. Approved efficiencies and budget reductions being delivered in 2023/24 are just over £9.600m with further savings planned across the medium-term.
29. The increase in the Council Tax Precept for 2023/24 will help protect the force from the impact of significant budget pressures and spiraling inflation. The force will deliver a restructure of neighbourhood policing, allocating 134 new officers into specialist frontline roles to take on the fight against crime. Plans will focus on patrols in hot spot areas, proactive anti-social behaviour reduction plans and further disruption of organised crime groups.
30. Increased capital financing costs are included for 2023/24 reflecting the additional revenue cost of supporting 2022/23 capital investment through prudential borrowing. This includes the planned profile of interest costs, investment income and the principal repayment of borrowing.

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31. The planned use of earmarked reserves of £8.056m comprises £4.500m from the Investment Reserve and £3.556m from the Inflationary Risks Reserve. The Investment Reserve was set up in 2020/21 to support Uplift delivery and maintain investment in policing services over the medium-term. The Inflationary Risks Reserve was created from the underspend against the Chief Constable's revenue budget in 2021/22 to manage the impact of extraordinary levels of inflation which were emerging in the economy for energy, fuel and prices. The reserve will be fully utilised over the medium-term to provide much needed support, whilst longer-term sustainable solutions are delivered through efficiencies.

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 2023/24 is £15.00 per year for a Band D property.
34. During 2022/23 the Council Tax base in the Northumbria force area increased by an average 1.53% to 407,988 (Band D equivalent properties). The increase in the Council Tax base for 2023/24 represents an increase of £0.945m in precept income when compared with 2022/23 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 2023, across the six local billing authorities, is a surplus of £1.124m. (Surplus £0.913m as at 31 March 2022)
36. The surplus of £1.124m will be received by the Commissioner in 2023/24.
37. In addition to the net surplus due from the six Local Authorities, there is a smaller legacy deficit payable by the Commissioner in 2023/24 of £0.219m. 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 2023/24 is therefore £0.905m.
38. In calculating the overall settlement for policing in 2023/24 the Government has proposed enabling each PCC to raise further funding for local priorities through an increase of up to £15.00 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.
39. The proposal is to increase the Council Tax precept by £15.00 per year for a Band D property which equates to an increase of 9.75%. The Commissioner has stated that it is "wholly inappropriate to keep increasing the cost burden on the taxpayer" but feels there is little choice. Even the full precept rise won't fully cover what Northumbria Police needs but the force is planning around this with a restructure that will see 134 new officers deployed into specialist frontline policing to take on the fight against crime. The proposed increase is supported by the results of a public consultation during January 2023 and will provide



additional income to continue to support local policing services in the face of a challenging financial situation.

40. The anticipated receipts of £68.885m from the Council Tax precept are fully reflected within the proposed budget for 2023/24 as set out earlier in the report.

Reserves

41. The Commissioner's reserves policy is set out in the MTFs and the Annual Reserves Strategy Statement and is subject to regular review.
42. 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 2023 the balance is estimated to be £10.563m which equates to 3.0% of the 2023/24 revenue budget.
43. Earmarked reserves are held by the Commissioner to address specific risks identified for Northumbria and these reserves will remain broadly unchanged across the 2023/24 financial year. These reserves remain appropriate, of sufficient value and fit for their intended purpose.

Adequacy of Reserves and Robustness of Budget Estimates

44. 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.
45. 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.
46. 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, Autumn Statement 2022 and the OBR Forecasts, and the levels of grant support anticipated beyond 2023/24.
47. At 31 March 2023, the Commissioner's General Reserve is estimated at £10.563m (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.

48. 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 2023/24.

Council Tax Requirement

49. The notified Council Tax Base figure across the six billing authorities is a total of 407,988 for 2023/24 which is an increase of 6,144 against the previous year (1.53%).
50. 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 2023/24	£m	£m
Total Revenue Expenditure		355.584
Add: Appropriations to/(from) Reserves		(8,056)
Budget Requirement		347.528
Less:		
Home Office Core Grant	266.147	
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	(277.738)
Balance to be Raised Locally		69.790
Add: Estimated Net Surplus on Collection Funds		0.905
Council Tax Requirement		68.885

51. The proportion of collection funds' net surplus receivable by Northumbria Police from its constituent billing authorities is £1.124m for 2023/24 offset by the deficit payable in relation to the 2020/21 collection fund of £0.219m, resulting in a net surplus of £0.905m.

Minimum Revenue Provision (MRP)

52. 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 2023/24 is attached at Annex A.

Financial Considerations

53. Financial implications are considered throughout the report.

Risk Management

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

Recommendations (Proposed)

55. 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.

56. Note the Council Tax Base of 407,988 for the year 2023/24 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).

57. Approve the following amounts for the year 2023/24 in accordance with Sections 42A, 42B and 45 to 47 of the Local Government Finance Act 1992, as amended:

(a) £388.145m 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.

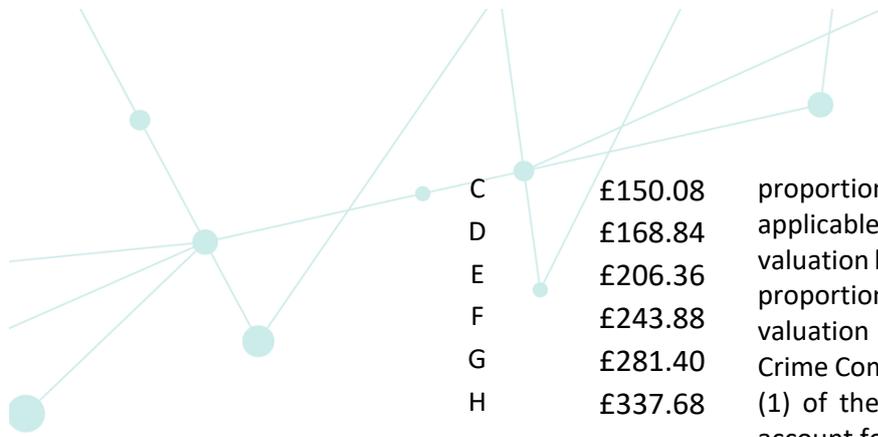
(b) £319.260m Being the aggregate of the amounts which the Police and Crime Commissioner estimates for the items set out in Section 42A (3) (a) to (b) adjusted for the item set out in S42A (10) of the Act.

(c) £68.885m 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).

(d) £168.84 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

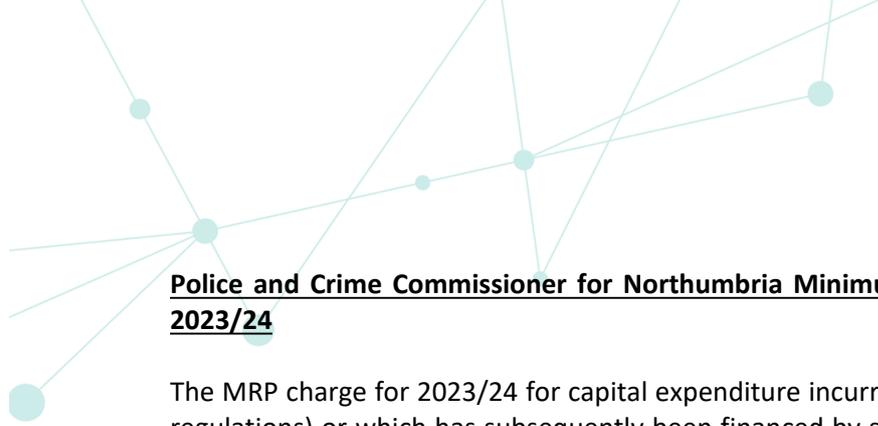
A	£112.56	Being the amounts given by multiplying the amount of (d) above by the number which, in the
B	£131.32	



C	£150.08
D	£168.84
E	£206.36
F	£243.88
G	£281.40
H	£337.68

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.

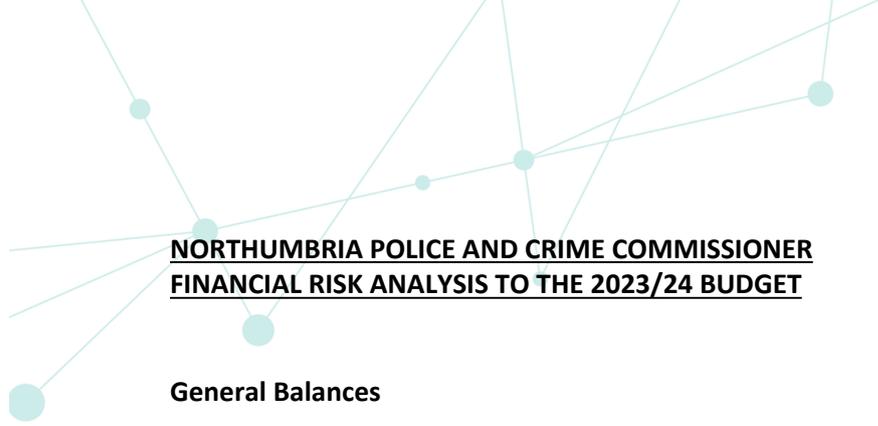
58. Resolve that under Section 52ZB of the Local Government Finance Act, the Commissioner’s relevant basic amount of Council Tax for 2023/24 is not excessive in accordance with the principles determined under Section 52ZC (1) of the Act for 2023/24.
59. Resolve that in accordance with Section 40 of the Local Government Finance Act 1992, as amended, the billing authorities within the area of this authority be issued with precepts in the amount of £68,884,727 for the financial year beginning 1 April 2023, 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.
60. Accept the recommendation of the Joint Chief Finance Officer (Treasurer) for the method of calculating MRP for 2023/24 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 2023/24

The MRP charge for 2023/24 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 2023/24 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 2023/24, 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 £10.563m representing 3.0% of net revenue budget, which is well above the minimum in the strategy.

Pay Increases

The revenue budget for 2023/24 includes financial forecasts based on a pay award of 3.0% for 2023/24. The risk is that actual pay increases for 2023/24 exceed the level provided for within the budget.

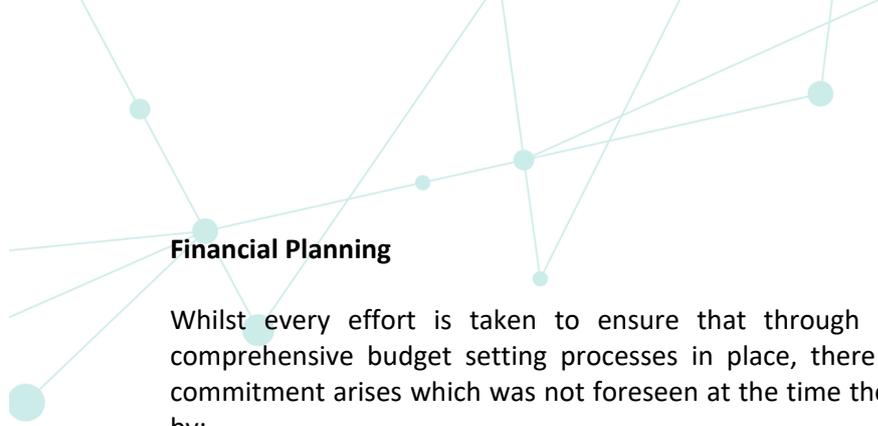
Price Increases and Inflation

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 forecast inflationary pressures across utilities, fuel, insurances, pay awards, building maintenance, digital policing, and all major contracts. 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. The force established an Inflationary Risks Reserve at the end of the 2021/22 financial year to manage the impact of extraordinary levels of inflation which were emerging in the economy for energy, fuel and prices. This reserve will be fully utilised over the medium-term to provide much needed support, whilst longer term sustainable solutions are delivered through efficiencies.

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. Advice is taken from the Commissioners external treasury management advisers Link Group, on forecast rates of return for investments.

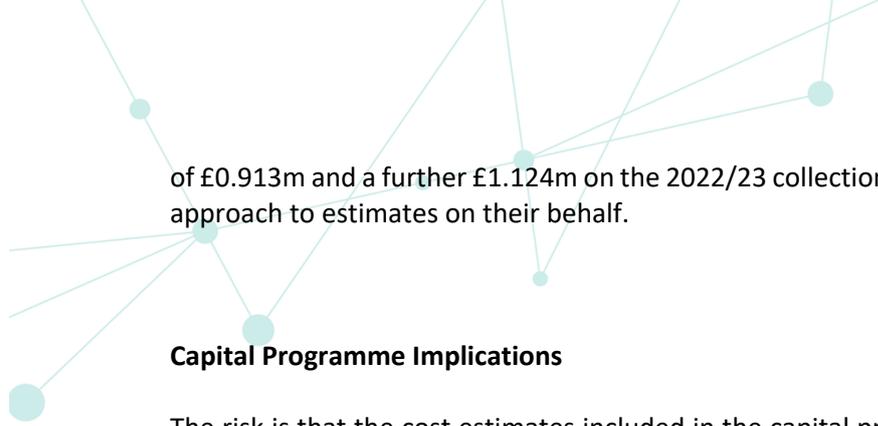
Council Tax

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 ongoing 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 was a one-off for that year only, despite the impact of those reductions extending into future years.

The net increase in tax base of 1.53% across the six Local Authorities for 2023/24 is in-line with the previous MTFs estimate for the year (1.50%).

The risk is that the tax base set for 2023/24 is not achieved and the resulting deficit becomes payable in 2024/25, however the six Local Authorities returned a net surplus on the 2021/22 collection fund



of £0.913m and a further £1.124m on the 2022/23 collection fund, 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 overspending may occur. This is mitigated by:

- Capital financing and affordability is considered in detail alongside the budget setting process. Capital expenditure in 2023/24 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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