

# **Report of the Chief Finance Officer of the PCC to the Police and Crime Commissioner for Cleveland**

**21<sup>st</sup> February 2024**

**Status: For Approval**

## **Long Term Financial Plan (LTFP) 2024/25 to 2027/28 and Capital Plans 2024/25 to 2027/28 including Reserves Strategy**

### **1. Executive Summary**

#### **1.1 Purpose of the Report**

This report asks the PCC to agree the Budget proposals for 2024/25 and the Long Term Financial Plan (LTFP) for 2024/25 – 2027/28 in line with the legal requirement to set a budget prior to the 1st March each year for the following financial year. It also asks the PCC to agree the funding for the Capital Programme for 2024/25 and the indicative allocations for the period 2025/26 to 2027/28.

### **2. Recommendations**

2.1 The PCC is requested to approve the allocation of the £196,650k of revenue funding, that is forecast to be received by the PCC in 2024/25, in the following areas:

- £1,135k to run the Office of the PCC
- £6,625k to support PCC Initiatives and Victims and Witnesses Services
  - Including £1,143k to support the Violence Reduction Unit and Serious Violence Duty
- £10,920k for Corporate Services
- £176,350k to the Police Force
- £1,880k to the Capital Programme
- This will be supported by £260k from Earmarked Reserves

2.1 The PCC is asked to note that the 2024/25 budget is based on the approved £13 increase in the level of Band D precept for 2024/25.

2.2 The PCC is asked to take cognisance of the Robustness of Estimates and Adequacy of Financial Reserves Report of the PCCs CFO that will be provided to the PCC prior to the formal sign off of the budget.

- 2.3 The PCC is asked to agree that quarterly updates on the 2024/25 budget will be brought to the PCC in 2024/25 to provide updates on performance against the 2024/25 budget.
- 2.4 The PCC is asked to allocate £5,189k of Capital Budgets to the Chief Constable to deliver schemes on behalf of the PCC.
- 2.5 The PCC is asked to approve that additional borrowing of up to £1,402k can be taken out during 2024/25 to support the capital programme.
- 2.6 The PCC is asked to approve the detailed allocations for Community Safety and Victims and Witnesses Services of £3,482k, as set out in Appendix A. Noting that any items not specifically on this list will be subject to additional approval from the PCC.

### **3. Planning and Funding Assumptions**

#### **3.1 Police Funding Settlement 2024/25**

- 3.2 The 2024-25 Provisional Settlement was announced on 14 December in a written ministerial statement by the Minister of State for Crime, Policing and Fire, Chris Philp MP.
- 3.3 The Minister said "Today, the Government has set out the provisional police funding settlement...for the forthcoming financial year. For 2024-25 overall funding ... will rise by up to £842.9m compared to the restated 2023-24...This funding settlement demonstrates that the Government remains committed to giving policing the resources they need to keep the public safe...The Home Office was only able to deliver this substantial funding increase by reprioritising funding from other programmes."
- 3.4 Funding available to Police and Crime Commissioners (PCCs) will increase by up to an additional £922 million in 2024-25, a 6% cash increase. This includes local flexibility to increase council tax precept by £13 for English forces.
- 3.5 Full details of the Settlement can be found on the Home Office gov.uk pages.
- 3.6 Police Uplift Grant (PUP)
- 3.7 Prior to the provisional settlement, the sector was expecting a continuation of additional PUP funding for the recruitment of the final officers (towards the 20,000 total). The Ministerial Statement confirms ongoing funding of £425m to maintain officer numbers at (148,433 nationwide).
- 3.8 Within this funding £67.2m is "additional recruitment top-up grant" for forces that have agreed to recruit additional officers. The remaining £357.8m is ringfenced, allocated via formula funding shares and PCCs will be able to access this funding, as in previous years, by demonstrating that they have maintained their officer numbers.

- 3.9 The total PUP ringfence grant of £425m has increased by £150m, which was promised in the spending review, and therefore provides an even stronger incentive for officer numbers to be maintained. The actual terms of the grant will be released early next year.
- 3.10 The Police Uplift Grant for Cleveland has increased by £3,479k from £3,298k to £6,777k, with a requirement for the Force to achieve 1,500 Police Officers (Headcount) in 2024/25, this is 35 higher than the initial 2023/24 target.
- 3.11 The above funding includes £1,680k for these additional 35 Officers. While there is no guarantee that these 35 Officers will continue to be funded beyond 2024/25 the **financial plans do** include these additional Officer roles on a recurring basis.
- 3.12 Pay Award
- 3.13 During 2023/24 both Police Officers and Police Staff were awarded a 7% pay award with effect from the 1<sup>st</sup> September 2023. The additional cost of a 7% award (above a 2.5% assumption) was £515m across Policing, and this has been funded by the Government.
- 3.14 The ministerial statement highlights that £330m of this was given in-year in 2023-24 with a further £185m awarded for 2024/25. Any comparisons to last year's data now include the additional £330m that was distributed in year. This indicates that this funding is in the baseline for future spending reviews.
- 3.15 The Core Government Grant increase for Cleveland in 2024/25 is £2,208k, which is enough to fund the additional costs of last year's pay award of £1,545k that fall into 2024/25 due to the way that the funding has been allocated.
- 3.16 Pensions Grant
- 3.17 From the 1<sup>st</sup> April 2024 the level of employers Pension Contributions into the Police Officer Pension scheme increases by 4.3% from 31% to 35.3%.
- 3.18 The Force estimate that the cost of this increase to be around £2,780k in 2024/25. The increase in the Pensions Grant to mitigate the impact of increased employer pension contributions is slightly higher due to the allocation method, at £2,983k, however this also includes a one-off amount of £270k to support the administration costs of a number of changes that are happening within Police Pensions.
- 3.19 Core Funding
- 3.20 The total amount of extra funding available for forces is £922m of which £298m would come from Council Tax, if every PCC raised their precept by £13 however this is a local decision for each PCC.
- 3.21 The remaining £624m comes predominantly from an increase of £184m core funding to cover the pay award, £286m additional pension grant, £83m through additional PUP ringfenced grant and £67m from additional recruitment grant.

- 3.22 As set out above however, the Cleveland share of the £624m additional Government funding is all attached to additional costs for decisions already made. There is no funding with the Government settlement to support any inflationary pressures in 2024/25, no funding to support a pay award in 2024/25 and no funding to support any operational pressures/growth.
- 3.23 Based on the analysis released by the Government, Core Funding to PCC's has increased by 6% in 2024/25, this however assumes that all PCCs increase their Precept by £13.
- 3.24 The smallest increases in core funding were seen in London at 3.5%, with Lincolnshire (5.7%) and Surrey (5.9%) the only other areas projected to be below the average 6% increase.
- 3.25 Outside of the City of London, Northumbria is expected to see the highest increase in core funding of 7.6%.
- 3.26 The Government calculate the increase in Cleveland (including a £13 increase in Precept) would be 6.7%.
- 3.27 What does the Government expect to be delivered with this additional funding?
- 3.28 The Minister set out his expectations for this investment as follows:
- 3.29 "In return for this significant investment, it is imperative that policing continues to deliver on driving forward improvements to productivity and identifying efficiencies where possible. The Government will continue to work with the sector to unlock the full range of opportunities and benefits of productivity and innovation to enable officers to have the tools to deliver on their core mission of keeping the public safe.
- 3.30 We, therefore, expect policing to approach the 2024-25 financial year with a focus on this Government key priorities:
- Maintaining 20,000 additional officers (148,433 officers in total nationally) through to March 2025.
  - Continuing to deliver on the opportunities presented by new technology and innovation to deliver improvements in productivity and drive forward efficiencies, therefore maximising officer time and service to the public.
  - Improving the visibility of police officers and focusing on providing a targeted approach to tackling crime and antisocial behaviour to make neighbourhoods safer, which should be a priority for all forces."
- 3.31 There are no new specific savings targets set, and the Government recognises that police have already exceeded the efficiency targets set at the start of the spending review period. The recently published Policing Productivity Review estimated that if all the recommendations were followed the equivalent of 20,000 officers could be freed up over the next 5 years. The Government will respond to the review in 2024.

3.32 What does this mean for Cleveland in 2024/25 in terms of Funding?

- An increase in of Core Police Grant of £2,208k
- An increase in Police Uplift Grant of £3,479k.
- An increase in the Police Pension Grant of £2,983k

3.33 Based on the precept being proposed, of £303.73 for a Band D property, then the overall impact on the Core funding for the organisation is set to increase by 8.2%, or almost £13.6m, as set out in the table at 3.35.

3.34 It is however important to reflect that this increase is inflated by a significant surplus that has been reported on the Council Tax Collection Funds within both Middlesbrough Council and Stockton Council. This is one-off non-recurring income that has been declared this year based on both Councils reviewing the level of Bad Debt provision that they hold for the non-collection/payment of Council Tax.

3.35 **This has resulted in around £2m of additional one-off income being reported this year, in comparison to a 'normal' year. Without this one-off increase the percentage increase would have been around 6.9%.**

<b>Overall Government and Local Revenue Funding</b>				
	<b>2024/25</b>	<b>2023/24</b>	<b>(Increase)/Reduction</b>	<b>Year on Year Change</b>
	£000s	£000s	£000s	%age
<b>Government Funding</b>				
Police Grant	(61,800)	(60,549)	(1,251)	2.1%
RSG/National Non Domestic Rate	(47,545)	(46,588)	(957)	2.1%
Police Officer Uplift Grant	(6,777)	(3,298)	(3,479)	105.5%
Council Tax Freeze Grant	(800)	(800)	0	0.0%
Council Tax Support Grant	(6,868)	(6,868)	0	0.0%
Police Pensions Grant	(4,307)	(1,324)	(2,983)	225.3%
<b>Total Government Funding</b>	<b>(128,098)</b>	<b>(119,427)</b>	<b>(8,670)</b>	<b>7.3%</b>
<b>Impact of a £13 increase in Band D Precept - 4.47% increase</b>				
Net (Surplus)/Deficit on Collection Funds	(1,869)	273	(2,142)	
Council Tax Requirement	(49,415)	(46,652)	(2,763)	5.9%
<b>Total Local Funding</b>	<b>(51,284)</b>	<b>(46,379)</b>	<b>(4,905)</b>	<b>10.6%</b>
<b>Total Government + Local Funding</b>	<b>(179,382)</b>	<b>(165,806)</b>	<b>(13,575)</b>	<b>8.2%</b>

3.36 How does Cleveland compare to the National Picture?

3.37 If each PCC increased their precept by £13, combined with tax base assumptions, there will be an additional £298m of resources for policing from council tax alone.

3.38 Due to historic differences in council tax the proportion that £13 represents can vary significantly between force areas. The £13 increase means that Northumbria's percentage increase is 8.5%, followed by the West Midlands at 7.2% whereas, £13 represents a 4.4% increase for North Wales and a 4.5% increase for South Wales and Gwent.

- 3.39 If every PCC takes the £13 precept, the weighted average band D police precept in England and Wales would be £278.38.
- 3.40 The proportion of funding raised through council tax differs significantly between force area. Northumbria's Council Tax makes up 19% of their total funding, followed by West Midlands at 20.3% and Merseyside at 22.9%.
- 3.41 Conversely, Surrey has 54.6% of their funding coming from Council tax, followed by Dyfed Powys at 51.3% and North Wales at 50.2%. On average, 34.3% of budgets are made up from Council tax, which is broadly in line with last year.
- 3.42 Government Funding for 2025/26 and beyond
- 3.43 2024/25 is the final year of the current Spending Review period and therefore there is very little formal guidance for future plans.
- 3.44 The current plan has therefore assumed that Government Funding will continue to increase by CPI and that this will be 2%.
- 3.45 The current plan also assumes that PCC's will continue to be provided with precept limits set via a monetary, instead of a percentage, increase and that increases of at least £12 per year will be possible.
- 3.46 Top Slices
- 3.47 In 2024/25 reallocations total £1,038m, a £76m reduction over 2023-24 (£1,114m). Reallocations were also reduced by £260m between 2022-23 and 2023-24.
- 3.48 This year, the biggest reductions to funding were a £25.6m decrease in police technology programmes, followed by a £19.5m reduction in national policing capabilities and a £16m reduction in special grant. Crime reduction capabilities were dropped completely, saving £18.4m.
- 3.49 Conversely, there was a significant rise in capital reallocations, increasing by £23.8m.
- 3.50 Council Tax Legacy Grant
- 3.51 The Council Tax Legacy Grants relating to Council Tax Freeze grants from 2011-12, 2013-14, 2014-15 and 2015-16 as well as Local Council Tax Support (LCTS) funding remains separately identifiable in 2024-25. These have again remained flat cash settlements and therefore take no account of any changes for inflation or local need since they were awarded and is another area where additional costs are having to be 'absorbed'.
- 3.52 Counter Terrorism
- 3.53 The Minister announced a total of £1,017.5m for Counter Terrorism (CT) policing in 2024-25, a 2% increase in cash terms on 2023-24. PCCs will be notified separately of force-level funding allocations for CT policing, which will not be made public for security reasons.

3.54 Ministry of Justice Grants

3.55 The PCC expects to receive £1,560k from the Ministry of Justice in 2024/25 to deliver Victims Services, however this has yet to be confirmed.

3.56 This is £880k higher than the Core Grant and reflects successful bids by the PCC for additional funding.

3.57 Crime Programme Funding

3.58 In addition to the usual Core Funding and Specific Grant funding announcements, the Government also set out a number of other funding streams that would be available to PCCs in 2024-25 for headline crime programmes.

3.59 With the Government stating that "Despite difficult decisions across all budgets, we have sought to protect those tried-and-tested programmes that support PCCs to target activity and deliver an overall reduction in crime. In total this is a continued investment of over £200 million in 2024-25.

- £92.8 million to support activity designed to combat anti-social behaviour and serious violence.
- £15 million on Safer Streets Round 5, to supplement the funding already provided for 2023-24.
- £46 million to continue the County Lines Programme and Project Adder
- £47 million to continue to support the work of Violence Reduction Units"

3.60 What does this mean for Cleveland?

3.61 The PCC has been allocated the following in 2024/25:

- Just **over £1m** to continue to deliver the Cleveland Unit for the Reduction of Violence (CURV)
- **£1m** under the Government's Anti-social Behaviour (ASB) Action Plan, to ensure an enhanced uniformed presence in ASB hotspot areas.
- **£0.42m** of GRIP funding to continue to provide a combination of both regular visible patrols in the streets and neighbourhoods ('hotspot areas') experiencing the highest volumes of serious violence to suppress violence and provide community reassurance, as well as delivering problem-oriented policing.
- **£1m** to enable the roll out of immediate justice more widely across England and Wales
- **£0.35m** to continue/finalise those schemes which began in 2023/24 as part of the Safer Streets programme – which is "the Government's flagship crime prevention programme, helping to drive down crime and anti-social behaviour, ensuring the public is better protected."
- **£0.25m** to continue to carry out major, long-term disruption to high harm criminals and networks involved in the supply of drugs and firearms as part of Project ADDER.

3.62 **Precept**

Just under 30% of the Net Budget Requirement within Cleveland is funded by the local precept and therefore this provides less of a cushion to cuts in government grants, than in most Police Force areas and the ability to generate additional funding locally when Government Funding is constrained.

3.63 However, in times where Government Funding is growing at a quicker rate than precept Cleveland will tend to benefit more than most Police Force Areas.

3.64 The Localism Act 2011 includes powers to introduce arrangements for council tax referendums. The Police Funding Settlement set out that PCC's would be able to increase Band D bills by as much as £13 before a referendum is required in 2024/25.

3.65 The PCC undertook a public consultation exercise across November, December and January, focusing on several themes in relation to police funding:

- How much additional funding people would be prepared to pay towards their police precept.
- How they would like an increased investment in policing used

3.66 The consultation included an online survey, which was open from which was promoted through several channels including:

- OPCC social media
- Elected members across all four local authorities.
- Voluntary Development Agencies
- Engagement with partner organisations, including:
  - Youth services
  - Groups working with ethnically diverse communities.
  - Organisations for disabled people/people with learning difficulties

3.67 OPCC staff also held a number of face-to-face engagement stalls in community locations using a counter-based methodology where members of the public could place a counter to indicate what, if any, level of increased precept they would be willing to support. Stalls took place at the following locations:

- Middlesbrough – Hill Street Centre



- Middlesbrough – Town Hall
- Hartlepool – Middleton Grange Shopping Centre
- Stockton – Wellington Square
- Middlesbrough – Parkway Centre, Coulby Newham
- Redcar and Cleveland – ASDA, Skelton
- Stockton – Teesside Park

- 3.68 In total 861 people gave their views in the consultation. The OPCC team engaged with 207 people in face-to-face engagements, with 654 people completing the online survey.
- 3.69 The level of response varied across the four local policing areas, with considerably fewer respondents from the Hartlepool area, as follows:
- Hartlepool responses – 12.8%
  - Middlesbrough responses – 27.9%
  - Redcar and Cleveland responses – 29.8%
  - Stockton-on-Tees responses – 29.2%
- 3.70 The only demographic information collected from the counter consultation was Local Policing Area. The online/paper survey collected additional demographics around gender, disability, age and race.
- 3.71 The response to the financial aspects were as follows:
- 3.72 Would you be willing to pay more towards local policing?  
 Across the whole consultation, covering both the survey and the counter exercise, **54.3% of respondents indicated that they would be willing to pay more Council Tax towards the cost of local policing.**
- 3.73 How much more would you be willing to pay towards local policing?
- 3.74 Respondents were asked how much more they would be willing to pay per year towards their local policing with options of no increase, £1, £1.50, £2 or £2.50 per month more.
- 3.75 Across the whole consultation, **one in five respondents (20%) chose the highest option of paying an additional £2.50 extra per month.**
- 3.76 While overall 54.3% indicated that would be willing to pay £12 or more per year.
- 3.77 The split of support for at least a £12 increase in precept was relatively consistent across each of the Local Authority areas, with support ranging from 49.6% in Hartlepool, to 63.1% in Middlesbrough, with Stockton at 50% and Redcar and Cleveland at 52.2%

3.78 Where would you like to see additional money spent?

3.79 Residents were then asked how they would like any additional investment – resulting in additional police officers – to be utilised in tackling crime and community safety issues in Cleveland.

3.80 They were asked to select one of the below concerns as the primary issue they want to see addressed.

3.81 With 43.2% of the overall vote, antisocial behaviour was clearly identified as the key concern affecting residents in Cleveland – a largely consistent result across each of Cleveland’s local authority areas.

<b>Concern</b>	<b>All responses</b>	<b>Hartlepool</b>	<b>Middlesbrough</b>	<b>Redcar and Cleveland</b>	<b>Stockton</b>
Violence	6.1%	9.6%	7.5%	1.93%	7.9%
Antisocial behaviour	43.2%	47.3%	44.6%	40.6%	43%
Drug-related crime	14.6%	16.1%	12.8%	16.2%	13.9%
Road-related crime)	4.7%	3.2%	3.09%	3.8%	7.5%
Residential burglary	10.9%	4.3%	10.1%	12.7%	12.3%
Shoplifting	3.14%	2.1%	3.5%	3.8%	2.3%
Better support for victims of crime	1.9%	2.1%	2.6%	2.3%	0.7%
Domestic abuse	2.17%	2.1%	3.5%	1.5%	1.5%
Sexual abuse	1.9%	1.07%	2.2%	2.3%	1.5%
Vehicle theft/damage	1.8%	1.07%	1.3%	3.8%	0.3%
Hate crime	0.48%	1.07%	0%	0.7%	0.3%
Other	8.81%	9.6%	8.4%	9.6%	7.9%

- 3.82 Combined results (online and in-person) from the consultation show the majority (54.3%) support an increase of at least £12 per year.
- 3.83 As a result, a £13, or 4.47%, increase in the Band D precept was proposed to the Police and Crime Panel who supported this increase.
- 3.84 For the purposes of planning, the plan that is set out within this paper assumes that precept increases of £12 per year will be both possible and implemented in future years.

3.85 LTFP Assumptions

3.86 When the 2023/24 budget was set in February 2023 the forecasts were underpinned by the following assumptions:

- Pay Awards:
  - 2023/24 – 4.0% increase
  - 2024/25 – 2.0% increase
  - 2025/26 – 2.0% increase
  
- Precept: Increases of:
  - 2023/24 – £15 or 5.44%
  - 2024/25 – £10 or 3.44%
  - 2025/26 - £10 or 3.33%
  - 2026/27 - £10 or 3.22%
  
- Tax Base increases of:
  - 2023/24 – 1.39%
  - 2024/25 – 1.2%
  - 2025/26 – 1.2%
  
- Government Grants increases of:
  - 2024/25 – 1.7%
  - 2025/26 – 2.0%
  - 2026/27 – 2.0%
  
- Impact of Funding Formula review – Nil

3.87 Clearly much has changed in the last year and therefore in line with good planning our assumptions remain under review and are updated with the best information available, and it is expected that the LTFP for 2024/25 and beyond will assume the following:

- Pay Awards:
  - 2024/25 – 2.5% increase
  - 2025/26 and beyond – 2.0% increase
- Precept: Increases of:
  - 2024/25 – £13 or 4.47%
  - 2025/26 and beyond - £12 per year
- Tax Base increases of:
  - 2025/26 and beyond – 1.3% per year
- Government Grants increases of:
  - 2025/26 and beyond – 2.0% per year
- Impact of Funding Formula review – Nil

3.88 Based on these revised assumptions, and the information received and forecast around other areas of funding, then the entire funding expected to be available to the PCC for the next 4 years, in comparison to 2023/24, is as follows

	Actual Budget				
	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Funding</b>	£000s	£000s	£000s	£000s	£000s
Government Grant	(103,179)	(109,345)	(111,532)	(113,762)	(116,038)
Council Tax Precept	(46,379)	(51,284)	(52,310)	(54,974)	(57,660)
Council Tax Freeze Grant	(800)	(800)	(800)	(800)	(800)
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	(6,868)	(6,868)
<b>Funding for Net Budget Requirement</b>	<b>(157,226)</b>	<b>(168,297)</b>	<b>(171,510)</b>	<b>(176,405)</b>	<b>(181,366)</b>
%age Change in Net Budgetary Requirement	2.2%	7.0%	1.9%	2.9%	2.8%
Specific Grants	(10,982)	(19,489)	(13,750)	(12,935)	(13,063)
Witness and Victims Funding	(1,595)	(1,560)	(679)	(679)	(679)
Partnership Income/Fees and Charges	(4,847)	(5,475)	(5,376)	(5,101)	(5,017)
<b>Total Core Funding</b>	<b>(174,650)</b>	<b>(194,820)</b>	<b>(191,315)</b>	<b>(195,120)</b>	<b>(200,125)</b>
%age Change in Core Funding	4.9%	11.5%	-1.8%	2.0%	2.6%
Special Grant	(3,125)	(1,830)			
<b>Total Overall Funding</b>	<b>(177,775)</b>	<b>(196,650)</b>	<b>(191,315)</b>	<b>(195,120)</b>	<b>(200,125)</b>

3.89 2024/25 is the 6<sup>th</sup> year of significant investment back into Policing. **The level of funding available within Cleveland, at a Net Budget Requirement level, available to the PCC has increased by £42.5m (or 34%) in the past 6 years.**

3.90 The position is even better in terms of the **Total Core funding level, with increases of £60m (or nearly 45%) across the same 6-year period.**

3.91 It is important however to recognise that some of the significant increases in income for 2024/25 are included as Specific Grants, there is currently no confirmation that

over £6m of these will continue to be received beyond the 2024/25 financial year. These cover the following areas:

- Additional Police Officer Uplift Funding of £1.68m
- Immediate Justice Funding of £1m
- ASB Funding of £1m
- Violence Reduction and Serious Violence Funding of £1.143m
- Victim Services Funding of £0.88m
- GRIP Funding of £0.42m

3.92 While funding has continued to increase in 2024/25 this does not have the same impact as previous years as the increased for 2024/25 are being more than absorbed by increases in Pay, Pensions, and inflation.

#### 4. Expenditure Plans

4.1 In setting the budget for 2024-25 the PCC is asked to make decisions on how the overall funding discussed in Section 3 is allocated. The PCC is asked to provide funding/budgets to the areas discussed in the following sections:

##### 4.2 Office of the PCC

4.3 In overall terms a larger than usual increase in the overall budget is required to absorb higher pay and pension costs, of £59k in total.

4.4 In addition to the increases in pay costs there are also increases in non-pay costs of £11k.

4.5 Further details are provided below:

<b>2022/23 Budget</b>	<b>PCC Budget</b>	<b>2023/24 Budget</b>	<b>Movement to 2024/25 Budget</b>	<b>2024/25 Budget</b>
<b>£</b>	<u>Category of Spend</u>	<b>£</b>	<b>£</b>	<b>£</b>
807,500	Staff Pay and Allowances	838,500	59,000	897,500
5,000	Other Pay and Training	5,000	2,000	7,000
234,300	Supplies and Services	305,350	10,450	315,800
5,000	Transport	5,000	1,000	6,000
(91,800)	Miscellaneous Income	(88,850)	(2,450)	(91,300)
<b>960,000</b>	<b>Total Budget</b>	<b>1,065,000</b>	<b>70,000</b>	<b>1,135,000</b>

##### 4.6 Community Safety and Victims and Witnesses Commissioning

The role and responsibilities of the PCC is wider than Policing and this has been acknowledged with the addition of responsibilities around Community Safety and Victims and Witnesses services.

4.7 The current assumptions within the financial plans include the expectation that the PCC will receive £880k more than the Ministry of Justice 'core' allocations (of £714k) for 2024/25. This provides for the following additional services:

- £508k continues to be provided to Cleveland to invest in the 2 additional Independent Sexual Violence Advisor posts and 10.6 additional Independent Domestic Violence Advisor posts that were the subject of a successful funding bid from the PCC in 2021/22.
- £297k has been provided to continue the increased level of Domestic Abuse and Sexual Violence support services within in Cleveland.
- £75k additional funding has been secured as part of a national programme to increase IDVA/ISVAs by 100.

4.8 The OPCC has been successful is bidding Safer Streets Funding in each of the last 3 years. The bid for 2023/24 extended funding into 2024/25, therefore £535k of already committed expenditure is included within the 2024/25 budget.

4.9 In addition to this the 2024/25 budget includes:

- £1m for continued expenditure on the ASB Hotspot work
- £1m for continued expenditure on the Immediate Justice work

4.10 The indicative budget for these areas is set out in the table below:

	<b>Actual Budget</b>				
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Community Safety/Victims and Witness</b>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Community Safety Initiatives	1,069	1,321	750	762	773
Victims and Witnesses Services	2,170	2,162	1,450	1,443	1,462
Violence Reduction Unit and Serious Violence Duty	1,176	1,143	0	0	0
Immediate Justice	0	1,000	0	0	0
Anti Social Behaviour	0	1,000	0	0	0
<b>Total Planned Expenditure</b>	<b>4,415</b>	<b>6,625</b>	<b>2,200</b>	<b>2,205</b>	<b>2,235</b>

4.11 Further details of all the service/schemes and initiatives Community Safety Initiatives and Victims and Witness Services for 2024/25 are set out in Appendix A.

4.12 Cleveland Unit for Reduction of Violence (CURV) and Serious Violence Duty

4.13 During 2022/23 the Home Office confirmed that the PCC would receive a budget of £3.5m over three years to establish a team to develop long-term strategies to prevent serious violence.

4.14 The budget for 2024/25 includes the final year of this funding of £1,047k.

4.15 Approval of the specific areas of spend for CURV will be agreed through the CURV governance board.

- 4.16 In addition to this the PCC has been awarded funding for the period 2022/23 to 2024/25 in relation to 'The Serious Violence Duty' which places a duty on police, justice, fire and rescue, health, and local authorities to work together to prevent and reduce serious violence.
- 4.17 The final year of this funding of £96k is included within the 2024/25 budget, this funding is to assist the above authorities with delivering the Serious Violence Duty, including by assisting relevant authorities, and the OPCC itself, with costs incurred because of their associated functions relating to the Serious Violence Duty.

- 4.18 Corporate Services  
Corporate Services originally included the costs of the PFI contracts, strategic contract management, asset management costs, treasury management and planning.
- 4.19 As the work and responsibilities of the PCC has expanded over the last 8 years this area of the budget now includes the costs for a much wider range of services which includes complaints handling.
- 4.20 The areas of expenditure incorporated in this area and the forecasts for the life of the plan are included in the table below:

	<b>Actual Budget</b>				
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b><u>Corporate Services</u></b>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Staff Pay	885	845	865	885	905
Non Pay Expenditure	85	85	85	85	85
PFI Action Stations	6,025	6,280	6,510	7,050	6,660
PFI Uraly Nook	2,160	2,240	2,290	915	940
Asset Management	1,575	1,470	1,575	1,735	1,760
<b>Total Corporate Costs</b>	<b>10,730</b>	<b>10,920</b>	<b>11,325</b>	<b>10,670</b>	<b>10,350</b>

- 4.21 The asset management costs continue to be reduced from £2,050k in 2019/20 to £1,470k in 2024/25, as the organisation proactively manages the loans the organisation has and takes the benefit of lower interest rates as appropriate.
- 4.22 Further savings will be difficult to deliver from this area until the PFI contracts come to an end. The PFI scheme at Uray Nook is due to end in third year of the current life of this plan.
- 4.23 Both PFI schemes have contractual terms that mean a significant proportion of the contract price increases each year in line with the Retail Price Index. As a result, the costs of the PFIs are expected to increase by over £300k in 2024/25 alone.

## **5. Police Force**

- 5.1 Most of the funding available to the PCC will be provided to the Chief Constable, this provides the budgetary constraints in which the PCC expects the Force to work within, in delivering against the Police and Crime Plan.
- 5.2 The PCC tries to provide a stable financial platform for the Force to work to and within, despite the significant level of unknowns around various areas of future funding. The aim of this approach is to support and enable good strategic planning, decision making and ultimately service delivery by the Force.
- 5.3 Details of the Force's plans are provided on a separate report, which is also on today's agenda however a summary of the finances is included below:



	<b>Actual Budget</b>				
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Police Force Planned Expenditure</b>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<b>Pay</b>					
Police Pay	87,334	96,837	99,126	101,839	103,945
Police Overtime	2,226	2,923	2,524	2,756	2,580
Staff Pay	35,450	39,235	38,230	39,255	40,280
Police Community Support Officer Pay	3,925	4,020	4,140	4,245	4,355
<b>Pay Total</b>	<b>128,935</b>	<b>143,015</b>	<b>144,020</b>	<b>148,095</b>	<b>151,160</b>
<b>Non-Pay Budgets</b>					
Other Pay and Training	1,151	1,252	1,262	1,262	1,262
Injury and Medical Police Pensions	3,958	4,068	4,068	4,068	4,068
Premises	5,048	5,075	4,775	4,775	4,775
Supplies and Services	15,749	16,997	17,682	18,418	18,768
Transport	1,886	2,012	2,012	2,012	2,012
External Support	3,854	3,930	3,930	3,930	3,930
<b>Non-Pay Total</b>	<b>31,645</b>	<b>33,335</b>	<b>33,730</b>	<b>34,465</b>	<b>34,815</b>
<b>Total Planned Force Expenditure</b>	<b>160,580</b>	<b>176,350</b>	<b>177,750</b>	<b>182,560</b>	<b>185,975</b>
%age Change in Expenditure	6.1%	9.8%	0.8%	2.7%	1.9%

- 5.4 The plans for all 4 years from the Force align with the overall funding indications provided by the PCC to the Force and therefore enable the PCC to set a balanced financial plan for the next 4 years, based on the assumptions set out within this report.
- 5.5 A further 9.8% (£15.8m) increase in the funding available to the Force in 2024/25 follows on the back of a £9.2m increase in 2023/24. **In 2024/25 the Force will have over £56m, or 47%, more funding available than it had 6 years ago in 2018/19.**

#### 5.6 **Areas of Note within the Force's Plans**

- 5.7 **Police Officers** – in a letter the PCC was provided with an overview from the Home Secretary and the Minister of State for Crime, Policing and Fire of both the National Policing financial settlement for 2024/25 and the local impact for Cleveland.
- 5.8 Within that letter the Police Officer Uplift Target for Cleveland is stated as 1,500 – with an indication that this is the level of Police Officers to be maintained.

- 5.9 The new grant conditions will retain elements of the existing terms in 2023-24. Every officer below a force's maintenance headcount (1,465 for Cleveland) will result in the ringfence share reducing by £80,000 if missed at both data points (£40k per officer at each data point) down to a threshold of 1.5% below the total maintenance headcount, or 30 officers - whichever is greater. This threshold differs from 2023-24 when the threshold was 1% or 20 officers. For example, if a force is two officers below its maintenance headcount at both September, and at March, ringfenced funding would reduce by £160k.
- 5.10 As with this year, reducing officers beyond this threshold level would mean a force will not be eligible for its full share of the ringfence grant. Access to ringfence funding shares will be based upon headcount levels recorded at data collection points on 30 September 2024 and 31 March 2025 and paid in January and July 2025 following the publication of police workforce statistics.
- 5.11 The current plans of the Force are that they will be more than the Uplift Target by 40 at the end of September, and around 60 by the end of March 2024, this should ensure that the Uplift Target is easily achievable.
- 5.12 The Home Office have also indicated that there will also be an opportunity for further additional recruitment in 2024-25, up to an additional 625 officers in total above original force allocations.
- 5.13 The current recruitment plans are built with this additional recruitment in mind and therefore should the Force be successful with any bid for additional resources they will be well placed to deliver.
- 5.14 Full details of the additional recruitment scheme for 2024-25 were communicated to in February 2024 and a bid for additional funding will be made.
- 5.15 It is important to recognise that the current assessment of Police Officer resources required to meet demand in Cleveland is significantly above the level set out within the current financial plans. The PCC has however provided the Force with additional funding in 2024/25 that provides the Force with the capacity to address all of the Police Officer resources highlighted within the Force Management Statement process that were assessed by the Force as needed as they posed a Substantial Risk to either the Force or Public.
- 5.16 **Staff** – To be able to balance the budget for 2024/25 the Force are planning to continue to hold significant level of Police Staff vacancies.
- 5.17 The budget for 2024/25 forecasts that the Force will be a need to hold around 120 vacancies across the year which has reduced the staff budget by circa £4m. This would leave a budget capable of supporting around 850 FTE staff.
- 5.18 This level of vacancies is consistent with the budgeted position for 2023/24 however the Force are forecasting to have 878 FTE staff at the start of 2024/25 and therefore

this is an area that will need to be closely managed and scrutinised to ensure an overspend does not materialise.

- 5.19 The current financial plans do not add back any of these vacancies and therefore it is very unlikely that the Force will ever be able to afford a recurring staff establishment that is currently set at 930 FTEs (excluding the HIU funded posts)
- 5.20 **Given the current financial forecasts it is unlikely that the organisation will be able to afford more than 800 FTE Staff posts on a recurring basis.**

## **6. Overall Financial Summary**

- 6.1 The table below shows the current projected position of the overall finances available to the PCC, however this is based on a significant number of assumptions, including that the Force can contain costs and deliver the level of services required within the financial constraints that were outlined above.

	<b>Actual Budget</b>				
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Funding</b>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Government Grant	(103,179)	(109,345)	(111,532)	(113,762)	(116,038)
Council Tax Precept	(46,379)	(51,284)	(52,310)	(54,974)	(57,660)
Council Tax Freeze Grant	(800)	(800)	(800)	(800)	(800)
Council Tax Support Grant	(6,868)	(6,868)	(6,868)	(6,868)	(6,868)
<b>Funding for Net Budget Requirement</b>	<b>(157,226)</b>	<b>(168,297)</b>	<b>(171,510)</b>	<b>(176,405)</b>	<b>(181,366)</b>
%age Change in Net Budgetary Requirement	2.2%	7.0%	1.9%	2.9%	2.8%
Specific Grants	(10,982)	(19,489)	(13,750)	(12,935)	(13,063)
Witness and Victims Funding	(1,595)	(1,560)	(679)	(679)	(679)
Partnership Income/Fees and Charges	(4,847)	(5,475)	(5,376)	(5,101)	(5,017)
<b>Total Core Funding</b>	<b>(174,650)</b>	<b>(194,820)</b>	<b>(191,315)</b>	<b>(195,120)</b>	<b>(200,125)</b>
%age Change in Core Funding	4.9%	11.5%	-1.8%	2.0%	2.6%
Special Grant	(3,125)	(1,830)			
<b>Total Overall Funding</b>	<b>(177,775)</b>	<b>(196,650)</b>	<b>(191,315)</b>	<b>(195,120)</b>	<b>(200,125)</b>
<b>Office of the PCC Planned Expenditure</b>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<b>Total Planned Expenditure</b>	<b>1,065</b>	<b>1,135</b>	<b>1,170</b>	<b>1,200</b>	<b>1,215</b>
<b>Community Safety/Victims and Witness</b>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Community Safety Initiatives	1,069	3,321	750	762	773
Victims and Witnesses Services	2,170	2,162	1,450	1,443	1,462
Violence Reduction Unit and Serious Violence Duty	1,176	1,143			
<b>Total Planned Expenditure</b>	<b>4,415</b>	<b>6,625</b>	<b>2,200</b>	<b>2,205</b>	<b>2,235</b>
<b>Corporate Services</b>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
Staff Pay	885	845	865	885	905
Non Pay Expenditure	85	85	85	85	85
PFI Action Stations	6,025	6,280	6,510	7,050	6,660
PFI Urlay Nook	2,160	2,240	2,290	915	940
Asset Management	1,575	1,470	1,575	1,735	1,760
<b>Total Corporate Costs</b>	<b>10,730</b>	<b>10,920</b>	<b>11,325</b>	<b>10,670</b>	<b>10,350</b>
<b>Police Force Planned Expenditure</b>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<b>Pay</b>					
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Police Overtime	2,226	2,923	2,524	2,756	2,580
Staff Pay	35,450	39,235	38,230	39,255	40,280
Police Community Support Officer Pay	3,925	4,020	4,140	4,245	4,355
<b>Pay Total</b>	<b>128,935</b>	<b>143,015</b>	<b>144,020</b>	<b>148,095</b>	<b>151,160</b>
<b>Non-Pay Budgets</b>					
Other Pay and Training	1,151	1,252	1,262	1,262	1,262
Injury and Medical Police Pensions	3,958	4,068	4,068	4,068	4,068
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Transport	1,886	2,012	2,012	2,012	2,012
External Support	3,854	3,930	3,930	3,930	3,930
<b>Non-Pay Total</b>	<b>31,645</b>	<b>33,335</b>	<b>33,730</b>	<b>34,465</b>	<b>34,815</b>
<b>Total Planned Force Expenditure</b>	<b>160,580</b>	<b>176,350</b>	<b>177,750</b>	<b>182,560</b>	<b>185,975</b>
%age Change in Expenditure	6.1%	9.8%	0.8%	2.7%	1.9%
<b>(Surplus)/Deficit</b>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<b>(985)</b>	<b>(1,620)</b>	<b>1,130</b>	<b>1,515</b>	<b>(350)</b>	
Planned Transfers to/(from) General Fund	0	0	(1,100)	(675)	(355)
Contribution to Capital Programme	1,565	1,880	800	800	1,155
Planned Transfers to/(from) Earmarked Reserves	(580)	(260)	(830)	(1,640)	(450)
<b>Net (Surplus)/Deficit After Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

6.2 From an overall income perspective, the PCC is now expected to receive over £15.7m more income in 2024/25 than was being forecast just 12 months ago, and over £20m more income than was received in 2022/23.

6.3 In any 'normal' year this would be fantastic news and would enable significant investment and growth of the organisation.

- 6.4 However, some of this £15.7m of increased funding is ring-fenced/needed for the following and comes with corresponding additional costs:
- **£3.5m** more has been provided to firstly maintain Police Officer numbers at 1,465, and then increase them further to 1,500.
  - **£2.7m** more was needed to enable higher Police Officer Pension contributions.
  - **£3.8m** more was needed to pay for last year's pay award.
  - **£2.0m** has been provided for Immediate Justice and ASB investments.
- 6.5 The remaining £3.7m, when combined with the £3.2m of income growth forecast in the previous plan needs to cover the following additional costs of £6.9m:
- £2.1m for pay inflation
  - £2.1m to increase Police Officer numbers
  - £2.1m for non-pay inflation
  - £0.6m more into Capital
- 6.6 Based on the plans and assumption outlined within this report and some use of reserves, that are discussed later in the report and in more detail in the Robustness of Estimates and Adequacy of Reserves Report, then the organisation can demonstrate a balanced budget for the next 4 years.
- 6.7 **It is important to recognise that this is significant progress from a year ago when there was a deficit of £2m in 2025/26 and £2.4m recurring thereafter.**
- 6.8 This provides a stable financial platform to continue the improved organisational and operational performance that has been seen over the last 2 years, while also providing time to deliver savings plans and efficiencies to be able to reinvest into those areas that continue to be highlighted as risks and in need of investments.
- 6.9 It is also important to keep in mind that there will be additional challenges to this plan and there are several risks that could impact significantly on the currently forecasted balanced position for the next 4 years and there are undoubtedly many things that the organisation will have to deal with, that are currently unknown.
- 6.10 Therefore, the constant search for savings and efficiencies will need to continue to provide future flexibility from a financial perspective and service delivery plans altered to fit the financial envelope that the organisation will need to work within.

## **7. Capital Financing and Expenditure**

- 7.1 The assets owned by the PCC are a vital platform for the delivery of the Police and Crime Plan, with the overall purpose of the capital plan to provide sufficient funding to renew the asset base of the organisation, informed by condition deficiency surveys, 'fit for purpose' reviews, equipment replacement programmes, business continuity

requirements and invest to save expenditure. Plans have been drawn up and are being developed for capital investment which would aid the organisation in delivering against the Police and Crime Plan.

7.2 There are a number of areas of significant capital investment factored into the £5.2m 2024/25 capital budget.

- ICT - £2m
- Fleet - £1.4m
- Estates - £1.4m
- Other Schemes - £0.4m

7.3 The overall capital budget for 2024/25 is £2m higher than the projection that was provided a year ago and while £0.9m results from carry forwards from 2023/24 there is a risk that future capital projections are too low with the following projections provided:

- 2025/26 - £3.5m
- 2026/27 - £3.0m
- 2027/28 - £3.3m

7.4 If these projections prove to be too low there is currently no significant capacity within the capital plans/resources to be able to fund additional schemes, which will lead to some difficult decisions being required when the 2025/26 budget is being considered.

7.5 The current capital plans only factor in £1.4m of additional borrowing over the next 4 years.

7.6 The level of borrowing that the PCC had peaked in 2019/20 at just over £31m and is expected to reduce to around £19.5m by the end of 2023/24.

7.7 It was expected that the level of loans would be £25m by the end of 2023/24 however the current cash position did not require a forecast £3m loan to be taken out in 2022/23 and also has not required a £2.5m loan, to replace one in repaid in September 2023 to be taken out.

7.8 The capacity to take out both the £3m loan and the £2.5m loan are now included within 2025/26 and 2026/27 respectively.

7.9 1 loan repayment is due in August 2024 of £760k, this is the only repayment due within the timeframe of this current financial plan.

7.10 The PCC will have sufficient funds available to support the current capital plans of the Police Force over the current year and the next 4 years provided that resources can continue to be provided to the Capital programme from the revenue budget.

7.11 The current Capital Plans, which will continue to be subject to review, development and refinement over the coming years, are set out below:

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Future Funding Levels</b>	£000s	£000s	£000s	£000s	£000s
<b>Earmarked Reserve/Funding b/f</b>	<b>11,728</b>	<b>8,327</b>	<b>6,570</b>	<b>4,027</b>	<b>1,997</b>
Contribution to/from Revenue	4,535	1,880	800	800	1,155
Capital Receipts (from Vehicle sales)	140	150	175	180	185
Borrowing		1,402			
<b>Projected In-year funding Available</b>	<b>4,675</b>	<b>3,432</b>	<b>975</b>	<b>980</b>	<b>1,341</b>
Digital Strategy	3,511	2,013	1,405	1,103	1,140
Estates Strategy	1,146	1,402	777	631	580
Fleet Replacement Programme	2,711	1,393	1,192	1,276	1,616
Other Schemes	708	381	144	0	0
<b>Total Capital Programme</b>	<b>8,076</b>	<b>5,189</b>	<b>3,518</b>	<b>3,010</b>	<b>3,336</b>
<b>Earmarked Capital Reserve/Funding c/f</b>	<b>8,327</b>	<b>6,570</b>	<b>4,027</b>	<b>1,997</b>	<b>2</b>

## 8. Reserves

8.1 As at the end of 2022/23 the PCC had Usable Reserves of £25.1m. The main reserves held at that point were for the following reasons:

- General Reserves - £5.0m
- Funding for projects within the financial plans - £5.5m
- General contingency and risk Reserves - £4.2m
- Unapplied Capital Grants and Capital receipts - £9.3m

8.2 The PCC has a separate Reserves Strategy, which is in line with the requirements of the Government, which sets out the details of all reserves, what they are held for and how they will be used in the future.

8.3 The expected movements on all reserves held by the PCC will be kept under review in line with the development of the LTFP, current projections are included within the table below:

	Balance at 31 March 2023 £000	Tranfers In 2023/24 £000	Tranfers Out 2023/24 £000	Balance at 31 March 2024 £000	Tranfers In 2024/25 £000	Tranfers Out 2024/25 £000	Balance at 31 March 2025 £000	Tranfers In 2025/26 £000	Tranfers Out 2025/26 £000	Balance at 31 March 2026 £000	Tranfers In 2026/27 £000	Tranfers Out 2026/27 £000	Balance at 31 March 2027 £000	Tranfers In 2026/27 £000	Tranfers Out 2026/27 £000	Balance at 31 March 2027 £000
<b>Funding for projects &amp; programmes over the period of the current MTFP</b>																
Direct Revenue Funding of Capital	(2,436)	(4,535)	6,971	0	(1,880)	1,880	0	(800)	800	0	(800)	800	0	(1,155)	800	(355)
PCC Change Reserve	(129)			(129)			(129)			(129)			(129)			(129)
Airwaves Project	(294)			(294)			(294)			(294)			(294)			(294)
CP Change Reserve	(992)	(470)	160	(1,302)		66	(1,236)		430	(806)		285	(521)		150	(371)
EDI Reserve	(50)			(50)		50	0			0			0			0
Wide Area Network Reserve	(724)		240	(484)		484	0			0			0			0
Recruitment Reserve	(502)		222	(280)			(280)			(280)			(280)			(280)
Commissioning Reserves	(259)		35	(224)		35	(189)		35	(154)		35	(119)		35	(84)
Road Safety Initiatives Fund	(132)			(132)			(132)			(132)			(132)			(132)
<b>Sub Total</b>	<b>(5,516)</b>	<b>(5,005)</b>	<b>7,628</b>	<b>(2,893)</b>	<b>(1,880)</b>	<b>2,515</b>	<b>(2,258)</b>	<b>(800)</b>	<b>1,265</b>	<b>(1,793)</b>	<b>(800)</b>	<b>1,120</b>	<b>(1,473)</b>	<b>(1,155)</b>	<b>985</b>	<b>(1,643)</b>
<b>Funding for projects &amp; programmes beyond the current MTFP</b>																
PFI Sinking Fund	(413)	(75)	30	(458)	(75)		(533)	(75)	115	(493)	(75)	530	(38)	(75)		(113)
Incentivisation Grant	(552)		49	(503)		97	(406)		49	(358)			(358)			(358)
Police Property Act Fund	(101)			(101)			(101)			(101)			(101)			(101)
<b>Sub Total</b>	<b>(1,066)</b>	<b>(75)</b>	<b>79</b>	<b>(1,062)</b>	<b>(75)</b>	<b>97</b>	<b>(1,040)</b>	<b>(75)</b>	<b>164</b>	<b>(952)</b>	<b>(75)</b>	<b>530</b>	<b>(497)</b>	<b>(75)</b>	<b>0</b>	<b>(572)</b>
<b>General Contingency</b>																
Legal/Insurance Fund	(23)			(23)			(23)			(23)			(23)			(23)
Injury Pension Reserve	(1,267)	191	162	(914)		115	(799)		96	(703)		160	(543)		160	(383)
Urley Nook TTC	(81)			(81)			(81)			(81)			(81)			(81)
NERSOU	(213)			(213)			(213)			(213)			(213)			(213)
Collaboration Reserve	(28)		28	0			0			0			0			0
Pay, Price and Grant Reserve	(1,674)		600	(1,074)	(600)		(1,674)		175	(1,499)		705	(794)		180	(614)
Major Incident Reserve	(907)			(907)		300	(607)		150	(457)			(457)			(457)
<b>Sub Total</b>	<b>(4,192)</b>	<b>191</b>	<b>790</b>	<b>(3,212)</b>	<b>(600)</b>	<b>415</b>	<b>(3,396)</b>	<b>0</b>	<b>421</b>	<b>(2,975)</b>	<b>0</b>	<b>865</b>	<b>(2,110)</b>	<b>0</b>	<b>340</b>	<b>(1,770)</b>
<b>Total Earmarked Reserves</b>	<b>(10,774)</b>	<b>(4,889)</b>	<b>8,497</b>	<b>(7,167)</b>	<b>(2,555)</b>	<b>3,027</b>	<b>(6,695)</b>	<b>(875)</b>	<b>1,850</b>	<b>(5,720)</b>	<b>(875)</b>	<b>2,515</b>	<b>(4,080)</b>	<b>(1,230)</b>	<b>1,325</b>	<b>(3,985)</b>
<b>General Reserves</b>	<b>(5,042)</b>	<b>(2,130)</b>		<b>(7,172)</b>		<b>0</b>	<b>(7,172)</b>		<b>1,100</b>	<b>(6,072)</b>		<b>675</b>	<b>(5,397)</b>		<b>355</b>	<b>(5,042)</b>
<b>Total Usable Reserves</b>	<b>(15,816)</b>			<b>(14,339)</b>			<b>(13,867)</b>			<b>(11,792)</b>			<b>(9,477)</b>			<b>(9,027)</b>
<b>Capital Receipts Reserve</b>	<b>(9,293)</b>	<b>(140)</b>	<b>1,106</b>	<b>(8,327)</b>	<b>(150)</b>	<b>1,907</b>	<b>(6,570)</b>	<b>(175)</b>	<b>2,718</b>	<b>(4,027)</b>	<b>(180)</b>	<b>2,210</b>	<b>(1,997)</b>	<b>(185)</b>	<b>2,535</b>	<b>353</b>
<b>Total Reserves</b>	<b>(25,110)</b>			<b>(22,666)</b>			<b>(20,437)</b>			<b>(15,820)</b>			<b>(11,475)</b>			<b>(8,675)</b>



8.4 While the level of Total Reserves as at the end of March 2024 is forecast to be almost £23m, it is important to recognise that if everything that is factored into the current plans is delivered as forecast then **the level of reserves will reduce by £11m (49%) over the next 3 years alone.**

8.5 A full review of adequacy of reserves and the robustness of the assumptions within the LTFFP is included within the Robustness of Estimates and Adequacy of Financial Reserves Report and will be provided for the PCC prior to formal sign off of the Budget.

## **9. Risks**

9.1 The major risks and unknowns surrounding the figures presented here are:

- Pay Awards are higher than the assumptions within the plan and these are not funding by the Government.
- The significant levels of vacancies needed to be held to deliver against the financial plans of the Force.
- Any differences between the future years' actual Government Grant settlements and those estimated within the plan.
- Variations in future years between the estimated tax base used and the actual declared tax base.
- That the public does not support the precept increases that are factored into the current plans
- Increasing costs of the employers Pension Contribution into the Police Pension Fund.
- Sensitivity of assumptions, including inflation and borrowing costs.
- The ability of the Force to manage within its allocated budget.
- The ability and capacity to either absorb growth/cost pressures and/or deliver savings to enable expenditure in essential areas to continue.
- Ability to deliver the savings included within the plans within the timeframes set and to the level needed whilst delivering the required levels of service.

## 10 Conclusions

- 10.1 The Police Settlement for 2024/25 has provided the PCC with an increase in Core Government Funding of £8,670k, or 7.3%.
- 10.2 Unfortunately, all of this funding increase is either specifically linked to expenditure or linked to decisions already made nationally, as per the below:
- £2,208k more has been provided in additional core grant to cover the costs of last year's pay award.
  - £3,479k more has been provided to ensure Police Officer numbers are not only maintained at last year's level but increased by a further 35.
  - £2,983k more has been provided to pay for higher Employer's contributions into the Police Officer Pension Scheme.
- 10.3 As with last year the PCC has been clear with the Force that in asking the public of Cleveland to pay more, they should expect more from their Police Service.
- 10.4 The PCC has therefore asked the Force to set out their priorities for 2024/25, linking to those areas that are indicated as a priority in the Police and Crime Plan.
- 10.5 As with last year, which saw an increase in Police Officers of 43, this year the Force have continued to highlight the need for additional Police Officers.
- 10.6 The agreed precept increase, of £13, for a Band D property is expected to raise just over £2.1m and will fund the addition of 48 Police Officers.
- 10.7 **The planned increases in Police Officers will take Cleveland Police to the highest number of Police Officers since 2011/12.**
- 10.8 **Despite the significant financial challenges and the plans and ambitions to further increase Police Officer numbers within Cleveland, this has been achieved while also addressing the deficit within the previous financial plan.**
- 10.9 **The PCC therefore has a financial plan for consideration and approval that balances for the next 4 years without any significant assumptions around savings and efficiencies to do so.**
- 10.10 Reserves are currently forecast to reduce by £2.2m during 2024/25 to support the Capital programme, which in turn means that as much funding as possible is being focussed on the Revenue budget, to focus as much funding on service delivery as possible during 2024/25.

<b>Community Safety and Victims and Witnesses Services</b>	
	<b>2024/25</b>
<b>Community Safety</b>	£000s
Divert Project	215,000
Youth Offending	189,000
ASB Youth Activities	147,300
Adult Protection Contribution	36,900
Local Safeguarding Childrens Board Contribution	131,000
Crimestoppers Contribution	24,260
MFC Kicks	24,000
Safer Streets	535,000
Unallocated	18,160
<b>Total Community Safety</b>	<b>1,320,620</b>
<b>Victims and Witnesses</b>	£000s
<b>Domestic Abuse</b>	
Eva Womens Aid Foundation	66,500
Harbour	95,972
	392,958
My Sisters Place	212,470
Halo	27,000
<b>Sexual Violence</b>	
Arch Teesside	326,440
A Way Out	30,105
SARC Services	135,355
Restorative Justice - Co-ordinator	37,000
Restorative Justice Services	147,050
Victims Referral Services	482,000
Support for Victims of HBV	30,000
Appropriate Adult Services	70,000
Anti Trafficking Network	5,000
Perpetrator Programme (DV)	80,800
Youth Commission	23,220
<b>Total Victims and Witnesses</b>	<b>2,161,870</b>
<b>Total</b>	<b>3,482,490</b>