



POLICE & CRIME PANEL – 5 FEBRUARY 2025

2025/26 BUDGET, PRECEPT AND MEDIUM-TERM FINANCIAL STRATEGY

REPORT BY CHIEF FINANCE OFFICER

PURPOSE OF THE PAPER

To set out the Police and Crime Commissioner's proposals for the 2025/26 budget, precept, and the medium-term financial strategy.

1. BACKGROUND

- 1.1. The Police and Crime Commissioner (PCC) for each force area is required each year to set a balanced budget, including the precept to be charged to council taxpayers. All funding is received by the PCC, and they consult with the Chief Constable to determine how the funding should be allocated to ensure an efficient and effective police service.
- 1.2. In respect of the precept element of the budget, the PCC is required to notify the Police and Crime Panel of the proposed precept by 1 February each year, which must be considered within a week. The Panel can either accept the precept or veto it, subject to two thirds of the Panel supporting the veto. In the event of a veto, the PCC must present a revised precept by 15 February, which the Panel must consider by 22 February. A reserve date of 19 February 2025 has been set for a second meeting of the Panel, should this become necessary.

2. STRATEGIC APPROACH

- 2.1. The Police and Crime Plan sets out the strategic intent for policing in Dorset and was originally launched by the PCC in October 2021 and covers 2021 – 2029. The Plan was reviewed in 2024 following the PCC elections and the revised version was adopted in October 2024. Within the plan there are six priority areas working towards the vision of making Dorset the safest county. The six priority areas are:
 - Cut Crime and Anti-Social Behaviour (ASB)
 - Make Policing More Visible and Connected
 - Fight Violent Crime and High Harm
 - Fight Rural Crime
 - Put Victims and Communities First
 - Make Every Penny Count
- 2.2. The Financial Strategy, including the Capital Strategy, Reserves Strategy and Treasury Management Strategy are used to translate the vision of the Police and Crime Plan into the detailed budget, with the Medium-Term Financial Plan setting out what this looks like for future years.

- 2.3. The strategic approach taken to developing the 2025/26 budget proposals is to take a longer-term view to ensure that decisions taken are sustainable, building greater financial resilience and delivering value for money for Dorset residents.

3. CORE FUNDING

- 3.1. The core funding for the revenue budget comes from two main sources: government grant and council tax, and the split between the two almost equal with total council tax funding now making up a slightly higher percentage of the core funding than the government grant. The funding from each source is set out in the table below:

Funding	2024/25 £		2025/26 £		Change £
Government Grant	83,212,415	(48.4%)	86,023,912	(47.1%)	2,811,497
Council Tax Precept	88,130,280		96,077,904		7,947,624
Collection Fund Balance	532,243		579,093		46,850
Total Council Tax funding	88,662,523	(51.6%)	96,656,997	(52.9%)	
Total Core Funding	171,874,938		182,680,909		10,805,971

Government Grant

- 3.2. The Autumn Budget set out Phase 1 of Spending Review 2025 which covered 2025/26 only. Phase 2 of the Spending Review will cover future years and is due to conclude in Late Spring 2025. Phase 1 of the Spending Review set the overall Departmental Expenditure Limit for the Home Office but did not announce specifics in relation to policing. The budget did set out changes to employers National Insurance contributions which would impact policing, however public sector employers would receive grant funding towards these costs.
- 3.3. In November, the Ministry of Housing, Communities and Local Government (MHCLG) issued a Finance Policy Statement setting out the council tax referendum principles for 2025/26. This confirmed that the referendum limit for Police and Crime Commissioners would be £14 in 2025/26.
- 3.4. The detailed funding for each PCC is not announced until the Provisional Finance Settlement in December each year with the final Settlement confirmed in January. For 2025/26 the Provisional Finance Settlement was issued on 17 December 2024 but at the time of writing this report, the Final Settlement had not been confirmed. A verbal update will be provided at the meeting.
- 3.5. The Government Grant is made up of two main elements: Police Grant and Legacy Council Tax Grants. The settlement confirmed that the legacy council tax grants would remain at the same level as 2024/25, a figure that has not changed since 2022/23.
- 3.6. As in previous years, a proportion of the funding will be allocated to Police and Crime Commissioners through a ring-fenced grant with the remaining funding allocated through the core grant. This ring-fenced grant is conditional on the maintenance of police officer numbers although details of the penalties have not yet been announced. For 2025/26 the total amount of ring-fenced grant has been reduced by £75m and added to the core grant. Both are allocated on the basis of funding formula therefore there is no overall change in funding, just less is conditional on police officer numbers.
- 3.7. In addition to the ring-fenced grant, an additional recruitment grant will also be paid based on the officers recruited over and above the original baseline uplift target. For Dorset this equates to 25 officers, taking the overall officer headcount to be maintained to 1,458.

- 3.8. The settlement also confirmed that the Pensions Grant would remain at the same level as 2024/25, after allowing for the removal of the once off administration funding provided in 2024/25.
- 3.9. The National Insurance Grant was confirmed in the settlement and allocated on the basis of the total workforce statistics rather than formula funding. This has meant that the funding announced will be broadly in line with the increase in costs associated with the changes.
- 3.10. The final announcement in the settlement was around the Neighbourhood Policing Guarantee. £100m has been set aside nationally and allocated to forces using the funding formula. It is understood that this funding is to be used to increase neighbourhood resources, but no further details have been released at the time of writing the report. It has therefore been assumed in the budget that this will generate additional costs equivalent to the grant, and this will be reviewed once further details are announced. It has also been assumed that the £1m received for Hot Spot Policing in 2024/25 will not continue.
- 3.11. The funding for Dorset in 2025/26 announced in the settlement is set out below. Whilst the core grants make up the funding for the budget alongside the precept, the specific grants are required to be built into the budget as income.

	2024/25 £	2025/26 £	Change £
Police Grant	75,293,841	78,105,338	2,811,497
Legacy Council Tax Grant	7,918,574	7,918,574	0
Total Core Funding	83,212,415	86,023,912	2,811,497
Ring-fenced Grant	3,525,259	2,903,155	(622,104)
Pension Grant	4,408,083	4,132,428	(275,655)
Additional Recruitment Grant	816,000	1,317,149	501,149
National Insurance Grant	0	2,693,151	2,693,151
Neighbourhood Policing Grant	0	829,473	829,473
Total Specific Grants	8,749,342	11,875,356	3,126,014
Total Settlement Funding	91,961,757	97,899,268	5,937,511

Council Tax

- 3.12. The council tax precept is the total amount charged to Dorset residents. The Band D council tax charge is calculated by dividing the total precept by the taxbase. While the setting of the precept, and therefore the Band D council tax charge, is a local decision, the increase in the Band D charge must be within the referendum principles set by the Government or the increase must be supported by a public referendum. For 2025/26 the referendum limit for policing has been set at £14 per year.
- 3.13. The Minister of State for Policing, Fire and Crime Prevention's written statement for the provisional 2025/26 police finance settlement set out an assumption that PCCs would maximise this council tax flexibility.
- 3.14. The taxbase is calculated by each local authority in Dorset and is the number of Band D equivalent properties in Dorset liable to pay council tax, after taking account of discounts, collection rates and local council tax support schemes. New for 2025/26 is the second homes premium, whereby Billing authorities have the ability to charge a 100% premium on second homes. This is being implemented by both councils in Dorset and has been factored into the taxbase calculations this year.

- 3.15. This has resulted in a significant increase in the taxbase for 2025/26 however, the experience of some Welsh forces when this was implemented in Wales was that the taxbase fell in future years as second homes were sold or uses changed. Whilst the Billing Authorities have attempted to mitigate against this by not building all of the additional income into the taxbase, this will need to be factored into the assumptions for future years.

Band D equivalents	2024/25	2025/26
Bournemouth, Christchurch & Poole	146,342.0	151,574.2
Dorset	153,849.7	160,793.0
Total Taxbase	300,191.7	312,367.2
Increase / (Decrease)	1.0%	4.0%

- 3.16. This growth in taxbase means the precept will generate over £3.5m more than 2024/25 before any increase in the Band D charge is considered.
- 3.17. In addition to the precept, funding also usually comes from the collection fund surplus generated by the local authorities. A surplus arises from a variety of factors such as improved collection rates, ongoing collection of prior year charges or higher growth of properties than estimated.
- 3.18. The table below sets out the position for each council and the overall impact for Dorset Police.

	Bournemouth, Christchurch & Poole	Dorset Council	Total
2025/26 Surplus	0	579,093	579,093

- 3.19. For 2025/26 the proposed council tax precept and collection fund surplus for each local authority area is as follows:

Funding	Bournemouth, Christchurch & Poole £	Dorset Council £	Total £
Council Tax Precept	46,621,193	49,456,711	96,077,904
Collection fund Surplus	0	579,093	579,093
Total	46,621,193	50,035,804	96,656,997

4. CHIEF CONSTABLE'S BUDGET

- 4.1. Over 98% of the budget is delegated to the Chief Constable for the operational delivery of policing in Dorset. The Chief Constable has requested the increase in precept as a result of a number of cost pressures within the budget. Key cost pressures and assumptions are outlined below, and the detailed budget is set out in Appendix 1.

Pay Budget

- 4.2. Pay and Employment costs make up over 88% of the Chief Constable's budget therefore it is unsurprising that it produces the largest budget pressure. The pay award is one of the largest

assumptions included within the budget. In the 2024/25 budget the pay award was assumed to be 2.5%, in line with the unfunded pay award in 2023/24. Additional grant had been provided in previous years for the pay award being higher than this therefore it was anticipated that this would continue.

- 4.3. The nationally agreed pay award for both officers and staff was announced during the summer at 4.75% and came into effect on 1 September 2024. As expected, additional grant was provided for costs above 2.5% but this was distributed on the basis of funding formula shares and was only once off. The additional costs of the 2024/25 pay award have been built into the 2025/26 budget without any specific funding.
- 4.4. For 2025/26 the pay award assumption for both officers and staff has been included at 2.0% in line with the CPI target for inflation. The total cost of these pay awards is £6.2m with an additional inflation contingency of £0.7m to mitigate against a higher pay award or other inflationary pressures. It is assumed that any pay award agreed in excess of this level will be covered by additional grant.
- 4.5. In addition to the pay award there are increased costs for contractual pay increments and associated impact on National Insurance and pension contributions from the increases in pay. Whilst the changes to the employers National Insurance contributions outlined in the Budget are covered by the additional grant, the increases resulting from the higher pay bill are not. In total, these pay pressures amount to £12.0m and partially offset by the National Insurance Grant of £2.7m.
- 4.6. As a result of the reducing number of staff employed by the Force, it has been essential to review the turnover factor included within the budget. With less vacancies and an increasing pressure to fill those that arise going forward, achieving the turnover factor savings has been challenging in 2024/25. For 2025/26 the factor has been reduced from 7.5% to 5% at a cost of £1.1m in order to ensure the budget is robust and achievable.

Inflation

- 4.7. Whilst the inflation rate has now fallen from its high point in October 2022, prices are still rising and causing pressure on the budget. Whilst no general inflation increase has been applied to budgets there are a number of areas where increases are required. In particular IT contracts, estates budgets and insurance are the main pressures. In total the inflation pressures are £1.2m but this is significantly less than in previous years.

Impacts of the Capital Programme

- 4.8. As there is no longer any capital grant provided to fund the capital programme the revenue budget and borrowing are the two main sources of funding for the capital programme. The capital programme continues to move towards a sustainable position over the medium term with a further increase to the revenue contribution of £0.2m in 2025/26. However, there is still a requirement for borrowing and the associated revenue costs of this add another £0.4m to the budget.

Service Developments

- 4.9. Whilst the budget is challenging for 2025/26 there are still some areas where some improvements have been made and increases have been factored into the budget. The Digital Evidence Management System (DEMS) will go live this year therefore the additional license fees have been factored into the budget. The additional project management resources factored into the 2024/25 budget will be required more long term therefore are being built in on a permanent basis. A permanent budget for the innovation fund has also been built in so that small scale 'Invest to Save' projects can still continue to be delivered. These three initiatives total £0.7m.
- 4.10. There are also some budgets which have been under significant pressure in 2024/25 and need to be increased. The major operations budget, the control room overtime budget and

national subscriptions have all seen pressures during the year, and despite attempts to mitigate them all require increases for 2025/26 and together total £1.0m.

Savings and Efficiencies

- 4.11. Within the 2024/25 budget over £4.5m of savings were built in, and whilst most have been achieved, some have not. The Panel will be aware from the ongoing monitoring reports previously reported, that some of these savings were superseded by the Mutually Agreed Resignation Scheme (MARS) which was implemented in the Autumn. This created a risk of double counting savings within 2025/26 therefore all unachieved savings, totalling £1m, were removed from the budget before the full impact of MARS was then factored in.
- 4.12. The MARS has delivered full year savings totalling £2.6m which have been removed from the budget. A number of other new savings have been identified and implemented during the year totalling £1.4m including the removal of some vacant posts, reduction in supplies and services and reductions in utilities and PFI budgets.
- 4.13. On 15 January 2025 the Minister for Policing, Fire and Crime Prevention made a Written Ministerial Statement setting out the increases to Firearms Licensing charges. Whilst this is likely to increase income generated, at this stage it is assumed that additional resources will be required to be invested within the licensing team to improve the service as a result, therefore no saving is being factored into the budget.

Summary Position and Balancing the Budget

- 4.14. Taking into account all of the budget pressures, the efficiency savings, additional income and the proposed increased precept there still remains a budget gap of £2.4m. Given the significant savings that have been delivered over the last 2 years the options available to deliver the savings are limited.
- 4.15. The Force will continue its restrictions on overtime, the vehicle fleet and other supplies and services which were instigated during 2024/25 when further savings became necessary. The remaining gap will need to be closed by further reducing posts, potentially up to 30 to 40 posts, but this will depend upon the final information being received in respect of grant conditions etc.
- 4.16. In order to be clear on the impact of reducing resources in each are, the Force has developed a comprehensive BRAG assessment tool which grades each area into Black, Red Amber or Green depending on the impact of the service. The assessment is a five-step process looking at the following areas:
 - Critical function – service delivery, specialist skills, how long could the service cope with reduced resources?
 - Department operating risk – impact on priorities and objectives, legislation, public trust and confidence.
 - Continuous improvement – what changes have already been made? What further scope is there?
 - Overall contribution to the Force – Force priorities and Police and Crime Plan, legal requirements.
 - Harm and Financial Weightings – what is the size of the impact?
- 4.17. By utilising this comprehensive assessment tool, the Force will seek to minimise the impact on operational policing and the Police and Crime Plan of the savings required to balance the budget.

5. CAPITAL BUDGET

- 5.1. The capital programme is primarily made up of two types of projects: rolling programmes of replacing existing capital assets such as vehicles and IT equipment and more once off investments in the future such as PRISM and the Futures project. In order to achieve a sustainable, affordable programme, the Force is moving to a position where all recurring programme spend is funded from the recurring source of revenue contributions. This approach began in 2020/21 but will take some time before this can be achieved.
- 5.2. The Capital Strategy Group has thoroughly reviewed each scheme, challenging budget holders over timescales and estimated costs in order to develop a realistic, affordable programme based on the latest information.
- 5.3. Slippage identified in the current year's programme has been built into the 2025/26 budget and will be kept under review by the Capital Strategy Group. Any further slippage at the year end will be added into the 2025/26 programme through the usual carry forward process. As in 2024/25, an allowance for slippage of schemes has been included within the programme reflecting the trend of projects to take longer than anticipated.
- 5.4. In addition to the revenue contributions, the main source of funding for the capital programme is borrowing. Borrowing will be applied to the assets with the longest life in order to minimise revenue costs. This will be managed through the Treasury Management Strategy through either cashflow (internal borrowing) or external loans through the Public Works Loan Board (PWLB). The full suite of Prudential Indicators are included within the Treasury Management Strategy.
- 5.5. The summary Capital Programme for 2025/26 to 2028/29 is set out in Appendix 2.

6. OFFICE OF THE POLICE AND CRIME COMMISSIONER BUDGET

- 6.1. The budget for the Office of the Police and Crime Commissioner is exposed to the same challenges as the Force in relation to pay awards, increments, National Insurance changes and inflation and these total £0.14m for 2025/26. There are also increased costs following changes to the police misconduct panel requirements of £0.02m. These resulted in a total increase of £0.16m up to £1.789m for 2025/26.
- 6.2. The Commissioning budget has been maintained at £1.504m and the Violence Reduction and Prevention Team increase to £0.266m following the ending of the Immediate Justice Grant. The Violence Reduction Reserve will fund £0.09m of these costs as set out in the MTFP last year and the OPCC reserve will fund £0.1m as the Immediate Justice programme is evaluated and concluded.

7. PROPOSED PRECEPT

- 7.1. Following the Provisional Finance Settlement and the confirmation of the £14 council tax referendum limit for 2025/26 the PCC is consulting the public on the full use of the council tax flexibilities.
- 7.2. The consultation was launched on 17 December 2024 and will run until the end of January 2024. A total of eight face to face roadshows sessions have been held across the county in addition to the online elements of the survey. At the time of writing the survey is still open therefore a verbal update will be provided at the meeting on the final results.

- 7.3. As at 27 January 2025 there had been 1,958 responses with 76% of respondents agreeing that Dorset Police requires additional funding, and 55% being willing to pay an additional sum per year to help the Force achieve a balanced budget. This year a range of values were offered with 27% supporting an extra £30 per year, 13% supporting an extra £20 and 15% supporting the £14 per year.
- 7.4. Whilst it is reassuring that the majority are willing to pay an increased amount for policing in Dorset, there is still a significant percentage of people who are not. Whilst many say this is because funding should be provided centrally, the cost of living crisis remains a significant issue for many people across Dorset. The primary means of addressing the affordability difficulties is the Local Council Tax Support (LCTS) Schemes operated by the two councils in Dorset. Both are means tested but provide support to those on low incomes. For those of pensionable age this provides support of up to 100% of the bill as part of a national scheme. In BCP, working age claimants can get support of up to 80% of the total bill whilst in Dorset the scheme provides support of up to 100% of the bill for working age claimants.
- 7.5. As a result, the PCC is proposing to increase the precept to £96,077,904. This will result in a Band D charge of £307.58, an increase of £14 per annum or £1.17 per month.
- 7.6. It is worth remembering that while Band D is the national average Band, the most common Band within Dorset is Band C and over 56% of properties are in Band A to C. The impact on each Band charge is set out below:

	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
2024/25 Charge	£195.72	£228.34	£260.96	£293.58	£358.82	£424.06	£489.30	£587.16
Annual Increase	£9.33	£10.89	£12.44	£14.00	£17.11	£20.22	£23.33	£28.00
2025/26 Charge	£205.05	£239.23	£273.40	£307.58	£375.93	£444.28	£512.63	£615.16

8. MEDIUM TERM FINANCIAL STRATEGY

- 8.1. As part of the budget setting process the medium term financial strategy has been reviewed and updated, extending it until 2028/29. Some of the key assumptions included within the strategy are:
- Pay award of 2% per annum from 2026/27.
 - Core grant increase of 0% from 2026/27.
 - Council taxbase increase of 0.3% for 2026/27 and then 0.7% thereafter.
 - Council tax increase of £10 per annum (equivalent to 3.25% for 2026/27, 3.15% for 2027/28 and 3.05% in 2028/29).
- 8.2. These assumptions produce the following central case budget position until 2028/29:

	2026/27 £'000	2027/28 £'000	2028/29 £'000
Budget Requirement	188,089	194,017	199,832
Total Funding	185,023	189,375	193,275
Budget Gap	3,066	4,642	6,557

- 8.3. The above forecast shows budget gaps in each year going forward. Whilst significant work has been undertaken to deliver savings in recent years even more savings will need to be identified in order to address these gaps if the assumptions included in the forecast are accurate.

- 8.4. Once again, the above forecast contains many uncertainties with little data available on which to base the assumptions. In the previous years, whilst there were no finance settlements available at individual force level, the three-year Spending Review provided information on the funding available to policing in general. This enabled reasonable estimates to be forecast, including the likely council tax referendum limits. Phase 1 of the Spending Review 2025 only dealt with 2025/26 so we will need to wait until Phase 2 is completed in the late spring before having any further data for future years' forecasts. The central case forecast is therefore based on assuming current funding levels continue.
- 8.5. In order to provide an indication of the variation assumptions can create, best and worst case scenarios have been prepared by adjusting the above key assumptions to determine a range within which the real position might fall. The table below shows the cumulative position of each case over the next three years.

(Surplus) / Deficit	2026/27 £'000	2027/28 £'000	2028/29 £'000
Best Case	(1,537)	(1,652)	(3,324)
Central Case	3,066	4,642	6,557
Worst Case	5,597	9,101	12,623

- 8.6. The forecast does not include any changes as a result of a change to the Funding Formula. Work on the review is currently paused. This will be reviewed as and when further information becomes available.

9. RESERVES

- 9.1. The PCC holds two types of reserves, earmarked reserves and general reserves. Earmarked reserves are funds set aside for specific purposes such as strategic change projects or changes to the workforce. They are currently estimated to be in the region of £3.0m by 31 March 2025 before any carry forward requests are made. There are three uses of earmarked reserves included in the 2025/26 budget as set out below:

Reserve	Amount	Purpose
Budget Management Reserve	£33,000	Regional Surveillance
Violence Reduction Reserve	£90,000	Year 2 cost of the Violence Reduction Unit
OPCC Reserve	£100,000	Evaluation and transition from Immediate Justice programme

- 9.2. There is also a planned contribution to a new earmarked reserve for insurance that has been included within the budget of £200,000. This new reserve is aimed at improving financial resilience and mitigating against the risk of significant insurance claim excess costs in any particular year. This will be a regular contribution each year.
- 9.3. General Reserves are held to cover costs from unexpected events or emergencies. The PCC's Reserves Strategy, in accordance with Home Office guidance, is to keep the level of general reserves between 3% and 5% of net revenue expenditure. For 2025/26, based on net revenue expenditure of approximately £182.7m this would indicate reserves of between £5.48m and £9.13m. General Reserves are estimated to be £5.47m at 31 March 2025 before any variance at year end is considered. This is equivalent to just under 3% of net revenue expenditure for 2025/26 and drops to 2.83% of net revenue expenditure in 2028/29, based on the central case medium term financial strategy.
- 9.4. In order to restore the General Reserves to above the 3% level and with the uncertainty of the forecast going forward, it is proposed to contribute £300,000 of the collection fund surplus in 2025/26 to general reserves, thereby increasing the balance to 3.16% in 2025/26.

The forecast assumes that £300,000 will be contributed each year and therefore increases General Reserves to 3.45% of net revenue expenditure over the medium term.

- 9.5. As a result, the Chief Finance Officer can confirm that the level of reserves is adequate, but only once taking into account the planned contributions in 2025/26 and the following years. These contributions will need to be seen as a priority over the medium term in order to maintain this position.
- 9.6. Further details on the reserves are set out in the Reserves Strategy, included at Appendix 3.

10. ROBUSTNESS OF THE BUDGET

- 10.1. In addition to determining the adequacy of reserves, Section 25 of Local Government Act 2003 requires all Chief Finance Officers to make a statement regarding the robustness of the budget estimates at the time the budget is set. The PCC has a statutory duty to have regard to that report when making decisions about the budget.
- 10.2. The budget proposals have been developed using the latest information and variances reported in the current financial year. The base budget has undergone comprehensive review and challenge by Finance, Budget Holders and the Senior Executive of the Force and has been overseen by the Efficiency and Productivity Board. Outcomes from the work of Project Evolve have been scrutinised by Resource Control Board and Joint Leadership Board.
- 10.3. As part of the budget process adverse variances have been addressed as well as opportunities for savings. Key areas which have been under pressure in the current year and have been unable to be mitigated against have been increased in order to make the budgets more robust and less likely to overspend in 2025/26.
- 10.4. As previously mentioned, pay costs make up the vast majority of costs within the budget. These costs are built up on an individual basis using spreadsheets and are a significant part of the budget build process. However, the pay award assumption remains a key risk within the 2025/26 budget. The 2.0% allowance is in line with the target for CPI and the percentage included within the previous spending review. Whilst some Government Departments have indicated to Pay Review Bodies 2.8% would be affordable, the submission to the Police Pay Review Body has not yet been published. A contingency of £0.7m has been built into the budget to cover a further increase if this does become the Home Office submission.
- 10.5. A risk within the pay budget is the number of Police Officer leavers. This has not been an issue previously but in recent years the number of leavers has been reducing. Whilst this is good news in terms of retaining experience and knowledge it does create pressure on the budget as a certain number of leavers are factored into the calculations. This is being experienced by all forces therefore is carefully monitored by the Workforce Planning Board and Resource Control Board. The assumption for leavers has been carefully reviewed, including the average salary of leavers, in order to inform the budget for 2025/26 but there is very little data available on which to base this assumption.
- 10.6. Almost two thirds of the savings built into the 2025/26 budget have already been achieved, primarily through the MARS scheme. Of the remaining £2.4m there are sound processes in place to assess the impacts of options of savings proposals. These will be developed once the full details of the Neighbourhood Policing Grant and conditions relating to the ringfenced and additional recruitment grants are known as these may impact the savings required. These savings, on top of those made in the last two years, are challenging and progress will need to be made promptly and consistently to ensure they are delivered. The governance arrangements in place for oversight of the savings progress are well established through the Efficiency and Productivity Board and Resource Control Board.

10.7. A key aspect of ensuring the budget is robust is ensuring that once off sources of funding are only utilised for once off expenditure. The Collection Fund surplus represents a significant once off funding source within the 2025/26 budget and has been used to fund once off items of expenditure as set out below:

	£
Gross Collection Fund Surplus	579,093
Contribution to General Reserves	300,000
Contribution to Insurance Reserve	200,000
Asset Management Plan	79,093
Total	579,093

10.8. The use of earmarked reserves are also related to once off costs as set out in Paragraph 9.1

10.9. Whilst the Finance Settlement has not been finalised at the time of writing this report, it is not anticipated that significant changes will be made affecting the robustness of the budget. This position will be reviewed once the final details are received, and an update provided at the meeting. Further detail on the risks associated with the budget are set out in Appendix 4.

10.10. The Chief Finance Officer for the Force has reviewed the estimates and assumptions used in preparing the 2025/26 budget and has confirmed that they present a robust budget for the year. Taking this all into account, I am able to provide a positive assurance statement concerning the robustness of the budget estimates for 2025/26 and the adequacy of reserves as outlined in section 9.

10.11. Looking ahead to the medium term, from 2026/27 and beyond the position becomes much more uncertain. It is very difficult to make forecasts with any certainty given the significant number of unknowns or national changes that are anticipated such as:

- New Spending Review for 2026/27 – how many years will this cover? What will this mean for the ring fencing of grants for the maintenance of officer numbers?
- Approach to council tax referendum principles.
- Review of the police funding formula.
- Impact of council tax premiums for second homes by local billing authorities.

10.12. However, policing is a dynamic and largely reactive service and will always be subject to the level of demand and complexity that impacts upon it. Budgetary pressures across the wider public sector have led to difficult decisions being made elsewhere, just as they have in policing, and this will likely result in a collective diminution to the partnership response to community safety, prevention and crime reduction.

10.13. Whilst the worst case scenario in the medium term financial plan might appear almost catastrophic, with a few slight tweaks of the assumptions the deficit turns into a surplus. Given the sheer number of significant uncertainties outlined above it does not feel necessary to change our approach at this stage. Continuing to plan for the central case, until more information becomes available remains the most appropriate course of action, but this will be kept under constant review as the issues develop.

11. CONCLUSION AND RECOMMENDATION

11.1. Like all forces and other public sector bodies, the Force is facing significant cost pressures as outlined in this report. In order to address these pressures and continue the good work in delivering the Police and Crime Plan, it is necessary to increase the precept. Without the

proposed increase, significantly more budget reductions would be required and would lead to a reduction in frontline services.

- 11.2. The Police and Crime Panel are, therefore, recommended to consider the PCC's proposal to increase the precept for 2025/26 to £96,077,904, equivalent to a Band D charge of £307.58, an increase of £14 per annum or £1.17 per month (4.8%), as set out in Appendix 5.

**JULIE STRANGE CPFA
CHIEF FINANCE OFFICER**

Appendix 1 – 2025/26 Budget Requirement

Appendix 2 – Capital Programme

Appendix 3 – Reserves Strategy

Appendix 4 – Risks

Appendix 5 – Council Tax Requirements

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