



NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL

6 February 2024

REPORT BY THE POLICE, FIRE AND CRIME COMMISSIONER (PFCC) AND THE CHIEF FINANCE OFFICER

PFCC PROPOSED POLICE PRECEPT 2024/25

Purpose of the Report

1. To propose the 2024/25 Council Tax Precept for Northamptonshire Police.
2. To provide information in respect of the revenue budget, capital programme, reserves and medium-term financial plan (MTFP) to provide context for the precept proposal.

Recommendation

3. The Police Fire and Crime Panel is **RECOMMENDED** to endorse:

The proposal to increase the 2024/25 Police Precept by £13 per annum for Band D Council Tax to £306.04 (from £293.04 in 2023/24). This equates to an increase of 25 pence per week.

4. Note the information presented in this report, including:
 - a. The statement of the Section 151, Chief Finance Officer as required by Section 25 of the Local Government Act 2003 regarding the robustness of the budget, the medium-term financial plan and the adequacy of financial reserves (Appendix C).
 - b. A £13 precept increase gives a total 2024/25 net budget envelope of **£182.968m**, taking into account:
 - The intention of the PFCC to set the Band D Council Tax Precept which provides **£79.115m** for Northamptonshire Police in 2024/25.

- The current and future risks, challenges, uncertainties and opportunities included in the precept proposal, together with the financial and operational mitigations and additional considerations identified.
- That any changes required, either by Government grant alterations notified through the final settlement, amended council tax base and surplus/deficit notifications received from the collecting authorities, after the precept has been set, may be balanced either through efficiency savings or through a transfer to or from reserves.
- The current MTFP and the anticipated savings required.
- The capital programme and reserves strategy.

Executive Summary

5. This report and proposal are the culmination of several months' work by the Office of the Police, Fire and Crime Commissioner (OPFCC), the Joint Finance Team and the Chief Constable. It also includes information provided by the two unitary authorities and takes account of public and stakeholder consultation and key government expectations.
6. The PFCC has considered the provisional police grant settlement which sets out government expectations, current and future funding levels, the pre-budget engagement and the outcome of the public survey together with the Autumn Statement 2023.
7. The PFCC has received briefings from the Minister and acknowledges the expectation that PFCCs will increase their Band D Precept locally by £13 (4.44% for Northamptonshire) in 2024/25.
8. The PFCC and the S151 Officer are very appreciative of the updates provided by colleagues in the unitary authorities in respect of the impact on the taxbase and the council tax collection fund receipts for 2024/25 and future years. Furthermore, the PFCC is appreciative of the hard work by unitary staff in achieving a positive level of collection rates.
9. The proposals are set in a context of high inflation levels and the Autumn 2023 statement.
10. Despite these challenges, the budget is balanced for 2024/25 with a funded capital programme and an adequate level of reserves in place.
11. Whilst the 2024/25 budget is balanced, given the continued economic uncertainty and inflation at levels higher than previously assumed, balancing the budget across the medium term will be more challenging. Prudent assumptions of future income streams have been used which identify the need for future efficiencies.

12. The PFCC has conducted, and been informed by, a survey of 1,997 residents of Northamptonshire. The results of the surveys are summarised in this report and will be available on the PFCC website in due course.
13. Following local and national investment to increase Police Officers in Northamptonshire, the budget for 2024/25 and the MTFP include a baselined establishment of 1,500 Police Officers, an increase of 330 over the past six years, the most Northamptonshire have ever had.
14. The PFCC has listened to the views of Northamptonshire residents and has worked with the Chief Constable to ensure a significant number of these officers have been allocated to neighbourhoods.
15. Furthermore, following the responses from the public to the Police, Fire and Crime Plan and the priorities contained within it, in addition to his commitment to increase and retain at least 1,500 Police Officers, the PFCC has ring-fenced funding to target the following areas:
 - Prevention that keeps the county safe
 - Effective and efficient response
 - Protect and support those who are vulnerable
 - Effective justice
 - Modern services that are fit for the future
16. Whilst the PFCC and Chief Constable have prioritised maintaining 1,500 police officers within the 2024/25 budget and the MTFP, some further investment in the budget has been possible and includes:
 - a. The sum of £1.823m for investments requested by the Chief Constable for the following:
 - To increase resources within the Force Control Room, investing in more staff and ensuring communication channels are optimised.
 - To increase training resources and budgets to ensure all officers are equipped with the skills and accreditation they need.
 - To introduce software that manages social media accounts in order to better deal with interactions from the public.
 - To introduce a software solution to support complex IT architecture more efficiently.
 - To implement a retrospective facial recognition solution
17. The PFCC has included the following items of note in his commissioning and delivery plans:
 - a. Continued support for the delivery of the Serious Violence Duty with partners in the county. This includes the continuation of Home Office grant funds for Serious Violence

in line with the county's first Strategic Needs Assessment. The PFCC will also prioritise funds to support healthy relationships and behaviour change activity for children and young people under Violence Against Women and Girls as part of the work to prevent serious violence in the county.

- b. We will begin to prepare the ground for the Victims Bill likely to receive royal assent in 24/25 which will bring significant oversight responsibilities to the OPFCC.
- c. We are now in Safer Streets Round 5, which relates to acquisitive crime and violence against women and girls initiatives. We have been awarded funds for three successful bids, this year. These are:
 - **Stand Up To Crime** – This will see a new and innovative approach to a crime prevention campaign, focused around burglary of people's homes. Two pilot sites have been identified in Northampton and Corby. The initiative is based around the College of Policing 'what works' guide and will see bespoke crime/home crime prevention advice given to almost 3,000 homes across these pilot sites. This will be delivered by local neighbourhood policing teams, Local Authority community Safety Teams, Neighbourhood Watch volunteers and others potentially including Fire and Rescue staff. Each premises will be visited and, as well as receiving relevant crime and home safety advice, will be provided with a range of prevention devices, including a forensic property marking kit. The person undertaking the visit will support the householder by demonstrating how to use this kit to better protect their home and valuables. The visits will demonstrate the effectiveness of a proper security routine, based around three actions of:
 1. Secure It
 2. Mark It
 3. Record it

It is hoped that after the pilot phase we will be able to roll this out more widely across the County, and support it with other initiatives such as the provision of small community based crime prevention kits for rural parishes, whereby councils can support their local residents in making their communities safer.

- **M1 Service Stations** – This initiative recognises the significant percentage of vehicle crime that is committed at service stations on the M1 at Watford Gap and Swan Valley. This is a partnership with RoadChef and will see improved fencing, additional CCTV, installation of ANPR technology, a Crimestoppers campaign and improved lighting at these locations, as well as some redesigning of the car park layout at the lorry park to support these interventions.
- **Violence Against Women and Girls** – This will see a focus on transport hubs and public transport networks. It will utilise the already successful partnership communications 'It only take one' developed locally previously. The initial focus

will be on the train network that runs across the County, with video inputs to support the 'It only takes one' materials for train and railway staff explaining vulnerability, assisting staff in its identification and providing information about how to intervene and signpost victims to support services.

- d. The ASB Action Plan published on 27th March 2023 is a key part of HMG's Levelling Up agenda, specifically to improve pride of place and to reduce crime. Immediate Justice is a key policy as part of the wider plan, ensuring ASB is treated with urgency so ASB perpetrators can swiftly clean up their own mess, with communities receiving more of a say over, and more visibility of, reparation. Funded via specific grant, Immediate Justice seeks to increase the speed and visibility of reparative action in response to ASB, primarily through funding additional services to supervise and facilitate reparative activity. Reparative activity may include:
- Litter-picking in public parks and high streets
 - Site clean-up after council funded events
 - Proactive or reactive cleaning of civic memorials
 - Installation of hanging baskets or temporary civic notices
 - Gardening of communal flower beds in town centres
 - Cleaning of graffiti on bus shelters, tram stops or train stations or public signage
 - Cleaning of police cars
 - Basic repairs of damaged public property, or private property with victim/owner consent
18. The PFCC has always endeavoured to ensure that the cost of staffing the OPFCC is no more than 1% of the operational police budget. In 2024/25 OPFCC staffing makes up approximately 0.7% of the total operational police budget for the year.
19. The S151 Officer has reviewed the adequacy and level of reserves to ensure that funds are still available to support investment in innovative solutions and ensure the level is adequate to meet one-off short term funding shortfalls if savings and efficiencies are not identified.
20. The budget and precept recognise the importance of collaborative working with Police and the OPFCC, with enabling services support areas embedded across Fire and Policing under the leadership and direction of the Joint Assistant Chief Officer for Enabling Services.
21. The PFCC requires both services to actively seek opportunities to work together to deliver more efficient and effective public services and in 2024/25 it is intended that opportunities bring together further support services teams will be explored and progressed, and that existing shared arrangements are regularly reviewed and optimised.

22. The policing budget and precept also takes forward the statutory duty for emergency services to collaborate which means the services should be actively seeking opportunities to work together to deliver more efficient and effective public services. As such, both Police and Fire Budget agreements for 2024/25 will again demonstrate the PFCC commitment to collaboration, including greater integration between police and fire and rescue to reinvest in frontline services. It is the PFCC's expectation that, over time, the following areas will be delivered:
- Shared Services
 - Shared estates strategy
 - Shared prevention approaches
 - Operational interoperability
 - Control rooms
23. The PFCC has been briefed on the current and emerging operational and demand challenges and these have informed discussion on the budget allocation to the Chief Constable for 2024/25 and future years.
24. The PFCC believes that Northamptonshire is not served well by the current grant funding formula; that the county is not fairly funded in comparison to both regional and national peers and that local residents should not pay more for their services than other counties. Every year the formula is not updated, Northamptonshire is detrimentally affected. He has and will continue to make national representation in this regard.

As such, given the current and future financial challenges and uncertainties, this requires the PFCC to propose a precept increase of £13 a year (25 pence per week) to £306.04 for a Band D property.

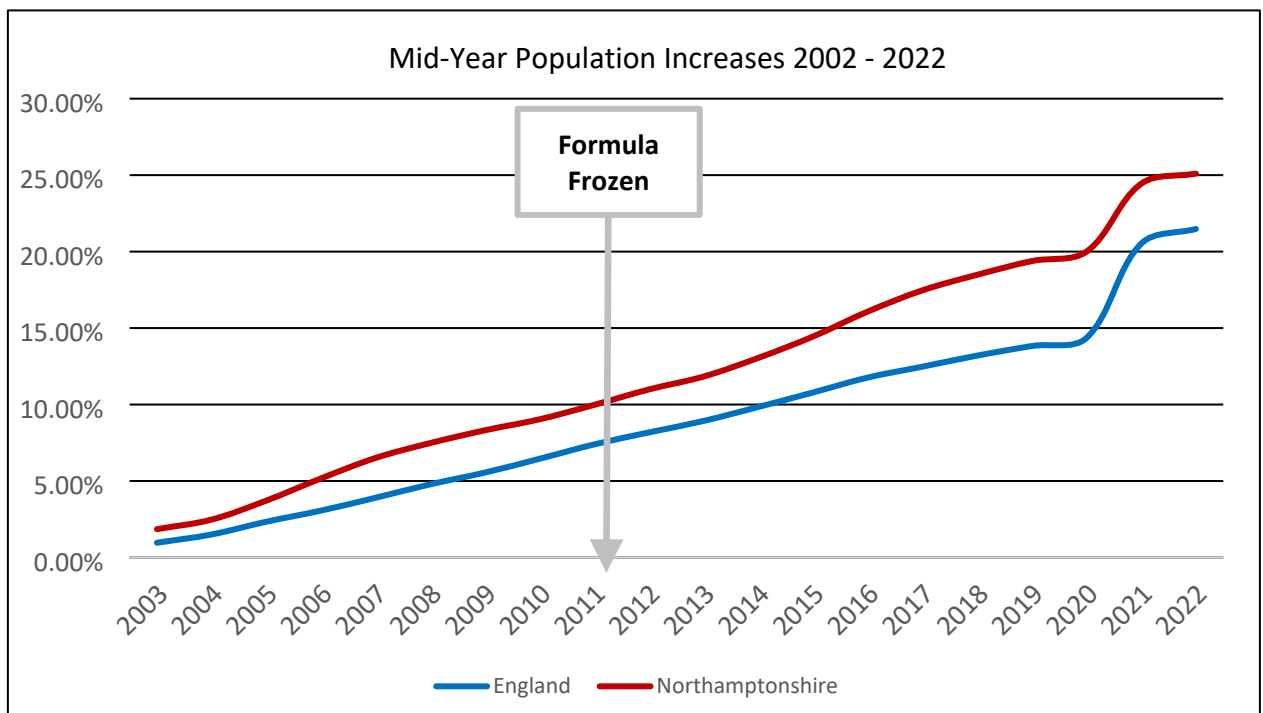
This will enable Police to maintain the investment in 1,500 police officers, maintain an adequate level of reserves and safeguard policing services in Northamptonshire.

Funding Formula and Population

25. The National Police Funding Formula, which accounts for around 56% of Northamptonshire’s funding, includes population as a key factor in the allocations. However, the formula was “frozen” in 2011/12 and annual increases have been on the basis of inflation and additional officers since that time.
26. Work had been underway on a review of the formula with an initial view of implementation in 2018/19 and in his letter to PFCCs on the 19 December 2017 on the Provisional Police Grant Settlement for 2018/19, the then Policing Minister advised:

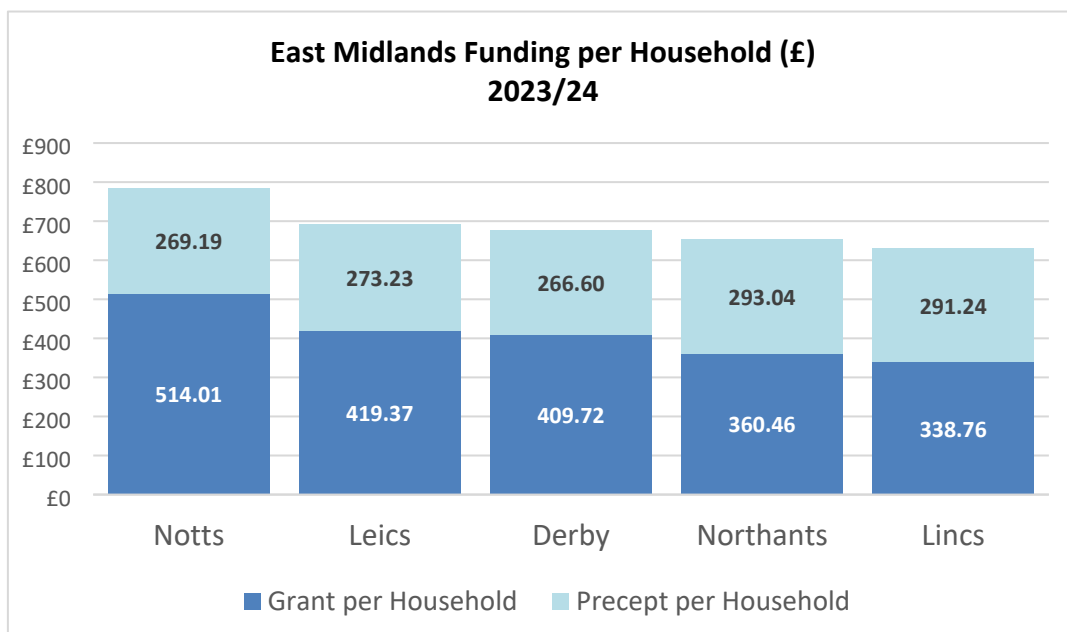
“In the context of changing demand and following my engagement with Police leaders, providing funding certainty for 2022/23 is my immediate priority. We will revisit the funding formula at the next spending review.”

27. Whilst the formula has not been reviewed in the current spending review (SR2021) or the Autumn Statement 2023, work on the long-awaited funding formula review is underway.
28. A significant part of the current formula is based on population. In 2002, Northamptonshire’s population growth was around 0.5% more than the national average. By mid-2022, the gap between the county and the national average had increased to 3.62%, with large housing development projects in progress. However, the funding formula population factor in the government settlement has remained static in that time.
29. The graph below demonstrates this population increase for the period 2002 to 2022:



Source: Mid-Year Population - Office of National Statistics

30. Northamptonshire has outstripped national population changes for some decades, as outlined in the Joint Strategic Needs Assessment (JSNA) Demography Insight Pack 2019, Northamptonshire’s population had increased by 29.9% over the 30 years, compared with 17.7% across England. It also estimated this will increase by a further 14% by 2041.
31. Police central funding has not kept pace with this population increase and whilst historical local council taxbase increases have contributed to total funding, central government grants, have not.
32. This means that 56% of Northamptonshire Police’s funding is allocated on the basis of a funding formula which has not been updated for over 10 years; therefore, does not reflect current demands; does not reflect modern policing and does not reflect the significant growth in the county.
33. Analysis undertaken by the PFCC highlights the inequity of the current funding formula in the East Midlands Region and how taxpayers in the smaller forces of Northamptonshire and Lincolnshire are penalised by the lower government grants per household than their regional peers, as follows:



34. For illustrative purposes, the PFCC has calculated that if Northamptonshire received government grant at a similar per household level to Nottinghamshire, the county would receive an additional £39m per annum. Furthermore, Nottinghamshire had around 30% more households than Northamptonshire in 2023/24 but received 85% more in grant.
35. Band D Council Tax levels vary significantly for Police and Crime Commissioners across the country and the PFCC strongly believes that the current funding formula does not best serve

the residents of Northamptonshire, meaning that local residents are required to fund a higher level of the policing bill than they would in other areas.

36. He will continue to engage with the review and lobby to seek a fairer funding settlement on behalf of the residents of Northamptonshire.

Police Grant Settlement – Assessment from the National Technical Support Team

37. On the day of the settlement, the national Technical Support Team (TST) provided a detailed briefing as follows:

38. *The 2024-25 Provisional Settlement was announced on 14 December in a written ministerial statement by the Minister of State for Crime, Policing and Fire, Chris Philp MP.*

The Minister said “Today, the Government has set out the provisional police funding settlement...for the forthcoming financial year. For 2024-25 overall funding ... will rise by up to £842.9m compared to the restated 2023-24...This funding settlement demonstrates that the Government remains committed to giving policing the resources they need to keep the public safe...The Home Office was only able to deliver this substantial funding increase by reprioritising funding from other programmes.”

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

39. *Inflationary pressures have put a significant strain on policing budgets since 2021. However, as of October 2023, the headline Consumer Price Index (CPI) rate has fallen to 4.6%, its lowest level since November 2021. This decrease in the rate of inflation gave the Chancellor some headroom in order to cut taxes in the Autumn Statement, primarily by reducing NI contributions.*

Past inflation has had an impact on policing spending power. In 2023-24, the PACCTS Budget Survey showed that inflationary pressures amounted to a £639m increase in budgets. This was larger than the £454m increase in total funding given to Forces last year. If other growth pressures were included, then forces faced an almost £1bn increase in costs compared with the year before. That said, pay inflation was recognised by the Government in the provision of an additional £330m in 2023/24 to fund it.

40. *Police Uplift Grant (PUP)*

Prior to the publication of today’s provisional settlement, the sector was expecting a continuation of additional PUP funding for the recruitment of the final officers (towards the 20,000 total). The Ministerial Statement confirms ongoing funding of £425m to maintain officer numbers at (148,433 nationwide). Within this funding £67.2m is “additional recruitment top-up grant” for forces that have agreed to recruit additional officers. The remaining £357.8m is ringfenced, allocated via formula funding shares and PCCs will be able to access this funding, as in previous years, by demonstrating that they have maintained their

officer numbers. The total PUP ringfence grant of £425m has increased by £150m, which was promised in the spending review, and therefore provides an even stronger incentive for officer numbers to be maintained. The actual terms of the grant will be released early next year.

41. *Pay Award*

£515m pay funding has been added to core funding for pay. The ministerial statement highlights that £330m of this was given in-year in 2023-24 with a further £185m awarded for 2024/25. Any comparisons to last year's data now include the additional £330m that was distributed in year. This indicates that this funding is in the baseline for future spending reviews.

42. *Pensions Grant*

There is also additional funding for Police Pensions to mitigate the impact of increased employer pension contributions.

Until the latest settlement, pension grants had remained unchanged, standing at a total of £142.6m. However, today the Minister confirmed that an additional £259m would be added to this grant, as well as a one-off £26.8m admin grant (for implementation pressures), taking the total funding to £428.3m.

43. *Council Tax*

In England the Government sets the level of precept increase above which a referendum is required. In November, it was confirmed in the local government finance policy statement 2024 to 2025 that PCCs would be able to increase the 2024/25 band D precept by up to £13 without triggering a referendum. This actual amount of increase in any area will be a decision for individual PCCs.

Due to historic differences in council tax, the proportion that £13 represents can vary significantly between force areas. The £13 increase means that Northumbria's percentage increase is 8.5% followed by the West Midlands at 7.2% and Essex at 6.3%. Conversely, £13 represents a 4.4% increase for North Wales and a 4.5% increase for South Wales and Gwent.

In Northamptonshire the £13 increase is 4.44%.

44. *The proportion of funding raised through council tax differs significantly between forces. Northumbria's Council Tax makes up 19% of their total funding, followed by West Midlands at 20.3% and Merseyside at 22.9%. Conversely, Surrey has 54.6% of their funding coming from Council tax, followed by Dyfed Powys at 51.3% and North Wales at 50.2%. On average 34.3% of budgets are made up from Council tax, down slightly from 34.4% last year.*

In Northamptonshire approximately 44% of the funding comes from Council tax.

45. Reallocations (top slices) are taken from the grant before it is allocated to PCCs in line with the funding formula. The table shows the difference between reallocations between years:

Top Slice	2023/24 £m	2024/25 £m	Change £m
Special Grant	50.0	34.0	-16.0
PFI	71.6	71.2	-0.4
Arm's Length Bodies	74.7	65.7	-9.0
Police Technology Programmes	526.4	500.9	-25.5
National Policing Capabilities	69.3	49.8	-19.5
Forensics	20.6	13.0	-7.6
Crime Reduction Capabilities	18.4	0.0	-18.4
Fraud	18.1	18.1	0.0
Regional and Organised Crime Units	39.5	31.6	-7.9
Serious Violence	45.6	45.6	0.0
Drugs/County Lines	30.0	30.0	0.0
NPCC Programmes	9.5	7.7	-1.8
Capital Reallocations	104.9	128.7	23.8
Cyber Crime	14.1	13.1	-1.0
Tackling Exploitation and Abuse	21.3	17.6	-3.7
Police Productivity and Innovation	0.0	11.0	11.0
Total Reallocations and adjustments	1,114.0	1,038.0	-76.0

46. Currently, PCCs have no visibility of these top slices, nor can they influence the scale or scope of national reallocations prior in informing the provisional settlement. It is important to highlight that these reallocations do impact at a local level as resources are being allocated to meet nationally determined priorities rather than based on local needs and requirements.
47. As part of the response to the consultation, PCCs have asked again for details of what is covered in the top slices and for visibility and engagement with the Home Office on them.
48. A summary of the final settlement for Northamptonshire assuming that the maximum precept increase is to be levied, compared to the 2024/25 actual position is as follows:

2023/24 £m	Funding	2024/25 £m
81.905	Main Police Grant	86.809
2.600	Main Officer Uplift Grant	4.054
-	Additional Officer Uplift Grant	1.008
6.644	Legacy Grants	6.644
1.272	Pension Grant	4.079
92.421	Total Grant Funding	102.594
75.118	Precept	79.115
1.039	Collection Fund Surplus	1.259
76.157	Total Precept and Collection Fund	80.374
168.578	TOTAL FUNDING	182.968

Police Officer Recruitment and Police Uplift Programme (PUP)

49. In September 2019, the Government launched the national recruitment of 20,000 Police Officers, referred to as the Police Uplift Programme (PUP). This was in addition to the 83 officers already provided by the PFCC in that year along with additional officers recruited in previous years.
50. The PFCC has also listened to the views of Northamptonshire residents and has worked closely with the Chief Constable to increase Police Officers wherever possible and affordable.
51. The PFCC funded 83 additional officers and the force has grown from 1,170 police officers to 1,500 by March 2023. This is an increase of 330 officers (over 28%) and the most officers the force has ever had.

Pensions

52. The Government introduced reforms to public service pensions in 2015 which resulted in most public sector workers being moved into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members gave rise to unlawful discrimination on the basis of age. In July 2019, the Chief Secretary to the Treasury made a written ministerial statement confirming that as 'transitional protection' was offered to members of all the main public service pension schemes, the difference in treatment will need to be removed across all those schemes for members with relevant service.
53. As expected, the on-going cost of higher pension benefits has resulted in an increase to employer contribution rates following the scheme actuarial valuation for 2024/25. The contribution rate will increase from 31.8% to 36.2% resulting in an additional budget

requirement of around £2.5m. The impact on police staff pensions had already been taken into account.

54. As promised by the Minister previously, the provisional settlement includes additional pension grant intended to cover the cost of this increase. It also includes a one-off amount to help pay for administration and systems costs that are being incurred to implement the pension remedy.

Council Taxbase and Council Tax Precept Income

55. The Council Tax and the level of precept is a fundamental part of the local government finance settlement.
56. Income generated from the precept depends on both the level of the Band D precept and the taxbase – the latter being the average number of properties required to pay Council Tax.
57. In Policing, the precept and the surplus on the collection fund accounts for around 44% of funding, therefore any variations can have a significant impact.
58. The North and West Unitary Councils have advised the PFCC of their proposed taxbases for 2024/25.
59. A comparison of the 2023/24 and 2024/25 figures reflects an average 0.85% taxbase increase (compared to 1.46% in 2023/24) as follows:

Authority	2023/24 (number)	2024/25 (number)	Increase (number)	Increase %
North	114,279.00	115,847.00	1,568.00	1.37%
West	142,060.80	142,664.60	603.80	0.43%
TOTAL	256,339.80	258,511.60	2,171.80	0.85%

60. Whilst the increase is lower than seen in previous years, it is still more than that used by the Home Office of 0.70% for the Policing settlement.
61. The MTFP assumes average but prudent increases in the taxbase and the S151 officers will continue to link in with West Northamptonshire and North Northamptonshire S151 colleagues to ensure future forecasts align.
62. The total precept funding is a combination of the taxbase increase and the precept increase as follows:

2023/24 £		2024/25 £
342,545	<u>Tax base changes:</u>	459,487
683,078	- North	176,938
1,025,623	- West	636,424
	<u>Precept Increase</u>	
1,714,185	- North	1,506,011
2,130,912	- West	1,854,640
3,845,097		3,360,651
4,870,720	Total Precept Change	3,997,075

63. The 2024/25 proposed precept increase of £13, together with the increased taxbase will generate an additional £3.997m on the base budget.

Council Tax Collection Fund

64. Each year the billing authorities estimate how much of the total potential Council Tax income liability of taxpayers they will collect. They advise precepting authorities of any projected surplus or deficit on the Collection Fund in January of each year.
65. The PFCC is very appreciative of the hard work undertaken by the North and West Northamptonshire Unitary Authorities in ensuring high collection rates and in providing the information to enable their inclusion in his budget and precept considerations.
66. In previous years, despite high collection rates within Northamptonshire, COVID-19 impacted on these levels which resulted in deficits in both 2021/22 and 2022/23. Some government support was provided which included grants and enabling the deficit to be spread across three financial years. These measures helped to mitigate the impact and then in 2023/24, the collection funds provided a surplus.
67. The Unitary Authorities have advised the PFCC of their estimated collection fund positions for 2024/25 for Police which have resulted in surpluses from both authorities.

2023/24 £m		2024/25 £m
0.335	- North	0.338
0.704	- West	0.922
1.039	Collection Fund Surplus	1.259

68. Due to statutory timescales, notification of the final collection fund surplus figures is received after the draft budgets are finalised. If this surplus results in a one-year benefit, it will be

transferred to reserves in order to replenish some of the one-off use of reserves planned as part of the agreed balanced budget.

69. The S151 Officer will work closely with the Unitary Authorities throughout the year to monitor and understand any impact on the collection fund position for 2024/25 and future years.

Public Consultation on the Level of the Precept

70. Each year following the provisional settlement, the PFCC undertakes a precept consultation with residents of Northamptonshire to gather their views which help to inform his precept intentions.
71. The PFCC is very mindful of the impact that inflation and the cost of living is having on the residents of Northamptonshire. As such, for 2024/25, and ahead of his precept consultation in December, the PFCC and officers undertook pre-budget engagement to inform his considerations. Of note are the following:
 - a. The PFCC, Chief Fire Officer and Chief Constable attended a meeting with Northamptonshire MPs and briefed them on the current financial position for Police and Fire and outlined the current financial context for both services.
 - b. The PFCC and the Chief Finance Officer attended local meetings with representative groups to have conversations around the current financial position and hear their thoughts on the levels of precept, budget challenges and services. The PFCC found these conversations and discussions invaluable, and the office is now on the circulation list for many of these meetings.
72. For this year's precept, over the period 5th December 2023 to 16th January 2024, the PFCC undertook an online survey which was carried out with the intention of reaching as many people as possible to obtain the views of a demographically representative group of the county's population.
73. The survey was sent out to a wide range of contacts and using many different approaches. Appendix A sets out the consultation on the precept further.
74. This wide reach is set within the challenges of the limited timescale of the government funding settlement, the current cost of living climate and the fact that it was held over the festive season.
75. The online survey was targeted specifically in relation to the precept and to understand confidence in policing and fire and rescue services within Northamptonshire. It was communicated to as many stakeholders as possible, to enable any resident to share their views on the level of the precept.

76. Interim reviews were taken on the survey to assess the reach and where appropriate, additional communications were made to key areas of the county to ensure those who wished to contribute to the survey were able to do so.
77. The precept online consultation has formed part of a wider public consultation, conducted across all areas of Northamptonshire to understand how people feel about policing in the county and their levels of trust and confidence in their local police force. Qualitative, face-to-face consultation is being undertaken with communities across Northamptonshire to capture views and feedback.
78. As part of this qualitative consultation, two 'reflector sessions' are being carried out with stakeholders representing support organisations, commissioned services and individuals and groups within the wider community safety partnerships.
79. The PFCC would like to give particular appreciation to the commitment and engagement of the Chair and members of the Police, Fire and Crime Panel, local Councillors MPs, forum members and teams within the unitary authorities as he recognises that they have been contacted multiple times during the survey period and asked to disseminate the survey amongst their local residents and contacts.
80. The online survey received 1,997 responses. This is classed as a statistically relevant sample size for the County based on a 95% level of confidence. The PFCC has considered the results of the online survey which were:
- **49.6% of residents were prepared to pay £15 or more if they were able to for Police services.**
 - 45.2% were not prepared to pay any more than they do now; and
 - 5.2% said they did not know.
81. Respondents were also given the opportunity to comment on how good a job the Police and the Fire and Rescue Service did. For Police, 1,944 residents replied:
- **33.8% of residents thought Police were doing a good or excellent job.**
 - 32.9% of residents thought they were doing a fair job.
 - 25.4% of residents thought they were doing a poor or very poor job.
 - 8.0% did not know.
82. The PFCC will consider the narrative comments in the survey as part of the wider Precept and Confidence Consultation findings which will be published on the PFCC website in due course.
83. Furthermore, two in-person budget and precept meetings were held in January with key stakeholders, with one taking place after the provisional settlement when more information was available. The meetings took place as follows:

- a. A Councillor Budget and Precept meeting was held on the 16th January 2024. All 318 local Councillors and representatives were invited. 32 Councillors attended and received a high-level briefing on the provisional funding settlement for both Fire and Policing. The PFCC is grateful to those who attended.
- b. The PFCC held a Police Fire and Crime Panel workshop on the 26th January regarding the budget and precept considerations for 2024/25, which was attended by five representatives. The annual workshops commenced in January 2021 and the PFCC has again found this approach and member input invaluable. The PFCC is grateful to all Panel members who attended, and subject to the views of the Panel will continue to offer the budget workshop as an annual event.

The Financial Challenge – Future Risks, Challenges and Uncertainties

84. The impact of a different inflation assumptions to that estimated in the MTFP are as follows:
 - Every 1% reduction in grant equates to circa £1.0m per annum
 - Every 1% in Council Tax (£3.06) equates to circa £0.8m per annum
 - Every £1 in Council Tax equates to £0.259m per annum
 - Every 1% in Pay equates to circa £1.5m in a full year
 - Every 1% non-pay inflation equates to £0.3m per annum
85. Prudent forecasts have been included where information which has not yet been finalised. Any variations between the provisional and final police settlement, council tax or the collection fund will be balanced with reserves.
86. There are some further financial and operational risks and challenges which are as follows:
 - a. The unknown impact of the Police Funding Formula Review on Future Funding Settlements.
 - b. There is a national move to consider the charging of costs in line with a Net Revenue Expenditure (NRE) rather than a funding formula methodology. This disproportionately affects forces such as Northamptonshire who have a lower-than-average grant allocation and it bears no correlation to increasing population or households as can be seen earlier in the report. Any movement of national charging to NRE will result in cost increases to Northamptonshire.
 - c. The impact of a different core grant assumption to that estimated in the MTFP for the years after 2024/25.

- d. The operational and financial impact of new, emerging and increasing areas of threat and demand, including, but not limited to, child sexual exploitation, adult and child sexual and domestic violence crimes and increasing cybercrime. It is anticipated that the additional officers recruited will assist in the challenge of meeting such demands.
- e. It is anticipated that the impact of national grants reducing or ceasing for regional developments and activities would have a significant impact.
- f. The capital programme requirements and the investment required to take any business as usual, innovative or collaborative work forward in advance of the timings of savings. The removal of capital grants has had an impact on the revenue costs of the capital programme, which are now built into the MTFP.
- g. Strategies for: estates, fleet, digital and operational equipment are in place which inform the capital programme and revenue budgets. The Estates Strategy is currently being reviewed to develop a new masterplan and once updated will inform future capital programme and MTFP updates.
- h. The impact of partners' spending decisions which may affect services provided by the Force or PFCC.
- i. Inflation uncertainty:
 - The uncertainty of future pay awards.
 - Future non-pay inflationary challenges.

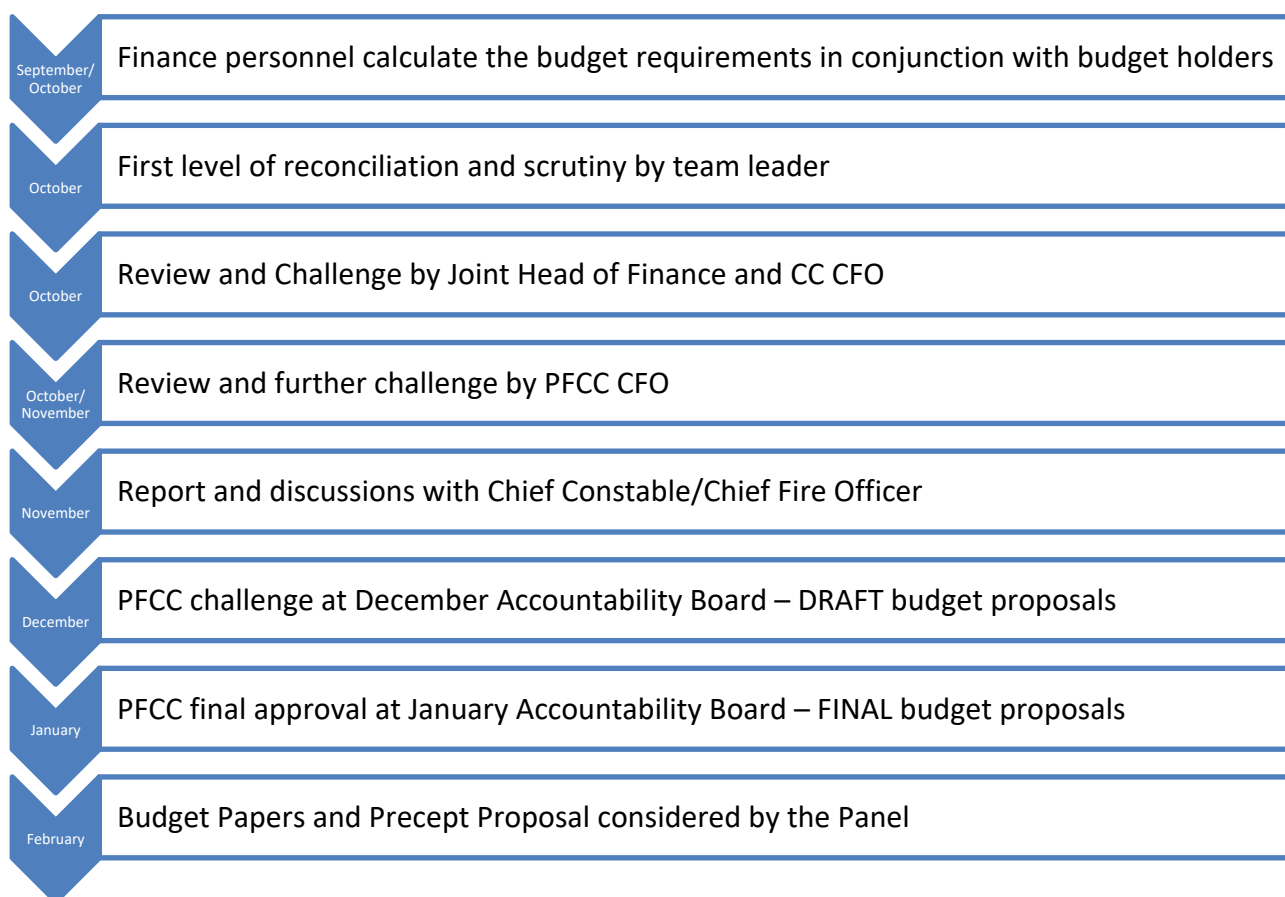
Budget Strategy

87. Since being elected into office, the PFCC has sought to maximise the allocation provided to the police budget from within his funding envelope. This is balanced with maintaining sufficient resources to fund the capital programme, maintain the Office of the PFCC and provide over £5m in commissioning and delivery activities for the public of Northamptonshire.
88. In 2024/25, before investments, the PFCC will allocate over 95% of funding available to the Force.
89. In 2024/25, the Force budget will increase by over £15m on the previous year; a cash increase of around £64m since 2016/17.

2024/25 – Base Budget preparation, approach and scrutiny

90. The budget is the fourth budget prepared under the Joint Finance Team using an approach which provides consistency across both Fire and Police. This has enabled comparability of assumptions and principles, together with best practice, resilience and a more efficient process applied to budgeting for all services.

91. The budget has been prepared on a zero-base where possible, in full consultation with budget holders, aligned to the Police, Fire and Crime Plan and tested against the MTFP.
92. The zero-based approach ensures that efficiencies are taken from this process where possible that only approved increases, inflation and unavoidable pressures are built in. Detailed workings are prepared, and the format of the budget models are consistent and contain built in checks and balances to ensure the correct information is fed through. This approach also enables resilience within the finance team.
93. Following the preparation of the budget strategy and approach in September, briefing sessions took place with all budget holders and the strategy was shared with the Joint Independent Audit Committee (JIAC) for further scrutiny and review.
94. The table below sets out the preparation and scrutiny elements of the budgeting process:



95. At the December Accountability Board, the PFCC commended the work on proposed budgets and approved investments in principle whilst final funding information was still awaited. The PFCC subsequently approved the budget subject to agreement on the precept and the sum of £1.823m for investments requested by the Chief Constable.
96. Thus, the PFCC has set the following budget for policing:

2023/24 £m	Budget Breakdown	2024/25 £m
133.344	Force	144.471
27.245	Enabling Services	31.799
160.589	Indicative Police Budget	176.270
1.288	OPFCC (Office)	1.314
5.018	Commissioning and Delivery (OPFCC)	5.353
6.306	Budgets managed by the PFCC	6.667
2.798	Capital Financing Costs	4.463
(1.561)	Transfers to/(from) Reserves	(5.452)
0.946	Investment	1.823
(0.500)	Savings to be identified	(0.803)
168.578	TOTAL BUDGET	182.968

Harmonisation and Efficiencies

97. Since 2019, Police and Fire have incrementally moved to shared support services under Enabling Services and will be sharing HR and Payroll systems from April 2024.
98. The Fire governance transfer did not include funding for support services, but affordable resilient joint teams have been established providing essential professional skills and capacity. Efficiencies have been made from areas such as robust procurement and economies of scale from sharing buildings and services.
99. As part of the response to the police finance settlement consultation, the PFCC was required to highlight some of the efficiencies realised in Policing, these include (but are not limited to):
- a. Joint Digital Team have delivered £0.3m of efficiencies so far, realised from Police budgets.
 - b. Joint Commercial Team now embedded, moving away from an outsourced arrangement, providing better quality of service, diligence and efficiencies of over £0.8m. This includes establishing commercial frameworks and ensuring full cost recovery from Special Police Services. Of particular note is the newly established estates framework which gives opportunities for local businesses.

2024/25 Budget Consented to the Chief Constable – the Police Budget

100. As described above, there has been a significant amount of scrutiny and challenge on the police budget for 2024/25, and as part of these discussions and negotiations, the PFCC has sought and received assurances on how the assumptions and budgets have been calculated.

101. The operational police budget allocated to the Chief Constable for 2024/25 is **£176.270m**, an increase of over £15m from 2023/24 and is broken down as follows:

2023/24 £m	Police Budget Breakdown	2024/25 £m
86.570	Police Officers	97.537
29.997	Police Staff	32.072
3.978	PCSOs	3.973
1.049	Other Pension Costs	1.235
0.665	Other Employee Expenses	0.616
1.513	National ICT Charges (inc. PNC)	1.814
9.353	Third Party/Collaborative Arrangements	10.361
7.972	Other Non-Pay (excl. Enabling Services)	7.485
(7.753)	Income	(10.622)
133.344		144.471
27.245	Enabling Services	31.799
160.589	TOTAL BUDGET	176.270

102. Key headlines are as follows:

- a. The budget for 2024/25 provides for maintenance of police officer numbers at establishment of 1,501.
- b. The police officer budget requested by the Chief Constable follows a zero-based review and reflects the planned retirement and recruitment profile.
- c. Other non-pay costs cover equipment, uniforms and forensic and pathology costs.
- d. Enabling services include the costs of joint shared teams with Fire and reviewed inflationary pressures for 2024/25 including utilities, fuel and insurance costs.

103. The Chief Constable will also continue to embed the investments made in previous years and invest in further areas which include (but are not limited to):

- Vetting, professional standards and records management
- Establishment of the roads policing team
- Prioritising investigation of residential burglaries
- Occupational Health and Wellbeing including clinical supervision
- Additional resources in Protecting Vulnerable People (PVP) teams
- Investment in drone capability

- Innovation and research
- Investment in Control Room technology and people, growing the establishment of call handling staff by at least 16.
- Investment in a software solution to handle social media accounts and interact with the public as effectively as possible.

2024/25 Police, Fire and Crime Commissioner – Office Budget

104. The PFCC manages two separate budget areas:

- The cost of running his office, the OPFCC, and
- Commissioning and Delivery areas - which directly provide services to Northamptonshire residents and/or with other services.

105. The office budget for 2024/25 has an increase of £29k, of which £63k relates to staff pay inflation offset by miscellaneous non-pay budget reductions of £34k.

2023/24 £m	Budget Breakdown	2024/25 £m
0.961	Staff Costs	1.024
0.327	Other Office Costs	0.293
1.288	Indicative Police Budget	1.317

106. The PFCC has always endeavoured to ensure that the cost of staffing his office is less than 1% of the police budget. His 2024/25 budget continues with that commitment and OPFCC staffing equates to approximately 0.7% of the total police budget.

107. The OPFCC provides statutory governance services to NCFRA and has a costing methodology in place to ensure NCFRA contributes an appropriate amount. In-keeping with the updated Home Office Financial Management Code of Practice; where Fire costs can be reasonably estimated, they have been. Otherwise, a pro-rata funding allocation has been used, to ensure integrity and transparency of both fire and policing funds in line with the Treasury's "Managing Public Money" requirements.

2024/25 Police, Fire and Crime Commissioner – Commissioning and Delivery Budgets

108. The OPFCC undertake a wide range of delivery activities, providing services directly to residents of Northamptonshire. Furthermore, the OPFCC commissions services from partners and other organisations.

109. Commissioning and Delivery budgets are set out below and the sum of £330k will be drawn down from the PFCC initiatives reserve to meet one-year initiatives.

2023/24			Delivery and Commissioning Budgets	2024/25		
Budget £m	Grants/ Income £m	Net £m		Budget £m	Grants/ Income £m	Net £m
0.100	(0.075)	0.025	Commissioning	0.100	(0.100)	0.000
2.233	(1.321)	0.912	Victims, Witnesses, DV Support & Vulnerability	3.050	(1.440)	1.610
0.133		0.133	Joint Communications Team with Fire	0.099		0.099
2.455		2.455	Early Intervention and Youth	2.426		2.426
0.716		0.716	Reducing Reoffending	0.432		0.432
0.086		0.086	Delivery and Accountability	0.089		0.089
0.260		0.260	Crime Prevention	0.255		0.255
0.181		0.181	Customer Services - Complaints	0.192		0.192
0.250		0.250	Police, Fire and Crime Plan Delivery Fund	0.250		0.250
6.414	(1.396)	5.018	Total Commissioning and Delivery	6.893	(1.540)	5.353

110. The PFCC undertook star chambers with OPFCC budget holders to review all budgets and consider them holistically.
111. Additional investment built into Youth Work and Early intervention has been embedded with some savings enabling pay awards to be mainly subsumed.
112. Within the Police, Fire and Crime Plan Delivery Fund, the PFCC supports initiatives which are in the early stages of planning, or which arise during the year, which have not been specifically included within 2024/25 budgets. The sum of £0.250m has been ring-fenced along with funding for the grant schemes already in place.
113. A further sum of £0.500m has been ring-fenced for work to look at vulnerability, serious violence in young people and behavioural change.
114. The OPFCC Commissioning and Delivery budgets continue to embed the investments made in previous years, which:
- Prioritise work to support victims and the vulnerable.
 - Take forward initiatives to reduce domestic violence.
 - Work with partners to take forward initiatives to reduce re-offending.
 - Prioritise early intervention and engagement work.
 - Prioritise targeted youth intervention and engagement work.
 - Continue to take forward work on crime prevention.
 - Continue to embed the investments made in Automatic Number Plate Recognition (ANPR) and CCTV.
 - Continue to take forward work with the Road Safety Alliance.

Medium Term Financial Plan (MTFP)

115. The current MTFP covers a five-year period and is included in more detail at Appendix B.
116. The impact of high inflation during 2022/23 affected the costs in the MTFP at this point last year and we continue to use prudent forecasts with no guarantee of future funding to meet those increases.
117. Whilst the MTFP does include 0.5% cashable efficiency savings each year, these will not be sufficient to meet the shortfalls identified. Efficiencies will continue to be sought from sharing buildings, robust and shared procurement practices and sharing of resources/assets where it makes sense to do so. The Chief Constable is conscious to this challenge and has already started work to look at a comprehensive savings plan.
118. Whilst reserves are being used as expected in 2024/25 to maintain police officer strength, these are one-off funds and there have been no assumptions that similar monies will be available in future years. If the force is successful in bidding for any additional uplift funding, the PFCC is committing to using this to maintain officer numbers for as long as is affordable.
119. Despite future shortfalls forecast in the MTFP, in the unlikely event that further efficiencies could not be found, the budget can be balanced in the short term by the use of reserves. However, the use of reserves is not a permanent solution, and the PFCC and Chief Constable will continue to seek efficiencies to ensure the budgets are balanced.
120. The key assumptions that have been used to estimate the financial challenge for the medium term are:
 - a. Precept will increase by £13 in 2024/25, and 1.99% each year thereafter. No information is yet available about referendum limits beyond 2024/25.
 - b. Prudent funding assumptions have been made in respect of government funding, taxbase levels, and council tax deficits (source: professional assumptions).
 - c. Prudent pay increase estimates are assumed at 2.5% in 2024/25 and an average of 2% per year thereafter. As part of the Ministers statement, he stated verbally an intention that any police pay award above 2.5% could be met by additional grant funding (as was the case in 2023/24). However, this is not guaranteed and merely an indication at this stage.
 - d. Investment requirements can be prioritised and met from within the revenue budget or capital programme. Where appropriate, the PFCC will use reserves to pump prime investment initiatives. Any multi-year investments will be subject to review each year and may require additional savings to embed in the base budget longer term.

- e. Further borrowing beyond the capital programme is not required.
- f. Funding for regional collaborations will remain consistent, allowing for a reasonable level of general inflation.

121. It is assumed that no additional unfunded priorities or responsibilities will be given to the PFCC and Chief Constable to deliver.

122. The MTFP based on key assumptions detailed below, is attached at Appendix B and summarised as follows:

2023/24 £m		2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
169.078	Expenditure	183.771	194.738	198.645	203.032	207.196
(0.500)	Efficiencies agreed	(0.803)	(1.684)	(2.591)	(3.513)	(4.455)
-	Efficiencies to be identified	-	(1.678)	(1.678)	(1.678)	(1.088)
168.578		182.968	191.376	194.376	197.841	201.653
(168.578)	Funding	(182.968)	(185.033)	(189.298)	(193.686)	(198.199)
-	Shortfall	-	6.343	5.079	4.155	3.454

Capital Programme

123. A Capital Programme has been approved as part of the budget setting process, which identifies the requirements across fleet, estates, ICT and operational equipment.

124. The approved Capital Programme is as follows:

Programme	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Estates	6.1	5.7	4.8	4.8	12.3
ICT	6.7	3.2	3.3	8.6	4.4
Vehicles & Operational Equipment	1.9	1.3	1.4	1.3	1.4
TOTAL	14.7	10.1	9.6	14.8	18.1

125. The PFCC is currently reviewing the latest estates masterplan. Whilst formal decisions are yet to be made, the latest iterations have been considered by the Chief Fire Officer and Chief Constable. The above capital programme includes an amount for potential capital investment in estate and will be updated with more accurate projections when the masterplan has been formally approved by the PFCC with advice from the S151 and Monitoring Officer.

126. Costs are often occurred ahead of any efficiencies or disposals, therefore, the PFCC will continue to push to ensure that any disposals included in the plans are made in a timely and efficient manner to ensure the full benefits can be realised.

127. The Commissioner is required to approve a 'Treasury Management Strategy' each year, setting out the detail of his policy and approach to managing investments, borrowing and cash management.
128. This is required by the Prudential Code and the Code of Treasury Management published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This ensures, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice.
129. The Treasury Management Strategy will be considered by the PFCC alongside an updated capital strategy. The Joint Independent Audit Committee (JIAC) will consider this key document at their March meeting prior to being placed on the OPFCC website.

Use of Reserves

130. In considering the budget, the MTFP and level of precept options, it is important to look closely at the size, level and type of reserves held by the PFCC to ensure that they are adequate to cover the purposes for which they are held and to provide some safeguards against the future risks identified within the budget.
131. There is also a need to ensure they are not excessive. In 2018 the Home Office announced the intention to review reserves and provide greater transparency for the public. In meeting this requirement, the updated Reserves Strategy is attached at Appendix D, and will be published on the PFCC's website for transparency.
132. Two types of reserve are held, as follows:

General Reserve

133. There is a general reserve which is estimated at 31st March 24 at **£5.3m**. This represents around 3% of total funding for 2024/25 and is in keeping with the PFCC's guideline level. On current forecasts the general reserve will remain within guideline minimum levels over the MTFP. It is prudent to have such a reserve at this level to enable the organisation to withstand unexpected events which may have financial implications.

Earmarked Reserves

134. As at the 31st March 2024 it is estimated that the PFCC will hold **£19.1m** in earmarked reserves. These are detailed in the reserves strategy included at Appendix D.
135. The PFCC will continue to review the reserves held and determine whether they are still required.

Precept proposal

136. After careful consideration of the factors included within this report, the PFCC is proposing a precept increase of £13 (4.44%) for the 2024/25 financial year in order to continue to invest in police officers, build a sustainable base budget to maintain and safeguard policing services across the force area, together with additional investment into essential and evolving demand areas for policing.
137. The PFCC appreciates the impact on the taxpayer at this time.
138. Whilst this is a pressure on households, it reflects current inflation levels and the PFCC needs to ensure that Policing has the resources it needs to meet the current and future spending challenges, but also reflects the current financial climate and the views of those who took part in the precept surveys.
139. The PFCC is grateful to all those who took part in the survey and their willingness to pay more in order to safeguard and develop policing in the county and he will continue to push the government for a fairer funding position for Northamptonshire.

Robustness of the Budget – Statement of the S151 Chief Finance Officer

140. Section 25 of the Local Government Act 2003, places a duty on the S151 Officer to make a report to the authority on:
 - a. The robustness of the estimates included within the budget.
 - b. The adequacy of the reserves and balances.
141. The PFCC must have regard to this when considering the budget and the report must be shared with the Police, Fire and Crime Panel.
142. In their considerations, the S151 Officer is mindful of other associated statutory safeguards designed to support the authority:
 - a. Section 151 of the Local Government Act 1972 which requires the authority to make arrangements for the proper administration of its financial affairs and that the Chief Financial Officer has personal responsibility for such administration.
 - b. Sections 32, 43 & 93 of the Local Government Finance Act 1992 which requires the authority to set a balanced budget.
 - c. The Prudential Code introduced as part of the Local Government Act 2003 which sets out the framework within which the authority must manage its investments, including adequate planning and budget estimates.

d. The external auditor's duty to assess the adequacy of the authority's proper arrangements to secure economy, efficiency and effectiveness ('value for money')

143. To reinforce these obligations, Section 114 of the Local Government Finance Act 1988 requires the S151 Officer to report in consultation with the Monitoring Officer if there is or is likely to be unlawful expenditure or an unbalanced budget.
144. This report has set out the robust budget setting process that has taken place and the work undertaken to ensure the budget is as realistic, deliverable and achievable as possible.
145. The Chief Constable's Section 151 Officer has worked closely with the Chief Constable's Executive team, budget holders and the finance team to deliver the draft budget and savings plan, ensuring that effective scrutiny and challenge has taken place throughout. The S151 Officers have worked closely throughout the process. The PFCC has undertaken scrutiny and strategic review of the proposals on two occasions and has been updated regularly throughout the budget cycle as appropriate.
146. The estimates and assumptions are based on the best information available at the time of formulating the budget in line with the fundamental accounting concepts and are reasonable and prudent.
147. The Section 25 Statement of the S151 Chief Finance Officer for Northamptonshire Police, Fire and Crime Commissioner is included at Appendix C.

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS

The budget and proposed precept provide the resources for the delivery of the Police, Fire and Crime Plan. Additionally, the survey is comprised of a representative sample of Northamptonshire residents.

HUMAN RESOURCES IMPLICATIONS

None

ENVIRONMENTAL IMPLICATIONS

None

RISK MANAGEMENT IMPLICATIONS

Risks and mitigations have been highlighted in the report.

LEGAL IMPLICATIONS

The PFCC is required to notify a precept to the billing authorities by the 1st March each year. In doing so, he must set a realistic revenue budget, informed by the report of the Chief Finance Officer

List of Appendices

Appendix A - Consultation on the Precept

Appendix B - Medium Term Financial Plan

Appendix C - Section 25 Report of the Section 151 Chief Finance Officer

Appendix D - Reserves Strategy

Persons to Contact

Mr V Ashcroft, Chief Finance Officer,

Office of the Police, Fire and Crime Commissioner

Appendix A

Survey on the Precept

Context

Embarking on the 2024/25 precept survey at the end of 2023, at a time when increased financial challenges are being faced by people across the country, has required a significant amount of input from a communications perspective.

An online survey launched on 5th December 2023 asking questions relating to the precept and to understand confidence in policing and fire and rescue services within Northamptonshire. It was communicated widely to stakeholders across the county with a request to share, to ensure a demographically representative group of the county's population was reached.

Due to the statutory timeframes, there was no option but to run the survey over the Christmas period. We wanted to ensure that the public had sufficient time and numerous opportunities to see and complete the survey, so a decision was taken to launch the campaign prior to the Government releasing their financial settlement and proposed council tax levels.

The survey was open for eight days longer than last year, closing on 16th January 2024. It received a total of 1,997 responses, which is an increase of 15% from the 2022/2023 survey and more completions than ever before. We benchmarked our survey with other PCC/PFCCs and found that completion rates were broadly falling, and public engagement was a communication challenge experienced right across the country.

To help encourage engagement, it was imperative to have a strong narrative and rationale to explain the difficult decision the PFCC must make in asking for additional funds to continue with the investments being made in both Police and Fire and ensure that the priorities of both services can be delivered.

Communications Activity

Five main communications channels were used to raise awareness of the survey, seek public views and encourage people to take part. These were:

- Mainstream media
- Partners and stakeholders
- Digital and social
- Paid-for social media advertising
- Internal communications for OPFCC, Police and Fire

We contacted our extensive stakeholder database to reach local councillors at all levels, local authority partners, businesses, community and charity groups, various panels and volunteers as well as different policing divisions and police liaison officers.

Leaflets outlining the PFCCs priorities were created with a bespoke QR code directing people to the online survey. These were distributed across the county via community engagement teams, colleagues and partners. We also provided all our public-facing Police Stations with leaflets so officers could encourage visitors to complete the survey.

By monitoring response rates daily, we were able to target further communications to specific areas where completion rates were particularly low. These areas were sent reminders via Northamptonshire Talking (formerly Neighbourhood Alert) and via parish or town councillors and the relevant police liaison officer.

Social media was used to remind followers to take part in the survey and share key information about the PFCC priorities, the context for an increase of funding and the closing date.

We used the Nextdoor channel which has an estimated reach of 90,000 county residents and is a popular alternative to Facebook, for the first time. More than 10% of our total responses came from this channel.

We carried out pre-budget engagement with the county’s MPs so that they could understand the financial position and advocate for Northamptonshire Police and Northamptonshire Fire and Rescue Service both at Westminster and in their constituencies.

Audience	Reach
<p>Stakeholders</p> <ul style="list-style-type: none"> • Northamptonshire Talking (formerly known as Neighbourhood Alert) • Parish Councils and Town Councils • Councillors in North Northamptonshire and West Northamptonshire • Police, Fire and Crime Panel members • MPs • Chief Executives and Leaders of Local Authorities • Neighbourhood Watch Management Committee • Community Safety Managers for Northamptonshire North and Northamptonshire West • Diversity Forums of West Northamptonshire Council • Northamptonshire Police Community Engagement team 	<p>The survey was sent to more than 25,000 stakeholders, with a request that they further cascade.</p> <p>A message on Northamptonshire Talking was sent to residents across the county, while further targeted communications were sent to the following areas where a lower response rate had been identified: Corby, Wellingborough and Daventry.</p> <p>More than 38,000 people opened the email we sent via this channel.</p>

<ul style="list-style-type: none"> • Independent Advisory Group members • Independent Custody Visitors • Businesses via the Chamber of Commerce, Northampton BID and the Northamptonshire Business Forums • Secondary Schools and colleges • Joint Action Groups • Northamptonshire Association of Local Councils • Various voluntary and third sector organisations • Rural interest groups • The Police Liaison Representatives on every parish and town council • All local criminal justice boards 	
<p>Internal</p> <ul style="list-style-type: none"> • News item on ForceNet – The Northamptonshire Police intranet viewed by all officers and staff – repeated twice during survey period • All staff email to OPFCC • News item on Northamptonshire Fire and Rescue Service intranet for Firefighters and staff – repeated twice during the survey period • Daily Orders – link to item on ForceNet directing police staff to survey • Chief Officer Vlogs in both Northamptonshire Police and Northamptonshire Fire and Rescue Service • Message and link displayed on December payslip and portal for Northamptonshire Police officers and staff and Northamptonshire Fire and Rescue Service Firefighters and staff, and OPFCC staff • Splash screen survey message on every computer across OPFCC, Fire and Police • Repeated messaging during bi-weekly Pacesetter meetings for senior firefighters with requests to cascade through the Fire Community Risk Group (CRG) 	<p>The survey potentially reached over 2,500 people (including police officers, firefighters, staff, and volunteers), with a request that they further cascade.</p>

<p>Key Internal Stakeholders</p> <ul style="list-style-type: none"> • Northamptonshire Police Chief Officers • Northamptonshire Fire and Rescue Service (NFRS) Senior Fire Officers • Directors in the Office of the Police, Fire and Crime Commissioner (OPFCC) • OPFCC Customer Service team • Police Federation • Unison • Police Superintendents' Association • Voice 	<p>Email request to cascade to their members/contacts</p>
<p>Mainstream media</p> <ul style="list-style-type: none"> • A news release was issued to all local and regional media across Northamptonshire. • News release was sent to hyper local publications. • The survey was trailed in the December edition of the PFCC newsletter. • Further targeted news release to areas where response rate had been lower. 	<p>The news release went to over 60 newsrooms (print and broadcast including the Northampton Chronicle and Echo and BBC Radio Northampton), plus individual reporters and other local news sites.</p> <p>Coverage on Northampton Chronicle, Northamptonshire Telegraph and Daventry Express on December 12.</p> <p>A further targeted news release to encourage more residents in Wellingborough and Corby to fill in the survey was sent to Northamptonshire Telegraph and published on January 9.</p>
<p>Digital and Social</p> <p>X (formerly Twitter) OPFCC account (native)</p> <p>X (formerly Twitter) NFRS account</p> <p>Meta (Facebook/Instagram) account native</p>	<p>34,380 impressions 520 engagements</p> <p>2,748 impressions 32 engagements</p> <p>12,931 impressions 37 engagements</p>

Meta adverts including Facebook (paid, £72.07)	10,375 reach
Google ads including YouTube (paid, £75.70)	479 impressions 29 engagements
OPFCC & Fire Website views - 4 different pages / news stories	745 hits
LinkedIn – OPFCC and NFRS	185 impressions
Northamptonshire Talking (formerly Neighbourhood Alert) for OPFCC	37,668 emails read 1,471 clicks to survey
Next Door	90,340 reach

Future consideration: WNC and NNC council tax survey

Both West and North Northamptonshire Council also consulted on their council tax at the same time as the Commissioner is consulting on his precept.

We are actively engaging with our colleagues in the unitary authorities to see how we can work together more effectively to maximise the opportunity for residents to have their say and increase the numbers who respond still further.

The full report will be published on the PFCC website when all the analysis has been completed.

Appendix B

Medium Term Financial Plan 2024/25 - 2028/29

Medium Term Financial Plan

		<i>MTFP - £13 Precept</i>				
		2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
2023/24						
£'000						
86,570	Police Officers	97,537	101,076	103,125	105,061	106,547
29,997	Police Staff	32,072	32,806	33,489	34,187	34,689
3,978	PCSOs	3,973	4,044	4,108	4,172	4,219
1,049	Other Pension Costs	1,235	1,248	1,270	1,294	1,310
665	Other Employee Expenses	616	625	638	651	661
1,513	National ICT Charges (inc. PNC)	1,814	1,925	2,038	2,154	2,272
9,353	Third Party/Collaboration	10,361	10,568	10,779	10,995	11,215
7,972	Other Non-Pay (excl. Enabling Services)	7,485	8,682	9,637	10,734	12,444
(7,753)	Income	(10,622)	(11,011)	(11,434)	(12,826)	(13,888)
133,344	CHIEF CONSTABLE - OPERATIONAL	144,471	149,963	153,650	156,422	159,469
27,245	ENABLING SERVICES	31,799	31,337	30,825	32,021	31,936
160,589	TOTAL CHIEF CONSTABLE BUDGET	176,270	181,300	184,475	188,443	191,405
1,288	OPFCC (Office)	1,314	1,344	1,374	1,404	1,404
5,018	OPFCC (Commissioning & Delivery)	5,353	4,953	4,723	4,823	4,823
2,102	Capital Financing - MRP	2,681	3,637	3,807	4,137	5,702
496	Capital Financing - Interest	782	1,269	1,488	1,448	1,675
200	Capital Financing - RCCO	1,000	1,000	1,000	1,000	1,000
1,010	Specific Transfers to Reserves	-	100	100	100	100
(2,571)	Specific Transfers from Reserves	(5,452)	(542)	-	-	-
7,543	OTHER (Inc. OPFCC & Capital Financing)	5,678	11,761	12,492	12,912	14,704
946	New Investment Proposals	1,823	1,678	1,678	1,678	1,088
(500)	Minimum Savings Target	(803)	(1,684)	(2,591)	(3,513)	(4,455)
-	Further Savings/Efficiencies Requirement	-	(1,678)	(1,678)	(1,678)	(1,088)
168,578	TOTAL GROUP	182,968	191,376	194,376	197,841	201,653

PTO

FUNDING

(81,905)	Main Police Grant	(86,809)	(92,165)	(93,547)	(94,950)	(96,375)
(1,272)	Pension Grant	(4,079)	(3,825)	(3,825)	(3,825)	(3,825)
(2,600)	Ringfenced Officer Uplift Grant	(4,054)	-	-	-	-
(6,644)	Legacy Grants	(6,644)	(6,644)	(6,644)	(6,644)	(6,644)
-	Additional Uplift Grant	(1,008)	-	-	-	-
(75,118)	Precept	(79,115)	(81,900)	(84,782)	(87,767)	(90,856)
(1,039)	Collection Fund Deficit/(Surplus)	(1,259)	(500)	(500)	(500)	(500)

(168,578)	TOTAL FUNDING	(182,968)	(185,033)	(189,298)	(193,686)	(198,199)
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-	FUNDING (SURPLUS) / DEFICIT	-	6,343	5,079	4,155	3,454
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PRECEPT

£293.04	Band D Council Tax	£306.04	£312.13	£318.34	£324.68	£331.14
256,339.80	Tax Base	258,511.60	262,389.27	266,325.11	270,319.99	274,374.79

ASSUMPTIONS

Home Office Grants	11.01%	1.50%	1.50%	1.50%	1.50%
Precept (%)	4.44%	1.99%	1.99%	1.99%	1.99%
Precept (£)	£13.00	£6.09	£6.21	£6.33	£6.46
Tax Base Change - Increase/(Decrease)	0.85%	1.50%	1.50%	1.50%	1.50%
Inflation Contingency	0.00%	0.00%	0.00%	0.00%	0.00%
Pay Awards	2.50%	2.00%	2.00%	2.00%	2.00%

Note: Figures may not sum due to rounding

Appendix C

Section 25 Report of the Section 151 PFCC Chief Finance Officer

"I have worked closely with the Force S151 Officer and the Joint Finance Team and have been assured by their robust and diligent approach to the 2024/25 budget setting process. I am grateful for their hard work, scrutiny and challenge throughout, and am impressed by how they continue to take ownership and make improvements every year.

I have been fully briefed on the progress of the budget by Enabling Services colleagues prior to and throughout the budget process and development of the capital programme, ensuring I have been party to all key assumptions and decisions. Prudent evidence-based estimates and assumptions included have been based on professional estimates, peer knowledge and benchmarking. Where possible, I have aligned these with national Fire, Police, local authority and national technical team colleagues.

I have reviewed the detailed calculations in arriving at the budget requirement and Council Tax precept and options and find these to be robust. I also have sought and received authorisations from billing authorities in relation to taxbase and Council Tax surplus/deficits and I am grateful to all partners for their support in doing so.

The PFCC's precept intention of £13 takes into account public consultation alongside prudent assumptions based on the best information available, the MTFP and the reserves position, and still enables an element to be ring-fenced for investment.

The Chief Constable and his team have been fully involved in the budget discussions and have discussed revenue and capital requirements for 2024/25 and future years with the PFCC.

The budget for 2024/25 has been created through a zero-based budget approach and only previously agreed growth, contractual commitments or unavoidable pressures have been built in. It is a structured and consistent process and I have received informative responses to queries and/or points of clarification. Where I have sought changes, they have been incorporated.

I have worked with the PFCC to agree or require changes to base budget pressures proposed by the Force.

As part of the budget proposals, the PFCC has agreed to investment proposals put forward by the Chief Constable. I will support the PFCC in monitoring these agreed investments to ensure they are delivered in accordance with the timescales and financial envelopes agreed.

In preparing the MTFP, working with the Force S151 Officer, we modelled scenarios across council taxbase assumptions and precept increases ranging from 1.99% to £15 to help inform the PFCC considerations in determining his precept proposal for 2024/25. As the information from the settlement and taxbase became clearer, we continued to review and refine the MTFP.

Whilst Police grant allocations were slightly higher than forecast, they still do not reflect the pressures of inflation being experienced since 2022/23 and, as very little indicative funding information is available beyond 2024/25, there is a high level of uncertainty around affordability of the current MTFP in the future.

It is my recommendation that financially, it is essential to take forward the £13 precept flexibility afforded to Northamptonshire for 2024/25. This will be built into the base budget and help provide the most resilient position possible for the medium term.

The MTFP does require efficiencies to be made and assumes efficiencies will be delivered in 2024/25 and each year thereafter. However, even after these efficiencies, there are shortfalls in the MTFP. I am assured that the Chief Constable will work to identify efficiencies and ways of working which will address these challenges over the medium term. I will support the PFCC in ensuring the Chief Constable and Force S151 Chief Finance Officer provide regular updates to the Accountability Board.

It has been possible for the PFCC to develop a budget that supports most of the Force operational pressures and demands, balances the views of the public from the consultation and gives the opportunity for further investment to support the delivery of the priorities set out in the Police, Fire and Crime Plan.

There is an operational contingency available to the Chief Constable, and sufficient general reserves available should operational demands require access to these. Earmarked reserves are in place for specific requirements and in his budget the PFCC has identified further priority areas for earmarked reserves, in line with Police Fire and Crime Plan priorities.

The detail within the above report highlights significant unknowns in the medium term. The continuing impact of inflationary pressures, the impact of a future funding formula and the future economic climate are currently uncertain. Where possible forecasts and estimates are included within the MTFP and all opportunities for government funding are pursued to ensure any financial impact on Policing is minimised.

In coming to my conclusion on the robustness of the budget, I have also reviewed the capital programme and reserves strategy.

The capital programme is regularly updated, and all opportunities are taken to rephase the programme, seek external funding and apply for grants. All of these would assist in mitigating costs on the revenue budget.

General reserves are established at £5.3m which is above the guideline minimum level and as at the 31 March 2025, it is estimated that there will be almost £18.5m of revenue reserves in total available to support the budget and mitigate challenges if required.

Whilst a balanced budget is possible for the next three years, after that time, the landscape is less certain, and it is reasonable to assume that the operational and financial challenges will continue, and these are reflected as best estimates in the MTFP.

I conclude, therefore, that the budget for 2024/25:

- 1. Has been prepared on a robust basis.*
- 2. Continues with the intention to maintain additional police officers in line with the national uplift, at to over 1500.*
- 3. Includes investment to help manage demand and increase efficiency and/or capacity.*
- 4. The budget can be balanced for the next three financial years, with a savings plan and work is already underway by the Chief Constable to identify the balance after that time. Furthermore, reserves are adequate to mitigate the impact of the shortfalls in the MTFP over the five-year period if full savings are not forthcoming.*
- 5. The financial landscape after 2024/25 is less certain and the PFCC will continue to push for certainty. The MTFP will be under regular review as savings plans progress.*

Vaughan Ashcroft

Section 151 and Chief Finance Officer

Office for the Police, Fire and Crime Commissioner for Northamptonshire

Appendix D Reserves Strategy



NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER RESERVES STRATEGY (UPDATED JANUARY 2024)

1. Reserves Strategy

- 1.1. Reserves are a key part of medium-term financial planning with other components including revenue spending plans, income forecasts, potential liabilities, capital investment plans, borrowing and council tax levels. Decisions on these are inter-linked. Consequently, some organisations will need to maintain reserves at higher levels than others.
- 1.2. All publicly funded organisations should have a reserves strategy to demonstrate transparency and accountability, to comply with best practice financial management and to justify the levels of reserves held.
- 1.3. The PFCC maintains reserves to provide a measure of protection against risk. Without this protection, any unforeseen expenditure would have to be met either by increases in Council Tax or immediate savings (potentially through reductions in service levels).
- 1.4. The term "reserves" has a variety of technical and everyday meanings, depending on the context in which it is used. In this strategy, it is taken to mean funds set-aside at the PFCC's discretion for general or specific future purposes.
- 1.5. Reserves are required to protect and enhance the financial viability and in particular:
 - To maintain a degree of in-year financial flexibility.
 - To enable the PFCC to deal with unforeseen circumstances and incidents.
 - To set aside monies to fund major developments in future years.
 - To enable the PFCC to invest to transform and achieve improved service effectiveness and efficiency.
 - To set aside sums for known and potential liabilities.

- To provide an operational contingency at service level.
- 1.6. Reserves should not be held to fund ongoing revenue expenditure as this is unsustainable in the long term. However, they may be important in smoothing a major financial imbalance (revenue or capital) over a longer timescale. CIPFA Bulletin 13 – Local Authority Reserves and Balances (Updated) published March 2023 states:

“Balancing the annual budget by drawing on general reserves may be viewed as a legitimate short-term option. However, it is not normally prudent for reserves to be deployed to finance recurrent expenditure. CIPFA has commented that councils should be particularly wary about using one off reserves to deal with shortfalls in current funding. Where such action is to be taken, this should be made explicit, and an explanation given as to how such expenditure will be funded in the medium to long term.”

- 1.7. The reserves strategy assumes that the Medium-Term Financial Plan (MTFP) is broadly balanced on a sustainable basis across the five year planning period. If the financial impact of current economic conditions continues to impact on taxbase and council tax levels over the medium term, then this could impact on those assumptions.
- 1.8. Reserves should reflect the agreed financial strategy and should represent the quantified impact of risks and opportunities over the planning period, weighted for their probability.

2. National Guidance and Compliance with Home Office Guidance on Police Reserves

- 2.1. The CIPFA Bulletin includes guidance on the establishment and maintenance of local authority reserves and balances, setting out the key factors that should be taken into account locally in making an assessment of the appropriate level of reserves and balances to be held.
- 2.2. In the written statement that accompanied the Provisional Police Grant report on 19th December 2017, the then Policing Minister stated:

“you may be aware that police reserves currently stand at around £1.6bn, which compares to £1.4bn in 2011. We will be changing guidance to PFCCs to ensure that police officers and the public have access to more detailed information on how PFCCs intend to use this public money.”

This strategy complies with the Ministerial requirement.

- 2.3. On 31 March 2018, the Minister for Policing and the Fire Service published new guidance on the information that each PFCC must publish in terms of police reserves which is still relevant today. One of the key requirements is that the information on each reserve should make clear how much of the funding falls into each of 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 to meet other expenditure needs held in accordance with sound principles of good financial management.

2.4. This information is summarised across the Home Office headings as at 31/3/24, together with the proposed use of the reserves held at that date as follows:

Reserve	Forecast Balance as at 31/3/2024	Funding for planned expenditure on projects and programmes over the MTFP (24/25-28/29)	Total Forecast Revenue and Capital Reserves as at 31 March 2029	Funding for specific projects and programmes beyond the current planning period	As a general contingency to meet other expenditure needs
	£m	£m	£m	£m	£m
General Fund	5.300		5.300		5.300
Earmarked Revenue:					
Insurance	3.624		3.624		3.624
Operational Equipment	0.400	(0.200)	0.200		0.200
Carry Forwards	0.200	(0.200)	0.000		0.000
Pensions	0.215		0.215		0.215
Smoothing	3.028	(0.889)	2.139		2.139
PFCC Initiatives	3.908	(1.240)	2.668	(2.668)	0.000
Transformation	2.458	(1.582)	0.876	(0.876)	0.000
Safer Roads	0.501	(0.330)	0.171	(0.171)	0.000
Neighbourhood	3.937	(2.363)	1.574		1.574
Total Earmarked	18.271	(6.804)	11.467	(3.715)	7.752
Collaboration	0.575		0.575	(0.575)	0.000
Total Revenue	18.846	(6.804)	12.042	(4.290)	7.752
Capital:					
Capital Reserve	0.077		0.077	(0.077)	0.000
S106 Developer Contributions	0.191	(0.191)	0.000		0.000
Total Capital	0.268	(0.191)	0.077	(0.077)	0.000
Total Reserves	24.414	(6.995)	17.419	(4.367)	13.052

Note: numbers may not sum due to rounding

3. General Reserve

- 3.1. In order to assess the adequacy of the unallocated general reserve when setting the budget, the PFCC, on the advice of the two Chief Finance Officers, should take account of the strategic, operational and financial risks facing the authority. This assessment of risk should include external risks, as well as internal risks, for example the ability to deliver planned efficiency savings.
- 3.2. Whilst there is no prescribed level of reserves that PFCCs should hold; it is influenced by individual discretion, local circumstances, advice from external auditors, risk management arrangements and risk appetite. CIPFA guidance specifically cautions against prescriptive national guidance for a minimum or maximum level of reserves and states:

“The many factors involved when considering appropriate levels of reserves can only be assessed properly at a local level. A considerable degree of professional judgement is required. The chief finance officer may choose to express advice on the level of balances in cash and/or as a percentage of budget (to aid understanding) so long as that advice is tailored to the circumstances of the authority.”

- 3.3. However, the minimum level of reserves may be set for the authority by the Ministers in England and Wales where an authority does not act prudently, disregards the advice of its chief finance officer or is heading for financial difficulties.
- 3.4. CIPFA indicate a minimum general reserve level is typically between 2% and 3% of net budget requirement.
- 3.5. In Policing, average general reserves are around 5% whilst in the Fire sector there are a higher level of both general and earmarked reserves held.
- 3.6. In December 2022, prior to the provisional Local Government Settlement, the Department of Levelling Up, Housing and Communities (DLUHC) issued a policy statement. The statement included specific mention of the level of reserves built up during the pandemic and which applies to Fire and Police as follows:

“The government notes the significant increase in some local authority reserves over the 2 years of the pandemic. We encourage local authorities to consider how they can use their reserves to maintain services in the face of immediate inflationary pressures., taking account, of course, of the need to maintain appropriate levels of reserves to support councils’ financial sustainability and future investment. In order to support council members and local electorates to understand the reserves that their local authorities are holding and what they are used for, we will also explore releasing a user-friendly publication of the reserves data currently collected in the Local Authority Revenue Expenditure and Financing Outturn Statistics. We will consult with trusted partners, including the Local Government Association, about doing this”.

- 3.7. The PFCC has considered his reserves strategy and wishes to hold a sufficient but not excessive level of reserves. In determining this position, Annexe 1 outlines how the PFCC complies with the 7 key CIPFA principles which can be used to assess the adequacy of reserves.
- 3.8. Given that the PFCC is required to meet the first 1% of any special grant requirement, and the level and range of earmarked reserves available to the PFCC, it seems prudent that the current policy is to maintain general reserves at a guideline level of around 3% of annual net revenue expenditure, with a minimum of 2.5%.
- 3.9. At present, there are no plans to use the general reserve during the period of the MTFP. However, with forecast budget increases, there is a need to ensure the level of general reserves keeps pace to ensure minimum and guideline levels are achieved as follows:

Year	£m	%
2024/25	5.300	2.9%
2025/26	5.300	2.8%
2026/27	5.300	2.7%
2027/28	5.300	2.7%
2028/29	5.300	2.6%

- 3.10. Where appropriate and if budget levels are higher than those forecast in the MTFP, the PFCC will endeavour to increase general reserves from 2025/26. Based on current forecasts, an additional £0.7m would increase levels to above 3% throughout the life of the MTFP.

4. Earmarked Reserves

- 4.1. In addition to the general reserve, the PFCC holds a number of reserves which are earmarked for specific purposes.
- 4.2. The predicted position for each earmarked reserve as at 31/3/2024, together with an outline of its specific purpose is attached at Annexe 2.
- 4.3. At the 31/3/2024, it is estimated that the PFCC will hold £19.114m in earmarked reserves which are as follows and detailed in Annexe 3:
- **Insurance** – To hold funds set aside if considered prudent for civil claims (Public and Employer liability) in line with professional advice.
 - **Operational Equipment** – To smooth the impact on the revenue budget in respect of the cost of replacing operational equipment, rather than impacting disproportionately on the budget in any one year.
 - **Earmarked (Carry-Forwards)** – To hold previous years underspends which are ring-fenced and carried forward for specific purposes in the medium term.

- **Pensions** – To smooth the impact of ill-health retirements and to meet the costs of any unexpected pension-related pressures in excess of budget provision where the timing of such pressures are uncertain.
- **Smoothing** – To enable the savings generated to be earmarked and released over future years as needed, smoothing the impact of uncertain variations and timing of savings programmes on the revenue budget.
- **PFCC Initiatives** – To deliver funding towards the specific initiatives of the PFCC arising from the Police, Fire and Crime Plan.
- **Transformation** – To support initiatives and transformative activities such as investments in technology and other innovation.
- **Safer Roads** – To use in line with specific criteria for equipment or road safety initiatives. Following the 2018/19 budget initiatives, a Road Safety Alliance was set up with partners to produce priorities and the PFCC’s reserve is used to fund specific road safety grants and is used to fund the policing priorities from this.
- **Neighbourhood** – To capture any underspends from the in-year Police Officer and Police Community Support Officers (PCSO) budgets. It is intended that the PCSO proceeds of this reserve will be specifically used to support neighbourhoods, and that Police Officer funds are used to maintain officer strength where needed.
- **Developer Contributions (S106)** – To collect the drawn down developer contributions awarded to the PFCC in line with S106 planning arrangements. These funds will be released in accordance with the terms of the agreements, usually to fund capital expenditure. The reserve only accounts for funds once they have been drawn down.
- **Capital** – To hold capital financing underspends or disposal proceeds. These are to be used to fund the capital programme and minimise borrowing in line with the Treasury Management Strategy.
- **Collaboration** – To hold previous years underspends on regional collaboration to fund regional asset replacements. Each PCC holds their share of the regional reserves, set aside to meet future regional costs.

4.4. The forecast balance on the reserves, taking into account a prudent estimate of timings for proposals which are currently being developed is detailed within Annexe 3.

5. Provisions

5.1. The CIPFA Statement of Recommended Practice is prescriptive about when provisions are required (and when they are not permitted). A provision must be established for any material liabilities of uncertain timings or amount, to be settled by the transfer of economic benefits. In accordance with this statutory guidance, the Force hold an established ‘Insurance Provision’ which is reviewed as part of the closedown process for each year.

6. Procedures for management and control

- 6.1. Any drawdown from reserves is subject to the approval of the PFCC, on advice from the PFCC's Chief Finance Officer (OPFCC CFO); or under the delegated authority of the OPFCC CFO.
- 6.2. The Local Government Act 2003 requires the S151 officer to report annually on the adequacy of the reserves and this is included within the statement on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves.
- 6.3. The Strategy will be reviewed annually by the OPFCC CFO as part of the Budget and Precept process.

Annexe 1

Northamptonshire OPFCC - Compliance with the 7 Key CIPFA Principles to assess the adequacy of reserves

Budget Assumptions (CIPFA Principles)	2024/25 Situation in Northamptonshire
<p>The treatment of inflation and interest rates</p>	<p>Northamptonshire makes full and appropriate provision for pay and price increases, informed by benchmarking with peers.</p> <p>An informed assessment is made in the Treasury Management Strategy of interest rate movements.</p> <p>All income and expenditure in the budget is prepared and published at outturn prices.</p> <p>Additionally, there are operational and inflation contingencies to mitigate any volatility during the year.</p>
<p>Estimates of the level and timing of capital receipts</p>	<p>Northamptonshire has recently reviewed its estates strategy as a fundamental part of the capital programme and has made a prudent assumption of future capital receipts across the programme which are being used to fund capital expenditure and minimise the impact of borrowing on the budget.</p>
<p>The treatment of demand led pressures</p>	<p>The Force is required to operate and manage within its annual budget allocation. Overtime budgets are devolved within the Force to enable operational leaders to make decisions and the Chief Constable retains an operational contingency to support additional major incidents.</p> <p>On an exceptional basis, agreement is sought from the PFCC to utilise carry forwards to meet one off demand led pressures and demand led pressures are scrutinised and built into the budget set by the PFCC.</p> <p>Northamptonshire have identified savings in previous years which mean that opportunities for efficiencies are less than in previous years.</p>

	<p>The PFCC is keen to ensure the Force continue to identify efficiencies where it makes sense to do so, and a 1% efficiency target (of which half is expected to be cashable) is set as part of the budget and MTFP and detailed within the annual strategic outcomes agreed with the Chief Constable.</p> <p>Depending on funding availability, the PFCC has and will continue to support investment in areas that reduce demand, or which increase efficiency/capacity to deal with demand.</p> <p>General reserves are only used as a last resort to manage and fund demand led pressures.</p>
<p>The treatment of Planned Efficiency Savings/Productivity Gains</p>	<p>The Force have met all financial savings and challenges sought in previous years and in addition to realising efficiencies, have set a £0.8m efficiency target as part of the 2024/25 budget.</p> <p>The Force undertake budget challenge meetings and have identified a range of efficiencies to take forward which they will discuss with the Chief Constable and PFCC as they are refined.</p> <p>The Force operates a Strategic Planning Board which monitors investments, savings and efficiencies and is attended by OPFCC representatives.</p> <p>There are efficiency requirements aligned to the MTFP and any identified savings and efficiencies will be monitored and reviewed regularly by the service and are only included as achieved in budgets when confirmed and verified.</p>
<p>The financial risks inherent in any significant new funding partnerships, collaboration, major outsourcing arrangements or major capital developments.</p>	<p>The financial consequences of partnership collaboration working outsourcing arrangements or capital investment are reported to the PFCC as part of the medium-term planning process. Where relevant, any additional costs are incorporated into the annual revenue budget and/or capital programme.</p>

	<p>There is a risk that partners will withdraw funding as their own budgets are squeezed, or that the continued viability of private sector commercial partners will be exposed to risk in the face of an economic recession.</p>
<p>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.</p>	<p>Northamptonshire OPFCC have created earmarked reserves and provisions to meet specific expenditure items and have added to these further in this strategy. Their use and balances are detailed in Annexe 3.</p> <p>Northamptonshire maintains an insurance provision, the adequacy of which is monitored in detail by the legal services insurance advisors, together with our insurance advisors. The access criteria for special grants state that PFCCS may be required to fund up to 1% of their net budget requirement themselves before the Government considers grant aid. This applies on an annual basis.</p> <p>Northamptonshire’s general reserve provides sufficient scope to cover this eventuality.</p>
<p>The general financial climate to which the Authority is subject</p>	<p>It is anticipated that the financial climate will continue to be challenging and the medium-term financial plan reflects the “best estimate” of future inflation rates and increases in government grants and contributions.</p> <p>The Commercial team keep the authority updated on matters/risks affecting large contracts and supply chain.</p> <p>The MTFP will be regularly reviewed and updated to support operational decision making.</p>

Annexe 2

**RESERVES OF THE NORTHAMPTONSHIRE PFCC
2024/25 to 2028/29**

	Rationale	How and when used	Level	Risk If Reserve Not Held	Management and control	Review
GENERAL RESERVE	<p>To maintain a degree of in-year financial flexibility;</p> <p>To enable the PFCC to deal with unforeseen circumstances and incidents;</p> <p>To set aside sums for known and potential liabilities;</p> <p>To support the operational contingency held at service level if demands on them exceed the contingency levels held.</p>	<p>To meet exceptional spending needs or overspends which are unable to be otherwise financed at the year end.</p> <p>To smooth the profile of funding revenue over a medium term financial period</p> <p>To allow higher spending without raising council tax on a one-off basis</p>	<p>General principle of 3% of net budget requirement, with a minimum level of 2.5%</p>	<p>The general reserve is held at a level which reflects risk, uncertainties, and volatility.</p> <p>If no reserve is held there may be insufficient resources available for major catastrophe, which could jeopardise financial status and reputation of the PFCC.</p> <p>The PFCC would have recourse to Home Office discretionary special grant if costs exceed 1% of budget or CLG Bellwin scheme for natural disasters</p>	<p>PFCC, on advice from PFCC CFO</p>	<p>Annual</p>

	Rationale	How and when used	Level	Risk If Reserve Not Held	Management and control	Review
EARMARKED - INSURANCE	To cover the potential and contingent liabilities of uninsured risks as assessed annually by our insurers based on claims outstanding.	Balance will increase or reduce annually dependent on the PFCC's outstanding claims record. Reviewed/scrutinised by the Joint Finance team and by legal and claims handling experts. Annual actuarial assessment determines the level of the reserve.	Will vary according to annual risk assessment	The reserve is held to cover potential uninsured risks. If no reserve is held the PFCC is potentially open to significant excess and claims payments in year beyond available revenue budgets. Assessment by insurers needs to be realistic not unduly pessimistic.	PFCC, on advice from PFCC CFO	Annual
EARMARKED - OPERATIONAL EQUIPMENT	To smooth the impact of operational equipment purchases on the revenue budget	To access the funds a costed request has to be provided.	Will vary according to usage and annual risk assessment.	The reserve is held to smooth the impact of operational equipment replacement rather than have significant variations in the budget. If no reserve is held, the risk is that equipment would have to be replaced from the current year's budget or capital programme.	PFCC, on advice from PFCC CFO	Annual
EARMARKED – CARRY FORWARDS	To fund specific expenditure requested by the force from previous year underspends or earmarked funding received.	Business cases provided as part of the outturn report or specific funding conditions.	Will vary according to financial outturn.	Establishing a reserve enables an incentive and an opportunity to utilise year end underspends in a manner which will provide additionality and benefit for the service in future years, rather than finding resources from in-year or reserves.	PFCC, on advice from PFCC CFO	Annual

	Rationale	How and when used	Level	Risk If Reserve Not Held	Management and control	Review
EARMARKED - PENSIONS	<p>To meet the costs of any ill-health or injury retirements which are unbudgeted and fall directly on the PFCC.</p> <p>To cover any significant overspend on the employer contributions to the Pension Account.</p> <p>To cover costs in excess of budget relating to the administration of pension remedy, following changes to regulations.</p>	<p>Annually as required.</p> <p>Transfers out depend on the amount resulted from successful claims during the year.</p> <p>Historically there has been budget provided within the Force revenue budget for approximately 6 claims in a year. Any unused budget within a year would represent transfers in.</p>	<p>Will vary according to annual risk assessment</p>	<p>The reserve is held to collect any underspend from ill health pensions in the budget and provides an opportunity to smooth the impact of a financial pressure or overspend in subsequent years.</p> <p>The reserve enables a flat and realistic annual budget to be set for ill-health pensions rather than being subject to annual variances.</p> <p>If no reserve is held, significant pension costs beyond normal budgeted profile could create pressure on the revenue budget or general reserves.</p>	<p>PFCC, on advice from PFCC CFO</p>	<p>Annual</p>

	Rationale	How and when used	Level	Risk If Reserve Not Held	Management and control	Review
EARMARKED - SMOOTHING	<p>To smooth the impact of fluctuations in the funding receipts from the collection fund if provided after the budget has been set.</p> <p>To collect efficiency savings realised to smooth the impact on future years budgets.</p>	Balance will increase or reduce annually dependent on budget levels and the savings programme.	Will vary according to usage and annual risk assessment.	<p>The reserve is held to receive any efficiencies and funding in excess of the budget set and to utilise to ensure any variations are smoothed where appropriate. Also use to smooth budget fluctuations.</p> <p>If funds were not maintained the PFCC and the Force could be required to balance the budget or funding shortfalls by in year savings.</p> <p>There can be significant variations each year in the revenue budget whilst the timing of efficiency savings occur – this smoothing reserve will assist in mitigating that.</p>	PFCC, on advice from PFCC CFO	Annual
EARMARKED - PFCC INITIATIVES	<p>To deliver funding to for specific initiatives of the PFCC arising from the Police, Fire and Crime Plan</p> <p>To provide funding to deliver radical solutions to support the Police, Fire and Crime Plan</p>	As required – typically informed by approved business cases for bids on the Fund.	Will vary according to outturn and annual risk assessment.	<p>The reserve is held and was established from a PFCC reserve and has been increased by in-year underspends to support initiatives identified by the PFCC to support the Police, Fire and Crime Plan.</p> <p>It is used to pump prime initiatives or one-off requirements, and supports the budgeted Police, Fire and Crime Plan Initiatives within the revenue budget and local grant initiatives.</p> <p>If the reserve was not held initiatives would be funded either from the revenue budget or from other earmarked policing reserves.</p>	PFCC, on advice from PFCC CFO	Annual

	Rationale	How and when used	Level	Risk If Reserve Not Held	Management and control	Review
EARMARKED - TRANSFORMATION	To fund transformative activities and opportunities and meet initial and upfront costs of enabling services projects.	To access the funds a costed request has to be provided.	Will vary according to outturn and annual risk assessment.	<p>The reserve was established to fund the transformative activities of bringing in house support services and developing shared systems for Police and to bring Fire onstream in future years.</p> <p>If funds were not provided, the risk is that equipment or services and resources required to bring in the systems and activities would have to be replaced from the current year's budget or other reserves.</p> <p>If no funds were available, it may be that innovative activity is hindered.</p>	PFCC, on advice from PFCC CFO	Annual
EARMARKED - SAFER ROADS	<p>For surpluses of fines and speed awareness course income over expenditure that is reinvested in replacement equipment and road safety initiatives.</p> <p>The reserve is influenced by the work of the Road Safety Alliance formed in 2018/19</p>	As required – typically informed by approved business cases for bids on the Fund.	Will vary according to outturn and annual risk assessment.	<p>The reserve is held to provide an opportunity for supporting local road safety related grants and to fund initiatives in the county identified locally and by the Road Safety Alliance.</p> <p>If reserve was not held then safety initiatives would have to be funded from the revenue budget, other reserves or not implemented.</p> <p>This reserve can only be used in accordance with the legislation for its use of road safety related activities.</p>	PFCC, on advice from PFCC CFO	Annual

	Rationale	How and when used	Level	Risk If Reserve Not Held	Management and control	Review
EARMARKED - NEIGHBOURHOOD	<p>For underspends in the Police Community Support Officers (PCSO) budget to be held to be used towards prioritising those resources and used in neighbourhoods or other associated requirements.</p> <p>For underspends in Police Officer Pay to be earmarked to support officer strength in the future.</p>	As required – typically informed by approved business cases for bids on the Fund.	Will vary according to outturn and annual risk assessment.	<p>The reserve is held to provide an opportunity for underspends to be ring-fenced and retained on funding neighbourhood resources and activities.</p> <p>The reserve also provides an opportunity to overrecruit PCSOs or to use on other neighbourhood associated activities or requirements.</p> <p>If Police Officer funds were not earmarked, it is possible that officer numbers would not be able to be maintained.</p>	PFCC, on advice from PFCC CFO	Annual
EARMARKED - COLLABORATION	Transfers in relate to underspend on regional collaboration. Transfers out represent contribution towards regional decisions	<p>Upon requirement on decision made to contribute towards projects in relation to regional collaborations.</p> <p>Decisions made on East Midlands PFCC and CC Boards</p>	Will vary according to usage and annual risk assessment.	If funds were not maintained, there would be a risk of regional projects not being supported.	PFCC, on advice from PFCC CFO	Annual

	Rationale	How and when used	Level	Risk If Reserve Not Held	Management and control	Review
EARMARKED - CAPITAL	To hold capital financing underspends or disposal proceeds. These are to be used to fund the capital programme and minimise borrowing.	Released to fund capital projects where deemed the most cost efficient way to do so, in line with the Treasury Management Strategy.	Will vary according to outturn, usage and annual risk assessment.	If unavailable, the cost of financing capital expenditure could adversely impact revenue budgets into the future. Capital projects may be deemed unaffordable.	PFCC, on advice from PFCC CFO	Annual
EARMARKED - DEVELOPER CONTRIBUTIONS (S106)	To meet the additional cost of operational requirements	To access the funds a costed request has to be provided which is consistent with the conditions of the developer contribution.	Will vary according to usage and annual risk assessment.	The reserve is held for funds allocated to the PFCC from developers towards the cost of infrastructure developments for Policing. If funds were not provided, the risk is that the additional costs would have to be factored into the capital programme.	PFCC, on advice from PFCC CFO	Annual

Annexe 3

Summary of Revenue and Capital Reserves 2023/24 to 2028/29

	Forecast Balance at 31 March 2024 £m	Forecast Balance at 31 March 2025 £m	Forecast Balance at 31 March 2026 £m	Forecast Balance at 31 March 2027 £m	Forecast Balance at 31 March 2028 £m	Forecast Balance at 31 March 2029 £m
<u>Held to meet budgetary risks</u>						
Insurance	3.624	3.624	3.624	3.624	3.624	3.624
Operational Equipment	0.400	0.200	0.200	0.200	0.200	0.200
	4.024	3.824	3.824	3.824	3.824	3.824
<u>Held to support the medium term budget</u>						
Earmarked - Carry Forwards	0.200	0.000	0.000	0.000	0.000	0.000
Victims	0.000	0.000	0.000	0.000	0.000	0.000
Pensions	0.215	0.215	0.215	0.215	0.215	0.215
Smoothing	3.028	2.592	2.139	2.139	2.139	2.139
	3.443	2.807	2.354	2.354	2.354	2.354
<u>Held to facilitate change programmes</u>						
PFCC Initiatives Reserve	3.908	2.998	2.668	2.668	2.668	2.668
Transformation Reserve	2.458	0.635	0.876	0.876	0.876	0.876
Safer Roads Reserve	0.501	0.435	0.369	0.303	0.237	0.171
Neighbourhood Reserve	3.937	1.574	1.574	1.574	1.574	1.574
	10.804	5.642	5.487	5.421	5.355	5.289
<u>Capital Reserves</u>						
S106 Developer Contributions	0.191	0.233	0.133	0.033	0.000	0.000
Capital Reserves	0.077	0.077	0.077	0.077	0.077	0.077
	0.268	0.310	0.210	0.110	0.077	0.077
Total PFCC Earmarked Reserves	18.539	12.583	11.875	11.709	11.610	11.544
Collaboration Reserves - Held locally	0.575	0.575	0.575	0.575	0.575	0.575
Total Earmarked Reserves	19.114	13.158	12.450	12.284	12.185	12.119
General Fund	5.300	5.300	5.300	5.300	5.300	5.300
Total Reserves	24.414	18.458	17.750	17.584	17.485	17.419

Note: numbers may not sum due to rounding