

**POLICE AND CRIME COMMISSIONER (PCC) FOR LINCOLNSHIRE
REQUEST FOR DECISION**

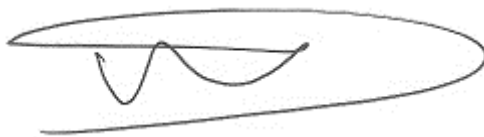
REF: 04-2024

DATE: 22 February 2024

SUBJECT		BUDGET REPORT
REPORT BY	Chief Finance Officer & Director of Finance & Corporate Services	
CONTACT OFFICER	Julie Flint, Chief Finance Officer Telephone 01522 212351 Sharon Clark, Director of Finance & Corporate Services (S151) Telephone 01522 947468	
EXECUTIVE SUMMARY AND PURPOSE OF REPORT To propose: <ul style="list-style-type: none">• A revenue budget and council tax precept for 2024/25• A medium term financial plan for 2025/26 to 2027/28• A capital programme for 2024/25 to 2027/28 The proposals will support delivery of the Police and Crime Plan and are consistent with the Commissioner's Financial Strategy.		
RECOMMENDATIONS	The Police and Crime Commissioner is asked to: <ol style="list-style-type: none">1. note the views of the Police and Crime Panel on council tax, summarised at paragraph 2.7 of the report;2. note the Chief Finance Officer's statement on robustness of estimates and adequacy of reserves in section 10 of the report;3. approve the council tax for 2024/25 as set out in Table A and Appendix A;4. approve revenue budgets for 2024/25 and medium term financial plan for 2025/26 to 2027/28 as set out in Appendix B; and5. approve the capital programme and its funding for 2024/25 to 2027/28 as set out in Table D.	

POLICE AND CRIME COMMISSIONER FOR LINCOLNSHIRE

I hereby approve the recommendation above, having considered the content of this report.



Signature:

Date: 22 February 2024

A. NON-CONFIDENTIAL FACTS AND ADVICE TO THE PCC

A1. INTRODUCTION AND BACKGROUND

1. Police Grant Settlement

- 1.1 The 2024-25 provisional Police Grant Report accompanied by a Written Ministerial Statement was laid before Parliament on 14 December 2023.
- 1.2 The police settlement covers just one year. In his written statement the Minister confirmed that the total core grant for Lincolnshire is now £75.9m, an increase of £4.322m. The core grant now includes the Pay Award Grant which was issued separately last year and amounted to £2.745m. In addition, a ringfenced allocation of £3.5m is available to Lincolnshire on achievement of the police officer uplift programme target (1,186 officers for Lincolnshire) and in accordance with the grant conditions. The pension top-up grant allocation of £3.6m has increased in line with the increased employer contribution rate for police officer pension schemes from 31% to 35.3% (2023/24: £1.2m).
- 1.3 The Minister confirmed the precept referendum limit to allow an increase of up to an additional £13 per annum for a Band D property for 2024/25 only, without the need to call for a local referendum.
- 1.4 As in previous years, the existing approach to distributing national funding to local police force areas will continue in 2024/25. The Minister's statement did not refer specifically to the timing of the Core Grant Distribution Review (funding formula review).
- 1.5 The Minister confirmed that, alongside force level allocations, the settlement provides £1.038 billion for national policing priorities, both resource and capital funding, with continued investment in the serious violence and drugs programmes that prevent crime and help keep communities safe, funding to improve the criminal justice system and support victims, and ongoing investment in the Major Law Enforcement programmes to ensure police forces have effective technology systems. This was a £76m reduction over the prior year (£1.114 billion) with the biggest reductions to police technology programmes followed by national policing capabilities and special grant. Crime reduction capabilities were dropped completely whereas capital reallocations (mainly for police technology programmes) were increased and an additional category of police productivity and innovation was added.
- 1.6 The grant settlement was subject to consultation and the Police & Crime Commissioner wrote to the Home Secretary and Minister of State for Policing and Fire Services expressing his views. The Final Police Grant Report 2024/25 was confirmed by the government on 31 January 2024 and subsequently debated by Parliament on 7 February 2024. The Policing Minister confirmed that the government was preparing to consult on updating the police funding formula in the near future.
- 1.7 The Ministry of Justice allocation of the Victim Services Grant to the PCC was £1.456m in 2023/24 and is expected to increase to £1.547m during 2024/25. This includes funding for Victim Services (sexual violence, Independent Sexual Violence Advisers (ISVA) and Independent Domestic Violence Advisers (IDVA)) of £0.571m which was achieved in 2023/24 and expected to increase to £0.632m during 2024/25. The budgets include commensurate ring-fenced

expenditure. It has been assumed that the same level of grant will be continued for the duration of the MTFP (Medium Term Financial Plan).

- 1.8 Additional funding of £1m has been announced by the Home Office for hotspot patrol funding as a contribution towards the PCCs target of delivering an overall reduction in crime. Whilst we await the specific conditions attached to this funding, the indicative allocation has been included in the budget. Additional funding from the Home Office has also been achieved by way of a Safer Streets grant of £0.355m and included in the budget.
- 1.9 It is assumed that other Legacy Council tax grants and pension top up will continue across the MTFP.

2. Council Tax

- 2.1 Details of the council tax base have been received from Lincolnshire’s district councils. These indicate a 1.20% increase in the tax base for 2024/25. There is also an aggregate net surplus on council tax collection funds; the Police and Crime Commissioner’s share of this net surplus is estimated to be £0.390m.
- 2.2 MHCLG announced in 2020 that the repayment of collection fund deficits arising in 2020/21 must be spread over the next three years and that was concluded in 2023/24.
- 2.3 The government confirmed its proposals relating to Council Tax referendum principles for 2024/25 on 31 January 2024. In 2024/25 all PCCs will be allowed to increase band D bills by up to £13 p.a. without triggering a local referendum. The budget is based upon the PCC’s increase in the police precept of £12.96 (4.45%) for a Band D property for 2024/25.
- 2.4 The budget and MTFP is based upon an annual council tax increase of £12.96 per annum per Band D property in 2024/25 as per the current year settlement, reverting to a 2% per annum increase in 2025/26.
- 2.5 It has been assumed that the taxbase will increase by 0.5% per annum across the MTFP. This is considered to be a prudent level of increase given the current economic conditions.
- 2.6 The details of the council tax requirement are set out in Appendix A and the impact on Lincolnshire council tax payers is summarised in Table A below.

Table A: Council Tax

BAND	Proportion of Band D	2023/24 Council Tax £	£12.96 Increase to a Band D £ p.a.	2024/25 Council Tax £	£12.96 Increase to a Band D £ per week	% of Taxbase Cumulative
A	6/9	194.16	8.64	202.80	0.17	25.6%
B	7/9	226.52	10.08	236.60	0.19	45.9%
C	8/9	258.88	11.52	270.40	0.22	68.2%
D	9/9	291.24	12.96	304.20	0.25	83.1%
E	11/9	355.96	15.84	371.80	0.30	92.9%
F	13/9	420.68	18.72	439.40	0.36	97.9%
G	15/9	485.40	21.60	507.00	0.42	99.8%
H	18/9	582.48	25.92	608.40	0.50	100.0%

2.7 The Lincolnshire Police and Crime Panel met on 7 February 2024 to consider the PCC's proposed council tax increase. The Panel voted, with one abstention, to support the proposed £12.96 for a Band D property, a 4.45% increase to the policing element of council tax in 2024/25.

3. Other Income

3.1 The budget includes the use of £9.2m of reserves to balance the 2024/25 budget. Further use of reserves in 2025/26 in conjunction with extensive savings plans would be required to maintain a balanced position during that year unless additional government funding becomes available to ease the indicative deficit position of £14m. Beyond 2025/26, the MTFP shows budget gaps in excess of £16m for each of the two years remaining in the MTFP period to the end of 2027/28. A comprehensive service review to identify potential savings and related impacts on service delivery will be an important force activity throughout the 2024/25 year. During 2025/26 and beyond, reserves will be depleted to minimum levels and no further support will be available from reserves. From 2025/26 onwards, significant reductions in service levels including reductions in police officer and staff numbers, will be required to balance the budget over the MTFP period if no additional funding is forthcoming. This clearly shows the need for a favourable outcome for Lincolnshire in the long-awaited Funding Formula Review.

3.2 Total income is projected over the next four years as shown in Table B below.

4. Revenue Expenditure

4.1 Overall revenue budgets are summarised in Table B below and set out in detail at Appendix B.

Table B: Revenue Budget Total

Income	Revised 2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Police Grant	(71.578)	(75.854)	(75.854)	(75.854)	(75.854)
Pension Top Up Grant	(1.175)	(3.601)	(3.601)	(3.601)	(3.601)
National Uplift Funding	(2.287)	(3.535)	(3.535)	(3.535)	(3.535)
Council Tax Compensation Grant	(1.059)	(1.059)	(1.059)	(1.059)	(1.059)
Council Tax Support Grant	(5.775)	(5.775)	(5.775)	(5.775)	(5.775)
Council Tax Precept	(70.794)	(74.820)	(76.298)	(78.213)	(80.176)
Victim Services Grant	(1.456)	(1.547)	(1.547)	(1.547)	(1.547)
Serious Violence Duty Grant	-	(0.358)	-	-	-
Hotspot Policing Grant	-	(1.000)	-	-	-
Safer Streets Grant	-	(0.355)	-	-	-
Proceeds of Crime Income	(0.120)	(0.120)	(0.120)	(0.120)	(0.120)
PCC Regional Income	(0.114)	(0.131)	(0.131)	(0.131)	(0.131)
Application of Earmarked Reserves	(0.207)	(0.794)	-	-	-
Reserves Budget Balancing	(6.176)	(9.199)	-	-	-
Total Income	(160.740)	(178.147)	(167.919)	(169.834)	(171.797)
Expenditure					
Police and Crime Commissioner	11.910	15.008	14.971	16.623	16.785
Chief Constable	146.141	160.166	163.826	166.251	168.756
Joint Services	2.689	2.973	3.146	3.262	3.273
Total Expenditure	160.740	178.147	181.944	186.136	188.813
Budget Gap	-	-	14.025	16.302	17.016

4.2 Budget changes across the period of the MTFP are summarised in Table C below.

Table C: Summary of Expenditure Budget Changes

	Revised 2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Base Expenditure Budget	151.490	160.740	178.147	181.944	186.136
Growth	0.823	-	0.006	0.006	0.006
Unavoidable Cost Pressures	14.117	19.340	6.853	4.423	2.689
Service Development		0.718	0.016	-	-
Savings	(3.188)	(1.590)	(0.702)	(0.385)	(0.018)
Income Changes	(2.502)	(1.061)	(2.376)	0.147	-
Total Expenditure	160.740	178.147	181.944	186.136	188.813

4.3 The key contributors to the £17.4m change in spending requirement from 2023/24 are:

Unavoidable Cost Pressures:

- Pay Award (Sep 23) 7% for Police Officers and Staff - £8.3m
- Increase in Police Officer Employers pension contribution rate from 31% to 35.3% - £2.2m
- Increased inflationary cost pressures on existing ICT services, £2m and various service developments, £0.7m.
- Utilities increase £0.2m
- Planned maintenance £0.2m
- Increase in Fleet Management - Fuel increase, maintenance costs and contract increases £0.4m
- External Training Courses £0.1m
- Capital financing increase £0.7m
- Increase in Regional budgets and National Contributions £0.7m
- Additional expenditure which is funded by a combination of government grants and reserves: Hotspot Policing £1m, Serious Violence Duty £1.2m and Safer Streets £0.4m
- Ill health and injury pensions £0.3m
- ERP project £0.2m
- Increase in kennelling costs £0.2m
- Increase in overtime £0.3m

Service Development:

- ICT service development, £0.7m

Savings:

- ICT contracts no longer required, £0.5m
- Reduction in recurrent funding and transition budgets, £0.3m

- PBB cost reduction programme, £0.5m

Income Changes:

- Additional investment income, £0.5m
- Additional mutual aid income, £0.2m

5. PCC direct expenditure

- 5.1 The budget proposals include provision for victims' services expenditure in line with the grant.
- 5.2 Provision for community grants and contributions has been included at £0.6m and Safer Streets Expenditure at £0.4m.
- 5.3 Additional funding of £1m represents the force's allocation of hotspot patrol funding as a contribution towards the PCCs target of delivering an overall reduction in crime.
- 5.4 Capital financing charges usually present a cost pressure as borrowing to fund capital spending creates additional annual repayment and interest costs. Budget plans for capital financing amount to £5.3m during 2024/25 and total £29.5m across the four years of the MTFP period to the end of 2027/28. This reflects the increased capital programme to ensure buildings remain fit for purpose, that vehicles are replaced when needed and that digital, data and technological solutions are harnessed to meet the needs of increasing challenges within the context of policing. The budget takes account of:
 - changes in the capital programme;
 - changes in contributions from grant and partners;
 - use of capital receipts from asset sales;
 - active treasury management to minimise interest costs.
- 5.5 A revenue budget provision for pay awards arising in 2024/25 has been included at 2.0%.
- 5.6 The PCC has provided additional funds to address the priorities of the Chief Constable, and these align with the PCC's Police & Crime Plan. Plans for investment in service developments in 2024/25 aim to:
 - Maximise the number of police officers in the Force.
 - Explore and exploit emerging technologies such as Facial Recognition to identify and apprehend criminals faster than ever before.
 - Expand the successful Roads Police "Operation Stronghold" – denying criminals use of the roads, keeping our communities even safer.
 - Develop and use targeted approaches and teams to tackle issues such as summertime demand, rural crime, burglary and retail crime.
 - Introduce rapid video technology – speeding up engagement with victims of crime, getting them the help they need even faster.
 - Transform availability and quality of crime prevention advice and guidance to help keep communities safe from crime.
 - Build on crime reduction results in local neighbourhoods, develop new ways to target organised criminality and drug supply in our communities.

- New approach to preventing and tackling anti-social behaviour to improve safety for all residents.

6. Joint services

- 6.1 This budget reflects the Finance & Commercial department based on an establishment of 26.43 FTE for 2024/25. The Finance element of this budget includes various organisational costs and insurance premiums.

7. Chief Constable

- 7.1 The Chief Constable's baseline budget is based on a strength of 1,186 police officers which is the uplift target establishment following the national uplift programme. The grant settlement included £3.5m contingent on maintaining the uplift target with headcount being assessed at 31st March 2024 and 30th September 2024 meaning that this income would be at risk should the force fail to maintain the Police Uplift Programme (PUP) officer numbers.
- 7.2 The current establishment of PCSOs is 50 FTE following the review undertaken last year as part of the PBB (Priority Based Budget) exercise in response to the need to deliver substantial savings whilst protecting officer uplift posts.
- 7.3 The Police Staff budget has been based on an establishment of 981.60 police staff posts for 2024/25. The budget has been fully costed with an average vacancy factor of 5% applied to allow for staff turnover.
- 7.4 A revenue budget for pay awards arising in 2024/25 has been included at 2.0% within the PCC's provision for pay awards.

8. Capital Programme

- 8.1 The capital programme for 2024/25 to 2027/28 and its funding is summarised in Table D below. This outlines the funding made available; however, business cases will be completed and approved before funding is released.
- 8.2 Building maintenance and improvements has a budget of £2.281m in 2024/25. This includes £0.350m to replace heating and cooling systems which have reached end of life with a more energy efficient solution, alongside the installation of Air Source Heat Pumps for £0.410m, both at Boston. Heat decarbonisation projects align with the Governments planned phasing of fossil fuel boilers and will ensure that buildings are thermally efficient to enable the retro fitting of new technologies and renewables such as solar power. Other projects include £0.3m to construct a CSI (Crime Scene Investigation) skills training house at HQ to be used as a shared training facility when not being used for CSI training. The remaining £0.5m is to continue with prioritised planned improvements and maintenance, including replacement of old heat emitters and installation of electronic radiator valves to improve inefficient heating and ventilation systems at Gainsborough, install charging points and infrastructure to support the fleet investment in electric vehicles, improve security via fencing, CCTV and security lighting at HQ, HQ workshop improvements include a new vehicle inspection ramp and heat recovery ventilation and dust extraction systems.
- 8.3 Vehicle replacement budget is set at £3.2m for 2024/25; this does include a carry forward from 2023/24 of £0.99m as issues continue with vehicle supply. This budget allows the age profile of the fleet to be maintained within the suggested parameters, with circa 76 fleet vehicles being replaced in 2024/25.

Accelerated mileage on some vehicles (e.g. Divisional Cell Vans and Division 4x4 vehicles) means we have had to bring forward and increase the replacement frequency of these vehicles to meet operational requirements. The budget also allows for some alternatively fuelled vehicles e.g. electric vehicles. It should be noted that significant vehicle price increases are being experienced, including those available via national Commercial Framework agreements. There is a proposed budget of £2.04m in 2025/26, £1.56m in 2026/27 and £1.32m in 2027/28. A prudent annual capital receipt of £0.07m has been included in relation to vehicle sales.

- 8.4 Digital Data and Technology (excludes the Emergency Services Mobile Communications Programme (EMSCP) and Command and Control) has put forward a proposed programme of investment in IT infrastructure of £7.178m for 2024/25, which includes £3.491m of carry forward from 2023/24. This includes harnessing technology to support a better connected, efficient and agile workforce. Improvements to digital evidence management systems (DEMS) and Enterprise Resource Planning (ERP) systems will facilitate reporting and management across the business. Modernising the IT infrastructure by taking advantage of cloud technologies will reduce risks around our systems, data and access.
- 8.5 Implementation of the nationally led Emergency Services Mobile Communications Programme (ESMCP) is still on hold until 2025/26 and the £4.176m proposed budget to support the purchase of the new devices remains in the budget plans for 2025/26.
- 8.6 An amount of £0.7m is expected to be carried forward for the Command & Control programme in 2024/25.
- 8.7 There is £0.25m budget provision for equipment replacement; this budget allocation will be subject to business case approval.

Table D: Capital Programme

Capital Schemes	2023/24 Revised Approved Programme £m	2024/25 Proposed Programme £m	2025/26 Proposed Programme £m	2026/27 Proposed Programme £m	2027/28 Proposed Programme £m
Building maintenance/improvements	2.169	2.281	1.600	1.600	1.600
HQ Gym Upgrade		0.900			
Vehicle replacement	3.017	3.219	2.036	1.556	1.319
Digital Data and Technology	6.351	7.178	1.981	2.341	0.468
Command and Control	0.815	2.078			
Unify Telephony Upgrade	0.481				
ESMCP	0.055		4.176		
Equipment replacement	0.386	0.250	0.250	0.250	0.250
ANPR		0.420	0.150		
Other	0.799				
Total	14.073	16.326	10.193	5.747	3.637
Funding:					
Capital Receipts	3.310	3.320	0.070	0.070	0.070
Capital Grants Unapplied - ESMCP			0.170		
Capital Grants Unapplied - LED	0.225	0.297			
Borrowing – General	9.784	12.709	9.953	5.677	3.567
LRSP Partner Contribution	0.754				
Total	14.073	16.326	10.193	5.747	3.637

9. Medium Term Financial Plan

- 9.1 Forecasting beyond 2024/25 is challenging particularly as future grant allocations are uncertain. Although the government has indicated its intention to consult on a proposed new funding methodology “in the near future”, the detail of any new methodology, its impact and implementation timescale are unknown.
- 9.2 The government’s precept strategy allows an increase of up to an additional £13 per band D property in 2024/25 without the need to call for a referendum. This is helpful but the overall increase in income remains well below the prevailing rate of inflation in the economy, meaning that the 2024/25 budget gap of £9.2m will continue to increase in future years, rising to circa £17m after 3 years.

Table E: Medium Term Financial Plan

Medium Term Financial Plan	Revised 2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Police Grant	(71.578)	(75.854)	(75.854)	(75.854)	(75.854)
Council Tax Precept	(70.794)	(74.820)	(76.298)	(78.213)	(80.176)
Application of Earmarked Reserves	(0.207)	(0.794)	-	-	-
Reserves Budget Balancing	(6.176)	(9.199)	-	-	-
Other Income	(11.986)	(17.481)	(15.768)	(15.768)	(15.768)
Total Income	(160.740)	(178.147)	(167.919)	(169.834)	(171.797)
Total Expenditure	160.740	178.147	181.944	186.136	188.813
MTFP Gap	-	-	14.025	16.302	17.016

- 9.3 Forecasting assumptions are based on the following:

- Police Grant forecasts beyond 2024/25 remain broadly flat to 2027/28. Due to a lack of clarity for 2025/26 onwards there is a considerable degree of estimating uncertainty in the forecasts for 2025/26 and beyond.
- Council Tax increases by £12.96 (4.45%) per annum for a Band D property in 2024/25, reverting to a 2% per annum increase for 2025/26 and beyond.
- Baseline budgets for staffing as follows:
 - Police Officers – the workforce plan is based on maintaining the uplift target of 1,186 officers. The grant settlement includes £3.5m contingent on maintaining this target with headcount being measured at 31st March 2024 and 30th September 2024.
 - PCSOs – the current establishment is 50 FTE.
 - Police Staff – The budget has been based on 2023/24 fully costed with an average vacancy factor of 5% applied to allow for staff turnover.
- Costs are forecast to increase as a result of pay awards, pension costs, and other inflationary increases e.g. fuel price increases.

10. Chief Finance Officer's report under section 25 of the Local Government Act 2003

- 10.1 The purpose of this section of the report is to provide the Commissioner with information on the robustness of the estimates and the adequacy of reserves, so that authoritative advice is available when the budget decision is made.
- 10.2 The Commissioner is required to decide each year how much should be raised from council tax. This decision is based upon a budget that sets out estimates of spending plans.
- 10.3 The decision on the level of the council tax is taken before the year begins and it cannot be changed during the year, so allowance for risks and uncertainties that might increase expenditure above that which is planned, must be made by:
- making prudent allowance in the estimates, and in addition,
 - ensuring that there are adequate reserves to draw on if the estimates turn out to be insufficient.
- 10.4 Section 25 of the Local Government Act 2003 requires that the Chief Financial Officer reports to the Police & Crime Commissioner (PCC) as part of the consideration of the budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals. Section 25 also requires the PCC to have regard to the report in making the decision.

Robustness of Estimates

- 10.5 This report provides details of the revenue budget proposals for 2024/25 together with provisional budgets for 2025/26 to 2027/28. The budget proposals presented herein are based upon delivering the PCC's Police & Crime Plan.
- 10.6 Detailed estimates for 2024/25 have been prepared on a realistic basis. Detailed workforce plans provide for the maintenance of the Home Office target for Lincolnshire's police officer uplift.
- 10.7 The proposed budget for 2024/25 includes the use of £9.2m of reserves. This means that unless a more favourable and fairer share of government grant funding is achieved then the force will need to make significant savings to maintain a balanced budget position in 2025/26 and beyond. The force will therefore need to undertake a comprehensive service review during 2024/25, to identify potential savings along with the likely impact that would have on police service delivery. Whilst that review and resulting delivery plan is under consideration, and until it is complete, there remains a risk that required savings will not be delivered during the MTFP period.

Medium Term Financial Plan

- 10.8 Provisional service budgets are proposed for 2025/26 to 2027/28. The government has yet to set grant allocations for these years. Estimates have been based on prudent assumptions. There remains the risk that the grant income will be lower than assumed.
- 10.9 There is clarity on the government's future intentions in relation to the limitation of the council tax increase for 2024/25 only; the assumption contained

within the MTFP for the following years is that precept increases will revert back to the 2% cap without the need for a referendum.

- 10.10 On current assumptions, the budget is balanced for the first year of the MTFP with use of reserves, however budget gaps in excess of £14m each year emerge in 2025/26 and beyond. The nature of reserve funding is 'one-off' so that once reserves have been depleted, no further non-recurrent support can be provided. These gaps are based on maintaining the police officer numbers at the PUP target of 1,186; it is clear that without additional funding, this cannot be maintained. Significant reductions in service levels will be required to bridge a budget gap of this magnitude, including reductions in police officer numbers. Reductions in police officer numbers have significant implications for Lincolnshire Police because not only would that reduce the operational delivery capability, the loss of PUP grant would also offset a significant proportion of the savings achieved.
- 10.11 The delivery of savings of a further c. £14m in 2025/26, will require measures to be identified and an implementation plan developed during 2024/25 to ensure that the full year effect is delivered before 2026/27. A detailed delivery plan will be required for incorporation into the budget for 2025/26.
- 10.12 Improving productivity and achieving a fairer share of government funding for Lincolnshire remain key to maintaining safe levels of policing into the medium term.
- 10.13 Continuing sound financial control will also be key to maintaining financial balance into the medium term as reserves to support the revenue budget will be depleted.

Reserves

- 10.14 CIPFA's Guidance makes clear that the adequacy of the PCC's reserves should be assessed in the context of its strategic, operational and financial risks.
- 10.15 The currently approved Financial Strategy requires that "general reserves will be maintained at the mid-point of a target range based on the financial risk assessment in respect of residual financial risks." The Financial Strategy has been reviewed as part of the budget process and is the subject of a separate decision paper. Table G below provides a summary of the risk based assessment that has been undertaken.
- 10.16 The range of required reserves according to the latest risk based assessment is £11.2m - £26.8m, the mid-point of which is £19m. This is compared against forecast risk based reserves for 2024/25 of £9.8m: General Reserve £5.9m, Major Incident Reserve £1.9m, Victim's Major Incident Reserve £0.3m, Insurance Reserve £1m, National Police Air Support £0.2m and Ill Health Reserve £0.5m. Lack of additional funding in 2025/26 would lead to full depletion of the Revenue Budget Reserve plus extensive savings in order to balance the budget in 2025/26.
- 10.17 In the current circumstances, it will be highlighted in the refreshed Financial Strategy that the current risk based reserves policy at the mid-point of the target range (£19m) is not sustainable. There will be a requirement to revert to a reserves policy based upon the minimum of the risk assessed target range in order to ensure maximum support for service delivery across the

MTFP. In the meantime, I am satisfied that the level of reserves is adequate for the forthcoming 2024/25 financial year.

TABLE G: Reserves & Risk

Area	Risk addressed	Calculation basis		Proposed allocation	
		Min	Max	Min £000	Max £000
General balance	Budget overspend & general contingency	0.5% Total budget requirement	1% Total budget requirement	891	1,781
Major Disaster	First 1% of budget requirement to be met on major disasters	50% of potential impact	100% of potential impact	891	1,781
Council Tax	To provide for future non-payments, reducing yields etc.	1% of council tax (2024/25)	3% of council tax (2024/25)	744	2,233
Police Staff Pension Scheme Contributions	Actuarial variations in the level of contributions due to market volatility	1% of chief constable staff pay budget (2024/25)	2% of chief constable staff pay budget (2024/25)	427	854
Economic uncertainty	To provide for potential adverse effects, for example inflation, following Brexit and the Covid Pandemic	1% of non-pay budget (2024/25)	2% of non pay budget (2024/25)	491	982
Medium Term Financial Plan	Risk of non-delivery of efficiency savings and/or increased funding required within the MTFP to match spend to funding	50% Savings/Funding required to cover deficit in Year 2 of the MTFP	Savings/Funding required to cover deficit in Year 3 of the MTFP	7,012	17,016
Major Incidents	Possibility of in-year major incident costs exceeding provision in revenue budget	Maximum spend in last 5 years less revenue budget provision	2 x the maximum spend in last 5 years less revenue budget provision	281	1,126
Insurance	Covers excess on insurance position	2 x current excess	4 x current excess	500	1,000
Total				11,237	26,773

A2. LINKS TO POLICE AND CRIME PLAN AND PCC'S STRATEGIES/PRIORITIES

The revenue budget and capital programme are the financial expression of the Police and Crime Plan and the Commissioner's strategies and is consistent with his Financial Strategy.

B. FINANCIAL CONSIDERATIONS

These have been included in the main report above.

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

The Police and Crime Commissioner is required to set a balanced budget, determine the rate of council tax and issue a precept in accordance with the Local Government Finance Act 1992 and the Police Act 1996.

D. PERSONNEL AND EQUALITIES ISSUES

There are no direct personnel, equal opportunities or diversity issues arising from this report.

E. REVIEW ARRANGEMENTS

The revenue budget will be monitored monthly and capital programme will be monitored quarterly at Police & Crime Strategic Board meetings.

F. RISK MANAGEMENT

The risk of a shortfall in funding resulting in severe financial difficulties for the Police and Crime Commissioner and the Police Force is highlighted in both the PCC and Force risk registers. Particular areas of risk around funding levels, reserves are highlighted in the report.

G. PUBLIC ACCESS TO INFORMATION

Information in this form along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC's website within one working day of approval. However, if release by that date would compromise the implementation of the decision being approved, publication may be deferred. An explanation for any deferment must be provided below, together with a date for publication.

Is the publication of this form to be deferred? No

If Yes, for what reason:

Until what date:

Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate part 2 form.

Is there a part 2 form? No

ORIGINATING OFFICER DECLARATION

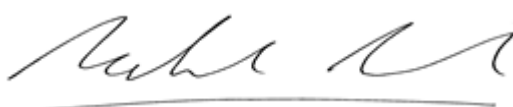
	Initial to confirm
Originating Officer: The Chief Finance Officer recommends this proposal for the reasons outlined above.	JF
Financial advice: The Chief Finance Officer has been consulted on this proposal.	JF
The Director of Finance & Corporate Services (S151) has been consulted on this proposal.	SC
Monitoring Officer: The PCC's Monitoring Officer has been consulted on this proposal	MB
A/Chief Constable: The A/Chief Constable has been consulted on this proposal	JD

OFFICER APPROVAL

Chief Executive

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. Consultation outlined above has also taken place. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner for Lincolnshire.

Signature:



Date: 22 February 2024

COUNCIL TAX REQUIREMENT 2024/25

APPENDIX A

A. BUDGET & COUNCIL TAX REQUIREMENT 2024/25		£	£	
TOTAL BUDGET			178,146,679.99	
LESS:	Victim Services Grant	1,547,265.36		
	Serious Violence Duty Grant	358,134.00		
	Hotspot Policing Grant	1,000,000.00		
	Safer Streets Grant	354,975.00		
	POCA & Regional Income	251,040.00		
	Use of Reserves	9,992,260.11	13,503,674.47	
BUDGET REQUIREMENT			164,643,005.52	
	Police Specific Grant	75,853,797.00		
	National Uplift Fund	3,534,874.00		
	Pension Top Up Grant	3,600,804.00		
	Council Tax Support Grant	5,774,887.00		
	Council Tax Freeze Grant	1,058,666.00	89,823,028.00	
POLICE AND CRIME COMMISSIONER PRECEPT			74,819,977.52	
LESS:	District Council Collection Fund Surplus		390,384.00	
COUNCIL TAX REQUIREMENT			74,429,593.52	
B. PCC ELEMENT OF COUNCIL TAX BY PROPERTY BAND				
		Proportion of Band D	Council Tax £	
	Band A	6/9	202.80	
	Band B	7/9	236.60	
	Band C	8/9	270.40	
	Band D	9/9	304.20	
	Band E	11/9	371.80	
	Band F	13/9	439.40	
	Band G	15/9	507.00	
	Band H	18/9	608.40	
C. PRECEPTS ON DISTRICT COUNCILS	No. of Band D Equivalent Properties	Council Tax Requirement £	Collection Fund Surplus / (Deficit) £	PCC Precept £
Lincoln City	25,669.23	7,808,579.77	(101,541.00)	7,707,038.77
Boston B.C.	20,302.00	6,175,868.40	(55,768.00)	6,120,100.40
East Lindsey D.C.	47,222.00	14,364,932.40	166,697.00	14,531,629.40
West Lindsey D.C.	32,093.99	9,762,991.76	267,500.00	10,030,491.76
North Kesteven D.C.	39,400.00	11,985,480.00	91,221.00	12,076,701.00
South Kesteven D.C.	49,710.00	15,121,782.00	(40,424.00)	15,081,358.00
South Holland D.C.	30,276.00	9,209,959.20	62,699.00	9,272,658.20
TOTAL	244,673.22	74,429,593.52	390,384.00	74,819,977.52

APPENDIX B

	Original Budget 2023/24 £'000	DN Ref 08/06/2023 Ref 015 PBB Adjustment £'000	Revised Budget, Cost Reduction Programme Allocated 2023/24 £'000	Proposed Budget 2024/25 £'000	Proposed Medium Term Plan		
					2025/26 £'000	2026/27 £'000	2027/28 £'000
Funding							
Police Grant	(71,578)	-	(71,578)	(75,854)	(75,854)	(75,854)	(75,854)
Pension Top Up Grant	(1,175)	-	(1,175)	(3,601)	(3,601)	(3,601)	(3,601)
National Uplift Funding	(2,287)	-	(2,287)	(3,535)	(3,535)	(3,535)	(3,535)
Council Tax Compensation Grant	(1,059)	-	(1,059)	(1,059)	(1,059)	(1,059)	(1,059)
Council Tax Support Grant	(5,775)	-	(5,775)	(5,775)	(5,775)	(5,775)	(5,775)
Council Tax Precept	(70,794)	-	(70,794)	(74,820)	(76,298)	(78,213)	(80,176)
Other Funding							
Victim Services Grant	(1,456)	-	(1,456)	(1,547)	(1,547)	(1,547)	(1,547)
Serious Violence Duty Grant	-	-	-	(358)	-	-	-
Hotspot Policing Grant	-	-	-	(1,000)	-	-	-
Safer Streets Grant	-	-	-	(355)	-	-	-
Proceeds of Crime Income	(120)	-	(120)	(120)	(120)	(120)	(120)
PCC Regional Income	(114)	-	(114)	(131)	(131)	(131)	(131)
Application of Earmarked Reserves	(207)	-	(207)	(794)	-	-	-
Reserves Budget Balancing	(6,334)	158	(6,176)	(9,199)	-	-	-
Total Funding	(160,898)	158	(160,740)	(178,147)	(167,919)	(169,834)	(171,797)
Police Officer Pay	70,637	(129)	70,508	76,360	78,124	79,743	81,186
Uplift in Police Pensions Employer Contribution	-	-	-	-	-	-	-
Police Officer Bank Holiday Overtime	880	-	880	968	987	1,007	1,027
Police Community Support Officers	3,365	(748)	2,617	2,217	2,274	2,316	2,312
Police Staff Pay	40,533	(423)	40,110	42,696	43,544	44,410	45,293
Total Pay Budgets	115,415	(1,300)	114,115	122,240	124,929	127,476	129,817
Other Chief Constable Budgets							
Crime Command	1,456	(50)	1,406	1,695	1,715	1,735	1,755
Coroners	304	-	304	304	304	304	304
Local Policing	1,504	(18)	1,486	1,609	1,609	1,609	1,609
Central Operations	1,672	(232)	1,440	1,708	1,638	1,638	1,638
National Contribution & Central Costs	633	-	633	835	853	810	850
Force Executive	161	(19)	142	142	142	142	142
Partnerships	34	-	34	-	-	-	-
Earned Income & Staff Recharges	(510)	-	(510)	(520)	(512)	(503)	(494)
Police Led Prosecution Income	(600)	-	(600)	(600)	(600)	(600)	(600)
Mutual Aid	(140)	-	(140)	(200)	(150)	(150)	(150)
Apprentice Levy	423	-	423	423	423	423	423
Strategic Development	45	(2)	42	44	44	44	44
Legal Services	141	-	141	174	174	174	174
Volunteers	101	-	101	101	101	101	101
Professional Standards Department	34	-	34	54	54	54	54
Assets and Facilities Management	5,067	(100)	4,967	5,299	5,299	5,299	5,299
Fleet Management	2,039	(45)	1,994	2,437	2,537	2,537	2,537
Human Resources	131	(3)	128	171	175	176	176
Learning & Development	1,357	(50)	1,307	1,407	1,413	1,419	1,426
Health & Care	438	-	438	481	481	481	481
Digital, Data & Technology	10,136	(315)	9,821	11,760	12,105	12,105	12,105
Information Management Unit	6	-	6	-	-	-	-
NICHE	(1,041)	0	(1,041)	441	462	484	484
Support Services including TEOs	862	(19)	843	903	1,203	903	903
Custody & FME Contract	3,250	-	3,250	3,395	3,406	3,505	3,592
Lincs Road Safety Partnership Income	(1,146)	-	(1,146)	(1,146)	(1,146)	(1,146)	(1,146)
Lincs Road Safety Partnership Expenditure	293	-	293	311	311	311	311
Major Incidents	564	-	564	564	564	564	564
Regional Budgets	3,529	-	3,529	3,577	3,577	3,577	3,577
Seconded Officers	13	-	13	12	12	12	12
Ill Health & Injury Pensions	1,780	-	1,780	2,070	2,130	2,200	2,200
Corporate Communications	72	(5)	67	77	92	87	87
Transition	278	-	278	-	-	-	-
ICT Infrastructure Transformation Contingency	-	-	-	214	298	298	298
ERP Plus	-	-	-	182	182	182	182
Total Chief Constable Other Costs	32,884	(858)	32,026	37,925	38,897	38,775	38,939
Total Chief Constable Budgets	148,299	(2,158)	146,141	160,166	163,826	166,251	168,756
Office of the Police & Crime Commissioner	1,275	-	1,275	1,447	1,492	1,517	1,542

PCC Budgets							
Pay Awards	1,336	-	1,336	1,453	1,453	1,453	1,453
PCC Contingency	668	-	668	726	1,245	1,245	1,245
Recurrent Funding Requirements	2,030	-	2,030	1,895	1,895	1,895	1,895
Community Grants and Contributions	555	-	555	562	562	562	562
Victim Services Expenditure	1,767	-	1,767	1,927	1,935	1,942	1,950
Serious Violence Duty Expenditure	-	-	-	1,152	-	-	-
Hotspot Policing Expenditure	-	-	-	1,000	-	-	-
Safer Streets Expenditure	-	-	-	355	-	-	-
Capital Financing	4,615	-	4,615	5,284	7,046	8,515	8,640
Investment Income	(500)	-	(500)	(1,000)	(869)	(722)	(722)
PCC Regional Expenditure	144	-	144	167	173	176	180
POCA Expenditure	20	-	20	40	40	40	40
Total PCC Budgets	11,910	-	11,910	15,008	14,971	16,623	16,785
Joint Services							
Commercial & Finance	2,689	-	2,689	2,973	3,146	3,262	3,273
Total Joint Services	2,689	-	2,689	2,973	3,146	3,262	3,273
Total Expenditure	162,898	(2,158)	160,740	178,147	181,944	186,136	188,813
Cost Reduction Programme	(2,000)	2,000	-	-	-	-	-
Total Adjusted Expenditure	160,898	(158)	160,740	178,147	181,944	186,136	188,813
Pensions							
Police Pension Scheme Income	(44,863)	-	(44,863)	(47,619)	(47,841)	(47,841)	(47,841)
Police Pension Scheme Expenditure	44,863	-	44,863	47,619	47,841	47,841	47,841
Total Pensions	-	-	-	-	-	-	-
(Surplus)/Deficit	-	-	-	-	14,025	16,302	17,016