

**ORIGINATOR:** PCC CFO

**DECISION NUMBER:** 1 - 2024

**REASON FOR SUBMISSION:** FOR DECISION

**SUBMITTED TO:** POLICE AND CRIME COMMISSIONER

**SUBJECT:** MEDIUM-TERM FINANCIAL PLAN 2024/25 TO 2027/28

**SUMMARY:**

1. The draft medium-term financial plan (MTFP) attached sets out the key financial issues facing the PCC and Constabulary over the period 2024/25 to 2027/28.
2. The draft MTFP includes information and recommendations relating to the revenue budget, capital programme and associated financing issues, together with a financial appraisal of two precept options.


**RECOMMENDATIONS:**

It is recommended that:

1. The PCC considers the attached draft MTFP and approves the recommendations contained in section 8 of the report.
2. When setting the precept level and council tax requirement, consideration is given by the PCC to the medium-term financial implications of options 1 and 2, the assessment of financial risks detailed within the MTFP, and the Chief Constable's commentary on the financial position.

**APPROVAL BY: PCC**

The recommendations set out above are agreed.

**Signature:** 

**Date:** 12 January 2024

## DETAIL OF THE SUBMISSION

### 1. KEY ISSUES FOR CONSIDERATION

- 1.1 This report covers the spending proposals and key issues relating to the medium-term financial plan (MTFP) for the period 2024/25 to 2027/28. It provides the Police and Crime Commissioner (PCC) with information relating to the revenue budget, council tax options and capital programme, together with associated financing issues for the Constabulary and the Office of the Police and Crime Commissioner.
- 1.2 It is recommended that the PCC takes account of the overall financial strategy when considering the 2024/25 budget proposals and:
- Approves the planned revenue changes summarised in **Appendix B**;
  - Approves the savings plans in **Appendix C**;
  - Approves the proposed capital programme for 2024/25 and the draft capital programme over the remainder of the MTFP period set out at **Appendix D**;
  - Approves the capital strategy in **Appendix E**;
  - Approves the proposed use and transfer of reserve balances in **Appendix F**;
  - Approves the Minimum Revenue Provision policy and statement in **Appendix G** noting that no changes to the policy are proposed for 2024/25 and throughout the MTFP period;
  - When setting the precept level consideration is given to the medium-term financial implications of options 1 and 2, the assessment of financial risks contained in this report and the Chief Constable's commentary on the Constabulary's financial position.
- 1.3 The report also asks the PCC to consider the medium-term financial impact of:
- **Option 1** – increase band D council tax by £9.99 (3.8%) in 2024/25 and by 2% in the remaining 3 years of the MTFP period.
  - **Option 2** – increase band D council tax by £12.96 (4.9%) in 2024/25 and by 2% in the remaining 3 years of the MTFP period.

### 2. FINANCIAL IMPLICATIONS

- 2.1 The purpose of the MTFP is to provide the PCC with sufficient information to enable informed decisions to be taken with regard to the revenue and capital plans, associated financial issues, precept level and council tax requirement.
- 2.2 The two alternative budget options are proposed to the PCC for consideration, the financial consequences of which are contained in **Appendices A(i) and A(ii)** of the MTFP. These are summarised below:
- 2.3 **Option 1** – Based on the planning assumptions set out in this report, this option would result in the Constabulary incurring a budget deficit of £0.8m in 2024/25.
- 2.4 **Option 2** – Based on the planning assumptions set out in this report, this option would result in the Constabulary delivering a balanced budget in 2024/25. Further savings of £5.2m will need to be identified in the period 2024/25 to 2027/28 to achieve a balanced budget over the MTFP period.

### **3. OTHER IMPLICATIONS AND RISKS**

- 3.1 There are no other implications and risks outside of those presented in this report.

<b>ORIGINATOR CHECKLIST (MUST BE COMPLETED)</b>	<b>PLEASE STATE 'YES' OR 'NO'</b>
Has legal advice been sought on this submission?	No
Has the PCC's Chief Finance Officer been consulted?	Yes
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	Yes
Have human resource implications been considered?	Yes
Is the recommendation consistent with the objectives in the Police and Crime Plan?	Yes
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	Yes
Has communications advice been sought on areas of likely media interest and how they might be managed?	Yes
Have all relevant ethical factors been taken into consideration in developing this submission?	Yes

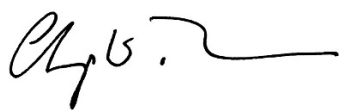
In relation to the above, please ensure that all relevant issues have been highlighted in the 'other implications and risks' section of the submission.

#### **APPROVAL TO SUBMIT TO THE DECISION-MAKER**

##### **Chief Executive**

I am satisfied that relevant advice has been taken into account in the preparation of the report and that this is an appropriate request to be submitted to the PCC.

**Signature:**



**Date: 12 January 2024**

# Suffolk Police and Crime Commissioner

## Medium-Term Financial Plan

2024/25 to 2027/28



## CONTENTS

---

1	Introduction	2
2	Revenue Budget 2024/25	7
3	Capital Programme 2024/25 to 2027/28	14
4	Investment and Treasury Management Strategy 2024/25	17
5	Section 25 Responsibilities	18
6	Chief Constable's Commentary	20
7	Conclusion and Summary of Options	22
8	Recommendations	23
9	Appendices	
	A. Medium Term Financial Plan: 4-Year Overview	
	B. Planned Revenue Changes 2024/25 to 2027/28	
	C. Savings Plan 2024/25 to 2027/28	
	D. Capital Programme 2024/25 to 2027/28	
	E. Capital Strategy (done, except update to diagram at E.5)	
	F. Reserves Strategy (tables and narrative updated)	
	G. Minimum Revenue Provision Statement	
	H. Precept Level and Council Tax Requirement Options	

---



# 1. INTRODUCTION

- 1.1 This report covers the spending proposals and key issues relating to the medium-term financial plan (MTFP) for the period 2024/25 to 2027/28. It provides the Police and Crime Commissioner (PCC) with information relating to the revenue budget, council tax options and capital programme, together with associated financing issues for Suffolk Constabulary and the Office of the Police and Crime Commissioner (OPCC).
- 1.2 The report contains the following appendices that provide more information relating to the proposals.

**Table 1: List of appendices**

---

<b>Appendix A</b> - Medium Term Financial Plan: 4-year Overview – Options 1 and 2
<b>Appendix B</b> - Planned Revenue Changes 2024/25 to 2027/28 – Options 1 and 2
<b>Appendix C</b> - Savings Plan 2024/25 to 2027/28
<b>Appendix D</b> - Capital Programme 2024/25 to 2027/28
<b>Appendix E</b> - Capital Strategy
<b>Appendix F</b> - Reserves Strategy
<b>Appendix G</b> - Minimum Revenue Provision Statement
<b>Appendix H</b> - Precept Level and Council Tax Requirement Options

---

## Home Office Funding Context

- 1.3 The government published the Provisional Police Grant Report (England and Wales) 2024/25, commonly referred to as the 'settlement', on 14 December 2023. As in previous years the government has issued a one-year funding settlement. Details are provided in **paragraphs 1.4 to 1.10** below:

### Provisional Police Grant Report (England and Wales) 2024/25

#### Police Uplift Grant (PUP)

- 1.4 There has been significant new investment in policing since 2020/21 and the government's announcement to increase police officer numbers by 20,000 by the end of March 2023. The government delivered on this commitment and wishes to maintain these increased levels. It has made available funding of £425m in 2024/25 to forces that keep their officer headcount at post-uplift programme levels. Within this funding £67.2m is 'additional recruitment top up grant' for

forces that agreed to recruit additional officers. The balance of £357.8m is ringfenced funding allocated to forces in line with the police funding formula shares and accessed if forces maintain their post-uplift officer numbers. The total PUP ringfence grant of £425m has increased by £150m, which was promised in the spending review. The actual terms of the PUP grant will be released in early 2024.

### **Pay Award**

- 1.5 The core police grant has increased by £515m for pay. Of this £330m was given in-year in 2023/24 to cover the police officer and police staff pay award of 7% with a further £185m awarded for 2024/25.

### **Pensions Grant**

- 1.6 The settlement announced an increase in pensions grant of £259m. This is to mitigate the impact of increased employer police officer pension contributions from 1 April 2024. A one-off administration grant of £27m has been provided for 2024/25 taking total pensions funding to £428m.

### **Council Tax**

- 1.7 As part of the Spending Review 2021, PCCs were empowered to increase their band D precept by up to £10 in each of the three years 2022/23 to 2024/25, without the need to call a local referendum. This has been increased to £13 for 2024/25 and would contribute an additional £298m for local policing across England and Wales if all PCCs chose to maximise their flexibility.

### **Government Expectations of the Police Service**

- 1.8 The government has provided significant investment into policing over the previous five years and has stated its priorities for 2024/25 as follows:
- Maintaining 20,000 additional officers (148,433 officers in total nationally) through to March 2025;
  - Continuing to deliver on the opportunities presented by new technology and innovation to deliver improvements in productivity and drive forward efficiencies, therefore maximising officer time and service to the public; and
  - Improving the visibility of police officers and focusing on providing a targeted approach to tackling crime and antisocial behaviour to make neighbourhoods safer, which should be a priority for all forces.

(Source: The Provisional 2024/25 Police Funding Settlement)

### **Efficiency and Productivity**

- 1.9 There are no new specific savings targets set for 2024/25 and the government recognises that the police service has already exceeded the efficiency targets set at the start of the spending review period.
- 1.10 The Policing Productivity Review that was published in November 2023 estimated that if all recommendations were followed the equivalent of 20,000 officers could be freed up over the next 5 years. The government will respond to the review in 2024. It has allocated £11m to support productivity with increased investment in innovative technology.

### **Constabulary Financial Position**

#### **Financial Pressures**

- 1.11 The key financial issue facing the Constabulary is inflation. Inflation looks to have peaked in 2023/24 and continues to fall. Its impact has been felt in 2023/24 through increased prices and higher than budgeted pay awards. Estimates for non-pay inflation for 2024/25 are higher than the Constabulary's forecast in last year's MTFP.
- 1.12 With inflation forecast to remain above 3% throughout 2024, there will be continued pressure for pay settlements that at least match inflation in 2024/25. The pay award assumption has been set at 3% for 2024/25 given the 7% increase for officers and staff in 2023/24 and cost of living increases. Whilst below forecast levels of inflation this is based on Constabulary affordability.

#### **Operational Demand**

- 1.13 Demands on the Constabulary have changed in nature in recent years. There are increasing volumes of complex demand, especially in terms of safeguarding and online crime which see continued growth in the volume of offences. The Constabulary continues to prioritise the most harmful crime types such as domestic abuse, serious sexual offences, adult and child abuse and cyber-enabled crime including fraud. These are some of the most complex and demanding investigations the Constabulary has to undertake and require a highly skilled workforce.
- 1.14 Suffolk Constabulary continues to deal with the impact of the shortage in resources of other public sector partners, in particular mental health and ambulance services, often resulting in it having to absorb additional demand from these areas as the 'emergency service of last resort'.

- 1.15 To remain as efficient as possible and make best use of increased funding, in 2024/25 the Constabulary will continue to invest in and refresh its processes and technologies that keep it fit-for-purpose and able to meet increasing demand and the changing nature of crime. This investment is significant and has a direct impact on the revenue budget.

### **Service and Financial Planning Process**

- 1.16 A joint Suffolk and Norfolk service and financial planning process was completed ahead of the funding settlement announcement. As in previous years this has applied outcome based budgeting (OBB) principles and prepared a four-year budget using an OBB modelling tool.
- 1.17 OBB is a method for aligning budgets to demand, performance, outcomes and priorities. This approach analyses the Constabulary's activity spend in terms of budgets, police officer and staff numbers, performance, demand and outcomes. This information is then matched against the priorities and demands of the Constabulary and PCC. This allows projects to be developed to target areas that can be made more efficient or areas requiring further investment.
- 1.18 Heads of Department presented savings and investment proposals, which were modelled against the impact on budgets and outcomes. These outcomes were then reviewed by a joint chief officer panel against the OBB principles and decisions made about balancing growth with savings. An updated view of the Constabulary's change programme was also prepared.
- 1.19 These outputs were presented to the joint chief officer team, and further refined after these sessions. The process concluded with agreement on Suffolk-only budgets, the agreement of joint budgets and costs and savings arising from the process to be included in the MTFP. Given the levels of required savings to be found it is important that the change programme is sustained over the medium-term to ensure that savings are achieved in a timely fashion and that annual budgets are balanced.
- 1.20 PCC decisions regarding the annual budget proposals are made in the context of the medium to longer-term forecasts. The MTFP budget proposals are made in the context of a rolling four-year strategic and financial planning cycle, including the current year. The figures contained within the MTFP are based upon current information and stated assumptions.

### **Precept Consultation**

- 1.21 In accordance with the requirements of Section 96(1)(b) of the Police Act 1996, as amended by section 14 of the Police Reform and Social Responsibility Act

2011, the PCC has an obligation to obtain the views of the people of Suffolk and ratepayers' representatives.

- 1.22 A public survey on the PCC's proposal for the precept increase will capture the views of Suffolk residents to the question:

'As a council taxpayer in Suffolk do you agree with my proposal to increase the policing element of the council tax for 2024/25 by 25p a week?'

- 1.23 The survey concludes on 25 January 2024 and the results will be presented at the Police and Crime Panel on 26 January 2024 for approval.

## 2. REVENUE BUDGET 2024/25

### Home Office Grants 2024/25

- 2.1 The proposals in this report are based on the provisional settlement for the core grant, legacy council tax grants, police uplift programme ringfenced grant and pension grant announced by the Home Office and provisional local tax base figures and planning assumptions regarding future funding levels, on-going commitments and capital expenditure plans.
- 2.2 **Table 2** below provides a comparison between the 2023/24 and 2024/25 funding settlements. Figures for 2022/23 are included for information.

**Table 2: Government grant funding 2023/24 and 2024/25**

	2022/23	2023/24	2024/25	Variance
	£m	£m	£m	£m
Core Grant <sup>1</sup>	77.5	80.7	82.4	1.7
Legacy Council Tax Grants	6.8	6.8	6.8	-
Pensions Grant	1.2	1.2	4.0	2.8
PUP Ringfenced Grant	1.2	2.5	3.8	1.3
Additional Recruitment Top-Up	-	-	1.1	1.1
<b>Total Resource Funding by Grant</b>	<b>86.7</b>	<b>91.2</b>	<b>98.1</b>	<b>6.9</b>

<sup>1</sup> The core grant for 2023/24 has been restated from £77.8m to include in-year funding of £2.9m for the 2023/24 pay award.

- 2.3 The core grant has increased by £1.7m or 2.1% in 2024/25 to £82.4m. The legacy council tax grants have been maintained at previous years' levels for 2024/25.
- 2.4 The legacy council tax grants are based on two historic elements. The first element is for former council tax freeze grants of £1.9m relating to the decision to freeze the council tax in 2011/12, 2013/14 and 2014/15. The second element relates to the council tax support grant of £4.9m that has been payable since April 2013 when the government made significant changes to council tax benefit arrangements.
- 2.5 A specific pensions' grant to cover an element of the increased employer contributions for the police officer pension schemes and awarded annually will continue to be received in 2024/25. This has increased from £1.2m in 2023/24 to

£4.0m to cover an increase in employer contributions to police officer pension schemes.

- 2.6 The Constabulary has received a £3.8m police uplift programme grant (PUP) for 2024/25, which is allocated in line with the police funding formula. This is an increase of £1.3m over 2023/24. This grant is ringfenced and is accessed if the Constabulary maintains its officer headcount at or above 1,403, which is its agreed police uplift baseline plus its share of the additional 20,000 officers.
- 2.7 The Constabulary has received a further £1.1m additional recruitment top-up grant in 2024/25. This is to cover the costs of an additional 22 officers recruited in 2023/24 over and above the Constabulary's PUP total of 1,403. Similar to the PUP ringfenced grant, this funding is ringfenced and is accessed only if the Constabulary maintains its officer headcount at or above 22.

#### Police Funding Formula

- 2.8 The Home Office has commenced a project to review the police funding formula. The results of this project will not be published until 2024/25 at the earliest.

#### Ministry of Justice Funding

- 2.9 Funding from the Ministry of Justice of £1.67m for victims' services for 2024/25 has been included in the MTFP for both grant income and planned expenditure. This is a confirmed amount based on the 3-year grant agreement.

#### Council Tax Base

- 2.10 The Council Tax base, which is a key factor in the calculation of the precept, is based on information received from the borough, district and county councils. The councils have forecast an increase in the tax base of 1.22% for 2024/25 compared to an increase in the tax base of 1.5% in 2023/24.
- 2.11 The MTFP assumes a 1.22% increase in the tax base in 2024/25 and a 1% annual increase over the remainder of the MTFP planning period.

#### The Budget and Precept Options 2024/25

- 2.12 **Table 3** summarises the 2024/25 income position under the following precept options:
- **Option 1 (3.8%)** - £9.99 increase in Band D council tax in 2024/25 and
  - **Option 2 (4.9%)** - £12.96 increase in Band D council tax in 2024/25

**Table 3:** Summary of income 2024/25

	Option 1 £9.99	Option 2 £12.96
	£m	£m
Core grant	82.4	82.4
Legacy council tax grants	6.8	6.8
<b>Precept income</b>	<b>73.0</b>	<b>73.7</b>
Other income including specific grants	20.3	20.3
<b>Total income in 2024/25</b>	<b>182.5</b>	<b>183.2</b>

- 2.13 The referendum limit, which provides a ceiling on precept increases above which a PCC needs to hold a local referendum, was set at £10 for a band D property for the three years from 2022/23 to 2024/25. PCCs have been given the flexibility to increase the precept by £13 in 2024/25 without holding a referendum.

#### Assumptions in the MTFP Budget Model

- 2.14 The MTFP remains consistent in providing for pay and price increases; growth to meet demand and service pressures; a significant change programme to make the required cost reductions; the use of reserves to support one off costs; invest to save measures; and the continued investment in modernising and improving technology and services.
- 2.15 The MTFP has been prepared using the following financial assumptions:

**Table 4: MTFP planning assumptions 2024/25 to 2027/28**

	2024/25	2025/26	2026/27	2027/28
Core grant	2.1%	0.0%	0.0%	0.0%
Legacy council tax grant changes	0%	0%	0%	0%
Council tax base change	1.2%	1.0%	1.0%	1.0%
Collection fund surplus	£374k	£0k	£0k	£0k
Pay awards – officers	4.7%	2.4%	2.0%	2.0%
Pay awards – staff	4.7%	2.4%	2.0%	2.0%
Non-pay inflation (average)	4.5%	3.0%	2.0%	2.0%

<sup>1</sup> Pay awards are composite figures as awards are payable from 1 September and payment is split across two financial years.

- 2.16 Police Officers and staff received a 7% pay award in 2023/24. This came into effect from 1 September 2023. Pay inflation has been forecast at 3% from 1



September 2023 and 2% from September 2024, 2025, and 2026. Non-pay inflation is forecast at between 4.5% and 2% per annum over the MTFP period.

2.17 **Table 5** shows the financial impact to the annual budget if the planning assumptions are changed:

**Table 5:** Budget movements due to 1% change in assumptions

	Variation	Variation
Core government grants	1.0%	£775k
Tax base increase	1.0%	£691k
Precept	1.0%	£691k
Pay awards officers (full year impact)	1.0%	£865k
Pay awards staff (full year impact)	1.0%	£487k
Non-pay inflation	1.0%	£327k

2.18 The planning assumptions will be kept under review throughout the MTFP period.

**Change and Efficiency Programme and the Financial Planning Process**

**Collaborative Change**

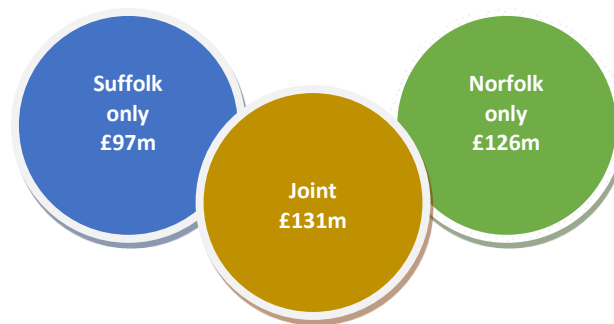
2.19 Suffolk and Norfolk Constabularies have been collaborating for over a decade. In the period to 2023/24, a significant number of projects have been implemented and savings from collaboration of £49.2m secured. These are split £23.6m for Suffolk and £25.6m for Norfolk.

- 2.20 **Box 1** shows that the 'joint' services budget is now over a third of the combined budget of both forces and stands at £131m.

**Box 1: Suffolk and Norfolk Constabularies' collaboration 2023/24**

---

**Norfolk and Suffolk Collaboration**



- 
- 2.21 As part of the service and financial planning process for 2024/25 to 2027/28, further savings of £2.8m in 2024/25 have been identified from the collaborative departments (Suffolk's share is £1.09m). Business cases will be prepared to realise these savings during 2024/25 and 2025/26.
- 2.22 The planned savings programme is set out in **Appendix C**.

**Regional Collaboration**

- 2.23 The PCCs and Chief Constables for Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk and Suffolk continue to work collaboratively across the eastern region. The costs of the work are shared by the 7 forces.
- 2.24 The 7 Force Network was established in April 2022. It provides opportunities for forces to support each other by collaborating across the region and sharing good practice.

## Precept Options

2.25 **Precept option 1** - increase Band D council tax by £9.99 (3.8%) in 2024/25 and 2% each year thereafter.

**Table 6:** Funding and expenditure under precept option 1

	Budget	Forecast	Forecast	Forecast
	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000
<b>£9.99 (4%) precept increase</b>				
Total funding	(162,195)	(163,999)	(166,237)	(168,563)
Net revenue expenditure before changes and savings	162,715	167,528	170,701	174,311
<b>Revenue deficit</b>	<b>520</b>	<b>3,529</b>	<b>4,463</b>	<b>5,747</b>
Known changes	3,311	4,075	4,485	3,400
Planned use of reserves	(1,710)	(2,721)	(2,714)	(1,774)
<b>Revenue deficit before savings</b>	<b>2,122</b>	<b>4,884</b>	<b>6,235</b>	<b>7,374</b>
Planned savings	(1,331)	(1,331)	(1,331)	(1,331)
Savings to be identified	(791)	(3,553)	(4,904)	(6,043)
<b>Revenue deficit/ (surplus) after savings</b>	-	-	-	-

2.26 Based on the planning assumptions set out in this report, further cumulative savings of £6.0m are required in the period 2024/25 to 2027/28 to achieve a balanced budget over the MTFP period (see [Appendix A\(i\)](#)).

2.27 **Precept option 2** - increase Band D council tax by £12.96 (4.9%) in 2024/25 and 2% each year thereafter.

**Table 7:** Funding and expenditure under precept option 2

	Budget	Forecast	Forecast	Forecast
	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000
<b>£14.94 (6.0%) precept increase</b>				
Total funding	(162,986)	(164,822)	(167,093)	(169,427)
Net revenue expenditure before changes and savings	162,715	167,528	170,701	174,310
<b>Revenue (surplus)/ deficit</b>	<b>(271)</b>	<b>2,706</b>	<b>3,608</b>	<b>4,883</b>
Known changes	3,311	4,075	4,485	3,400
Planned use of reserves	(1,710)	(2,721)	(2,714)	(1,774)
<b>Revenue deficit before savings</b>	<b>1,331</b>	<b>4,060</b>	<b>5,379</b>	<b>6,509</b>
Planned savings	(1,331)	(1,331)	(1,331)	(1,331)
Savings to be identified	-	(2,729)	(4,048)	(5,178)
<b>Revenue deficit/ (surplus) after savings</b>	-	-	-	-

- 2.28 Based on the planning assumptions set out in this report, further cumulative savings of £5.2m are required in the period 2024/25 to 2027/28 to achieve a balanced budget over the MTFP period (see [Appendix A\(ii\)](#)).

### 3 CAPITAL PROGRAMME 2024/25 to 2027/28

- 3.1 The capital programme is a key element of strategic and financial planning. The impact of capital spending, particularly the investment in short-term assets, has a significant impact on the revenue budget.
- 3.2 Due to the continuing pace of modernisation, and ensuring the Constabulary remains fit-for-purpose, properly equipped and has appropriate accommodation, there is an increased investment requirement on the capital programme over the medium-term. This includes significant investment in the estate and in refreshing the growing ICT and digital capabilities and investing in digital technologies and initiatives to drive more efficient ways of working.
- 3.3 To fund replacement assets over the medium-term and beyond, to maximise the efficiency of the investment, and to protect reserve levels, revenue budget is required to fund short-life assets to increase the sustainable revenue funding of the capital programme. This is detailed in the review of the adequacy of reserves (see [Section 5](#)) and in the capital and reserves strategies (see [Appendices E and F](#)).
- 3.4 [Appendix D](#) provides a detailed analysis of the outline capital programme over the medium term, with the table below summarising these plans.

**Table 8: Summary capital programme 2024/25 to 2027/28**

	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000
<b>Suffolk only capital programme</b>				
Estates	7,466	1,472	1,913	2,014
ICT	573	1,177	410	355
Vehicles and equipment	1,678	1,620	1,751	1,890
<b>Sub-total</b>	<b>9,717</b>	<b>4,269</b>	<b>4,074</b>	<b>4,259</b>
<b>Share of joint capital programmes</b>				
ICT schemes and projects	2,953	2,637	3,385	2,360
<b>Total</b>	<b>12,670</b>	<b>6,906</b>	<b>7,459</b>	<b>6,619</b>

- 3.5 The capital programme provided at [Appendix D](#) is arranged in 3 tables:
- **Table A** – Schemes or technical refresh programmes already approved for 2024/25.
  - **Table B** – Schemes requiring a business case or further report to the PCC for approval.

- **Table C** – Schemes requiring further justification and business case. These are not included in the funding calculation and would require additional funding if approved in-year.

- 3.6 The capital programme identifies those schemes which are joint projects with Norfolk Constabulary. Where applicable, the figures shown relate to Suffolk's share of the overall cost, which is calculated in proportion to the Constabularies' combined net revenue budget.

### Funding the Capital Programme

- 3.7 The following funding sources have been identified to support the outline capital programme, which will be updated to take account of approved changes to the programme. In addition, funding will move with the asset purchase whenever there is slippage in the programme.

**Table 9: Funding sources for capital programme 2024/25 to 2027/28**

	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000
Capital receipts	825	75	75	75
Revenue contribution	3,100	2,900	2,900	2,900
Capital financing reserve	1,995	2,781	2,784	1,844
Unfunded Assets	6,750	1,150	1,700	1,800
<b>Total</b>	<b>12,670</b>	<b>6,906</b>	<b>7,459</b>	<b>6,619</b>

- 3.8 **Table 9** shows the sources of funding for the capital programme. Capital expenditure is funded from capital receipts from the sale of assets, revenue funding and capital reserves. Capital expenditure in excess of available capital resources or revenue contributions will increase the PCC's borrowing requirement, however no external borrowing is forecast for 2024/25 and 2025/26. This position will be kept under review over the MTFP period.
- 3.9 From 2022/23 PCCs no longer receive a capital grant to fund their capital expenditure programmes. Funding for capital expenditure is met from the revenue budget and from capital reserves.

### Minimum Revenue Provision

- 3.10 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 place a duty on the OPCC to make a charge against the PCC's revenue budget each year for capital purchases financed by borrowing (including internal borrowing) or credit arrangement. The annual charge is known as the

minimum revenue provision (MRP). Regulations require the PCC to determine each financial year an amount of MRP, which is considered prudent by reference to a calculated capital financing requirement.

- 3.11 MRP is charged annually against the PCC's revenue budget reflecting the cost of the asset over its life, with the MTFP reflecting the required provision.
- 3.12 The MRP policy and statement has been reviewed and updated and is provided at **Appendix G**. No changes to the current MRP policy are proposed for 2024/25 and throughout the MTFP period.

## 4 INVESTMENT AND TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS 2024/25

### Investment and Treasury Management Strategy

- 4.1 Government regulations require the PCC to approve the investment and borrowing strategies and borrowing limits for 2024/25 prior to the start of the financial year. These are incorporated within an over-arching investment and treasury management strategy, which is published alongside the MTFP. A copy can be accessed on the PCC's website at [www.suffolk-pcc.gov.uk](http://www.suffolk-pcc.gov.uk).
- 4.2 The Investment and Treasury Management Strategy, which includes Prudential Code and treasury management indicators, follows guidance from The Chartered Institute of Public Finance and Accountancy (CIPFA). Revised editions of the Prudential Code and the Treasury Management Code of Practice were issued in December 2021. The main emphasis of the changes to the Prudential Code related to the restriction on borrowing funds for financial return. Changes to the strategy have been made where applicable and have not had a material impact on the current strategy.

### Compliance with the Prudential Code

- 4.3 PCCs have flexibility over capital investment in fixed assets that are central to the delivery of appropriate standards of public services. Levels of borrowing can be determined locally, provided that capital investment plans are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with sound professional practice and in a manner that supports prudence, affordability and sustainability. The Prudential Code is a statutory code. Its compliance helps to ensure prudent financial management.
- 4.4 To demonstrate that these objectives have been fulfilled, the Prudential Code sets indicators that are determined by the PCC. They are designed to ensure that the PCC stays within the constraints of prudent investment and borrowing. They are not designed to be comparative performance indicators. Details of the proposed indicators for 2024/25 are provided in the strategy. Progress against the indicators will be monitored and reported during the financial year. The indicators can be changed during the year with the PCC's approval.



## 5 SECTION 25 RESPONSIBILITIES

- 5.1 Under Section 25 of Part II of the Local Government Act 2003, there is a specific requirement for the PCC CFO and the Chief Constable CFO to report on the robustness of the budget estimates, issues of financial risk, and the adequacy of reserves before the statutory budget decisions are taken.

### **Robustness of Budget Data**

- 5.2 In regard to the robustness of budget information, confidence in this data is the subject of regular review and it has reconfirmed that the processes followed remain sound.
- 5.3 The integrated financial planning model provides the high-level financial data that is used to generate the annual revenue and capital budgets, all of which are reconciled to control totals.
- 5.4 The comprehensive service and financial planning process has given a significant review of the various savings proposals and programmes. This process has involved Chief Officers, Heads of Department, Finance, Strategic Business and Operational Services and other enabling departments from both Suffolk and Norfolk Constabularies, resulting in greater financial clarity and consistency in financial plans.
- 5.5 Both the PCC CFO and Chief Constable CFO are satisfied that the assumptions and financial data underpinning the MTFP are robust, have been reviewed, and challenged and can be relied upon when considering the financial proposals contained in the report and related appendices.

### **Managing Financial Risk**

- 5.6 The Constabulary is undertaking a significant number of projects in collaboration with Norfolk Constabulary, other forces and public sector partners, all of which have degrees of risk. Successful delivery of these projects is important as they are a key element of the savings plans shown in [Appendix C](#).
- 5.7 Risk registers are in place for all the major projects and robust project management principles are applied to minimise the risk of not delivering the changes on time or within budget. Any delays in securing planned capital receipts will be managed through the re-phasing of capital investments.
- 5.8 The main areas of financial pressure for 2024/25 are inflation and pay. Detailed monthly financial reports will continue to be prepared throughout 2024/25 in respect of year-to-date financial performance and year-end projections. These

will continue to be considered in detail by the PCC, Chief Constable and their CFOs at the public meetings of the Accountability and Performance Panel, and any remedial action agreed and taken as required.

- 5.9 Monitoring and oversight of the implementation of the savings plans, together with consideration and approval of future business cases for service redesign and savings will be undertaken through existing governance arrangements.

#### **Adequacy of Reserves**

- 5.10 Projected levels of reserves are shown in the reserves' strategy provided at **Appendix F**. The current strategy remains unchanged from 2023/24 and is to maintain the general reserve close to 3.0% of the net revenue budget. This continues to be considered a prudent and adequate amount.
- 5.11 Earmarked reserves are held for a specific purpose with funds set aside for their future use. The strategy remains unchanged from 2023/24 and is to keep earmarked reserves at an appropriate level to meet future payments as and when they fall due thereby ensuring taxpayers' money is used as efficiently as possible. The strategy is to continue to contribute to the capital financing reserve and to keep this at an appropriate level throughout the MTFP period to fund future capital purchases.
- 5.12 CIPFA guidance on reserves includes the statement that:
- ‘A well-managed authority, for example, with a prudent approach to budgeting should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed.’
- (CIPFA, LAAP Bulletin 99, July 2014)
- 5.13 Having considered the levels of reserves included in the MTFP and taking account of the approach to managing financial risk set out above, both the PCC CFO and Chief Constable CFO consider that there will be adequate general and earmarked reserves to continue the smooth running of the PCC and Constabulary's finances over the MTFP period.

## 6 CHIEF CONSTABLE'S COMMENTARY

- 6.1 The provisional 2024/25 settlement shows an increase in government funding of £6.9m over 2023/24. This covers funding of the 7% pay increase to police officers and staff awarded in 2023/24, increased employer pension contributions and funding for officers recruited through the government's uplift programme. PCCs have been given the freedom to increase their band D precept by up to £13 in 2024/25 without the need to call a referendum.
- 6.2 The Constabulary has worked hard to ensure previous precept investments have been used wisely and are making a real difference to policing across the county. These include implementation of a rapid video response for victims of domestic abuse and increased digital engagement between the public and the Constabulary. Suffolk is continuing to grow and develop, and we must keep pace to ensure the Constabulary is equipped to deal with new emerging challenges that it continues to meet the needs of all our communities. The settlement does not provide any government funding for investment in new technology or innovation to deliver improvements in productivity and efficiency.
- 6.3 I launched my five-year delivery plan during 2023/24. It focuses on four key pillars for delivery of **people**, **fairness**, **safety** and **justice**. Alongside this I also launched our new Suffolk values. As a Constabulary we are **courageous**, **professional**, **community** and **compassionate**.
- 6.4 Together with Norfolk Constabulary's Chief Constable, Paul Sanford, we are developing a joint transformation programme that prioritises investments in efficiency and productivity ahead of anticipated spending cuts in 2025/26 that were telegraphed in the Chancellor's 2022 autumn statement. We will continue to build upon the joint initiatives with our local public sector partners and collaborative ventures, including those across the eastern region.
- 6.5 The Constabulary is committed to delivering the planned savings of £1.3m in 2024/25, and to identify and deliver savings of around £5.2m by the end of the MTFP period.
- 6.6 The MTFP considers, amongst other issues, the financial implications of two alternative options. These are to increase the precept by £9.99 for 2024/25 and 2% throughout the remainder of the MTFP period under option 1 or increase the precept by £12.96 for 2024/25 and 2% throughout the remainder of the MTFP period under option 2.

- 6.7 Based on the planning assumptions set out in this report, option 1 results in the Constabulary incurring a budget deficit of £0.8m in 2024/25, whilst option 2 results in the Constabulary delivering a balanced budget in 2024/25.
- 6.8 Monitoring delivery of improvements in performance from the additional policing resources provided through the increased budget will be at each of the publicly held Accountability and Performance Panel meetings, chaired by the PCC.

## 7 CONCLUSION AND SUMMARY OF OPTIONS

- 7.1 The MTFP has been prepared following notification of the provisional 2024/25 settlement from the Home Office on 14 December 2023 and in conjunction with a wide range of assumptions summarised in section two of this report.
- 7.2 The two alternative budget options are proposed to the PCC for consideration, the financial consequences of which are contained in **Appendices A(i), A(ii), and H**, and are summarised below.
- 7.3 **Option 1** – Based on the planning assumptions set out in this report, this option would result in the Constabulary incurring a budget deficit of £0.8m in 2024/25.
- 7.4 **Option 2** – Based on the planning assumptions set out in this report, this option would result in the Constabulary delivering a balanced budget in 2024/25. Further savings of £5.2m will need to be identified in the period 2024/25 to 2027/28 to achieve a balanced budget over the MTFP period.

## 8 RECOMMENDATIONS

### 8.1 It is recommended that the PCC:

- (i) Takes account of the overall financial strategy, when considering the 2024/25 budget proposals in [Appendix A](#), and
- (ii) Approves the planned revenue changes summarised in [Appendix B](#);
- (iii) Approves the savings plans in [Appendix C](#);
- (iv) Approves the proposed capital programme for 2024/25 and the draft capital programme over the medium term as set out at [Appendix D](#);
- (v) Approves the capital strategy in [Appendix E](#);
- (vi) Approves the proposed use and transfer of reserve balances in [Appendix F](#);
- (vii) Approves the MRP policy and statement in [Appendix G](#) noting that no changes to the MRP policy are proposed for 2024/25 and throughout the MTFP period; and
- (viii) When setting the precept level consideration is given to the medium-term financial implications of options 1 and 2, the assessment of financial risks contained in this report and the Chief Constable's commentary.

## Appendix A(i) – 3.8% (£9.99) council tax increase

### SUFFOLK MEDIUM TERM FINANCIAL PLAN – 4-YEAR OVERVIEW

	2024/25	2025/26	2026/27	2027/28	Note
	£000	£000	£000	£000	
<b>REVENUE FUNDING</b>					
Core Grant	(82,448)	(82,448)	(82,448)	(82,448)	
Legacy Council Tax Grants	(6,786)	(6,786)	(6,786)	(6,786)	
Precept Income	(72,961)	(74,764)	(77,003)	(79,329)	1
<b>TOTAL FUNDING</b>	<b>(162,195)</b>	<b>(163,999)</b>	<b>(166,237)</b>	<b>(168,563)</b>	
<b>BASE REVENUE BUDGET INCLUDING INFLATION</b>					
Constabulary Revenue Budget before savings	175,759	179,589	182,838	186,525	2
PCC Corporate Budget	1,040	1,040	1,040	1,040	
PCC Commissioning Budget	2,529	2,529	2,529	2,529	
Revenue Funding of Capital, Minimum Revenue Provision and Interest	3,642	3,642	3,642	3,642	
Total Revenue Income including Specific Grants	(20,255)	(19,273)	(19,349)	(19,426)	
<b>NET REVENUE BUDGET BEFORE KNOWN CHANGES AND SAVINGS</b>	<b>162,715</b>	<b>167,528</b>	<b>170,701</b>	<b>174,311</b>	
<b>REVENUE DEFICIT BEFORE KNOWN CHANGES</b>	<b>520</b>	<b>3,529</b>	<b>4,463</b>	<b>5,747</b>	
Known/ Expected Changes	3,311	4,075	4,485	3,400	3
Planned Use of Reserves	(1,710)	(2,721)	(2,714)	(1,774)	3
<b>REVENUE DEFICIT BEFORE SAVINGS</b>	<b>2,122</b>	<b>4,884</b>	<b>6,235</b>	<b>7,374</b>	
Change Programme Savings	(1,331)	(1,331)	(1,331)	(1,331)	4
<b>Total Cumulative Impact of Savings</b>	<b>(1,331)</b>	<b>(1,331)</b>	<b>(1,331)</b>	<b>(1,331)</b>	
<b>DEFICIT AFTER SAVINGS</b>	<b>791</b>	<b>3,553</b>	<b>4,904</b>	<b>6,043</b>	
<b>SAVINGS TO BE IDENTIFIED</b>	<b>(791)</b>	<b>(3,553)</b>	<b>(4,904)</b>	<b>(6,043)</b>	
<b>REVENUE DEFICIT/ (SURPLUS)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

#### Notes:

1. 3.8% (£9.99) precept increase in 2024/25, 2% thereafter; 1.22% increase in CT base in 2024/25 and 1% in following years; 2. Excludes capital;
3. See appendix B (ii); 4. See appendix C

## Appendix A(ii) – 4.9% (£12.96) council tax increase

### SUFFOLK MEDIUM TERM FINANCIAL PLAN – 4-YEAR OVERVIEW

	2024/25	2025/26	2026/27	2027/28	Note
	£000	£000	£000	£000	
<b>REVENUE FUNDING</b>					
Core Grant	(82,448)	(82,448)	(82,448)	(82,448)	
Legacy Council Tax Grants	(6,786)	(6,786)	(6,786)	(6,786)	
Precept Income	(73,751)	(75,587)	(77,859)	(80,193)	1
<b>TOTAL FUNDING</b>	<b>(162,986)</b>	<b>(164,822)</b>	<b>(167,093)</b>	<b>(169,427)</b>	
<b>BASE REVENUE BUDGET INCLUDING INFLATION</b>					
Constabulary Revenue Budget before savings	175,759	179,589	182,838	186,525	2
PCC Corporate Budget	1,040	1,040	1,040	1,040	
PCC Commissioning Budget	2,529	2,529	2,529	2,529	
Revenue Funding of Capital, Minimum Revenue Provision and Interest	3,642	3,642	3,642	3,642	
Total Revenue Income including Specific Grants	(20,255)	(19,273)	(19,349)	(19,426)	
<b>NET REVENUE BUDGET BEFORE KNOWN CHANGES AND SAVINGS</b>	<b>162,715</b>	<b>167,528</b>	<b>170,701</b>	<b>174,310</b>	
<b>REVENUE (SURPLUS)/ DEFICIT BEFORE KNOWN CHANGES</b>	<b>(271)</b>	<b>2,706</b>	<b>3,608</b>	<b>4,883</b>	
Known/ Expected Changes	3,311	4,075	4,485	3,400	3
Planned Use of Reserves	(1,710)	(2,721)	(2,714)	(1,774)	3
<b>REVENUE DEFICIT BEFORE SAVINGS</b>	<b>1,331</b>	<b>4,060</b>	<b>5,379</b>	<b>6,509</b>	
Change Programme Savings	(1,331)	(1,331)	(1,331)	(1,331)	4
<b>Total Cumulative Impact of Savings</b>	<b>(1,331)</b>	<b>(1,331)</b>	<b>(1,331)</b>	<b>(1,331)</b>	
<b>REVENUE DEFICIT AFTER SAVINGS</b>	<b>-</b>	<b>2,729</b>	<b>4,048</b>	<b>5,178</b>	
<b>SAVINGS TO BE IDENTIFIED</b>	<b>-</b>	<b>(2,729)</b>	<b>(4,048)</b>	<b>(5,178)</b>	
<b>REVENUE DEFICIT/ (SURPLUS)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

#### Notes:

1. 4.9% (£12.96) precept increase in 2024/25, 2% thereafter; 1.22% increase in CT base in 2022/23 and 1% thereafter; 2. Excludes capital
3. See appendix B (ii); 4. See appendix C



## Appendix B(i) – 3.8% (£9.99) council tax increase

	Proposed 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Forecast 2027/28 £000
<b>STATUTORY CHANGES</b>				
Variation in Bank Holiday Numbers	(360)	(240)	120	(120)
Local Government Pension Scheme	(100)	(280)	(280)	(280)
Firearms Licensing Income	(40)	(64)	(55)	(21)
<b>TOTAL STATUTORY CHANGES</b>	<b>(500)</b>	<b>(584)</b>	<b>(215)</b>	<b>(421)</b>
<b>SERVICE DEVELOPMENTS</b>				
Home Office System Charges	230	345	345	345
ERSOU	48	48	48	48
PEQF - DHEP Training Costs	50	50	50	50
PEQF - Co-investment	69	69	69	69
Challenge Panel – Cost Pressures	366	414	414	414
Corporate Cost Pressures	720	589	589	589
Sexual Assault Referral Centre	227	227	227	227
Independent Sexual Violence Advisers	106	106	106	106
<b>TOTAL SERVICE DEVELOPMENTS</b>	<b>1,816</b>	<b>1,848</b>	<b>1,848</b>	<b>1,848</b>
<b>CAPITAL FINANCING</b>				
Minimum Revenue Provision		30	68	129
Capital Programme Funding - Reserve	1,995	2,781	2,784	1,844
<b>TOTAL CAPITAL FINANCING</b>	<b>1,995</b>	<b>2,811</b>	<b>2,852</b>	<b>1,973</b>
<b>TOTAL CHANGES BEFORE RESERVES</b>	<b>3,311</b>	<b>4,075</b>	<b>4,485</b>	<b>3,400</b>
<b>CONTRIBUTION TO RESERVES</b>				
General Reserve	285	60	70	70
<b>USE OF RESERVES</b>				
Capital Funding	(1,995)	(2,781)	(2,784)	(1,844)
<b>NET RESERVE MOVEMENTS</b>	<b>(1,710)</b>	<b>(2,721)</b>	<b>(2,714)</b>	<b>(1,774)</b>
<b>TOTAL</b>	<b>1,601</b>	<b>1,354</b>	<b>1,771</b>	<b>1,626</b>

## Appendix B(ii) – 4.9% (£12.96) council tax increase

	Proposed 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28
	£000	£000	£000	£000
<b>STATUTORY CHANGES</b>				
Variation in Bank Holiday Numbers	(360)	(240)	120	(120)
Local Government Pension Scheme	(100)	(280)	(280)	(280)
Firearms Licensing Income	(40)	(64)	(55)	(21)
<b>TOTAL STATUTORY CHANGES</b>	<b>(500)</b>	<b>(584)</b>	<b>(215)</b>	<b>(421)</b>
<b>SERVICE DEVELOPMENTS</b>				
Home Office System Charges	230	345	345	345
ERSOU	48	48	48	48
PEQF - DHEP Training Costs	50	50	50	50
PEQF - Co-investment	69	69	69	69
Challenge Panel – Cost Pressures	366	414	414	414
Corporate Cost Pressures	720	589	589	589
Sexual Assault Referral Centre	227	227	227	227
Independent Sexual Violence Advisers	106	106	106	106
<b>TOTAL SERVICE DEVELOPMENTS</b>	<b>1,816</b>	<b>1,848</b>	<b>1,848</b>	<b>1,848</b>
<b>CAPITAL FINANCING</b>				
Minimum Revenue Provision		30	68	129
Capital Programme Funding - Reserve	1,995	2,781	2,784	1,844
<b>TOTAL CAPITAL FINANCING</b>	<b>1,995</b>	<b>2,811</b>	<b>2,852</b>	<b>1,973</b>
<b>TOTAL CHANGES BEFORE RESERVES</b>	<b>3,311</b>	<b>4,075</b>	<b>4,485</b>	<b>3,400</b>
<b>CONTRIBUTION TO RESERVES</b>				
General Reserve	285	60	70	70
<b>USE OF RESERVES</b>				
Capital Funding	(1,995)	(2,781)	(2,784)	(1,844)
<b>NET RESERVE MOVEMENTS</b>	<b>(1,710)</b>	<b>(2,721)</b>	<b>(2,714)</b>	<b>(1,774)</b>
<b>TOTAL</b>	<b>1,601</b>	<b>1,354</b>	<b>1,771</b>	<b>1,626</b>

## Appendix C - Savings Plan 2024/25 to 2027/28

	Forecast 2024/25 £000	Forecast 2025/26 £000	Forecast 2026/27 £000	Forecast 2027/28 £000
<b>Change and Efficiency Savings:</b>				
<b>As per challenge panels:</b>				
Pay (including pay inflation)	694	694	694	694
Non-pay	637	637	637	637
<b>Total Change and Efficiency Savings</b>	<b>1,331</b>	<b>1,331</b>	<b>1,331</b>	<b>1,331</b>
<b>Permanent savings against 2022/23 base</b>	<b>1,331</b>	<b>1,331</b>	<b>1,331</b>	<b>1,331</b>

### Areas for savings 2024/25

<b>Distribution of savings by Chief Officer Portfolio</b>	<b>£000</b>
<b>ACC Operations</b> – Local Policing and Investigations	244
<b>ACO Joint Portfolio</b> – Corporate Shared Services	442
<b>DCC Joint Portfolio</b> – People Directorate, Professional Standards, Communications, SBOS	200
<b>ACC Joint Portfolio</b> – Protective Services	229
<b>ACC Joint Portfolio</b> – Justice Services	216
<b>Total</b>	<b>1,331</b>

## Appendix D - Capital Programme 2024/25 to 2027/28

PROJECT	2024/25 Total Requirement			2025/26	2026/27	2027/28	4 Year total
	Table A	Table B	Table C				
Carbon Reduction Initiatives	105,000	-	-	110,000	750,000	750,000	1,715,000
Carbon Reduction - Large Scale Works	-	-	-	500,000	500,000	500,000	1,500,000
Carbon Reduction - EV Charging Infrastructure	-	-	-	400,000	450,000	550,000	1,400,000
Planned Major Maintenance Works	300,000	-	-	100,000	100,000	100,000	600,000
PHQ Review	100,000	-	-	100,000	100,000	100,000	400,000
PHQ Modernisation	-	5,000,000	-	-	-	-	5,000,000
Operational Accommodation	-	200,000	-	-	-	-	200,000
SARC Improvements	-	1,000,000	-	-	-	-	1,000,000
PSU Review	-	750,000	-	250,000	-	-	1,000,000
SALTO Renewals	11,000	-	-	12,000	13,000	14,000	50,000
<b>Total Estates - Suffolk Only</b>	<b>516,000</b>	<b>6,950,000</b>	<b>-</b>	<b>1,472,000</b>	<b>1,913,000</b>	<b>2,014,000</b>	<b>12,865,000</b>
ICT Replacements - Desktop and Laptops	433,200	-	-	1,037,280	269,898	215,000	1,955,378
ICT Replacements - Communications	90,000	-	-	90,000	90,000	90,000	360,000
ANPR Vehicle Kit Refresh	50,000	-	-	50,000	50,000	50,000	200,000
<b>Total ICT - Suffolk Only</b>	<b>573,200</b>	<b>-</b>	<b>-</b>	<b>1,177,280</b>	<b>409,898</b>	<b>355,000</b>	<b>2,515,378</b>
Vehicle Replacements	1,678,000	-	-	1,620,000	1,751,000	1,890,000	6,939,000
<b>Total - Vehicle Replacements - Suffolk Only</b>	<b>1,678,000</b>	<b>-</b>	<b>-</b>	<b>1,620,000</b>	<b>1,751,000</b>	<b>1,890,000</b>	<b>6,939,000</b>
<b>Total Suffolk Only</b>	<b>2,767,200</b>	<b>6,950,000</b>	<b>-</b>	<b>4,269,280</b>	<b>4,073,898</b>	<b>4,259,000</b>	<b>22,319,378</b>
Suffolk Share of Replacement Schemes	1,226,020	-	-	1,566,682	2,174,285	1,140,838	6,107,825
<b>Suffolk Capital Programme</b>	<b>3,993,220</b>	<b>6,950,000</b>	<b>-</b>	<b>5,835,962</b>	<b>6,248,183</b>	<b>5,399,838</b>	<b>28,427,203</b>
Suffolk Share of Joint Projects	46,387	1,680,310	134,310	1,070,043	1,210,899	1,218,893	5,360,842
<b>Total Suffolk Capital Programme</b>	<b>4,039,608</b>	<b>8,630,310</b>	<b>134,310</b>	<b>6,906,005</b>	<b>7,459,082</b>	<b>6,618,731</b>	<b>33,788,046</b>

## Appendix D continued - Joint Capital Projects 2024/25 to 2027/28

PROJECT	2024/25 Total Requirement			2025/26	2026/27	2027/28	4 Year total
<b>Joint ICT Replacement Schemes</b>	<b>Table A</b>	<b>Table B</b>	<b>Table C</b>				
Joint ICT Replacements - Servers	947,000	-	-	1,063,000	1,783,105	687,000	4,480,105
ICT Replacements - Network	1,261,878	-	-	564,108	1,207,788	1,461,602	4,495,376
Microwave Refresh	27,000	-	-	27,600	27,400	22,000	104,000
ANPR Cameras	210,000	-	-	112,500	142,500	80,000	545,000
Mobile Device Replacement Programme	200,000	-	-	765,416	765,416	200,000	1,930,832
BWV Replacement	166,095	-	-	1,060,683	1,060,683	166,000	2,453,461
<b>ICT Replacement Schemes</b>	<b>2,811,973</b>	<b>-</b>	<b>-</b>	<b>3,593,307</b>	<b>4,986,892</b>	<b>2,616,602</b>	<b>14,008,774</b>
Norfolk	1,585,953	-	-	2,026,625	2,812,607	1,475,763	7,900,949
<b>Suffolk</b>	<b>1,226,020</b>	<b>-</b>	<b>-</b>	<b>1,566,682</b>	<b>2,174,285</b>	<b>1,140,838</b>	<b>6,107,825</b>
<b>Joint Projects Subject to Business Case:</b>							
Video Conferencing	-	10,000	-	23,100	23,100	23,100	79,300
Incident Management Software Upgrade	-	100,848	-	100,848	-	-	201,696
ICCS Technical Refresh	-	995,000	-	-	-	-	995,000
Airwave Handset Audit Software	-	-	180,000	-	-	-	180,000
Airwave Vehicle Set Replacement	-	205,000	-	-	-	-	205,000
<b>Total Projects Subject to Business Case</b>	<b>-</b>	<b>1,310,848</b>	<b>180,000</b>	<b>123,948</b>	<b>23,100</b>	<b>23,100</b>	<b>1,660,996</b>
<b>Digital Forensics</b>							
Joint Digital Forensics - Data Centre	-	1,000,000	-	1,253,880	1,354,190	1,462,526	5,070,596
<b>Total Digital Forensics Unit</b>	<b>-</b>	<b>1,000,000</b>	<b>-</b>	<b>1,253,880</b>	<b>1,354,190</b>	<b>1,462,526</b>	<b>5,070,596</b>
<b>Digital Portfolio</b>							
Digital Recording/ Streaming	-	70,000	-	-	-	-	70,000
Mobile Workflow	-	210,500	-	210,000	230,000	200,000	850,500
Intranet Upgrade	-	-	-	50,000	50,000	50,000	150,000

Fingerprint Scanner Replacement	-	-	-	60,000	60,000	-	120,000
DAMS Back Record Conversion	-	127,575	-	-	-	-	127,575
<b>Total Digital Portfolio</b>	-	<b>408,075</b>	-	<b>320,000</b>	<b>340,000</b>	<b>250,000</b>	<b>1,318,075</b>
<b>Efficiency Initiatives</b>							
Process Maturity	-	600,000	-	600,000	600,000	600,000	2,400,000
Data Management and Analysis Programme	-	40,000	-	-	-	-	40,000
<b>Total Efficiency Initiatives</b>	-	<b>640,000</b>	-	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>2,440,000</b>
<b>Protective Services:</b>							
FCIU Laser Scanners	-	150,000	-	-	-	-	150,000
Replacement ARV Ballistic Shields	-	25,000	-	-	-	-	25,000
Replacement Body Armour	-	130,000	-	-	-	-	130,000
<b>Total Protective Services:</b>	-	<b>305,000</b>	-	-	-	-	<b>305,000</b>
<b>Regional Projects:</b>							
Emergency Services Network	-	-	-	100,000	150,000	150,000	400,000
<b>Total Regional Projects</b>	-	-	-	<b>100,000</b>	<b>150,000</b>	<b>150,000</b>	<b>400,000</b>
<b>ERP-Related Projects:</b>							
ERP Upgrade	11,000	-	-	-	-	-	11,000
E-Recruitment	-	10,000	-	10,000	10,000	10,000	40,000
E-PDR	9,000	-	-	-	-	-	9,000
Access Management Software	41,393	-	-	20,000	20,000	20,000	101,393
<b>Total ERP Related Projects:</b>	<b>61,393</b>	<b>10,000</b>	-	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>161,393</b>
<b>Other Projects:</b>							
Records Management Search and Matching Software	-	100,000	-	-	-	-	100,000
Replacement Property Management Software	-	-	128,050	-	-	-	128,050
Skills Module Software	45,000	-	-	26,400	-	-	71,400
LMS	-	80,000	-	-	-	-	80,000
Conducted Energy Device Replacement	-	-	-	-	280,000	280,000	560,000

Total Other Projects	45,000	180,000	128,050	26,400	280,000	280,000	939,450
Total Joint Capital Programme	2,918,366	3,853,923	308,050	6,047,535	7,764,183	5,412,227	26,304,284
Joint Capital Projects - Norfolk	1,645,958	2,173,613	173,740	3,410,810	4,378,999	3,052,496	14,835,616
Joint Capital Projects - Suffolk	1,272,408	1,680,310	134,310	2,636,725	3,385,184	2,359,731	11,468,668

## Appendix E - Capital Strategy

### Introduction

- E.1 The CIPFA Prudential Code requires publication of a capital strategy that demonstrates that capital expenditure and investment decisions are taken in line with desired outcomes and take account of good stewardship, value for money, prudence, sustainability and affordability.
- E.2 The capital strategy is a key document for the PCC for Suffolk and the Chief Constable of Suffolk Constabulary. Throughout this document the term 'Suffolk' is used to refer to the activities of both the PCC and the Constabulary.
- E.3 The capital strategy sets out the long-term context in which capital expenditure and investment decisions are made in Suffolk and gives consideration to both risk and reward and the impact on the achievement of priority outcomes.

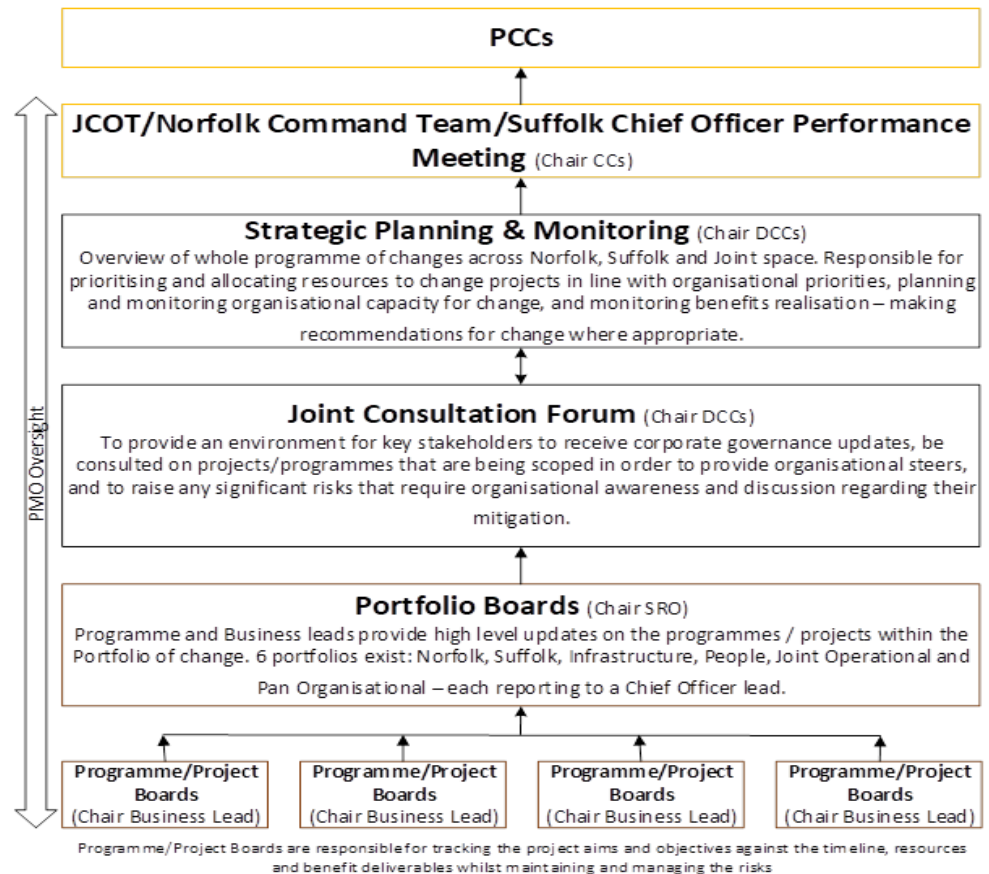
### Objectives

- E.4 The key objectives of the capital strategy are to:
- Provide a framework that requires new capital expenditure to be robustly evaluated, ensuring that capital investment delivers value for money and is made in accordance with the PCC's police and crime plan and the Chief Constable's delivery plan.
  - Set out how Suffolk identifies, prioritises, delivers and manages capital programmes and projects. This includes outlining the governance framework from initiation to post project review.
  - Ensure that the full-life cost of capital expenditure is evaluated, including borrowing, maintenance and disposal costs.
  - Ensure that all capital expenditure and related borrowing cash flows are affordable, prudent and sustainable.
  - Identify the resources available for capital investment over the planning period and any restrictions on borrowing or funding.



## Governance

- E.5 There is a robust joint governance model that sits over the Suffolk only, Norfolk only and collaborated departments. This is shown below.



- E.6 Projects are run on PRINCE2 project management methods and are governed by project boards. These individual projects report into portfolio boards each with a senior responsible owner. Reports from these boards are then taken to the Organisational Board chaired by the Deputy Chief Constables of Suffolk and Norfolk (DCCs) and attended by each head of department.
- E.7 Sitting above this is the Strategic Planning and Monitoring meeting, again chaired by the DCCs but with a smaller membership comprising of DCCs, Assistant Chief Officers of Suffolk and Norfolk (ACOs), Head of Finance, Head of Strategic Business Operational Services, Director of ICT, and Director of People. This group monitors delivery of the change programme; acts as a gateway to review and approve all new projects; and ensures appropriate resources are agreed in line with priorities and targets set within the MTFP.

- E.8 Reports as appropriate are then taken to the Joint Chief Officer Team meeting that consists of all Chief Officers from Suffolk and Norfolk, as well as the Head of Strategic Business Operational Services and Head of the Programme Management Office.

### Strategies and Plans

- E.9 The PCC publishes a Police and Crime Plan. To support delivery of this plan a number of interrelated strategies and plans are in place. These are the MTFP that includes the medium-term capital programme, the capital strategy, and the investment and treasury management strategy.
- E.10 The operation of all these strategies and plans is underpinned by the Scheme of Governance which includes the Financial Regulations and Contract Standing Orders.
- E.11 In addition, there are three key strategies that support the capital strategy.
1. **Estate strategy** – this sets out the PCC's vision for the Suffolk estate. The strategy is designed to ensure delivery of a fit-for-purpose estates portfolio that is responsive to current and future needs, supports meeting strategic objectives, and efficient and effective service delivery.
  2. **Joint transport strategy for Suffolk and Norfolk** – vehicle replacement and procurement forms part of this strategy that contributes to force performance by ensuring fleet acquisition and replacement with an optimum use of all resources. The strategy promotes continuous modernisation and service improvements ensuring local and national strategies are considered to drive forward a cost effective and efficient service.
  3. **Joint information, communications and technology strategy for Suffolk and Norfolk** – this aims to modernise the delivery of police services across both counties, as well as emphasising availability, security and resilience of information assets and systems. It seeks to enable modern working practices and technologies to help shape future service provision from a modern and efficient technology base.

### Capital Budget Setting

- E.12 The capital programme is developed through the Constabulary's service and financial planning process. As part of this process there is a capital challenge panel held with the Director of ICT, Head of Estates and Head of Transport to review their individual programmes and ensure these are consistent with the PCC's police and crime plan and Chief Constable's strategic plan. The panel

consists of the ACOs from Suffolk and Norfolk, Head of Finance and the Head of Strategic Business Operational Services.

- E.13 Heads of all other departments put forward smaller capital bids in their submission documents and these are also assessed by a challenge panel consisting of the same membership as above.
- E.14 Following the panel processes there is a further review and prioritisation meeting of the DCCs and ACOs before a draft capital programme, along with the relevant agreed funding, is presented to the Chief Constables.

#### Identification and Prioritisation

- E.15 The identification process is initiated through the capital challenge panel as a result of which bids are made by department heads and a draft capital programme is produced.
- E.16 The capital project proposals are prioritised with reference to a business case and considered against the following factors in order of priority:
- **Mandatory** – unavoidable projects i.e., mandated or contractually obliged;
  - **Strategic alignment** – alignment to the Police and Crime Plan;
  - **Interdependencies** – with other projects and or strategies and plans;
  - **Risk** – of not doing the project and whether this is within tolerable levels;
  - **Cashable savings** – the return on investment (ROI) measured against the initial outlay;
  - **Deferability/ complexity** – the level of resource commitment, internally and externally and time critical deadlines;
  - **Non-cashable benefits** – other benefits such as service improvements and efficiency/ productivity benefits; and
  - **Mitigation** – future cost avoidance.
- E.17 This draft programme is then challenged and prioritised by the panel members before a final programme is put before the Chief Constable and the PCC for final approval.

#### Evaluation

- E.18 To evaluate the successful outcomes of the capital projects a post-project review is conducted. The scope of the review is proportionate to the project and benefits set out in the initial business case and project initiation documentation.
- E.19 The review is a check on performance against the original proposal. It focusses on outcomes achieved, the extent to which benefits are being realised and actual

costs against forecasts. This enables lessons learned to inform improvements in the overall process.

### **Collaboration and Cost Sharing**

- E.20 The estate's capital programme is a Suffolk-funded programme and is in line with the estate strategy. Vehicle purchases are also funded separately by each Constabulary, although the strategy for investment is in line with the joint transport strategy for Suffolk and Norfolk. ICT-related spend on refreshing desktops and monitors in Suffolk premises is also Suffolk-funded expenditure.
- E.21 Other capital expenditure, including the replacement of ICT infrastructure, the purchase of short-life assets such as body worn video, mobile devices, and equipment for the Digital Forensic Unit is funded jointly with Norfolk as a proportion of each Constabulary's net revenue budget.

### **Implementation and Monitoring**

- E.22 Following approval of the capital programme a project manager is identified for each key project. The project manager is responsible for managing implementation and delivering against the project's objectives. The project manager will produce the project plan for approval. Progress against the plan is through monthly highlight reporting to individual project and portfolio boards and to the Strategic and Monitoring Performance meeting. Overall monitoring of specific programme risks is also undertaken.
- E.23 Detailed implementation work is assigned to key individuals and overseen by the project boards as per the governance model set out in [E.5](#) above.
- E.24 The capital programme is monitored monthly, using expenditure and commitment information to forecast the outturn of the programme. This view is then incorporated into the monthly revenue and capital monitoring reports for the Chief Constable and the PCC. These reports give information about under or over-spends against the revenue and capital budgets and consider the revenue implications of capital spending.

### **Capital Funding**

- E.25 All capital expenditure has to be funded through the Police Fund, either through income received in the year or through the use of reserves. For the purposes of this strategy, the term 'funding' relates to the use of current income or reserves to fund capital expenditure. The term 'financing' relates to how the asset is to be paid for, e.g., internal borrowing (cash balances) or external borrowing (debt).

- E.26 The capital programme needs to be fully funded over the life of the MTFP. More information on this is set out below and in the reserves' strategy. The MTFP process ensures that a balance of different funding sources is used to ensure an adequate and sustainable level of reserves remain at the end of the planning period. This is a strong financial indicator of the affordability and sustainability of the capital programme.
- E.27 Capital can be *funded* from a number of different sources, including:

#### Capital Receipts

- Capital receipts are generated from the sale of capital assets. Proceeds from the sale of assets are either used to fund capital expenditure in the year of receipt or transferred to the Capital Financing and Efficiency Investment Reserve to fund future years' capital expenditure.
- This method of funding has been used in previous years, as the PCC has disposed of non-operational or surplus property, such as police houses or police stations. As the PCC's estate has been downsized and modernised, the opportunity to fund capital expenditure using capital receipts will be diminished beyond the medium term.

#### Capital Grant

- Direct funding from government capital grants has been a source of funding in previous years. Non-specific government capital grants have been withdrawn from 2022/23.
- Where relevant and appropriate the PCC will bid to secure specific grant opportunities, either from central government or through collaboration with public sector or other partner organisations.

#### Reserves

- Income surpluses that have been set aside from previous years and transferred to reserves can be used to fund capital expenditure. The Capital Financing and Efficiency Investment Reserve is used to ringfence funding for future capital expenditure.
- As reserves are consumed to fund capital expenditure and pump prime efficiency initiatives, the level of reserves available to fund future capital expenditure needs to be replenished through the accumulation of future income surpluses.
- Not all PCC reserves are cash-backed. Therefore, even though reserves are used to fund capital expenditure, there may still be a need to finance the expenditure using external borrowing.

### Direct Revenue Funding

- In the budget delegated to the Chief Constable there is an element of the current revenue budget that funds capital expenditure, any amount funded in this way will be charged directly to the Police Fund.
- To maintain the level of investment required in short-life assets, over the life of the MTFP direct revenue funding is being used to compensate for the reduction in other funding sources.

### Minimum Revenue Provision

- Accumulated capital expenditure not funded using methods outlined above is called the Capital Financing Requirement (CFR). This balance is funded using minimum revenue provision (MRP). There are a number of MRP options available to fund this balance. The method adopted by the PCC is the asset life method, where the associated asset is funded using either equal instalments or on an annuity basis as follows:
  - MRP is charged against the Police Fund annually and effectively reduces the CFR.
  - The PCC has adopted a position where only long-life assets are funded using MRP. As other funding sources dry up, it is possible that short-life assets may be funded using this method. However, in the longer-term funding short life assets in this way is not sustainable and there will be a greater need to fund from direct revenue as outlined above.
  - MRP is also the funding method for assets financed via private finance initiatives (PFI) or finance leases. MRP is calculated as equivalent to the principal repayment of the PFI or lease liability in the year.

### Capital Financing and Borrowing

E.28 Capital expenditure can be *financed* in the following ways:

- **Capital grants received or capital receipts from asset sales.** These generate cash balances, and these are directly used to finance capital expenditure. Where in-year revenue funding of capital takes place, financing is made from in-year income sources.
- **Internal borrowing.** Where cash or investment balances have increased over a period of time as reserves have accumulated, these balances can be used to finance the acquisition of assets. This decision is often made as the

investment returns received are normally lower than the interest that would be payable if the capital expenditure is financed using external borrowing.

- **External borrowing.** This method is used to finance capital expenditure where the above options are unavailable. External borrowing can be obtained from a number of sources:
  - **PFI** – Private finance is secured to finance the schemes which form part of a Public/Private Partnership. Suffolk have used this method to finance six Police Investigation Centres across Suffolk and Norfolk. Nationally, new PFI arrangements have significantly reduced in number and the Government have now withdrawn support for future schemes.
  - **Leases** – Some assets have been secured using leasing arrangements. With the advent of Prudential borrowing, leases are less popular as they are an expensive financing route. However, with the introduction of a new leasing Standard (IFRS 16), property lease liabilities will be brought onto the balance sheet and form part of the CFR and attract MRP.
  - **Prudential borrowing** – with the introduction of the Prudential Code, local government bodies have been able to secure external borrowing on favourable terms, providing their borrowing is prudent, affordable and sustainable. Unfunded long-life assets are therefore primarily financed using this method.
- Historically external borrowing has principally been sourced from the Public Works Loans Board (PWLB), where finance is available on fixed or variable rates over varying terms and repayable on a maturity or an annuity basis.
- The PCC is not expected to source new borrowing throughout the medium-term to finance capital expenditure. If future borrowing is secured through the PWLB, the PCC is able to take advantage of the Certainty Rate (20 basis point discount), available where projected future borrowing requirements are indicated to the PWLB in advance.

## Appendix F – Reserves Strategy

### Introduction

- F.1 It is important to consider the PCC's reserves at the same time as the budget to ensure that resources are available to fund spending at a level commensurate with the needs of the PCC and the Constabulary. Forecasting cash flows and balances over the MTFP period ensures efficient and effective financial management and avoids unnecessary finance charges. Reserves are held for either general purposes, such as working capital, or to cover exceptional unforeseen circumstances or earmarked for specific purposes. The PCC complies with the definition of reserves contained in CIPFA's Accounting Code of Practice.
- F.2 The strategy requires an annual review of reserves to be undertaken and reported to the PCC. This reflects guidance on reserves issued by CIPFA. The most recent guidance requires an annual review of reserves to be considered by the PCC as part of good practice in the management of financial reserves and balances.
- F.3 The minimum prudent level of reserves is a matter of judgement rather than prescription. Neither CIPFA nor statute sets a minimum level of reserves. In determining the level and type of reserves, the PCC has to take into account relevant local circumstances and the advice of the Chief Constable and PCC CFO in making a reasoned judgement on the appropriate level of reserves.
- F.4 In order to assess the adequacy of reserves when setting the budget, the PCC, on the advice of the PCC CFO, should take account of the strategic, operational and financial risks facing the organisation. This assessment of risk should include external risks, as well as internal risks, for example the ability to deliver planned efficiency savings.
- F.5 The ultimate use of reserves will be dependent upon both the timing and level of costs and saving over the MTFP period.
- F.6 This strategy should be read in conjunction with the MTFP.

### Assessment of Adequacy

- F.7 The **General Reserve** is held to enable the PCC to manage unplanned or unforeseen events. In forming a view on the level of the General Reserve, account is taken of the level of financial control within the organisation and comparisons with similar bodies. Also taken into account is the risk of unforeseen



expenditure occurring, risk of failure to deliver the savings programme and sensitivity analysis of changes in assumptions included in the plan.

- F.8 Within the MTFP appropriate estimates are made on a number of key items including provision of pay and price rises, as well as a forecast of interest rate movements. In addition, prudent assumptions are made for the forecast capital programme and for future capital receipts included in the plan. These estimates and assumptions are taking into account the general financial climate to which the Constabulary and OPCC are subject.
- F.9 The Constabulary has managed its demand-led pressures within its budget envelope year-on-year, and where appropriate has used earmarked reserves to meet additional significant demand pressures.
- F.10 Since 2010 the Constabulary has a proven history of delivering efficiency savings year-on-year that will total £40.7m by the end of 2023/24.
- F.11 In this MTFP detailed savings plans are in place for 2024/25. These are outlined in [Appendix C](#). The Chief Constable and PCC are committed to continuing to deliver efficiency and productivity gains in each year of the plan.
- F.12 The General Reserve will be increased to £5.1m (approximately 3% of the Constabulary's forecast net revenue budget) during the life of the MTFP. This will be increased in four stages aligned to forecast increases in the net revenue budget. This is shown in [Appendix F1](#).

#### **Earmarked Reserves**

- F.13 These are reserves that are held for a specific purpose, whereby funds are set aside for future use when that specific purpose arises.
- F.14 The level of reserves and predicted movement for these reserves is set out in [Appendix F1](#). All reserve levels are reviewed annually.
- F.15 The purpose and strategy for each reserve is set out below:
- Surpluses over the life of the MTFP are added to the [Budget Reserve](#) and held as a contingency against future demand-led pressures and as a contingency to increases of assessed insurance liabilities in excess of insurance budgets and provisions. Transfers are made between the budget reserve and the capital financing and efficiency investment reserve to fund future capital expenditure.
  - The [Change Reserve](#) is used to fund the cost of change and/ or to pump prime invest-to-save activities.

- The **Capital Financing and Efficiency Investment Reserve** is used to fund the short-life asset element of the capital programme when the amount required for investing/ refreshing in modernising technologies exceeds budget available for this purpose. The capital programme is shown in **Appendix D** of the MTFP.
- The **Specified Purpose Fund** relates to funds allocated for specific purposes including partnership funding.
- The **Regional Partnership Reserve** relates to funds allocated for regional activity including the Eastern Region Special Operations Unit.
- The **Crime and Disorder Reduction Reserve** is made up from underspends against the PCC's Commissioning budget which have been earmarked to fund future commissioning initiatives.
- The **PCC reserve** is made up from previous underspends against the budget for the Office of the Police and Crime Commissioner. The plan is to hold this at £0.753m over the life of the plan, but review this on an annual basis. This reserve is a general contingency reserve.
- The **Safecam Reserve** is made up from previous underspends against the approved safety camera annual budget. The use is reviewed and agreed at the Driver Offender Re-training Governance Board.

#### **Compliance with Home Office Guidance on Reserves**

- F.16** On 31 March 2018 the Minister for Policing and the Fire Service published new guidance on the information that each PCC must publish in terms of reserves. 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.
- F.17** This information is provided in **Appendix F2** which analyses the forecast balance on 31 March 2024 over the above headings.

### Conclusion

- F.18 The current policy, as demonstrated in the MTFP, is to maintain general reserve balances close to an operational guideline level of 3.0% of the net revenue budget. This is an acceptable and appropriate position to be in as the prolonged period of fiscal tightening continues.
- F.19 The earmarked reserves have been described and the strategy is to keep these for specific purposes, and at an appropriate level that ensures taxpayer's money is being used as efficiently as possible. The strategy is to contribute to the Capital Financing and Efficiency Investment Reserve to keep this at an appropriate level through the plan.
- F.20 Having considered the levels of reserves included in the MTFP, and acknowledging the Chief Constable's commitment to work with the PCC to maintain a balanced budget over the period of the MTFP without further reliance on reserves (with the exception of the planned use of the change and capital Finance and efficiency investment reserves), and taking account of the approach to managing financial risk described in the report, it is considered that there will be adequate general and earmarked reserves to continue the smooth running of the PCC and Constabulary's finances over the medium-term financial planning period.

## APPENDIX F1 – Forecast Movement in General and Earmarked Reserves 2022/23 to 2027/28

	General	Budget	Change	Capital Financing and Efficiency Investment Reserve	Specified Purposes Fund	Regional Partnership reserve	Crime and Disorder Reduction Reserve	PCC Reserve	Total	Safecam Reserve
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Actual 31 March 2023</b>	<b>4,500</b>	<b>9,033</b>	<b>1,397</b>	<b>6,843</b>	<b>332</b>	<b>89</b>	<b>522</b>	<b>753</b>	<b>23,469</b>	<b>318</b>
<b>Proposed Changes 2023/24</b>										
Use of Reserves	-	(35)	-	(1,342)	-	-	-	-	(1,377)	-
Contribution to Reserves	100	-	-	700	-	-	-	-	800	-
<b>Forecast 31 March 2024</b>	<b>4,600</b>	<b>8,998</b>	<b>1,397</b>	<b>6,201</b>	<b>332</b>	<b>89</b>	<b>522</b>	<b>753</b>	<b>22,892</b>	<b>318</b>
<b>Proposed Changes 2024/25:</b>										
Use of Reserves - ESN funding	-	-	-	(1,995)	-	-	-	-	(1,995)	-
Contribution to Reserves	285	-	-	-	-	-	-	-	285	-
<b>Forecast 31 March 2025</b>	<b>4,885</b>	<b>8,998</b>	<b>1,397</b>	<b>4,206</b>	<b>332</b>	<b>89</b>	<b>522</b>	<b>753</b>	<b>21,182</b>	<b>318</b>
<b>Proposed Changes 2025/26:</b>										
Use of Reserves	-	-	-	(2,781)	-	-	-	-	(2,781)	-
Contribution to Reserves	60	-	-	-	-	-	-	-	60	-
<b>Forecast 31 March 2026</b>	<b>4,945</b>	<b>8,998</b>	<b>1,397</b>	<b>1,425</b>	<b>332</b>	<b>89</b>	<b>522</b>	<b>753</b>	<b>18,461</b>	<b>318</b>

## APPENDIX F1 CONTINUED – Forecast Movement in General and Earmarked Reserves 2022/23 to 2027/28

	General	Budget	Change	Capital Financing and Efficiency Investment Reserve	Specified Purposes Fund	Regional Partnership reserve	Crime and Disorder Reduction Reserve	PCC Reserve	Total	Safecam Reserve
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Forecast 31 March 2026</b>	<b>4,945</b>	<b>8,998</b>	<b>1,397</b>	<b>1,425</b>	<b>332</b>	<b>89</b>	<b>522</b>	<b>753</b>	<b>18,461</b>	<b>318</b>
<b>Proposed Changes 2026/27:</b>										
Use of Reserves	-	-	-	(2,784)	-	-	-	-	(2,784)	-
Reallocation of Reserves	-	(3,220)	-	3,220	-	-	-	-	-	-
Contribution to Reserves	70	-	-	-	-	-	-	-	70	-
<b>Forecast 31 March 2027</b>	<b>5,015</b>	<b>5,778</b>	<b>1,397</b>	<b>1,861</b>	<b>332</b>	<b>89</b>	<b>522</b>	<b>753</b>	<b>15,747</b>	<b>318</b>
<b>Proposed Changes 2027/28:</b>										
Use of Reserves	-	-	-	(1,844)	-	-	-	-	(1,844)	-
Contribution to Reserves	70	-	-	-	-	-	-	-	70	-
<b>Forecast 31 March 2028</b>	<b>5,085</b>	<b>5,778</b>	<b>1,397</b>	<b>51</b>	<b>332</b>	<b>89</b>	<b>522</b>	<b>753</b>	<b>13,973</b>	<b>318</b>

## APPENDIX F2 – Forecast Reserves at 31 March 2024 Analysed by Home Office Categories

	Forecast Balance at 31 March 2024 £m	Funding for projects and programmes over period of current MTFP £m	New contributions during life of MTFP	Funding for projects and programmes beyond 2027/28 £m	General Contingency £m
<b>General Reserve</b>	4.600	-	(0.485)	-	5.085
<b>Earmarked Reserves:</b>					
Budget Reserve	8.998	3.220	-	6.078	-
Change Reserve	1.397	0.000	-	-	1.397
Capital Financing Reserve	6.201	9.404	(3.220)	0.017	-
Specified Purposes Fund	0.332	0.000	-	0.332	-
Regional Partnership Reserve	0.089	0.000	-	0.089	-
Crime and Disorder Reduction Reserve	0.522	0.000	-	0.522	-
PCC Reserve	0.753	0.000	-		0.753
<b>Total Earmarked Reserves</b>	<b>18.292</b>	<b>12.624</b>	<b>(3.220)</b>	<b>6.738</b>	<b>2.150</b>
<b>Safecam Reserve</b>	0.318	-	-	0.318	-
<b>Total Reserves</b>	<b>23.210</b>	<b>12.624</b>	<b>(3.705)</b>	<b>7.056</b>	<b>7.235</b>

## Appendix G

### Minimum Revenue Provision Policy and Statement 2024/25

#### Introduction

- G.1. The PCC is required to make a charge against the revenue budget each year in respect of capital expenditure financed by borrowing (including internal borrowing) or credit arrangement. The annual charge is set aside for the eventual repayment of the loan and is known as the Minimum Revenue Provision (MRP). This is separate from any annual interest charges that are incurred on borrowing.
- G.2. The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 amend the way in which MRP can be calculated so that each authority must consider what is 'prudent'. The regulations are backed up by statutory guidance which gives advice on what might be considered prudent.

#### Options for Making Prudent Provision

- G.3. Four options are included in the guidance, which are those likely to be most relevant for the majority of local government bodies. Although other approaches are not ruled out, local government bodies must demonstrate that they are fully consistent with the statutory duty to make prudent revenue provision.

#### Option 1 – Regulatory Method

- G.4. Authorities may continue to use the formulae put in place by the previous regulations.

#### Option 2 – Capital Financing Requirement Method

- G.5. Under this option, MRP is equal to 4% of the non-housing capital financing requirement at the end of the preceding financial year.

#### Option 3 – Asset Life Method

- G.6. This is to make provision over the estimated life of the asset for which the borrowing is undertaken. This could be done by:
- (a) Charging MRP in equal instalments over the life of the asset.
  - (b) Charge MRP on an annuity basis, where MRP is the principal element for the year of the annuity required to repay over the asset's useful life the amount of capital expenditure financed by borrowing or credit arrangements. The authority should use an appropriate interest rate to calculate the amount. Adjustments to the calculation to take account of repayment by other

methods during repayment period (e.g. by the application of capital receipts) should be made as necessary.

#### **Option 4 – Depreciation**

- G.7 MRP is deemed to be equal to the provision required in accordance with depreciation accounting in respect of the asset on which expenditure has been financed by borrowing or credit arrangements. This should include any amount for impairment charged to the income and expenditure accounts.
- G.8 The regulations make a distinction between capital expenditure incurred before 1 April 2008 and capital expenditure incurred from 1 April 2008 in terms of the options available.
- G.9 Options 1 and 2 are to be used for capital expenditure incurred pre-April 2008. Options 3 and 4 are to be used for Capital expenditure incurred post-April 2008.

#### **MRP Policy**

- G.10 Before 1 April 2019 the option adopted for expenditure incurred after 1 April 2008 was Option 3(a) (Equal Instalment method).
- G.11 Option 3(b) (Annuity Method) was adopted for capital expenditure chargeable as MRP for the first time after 1 April 2019. The principal reason for this change was for the charge to revenue to reflect the capital repayment basis on the current preferred financing method via the Public Works Loans Board borrowed on an annuity basis. This method will therefore adopt a similar MRP basis as those assets financed through lease or PFI arrangements.
- G.12 The revised Statutory Guidance released on 2 February 2018 stipulates that this change in policy cannot be applied retrospectively to assets placed in service prior to the date the revised policy was introduced. Therefore, Option 3(a) still applies to capital expenditure chargeable as MRP for the first time prior to 1 April 2019.

#### **Recommendations**

- G.13 It is proposed that the following MRP policy is adopted as follows for 2024/25:
- Capital expenditure incurred before April 2008 is treated in accordance with Option 1 of the regulatory guidance;
  - Capital expenditure chargeable as MRP for the first time *from* 1 April 2008 to 31 March 2019 is treated in accordance with Option 3(a) of the regulatory guidance; and



- Capital expenditure chargeable as MRP for the first time *after* 1 April 2019 is treated in accordance with Option 3(b) of the regulatory guidance.

## Appendix H

### Council Tax and Budget Options 2024/25

	Option 1 £9.99	Option 2 £12.96
<b>Options for Percentage Increase in Council Tax Bills:</b>	<b>3.80398%</b>	<b>4.93489%</b>
<b>2024/25 Recommended Budget Summary:</b>	£-p	£-p
Operational Costs before Savings	173,190,114.68	173,190,114.68
Specific Grants (excluding Council Tax Freeze Grants)	(14,117,543.00)	(14,117,543.00)
New savings from 2024/25	(1,331,000.00)	(1,331,000.00)
(Savings to be Identified)/ Surplus to be Invested	(790,184.74)	(0.00)
Known Changes	1,316,000.00	1,316,000.00
Revenue Funding of Capital	5,637,338.35	5,637,338.35
<b>Appropriations to Reserves</b>	<b>(1,710,849.80)</b>	<b>(1,710,239.40)</b>
<b>Total Budget</b>	<b>162,193,875.48</b>	<b>162,984,670.62</b>
<b>Budget financed by:</b>		
Police Grant	55,047,156.00	55,047,156.00
Ex-DCLG Formula Funding	27,401,286.00	27,401,286.00
Council Tax Freeze Grant (for no precept increase in 2011/12)	1,030,300.00	1,030,300.00
Council Tax Freeze Grant (for no precept increase in 2012/13)	0.00	0.00
Council Tax Freeze Grant (for no precept increase in 2013/14)	430,720.00	430,720.00
Council Tax Freeze Grant (for no precept increase in 2014/15)	433,830.00	433,830.00
Council Tax Freeze Grant (for no precept increase in 2015/16)	0.00	0.00
Collection Fund Surplus	374,245.00	374,245.00
CT Support Funding Allocation	4,890,930.00	4,890,930.00
<b>Council Tax Requirement (based on 266,261 tax base)</b>	<b>72,585,408.48</b>	<b>73,376,203.62</b>
	<b>162,193,875.48</b>	<b>162,984,670.62</b>

Council Tax Bands 2024/25	Option 1 £9.99		Option 2 £12.96	
	Rate £	Annual Increase £	Rate £	Annual Increase £
A	181.74	6.66	183.72	8.64
B	212.03	7.77	214.34	10.08
C	242.32	8.88	244.96	11.52
<b>D</b>	<b>272.61</b>	<b>9.99</b>	<b>275.58</b>	<b>12.96</b>
E	333.19	12.21	336.82	15.84
F	393.77	14.43	398.06	18.72
G	454.35	16.65	459.30	21.60
H	545.22	19.98	551.16	25.92