

**POLICE AND CRIME PANEL PRECEPT REPORT**  
**SUPPLEMENTARY INFORMATION**

1. Provisional Police Grant Settlement

The Provisional Police Grant Report accompanied by a Written Ministerial Statement was laid before Parliament on 17 December 2024.

1.1 The core grant for Nottinghamshire is now £169.2m, an increase of £6m. In addition, a ringfenced allocation of £6.2m is available to Nottinghamshire upon maintaining the uplift officers target number of 2,378. There is a further recruitment top up grant of £1.6m for maintaining an additional 30 officers to 2,408. The pensions grant allocation has been reduced to £6.4m in 2025-26, and Legacy Council Tax Grants of £9.7m have been maintained.

Two additional specific grants have been allocated, £3.9m for the National Insurance increase, and £1.8m for Neighbourhood Policing.

1.2 The Minister confirmed the precept referendum limit to allow an increase up to an additional £14 per annum for a Band D property, without the need to call for a local referendum.

1.3 The Minister's statement sets out the national priorities for 2025-26 which:

- Maintains the police settlement's investment in tackling Serious Violence and County Lines next year, ensuring the continuation of Violence Reduction Units and supporting all forces in their ongoing work to close county lines.
- Ensures the continuation of Major Law Enforcement Programmes which will modernise national mission-critical systems, without which policing cannot operate effectively, tackle a range of threats and make our streets safer.
- Supports police efficiency and collaboration by investing in national policing capabilities. This funding establishes the new Commercial Efficiency and Collaboration Programme, maintains the digital routes through which members of the public can contact the police, and supports the implementation of digital evidence sharing across the criminal justice system.
- Supports law enforcement in tackling serious and organised crime by investing in Regional Organised Crime Units, ensuring they are supported in tackling some of the highest harm threats.

1.4 Following the cessation of capital grant funding to PCCs in 2022-23 there is no capital grant allocated to PCCs in 2025-26, the £123.1m budget available will fund police technology (£111.6m) and police aviation (£11.5m).

1.5 The Minister's statement does not refer specifically to the Core Grant Distribution Review (funding formula review). The Medium-Term Financial Plan (MTFP) therefore includes a very prudent estimate of what additional core grant funding could be allocated to Nottinghamshire from 2029-30.

1.6 The provisional settlement was subject to consultation, and I have written to the Home Secretary and the Minister of State for Crime, Policing and Fire expressing my views on the provisional grant settlement.

- 1.7 Nottinghamshire's position following the settlement is shown below against the prior year and the MTFP assumption.

Grant	2024/25 Actual £m	2025/26 MTFP £m	2025/26 Settlement £m	Settlement Increase £m
Core Police Grant	163.2	175.6	169.2	6
Legacy Council Tax Grants	9.7	9.7	9.7	0
Pensions Grant	6.9	6.4	6.4	-0.5
Officer Maintenance Ringfenced Grant	9	0	6.2	-2.8
Additional Recruitment Top Up	0	0	1.6	1.6
National Insurance Contribution	0	0	3.9	3.9
Neighbourhood Policing Grant	0	0	1.8	1.8
<b>Total</b>	<b>188.8</b>	<b>191.7</b>	<b>198.8</b>	<b>10</b>

- 1.8 The core grant to Nottinghamshire has increased by just £6m whereas the MTFP had assumed the entire Officer Maintenance Grant would be rolled into the core grant. £3.9m of the increase is to fund the increase in National Insurance Contributions.
- 1.9 There are now three specific grant streams related to maintaining frontline policing numbers and neighborhood policing, whilst this (£9.6m) is welcome the terms and conditions of such funding presents a challenge in balancing the budget and is considered higher risk than in previous years.

## 2 Draft Revenue Budget 2025-26

- 2.1 The proposed revenue expenditure budget for 2025-26 is £307.1m. This represents a £17.2m change year on year. This change in cost is predominantly driven through pay and is a culmination of pay awards, incremental changes and change in national insurance contributions for employers.
- 2.2 There is a balanced budget position shown after funding and a use of reserves, of which some reserves are specific for Op Perth and Op Catalyst.
- 2.3 The proposed budget has been based on robust and prudent assumptions as follows:
- Pay award at 2%
  - Staff vacancy rate has been set at 6.5% (currently at this rate in 2024-25)
  - General inflation is budgeted at 2.0% with specific areas such as gas, electricity, diesel, petrol and Home Office ICT charges budgeted at varying levels to factor in the continued pressures that are being faced.
  - Police Officer headcount is maintained at 2,408 (2,367 FTE) to the end of March 2026 which means Nottinghamshire not only retain the 357 officers recruited through Uplift but also continue to have an additional 30 officers allocated
  - Police Staff headcount remains the same year on year
  - PCSO numbers are maintained at 150 FTE to the end of March 2026

The table below shows the draft detail budget, it should be noted that this is a work in progress as the budget model needs final plans incorporating to balance the budget.

		<b>2024/25</b>		<b>2025/26</b>	
		<b>£'000</b>		<b>£'000</b>	
		<b>TOTAL</b>		<b>TOTAL</b>	
<b>Core Income</b>	Council Tax Precept	(95,775)		(100,800)	
	General Police Grant	(104,028)		(108,200)	
	Legacy Council Freeze Grant	(1,332)		(1,332)	
	Legacy Council Support Grant	(8,394)		(8,394)	
	National Non Domestic	(59,144)		(61,000)	
	Pension Top Up Grant	(6,866)		(6,400)	
	Police Special Grant	(2,664)		(2,600)	
	PUP Ringfenced Grant	(9,027)		(6,200)	
	Additional Recruitment Top Up	0		(1,600)	
	National Insurance Contribution	0		(3,900)	
	Neighbourhood Policing Grant	0		(1,800)	
	Use of Reserves	(2,700)		(860)	
<b>Total Core Income</b>		<b>(289,930)</b>		<b>(303,086)</b>	
			<b>2025/26</b>	<b>2025/26</b>	
		<b>2024/25</b>	<b>SPECIFIC</b>	<b>GROSS</b>	
		<b>NET TOTAL</b>	<b>INCOME</b>	<b>EXPENDITURE</b>	
				<b>2025/26</b>	
				<b>NET TOTAL</b>	
<b>Chief Constable</b>	Police Officer Pay & Allow	147,602	0	160,336	160,336
	PCSO Pay & Allowances	6,484	0	6,700	6,700
	Investigators Pay & Allowances	5,431	0	5,622	5,622
	Archives & Exhibits	2,204	(40)	2,478	2,438
	City Division	2,560	(102)	2,688	2,586
	Collabn - Major Crime	1,125	(44)	1,544	1,500
	Collaboration - Operations	8,792	(6,770)	15,173	8,403
	Collaboration - Services	1,465	0	1,533	1,533
	Command	779	(9)	1,038	1,029
	Contact Management	13,502	(863)	15,788	14,925
	Corporate Communication	1,125	0	1,208	1,208
	Corporate Development	1,735	0	2,173	2,173
	County Division	2,261	(96)	2,427	2,331
	Crime Command Team	501	0	514	514
	Criminal Justice	4,185	(1,169)	5,627	4,458
	Custody	4,838	(12)	5,242	5,230
	Estates & Facilities	9,959	(1,987)	11,673	9,687
	Fleet	3,829	(301)	4,430	4,129
	Information Management	866	(1,254)	2,144	890
	Information Services	20,870	(265)	23,630	23,365
	Intelligence	4,343	(1)	4,814	4,814
	Operational Support	2,742	(6,785)	10,718	3,933
	People Services	6,545	(58)	7,127	7,068
	Prevention Hub	2,781	(55)	3,159	3,104
	Professional Standards Directorate	1,270	(50)	1,498	1,448
	Projects - Grant Funded	(1)	0	0	0
	Projects - Internal	2,292	0	755	755
	Public Protection	2,491	(196)	2,492	2,297
	Seconded	(339)	(75)	0	(75)
	Serious & Organised Crime	3,972	(517)	4,942	4,425
	Special Accounting	13,551	(2,424)	13,763	11,339
	Special Investigations	1,001	0	993	993
	Staff Associations	142	0	149	149
	Proposed Growth Items	0	0	2,800	2,800
<b>Total Chief Constable</b>		<b>280,902</b>	<b>(23,072)</b>	<b>325,178</b>	<b>302,106</b>
<b>OPCC</b>	OPCC & DEMOCRATIC CORE	2,801	(45)	2,844	2,799
	OPCC GRANTS & COMMISSIONING	4,066	(5,650)	9,353	3,703
<b>Total OPCC</b>		<b>6,867</b>	<b>(5,695)</b>	<b>12,197</b>	<b>6,502</b>
<b>Joint Services</b>	Finance	2,160	(100)	2,517	2,417
Direct Revenue Financing	Direct Revenue Financing	0	0	0	0
<b>Total Expenditure</b>		<b>289,930</b>	<b>(28,867)</b>	<b>339,892</b>	<b>311,025</b>

2.4 Efficiencies within 2025-26 have come from a lower MRP charge, savings on gas/electricity charges, reduced insurance costs, uniform replacement costs, overtime reductions, reduced IT system costs which total £4.9m.

### 3 Draft MTFP

3.1 Provisional service budgets are proposed for 2026-27 to 2029-30. The government has yet to set grant allocations for these years. Estimates have been based on prudent assumptions. There remains the risk that the grant income will be lower than assumed, and significant specific grants may not continue at the same level or at all.

3.2 Similarly there is no clarity on the government's future intentions in relation to the limitation of council tax increases from 2026-27 onwards. Prudent assumptions have been made.

3.3 On current assumptions the budget requires a further plan for more efficiency savings and potentially an increased use of reserves to balance the MTFP. This is based on maintaining the resources available for police officers/PCSOs and maintaining appropriate numbers of police.

Medium Term Financial Plan - as at January 2025						
	2025-26	2026-27	2027-28	2028-29	2029-30	Assumptions
Revenue Expenditure	£m	£m	£m	£m	£m	
Pay	253.4	261.7	270.6	279.0	287.7	2% in 25-26, then 2.5%
Non-pay	82.2	84.8	87.4	89.7	92.2	
Income	(29.8)	(29.6)	(30.2)	(30.8)	(31.4)	2% p.a.
Use of Asset Reserve	(1.5)	0.3	(1.0)	1.5	0.6	Planned use to smooth replacement cost
Proposed Growth Items	2.8	1.5	1.5	1.5	1.8	Ongoing impact of proposed growth items
<b>Total Net Revenue Expenditure (NRE)</b>	<b>307.1</b>	<b>318.7</b>	<b>328.3</b>	<b>340.9</b>	<b>350.9</b>	
<b>Funding Analysis</b>						
Core Police Grant	169.2	178.4	184.4	189.9	193.7	Assumed 2% increase from 2026-27 onwards
National Insurance Contribution	3.9	0.0	0.0	0.0	0.0	Funded change in relation to employers NI, assumed rolled into core from 2026-27
Neighbourhood Grant	1.8	2.4	1.8	0.0	0.0	Funding for Neighbourhood Policing model, assumed rolled into core from 2026-27
PUP Grant	6.2	6.3	6.5	6.6	6.7	Assumed 2% increase from 2026-27 onwards
Council Tax Legacy	9.7	9.7	9.7	9.7	9.7	Fixed amount
Funding Formula Review	0.0	0.0	0.0	0.0	2.0	Gains phased - floors and ceilings
Pension Top-up Grant	6.4	6.4	6.4	6.4	6.4	Fixed amount
Additional top-up grant	1.6	1.6	1.6	1.6	1.6	Top-up to maintain 30 additional officers
Special Grant	2.6	2.5	1.1	0.0	0.0	Op Perth
Precept	100.8	105.5	110.3	115.2	120.2	£13.95, then £10 per year from 2026-27 and 1.25% tax base growth
Collection fund surplus/(deficit)	0.4	0.0	0.0	0.0	0.0	
<b>Core Funding Available</b>	<b>302.6</b>	<b>312.8</b>	<b>321.8</b>	<b>329.4</b>	<b>340.3</b>	
<b>Balance Sheet Funding</b>						
Use of Reserves	4.4	1.3	1.3	0	0	Planned use to fund general expenditure/Op Perth/Op Catalyst
<b>Total Funding Available</b>	<b>307.1</b>	<b>314.1</b>	<b>323.1</b>	<b>329.4</b>	<b>340.3</b>	
<b>Net Surplus/(Deficit)</b>	<b>0.0</b>	<b>(4.6)</b>	<b>(5.2)</b>	<b>(11.5)</b>	<b>(10.5)</b>	<b>Total cumulative efficiencies required of £31.7m</b>
Core Efficiency Requirement (BAU)		0.6	0.7	1.2	0.9	This is the level of ongoing efficiencies/reductions expected each year as part of normal business
Stretch Efficiency Target		2.0	2.4	2.5	2.7	Additional efficiencies required to balance the budget shown as one-off
<b>Total Efficiency Target</b>	<b>0.0</b>	<b>2.6</b>	<b>3.1</b>	<b>3.7</b>	<b>3.6</b>	
Remaining Budget Gap		2.0	2.1	7.8	6.9	Balance to zero over the MTFP
<b>Surplus/(Deficit)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>Precept scenario planning</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>	
	£m	£m	£m	£m	£m	
Precept at £13.95 for the duration of the MTFP	100.8	106.8	113.0	119.4	125.9	
Net Surplus/(Deficit)	0.0	(3.3)	(2.5)	(7.3)	(4.8)	
<b>Cumulative</b>		<b>(3.3)</b>	<b>(5.8)</b>	<b>(13.1)</b>	<b>(17.9)</b>	<b>A reduction of £13.8m to the overall MTFP deficit</b>
Precept at 2% growth for the duration of the MTFP	100.8	104.1	107.5	111.0	114.6	
Net Surplus/(Deficit)	0.0	(6.0)	(8.0)	(15.7)	(16.1)	
<b>Cumulative</b>		<b>(6.0)</b>	<b>(14.0)</b>	<b>(29.7)</b>	<b>(45.8)</b>	<b>An additional £14.1m of efficiencies to find</b>

3.4 Based on these assumptions the MTFP shows total cumulative efficiencies required of £31.7m. Looking at core and stretch efficiencies this shows £13.0m which if all are one-off would leave a deficit of £18.7m. It is clear that ongoing efficiencies and savings will need to be found to reduce the deficit over the MTFP.

3.5 In the normal running of a business it would be expected that on-going efficiency savings/budget reductions are the norm. There is continuous challenge by the PCC, Force Executive Board, Department leads and budget managers and from the Finance Team to ensure this is delivered and value for money is achieved. There is a good historical track record within the force of identifying and delivering on efficiencies.

3.6 Current core efficiencies and expectations are as follows:

Core Efficiencies (BAU)	2026-27	2027-28	2028-29	2029-30	
Procurement activity	0.1	0.1	0.1	0.1	On-going activity
Estates (sustainability/investment/rationalisation)	0.1	0.1	0.1	0.1	
IT (obsolete systems/licenses)	0.1	0.1	0.2	0.2	On-going activity
Budget build challenges	0.3	0.4	0.3	0.4	As part of annual budget scrutiny
Flexible working opportunities (Estates)	0.0	0.0	0.5	0.0	Smaller estate/smarter working
<b>Total</b>	<b>0.6</b>	<b>0.7</b>	<b>1.2</b>	<b>0.9</b>	

3.7 However, given both the annual and cumulative savings identified in the MTFP this alone isn't sufficient to deliver a balanced budget and therefore further stretch efficiencies/reductions need to be identified to close the gap.

3.8 This is an on-going process with business cases, post implementation reviews and operating models being constantly reviewed, the approach we take to identifying developments in service also assist in targeting areas for future efficiencies. We also have implemented an effective approach on cashable/non-cashable savings that will help to drive and deliver further savings and benefits. The following table provides some examples or current expectations that could be achieved as stretch efficiencies:

Stretch Efficiencies	2026-27	2027-28	2028-29	2029-30	
Staffing reviews	0.2	0.3	0.3	0.3	Process improvements
Income generation	0.2	0.2	0.2	0.2	
Further overtime challenge	0.5	0.5	0.5	0.6	
Reverse civilianisation	0.4	0.4	0.4	0.5	
Vacancy rate additional 0.5%	0.3	0.3	0.4	0.4	To move to 7%
Insurance budget reduction	0.1	0.1	0.1	0.1	
PSI reductions	0.0	0.2	0.2	0.3	To counteract Detective Constable recruitment
Capitalising stock condition work	0.2	0.1	0.1	0.0	Reviewing Estates revenue programme
Fleet reductions (10 cars)	0.0	0.1	0.1	0.1	On-going maintenance and running cost reductions
Delay in replacement of IT equipment	0.1	0.2	0.2	0.2	
<b>Total</b>	<b>2.0</b>	<b>2.4</b>	<b>2.5</b>	<b>2.7</b>	

3.9 Continually improving productivity and efficiency together with achieving additional government funding are key to maintaining sufficient levels of policing into the medium term. Continuing sound financial control will also be key to maintaining financial balance into the medium term.

3.10 The force will work closely with the Home Office in maximising efficiencies even further when the Commercial Efficiencies and Collaboration Programme is formally launched.

#### 4 CFOs assessment of budget proposals

4.1 Work continues towards achieving and refining the required savings plans in order to deliver on the Commissioners Police and Crime Plan, it is however clear that significant on-going savings will be required in order to achieve this during the medium term, and ever more emphasis on delivering budget reductions will need to be further developed during 2025-26 in order to maintain a robust medium term position, as the continued use of reserves to balance the budget is not sustainable.

4.2 The Force does continue to deliver efficiencies, with £4.9m identified in the revenue budget for 2025-26, this shows that the level of reductions required to meet the MTFP deficits are realistic and achievable, but this is becoming ever more demanding, and moving forward beyond 2025-26 could see the requirement to reduce services, but wherever possible front-line delivery will be protected.

- 4.3 There is uncertainty in relation to future Home Office funding levels, especially in light of a forthcoming spending review and the indication that any Formula Funding Review is unlikely to take place during the current parliamentary period. However, continuation of the relaxing of Council Tax referendum rules with a £14 in year increase does provide for more optimism in the future, although maintaining services is becoming increasingly reliant on the local taxpayer, as Nottinghamshire has a lower relative tax base, locally this optimism is a little muted.
- 4.4 The investment in the Uplift programme will enable the Force to meet its operational demand, which has seen additional resources being mainly directed to front line delivery in neighborhoods. However, the nature of the funding mechanism does incentivise maintaining police officer numbers, placing greater efficiency requirements in other parts of the business.
- 4.5 Force performance remains good and plans to maintain PC numbers as well as provide for the maintenance and replacement of operational equipment and buildings beyond the planning period are in place. The drive for efficiency in support costs, either corporate or policing related will continue. The aim is to ensure our costs in respect of these activities are amongst the most efficient when compared to other police forces.
- 4.6 Sufficient on-going review and risk management is in place such that if funding levels anticipated are not forthcoming then delivery of the current policing model is achievable in the short term, giving a sufficient time frame for change that does not jeopardise the service. The current efficiency strategy however **does not** realise sufficient reductions to balance the Medium-Term Plan, even with the use of reserves.
- 4.7 During the period of the plan to 2029-30, a deficit of £31.7m is expected, and even with a more optimistic scenario of increased Council tax funding of £14 per annum a £17.9m deficit remains. This is a sufficiently large enough number to consider, given the large number of planning assumptions made, that the financial plan requires a greater than ever stretch efficiency targets to deliver a balanced medium-term plan.
- 4.8 The Force has a track record of over-achieving its efficiency targets and given the level of reserves available there is sufficient evidence that these targets can be developed during the forthcoming year with robust delivery plans, to consider that the current budget proposal is affordable.
- 4.9 The delivery of a balanced MTFP and achieving the Forces operational need is reliant on both maintaining current PC numbers as well as the delivery of on-going efficiencies. The level of risk in the assumptions are such that this position could be in jeopardy if government grants are reduced and if inflation, especially in respect of pay, are greater than estimated, or if the Commissioner does not wish to maximise the precept within referendum threshold principles.
- 4.10 There are robust plans in place to deliver savings in the short term, but more emphasis in medium- and long-term efficiency planning is needed. The risks associated with the 2025-26 annual efficiency target are significantly reduced in this year as these have already been included in core budgets.
- 4.11 The Commissioner and Chief Constable CFO's are of the view that achieving the levels of efficiencies shown above, although challenging, are certainly achievable. There is monthly monitoring of performance, spend and recruitment against the financial targets, and in year adjustments, when necessary, continue to be proactively made. Above all a **prudent** approach to both the operational and financial management of the organisation is in place

- 4.12 However, there is no room for complacency and consideration is being given on the best ways to retain the thoroughness of delivering on-going efficiencies. We are also mindful of the risks associated in these plans, especially those affecting the national economy, the upcoming Comprehensive Spending Review, and the level of uncertainty in the base assumptions that a forecast of this nature relies upon.
- 4.13 The Annual Budget, Operational Models, and the Medium-Term plan are sufficiently robust to ascertain that policing in Nottinghamshire is above the levels required to provide an adequate police service and that the Force is sufficiently focused on the need for an enhanced level of stretched efficiency reductions to ensure the service is maintained to an adequate level on a **sustainable** basis.
- 4.14 Although the achievement of significant efficiencies are required in the future, this budget does give a strong financial position in which to move forward from, however it should be noted that the level of risk in the assumptions are such that this position could be compromised. The main risks being if government grants are reduced and if inflation, especially in respect of pay, is greater than estimated or that there is a significant and unplanned uplift in demand. In these situations, modelling has shown that performance would be reduced, so this is a budget with a more negative outlook than previous years.

## 5 External Auditor view of financial stability

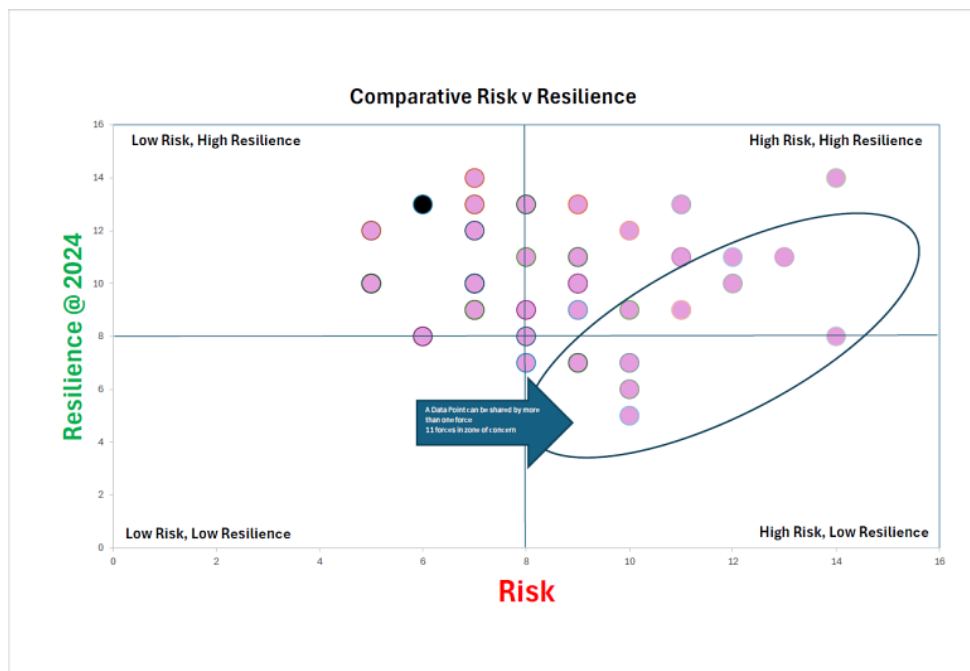
- 5.1 The external auditors issued their Value for Money report in December 2024 for the three years 2020 to 2023. A key element of this assessment is Financial Sustainability, i.e. how the PCC and CC plans and manages its resources to ensure it can continue to deliver its services. The report confirmed that the auditors risk assessment did not identify any risk of significant weakness in arrangements to secure financial sustainability.

Key point to note were as follows:

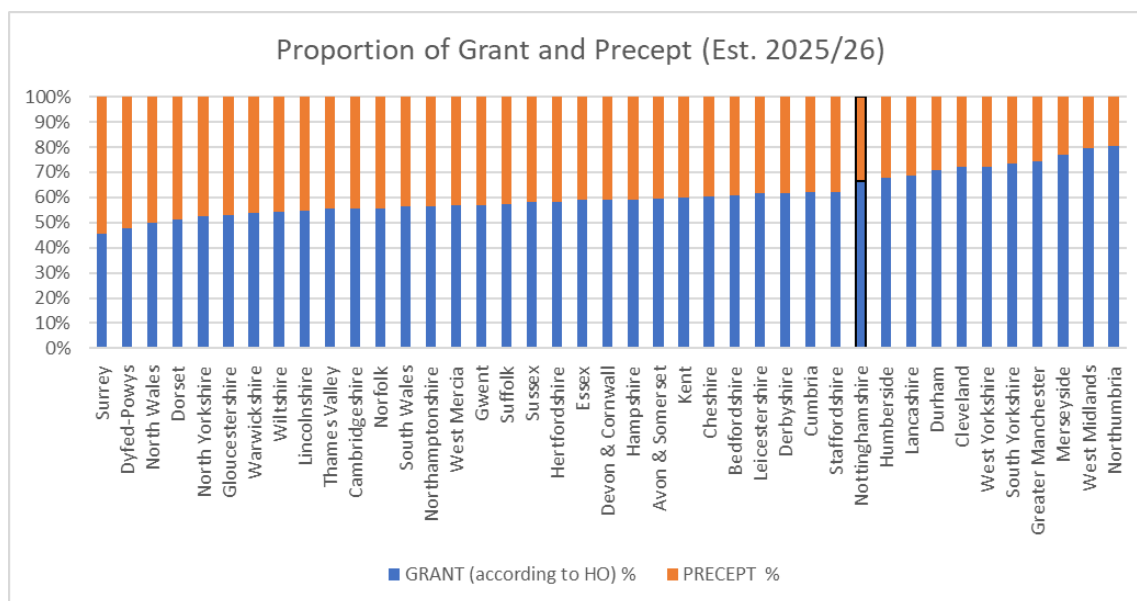
- The PCC set a balanced budget for the financial years 2020/21, 2021/22 and 2022/23 and prepared a Medium Term Financial Strategy (MTFS). The budget and MTFS were underpinned by **appropriate assumptions and well supported**.
  - The PCC and Group financial statements reported General Fund Balances of:
    - 2020/21 £7m • 2021/22 £8.6m • 2022/23 £8.8m
  - The 2022- 2027 MTFS forecasted a total budget gap of £12.1m, with **deficits forecasted to arise in 2025/26**.
  - Nottinghamshire's Reserves Strategy 2023-28 identifies that general reserve levels of 2% or below is an indicator that immediate action is required to ensure reserves are adequate. The current level of forecasted reserves is £8.6m which is **above the minimum** level specified in the strategy.
- 5.2 Auditor's Conclusion: Based on the work performed, the Police and Crime Commissioner and Chief Constable for Nottinghamshire Police had proper arrangements in place in 2020/21, 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.
- 5.3 The audit of 2023/24 is concluding and will be reported to the Joint Independent Audit Committee on 6 February, early indications are that the financial sustainability conclusion has not changed.

6 Benchmarking

6.1 In 2024 the NPCC Finance Committee undertook a survey of police finances 2024-2028. One key measure was risk versus resilience. This considered levels of reserves, any budget gaps, and borrowing for capital investment. The outcome of the assessment is below with Nottinghamshire in the top left quartile, so low risk/high resilience for 2024.

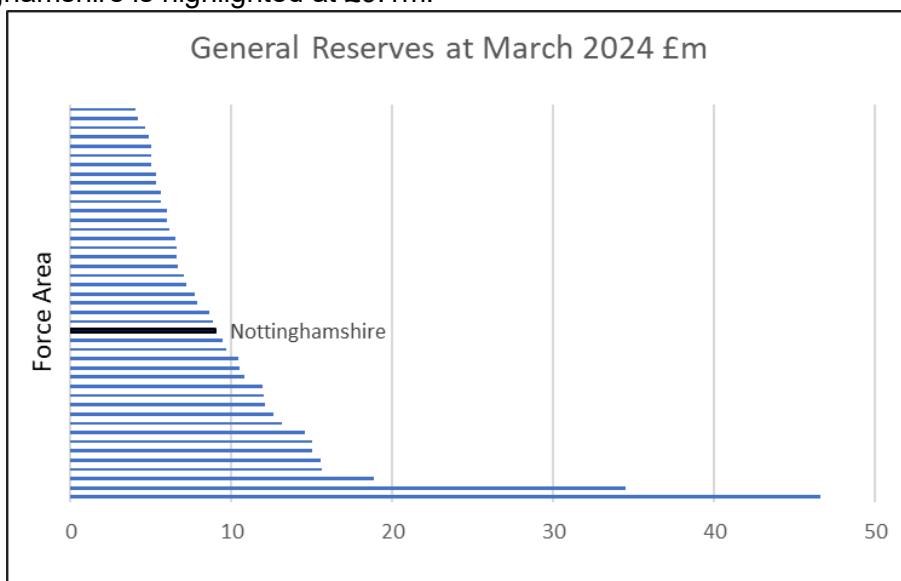


6.2 The chart below shows the proportion of grant to precept for each PCC, following the settlement in December. Nottinghamshire is highlighted below with two thirds of funding coming from grants, and a third from precept (assuming the precept is maximised).



Source: Home Office Settlement. Includes core grant, and the following specific grants: legacy council tax, pensions, officer maintenance, additional recruitment top-up, NI contribution, and neighbourhood policing. Precept figures assume that PCCs in England & Wales increase their precept by £14 and using a Home Office predicted tax base. (Excludes City of London & Metropolitan forces).

- 6.3 The chart below compares the level of general reserves held at March 2024, Nottinghamshire is highlighted at £9.1m.



- 6.4 The latest (2023) published HMICFRS Value for Money profiles contained the following in respect of Nottinghamshire Police (*excluding City of London & Metropolitan forces*):

Net revenue expenditure per capita is mid table at £212.45, with the highest being £276.97 and the lowest at £187.35.

## 7 Risks and Issues

There are several risks and issues to consider that have not yet been finalised, including:

The Panel's report on the precept proposal.

The council tax surplus/deficit for 2024/25 is not yet known, an estimate has been included at this time.

The council tax base for 2025/26 is not yet confirmed, the assumption is 1.25% increase. Until confirmed there is a risk of a change in council tax income through a reduced or increased taxbase.

The final police grant settlement has not yet been debated in Parliament.

Some specific grant conditions are not yet known, for example the monetary value of VRU funding or the conditions associated with Neighbourhood Policing grant.

Assumed grant income may be lower than assumed, and significant specific grants may not continue at the same level or at all in the MTFP.

## 8 Reserves Strategy

8.1 The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Act require Precepting authorities (and billing authorities) in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

8.2 There are other safeguards in place that help to prevent Police & Crime Commissioners over-committing themselves financially. These include:

- The balanced budget requirement (Local Government Act 1992 s32 and s43).
- Chief Finance Officers duty to report on the robustness of estimates and adequacy of reserves (Local Government Act 2003 s25) when the Police & Crime Commissioner is considering the budget requirement.
- Legislative requirement for each Police & Crime Commissioner to plan for the proper administration of their financial affairs and that the Chief Finance Officer has responsibility for the administration of those affairs (section 151 of the Local Government Act 1972).
- The requirements of the Prudential Code.
- Auditors will consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based.

8.3 There are two major classes of reserves: earmarked and risk based including the general reserve. The PCC current reserves strategy was approved in April 2024 for 2024-25 and medium term, this is published on the PCC's website.

8.4 The PCC currently holds a general reserve of £9.1m, this follows a risk-based assessment for 2024-25 as shown below. The reserves strategy maintains the general reserve at between 2% and 5% of the total net budget.

Risk	Impact	Probability	Min £m	Max £m	2024-25 £m
Major Incident(s) Unbudgeted expenditure	Any amount under 1% of net budget is to be funded by the authority.  Amounts over 1% of net budget are subject to Home Office application approval.	Single Incident amounting to less than 1% of net budget. <b>MEDIUM</b> Multiple incidents amounting to over 1% of net budget. <b>MEDIUM</b> Single incident amounting to over 1% of net budget. <b>LOW</b>	2.9	5.8	3.5
Major Disaster (e.g.natural)	Operational policing affected and resources diverted. (e.g. through building being inaccessible and disaster recovery plan being actioned).	<b>LOW</b>	0.5	1.0	0.5
Partnership Support	Funding supported by partners continues to reduce. This has also been risk assessed as part of the budget assumptions.	<b>MEDIUM</b>	0.5	4.6	1.2
Counterparty failure	If invested balances were tied up in a process to recover there would be an immediate impact on the revenue budget (possibly short term).	<b>LOW</b>	3.0	8.0	3.0
Employment Tribunals and other litigation	Direct impact on revenue budgets.	<b>LOW</b>	0.1	0.5	0.1
Insurance	Emerging risks and late reported claims.	To date no claims of this type have affected the accounts. <b>LOW to MEDIUM</b>	0.5	1.0	0.7
<b>Total</b>	Range (2% - 5%)	<b>Actual 3.1%</b>			<b>9.0</b>

- 8.5 Earmarked reserves as the name suggest are set aside for specific purposes, including balancing the budget, grants and commissioning, asset replacement, and specific operational policing needs. The total reserves position as of 1 April 2024 is shown below (note this is taken from the unaudited 2023-24 financial statements).

	Balance at 31 March 2022 £000	Transfers In 2022-23 £000	Transfers Out 2022-23 £000	Balance at 31 March 2023 £000	Transfers In 2023-24 £000	Transfers Out 2023-24 £000	Trf Between Reserves 2023-24 £000	Balance at 31 March 2024 £000
Target Hardening	(73)	0	0	(73)	0	0	73	0
MTFP	(293)	0	293	0	0	0	0	0
Animal Welfare	(19)	0	0	(19)	0	0	19	0
TPAC Collisions	(100)	0	0	(100)	0	0	100	0
Temp PC Uplift	0	0	0	0	(1,830)	1,000	(1,000)	(1,830)
Grants and Commissioning	(6,326)	(500)	0	(6,826)	(445)	0	0	(7,271)
PFI Life Cycle Costs	(166)	(41)	0	(207)	(42)	0	0	(249)
PCC Night Time Levy	(212)	(63)	0	(275)	(55)	0	0	(330)
Op Perth	0	0	0	0	(2,281)	0	(1,951)	(4,232)
Op Catalyst	0	0	0	0	(500)	0	0	(500)
Asset Replacement	(4,199)	(370)	1,981	(2,588)	0	0	0	(2,588)
Investment Reserve	(1,383)	(310)	0	(1,693)	0	310	0	(1,383)
PCC	(1,048)	0	0	(1,048)	0	0	0	(1,048)
Police Property Act	(128)	(300)	0	(428)	(350)	0	0	(778)
Drug Fund	(52)	(19)	0	(71)	(22)	0	0	(93)
Sustainability	0	(1,500)	0	(1,500)	0	0	0	(1,500)
Revenue Grants	(1,883)	(2,168)	0	(4,051)	0	0	4,051	0
Mini Police	0	0	0	0	0	0	(14)	(14)
Traffic Safety Camera Partnership	0	0	0	0	0	19	(1,719)	(1,700)
Police Incentivisation Reserve	0	0	0	0	(427)	0	(620)	(1,047)
Safer Roads for Nottinghamshire	0	0	0	0	(610)	0	(295)	(905)
PCC Revenue Reserves	0	0	0	0	(1,052)	0	(403)	(1,455)
Medium Term Financial Plan	(3,165)	0	0	(3,165)	0	0	1,759	(1,406)
Insurance	0	(2,237)	0	(2,237)	0	0	0	(2,237)
Joint Operations	(1,035)	(103)	24	(1,114)	(8)	208	0	(914)
<b>Total Earmarked Reserves</b>	<b>(20,083)</b>	<b>(7,611)</b>	<b>2,298</b>	<b>(25,396)</b>	<b>(7,622)</b>	<b>1,537</b>	<b>0</b>	<b>(31,481)</b>
<b>General Fund</b>	<b>(8,613)</b>	<b>(970)</b>	<b>570</b>	<b>(9,013)</b>	<b>(118)</b>	<b>0</b>	<b>0</b>	<b>(9,131)</b>
<b>Total General Fund Balance</b>	<b>(28,696)</b>	<b>(8,581)</b>	<b>2,868</b>	<b>(34,409)</b>	<b>(7,740)</b>	<b>1,537</b>	<b>0</b>	<b>(40,612)</b>

- 8.6 The Reserves Strategy will be revised and approved for 2025-26.

## 9 Draft Capital Programme

- 9.1 The programme is built upon the current priorities within the Force. Ensuring premises and equipment are fit for purpose, appropriately maintained, and replaced at the end of their useful life.
- 9.2 It is currently estimated that there will be approximately £1.2m carried forward from 2024-25 capital programme into 2025-26 which is predominantly within Fleet due to lead times and availability of suitable vehicles. These figures will be re-evaluated and confirmed at the end of the financial year.
- 9.3 The capital programme for 2025-26 to 2029-30 and its funding is summarised below. This outlines the funding made available, however, business cases will be completed and approved before funding is released.

£'000s					
<b>Capital Expenditure</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>2028-29</b>	<b>2029-30</b>
Estates & Facilities	319	3,923	577	3,631	4,975
Information Services	815	3,612	5,615	2,140	650
Fleet	4,447	5,000	3,447	7,702	5,252
<b>Capital Programme</b>	<b>5,581</b>	<b>12,535</b>	<b>9,639</b>	<b>13,473</b>	<b>10,877</b>
<b>Financed by:</b>					
Capital Receipts	(300)	(300)	(300)	(300)	(300)
Capital Grants	0	0	0	0	0
Direct Revenue Financing	0	0	0	0	0
Borrowing	(5,281)	(12,235)	(9,339)	(13,173)	(10,577)
<b>Total</b>	<b>(5,581)</b>	<b>(12,535)</b>	<b>(9,639)</b>	<b>(13,473)</b>	<b>(10,877)</b>

- 9.4 The net financing need for the 5-year capital programme is £29.8m which will be funded through long-term borrowing.
- 9.5 Estates & Facilities; A refresh of the building condition survey has taken place, and this has been built into the capital programme where applicable. Also, a continuation of improvements to ensure the custody suites remain Home Office compliant, and general updates to the force estate to make best use of the space available and improve the environmental impact progress. There are also future sustainability initiatives included, especially surrounding the move to electric vehicles and the impact this has on infrastructure.
- 9.6 Information Services; An investment within Information Services to continue the replacement of the ANPR static camera programme. ESN has also been included following notification from NPCC that this work will re-commence in the future. Finally, within IS there is the replacement of the Command and Control system to ensure the force is fit for the future in dealing effectively with 999/101 calls.
- 9.7 Fleet; This shows the budget requirement for on-going replacement of vehicles as well as provision for replacing written off vehicles. This is subject to a review of the fleet, to ensure vehicle use is maximised and best value options are progressed.