

Report of the Chief Finance Officer of the PCC To the Police and Crime Commissioner for Cleveland

16th July 2025

Status: For Information 2024/25 Budget Monitoring Outturn Report

1. Executive Summary

1.1 Purpose of the Report

On the 21st February 2024 the former PCC agreed the revenue Budget for 2024/25 which was based on the receipt of income totalling £196,650k. This report is to provide the PCC with the final position of the financial performance against the budget for the financial year 2024/25. The financial information contained within the report could be subject to change as a result of the annual audit, if any changes are required an update will be provided to the PCC.

2. Recommendations

The PCC is asked to **agree**:

- 2.1 That any savings identified by the Force within 2025/26 and beyond are prioritised to increase the insurance budgets to be in line with the Actuarial Review, and should the funds not be spent in year that they're added to reserves for when these likely costs become payable.
- 2.2 That the Force report formally in writing to each Joint Strategic Board setting out clearly their plans for delivery against their Neighbourhood Policing Guarantee plans.

The PCC is asked to **note**:

- 2.3 The OPCC's budget of £1,135k had a **small underspend of £14k** during 2024/25.
- 2.4 The Corporate Services budget of £10,920k, which was revised down to £10,854k had a **overspend of £181k**.
- 2.5 The £6,625k to support PCC Community Safety Initiatives, Victims and Witnesses Services and Violence Reduction, which reduced by £591k, to £6,034k, due to the receipt of less income, **underspent by £174k**.
- 2.6 The PCC **received £4,070k of additional income during the year that resulted in increased expenditure** over and above that which was envisaged when the budget was set.

- 2.7 The PCC **received a further £1,382k of income in 2024/25, which led to an under spend of the same amount**, which was neither included within the original budget nor used for additional expenditure during the year.
- 2.8 **The Force have reported an overspend for the year of £675k.** This is however after significant unbudgeted and unexpected additional support into the Force budget for the follow:
- £1,364k to fund an increase to the Insurance Provision.
 - £318k additional release from the Major Incident Reserve to support in year expenditure.
 - £529k additional release from the Injury and Ill Health Pension Reserve to support additional in-year expenditure.
- 2.9 Without these additional adjustments the Force would have reported an **overspend of £2,886k.**
- 2.10 **The Outturn before Year End Reserves movement** and AFTER total in-year transfer to reserves and Capital of £25k, **was an overspend of £1,500k. Which has had to be funded from Reserves.**
- 2.11 The overall overspend of £1,500k should also been considered against a forecast £490k underspend that was reported at Q3 and factored into the 2025/26 financial plans. This means **there is £490k less funding in the Capital Programme going forward.**
- 2.12 As highlighted throughout the year the delivery of the Capital programme looked challenging. The approved Capital Budget for 2024/25 was £7,529k. This was revised down to £5,298k by the year end, due to approved in-year changes and funding no longer needed of £1,171k, with £1,068k of schemes that have been carried forward into 2025/26.
- 2.13 Against this revised final capital budget of £5,298k the Force **underspent by £181k.**

3. Reasons

3.1 When setting the budget for the financial year 2024/25 the PCC allocated the income forecast to be received during the year, of £196,650k, into the following areas:

- £1,135k to run the Office of the PCC
- £5,482k to support PCC Initiatives and Victims and Witnesses Services
- £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 was to be supported by £260k from Earmarked Reserves

The following sections will look at the above areas in more detail and provide analysis and commentary for each area based on the actual levels of spend against the budget.

3.2 Income and Funding

The PCC set the budget based on receiving income and funding of £196,650k during 2024/25 from the areas summarised in the table below, the in-year changes, the actual levels of income received in 2024/25 and variances are shown below. In addition to current year figures the comparator figures for 2023/24 is also shown

2023/24 Budget	In Year Changes	2023/24 Revised Budget	2023/24 Forecast Income	2023/24 Forecast (Under)/Over spend		2024/25 Budget	In Year Changes	2024/25 Revised Budget	2024/25 Forecast Income	2024/25 Forecast (Under)/Over spend
£000s	£000s	£000s	£000s	£000s	Summary of Income to be Received by the PCC	£000s	£000s	£000s	£000s	£000s
(56,591)	0	(56,591)	(56,591)	(0)	Funding	(61,800)	0	(61,800)	(61,800)	(0)
(46,588)	0	(46,588)	(46,588)	(0)	Police Grant	(47,545)	0	(47,545)	(47,545)	(0)
(103,179)	0	(103,179)	(103,179)	(0)	RSG/National Non Domestic Rate	(109,345)	0	(109,345)	(109,345)	(0)
(46,379)	0	(46,379)	(46,379)	0	Government Grants	(51,284)	0	(51,284)	(51,284)	0
(800)	0	(800)	(800)	(0)	Precept	(800)	0	(800)	(800)	(0)
(6,868)	0	(6,868)	(6,868)	(0)	Council Tax Freeze Grant	(6,868)	0	(6,868)	(6,868)	0
(54,047)	0	(54,047)	(54,047)	(0)	Council Tax Support Grant	(58,952)	0	(58,952)	(58,952)	(0)
(12,577)	(6,385)	(18,962)	(22,281)	(3,320)	Precept related funding	(21,049)	(1,860)	(22,908)	(23,609)	(700)
(4,847)	(2,088)	(6,935)	(8,153)	(1,218)	Specific Grants	(5,475)	(2,211)	(7,685)	(7,754)	(69)
(17,424)	(8,473)	(25,897)	(30,434)	(4,538)	Partnership Income/Fees and Charges/Misc Income	(26,524)	(4,070)	(30,594)	(31,363)	(769)
(174,650)	(8,473)	(183,123)	(187,661)	(4,538)	Other Funding	(194,820)	(4,070)	(198,891)	(199,660)	(769)
(3,125)	0	(3,125)	(2,988)	137	Total	(1,830)	0	(1,830)	(2,443)	(613)
(177,775)	(8,473)	(186,248)	(190,649)	(4,401)	Special Grant	(196,650)	(4,070)	(200,721)	(202,103)	(1,382)
					Total Overall Funding					

- 3.3 In terms of overall income, the PCC received £202,103k during 2024/25 which was £11,454k (or 6.0%) higher than 2023/24.
- 3.4 The total income received was £5,453k (or 2.8%) more than the original 2024/25 budget was based on. It is therefore important to understand where this funding has come from.
- 3.5 Additional £4,070k of income that was received and spent/earmarked
Of the £4,070k of additional income that was received and spent/earmarked in year this additional income predominantly related to the following:
- The allocation of £1,880k of additional funding provided from the government to support a higher pay award,
 - £705k income from the Government to reimburse for the costs of policing the riots.
 - £542k more Proceed of Crime income.
 - £394k of additional income to pay for the pension implications from the McCloud judgement.
 - £364k of income from the Home Office to provide cell capacity at police stations as accommodation for prisoners when the number of cells in prisons becomes critically low, has been provided to the Force to cover the costs of providing this.
 - £226k of income received for the costs of providing mutual aid and other operations.
 - £212k of rebates on the Custody Contract due to staff vacancies and the costs of the Force providing cover.
 - £165k of income into the Police Property Act Fund
 - £115k of additional income to support implementation on National IT schemes
 - £110k of apprenticeship levy income
 - With a further £325k off other smaller (<£100k) additional receipts of income.

This was offset by the following reductions:

- £613k of the Immediate Justice Grant allocation was returned to the Government as it was not spent in year.
- £263k of the Historical Investigation Grant was not claimed in year as it was not spent.
- £93k of the ASB Hotspot Grant allocation was returned to the Government as it was not spent in year.

3.6 Over-recovery of Income by £1,382k

3.7 In addition to the £4,070k of income that was received and added to the budget in 2024/25 there was a further £1,382k of income that was received that was not spent and therefore it is important to understand where this income came from too.

3.8 The significant elements were as follows:

- £83k relates to the pay award Grant that is referred to above.
- £624k of additional income to exceed the Police Officer Recruitment Uplift+ Target (of 1,500) by a further 13 Police Officers.
- £613k of additional income in relation Historical Investigation Unit.
- £200k of income was received relating to Custody in relation to both the contract rebate and the provision of cells for use by prisoners.

These were offset by:

- £116k less interest received on investments due to lower interest rates and lower cash balances.
- £23k less income for 'Core' Victims Services Grant than was budgeted for, as an 'uplift' provided in 2023/24 did not continue into 2024/25.

3.9 There were other small movements on income beyond the above however the major movements have been set out above.

3.10 **The final outturn on income was therefore an overall over recovery, and therefore 'underspend', of £1,382k against income.**

3.11 The Office of the PCC

The 2024-25 budget of £1,135k for the Office of the PCC was split into the following areas:

Original 2023/24 Budget	Final 2023/24 Budget	Actual Spend in 2023/24	Actual Over/ (Under) spend		Original 2024/25 Budget	Budget TYD	Spend YTD	Over/ (Under) spend to date
£000	£000	£000	£000	PCC Budget	£000	£000	£000	£000
839	839	725	(114)	Category of Spend	898	898	847	(50)
5	5	9	4	Staff Pay and Allowances (Incl. NI and Pension)	7	7	2	(5)
305	305	424	119	Other Pay and Training	316	316	356	40
5	5	7	2	Supplies and Services	6	6	9	3
(89)	(89)	(87)	1	Transport	(91)	(91)	(93)	(2)
				Miscellaneous Income				
1,065	1,065	1,079	14	Total Budget	1,135	1,135	1,121	(14)

3.12 Actual expenditure during the year was £1,121k, which was £14k lower than budget and in line with forecasts throughout the year.

3.13 Underspends from staff vacancies were offset by higher costs across Supplies and Services, which was predominantly from higher levels of internal audit reviews being requested in 2024/25 than budgeted for.

3.14 Corporate Services

Corporate Services budgets include the costs of the PFI contracts, strategic contract management, asset management costs and treasury management.

- 3.15 The Corporate Services budget for 2024/25 was initially set at £10,920k, as per the table below, this was reduced by £75k in year to reflect an allocation to the Force to pay for additional legal support within Evolve.

	Original 2024/25 Budget	Revised 2024/25 Budget	2024/25 Forecast Spend	2024-25 Forecast Over/ (Under)
<u>Corporate Services Budget</u>				
Category of Spend	£000s	£000s	£000s	£000s
Staff Pay and Allowances (Incl. NI and Pension)	845	780	761	(19)
Supplies and Services	84	84	519	435
Transport	1	1	1	(0)
PFI - Urlay Nook	2,240	2,240	2,244	4
PFI - Action Stations	6,280	6,280	6,047	(233)
Asset Management	1,470	1,470	1,464	(6)
Total Budget	10,920	10,855	11,036	181

3.16 Riot Compensation Act Costs

- 3.17 It was confirmed to the PCC during the year that the costs of compensating people within Cleveland who suffered loss or damage to their property, including cars, homes or businesses during the disorder in Hartlepool on the 31st July and in Middlesbrough on the 4th August, in line with the Riot Compensation Act, **would not be funded by the Government.**
- 3.18 The PCC received of 39 separate claims, with an indicative total value of just over £416k – all of these claims have been assessed in line with the terms of the Riot Compensation Act, formal receipts received as needed to finalise the actual level of the claim and many have already been paid.
- 3.19 The outturn for 2024/25 includes revised costs of £364k for these claims.
- 3.20 Aside from these costs then the wider Corporate Services budget would have reported an underspend of £183k, as a result of a £220k rebate on the insurance costs within the Action Stations PFI scheme, offset by the professional fees incurred in the work relating to the preparation for the Urlay Nook PFI coming to an end in 2025/26.

3.21 Community Safety, Victims and Witnesses and Violence Reduction

3.22 The former PCC allocated £6,625k to support Community Safety, Victims and Witnesses services and Violence Reduction measures.

3.23 The budget was reduced by £591k in year as a result of the following:

- The return of £613k to the Government in relation to funding for the Immediate Justice scheme as this funding was not spent in year.
- The return of £93k to the Government in relation to the ASB Hotspot Funding as this funding was not spent in year.

This was offset by additional income received as follows:

- £96k for the Sexual Assault and Abuse Strategy
- £15k towards to Anti-Slavery Network

3.24 The final spend against the revised budget is shown in the table below:

	Original 2024/25 Budget	Final 2024/25 Budget	Actual 2024/25 Outturn	(Under) / Over spend for 2024/25
<u>PCC Initiatives and Victims and Witnesses</u>				
<u>Category of Spend</u>	£000s	£000s	£000s	£000s
Community Safety Initiatives	3,321	3,345	3,079	(265)
Victims and Witnesses Services	2,162	1,547	1,678	131
Cleveland VRU and Serious Violence Duty	1,143	1,143	1,107	(36)
Total Budget	6,625	6,034	5,864	(171)

3.25 In relation to the overall underspend of £171k in this area, as reported during the year, the former PCC received notice of a reduction in funding in relation to Safer Streets, which created a pressure of £185k versus the revised level of income from the Home Office.

3.26 This expenditure has been managed down to reduce this pressure, with £129k clawed back, and now being reported as an underspend.

3.27 In addition to this the following underspend also occurred:

- The level of resourcing delivering the Cleveland Divert programme was less than budgeted and resulted in a £64k underspend.
- There was a £76k underspend across a range of Victims Services
- There was a £43k underspend on the Domestic Violence Perpetrator Programme.
- There was an underspend of £36k across the VRU and SV Duty as not all of the grant funding was spent in year.
- These underspends were offset by significant additional costs in relation to the development of the SARC – which incurred costs of £230k in year.

4. Police Force

4.1 Most of the funding available to the PCC has been provided to the Police Force. The Force was allocated an initial budget of £176,350k for 2024/25 however this was **increased by £5,760k** as a result of the following:

- A contribution to Capital of £156k to pay for Tasers.
- A release of £58k from the Pension Reserves toward cost of work on the McCloud remedy.
- A release of £46k from Reserves for the cost of work on the Digital Interviews.
- £1,880k to fund the additional costs for the pay award above the previously budgeted 2.5%.
- £329k to fund Mutual Aid costs so that the Force costs of providing this mutual aid are covered.
- £399k to fund the additional costs of running Op Safeguard within Custody
- £705k to fund the costs of Policing the Disorder that was funded by the Government.
- £394k additional pension grant income was allocated to the Force to fund with cost of the Police Officer pension changes resulting from the McCloud judgement.
- An additional £205k was provided for funded staff roles, with a further £310k provided from additional small elements of funding for which the Force incurred additional costs.
- Finally, £1,500k was released from Reserves as follows:
 - An additional £318k from the Mayor Incident Reserve
 - An additional £529k from the Injury and Ill Health Pension Reserve
 - And £652k from the Legal and Insurance Reserve.

4.2 The summary of how was spent, including the final outturns are included in the table below:

	Original 2024/25 Budget	Revised 2024/25 Budget	Final Spend in 2024/25	2024/25 Final (Under)/ Overspend
Police Force Financial Summary				
Police Force Planned Expenditure	£000s	£000s	£000s	£000s
Pay				
Police Pay	96,837	97,631	96,704	(927)
Police Overtime	2,923	4,148	4,248	100
Staff Pay	39,235	39,072	39,589	517
Police Community Support Officer Pay	4,020	3,960	3,637	(323)
Pay Total	143,015	144,810	144,178	(632)
Non-Pay Budgets				
Other Pay and Training	1,252	1,964	2,076	111
Injury and Medical Police Pensions	4,068	5,019	5,462	443
Premises	5,075	5,190	4,870	(320)
Supplies and Services	16,997	18,366	18,601	234
Transport	2,012	2,284	2,441	157
External Support	3,930	4,386	5,068	681
Non-Pay Total	33,335	37,210	38,517	1,307
Total Planned Force Expenditure	176,350	182,019	182,695	675

- 4.3 The details underpinning these forecasts are included within the report from the Force which accompanies this report.
- 4.4 **Areas to draw to the PCC's attention in relation to the Force**
- 4.5 At the end of May the Force were forecasting to overspend by £1,170k, this was partly addressed by July in terms of reducing this to around £500k. The Forecast remained broadly at this level throughout the remainder of year, with the December forecast from the Force showing an overspend of £551k.
- 4.6 As reported elsewhere, without additional adjustments and support from the PCC, via reserves and underspends from budgets outside of those provided to the Force, then the Force would have reported an overspend of £2,886k, so over £2.3m more than the expected position.
- 4.7 This is very similar to the position that was reported in 2023/24 where the overspend from the Force increased by £1.5m between the December report and the final outturn.
- 4.8 A significant element, but not the only reason, for the above movements has been as a result of significant additional costs around Legal and Insurance costs across both years.
- 4.9 This theme is likely to continue, if not addressed, as a recently received Actuarial Review has highlighted that a realistic assessment of insurance costs for 2025/26 would be around £1.4m (a pessimistic assessment was £4.2m), however the 2025/26 budget has less than £1m set aside for these costs.
- 4.10 The realistic assessment of the fund required to be set aside for insurance costs has almost doubled in the 5 years since the previous actuarial review. With the pessimistic view has increased 4-fold. This indicates the impact that both the claims experience and the claims payments made by the Force is having a continuing and significant impact of the overall financial position.
- 4.11 **As a result of this it is recommended that any savings identified by the Force within 2025/26 and beyond are prioritised to increase the insurance budgets to be in line with the Actuarial Review, and should the funds not be spent in year that they're added to reserves for when these likely costs become payable.**
- 4.12 These significant additional costs also align with the comments of our Insurance Broker, as part of the recent placement of insurance policies that said that '***a significant deterioration in our claims experience, especially over the last 12 months is having a detrimental effect upon the pricing, both the number of claims and also the size of some, especially in respect of Employers Liability.***'
- 4.13 The outcome from these discussions were that the Force would commence a piece of work internally to ascertain any trends and trace root causes.

- 4.14 The Broker also provided feedback to the Force 'that our record keeping is poor in certain areas.'
- 4.15 All of this results in significant additional money needing to be set aside for the insurance premiums too – these have increased by over £300k per year in just the last 2 years.
- 4.16 Neighbourhood Policing Guarantee
- 4.17 While the Force overspent overall, there were a couple of areas that underspent which will be of interest to the PCC, both the Police Pay budget and the PCSO pay budget underspent during the year.
- 4.18 Both of these areas underspent as a result of the Force having less FTEs within these areas that they budgeted to have and given the newly implemented targets and funding around the Neighbourhood Guarantee for 2025/26, this is an area that will need to be managed closely, delivered in line with the agreed target otherwise there will be significant shortfalls in funding, as well as less service delivery than would otherwise be the case.
- 4.19 It is recommended that the Force report formally in writing to each Joint Strategic Board setting out clearly their plans for delivery against their Neighbourhood Policing Guarantee plans, including clearly setting out:
- The Police Officer and PCSO baselines and agreed targets.
 - The Actual and profiled Officers and PCSOs that will be physically in Neighbourhoods, at the end of each month.
 - The number of Officers and PCSOs in training but destined for Neighbourhoods.
 - The phasing and timelines to meet the targeted numbers.

5 Reserves

The 2024/25 budget was to be supported by £260k from Reserves. This was made up of the following transactions:

- £75k to the PFI reserve
- £35k from the Commissioning Reserve
- £300k from the Major Incident Reserve

5.1 In addition to this, £1,880k was to be used to support the Capital Programme during 2024/25.

5.2 When setting the budget for 2024/25, in February 2024, it was forecast that Total Reserves as at the end of 2024/25 would be £20,437k, the actual outturn position is £19,679k, so £668k lower than expected.

5.3 Is it also important to reflect that the actual reserves are higher than they would have been, by £1,068k, if the overall capital programme had been delivered in year, however £1,068k of schemes were slipped into 2025/26.

5.4 Overall Reserves for 2024/25 have reduced by £3,994k as set out in the table below, which is predominantly because of the funding of the capital programme:

	Balance at 31 March 2024 £000	Transfers In 2024/25 £000	Transfers between Reserves £000	Transfers Out 2024/25 £000	Balance at 31 March 2025 £000
Funding for projects & programmes over the period of the current MTFP					
Direct Revenue Funding of Capital	(4,643)	(2,036)	604	156	(5,919)
PCC Change Reserve	(129)				(129)
Airwaves Project	(267)		7	13	(248)
Change Reserve	(1,302)		256	46	(1,000)
EDI Reserve	(50)		25	25	0
Wide Area Network Reserve	(460)		385	75	0
Recruitment Reserve	(211)	(84)		45	(251)
Commissioning Reserves	(270)		101	169	(0)
Road Safety Initiatives Fund	(132)			21	(111)
Sub Total	(7,463)	(2,120)	1,378	549	(7,657)
Funding for projects & programmes beyond the current MTFP					
PFI Sinking Fund	(598)	(75)			(673)
Incentivisation Grant	(787)	(411)		340	(858)
Police Property Act Fund	(35)	(165)			(200)
Sub Total	(1,420)	(651)	0	340	(1,730)
General Contingency					
Legal/Insurance Fund	(23)		(629)	652	(0)
Injury Pension Reserve	(829)		(203)	587	(446)
Urday Nook TTC	(81)				(81)
NEROCU	(192)				(192)
Pay, Price and Grant Reserve	(1,074)		(546)		(1,620)
Major Incident Reserve	(768)			618	(150)
Sub Total	(2,967)	0	(1,378)	1,856	(2,488)
Total Earmarked Reserves	(11,850)	(2,771)	0	2,745	(11,875)
General Reserves	(5,772)			0	(5,772)
Total Usable Reserves	(17,621)				(17,647)
Capital Receipts Reserve	(6,052)	(88)	0	4,108	(2,032)
Total Reserves	(23,674)				(19,679)
Movement					3,994

6. **Overall Budget Summary for 2024/25**

- 6.1 The following table summarises the finances for 2024/25 showing the original budget, the revised budget, spend against the revised budget and ultimately the (under) and overspends against the revised budget. The Summary below is before the reallocations of budget and release of reserves to present the items referred to in 2.8.

	Original 2024/25 Budget	Current 2024/25 Budget	Forecast Spend in 2024/25	Forecast 2024/25 (Under)/ Overspend
Funding	£000s	£000s	£000s	£000s
Funding for Net Budget Requirement	(168,297)	(168,297)	(168,297)	(0)
Specific Grants	(21,049)	(22,908)	(23,609)	(700)
Partnership Income/Fees and Charges	(5,475)	(7,685)	(7,754)	(69)
Total Funding	(194,820)	(198,891)	(199,660)	(769)
Special Grant	(1,830)	(1,830)	(2,443)	(613)
Total Overall Funding	(196,650)	(200,721)	(202,103)	(1,382)
Office of the PCC Planned Expenditure	£000s	£000s	£000s	£000s
Total Planned Expenditure	1,135	1,135	1,121	(14)
PCC Initiatives/Victims and Witness	£000s	£000s	£000s	£000s
PCC Initiatives	3,321	3,345	3,079	(265)
Victims and Witnesses Services	2,162	1,547	1,678	131
Cleveland VRU and Serious Violence Duty	1,143	1,143	1,107	(36)
Total Planned Expenditure	6,625	6,034	5,864	(171)
Corporate Costs	£000s	£000s	£000s	£000s
Staff Pay	845	780	755	(24)
Non Pay Expenditure	85	84	524	440
PFI's	8,520	8,520	8,291	(229)
Asset Management	1,470	1,470	1,464	(6)
Total Corporate Costs	10,920	10,854	11,035	181
Police Force Planned Expenditure	£000s	£000s	£000s	£000s
Pay				
Police Pay	96,837	97,631	96,704	(927)
Police Overtime	2,923	3,830	4,248	418
Staff Pay	39,235	39,072	39,589	517
Police Community Support Officer Pay	4,020	3,960	3,637	(323)
Pay Total	143,015	144,492	144,178	(314)
Non-Pay Budgets				
Other Pay and Training	1,252	1,964	2,076	111
Injury and Medical Police Pensions	4,068	4,490	5,462	972
Premises	5,075	5,190	4,870	(320)
Supplies and Services	16,997	18,366	18,601	234
Transport	2,012	2,284	2,441	157
External Support	3,930	4,386	5,068	681
Non-Pay	33,335	36,681	38,517	1,836
Transfer to Insurance Provision	0	0	1,364	1,364
Total Planned Force Expenditure	176,350	181,173	184,059	2,886
(Surplus)/Deficit	£000s	£000s	£000s	£000s
(1,620)	(1,525)	(25)	1,500	1,500
Planned Transfers to/(from) General Fund	0	0	0	0
Transfers to Earmarked Reserves	75	735	735	(0)
Contribution to Capital Programme	1,880	1,880	1,880	0
Transfers (from) Earmarked Reserves	(335)	(1,090)	(1,090)	(0)
Net (Surplus)/Deficit After Planned Reserves	0	0	1,500	1,500

- 6.2 The overall **overspend for the financial year is shown as £1,500k** after planned use of reserves. This has been funded through the unexpected release of the following reserves:
- £652k release from the Insurance Provision, which was ultimately funded from a reduction in the Capital Reserves.
 - £318k additional release from the Major Incident Reserve to support in year expenditure.
 - £529k additional release from the Injury and Ill Health Pension Reserve to support additional in-year expenditure.
- 6.3 This £1,500k overspend compares to the position reported at the end of December expecting an underspend of £490k.
- 6.4 The impact of the above is that there is likely to be around £500k less a year to support service delivery for the next 4 years.
- 6.5 This will need to be worked through and factored into future financial plans.

7 Conclusion

Revenue Budget

- 7.1 Higher levels of inflation and higher pay awards made 2024/25 another challenging year financially. While the Force reported a net overspend of £675k this required unplanned support of £2,211k to reduce this overspend from £2,886k.
- 7.2 As with last year the Force overspend increased significantly from the December 2024 position, with the final overspend higher by £2.2m. This was driven by additional major incident costs, additional ill-health and medical pension costs and significant funds needing to be added to the insurance provision.
- 7.3 It was not possible to absorb these pressures from additional income or underspends elsewhere within the PCC's budget and therefore £1,500k has been drawn from reserves that was not expected, while £490k, that was planned to be added to the Capital Reserve could not take place.

Capital Budget

- 7.4 The original Capital Budget for 2024/25 was £7,529k, which included £3,198k that was carried forward from the previous financial year.
- 7.5 The revised Capital budget was reduced by £2,231k to £5,298k, mainly from budgets carried forward into 2025/26 of £1,068k and budgets returned to the PCC during the year as the schemes were no longer required of £1,171k, with the remaining £7k an in year funded increase.
- 7.6 Only a small underspend was reported on Capital of £181k.
- 7.7 The level of overall slippage in 2024/25, at £1,068k, was also much lower than in almost all of the previous financial years – which was very good to see.
- 7.8 The slippage into 2025/26 will result in the Capital Budget for that year being just in excess of £6.8m. This might be a challenge for the Force to deliver as on average over the last 7 years, the total Capital Spend has been just under £5.4m per year.
- 7.9 The range of Capital Spend across these 7 years has been £4,955k to £5,759k and perhaps might indicate where the organisational capacity to deliver on Capital schemes for the Force is. This might be a good mechanism for realistic budget setting for future years.

Michael Porter
PCC Chief Finance Officer