

## POLICE AND CRIME PANEL

<b>DATE</b>	7 <sup>th</sup> February 2024
<b>REPORT OF</b>	Chief Finance Officer, Office of the Police and Crime Commissioner (OPCC)
<b>SUBJECT</b>	Precept Proposal
<b>STATUS</b>	Open

### 1. **EXECUTIVE SUMMARY**

1.1 This report provides the Police and Crime Panel with a summary of the precept consultation and the Commissioner's proposed precept rise of £12.99 on a Band D property.

### 2. **RECOMMENDATION**

2.1 It is recommended that Members of the Police and Crime Panel note the details of the Medium-Term Resource Strategy attached as Appendix 1 and approve the Commissioner's precept proposal of £12.99 on a Band D property.

### 3. **BACKGROUND**

3.1 The Police and Crime Commissioner has a duty to consult the public in regard to the intention to increase the policing precept. The proposed rate should then be considered by the Police and Crime Panel.

### 4. **PROPOSED PRECEPT**

4.1 The Commissioner issued an online Survey and Council Tax Police Precept consultation which asked for views on either freezing the Council Tax Precept or increasing it by £9.99, £12.99 or £19.99 on a Band D property.

The Survey ran from 20 December 2023 to 26 January 2024. Due to the reach of My Community Alert, social media, distribution through partnership networks and funding recipients we attracted a total of 1,238 responses.

The options are set out in the table below: -

<b>Option</b>	<b>Number of Responses</b>	<b>% of overall</b>
No change	428	34.5%
£9.99	200	16.2%
£12.99	333	26.9%
£19.99	277	22.4%

The results show strong support of 65.5% for an increase of £9.99 or above on a band D property. The referendum threshold set by Government for 2024/25 is any increase above £13 on a Band D property.

The key headlines from the consultation are as follows: Survey Report online link – [https://reporting.alchemer.com/r/260480\\_658450cdca46b6.04055174](https://reporting.alchemer.com/r/260480_658450cdca46b6.04055174)

- Total of 1,238 respondents
- 65.5% of respondents in favour of an increase in precept (22.4% in favour of £19.99; 26.9% in favour of £12.99; 16.2% in favour of £9.99)
- People responded from 46 of the 47 Humber region postcode areas (no responses from HU20)
- Neighbourhood Policing, 999 Response Patrol and Protecting children, the elderly and other vulnerable people were the top three areas of policing teams the public felt were most important to them
- 80% of respondents were aged over 45, 39% were over 65 years.
- The 18-24 years bracket had the least engagement; 1% of the sample
- 9.3% of the sample were non-White British or preferred not to say
- 20% of the sample considered themselves to have a disability

Top 10 Postcode response areas:

- DN17 (Scunthorpe West) – 71
- HU5 (West Hull) – 69
- HU7 (North East Hull/Bransholme) – 59
- YO43 (Market Weighton) – 59
- HU17 (Beverley) – 57
- YO25 (East Yorkshire Rural) – 49
- DN15 (Scunthorpe North/Winterton) – 48
- DN35 (Cleethorpes) – 44
- HU8 (East Hull/Holderness Road north) – 42
- HU12 (Hedon & Holderness) - 40

Many additional comments were also provided which will be used to inform our programme of assurance of the Force.

4.2 The Medium-Term Resource Strategy (MTRS) for 2024/25 to 2028/29 (attached) includes the Commissioner's income and expenditure plans for the next five years.

The MTRS has been updated to take account of budget pressures, efficiency savings and productivity gains and the recent provisional Police Finance Settlement that was issued on 14 December 2023. The capital programme and the projections for the Commissioners reserves are also included.

The MTRS sets out a challenging but sustainable financial position over the medium-term and included the following key elements:-

- A predicted overspend in the current year of almost £1M
- Financing included in the MTRS for a capital programme of circa £52M over the period 2024/25 to 2028/29
- Impact of the 2024/25 Police Finance Settlement
- Savings requirement over the period 2024/25 to 2028/29 of £7.5M
- Budgeting for increased pay and non-pay pressures of £14.2M in 2024/25
- A total draw on reserves of £13.5M between 2024/25 and 2026/27
- Total Reserves of £11M by 1/4/29
- The MTRS includes an annual council tax precept increase of £12.99 a year on a Band D property for 2024/25 and £9.99 on a Band D property for each of the years to 2028/29 inclusive.

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**HUMBERSIDE**  
POLICE & CRIME  
COMMISSIONER



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# MEDIUM-TERM RESOURCE STRATEGY

2024/25 – 2028/29

# Police and Crime Commissioner for Humberside

Medium-Term Resource Strategy 2024/25 – 2028/29

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## **I. Purpose of the Medium-Term Resource Strategy**

- 1.1 This is the Medium-Term Resource Strategy (MTRS) of the Police and Crime Commissioner for Humberside (the Commissioner). It covers a period of five years but will be reviewed annually to reflect the dynamic nature of both policing and changes in funding. It describes the financial direction of the organisation and outlines financial pressures.
- 1.2 The MTRS provides options for delivering a sustainable budget and capital programme over the medium term. It also sets out how the Commissioner can provide the Chief Constable with the resources to deliver the priorities in the Police and Crime Plan within the challenging financial climate.
- 1.3 The MTRS sets the financial context for the Commissioner's revenue budget, capital programme and precepting decisions.
- 1.4 The overall financial strategy seeks to deliver the Commissioner's Police and Crime Plan, 2021 - 2025 and meet the requirements of the National Strategic Policing Requirement.

## **2. Aims of the Strategy**

- 2.1 The MTRS assists in:
  - Supporting delivery of the Police and Crime Plan 2021 – 2025;
  - Improving financial planning and the financial management of the Commissioner's resources, both revenue and capital;
  - Maximising the use of resources available to the Commissioner and Chief Constable, both internal and external;
  - Ensuring that the Commissioner and Chief Constable provide value for money and continue to deliver efficiency and productivity gains;
  - Reviewing the Commissioner's policy on the use of reserves, ensuring the position continues to be sustainable and that there are sufficient resources over the medium term;
  - Responding to external pressures, including changes to funding resulting from the Government's annual funding announcements.
  - Identifying resources to enable support to be provided to partners to facilitate reductions in crime and support victims of crime.
  - Ensuring that the Commissioner's and Chief Constable's long-term plans are sustainable and efficient.

## **3. Principles of the Strategy**

- 3.1 The key principles underlying the Commissioner's MTRS 2024/25 – 2028/29 are:
  - (i) Overall expenditure of the Commissioner will be contained within original estimates each year.
  - (ii) The Commissioner will maintain a General Reserve of a minimum of 3% of the net revenue budget to cover any major unforeseen expenditure or loss of funding. A flexible approach will be taken to the use of reserve balances above this level where appropriate, balancing the opportunity costs of maintaining reserves against the benefits of alternative approaches.
  - (iii) The Commissioner will maintain earmarked reserves for specific purposes when appropriate, and which are consistent with achieving objectives.

- (iv) The Commissioner will continue to prioritise the achievement of Value for Money, securing economy, efficiency, and effectiveness in the use of resources; in establishing the framework for policing within Humberside and in commissioning and procurement decisions.
- (v) The Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer will prepare a rolling programme of five-year budget forecasts to inform the Commissioner's budget and precepting decisions.
- (vi) The Commissioner, supported by the Commissioner's Chief Finance Officer and Chief Constable, will continue to contribute to national reviews of police funding and take every opportunity to engage in order to pursue the fair and equitable funding of Humberside Police.

## **4. Reviewing the Strategy**

4.1 The Commissioner's MTRS review for 2024/25 to 2028/29 has been carried out under the following key themes:

- The financial context in which the Commissioner operates;
- The Commissioner's current financial position;
- The future budget pressures that the Commissioner will face over the period of the strategy;
- Budget savings;
- The Commissioner's capital programme;
- Reserves policy;
- Risk assessment;
- Financial Resilience.

## **5. Police and Crime Plan including Partnerships**

5.1 The successful delivery of the Strategy requires the Chief Constable to manage a complex set of resources, demands and priorities whilst reviewing and revising plans to meet changing demand for policing services within the available financial resources.

5.2 HMICFRS (His Majesty's Inspectorate of Constabulary and Fire & Rescue Services) considers that a Force is efficient if it is making the best use of its resources to provide policing services that meet expectation and follow public priorities, and if it is planning and investing wisely for the future.

5.3 The Commissioner's MTRS is underpinned by workforce planning and capital programmes which are aligned with the delivery of the Police and Crime Plan priorities and the continued delivery of an efficient and effective police service to the communities of Humberside.

5.4 The Commissioner is instrumental in shaping the community safety and partnership landscape in each of the local authority areas. Funding is prioritised to the local Community Safety Partnerships, services for victims, co-commissioning of substance misuse services with Public Health and youth early intervention activities.

5.5 Humber Violence Prevention Partnership (HVPP) was launched in April 2022 following a successful application for Home Office funding. £3.5m will be provided by the Home Office to support the formation of the HVPP in order to identify the causes of violent crime and lead the local response to preventing and reducing violence through targeted interventions.

## 6. Financial Context

6.1 **Funding Formula** - The Funding formula used to distribute Grant between Forces (Police Allocation Formula (PAF)) was introduced in 2006/07 and much of the data used has not been updated. There has been recognition for many years that the formula no longer reflects needs, but previous attempts at reform of the PAF have not come to fruition due to various technical/political considerations. No change is anticipated to the PAF formula until at least 2025/26 at the earliest and therefore, the MTRS has made no assumptions in this regard.

6.2 **Police Finance Settlement and Council Tax Precept** - The Provisional Police Finance Settlement for 2024/25 was announced on 14 December 2023. The final Police Finance Settlement will be released in February 2024.

The headlines from the Police Finance Settlement for Humberside are as follows:

- Police core grants of £147.3m
- Legacy grants of £10m

6.3 The Secretary of State determines the maximum increase PCCs can make to council tax precept without requiring a referendum and in 2024/25, is more than £13 per year on a Band D property. The Band D council tax precept set by the Commissioner for the year 2024/25 is £281.18

The Commissioner has also run a public consultation on the level of the council tax precept for 2024/25. There have been 1,238 responses to the consultation. 49% of these responses agree with a £12.99 increase or more in a Band D council tax precept.

6.4 This MTRS as presented includes an increase in the precept of £12.99 for a Band D property for 2024/25 and an increase of £9.99 in future years. Final decisions on the actual precept will be made each year by the Police and Crime Commissioner based on the financial circumstances at the time.

6.5 **Ministry of Justice Grant** - The Ministry of Justice (MOJ) allocates a grant to the Commissioner each year for local commissioning of victim services. The grant is allocated between Police and Crime Commissioners on the basis of population. A total of £1.090m was allocated to the Police and Crime Commissioner for Humberside for 2023/24. The amount for 2024/25 is yet to be confirmed.

6.6 The MOJ grant is held outside of the Police General Fund and the Commissioner makes decisions on the commissioning of services on an annual basis, within the grant funding available. The commissioning of victim services therefore has no impact on Force budgets.

## 7. Current 2023/24 Financial Position

- 7.1 The Commissioner's group budget for 2023/24 is £232.733m. The Period 8 revenue monitoring report shows a projected budget overspend of £0.995m as at 30 November 2023.

2023/24 Revenue Monitoring – Period 8 Position			
	Approved Budget 2023/24	Projected Outturn 2023/24	Variance 2023/24
<u>Group Position</u>	£m	£m	£m
Chief Constable	219.566	220.817	1.251
Police and Crime Commissioner	5.023	4.917	(0.106)
Capital Financing	8.144	7.994	(0.150)
<b>Net Expenditure</b>	232.733	233.728	0.995
Central Government Grant	149.100	149.100	-
Council Tax Precept	77.357	77.357	-
<b>Central Grant and Precept Total</b>	226.457	226.457	-
<b>Appropriations (to) / from reserves</b>	6.276	7.271	0.995

- 7.2 The group budget is held by the Police and Crime Commissioner who provides financial resources to the Chief Constable to deliver operational policing. The PCC has a small specific budget for funding of partnerships and the OPCC running costs. The Capital Financing budget comprises the revenue provision for repayment of borrowing, interest costs and investment income.
- 7.3 The overall Group forecast represents an overspend of £0.995m or 0.4%.
- 7.4 The forecast closing position on reserves for 2023/24 is £23.6m.



## 8. Medium Term Budget Pressures in Humberside

- 8.1 When calculating the medium-term budget projections for Humberside consideration has been given to a number of budget pressures including:
- i. Pay and price increases;
  - ii. Budget pressures;
  - iii. Revenue implications of the capital programme;
- 8.2 **Pay and price increases** - Indicative budget forecasts for 2024/25 to 2028/29 reflect the impact of inflation on budgets wherever possible such as energy, business rates and rent increases along with known contract increases. In addition, estimates for future pay awards at 2.5% for 2024/25 and 2% for the following years are provided for.
- 8.3 **Budget pressures** - The MTRS also includes estimates of the impact of the annual cost of officer pay progression under police regulations and the triennial review of the Local Government Pension Scheme (LGPS), this review was completed for 2023/24 and the following two years and an increase in contributions is not required.
- 8.4 **Revenue implications of the capital programme** - A revised five year capital programme has been produced, which is summarised in Section 10 below. The implications of this programme are fully reflected in the MTRS.

## 9. Medium Term Efficiencies and Productivity

- 9.1 Throughout the MTRS period efficiencies will continue to be delivered wherever possible, to sustain the investment in policing, to continue to support local policing services in the face of a challenging financial situation and balance the budget (See 11.2), for example:
- Corporate Programme of efficiency and continuous improvement reviews;
  - Non pay savings;
  - Savings through procurement through the continued use of national frameworks;
  - Maximising income generation wherever possible.
- 9.2 Productivity initiatives have been delivered in the areas described below;
- Operation Uplift - Deployment of additional officers using demand data to inform organisation design;
  - Right Care, Right Person – Working with health partners to ensure the most appropriate organisation provides timely care to individuals as required;
  - Call Demand Productivity – Software is utilised to predict call volumes based on previous historical information which then provides a basis to allocate appropriate resources.

## 10. Capital Estimates and Financing

10.1 The following table provides a summary of the 5-year capital programme:

Capital Estimates	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Major and Minor Building Schemes	6.527	10.039	1.150	0.985	0.985	19.686
Information Technology	5.297	3.581	1.833	2.202	8.838	21.751
Vehicles and Equipment	2.627	2.079	2.006	1.976	1.997	10.685
<b>Total</b>	<b>14.451</b>	<b>15.699</b>	<b>4.989</b>	<b>5.163</b>	<b>11.820</b>	<b>52.122</b>

10.2 Key areas to note in the proposed programme are:

- **Building Schemes** - Estates refurbishment programme based on operational requirements;
- **Information Technology** - the Force have a number of Improvement Schemes to deliver change and efficiency through transformation;
- **Vehicles and Equipment** - a rolling programme of vehicle replacement and programmes for upgrading equipment.

### Capital Financing

Capital Estimates	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Forecast Expenditure	14.451	15.699	4.989	5.163	11.820	52.122
<b>Financed by:</b>						
Grants and Contributions						
Prudential Borrowing	14.451	15.699	4.989	5.163	11.820	52.122
<b>Total Financing</b>	<b>14.451</b>	<b>15.699</b>	<b>4.989</b>	<b>5.163</b>	<b>11.720</b>	<b>52.122</b>

10.3 The capital financing approach is to use Prudential borrowing to fund the Capital Programme and as mentioned in paragraph 8.4 the revenue implications of this borrowing is fully reflected in the MTRS Group Budget Forecast.

## 11. Indicative Budget Forecasts 2024/25 to 2028/29

11.1 All the budget pressures, budget savings and funding assumptions outlined earlier in this Strategy are summarised below, to show an overall position for the Group representing the combined budget forecasts for the Commissioner and Chief Constable. Having considered the savings proposals and the availability of reserves to support the MTRS an important consideration is the precept proposal for 2024/25. The MTRS includes a precept increase of £12.99 built into the funding for 2024/25 and £9.99 through to 2028/29.

11.2 The group budget forecast position is set out in the following table:

MTRS Group Budget Forecast	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
<b>Base budget</b>	232.696	245.334	250.574	253.356	257.541
<b>Budget pressures</b>					
Pay related increases	20.729	3.339	4.827	5.036	6.466
Increase/(Reduction) in expenditure funded by Earmarked reserves	(0.135)	1.960	(1.960)	-	-
Budget pressures/(additional income)	(7.134)	1.054	1.106	1.461	1.448
Revenue impact of capital financing	0.677	0.387	0.308	(0.812)	(1.627)
<b>Total budget pressures</b>	14.137	6.741	4.282	5.685	6.287
Savings Requirement	(1.500)	(1.500)	(1.500)	(1.500)	(1.500)
<b>Net Budget Requirement</b>	<b>245.334</b>	<b>250.574</b>	<b>253.356</b>	<b>257.541</b>	<b>262.328</b>
Central Government Grant Income	147.340	148.414	149.902	151.405	152.922
Council Tax Precept Support Grant	10.041	10.041	10.041	10.041	10.041
Council Tax Precept Income	81.320	85.683	90.173	94.796	99.552
Council Tax Precept - Collection Fund surplus / (deficit)	0.809	1.059	1.059	1.059	1.059
<b>Total Income</b>	<b>239.510</b>	<b>245.138</b>	<b>251.116</b>	<b>257.242</b>	<b>263.515</b>
<b>Funding gap / (surplus) before reserves</b>	<b>5.824</b>	<b>5.436</b>	<b>2.240</b>	<b>0.299</b>	<b>(1.187)</b>
<b>Planned use of reserves:</b>					
Transfer (from)/to Earmarked reserves	(5.824)	(5.436)	(2.240)	(0.299)	1.187
<b>Funding gap / (surplus) after use of reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

11.3 The Group forecast budget set out above shows how after the planned use of reserves, savings and the precept there is a surplus towards the end of the MTRS, the budget gap is manageable over the medium-term which meets the key principle of the Commissioner's Strategy that overall expenditure will be delivered within a sustainable budget over the medium term.

- 11.4 The Group forecast budget is allocated as follows between Chief Constable, Police and Crime Commissioner and Capital Financing.

Humberside PCC Group	2024/25 £M	2025/26 £M	2026/27 £M	2027/28 £M	2028/29 £M
Chief Constable	230.748	235.574	238.019	242.987	249.400
Police and Crime Commissioner	4.979	5.007	5.035	5.064	5.064
Capital Financing	9.607	9.994	10.302	9.490	7.863
<b>Total</b>	<b>245.334</b>	<b>250.574</b>	<b>253.356</b>	<b>257.541</b>	<b>262.328</b>

- 11.5 **Budget Monitoring arrangements** – the S.151 Officer confirms that the Commissioner has timely and robust monitoring arrangements. Management Accounts are reported to the Chief Constable and the Police and Crime Commissioner on a monthly basis.

## 12. Reserves

### Background information on Reserves

- 12.1 Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when preparing budgets.
- 12.2 In establishing reserves, the Commissioner must comply with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Chief Finance Officer is required as part of the budget setting process to provide a statement on the adequacy of reserves.
- 12.3 Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on Reserves and Balances (LAAP Bulletin No 77 November 2008) and the requirements of the Code suggests twice yearly reviews of reserves. By doing this, the visibility of reserves is increased and consideration of their use is placed at the forefront of the decision-making process. Reserves are cash backed balances, held on the balance sheet until they are spent or released for other purposes. As such, they can only be spent once, and are not part of the base budget.
- 12.4 In addition, CIPFA along with the Home Office recommended as good practice that Police and Crime Commissioners publish an Annual Reserve Strategy Statement. The statement provides an explanation for each reserve along with its value. It also includes a narrative explaining whether the current and projected level of reserves is appropriate, and if governance arrangements for reserves are adequate and appropriate.
- 12.5 The Commissioner’s balance sheet reserves are summarised as follows:
- **General Reserves** - a contingency for unexpected events or emergencies;
  - **Earmarked Reserves** - to meet known or predicted liabilities.
- 12.6 CIPFA guidance issued in June 2003 confirms that relevant bodies should make their own judgements on such matters, considering relevant local circumstances and an assessment of risk and the advice of the Chief Finance Officer.

### Reserves Strategy

- 12.7 The Commissioner must retain adequate reserves so that unexpected budget pressures can be met without adverse impact on the achievement of key objectives and council taxpayers. The

Commissioner’s policy for reserves and balances is based on a thorough understanding of the organisation’s needs and risks. Part of this process is to give a clear explanation of the existing and proposed use of reserves and this is addressed in the paragraphs below.

### General Reserve

12.8 The expected General Reserve at 1 April 2024 will be increased to £7.0m equating to 3.0% of the revenue budget. This meets one of the key MTRS principles to seek to maintain the General Reserve at 3% of the net revenue budget. The closing General Reserves at 31 March 2029 are estimated to be £7.9m equating to 3% of the net revenue budget.

### Earmarked Reserves

12.9 Earmarked Reserves represent funds which have been set aside by the Commissioner for specific purposes. The table below shows the overall strategy for use of reserves over the MTRS period.

MTRS Reserves Forecast	At 1 April 2024 £m	At 1 April 2025 £m	At 1 April 2026 £m	At 1 April 2027 £m	At 1 April 2028 £m	At 1 April 2029 £m
<b>Earmarked Reserves</b>						
Change Management Reserve	12.0	5.6	0.9	-	-	-
Risk Management Reserve (Uninsured Losses)	2.0	2.0	1.6	1.6	1.6	1.6
Partnership Reserve	2.2	2.2	2.2	0.8	0.4	1.5
Pay and Prices Reserve (Inflationary Pressures)	0.4	0.4	-	-	-	-
<b>Total Earmarked Reserves</b>	<b>16.6</b>	<b>10.2</b>	<b>4.7</b>	<b>2.4</b>	<b>2.0</b>	<b>3.1</b>
General Reserves	7.0	7.5	7.6	7.7	7.8	7.9
<b>Total Reserves</b>	<b>23.6</b>	<b>17.7</b>	<b>12.3</b>	<b>10.1</b>	<b>9.8</b>	<b>11.0</b>

12.10 The Commissioner retains four Earmarked reserves for the following purposes:

- Change Management Reserve – used to support the revenue budget, to help to facilitate business change and pump-prime initiatives, including those that are spend to save;
- Pay and Prices Reserve – Used to mitigate pay and price inflation over the assumptions included in the MTRS Group budget forecast (see 11.2).
- Risk Management Reserve – used to provide cover for potential liabilities that have been identified but have not yet crystalized and any shortfall in self-insurance provisions;
- Partnership Reserve – used to support community safety partners and to supplement monies from the Ministry of Justice for victims’ services provision.

12.11 **Adequacy of Reserves** – the S.151 Officer confirms that the current reserves held by the Commissioner are adequate. The position on reserves will be kept under continuous review and will be reviewed again, during 2024/25. Any material changes will be reported to the Commissioner.

### 13. Risk Assessment

- 13.1 The MTRS contains the most up to date information at the time of drafting, but the Commissioner's financial position is dynamic. A comprehensive financial risk assessment is undertaken for the revenue and capital budget setting process to ensure all risks and uncertainties affecting the Commissioner's financial position are identified. The Commissioner faces a number of significant financial pressures that could affect the position over the medium term. An assessment of the likelihood and impact of each risk and the management controls in place are shown in the following table:

Risk	Likelihood	Impact	Risk Management
Pay awards and price inflation being higher than anticipated.	Possible	High	Budget based on best information available and set at a prudent level.
Failure to deliver planned savings.	Possible	Medium	Revenue monitoring updates to the Commissioner and Chief Constable.
Further reductions in funding included in the next Comprehensive Spending Review and an unfavourable review of funding formula.	Possible	High	Balance on General Reserve maintained at minimum of 3%; forward planning; regular monitoring.
Future council tax precept rises limited by excessiveness principles determined by the Government.	Likely	Medium	Balance on General Reserve maintained at minimum of 3%; forward planning.

- 13.2 **Robustness of Estimates** - the S.151 Officer confirms that the budget estimates have been compiled on a robust and prudent basis.

## 14. Financial Resilience

### Medium-Term Financial Resilience

14.1 The PCC monitors and reviews the financial resilience of the group regularly and maintains and reviews the indicators developed by CIPFA which are presented below.

14.2 The indicators below have been developed by CIPFA to demonstrate the medium-term financial resilience of Police Forces. These indicators allow benchmarking with other forces and organisations and provide an overall assessment of financial resilience.

14.3 Funding gap as a percentage of Net Revenue Expenditure (NRE) over the MTRS period - Forces need to have a clear estimate of their funding gap over the Medium-term Resource Strategy.

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
NRE	245.334	250.575	253.356	257.541	262.328
Estimated Funding Gap	7.324	4.977	3.740	1.799	0.313
<b>Gap/(Surplus) as a % of NRE</b>	<b>2.99%</b>	<b>1.99%</b>	<b>1.48%</b>	<b>0.70%</b>	<b>0.12%</b>
Savings Identified – Agreed	0.400	0.200			
Savings Identified – Agreed in Principle	0.200	0.200	0.300		
Savings – Proposed	0.500	0.500	0.370		
Savings – To be identified	0.400	0.600	0.830	1.500	1.500
<b>Unidentified Gap/(Surplus) as a % of NRE</b>	<b>2.37%</b>	<b>1.39%</b>	<b>0.88%</b>	<b>0.12%</b>	<b>(0.45%)</b>

14.4 Savings delivered as a percentage of planned savings - Forces need to be sure that savings plans are effective and planned savings are delivered.

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
MTRS Savings Planned	3.750	2.100	0.750	1.500	1.500
MTRS Savings Achieved	3.750	2.100	1.694	1.671	1.427*
<b>% of Savings Achieved</b>	<b>100.0%</b>	<b>100.0%</b>	<b>225.9%</b>	<b>111.4%</b>	<b>95.1%</b>

\*as at period 8

14.5 Over/Underspend relative to Net Expenditure - It is important that Forces keep over and underspending under control and that actual expenditure is as close as possible to the levels planned.

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
NRE	194.507	198.760	210.612	217.290	232.733
Over/(Under)spend	(2.251)	(3.419)	(5.050)	(0.227)	0.995*
<b>Over/(Under)spend as a % of NRE</b>	<b>(1.2%)</b>	<b>(1.7%)</b>	<b>(2.4%)</b>	<b>(0.10%)</b>	<b>0.42%</b>

\*Predicted over/(underspend)

14.6 Useable Reserves as a percentage of Net Revenue Budget - Reserves allow for periods of uncertainty to be managed and healthy levels of useable reserves are an important safety net to support financial sustainability.

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
NRE	194.507	198.760	210.612	217.290	232.696	245.334	250.575	253.356	257.541	262.328
<b>Resource Reserves</b>										
General	5.800	6.120	6.400	6.600	7.000	7.500	7.600	7.700	7.800	7.900
Earmarked	11.371	14.232	18.965	24.247	16.576	10.252	4.716	2.376	1.977	3.064
<b>Resource Reserves as a % of NRE</b>	<b>8.9%</b>	<b>10.2%</b>	<b>12.0%</b>	<b>14.2%</b>	<b>10.1%</b>	<b>7.2%</b>	<b>4.9%</b>	<b>4.0%</b>	<b>3.8%</b>	<b>4.2%</b>
<b>Change in %</b>	<b>(1.9%)</b>	<b>1.3%</b>	<b>1.8%</b>	<b>2.2%</b>	<b>(4.1%)</b>	<b>(2.9%)</b>	<b>(2.3%)</b>	<b>(0.9%)</b>	<b>(0.2%)</b>	<b>0.4%</b>

14.7 Council Tax as a percentage of income – The shows the reliance of the Police and Crime Commissioner on core grants and potential impact changes in core grant funding could have on the financial sustainability of the Force and Police and Crime Commissioner.

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Precept	60.448	62.745	66.474	71.123	76.298	81.320	85.683	90.174	94.795	99.551
Total Financing	187.647	197.042	207.211	221.530	226.456	239.510	245.138	251.116	257.241	263.515
<b>Precept as a % of Total Financing</b>	<b>32.2%</b>	<b>31.8%</b>	<b>32.1%</b>	<b>32.1%</b>	<b>33.7%</b>	<b>33.9%</b>	<b>34.9%</b>	<b>35.9%</b>	<b>36.9%</b>	<b>37.8%</b>

14.8 The Cost of Borrowing as a percentage of Net Revenue Expenditure – Borrowing commitments are long term and must be funded from ongoing revenue budgets, this shows the amount of revenue funding committed to meet current and future borrowing commitments.

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
NRE	194.507	198.760	210.612	217.290	232.733	245.334	250.575	253.356	257.541	262.328
<b>Borrowing Costs</b>										
Minimum Revenue Provision	1.402	2.379	3.702	5.287	6.794	8.001	8.372	8.621	7.906	6.338
Interest	1.671	1.968	2.000	1.912	2.136	2.060	2.026	1.935	1.838	1.779
<b>Cost of Borrowing as a % of NRE</b>	<b>1.6%</b>	<b>2.2%</b>	<b>2.7%</b>	<b>3.3%</b>	<b>3.8%</b>	<b>4.1%</b>	<b>4.1%</b>	<b>4.2%</b>	<b>3.8%</b>	<b>3.1%</b>
Level of Debt	71.966	87.588	83.886	103.998	99.311	106.750	108.748	106.376	107.755	109.850
<b>Level of Debt as a % of NRE</b>	<b>37.0%</b>	<b>44.1%</b>	<b>39.8%</b>	<b>47.3%</b>	<b>42.7%</b>	<b>43.5%</b>	<b>43.4%</b>	<b>42.0%</b>	<b>41.8%</b>	<b>41.9%</b>

14.9 The most significant risk is that the pay awards will be higher than budgeted, and that funding increases may be less than anticipated.

## 15. Conclusion

15.1 The overall financial position for Humberside Police is sustainable over the medium term.

15.2 The approach set out in this MTRS delivers a balanced budget. It sets out how all five years will be financed, and general reserves can be maintained at or above 3.0% of the revenue budget, estimated at £7.9m at March 2029.