

Report of the Assistant Director of Resources (Finance Lead for Policing, Fire and Crime) to the Mayor of York and North Yorkshire.

25th February 2025

Status: For Decision

**Medium Term Financial Plan (MTFP) 2025/26 to 2028/29 and
Capital Plans 2025/26 to 2028/29 - Policing**

1. Executive Summary

1.1 Purpose of the Report

This report asks the Mayor to agree the Budget proposals for 2025/26 and the Medium Term Financial Plan (MTFP) for 2025/26 – 2028/29 in line with the legal requirement to set a budget prior to the 1st March each year for the following financial year. It also asks the Mayor to agree the funding for the Capital Programme for 2025/26 and the indicative allocations for the period 2026/27 to 2028/29.

2. Recommendations

2.1 The Mayor is requested **to approve** the allocation of the £232,295k of revenue funding, that is forecast to be received by the Mayor for Policing in 2025/26, in the following areas:

- £1,530k to run the OPFCC
- £6,345k for Commissioned Services and Community Safety Initiatives
- £1,000k for Asset Management Costs
- £220,130k to the Police Force
- £3,315k to the Capital Programme
- £125k from Earmarked Reserves
- £100k to General Reserves

- 2.2 The Mayor is asked **to note** that the 2025/26 budget is based on the approved £14 increase in the level of Band D precept for 2025/26.
- 2.3 The Mayor is asked **to take cognisance** of the Robustness of Estimates and Adequacy of Financial Reserves section included within this report.
- 2.4 The Mayor is asked **to approve** the Reserves Strategy that is attached at Appendix B
- 2.5 The Mayor is asked **to approve** that the Capital Programme is initially set at £11,114k, before any additional slippage from 2024/25, as set out at Appendix A, for 2025/26 and within that programme approve that:
- The following 3 schemes, that are included within the Capital Programme are subject to a business case and approval via the Deputy Mayor at Executive Board before any money can be spent:
 - Citizen Engagement Portal - £350k
 - HQ Refurbishment - £400k
 - Mobile Policing - £250k
 - Indicative approval of the 2026/27 budgets as set out in Appendix A, and delegation of approval of any requests to pre-order against the 2026/27 budgets to the Assistant Director of Resources, up to 25% of each indicative budget. The 2026/27 Capital Budget will be submitted for formal approval at this time next year.
 - Delegation to the Assistant Director of Resources to approve, where needed and appropriate, for the carry forward of any slippage from the approved 2024/25 Capital Programme into 2025/26.
- 2.6 The Mayor is asked **to approve** that if Projects/Business Cases that are already on the Change Pipeline are supported/approved at Change Board, and not novel, contentious or of significant public interest, then the Assistant Director of Resources can approve the financial arrangements, where these are £100k per year or less.
- 2.7 The Mayor is asked **to approve** that additional borrowing of £4,211k can be taken out during 2025/26 to support the capital programme
- 2.8 The Mayor is asked **to approve** that quarterly updates on performance against both the revenue and capital budgets are reported to the Deputy Mayor via the Executive Board.

3. Planning and Funding Assumptions

3.1 Police Funding Settlement 2025/26

3.2 The 2025-26 Provisional Settlement was announced on 17 December in a written ministerial statement by the Minister of State for Crime, Policing and Fire, Dame Diana Johnson.

3.3 The Minister said "I am pleased to announce that, for 2025-26, funding to police forces will total up to £17.4 billion, an increase of up to £986.9 million when compared to the 2024-25 police funding settlement...a real terms increase in force funding of 3.5%, and a cash increase of 6.0%. The additional funding confirmed through this settlement will cover the costs of the police officer pay awards and fund the recruitment and redeployment of more neighbourhood police and PCSOs. ... The investments announced today are in addition to the provision of one-off funding of £175.0 million we announced in July to support the costs of the 24-25 pay award."

3.4 Full details of the Settlement can be found on the Home Office gov.uk pages.

3.1 Background

3.2 This was the first police settlement since the Labour Party took power on 5 July 2024. Prior to the publication of the settlement speeches were given by both the Prime Minister, Keir Starmer and Home Secretary, Yvette Cooper outlining reforms for policing.

3.3 On 5 December, Keir Starmer promised a named police officer for every neighbourhood in England and Wales and reiterated the party's manifesto commitment to recruit 13,000 additional officers, PCSOs and special constables.

3.4 Core Funding

3.5 Assuming every PCC takes the full £14 precept, the total amount of extra funding available for PCC's is £1,087m, of which £330m (30%) would come from Council Tax – however this is a local decision for each PCC.

3.6 The bulk of the remaining £757m comes from/is to pay for:

- An increase of £339m core funding, (3.7% increase to all areas)
- £230m compensation for employer NICs contributions, (distributed in headcount)
- £200m to begin recruiting 13,000 new neighbour policing officers.

3.7 Of the £339m increase in core grant, £75m is from the reduction in the Police Uplift Grant. The Home Office said this was to allow greater flexibility.

3.8 There is no funding with the Government settlement to support any inflationary pressures in 2025/26, no funding to support a pay award in 2025/26 and no funding to support any operational pressures/growth.

3.9 Police Uplift Grant (PUP)

- 3.10 Prior to the publication of the provisional settlement, it was expected that there would be a continuation of Uplift funding for the recruitment/maintenance of the officers (to maintain the 20,000 total). The Ministerial Statement confirms ongoing funding of £270m in 2025-26 as well as a £39.5m increase in the Additional Recruitment Grant (up to £106m in 2025-26).
- 3.11 This brings the total Officer Maintenance Funding to £376m – a £48m decrease on the total of £424m in 2024-25 (which was made up from £357.8m PUP and £67.2m Additional Recruitment Grant).
- 3.12 The Ministerial Statement says “We are grateful to those forces who have gone above and beyond in recruiting additional officers to maximise the strength of their workforce. We expect that these forces prioritise maintaining these officer numbers and have provided funding to achieve this”.
- 3.13 Police forces will still be expected to meet officer number targets in return for funding. However, the Written Ministerial Statement says that the “Home Office has listened to feedback ... on the need for increased flexibility ... We have therefore rebalanced the funding available in core grant and the ringfence for the purpose of maintaining officers for 2025-26”.
- 3.14 The Police Uplift Grant for North Yorkshire has decreased by £162k from £5,096, to £4,934k.
- 3.15 This comes with a requirement for the Force to achieve 1,673 Police Officers (Headcount) in 2025/26, this is 9 higher than the initial 2024/25 target.
- 3.16 There appears to be no reflection in the comparator figures for 2024/25 that North Yorkshire received a further £432k during 2024/25 to deliver 1,673 Police Officers.
- 3.17 Therefore, the real reduction in the Uplift Grant – to maintain 1,673 Police Officers is £595k.
- 3.18 Pay Award
- 3.19 During 2024/25 both Police Officers and Police Staff were awarded a 4.75% pay award with effect from the 1st September 2024. The additional cost of a 4.75% award (above a 2.5% assumption) was £455m across Policing, and this has been funded by the Government.
- 3.20 The ministerial statement highlights that £175m of this was given in-year in 2024-25 with a further £280m awarded for 2025/26.

- 3.21 Pensions Grant
- 3.22 The total Pensions Grant of £4,622k is supposed to fund an increase in the Employers Pension Contribution Rate that was 21.3% in 2018/19 and is now 35.3%.
- 3.23 The real cost of this 14% increase, to North Yorkshire, is £10m – a shortfall of around £5.4m per year, which is being absorbed and/or has been funded by precept increases in previous years.
- 3.24 Funding for Neighbourhood Policing
- 3.25 The final settlement includes a new Neighbourhood Policing Grant, worth £200m in recognition of the Government's priority for police visibility and neighbourhood policing.
- 3.26 This fund is intended to support the recruitment of additional, and redeployed, neighbourhood police officers, PCSOs and Special Constables in 2025-26 and will form part of a multi-year programme, spanning the length of the Parliament.
- 3.27 The funding was allocated on share of Core Grant however the conditions of the Grant are still to be confirmed, although plans on how this money was to be spent had to be submitted by the 17th February. North Yorkshire has received £1,947k.
- 3.28 Core Funding
- 3.29 Based on the analysis released by the Government, Core Funding to PCC's has increased by 6.6% in 2025/26, this however assumes that all PCCs increase their Precept by £14, this also assumes that the Tax Base in all areas increase by 0.8%.
- 3.30 The Government calculate the increase in North Yorkshire (including a £14 increase in Precept) would be 6.3%.

3.31 What does this mean for North Yorkshire in 2025/26 in terms of Funding?

- An increase in of Core Police Grant of £3,299k
- A decrease in Police Officer Maintenance Grant of £162k.
- A decrease in the Police Pension Grant of £308k
- A new Neighbourhood Policing Guarantee Grant of £1,947k
- A National Insurance increase Grant of £2,856k

3.32 Based on the agreed precept of £320.86 for a Band D property, then the overall impact on the Core funding for the organisation is set to increase by 7.3%, or just over £14.8m, as set out in the table below:

Overall Government and Local Revenue Funding	2025/26	2024/25	(Increase)/Reduction	Year on Year Change
	£000s	£000s	£000s	%age
Government Funding				
Police Grant	(57,579)	(55,512)	(2,067)	3.7%
RSG/National Non Domestic Rate	(34,490)	(33,258)	(1,232)	3.7%
Police Officer Uplift Grant	(4,934)	(5,096)	162	-3.2%
Council Tax Freeze Grant	(2,152)	(2,152)	0	0.0%
Council Tax Support Grant	(5,746)	(5,746)	0	0.0%
National Insurance Grant	(2,856)	0	(2,856)	
Neighbourhood Policing Grant	(1,947)	0	(1,947)	
Police Pensions Grant	(4,622)	(4,930)	308	-6.3%
Government Funding Changes	(114,326)	(106,695)	(7,631)	7.2%
Impact of a £14, 4.56% Band D Precept increase				
Net Surplus on Collection Funds	(612)	(751)	139	
Council Tax Requirement	(104,033)	(96,694)	(7,339)	7.6%
Total Local Funding	(104,645)	(97,445)	(7,200)	7.4%
Total Government + Local Funding	(218,971)	(204,140)	(14,831)	7.3%

3.33 How does North Yorkshire compare to the National Picture?

3.34 If each PCC increased their precept by £14, combined with tax base assumptions, there will be an additional £330m of resources for policing from council tax alone.

3.35 Due to historic differences in council tax the proportion that £14 represents can vary significantly between force areas. The £14 increase means that Northumbria's percentage increase is 7.7%, followed by the West Midlands at 6.5% whereas, £14 represents a 4.3% increase for Surrey. With the increase in North Yorkshire 4.56%.

3.36 If every PCC takes the £14 precept, the weighted average band D police precept in England and Wales would be £292.86.

3.37 The proportion of funding raised through council tax differs significantly between force area. Northumbria's Council Tax makes up 19.4% of their total funding, followed by West Midlands at 20.5% and Merseyside at 22.8%.

- 3.38 Conversely, Surrey has 54% of their funding coming from Council tax. On average, 34.2% of budgets are made up from Council tax, which is in line with last year.
- 3.39 Government Funding for 2026/27 and beyond
- 3.40 The Chancellor has launched a multi-year Spending Review which will set spending plans for a minimum of three years of the five-year forecast period.
- 3.41 The Spending Review will conclude in spring 2025. Departmental expenditure limits for 2025-26 will be set alongside the Budget in October, to provide departments with necessary certainty.
- 3.42 This Spending Review will “take a mission-led, reform-driven and tech-enabled approach to improving public services.”
- 3.43 Until the details of this Spending Review are announced then the current financial plan has therefore assumed that Government Funding will continue to increase by CPI and that this will be 2%.
- 3.44 The current plan also assumes that PCC’s will continue to be provided with precept limits set via a monetary, instead of a percentage, increase and that increases of at least £12 per year will be possible. 2024/25 is the final year of the current Spending Review period and therefore there is very little formal guidance for future plans.
- 3.45 The current plan has therefore assumed that Government Funding will continue to increase by CPI and that this will be 2%.
- 3.46 Top Slices
- 3.47 In 2025-26, reallocations (also referred to as ‘top slices’) total £914.3m, a £123.8m reduction over 2024-25 (when reallocations totalled £1,038.1m). However, six previous top-slices are now being funded from within the Home Office’s wider budget. Funding arrangements to be confirmed in due course.
- Arm’s Length Bodies (was £65.7m).
 - Forensics (£13m in 2024-25).
 - Fraud (£18.1m in 2024-25).
 - Cyber Crime (£13.1m in 2024-25).
 - Tackling Exploitation and Abuse (£17.6m).
 - Police Productivity and Innovation (worth £11m in 2024-25).
- 3.48 Funding remains, but has been reduced, for PFI, National Policing Capabilities, NPCC Programmes and Capital.
- 3.49 There are increases of £15m for Special Grant, £6.6m for ROCU and £4.1m for Serious Violence and a new top-slice of £1.5m for Police Aviation (previously NPAS).

3.50 Council Tax Legacy Grant

3.51 The Council Tax Legacy Grants relating to Council Tax Freeze grants from 2011-12, 2013-14, 2014-15 and 2015-16 as well as Local Council Tax Support (LCTS) funding remains separately identifiable in 2024-25. These have again remained flat cash settlements and therefore take no account of any changes for inflation or local need since they were awarded and is another area where additional costs are having to be 'absorbed'.

3.52 Counter Terrorism

3.53 The Minister announced a total of £1,160.3m for Counter Terrorism Policing, a £143m increase (14%) on the £1,017.5m for 2024-25. PCCs will be notified separately of force-level funding allocations for CT policing, which will not be made public for security reasons.

3.54 Ministry of Justice Grants

3.55 The Mayor will receive £1,853k from the Ministry of Justice in 2025/26 to deliver Victims Services, this is a reduction of £40k from last year.

3.43 Serious Violence Duty

3.44 The Mayor has had confirmation that the Serious Violence Duty funding of £260k will continue in 2025/26 at the same cash level.

3.45 Hotspot Policing Fund

The Home Office have confirmed that there will be hotspot funding for 25/26, however they are unable to confirm the amount or allocations as this point. Neither this income nor the associated expenditure is included within the budget for 2025/26. In 2024/25 the organisation received a grant of £1m under the former Government's Anti-social Behaviour (ASB) Action Plan, to ensure an enhanced uniformed presence in ASB hotspot areas.

3.56 **Precept**

For the third year in a row over 50% of the Net Budget Requirement within North Yorkshire is now funded by the local precept. This provides more of a cushion to cuts in government grants, than in most Police Force areas and the ability to generate additional funding locally when Government Funding is constrained.

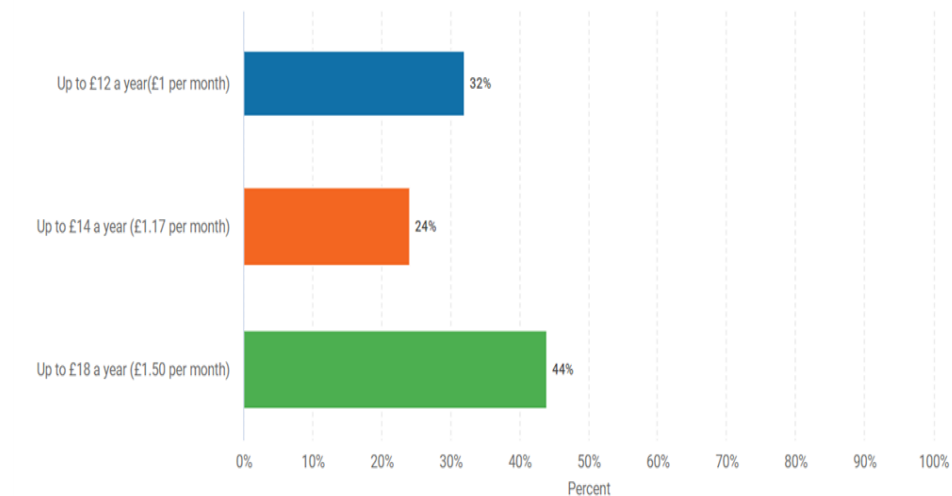
3.57 However, in times where Government Funding is growing at a quicker rate than precept North Yorkshire will tend to benefit less than most Police Force Areas.

3.58 The Localism Act 2011 includes powers to introduce arrangements for council tax referendums. The Police Funding Settlement set out that PCC's would be able to increase Band D bills by as much as £14 before a referendum is required in 2025/26.

3.59 Consultation was undertaken in relation to the option of increasing the precept in 2025/26 and in total 2,311 responses were received with 2,005 responses to the finance question

- 3.60 The public were asked the following question:
- 3.61 North Yorkshire Police currently has a budget of £221 million. Around £97 million of this (44 per cent) comes from a precept on your council tax.
- 3.62 To maintain the current level of service, North Yorkshire Police will need an extra £15 million to cover inflation and other ongoing costs. About £5m of this would need to be raised through the precept.
- 3.63 The Government has set a national limit allowing an increase of up to £14 in policing precepts for an average Band D property. If this was applied in York and North Yorkshire it would raise £4.4 million.
- 3.64 The following options are based on the amount of council tax an average Band D property would pay for policing. This is currently £306.86 per year.
- 3.65 How much more are you willing to pay each year for policing in York and North Yorkshire?
- Up to £12 a year more (£1 per month),
This would raise around £3.8million, however is significantly below organisations inflationary pressures and would likely lead to reductions in current levels of service delivery unless savings could be delivered.
 - Up to £14 a year more (£1.17 per month),
This would raise around £4.4 million, matching the organisation's inflationary pressures. Current levels of service delivery would be maintained and it would hopefully allow some investment. For example, in neighbourhood policing, early intervention and prevention activities and tackling violence against women and girls.
 - Up to £18 a year more (£1.50 per month),
This would raise around £5.7 million and is likely to be higher than the organisation's inflationary pressures, allowing more significant investment. For example, in neighbourhood policing, early intervention and prevention activities and tackling violence against women and girls.

3.66 A summary of the results is shown below:



3.67 The results from the consultation showed the majority (68%) supported an increase of £14 or more in the policing precept.

3.68 This was proposed to the Police, Fire and Crime Panel, and unanimously supported.

3.69 **For the purposes of planning, the balanced plan that is set out within this paper assumes the precept increases at £12 per annum going forward.**

3.70 Over the last 11 years the calculated number of Band D properties within North Yorkshire has increased by 1.4% per year which policing has benefited from in terms of additional funding. This trend would have broadly continued in 2025/26 with an increase of 1.2% however from the 1st April 2025 North Yorkshire Council has implemented a change in policy where Second Homes within the Council Area pay Council Tax at double the effective rate.

3.71 This policy change has added an additional 5,465.60 Band D Equivalent properties to the Council Tax base, and based on the agreed precept generates an additional £1,754k for investment in Policing and Crime services.

3.72 The 2025/26 tax base is therefore 324,231.47 Band D Equivalent properties

3.73 In addition to the increase in the tax base, the overall collection of Council Tax was £612k higher than forecast which is in line with the average collection fund surplus over the last 11 years.

3.74 MTFP Assumptions

When the 2024/25 budget was set in February 2024 the forecasts were underpinned by the following assumptions:

- Pay Awards:
 - 2024/25 – 2.5% increase
 - 2025/26 and beyond – 2.0% increase
- Precept: Increases of:
 - 2024/25 – £11.77 or 3.99%
 - 2025/26 and beyond – £12 per annum
- Tax Base increases of:
 - 2024/25 – 1.1%
 - 2025/26 and beyond – 1.4% per annum
- Government Grants increases of:
 - 2025/26 and beyond – 2.0%
- Impact of Funding Formula review – Nil

Clearly much has changed in the last year and therefore in line with good planning our assumptions remain under review and are updated with the best information available. It is expected that the MTFP for 2025/26 and beyond will assume the following:

- Pay Awards:
 - 2025/26 – 2.5% increase
 - 2026/27 and beyond – 2.0% increase
- Precept: Increases of:
 - 2025/26 – £14 or 4.56%
 - 2026/27 and beyond – £12 per annum
- Tax Base increases of:
 - 2025/26 – 2.9%
 - 2026/27 and 2027/28 – 1.3% per annum and then 1% beyond this
- Government Grants increases of:
 - 2026/27 and beyond – 2.0%
- Impact of Funding Formula review – Nil

3.75 Specific Grants, Other Income and Partnership Fees and Charges

These sources of income and funding are forecast to provide between £26.9m and £28.1m across the life of the plan.

3.76 Based on these revised assumptions, and the information received and forecast around other areas of funding, then the entire funding expected to be available to the Mayor for the next 4 years, in comparison to 2024/25, is as follows

	Approved Budget 2024/25	Proposed Budget 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Core Funding	£000s	£000s	£000s	£000s	£000s
Government Grant	(88,770)	(92,069)	(93,911)	(95,789)	(97,705)
Council Tax Precept	(97,445)	(104,645)	(110,027)	(115,441)	(120,400)
Council Tax Freeze Grant	(2,152)	(2,152)	(2,152)	(2,152)	(2,152)
Council Tax Support Grant	(5,746)	(5,746)	(5,746)	(5,746)	(5,746)
Funding for Net Budget Requirement	(194,113)	(204,612)	(211,835)	(219,127)	(226,003)
%age Change in Net Budgetary Requirement	5.4%	5.4%	3.5%	3.4%	3.1%
Other Funding					
Specific Grants	(17,733)	(19,312)	(18,925)	(19,397)	(19,881)
Partnership Income/Fees and Charges	(9,166)	(8,372)	(8,263)	(8,216)	(8,241)
Total Funding	(221,012)	(232,295)	(239,024)	(246,740)	(254,125)
%age Change in Funding	9.8%	5.1%	2.9%	3.2%	3.0%

3.77 2025/26 is the 7th year of significant investment back into Policing. **The level of funding available within North Yorkshire, at a Net Budget Requirement level, has increased by £59.3m (or 41%) in the past 7 years.**

3.78 The position is even better from **Total funding level perspective, with increases of £75m (or over 48%) across the same 7-year period.**

4. Expenditure Plans

- 4.1 In setting the budget for 2025-26 the Mayor is asked to make decisions on how the overall funding discussed in Section 3 is allocated. The Mayor is asked to provide funding/budgets to the areas discussed in the following sections:
- 4.2 OPFCC
- 4.3 The proposed budget in this area for 2025/26 is £1,530k which is only £10k higher than 2024/25 despite increases in Pay, National Insurance and Pensions.
- 4.4 This reflects the revised staffing structure within the Office.
- 4.5 Community Safety and Victims and Witnesses Commissioning
The role and responsibilities of the Mayor, within the Policing context, is wider than just Policing and this has been acknowledged with the addition of responsibilities around Community Safety, Victims and Witnesses services and Complaints.
- 4.6 The current assumptions within the financial plans include the expectation that the Mayor will receive £1,853k from the Ministry of Justice for Victims Services in 2025/26.
- 4.7 In addition to this the Mayor will receive £260k of funding for Serious Violence Duty -with the expenditure sitting within this area of the budget
- 4.8 Early Intervention and Prevention
- 4.9 A key part of the Police and Crime Plan is focussed on Early Intervention and Prevention. A further £185k of investment in Young Person Diversion has been allocated within the budget and would see the level of investment in this area double.
- 4.10 These expenditure budgets have been added to the Commissioning.

4.11 The indicative budget for this area is set out in the table below:

	2024/25	Mvmt	2025/26
<u>Commissioning and Partnerships</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Supporting Victims	2,297	1,174	3,471
Community Safety	1,197	158	1,355
Street Triage and Mental Health Services	474	(23)	451
Youth Justice	375	11	386
Child Sexual Assault Services	315	(10)	305
Safeguarding Communities	246	0	246
SARC Services	191	(9)	182
Community Fund	250	0	250
Safer Streets	355	(355)	0
ASB Hotspot Policing	1,000	(1,000)	0
Immediate Justice	500	(500)	0
Staff Pay	609	45	654
Serious Violence Duty	261	(1)	260
Domestic Homicide Reviews	40	0	40
Inflation	0	0	
Non-Pay	33	2	35
Total Costs	8,143	(507)	7,636
Income	(643)	(648)	(1,291)
Total Net Budget	7,500	(1,155)	6,345

4.12 Asset Management

4.13 When investment in Capital is funded through borrowing there is a requirement to make a charge against the revenue budget to reflect the use of the asset over its useful life. This charge is called a Minimum Revenue Provision.

4.14 Furthermore, when this borrowing is funded via a loan then there is also interest charges incurred.

4.15 The combination of these two areas is factored into the Asset Management budget, which is estimated to be £1,000k for 2025/26. This is an increase of £300k from the initial budget last year due to the organisation needing to borrow to fund some of the Capital expenditure planned, while also ensuring that there is sufficient cash available to meet the cashflow needs of the organisation given that reserves are planned to reduce, which has a subsequent impact on cash.

5. Police Force

- 5.1 The vast majority of the funding available to the Mayor will be provided to the Chief Constable, this provides the budgetary constraints in which the Mayor expects the Force to work within, in delivering against the Police and Crime Plan.
- 5.2 The Mayor tries to provide a stable financial platform for the Force to work to and within, despite the significant level of unknowns around various areas of future funding. The aim of this approach is to support and enable good strategic planning, decision making and ultimately service delivery by the Force.
- 5.3 The Force have pulled together detailed financial plans which are provided in a separate report, which is also on today's agenda however a summary of the finances is included below:

	Approved Budget 2024/25	Proposed Budget 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Police Force Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Pay					
Police Pay	106,717	114,189	117,207	119,566	121,760
Police Overtime	2,613	3,762	4,577	4,153	3,652
PCSO Pay (incl Overtime)	6,770	5,876	6,512	6,707	6,901
Staff Pay (incl Overtime)	47,390	51,019	52,220	53,231	54,418
Pay Total	163,490	174,846	180,516	183,657	186,731
Non-Pay Budgets					
Other Non Salary	4,731	3,850	3,029	3,026	3,024
Injury and Medical Police Pensions	4,475	4,484	4,477	4,482	4,462
Premises	5,561	5,563	5,705	5,817	5,929
Supplies and Services	26,079	28,181	28,417	30,769	31,351
Transport	3,114	3,206	3,226	3,289	3,283
Non-Pay Total	43,960	45,284	44,854	47,383	48,049
Total Planned Force Expenditure	207,450	220,130	225,370	231,040	234,780
%age Change in Expenditure	8.6%	6.1%	2.4%	2.5%	1.6%

- 5.4 **The Force are being provided with an increase in their revenue funding of almost £12.7m, or 6.1%.**
- 5.5 This significant increase in funding follows on from significant increases over the last 5 years too. **In 2025/26 the Force will therefore have over £55m, or over 33%, more Revenue funding available than it had in 2020/21.**
- 5.6 This arguably puts the Force in a very fortunate position from a financial perspective in comparison to other Police Force Areas.

5.7 **Areas of Note within the Force's Plans**

- 5.8 **Police Officers** – the Mayor/Deputy Mayor were provided with a letter that provided an overview from the Home Secretary and the Minister of State for Crime, Policing and Fire of both the National Policing financial settlement for 2025/26 and the local impact for North Yorkshire.
- 5.9 Within that letter the Police Officer Maintenance Target for North Yorkshire is stated as 1,673 (Headcount) – with an indication that this is the level of Police Officers to be maintained in 2025/26.
- 5.10 The grant conditions will remain as per last year and therefore for every officer below a force's maintenance headcount will result in the ringfence share reducing by £80,000 if missed at both data points (£40k per officer at each data point) down to a threshold of 1.5% below the total maintenance headcount, or 30 officers - whichever is greater.
- 5.11 For example, if a force is two officers below its maintenance headcount at both September, and at March, ringfenced funding would reduce by £160k.
- 5.12 As with this year, reducing officers beyond this threshold level would mean a force will not be eligible for its full share of the ringfence grant. Access to ringfence funding shares will be based upon headcount levels recorded at data collection points on 30 September 2025 and 31 March 2026 and paid in January and July 2026 following the publication of police workforce statistics.
- 5.13 Given the additional recruitment of 32 Police Officers as part of the Neighbourhood Policing Guarantee, which does not increase the Police Officer Maintenance targets, then the Force should easily meet these Police Officer targets.
- 5.14 At 31st December the Force had a headcount of 1,661 officers. This equated to 1,632 FTE, with a projection of 1,644 FTE at 31st March 2025 (1673 Uplift headcount). The current plans of the Force are that they will recruit 96 Police Officers during 2025/26.
- 5.15 These plans will need to be closely monitored, managed and flexed as appropriate to ensure that all targets are met.
- 5.16 **Police Pay Assumptions** – One of the most significant assumptions within the financial plans as we move into any financial year, and also one that is out of the control of both the Mayor and Chief Constable, is the level of pay awards set in year.
- 5.17 Both the Police Pay and Staff Pay awards are implemented from the 1st September each year and are subject to National Agreement. The assumption within the current financial plan is that the award for 2025/26 will be 2.5% - which was broadly expected to be in line with inflation.

- 5.18 It is worth noting that the National Police Chiefs Council have provided a submission to the Police Remuneration Review Body *'that we make our recommendation to the review body this year for an annual pay uplift of 3.8% from September 2025 with funding centrally provided for any award over 2%'*
- 5.19 Each 1% above the 2.5% factored into the 2025/26 budget for both Police and Staff pay awards would cost around £1m more in 2025/26 and around £1.8m a year thereafter.
- 5.20 **Staff** – To be able to balance the budget for 2025/26 the Force have factored into their planning assumptions that they will have 120 staff vacancies on average during 2025/26.
- 5.21 This level of vacancies is 20 higher than the budgeted position for 2024/25. The budget from the Force is therefore based on being able to afford to have 1,107 FTE Police Staff throughout 2025/26 (after allowing for 120 vacancies).
- 5.22 The Force forecast that they will have around 1,120 FTEs at the end of March 2025. This will therefore mean that the Force will need to hold vacancies and not recruit from the start of the financial year to be able to stay within the Staff Pay budget. Therefore, recruitment and vacancies will need to be very carefully managed to ensure that the Force stay within their overall budget allocation.
- 5.23 **PCSOs** - As at the 31st January 2025 the Force report having 125 FTE PCSOs and a forecast that they will only have 119 FTEs by the end of 2024/25.
- 5.24 There are plans in place to recruit 20 additional PCSOs as part of the Neighbourhood Policing Guarantee Funding, with the Force working towards maintaining PCSOs at 131 across the current financial plan.
- 5.25 As with the other areas of staffing it is vital, not just in terms of financial planning but perhaps more importantly in terms of service delivery and improvement, that the Force have clearly articulated plans on how they are going to resource their organisation to deliver against the challenges that they have and the Police and Crime Plan.

6. Overall Financial Summary

6.1 The table below shows the current projected position of the overall finances available to the Mayor, however this is based on a significant number of assumptions that have been discussed and set out within this report.

	Approved Budget 2024/25	Proposed Budget 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
Core Funding	£000s	£000s	£000s	£000s	£000s
Government Grant	(88,770)	(92,069)	(93,911)	(95,789)	(97,705)
Council Tax Precept	(97,445)	(104,645)	(110,027)	(115,441)	(120,400)
Council Tax Freeze Grant	(2,152)	(2,152)	(2,152)	(2,152)	(2,152)
Council Tax Support Grant	(5,746)	(5,746)	(5,746)	(5,746)	(5,746)
Funding for Net Budget Requirement	(194,113)	(204,612)	(211,835)	(219,127)	(226,003)
%age Change in Net Budgetary Requirement	5.4%	5.4%	3.5%	3.4%	3.1%
Other Funding					
Specific Grants	(17,733)	(19,312)	(18,925)	(19,397)	(19,881)
Partnership Income/Fees and Charges	(9,166)	(8,372)	(8,263)	(8,216)	(8,241)
Total Funding	(221,012)	(232,295)	(239,024)	(246,740)	(254,125)
%age Change in Funding	9.8%	5.1%	2.9%	3.2%	3.0%
Office of the PCC Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Total Planned Expenditure	1,520	1,530	1,565	1,600	1,635
Commissioned Services	£000s	£000s	£000s	£000s	£000s
Total Planned Expenditure	7,500	6,345	6,345	6,345	6,345
Asset Management	£000s	£000s	£000s	£000s	£000s
	700	1,000	1,075	1,125	1,125
Police Force Planned Expenditure	£000s	£000s	£000s	£000s	£000s
Pay					
Police Pay	106,717	114,189	117,207	119,566	121,760
Police Overtime	2,613	3,762	4,577	4,153	3,652
PCSO Pay (incl Overtime)	6,770	5,876	6,512	6,707	6,901
Staff Pay (incl Overtime)	47,390	51,019	52,220	53,231	54,418
Pay Total	163,490	174,846	180,516	183,657	186,731
Non-Pay Budgets					
Other Non Salary	4,731	3,850	3,029	3,026	3,024
Injury and Medical Police Pensions	4,475	4,484	4,477	4,482	4,462
Premises	5,561	5,563	5,705	5,817	5,929
Supplies and Services	26,079	28,181	28,417	30,769	31,351
Transport	3,114	3,206	3,226	3,289	3,283
Non-Pay Total	43,960	45,284	44,854	47,383	48,049
Total Planned Force Expenditure	207,450	220,130	225,370	231,040	234,780
%age Change in Expenditure	8.6%	6.1%	2.4%	2.5%	1.6%
Total Expenditure Budgets	217,170	229,005	234,355	240,110	243,885
(Surplus)/ Deficit before Reserves/Capital	£000s	£000s	£000s	£000s	£000s
Planned Transfers to/(from) General Fund	(3,842)	(3,290)	(4,670)	(6,630)	(10,240)
Contribution to Capital Programme	4,936	3,315	4,450	6,410	9,990
Planned Transfers to/(from) Earmarked Reserves	(1,094)	(125)	0	0	0
Net (Surplus)/Deficit After Reserves	(0)	(0)	0	(0)	(0)
General Reserves	£000s	£000s	£000s	£000s	£000s
General Fund Balance b/f	6,029	6,029	6,129	6,349	6,569
Proposed (Use of)/Contribution to General Fund	0	100	220	220	250
General Fund Balance c/f	6,029	6,129	6,349	6,569	6,819
Average Employee Numbers	FTEs	FTEs	FTEs	FTEs	FTEs
Police Officers	1,660	1,676	1,676	1,676	1,676
PCSOs	163	130	130	130	130
Police Staff	1,221	1,227	1,226	1,225	1,225
Assumptions					
Staff Pay Increases	2.5%	2.5%	2.0%	2.0%	2.0%
Police Pay Increases	2.5%	2.5%	2.0%	2.0%	2.0%
Non Pay Inflation	calculated	2.0%	2.0%	2.0%	2.0%
Precept Increases	4.0%	4.6%	3.7%	3.6%	3.5%
Government Grant Increases	6.0%	3.7%	2.0%	2.0%	2.0%

- 6.2 From an overall income perspective, the Mayor is now expected to receive £11.1m more income in 2025/26 than was being forecast just 12 months ago, and £19.8m more income than was actually received in 2023/24.
- 6.3 In any 'normal' year this would be fantastic news and would enable significant investment and growth of the organisation.
- 6.4 However, most of this £11.1m increase in funding is ring-fenced/needed for the following and comes with corresponding additional costs:
- £3.8m more is needed to pay for higher National Insurance Contributions
 - £3.3m more was needed to pay for last year's pay award.
 - £1.9m has been provided for investment in Neighbourhood Policing
- 6.5 The remaining £2m, needs to cover additional costs of £2.8m within non-pay, which has been funded through a reduction in the revenue contribution to capital by £0.8m
- 6.6 Based on the plans and assumption outlined within this report and some use of reserves, that are discussed later in the report then the organisation can demonstrate a balanced budget for the next 4 years.
- 6.7 It is however vital to keep in mind that there will be challenges to this balanced plan, there are several risks that could impact significantly on the currently forecasted balanced position and there are undoubtedly many things that the organisation will have to deal with, that are currently unknown. Therefore, the constant search for savings and efficiencies will need to continue to provide future flexibility from a financial perspective.

7. Capital Financing and Expenditure

- 7.1 The assets owned by the Mayor are a vital platform for the delivery of the Police and Crime Plan, with the overall purpose of the capital plan to provide sufficient funding to renew the asset base of the organisation, informed by condition deficiency surveys, 'fit for purpose' reviews, equipment replacement programmes, business continuity requirements and invest to save expenditure.
- 7.2 The Force have put forward Capital plans for the 4-year period to 2028/29 that total just over £37m. This assumes the current revised 2024/25 Capital Programme of £13.8m is fully delivered in 2024/25.
- 7.3 As with 2024/25 it is expected that the Force will robustly manage the Capital Programme and report regularly to the Deputy Mayor via Executive Board on performance against the Capital Plan.

7.4 The current Capital Plans, which will continue to be subject to review, development and refinement over the coming years, are set out below:

<u>Capital Financing and Expenditure</u>					
	2024/25	2025/26	2026/27	2027/28	2028/29
	£000s	£000s	£000s	£000s	£000s
Earmarked Reserve/Funding b/f	14,577	8,332	2,933	38	0
Capital Receipts - vehicles and PPE	325	355	500	500	500
Capital Receipts from Estates Strategy	0	400	1,090	0	0
Contributions (to)/from Revenue	2,984	3,315	4,450	6,410	9,990
Borrowing	5,004	4,211	707	158	1,197
Projected in-year funding available	8,313	8,281	6,747	7,068	11,687
<u>Capital and Project Plans</u>					
ICT	4,160	3,290	8,196	3,823	1,462
Fleet	3,765	3,938	2,716	3,398	3,289
Estates	5,004	2,948	707	158	1,197
Other Rolling Programmes and Schemes	453	393	302	392	573
Other Schemes	392	544	47	8	0
Assumed Slippage/Underspends		0	-3,750	-725	4,475
Total Agreed Programme	13,773	11,114	8,218	7,053	10,997
Change Pipeline	784	2,567	1,423	53	0
Earmarked Reserve/Funding c/f	8,332	2,933	38	0	691

7.5 While the Capital Plan is fully financed and balanced across the full 5 years, there is an assumption of slippage/underspends within the plan.

7.6 This will be kept under review as part of the financial planning process and adjusted accordingly. Should slippage not occur in line with the assumptions then short term borrowing might be required in the years 2026/27 and 2027/28 to fund the Capital Programme, that would then be fully repaid in 2028/29.

7.7 Change Pipeline

7.8 Beyond the 'Agreed' Capital Programme, the table above also allocates, indicatively, funding for the schemes that the Force have set out and costed within their Change Pipeline.

7.9 This shows a total ask of:

- 2025/26 - £2,567k
- 2026/27 - £1,423k
- 2027/28 - £53k

- 7.10 A combined Capital Programme and Change Pipeline that totals just over £41m of spend across 4 years seems more realistic, while still challenging, than some of the plans that have been set out in previous years, that tended to be in the region of £50m.
- 7.11 The continued reporting into Executive Board reflects the continued need for additional oversight and governance of this.
- 7.12 It is also important to recognise how this is going to be funded and therefore why it is vital that these plans are fully understood, realistic, deliverable and align to both the Police and Crime Plan and the wider organisational need.
- 7.13 The funding for this investment is set to come from the following areas:
- £24.2m of contributions from Revenue over 4 years
 - £3.3m from new Capital Receipts
 - £7.6m out of Earmarked Capital Reserves and Capital Receipts Reserve across 4 years
 - £6.3m of additional borrowing to fund Estates expenditure across 4 years.
- 7.14 The organisation has ambitious plans beyond the schemes that are included within the current Capital Programme. It is important to recognise that any additional Capital expenditure is unaffordable within the current plans.
- 7.15 It is also important to understand that should the organisation look to borrow more funds for additional Capital schemes, that are not included within the current capital programme, that there will be significant costs for interest and debt repayment (Minimum Revenue Provision).
- 7.16 As an example, if there was a significant Estates/Building Project that required £20m of borrowing, then the amount of funding to support this would be around £1.5m to £1.8m a year for the next 40 years.
- 7.17 To be able to fund this the Force would therefore need to deliver cashable savings and reduce their projected expenditure plans by the above amounts, simply to meet the interest and debt replacement costs.
- 7.18 These financial implications need to be very clear to all at the outset of any significant work that is undertaken in this area.

8. Reserves

- 8.1 As at the end of 2023/24 the Mayor had Usable Policing Reserves of £18m, plus £8.7m in the Capital Receipts Reserve. The main reserves held at that point were for the following reasons:
- General Reserves - £6.0m
 - Funding for projects within the financial plans - £8.4m
 - General contingency and risk Reserves - £2.9m
 - Capital Receipts Reserve - £8.7m
- 8.2 The Mayor has a separate Reserves Strategy for Policing, which is in line with the requirement of the Government, which sets out the details of all reserves, what they are held for and how they will be used in the future. This is attached at Appendix B to this report.
- 8.3 It is worth reflecting that reserves are forecast to reduce across the financial plan from almost £27m at the start of 2024/25 to around £12m by the end of 2028/29.
- 8.4 This will only happen if the Capital Programme is delivered in line with the plan set out within this report.
- 8.5 The expected movements on all reserves held by the Mayor will be kept under review in line with the development of the MTFP, current projections are included within the table below:

	Balance at 31 March 2024 £000	Transfers In 2024/25 £000	Transfers Out 2024/25 £000	Balance at 31 March 2025 £000	Transfers In 2025/26 £000	Transfers Out 2025/26 £000	Balance at 31 March 2026 £000	Transfers In 2026/27 £000	Transfers Out 2026/27 £000	Balance at 31 March 2027 £000	Transfers In 2027/28 £000	Transfers Out 2027/28 £000	Balance at 31 March 2028 £000	Transfers In 2028/29 £000	Transfers Out 2028/29 £000	Balance at 31 March 2029 £000
Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.																
PFCC Reserve	475			475			475			475			475			475
Capital Reserve	5,835	2,984	(487)	8,332	3,315	(8,715)	2,932	4,450	(7,344)	38	6,410	(6,448)	0	9,990	(9,300)	690
Firearms Licence Reserve	440		(30)	410		(30)	380		(30)	350		(30)	320		(30)	290
Investments Reserve	87			87			87			87			87			87
Training Reserve	92		(19)	73			73			73			73			73
Council Tax Reserve	181		(80)	101		(80)	21			21			21			21
ESMCP	739			739			739			739			739			739
Commissioned Services Reserve	519		(54)	465		(55)	410		(10)	400		(10)	390		(10)	380
Total Reserves within current MTFP	8,368	2,984	(670)	10,682	3,315	(8,880)	5,117	4,450	(7,384)	2,183	6,410	(6,488)	2,105	9,990	(9,340)	2,755
Funding for specific projects and programmes beyond the current planning period.																
Confiscated Monies Reserve	465	140	(100)	505	140	(100)	545	140	(100)	585	140	(100)	625	140	(100)	665
Cost of Change Reserve	173		(170)	3			3			3			3			3
Total Reserves beyond current MTFP	638	140	(270)	508	140	(100)	548	140	(100)	588	140	(100)	628	140	(100)	668
As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance)																
Insurance Reserve	638			638			638			638			638			638
Pay and Pensions Reserve	1,850		(781)	1,069			1,069			1,069			1,069			1,069
Major Incident Reserve	432			432			432			432			432			432
Total General Contingency Reserves	2,921	0	(781)	2,140	0	0	2,140	0	0	2,140	0	0	2,140	0	0	2,140
Total Earmarked Reserves	11,927	3,124	(1,721)	13,329	3,455	(8,980)	7,804	4,590	(7,484)	4,910	6,550	(6,588)	4,872	10,130	(9,440)	5,562
General Reserves	6,029	0		6,029	100		6,129	220		6,349	220		6,569	250		6,819
Total Usable Reserves	17,955	3,124	(1,721)	19,358	3,555	(8,980)	13,933	4,810	(7,484)	11,259	6,770	(6,588)	11,441	10,380	(9,440)	12,381
Capital Receipts Reserve	8,741	325	(9,066)	0	755	(755)	0	1,590	(1,590)	0	500	(500)	0	500	(500)	0
Total Reserves	26,697			19,359			13,934			11,260			11,442			12,382

9. Risks

9.1 The major risks and unknowns surrounding the figures presented here are:

- Pay Awards are higher than the assumptions within the plan
- The levels of recruitment needed to deliver against both the financial and operational plans of the Force.
- Any differences between the future years' actual Government Grant settlements and those estimated within the plan
- Variations in future years between the estimated tax base used and the actual declared tax base.
- That the public does not support the precept increases that are factored into the current plans
- Increasing costs of the employers Pension Contribution into the Police Pension Fund.
- Sensitivity of assumptions, including inflation and borrowing costs.
- The ability of the Force to manage within its allocated budget
- The ability and capacity to either absorb growth/cost pressures and/or deliver savings to enable expenditure in essential areas to continue.
- Ability to deliver the savings included within the plans within the timeframes set and also to the level needed whilst delivering the required levels of service.
- The ability of the Force to deliver both the Capital Programme and the Change Pipeline.

10 **Robustness of Estimates and Adequacy of Financial Reserves Advice**

- 10.1 As Assistant Director of Resources (Deputy s73 Officer for Police, Fire and Crime Functions) and the delegation in place to me from the s73 Officer it is my duty to specifically comment on the robustness of the estimates put forward for the Mayor's consideration.
- 10.2 For the last few years, I highlighted there were a number of areas of expenditure that would need to be closely managed and referred to the following:
- Staff Pay given the current levels of vacancies
 - Recruiting PCSO numbers back to Establishment levels
 - Ensuring Police Officer Targets are hit
 - Ensuring that Supplies and Service budgets are fully understood and managed.
 - Capital Programme
- 10.3 The delivery against the Police Officer Targets has again been an area of strength in 2024/25, and there have certainly been improvements in the delivery against the Capital Programme.
- 10.4 All of the other points above have caused a concern within the Force's budget during 2024/25. These, along with Police Officer Overtime which has also been a challenging budget area during 2024/25, will all need to be actively managed to ensure that this doesn't occur again in 2025/26.
- 10.5 There are some risks in terms of higher than forecast spend that could potentially come from pay awards, if these are agreed at a higher level than budgeted. In addition to pay, the level of general inflation within the economy, and higher costs to be incurred by suppliers as a result of changes to National Insurance are likely to feed through into costs for the organisation and will need to be monitored closely.
- 10.6 It will be vital to continue to improve the understanding of the finances within the Force, how they link to the plans in place and then closely monitor the financial position throughout 2025/26 to ensure that the finances support the delivery and achievement of the Police and Crime Plan objectives.
- 10.7 The funding available to deliver the Capital plans of the organisation are robust and the improved delivery against the Capital Programme so far in 2024/25 will need to continue to ensure that the schemes that will help improve the Force further are delivered in a timely manner.
- 10.8 A review has been undertaken of the Mayor Policing reserves and general balances. The Mayor's Policing general balances and reserves are an important part of the Mayor's risk management strategy giving the financial flexibility to deal with unforeseen costs or liabilities. Assuming the approval of the plan set out in the budget report, I am satisfied that the Mayor would have adequate levels of financial reserves and general balances throughout the MTFP for Policing .

- 10.9 In overall terms the capacity to increase precept by more than previously planned continues to underpin a very well-resourced organisation. The Funding Formula review could however change this position significantly.
- 10.10 The MTFP forecasts that General Reserves will increase from £6m to £6.8m across the MTFP to maintain a General Reserve of 3.0% of the Net Budget Requirement. I believe this to be a reasonable level given the overall challenges and risks faced by the organisation.
- 10.11 For the reasons set out in this report and from my own review of the estimates process I am satisfied that the proposed spending plan for 2025/26 is sound and robust however there are a number of areas that I have highlighted that will need to be closely managed.

11 **Conclusion**

- 11.1 The Police Settlement for 2025/26 has provided the Mayor with an increase in Core Government Funding of £7,631k, or 7.2%.
- 11.2 Taking into account all of the other projected changes in income, including the agreed Precept increase, then the overall forecast increase in income is expected to be £11.3m.
- 11.3 Unfortunately, much of this funding increase is either specifically linked to expenditure or linked to decisions already made nationally.
- 11.4 Reserves are currently forecast to reduce by around £15m (from £27m) during the life of the Medium Term Financial. This is predominantly to support the Capital programme, and therefore ultimately the Revenue budget, to focus as much funding on service delivery as possible during 2025/26 and beyond.
- 11.5 Based on the plans and assumption outlined within this report and some use of reserves, then the organisation can demonstrate a balanced budget for the next 4 years.
- 11.6 There are some areas within the plans that will need to be actively managed otherwise variances are likely and it is vital that the Force operate within the allocated budget after an overspend in 2023/24 and another one that is forecast in 2024/25.
- 11.7 In addition to this the Capital Programme will be a challenge to deliver everything that has been set out within 2025/26, if there is significant additional slippage from 2024/25 and will therefore need to be robustly managed.

Appendix A

<u>Capital Financing and Expenditure</u>					
	2024/25	2025/26	2026/27	2027/28	2028/29
	£000s	£000s	£000s	£000s	£000s
Earmarked Reserve/Funding b/f	14,577	8,332	2,933	38	0
Capital Receipts - vehicles and PPE	325	355	500	500	500
Capital Receipts from Estates Strategy	0	400	1,090	0	0
Contributions (to)/from Revenue	2,984	3,315	4,450	6,410	9,990
Borrowing	5,004	4,211	707	158	1,197
Projected in-year funding available	8,313	8,281	6,747	7,068	11,687
<u>Capital and Project Plans</u>					
ICT	4,160	3,290	8,196	3,823	1,462
Fleet	3,765	3,938	2,716	3,398	3,289
Estates	5,004	2,948	707	158	1,197
Other Rolling Programmes and Schemes	453	393	302	392	573
Other Schemes	392	544	47	8	0
Assumed Slippage/Underspends		0	-3,750	-725	4,475
Total Agreed Programme	13,773	11,114	8,218	7,053	10,997
Change Pipeline	784	2,567	1,423	53	0
Earmarked Reserve/Funding c/f	8,332	2,933	38	0	691

Appendix B

Reserves Strategy

There is a requirement within the Financial Management Code of Practice to publish a Reserve Strategy and as part of arrangement to improve transparency:

- Each PCC/ PCC equivalent should publish their reserves strategy on their website, either as part of their medium term financial plan or in a separate reserves strategy document. The reserves strategy should include details of current and future planned reserve levels, setting out a total amount of reserves and the amount of each specific reserve held for each year. The reserves strategy should cover resource and capital reserves and provide information for the period of the medium-term financial plan (and at least two years ahead).
- Sufficient information should be provided to enable understanding of the purpose(s) for which each reserve is held and how holding each reserve supports the medium term financial plan.

The strategy should be set out clearly and understandably for members of the public, and should include:

- how the level of the general reserve has been set;
- justification for holding a general reserve larger than five percent of budget;
- details of the activities or items to be funded from each earmarked reserve, and how these support the PCC/PCC equivalent and Chief Constable's strategy to deliver a good quality service to the public.
- Where an earmarked reserve is intended to fund several projects or programmes (for example, a change or transformation reserve), details of each programme or project to be funded should be set out.

The information on each reserve should make clear how much of the funding falls into the following three categories:

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

The Reserves Forecast across the MTFP are shown below, along with the necessary supporting information on the following pages:

Reserves Forecast

The following schedule sets out the forecast movements on reserves over the life of the current long term financial plan, it is important to recognise that whilst the schedule sets out the expected use of the current reserve's circumstances will change and all reserves will be reviewed at least annually. It is also important to recognise that there will undoubtedly be a need to create new reserves, in future years, to deal with risks that are currently unknown; therefore while the current schedule shows that the overall level of risks will reduce significantly, the likelihood is that they will not reduce in overall financial terms as exactly planned and that while current reserves are spent new reserves are likely to be needed to manage future risks.

	Balance at 31 March 2024 £000	Tranfers In 2024/25 £000	Tranfers Out 2024/25 £000	Balance at 31 March 2025 £000	Tranfers In 2025/26 £000	Tranfers Out 2025/26 £000	Balance at 31 March 2026 £000	Tranfers In 2026/27 £000	Tranfers Out 2026/27 £000	Balance at 31 March 2027 £000	Tranfers In 2027/28 £000	Tranfers Out 2027/28 £000	Balance at 31 March 2028 £000	Tranfers In 2028/29 £000	Tranfers Out 2028/29 £000	Balance at 31 March 2029 £000
Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.																
PFCC Reserve	475			475			475			475			475			475
Capital Reserve	5,835	2,984	(487)	8,332	3,315	(8,715)	2,932	4,450	(7,344)	38	6,410	(6,448)	0	9,990	(9,300)	690
Firearms Licence Reserve	440		(30)	410		(30)	380		(30)	350		(30)	320		(30)	290
Investments Reserve	87			87			87			87			87			87
Training Reserve	92		(19)	73			73			73			73			73
Council Tax Reserve	181		(80)	101		(80)	21			21			21			21
ESMCP	739			739			739			739			739			739
Commissioned Services Reserve	519		(54)	465		(55)	410		(10)	400		(10)	390		(10)	380
Total Reserves within current MTFP	8,368	2,984	(670)	10,682	3,315	(8,880)	5,117	4,450	(7,384)	2,183	6,410	(6,488)	2,105	9,990	(9,340)	2,755
Funding for specific projects and programmes beyond the current planning period.																
Confiscated Monies Reserve	465	140	(100)	505	140	(100)	545	140	(100)	585	140	(100)	625	140	(100)	665
Cost of Change Reserve	173		(170)	3			3			3			3			3
Total Reserves beyond current MTFP	638	140	(270)	508	140	(100)	548	140	(100)	588	140	(100)	628	140	(100)	668
As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance)																
Insurance Reserve	638			638			638			638			638			638
Pay and Pensions Reserve	1,850		(781)	1,069			1,069			1,069			1,069			1,069
Major Incident Reserve	432			432			432			432			432			432
Total General Contingency Reserves	2,921	0	(781)	2,140	0	0	2,140	0	0	2,140	0	0	2,140	0	0	2,140
Total Earmarked Reserves	11,927	3,124	(1,721)	13,329	3,455	(8,980)	7,804	4,590	(7,484)	4,910	6,550	(6,588)	4,872	10,130	(9,440)	5,562
General Reserves	6,029	0		6,029	100		6,129	220		6,349	220		6,569	250		6,819
Total Usable Reserves	17,955	3,124	(1,721)	19,358	3,555	(8,980)	13,933	4,810	(7,484)	11,259	6,770	(6,588)	11,441	10,380	(9,440)	12,381
Capital Receipts Reserve	8,741	325	(9,066)	0	755	(755)	0	1,590	(1,590)	0	500	(500)	0	500	(500)	0
Total Reserves	26,697			19,359			13,934			11,260			11,442			12,382

Why have these Reserves been established and what will they used for?

Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.

OPFCC Reserve (Funding for Planned Expenditure over MTFP)

The OPFCC has established the reserve to support OPFCC specific costs and initiatives.

Capital Reserve (Funding for Planned Expenditure over MTFP)

This reserve is held to meet the forecast costs of capital schemes which will enable the capital needs of the organisation to be funded in a sustainable manner, without the need to increase borrowing beyond what is determined to be a prudent level and to also provide some contingency to fund unknown investments whether these be from local changes or national initiatives.

Change Reserve (Funding for Planned Expenditure over MTFP)

This reserve is held to meet the forecast costs of additional fixed term resources that are needed to deliver Change within the Force.

Firearms Licence Reserve (Funding for Planned Expenditure over MTFP)

This reserve is held to meet the variable nature of income from Firearms versus the costs of administering the process.

Investments Reserve (Funding for Planned Expenditure over MTFP)

This reserve was created from a 'precept' underspend from 2019/20 and is to be invested in line with the PFCC proposals.

Training Reserve (Funding for Planned Expenditure over MTFP)

This reserve was created from an underspend from 2019/20 when not all planned training could be delivered in year. This is expected to be used to support 'catching up' with training that was paused during the pandemic.

Collection Fund Reserve (Funding for Planned Expenditure over MTFP)

This reserve will be utilised to support the Road Safety Partnership, with the remaining balance transfer to the Change Reserve.

ESMCP Reserve (Funding for Planned Expenditure over MTFP)

This specific funding from the Government is to be used to support the transition to the new Emergency Service Mobile Communications Platform and will be released in line with plans and Government timelines.

Commissioned Services Reserve (Funding for Planned Expenditure over MTFP)

To help manage the variable nature of and short term nature of some grants provided for this area of work this Reserve has been established from previous underspends in this area to help manage the uncertainties of funding changes and invest initially in new areas of work

Funding for specific projects and programmes beyond the current planning period.

Confiscated Monies Reserve

This reserve holds money raised from confiscated assets generated through the proceeds of crime, either directly or via grant from Central Government. The reserve is utilised to support crime fighting work, subject to statutory restrictions on usage

Cost of Change Reserve (Funding for Planned Expenditure over MTFP)

This funding within this reserve is be released to the Change Reserve.

As a general contingency or resource to meet other expenditure needs held in accordance with sound principles of good financial management (e.g. insurance).

Insurance Reserve (General Contingency Reserve)

The Police, Fire and Crime Commissioner operates on a self-insurance basis determined by the level of excess on the cover provided by external policies. This reserve is ring-fenced for insurance requirements only and cannot be used for other purposes. It is calculated based on an historic assessment of claims history and is subjected to an actuarial audit to validate the fund level on a three-yearly basis. This reserve is available should the Police, Fire and Crime Commissioner face exceptional costs or suffer a major catastrophic incident or face premium increases which cannot be met by budget in year.

Pay and Pensions Reserve (General Contingency Reserve)

The biggest risk within the financial plans are the cost pressures that result from Pay Awards that are higher than forecast. These awards are generally notified late in the financial year and therefore with little/no time to reduce spending if required. This reserve therefore provides a mechanism for meeting unexpected costs in this area, should they materialise, while long term savings plans are developed and delivered.

Major Incident Reserve (General Contingency Reserve)

This reserve was established by transfer from revenue, and is held to contribute to the funding of any one off major incident revenue costs over and above the annual budget set aside for major incidents.