

# Budget Report 2025/26

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## 1. Foreword from the PCC

As your Police and Crime Commissioner, my primary responsibility is to ensure Warwickshire remains a safe and secure place to live, work, and visit. Central to this is my commitment to making sure resources are allocated effectively so the police service can meet the needs of our communities, both now and in the future.

This budget is based on a modest but vital increase in the policing precept – equivalent to an additional £14 per year for a Band D household. I have taken this step to maintain existing services while delivering key improvements that will strengthen policing across the county. I will hold the Chief Constable to account to ensure this investment delivers real, tangible outcomes for the people of Warwickshire.

I have listened carefully to what matters most to you. Whether it's increasing police visibility and engagement, improving responses to calls for service, or taking action against those who pose the greatest threat to public safety, I am determined to ensure the police deliver an effective and high-performing service.

This budget allows for significant benefits. By increasing police officer numbers to 1,130, I will ensure the force has the capacity to address pressing issues such as business and retail crime. At the same time, I am committed to strengthening neighbourhood policing, maintaining a strong presence of dedicated Police Community Support Officers, and enabling targeted patrols to tackle anti-social behaviour and serious violence.

I am also ensuring that Warwickshire Police continue to invest in specialist units to address complex areas like domestic abuse and rape, while improving investigations into crimes such as burglary, vehicle crime, and theft. These measures will deliver safer communities, improved police responses, and stronger outcomes for victims.

To support the officers and staff in delivering these priorities, this budget delivers the resources for better technology, training, and infrastructure. By embedding new systems and reducing administrative burdens, officers will have more time to focus on core policing duties. I am also ensuring that the force is equipped with modern communications tools, upgraded vehicles, and bespoke policing applications to meet evolving demands.

You deserve a police service that is visible, proactive, and capable of delivering results. Through this budget, I am making the investments necessary to provide that service. Every penny of this funding will be used to strengthen Warwickshire's communities and make our county safer for everyone.

Thank you for your continued support. Together, we can achieve a safer Warwickshire for all.

**Philip Secombe TD**

Police and Crime Commissioner for Warwickshire

## 2. Introduction

As detailed in the Police Reform and Social Responsibility Act 2011, the Police and Crime Commissioner (PCC) has a duty to hold the Police Fund, set a budget and propose a precept following consultation. This report provides information on:

- The net budget requirement for 2025/26
- Proposed precept for 2025/26
- The priorities and service improvement that will be delivered as a result of this budget.
- The proposed medium term financial plan covering the period to 2029/30.
- The high-level capital budget for 2025/26, and capital spending plans for the medium term
- A statement on the soundness of the budget and the adequacy of reserves.

The PCC will discuss this precept proposal and budget in more detail with the Police and Crime Panel at their meeting on Monday 3rd February 2025. This report serves to provide information to support that discussion and includes a recommendation to the Police and Crime Panel to support the PCC's precept proposal.

The PCC has considered several factors as part of the process for determining the budget including:

- The priorities and areas of focus in the Police and Crime Plan
- The operational advice and recommendations of the Chief Constable.
- National policing policies and requirements to be delivered at a local level, including the strategic policing requirement.
- The outcome of the public consultation and feedback from the various targeted engagement events.
- The requirement to deliver value for money from all spending,
- Prudent use of and transfers to reserves held by the PCC.
- The drive to secure a good and balanced budget, and sound financial planning over the medium term.
- The availability of government grant and the precept flexibility as announced in the settlement.
- Government policy and the current economic and political environment.
- Notifications from the various local authorities regarding their collection fund positions and council tax bases.

## 3. Strategic Context and Priorities

### 3.1 National context

The national context continues to be both challenging and uncertain. The change in government in July has seen a renewed interest in policing and a commitment to wider reforms of the sector. The government have indicated that they wish to work with policing bodies to produce a police reforms white paper in the Spring of 2025, in a bid to rebuild trust and confidence, boost neighbourhood policing capabilities and secure the delivery of high quality policing services for communities.

Demand for policing services remain high; cost of living pressures continue, and these appear to be having an impact at least in part, on the types and patterns of crime that are being experienced (notably acquisitive and retail crimes). Changing crime types mean that policing services need to continue to be both responsive and flexible to changing needs, in addition to focusing on preventative measures to avoid crime being committed in the first instance. Emerging threats and shifts in priority are also an issue and the policing response to the riots and unrest during the summer aptly demonstrated the need for policing to remain agile in order to resolve issues and minimise impacts on communities. The perception of crime also adversely affects communities, particularly anti-social behaviour, shoplifting, road safety and violence against women and girls. These are all priorities in the new Police and Crime Plan.

Investment in policing services is reliant in part on government funding levels, and the police funding settlement for 2025/26 has been issued in the context of a constrained fiscal environment. The settlement referred to an average 6% increase in national funding for policing, however this is only achievable if all PCC's take decisions to approve maximum precept increases of £14 for a band D property. Clearly, the position for individual PCC's is dependent on local circumstances, but challenging decisions will need to be taken at local levels, to ensure that effective policing services are sustained. Based on recently released PACCTS information, Warwickshire remains one of the five lowest forces for government funding per head of the population at just £133.15, compared to an average nationally (excluding City of London police) of £166.91. As a result, and as previously discussed, the burden of policing costs in Warwickshire is increasingly falling on local taxpayers.

The government have also outlined their commitment to reducing inefficiencies and maximising productivity in policing, which they believe will free up cashable savings and officer time to reinvest in frontline policing activity. The 2025/26 finance settlement places requirements on forces to secure efficiencies in their operations by participating in the governments commercial efficiency and collaboration programme. This includes national approaches to buying various good and services, the effective use of technology and more efficient deployment of resources at a local level.

## 3.2 Warwickshire Police

Given that a new Police and Crime Plan is in the process of being developed and following the recent recruitment of a new Chief Constable, this budget is based on a renewed set of shared priorities upon which policing services in Warwickshire will be delivered. These include an ambition for Warwickshire to become an outstanding force, through improvements in operational policing. The vision is for a more public focused and engaging force with a refocus on efforts to deliver performance improvements, by drawing on a workforce that will be well-trained, well-equipped and able to operate efficiently and effectively.

In Warwickshire, the current context is consistent with the national position, whereby operating costs have increased beyond the maximum funding available, coupled with an increase in demand for policing services. This position means that savings are inevitable and the challenge in 2025/26 will therefore be how to sustain services at current levels, with some service improvements where these are possible within the available budget envelope.

Warwickshire has consistently overachieved the uplift targets, which were the priority of the last government, and further details on how this government's new initiative called the neighbourhood policing guarantee will operate is awaited. It aims to increase the workforce nationally within neighbourhoods, by 13,000 across key roles, including officers, PCSOs and specials and it is understood that it will be more flexible than the previous uplift programme, with requirements being established locally to meet need. Officer strength in 2024/25 was 1,122, this is the highest number of officers the force has ever had and has helped deliver recent improvements in performance and visibility, which should improve public confidence. However, given recent local population growth, and despite Warwickshire increasing officer numbers more significantly as a percentage than most other forces, PACCTS data indicates that this equates to around 1 officer per 530 residents, placing us in the lower quartile compared to other force areas. Officers must be affordable and the government grant funding per head data which also places Warwickshire as one of the lowest nationally explains this in part. The PCC recognises these challenges.

Over 98% of the PCC's budget is passported to the Chief Constable to deliver operational policing, of which approximately 80% is spent on staffing, including the impact of pay inflation, incremental progression and costs associated with increasing ill health retirements and overtime which put pressure on the budget year on year. Where the PCC seeks improvements in service delivery, the solution is often a people one, but pay related costs also provide some of the most significant financial challenges for the force over the medium term.

Recent and ongoing capital investment seeks to deliver improvements to the estate to bring it to a suitable standard to support the needs of a modern workforce, benefiting from the principles of agile working and setting a direction for activity to combat environmental and climate concerns. Fleet also forms a major element of this work, with national procurement work led by Blue Light Commercial, a police-owned

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company which aims to transform commercial services, principally through standardisation and collective procurement. Over £0.340m of cashable and efficiency savings have already been realised in the first half of 2024/25 through engaging with Blue Light Commercial, and a further £0.184m of costs have been avoided, most notably on recent fleet replacements.

This year the PCC has worked closely with the Chief Constable to identify areas where the budget has materially impacted on improved service delivery. They include improvements in investigations, and detection rates, the development of power apps to enable more efficient recording of operational data and the expansion of applications which have brought enhanced functionality and saved staff and officers significant time through remote working. Further digital improvements are planned for 2025/26, and it is hoped that productivity gains can help to generate cashable savings that don't adversely impact service delivery, in recognition that local communities continue to expect more from their policing service.

### 3.3 The Office Police and Crime Commissioner

The Office of the Police and Crime Commissioner (OPCC) retains around 2% of the Police budget to deliver its functions. Staff at the OPCC ensure the PCC fulfils his statutory functions and delivers on the wider expectations of the role. The PCC is currently in the final stages of developing his Police and Crime Plan, and in line with the stated priorities, work is continuing to:

- Ensure commissioned services provide high quality support for the victims of crime to help them cope and recover, and to support and divert vulnerable members of the community to prevent crime and reoffending.
- Seek funding from the Ministry of Justice and the Home Office for initiatives including a Domestic Abuse Perpetrator Programme (DAPP), serious violence duty and an extra £0.840m of extra funding for the continuance of enhanced services for victims of domestic abuse and sexual violence.
- Deliver a further round of the Grants Scheme, under the theme of prevention and diversion to support projects, including road safety across the county. A total of £0.300m has been provided for within the 2025/26 budget.

The PCC has also made available funding of £0.499m to support the work of key strategic partners in 2025/26, including the four community safety partnerships representing the whole county. There is continued support to ensure the OPCC can deliver against the priorities that are being set out in the Police and Crime Plan and on other national initiatives. The budget for meeting the cost of this activity in 2025/26 is included within the figures presented later in this report, along with the costs of running his office.

### 3.4 Anticipated benefits of the budget

The budget is based on a band D precept increase of £14 which will maintain services and provide several additional benefits, upon which he will hold the Chief Constable to account.

This budget aims to deliver several benefits and outcomes, these include:

- An increase in visibility and engagement with the public.
- Embedding improvements in the standard of investigations and how police respond to calls to service
- Disrupting criminal activity and focusing on those who pose the greatest threat to public safety

This will be achieved by:

#### 1. Increasing Police Officer Numbers

- Recruiting additional police officers to grow the force to 1,130. The additional officers will enhance the force's capacity to address business and retail crime.
- This will help create safer communities and improve the police response.

#### 2. Strengthening Neighbourhood Policing

- Protecting and improving Neighbourhood Policing Teams, with an emphasis on crime prevention.
- Enabling continued targeted patrols to tackle anti-social behaviour and serious violence.
- Maintaining a strong presence of dedicated Police Community Support Officers (PCSOs) in each local area.

#### 3. Maintaining a High-Performing Policing Model

- Continuing with the successful policing model that has increased crime detection rates, bringing offenders to justice and improving victim satisfaction.
- Retaining the structure of three local policing areas (North Warwickshire, Rugby and South Warwickshire) supported by specialist units addressing areas like domestic abuse and rape.

#### 4. Improving Investigations into Volume Crime

- Delivering a new approach to investigating crimes such as burglary, vehicle crime and theft.
- Equipping police officers with better tools and processes to support victims and achieve stronger justice outcomes.



## 5. Enhancing Emergency and Priority Responses

- Introducing instant video contact for certain crime types, allowing victims to speak directly with police officers for faster and more efficient interactions.

## 6. Supporting Call Centre Operations

- Ensuring the force call centre is fully staffed to handle emergency and non-emergency calls effectively.
- Embedding innovative ways for the public to contact the police – by phone, online or in person – for seamless communication.

## 7. Investing in Training and Development

- Expanding training programmes for officers and staff to meet evolving demands and support the intake of new officers
- Ensuring all personnel have the skills needed to deliver a high-quality service.

## 8. Reducing Administrative Burdens

- Using AI and technology to automate routine administrative tasks, freeing up officers and staff to focus on critical policing duties.

## 9. Enhancing Skills and Technology

- Investing in better technology to improve prevention, visibility, community engagement and enforcement.
- Retaining an in-house developer team to create bespoke policing applications.

## 10. Upgrading Infrastructure and Equipment

- Capital investments in technology, buildings and vehicles to ensure officers have the resources they need.
- Replacing outdated communication systems and upgrading command-and-control technology.
- Introducing vehicle telematics for more efficient deployment and management of police vehicles.

# 4. Consultation Activity

The PCC has a statutory obligation to consult the public on budget proposals, including those related to capital and revenue spending, ensuring that the final decisions are informed by public and stakeholder input. For the 2025/26 budget, a comprehensive consultation programme was undertaken. This used the feedback gained during the consultation for the Police and Crime Plan 2025-29 to inform the priorities on which the budget is built, plus a follow up consultation to help inform decisions on precept setting.

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The latter involved:

- An online survey, which received 1,159 responses, of which 1,124 were from Warwickshire residents.
- Targeted engagement sessions with town and parish councils, local authorities, MPs, and representatives from the police workforce.

The survey results revealed that 59% of respondents supported a precept increase at the maximum permitted level, with a notable rural-urban divide in perceptions.

Further stakeholder engagement was held, which included:

- **Town and Parish Councils:** Two online sessions with 47 representatives revealed concerns over police visibility, particularly in rural areas. There were mixed views on an increase in the precept.
- **Business Communities:** A session with business leaders emphasised the importance of addressing retail crime and anti-social behaviour, with participants broadly supportive of the proposed precept if linked to measurable outcomes.
- **Local Authorities:** Feedback from council leaders and chief executives underscored shared financial pressures and general agreement on the necessity of the precept increase.
- **Members of Parliament:** MPs highlighted key operational concerns, such as domestic abuse and hate crime, while acknowledging financial challenges.

Additional feedback was gathered via social media campaigns reaching over 65,000 residents, resulting in 130 direct comments. Themes included concerns over police visibility, local safety issues, and calls for greater budget transparency. Meetings with police workforce representatives confirmed support for the precept increase, contingent on demonstrable improvements in service delivery.

The consultation process provided a robust platform for public and stakeholder engagement, informing the 2025/26 budget. While the findings highlighted areas of public concern, such as police visibility in rural areas, they also demonstrated broad support for increased funding to sustain and enhance policing services. This iterative approach ensures that the budget aligns with community needs while addressing operational priorities.

A detailed summary of the consultation activity and results is shown at **Appendix C**.

## 5. Financial Picture

The forecast outturn for 2024/25 is on budget, with a small £0.036m overspend reported at period 8. There are however several variances across different areas of the budget. Most notably this includes a circa £2.5m underspend on officer, staff and PCSO pay and supplies and services. This underspend is offset by adverse variances on mutual aid and abnormal loads income, police overtime, external training costs,

management of change costs, officer retirements on ill health grounds and injury pensions, Home Office charges and vehicle accident repair costs. Whilst some of these variations are one-off items and some have been provided for through reserves, such as the cost of change, and income pressures, others have persisted for multiple years, and as such they have been addressed as part of the 2025/26 business planning and budgetary process. The position is monitored regularly, and it is against this background and forecast that the 2025/26 budget has been set.

## 5.1 Police Settlement and national context

The 2025/26 Provisional Settlement was announced on the 17 December in a written statement by the Minister of State for Policing, Fire and Crime Prevention, Dame Diana Johnson. The settlement is for one year only and will be followed by work to develop phase 2 of the spending review, with further announcements, possibly covering multi years, expected in the Spring of 2025.

The settlement provides additional national funding for PCC's of up to £986.9m (equivalent to 6%) in 2025/26, compared to 2024/25. This level of investment assumes that all PCCs will maximise their council tax flexibility and approve increases of £14.

The settlement headline data includes:

- £657.1m of this increase relates to government grant funding. Of this, circa £339m is an increase in core grant, up to a further £241m is for compensation for the national insurance increases and an additional circa £100m is for the delivery of the governments neighbourhood policing guarantee.
- Up to £329.8m of additional funding across the country from council tax precept if all PCCs maximise their precept flexibility. However, this remains a local decision for each PCC.

The funding settlement also places requirements on forces to seek greater efficiency, and specifically requires them to participate in the governments commercial efficiency and collaboration programme which will include national approaches to buying energy, vehicles, fuel, temporary staff and software licenses. Specific details have not been shared but are expected in due course.

The settlement breakdown for Warwickshire is shown in the table below. It is based on assumptions by Government regarding precept levels as outlined above.

Table 1: Settlement Breakdown

Description	2024/25 £m	2025/26 £m	Variance £m	Variance %
Police Grant & ex-MHCLG Grant	62.834	65.160	2.326	3.7%
Local Council Tax Support Scheme grant	3.910	3.910	0.000	0.0%
2011/12 Council Tax Freeze grant	0.877	0.877	0.000	0.0%
2013/14 Council Tax Freeze grant	0.368	0.368	0.000	0.0%
<b>Total 'Core' Grant</b>	<b>67.988</b>	<b>70.314</b>	<b>2.326</b>	<b>3.4%</b>
Pensions grant	3.211	3.001	-0.210	-6.5%
Ringfenced uplift grant	3.637	3.561	-0.076	-2.1%
National Insurance grant	0.000	1.903	1.903	100.0%
Neighbourhood policing guarantee	0.000	0.686	0.686	100.0%
<b>Total 'Central' Funding to PCC</b>	<b>74.836</b>	<b>79.465</b>	<b>4.629</b>	<b>3.1%</b>
Home Office assumed Warwickshire precept funding	64.581	68.243	3.662	5.7%
<b>TOTAL</b>	<b>139.417</b>	<b>147.709</b>	<b>8.292</b>	<b>5.9%</b>

Please note that columns may not total, due to rounding's, and the Home Office assumed precept funding for Warwickshire is based on a £14 maximum increase, but an estimated increase in council tax base, so actual figures will differ, based on updated local information.

## 5.2 Council Tax

The Localism Act 2011 abolished the council tax capping regime and replaced it with the requirement for PCCs to hold a taxpayer's referendum if excessive increases are proposed. In 2025/26 an excessive increase would be £14.01 or greater for a band D property. The potential to raise precept funding provides extra resources for policing at a time of increasing cost pressures. However, due to the outdated police funding mechanism, the burden of costs for policing services is falling disproportionately on local tax payers across the country. Based on Government figures in the draft settlement, in Northumbria only 19.6% of funding comes from council tax compared to 54.3% in Surrey. In Warwickshire the comparable figure is 46.2%.

The PCC has consulted widely on the draft budget and precept and has also taken the views of the Chief Constable into account. He is keen to address issues of police visibility and to sustain recent improvements in investigative standards and the resulting positive effect on outcomes for victims. He is also mindful of the rising 'standstill' costs of the force as a result of pay and non-pay inflation, and the need to ensure officers are trained well and are equipped to be effective in their roles. He is therefore proposing that he will meet these costs by raising the band D precept by £14 per annum which is equivalent to 4.83%. A £14 annual increase would raise the police precept for a band D property to £303.71. This is equivalent to an increase of 27p per week and will sustain and aim to improve 24/7 policing services in Warwickshire.

The PCC never takes decisions to raise council tax lightly and is particularly mindful of the cost of living challenges faced by many residents. However, he supports the

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various local council tax reduction schemes across Warwickshire which provide assistance to residents for council tax charges. The PCC is also mindful that precept is a progressive tax, and residents living in lower banded properties will pay a smaller proportion of any increase and vice versa. The table below shows that approximately 62% of properties across Warwickshire are in bands A – C, thus most residents will actually pay an annual policing precept of less than £303.71 in 2025/26.

The table below indicates the police precept charges for each banding and the annual increases for each band based on a £14 increase.

**Table 2: Precept Charges for each Band**

Valuation Banding	% of Warwickshire properties currently falling in this band, based on 2022 data.	2025/26 Annual Increase £	2025/26 Actual PCC precept £
Band A (6/9th)	16.7%	9.33	202.47
Band B (7/9th)	19.8%	10.89	236.22
Band C (8/9th)	25.2%	12.44	269.96
Band D	15.7%	14.00	303.71
Band E (11/9th)	10.6%	17.11	371.20
Band F (13/9th)	6.5%	20.22	438.69
Band G (15/9th)	4.8%	23.33	506.18
Band H (18/9th)	0.6%	28.00	607.42

The council tax base is a key component of the precept funding, in addition to the actual charge. The total amount of precept funding is generated by multiplying the band D council tax charge by the tax base. The tax base is set by the district/borough councils in January for the following financial year. The tax base is comprised of three key elements - the number of dwellings in each valuation band, less any discounts (for example the single person discount) and less local council tax support (LCTS) scheme reductions for those that meet the eligibility criteria. The 2024/25 council tax base is 222,915.67, and the OPCC has been notified of a net increase of 1.68% in 2025/26, creating a new 2025/26 council tax base of 226,670.35, subject to final confirmation.

Any variation between what the council tax billing authorities actually collect, compared to the level required as a result of each Authority's budget setting, results in a surplus/deficit on the Local Authorities Collection Fund. Legislation requires that this balance is shared between the preceptors and means the PCC will pick up approximately 13% of any surplus/deficit in each district and borough area, although this will vary dependent on the individual 'make up' of charges. Based on information from billing authorities, the net council tax surplus/deficit position for inclusion in the

2025/26 budget is a net surplus of £0.261m. This is a one-off cost and is reflected in the total council tax precept funding available for the budget.

## 5.3 Proposed revenue budget 2025/26

### Methodology and scrutiny

The financial strategy is to have an affordable, sustainable and effective policing plan supported by a good and balanced budget, based on sound assumptions. To achieve this, the budget must reflect the Police and Crime Plan priorities, make adequate provision for risk, and ensure that it should be fully integrated with operational business plans and policing strategy. This draft budget fulfils these aims.

The PCC and Chief Constable have considered key corporate risks when setting the budget. Essentially these risks are linked to a variety of national and local factors, including pay and non-pay inflation, increased police officers numbers, police staffing levels and vacancies, sustained increases in police demand, challenges to finance required capital investment and to the provision of the national contractor vetting service. The strategic risk registers for the PCC and force are reported regularly to the Joint Audit and Standards Committee (JASC) and are updated regularly during the year. This report also includes a review of the most significant financial risks for this budget, which are included at appendix B.

The PCC Chief Finance Officer has worked closely with the Force Director of Finance and his team throughout the year during the 2024/25 budget monitoring process and in the preparation of the budget for 2025/26. Robust challenge of the detail of the draft budget has included (but is not limited to) the identification and agreement of key principles and assumptions, methodology and healthy scrutiny of the budget workings.

The PCC and his team have held regular discussions with the Chief Constable and Chief Officers throughout the year on finance issues and particularly as part of the budget setting process. This has resulted in several full and robust discussions on the detailed budgets, income levels, the impact of national and local operational issues, the capital programme and its financing, precept options available and a review of the MTFP, reserve balances and associated risks.

Broad agreement on the budget for 2025/26 was reached between the PCC and Chief Constable earlier this month. However, decisions on the precept proposal have only been made once the various stakeholder engagement meetings were complete and the results of the public consultation available.

### Budget 2025/26

The revenue budget has been compiled based on the process outlined above and has been built based on several assumptions relating to expenditure and income. In line with this approach, the total net budget in 2025/26 is £140.802m. This equates to a

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£7.658m (5.8%) increase from the 2024/25 total net budget of £133.144m. This is £1.384m greater than the funding available after savings, from precept and core grant, and will be funded from a transfer from reserves in 2025/26 to meet costs. The table below outlines the 2025/26 draft budget in summary.

**Table 3: Draft Budget Summary**

Category of spend	2024/25 Approved budget £m	2025/26 Draft budget £m	Variance £m
Police officer, PCSO & staff pay, NI, overtime	108.382	120.943	12.561
Police Injury and Ill Health Pensions	1.664	2.155	0.491
Other employee expenses	0.939	1.216	0.277
Premises costs	3.976	3.890	(0.086)
Transport	2.862	3.033	0.171
Supplies and Services	14.705	12.690	(2.015)
Third party payments	9.840	10.273	0.433
Capital financing costs	7.537	7.101	(0.436)
Unallocated savings	0.000	(1.000)	(1.000)
<b>Gross Expenditure - Force</b>	<b>149.905</b>	<b>160.301</b>	<b>10.396</b>
Income	(14.860)	(15.912)	(1.052)
<b>Net Budget - Force</b>	<b>135.045</b>	<b>144.389</b>	<b>9.344</b>
<b>Vetting Unit</b>			
- Expenditure	3.772	4.852	1.080
- Income	(7.541)	(10.217)	(2.676)
- <b>Net Vetting Unit Budget</b>	<b>(3.769)</b>	<b>(5.365)</b>	<b>(1.596)</b>
<b>Office of the Police &amp; Crime Commissioner (OPCC)</b>			
- Expenditure	6.898	4.350	(2.548)
- Income	(3.564)	(0.790)	2.774
- <b>Net OPCC Budget</b>	<b>3.334</b>	<b>3.560</b>	<b>0.226</b>
<b>Warwickshire Road Safety Unit (WRSU)</b>			
- Expenditure	3.460	4.064	0.604
- Income	(4.926)	(5.846)	(0.920)
- <b>Net WRSU Budget</b>	<b>(1.466)</b>	<b>(1.782)</b>	<b>(0.316)</b>
<b>Net Budget</b>	<b>133.144</b>	<b>140.802</b>	<b>7.658</b>

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Category of spend	2024/25 Approved budget £m	2025/26 Draft budget £m	Variance £m
Contribution to/(from) Reserves	(0.629)	(1.384)	(0.755)
<b>Net budget Requirement Funded By:</b>	<b>132.515</b>	<b>139.418</b>	<b>6.903</b>
- Core Central Grant	(67.988)	(70.314)	(2.326)
- Council Tax Requirement	(64.527)	(69.104)	(4.577)
<b>Total Funding/Net Budget Requirement</b>	<b>(132.515)</b>	<b>(139.418)</b>	<b>(6.903)</b>

Further detail on the key movements or variances between years, are outlined in the table below:

**Table 4: Variances between 2024/25 and 2025/26**

Description	£m
<b>2024/25 Original Net Budget</b>	<b>133.144</b>
Pay Officer, Staff and PCSO pay award, increments and turnover	6.877
National Insurance changes	2.143
Police Officer ill health and injury pension and pay costs	0.436
Goods and services inflation	0.242
Unavoidable and legislative changes, including national charges	1.919
Increased police overtime costs to meet anticipated demand	0.250
External training costs	0.250
Other net business plan improvements (Learning and Development, Health & wellbeing, legal civil claims)	0.507
Capital Financing changes (for ext. borrowing & direct revenue financing)	0.567
Income pressures – abnormal loads, mutual aid and vehicle sales	0.649
Increased grant funding: National Insurance	(1.903)
Increased grant funding: Neighbourhood guarantee	(0.686)
Savings: ROCU collaboration	(0.600)
Savings: Efficiency and productivity gains vetting	(0.374)
Savings: Efficiency and productivity gains road safety	(0.126)



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Description	£m
Savings: coroners contract, custody healthcare contract and firearms licensing	(0.127)
Increased income: Vetting	(1.222)
Increased income: Road safety	(0.192)
Increased income: Criminal Justice court fees	(0.240)
Savings target	(1.000)
Other 'net' changes	0.288
<b>2025/26 Net Budget</b>	<b>140.802</b>

The total additional cost of a standstill budget is in excess of £10.000m and is greater than the additional funding available from core grant and precept funding. Further explanation of some of the most significant cost pressures are set out below.

The police officer pay budgets are calculated based on the latest recruitment and attrition forecasts, following detailed workforce planning. This has included the consideration of the expected 'leaving profiles' for officers, projected movements through rank and other incremental changes, which can be hugely significant.

An estimated 2.8% pay award effective from the 1 September 2025 has been included in the budget for officers and staff. This is based on recommendations by government bodies as part of the public sector pay review process for 2025/26. This is lower than the agreed increase in recent years. The risk of a higher award will be managed through the pay reserve, if unlike in recent years, any increase above the budgeted level is not provided for through a specific government grant.

Staff and PCSO pay budgets include an estimated average turnover factor of 3% to reflect the time lag between staff leaving and new staff being recruited. This compares to a vacancy factor of 5% in 2024/25, and has been reduced to reflect recent recruitments, and a shift of funding from vacant PCSO's, into police officers.

The recent announcement regarding changes in national insurance has created an additional cost pressure of £2.1m across all pay related costs in 2025/26. Whilst the PCC will receive £1.9m of additional grant announced in the provisional settlement to help meet these costs, this clearly falls short of full reimbursement, with the remaining element having to be funded locally and thus increasing the savings requirement.

The budget also includes provision and funding for 8 additional officers, to increase the operational strength from 1,122 to 1,130. These costs will be met in part from a reallocation of funding from vacant PCSO posts, and the neighbourhood policing guarantee funding, being the governments initiative for 13,000 additional officers,

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PCSO's and Specials in neighbourhood policing. Whilst the specific conditions for the neighbourhood policing guarantee funding are unknown at the time of writing, it has been shared that the grant will "fund the recruitment of additional and redeployed neighbourhood police officers, PCSOs and Special Constables in 2025/26". The statement also refers that "the increase in neighbourhood policing will be done in a way that prioritises forces' operational flexibility. Forces will be allocated funding and propose a planned workforce increase and mix that works best for the communities that they serve."

There has been much focus on the changing demographic of the workforce, and the increased unpredictability of retirements and resignations linked to the uplift programme which has seen the number of officers grow, and an increased diversity in the workforce. The uplift programme has also resulted in a greater proportion of the workforce with less than 5 years' service, and a higher proportion of younger officers. During 2024/25 it has become evident that the new workforce demographic is also displaying an increase in the opt out rate from the police officer pension scheme, rising from a norm of 5/6% to 10%. This differential equates to over 60 additional officers not being in the pension scheme, creating an underspend in the current year, which is expected to continue into 2025/26. The average saving from employers' pension contributions for each officer, is in excess of £10,000. Certainty around the longevity of this saving is unclear, as all eligible officers will be put back into the pension scheme in 2026 as part of the statutory auto re-enrolment process. At this point individual officers will be free to choose whether they remain in or opt out again.

The reduced costs on police pensions, is offset by a cost pressure arising from increased statutory payments into the police pension fund account in respect of higher numbers of medical retirements and one off injury payments. These have risen in more recent years and have therefore been recognised in the 2025/26 budget.

Non-pay inflation has reduced generally over recent months, although rates are still showing signs of volatility (2.5% in December 2024, 2.6% in November 2024, compared to 2.3% in October 2024). Non-pay inflation costs have been built in, where known on a contractual basis, and where anticipated across various budget heads within premises, transport, supplies and services and third-party payments. The cost pressure for 2025/26 is estimated to be £0.242m.

Various unavoidable and legislative spend pressures across a variety of budgets are included in the 2025/26 budget. This above inflation pressure has arisen largely from changes in legislation, national guidance or services provided to forces on a national basis. They include increases in the National Police Chiefs Council (NPCC) charges, Home Office system charges, software licences, drug testing costs, medical reporting costs, external audit fees and various other partnership working contributions.

Police overtime has once again been a significant cost pressure in 2024/25, despite an additional budget of £0.250m being included. By its very nature overtime is, to a

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degree, unpredictable as the force responds to incidents and events. However, an element of overtime also covers vacancies in specialist teams and patrol. Whilst the pressure in 2024/25 has been offset by other areas of underspending in pay, this approach is not sustainable, and the PCC wishes to set a budget for overtime that is realistic and reflects likely demand. To this end, the PCC has acknowledged the Chief Constable's concerns regarding the quantum of the overtime budget and has agreed to a further £0.250m being allocated to the budget in 2025/26 to deal with the unpredictability of policing demand. An internal audit report has been conducted on overtime in 2024/25 and actions are being taken to address some control issues. The PCC has been assured by the Chief Constable that the management of overtime will be prioritised in 2025/26 to reverse a recent trend of consistent overspending.

Income is showing a mixed picture. Vetting and camera enforcement income continues to be strong with increases anticipated of £1.222m and £0.192m respectively, in addition to additional income from court fees. However, pressure on other income sources is evident, particularly from abnormal loads escort work linked to the HS2 development, and from mutual aid and fleet sales income, as vehicles are retained for longer. These income pressures are reflected in 2025/26 and collectively have an impact of £0.649m on the budget.

### **Efficiencies, business planning and savings**

The increased standstill budgeted costs in 2025/26 of over £10m cannot be met by increased funding from central grants and precept alone, thus implying the need for savings. As part of the budget, there is a need for £2.2m of savings in 2025/26. £1.2m of these savings have been identified from a combination of procurements savings from the custody healthcare contract, collaboration savings arising from our work with the regional organised crime unit (ROCU) and gains from increased productivity, due to automation in vetting and road safety.

This leaves a remaining savings target of £1m in 2025/26. This will be shaped in more detail over the coming weeks, although work has already commenced to identify areas where savings and efficiencies can be found.

Officers are working more efficiently following the success of the implementation of the Nexus app which has enabled them to record stop and searches, vehicle stops, use of force, officer assaults, and digital pocket notebook entries. This is coupled with the expansion of the Axon suite of applications which have brought enhanced functionality and time savings through not having to routinely return to the station or office to complete and download data. Future innovations are also planned in 2025/26 and include the launch of the Axon app which will enable the remote management of digital evidence and records from force issued iPhones, and the upgrade of 1,400 airwave handsets which are easier to use, have better voice clarity and auditing functionality. Nexus artificial intelligence (AI) capabilities will also be explored in 2025/26 to seek the potential for more intuitive, useful information and data to assist with investigations. The challenge will be to turn the efficiencies that will be created through these digital investments, into cashable savings, but this is

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something that the PCC will be holding the Chief Constable to account for during the year.

Over the last four years the Force has successfully scaled up its National Contractor Vetting Service (NCVS), which is providing an income stream besides that of government grant and precept. The costs of the service have increased but it is operating in an increasingly productive and efficient manner, and as a result more of the additional income generated is planned to be used to reinvest in capital to deliver projects that can also drive future productivity gains. By de-coupling any excess income from the service and re-focussing it on funding capital expenditure and innovations, it will help to reduce the risk to the revenue budget from any future volatility arising from income fluctuations. However, the risks associated with this service can never be fully removed, and these are financially managed through the general reserve.

Warwickshire Police spends in the region of £20m on goods and services, contractual arrangements and collaborations. The PCC and Chief Constable both recognise that value needs to be delivered through the procurement strategy and contract negotiations, enabling cost reductions or cost avoidance. These objectives will be delivered through a varied and diverse set of actions across the commercial life cycle. This includes robust policy and procedure; effective use of systems and catalogues; use of collaborative agreements; benchmarking, market testing and rigorous contract management. Warwickshire will continue to engage, contribute to and draw on the work of Blue Light Commercial to seek value for money, as well as considering how and where there are opportunities to reduce expenditure. The PCC will continue to hold the Chief Constable to account for all spending to help ensure that he delivers value for money services, and the governments new requirements around commercial efficiency and collaborative working and any opportunities that arise from it, will be fully considered once details are known.

As part of the budget process this year, the Chief Constable has undertaken a comprehensive round of business planning aimed at identifying improvements. This has included the continuation of the Op Invicto model which was piloted in 2024/25 to improve local policing performance by building on the opportunities created by recent investments in new technology. This initiative was primarily introduced to improve the timeliness and quality of investigations as well as the way the force manages and responds to incident demand. The first stage of the operation saw the launch of rapid video response, and nexus investigation module software, which gave the ability to attend incidents in a more timely and efficient manner and to undertake reviews and take actions to manage the volume of crimes held by different teams. This was followed by the development of a new crime control centre and an investigation standards and outcomes team to improve investigation outcomes, by matching resources and staffing. These changes have significantly improved the service victims receive with more timely and better quality investigations leading to a higher likelihood of an offender being brought to justice (positive outcomes have moved from 8% 12 months ago to just under 17% now). The PCC welcomes these improvements in performance and is keen to go further. He is supportive of the

Chief Constables wishes to expand this work and baseline it in 2025/26 within the policing model, to ensure that officers respond in the most effective way to emergencies and priority incidents.

The PCC also supports the Chief Constables wishes to direct resources into learning and development to improve productivity and performance of the workforce, which is younger and has fewer years of experience. This will include an increase in the number of in-house officers available to train others, as well as an increase in external training.

## 5.4. Capital

The capital programme includes investment in operational elements of premises, equipment, ICT and vehicle fleet. The Capital Programme for 2025/26 to 2029/30 has been reviewed and updated in consultation with the Chief Constable, the respective business areas and scrutinised by the PCC and his team. The Capital Programme reflects known priorities and commitments to meet business requirements, and the specific projects within the capital programme for 2025/26 are shown at appendix D.

The estates capital programme will continue to address backlog maintenance issues and deliver an improved estate, that is fit for purpose and is compliant with current regulations e.g. the Sexual Assault Referral Centre forensic science regulations estate works which will help to improve the experience for victims and ensure that evidence is gathered effectively to support investigations. The total investment in the estate over the medium term is £15.582m, with a 2025/26 programme of £2.956m. In addition, there will be some slippage of works and costs in respect of 2024/25 projects, due to delays and to meet retention payments. Currently this is expected to be £0.209m which is included in table 5, but the final slippage value will be determined at year end.

The IT technical investment programme for 2025/26 is £1.548m. This excludes slippage from 2024/25 for delayed works. Current estimates for slippage are £1.081m, but this figure will also be confirmed at year end. Policing and digital services develop and evolve rapidly, and the PCC and Chief Constable both recognise the importance of continuing to invest in digital services, to maintain the infrastructure and avoid the accumulation of a new 'technical debt', which is created when IT deteriorates and manifests in poor performance and weak levels of security. The force is ambitious, and is looking to find innovative solutions through IT investments to deliver improved performance and savings.

The vehicle replacement programme for 2025/26 is £1.104m to reflect operational vehicle requirements. The annual fleet investment programme across the remainder of the medium-term ranges between £1.104m and £1.630m based on a business-as-usual replacement programme. However, part of the picture for vehicle replacement also needs to consider the type of vehicles that are necessary for the force to operate effectively, whilst also accommodating changes in the industry and issues around

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sustainability. This will need to include a longer-term plan to address the sustainability agenda, as and when the market can accommodate emergency service vehicle needs, along with the infrastructure that they require, which in turn will reduce the carbon footprint of the fleet. This is likely to be achievable through a joined-up approach with other key partners, although the force has already introduced some changes, by offering charging points on its estate and some electric and hybrid vehicles across the fleet. Dependent on future plans, there is likely to be a cost pressure in securing a more sustainable fleet and work to understand this pressure and the options available will continue in 2025/26.

The capital programme also includes a smaller annual budget for planned plant and equipment replacements. This includes ANPR camera replacements and other smaller items of equipment.

To summarise, the annual capital programme budget in 2025/26 is £7.610m, this includes slippage from 2024/25. Total investment over the medium term is anticipated at £42.439m and this is broadly in line with an annual affordability assessment of circa £7m for capital works. It is incumbent on the PCC and Chief Constable to keep the capital programme within available resources and ensure that capital financing and the burden on the revenue account is both affordable and sustainable, in effect ensuring that a balance between revenue financing and borrowing is maintained.

The revenue consequences of the mid term capital programme are included within the MTFP. The 2025/26 settlement is the fourth year where there has been no provision by government to support capital investment, by way of a grant. Investment in capital assets be they buildings, vehicles or IT is recognised as an enabler of improved productivity and efficiency in Warwickshire. In addition, the need to achieve targets such as carbon neutrality, also require investment in infrastructure. These pressures put considerable extra strain on policing budgets, and require difficult decision making, as capital works can only be financed locally where it is affordable to do so. In the absence of government grant, the investment programme is again primarily financed by revenue contributions and borrowing. These make for a challenging financial position, given the scale of revenue funding used to finance capital expenditure, and this is also contributing to the significant level of revenue savings being required.

The table below outlines the high level capital programme, with further detail shown in appendix D.

**Table 5: Capital Programme**

Capital Programme	2024/25 Forecast	2025/26	2026/27	2027/28	2028/29	2029/30	TOTAL (including 2024/25 forecast spend)
	£m	£m	£m	£m	£m	£m	£m

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Estates	4.080	3.165	3.165	2.000	1.582	1.590	<b>15.582</b>
ICT/DS	3.880	2.629	1.294	2.362	2.447	2.757	<b>15.369</b>
Vehicle Replacement	2.401	1.104	1.104	1.200	1.630	1.590	<b>9.029</b>
Plant & Equipment	0.393	0.712	0.218	0.218	0.418	0.500	<b>2.459</b>
<b>TOTAL</b>	<b>10.754</b>	<b>7.610</b>	<b>5.781</b>	<b>5.780</b>	<b>6.077</b>	<b>6.437</b>	<b>42.439</b>

2025/26 is inclusive of slippage from 2024/25

Warwickshire has developed the most efficient and sustainable method of capital financing, in the absence of government capital grant. It is made up of a combination of revenue funding, capital receipts, borrowing and S106 funding. Increased direct revenue financing over the medium term is anticipated largely due to the success of the force at delivering the national contractor vetting scheme. The plan remains to increase this funding stream for capital to circa £4.500m over the medium term, thus having the effect of reducing the requirement to borrow over this period whenever possible. Borrowing generates revenue costs through the workings of the Minimum Revenue Provision (MRP), whereby MRP is the statutory mechanism for providing assurance that adequate revenue is set aside to repay borrowing when it falls due.

All borrowing must be within the parameters of the treasury rules contained within the prudential indicators shown at Appendix A. Borrowing remains an affordable and significant part of the capital funding strategy, and borrowings will always be taken in line with the Treasury Management Strategy. Borrowing in Warwickshire is comfortably within the prudential indicators, and the strategy remains to target borrowing at longer term assets. This will help to manage the revenue implications of MRP. This strategy has been discussed with our independent treasury advisors. The expected financing of the capital programme is outlined below:

**Table 6: Capital Programme Financing**

Proposed Funding	2024/25 Forecast £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	TOTAL inc. 24/25 forecast £m
Receipts	2.511	0.251	0.000	0.000	0.000	0.800	<b>3.562</b>
Specific Grants	0.036	0.000	0.000	0.000	0.000	0.000	<b>0.036</b>
Revenue	3.582	2.590	2.890	3.457	3.957	4.457	<b>20.933</b>
Reserves	0.186	0.000	0.000	0.000	0.000	0.000	<b>0.186</b>
S.106	0.359	0.250	0.250	0.250	0.250	0.250	<b>1.609</b>
Borrowing	4.080	4.519	2.641	2.073	1.870	0.930	<b>16.113</b>
<b>TOTAL</b>	<b>10.754</b>	<b>7.610</b>	<b>5.781</b>	<b>5.780</b>	<b>6.077</b>	<b>6.437</b>	<b>42.439</b>

## 6. Medium Term Financial Plan (MTFP)

The MTFP was last formally agreed in February 2024 although this has been updated and refreshed during the year.

The key assumptions as part of this review are as follows:

- Council tax base will grow by an average of 2% each year from 2026/27 to 2029/30, along with a small £0.100m provision for annual collection fund surpluses across the MTFP.
- Central government grant is assumed to increase by 2% over the MTFP.
- The future planning assumption is that precept increases will be £10.00 per annum for a band D property, but these are subject to annual PCC decisions, in line with a variety of factors, including the notified precept flexibility, budgetary requirements, other funding opportunities, consultation feedback etc.
- Pay inflation is included at 2.8% in 2025/26 and then falls to 2% thereafter to match the grant increase assumption.
- Pay budgets include provision for increments and turnover, which is especially material to police officer pay, given the ranges of some ranks. The turnover factor is expected to be 3%. Changes to officer numbers are reflective of workforce planning estimates.
- Contractual inflation commitments have been provided for where known.
- Provision has also been estimated for increases in costs on national and regional charges in line with historical patterns and the latest information.
- The planned review of the revenue grant funding formula has paused. Therefore, no assumptions about any planned changes or timings of any changes have been built into the MTFP.

The impact of the 2025/26 budget proposals and the assumptions outlined above are quantified in the MTFP shown in Table 7.

The MTFP (2025/26 to 2029/30) identifies that based on these assumptions and the intended levels of capital investment referred to in section 5.4, further revenue savings of £2.5m will be required. This comes despite making cashable savings of £4.7m in 2021/22, £1m in 2023/24, £1.2m in 2024/25, and a further £2.2m in 2025/26.

The force has a good record of making efficiencies and savings. However, the PCC and Chief Constable are also mindful that to make savings too early, particularly where they require structural changes, could be detrimental to the momentum built recently, and would not be a strategic solution. Whilst this approach is sound, it does carry risk, and the challenge reflected in the 2025/26 budget is to maintain a healthy balance between using earmarked reserves for the purposes for which they are held



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to smooth the savings requirement, against the need for efficiency savings. As part of the reserve strategy, the ambition is to retain general reserves at £6m, and undertake annual assessments of earmarked reserve levels, which may need to be replenished, to ensure they are adequate to meet changes in known commitments or risk.

Increasing pay costs will remain as one of the most significant challenges across the MTFP, as officers become more experienced and move through the pay scales. Workforce planning has become more sophisticated to manage this cyclical pattern and annual budget setting, with support from the pay reserve, should avoid the need for 'boom and bust' savings programmes to deliver balanced annual budgets.

Higher numbers of officers, alongside the maturing and more experienced force, will create direct and indirect cost pressures in the budget; for example, for staff support, equipment, fleet, changing approaches to crime types and for servicing increased activity by officers. These pressures have been built into the MTFP based on an assumed number of 1,130 officers, but it remains a risk that will need to be managed. The settlement announcement confirmed that the Government neighbourhood policing guarantee is a multi-year commitment, which is expected to meet the costs of the additional neighbourhood officers, however further details are awaited.

The control of officer overtime costs within budget has proved challenging in recent years. They are a combination of planned and unplanned costs, some of which are funded through income, such as mutual aid. The 2025/26 budget includes an increase in the overtime budget to address these challenges, to provide a more realistic budget and also to offset the effect of the pay award and national insurance increases. No further increase has been anticipated over the medium term, in recognition of the Chief Constables assurances. The PCC will monitor this position closely through the holding to account process.

Unavoidable cost pressure, mainly arising from legislation and other national charges, are expected to continue, and are reflected in the MTFP. Non pay inflation is similarly included based on contractual increases.

Income from abnormal loads has been lower than anticipated and is expected to reduce further in the MTFP when much of the HS2 work is due to be completed. Vetting income has however, performed strongly over recent years, and there have also been gains through digital investments to improve productivity. The MTFP includes an increasing contribution from the vetting service to finance capital expenditure. This strategy will help deliver lower revenue costs from borrowing in the medium term, if vetting income remains strong. Revenue financing will be used to fund shorter life assets, such as digital devices and vehicles and borrowing will be targeted towards investment in long-life assets, including estates. This approach is reflected in the capital strategy, as being both sustainable and affordable over the medium term.

The requirement for savings occurs in the early years of the MTFP, so work to develop the thinking for 2026/27 needs to commence early. This will be challenging,

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and options need to be considered in the light of budget monitoring during 2025/26, and the emergence of pressures, cost savings and income generation.

The MTFP is also suggesting a fair usage of reserves to help balance annual budgets. This will need to be kept under review during 2025/26, based on the in year budgetary control work. If the MTFP appears to require a usage of reserves that mean levels would fall to an inadequate level compared to risk, remedial actions would need to be taken to replenish reserve levels.

**Table 7: Medium Term Financial Plan**

Description	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
<b>Original Net Budget</b>	<b>133.144</b>	<b>140.802</b>	<b>145.183</b>	<b>150.058</b>	<b>155.110</b>
<b>Increases in Expenditure:</b>					
Pay, Injury Pensions and ill Health	10.528	4.280	3.722	3.710	3.796
Goods and services	0.242	0.300	0.300	0.300	0.400
Legislation, National & Regional services	0.978	0.558	0.589	0.742	0.790
Business Plans	0.364	(0.025)	0.000	0.000	0.000
Abnormal Loads	0.319	0.681	0.000	0.000	0.000
Capital Financing	0.567	0.567	0.781	0.300	0.200
OPCC	0.105	0.000	0.000	0.000	0.000
<b>Reductions in Expenditure:</b>					
Savings	(1.727)	(1.630)	0.000	0.000	0.000
Other efficiency savings	(0.500)	(0.350)	(0.516)	0.000	0.000
Grant Income	(1.796)	0.000	0.000	0.000	0.000
National Commercial Vetting Service	(1.227)	0.000	0.000	0.000	0.000
Warwickshire Road Safety Unit	(0.195)	0.000	0.000	0.000	0.000
<b>Net Budget</b>	<b>140.802</b>	<b>145.183</b>	<b>150.058</b>	<b>155.110</b>	<b>160.296</b>
Net Funding	(139.418)	(144.324)	(149.463)	(154.753)	(160.196)
Use of reserves	(1.384)	(0.859)	(0.595)	(0.357)	(0.100)

Columns may not directly sum, due to roundings

## 7. Reserves and Risk

Reserve levels are an important element of the budget process and are prioritised based on an assessment of risk. A separate Reserves Strategy exists and has been updated to reflect the current position. Further detail on reserves is available in that document and in the PCC Chief Finance Officer's assessment on the adequacy of reserves, which is included at Appendix B to this report.

Earmarked reserves are held for specific purposes and will be used to manage risk, underwrite flaws in the budget assumptions and one-off costs to deliver policing services over the next five years. This approach is not in conflict with the long standing good and balanced budget strategy but will ensure that reserve levels are managed effectively at a local level, to balance risk and investment and so that they are also in line with Home Office expectations.

The contractor vetting service represents one of the most significant areas of financial risk for the force, particularly if there were to be any changes at a national level to how the service is delivered. The manner in which the income is being used is helping to mitigate risk, coupled with an anticipation that any potential changes would take place over a transitional period, which would allow for effective planning and management of the financial implications. This risk is covered by the general reserve, which represents coverage of 4.3% of net revenue expenditure. This ratio places Warwickshire favourably against other forces based on CIPFA benchmarking data.

Total reserves are estimated to stand at £12.578m at the end of 2024/25, falling to around £9.3m through to the end of the MTFP. This includes the general reserve of £6m. Whilst this is a little less than the lower limit identified in the reserves strategy, i.e. £10.000m, this level is not expected to be breached until the end of March 2028. If, as that point is neared, reserve levels are not projected to improve or if risks have increased, re-assessments of savings requirements, and spending plans as part of the annual budget setting will occur and there may be recommendations that actions are taken to increase levels.

### Table 8: Reserves Summary at the end of March 2025

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Reserve	Forecast Balance as at 31 March 2025	Purpose/coverage
General Reserve	£6.000m	<ul style="list-style-type: none"> <li>Commercial risk associated with the NCVS</li> <li>Significant operations (demand) arising from a serious incident, investigation or prolonged disruption in lieu of special grant</li> </ul>
Budget and Transformation Reserve	£0.870m	<ul style="list-style-type: none"> <li>To provide a glide path over the MTFP to deliver savings.</li> <li>To provide for deficits on the collection fund</li> </ul>
Pay reserve	£3.722m	<ul style="list-style-type: none"> <li>To meet any increased pay award costs above the assumed increase, in the absence of other financing, and to help manage the cyclical pattern of higher police officer pay costs as they move through the incremental pay scales, to smooth the impact in any individual year.</li> </ul>
Pensions and Redundancy Reserve	£0.030m	<ul style="list-style-type: none"> <li>To meet the cost of change, and/or any one-off costs of the McCloud remedy falling on the force</li> </ul>
Insurance and legal reserve	£0.500m	<ul style="list-style-type: none"> <li>To mitigate and meet the short-term costs of increases in insurance premiums and costs of any legal actions against the force, where these cannot be met from within existing budgets</li> </ul>
Operational Policing Reserve	£0.500m	<ul style="list-style-type: none"> <li>To provide the Chief Constable with some flexibility for one-off initiatives and to manage operational incidents.</li> </ul>
PCC Initiatives Reserve	£0.283m	<ul style="list-style-type: none"> <li>A working balance to manage one off PCC initiatives, grants and project work.</li> </ul>
Safer Roads Reserve	£0.673m	<ul style="list-style-type: none"> <li>To provide finance for one-off road safety grants and commissioned services</li> <li>To provide finance to support the work of the Warwickshire Road Safety partnership.</li> </ul> <p>This is a working balance that will reduce over the lifetime of the MTFP.</p>

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Further details on the assessment of risk and reserves levels are contained within the appendices, which should be read alongside this report. However, based on the MTFP and the assumptions indicated, reserve balances are anticipated to change as outlined in the table below over the next five years. If usage of reserves is required to address the emergence of risk, the replenishment of reserves to an adequate level will be required in future years.

**Table 9: Anticipated reserve balances over the medium term**

Reserve	2025/26	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m	£m
<b>General</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>	<b>6.000</b>
Budget & Transformation	0.624	0.624	0.472	0.203	0.203
Pay	2.464	1.656	1.265	1.177	1.077
Pension & Redundancy	0.250	0.250	0.250	0.250	0.250
Insurance & Legal	0.500	0.500	0.500	0.500	0.500
Operational	0.500	0.500	0.500	0.500	0.500
PCC	0.283	0.283	0.283	0.283	0.283
Safer Roads	0.573	0.522	0.470	0.470	0.470
<b>Earmarked</b>	<b>5.194</b>	<b>4.335</b>	<b>3.740</b>	<b>3.383</b>	<b>3.283</b>
<b>TOTAL</b>	<b>11.194</b>	<b>10.335</b>	<b>9.740</b>	<b>9.383</b>	<b>9.283</b>

## 8. Conclusions and proposals

As part of the 2025/26 budget setting process, there has been a comprehensive review of the budget, the medium-term position and all the reserves held by the PCC. This report sets out clearly the PCC's budget, including the proposed precept increase and the anticipated benefits that the budget will aim to deliver. In addition, information has been provided relating to the medium-term financial plan, capital programme and reserves, outlining the purpose for which they are held, the plans for their use and the risks and assumptions.

Based on current planning assumptions, the level of general reserves should stay at £6m through to 2029/30, and sufficient provision has been made in earmarked reserves to fund expected one-off pressures and manage the identified risks and expenditure cycle associated with officer pay.

Over the last twelve months the force has continued to deal well with changing demands and crime profiles and has an ambitious programme in place, which will deliver the benefits outlined earlier in this report.

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This budget has not been achieved without the need for difficult decisions, not least around the precept. The Commissioner is mindful of the financial pressures on residents and that they wish to see improvements in visibility and the services they receive from Warwickshire Police. The PCC has agreed a number of benefits with the Chief Constable that this budget will deliver, and he will continue to hold him to account for performance against these. However, demand for policing services is also rising and the costs of providing those services is increasing. The cost of a standstill budget in 2024/25 have increased by over £10m which is unmatched by core grant and precept increases alone. However, the efficiencies and income that the force can generate coupled with the notified increases in central funding, and from a modest £14 annual increase in precept, will ensure that this budget will maintain and consolidate current services, and deliver service improvements.

While the 2025/26 budget is showing a balanced position and sustains current services, challenges in the medium term do remain, with a further £2.5m of additional savings required over the medium term. The PCC will continue to hold the Chief Constable to account during 2025/26 and will monitor progress on the delivery of the promised operational benefits and spending of the revenue and capital budget. This should provide assurance that the resources made available are used in accordance with the outlined plans and enable Warwickshire to confidently and successfully deliver value for money policing services that protect the vulnerable, deliver improved outcomes for victims and keep communities safe.

In summary, the Commissioners budget includes:

- A net revenue budget after savings of £140.802m
- A net revenue contribution from reserves of £1.384m
- A net budget requirement of £139.418m
- Council tax for a band D property of £303.71 (an increase of £14 or 4.83%)

A council tax for a band D property calculated as follows:

Item	£m
Budget requirement	139.418
Less: Police Grant	42.984
Less: Revenue Support Grant	22.175
Less: Council Tax Support Grant	3.910
Less: Council Tax Freeze Grant 2013/14	0.368
Less: Council Tax Freeze Grant 2011/12	0.877

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<b>Sub-Total</b>	<b>69.104</b>
<b>Plus: Collection Fund surplus/(deficit) subject to final confirmation</b>	0.262
<b>Amount to be raised by Council Tax</b>	<b>68.842</b>

The consequential council tax for each property band will be as follows:

<b>Band</b>	<b>Annual Charge £</b>
Band A (6/9 <sup>th</sup> )	202.47
Band B (7/9 <sup>th</sup> )	236.22
Band C (8/9 <sup>th</sup> )	269.96
Band D	303.71
Band E (11/9 <sup>th</sup> )	371.20
Band F (13/9 <sup>th</sup> )	438.69
Band G (15/9 <sup>th</sup> )	506.18
Band H (18/9 <sup>th</sup> )	607.42

As a result, the Chief Executive to the Office of the Police and Crime Commissioner for Warwickshire will be authorised to issue Precept Notices on the Warwickshire billing authorities as shown below, subject to final confirmation.

<b>Authority</b>	<b>£m</b>
North Warwickshire Borough Council	6,654,250.69
Nuneaton and Bedworth Borough Council	12,394,183.12
Rugby Borough Council	12,628,967.01
Stratford-upon-Avon District Council	19,036,312.75
Warwick District Council	18,128,287.36
<b>TOTAL</b>	<b>68,842,000.93</b>

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As part of the budget, the PCC will be required to note the reserve position as set out in this report at section 7 and at appendix B and must pay due regard to the Chief Finance Officers comments in respect of the robustness of the budget and the adequacy of reserves.

The PCC will also be required in due course to approve the capital budget in section 5.4, and the prudential indicators (appendix A) and projects shown in appendix D.

In approving the budget, the PCC will require all Officers and staff to be instructed to exercise tight budgetary control. Over-spending of 2025/26 departmental budgets must be avoided and the utmost caution must be exercised in entering into expenditure which creates additional commitments in future years. The PCC will need to be kept fully informed of the financial position throughout the year, through tight budgetary control and monitoring, and reports to him on a regular basis.

## **9. Recommendation to Police and Crime Panel**

To consider the Police and Crime Commissioner's proposed precept for 2025/26 and make a report to the PCC on the proposals before the 10 February 2025.



## Prudential Code for Capital Finance

The Prudential Code for Capital Finance in Local Authorities (Prudential Code) is applicable to the Police and Crime Commissioner and has been developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) to provide a code of practice to underpin the system of capital finance embodied in Part 1 of the Local Government Act 2003. PCCs, like Local Authorities, are free to determine their own level of capital investment controlled by self-regulation.

The key objectives of the Prudential Code are to ensure that capital investment plans are affordable, prudent and sustainable.

The Prudential Code supports a system of self-regulation that is achieved by the setting and monitoring of a suite of Prudential Indicators that directly relate to each other. The indicators establish parameters within which the PCC should operate to ensure the objectives of the Prudential Code are met.

In setting the prudential indicators, the PCC must give due regard to the following matters: -

- Service objectives, e.g., strategic planning for the authority
- Stewardship of assets,
- Value for money, e.g., option appraisal
- Prudence and sustainability
- Affordability
- Practicality, e.g., achievability

The Prudential Indicators below will also be reported in the PCC's 2025/26 Treasury Management Strategy which will be reported to Joint Audit and Standards Committee in March 2025.

The PCC has adopted the Chartered Institute of Public Finance and Accountancy (CIPFA): Code of Practice for Treasury Management in the Public Services. The Prudential Indicators for which the PCC is required to set limits are as follow overleaf:

## Prudential Indicators – Warwickshire

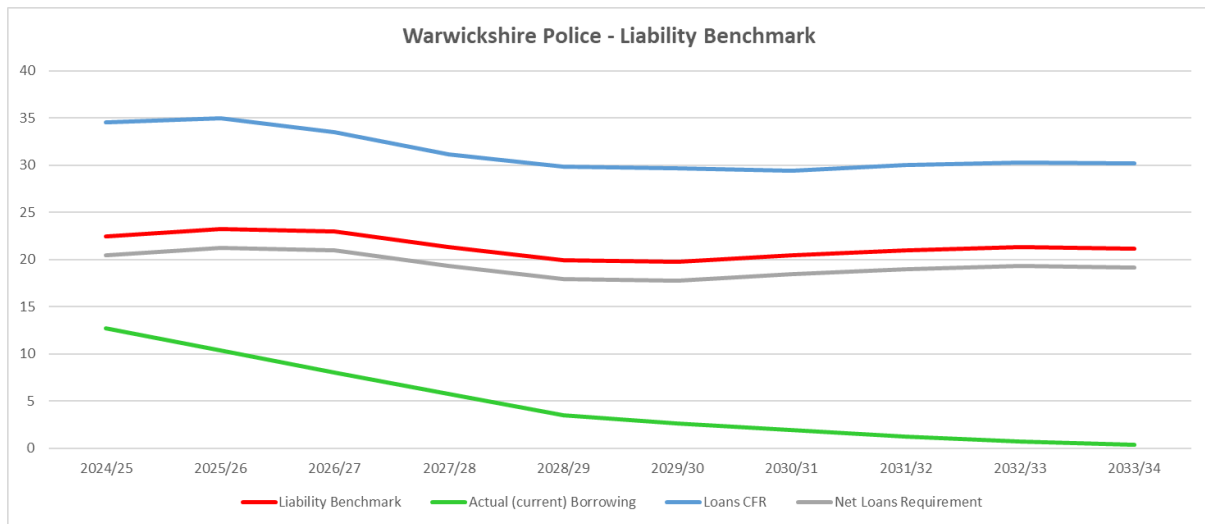
AFFORDABILITY PRUDENTIAL INDICATORS	2024/25 Forecast Outturn	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
Capital Expenditure	£10.754m	£7.610m	£5.781m	£5.780m	£6.077m
Ratio of financing costs to net revenue stream	3.20%	3.22%	3.15%	3.29%	2.41%
In Year borrowing requirement	£4.080m	£4.519m	£2.641m	£2.073m	£1.870m
In year Capital Financing Requirement	£0.118m	£0.425m	-£1.506m	-£2.291m	-£1.305m
Capital Financing Requirement 31 March	£34.545m	£34.970m	£33.464m	£31.173m	£29.868m
Revenue effect of new borrowings - Increase per council tax payer	£0.30	£0.22	£0.11	£0.58	-£2.56

TREASURY MANAGEMENT PRUDENTIAL INDICATORS	2024/25 Limits	2025/26 Limits	2026/27 Limits	2027/28 Limits	2028/29 Limits
Authorised limit for external debt - Borrowing	£50m	£50m	£45m	£45m	£40m
Operational boundary for external debt - Borrowing	£40m	£40m	£35m	£35m	£30m
Upper limit for fixed rate interest exposure - net principal re fixed rate borrowing / investments	£40m	£40m	£35m	£35m	£30m
Upper limit for variable rate exposure - net principal re variable rate borrowing / investments	£5m	£5m	£5m	£5m	£5m

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The liability benchmark is an important tool to help establish whether the PCC is likely to be a long-term borrower or long-term investor in the future, and so shape strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the PCC must hold to fund the current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

## Prudential Indicator: Liability benchmark



## Report of the Chief Finance Officer as required by section 25 of the Local Government Act 2003 on the Soundness of the Budget and the Adequacy of Reserves

When setting the budget and capital programme for the forthcoming year the PCC must be satisfied that adequate consideration has been given to the following:

- Government policy on police spending, as applied to the PCC.
- The CIPFA prudential code and the treasury management code
- The impact on the council tax, and the risk of exceeding the limit for triggering a referendum.
- Whether the proposals represent a balanced budget for the year
- The robustness of estimates and the size and adequacy of general and specific earmarked reserves
- The CIPFA financial management code of practice and guidance on the level of reserves
- The medium-term implications of the budget and capital programme.

Section 25 of the Local Government Act 2003 requires the PCC's Chief Finance Officer to provide the PCC with assurance on the robustness of estimates made for the purposes of the budget calculations and the adequacy of reserves.

The Director of Finance for Warwickshire Police has provided assurance that the main assumptions and estimates used for compiling the budget are set out within this report, are robust and that the figures in the 2025/26 budget have been based, in his opinion and to the best of his knowledge, on sound assumptions. He has also provided assurance that this budget is consistent with the financial strategy (good and balanced budget), provides links to the priorities outlined within the Police and Crime Plan which is underpinned by the Chief Constables policing strategy and does not impact adversely on the financial stability of the force in the medium term.

A level of uncertainty remains around future central funding. Work on reviewing the funding formula by the Home Office recommenced a couple of years ago, and was progressing, but this work has stalled, and there are no immediate plans it would seem to reinstate this work. Until this changes, the budget reserve will continue to be held to manage any funding changes as a result of spending review announcements on funding. Detailed work on a longer-term financial plan has been undertaken over a 10 year period, providing further rigour to the financial planning process, and to provide assurances around the sustainability of Warwickshire Polices financial position. Whilst planning over a longer period, does come with increased uncertainty, the 5 year medium term financial plan does represent a reasonable and

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prudent estimate of the likely position, and it is considered a sound basis for financial planning purposes.

The PCC's Chief Finance Officer for the PCC can provide assurance on the budget and MTFP in that it has been produced in line with the latest government policy, the police funding settlement, and is also compliant with the latest CIPFA Treasury Management Code and the Prudential Code.

The Localism Act provides communities with the power to veto through a referendum, council tax increases considered by the government to be excessive. The referendum level set by government for 2025/26 is an increase in excess of £14.00 on a band D property. This report and budget are based on a precept increase of £14.00. The budget proposed is balanced and assurance has been sought from the Director of Finance within the force on the robustness of estimates contained within it. These have been scrutinised and challenged by the PCC Chief Finance Officer and have been found to be sufficiently robust. This work has also revealed that the MTFP presents a prudent estimate of the future financial pressures that the PCC will face.

The budget, MTFP and underlying assumptions will continue to be monitored carefully, along with any national developments, to ensure the PCC and Chief Constable are sighted on any emerging risks. Any changes in the final settlement and arising from the confirmation of tax bases and collection fund surpluses or deficits will be incorporated prior to the final budget being approved.

The Director of Finance will be undertaking careful monitoring of the budget during 2025/26, in conjunction with budget holders to manage spending and any consequential impact on reserves. The forecast outturn for 2024/25 looks to be on budget, and whilst there are several variations, where these are relevant and/or significant, changes have been addressed within the 2025/26 budget.

In giving assurance on the adequacy of reserves the PCC Chief Finance Officer has reviewed levels and compliance as outlined in the latest CIPFA guidance on the establishment and maintenance of Local Authority reserves and balances, which also applies to PCCs. This guidance sets out the factors that should be considered locally in making an assessment on the appropriate level of reserves and balances to be held.

The PCC's reserves are categorised as - General Reserves, Earmarked Reserves and Capital Reserves. These will, in part, be governed by known or likely commitments, and, in part, by his appetite for risk. This should include the strategic, operational and financial risk facing the force, and include the potential impact of external and internal risks. The Chief Finance Officer has thoroughly reviewed the risks facing policing in Warwickshire and reassessed the level of reserves required. In doing so, she has complied with the CIPFA guidance with the intention being to ensure clear, transparent reporting around reserve levels in Warwickshire.

The following narrative provides some further detail on the approach, evidence and assurance regarding the adequacy of reserves.

## Compliance with the 7 key principles in CIPFA’s guidance

Budget assumptions/ Risk	Current situation in Warwickshire
<p>The treatment of inflation and interest rates</p>	<p>Warwickshire Police (WP) makes full and appropriate provision for pay and price rises, based on up-to date information and recognising the change in the workforce profile, increments, recruitment and turnover relevant to managing a police establishment.</p> <p>While the maintenance of officer numbers is a priority to secure and maximise funding, it does also represent a significant financial pressure to the budget and across the medium term, as officers move through the substantial spinal point increases, coupled with less certainty regarding the number of 30 year service retirees. Pay related costs constitute around 80% of total costs, provision has been made in the budget based on the most up to date pay review body recommendations, but it is also acknowledged that funding may have to be re-prioritised to meet higher pay award costs above the assumed level, if additional central funding through a new pay grant is not forthcoming.</p> <p>A pay award for officers and staff of 2.8% in 2025/26 has been assumed. The pay earmarked reserve will be used to manage this risk.</p> <p>Non-pay inflation has been included where it is contractually required, or on the best estimate of inflationary increases, based on current spending patterns and levels. Inflation rates are lower than they have been in the recent past, although rates are still volatile. A thorough review of costs has been undertaken. Some areas of cost have increased more than inflation, e.g. Home Office charges, and these have been included and provided for where known, or with increases based on historical data.</p> <p>An informed assessment has been made of interest rate movements and investment income budgets have been increased to reflect the anticipated income receivable in 2025/26. This has also been based on the returns achieved during 2024/25 and from regular discussions with the external Treasury Management Advisors.</p>

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Budget assumptions/ Risk	Current situation in Warwickshire
	<p>All individual expenditure and income budgets are prepared based on the forecast outturn and known or estimated changes.</p>
<p>Estimates of the level and timing of capital receipts</p>	<p>The PCC and finance staff make a prudent assumption on the level and timing of any future capital receipts, however minimal. The use of any capital receipts has been built into the financing of the capital programme in the most effective way, by targeting revenue funding and capital receipts to short life assets and borrowing to longer term assets, wherever possible. This is reflected in the current capital strategy. A combination of funding from capital receipts, revenue funding, S106 funding and borrowing, along with minor other sources, is included within the capital plans.</p>
<p>The treatment of demand level pressures</p>	<p>The Force is required to operate and manage within its annual budget allocation.</p> <p>The Chief Constable retains a modest operational contingency within the budget to help finance unexpected operations or events that require a policing response. The operational reserve is available to deal with more significant pressures.</p> <p>A detailed breakdown on reserves and the purpose and risk that they cover is provided earlier in this report.</p> <p>Any significant pressures from changes in demand would need to be addressed initially from other savings within the in-year budget, and the general reserve would only be used in more serious situations.</p> <p>Government grants are generally announced annually in advance and are cash limited. Therefore, any new policing pressures arising during the year will have to be funded from within the budget which will ultimately require other savings or efficiencies to be found. On occasion, new funding is announced in year to meet any additionality, it is unclear of the approach that maybe taken with this new government, but if so, this will be incorporated into the in-year monitoring regime.</p> <p>The PCC holds several earmarked revenue reserves to help finance specific expenditure commitments, details are included in the budget report. Appropriations are made to</p>

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Budget assumptions/ Risk	Current situation in Warwickshire
	<p>and from these reserves on an annual basis as approved by the PCC and in line with the purpose of the reserve.</p> <p>Finally general reserves will only be used as a last resort to manage and fund one off incidents of a significant nature, and to manage any significant fluctuations in the National Contractor Vetting Scheme.</p> <p>Warwickshire’s reliance on commercial income is largely unique and fluctuations in this income source do provide a risk legally, reputationally and financially. Increasingly this funding is being targeted towards capital investments, to de-risk the position to revenue budgets. However, risk cannot be removed completely, and any changes would require some significant and potentially damaging reductions in service provision to be made, either in revenue or capital investments. The mitigations that are in place are monitored through the vetting board, regular budget monitoring and risk management processes. The Chief Constable is the national vetting lead and as such remains abreast of any planned changes and topical issues in relation to vetting.</p>
<p>The treatment of planned efficiency savings and productivity gains</p>	<p>£4.7m of savings were identified and delivered in 2021/22, followed by a further £1m of savings in 2023/24, and £1.2m in 2024/25. The approach to driving efficiencies and productivity is outlined earlier in this report. Further savings have been identified totalling £2.2m in 2025/26, of which £1.2m has already been found, with the remainder being developed. Further savings are required over the MTFP of £2.5m. The force has a good track record of delivering savings and the PCC will continue to support the Chief Constable and hold him to account for the delivery of these over the medium term.</p>
<p>The financial risks inherent in any significant new funding partnerships, collaboration, major outsourcing arrangements or</p>	<p>The financial consequences of partnership, collaboration working, outsourcing arrangements or capital investment are reported to the PCC as part of the regular monitoring and budget review process. Where relevant any additional costs have been incorporated in the annual revenue budget These are reviewed regularly during the year in the budget monitoring report and where necessary the MTFP is amended.</p>



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Budget assumptions/ Risk	Current situation in Warwickshire
<p>major capital developments</p>	<p>Any new collaborations are discussed in detail and are supported by a decision notice, which fully outlines, costs, risk and benefits.</p> <p>Warwickshire have established partnership working arrangements with West Midlands Police for forensics services under a S22 agreement and for ANPR. In addition, there are several national and regional collaborations. All are monitored closely, and anticipated costs are included within the budget and MTFP.</p> <p>The Commissioning of some services often occurs jointly with other partners. S22 agreements will outline the process, finance required</p> <p>There is an increasing risk that local authority partners will withdraw funding from projects due to increasing pressure and demands on their own budgets. This may also manifest as requests for increased contributions from policing, putting additional pressure on police budgets. Any such instances of this will continue to be managed through the strong working relationships that exist with partners by the force and OPCC.</p> <p>The viability of private sector commercial partners may be more exposed to increased risks, given recent stagnated growth, the potential of recession, ongoing economic uncertainties, and cost pressures including the NI changes. This may result in other challenges, for example around meeting demand, costs, staffing issues and/or supply chain pressures.</p>
<p>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions.</p>	<p>The PCC has retained several earmarked revenue reserves to meet specific expenditure items. These are included in further detail within this report.</p> <p>The access criteria for special grants state that PCCs may be required to fund up to 1% of their net budget requirement themselves before the Government considers special grant aid. Significant incident risks and costs must always be provided for within the general reserve.</p> <p>A savings target is held within the 2025/26 budget. Work is ongoing to identify how this will be achieved, but despite this being a target, there is high confidence that this will be achieved, and the options currently being considered are</p>

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Budget assumptions/ Risk	Current situation in Warwickshire
	<p>included in this report but are mainly linked to efficiencies following digital investment. However, the challenge will be how to convert efficiencies into cashable savings. This will need to be carefully monitored, and if this is not being actioned in a timely manner, other more remedial steps will need to be insisted upon through the holding to account process, to bring the budget into balance. This slight change in approach to savings has been taken to avoid short term boom and bust type decisions and to provide the foundations for a more strategic approach to financial planning.</p> <p>However, some risks in policing are growing, and the unrest seen last summer across the country is an indicator of this. The costs of the riots have not currently been reimbursed by government, although this has been indicated, in addition to those forces that received compensation claims have also not been reimbursed, it is therefore reasonable that provision within the general and/or operational reserve is maintained to manage this risk.</p> <p>Risks arising from the possibility of other protest activity will continue to be monitored and engagement with key partners will be prioritised to mitigate these, where appropriate.</p>
<p>The general financial climate to which the PCC is subject.</p>	<p>The finance settlement for 2025/26 was generally positive, but still fell short in some areas, particularly around full reimbursement of the national insurance increased charges. Further details are awaited regarding some elements of specific grant, and this does form part of the pattern of continued uncertainty regarding funding. Funding for the medium term remains unclear and will be subject to the second phase of the spending review, announcements regarding 2026/27 and 2027/28 are anticipated in the spring summer of 2025. Networking opportunities and engagements with partners, other policing colleagues and wider bodies will be utilised, to test, seek details and provide assurance where possible regarding assumptions regarding future funding levels, sharing of information and policy change details.</p> <p>The Home Office have confirmed that work on the widely anticipated funding formula has paused. This effectively means that many central grants are allocated to PCC's based</p>

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Budget assumptions/ Risk	Current situation in Warwickshire
	<p>on outdated historic information. The PCC and his staff will continue to seek updates from the Home Office, regarding a review of the funding allocations, as the perception is that Warwickshire is adversely affected through the outdated methodology. Clearly, the actual outcome will be reliant on the factors and approach taken as part of any review, and there is a risk that Warwickshire could not benefit in the way it anticipates. In the meantime, work will continue locally on developing longer-term financial plans, for strategic modelling purposes and to assist with decision making to understand the longer-term impact of the cyclical pattern for police officer recruitment, attrition, pay burdens, along with other anticipated risks.</p> <p>Inflation in the U.K. has been high in recent years but has fallen back to more acceptable levels more recently. However, there does remain some volatility, and energy costs and food prices remain high. Pressure on personal finances continue, and this has arguably impacted on crime particularly perhaps across the retail sector and surrounding concerns on the affordability of increases in the precept. Affordability issues are discussed at the various engagements and communications with the public and key stakeholders.</p> <p>Political turmoil and conflicts across the world continue to have an impact, creating a global sense of uncertainty and challenge.</p> <p>Policing is often seen as the service of last resort, and the force is still at risk of experiencing 'spill out' demand from other organisations, notably health, including ambulance and mental health services. These demand led pressures are managed on the front line through the control centre, and throughout partnership working throughout the organisations.</p>

## General Reserve

In recent years, the PCC's Chief Finance Officer has undertaken a review of the significant risks and pressures facing the Police and Crime Commissioner before setting a minimum level of reserves held in a General Reserve. The PCC Chief Finance

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Officer has undertaken a comprehensive review of all reserves held in conjunction with the Director of Finance, details on this are contained within the main body of this report, which outlines that the general reserve will provide for costs associated with extraordinary or significant events or incidents, and for the NCVS. In undertaking this review both S151 officers have also been mindful of the outputs from the work independently undertaken by CIPFA on the financial resilience index for PCC's, which includes consideration of reserve levels, amongst other indicators.

The general reserve is set at £6m. This is equivalent to approximately 4.3% of net revenue expenditure. General reserve coverage between 4% and 5% is considered adequate. The PCC does not necessarily have to provide money in reserves for each risk element individually, unless there is some certainty that they will occur and provided that all of the events are considered to be unlikely to occur together. Compared to other PCC's Warwickshire is holding a healthy general reserve, however, earmarked reserve levels in Warwickshire, compared to other forces are generally lower. This position will continue to be kept in check at the next key point, which is the 2024/25 outturn. The 2025/26 budget addresses the pressures and risks that are being met through a transfer from reserves in 2024/25. If the 2025/26 in year budget provision proves not to be sufficient, and risks in some of these key risk areas remain, including income, pensions and redundancy, steps will need to be taken to re-establish some earmarked reserves so that they are adequate to manage the ongoing risks. This is covered in more detail in the separate reserve strategy, which is reviewed annually.

Provided that £6.0m sum is kept available within the general reserve, reserve levels appear adequate based on known information and risk.

Earmarked Reserves have also been considered as part of the review undertaken by the PCC's Chief Finance Officer to assess the adequacy of reserves. The position on earmarked reserves and potential risks and issues in 2025/26 are referred to above. Earmarked reserve balances are expected to reduce to circa £9.3m by the end of the MTFP. This is referred to in the reserves strategy, but in summary, earmarked reserves are planned to be used in lieu of making additional savings in early years, that are not required in the later years of the MTFP to avoid damaging impacts on front line policing in the interim period, and to smooth impacts. However, reserve levels will be closely monitored, and it is essential that in the latter years of the MTFP reserve levels are replenished to a minimum total balance of £10m.

In addition to the revenue reserves, capital reserves are also maintained. These are used to finance the capital programme. No specific capital reserves exist.

Capital Grants Unapplied are set aside on the balance sheet. This would hold any central capital grants that have not yet been spent. Such grants are applied to fund the capital programme and can be carried forward without penalty until required. The balance on the reserve as at 01 April 2024 was £0.0m.

There is a Capital Receipts Reserve. This holds receipts from the sale of police land and buildings which are no longer needed for operational policing as more efficient

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use is made of partners' and the policing estate. £2.511m of this reserve will be utilised to finance 2024/25 capital investments, as shown in table 6, with the remaining receipts being used in 2025/26. Further receipts are anticipated to be received in 2029/30, but this is reliant on the planning process, so timing is unclear. The balance on the reserve at 01 April 2024 was £2.762m.

On the basis of all of the above, as the PCC's Chief Finance Officer, I am able to confirm that, in my professional opinion:

The estimates made for the purposes of the calculations of the PCC's budget requirement for 2025/26, under Section 32 of the Local Government Finance Act 1992 contained in the report, are robust.

The financial reserves that will remain available to the PCC, as a result of agreeing the proposals contained in this report, should be adequate. However, steps must be taken to address the reduced reserve balance in the latter years of the MTFP and return them to a minimum of £10m or a higher level, if the re-assessment of risk requires it.

**Sara Ansell**  
**PCC Chief Finance Officer**

## Consultation Overview

This report summarises the findings and feedback gathered through the Police and Crime Commissioner's (PCC) budget consultation for 2025/26.

The 2025/26 budget was developed to deliver the priorities set out in the Warwickshire Police and Crime Plan 2025/26, for which an extensive public consultation was undertaken in autumn 2024 to gain feedback on the proposed policing priorities. A [full report on this consultation](#) was published in January 2024 on the OPCC website.

This follow-up consultation focused on options for the Police Precept, aiming to understand public and stakeholder sentiment.

### Executive Summary

The budget consultation ran from 20 December 2024 to 27 January 2025, utilising multiple channels to engage the public and stakeholders, including:

- An online survey with 1,159 responses.
- Direct engagement with town and parish councils, business leaders, local authorities, Members of Parliament, and police workforce representatives.

The consultation highlighted the significant challenges in balancing service delivery across Warwickshire diverse communities while maintaining public confidence in policing.

Key findings include:

- 59% of respondents supported a precept increase at the maximum permitted level.
- A rural-urban divide was evident, with rural respondents expressing dissatisfaction with visible policing compared to urban respondents.
- Stakeholders emphasised the importance of tangible improvements in policing and service delivery as a condition for accepting a precept increase.

### Survey Results

#### Online survey

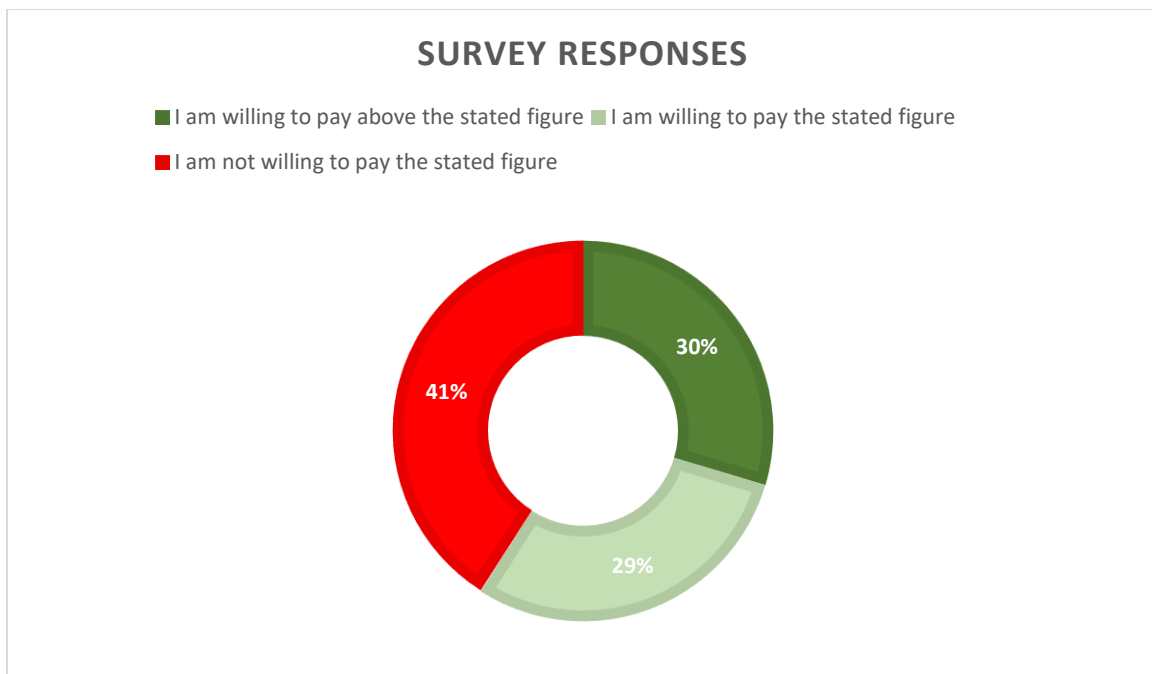
The survey received a total of 1,159 responses over 38 days. Of these, 1,124 were from Warwickshire residents. A total of 177 worked within policing, with a further 69 preferring not to say.

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The survey asked for respondents to state which Council Tax band their household fell under, then presented options for the precept with increases tailored to give a corresponding increase level: i.e. Band A recipients were told an annual increase of £9.33 represented the proposed increase, whereas in Band D it was £14 per year. Those who did not know what their Council Tax banding was were shown the details for Band D, which is the average rate.

The headline result was that, across all Warwickshire respondents, a total of 59% supported an increase in the precept at the maximum rate permitted. 41% of respondents were willing to pay an increase, accepting that this would mean a reduction in policing services.

Of those supporting an increase, half were in favour of an increase *above* permitted levels.



Precept option	Result	%age
I am willing to pay above the stated figure	332	29.6
I am willing to pay the stated figure	330	29.4
I am not willing to pay the stated figure	459	41.0

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There was a broad distribution of responses from across the county:

Area	Number of responses
North Warwickshire Borough	112
Nuneaton & Bedworth Borough	163
Rugby Borough	148
Stratford-on-Avon District	352
Warwick District	340
I'm not sure	9

Analysis of the results by area showed that:

- Stratford-on-Avon and Warwick Districts showed the highest participation, with rural areas highlighting dissatisfaction with visible policing.
- Taken alongside the wider feedback received, urban areas displayed greater acceptance of the precept increase compared to rural respondents.
- Band D respondents were the most prevalent, closely followed by Band C. Respondents from Bands B, C, D and G were most resistant to a precept increase, with between 43% and 48% of respondents in these bandings selecting this option.
- In all bands, a majority of respondents were in favour of an increase, and it is notable that in Band A, this represented two thirds of the responses, albeit from a relatively small sample.
- Those who worked within policing were more likely to support an increase in precept than those who did not.

Given the numbers who would be willing to pay above the cap set by the Government, it can be inferred that a majority of respondents felt that increases up to this limit were relatively modest and affordable, albeit there is still a significant minority opposed to any form of increase.

## Community Feedback

### Town and Parish Councils

Two online engagement sessions were held in December 2024 for town and parish councils, with 47 parish representatives registering to attend. The events were widely promoted, including through the Warwickshire and West Midlands Association of Local Councils.

Key themes which emerged were:



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- Rural vs Urban Policing: Rural councillors voiced frustration over the lack of visible policing, particularly with large neighbourhood teams spread across multiple parishes, leaving some areas feeling underserved.
- Precept Increase: The proposed £14 Band D annual precept rise prompted mixed views. While some supported it to maintain or improve services, rural councillors questioned whether the additional cost would deliver real benefits.
- Neighbourhood Policing: Concerns were raised about funding for neighbourhood policing, the declining presence of PCSOs, high turnover rates, and limited engagement with communities.
- Visibility and Engagement: Visibility emerged as a key issue, with rural areas feeling particularly let down.

### In summary:

- Rural councillors were sceptical of precept increases, citing a lack of visible improvements and police presence.
- Urban and semi-urban areas were more supportive of the precept rise but stressed the importance of delivering measurable results on issues like speeding and burglary.

Subsequent representations were received by email from Walton and Wellesbourne Parish Council, Baginton Parish Council and Over Whitacre Parish Council. All expressed their concerns over police presence and visibility in their local areas, with general scepticism that previous precept increases had delivered improvements for their residents.

## Business community feedback

An online engagement session for the business community was held on 19 December 2024, with 16 participants representing business crime organisations, business improvement districts, small business groups, retailers, rural businesses, and individual businesses.

Key points raised were:

- **Precept Increase:** The proposed £14 Band D precept rise was seen as reasonable if it supported efforts to address business and retail crime, as well as anti-social behaviour in town centres. Attendees emphasised that rural businesses also need attention.
- **Officer Visibility:** Improved officer presence in town centres was welcomed, with hopes for continued funding to maintain this and tackle retail crime.
- **Business Crime Partnership:** A business crime reduction partnership was suggested as a positive step to enhance efforts.

## Local authority feedback

An online session was held for leaders and chief executives of local councils, including district, borough, and county authorities.

Council representatives discussed the financial pressures caused by increased employer contributions for National Insurance, which had not been fully covered by Government funding. It was noted that policing faced similar challenges, though to a lesser degree.

Concerns were raised about the potential negative impact of future Government spending reviews on funding, which should be considered during current budget planning.

Participants agreed that Government funding settlements for both policing and local councils assumed Council Tax would be raised to the maximum allowed. There was a general consensus that this was the only viable option.

No additional feedback was provided on the Commissioner's budget proposals.

## Member of Parliament feedback

An in-person meeting was arranged for Members of Parliament in early January 2025, attended by five of the six Warwickshire MPs. The financial situation was noted by all, though no specific feedback was received in terms of the precept options.

A number of operational matters were raised with the PCC, among which highlighted the need to tackle domestic abuse, hate crime, car theft and online crime. Better street lighting and CCTV provision were also highlighted as important factors for local residents.

## Public feedback

The survey was accompanied by an option to provide additional feedback to the OPCC via email, while social media promotions offered further opportunities for comments. Posts on Facebook, LinkedIn, X (formerly Twitter), and Warwickshire Connected reached over 65,000 Warwickshire residents, resulting in more than 500 click-throughs to the survey.

In total, 130 direct comments were received. Feedback primarily focused on:

- Concerns about police visibility and resource allocation.
- Specific local issues, such as road safety and speeding.
- Requests for greater budget transparency.

While only a small number of comments directly addressed the budget-setting process, most of those expressed opposition to increasing the precept. It is worth noting that some comments may have been made before clicking through to the

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survey, meaning contributors may have lacked contextual information when forming their opinions.

Research has also shown that social media comments often exhibit a negative bias, particularly on politically sensitive topics. As such, care should be taken when drawing broad conclusions from social media feedback alone.

### **Police workforce feedback**

A meeting between Police and Crime Commissioner Philip Seccombe and representatives from the Police Federation, Unison and Superintendents Association was held in early January 2025.

Attendees noted that there were pressures in the system, particularly within senior line management and it was hoped that staffing would not need to be reduced. It was also raised that savings targets still had to be achieved, even with a maximum precept rise.

There was a consensus that a maximum precept rise was necessary, although it was noted that there would be a public expectation of tangible improvements, particularly given the history of precept increases at or near the maximum amount in recent years.

## 2025/26 Capital Programme

Estates Projects	2025/26 Budget
Alcester – replace boiler plant and water heater	£0.017m
Alcester – replace fire alarm system	£0.014m
Greys Mallory – works to locker room and gym	£0.100m
Stratford – refurbishment programme	£0.567m
Stables Building – replace fire alarm system	£0.028m
Stables Building – replace electrical switchgear	£0.083m
Communications Block – replace fire alarm system	£0.052m
Leek Wootton – External Transformation Project	£1.586m
Blue Sky Centre (SARC) – FSR compliance	£0.509m
<b>TOTAL</b>	<b>£2.956m</b>

\*excluding slippage from 2024/25

ICT Projects	2025/26 Budget
Network switch asset health replacements	£0.180
Core backup	£0.100
Future hosting platform	£0.050
Network security enhancements	£0.100
OCC upgrades	£0.060
Business planning and upgrade contingency	£0.048
Athena upgrade	£0.100
Mobile devices	£0.540
Network	£0.020

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OCC end user compute refresh	£0.150
Disaster recovery/business continuity strategy	£0.050
BAU break-fix replacement	£0.150
<b>TOTAL</b>	<b>£1.548</b>

\*excluding slippage from 2024/25

<b>Vehicle/Plant &amp; Equipment Projects</b>	<b>2025/26 Budget</b>
Vehicle purchase	£1.104
ANPR fixed sites	£0.013
Plant and Equipment - other	£0.130
<b>TOTAL</b>	<b>£1.247</b>

\*excluding slippage from 2024/25

<b>TOTAL CAPITAL BUDGET 2025/26 only</b>	<b>£5.751</b>
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\*excluding slippage from 2024/25