



NORTHAMPTONSHIRE POLICE, FIRE & CRIME PANEL

2 February 2023

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

PFCC PROPOSED POLICE PRECEPT 2023/24

Purpose of the Report

1. To propose the 2023/24 Council Tax Precept for Northamptonshire Police.
2. To provide information in respect of the revenue budget, capital programme, reserves and medium-term financial plan (MTFP) to provide context for the precept proposal.

Recommendation

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

The proposal to increase the 2023/24 Police Precept by £15 per annum for a Band D Council Tax to £293.04 (from £278.04 in 2022/23). This equates to an increase of 29 pence per week.

4. Note the information presented in this report, including:
 - a. The statement of the Section 151, Chief Finance Officer as required by Section 25 of the Local Government Act 2003 regarding the robustness of the Budget, the medium-term financial plan and the adequacy of financial reserves (Appendix C).
 - b. A £15 precept increase gives a total 2023/24 net budget requirement of **£168.578m**, including:
 - The intention of the PFCC to set the Band D Council Tax Precept Requirement for Northamptonshire Police for 2023/24 of **£75.118m**.

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

Executive Summary

5. This report and proposal is the culmination of several months' work by the Office of the Police, Fire and Crime Commissioner (OPFCC), the Joint Finance Team and the Chief Constable. It also includes information provided by the two unitary authorities and takes account of public and stakeholder consultation and key government expectations.
6. Following the announcement of the provisional Police Grant settlement, the PFCC has considered the settlement which sets out government expectations, current and future funding levels, the pre-budget engagement and the outcome of the public consultation together with the Autumn Statement 2022.
7. The PFCC has received briefings from the Minister for Crime, Policing and Fire and acknowledges the expectation that PFCCs will increase their precept locally by £15 (5.39%) in 2023/24 and £10 (3.41%) in 2024/24.
8. The PFCC and the S151 Officer are very appreciative of the updates provided by colleagues in the unitary authorities in respect of the impact on the taxbase and the council tax collection fund receipts for 2023/24 and future years. Furthermore, the PFCC is appreciative of the hard work by unitary staff in achieving a positive level of collection rates.
9. The proposals are set in a context of high inflation levels and the Autumn 2022 statement.
10. Despite these challenges, the budget is balanced for 2023/24 with a funded capital programme and an adequate level of reserves in place.
11. Whilst the 2023/24 budget is balanced, given the national cost of living challenges and inflation at levels significantly higher than previously assumed, balancing the budget across the medium term will be more challenging. Prudent assumptions of future income streams have been used which identify the need for future efficiencies.

12. The PFCC has conducted, and been informed by, a consultation of 1,734 residents of Northamptonshire. The results of the surveys are summarised in this report and will be available on the PFCC website in due course.
13. Following local and national investment to increase Police Officers in Northamptonshire, the budget for 2023/24 and the MTFP include a baselined establishment of 1500 Police Officers, an increase of 330 over the past six years, the most Northamptonshire have ever had.
14. The PFCC has listened to the views of Northamptonshire residents and has worked with the Chief Constable to ensure a significant number of these officers have been allocated to neighbourhoods, supported by the local Beat Buses introduced in 2021//22, further increasing visibility.
15. Furthermore, following the responses from the public to the Police, Fire and Crime Plan and the priorities contained within it, in addition to his commitment to increase and retain Police Officers at 1500, the PFCC has ring fenced funding from within the budget to target the following areas:
 - Prevention that keeps the county safe
 - Effective and efficient response
 - Protect and support those who are vulnerable
 - Effective justice
 - Modern services that are fit for the future
16. Whilst the PFCC and Chief Constable have prioritised maintaining 1500 police officers within the 2023/24 budget and the MTFP, some further investment in the budget has been possible and includes:
 - a. The sum of £0.946m for investments requested by the Chief Constable for the following:
 - To increase resources within the Protecting Vulnerable People Team
 - To increase resources in the Serious Collision Investigation Team
 - To prioritise and promote a healthy culture in the force with supportive clinical supervision and broader wellbeing for police officers and staff.
 - To replace and increase drone capability.
 - Taking forward digital solutions to better engage with and obtain feedback from victims
 - b. In his commissioning and delivery budgets, the PFCC has prioritised the following:
 - To complement the national Safer Streets funding for prevention and addressing Violence Against Women and Girls (VAWG), the Police, Fire and Crime Commissioner invested £80k in 2022/23 to commission Ipsos UK, an independent research organisation, to undertake a community engagement and consultation exercise to get

a broader understanding of what women specifically, but also in the community generally, feel would make them feel safer in Northamptonshire.

- The work also includes an online survey of all staff in Fire, Police and the OPFCC about their views and experiences of aspects such as the workplace culture, and inclusion and diversity at work, to understand all perceptions and experiences amongst staff and help plan and make changes in the future.

The PFCC will consider the outcome of this work and will consider and prioritise funding proposals from within his PFCC initiatives reserve in 2023/24 and future years as this work progresses.

- Continued support to deliver Safer Streets initiatives. The OPFCC have been successful in each round of bidding and to date have successfully secured £3.3m and supported unitary colleagues. The Safer Streets initiatives have included work to reduce Violence against Woman and Girls, acquisitive crime and anti-social behaviour. Of the Safer Streets funds to date, almost £0.5 has been received to deliver VAWG initiatives, which the PFCC has match funded.
- The OPFCC also operates an internal fund known as 'Safer Streets Lite' to complement the Home Office Safer Streets scheme. This supports areas of the county with more modest types of physical security, environmental and surveillance type works. The funding is directed through the Joint Community Safety Partnerships (CSP) Acquisitive Crime Working Group, chaired by the OPFCC and involves various partner agencies. The meetings are supported with statistical analysis and community safety professionals who attend the group to help steer the decision making regarding type of interventions and areas for consideration.

17. The PFCC has always endeavoured to ensure that the cost of staffing the OPFCC is around 1% of the operational police budget. In 2023/24 OPFCC staffing remains at approximately 0.6% of the total operational police budget for the year.
18. The S151 Officer has reviewed the adequacy and level of reserves to ensure that funds are still available to support investment in innovative solutions and ensure the level is adequate to meet one-off short term funding shortfalls if savings and efficiencies are not identified.
19. Additionally, the budget and precept recognise the importance of collaborative working with Fire, therefore enabling services support areas are now embedded across Fire and Policing under the leadership and direction of the Joint Assistant Chief Officer for Enabling Services.
20. The PFCC requires both services to actively seek opportunities to work together to deliver more efficient and effective public services and in 2023/24 it is intended that opportunities bringing together further support services teams will be explored and progressed.

21. The policing budget and precept also takes forward the statutory duty for emergency services to collaborate which means the services should be actively seeking opportunities to work together to deliver more efficient and effective public services. As such, both Police and Fire Budget agreements for 2023/24 will again demonstrate the PFCC commitment to collaboration, including greater integration between police and fire and rescue to reinvest in frontline services. It is the PFCC's expectation that, over time, the following areas will be delivered:
- Shared Services
 - Shared estates strategy
 - Shared prevention approaches
 - Operational interoperability
 - Control rooms
22. The PFCC has been briefed on the current and emerging operational and demand challenges and these have informed discussion on the budget allocation to the Chief Constable for 2023/24 and future years.
23. The PFCC believes that Northamptonshire is not served well by the current grant funding formula; that the county is not fairly funded in comparison to both regional and national peers and that local residents should not pay more for their services than other counties. Every year the formula is not updated and Northamptonshire is detrimentally affected. He has and will continue to make national representation in this regard.

As such, given the current and future financial challenges and uncertainties, this requires the PFCC to propose a precept increase of £15 a year (29 pence per week) to £293.04 for a Band D property.

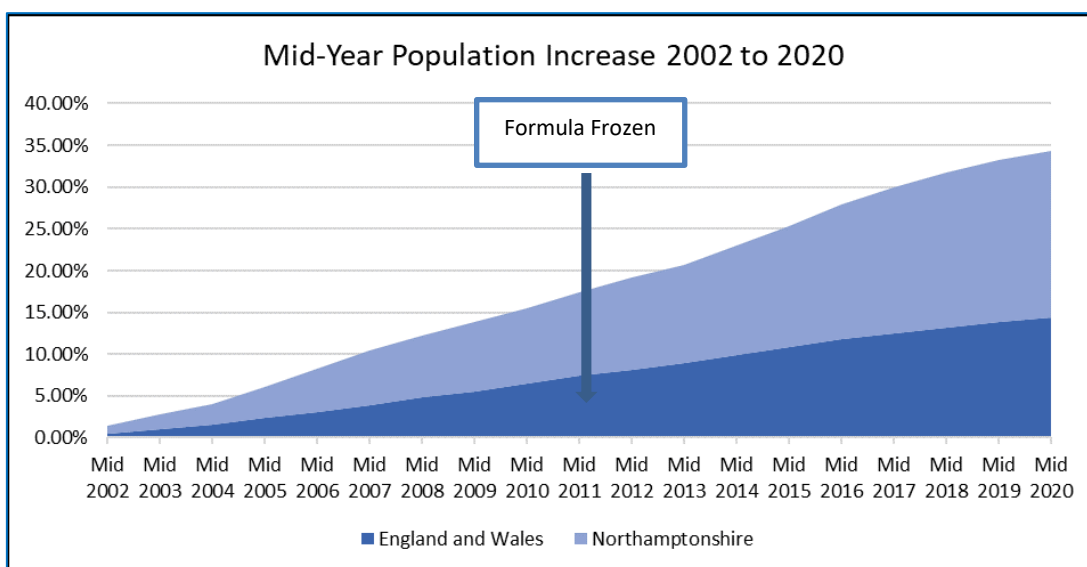
This will enable Police to maintain the investment in 1500 police officers, maintain an adequate level of reserves and safeguard policing services in Northamptonshire.

Funding Formula and Population

24. The National Police Funding Formula, which accounts for around 55% of Northamptonshire's funding, includes population as a key factor in the allocations. However, the formula was "frozen" in 2011/12 and annual increases have been on the basis of inflation and additional officers since that time.
25. Work had been underway on a review of the formula with an initial view of implementation in 2018/19 and in his letter to PFCCs on the 19 December 2017 on the Provisional Police Grant Settlement for 2018/19, the then Policing Minister advised:

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

26. Whilst the formula has not been reviewed in the current spending review (SR2021) or the Autumn Statement 2022, work on the long-awaited funding formula review is underway.
27. A significant part of the current formula is based on population. In 2002, Northamptonshire’s population growth was 0.5% more than the national average. By mid-2020, the gap between the county and the national average had increased to 5.64%.
28. At the time the formula was frozen, Northamptonshire’s population had increased by 10%, compared to the national average increase of 7.4%, a gap of 2.6%. By 2020, whilst the gap has doubled, the funding formula population factor in the government settlement has remained static.
29. The graph below demonstrates this population increase for the period 2001 to 2020.



Source: Mid-Year Population Office of National statistics

30. Furthermore, the 2021 national census highlighted that in the past ten years:
 - The national population has increased by 6.5%. In Northamptonshire it has increased by 13.5% over the same period.
31. Northamptonshire has outstripped national population changes for some decades, as outlined in the Joint Strategic Needs Assessment (JSNA) Demography Insight Pack 2019, Northamptonshire’s population has increased by 29.9% over the 30 years, compared with 17.7% across England. It also estimates this will increase by a further 14% by 2041.

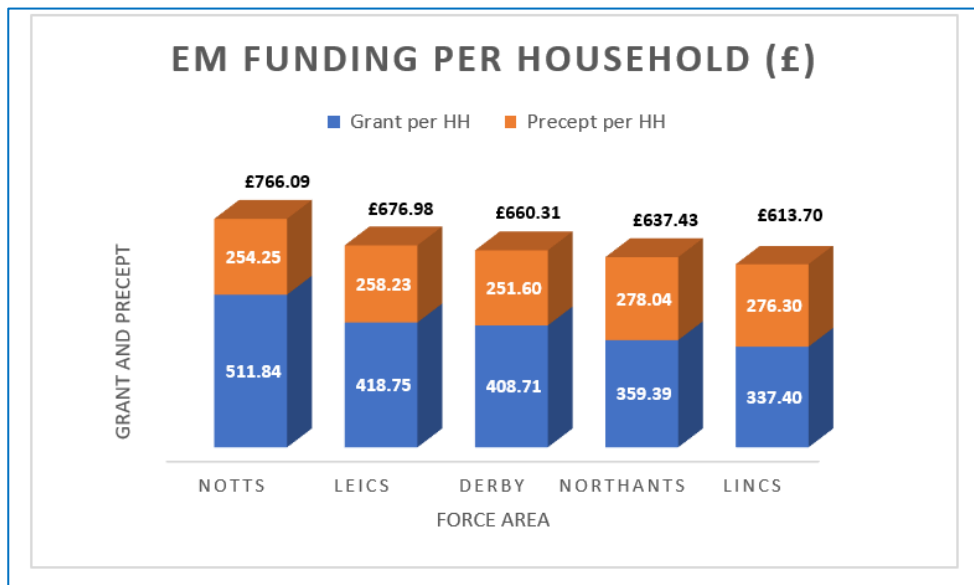
- 32. Police central funding has not kept pace with this population increase and whilst historical local council taxbase increases have contributed to total funding, central government grants, have not.
- 33. This means that 55% of Northamptonshire Police’s funding is allocated on the basis of a funding formula which has not been updated for over 10 years; therefore, does not reflect current demands; does not reflect modern policing and does not reflect the significant growth in the county.
- 34. Her Majesty’s Inspectorate of Policing and Fire and Rescue Services (HMICFRS) advised in 2021 that:

“.....The force’s financial plans are set on realistic and conservative assumptions.”

However, in 2019, the HMICFRS also highlighted:

“it has been subject to decades of underfunding.....”

- 35. Analysis undertaken by the PFCC highlights the inequity of the current funding formula in the East Midlands Region and how taxpayers in the smaller forces of Northamptonshire and Lincolnshire are penalised by the lower government grants per household than their regional peers, as follows:



- 36. For illustrative purposes, the PFCC has calculated that if Northamptonshire received government grant at a similar level to Nottinghamshire, the county would receive an additional £39m per annum. Furthermore, Nottinghamshire have 30% more households but receive 85% more in grant.

37. Band D Council Tax levels vary significantly for Police and Crime Commissioners across the country and the PFCC strongly believes that the current funding formula does not best serve the residents of Northamptonshire, meaning that local residents are required to fund a higher level of the policing bill than they would in other areas.
38. He will continue to engage with the review and lobby to seek a fairer funding settlement on behalf of the residents of Northamptonshire.

Police Grant Settlement – Assessment from the National Technical Support Team

39. On the day of the settlement, the national Technical Support Team (TST) provided a detailed briefing as follows:
 40. *The 2023-24 Provisional Settlement was announced on 14 December 2022 in a written statement by the Crime and Policing Minister, Rt Hon. Chris Philp MP. Full details of the Settlement can be found on the Home Office gov.uk pages.*
 41. *The National Police Chiefs Council (NPCC) released figures from a survey in October, which found that energy inflation is adding £100m a year to deficits. This led to a request for an additional £300m in core police funding to protect the service from inflationary pressures.*
 42. *Furthermore, due to the larger than expected inflation figures, there has been pressure across the public sector to offer larger pay rises than would have otherwise been expected. Many PCCs were expecting a pay award of between 2% and 3%. However, in July 2022 the government announced that police officers will get a pay award of £1,900 at all pay points, worth around 5% when all ranks and pay scales are taken into account.*
 43. *After the announcement, Rt Hon. Priti Patel MP, the then Home Secretary announced additional funding to help cover the increased pressure on budgets of £70m in 2022-23, £140m in 2023-24 and £140m in 2024-25. This did assume that next year's pay award would drop back down to previous assumptions. However, in a letter sent to APCC and NPCC by the Minister of State for Crime, on 12 December regarding precept increases, Rt Hon. Chris Philp MP stated that "PCCs should consider the pressures on their budgets, including the potential for a 2023-24 pay award above 2% next year, for which they should budget appropriately"*
 44. *Despite the country recently emerging from a pandemic, the economic landscape has significantly worsened since the last settlement. In summary, inflation has climbed much higher than was predicted this time last year, with CPI reaching 11.1% by October. There has been pressure on the Government from all sides to increase departmental spending to avoid real terms cuts.*

45. To address increased levels of debt, departmental cuts were considered a necessity. This led the Chancellor of the Exchequer, Rt. Hon Jeremy Hunt MP, to cut many departmental budgets. The difference between the Spending Review 2021 and the Autumn Statement 2022 for Home Office Resource Departmental Expenditure Limit (RDEL) is set out:

RDEL (excl. depreciation)	2021-22	2022-23	2023-24	2024-25	Change
SR21	£14.6bn	£16.2bn	£16.5bn	£16.5bn	£1.9bn
AS22	£14.4bn	£14.6bn	£15.4bn	£15.5bn	£1.1bn

46. Prior to the publication of the provisional settlement, the sector was expecting a continuation of additional Police Uplift Programme (PUP) funding for the recruitment of the final officers (towards the 20,000 total).
47. Assuming every force takes the full £15 precept, the total amount of extra funding available for forces is £523.4m. Of this, £349m would come from council tax, meaning there has been an increase of £174.4m in grant funding over last year.
48. Due to historic differences in council tax, the proportion that £15 represents can vary significantly between force areas. The £15 increase means that Northumbria's percentage increase is 10.9%. Conversely, £15 represents a 5.3% increase for North Wales.
In Northamptonshire the £15 increase is 5.39%.
49. Furthermore, the proportion of funding raised through council tax differs significantly between forces. Northumbria's council tax makes up 19.3% Conversely, Surrey has 55.8% of their funding coming from Council tax. On average, 35% of budgets are made up from Council tax, up from 34% last year.
In Northamptonshire approximately 45% of the funding comes from Council tax.
50. In the days following the Autumn Statement, whilst addressing the Commons Select Committee, the Levelling Up Secretary, Rt. Hon Michael Gove MP announced a review of the council tax system. He and the Chancellor have asked the, Local Government Finance Minister Lee Rowley MP, to review the operation of the council tax system. He is expected to report in the New Year.

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

Top Slice	2022-23 (£'m)	2023-24 (£'m)	Change
Special Grant	62.4	50.0	-12.4
PFI	71.6	71.6	0.0
Arm's Length Bodies	68.7	74.7	6.0
Police Uplift Programme	12.0	0.0	-12.0
Police Now	7.0	0.0	-7.0
National Operational Policing Units	2.9	0.0	-2.9
Police Technology Programmes	606.5	526.4	-80.1
National policing capabilities	65.0	69.3	4.3
Forensics	25.6	20.6	-5.0
Police & CJS performance	13.0	0.0	-13.0
Crime Reduction Programmes	45.8	0.0	-45.8
Crime Reduction Capabilities	13.5	18.4	4.9
Fraud	23.1	18.1	-5.0
Regional and Organised Crime Units	33.2	39.5	6.3
Rape Review	12.0	0.0	-12.0
Serious Violence	50.1	45.6	-4.5
Drugs / County Lines	30.0	30.0	0.0
Counter Terrorism Programmes	32.5	0.0	-32.5
NPCC programmes	10.6	9.5	-1.1
Capital Reallocations	188.1	104.9	-83.2
Cyber Crime*	-	14.1	14.1
Tackling Exploitation and Abuse*	-	21.3	21.3
Total Reallocations and adjustments	1373.7	1114.0	-259.7

*Figures may not add up correctly, due to rounding - * signifies this is a new category as of this settlement*

52. Currently PCCs have no visibility of these top slices nor can they influence the scale or scope of national reallocations prior in informing the provisional settlement. It is important to highlight that these reallocations do impact at a local level as resources are being allocated to meet nationally determined priorities rather than based on local needs and requirements.
53. As part of the response to the consultation, PCCs have asked again for details of what is covered in the top slices and for visibility and engagement with the Home Office on them.
54. A summary of the final settlement assuming that the maximum precept increase is to be levied, compared to the 2022/23 actual position is as follows:

2022/23 £m		2023/24 £m
81.620	Main Police Grant	81.905
1.288	Officer Uplift Grant	2.600
6.644	Legacy Grants	6.644
89.552		91.149
70.247	Council Tax	75.118
159.799	Total funding before Collection Fund	166.267
(0.707)	Council Tax Surplus (Deficit)	1.039
159.092	Total Funding after Collection Fund	167.306
1.272	Pensions Grant	1.272
160.364	Total	168.578

55. As in 2022/23, a sum of £2.6m additional officer funding has been ring fenced and will only be paid if police officer uplift numbers are maintained.

Police Officer Recruitment and Police Uplift Programme (PUP)

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

Council Taxbase and Council Tax Precept Income

59. The Council Tax and the level of precept is a fundamental part of the local government finance settlement.
60. Income generated from the precept depends on both the level of the Band D precept and the taxbase – the latter being the number of properties required to pay Council Tax.
61. In Policing, the precept and the surplus on the collection fund accounts for around 45% of funding, therefore any variations can have a significant impact.
62. The North and West Unitary Councils have advised the PFCC of their proposed taxbases for 2023/24.
63. A comparison of the 2022/23 and 2023/24 figures reflects an average 1.46% taxbase increase (compared to 1.30% in 2022/23) as follows:

Authority	2022/23 (number)	2023/24 (number)	Change	
			(number)	%
North	113,047.00	114,279.00	1,232.00	1.09%
West	139,604.04	142,060.80	2,456.76	1.76%
Taxbase (Band D)	252,651.04	256,339.80	3,688.76	1.46%

64. As in previous years, the taxbase estimated by DLUHC in the CSP provisional settlement at 1.34% is significantly higher than that used by the Home Office of 1.01% for the Policing settlement.
65. Whilst it is interesting to note the variation between the two estimates; the actual taxbase increase notified by the unitary authorities is the figure used and for 2023/24 this is higher than both government department estimates.
66. Moving forwards, the MTFP assumes average but prudent increases in the taxbase and the S151 officers will continue to link in with West Northamptonshire and North Northamptonshire S151 colleagues to ensure future forecasts align.
67. The total precept funding is a combination of the taxbase increase and the precept increase as follows:

2022/23 £	Variation	2023/24 £
	Taxbase Changes	
309,586	- North	342,545
558,547	- West	683,078
868,133		1,025,623
	Precept Increase	
1,130,470	- North	1,714,185
1,396,040	- West	2,130,912
2,526,510		3,845,097
3,394,643	Total Precept Change	4,870,720

68. The 2023/24 proposed precept increase of £15, together with the increased taxbase will generate an additional £4.871m on the base budget.

Council Tax Collection Fund

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

72. The Unitary Authorities have advised the PFCC of their collection fund positions for 2023/24 for Police which have resulted in surpluses from both authorities.

2022/23 £		2023/24 £
(125,898)	North	334,755
(42,762)	West	703,803
(168,660)	Collection Fund (Deficit)/Surplus	1,038,558

73. Due to statutory timescales, notification of the final collection fund surplus figures is received after the draft budgets are finalised. This surplus results in a one-year benefit, it will be transferred to reserves in order to replenish some of the one-off use of reserves planned as part of the agreed balanced budget.
74. The S151 Officer will work closely with the Unitary Authorities throughout the year to monitor and understand any impact on the collection fund deficit position for 2024/25 and future years.

Public Consultation on the Level of the Precept

75. Each year following the provisional settlement, the PFCC undertakes a precept consultation with residents of Northamptonshire to gather their views which help to inform his precept intentions.
76. The PFCC is very mindful of the impact that inflation and the cost of living is having on the residents of Northamptonshire. As such, for 2023/24, and ahead of his precept consultation in December, the PFCC and officers undertook pre-budget engagement to inform his considerations. Of note are the following:
- i. The PFCC, Chief Fire Officer and Chief Constable attended a meeting with Northamptonshire MPs and briefed them on the current financial position for Police and Fire and outlined the current financial context for both services.
 - ii. The PFCC and the Chief Finance Officer attended local meetings with representative groups to have conversations around the current financial position and hear their thoughts on the levels of precept, budget challenges and services. The PFCC found these conversations and discussions invaluable and the office is now on the circulation list for many of these meetings.

- iii. A meeting with local representatives was held in November, with attendance by the PFCC, Chief Fire Officer, Chief Constable and Chief Finance Officer. Discussions included an update on the financial context, key priorities, efficiencies progressed and examples of the inflation pressures for both organisations.
77. For this year's precept, over the period 14 December 2022 to 17 January 2023, the PFCC undertook as wide a range of consultation as possible to obtain the views of Northamptonshire residents.
 78. The survey was sent out to a wide range of contacts and using many different approaches. Appendix A sets out the consultation on the precept further.
 79. This wide reach is set within the challenges of the limited timescale of the government funding settlement, the current cost of living climate and the fact that it was held over the festive season.
 80. The online survey was targeted specifically in relation to the precept and communicated to as many stakeholders as possible, to enable any resident to share their views on the level of the precept.
 81. Interim reviews were taken on the survey to assess the reach and where appropriate, additional communications were made to key areas of the county to ensure those who wished to contribute to the survey were able to do so.
 82. Furthermore, two in-person budget and precept meetings were held in January with key stakeholders, with one taking place after the provisional settlement when more information was available. The meetings took place as follows:
 - A Councillor Budget and Precept meeting was held on the 11 January 2023. 229 local Councillors and Parish Clerks were invited. 23 Councillors attended and received a briefing on the budget and precept considerations for both Fire and Policing. All councillors attending were also invited to undertake the summarised online survey. The PFCC has considered their comments and is grateful to those who attended the meeting and found their engagement extremely useful.
 - The PFCC held a Police Fire and Crime Panel workshop on the 17 January regarding the 2023 budget and precept considerations for 2023/24, which was attended by eleven representatives. The annual workshops commenced in January 2021 and the PFCC has again found this approach and member input invaluable. The PFCC is grateful to all panel members who attended, and subject to the views of the Panel will continue to offer the budget workshop as an annual event.

83. The PFCC would like to give particular appreciation to the commitment and engagement of the Chair and members of the Police, Fire and Crime Panel, local Councillors MPs, forum members and teams within the unitary authorities as he recognises they have been contacted multiple times during the survey period and asked to disseminate the survey amongst their local residents and contacts.
84. The online survey received 1,734 responses for Police. This is classed as a statistically relevant sample size for the County based on a 95% level of confidence. The PFCC has considered the results of the online survey which were:
- **Around 51.79% of residents were prepared to pay £15 or more if they were able to for Police services.**
 - Around 45.1% were not prepared to pay any more than they do now; and
 - 3.11% said they did not know.
85. Respondents were also given the opportunity to comment on how good a job the Police and the Fire and Rescue Service did. For Police, 1,612 residents replied.
- **Around 39.39% of residents thought Police were doing a good or excellent role.**
 - 30.96% of residents thought they were doing a fair job.
 - Around 23.01% of residents thought they were doing a poor or very poor job.
 - Around 6.64% did not know.
86. The PFCC will consider the narrative comments in the report which will be published on the PFCC website in due course.

The Financial Challenge – Future Risks, Challenges and Uncertainties

87. The impact of a different inflation assumptions to that estimated in the MTFP are as follows:
- Every 1% reduction in grant equates to circa £0.9m per annum
 - Every 1% in Council Tax (£2.93) equates to circa £0.8m per annum
 - Every £1 in Council Tax equates to £0.256m per annum
 - Every 1% in Pay equates to circa £1.3m in a full year
 - Every 1% non-pay inflation equates to £0.3m per annum
88. Prudent forecasts have been included where information which has not yet been finalised. Any variations between the provisional and final police settlement, council tax or the collection fund will be balanced with reserves.
89. There are some further financial and operational risks and challenges which are as follows:
- a. The unknown impact of the Police Funding Formula Review on Future Funding Settlements.

- b. There is a national move to consider the charging of costs in line with a Net Revenue Expenditure (NRE) rather than a funding formula methodology. This disproportionately affects forces such as Northamptonshire who have a lower-than-average grant allocation and it bears no correlation to increasing population or households as can be seen earlier in the report. Any movement of national charging to NRE will result in cost increases to Northamptonshire.
- c. The impact of a different core grant assumption to that estimated in the MTFP for the years after 2023/24.
- d. The operational and financial impact of new, emerging and increasing areas of threat and demand, including, but not limited to, child sexual exploitation, adult and child sexual and domestic violence crimes and increasing cybercrime. It is anticipated that the additional officers recruited will assist in the challenge of meeting such demands.
- e. It is anticipated that the impact of national grants reducing or ceasing for regional developments and activities would have a significant impact.
- f. The capital programme requirements and the investment required to take any business as usual, innovative or collaborative work forward in advance of the timings of savings. The reduction in capital grant since 2020/21 and now been removed entirely has had an impact on the revenue costs of the capital programme, however this is now built into the MTFP.
- g. Strategies for: estates, fleet, digital and operational equipment are in place which inform the capital programme and revenue budgets. The Estates Strategy is currently being reviewed to develop a new masterplan and once updated will inform future capital programme and MTFP updates.
- h. The impact of partners' spending decisions which may affect services provided by the Force or PFCC.
- i. Inflation uncertainty:
 - The uncertainty of 2023 pay awards.
 - Future non-pay inflationary challenges.

Mindful of this, the PFCC has set aside a specific inflation contingency for the Chief Constable of 1% (£0.8m). Operational contingencies are also held.

Other Financial Risks and Uncertainties - Pensions

- 90. The Government introduced reforms to public service pensions in 2015 which resulted in most public sector workers being moved into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members gave rise to

unlawful discrimination on the basis of age. In July 2019, the Chief Secretary to the Treasury made a written ministerial statement confirming that as 'transitional protection' was offered to members of all the main public service pension schemes, the difference in treatment will need to be removed across all those schemes for members with relevant service.

91. It is expected that the on-going cost of higher pension benefits will arise from two main areas:
 - Costs arising from the above case, and
 - The as yet unknown results of the next actuarial valuations for unfunded schemes such as those for Firefighters and Police which will be built into the scheme valuation process and reflected in the 2026/27 employer and employee contribution rates. For staff in the local government pension scheme this is already included within those rates.
92. These issues could lead to employer contribution rates increasing by 10.0% from 2026/27. At current levels, police officer pensions cost approximately £24m per annum and such an increase to the pension rates could equate to an additional £6.4m per annum.
93. The government has provided additional grant funding for pension increases in the past for both Fire and Police but there is a risk that authorities may need to meet some or all of this increase.
94. Whilst assumptions vary between a 0% and 30% impact, a potential impact of a 10% increase is modelled as a scenario into the MTFP with an assumption that 75% of that cost would be funded by Home Office grant.
95. Whilst this was not addressed in the SR2021 or the Autumn Statement 2022; in January 2022, James Cartlidge MP, Parliamentary Under Secretary for State (Ministry of Justice) stated that cost of remedy for the above when legislation is in place would fall on the Exchequer (source: Hansard). Whilst this indication is welcome, no details are currently available and this would only contribute to part of the additional costs. However, the Home Office are cognisant to this issue and are already in discussions with the Treasury.
96. Based on latest information, the potential pressures have been delayed for a further two years into 2026/27 from those assumed at the time of the 2022/23 budget.
97. The PFCC will continue to make representations and seek updates and assurances from the Home Office as appropriate.

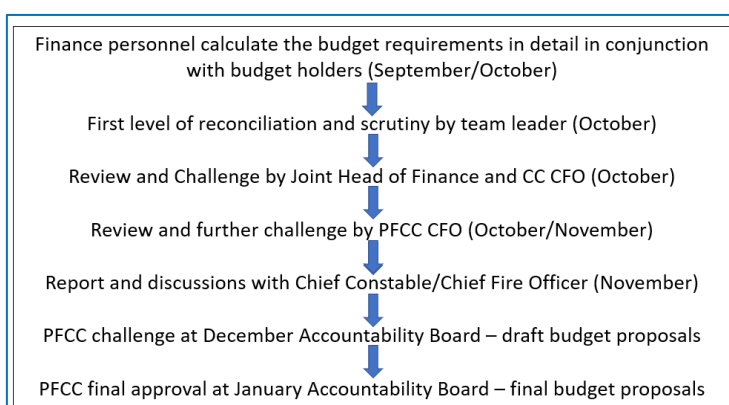
Budget Strategy

98. Since being elected into office, the PFCC has sought to maximise the allocation provided to the police budget from within his funding envelope.
99. This is balanced with maintaining sufficient resources to fund the capital programme, maintain the Office of the PFCC and provide over £5m in commissioning and delivery activities for the public of Northamptonshire.
100. In 2023/24, before investments, the PFCC will allocate over 95% of funding available to the Force, this is an increase of 1.7% on 2022/23 and over 4% since 2016/17.
101. In 2023/24, the police budget will increase by almost £11m on the previous year this is a cash increase of around £53m since 2016/17.

2023/24 – Base Budget preparation, approach and scrutiny

102. The budget is the third budget prepared under the recently established joint finance team and has brought an approach which has provided consistency across both Fire and Police. This has enabled comparability of assumptions and principles, together with best practice, resilience and a more efficient approach applied to budgeting for all services.
103. The budget has been prepared on a zero-base where possible, in full consultation with budget holders, aligned to the Police, Fire and Rescue Plan and tested against the MTFP.
104. The zero-based approach ensures that efficiencies are taken from this process where possible that only approved increases, inflation and unavoidable pressures are built in. Detailed workings are prepared and the format of the budget models are consistent and contain built in checks and balances to ensure the correct information is fed through. This approach also enables resilience within the finance team.
105. Following the preparation of the budget strategy and approach in September, briefing sessions took place with all budget holders and the strategy was shared with the Joint Independent Audit Committee (JIAC) for further scrutiny and review.
106. The table below sets out the preparation and scrutiny elements which culminated in the December Accountability Board where the Chief Constable presented his initial budget proposals which were scrutinised and challenged by the PFCC.
107. The budget has been prepared on a zero-base where possible, in full consultation with budget holders, aligned to the Police, Fire and Crime Plan and FP25 Policing Priorities and tested against the MTFP.

108. The process followed was:



109. At the December Accountability Board the PFCC asked for the budget work to be extended. After further scrutiny and challenge, the PFCC considered the Chief Constable balanced budget proposal at the January 2023 Accountability Board. At this meeting he approved the budget subject to agreement on the precept and the sum of £0.946m for investments requested by the Chief Constable.

110. These elements have resulted in the PFCC setting the following budget for policing:

2022/23 £m	Budget Breakdown	2023/24 £m
125.363	Force	133.344
24.448	Enabling Services	27.245
149.811	Indicative Police Budget	160.589
1.154	OPFCC (Office)	1.288
4.463	Commissioning and Delivery (OPFCC)	5.018
5.617	Budgets Managed By PFCC	6.306
3.849	Capital Financing Costs	2.798
0.438	Transfers to (from) reserves	(1.561)
1.025	Investment	0.946
(0.376)	Savings to be identified	(0.500)
160.364	Total Budget	168.578

Harmonisation and Efficiencies

111. Since 2019, Police and Fire have moved to shared support services, from 2023 Fire will also be on shared finance, HR and Payroll systems and are sharing buildings where it makes sense to do so.

112. The Fire governance transfer did not include funding for support services and the joint enabling services teams have enabled affordable resilient support services to be established providing essential professional skills and capacity. These shared teams are now in place

and efficiencies are already being identified from areas such as robust procurement and economies of scale from sharing buildings and services.

113. As part of the response to the police finance settlement consultation, the PFCC was required to highlight some of the efficiencies realised in Policing, these include (but are not limited to):

- Joint Digital Team - £0.5m of efficiencies identified so far and realised from Police and Fire budgets
- Joint Commercial Team established, moving away from an outsourced arrangement, providing better quality of service, diligence and efficiencies of £0.4m. Establishing commercial frameworks with income of £0.2m generated to date with opportunities to increase further across the life of the MTFP and ensuring full cost recovery from Special Police Services.
- Joint Financial Team, moving away from a shared service has proven to be more efficient with reduced backlogs and fewer errors and £0.6m removed from the 2023-24 budget. With Fire onboarding in 2023-34, it is envisaged that further efficiencies will be realised as joint processes and systems embed further. A further opportunity may arise to reduce external and internal audit costs by auditing shared systems by the same auditors.
- Joint Transport Team have realised the benefits of investment in telematics to maximise optimum utilisation, extend replacement cycles on low-risk low mileage fleet and reducing some purchase costs by 25% from ex-demo fleet and over £0.5m of costs have been avoided by using telematics and robust procurement.
- A Joint Estates Strategy across Police and Fire which will drive efficiencies for both services by sharing buildings where it makes sense to do so.
- Led by the joint estates team, rates reviews of all Fire and Police properties which has resulted in reductions. Furthermore, a joint sustainability strategy is being prepared to develop this area further.
- A shared post leads on ensuring that police and fire requirements are considered and recognised in new developments and S106 considerations.

2023/24 Budget Consented to the Chief Constable – the Police budget

114. There has been a significant amount of scrutiny and challenge on the police budget for 2023/24, and as part of these discussions and negotiations, the PFCC has sought and received assurances on how the assumptions and budgets have been calculated.

115. The police budget for 2023/24 is **£160.589m**, an increase of almost £11m from 2022/23 and is broken down as follows:

2022/23	Budget Breakdown	2023/24
£m		£m
81.792	Police Officers	86.570
27.385	Police Staff	29.997
3.842	PCSOs	3.978
0.958	Other Pension Costs	1.049
0.500	Other Employee Expenses	0.665
1.306	National ICT Charges	1.513
9.303	Third Party Collaborative Arrangements	9.353
7.669	Other non-pay	7.972
(7.392)	Income	(7.753)
125.363		133.344
24.448	Enabling Services	27.245
149.811	Total Budget	160.589

116. Key headlines are as follows:

- a. The budget for 2023/24 takes account of the final tranche of new police officers and achieving and maintaining an establishment of 1500.
- b. The police officer budget requested by the Chief Constable follows a zero-based review and reflects the planned retirement and recruitment profile.
- c. Other non-Pay costs cover equipment, uniforms and forensic and pathology costs.
- d. Enabling services include the costs of joint shared teams with Fire and increased costs for 2023/24 include increased utilities, fuel and insurance costs.
- e. Furthermore, within other non-pay contingencies are set aside within the revenue budget to meet any above inflation increases or operational pressures which cannot be met within budgeted provision.

117. In addition to the investments for 2023/24 highlighted above, the Chief Constable will also continue to embed the investments made in previous years which include (but are not limited to):

- Vetting and professional standards and records management
- Establishment of the roads policing team
- Prioritising investigation of residential burglaries
- Increasing police dog capability
- Increased fleet and ICT capability

- Increasing capacity in firearms licensing
- Investment in demand analysis

2023/24 Budgets Managed by the Police, Fire and Crime Commissioner – Office Budget

118. The PFCC manages two separate budget areas:

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

OPFCC Office

119. The office budget for 2023/24, has an increase of £134k, of which £56k relates to pay inflation for staff and £78k due solely to the increase advised in external audit fees by Public Sector Audit Appointments (PSAA) following the national procurement.

2022/23 £m	Budget Breakdown	2023/24 £m
0.905	Staff Costs	0.961
0.249	Other Office Costs	0.327
1.154	Total OPFCC Office	1.288

120. The PFCC has always endeavoured to ensure that the cost of staffing his office is less than 1% of the police budget. His 2023/24 budget continues with that commitment and OPFCC staffing equates to approximately 0.6% of the total police budget for 2023/24.

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

2023/24 Police, Fire and Crime Commissioner – Commissioning and Delivery Budgets

122. The OPFCC undertake a wide range of delivery activities, providing services directly to residents of Northamptonshire. Furthermore, the OPFCC commission services from partners and other organisations. This includes Voice for Victims who deliver services directly to victims.

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

2022/23			Budget Breakdown	2023/24		
Budget £m	Grants/ Income £m	Net £m		Budget £m	Grants/ Income £m	Net £m
0.125	(0.050)	0.075	Commissioning	0.100	(0.075)	0.025
1.678	(0.949)	0.729	Victims & Witnesses & DV Support	2.233	(1.321)	0.912
0.118		0.118	Joint Communications Team with Fire	0.133		0.133
2.023		2.023	Early Intervention and Youth	2.455		2.455
0.728		0.728	Reducing Reoffending	0.716		0.716
0.114		0.114	Delivery and Accountability	0.086		0.086
0.265		0.265	Crime Prevention	0.260		0.260
0.161		0.161	Customer Services - Complaints	0.181		0.181
0.250		0.250	Police, Fire and Crime Plan Delivery Fund	0.250		0.250
5.462	(0.999)	4.463	Total Commissioning and Delivery	6.414	(1.396)	5.018

124. Additional investment has been built into Youth Work and Early intervention which have increased by 4 practitioners and an administrator to take this key area of work forwards.

125. The PFCC undertook star chambers with all OPFCC budget holders to review all budgets and consider them holistically.

126. As a result, a number of budgets are now combined under crime prevention and one off activities will be supported by drawing down from the PFCC initiatives reserves where appropriate.

127. Within the Police, Fire and Crime Plan Delivery Fund, the PFCC supports initiatives which are in the early stages of planning, or which arise during the year, which have not been included within 2023/24 budgets. After launching his initiative in 2018/19, he has decided to continue to ring fence the sum of £0.250m along with the grant schemes currently in place.

128 The OPFCC Commissioning and Deliver budgets continue to embed the investments made in previous years, which:

- Prioritise work to support victims and the vulnerable.
- Take forward initiatives to reduce domestic violence.
- Work with partners to take forward initiatives to reduce re-offending.
- Prioritise early intervention and engagement work.
- Prioritise targeted youth intervention and engagement work.
- Continue to take forward work on crime prevention.
- Continue to embed the investments made in Automatic Number Plate Recognition (ANPR) and CCTV.
- Continue to take forward work with the Road Safety Alliance.

Medium Term Financial Plan (MTFP)

129. The current MTFP covers a five-year period.
130. The impact of high inflation during 2022/23 has affected the costs in the Medium-Term Financial Plan for which prudent forecasts of future funding are not anticipated to meet those increases.
131. Whilst the MTFP does include 1% efficiency savings per annum over years 2024/25 and 2025/26, these will not be sufficient to meet the shortfalls identified. Efficiencies will continue to be sought from sharing buildings, driving efficiencies from robust and shared procurement practices and sharing of staff and services where it makes sense to do so. The Chief Constable is conscious to this challenge and has already started work to look at these efficiencies.
132. Of particular note is that by 2027/28, the cost of funding the capital programme will equate to just over £7.8m per annum. Some disposals are forecast within the programme and the S151 officer will continue to work closely with the Joint Finance Team to ensure the programme is funded appropriately.
133. Despite future shortfalls forecast in the MTFP, in the unlikely event that further efficiencies could not be found, the budget can be balanced in the short term by the use of reserves. This exceeds the current external audit value for money assessment, which considers the ability of an organisation to balance its budget over a three-year period. However, the use of reserves is not a permanent solution, and the PFCC and Chief Constable will continue to seek efficiencies to ensure the budgets are balanced.
134. The MTFP is attached in more detail at Appendix B and key assumptions that have been included in seeking to outline the financial challenge for the medium term are:
 - Precept will increase by £15 in 2023/24, £10 in 2024/25 and thereafter on a 1.99% increase thereafter. (source: Police Provisional settlement assumptions).
 - Prudent funding assumptions have been made in respect of government funding, taxbase levels, and council tax deficits (source: professional assumptions).
 - Prudent Pay increase estimates are assumed at an average of 2% supported by appropriate inflation contingencies (source: National professional assumptions).
 - Investment requirements can be prioritised and met from within the revenue budget or capital programme.
 - Further borrowing beyond the capital programme is not required.

- Funding for regional collaborations will remain consistent.

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

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

2022/23 £m		2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
160,740	Expenditure	169.078	176.980	182.006	185.827	190.696
0	Efficiencies agreed	(0.500)	(0.500)	(0.500)	(0.500)	(0.500)
(376)	Efficiencies to be identified	0.000	(1.606)	(3.268)	(3.268)	(3.268)
160,364		168.578	174.874	178.238	182.059	186.928
160,364	Funding	168.578	172.659	176.924	181.320	185.853
0	(Shortfall)	0	(2.215)	(1.314)	(0.739)	(1.075)

137. As set out earlier in the report, the MTFP also models a potential impact of increased pension contributions and if some grant funding was provided.

Capital Programme 2023/24 to 2027/28

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

139. The approved Capital Programme is as follows:

Programme	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Estates	2.0	2.2	1.7	0.2	0.2
ICT & Digital	7.2	10.6	3.8	2.6	1.6
Vehicles & Operational Equipment	1.5	1.8	1.2	1.5	1.2
Total	10.7	14.6	6.7	4.3	3.0

140. The PFCC is currently reviewing the estates strategy and an updated masterplan is being produced. Once finalised, this will be considered by the Chief Fire Officer and Chief Constable and the Police and Fire capital programmes will be updated.

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

142. The Commissioner is required to approve a 'Treasury Management Strategy' each year, setting out the detail of his policy and approach to managing investments, borrowing and cash management.
143. This is required by the Code of Treasury Management published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Prudential Code to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice.
144. The Treasury Management Strategy will be considered by the PFCC in February 2023 alongside an updated capital strategy. Where possible it will be available on the PFCC website by April 2023 as it is usual practice for the Joint Independent Audit Committee (JIAC) to consider this key document at their March meeting prior to being placed on the OPFCC website.

Use of Reserves

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

General Reserve

148. There is a general reserve which is estimated at 31/3/23 at **£5m**. This represents around 3% of total funding for 2023/24 and is in keeping with the PFCC's guideline level. On current forecasts the general reserve will remain within guideline levels until 2024/25, when it is on or above minimum levels. It is prudent to have such a reserve at this level to enable the organisation to withstand unexpected events which may have financial implications.

Earmarked Reserves

149. As at the 31/3/2023 it is estimated that the PFCC will hold **£16.563m** in earmarked reserves. These are detailed in the reserves strategy included at Appendix D.

150. As a number of projects will be delivered in the next few years, the PFCC will continue to review the reserves held and determine whether they are still required.

Precept proposal

151. After careful consideration of the factors included within this report, the PFCC is proposing a precept increase of £15 (5.39%) for the 2023/24 financial year in order to continue to increase and invest in police officers, build a sustainable base budget to maintain and safeguard policing services across the force area, together with additional investment into essential and evolving demand areas for policing.

152. The PFCC appreciates the impact on households at this time and recognises that in 2021/22 he was able to set a precept at £13 and not the £15 that was expected by the government.

153. Whilst this is a pressure on households, it is a lower increase than current inflation levels and he needs to ensure that Policing has the resources it needs to meet the current and future spending challenges, but also reflects the current financial climate and the views of those who took part in the precept surveys.

154. The PFCC is grateful to all those who took part in the consultation and their willingness to pay more in order to safeguard and develop policing in the county and he will continue to push the government for a fairer funding position for Northamptonshire.

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

155. Section 25 of the Local Government Act 2003, places a duty on the S151 to make a report to the authority on:

- The robustness of the estimates included within the budget
- The adequacy of the reserves and balances

156. The PFCC must have regard to this when considering the budget and the report must be shared with the Police, Fire and Crime Panel.

157. In her considerations, the S151 Officer is mindful of other associated statutory safeguards designed to support the authority:

- Section 151 of the Local Government Act 1972 which requires the authority to make arrangements for the proper administration of its financial affairs and that the Chief Financial Officer has personal responsibility for such administration.
- Sections 32, 43 & 93 of the Local Government Finance Act 1992 which requires the authority to set a balanced budget

- The Prudential Code introduced as part of the Local Government Act 2003 which sets out the framework within which the authority must manage its investments, including adequate planning and budget estimates
- The external auditor's duty to assess the adequacy of the authority's proper arrangements to secure economy, efficiency and effectiveness ('value for money')

158. To reinforce these obligations, Section 114 of the Local Government Finance Act 1988 requires the S151 Officer to report in consultation with the Monitoring Officer; if there is or is likely to be unlawful expenditure or an unbalanced budget.

159. This report has set out the detailed budget setting process that has taken place and the work undertaken to ensure the budget is as realistic, deliverable and achievable as possible.

160. The Chief Constable's Section 151 Officer has worked closely with the Chief Constable's Executive team, budget holders and the finance team to deliver the draft budget and savings plan, ensuring that effective scrutiny and challenge has taken place throughout. The PFCC's 151 officer has worked closely with the Chief Constable's S151 Officer throughout. The PFCC has undertaken scrutiny and strategic review of the proposals on two occasions and has been updated regularly throughout the budget cycle as appropriate.

161. The estimates and assumptions are based on the best information available at the time of formulating the budget in line with the fundamental accounting concepts and are reasonable and prudent.

162. The Section 25 Statement of the S151 Chief Finance Officer for Northamptonshire Police, Fire and Crime Commissioner is included at Appendix C.

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS	The budget and proposed precept provide the resources for the delivery of the Police, Fire and Crime Plan. Additionally, the survey is comprised of a representative sample of Northamptonshire residents.
HUMAN RESOURCES IMPLICATIONS	
ENVIRONMENTAL IMPLICATIONS	None
RISK MANAGEMENT IMPLICATIONS	Risks and mitigations have been highlighted in the report.
LEGAL IMPLICATIONS	The PFCC is required to notify a precept to the billing authorities by the 1 st March each year. In doing so, he must set a realistic revenue budget, informed by the report of the Chief Finance Officer

List of Appendices

Appendix A - Consultation on the Precept
Appendix B - Medium Term Financial Plan
Appendix C - Section 25 Report of the Section 151 Chief Finance Officer
Appendix D - Reserves Strategy

Background Papers

Police Grant Report – December 2022

Persons to Contact

Mrs H King, Chief Finance Officer,
Office of the Police, Fire and Crime Commissioner

Appendix A

Consultation on the Precept

An online consultation was carried out with the intention of reaching as many people as possible to obtain the views of a demographically representative group of the county's population.

The survey was open between 14 December 2022 -17 January 2023 to meet the local and statutory timescales where the PFCC is aiming to publish his proposed Police and Fire Precept proposals by Wednesday January 25.

The online survey received 1,734 responses (although respondents did not respond to every question) and the full report will be published on the PFCC website by the end of February 2023.

Challenges

To achieve an informed consultation based on the proposed settlements, we have no alternative but to consult over the Christmas period because of the timetable that is determined by the Government's release of the financial settlement, and the deadline for setting our budget. As we always do, we began our consultation as soon as the information on the financial settlement and the Government's proposed council tax levels, was available.

This year, we carried out pre-budget engagement with some representative groups who are generally under-represented in consultation responses and whose views were very important to capture.

The Section 151 Officer and the Police, Fire and Crime Commissioner met with the Women's Forum, the Young Persons' Forum, and the Diverse Communities Forum before the details of our financial settlement were available, to fit in with the rhythm of established Forum meetings. They were able to have a detailed conversation with Forum members to set the context for both Police and Fire budgets and talk through various funding scenarios so that Forum members could form an opinion and be ambassadors for their group.

The Section 151 Officer and/or the Police, Fire and Crime Commissioner carried out pre-budget engagement at the local councillor and representatives meeting in November 2022 where they had a detailed conversation to set the context for both Police and Fire budgets and talk through various funding scenarios. This enabled them to hear directly from members on their thoughts and views and gave early notification that a survey would shortly be released so they could formally reflect their views. At the December meeting, the PFCC took the opportunity to continue the dialogue and promoted the survey links.

We gathered contact information and encouraged individuals and groups to fill in and cascade the survey when it was launched.

We carried out daily monitoring of responses to the survey to ensure that we were capturing a demographically representative sample and moved quickly to target areas or groups that were not engaging.

Until the 1st of January 2023, we used stakeholder engagement, the mainstream media, and organic social media to reach people. This gave us a pool of responses to further analyse and identify areas with fewer responses. These areas and groups were then targeted through paid for advertising on social media and further engagement with stakeholders or representatives of those groups.

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

Both West and North Northamptonshire Council also consulted on their council tax at the same time as the Commissioner was consulting on his precept. Both Councils and the OPFCC actively shared and promoted each other's surveys to their contacts.

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

How the consultation was carried out:

Despite these challenges, the survey was able to reach many residents through many different forums and media.

We used four main communications channels to seek public views and encourage people to take part in our consultation:

- Mainstream media
- Partners and stakeholders
- Digital and social
- Paid for social media advertising

Working through our stakeholders – local councillors at all levels, and partners in other groups and sectors – was invaluable in extending the reach of our consultation.

We emailed all councillors direct and asked them to cascade the survey; we held two question and answer sessions on the budget, led by the PFCC, to which all councillors were invited; North Northamptonshire Council included a link about the survey in the Leader's newsletter, and sent it

to every member of their Consultation Register Residents' Panel; West Northamptonshire Council also circulated the consultation widely

Audience	Reach
<p>Stakeholders</p> <ul style="list-style-type: none"> • Neighbourhood Alert • Parish Councils and Town Councils • Councillors in North Northamptonshire and West Northamptonshire • Police, Fire and Crime Panel members • MPs • Chief Executives and Leaders of Local Authorities • Neighbourhood Watch Management Committee • Community Safety Managers for Northamptonshire North and Northamptonshire West • Diversity Forums of West Northamptonshire Council • Northamptonshire Police Community Engagement team • Independent Advisory Group members • Independent Custody Visitors • Businesses via the Chamber of Commerce, Northampton BID and the Northamptonshire Business Forums • Secondary Schools and colleges • Joint Action Groups • Northamptonshire Association of Local Councils • Various voluntary and third sector organisations • Rural interest groups • The Police Liaison Representatives on every parish and town council • Northamptonshire Fire and Rescue team forwarded to their partnership networks – including cadets • All local criminal justice boards • Northampton Town Football Club 	<p>The survey was sent to more than 25,000 stakeholders, with a request that they further cascade</p> <p>The Commissioner wrote personally to Panel members, MPs, and Leaders of local authorities to ask for their support in sharing and encouraging response to the consultation</p> <p>Where variations in locality responses were identified, an additional request was made of the Chair who promoted and circulated the survey further.</p>
<p>Internal</p>	<p>The survey potentially reached 3,279 employees (2,778 police</p>

<ul style="list-style-type: none"> • News item on Forcenet – The Northamptonshire Police intranet viewed by all officers and staff – repeated twice during survey period • All staff email to OPFCC • News item on Northamptonshire Fire and Rescue Service intranet for Firefighters and staff – repeated twice during the survey period • Daily Orders – link to item on Forcenet directing staff to survey • Chief Officer Vlogs in both Northamptonshire Police and Northamptonshire Fire and Rescue Service – repeated twice during the survey period • Message and link displayed on December payslip and portal for Northamptonshire Police officers and staff and Northamptonshire Fire and Rescue Service Firefighters and staff • Splash screen survey message on every computer across both organisations • Repeated messaging during bi-weekly NFRS Pacesetter meetings for senior firefighters with requests to cascade 	<p>officers, staff, and volunteers, and 501 firefighters and NFRS staff members), with a request that they further cascade</p>
<p>Key Internal Stakeholders</p> <ul style="list-style-type: none"> • Northamptonshire Police Chief Officers • Northamptonshire Fire and Rescue Service (NFRS) Senior Fire Officers • Directors in the Office of the Police, Fire and Crime Commissioner (OPFCC) • OPFCC Customer Service team • Police Federation • Unison • Police Superintendents’ Association • Fire Brigades Union • Voice 	<p>Email request to cascade to their members/contacts</p>
<p>Mainstream media</p> <ul style="list-style-type: none"> • A news release was issued to all local and regional media across Northamptonshire 	<p>The news release went to over 60 newsrooms (print and broadcast including the Northants Telegraph and BBC</p>

<ul style="list-style-type: none">• News release was sent to hyper local publications• The survey was trailed in the December edition of the PFCC newsletter Corby targeted news release to all local outlets covering the area	<p>Radio Northampton), plus individual reporters and other local news sites.</p> <p>Coverage on Northampton Chronicle, Northamptonshire Telegraph and Daventry Express</p>
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Digital and Social	20,331 impressions
<ul style="list-style-type: none"> • Twitter OPFCC account (native) 	267 engagements
<ul style="list-style-type: none"> • Twitter OPFCC account (paid, £66.95) 	29,928 impressions 832 engagements
<ul style="list-style-type: none"> • Twitter NFRS account 	4,214 impressions 55 engagements
<ul style="list-style-type: none"> • Facebook OPFCC account native 	2,280 impressions 115 engagements
<ul style="list-style-type: none"> • Meta adverts including Facebook (paid, £114.07) 	27,394 impressions 4,838 engagements
<ul style="list-style-type: none"> • Google ads including YouTube (paid, £97.44) 	17,960 impressions 54 link clicks 1.9% CTR
<ul style="list-style-type: none"> • OPFCC Website views - 4 different pages / news stories 	
<ul style="list-style-type: none"> • LinkedIn – OPFCC and NFRS 	14,927 views 269 impressions 8 engagements
<ul style="list-style-type: none"> • Neighbourhood Alert Northamptonshire Police 	Sent to 25,172

<ul style="list-style-type: none"> • Neighbourhood Alert for OPFCC 	<p>12,335 read</p> <p>565 visits to survey link</p> <p>Read by 16,326</p> <p>614 visits to survey link</p>
<p>Targeted briefings and Forums</p> <p>November 2022 – Councillor pre-budget engagement by PFCC and S151 Officer</p> <p>January 2022 Councillor Budget and Precept Briefing by PFCC, Assistant Chief Fire Officer, Chief Constable, and S151 Officer</p> <p>Youth Forum</p> <p>Diverse Communities Forum</p> <p>Women’s Forum</p> <p>MP briefing held at Westminster in November</p> <p>Annual Police, Fire and Crime Panel Budget and Precept Workshop</p>	<p>274 Parish Council Clerks contacted to disseminate to all Parish Councils</p> <p>229 were invited</p> <p>33 requested contact details</p> <p>29 attended</p> <p>All members invited</p>

Appendix B

Medium Term Financial Plan 2023/24-2027/28

Medium Term Financial Plan

2022/23 £'000		£15 Precept				
		2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
81,792	Police Officers	86,570	88,771	89,877	90,829	92,928
27,385	Police Staff	29,997	31,020	31,499	32,133	32,808
3,842	PCSOs	3,978	4,067	4,128	4,212	4,278
958	Other Pension Costs	1,049	1,066	1,089	1,109	1,130
500	Other Employee Expenses	665	678	693	707	721
1,306	National ICT Charges (inc. PNC)	1,513	1,643	1,776	1,912	2,050
9,303	Third Party/Collaborative Arrangements	9,353	9,540	9,731	9,925	10,124
7,669	Other Non-Pay (excl. Enabling Services)	7,972	8,071	9,223	9,332	9,443
(7,392)	Income	(7,753)	(8,440)	(8,652)	(8,825)	(10,044)
125,363	CHIEF CONSTABLE - OPERATIONAL	133,344	136,416	139,364	141,334	143,438
24,448	ENABLING SERVICES	27,245	28,227	28,173	29,377	31,818
149,811	TOTAL CHIEF CONSTABLE BUDGET	160,589	164,643	167,537	170,711	175,256
1,154	OPFCC (Office)	1,288	1,327	1,353	1,380	1,408
4,463	OPFCC (Commissioning & Delivery)	5,018	5,118	5,190	5,044	5,145
1,247	Capital Financing - MRP	2,102	3,800	5,314	5,235	5,247
330	Capital Financing - Interest	496	832	1,283	1,452	1,617
2,272	Capital Financing - RCCO	200	1,000	1,000	1,000	1,000
100	Specific Transfers to Reserves	1,010	100	100	100	100
(2,167)	Specific Transfers from Reserves	(2,571)	(710)	(658)	-	-
2,505	General Transfer to/from Reserves	-	-	-	-	-
9,904	OTHER (Inc. OPFCC & Capital Financing)	7,543	11,467	13,582	14,211	14,517
1,025	New Investment Proposals	946	870	887	905	923
-	Minimal Savings Target 23/24	(500)	(500)	(500)	(500)	(500)
(376)	Further Savings/Efficiencies Requirement	-	(1,606)	(3,268)	(3,268)	(3,268)
160,364	TOTAL GROUP	168,578	174,874	178,238	182,059	186,928
	Funding					
(81,620)	Main Police Grant	(81,905)	(85,897)	(87,185)	(88,493)	(89,820)
(1,272)	Pension Grant	(1,272)	(1,272)	(1,272)	(1,272)	(1,272)
(1,288)	Officer Uplift Grant	(2,600)	-	-	-	-
(6,644)	Legacy Grants	(6,644)	(6,644)	(6,644)	(6,644)	(6,644)
(70,247)	Precept	(75,118)	(78,846)	(81,823)	(84,911)	(88,117)
707	Collection Fund Deficit/(Surplus)	(1,039)	-	-	-	-
(160,364)	TOTAL FUNDING	(168,578)	(172,659)	(176,924)	(181,320)	(185,853)
0	FUNDING (SURPLUS) / DEFICIT	-	2,215	1,314	739	1,075
-	Pension Costs - ERs increase				6,464	6,539
-	Funding assumed at 75%		-	-	(4,848)	(4,904)
-	FUNDING (SURPLUS) / DEFICIT After Pension ERs Impact	-	2,215	1,314	2,355	2,710
	Precept					
£278.04	Band D Council Tax	£293.04	£303.04	£309.07	£315.22	£321.49
252,651.04	Tax Base	256,339.80	260,184.90	264,738.13	269,371.05	274,085.04
	Assumptions:					
	Home Office Grants	1.76%	1.70%	1.50%	1.50%	1.50%
	Precept (%)	5.39%	3.41%	1.99%	1.99%	1.99%
	Precept (£)	£15.00	£10.00	£6.03	£6.15	£6.27
	Tax Base Change - Increase/(Decrease)	1.46%	1.50%	1.75%	1.75%	1.75%
	Inflation Contingency	1.00%	1.00%	1.00%	1.00%	1.00%
	Pay Awards	2.00%	2.00%	2.00%	2.00%	2.00%

Note: Figures may not sum due to rounding

Section 25 Report of the Section 151 PFCC Chief Finance Officer

“Working closely with the Force S151 Officer and the Joint Head of Finance, I have been assured by how the Joint Finance Team for Fire and Police have further refined and developed the Police budget model from 2023/24. I am grateful for their hard work, scrutiny and challenge throughout this process and am assured by how they have continued to take forward and make improvements to it every year following the governance transfer.

I have been fully briefed on the progress of the budget by the Force S151 Chief Finance Officer prior to and throughout the budget process and development of the capital programme, ensuring I have been party to all key assumptions and decisions. Prudent estimates and assumptions included have been based on professional estimates, peer knowledge and advice and using where appropriate assumptions included in the business case. Where possible, I have aligned these with national Fire, Police, local authority and technical colleagues.

The PFCC’s final precept intention of £15 takes into account public consultation alongside prudent assumptions based on the best information available, the MTFP and the reserves position, and still enables an element to be ring fenced for investment.

At the meetings with the Force in December 2022 and January 2023, I attended, together with the Force S151 Chief Finance Officer to provide assurance to the PFCC and the CC that these factors have been considered. The Chief Constable and his team have been fully involved in the budget discussions and they have discussed revenue and capital requirements for 2023/24 and future years with the PFCC.

At the meetings and since those dates, dialogue, scrutiny and challenge has continued where new factors or information have been highlighted and discussed.

The budget for 2023/24 has been created through a zero-based budget approach and only previously agreed growth, contractual commitments or unavoidable pressures have been built in. It is a structured and consistent process and I have received responses to queries and/or points of clarification. Where I have sought changes, they have been incorporated.

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

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

In preparing the MTFP, working with the Force S151 Officer, we modelled several best mid and worst-case scenarios across council taxbase assumptions and precept increases ranging from 1.99% to £15

to help inform the PFCC considerations in determining his precept proposal for 2023/24. As the information from the settlement and taxbase became clearer, we continued to review and refine the MTFP.

Whilst Police grant allocations were slightly higher than forecast, they do not reflect the pressures of inflation being experienced throughout 2022/23 and whilst indicative funding information is available for 2024/24, it is insufficient to meet the costs identified and the cost of future inflation adds additional uncertainty.

It is my recommendation that financially, it is essential to take forward the £15 precept flexibility afforded to Northamptonshire for 2023/24. This will be built into the base budget and help provide a resilient position for the medium term.

The MTFP does require efficiencies to be made and assumes 1% efficiencies will be delivered in 2024/25 and 2025/26. However, even after these efficiencies, there are shortfalls in the MTFP. I am assured that the Chief Constable will work to identify efficiencies and efficient ways of working which will address these challenges over the medium term. I will support the PFCC in ensuring the Chief Constable and Force S151 Chief Finance Officer provide regular updates to the Accountability Board.

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

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

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

The sections in this report on "Future Risks, Challenges and Uncertainties", "Pensions" and the "MTFP" highlight significant unknown issues moving forwards in the medium term. The continuing impact of COVID-19, the impact of a future funding formula and the future economic climate are currently unknown. Where possible forecasts and estimates are included within the MTFP and all opportunities for government funding are pursued to ensure any financial impact on Policing is minimised.

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

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

General reserves are established at £5m which is above the guideline level and as at the 31 March 2025, it is estimated that there will be over £17m of revenue reserves available to support the budget and mitigate challenges if required.

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

I conclude, therefore, that the budget for 2023/24:

- 1. Has been prepared on a robust basis, and*
- 2. Continues with the intention to recruit and maintain additional police officers in line with the national uplift, increasing to over 1500 by March 2023.*
- 3. Includes investment to help manage demand and increase efficiency and/or capacity.*
- 4. The budget can be balanced for the next three financial years, with a savings plan and work is already underway by the Chief Constable to identify the balance after that time. Furthermore, reserves are adequate to mitigate the impact of the shortfalls in the MTFP over the five-year period if full savings are not forthcoming.*
- 5. The financial landscape after 2023/24 is less certain and the PFCC will continue to push for certainty. The MTFP will be under regular review as savings plans progress.*



NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER RESERVES STRATEGY (REVISED JANUARY 2023)

1. Reserves Strategy

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

- 1.6 Reserves should not be held to fund ongoing revenue expenditure as this is unsustainable in the long term; however, they may be important in smoothing a major financial imbalance (revenue or capital) over a longer timescale. CIPFA guidance LAAP 99 published July 2014 states:

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

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

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

- 2.1 The 2014, CIPFA guidance included the establishment and maintenance of local authority reserves and balances, setting out the key factors that should be taken into account locally in making an assessment of the appropriate level of reserves and balances to be held.
- 2.2 In the written statement that accompanied the Provisional Police Grant report on 19th December 2017, the then Policing Minister stated

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

This strategy complies with the Ministerial requirement.

- 2.3 On 31 March 2018, the Minister for Policing and the Fire Service published new guidance on the information that each PFCC must publish in terms of Police reserves. One of the key requirements is that the information on each reserve should make clear how much of the funding falls into each of the following three categories:
- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan.

- Funding for specific projects and programmes beyond the current planning period.
- As a general contingency to meet other expenditure needs held in accordance with sound principles of good financial management.

2.4 This information is summarised across the Home Office headings as at 31/3/23, together with the proposed use of the reserves held at that date as follows:

Reserve	Actual Balance as at 31/3/2023	Planned Movements on Projects and Programmes over the next 3 years (23/24-25/26)	Total Revenue and Capital Reserves as at 31 March 2026	Planned movements and Funding for Specific projects and Programmes 2025/26-2027/28	Held as a general Reserve, Contingency or Resource to meet other expenditure or pressures
	£m	£m	£m	£m	£m
General	5.000		5.000		5.000
Earmarked Revenue:					
Insurance	3.710		3.710		3.710
Operational Equipment	0.350	(0.250)	0.100		0.100
Carry Forwards	1.036	(0.455)	0.580		0.580
Victims	0.368	(0.075)	0.293		0.293
Pensions	0.283		0.283		0.283
Smoothing	2.437	(0.285)	2.152		2.152
PFCC Initiatives	4.166	(0.899)	3.267		3.267
Transformation	2.473	(2.461)	0.013		0.013
Safer Roads	0.427	(0.242)	0.185	(0.132)	0.053
Neighbourhood	0.597	0.000	0.597		0.597
Total Earmarked	15.848	(4.667)	11.181	(0.132)	11.049
Collaboration	0.419		0.419		0.419
Total Revenue	16.267	(4.667)	11.600	(0.132)	11.468
Capital:					
Capital Reserve	0		0		0
S106 Developer Contributions	0.296	0.003	0		0
Total Capital	0.296	0.003	0.000	0.000	0.000
Total Reserves	21.563	(4.664)	16.600	(0.132)	16.468

Note: numbers may not sum due to rounding

3. General Reserve

3.1 In order to assess the adequacy of the unallocated general reserve when setting the budget, the PFCC, on the advice of the two Chief Finance Officers, should take account of the strategic, operational and financial risks facing the authority. This assessment of risk should include external risks, as well as internal risks, for example the ability to deliver planned efficiency savings.

- 3.2 Whilst there is no prescribed level of reserves that PFCCs should hold; it is influenced by individual discretion, local circumstances, advice from external auditors, risk management arrangements and risk appetite. CIPFA guidance in LAAP Bulletin 99 (2014) specifically cautions against prescriptive national guidance for a minimum or maximum level of reserves and states:

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

- 3.3 However, the minimum level of reserves may be set for the authority by the Ministers in England and Wales where an authority does not act prudently, disregards the advice of its chief finance officer or is heading for financial difficulties. LAAP Bulletin 99 (2014) specifies that minimum level of reserves can be imposed on specific circumstances:

“Minimum level of reserves will only be imposed where an authority is not following best financial practice”

- 3.4 CIPFA indicate a minimum general reserve level is typically between 2% and 3% of net budget requirement.

- 3.5 In Policing, average general reserves are around 5% whilst in the Fire sector there are a higher level of both general and earmarked reserves held.

- 3.6 In December 2022, prior to the provisional Local Government Settlement, the Department of Levelling Up, Housing and Communities (DLUHC) issued a policy statement. The statement included specific mention of the level of reserves built up during the pandemic and which applies to Fire and Police as follows:

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

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

Year	£m	%
2023/24	5.000	3.0%
2024/25	5.000	2.9%
2025/26	5.000	2.8%
2026/27	5.000	2.8%
2027/28	5.000	2.7%

- 3.10 As budgets are increased each year, the levels change each year and forecast general reserve plans are above the minimum level in all years but are only above or on the guideline level until 2024/25.
- 3.11 Therefore, where appropriate and if budget levels are higher than those forecast in the MTFP, the PFCC will endeavor to increase general reserves from 2024/25. Based on current forecasts, an additional £0.5m would increase levels to above 3% throughout the life of the MTFP.

4. Earmarked Reserves

- 4.1 In addition to the general reserve, the PFCC holds a number of reserves which are earmarked for specific purposes.
- 4.2 The predicted position for each earmarked reserve as at 31/3/2023, together with an outline of its specific purpose is attached at Annexe 2.
- 4.3 At the 31/3/2023, it is estimated that the PFCC will hold **£16.563m** in earmarked reserves which are as follows:

Insurance – This reserve holds funds set aside where considered prudent for civil claims (Public and Employer liability) in line with professional advice.

Operational Equipment – this is a reserve to smooth the impact on the revenue budget in respect of the cost of replacing operational equipment, rather than impacting disproportionately on the budget in any one year.

Earmarked Funding – This reserve relates to previous years underspends which are ring fenced and carried forward or funding received which is earmarked for specific purposes in the medium term.

Victims Services – this is to support investment and projects for victims' services in future years. This reserve also holds any balances transferred in from Victims Voice at year end.

Pensions – This reserve is used to smooth the impact of ill-health retirements and to meet the costs of any ill—health or injury retirements in excess of budget provision across years.

Developer Contributions (S106) – this is a capital reserve to collect the drawn down developer contributions awarded to the PFCC in line with S106 planning arrangements. These funds will be released in accordance with the terms of the agreements. The reserve only accounts for funds once they have been drawn down.

Smoothing Reserve – This is a new reserve created to enable the savings generated from the savings programme to be realised and released over future years as needed, smoothing the impact of timing variations on the revenue budget.

PFCC Initiatives – this is to deliver funding towards the specific initiatives of the PFCC arising from the Police, Fire and Crime Plan.

Transformation Reserve – This reserve is intended to support initiatives and transformative activities such as the future systems programme and enabling services initiatives.

Safer Roads – this reserve relates to funds in excess of expenditure for use in line with specific criteria for equipment or road safety initiatives. Following the 2018/19 budget initiatives, a Road Safety Alliance has been set up with partners which will produce priorities and the PFCC's reserve is used to fund specific road safety grants and is used to fund the policing priorities from this.

Neighbourhood – this reserve was established to capture any underspends from the in-year Police Community Support Officers (PCSO) budget. It is intended that the proceeds of this reserve will be used to support neighbourhoods or related initiatives rather than be subsumed into supporting the overall Force budget. The PFCC is in discussion with the Chief Constable on its usage.

Collaboration – this reserve relates to previous years underspends on regional collaboration and funds held for regional asset replacements. Each PCC holds their share of the regional reserves and is set aside to meet future regional costs.

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

5. Provisions

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

6. Procedures for management and control

6.1 Any drawdown from reserves is subject to the approval of the PFCC, on advice from the PFCC's Chief Finance Officer (OPFCC CFO); or under the delegated authority of the OPFCC CFO.

6.2 The Local Government Act 2003 requires the S151 officer to report annually on the adequacy of the reserves and this is included within the statement on the robustness of the estimates used for the budget and the adequacy of the proposed financial reserves.

6.3 The Strategy will be reviewed annually by the OPFCC CFO as part of the Budget and Precept process.

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

Budget Assumptions (CIPFA Principles)	2023/24 Situation in Northamptonshire
The treatment of inflation and interest rates	<p>Northamptonshire makes full and appropriate provision for pay and price increases, informed by benchmarking with peers.</p> <p>An informed assessment is made in the Treasury Management Strategy of interest rate movements.</p> <p>All income and expenditure in the budget is prepared and published at outturn prices.</p> <p>Additionally, there are operational and inflation contingencies and a Pay Inflation contingency of 1% (£803k) is held to mitigate any volatility in 2023/24.</p>
Estimates of the level and timing of capital receipts	<p>Northamptonshire has recently reviewed its estates strategy as a fundamental part of the capital programme and has made a prudent assumption of future capital receipts across the programme which are being used to fund capital expenditure and minimise the impact of borrowing on the budget.</p>
The treatment of demand led pressures	<p>The Force is required to operate and manage within its annual budget allocation. Overtime budgets are devolved within the Force to enable operational leaders to make decisions and the Chief Constable retains an operational contingency to support additional major incidents.</p> <p>On an exceptional basis, agreement is sought from the PFCC to utilise carry forwards to meet one off demand led pressures and demand led pressures are scrutinised and built into the budget set by the PFCC.</p> <p>Northamptonshire have identified savings in previous years which mean that opportunities for efficiencies are less than in previous years.</p>

	<p>The PFCC is keen to ensure the Force continue to identify efficiencies where it makes sense to do so, and a 1% efficiency target is set as part of the budget and MTFP and detailed within the annual strategic outcomes agreed with the Chief Constable.</p> <p>Depending on funding availability, the PFCC has and will continue to support investment in areas that reduce demand, or which increase efficiency/capacity to deal with demand.</p> <p>General reserves are used as a last resort to manage and fund demand led pressures.</p>
<p>The treatment of Planned Efficiency Savings/Productivity Gains</p>	<p>The Force have met all financial savings and challenges sought in previous years and in addition to realising efficiencies, have set a £0.5m efficiency target as part of the 2023/24 budget.</p> <p>The Force undertake budget challenge meetings and have identified a range of efficiencies to take forward which they will discuss with the Chief Constable and PFCC as they are refined.</p> <p>The Force operates a Change Steering Group which monitors investments, savings and efficiencies and is attended by OPFCC representatives.</p> <p>There are efficiency requirements aligned to the MTFP and any identified savings and efficiencies from service or governance transfers will be monitored and reviewed regularly by the service and are only included as achieved in budgets when confirmed and verified.</p>
<p>The financial risks inherent in any significant new funding partnerships, collaboration, major outsourcing arrangements or major capital developments.</p>	<p>The financial consequences of partnership collaboration working outsourcing arrangements or capital investment are reported to the PFCC as part of the medium-term planning process. Where relevant, any additional costs are incorporated into the annual revenue budget and/or capital programme.</p>

	<p>There is a risk that partners will withdraw funding as their own budgets are squeezed, or that the continued viability of private sector commercial partners will be exposed to risk in the face of an economic recession.</p>
<p>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.</p>	<p>Northamptonshire have created earmarked reserves and provisions to meet specific expenditure items and have added to these further in this strategy. Their use and balances as at 31/3/2023 are detailed in Annexe 3.</p> <p>Northamptonshire maintains an insurance provision, the adequacy of which is monitored in detail by the legal services insurance advisors, together with our insurance advisors. The access criteria for special grants state that PFCCS may be required to fund up to 1% of their net budget requirement themselves before the Government considers GrantAid. This applies on an annual basis.</p> <p>Northamptonshire’s general reserve provides sufficient scope to cover this eventuality.</p>
<p>The general financial climate to which the Authority is subject</p>	<p>It is anticipated that the financial climate will be challenging and the medium-term financial plan will reflect the “best estimate” of future inflation rates and increases in government grants and contributions.</p> <p>Since March 2017, the PFCC has endeavoured to increase police officers by 330 to 1500 by March 2023. This will be met by the revenue budget and not by the use of reserves. All police officer costs are within the base budget.</p> <p>SR2021, updated by the Autumn Statement 2022 provided three-year indicative funding for which 2024/25 is the third year. The MTFP will be regularly updated to support operational decision making.</p>

**RESERVES OF THE POLICE AND CRIME PFCC
2023/24 to 2027/28**

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

	Rationale	How and when used	Level	Management and control	Risk If Reserve Not Held	Review
EARMARKED - INSURANCE	To cover the potential and contingent liabilities of uninsured risks as assessed annually by our insurers based on claims outstanding.	<p>Balance will increase or reduce annually dependent on the PFCC's outstanding claims record.</p> <p>Currently excess limit is £150k per claim. Higher excess levels are being reviewed which may require higher reserve levels.</p> <p>Increased in 2017/18 following advice from external audit and is reviewed and scrutinised by the Joint Finance team and regularly by our legal and claims handling experts. Annual actuarial assessment determines the level of the reserve.</p>	Will vary according to annual risk assessment	PFCC, on advice from PFCC CFO	<p>The reserve is held to cover potential uninsured risks.</p> <p>If no reserve is held the PFCC is potentially open to significant excess and claims payments in year beyond available revenue budgets.</p> <p>Assessment by insurers needs to be realistic not unduly pessimistic.</p>	Annual
EARMARKED - OPERATIONAL EQUIPMENT	To smooth the impact of operational equipment purchases on the revenue budget	To access the funds a costed request has to be provided.	Will vary according to usage and annual risk assessment.	PFCC, on advice from PFCC CFO	<p>The reserve is held to smooth the impact of operational equipment replacement rather than have significant variations in the budget.</p> <p>If no reserve is held,, the risk is that equipment would have to be replaced from the current year's budget or capital programme.</p>	Annual

	Rationale	How and when used	Level	Management and control	Risk if Reserve Not Held	Review
EARMARKED FUNDING – CARRY FORWARDS	To fund specific expenditure requested by the force from previous year underspends or earmarked funding received.	Business cases provided as part of the outturn report or specific funding conditions.	Will vary according to financial outturn.	PFCC, on advice from PFCC CFO	Establishing a reserve enables an incentive and an opportunity to utilise year end underspends in a manner which will provide additionality and benefit for the service in future years, rather than finding resources from in-year or reserves.	Annual
EARMARKED FUNDING - VICTIMS SERVICES	To fund specific programmes or schemes to support victims' services	To access the funds business cases, have to be provided.	Will vary according to outturn and annual risk assessment.	PFCC, on advice from PFCC CFO	<p>The reserve was established by historic underspends from Victims and Sunflower. The Sunflower elements were utilised to fund shortfalls in partner contributions in 2021/22 and 2022/23.</p> <p>The reserve is an opportunity to fund one off additionality or investment and if funds were not provided, the risk is that projects or planned expenditure would need to be found from current year's budget.</p>	Annual

	Rationale	How and when used	Level	Management and control	Risk If Reserve Not Held	Review
EARMARKED - PENSIONS	<p>To meet the costs of any ill—health or injury retirements which are unbudgeted and fall directly on the PFCC.</p> <p>Also, to cover any significant overspend on the employer contributions to the Pension Account</p>	<p>Annually as required.</p> <p>Transfers out depend on the amount resulted from successful claims during the year.</p> <p>Historically there has been budget provided within the Force revenue budget for approximately 6 claims in a year. Any unused budget within a year would represent transfers in.</p> <p>The consideration of utilising this reserve towards the reduction on actuarial is currently in progress</p>	Will vary according to annual risk assessment	PFCC, on advice from PFCC CFO	<p>The reserve is held to collect any underspend from ill health pensions in the budget and provides an opportunity to smooth the impact of a financial pressure or overspend in subsequent years.</p> <p>The reserve enables a flat and realistic annual budget to be set for ill health pensions rather than being subject to annual variances.</p> <p>If no reserve is held, significant ill health or injury awards beyond normal budgeted profile could create pressure on the revenue budget or general reserves.</p>	Annual
EARMARKED - CAPITAL - DEVELOPER CONTRIBUTIONS S106	To meet the additional cost of operational requirements	To access the funds a costed request has to be provided which is consistent with the conditions of the developer contribution.	Will vary according to usage and annual risk assessment.	PFCC, on advice from PFCC CFO	<p>The reserve is held for funds allocated to the PFCC from developers towards the cost of infrastructure developments for Policing.</p> <p>If funds were not provided, the risk is that the additional costs would have to be replaced from the current year's capital programme.</p>	Annual

	Rationale	How and when used	Level	Management and control	Risk If Reserve Not Held	Review
EARMARKED - SMOOTHING RESERVE	<p>To smooth the impact of fluctuations in the funding receipts from the collection fund if provided after the budget has been set.</p> <p>To collect efficiency savings realised to smooth the impact on future years budgets.</p>	Balance will increase or reduce annually dependent on budget levels and the savings programme.	Will vary according to usage and annual risk assessment.	PFCC, on advice from PFCC CFO	<p>The reserve is held to receive any efficiencies and funding in excess of the budget set and to utilise to ensure any variations are smoothed where appropriate. Also use to smooth budget fluctuations.</p> <p>If funds were not maintained the PFCC and the Force could be required to balance the budget or funding shortfalls by in year savings.</p> <p>There can be significant variations each year in the revenue budget whilst the timing of efficiency savings occur– this smoothing reserve will assist in mitigating that.</p>	Annual

	Rationale	How and when used	Level	Management and control	Risk If Reserve Not Held	Review
EARMARKED - PFCC INITIATIVES	<p>To deliver funding to for specific initiatives of the PFCC arising from the Police, Fire and Crime Plan</p> <p>To provide funding to deliver radical solutions to deliver the Police, Fire and Crime Plan</p>	As required – typically informed by approved business cases for bids on the Fund.	Will vary according to outturn and annual risk assessment.	PFCC, on advice from PFCC CFO	<p>The reserve is held and was established from a PFCC reserve and has been increased by in year underspends to support initiatives identified by the PFCC to support the Police, Fire and Crime Plan.</p> <p>It is used to pump prime initiatives or one-off requirements, and from 2023/24 supports the budgeted Police, Fire and Crime Plan Initiatives within the revenue budget and local grant initiatives.</p> <p>If the reserve was not held initiatives would be funded either from the revenue budget or from other earmarked policing reserves.</p>	Annual
EARMARKED - TRANSFORMATION PROGRAMME	To fund transformative activities and opportunities and meet initial and upfront costs of enabling services projects.	To access the funds a costed request has to be provided.	Will vary according to outturn and annual risk assessment.	PFCC, on advice from PFCC CFO	<p>The reserve was established to fund the transformative activities of bringing in house support services and developing shared systems for Police and to bring Fire onstream in future years.</p> <p>If funds were not provided, the risk is that equipment or services and resources required to bring in the systems and activities would have to be replaced from the current year's budget or other reserves.</p>	Annual

	Rationale	How and when used	Level	Management and control	Risk If Reserve Not Held	Review
EARMARKED - SAFER ROADS	<p>For surpluses of fines and speed awareness course income over expenditure that is reinvested in replacement equipment and road safety initiatives.</p> <p>The reserve is influenced by the work of the Road Safety Alliance formed in 2018/19</p>	As required – typically informed by approved business cases for bids on the Fund.	Will vary according to outturn and annual risk assessment.	PFCC, on advice from PFCC CFO	<p>The reserve is held to provide an opportunity for supporting local road safety related grants and to fund initiatives in the county identified locally and by the Road Safety Alliance.</p> <p>If reserve was not held then safety initiatives would have to be funded from the revenue budget, other reserves or not implemented.</p> <p>This reserve can only be used in accordance with the legislation for its use of road safety related activities.</p>	Annual
EARMARKED - NEIGHBOURHOOD	For underspends in the Police Community Support Officers (PCSO) budget to be held to be used towards prioritising those resources and used in neighbourhoods or other associated requirements.	As required – typically informed by approved business cases for bids on the Fund.	Will vary according to outturn and annual risk assessment.	PFCC, on advice from PFCC CFO	<p>The reserve is held to provide an opportunity for underspends to be ring fenced and retained on funding neighbourhood resources and activities.</p> <p>If the reserve was not held there is a potential that any underspends could be subsumed in wider police force overspends.</p> <p>The reserve also provides an opportunity to overrecruit PCSOs or to use on other neighbourhood associated activities or requirements.</p>	Annual

	Rationale	How and when used	Level	Management and control	Risk if Reserve Not Held	Review
EARMARKED REGIONAL - COLLABORATION	Transfers in relate to underspend on regional collaboration. Transfers out represent contribution towards regional decisions	<p>Upon requirement on decision made to contribute towards projects in relation to regional collaborations.</p> <p>Decisions made on East Midlands PFCC and CC Boards</p>	Will vary according to usage and annual risk assessment.	PFCC, on advice from PFCC CFO	If funds were not maintained, there would be a risk of regional projects not being supported.	Annual

Summary of Revenue and Capital Reserves 2022/23 to 2027/28

	Actual Balance at 31 March 2022 £m	Forecast Balance at 31 March 2023 £m	Forecast Balance at 31 March 2024 £m	Forecast Balance at 31 March 2025 £m	Forecast Balance at 31 March 2026 £m	Forecast Balance at 31 March 2027 £m	Forecast Balance at 31 March 2028 £m
<u>Held to meet budgetary risks</u>							
Insurance	3.710	3.710	3.710	3.710	3.710	3.710	3.710
Operational Equipment	0.400	0.350	0.100	0.100	0.100	0.100	0.100
	4.110	4.060	3.810	3.810	3.810	3.810	3.810
<u>Held to support the medium term budget</u>							
Earmarked - Carry Forwards	2.643	1.036	0.580	0.580	0.580	0.580	0.580
Victims	0.368	0.368	0.293	0.293	0.293	0.293	0.293
Pensions	0.360	0.283	0.283	0.283	0.283	0.283	0.283
Smoothing	0	2.437	2.960	2.560	2.152	2.152	2.152
	3.371	4.124	4.117	3.716	3.309	3.309	3.309
<u>Held to facilitate change programmes</u>							
PFCC Initiatives Reserve	4.156	4.166	3.797	3.517	3.267	3.267	3.267
Transformation Reserve	1.368	2.473	0.042	0.013	0.013	0.013	0.013
Safer Roads Reserve	0.533	0.427	0.317	0.251	0.185	0.119	0.053
Neighbourhood Reserve	0.000	0.597	0.597	0.597	0.597	0.597	0.597
	6.057	7.663	4.753	4.378	4.062	3.996	3.930
<u>Capital Reserves</u>							
S106 Developer Contributions	0.406	0.296	0.186	0.076	0	0	0
Capital Reserves	0.077	0	0	0	0	0	0
	0.483	0.296	0.186	0.076	0.000	0.000	0.000
Total PFCC Earmarked Reserves	14.021	16.144	12.866	11.981	11.181	11.115	11.049
<u>Collaboration Reserves - Held locally</u>	0.419	0.419	0.419	0.419	0.419	0.419	0.419
Total Earmarked Reserves	14.440	16.563	13.285	12.400	11.600	11.534	11.468
General Fund	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Total Reserves	19.440	21.563	18.285	17.400	16.600	16.534	16.468

Note: numbers may not sum due to rounding

