

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

REF: 06/2023

DATE: 24 February 2023

<b>SUBJECT</b>	
<b>BUDGET REPORT</b>	
<b>REPORT BY</b>	<b>Chief Finance Officer &amp; Director of Finance &amp; Corporate Services</b>
<b>CONTACT OFFICER</b>	<b>Julie Flint, Chief Finance Officer</b> <b>Telephone 01522 947222</b> <b>Sharon Clark, Director of Finance &amp; Corporate Services (S151)</b> <b>Telephone 01522 947468</b>
<b>EXECUTIVE SUMMARY AND PURPOSE OF REPORT</b> To propose : <ul style="list-style-type: none"><li>• A revenue budget and council tax precept for 2023/24</li><li>• A medium term financial plan for 2024/25 to 2026/27</li><li>• A capital programme for 2023/24 to 2026/27</li></ul> The proposals will support delivery of the Police and Crime Plan and are consistent with the Commissioner's Financial Strategy.	
<b>RECOMMENDATIONS</b>	<b>The Police and Crime Commissioner is asked to :</b> <ol style="list-style-type: none"><li>1. note the views of the Police and Crime Panel on council tax, summarised at paragraph 2.7 of the report ;</li><li>2. note the Chief Finance Officer's statement on robustness of estimates and adequacy of reserves in section 10 of the report;</li><li>3. approve the council tax for 2023/24 as set out in Table A and Appendix A ;</li><li>4. approve revenue budgets for 2023/24 and medium term financial plan for 2024/25 to 2026/27 as set out in Appendix B; and</li><li>5. approve the capital programme and its funding for 2023/24 to 2026/27 as set out in Table D.</li></ol>

**POLICE AND CRIME COMMISSIONER FOR LINCOLNSHIRE**

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

**Signature:**



**Date: 24 February 2023**

## **A. NON-CONFIDENTIAL FACTS AND ADVICE TO THE PCC**

### **A1. INTRODUCTION AND BACKGROUND**

#### **1. Police Grant Settlement**

- 1.1 The provisional Police Grant Report accompanied by a Written Ministerial Statement was laid before Parliament on 14 December 2022.
- 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 £71.6m, an increase of £0.2m. In addition, a ringfenced allocation of £2.3m is available to Lincolnshire on maintaining the police officer uplift target and in accordance with the grant conditions. The pension top-up grant allocation (£1.2m) has been maintained in 2023/24 at the same level since 2020/21.
- 1.3 The Minister confirmed the precept referendum limit to allow an increase of up to an additional £15 per annum for a Band D property for 2023/24 only, without the need to call for a local referendum.
- 1.4 As in previous years, the existing approach to funding distribution will continue in 2023/24. The Minister's statement did not refer to the Core Grant Distribution Review (funding formula review).
- 1.5 The Minister confirmed that, alongside force level allocations, the settlement provides £1.1 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 through a national operating model for rape investigations and victim satisfaction survey, and ongoing investment in the Major Law Enforcement programmes to ensure police forces have effective technology systems.
- 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 2023/24 was confirmed by the government on 31 January 2023 and subsequently debated by Parliament on 8 February 2023. During the debate, 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 has indicated the allocation of the Victim Services Grant to PCCs for 2023/24, this will remain the same in cash terms as for 2021/22 and 2022/23, £0.884m. The budget includes 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 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 1.33% increase in the tax base for 2023/24. 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 £0.393m.

- 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, as opposed to one year. The government would compensate local authorities for 75% of irrecoverable losses in council tax income in respect of 2020/21, £0.099m for Lincolnshire. Funding was paid directly to PCCs in 2021/22 with the obligation that PCCs meet the total pressure resulting from 2020/21 deficit over the next three years. The remaining £0.033m cost pressure was spread over the three years to 2023/24, as such £0.011m has been included for 2023/24.
- 2.3 The government confirmed its proposals relating to Council Tax referendum principles for 2023/24 on 31 January 2023. In 2023/24 all PCCs will be allowed to increase band D bills by up to £15 p.a. without triggering a local referendum. The budget is based upon the PCC's increase in the police precept of £14.94 (5.41%) for a Band D property for 2023/24.
- 2.4 The budget and MTFP is based upon an annual council tax increase of £9.99 per annum per Band D property in 2024/25 as per the original three-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 and rising interest rates.
- 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	2022/23 Council Tax £	£14.94 Increase to a Band D £ p.a.	2023/24 Council Tax £	£14.94 Increase to a Band D £ per week	% of Taxbase Cumulative
A	6/9	184.20	9.96	194.16	0.19	25.6%
B	7/9	214.90	11.62	226.52	0.22	45.9%
C	8/9	245.60	13.28	258.88	0.26	68.3%
D	9/9	276.30	14.94	291.24	0.29	83.1%
E	11/9	337.70	18.26	355.96	0.35	93.0%
F	13/9	399.10	21.58	420.68	0.42	97.9%
G	15/9	460.50	24.90	485.40	0.48	99.8%
H	18/9	552.60	29.88	582.48	0.57	100.0%

- 2.7 The Lincolnshire Police and Crime Panel met on 3 February 2023 to consider the PCC's proposed council tax increase. The Panel voted unanimously at the meeting to support the proposed £14.94 for a Band D property, a 5.41% increase to the policing element of the council tax in 2023/24.

### 3. Other Income

- 3.1 The budget includes the use of £6.3m of reserves to balance the 2023/24 budget; and further use of £8.9m of reserves in 2024/25, in conjunction with the savings plan to maintain a balanced position across these two years. However, beyond 2024/25, the MTFP shows budget gaps in excess of £10m even after savings of £3m. The savings have been phased in from 2023/24, rising from a £2m target in 2023/24 to £3m in 2025/26. A comprehensive service review and Priority Based Budgeting exercise has been completed in

2022/23 following the transfer of the G4S outsourced services. After 2024/25, reserves will have been depleted to minimum levels and no further support will be available. From 2025/26 onwards, significant reductions in service levels including reductions in police officer 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**

	Revised 2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
<b>Income</b>					
Police Grant	(71.329)	(71.578)	(71.578)	(71.578)	(71.578)
Pension Top Up Grant	(1.175)	(1.175)	(1.175)	(1.175)	(1.175)
National Uplift Funding	(1.100)	(2.287)	(2.287)	(2.287)	(2.287)
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	(66.527)	(70.794)	(73.192)	(75.029)	(76.866)
Victim Services Grant	(0.884)	(1.456)	(1.456)	(1.456)	(1.456)
Proceeds of Crime Income	(0.120)	(0.120)	(0.120)	(0.120)	(0.120)
PCC Regional Income	(0.104)	(0.114)	(0.114)	(0.114)	(0.114)
Application of Earmarked Reserves	(0.064)	(0.207)	(0.067)	(0.067)	(0.067)
Reserves Budget Balancing	(3.354)	(6.334)	(8.889)	-	-
<b>Total Income</b>	<b>(151.490)</b>	<b>(160.898)</b>	<b>(165.711)</b>	<b>(158.659)</b>	<b>(160.496)</b>
<b>Expenditure</b>					
Police and Crime Commissioner	13.957	11.910	14.266	15.871	17.012
Chief Constable	135.008	148.299	151.107	152.929	154.581
Joint Services	2.525	2.689	2.838	2.928	3.028
Savings Plan	-	(2.000)	(2.500)	(3.000)	(3.000)
<b>Total Expenditure</b>	<b>151.490</b>	<b>160.898</b>	<b>165.711</b>	<b>168.728</b>	<b>171.621</b>
<b>Budget Gap</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.069</b>	<b>11.125</b>

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

**Table C: Summary of Expenditure Budget Changes**

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Base Budget	140.036	151.490	160.898	165.711	168.728
Funded Growth	8.590	0.823	1.597	0.723	0.070
Cost Pressures	5.028	14.117	3.592	2.838	2.868
Savings	(1.949)	(3.030)	(0.500)	(0.500)	-
Income related changes	(0.213)	(2.503)	0.124	(0.044)	(0.045)
<b>Total Expenditure</b>	<b>151.490</b>	<b>160.898</b>	<b>165.711</b>	<b>168.728</b>	<b>171.621</b>

4.3 The key contributors to the change in spending requirement in 2023/24 are:

- Staffing growth in critical services identified through the PBB review £2.0m

- Increase in employers pension contributions for the LGPS from 16.3% to 24.4% giving rise to a cost pressure of 0.3m
- Police Officer and staff pay pressures 2022/23 £2.1m
- Provision for pay awards 2023/24 £1.3m
- Fuel and utilities price increases £0.4m
- External training courses £0.47m
- ICT investment and inflationary pressures on existing ICT contracts £1.9m
- Equipment replacement and additions for new starters £0.7m
- Police Now and PEQF £0.14m
- Regional collaboration cost increase £0.5m
- Uplift in Victims services budget £0.74m
- Increase in overtime etc in Crime, Local policing & Central Ops £0.4m
- Capital financing increase £0.26m
- Other recurrent funding requirements £1.29m

## **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 safety grants and contributions has been included at £0.6m.
- 5.3 Capital financing charges usually present a cost pressure as borrowing to fund capital spending creates additional annual repayment and interest costs. The budget for capital financing is £4.6m in 2023/24, rising to £7.4m by the end of MTFP, this reflects the increased capital programme. 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.
- 5.4 The provision for pay awards arising in 2023/24 has been included at 2.0%.
- 5.5 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 2023/24 include:
  - Increase in the number of call takers in the Force Control Room to improve call response times.
  - Investing in the Serious Collisions Investigation Unit to improve the safety of Lincolnshire's roads.
  - Following a review of the force Officer Deployment Model, investment in a revised model to place more officers on duty in peak demand periods thereby improving incident response times.
  - Increase of 9 police staff in the Safeguarding Hub to ensure effective safeguarding, management of the Domestic Violence disclosure

scheme, information sharing with relevant partners and swift referrals into the Protecting Vulnerable People (PVP) Unit.

- Investing in 12 additional detectives in the PVP unit to protect the most vulnerable children and adults in our communities.

## **6. Joint services**

- 6.1 This budget now reflects the restructured Finance & Commercial department formed by merging the former teams of G4S Finance & Procurement, Corporate Finance and the Commercial Partnership Team which will deliver a saving of circa £0.1m for 2023/24. The Finance element of this budget includes various organisational costs, and the base has been set at £2.7m rising to £3.0m by 2026/27, this provides for expected increases in insurance premiums.

## **7. Chief Constable**

- 7.1 The Chief Constable's baseline budget is based on strength of 1,186 police officers which is the pre uplift target establishment of 1,020 FTE plus all three tranches of the national uplift programme. The grant settlement included £2.3m contingent on maintaining the uplift target with headcount being assessed at 30<sup>th</sup> September 2023 and 31<sup>st</sup> March 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 85 FTE. This is under review as part of the PBB exercise and the need to deliver substantial savings. The final outcome of this review will not be known for some months into 2023/24.
- 7.3 The Police Staff budget has been based on the aggregated G4S and force staffing numbers established in 2022/23, with adjustments for the voluntary transfer to Lincolnshire Police terms & conditions to be implemented on 1<sup>st</sup> April 2023. The budget has been fully costed with a vacancy factor of 5% included to allow for staff turnover.
- 7.4 A provision for pay awards arising in 2023/24 has been included at 2.0%.

## **8. Capital Programme**

- 8.1 The capital programme for 2023/24 to 2026/27 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 £2.006m in 2023/24, which includes £0.480m for the relocation of the Occupational Health Unit into the existing Police Federation building at HQ. The remainder of £1.526m is to continue with prioritised planned improvements and maintenance, including replacement of the inefficient custody heating and ventilation systems at Skegness, works to the roof at Grantham and the installation of additional vehicle charging points to support the fleet investment in electric vehicles.
- 8.3 Vehicle replacement budget is set at £1.80m for 2023/24; this does not include a carry forward from 2022/23 as the budget has been fully committed, however as issues continue with vehicle supply, this may change post year end. This budget allows the age profile of the fleet to be maintained within the suggested parameters, with 62 fleet vehicles being replaced in 2023/24. The budget also

allows for the purchase of 3 alternatively fuelled vehicles. It should be noted that the budgets reflect the recent significant vehicle price increases which are included in the new Bluelight Commercial Framework agreements. There is a proposed budget of £2.10m in 2024/25, £1.60m in 2025/26 and £1.40m in 2026/27. A prudent annual capital receipt of £0.06m 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 £6.782m for 2023/24, which includes £1.307m of carry forward from 2022/23.
- 8.5 The implementation of the nationally led Emergency Services Mobile Communications Programme (ESMCP) has been delayed, so the budget has been reprofiled accordingly. The scheme has been pushed back until 2025/26, the £4.176m proposed budget to support the purchase of the new devices has now been included in 2025/26.
- 8.6 An amount of £0.688m is expected to be carried forward for the Command & Control programme in 2023/24. The Unify Telephony Upgrade (£0.481m) was planned to be included in the 2023/24 capital programme however it became clear that this had to be brought forward into 2022/23 to facilitate the Command and Control installation.
- 8.7 There is £0.25m budget provision for equipment replacement; the budget allocation will be subject to business case approval.

**Table D: Capital Programme**

Capital Schemes	2022/23 Revised Approved Programme £m		2023/24 Proposed Programme £m	2024/25 Proposed Programme £m	2025/26 Proposed Programme £m	2026/27 Proposed Programme £m
Building maintenance/improvements	1.499		1.526	1.600	1.600	1.600
Occupational Health Unit Relocation			0.480			
Vehicle replacement	2.282		1.800	2.100	1.600	1.400
Digital Data and Technology	2.688		5.967	1.601	1.019	1.550
Command and Control	2.335		0.815			
Unify Telephony Upgrade (2022/23)						
ESMCP	0.203				4.176	
Equipment replacement	0.458		0.250	0.250	0.250	0.250
Other	0.289					
<b>Total</b>	<b>9.754</b>		<b>10.838</b>	<b>5.551</b>	<b>8.645</b>	<b>4.800</b>
<b>Funding :</b>						
Capital Receipts	0.060		3.310	0.060	0.060	0.060
Capital Grants Unapplied - ESMCP					0.170	
Capital Grants Unapplied - Home Office						
Capital Grants Unapplied - LED			0.225			
Capital Grants Received in Advance						
Direct Revenue Financing	0.040					
Earmarked Reserves						
Borrowing - General	9.554		7.303	5.491	8.415	4.740
LRSP Partner Contribution	0.100					
<b>Total</b>	<b>9.754</b>		<b>10.838</b>	<b>5.551</b>	<b>8.645</b>	<b>4.800</b>

## 9. Medium Term Financial Plan

- 9.1 Forecasting beyond 2023/24 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, to allow an increase of up to an additional £15 per band D property in 2023/24 without the need to call for a referendum, is helpful but the overall increase in income remains well below the prevailing rate of inflation in the economy meaning that the 2022/23 budget gap of £3.4m will continue to increase in future years, rising to circa £10m after 2 years.

**Table E: Medium Term Financial Plan**

	Revised 2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
<b>Medium Term Financial Plan</b>					
Police Grant	(71.329)	(71.578)	(71.578)	(71.578)	(71.578)
Council Tax Precept	(66.527)	(70.794)	(73.192)	(75.029)	(76.866)
Application of Earmarked Reserves	(0.064)	(0.207)	(0.067)	(0.067)	(0.067)
Reserves Budget Balancing	(3.354)	(6.334)	(8.889)	-	-
Other Income	(10.216)	(11.986)	(11.986)	(11.986)	(11.986)
<b>Total Income</b>	<b>(151.490)</b>	<b>(160.898)</b>	<b>(165.711)</b>	<b>(158.659)</b>	<b>(160.496)</b>
Expenditure	151.490	162.898	168.211	171.728	174.621
Savings Plan	-	(2.000)	(2.500)	(3.000)	(3.000)
<b>MTFP Gap</b>	<b>-</b>	<b>- 0.00</b>	<b>- 0</b>	<b>10.069</b>	<b>11.125</b>

- 9.3 Forecasting assumptions are based on the following:

- Police Grant forecasts beyond 2022/23 remain broadly flat to 2026/27. Due to a lack of clarity for 2024/25 onwards there is a considerable degree of estimating error in the forecasts for 2024/25 and beyond.
- Council Tax increases by £14.94 (5.41%) per annum for a Band D property in 2023/24, followed by £9.99 per annum for 2024/25 and 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 £2.3m contingent on maintaining this target with headcount being measured at 30th September 2023 and 31st March 2024.
  - PCSOs – the current establishment is 85 FTE. This is under review as part of the PBB exercise and the need to deliver substantial savings. The final outcome of this review will not be known for some months into 2023/24.
  - Police Staff – The budget has been based on 2022/23 fully costed with a vacancy factor of 5% included to allow for staff turnover. The budget includes the cost of the voluntary transfer to Lincolnshire Police Terms & Conditions on 1<sup>st</sup> April 2023 for the former G4S staff.
- 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 2023/24 together with provisional budgets for 2024/25 to 2026/27. The budget proposals presented herein are based upon delivering the PCC's Police & Crime Plan.
- 10.6 Detailed estimates for 2023/24 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 2023/24 includes a savings target of £2m rising to £3m by £2025/26. Although an outline plan to achieve this target has been developed, the granular detail required to incorporate the plan into the budget is not yet in place. Whilst the delivery plan is under development, until it is complete, there remains a risk that the required savings will not be delivered, leading to further service reductions to address slippage in the savings plan.

### **Medium Term Financial Plan**

- 10.8 Provisional service budgets are proposed for 2024/25 to 2026/27. 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 two years of the MTFP with use of reserves and a plan for savings included; however budget gaps in excess of £10m emerge beyond 2024/25, once reserves have been depleted such that 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.
- 10.11 The delivery of savings of a further c. £10m in 2025/26, in addition to savings already planned of £3m for that year, will require measures to be implemented during 2024/25 to ensure that the full year effect is delivered during 2025/26. A detailed delivery plan will be required for incorporation into the budget for 2024/25.
- 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 is assessed as £6.0m - £12.4m, the mid-point of which is £9.2m. This is set against forecast risk based reserves for 2023/24 of £9.3m: 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 complaints handling reserve £0.02m.
- 10.17 In the current circumstances, it will be proposed in the refreshed Financial Strategy that the risk based reserves policy remain at the mid-point of the target range (£9.2m). However, it is likely that, to maintain a balanced budget in 2024/25, a drawdown of £1.1m will be required from the general reserve. In these circumstances, there will be a requirement to revert to a reserves policy based upon the minimum of the risk assessed target range in order to enable drawdown of risk based reserves to support the MTFP. In the meantime, I am satisfied that the level of reserves is just adequate.

**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% budget requirement	1% budget requirement	773	1,546
Major Disaster	First 1% of budget requirement to be met on major disasters	50% of potential impact	100% of potential impact	773	1,546
Council Tax	To provide for future non-payments, reducing yields etc.	1% of council tax (2023/24)	3% of council tax (2023/24)	704	2,112
Police Staff Pension Scheme Contributions	Actuarial variations in the level of contributions due to market volatility			500	1,000
Economic uncertainty	To provide for potential adverse effects, for example inflation, following Brexit and the Covid Pandemic	1% of non-pay budget (2023/24)	2% of non pay budget (2023/24)	398	795
Medium Term Financial Plan	Risk of non-delivery of efficiency savings required within the MTFP	Savings required in Year 1 of the MTFP	Savings required in Year 3 of the MTFP	2,000	3,000
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	400	1,400
Insurance	Covers excess on insurance position	2 x current excess	4 x current excess	500	1,000
				<b>6,047</b>	<b>12,399</b>

## **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
Chief Constable: The Chief Constable has been consulted on this proposal	CH

### 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:** 23/02/2023

	Original Budget 2022/23 £'000	PCSB Feb 2023/24 £'000	PCSB Nov Medium Term Plan 2024/25 2025/26 2026/27 £'000 £'000 £'000		
<b>Funding</b>					
Police Grant	(71,329)	(71,578)	(71,578)	(71,578)	(71,578)
Pension Top Up Grant	(1,175)	(1,175)	(1,175)	(1,175)	(1,175)
National Uplift Funding	(1,100)	(2,287)	(2,287)	(2,287)	(2,287)
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	(66,527)	(70,794)	(73,192)	(75,029)	(76,866)
<b>Other Funding</b>					
Victim Services Grant	(884)	(1,456)	(1,456)	(1,456)	(1,456)
Proceeds of Crime Income	(120)	(120)	(120)	(120)	(120)
PCC Regional Income	(104)	(114)	(114)	(114)	(114)
Application of Earmarked Reserves	(64)	(207)	(67)	(67)	(67)
Reserves Budget Balancing	(3,354)	(6,334)	(8,889)	0	0
<b>Total Funding</b>	<b>(151,490)</b>	<b>(160,898)</b>	<b>(165,711)</b>	<b>(158,659)</b>	<b>(160,496)</b>
Police Officer Pay	68,618	70,637	71,489	71,945	72,695
Uplift in Police Pensions Employer Contribution	0	0	300	305	305
Police Officer Bank Holiday Overtime	1,135	880	897	915	915
Police Community Support Officers	3,102	3,365	3,626	3,701	3,776
Police Staff Pay	13,057	40,533	41,283	42,051	42,831
<b>Total Pay Budgets</b>	<b>85,913</b>	<b>115,415</b>	<b>117,595</b>	<b>118,917</b>	<b>120,522</b>
<b>Other Chief Constable Budgets</b>					
Crime Command	1,379	1,456	1,466	1,466	1,466
Coroners	310	304	304	304	304
Local Policing East	725	655	655	655	655
Local Policing West	713	849	849	849	849
Force-wide Services	18	0	0	0	0
Central Operations	1,475	1,672	1,632	1,632	1,632
National Contribution & Central Costs	592	633	633	633	633
Force Executive	161	161	161	161	161
Partnerships	13	34	34	34	34
Earned Income & Staff Recharges	(388)	(510)	(510)	(510)	(510)
Police Led Prosecution Income	(340)	(600)	(600)	(600)	(600)
Firearms Income	(200)	0	0	0	0
Mutual Aid	(40)	(140)	(40)	(40)	(40)
Horizons	67	0	0	0	0
Apprentice Levy	306	423	423	423	423
Strategic Development	39	45	45	45	45
Health & Care	96	438	438	438	438
Information Management Unit	3	6	6	6	6
Regional Data Quality & Regional Review Team	99	0	0	0	0
Legal Services	141	141	141	141	141
Volunteers	97	101	101	101	101
Professional Standards Department	24	34	34	34	34
Assets and Facilities Management	3,665	5,067	5,217	5,217	5,217
Fleet Management	1,375	2,039	2,139	2,239	2,239
HR including RMU	157	131	131	131	131
Learning & Development	747	1,357	1,357	1,357	1,357
Digital, Data & Technology	5,122	10,136	10,406	10,676	10,676
NICHE	0	(1,041)	(1,063)	(1,086)	(1,109)
Support Services including TEOs	696	862	862	862	862
Custody & FME Contract	1,378	3,250	3,250	3,250	3,250
Lincs Road Safety Partnership Income	(1,085)	(1,146)	(1,146)	(1,146)	(1,146)
Lincs Road Safety Partnership Expenditure	293	293	293	293	293
Major Incidents	564	564	564	564	564
Regional Budgets	4,291	3,529	3,617	3,710	3,710
Seconded Officers	13	13	13	13	13
Ill Health & Injury Pensions	1,730	1,780	1,830	1,890	1,960
Corporate Communications	72	72	72	72	72
Future Services Programme	0	0	0	0	0
Transition	0	278	200	200	200
Contingency Budget	0	0	0	0	0
<b>Total Chief Constable Other Costs</b>	<b>24,307</b>	<b>32,884</b>	<b>33,512</b>	<b>34,012</b>	<b>34,059</b>
<b>Total Chief Constable Budgets</b>	<b>110,220</b>	<b>148,299</b>	<b>151,107</b>	<b>152,929</b>	<b>154,581</b>
<b>Office of the Police &amp; Crime Commissioner</b>	<b>1,325</b>	<b>1,275</b>	<b>1,265</b>	<b>1,285</b>	<b>1,285</b>
<b>PCC Budgets</b>					
Pay Awards	0	1,336	1,336	1,338	1,338
PCC Contingency	241	668	1,813	2,481	2,481
Recurrent Funding Requirements	4,351	2,030	2,030	2,030	2,030
Community Grants and Contributions	556	555	555	555	555
Victim Services Expenditure	1,031	1,767	1,823	1,879	1,929
Strategic Partnership	25,846	(0)	(0)	(0)	(0)
Historic LGPS Pension Cost	1,874	0	0	0	0
Capital Financing	4,356	4,615	5,577	6,333	7,424
Investment Income	(5)	(500)	(300)	(200)	(200)
PCC Regional Expenditure	132	144	147	150	150
POCA Expenditure	20	20	20	20	20
<b>Total PCC Budgets</b>	<b>39,727</b>	<b>11,910</b>	<b>14,266</b>	<b>15,871</b>	<b>17,012</b>
<b>Joint Services</b>					
Finance and Contract & Commercial	1,151	2,689	2,838	2,928	3,028
Commercial Partnership Team	393	0	0	0	0
<b>Total Joint Services</b>	<b>1,544</b>	<b>2,689</b>	<b>2,838</b>	<b>2,928</b>	<b>3,028</b>
<b>Total Expenditure</b>	<b>151,490</b>	<b>162,898</b>	<b>168,211</b>	<b>171,728</b>	<b>174,621</b>
Cost Reduction Programme	0	(2,000)	(2,500)	(3,000)	(3,000)
<b>Total Adjusted Expenditure</b>	<b>151,490</b>	<b>160,898</b>	<b>165,711</b>	<b>168,728</b>	<b>171,621</b>
<b>Pensions</b>					
Police Pension Scheme Income	(42,369)	(44,863)	(47,619)	(47,841)	(47,841)
Police Pension Scheme Expenditure	42,369	44,863	47,619	47,841	47,841
<b>Total Pensions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(Surplus)/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,069</b>	<b>11,125</b>