



HUMBERSIDE
POLICE & CRIME
COMMISSIONER



**MEDIUM-TERM
RESOURCE STRATEGY**
2022/23 – 2026/27

Police and Crime Commissioner for Humberside

Medium-Term Resource Strategy 2022/23 – 2026/27

Contents

1.	Purpose of the Medium-Term Resource Strategy	3
2.	Aims of the Strategy.....	3
3.	Principles of the Strategy	3
4.	Reviewing the Strategy	4
5.	Police and Crime Plan including Partnerships	4
6.	Financial Context	5
7.	Current 2021/22 Financial Position	6
8.	Medium-Term Budget Pressures	7
9.	Medium-Term Savings Proposals	7
10.	Capital Estimates and Financing	8
11.	Indicative Budget Forecasts 2022/23 to 2026/27	9
12.	Reserves.....	10
13.	Risk Assessment	12
14.	Financial Resilience.....	13
15.	Conclusion	15

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 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 Commissioners and Chief Constables long term plans are sustainable and efficient.

3. Principles of the Strategy

- 3.1 The key principles underlying the Commissioner's MTRS 2022/23 – 2026/27 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 only 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 2022/23 to 2026/27 has been carried out under the following key themes:

- The financial context in which the Commissioner operates;
- The Commissioner's current financial position;
- The impact of Operation Uplift (the recruitment of 20,000 Police Officers nationally);
- 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 (Her 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.

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 2023/24 at the earliest and therefore, the MTRS has made no assumptions in this regard.

6.2 **Operation Uplift** - The Government has made a commitment to increase police officer numbers nationally by 20,000 by March 2023. The profile for Humberside Police is as follows:

2020/21 - 97 Officers;
2021/22 - 95 Officers;
2022/23 - 129 Officers.

Funding has been allocated towards the costs of police officer salaries, additional police staff to facilitate the recruitment and training of officers and the necessary kit and equipment they need.

6.3 **Police Finance Settlement and Council Tax Precept** - The Provisional Police Finance Settlement for 2022/23 was announced on 16 December 2021.

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

- Police core grants of £138.6m
- Legacy grants of £10.0m
- Ring-fenced grant of £2.2m relating to achievement of Operation Uplift targets

6.4 The Secretary of State determines the maximum increase PCCs can make to council tax precept without requiring a referendum and in 2022/23 the sum is £10 per year on a Band D property. The Band D council tax precept set by the Commissioner for the current year 2021/22 is £253.20

The Commissioner has also run a public consultation on the level of the council tax precept for 2022/23. There have been 1209 responses to the consultation. 73% of these responses agree with a £9.99 increase or more in a Band D council tax precept.

6.5 This MTRS as presented includes an increase in the precept of £9.99 (4.1%) for a Band D property for 2022/23, 2023/24 and 2024/25. 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.

6.6 **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 2021/22. The amount for 2022/23 is yet to be confirmed.

6.7 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 2021/22 Financial Position

7.1 The Commissioner's group budget for 2021/22 is £207.212m. The Period 8 revenue monitoring report shows a projected budget underspend of £0.060m as at 30 November 2021.

2021/22 Revenue Monitoring – Period 8 Position			
	Approved Budget 2021/22	Projected Outturn 2021/22	Variance 2021/22
<u>Group Position</u>	£m	£m	£m
Chief Constable	195.450	195.413	(0.037)
Police and Crime Commissioner	5.815	5.792	(0.023)
Capital Financing	5.706	5.706	-
Net Expenditure	206.971	206.911	(0.060)
Central Government Grant	140.959	140.959	-
Council Tax Precept	66.253	66.253	-
Central Grant and Precept Total	207.212	207.212	-
Appropriations (to) / from reserves	(0.241)	(0.301)	(0.060)

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 underspend of £0.060m.

7.5 The forecast closing position on reserves for 2021/22 is £20.6m, as set out in the table below.

2021/22 Reserves – Period 8 Position			
	Approved 2021/22	Projected 2021/22	Variance 2021/22
<u>Group Position</u>	£m	£m	£m
Opening Balance – General Reserve (01/04/21)	6.1	6.1	-
Planned transfer to/(from) General Reserve	0.3	0.3	-
Forecast Closing Balance (31/03/22)	6.4	6.4	-
Opening Balance – Earmarked Reserves (01/04/21)	14.2	14.2	-
Planned transfer to/(from) Earmarked Reserves	-	-	-
Forecast Closing Balance (31/03/22)	14.2	14.2	-
Forecast Closing Balance (31/03/22)	20.6	20.6	-

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;
- iv. Other – including the implications of Covid-19.

8.2 **Pay and price increases** - Indicative budget forecasts for 2022/23 to 2026/27 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 2022/23 and 2% for following years have been included.

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). Humberside Police will also face financial pressures due to the additional costs incurred following the recruitment of additional Police Officers and Police Staff as a result of Operation Uplift.

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 Savings Proposals

9.1 Throughout the MTRS period savings and 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.

10. Capital Estimates and Financing

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

Capital Estimates	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Major and Minor Building Schemes	5.508	5.697	1.284	1.245	1.245	14.979
Information Technology	6.430	3.600	7.768	2.205	1.799	21.802
Vehicles and Equipment	3.972	1.948	1.818	1.837	1.654	11.229
Total	15.910	11.245	10.870	5.287	4.698	48.010

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 and costs relating to the implementation of the Emergency Services Network (ESN);
- **Vehicles and Equipment** - a rolling programme of vehicle replacement and programmes for upgrading equipment.

Capital Financing

Capital Estimates	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Forecast Expenditure	15.910	11.245	10.870	5.287	4.698	48.010
Financed by:						
Grants and Contributions						
Prudential Borrowing	15.910	11.245	10.870	5.287	4.698	48.010
Total Financing	15.910	11.245	10.870	5.287	4.698	48.010

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 2022/23 to 2026/27

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 2022/23. The MTRS includes a precept increase of £9.99 (4.1%) built into the funding for 2022/23, 2023/24 and 2024/25 with increases set at 2% for 2025/26 and 2026/27.

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

MTRS Group Budget Forecast	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
Base budget	210.611	219.997	227.894	233.665	238.922
Budget pressures					
Pay related increases	4.789	6.639	4.854	5.083	5.326
Operation Uplift	4.399	2.329	(0.226)	0.213	0.266
Increase/(Reduction) in expenditure funded by Earmarked reserves	(1.648)	(0.997)	-	-	-
Budget pressures/(additional income)	2.140	(0.592)	1.447	0.916	0.500
Revenue impact of capital financing	1.206	2.018	1.196	0.545	0.295
Total budget pressures	10.885	9.397	7.271	6.757	6.387
Savings Requirement	(1.500)	(1.500)	(1.500)	(1.500)	(1.500)
Net Budget Requirement	219.997	227.894	233.665	238.922	243.809
Central Government Grant Income	138.571	139.957	142.057	143.447	144.911
Council Tax Precept Support Grant	10.041	10.041	10.041	10.041	10.041
Council Tax Precept Income	71.123	75.038	79.055	81.844	84.733
Council Tax Precept - Collection Fund surplus / (deficit)	1.939	0.999	0.999	0.999	0.999
Total Income	221.674	226.035	232.152	236.361	240.684
Funding gap / (surplus) before reserves	(1.677)	1.860	1.513	2.561	3.125
Planned use of reserves:					
Transfer (from)/to Earmarked reserves	1.677	(1.860)	(1.513)	(2.561)	(3.125)
Funding gap / (surplus) after use of reserves	-	-	-	-	-

11.3 The Group forecast budget set out above shows how after the planned use of reserves, savings and the precept there is a small funding gap towards the end of the MTRS which will be addressed as more information regarding future years becomes available, 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	2022/23 £M	2023/24 £M	2024/25 £M	2025/26 £M	2026/27 £M
Chief Constable	207.893	213.754	218.311	223.004	227.577
Police and Crime Commissioner	4.905	4.923	4.941	4.960	4.979
Capital Financing	7.199	9.217	10.413	10.958	11.253
Total	219.997	227.894	233.665	238.922	243.809

- 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 are 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. Humberside has published an Annual Reserves Strategy Statement since 2019/20. 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, taking into account 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 2022 will be increased to £6.4m 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 2027 are estimated to be £7.3m 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 2022 £m	At 1 April 2023 £m	At 1 April 2024 £m	At 1 April 2025 £m	At 1 April 2026 £m	At 1 April 2027 £m
Earmarked Reserves						
Change Management Reserve	11.1	11.5	9.6	7.9	5.1	1.9
Risk Management Reserve (Uninsured Losses)	0.9	2.0	2.0	2.0	2.0	2.0
Partnership Reserve	1.2	0.2	-	-	-	-
Pay and Prices Reserve (Inflationary Pressures)	2.0	2.0	2.0	2.0	2.0	2.0
Total Earmarked Reserves	15.2	15.7	13.6	11.9	9.1	5.9
General Reserves	6.4	6.6	6.8	7.0	7.2	7.3
Total Reserves	21.6	22.3	20.4	18.9	16.3	13.2

12.10 The Commissioner retains three 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 2022/23. 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.
Impact of COVID-19, increased expenditure and reduced income	Likely	Medium	Monitor and reclaim expenditure if possible, budget based on latest information around precept and use any measures available to reduce impact.
Impact of the introduction of the Emergency Services Network	Likely	Medium	Monitor information as it is released and try to secure sustainable funding to mitigate any increased costs.
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.
Costs associated with the outcome of the national legal challenge to the Police Pension Scheme (2015) transition arrangements are not met centrally by the Home Office.	Possible	Medium	Balance on General Reserve maintained at minimum of 3%; close budget monitoring; annual review of budget and MTRS; existing Police Pension Fund arrangements require the Home Office to balance the deficit on the Fund each year through a top-up grant.

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

Sensitivity analysis

- 14.1 The MTRS refresh is being undertaken in a more uncertain environment as a result of the Covid-19 pandemic.
- 14.2 Funding assumptions both in relation to local and national funding are likely to cause material changes late on in the planning process. This cannot be avoided but needs to be recognised.
- 14.3 The current MTRS assumes pay awards at 2.5% in 2022/23 and 2% per annum from 2023/24 onwards. This assumption will be reviewed through the MTRS process.
- 14.4 Pay makes up around 80% of the total spend this remains one of our single largest assumptions. The current assumption of 2.5% is included in the table at 11.2, each additional 1% adds £1.8m per year to the pay budget.
- 14.5 Inflation is currently assumed at 1.5% outside of specific inflation items. The MTRS assumed 2%, the Bank of England (BoE) target rate minus an assumed efficiency of 0.5%. Over the last few months inflation has significantly exceeded the BoE target resulting in a need to refresh the inflation assumptions. It is assumed that after 18 months inflation will return to the BoE target.
- 14.6 The following information has been received from Blue Light Commercial and other sources around medium term inflation rates based on their in depth analysis of the current market:

Budget	Increase 2022/23 %	Reason
Insurances	10.0	Renewals due and hardening of market
Waste, Cleaning, Building Maintenance	3.5	Contract price increases
Electricity	55.0	Supply and demand on global market
Gas	38.0	Supply and demand on global market
Water	5.0	Historical rate of increase
Rates	3.1	Inflation and revaluations
Fuel	10.0	Forecast oil price
Information Services	3.5	Forecast from South Yorkshire Police IT Function

- 14.7 During the development of this MTRS, different scenarios are modelled. The impact across the five year period is much greater for any changes to the base assumptions (eg. Pay, Grant, Precept).

Medium-Term Financial Resilience

14.8 The following six indicators 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.

14.9 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.

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
NRE	219.997	227.895	233.665	238.923	243.810
Estimated Funding Gap	(1.174)	3.360	3.013	4.062	4.626
Gap as a % of NRE	(0.5%)	1.5%	1.3%	1.7%	1.9%
Savings Identified – Agreed	1.500	0.530	0.300	0.200	
Savings Identified – Agreed in Principle		0.450	0.400	0.500	0.300
Savings – Proposed		0.520	0.600	0.500	0.370
Savings – To be identified			0.200	0.300	0.830
Unidentified Gap as a % of NRE	(1.2%)	0.8%	0.7%	1.1%	1.3%

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

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
MTRS Savings Planned	2.903	1.343	3.750	2.100	0.750
MTRS Savings Achieved	1.784	1.679	3.750	2.100	1.694
% of Savings Achieved	61.5%	125.0%	100.0%	100.0%	225.9%

14.11 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.

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
NRE	174.042	185.423	194.507	198.760	210.612
Over/(Under)spend	0.672	(0.223)	(2.251)	(3.419)	(5.352)*
Over/(Under)spend as a % of NRE	0.4%	(0.1%)	(1.2%)	(1.7%)	(2.5%)

*Prediced over/(underspend)

14.12 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.

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
NRE	174.042	185.423	194.507	198.760	210.612	219.997	227.895	233.665	238.923	243.810
<u>Resource Reserves</u>										
General	5.220	5.220	5.800	6.120	6.400	6.600	6.800	7.000	7.200	7.300
Earmarked	23.693	14.782	11.371	14.232	15.220	15.670	13.610	11.904	9.149	5.930
Resource Reserves as a % of NRE	16.6%	10.8%	8.9%	10.2%	10.3%	10.1%	9.0%	8.1%	6.8%	5.4%
Change in %		(5.8%)	(1.9%)	1.3%	0.1%	(0.2)%	(1.1%)	(0.9%)	(1.3%)	(1.4%)

14.13 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.

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Precept	49.107	53.079	60.448	62.745	66.474	71.123	75.038	79.055	81.844	84.732
Total Financing	172.726	176.287	187.647	197.042	207.211	221.282	226.042	232.158	236.368	240.691
Precept as a % of Total Financing	28.4%	30.1%	32.2%	31.8%	32.1%	32.1%	33.2%	34.1%	34.6%	35.2%

14.14 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.

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
NRE	174.042	185.423	194.507	198.760	210.612	219.997	227.895	233.665	238.923	243.810
<u>Borrowing Costs</u>										
Minimum Revenue Provision	1.987	3.143	1.402	2.379	3.702	5.287	7.238	8.382	8.863	9.081
Interest	1.095	1.257	1.671	1.968	2.000	1.912	1.979	2.031	2.095	2.172
Cost of Borrowing as a % of NRE	1.8%	2.4%	1.6%	2.2%	2.7%	3.3%	4.0%	4.5%	4.6%	4.6%
Level of Debt	45.281	65.378	71.966	87.588	83.886	93.138	101.341	108.916	101.975	110.558
Level of Debt as a % of NRE	26%	35.3%	37.0%	44.1%	39.8%	42.3%	44.5%	46.6%	42.3%	45.4%

14.15 The most significant risk is that the pay awards will be higher than budgeted, any further pressures will need to be met from an increased level of savings.

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 £7.3m at March 2027.