



# Sussex Police & Crime Commissioner

<b>To:</b>	<b>Sussex Police &amp; Crime Commissioner</b>
<b>From:</b>	<b>Chief Finance Officer</b>
<b>Subject:</b>	<b>Approval of the Council Tax Precept and Revenue and Capital Budgets 2025/26 and Medium Term Financial Strategy 2025/26 – 2028/29</b>
<b>Date:</b>	<b>10th February 2025</b>

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## **Purpose of Report:**

To approve the 2025/26 revenue and capital budgets and the council tax precept for the Sussex area of £266.91. There are statutory requirements for the PCC to calculate the budget requirements and formally issue a precept for the financial year and this report meets those requirements.

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## **Recommendations:**

As set out in this report it is recommended that the Police & Crime Commissioner approves the recommendations as set out in section 14.

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**Approval of the Council Tax Precept and Revenue and Capital Budgets  
2025/26 and Medium Term Financial Strategy 2025/26 – 2028/29**

**Report by Iain McCulloch, Chief Finance Officer to the Sussex Police &  
Crime Commissioner**

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## **1. Background**

- 1.1. The Local Government Finance Act 1992, as amended by the Localism Act 2011 sets out the requirements for the Commissioner to consider council tax calculations as a major precepting authority.
- 1.2. Financial planning sits at the heart of good public financial management. Alongside budget preparation, performance management and reporting, the ability to look strategically beyond the current budget period is also crucial process to support the PCC's resilience and long-term financial sustainability.
- 1.3. This report sets out the proposed revenue budget and capital programme for 2025/26, to allow a budget and council tax to be approved in accordance with legislative requirements.
- 1.4. The report also incorporates the four-year Medium-Term Financial Strategy (MTFS) 2025/26 – 2028/29, which can be found at Appendix 1, sets out the financial context for the revenue budget, capital programme and precept for the next financial year 2025/26 and estimates for a further three financial years.
- 1.5. It brings together all resources including grant, precept, fees and charges, income for special policing and use of reserves and capital.
- 1.6. This sets out that the plans are affordable over the four financial years. It also addresses risk. The MTFS covers four years – but year's two to four are uncertain.
- 1.7. In preparing the Revenue and Capital Budgets for 2025/26 and the MTFS the Chief Finance Officer and PCC have considered the following issues:
  - The Police Grant settlement for 2025/26.
  - The key principles underlying the four-year Medium Term Financial Strategy 2025/26 – 2028/29 (MTFS).
  - The likely revenue and capital outturn for 2024/25.
  - The savings and efficiencies to be made in 2025/26 to balance the budget.
  - Delivery of the Police and Crime Plan.
  - The Capital programme including financing.
  - The options for the council tax precept.
  - The tax base.
  - Reserves.
  - Risk assessment.
  - The Prudential Code for Capital Finance in Local Authorities
  - Consultation with the public.
- 1.1. The Police Reform and Social Responsibility Act 2011 requires the Police & Crime Commissioner (PCC) to notify the Police & Crime Panel of the proposed precept for the coming financial year. The Panel is required to respond with a report to the PCC on the proposed precept including, if appropriate, recommendations as to the precept for the financial year.
- 1.2. In accordance with legislation the PCC council tax option to increase the precept by £14 was considered by the Police and Crime Panel on 31 January 2025. The

Panel supported the PCC proposal and the letter from the Chair of the Panel confirming the increase can be found in Appendix F of the MTFS Appendix 1.

## **2. Consultation and Engagement**

- 2.1. The PCC has been listening and talking to Sussex residents and businesses from Chichester to Rye and Brighton to Crawley.
- 2.2. In addition to meetings that the PCC has had with members of the public and elected representatives, her office has conducted several strands of listening and engagement (in person & online) through externally sourced independent surveys, correspondence to her office and on official social media channels.
- 2.3. The PCC received 3,167 responses to the annual #SaferinSussex survey; 2,210 pieces of correspondence; 76k digital engagements: 425k emails to weekly newsletter subscribers.
- 2.4. The office held discussion groups with 110 young people; visited 13 events across Sussex to meet youth workers, businesses, farmers and residents; and has just completed 20 focus groups with councillors, clerks and several chambers of commerce.
- 2.5. The Safer in Sussex survey showed that anti-social behaviour (ASB), dangerous driving and knife crime were the top concerns overall and 24% of the respondents said they had reported a crime to police in the past year.
- 2.6. All 12 local authority areas ranked ASB as the most important issue but violence against women and girls was more of a concern in large towns (Brighton and Chichester). Knife crime and county lines / drug supply ranked higher in Hastings, Crawley and Rother.
- 2.7. When asked what would most reassure residents that crime was being tackled, 50% said a more visible police presence, 19% said better police engagement and 9% said effective initiatives to tackle ASB.
- 2.8. Our community feedback showed that young people were very concerned about knife crime. Councillors and clerks relayed local concerns about drug dealing and consumption in public, organised crime and shoplifting and also spoke about public and retailers not reporting incidents to police.
- 2.9. Participants recognised the funding and demand pressures on Sussex Police and acknowledged the efforts the force had made to achieve efficiencies without reducing services.
- 2.10. Most of the feedback was that all public services needed extra funding and the police were no different, but several councillors said that Sussex Police needed to show more clearly where previous precept increases had led to extra officers and improved neighbourhood policing and higher visibility.
- 2.11. In November and December last year, the PCC also commissioned an independent polling company to survey a demographically representative sample of Sussex residents with 2,524 respondents asked about crime concerns and experiences, their satisfaction with Sussex Police and their views on levels of the police precept. The results are summarised below from paragraph 2.13.

- 2.12. Since the PCC was first elected in 2012, she has made every effort to increase transparency in police governance and accountability including making herself accessible to the media. In the past calendar year there has been 389 pieces published across local, regional, national and international media. Most of the media coverage is about funding and strengthening neighbourhood policing, the police response and the PCC leadership in tackling business and retail crime, anti-social behaviour, serious violence and organised crime.
- 2.13. Each year, the PCC office conducts a poll of Sussex residents to test their views on potential levels of precept increase. Between 13th November and 8th December 2024. A professional polling company was commissioned to get a robust sample of public opinion in each Sussex district, by age, gender, and other demographic and socio-economic classifications.
- 2.14. A total of 2,524 residents completed the survey - which is 372 more than last year. 47% of respondents were male and 51% female (as declared). The confidence interval was plus or minus 1.95% which means that, had the pollsters been able to survey every resident of Sussex, the answer to a given question would fall within plus or minus 1.95% of the actual research result on 95 occasions out of 100. For context, most national surveys operate with confidence intervals of plus or minus 3.00 to plus or minus 4.00.
- 2.15. 53% of all residents supported some level of precept increase. 40% oppose any increase and 7% are exempt from paying council tax. 24% are prepared to pay up to an extra £1.75 a month; 15% are prepared to pay an extra £1.25 a month and 14% are prepared to pay an extra £0.83 a month.
- 2.16. Public support for a precept increase has risen by 3% compared to last year. Appendix 2 and 3 include full details of the precept survey by the polling company and a summary of all engagement and polling activity conducted by the PCC office.

### **3. Overall Financial Picture and Four-Year Plan**

- 3.1. **Investment In Officers** – the PCC has been working tirelessly since 2018/19 with the help of Sussex taxpayers and the Home Office to build back police officer, PCSO and specialist staff posts following the years of austerity.
- 3.2. The force predicts that it will have 3,296 officers (headcount) (3,163 FTE) by 31st March 2025. As of 31 March 2012, the police establishment for comparison was 2,959. It has also made a concerted effort to maintain police staff numbers, especially Contact Officers and PCSOs.
- 3.3. In terms of funding for context Sussex has:
- 18th lowest Net Revenue Expenditure (NRE) per head of population nationally at £207.50.
  - 7<sup>th</sup> lowest precept of any PCC in England and Wales at £252.91 per Band D equivalent household 2024/25.
  - 5<sup>th</sup> lowest total funding per head of population at £196.82 (all grants and precept).

- 3.4. The Government's policing settlement stated that Sussex could receive an overall cash increase of £26.6m (6.7%), net of adjustments for 2025/26 as follows:
- Home Office core grant £245.7m increase of £16.1m (6.6%)
  - PCC precept flexibility to increase Band D council tax precept by up to £14 would yield £10.6m pre council tax collection fund and tax base improvement.
  - The Home Office provided a Grant in support of the 4.75% pay award 2024/2025 for police officers and police staff although this did not cover the bill in totality.
  - The Operation Uplift Performance Grant has been reduced to £7.5m (2024/25 £9.1m).
- 3.5. Further details can be found in the MTFs Appendix 1.
- 3.6. The PCC has considered the financial and other implications of precept funding levels, use of reserves, inflation and other cost pressures against several budget scenarios as part of the financial planning process.
- 3.7. The level of cost increase from inflation and other costs changes of £32.2m, when set against a £27m grant and precept increase, requires use of other resources and cost reductions to balance the budget.
- 3.8. The PCC with Sussex Police has reviewed all budgets in detail during 2024/25 in collaboration with the Service Transformation Programme to highlight options for identifying and delivering efficiency savings and/or generating income, with the aim of setting a balanced budget.
- 3.9. The PCC and the public (as we know from our survey and consultation results) want to maintain the investment that has been made to date - the police officers, police staff, PCSOs and smart systems and capabilities. However, we do not want to go backwards. Even with a £14 increase in the precept and use of other resources, including earmarked reserves and underspend from 2024/25, it will not be enough to balance the budget and offset the large cost increases that are anticipated, leaving the requirement to make £5.0m of savings to balance the budget for 2025/26.
- 3.10. The four-year Medium Term Financial Strategy (MTFS) sets out the financial context for the draft revenue budget, capital spending plans and precept decision for the next financial year 2025/26 and estimates for a further three financial years. It brings together all resources including grant, precept, fees and charges, income for special policing and use of reserves and capital.
- 3.11. The approach set out in the MTFs is expected to deliver a balanced budget for 2025/26 but the future is uncertain. Savings of £5.0m are required in 2025/26 after the use of reserves to balance the budget and £19.4m in the following three years. It sets out how the general reserve will be resourced up to £17.5m in line with the reserve strategy by the end of 2029.
- 3.12. The management of the 2025/26 budget is planned to be achieved through well-constructed and managed workforce plans; the use of one-off reserves in a managed way; rationalisation of estates; new operating model efficiencies; non-pay savings; and increases to the precept. This will require careful monitoring, scrutiny and commitment to develop realistic and credible savings that will achieve

a sustainable budget going forward. The PCC and Chief Constable are fully committed to taking the necessary decisions to achieve this outcome and the budget plans and actions will be closely monitored and scrutinised by both Chief Finance Officers.

#### **4. Sussex Police – Managing Complex Demand: Protect, Catch, Deliver**

- 4.1. The successful delivery of policing requires the Chief Constable to manage a complex set of resources, demands and priorities whilst reviewing and revising plans to meet changing needs. Policing is always evolving as it responds to the social, legal, political and economic landscape in which it operates. Although these changes provide challenges and opportunities, the focus for Sussex Police remains constant in keeping people safe.
- 4.2. Home Office data offers reassurance that Sussex is a safe county – neighbourhood crime remains low – Sussex is the 13th lowest force nationally (of 43 forces) for risk of crime, having a rate of 745 crimes per 100,000 population.
- 4.3. Over the last 12 months, the profile of contact from the public has changed with the force experiencing a 10% reduction in emergency calls (999) and 30% increase in non-emergency calls (101) when compared to the same period the previous year. Non-emergency contact now constitutes 56% of total contact demand.
- 4.4. Despite the reduction in 999 calls the volume of Emergency Response (Category A) incidents has been increasing, and Sussex Police attends on average 231 emergency incidents per day.
- 4.5. Over the last 12 months the benefits of the investment in new contact management technology and contact officer training have been realised. Sussex Police is now one of the best performing forces for 999 call answering time within its similar group (MSG) of forces, and consistently one of the top performing forces in the country. Sussex Police’s 101 abandonment rate has almost halved over the past year, and average 101 call wait times are routinely under three minutes.
- 4.6. Public safety/welfare incidents make up the largest proportion of total incidents that the force attends. There has been a notable rise in mental health related emergency incidents, which are becoming increasingly complex and time consuming for officers. Efforts with partners continue to ensure the public receive help and support from the most appropriate service in these instances.
- 4.7. Total recorded crime has risen year on year since 2017 (with the only exception being the pandemic year of 2020). 2023 saw a peak in recorded crime and levels remain high in 2024. There have been some fluctuations in the profile of recorded crime, particularly a sustained increase in retail crime and low-level violence without injury. Neighbourhood crime, such as burglary and vehicle crime, has not grown, and Sussex is not seeing the same rises as some other areas in the country.
- 4.8. In 2024, Sussex Police recorded the highest volume of serious crime since 2016, highlighting the continued protection of the Force’s proactive capabilities in disrupting drug crime. The investment that the force has made in pro-active activity has led to an increase in the number of drug trafficking offences uncovered and solved.

- 4.9. Sexual offences continue to rise year on year, driven in part by the growth of digitally enabled offending such as circulation of self-generated indecent imagery. This is a nationally growing issue, and demand in this area is anticipated to rise with the increased use of smartphones and time online.
- 4.10. The number of reported rape offences has remained consistently high with the force recording on average six per day. The Op Soteria national operating model has become embedded in force since its implementation in July 2023. Since then, enhanced training has been delivered to specialist investigators and first responders, resourcing has been increased, and the force has focused on investing in and building upon its public protection capacity. Charged outcomes for rape offences have subsequently increased but this is an area of considerable pressure for the force and therefore a programme is underway to restructure and specialise Public Protection rape and safeguarding investigation teams.
- 4.11. In addition to the force's growing investigative demand, Sussex Police continues to service both unplanned protests and pre-planned events. The force manages planned demand well by ensuring event organisers make an appropriate contribution to the resourcing of these occasions. However, large scale events such as Lewes Bonfire, and Premier League football matches are resource intensive and must be balanced against daily demand. Unplanned demand is a growing risk for the force, highlighted by the local resources needed, and the mutual aid requirement to support other forces during the rioting in response to the attacks in Southport in the summer of 2024.
- 4.12. The infographic attached at Appendix 4 shows the Sussex Police average incidents and crimes per day in 2024.
- 4.13. In 2025/26, Sussex Police is expecting to face further operational and financial challenges. Alongside the growing demand outlined above, the organisation must contend with both inflationary pressures and changes in the labour market which are creating increased competition for specialist skills and making recruitment and retention harder.
- 4.14. Sussex Police achieved its aim under the government's Operation Uplift programme of having 3,251 officers (headcount) by 31st March 2024, and is committed to maintaining a total headcount of at least 3,226 police officers (this includes 60 extra posts which were funded as additional uplift for two years by government). As of 31 March 2012, the police establishment for comparison was 2,959.
- 4.15. Looking forward, Sussex Police faces a significant challenge. Crime is continuing to grow, and the processes involved in dealing with crime are becoming more complex. Like other organisations, Sussex Police has been affected by growth in inflation which has impacted both pay and non-pay costs for the force and will continue to do so. This means that, despite substantial savings already made, the force will need to generate further efficiencies to balance the budget.
- 4.16. However, with increasing demand, and savings to find over the next four years, Sussex Police must ensure that resources are targeted where they will have most impact: protecting and sustaining the service improvements which have already been made and investing in those areas that provide the strongest outcomes for victims and the public. To support this, Sussex PCC and Sussex Police have robust



business planning processes which are aligned to deliver the priorities in the PCC’s Police and Crime Plan.

- 4.17. The precept increase of £14 for 2025/26 is therefore critical for Sussex Police to maintain the progress that has been made to date, sustaining the operational capacity that has been built, enabling them to make the most of their data and technology to deliver better value for money and outcomes for the public. It will ensure they can retain an effective operating model, keeping new recruits on the frontline attending more calls, more swiftly, getting more positive outcomes for victims.

## 5. Resources – Government Grants and Council Tax

- 5.1. The 2025/26 Provisional Settlement was announced on 19 December 2024 in a written statement by the Policing, Fire and Crime Prevention Minister, Dame Diana Johnson. The final Police Grant Report (England and Wales) 2025/26 was laid before Parliament on 31 January 2025 with one change from the provisional settlement with an increase to the Neighbourhood Policing Grant of £100m taking the total size of the fund for all PCCs to £200m. This will enable a funded increase of officers, PCSOs and Specials specifically into neighbourhood policing from 2025/26. The grant will be paid upon successful recruitment and the recruitment plans are underway now and will be shared with the Home Office for approval.
- 5.2. Full details of the settlement and resources can be found in Section 12 of the MTFs.
- 5.3. The Localism Act 2011 introduced a power for the Secretary of State for Communities and Local Government to issue principles that define what should be considered excessive Council Tax, including proposed limits. From 2013 onwards, any PCC that wishes to raise the council tax above the limits that apply to them will have to hold a referendum.
- 5.4. Further details of the Council Tax can be found in Section 12 of the MTFs.
- 5.5. The Police Settlement stated that a referendum would be required if the PCC sets an increase of more than £14 in 2025/26. For Sussex, which has one of the lowest precepts in England, the change is shown in the table below.

Year	Band D Council Tax	Change £	Change %
2025/26	£266.91	£14.00	5.5%

- 5.6. Billing Authorities have advised that the tax base for Sussex for 2025/26 is 664,417.8 (2024/25 652,167.7), an increase of 12,250.1 (1.88%) from the previous year.
- 5.7. The increase to the Band D precept by £14 will raise an additional £9.3m for 2025/26. The increase in the tax base will raise a further £3.1m giving additional receipts of £12.4m.
- 5.8. The anticipated total precept income of £177.3m is included in the budget and the MTFs that sets out the assumptions and detail of how this decision is affordable over the medium term.

5.9. The Localism Act requires the Commissioner to set a Council Tax Requirement. The calculation of the Council Tax Requirement, based on the proposed revenue budget and contribution from reserves is set out below:

5.10. The proportion of collection funds' net deficit due to Sussex Police from its constituent billing authorities is £1.081m for 2024/25 (£0.399m surplus in 2024/25).

2024/25 £m	2024/25 Proportion %		2025/26 £m	2025/26 £m	Proportion %
396.525		Total Revenue Expenditure		423.689	
1.539		<b>Less</b> Appropriations (to) / from Reserves		1.709	
<b>394.986</b>		<b>Net Budget Requirement</b>		<b>421.980</b>	
		<b>Less</b>			
196.291		Main Policing & RS Grant	203.597		
3.062		Council Tax Legacy Freeze Grant	3.062		
10.140		Council Tax Local Support Grant	10.140		
11.004		Operation Uplift Performance Grant	10.682		
9.151		Pensions Grant	8.440		
0.000		National Insurance Grant	5.503		
0.000		Neighbourhood Policing Grant	4.297		
<b>229.647</b>	<b>58%</b>	<b>Total Policing Grant</b>		<b>245.721</b>	<b>58%</b>
<b>165.339</b>		<b>Balance to be raised locally</b>		<b>176.259</b>	
0.399		Less net deficit on collection funds		(1.081)	
<b>164.940</b>	<b>42%</b>	<b>Council Tax Requirement</b>		<b>177.340</b>	<b>42%</b>

5.11. The notified Council Tax base figure for Sussex for 2025/26 is 664,417.8 (2024/25 652,167.7), an increase of 12,250.0 (1.88%) from the previous year.

## 6. Revenue Budget Summary 2025/26

6.1. A summary of the 2025/26 Net Revenue Budget follows:

2024-25 £m	Chief Constable	2025-26 £m
220.598	Police Officer Pay	237.803
109.141	Police Staff Pay	116.098
12.492	PCSO Pay	13.246
8.045	Other Employee Costs	8.045
<b>350.277</b>	<b>Total Pay Costs</b>	<b>375.192</b>
16.230	Buildings & Premises	17.115
5.624	Transport Costs	5.920
59.322	Supplies & Services	61.041
<b>81.177</b>	<b>Total Non-Pay Costs</b>	<b>84.076</b>
(41.182)	Income & Grants	(41.182)
<b>390.272</b>	<b>Base Operational Delivery Budget</b>	<b>418.086</b>
	Investment Proposed	0.000
	Savings Plans	(4.986)
	Savings Requirement	0.000
<b>390.272</b>	<b>Operational Delivery Budget</b>	<b>413.100</b>

  

2024-25 £m	Office of the PCC	2025-26 £m
0.119	Police & Crime Commissioner	0.122
1.910	Office of the PCC	1.948
1.728	Community Safety	1.732
6.118	Victims & Restorative Justice	4.998
	Immediate Justice	0.197
4.262	OPCC Projects	0.000
(5.710)	Grant Income (Victims)	(4.590)
(4.262)	Grant Income (Projects)	0.000
<b>4.165</b>	<b>Total Income &amp; Expenditure</b>	<b>4.407</b>
2.088	Financial Provisions	6.182
0.000	Grant Income (LCTS)	0.000
0.000	Treasury Management Interest	0.000
2.088	<b>Total Provisions</b>	6.182
<b>6.253</b>	<b>Total OPCC Budget</b>	<b>10.589</b>
<b>396.525</b>	<b>Gross Budget before Reserves</b>	<b>423.689</b>
0.000	Transfer to / (from) General Reserves	0.000
0.000	Transfer to / (from) Other Earmarked Reserves	(0.315)
(1.539)	Transfer to / (from) Cost of Change Reserve	(1.394)
(1.539)	<b>Total Reserves</b>	(1.709)
<b>4.714</b>	<b>Total PCC Controlled Budgets after Reserves</b>	<b>8.880</b>

  

<b>394.986</b>	<b>TOTAL POLICE FUND AFTER RESERVES</b>	<b>421.980</b>
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6.2. Further details can be found in Section 20 of the MTFs.

6.3. A revenue budget of £413.1m will be allocated to the Chief Constable for 2025/26.

## 7. Capital Programme – Estimates, Financing and Control

- 7.1. Capital expenditure involves acquiring or enhancing fixed assets with a long- term value such as land, buildings, and major items of plant, equipment, or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments in the form of financing costs and revenue running costs. Further details can be found in Section 18 of the MTFs Appendix E.

### Capital & Investment Programme Spending Plans

- 7.2. The following table summarises the five-year capital and investment programme:

2024/25	Sussex Capital & Investment Programme	2025/26	2026/27	2027/28	2028/29	Total
£m		£m	£m	£m	£m	£m
3.2	Information Technology - new	3.8	2.4	1.0	1.0	8.2
0.0	Information Technology - existing	0.6	0.0	0.0	0.2	0.8
0.3	Business Led IT Projects	0.0	0.0	0.0	0.0	0.0
6.0	Fleet Replacement and Equipment	7.8	7.6	7.7	8.3	31.4
3.6	Estate Strategy	9.7	20.6	11.8	18.0	60.1
0.0	Estates BAU	3.5	3.7	2.1	2.0	11.3
1.0	Operational Equipment	0.7	0.6	0.6	0.5	2.4
1.5	Cost of Change	1.9	0.0	0.0	0.0	1.9
15.6	Total	28.0	34.9	23.2	30.0	116.1

- 7.3. Note that spending funded by Developer Contributions is not included in the forecast programme but will be brought into the plan when the terms of the contributions are met.

### Financing the Capital & Investment Programme

- 7.4. The Sussex PCC can undertake capital investment providing the spending plans are affordable, prudent and sustainable. Capital plans are prepared in accordance with CIPFA's Prudential Code. The PCC expects to need £116.1m to finance the current capital investment plans over the next four years. This will be financed as set out in the table below, noting that plans will be kept under regular review.

2024/25	Capital Funding Summary	2025/26	2026/27	2027/28	2028/29	Total
£m		£m	£m	£m	£m	£m
0.0	Government & Other Grants	0.0	0.0	0.0	0.0	0.0
0.0	Reserve DDaT	0.6	0.0	0.0	0.0	0.6
1.5	Reserve Cost of Change	1.9	0.0	0.0	0.0	1.9
0.5	Reserve SSRP	0.3	0.2	0.2	0.2	0.9
0.0	Reserve SES	3.0	0.0	0.0	0.0	3.0
0.0	Revenue Contribution TMS Receipts	2.3	0.6	0.5	0.4	3.8

4.8	Capital Receipts	8.9	0.3	2.2	10.7	27.1
3.2	Borrowing Long Term Assets - BAU	1.3	3.7	1.8	1.5	8.3
0.0	Borrowing Short Term Assets	2.8	1.9	0.0	0.0	4.7
0.0	Borrowing Estates Strategy	0.0	20.2	9.6	7.3	37.1
0.0	Revenue Contribution	6.9	7.9	8.9	9.9	5.9
15.6	<b>Total</b>	<b>28.0</b>	<b>34.9</b>	<b>23.2</b>	<b>30.0</b>	<b>116.1</b>

## 8. Reserves 2025/26

- 8.1. Revenue and Capital Reserves are an important resource for day to day as well as medium term financial planning despite being one-off in nature. The Chartered Institute of Public Finance and Accountancy consider that PCCs should establish reserves including the level of those reserves based on the advice of their chief finance officers and should make their own judgements considering all the relevant local circumstances.
- 8.2. A full analysis of the PCC's revenue reserves and their planned use in 2025/26 considering the proposals outlined is set out in the following table:

2024/25 £m*	RESERVES *estimated	2025/26 £m*
15.7	<b>General Reserves</b>	16.8
	<b>Earmarked Reserves</b>	
7.4	Change Management Reserve	5.1
13.4	Delegated Budget Holder Reserve	8.4
0.0	Capital Receipts Reserve	0.0
0.0	Capital & Investment Reserve	0.0
0.0	Covid19 Reserve	0.0
0.0	Asset Seizure Reserve	0.0
2.5	Sussex Safer Roads Partnership	1.2
2.3	Insurance Reserve	2.3
25.6	<b>Total Earmarked</b>	17.0
<b>41.3</b>	<b>TOTAL RESERVES</b>	<b>33.8</b>

- 8.3. Further details can be found in Section 18 of the MTFS Appendix 1.
- 8.4. The General Reserve on 1 April 2025 is estimated to be £16.8m. This meets one of the key principles of the MTFS: to seek to maintain the general reserve at a minimum of 4% of the net revenue budget. This includes 1% available to the Chief Constable for operational priorities without the need for additional approval. Due to the increase in the size of the budget the reserve level has been established at 4% of the estimated budget in 2028/29. This will be reviewed on an annual basis to ensure that the minimum of 4% of net revenue budget is maintained.

## 9. The Prudential Code of Practice in Local Authorities

- 9.1. The PCC's proposed Prudential Indicators are shown at Appendix C of the MTFS Appendix 1. The Prudential Indicators and Capital Strategy will be published in

March 2025 with the Treasury Management Strategy Statement (TMSS) following scrutiny by the Joint Audit Committee.

9.2. The budget complies with the Prudential Code.

## **10. Minimum Revenue Provision**

**11.** Regulations came into effect from March 2008 regarding preparing an Annual Minimum Revenue Provision (MRP) Statement. MRP is the amount that needs to be set aside to reflect the depreciation of capital assets. There are no proposed changes to the method used to calculate MRP and the Annual MRP statement for 2025/26 is included at Appendix D of the MTFS Appendix 1.

## **12. Risk Management**

12.1. Associated risks have been considered and recorded as appropriate and are set out in Section 19 of the MTFS Appendix 1 of this report.

## **13. Adequacy of Reserves and Robustness of Budget Estimates**

13.1. The Local Government Act 2003 requires the Chief Finance Officer (CFO) to undertake an assessment of the robustness of the annual budget and the adequacy of reserves. That assessment and a statement will be included in the key decision annual budget and precept report 2025/26.

13.2. The CFO has applied the same principles used to undertake the assessment of the 2025/26 budget to the following three years of the MTFS.

13.3. In assessing the robustness of the budgets and forecasts, the CFO has considered the following issues:

- The general financial standing of the PCC.
- The underlying budget assumptions, including an assessment of the major estimates including pay and price increases.
- The future budget pressures identified including changes to pension scheme contributions.
- A risk assessment of expenditure and income estimates including adequacy of budget monitoring and financial reporting arrangements (See Section 20 of the MTFS at Appendix 1).
- The impact of the police grant settlement and of subsequent anticipated future settlements including any change to the grant allocation method.
- The precept and planned increases.
- The adequacy of the budget monitoring and financial reporting arrangements.
- The adequacy of the PCC's governance arrangements and internal control system including the risk management system.
- The adequacy of general reserves to cover any potential financial risks faced by the PCC.
- Compliance with the MRP rules and with the Prudential Code.

13.4. After taking account known and anticipated issues, the revenue and capital estimates contained in this MTFS are considered robust and that the level of reserves is considered adequate to cover the financial risks faced by the PCC for 2025/26. However, this caveated that it is of the utmost importance that management works to find sustainable savings. It has already started this work to identify changes to service provision that can save money, and these will need to be taken forward without delay. The work requires time for business cases to be worked up and, in some cases, requires spending to save money. Senior leaders will need to prioritise leadership time to ensure that the savings are delivered and the budget balanced. If during the year it looks as though savings targets will be missed, both the PCC's Chief Finance Officer and Chief Constable's Chief Finance Officer will need to consider mitigating actions to take as set out required by their statutory duties.

#### **14. Recommendations and Approval of the Precept 2025/26**

The Police & Crime Commissioner is requested to:

- 1** Approve the revenue budget for 2025/26.
- 2** Approve the capital programme budget for 2025/26 and authorise the Chief Finance Officer to undertake the appropriate financing in conjunction with the PCC.
- 3** Approve the MTFS 2025/26 – 2028/29 MTFS Appendix 1.
- 4** Approve the reserves policy as included in the MTFS Appendix 1 (Appendix A).
- 5** Note the review by the Chief Finance Officer in respect of the robustness of the budget and the adequacy of reserves.
- 6** Note the Council Tax Base of 664,417.8 for the year 2025/26 as notified by the billing authorities within Sussex (item T in the formula in Section 44 (1) of the Local Government Finance Act 1992, as amended).
- 7** Approve the following amounts for the year 2025/26 in accordance with Sections 43, 44 and 47 of the Local Government Finance Act 1992, as amended:-
  - (a) £442.672m being the aggregate of the amounts which the Police and Crime Commissioner estimates for the items set out in Section 43 (2) (a) to (d) of the Act.
  - (b) £177.340m being the aggregate of the amounts which the Police and Crime Commissioner estimates for the items set out in Section 43 (3) (a) to (b) adjusted for the item set out in the Act.
  - (c) £168.038m being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Police and Crime Commissioner in accordance with Section 43 (4) of the Act, as its Council Tax Requirement for the year;

- (d) £266.91 being the amount at (c) above divided by the tax base as notified by billing authorities for Sussex, calculated by the Police and Crime Commissioner in accordance with Section 44 (1) of the Act, as the basic amount of tax for the year;
- (e) Valuation bands being the amounts given by multiplying the amount of (d) above by the number which, in the proportion set out in Section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Police and Crime Commissioner in accordance with Section 47 (1) of the Act, as the amounts to be taken into account for the year in respect of the categories of dwelling listed in different valuation bands.

<b>Valuation Band</b>	<b>Amount</b>
A	£177.94
B	£207.60
C	£237.25
D	£266.91
E	£326.22
F	£385.54
G	£444.85
H	£533.82

The Tax Base for the year 2025/26 is the aggregate of the amounts tax bases calculated by the billing authorities to which the Police & Crime Commissioner for Sussex issues precepts totalling. This totals **664,417.8 for Band D equivalents** as set out in the table below. The basic amount of Council Tax (Police Precept) is the budget requirement less the amounts receivable from other funding sources, all divided by the tax base. For 2025/26 this shall be **£266.91** to the nearest penny, for Band D properties. The amounts per band are as above.

- 8** Resolve that under Section 52ZB of the Local Government Finance Act, the Commissioner's relevant basic amount of Council Tax for 2025/26 is not excessive in accordance with the principles determined under Section 52ZC (1) of the Localism Act 2011 for 2025/26.
- 9** Resolve that in accordance with Section 40 of the Local Government Finance Act 1992, as amended, the billing authorities within the area of this authority be issued with precepts in the amount of £177,339,746.99 for the financial year beginning 1 April 2025, the amount of the retrospective precepts to be issued to each billing authority's area in accordance with the Sections 43, 44 and 47 of the 1992 Act, as amended.



- 10** Note the Prudential Indicators as outlined in the MTFS as they will be brought for approval with the Treasury Management Strategy Statement following scrutiny by the JAC in March 2025.
- 11** Accept the recommendation of the Chief Finance Officer for the method of calculating MRP for 2025/26 as set out in the Annual MRP Statement in the MTFS.

**Iain McCulloch, Chief Finance Officer, Office of the PCC**

**Mark Streater, Chief Executive, Office of the PCC**

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**Appendices:**

Appendix 1 – Medium-Term Financial Strategy 2025/29

Appendix 2 – Precept Consultation Results

Appendix 3 – Engagement Summary Analysis

Appendix 4 – Day in the Life of Sussex Police 2024 Infographic

Appendix 5 - Tax Base And Levy Schedule 2025/26